

City Council Adjourned Regular Meeting

Tuesday, January 13, 2026

5:00 PM

City Council Chambers and Zoom



ELECTED OFFICIALS

Mayor David Lesser

Mayor Pro Tem Joe Franklin

Councilmember Nina Trieu Tarnay

Councilmember Steve S. Charelian

Councilmember Amy Thomas Howorth

EXECUTIVE TEAM

City Manager Talyn Mirzakhanian

City Attorney Quinn Barrow

City Clerk Liza Tamura

Finance Director Libby Bretthauer

Human Resources Director Lisa Jenkins

Parks and Recreation Director Mark Leyman

Police Chief Rachel Johnson

Fire Chief Jesse Alexander

Community Development Director Masa Alkire

Interim Public Works Director Joseph DeFrancesco

Information Technology Director Miguel Guardado

MISSION STATEMENT:

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.

MANHATTAN BEACH'S CITY COUNCIL WELCOMES YOU!

Meetings are broadcast live through Manhattan Beach Local Community Cable, Channel 8 (Spectrum), Channel 35 (Frontier),

live streaming via the City's website, and

via Zoom (Direct URL: <https://www.zoomgov.com/j/1601321409>, Meeting ID: 160 132 1409).

The City continues to offer an opportunity to participate in City Council meetings via Zoom and in-person. City Council encourages the public to participate by submitting comments in advance of the meeting, no later than 12:00 PM, the day of the meeting, via:

- 1) eComment at <http://www.manhattanbeach.gov/ecomment> or
- 2) Email to cityclerk@manhattanbeach.gov

All of your comments provided by the deadlines above will be available to the City Council and the public prior to the meeting.

Copies of staff reports or other written documentation relating to each item of business referred to on this agenda are available for review on the City's website at www.manhattanbeach.gov, the Police Department located at 420 15th Street, and are also on file in the Office of the City Clerk for public inspection. Any person who has any question concerning any agenda item may call the City Clerk's office at (310) 802-5056.

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, you should contact the Office of the City Clerk at (310) 802-5056 (voice) or (310) 546-3501 (TDD) or cityclerk@manhattanbeach.gov. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting. The City also provides closed captioning of all its Regular City Council Meetings for the hearing impaired.

CERTIFICATION OF MEETING NOTICE AND AGENDA POSTING

I, Liza Tamura, City Clerk of the City of Manhattan Beach, California, state under penalty of perjury that this notice/agenda was posted on Wednesday, January 7, 2026, on the City's Website and on the bulletin boards of City Hall, Joslyn Community Center and Manhattan Heights.

BELOW ARE THE AGENDA ITEMS TO BE CONSIDERED.**A. CALL MEETING TO ORDER****B. PLEDGE TO THE FLAG****C. ROLL CALL****D. APPROVAL OF THE AGENDA**

This is the time for the City Council to:

- (a) notify the public of any changes to the agenda; or
- (b) rearrange the order of the agenda.

MOTION TO APPROVE AGENDA

E. PUBLIC COMMENTS (3 MINUTES PER PERSON)

Speakers may provide public comments on any matter that is within the subject matter jurisdiction of the City Council, including items on the agenda. The Mayor may determine whether an item is within the subject matter jurisdiction of the City Council. While all comments are welcome, the Brown Act does not allow City Council to take action on any item not on the agenda.

The City Council encourages the public to participate by submitting comments in advance of the meeting, no later than 12:00 PM, the day of the meeting, via:

- 1) eComment at <http://www.manhattanbeach.gov/ecomment> or
- 2) Email to cityclerk@manhattanbeach.gov

All of your comments provided by the deadlines above will be available to the City Council and the public prior to the meeting.

IN PERSON PUBLIC PARTICIPATION

Please complete the "Request to Address the City Council" card by filling out your name, city of residence, the item(s) you would like to offer public comment, and returning it to the City Clerk.

ZOOM PUBLIC PARTICIPATION

- 1) Join Zoom Meeting via the internet:

Direct URL: <https://www.zoomgov.com/j/1601321409>, Meeting ID: 160 132 1409

During the meeting you will need to use the "raise hand" button through Zoom at the time the Agenda Item is being presented for City Council consideration.

- 2) Join Zoom Meeting via Phone Conference (Voice Only):

Phone Number: (669) 900-6833, Meeting ID: 160 132 1409

*During the meeting you will need to enter *9 on the phone's dial pad at to activate the "raise hand" button at the time the Agenda Item is being presented for City Council consideration.*

Please note, the City is not responsible for the public's use of Zoom as it relates to the software, configuration, and setting on a personal device. The public is encouraged to visit the Zoom website for information on use of this software. The City's use of Zoom is consistent with the platform features and functions as described on the Zoom website.

