



CITY OF MANHATTAN BEACH CITY HALL

1400 Highland Avenue, Manhattan Beach, CA 90266

WEBSITE: www.manhattanbeach.gov • **PHONE:** (310) 802-5000

TO: Honorable Mayor and Members of the City Council

FROM: Steve Charelian, Finance Director

MEETING: City Council Regular Meeting, May 24, 2022

SUBJECT: Agenda Item No. 1 – Discussion of the Fiscal Year 2022-2023 Proposed Operating Budget and Five Year Capital Improvement Program

DATE: May 20, 2022

SUPPLEMENTAL ATTACHMENT

- PowerPoint Presentation

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FISCAL YEAR 2022-2023 BUDGET STUDY SESSION #2

MAY 24, 2022



FY 2022-2023 BUDGET TIMELINE

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- **May 10, 2022** – Budget Study Session #1
 - Budget overview
 - Department overviews
 - Expenditures by Program
 - Service Delivery Changes
- **May 24, 2022** – Budget Study Session #2
 - City Council Study Session to review and refine the Proposed Budget
 - Collect community feedback
 - Receive direction from City Council
- **June 7, 2022** – Public Hearing and Adoption
 - City Council’s final review of the Budget
 - Adoption of FY 2022-2023 Budget and CIP



FISCAL OUTLOOK

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- Revenues have recovered and are expected at or above pre-pandemic levels in FY 2022-2023
 - Balanced Budget with \$1.08 million surplus
- Expenditures have increased with
 - Re-investments in infrastructure, maintenance and service levels aligned Citizen Opinion Survey and City Council Work Plan
 - Reinstatement of contract services, departmental supplies and employee training & conferences
 - Inflationary increases affecting costs of Contract Services, Utilities, and other materials



BUDGET OVERVIEW

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- Investments aligned with Community Opinion Survey are built into the budget including:
 - Public Safety and low crime rates:
 - 57% of General Fund Budget tied to Public Safety
 - Staffing resource for Emergency Preparedness
 - Cleanliness, appearance, and the overall beauty of the City:
 - \$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
 - Funding included to maintain essential services



BUDGET OVERVIEW

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- City Council Work Plan initiatives included:
 - General Fund
 - Consultant to develop Outdoor Dining & Business Use Program
 - Consultant to manage Public Works Engineering projects
 - Polliwog Park
 - Wayfinding Program
 - Capital Improvement Program Fund
 - Restoration of Sand Dune Park - \$1.2 million
 - Joslyn Center Façade Improvements - \$320,000
 - Annual Parks Improvements Program - \$150,000



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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



BUDGET OVERVIEW

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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



MAY 17 BUDGET CHANGES

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- Budget implications from May 17 items:
 - Part-time Compensation Adjustments - \$130,000 in General Fund
 - Senior and Scout Community Center - Additional \$1.9 million in CIP Fund
- Funding for the additional \$1.9 million in CIP Fund
 - Baseline transfers per UAL Pension Policy:
60% CIP Fund / 40% Pension Stabilization Fund
 - Annual review to determine precise allocation during budget process
 - Recommendation in FY 2022-2023:
80% CIP Fund / 20% Pension Stabilization Fund



FY 2022-2023 SUMMARY

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TOTAL CITYWIDE BUDGET

REVENUES	\$145.1 million
EXPENDITURES	148.8 million
<i>Operating</i>	<i>117.4 million</i>
<i>CIP & Equipment</i>	<i>20.9 million</i>
<i>Debt Service</i>	<i>10.5 million</i>

GENERAL FUND BUDGET

REVENUES	\$86.45 million
EXPENDITURES	85.37 million
OPERATING SURPLUS	\$1.08 million



FY 2022-2023 SUMMARY

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Projected General Fund Reserve Ending Balances in FY 2022-2023

20% of Expenditures Policy	\$ 17.07 million
Economic Uncertainty	\$ 4.00 million
Unreserved Fund Balance	\$ 7.35 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

Recommended Transfers per UAL Pension Policy:

