





# 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:** November 3, 2009

**SUBJECT:** Consideration of Finance Subcommittee Recommendation to Provide Funding for the Chamber of Commerce for Fiscal Years 2010 (\$50,000) and 2011 (\$25,000)

---

### RECOMMENDATION:

The Finance Subcommittee and staff recommend that the City Council approve funding for the Chamber of Commerce of: a) \$50,000 in Fiscal Year 2009-2010 utilizing available Council Contingency funds, and b) \$25,000 in Fiscal Year 2010-2011 budget.

### FISCAL IMPLICATION:

Funds totaling \$100,000 are available in the City Council Contingency account for FY 2009-2010.

### BACKGROUND:

Historically, the City Council has allocated funds in support of the Manhattan Beach Chamber of Commerce's activities to promote and enhance community business activities (funds totaling \$196,000 were provided in FY 2008-2009). Due to the fiscal challenges faced in FY 2009-2010, the Council eliminated the regular Chamber of Commerce funding, and instructed the Chamber to identify the most important specific activities in need of City funding, and return to the Council for further consideration.

At the September 15, 2009 City Council meeting, the Chamber of Commerce presented additional information and a request for \$133,000 in funding for FY 2009-2010. The Council referred further discussion to the Finance Subcommittee, which took place at the Subcommittee meeting of October 20, 2009.

### DISCUSSION:

At the Subcommittee meeting, the Chamber of Commerce provided a revised, balanced FY 09-10 budget (Attachment "A") which includes the elimination of City funding. They also provided a list of their activity slate and which events may be dropped as a result of the budget cuts (Attachment "B"). The revised budget incorporates across-the-board salary decreases as well as staff reductions of 1.5 employees for the fiscal year ended June 30, 2010. The staff reductions will result in a number of programs being eliminated due to the lack of staffing necessary to host the events.

The Chamber of Commerce subsequently provided information on what programs would be reinstated if funding of \$50,000 were provided in the current year. These include:

- Local economic development;
- Expansion of the Women in Business conference and related programs,
- Outreach to business owners in the downtown and North Manhattan Beach areas,
- Continued involvement with local legislative groups and
- Providing opportunities for all of our members to network and promote their business and organization.

On a longer term basis, the Chamber of Commerce indicated that they could structure their programs to operate without the City's on-going financial support, but that a "bridge" to that goal would be appreciated so that the transition can be planned and organized. As a result, the Finance Subcommittee voted unanimously to recommend to the City Council that funding of \$50,000 be provided in FY 2009-2010, and \$25,000 be provided in FY 2010-2011 to assist in that transition. No further funding would be provided after the two year phase-out. The Subcommittee further recommended that the funds for FY 09-10 be appropriated from the Council Contingency line item (\$100,000 is available in that account).

Staff recommends that the City Council discuss the Chamber of Commerce funding and provide direction to staff.

Attachments: A. Revised Chamber of Commerce Budget for FY 2009-2010  
B. Chamber of Commerce Activity Slate 2009-2010

cc: Chamber of Commerce

(A)

**Manhattan Beach Chamber of Commerce**

**Analysis of Income and Expense**

Income	Budget	6/30/09	6/30/08	Notes
Membership dues	138,000	146,131	147,870	1
Processing fees	3,500	3,924	3,595	
Voluntary Fair Share	5,700	5,770	6,485	
City income	0	195,996	181,020	
Sales income	8,200	8,203	8,593	
Fund raising / Mixers	135,000	112,306	134,265	2
Sponsorships	45,000	45,010	89,815	
Sand Dollar	59,000	59,000	59,750	
Directory income	4,500	4,507	3,731	
Interest / other income	800	4,494	5,601	3

