



The City of Manhattan Beach continues to see economic prosperity and financial security, with stable revenue flows supporting essential and desired City services. The City’s balanced budgeting and long term planning have furthered its commitment to maintaining excellent services and a high quality of life. In addition, scheduled capital projects will sustain and improve the City’s infrastructure.

The complete FY 2019-20 Operating Budget and Capital Improvement Plan can be found at [www.cityymb.info/Budget](http://www.cityymb.info/Budget).

## GLANCE AT OUR FISCAL PICTURE

### Tailwinds

- The City’s Operating Budget is structurally balanced every year. General Fund revenues are expected to exceed expenditures by approximately \$1.1 million.
- Tax revenues are relatively stable; Property Taxes are expected to grow 4.6% in FY 2019-20.
- The City has set aside \$1.0 million to help offset the impact of future CalPERS employer contribution increases.
- Standard & Poor’s reaffirmed the City’s AAA Credit Rating in 2016.

### GENERAL FUND REVENUES

\$76,085,386

### GENERAL FUND EXPENDITURES

\$75,024,437

### ESTIMATED SURPLUS

*(Revenues less Expenditures)*

\$1,060,949

### Headwinds

- Maintaining current services competes with saving for large infrastructure projects including Fire Station #2 and other community facility upgrades.
- General Fund subsidies to the Stormwater Fund and Street Lighting and Landscape Fund will accumulate to \$7.9 million over the next 5 years.
- Pension costs are on the rise. Projected Employer contributions will increase from \$9.2 million in FY 2019-20 to nearly \$12.5 million in FY 2023-24.

The City operates on a two-year budget cycle, with the first year focus on Operations and the second year focus on the Five Year Capital Improvement Plan.

## CITYWIDE BUDGET AS ADOPTED

\$128,589,749

### OPERATING BUDGET

\$110,434,191

### CAPITAL BUDGET

\$14,345,557

### DEBT SERVICE

\$3,810,001

In June 2018, the FY 2018-19 Budget was adopted and the second year (FY 2019-20) was approved.

In June 2019, the FY 2019-20 Approved Budget was adjusted and adopted.

# REVENUES

## Funding for Operations, Capital Investments & Debt

### GENERAL FUND \$76.1 million

**PROPERTY TAXES**  
\$33.1 million (44%)

- The net taxable value of properties increased 6.2% in FY 2018-19 due to higher assessed values
- Home prices have fully recovered from the recession; Median sale process are at 44.5% of pre-recession peak price (per 2018 available data).
- Nearly 1,900 parcels (20.2%) in the City are still assessed at Pre-1978 levels.

**SERVICE CHARGES**  
\$8.3 million (11%)

- Cost recovery fees associated with various City services and programs (e.g., Plan Check fees, Parks and Recreation programs)

**TRANSIENT OCCUPANCY TAX**  
\$4.8 million (6%)

- The City levies a 10% tax (in May 2020 it will be 12%) on hotel / motel rooms within the City.\*
- 15% of taxes are dedicated to the Capital Improvements Fund.

**BUSINESS LICENSE TAX**  
\$3.9 million (5%)

- The City issues over 5,000 business licenses annually; the tax is based on the type of business and gross receipts reported.

**FINES & FORFEITURES**  
\$2.4 million (3%)

- Includes parking citations (\$4 of most citations go to the Capital Improvement Fund) and vehicle code fines.



**SALES & USE TAX**  
\$9.2 million (12%)

- Largest industry groups generating Sales Tax include General Consumer Goods and Restaurants/Hotels.
- Businesses located in the Sepulveda Corridor contribute about 26.9% of total revenues, followed by the Village Mall (21.8%) and Downtown (15.9%).
- Risks Include growth in online sales and a downturn in the travel and tourism industry.

**OTHER REVENUE**  
\$5.2 million (7%)

- General Fund receives \$3.7 million for Administration and Overhead from other funds.
- Also includes grants and other miscellaneous revenues, including revenues from other governments.

