





# Staff Report

## City of Manhattan Beach

**TO:** Honorable Mayor Cohen and Members of the City Council

**THROUGH:** Geoff Dolan, City Manager 

**FROM:** Bruce Moe, Finance Director 

**DATE:** June 2, 2009

**SUBJECT:** Continuation of Discussion of FY 2009-2010 Proposed Operating Budget and Fiscal Year 2009-2014 Capital Improvement Project Plan

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### RECOMMENDATION:

Staff recommends that the City Council discuss and provide direction on the FY 2009-2010 proposed Operating Budget and 2009-2014 Capital Improvement Project (CIP) plan.

### FISCAL IMPLICATION:

The original General Fund deficit in the Proposed Budget was \$3,031,248. As a result of the changes made during the first two Budget Study Sessions, revenues have increased by \$30,000, and expenditures have decreased by \$195,770. Therefore, the new General Fund deficit is currently \$2,805,478. This will be accommodated by using unreserved General Fund surplus which totals approximately \$3.4 million.

Through Wednesday, May 27<sup>th</sup>, Council had reviewed the Management Services, Police, Fire, Human Resources and Parks & Recreation budgets. Beyond the cuts Council ordered in those budgets, there is still \$1.39 million in combined General Fund revenues and spending cuts remaining for Council consideration in other departments, which will be discussed at the June 1<sup>st</sup> study session. Any of those reductions will be reflected in the final tally presented to Council on June 2<sup>nd</sup>.

### DISCUSSION:

At the time of report preparation, the City Council had held two budget study sessions to review and amend the Proposed Operating Budget for FY 2009-2010. The specific actions taken during those meetings are reflected on the attached summary (Attachment "A"). Additional revisions are anticipated during the third study session scheduled for Monday, June 1<sup>st</sup>. Any recommended changes from that meeting will be summarized, and distributed at the June 2<sup>nd</sup> Council meeting.

In addition to these changes, Council directed staff to provide more information or take action as indicated on the following issues:

- Review the cost of combining the resident newsletter (annual cost of \$25,000) with the Parks & Recreation class brochure. Staff anticipates having this information for this evening's meeting.
- Provide more information on how the Mira Costa Grad Night donation funds (\$7,500) are utilized. This has been gathered and is presented as Attachment "C."
- Perform a cost-benefit analysis of expanding parking enforcement hours to 10 PM, midnight or 2 AM.
- Follow-up with Raleigh Studios to negotiate a new reimbursement agreement for the Fire Inspector's time spent in support of the studios. Potential revenue enhancements have not been included due to the uncertainty of the final agreement.
- Adding parking meters along Bell Avenue adjacent to Sand Dune Park (and a resident parking permit program in the surrounding neighborhood) to control park usage while also raising revenue to offset the operational costs of this heavily used venue. Council directed staff to hold community meetings and have the appropriate commission(s) review the concept before bringing the issue back to the Council.
- Look into reducing the employee awards and recognition costs by reviewing the program and possibly scaling back the awards (this line item was reduced by \$6,230 to \$10,000 on the attached cuts list).
- Review property insurance premiums and determine if the \$10,000 deductible could be increased to lower the overall premium cost.
- Research the option of auditing our employee health benefits with CalPERS to verify eligibility, with possible cost savings resulting.
- With the proposed elimination of the funding for Arts Manhattan (\$20,000), seek proposals from outside art exhibitions, with potential revenue gains.
- While not being reduced for FY 2009-2010, Council also directed that the Police & Fire Open Houses be held on a biennial basis starting in 09-10. As a result, the FY 2010-2011 budget, and every other year thereafter, will show a reduction of approximately \$16,800.
- Provide revenue information on the ball field lighting electricity charged to the users.

Where possible and applicable, staff will provide information on these items during the June 2<sup>nd</sup> Council meeting.

During the study sessions, Council also requested that the full time employee headcount be added to the ten year General Fund history previously provided. Please see Attachment "B."

Tonight is the final scheduled meeting to discuss and provide direction on the budget. Staff will present a comprehensive listing of all agreed upon changes to be incorporated into the adopted budget at the June 16<sup>th</sup> public hearing and adoption. Those changes will appear in the published version of the adopted budget.

