

# City of Manhattan Beach

## Proposed Biennial Operating Budget FY 2019 & FY 2020



# Agenda

- ▶ Budget Introduction
  - Overview of Budget Document
  - Key Investments
  - Service Delivery Changes
- ▶ Five Year Forecast
- ▶ Q&A



# Budget Schedule

- ▶ May 8 Department Presentations
- ▶ May 10 If Necessary
- ▶ May 22 If Necessary
- ▶ June 19 Public Hearing and Adoption
- ▶ July 1 Effective date of new budget

Directed changes will be incorporated by Resolution at time of adoption in June.

All meetings held at 6 PM in City Council Chambers  
Live Streamed and Broadcast



# Budget Document Sections

- ▶ Introduction
- ▶ Summaries
- ▶ Departments
- ▶ Five Year Forecast
- ▶ Capital Budget Summary
- ▶ Strategic Plan and Performance Measures
- ▶ Appendix



# Community Engagement Efforts

- ▶ January – Community Budget Social
- ▶ January/February – Open City Hall Budget Survey
- ▶ Announced and published meeting schedule
- ▶ Advertisement in The Beach Reporter
- ▶ E-Notifications & Social Media
- ▶ [Budget@citymb.info](mailto:Budget@citymb.info)



# Two Year Budget

- ▶ Encourage long range planning
- ▶ Focus on City Council Work Plan initiatives
- ▶ Greater emphasis on service delivery
- ▶ First year adopted – second year approved
- ▶ Revisit FY 2020 at end of year one, then adopt
- ▶ CIP focus in year two



# Service Delivery Investments

- ▶ **Public Safety**
  - Public School Safety (included in FY 2018 Estimate)
  - Police/Fire Radio Interoperability (also connect w/ Public Works)
  - Police Department Staffing for Tech Support Services (\$46,184)
    - New Administrative Clerk I/II and two “Lead” Records Technicians
- ▶ **Environmental Sustainability**
  - Several initiatives including Climate Action Plan and Climate Change Resiliency study
- ▶ **Technology Investments**
  - ERP
  - Permitting Solution



# Service Delivery Changes

- ▶ Management Services (net *savings* of \$458,347)
  - Eliminated Assistant City Manager and Economic Vitality Manager positions
  - Upgrade one Mgmt. Analyst to Senior Mgmt. Analyst
- ▶ Finance Department (\$63,647)
  - Upgrade Financial Analyst to Senior Financial Analyst
  - New Management Analyst in Administration (PT offset)
  - Create Account Services Rep I/II class in FY 2020
- ▶ IT Department (No fiscal impact)
  - Change one IT Specialist position to Senior Management Analyst
  - Change one Network Administrator to IT Analyst





# Service Delivery Changes

- ▶ Parks and Recreation Re-organization (net savings of \$83,500)
  - Eliminated one Recreation Services Manager
  - Upgraded one Recreation Services Manager to Senior Recreation Services Manager
  - Upgrade two Recreation Supervisors to Senior Recreation Supervisors
  - Add one Recreation Coordinator



# Service Delivery Changes

- ▶ Community Development (\$94,573 for positions)
  - New full-time Administrative Clerk I/II (from PT Clerk)
  - New Traffic Engineering Technician I/II
  - Contract Services (\$210,000) for Speed Limit Survey, Local Traffic Impact Guidelines, and Short-term rental evaluation
- ▶ Public Works Department (\$78,881)
  - Reinstate Public Works Inspector (eliminated during recession)
  - Reinstate second in-house Electrician (fully offset by reduction in electrical contract)
  - Upgrade Engineering Technician I/II position to I/II/III
  - Downgrade vacant Maintenance Worker IV to III
  - Add PT Mgmt. Analyst for Backflow Program (Water Fund)



# Economic Outlook

- ▶ Stability in major revenue sources
- ▶ Closely and actively monitoring and addressing pension costs
- ▶ Stormwater Fund and Street Lighting & Landscape Fund subsidies continue to impact General Fund



# Proposed Budget - By the Numbers...



# FY 2019 Summary

## ▶ Total City Budget:

- Revenues \$125.3 million
- Expenditures \$149.1 million
  - Operating \$108.6 million
  - Capital Projects & Equipment \$37.7 million
  - Debt Service \$2.8 million

## ▶ General Fund Budget:

- Revenues \$75.5 million
- Expenditures \$74.7 million
- Operating Surplus \$773,246



# Budget Reserves

- ▶ General Fund Designations:
  - 20% of Expenditures Policy      \$14.9 million
    - Increase of \$0.9 million
  - Economic Uncertainty              \$ 4.0 million
  
- ▶ Other Fund reserves within policy except Water, Storm Water, Refuse and Parking Funds
  
- ▶ PARS Pension Trust Fund balance \$750,000 (plus interest)



# FY 2020 Summary

## ▶ Total City Budget:

- Revenues \$125.0 million
- Expenditures \$126.8 million
  - Operating \$111.0 million
  - Capital Projects & Equipment \$12.1 million
  - Debt Service \$3.7 million

## ▶ General Fund Budget:

- Revenues \$75.2 million
- Expenditures \$74.7 million
- Operating Surplus \$532,079



# Budget Reserves

- ▶ General Fund Designations:
  - 20% of Expenditures Policy      \$14.9 million
  - Economic Uncertainty              \$ 4.0 million
  
- ▶ Other Fund reserves within policy except Water, Stormwater, Refuse and Parking Funds
  
- ▶ PARS Pension Trust Fund \$1.0 million (plus interest)