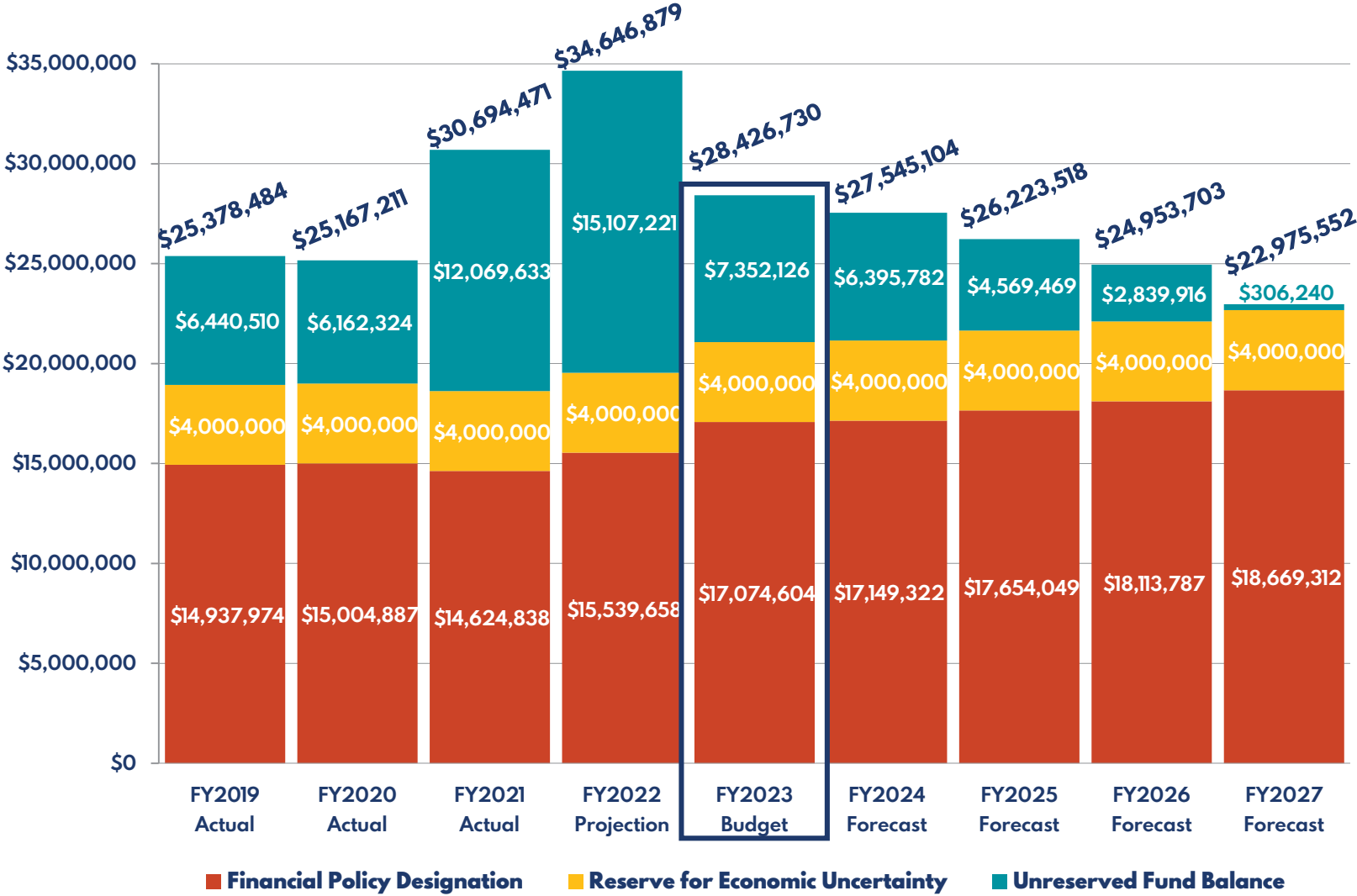
- CIP Fund - \$1,596,585
- Pension Stabilization Fund - \$399,146

Pension Stabilization Fund Estimated Ending Balance in FY 2022-2023: \$2.9 million



ESTIMATED GENERAL FUND BALANCE

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BUDGET MEETING RECAP

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- Strong revenues and balanced budget
 - Surplus of \$1.08 million
- Essential services maintained
- Re-investments aligned with Citizen Survey and Work Plan:
 - Maintenance
 - Infrastructure
 - Service delivery
- June 7: Public Hearing and Budget/CIP Adoption



QUESTIONS

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