



CITY OF MANHATTAN BEACH CITY HALL

1400 Highland Avenue, Manhattan Beach, CA 90266

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TO: Honorable Mayor and Members of the City Council

FROM: Steve Charelian, Finance Director

MEETING: City Council Regular Meeting, May 3, 2022

SUBJECT: Agenda Item No. 18 – Presentation of the Fiscal Year 2022-2023 Proposed Operating Budget and Updated Financial Policies.

DATE: April 29, 2022

SUPPLEMENTAL ATTACHMENT

- PowerPoint Presentation

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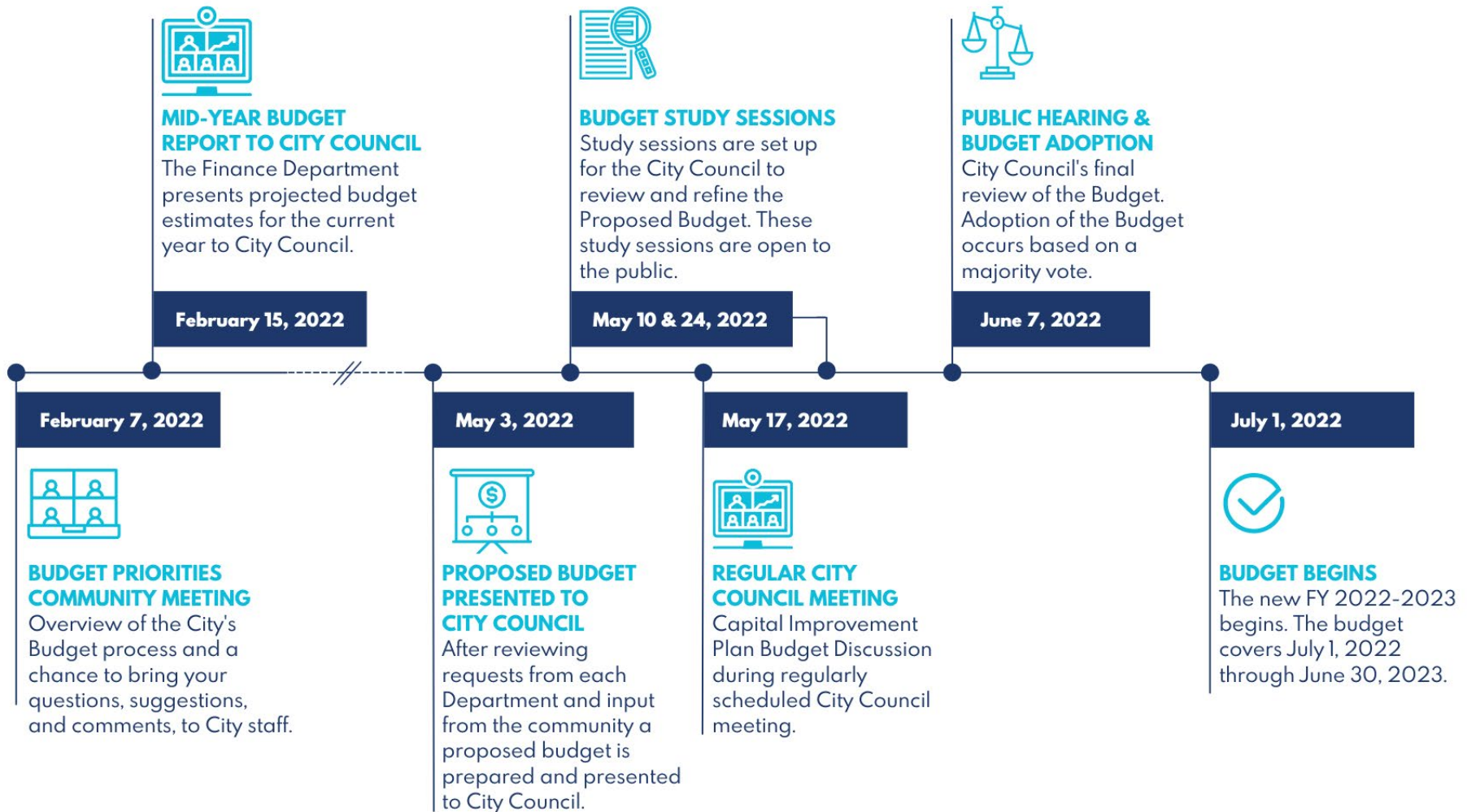
FISCAL YEAR 2022-2023 PROPOSED BUDGET

MAY 3, 2022



FY 2022-2023 BUDGET TIMELINE

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FISCAL OUTLOOK

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- Revenues have recovered and are expected at or above pre-pandemic levels in FY 2022-2023
- City's AAA credit rating re-affirmed by S&P in 2021
- Overall financial position allows re-investment in our infrastructure, maintenance and service levels in alignment with:
 - Community Opinion Survey conducted in December 2021
 - City Council Work Plan
- American Rescue Plan Act allocation of \$8.4 million
- FEMA reimbursement submittals of \$1.6 million