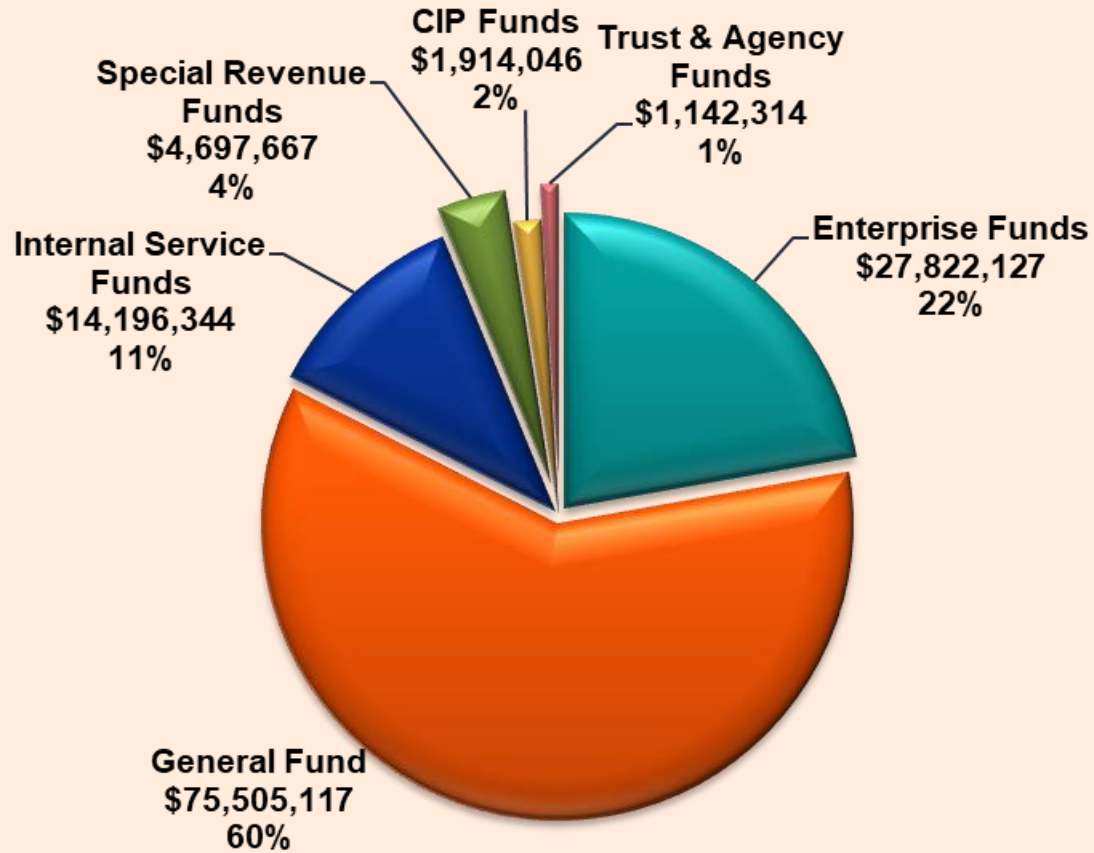


# Citywide Budget



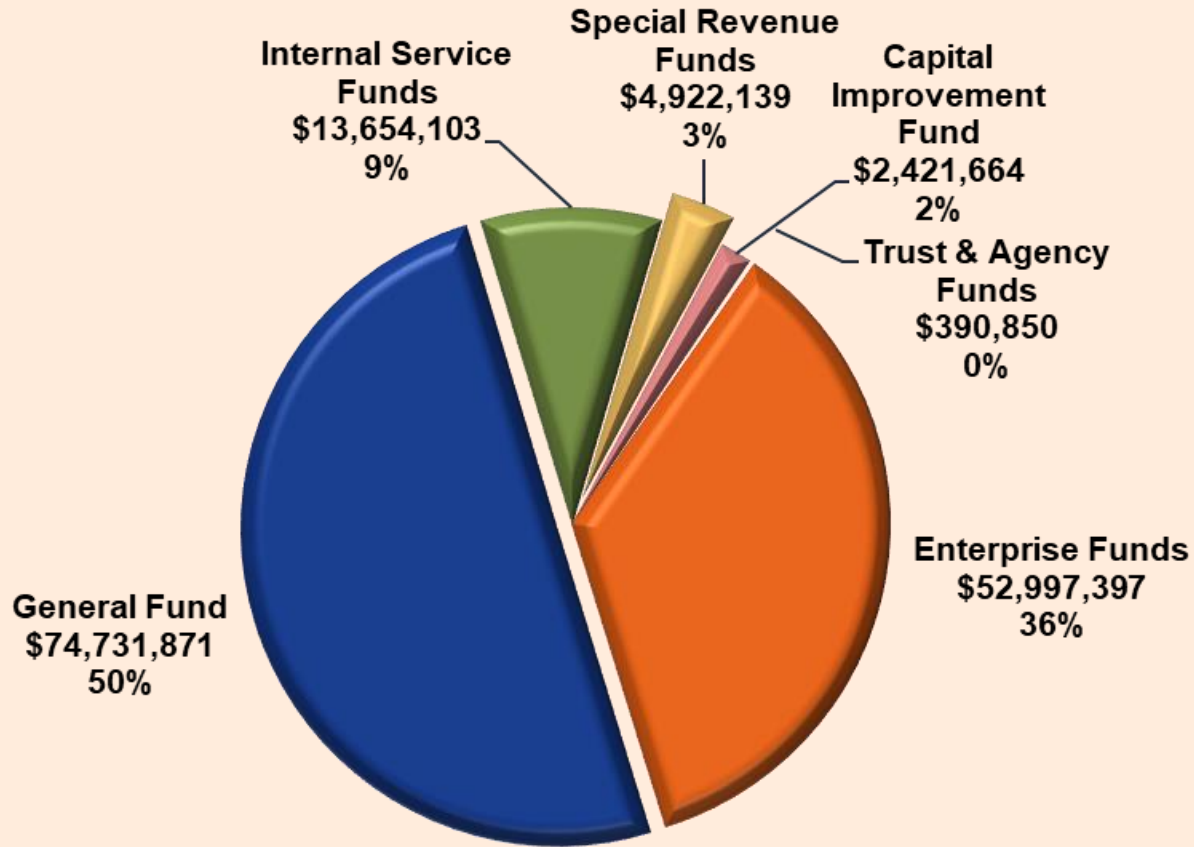
# FY 2019 Sources of Funds

## City-Wide = \$125,277,615



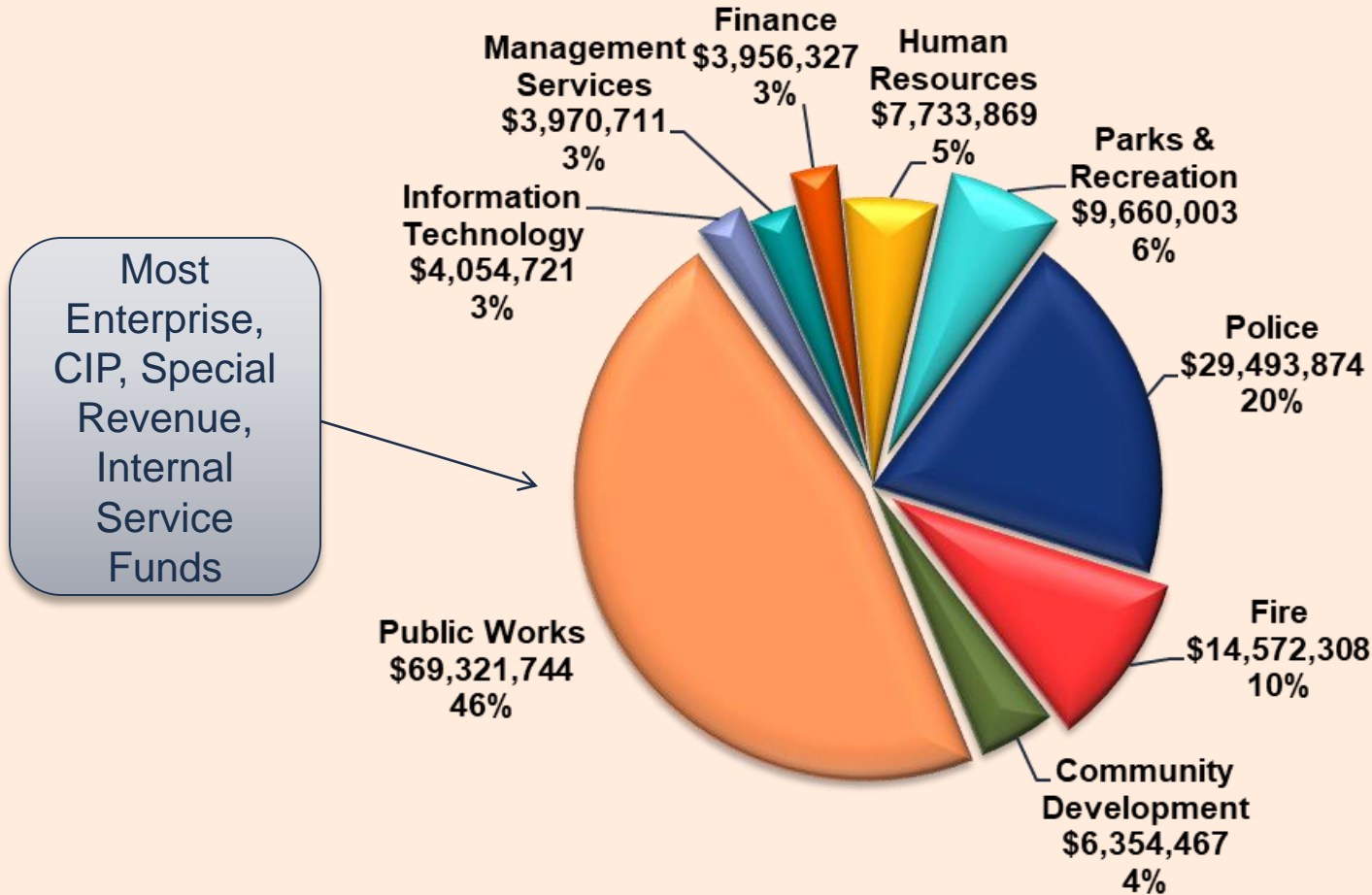
# FY 2019 Use of Funds by Fund Type

## City-Wide = \$149,118,024



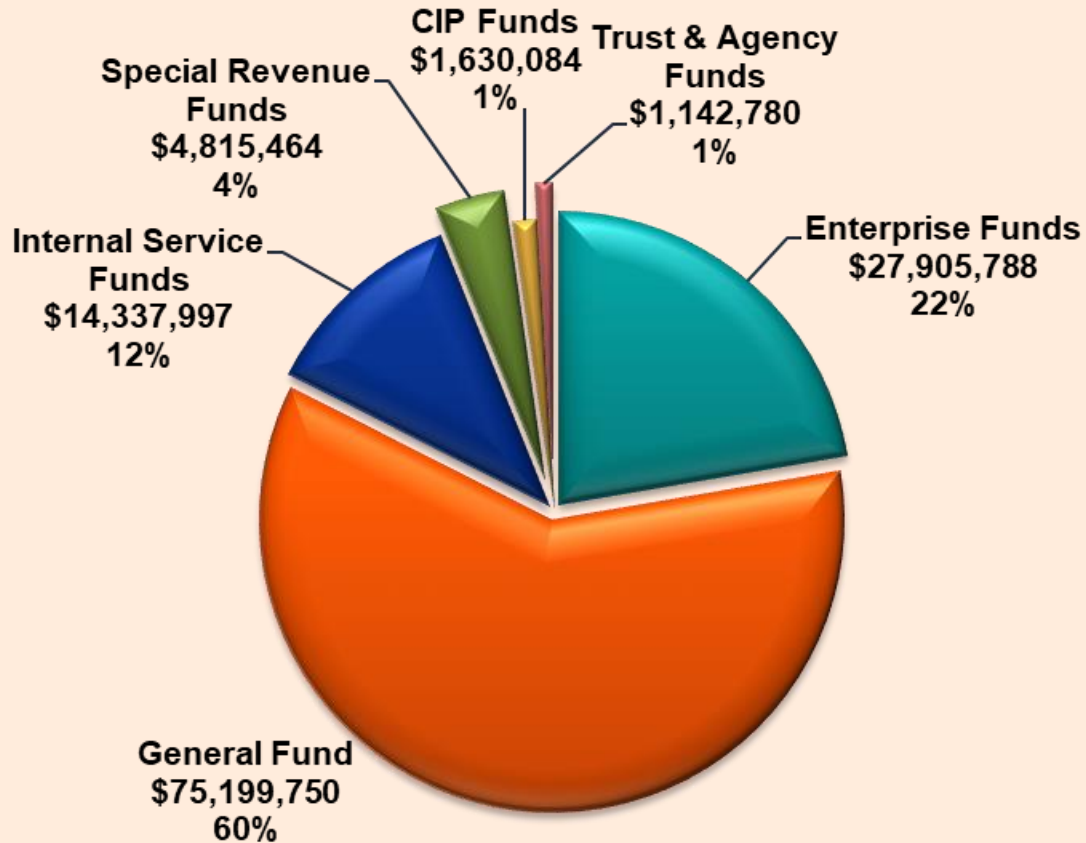
# FY 2019 Use of Funds by Department

## City-Wide = \$149,118,024



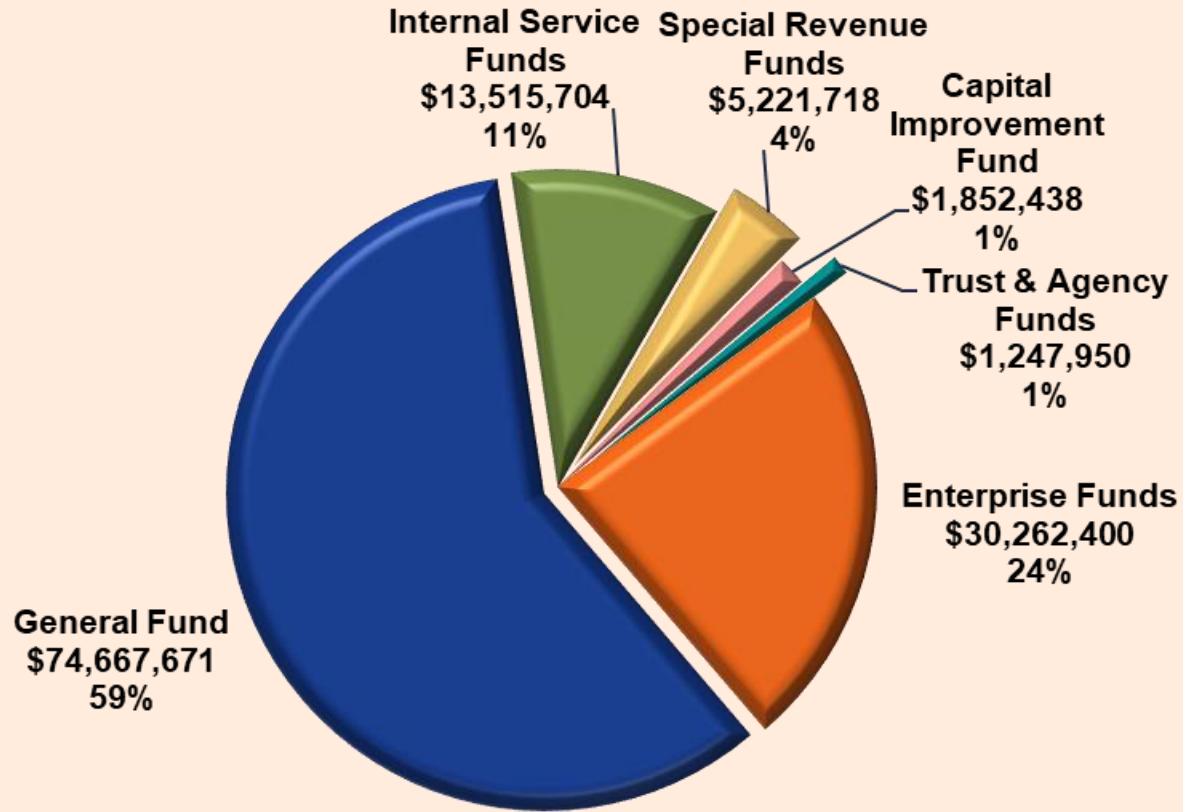
# FY 2020 Sources of Funds

## City-Wide = \$125,031,863



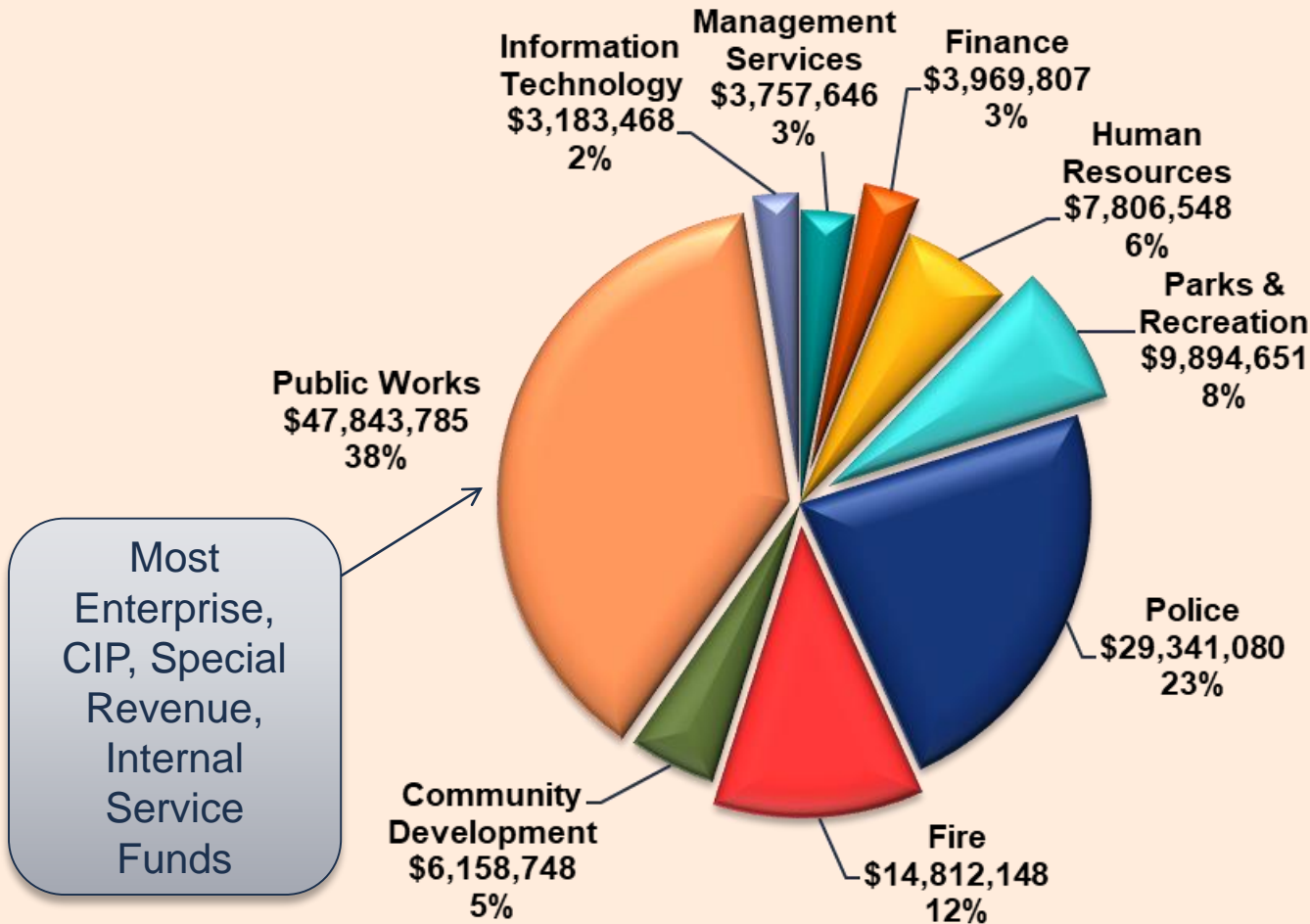
# FY 2020 Use of Funds by Fund Type

## City-Wide = \$126,767,881



# FY 2020 Use of Funds by Department

## City-Wide = \$126,767,881





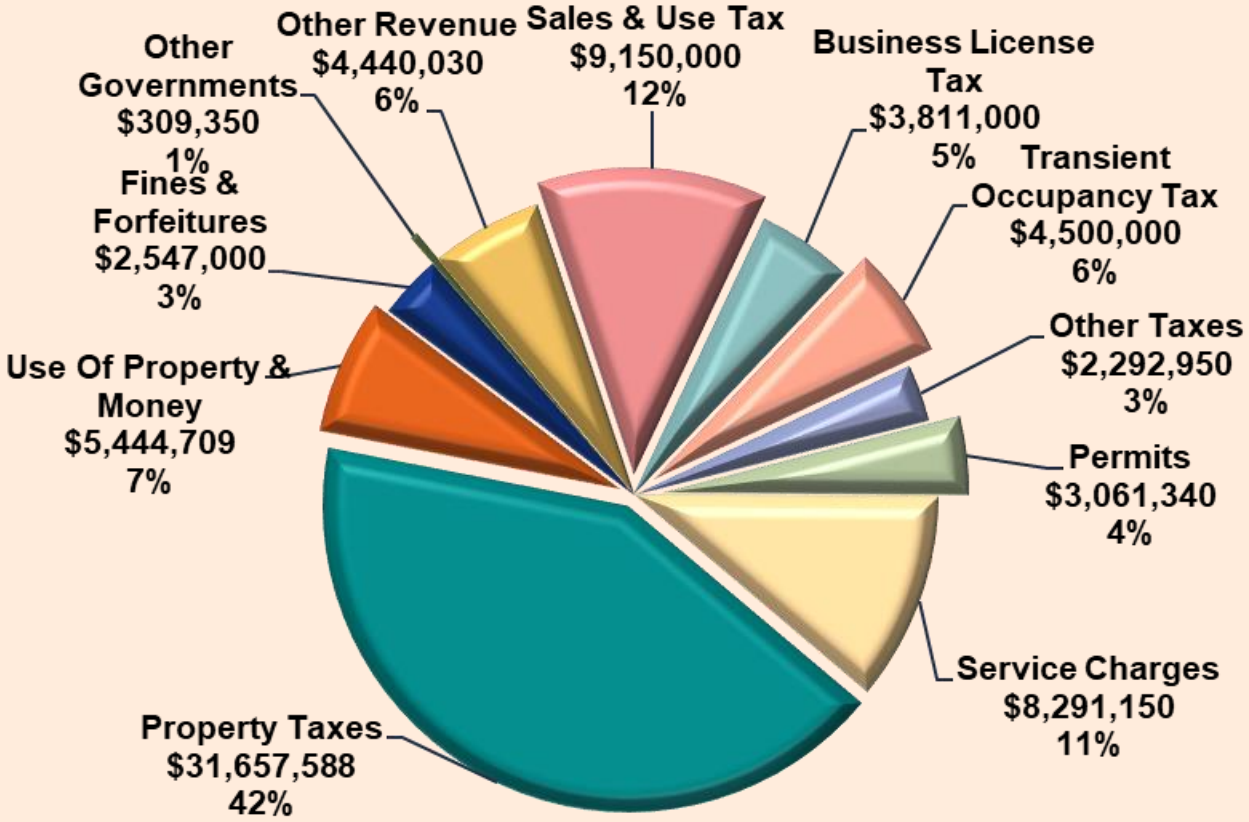