**USE OF PROPERTY & MONEY**  
\$4.1 million (5%)

- The City invests reserve funds in high-grade securities in accordance with our Investment Policy and State law.
- Also includes ground leases at Metlox, Marriot Hotel and country club.

**PERMITS**  
\$2.8 million (4%)

- Building Permits generate 59% of total Permit Revenue.
- Includes residential and commercial permits.

**OTHER TAXES**  
\$2.3 million (3%)

- Includes Franchise Fees and Real Estate Transfer Taxes.

### Top 25 Sales Tax Producers

(In Alphabetical Order)

Apple	Nick's Manhattan Beach
Barnes & Noble	Old Navy
BevMo	Pottery Barn
Chevron	Ralph's Fresh Fare
Circle K	REI
CVS Pharmacy	Skechers by Mail
Fry's Electronics	Strand House Strandbar
Houston's	Target
Kettle	Tin Roof Bistro
Macys	Toyota Lease Trust
Manhattan Beach Toyota	True Religion
Marriot Manhattan Beach	Vons
	Wrights

### Top 8 Property Tax Payers

(In Alphabetical Order)

CRP MB Studios LLC	Parstem Realty Company INC
Host Marriott MB LP	RREEF America REIT II Corp BBB
Northrop Grumman	Skechers USA INC
Omni Manhattan Towers LP	WH Manhattan Beach LP



### ENTERPRISE FUNDS

**WATER FUND (\$15.6 million)**

**WASTEWATER FUND (\$3.5 million)**

- Last rate increase January 2014
- Revenues fund operations & infrastructure projects

**STORMWATER FUND (\$368,633)**

- Original rates from 1996 still in effect
- General Fund subsidies required to fund operations & infrastructure improvements

**REFUSE FUND (\$4.4 million)**

- Revenue funds are paid to City's waste hauler for service (less the City's recovery costs)

**PARKING FUNDS (\$6.1 million)**

- Parking Meter rates changed in 2018 to generate funds for needed infrastructure improvements
- \$1.3 million goes to Metlox Debt Service and land leases.

### SPECIAL REVENUE FUNDS

**ROADS & TRANSPORTATION FUNDS (\$4.3 million)**

- Gas tax, SB 1, Prop A, Prop C, Measure R & Measure M
- Gas taxes paid per gallon at the pump
- Prop A, Prop C, Measures R & Measure M are county-wide sales taxes

**CIP FUND (\$2.3 million)**

- General fund revenues dedicated to capital improvements

- About half of revenues pay for debt service on the Police/Fire Facility

**STREET LIGHTING & LANDSCAPE FUND (\$394,800)**

- Original rates from 1996 still in effect
- General fund subsidies required to fund operations

# GENERAL FUND EXPENDITURES



In FY 2019-20, the City will be utilizing 100% renewable energy



Switching to the use of environmentally sustainable and/or recycled materials



The City will commence work on a Climate Action and Adaptation Plan



The City will implement a new permitting software allowing for electronic submittal & routing of plans



Average response time to fire calls is under 6 minutes



The City will be hiring a Crime Analyst in FY 2019-20



Average patrol response time to emergency calls is under 2 minutes



A new Enterprise Resource Planning (ERP) system will be implemented for greater efficiency and enhanced reporting