BUDGET OVERVIEW

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- Investments aligned with Community Opinion Survey:
 - \$4.0 million transfer to CIP Fund for important facilities and parks projects
 - \$1.0 million for deferred parks maintenance
 - \$525,000 for business area beautification
 - Staffing resources for Public Works Maintenance to address cleanliness and perform quality assurance inspections
 - Staffing resource for Emergency Preparedness
 - Funding included to maintain essential services



BUDGET OVERVIEW

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- City Council Work Plan initiatives included:
 - Restoration of Sand Dune Park
 - \$1.2 million – CIP Fund
 - Joslyn Center Façade Improvements
 - \$320,000 – CIP Fund
 - Annual Parks Improvements Program
 - \$150,000 – CIP Fund
 - Consultant to develop Outdoor Dining & Business Use Program
 - \$245,000 – General Fund



FISCAL OUTLOOK

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- Service Delivery Investments totaling \$1.4 million:
 - Eleven new full-time positions
 - General Fund Five Positions \$455,050
 - Water Fund Three Positions \$280,420
 - Wastewater Fund Two Positions \$179,418
 - IT Fund One Position \$66,070
 - Other staffing adjustments include position upgrades and reclassifications totaling \$404,386
 - Offset by:
 - Elimination of three “frozen” positions
 - Early Retirement Incentive resulted in reduction of five positions at approximate cost savings of \$500,000 annually



FY 2022-2023 SUMMARY

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TOTAL CITYWIDE BUDGET

REVENUES	\$145.1 million
EXPENDITURES	146.8 million
<i>Operating</i>	<i>117.3 million</i>
<i>CIP & Equipment</i>	<i>19.0 million</i>
<i>Debt Service</i>	<i>10.5 million</i>

GENERAL FUND BUDGET

REVENUES	\$86.45 million
EXPENDITURES	85.24 million
OPERATING SURPLUS	\$1.21 million



FY 2022-2023 SUMMARY

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General Fund Reserve Projections after FY 2022-2023

20% of Expenditures Policy	\$17.0 million
Economic Uncertainty	\$ 4.0 million
Unreserved Fund Balance	\$ 7.5 million

General Fund Balance impacted by transfers out to other funds:

Transfers to support operations and one-time projects:

- CIP Fund (one-time) - \$4.0 million
- Stormwater Fund - \$1.5 million
- Street Lighting & Landscape Fund - \$222,333

Transfers as a result of UAL Pension Policy:

- CIP Fund - \$798,292
- PARS Pension Stabilization Fund - \$1.2 million

PARS Fund Balance projected to be \$3.8 million after FY 2022-2023



PERFORMANCE MEASURES

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POLICE DEPARTMENT

PERFORMANCE MEASURES

% OF RESIDENTS WHO FEEL SAFE				SAFETY & HEALTH OF THE COMMUNITY
2019-2020 Actual N/A*	PRIOR YEAR 2020-2021 Actual N/A*	2021-2022 Estimate 93%	TARGET 2022-2023 Budget 95%	

The City of Manhattan Beach places a high priority on residents feeling safe. The statistically-valid biennial Community Opinion Survey allows the City to measure the community's perception of safety in Manhattan Beach.

REDUCTION OF VIOLENT CRIME INCIDENTS				SAFETY & HEALTH OF THE COMMUNITY
2019-2020 Actual Down 4%	PRIOR YEAR 2020-2021 Actual Down 16%	2021-2022 Estimate Up 25%	TARGET 2022-2023 Budget Down 3%	

City seeks to improve quality of life through the reduction of Part One Violent Crimes (Murder, Rape, Robbery, Assault), as defined by the Federal Bureau of Investigations Uniform Crime Reporting Program.

REDUCTION OF PROPERTY CRIME INCIDENTS				SAFETY & HEALTH OF THE COMMUNITY
2019-2020 Actual Up 1%	PRIOR YEAR 2020-2021 Actual Down 9%	2021-2022 Estimate Up 20%	TARGET 2022-2023 Budget Down 3%	

City seeks to improve quality of life through the reduction of Part One Property Crimes (Burglary, Theft, Motor Vehicle Theft), as defined by the Federal Bureau of Investigations Uniform Crime Reporting Program.

PERCENTAGE OF NEW FOLLOWERS ON SOCIAL MEDIA				COMMUNITY ENGAGEMENT
2019-2020 Actual Up 38%	PRIOR YEAR 2020-2021 Actual Up 21%	2021-2022 Estimate Up 25%	TARGET 2022-2023 Budget Up 5%	

The Police Department's partnership with the community is our greatest asset. Social media is a way to connect and engage with our community. This statistic includes followers on Instagram, Facebook, and Twitter. It also includes Manhattan Beach residents opting in to messages via Everbridge.