# The General Fund Proposed Budget





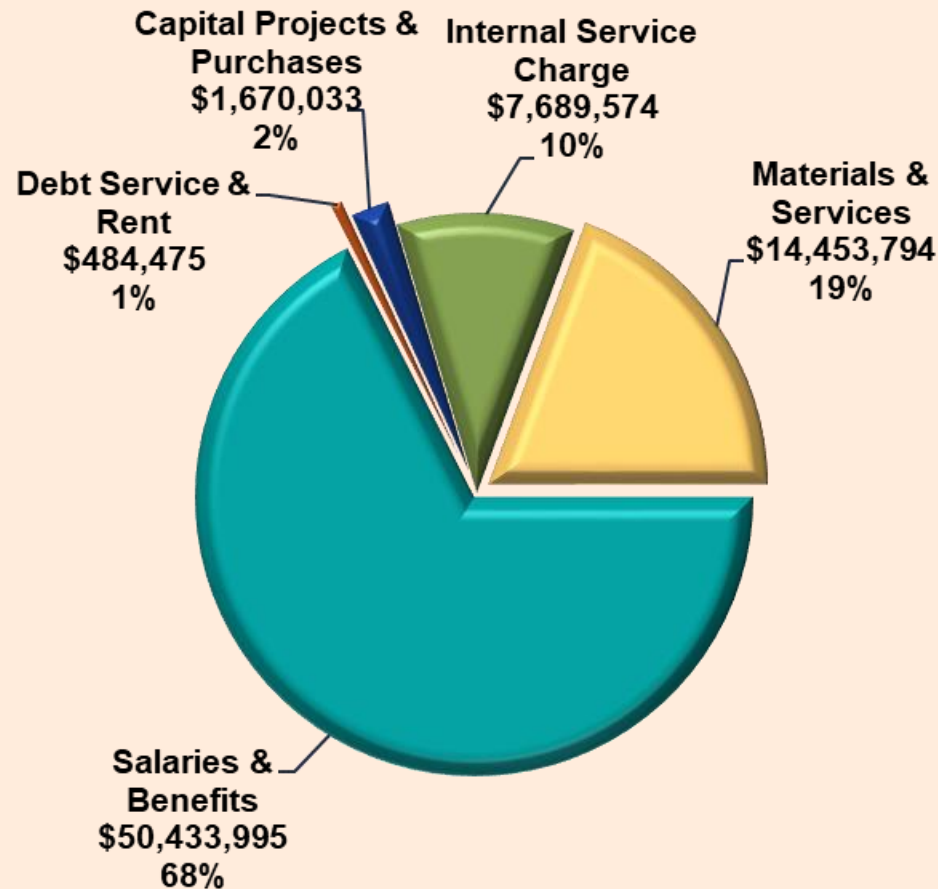
# FY 2019 Sources of Funds

## General Fund = \$75,505,117



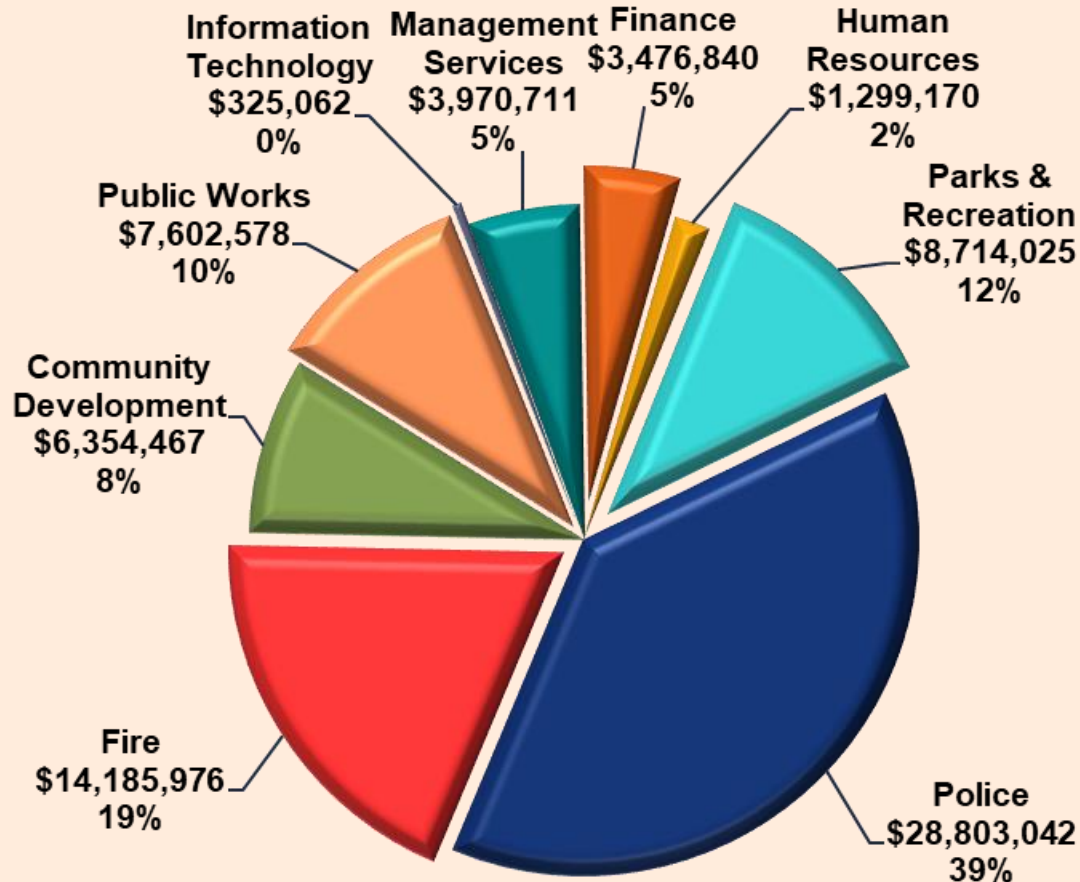
# FY 2019 Use of Funds by Category

## General Fund = \$74,731,871



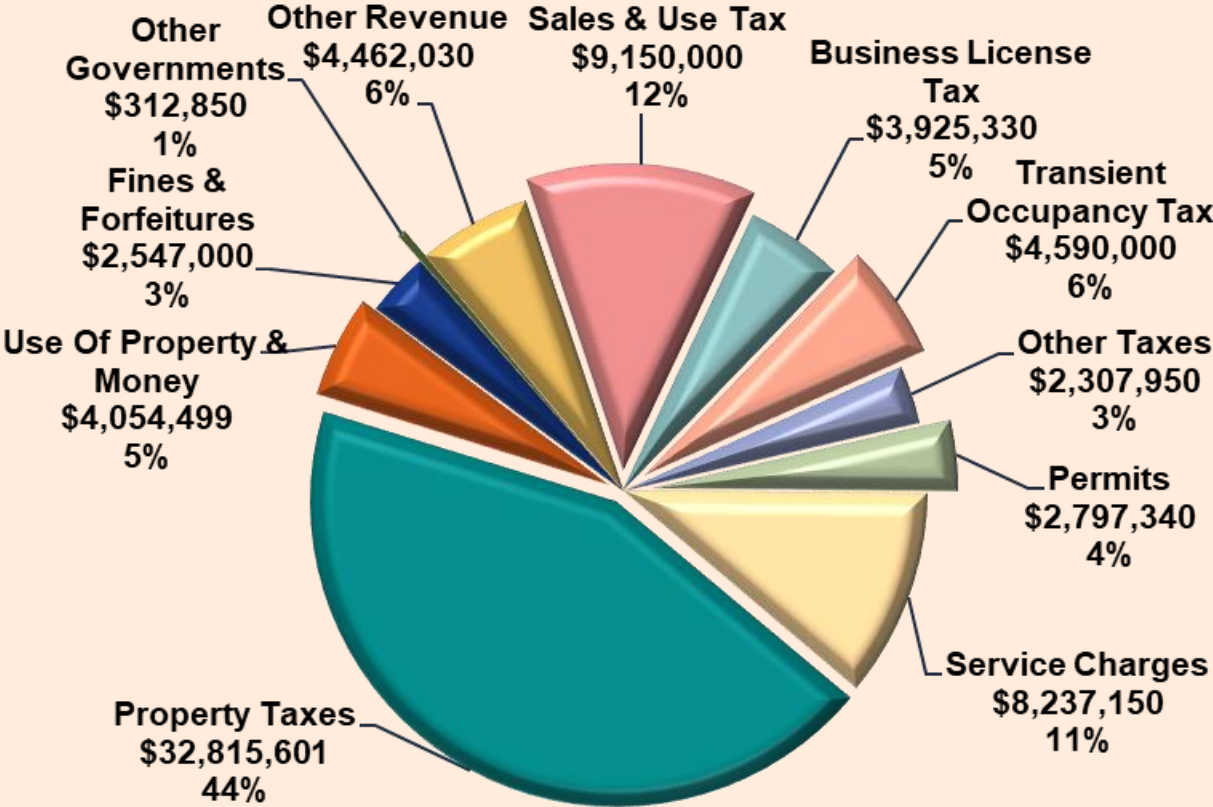
# FY 2019 Use of Funds by Department

## General Fund = \$74,731,871



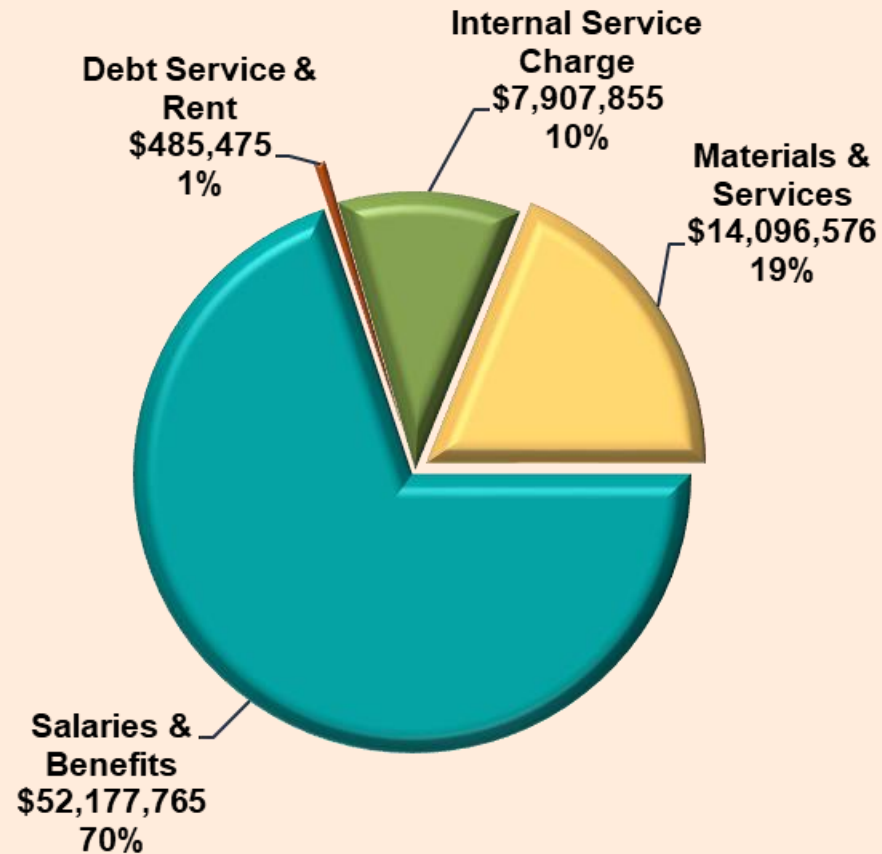
# FY 2020 Sources of Funds

## General Fund = \$75,199,750



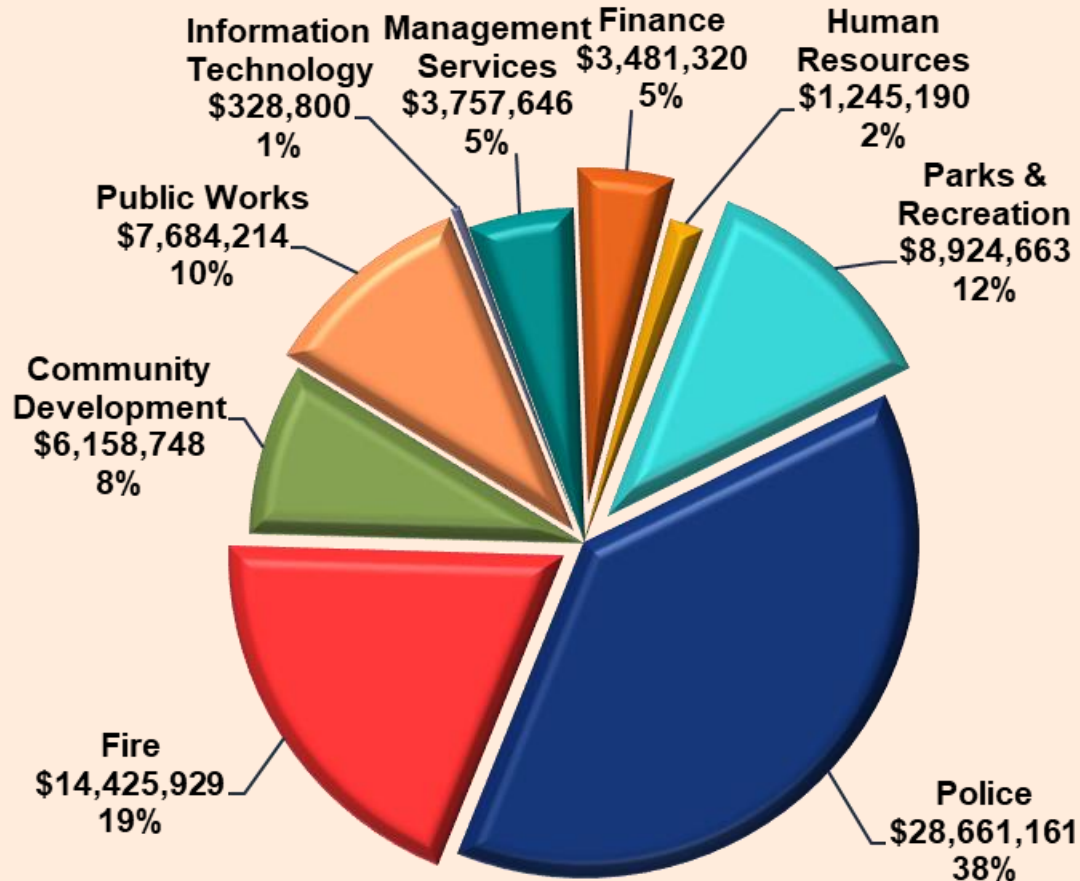