F. GENERAL BUSINESS

1. Consideration of a Resolution Appointing Joseph DeFrancesco as Interim Public Works Director and Approval of an Employment Agreement with Joseph DeFrancesco (No Budget Impact) (Human Resources Director Jenkins). [26-0034](#)

(Estimated Time: 5 Mins.)

ADOPT RESOLUTION NO. 26-0003

Attachments: [Resolution No. 26-0003](#)

[Employment Agreement - Joseph DeFrancesco](#)

2. Study Session Regarding Potential Development Impact Fees (Not Budgeted) (Finance Director Bretthauer). [26-0045](#)

(Estimated Time: 2 Hrs.)

DISCUSS AND PROVIDE DIRECTION

Attachments: [Summary Tables for Draft Development Impact Fees](#)

G. ADJOURNMENT

Adjourning in memory of Bob White, a beloved longtime Manhattan Beach resident whose decades of service, community leadership, and enduring spirit left a lasting impact on our city.



CITY OF MANHATTAN BEACH

1400 Highland Avenue Manhattan Beach, CA 90266
www.manhattanbeach.gov • (310) 802-5000

STAFF REPORT

Agenda Date: 1/13/2026

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Talyn Mirzakhanian, City Manager

FROM:

Lisa Jenkins, Human Resources Director

SUBJECT:

Consideration of a Resolution Appointing Joseph DeFrancesco as Interim Public Works Director and Approval of an Employment Agreement with Joseph DeFrancesco (No Budget Impact) (Human Resources Director Jenkins).

(Estimated Time: 5 Mins.)

ADOPT RESOLUTION NO. 26-0003

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 26-0003.

FISCAL IMPLICATIONS:

There are no fiscal implications associated with the recommended action, as the existing budget for the Public Works Director's salary will be utilized for the Interim Director's salary.

BACKGROUND:

In order to ensure the continuity of operations within the Public Works Department and continue the trajectory of capital improvement projects, the City Manager recommends bringing on board an interim director until a permanent replacement for the Public Works Director position can be identified. The California Public Employees Retirement System (CalPERS) governs the rules and regulations for the hiring of retirees from the pension system after the date of retirement. The attached resolution and employment agreement will ensure that CalPERS regulations are met in onboarding Interim Public Works Director Joseph DeFrancesco.

DISCUSSION:

Since the retirement of the former Public Works Director on July 4, 2025, the position has remained vacant. The City partnered with an executive recruitment firm in July 2025 to assist in the search for the next Public Works Director and has been actively recruiting for the next

permanent Public Works Director since the position has been vacant. To ensure the continuity of operations within the Public Works Department during this period, the City initially appointed Mr. Toufic “Ted” Semaan as the Interim Public Works Director effective in July 2025. However, his appointment concluded on January 8, 2026, in compliance with CalPERS regulations, which state, “A retired annuitant appointed... shall not work more than 960 hours each fiscal year” (CalPERS § 21229(a)).

The recruitment process for the Public Works Director position is still underway, but the initial rounds of interviews did not yield a successful candidate. The City Manager recommends appointing another qualified interim director who has specialized knowledge and experience in Public Works, municipal leadership, and public sector management. This appointment aims to ensure continuity of operations by appointing another individual to lead the department during the ongoing search for the City’s next Public Works Director.

Mr. Joseph DeFrancesco has been identified as a highly qualified candidate to be the Interim Public Works Director for the City. During his public sector career, he held various leadership positions in the City of Orange from 1982 until his retirement as Public Works Director in 2017. With over 35 years of experience in the Public Works Department, he has extensive knowledge of administrative practices, including budgeting, contract negotiations, personnel management, labor relations, resource management programs, intergovernmental relations, and regulatory compliance.

Mr. DeFrancesco holds a Bachelor's Degree in Business and Management from the University of Redlands and possesses Water Distribution Operator Grade D5 and Water Treatment Operator Grade T2 certificates from the California State Water Resources Control Board. His expertise in public works utilities operations, budget management, and leadership uniquely qualifies him for the role of Public Works Director. The attached resolution fulfills CalPERS requirements for appointing Mr. Francesco in this interim position.

Staff is recommending that the Council adopt the attached Resolution, making the interim appointment effective Tuesday, January 20, 2026.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

LEGAL REVIEW:

The City Attorney’s Office has reviewed this report, resolution and employment agreement, and determined that no additional legal analysis is necessary.