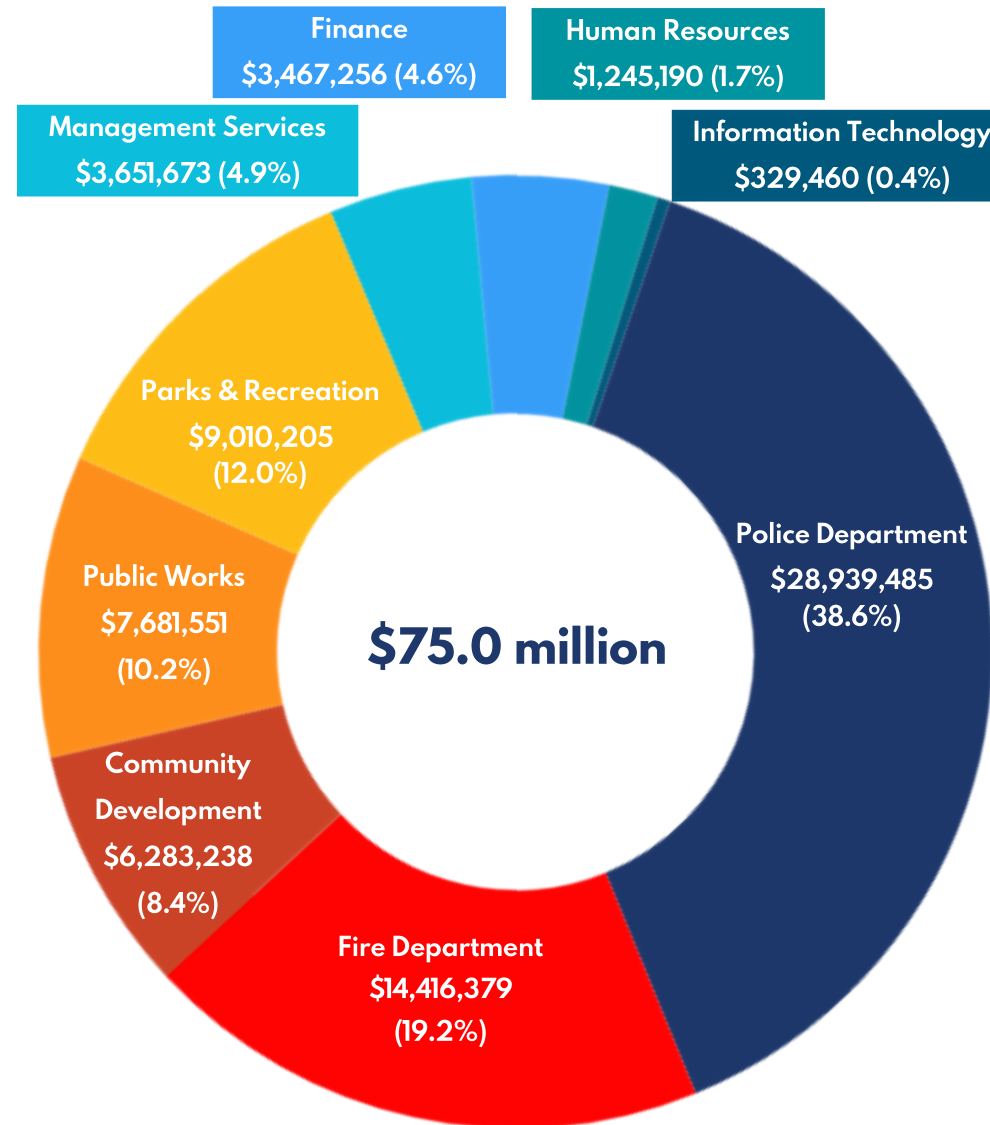


Part-time Salaries were adjusted to meet minimum wage and/or to parallel full-time equivalents

As a service organization, about 70% of the City's General Fund budget goes toward Salaries & Benefits. The City currently has 306 full time employees, including 65 Sworn Officers in the Police Department and 30 Sworn Fire Department personnel.

Significant public safety investments include the deployment of enhanced interoperability radio equipment, replacement of body worn cameras, the regional dispatch and records management system upgrade, and the hiring of a Crime Analyst.

Environmental Sustainability initiatives include powering the City with 100% renewable energy, reducing plastic pollution, and commencement of a Climate Resiliency project, which includes a sea level rise vulnerability assessment and development of a Climate Action and Adaptation Plan."



Other key initiatives in FY 2019-20 include implementations of a new automated Permitting system, which allows for electronic plan submittals and approval workflows, as well as a new Enterprise Resource Planning (ERP) system. These fully integrated systems will enhance the experience of residents and customers using our services and bring greater efficiency to the City's internal processes.

Additionally, several utility undergrounding districts are in discussion; for more information, contact the City's Public Works Department.