# FY 2020 Use of Funds by Category

## General Fund = \$74,667,671



# FY 2020 Use of Funds by Department

## General Fund = \$74,667,671





# General Fund Estimated-to-Budget Comparison

	<b>*Estimated FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Revenues	\$71,447,993	\$75,505,117	\$75,199,750
\$ Change		4,057,124	(\$305,367)
% Change		5.7%	-0.4%
Expenditures	69,739,865	74,731,871	74,667,671
\$ Change		4,992,006	(\$64,200)
% Change		7.2%	-0.1%
Totals	\$1,708,128	\$773,246	\$532,079



# General Fund Budget – Details

- ▶ One-time revenue expected for repayment of loan by Dec '18
- ▶ Modest salary and benefit adjustments in anticipation of labor negotiations
- ▶ Vacancy factor of 4.0% (\$1.5 million) built-in
- ▶ Council Contingency maintained at \$100,000
- ▶ Pension costs accommodated





# General Fund Expenditures

## FY 2019 General Fund Budgeted Expenditures by Category

Expenditure Category	Budget FY 2018	Estimated FY 2018	Budget FY 2019	FY18 Budget to FY19 Var		FY18 Estimate to FY19 Var	
				Change	Percent	Change	Percent
Salaries & Benefits	\$47,073,640	\$47,083,673	\$50,433,995	\$3,360,355	7.1%	\$3,350,322	7.1%
Materials and Services	13,020,401	13,712,775	14,437,203	1,416,802	10.9%	724,428	5.3%
Internal Service Charges	8,506,954	8,387,228	7,689,574	(817,380)	(9.6%)	(697,654)	(8.3%)
Capital Equipment	1,163,585	74,947	1,670,033	506,448	43.5%	1,595,086	2128.3%