PERCENTAGE OF FILLED POSITIONS				EXCELLENT MUNICIPAL SERVICES
2019-2020 Actual 97%	PRIOR YEAR 2020-2021 Actual 95%	2021-2022 Estimate 90%	TARGET 2022-2023 Budget 98%	

The Police Department will continue to recruit and hire qualified individuals to fill Department full-time sworn and civilian vacancies to maintain at least 98% staffing (less than a 2% vacancy factor) in order to have the personnel resources needed to provide outstanding police services to the community.

*This is a new performance measure identified for this FY and data will be tracked in future years. In some circumstances, data was not provided in a given year.

POLICE DEPARTMENT

BY THE NUMBERS IN 2021

29,159
CALLS FOR SERVICE

12,163
SELF-INITIATED SERVICE ACTIVITIES

5,008
TRAFFIC STOPS

44,613
PARKING CITATIONS

650
ARRESTS

1,585
VOLUNTEER HOURS

2,014
PUBLIC RECORDS REQUESTS

5-YEAR PART 1 CRIMES HISTORY

	VIOLENT CRIME	PROPERTY CRIME
2021	59	955
2020	46	777
2019	55	850
2018	57	844
2017	71	875
2016	53	1030
2015	70	947
2014	57	878
2013	55	853

POLICE DEPARTMENT SOCIAL MEDIA OVERVIEW

FACEBOOK FOLLOWERS



6.5K

INSTAGRAM FOLLOWERS



17.1K

TWITTER FOLLOWERS



2.7K

YOUTUBE VIEWS



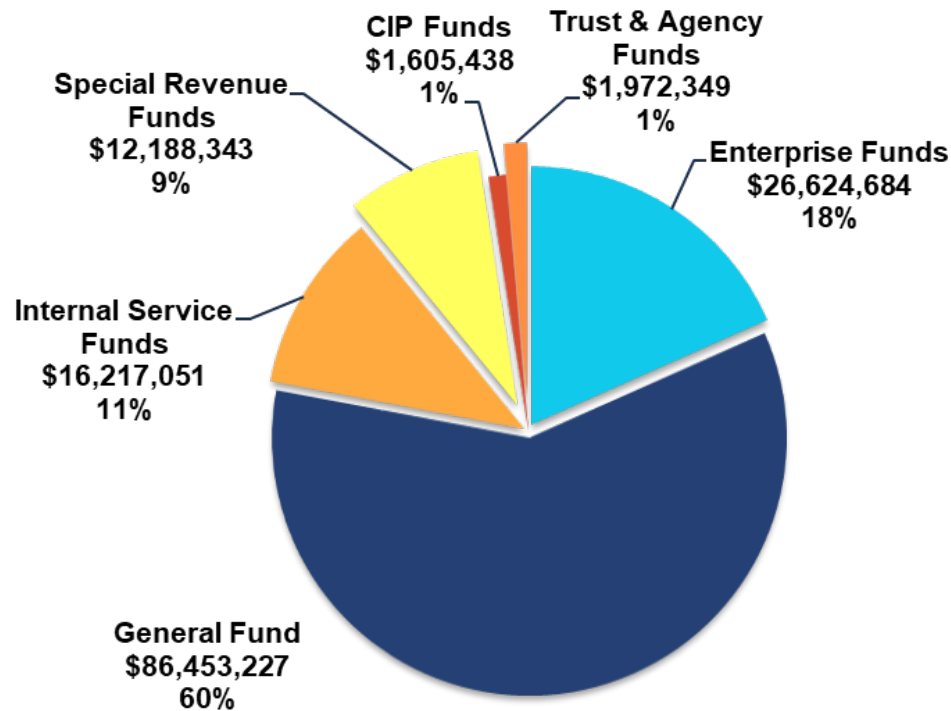
45K



CITYWIDE REVENUES

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\$145,061,092

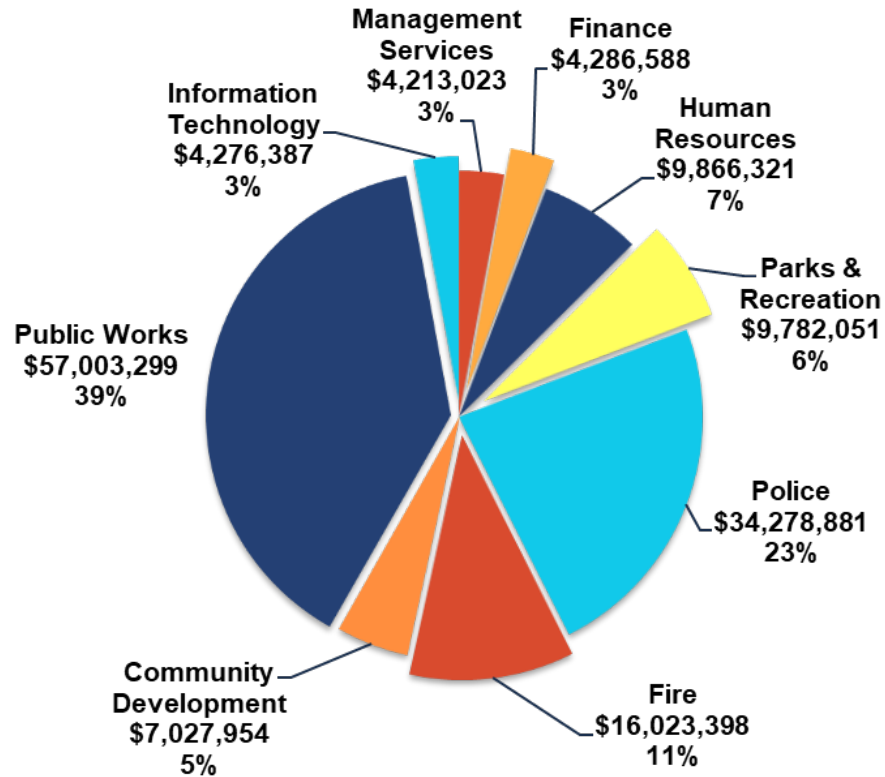


CITYWIDE EXPENDITURES

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By Department

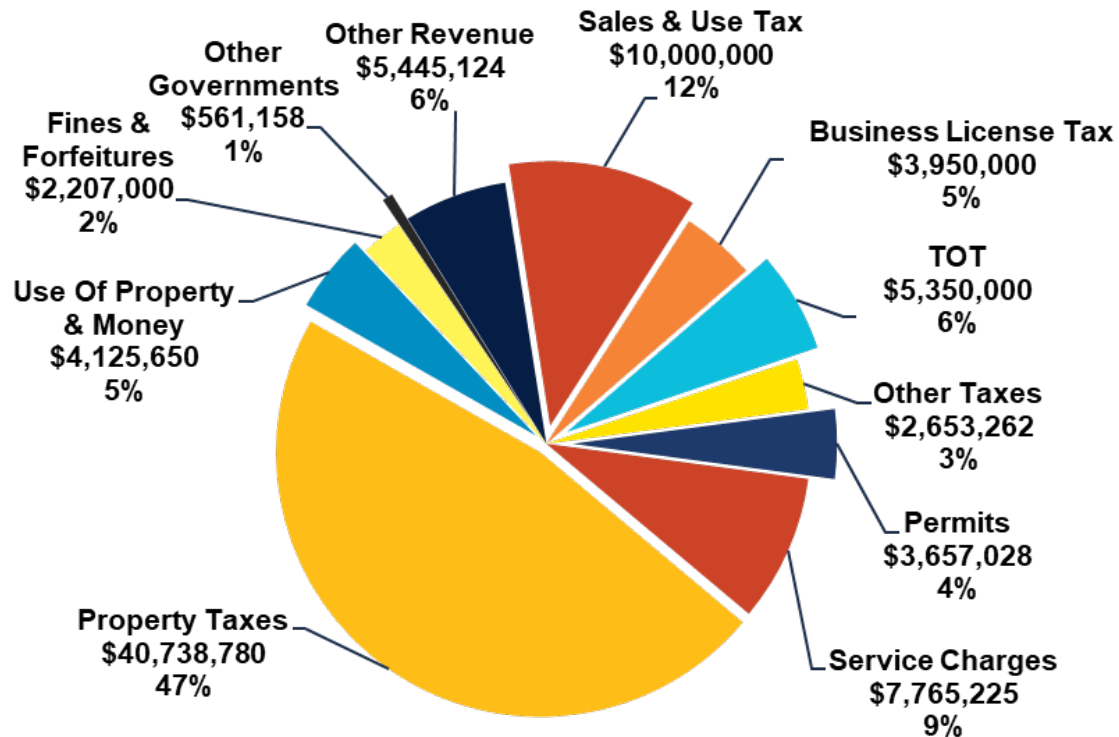
\$146,757,902



GENERAL FUND REVENUES

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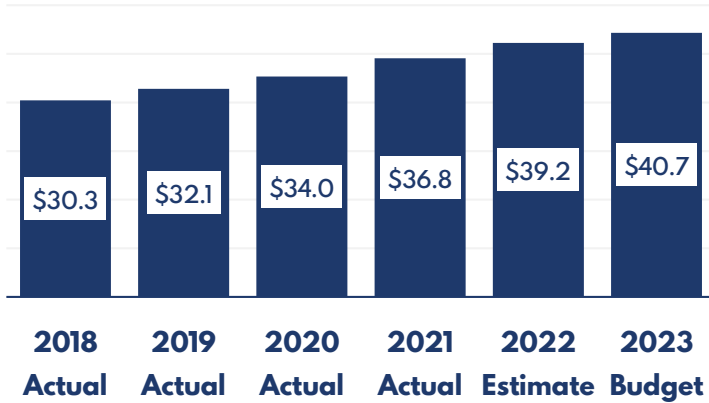
\$86,453,227