The City is continuing to explore various funding opportunities for homelessness, including County Measure H funds.

Stay tuned to the City's website and social media for updates and additional information on these projects and others on the horizon.



The City copyrighted a new City logo. Branded items will be available for purchase in 2019.



The City will conduct a Community Survey this year to identify & measure progress towards community goals



The City will complete a User Fee Study & Cost Allocation Plan in FY 2019-20

# CAPITAL INVESTMENTS & DEBT

## KEY CURRENT/UPCOMING CAPITAL IMPROVEMENT PROJECTS

The adopted Capital Improvement Plan is available at [www.citymb.info/CIP](http://www.citymb.info/CIP)

### STREETS, SIDEWALKS & TRANSPORTATION

(\$43 million)

Funded by Gas Tax, SB 1, Proposition C, Measure R, Measure M and grants.

- Sepulveda Bridge Retrofit and Widening
- Rosecrans Bike Lane Improvements
- Sepulveda Automatic License Plate Reader Pole
- Annual Slurry Seals and Curb, Gutter and Ramp Replacements
- Rowell Avenue Sidewalk Connection (Curtis & 1st St.)

### FACILITIES & GENERAL CAPITAL IMPROVEMENTS

(\$11.5 million)

Funded by Transient Occupancy Taxes (15%), Parking Citations (\$4), Parking Meters, and grants.

- Polliwog Playground Resurfacing & Equipment Replacement
- Polliwog Band Stage
- Senior and Scout House
- Annual Streetlight Replacement

### PARKING FUNDS

(\$3.3 million)

Funded by parking meter and lot space fees.

- Lot 4 Parking Structure Structural Rehab
- Lot 3 Parking Structure Structural Analysis/Design
- Parking Meter Upgrades
- Tree and Grate Installations (NMB-BID Trust Fund)



### WATER UTILITY

(\$46.4 million)

Funded by Utility Service Charges and Connection Fees.

- Peck Ground Level Reservoir Replacement
- Annual Pipe Replacement Program
- Replacing and Modernizing Automated Water Monitoring (SCADA) System
- Citywide Water Meter Upgrades/Automation

### WASTEWATER UTILITY

(\$19.8 million)

Funded by Utility Service Charges, Connection Fees and Environmental Permit Fees.

- Annual Rehabilitation of Gravity Sewer Mains
- Sewer Lift Station Upgrades at City Hall, Meadows, Pacific, Palm, and Voorhees
- Poinsettia Sewer Lift Station & Force Main Replacement
- Utility radio Telemetry

### STORMWATER UTILITY

(\$5.5 million)

Funded by Utility Service Charges (\$19 per parcel) and General Fund subsidies.

- Storm Drain Debris Collection Devices
- Storm Drain Repairs
- CCTV Storm Drain System
- Manhattan Village Trash Capture Device

## ANNUAL DEBT SERVICE

Funded by taxes, fees and service charges:

- Marine Avenue Park Certificates of Participation Bonds (General Fund \$485,475)
- Police/Fire Facility Certificates of Participation Bonds (CIP Fund \$772,428)
- Metlox (Parking Fund \$715,163), Water (\$172,841) and Wastewater (\$85,134) Certificates of Participation Bonds



Funded by property owner assessments:

- Utility Undergrounding Assessment District Bonds (\$1.0 million)

Funded by parking meter revenues:

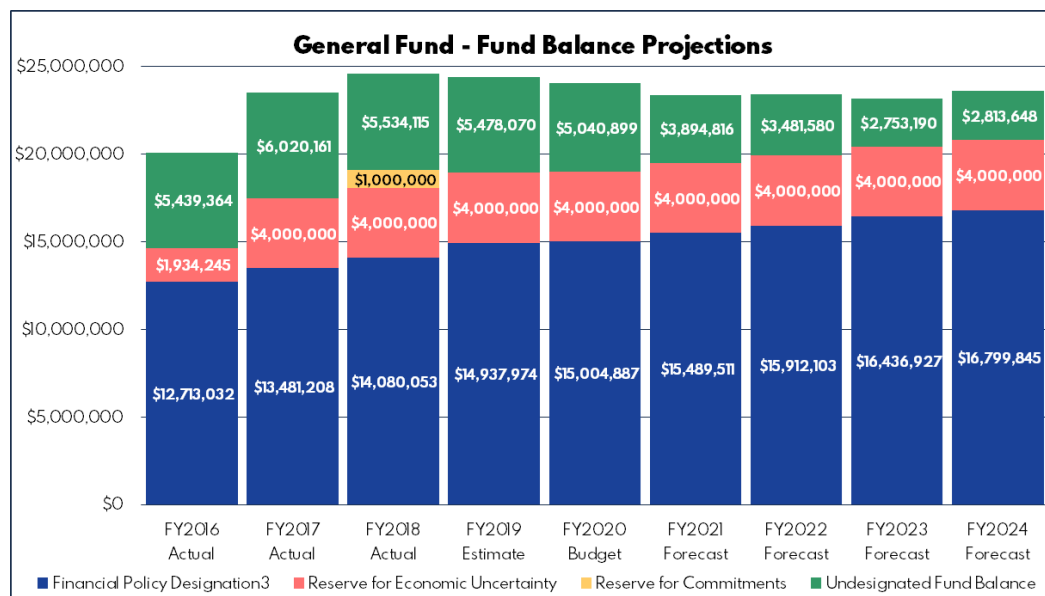
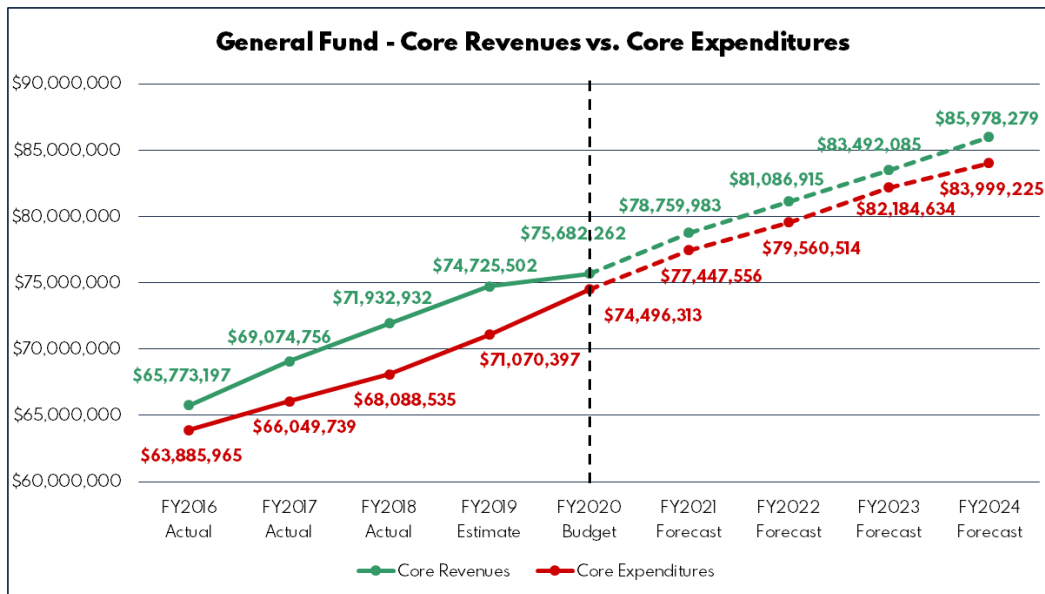
- 26th St. County Lot and Land Lease (\$123,000)
- El Porto County Lot and Land Lease (\$449,000)

# FIVE YEAR FORECAST

The Five Year Forecast was revised through FY 2023-24 during the second year of the biennial budget cycle. Revenue and expenditure forecasts were developed using the FY 2019-20 Adopted Budget as a base. Growth factors, based on current trends and activity, were then applied to create these projections. The assumptions used are adjusted every year as more precise information becomes available.