Debt Service	617,678	462,725	484,475	(133,203)	(21.6%)	21,750	4.7%
Interfund Transfers	18,007	18,517	16,591	(1,416)	(7.9%)	(1,926)	(10.4%)
<b>Totals</b>	<b>\$70,400,265</b>	<b>\$69,739,865</b>	<b>\$74,731,871</b>	<b>\$4,331,606</b>	<b>6.2%</b>	<b>\$4,992,006</b>	<b>7.2%</b>



# General Fund Expenditures

## FY 2020 General Fund Budgeted Expenditures by Category

Expenditure Category	Budget FY 2018	Budget FY 2019	Budget FY 2020	FY18 Budget to FY20 Var		FY19 Budget to FY20 Var	
				Change	Percent	Change	Percent
Salaries & Benefits	\$47,073,640	\$50,433,995	\$52,177,765	\$5,104,125	10.8%	\$1,743,770	3.5%
Materials and Services	13,020,401	14,437,203	14,079,464	1,059,063	8.1%	(357,739)	(2.5%)
Internal Service Charges	8,506,954	7,689,574	7,907,855	(599,099)	(7.0%)	218,281	2.8%
Capital Equipment	1,163,585	1,670,033	-	(1,163,585)	(100.0%)	(1,670,033)	(100.0%)
Debt Service	617,678	484,475	485,475	(132,203)	(21.4%)	1,000	0.2%
Interfund Transfers	18,007	16,591	17,112	(895)	(5.0%)	521	3.1%
<b>Totals</b>	<b>\$70,400,265</b>	<b>\$74,731,871</b>	<b>\$74,667,671</b>	<b>\$4,267,406</b>	<b>6.1%</b>	<b>(\$64,200)</b>	<b>(0.1%)</b>



# Notable Funds

- ▶ Storm Water
- ▶ Street Lighting and Landscaping
- ▶ Gas Tax – New SB1 Funding
- ▶ Proposition A
- ▶ Measure R
- ▶ Measure M
- ▶ Insurance Reserve Fund
- ▶ Capital Improvement Fund