ATTACHMENTS:

1. Resolution No. 26-0003
2. Employment Agreement - Joseph DeFrancesco

RESOLUTION NO. 26-0003

A RESOLUTION OF THE MANHATTAN BEACH CITY
COUNCIL APPROVING AN EMPLOYMENT AGREEMENT
WITH JOSEPH DEFRANCESCO TO SERVE AS INTERIM
PUBLIC WORKS DIRECTOR

WHEREAS, Joseph DeFrancesco [CalPERS ID: 4875904322] retired from the City of Orange in the position of Public Works Director on December 27, 2017; and

WHEREAS, Government Code section 21221(h) of the Public Employees' Retirement Law permits the governing body to appoint a CalPERS retiree to a vacant position requiring specialized skills during recruitment for a permanent appointment, and provides that such appointment will not subject the retired person to reinstatement from retirement or loss of benefits so long as it is a single appointment that does not exceed 960 hours in a fiscal year; and

WHEREAS, the City Council desires to appoint Joseph DeFrancesco ("Employee") as an interim appointment retired annuitant to the vacant position of Public Works Director for the City of Manhattan Beach under Government Code section 21221(h), effective January 20, 2026; and

WHEREAS, the City Council of the City of Manhattan Beach and Employee certify that he has not and will not receive a Golden Handshake or any other retirement-related incentive; and

WHEREAS, an appointment under Gov. Code section 21221(h) requires the retiree is appointed into the interim appointment during recruitment for a permanent appointment; and

WHEREAS, the City has been actively recruiting for the position of Public Works Director since July of 2025, including hiring an executive search firm the same month who advertised the position widely, solicited and screened dozens of applications, and facilitated multiple rounds of formal interviews over the course of several months; and

WHEREAS, this Government Code section 21221(h) appointment shall only be made once and therefore unless sooner terminated, the term of this Resolution shall be from January 20, 2026 to the earlier of the date on which (a) a duly appointed person assumes the duties of the position of Public Works Director; (b) Employee reaches 960 hours of service as a retired annuitant in a fiscal year for all PERS covered employers, or (c) December 31, 2026; and

WHEREAS, the entire employment agreement between Employee and the City of Manhattan Beach has been reviewed by this body and is attached hereto; and

WHEREAS, the compensation paid to retirees cannot be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, divided by 173.333 to equal the hourly rate; and

WHEREAS, the maximum base salary for this position is \$247,356 and the hourly equivalent is \$118.92, and the minimum base salary for this position is \$189,804 and the hourly equivalent is \$91.25; and

WHEREAS, the hourly rate paid to Employee will be \$118.92; and

WHEREAS, Employee will not receive any other benefit, incentive, compensation in lieu of benefit or other form of compensation in addition to this hourly pay rate; and

THEREFORE, THE MANHATTAN BEACH CITY COUNCIL HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council of Manhattan Beach hereby certifies the nature of the employment of Employee as described herein and detailed in the attached Employment Agreement between the City of Manhattan Beach and Employee.

SECTION 2. This appointment is necessary to fill the critically needed position of Interim Public Works Director for the City of Manhattan Beach starting on January 20, 2026. This appointment is critical for the continuity of efficient functioning of the Department and in meeting the Council's priorities for Public Works operations and projects while the City continues a search for a permanent director.

Employee is uniquely qualified to fulfill this interim assignment because of his previous experience during a long and successful career in public works, utilities operations, and municipal management.

SECTION 3. The City Council hereby approves the Employment Agreement between the City of Manhattan Beach and Employee and directs the City Manager to execute the Agreement on behalf of the City.

ADOPTED on January 13, 2026.

AYES:

NOES:

ABSENT:

ABSTAIN:

DAVID LESSER
Mayor

ATTEST:

LIZA TAMURA
City Clerk

EMPLOYMENT AGREEMENT BETWEEN CITY OF MANHATTAN BEACH

This Employment Agreement (“Agreement”) shall be effective as of January 20, 2026, by and between the City of Manhattan Beach, a California municipal corporation, (“City”) and Joseph DeFrancesco, an individual (“Employee”). (Referred to individually as a “party” and collectively as “parties”).