In FY 2023-24, Core Revenues, which excludes one-time grants, are forecasted to total approximately \$90 million, an increase of roughly 12% or \$10.2 million from FY 2019-20. Core Expenditures, which excludes one-time and non-recurring purchases, are forecasted to total approximately \$84 million in FY 2023-24, an increase of roughly 11.3% or \$9.5 million from FY 2019-20.

The charts below show the expected core revenues and core expenditures for the next five years. Anticipated surpluses range from approximately \$1.2 million to \$2 million. The General Fund operational budget is balanced, however, transfers out to other funds, such as Stormwater and Street Lighting/Landscaping, will partially absorb these structural surpluses.



## Join us in 2020...

The budget process will recommence in early 2020 when the City Council receives a presentation on mid-year results for FY 2019-20. In May, the City will present the Proposed Operating Budget for FY 2020-21 and the Five Year Capital Improvement Plan (CIP) for fiscal years 2020-21 through 2024-25. These initial presentations will be followed by customary Study Sessions before the FY 2020-21 Budget and CIP is officially adopted in June.

## About the City...

*Our mission is to provide excellent municipal services, preserve our small beach town character, and enhance the quality of life for our residents, businesses, and visitors.*

At 120 feet above sea level, Manhattan Beach, located on the southerly end of Santa Monica Bay, dates back to 1901 when John Merrill and George Peck combined their owned portions and tossed a coin to see who would name the land. John Merrill won and named the area after his former home of New York City. The first downtown building, which later served as city offices, was built soon thereafter along with two wooden piers, and planks for vehicle and pedestrian ways. The City of Manhattan Beach was incorporated on December 2, 1912, as a general law city.

Today there are approximately 35,532<sup>(a)</sup> residents living within the City's 3.9 square miles. With over two miles of beach front property, the City boasts 40 acres of recreational beach and a 928 foot long pier, in addition to the 54 acres of developed parks, 21-acre parkway, nine-hole golf course and two community centers. The City is serviced by two fire stations, one police station, a Los Angeles County branch library (reconstructed in 2015), 306 authorized full-time employees, and is presided over by a five-member City Council each serving a nine-month mayoral position during their four-year term.

<sup>(a)</sup> US Census Bureau, 2018 estimate



## Elected Officials

Mayor  
Nancy Hersman

Mayor Pro-Tem  
Richard Montgomery

City Councilmembers  
Suzanne Hadley  
Hildy Stern  
Steve Napolitano

City Treasurer  
Tim Lilligen

## Executive Staff

City Manager  
Bruce Moe

City Clerk  
Liza Tamura

City Attorney  
Quinn M. Barrow

Finance Director  
Steve S. Charelian

Human Resources Director  
Lisa Jenkins

Parks & Recreation Director  
Mark Leyman

Chief of Police  
Derrick Abell

Fire Chief  
Daryn Drum

Community Development  
Director  
Anne McIntosh

Public Works Director  
Stephanie Katsouleas, P.E.

Information Technology  
Director  
Sanford Taylor



**1913**

The initial City Seal adopted on January 4, 1913, had a design consisting of two concentric circles with the words, "City of Manhattan Beach, California". Within the inner circle appeared a sketch of a sailing vessel bearing upon its sail the Latin word "Progressus" for progress.

**2019**



Inspired by the City's natural beauty — sun, sand and sea, the historic pier and the vibrancy within — the Manhattan Beach logo evokes the characteristics of the community. The logo is intended to capture the spirit of the community in a way that resonates with residents and is attractive to businesses and visitors while complementing the City seal.

With the adoption of the City logo on **March 6, 2019**, the City seal will return to its elevated status and be reserved for use on official documents only.

**1912**

On December 7, 1912 the City became officially incorporated.



**1961**

A "Design Your Own Official Seal" contest was held for all members of the community regardless of age. The goal was to design a City Seal to become more representative of what the city had become and needed to include one element of Manhattan Beach. Local teenager Steve Hargrove's design was ultimately selected and adopted for use on August 19, 1961.

## City of Manhattan Beach

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