- Attachments:
- A. FY 2009-2010 budget change listing
  - B. General Fund ten year history amended to include FTE counts

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City of Manhattan Beach FY 2009-2010 Proposed Budget Revisions

Department	Description	General Fund		Notes
		Change in Budgeted Expenditures increase/(decrease)	Change in Budgeted Revenues increase/(decrease)	
Finance	Eliminate Coordinating Council participation	\$ (2,234)		
Fire	Reduce Public Education budget (Overtime, general materials)	\$ (4,000)		
Management Services	Council Contingency - add back in \$50,000 bringing the new total to \$100,000	\$ 50,000		
Management Services	Eliminate lobbyist	\$ (13,000)		
Management Services	Council conferences and meetings - reduce by 50% (full amount of \$57,170)	\$ (28,585)		
Management Services	Reduce City Manager's conferences and meetings budget by 50% (original amount of \$16,133)	\$ (8,067)		
Parks & Recreation	Reduce funding for Earth Day to 50% level (full budget of \$7,856)	\$ (3,928)		
Parks & Recreation	Reinstate 50% funding for Pet Appreciation Day (full budget of \$9,612)	\$ 4,806		
Parks & Recreation	Eliminate Sand Castle Design Contest	\$ (1,237)		
Parks & Recreation	Eliminate Family Fishing Derby	\$ (1,685)		
Parks & Recreation	Eliminate Halloween Carnival	\$ (3,347)		
Parks & Recreation	Eliminate Family Holiday Crafts Night	\$ (1,527)		
Parks & Recreation	Eliminate Family Kite Festival	\$ (1,379)		
Parks & Recreation	Eliminate Family Camp	\$ -		Note: Removed from consideration - Revenue generating activity which fully covers its costs
Parks & Recreation	Eliminate Pumpkin Race	\$ (15,586)		
Parks & Recreation	Eliminate Arts Manhattan Funding	\$ (20,000)		
Parks & Recreation	Eliminate Metlox Series	\$ (7,000)		
Parks & Recreation	Eliminate MBUSD Art Education Program	\$ (12,000)		
Parks & Recreation	Reduce Funding for Volunteer Recognition Dinner (original budget of \$24,000)	\$ (11,000)		
Parks & Recreation	Reduce funding for OASIS weekend staffing (original cost of \$6,400)	\$ (3,400)		
Parks & Recreation	Increase fees for AYSO and MB Little League from \$5 to \$10 per participant		\$ 30,000	
Parks & Recreation	Related costs in other departments associated with the P&R events listed above	\$ (10,094)		Public Works and Police Department support
Police	Update of PERS contribution rate (Finance)	\$ 63,000		
Police	Eliminate Code Blue emergency call boxes	\$ (6,500)		
Police	Scale back Wellness Program to Police personnel only (original cost \$55,000 - new \$30,000)	\$ (25,000)		

City of Manhattan Beach FY 2009-2010 Proposed Budget Revisions

Police	Reduce Community Police Academy from two classes per year to one class per year	\$	(11,150)			City Manager and Police Chief recommend as an alternative one sworn officer position be eliminated, but actual deployment of police officers to be determined by the Chief of Police.
Police	Combine Crime Prevention and one School Resource Officer positions into one combined position, thereby eliminating one Police Officer (full year total)	\$	(116,627)			
Human Resources	Reduce Employee Recognition programs to a new total of \$10,000	\$	(6,230)			
				Expenditures	Revenues	
	Total of Proposed Changes increase/(decrease)	\$	(195,770)	\$	30,000	
	Original Proposed Budget	\$	52,303,768	\$	49,272,520	
	Revised Budget Totals	\$	52,107,998	\$	49,302,520	
	Original Deficit	\$	(3,031,248)			
	Revised Deficit	\$	(2,805,478)			
	Net Increase/(Decrease)	\$	(225,770)			