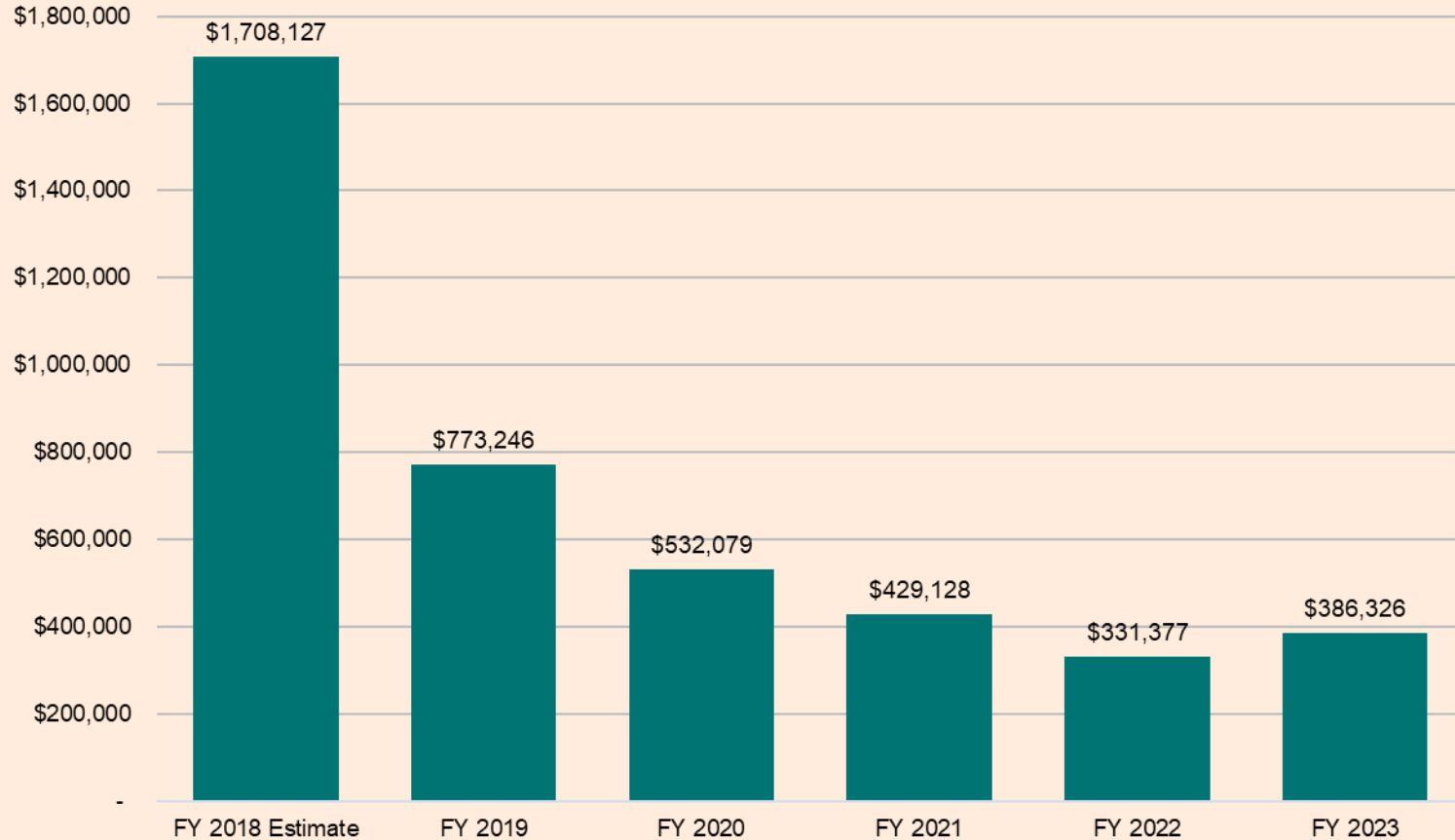


# Five Year Forecast General Fund



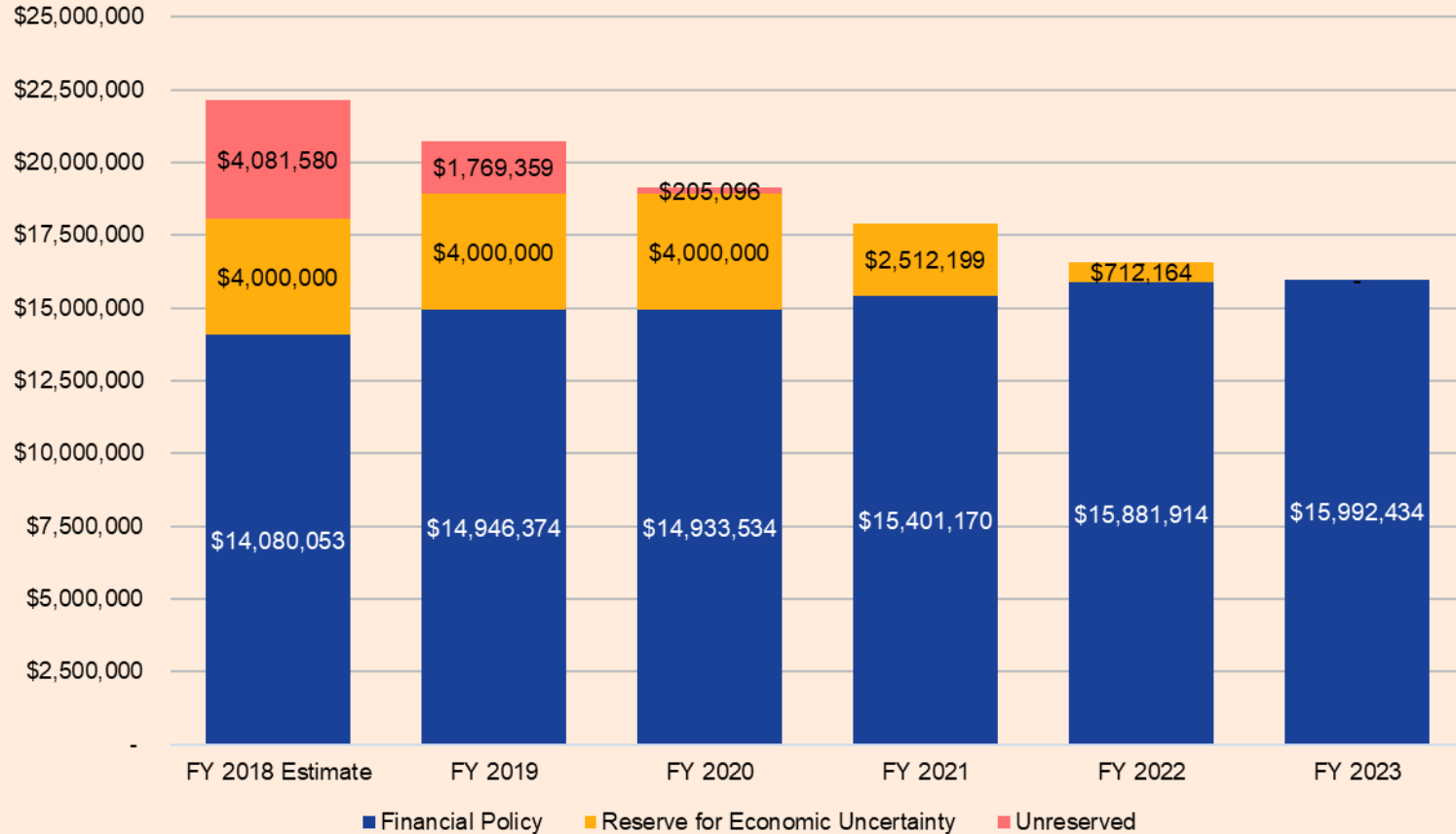
# Five Year Forecast

General Fund Revenues over Expenditures



# Five Year Forecast

General Fund Estimated Fund Balances



# Budget Summary



# Summary

- ▶ General Fund budgets balanced with surpluses
  - \$773,246 in FY 2019
  - \$532,079 in FY 2020
- ▶ Unreserved General Fund balances at year end
  - \$1.8 million in FY18-19
  - \$205,096 in FY19-20
- ▶ Key investments in public safety, customer service, technology





# Summary

- ▶ General Fund subsidizing Street Lighting and Storm Water
- ▶ General Fund subsidizing Proposition A through City Funds Exchange
- ▶ Other funds of note being monitored



# Budget Q & A