Total	399,700	585,341	640,725	
-------	---------	---------	---------	--

**Expenses**

Cost of merchandise	14,000	14,030	12,381	
Service charges	7,200	6,636	7,730	
Copy costs	6,000	7,875	11,825	
Auto costs	0	88	87	
Telephone	3,000	2,983	5,371	
Insurance E&O	1,965	1,965	1,965	
Insurance other	3,000	4,710	7,982	4
Entertainment	0	700	570	
Facility costs	19,000	18,403	18,737	
Food/Beverage <i>Assoc</i>	60,000	58,145	49,496	
Miscellaneous	0	841	1,775	
Plaques / Certificates	2,500	5,973	45	
Office Supplies	6,500	9,330	7,509	
Postage	16,000	26,670	16,531	
Printing	32,000	33,814	39,510	
Professional fees	10,000	17,368	13,485	5
Contract labor	8,200	30,615	8,050	6
Photography	600	620	2,001	
<i>ok</i> Public relations	0	5,000	8,568	7
Dues	3,000	3,119	2,480	
Computer cots	5,000	5,335	7,245	
Website	3,000	7,428	4,528	
Salaries	150,000	223,704	214,458	12
<i>ok</i> Commissions	0	16,538	21,710	8
Payroll taxes	12,750	18,912	19,198	12
Employee benefits	8,500	14,679	4,005	
<i>ok</i> Travel	0	4,860	3,060	9
Promotion / Advertising	12,085	9,424	34,903	13
Gifts	2,900	2,947	11,918	
Program costs	12,000	15,788	21,348	13
<i>ok</i> Conferences	0	3,928	3,585	10
<i>ok</i> Scholarships	0	18,000	24,000	
<i>ok</i> Contributions	500	14,367	27,078	11

Total	399,700	604,795	613,134	
-------	---------	---------	---------	--

**Manhattan Beach Chamber of Commerce**  
**Notes to Financial Summaries**  
**June 30, 2010 Fiscal Year**

- 1) Membership dues – For the year just ended, membership dues consisted of about \$106k for renewing members and \$40k for new membership. **Propose that we reduce new memberships by \$8k;**
- 2) Fund raising income – Fund raising was \$20k lower this past fiscal year with no golf tournament. **Propose that we set fundraising at levels consistent with 6/30/08 fiscal year;**
- 3) Interest income – Given the reduction in our reserves and the lower current interest rates, **I propose that we reduce interest income to \$800;**
- 4) Insurance – This category is workers compensation insurance; given that we believe payroll will decrease, **I propose that we reduce workers compensation insurance to \$3,000;**
- 5) Professional fees – Includes \$10,000 for costs relating to financial statement review and for formation of Charitable Foundation; we have eliminated the review for 6/30/09 and Foundation formation was one time expense; **Propose that we reduce this category by \$10,000;**
- 6) Contract labor – This category includes \$13,800 for refurbishing Christmas decorations and \$8,600 for installation of decorations. **Propose that Christmas decorations be eliminated and this category is reduced by \$22,400;**
- 7) Public relations – This category includes \$5,000 for Ocean Express for the year ended June 30, 2009; **Propose elimination of this expense;**
- 8) Commissions – **Propose elimination of this expense.**
- 9) Travel – Chamber proposes to reduce / eliminate legislative advocacy on a regional / Statewide level; therefore, **I propose that we eliminate travel expense;**
- 10) Conference – Chamber proposes to reduce / eliminate participation in conferences both locally and regionally; therefore, **I propose that we eliminate conference expense;**
- 11) Contributions – **We propose limiting all contributions except for annual Mira Costa High School Scholar Breakfast;**

- 12) Payroll and payroll taxes – **I propose reduction of payroll from \$223k to \$150k**; Helen and the Executive committee preliminarily discussed eliminating 1.5 positions, eliminating bonuses, and reducing salaries by 5%.
- 13) Program Costs / Promotion & Advertising – I need assistance from staff for costs for this year. **I have proposed amounts similar to prior years until we get additional information**
- 
- 
-

(B)

**Manhattan Beach Chamber of Commerce 2009-2010 Activity Slate**

With Reduced Budget:

	<b><u>TOP TEN</u></b>	<b><u>Attendance</u></b>
1	Legislative Advocacy Council	20 per month
2	Women In Business	
	4 monthly events	240
	Annual conference	500
3	MB Young Professionals	
	3 events	450
4	Business Development	8 per month
5	Mixers                      3 events	300
6	Ambassadors	15 per month
7	New Member Orientation	
	4 events	100
8	Fundraising event (tbd)	150
9	Fundraising event (tbd)	150
10	Golf Tournament	150

Excluded without extra funding:

**Attendance/Impact**

1	Business Expo	350 ?
2	Visitor's Bureau	1800 ?
3	Speaker Series (workshops for businesses)	
	4 events	500
4	Access DC (lobbying)	?
5	Board Installation Dinner	240
6	Career Expo (Chamber's participation)	
7	State of the City Breakfast	100
8	MBYP                      Eliminate 5 events	750
9	Sepulveda BID	?
10	Sacramento trip (lobbying)	?
11	Women in Business	
	Eliminate 3 events	180
12	Mixers	
	2 events	200
13	Internship outreach for students	40
14	"Other community events requested by the City Council	?

Pass-thrus

Santa Float	Surf Festival
Holiday Lights	Christmas Decorations
Trolley	
Fireworks	