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**City of Manhattan Beach Budgeted General Fund Expenditure History**  
 (Full Time Employee Position Counts are Across all Funds)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2001-2010 Change
<b>Management Services</b>											
Change from Prior Year	1,600,035	1,472,425	1,518,984	1,454,476	1,641,791	1,791,885	2,003,981	2,199,358	2,934,862	3,401,946	1,801,911
Yearly Change - %	134,926	-127,610	46,559	-64,508	187,315	150,094	212,096	195,377	735,504	467,084	15.9%
FTE Head Count	13	13	13	13	13	13	13	14	14	14	1
<b>Finance</b>											
Change from Prior Year	2,236,811	1,996,135	2,052,902	2,061,938	2,230,459	2,423,451	2,642,407	2,829,046	2,942,931	2,904,731	667,920
Yearly Change - %	355,606	-240,676	56,767	9,036	168,521	192,992	218,956	186,639	113,885	-38,200	-1.3%
FTE Head Count	20	20	20	20	20	21	21	21	21	20	0
<b>Human Resources</b>											
Change from Prior Year	596,014	574,109	585,302	618,488	675,425	711,163	757,090	825,859	824,581	882,880	286,866
Yearly Change - %	46,935	-21,905	11,193	33,186	56,937	35,738	45,927	68,769	-1,278	58,299	7.1%
FTE Head Count	7	7	7	7	7	7	7	7	7	7	0
<b>Recreation</b>											
Change from Prior Year	2,987,909	3,709,717	3,756,612	3,928,212	4,192,436	4,553,701	5,020,542	5,434,515	5,776,491	5,767,745	2,779,836
Yearly Change - %	308,075	721,808	46,895	171,600	264,224	361,265	466,841	413,973	341,976	-8,746	-0.2%
FTE Head Count	14	15	16	16	16	16	19	19	20	20	6
<b>Police</b>											
Change from Prior Year	10,969,028	11,865,473	12,819,142	13,712,683	15,428,866	16,522,373	17,886,905	19,213,896	20,002,127	20,086,440	9,117,412
Yearly Change - %	468,744	896,445	953,669	893,541	1,716,183	1,093,507	1,364,532	1,326,991	788,231	84,313	0.4%
FTE Head Count	98	97	97	97	99	99	100	100	100	99	1
<b>Fire</b>											
Change from Prior Year	4,550,710	5,215,821	5,798,573	6,358,832	7,239,788	7,800,881	8,457,932	9,017,374	10,499,656	10,474,183	5,923,473
Yearly Change - %	307,895	665,111	582,752	560,259	880,956	561,093	657,051	559,442	1,482,282	-25,473	-0.2%
FTE Head Count	31	31	31	31	31	31	31	31	31	31	0
<b>Community Development</b>											
Change from Prior Year	2,872,200	2,954,036	2,740,169	2,628,470	2,802,381	2,974,374	3,442,499	3,424,185	3,545,255	3,298,857	426,657
Yearly Change - %	518,041	81,836	-213,867	-111,699	173,911	171,993	468,125	-18,314	121,070	-246,398	-7.0%
FTE Head Count	20	20	21	21	21	22	22	22	22	21	1
<b>Public Works</b>											
Change from Prior Year	4,107,054	4,464,295	4,521,861	4,596,620	5,062,473	5,062,473	5,323,163	5,640,865	5,795,580	5,486,986	1,379,932
	81,550	357,241	57,566	74,759	45,203	420,650	260,690	317,702	154,715	-308,594	

**City of Manhattan Beach Budgeted General Fund Expenditure History**  
(Full Time Employee Position Counts are Across all Funds)

Yearly Change - %	2.0%	8.7%	1.3%	1.7%	1.0%	9.1%	5.1%	6.0%	2.7%	-5.3%	33.60%
FTE Head Count	57	57	57	58	60	60	61	61	63	61	4
	2001	2002	2003	2004	2005	2006	2007	2008	2009		10 Year
Report totals	29,919,761	32,252,011	33,793,545	35,359,719	38,852,969	41,840,301	45,534,519	48,585,098	52,321,483	52,303,768	22,384,007
Change from Prior Year	2,221,772	2,332,250	1,541,534	1,566,174	3,493,250	2,987,332	3,694,218	3,050,579	3,736,385	-17,715	
Yearly Change - %	8.0%	7.8%	4.8%	4.6%	9.9%	7.7%	8.8%	6.7%	7.7%	0.0%	88.90%
FTE Head Count	260	260	262	263	267	269	274	275	278	273	13

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## **Information Regarding Mira Costa Grad Night**

### Financing

- The overall budget for Grad Night is approximately \$100,000. The ticket price charged is \$150 per student. Approximately 400 students attend the event. That leaves a budget shortfall of about \$40,000.
- The Grad Night organizers conduct fundraising to close that \$40,000 gap. In addition to the \$7,500 donated by MB they raise money from direct parent and business contributions. The cities of Hermosa Beach and Redondo Beach have contributed a small amount in years past based on the number of students attending Mira Costa from those two cities.
- The event organizers also get some in-kind contributions. For example, in the past Don Knabe's office has donated the bus service that is used to transport the kids to the event. His office was not able to provide all of the busses this year and that donation could be cut back even more next year.

### About the Event

- The location of the event is always a surprise for the students. Previous years' events have been held at venues such as the Forum, Angels Stadium, and Dave & Busters.
- The check-in process for the event starts at 8pm and the kids are brought back to Mira Costa at 5am the next day.
- At the event, there are entertainment activities such as karaoke, photo booths, sumo suit wrestling, game booths, tattoo booth, etc. There is also a wide variety of food.

### Format of the Event

- Years ago, Grad Night was held at the Mira Costa campus. However, it was easier for the kids to check-in and then sneak out of the school site versus an off-site, secured location. And, the kids were looking for something a little more exciting than hanging out on the school campus.
- More parent volunteers were required building up to and during the event when it was held on the school campus.
- Having a fun, secured event gives the kids a safe place to celebrate. The organizers think that this helps to keep the kids off the street and out of trouble that night...which can be seen as a huge positive for the kids, a benefit to the community and less of a burden to public safety personnel.