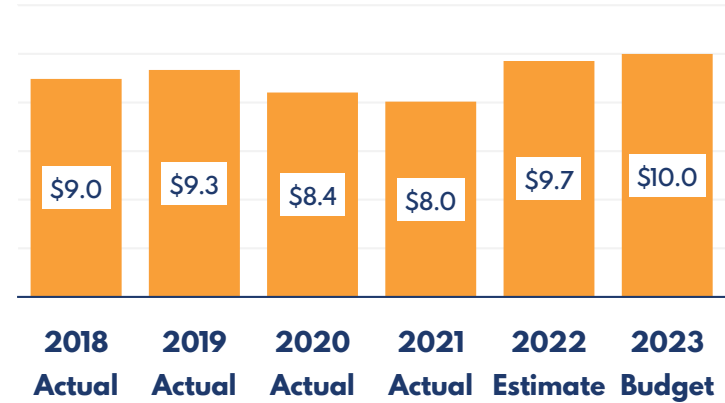
GENERAL FUND REVENUES

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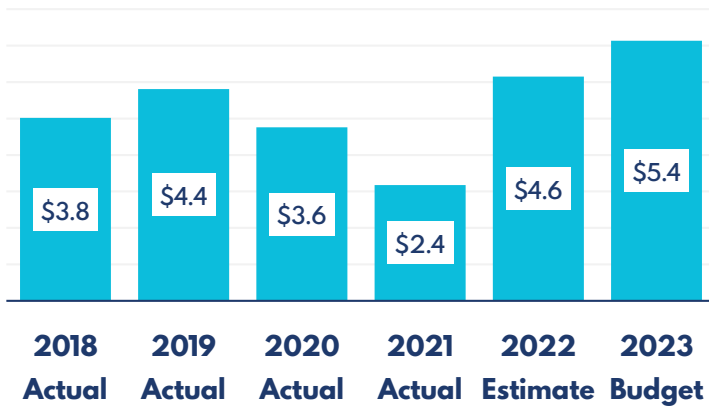
PROPERTY TAX



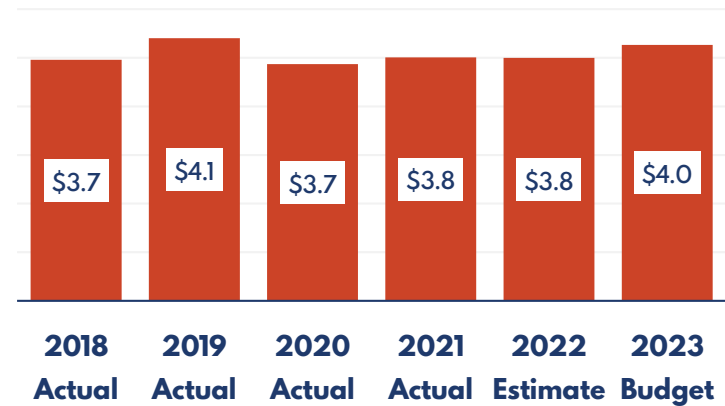
SALES & USE TAX



TRANSIENT OCCUPANCY TAX



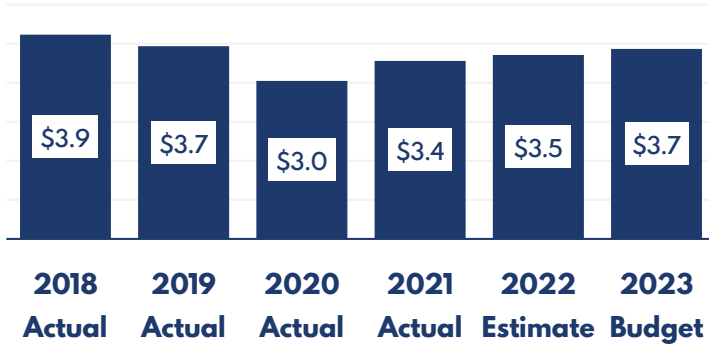
BUSINESS LICENSE TAX



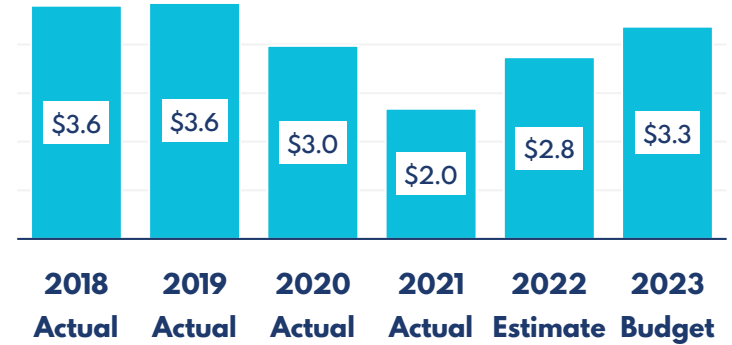
GENERAL FUND REVENUES

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BUILDING PERMITS & PLAN CHECK FEES



