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.citymb.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.

**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**

- **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

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.
  - 5% 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 & Income: $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, Marriott 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
- Barnes & Noble
- BevMo
- Chevron
- Circle K
- CVS Pharmacy
- Fry’s Electronics
- Houston’s
- Kettle
- Macy’s
- Manhattan Beach Toyota
- Marriot Manhattan Beach
- Nick’s Manhattan Beach
- Old Navy
- Pottery Barn
- Ralph’s Fresh Fare
- REI
- Skechers by Mail
- Strand House Strandbar
- Target
- Tin Roof Bistro
- Toyota Lease Trust
- True Religion
- Vans
- Wrights

Top 8 Property Tax Payers (In Alphabetical Order)

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

Enterprise Funds

- Water Fund ($15.6 million)
- Wastewater Fund ($3.5 million)
- Roads & Transportation Funds ($4.3 million)
- Streets Lighting & Landscape Fund ($394,800)

Special Revenue Funds

- Roads & Transportation Funds ($4.3 million)
  - Gas tax, SB1 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 countywide 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

- 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 fees (less the City’s recovery costs)

- Parking Funds ($2.1 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.
GENERAL FUND EXPENDITURES

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 will complete a new Utility Rate Study & Cost Allocation Plan in FY 2019-20.

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.

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.
KEY CURRENT/UPCOMING CAPITAL IMPROVEMENT PROJECTS

The adopted Capital Improvement Plan is available at 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.)

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

FACILITIES & GENERAL CAPITAL IMPROVEMENTS ($11.5 million)
Funded by Transient Occupancy Taxes (15%), Parking Citations (54), Parking Meters, and grants.
- Polliwog Playground Resurfacing & Equipment Replacement
- Polliwog Band Stage
- Senior and Scout House
- Annual Streetlight Replacement

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

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)

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 ($72,841) 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)
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(a) 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.

(a) US Census Bureau, 2018 estimate

1913
The initial City Seal adopt-
ed 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.

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.

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.

Elected Officials

Mayor
Nancy Hersman
Mayor Pro-Tem
Richard Montgomery
City Councilmembers
Suzanne Hadley
Hildy Stern
Steve Napolitano
City Treasurer
Tim Lilligren

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