PARKS & RECREATION REVENUES

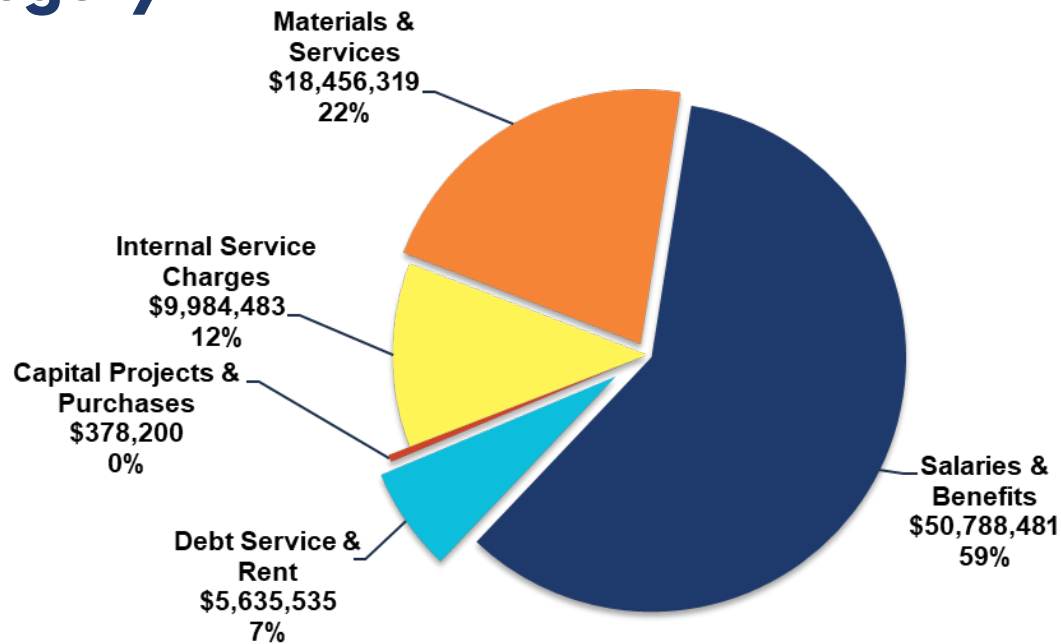


GENERAL FUND EXPENDITURES

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By Category

\$85,243,018

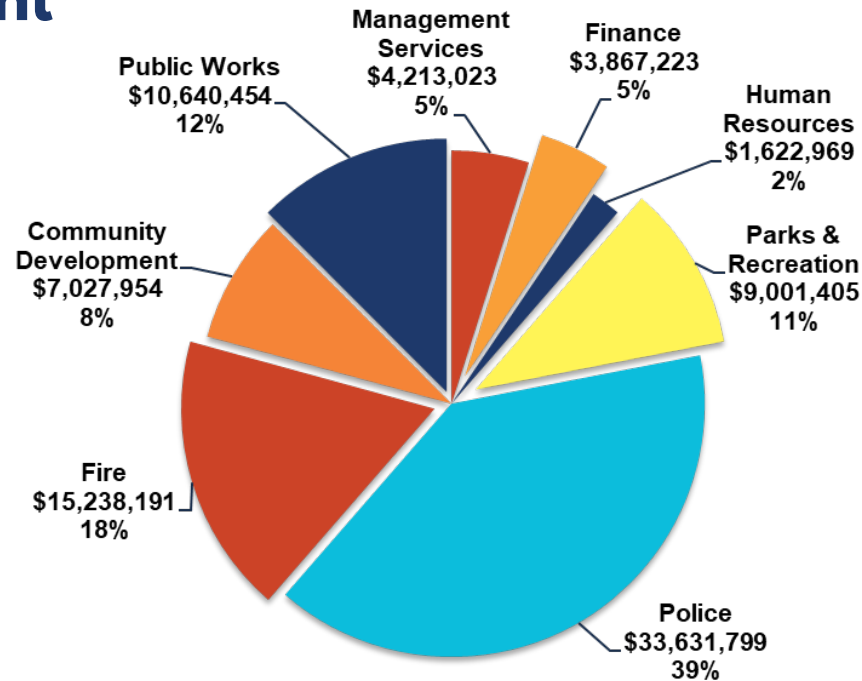


GENERAL FUND EXPENDITURES

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\$85,243,018

By Department



GENERAL FUND EXPENDITURES

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- Salaries and Benefits increasing \$1.2 million based on recently approved MOUs and associated benefits
 - Vacancy factor of 4.0% built-in
 - Staffing adjustments summary:
 - Five new full-time positions (\$455,050)
 - Upgrades and reclassifications (\$382,255)
- Debt service category includes \$5.2 million for POB payments
- Internal Service Charges increasing \$1.3 million primarily due to Insurance Reserve Fund charge-outs



GENERAL FUND EXPENDITURES

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- Materials & Services increasing \$5.0 million due to:
 - Reinstatement of contract services, departmental supplies and employee training
 - Inflationary increases affecting costs of Contract Services, Utilities, and other materials
 - Significant “one-time” Contract Services additions:
 - \$1.0 million for deferred parks maintenance
 - \$525,000 for business area beautification
 - \$330,000 for Engineering Project Management to help with execution of Capital Improvement Projects
 - \$245,000 for consultant to develop Outdoor Dining and Business Use program



REVENUES & EXPENDITURES

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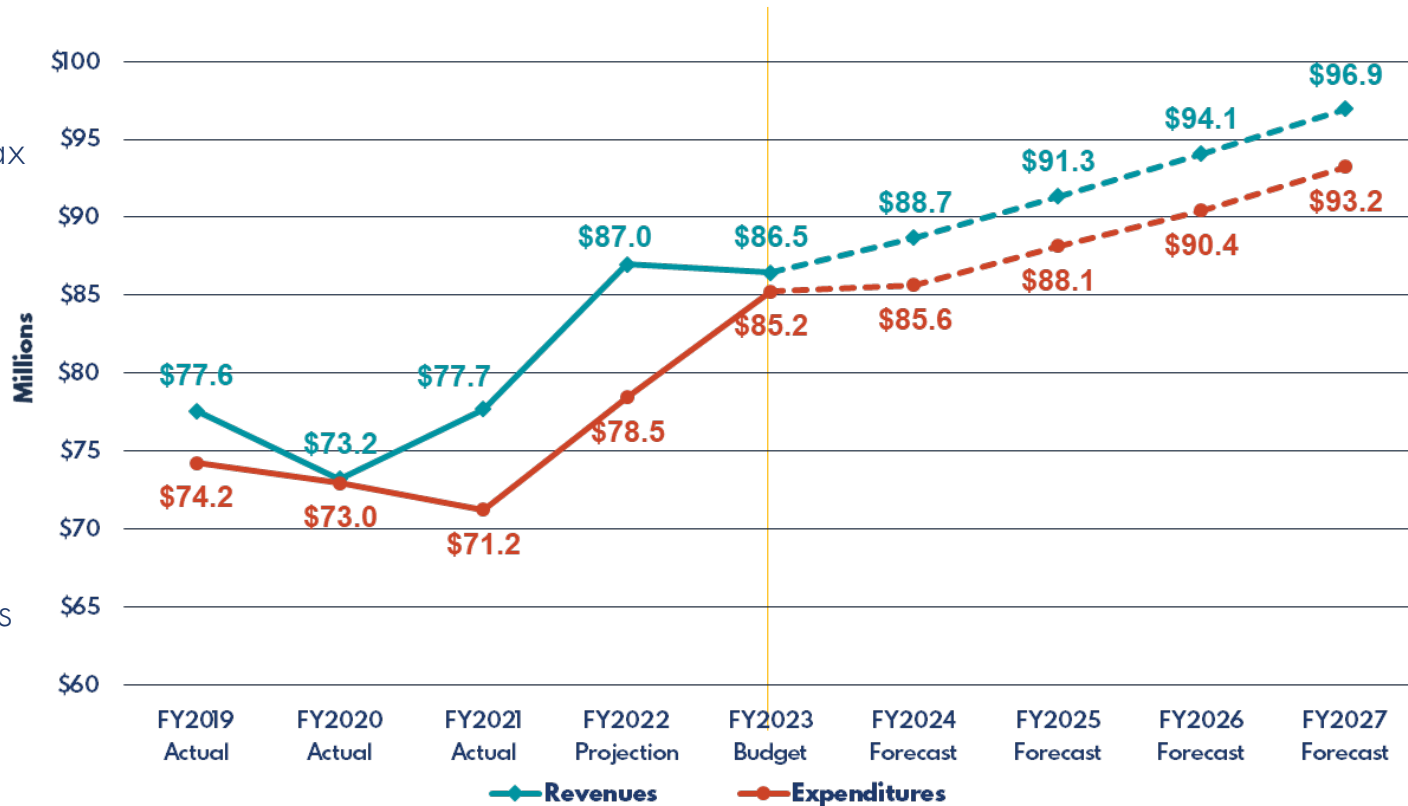
Revenues include:

- Property Tax
- Sales & Use Tax
- Transient Occupancy Tax
- FY 2021 & FY 2022 include one-time ARPA Funds

Expenditures include:

- Salaries & Benefits
- Materials & Services
- Internal Service Charges
- Debt Service

General Fund



Dashed lines represent forecasted projections

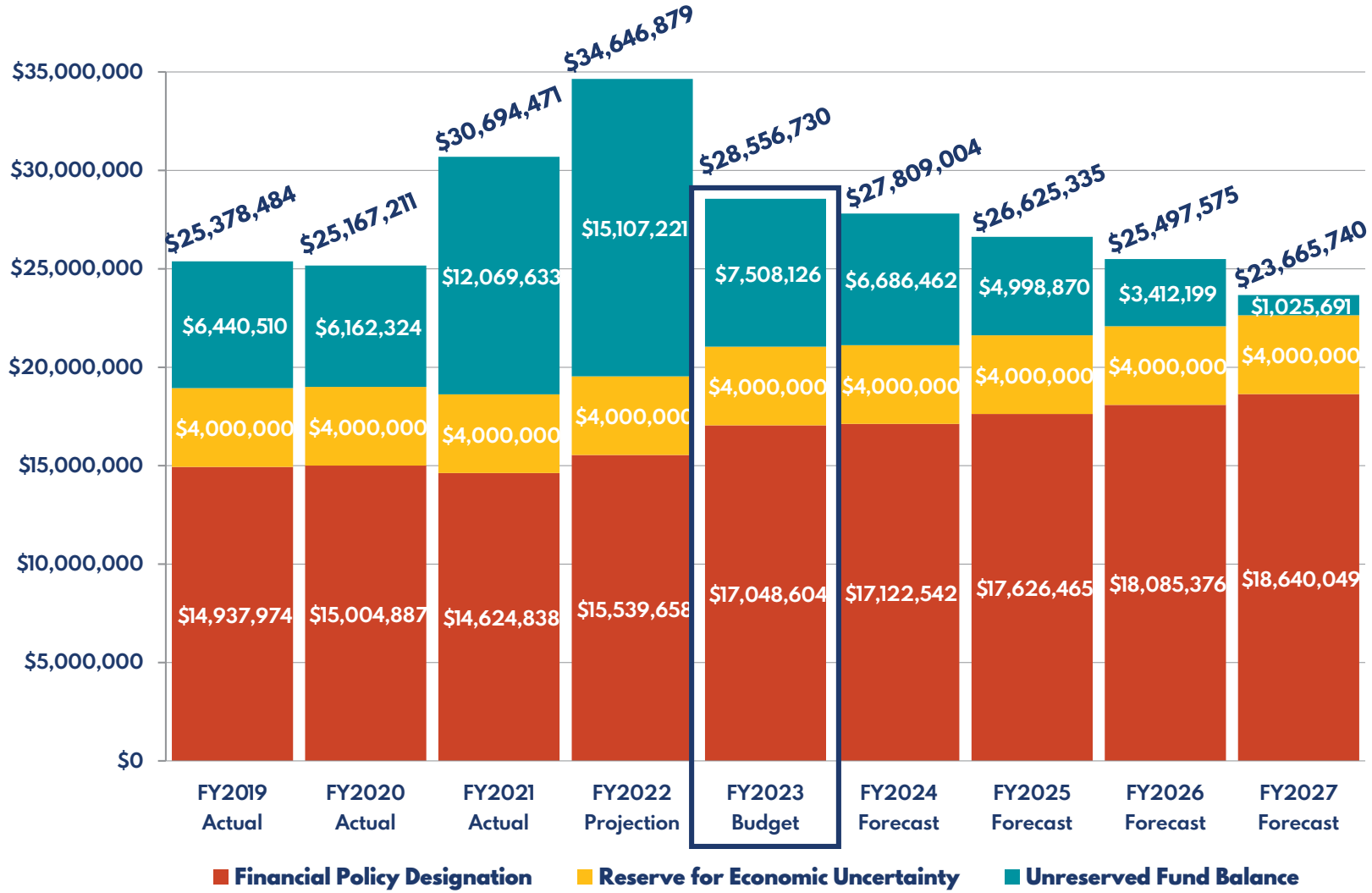
Notes:

- Chart excludes FY 2021 POB Proceeds and UAL Payoff of \$90.8 million



ESTIMATED GENERAL FUND BALANCE

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BUDGET RECAP

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- Strong revenues and balanced budget
- Essential services maintained
- Re-investments aligned with Survey and Work Plan:
 - Maintenance
 - Infrastructure
 - Service delivery
- Next steps
 - May 10 & 24: Budget Study Sessions
 - Email comments to Budget@manhattanbeach.gov
 - June 7: Public Hearing and Budget/CIP Adoption



QUESTIONS

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