RECITALS

- A. Employer has a vacancy in the position of Public Works Director since July 4, 2025, creating an immediate need for an individual to assume the duties of this position.
- B. City contracted an executive search firm in July 2025 to lead the recruitment efforts for Public Works Director and has been actively recruiting for the permanent appointment of the Public Works Director since the vacancy was created. As the first open search did not yield a successful candidate, City desires to secure the specialized services of a suitably qualified person to serve as Interim Public Works Director on a temporary, interim basis while City continues the partnership with the executive search firm to permanently fill the position of Public Works Director.
- C. The Interim Public Works Director appointment is an appointment to a position of a limited duration and one requiring specialized skills. It is a temporary, provisional appointment, pending the recruitment, selection and appointment of a successor Public Works Director or earlier termination as determined by the City Manager.
- D. Employee possesses the specialized skills necessary to serve as Interim Public Works Director as a result of a long and distinguished career in Public Works and municipal administration.
- E. The City desires to have Employee serve as Interim Public Works Director and Employee desires to accept employment as Interim Public Works Director.
- F. Employee is a retired person under the California Public Employees’ Retirement System (“PERS”) and desires to retain his retirement status and benefits. The Public Employees’ Retirement Law (“PERL”), commencing at Government Code Section 20000, permits a retired person under PERS to serve in otherwise covered employment without reinstatement from retirement and without loss or interruption of retirement benefits, provided certain conditions exist and, including but not limited to all employment with PERS member agencies for the retired person does not exceed 960 hours total in any fiscal year. City and Employee desire to structure the employment to take advantage of this provision, pursuant to the authority in Government Code Sections 7522.56 and 21221(h).

- G. City and Employee wish to enter into an Employment Agreement that sets forth the rights and obligations of the parties and that will supersede all prior negotiations, discussions or agreements.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Employee agree as follows:

1. **TERM.** Unless sooner terminated, as provided in this Agreement, the term of this Agreement shall be from January 20, 2026 ("Effective Date") to the earlier of the date on which (a) a duly appointed person assumes the duties of the position of Public Works Director, (b) Employee reaches 960 hours of service as a retired annuitant in a fiscal year for all PERS covered employers, or (c) December 31, 2026. Employee shall only be appointed once to this vacant position and shall not be eligible for reappointment or for an extension of the specified term.

2. **DUTIES AND AUTHORITY.** Employee shall, on an interim basis, exercise the full powers and perform the duties of the position of Public Works Director of the City of Manhattan Beach, as set forth in the Manhattan Beach Municipal Code; personnel and departmental rules, regulations and procedures; the applicable job description and under state law, as each of them currently or may in the future exist.

3. **EMPLOYEE'S OBLIGATIONS.** Employee shall devote his best efforts to the performance of this Agreement and to the promotion of City's interests. Employee shall not engage in any activity, consulting service or enterprise, for compensation or otherwise, which is actually or potentially in conflict with or inimical to or which materially interferes with his duties and responsibilities to City or presents a reasonable likelihood that Employee will be required by State law to recuse himself from discussions or decisions regarding City business.

4. **WAGE RATE.**

A. **Base Wage.** Consistent with applicable provisions of California retirement law, the compensation paid to Employee will not be less than the minimum nor exceed the maximum monthly base salary paid to other employees performing comparable duties, as listed on a publicly available pay schedule for the vacant position of Public Works Director. The monthly salary range of \$15,817 to \$20,613 will be divided by 173.333 to equal an hourly rate. City shall pay Employee for all hours actually worked at the hourly rate of \$118.92, subject to legally permissible or required withholding, paid on City's normal paydays. Employee agrees to accurately track and report all hours worked. Employee acknowledges that he cannot volunteer hours of work to Employer while an employee.

B. **No Employment Benefits.** Employee acknowledges that he will not be eligible for and shall not receive any benefits, incentives, compensation in lieu of benefits, or any other forms of compensation in addition to the hourly rate, except as expressly required by law. The parties acknowledge that Employee is not eligible for California paid sick leave pursuant to the exemption in Labor Code § 245.5(a)(4).

(1) No Group Medical and Dental Insurance. Employee acknowledges that he (including his dependents) will not be eligible for any health and welfare benefits and group insurance provided through his City employment, including, without limitation, medical, life, dental, optical, and disability coverage. However, nothing in this Agreement is intended to interfere with retiree health insurance coverage available to Employee as a retired City of Orange employee.

(2) No Retirement Plan. Employee shall remain a retired person under PERS and shall not be eligible to participate under the PERS Plan applicable to other employees of City. As a retired annuitant and to the extent provided by law, Employee will not be subject to mandatory social security coverage.

(3) Expenses. City recognizes that Employee may incur certain expenses of a non-personal and job-related nature. City agrees to reimburse or to pay such business expenses which are incurred and submitted according to City's normal expense reimbursement procedures. To be eligible for reimbursement, all expenses must be supported by documentation meeting City's normal requirements and must be submitted within the time limits established by City.

(4) Bonding. City shall bear the full costs of any fidelity or other bonds required of Employee under any law or ordinance by virtue of his employment as Interim Public Works Director.

5. APPOINTMENT. As an interim appointment, Employee's appointment is temporary and provisional, qualifying only for the compensation provided under this Agreement and ineligible for benefits applicable to regular executive appointments, except as otherwise provided in this Agreement.

6. INDEMNIFICATION. City will defend and indemnify Employee, using legal counsel of City's choosing, against legal liability for acts or omissions by Employee occurring in the course and scope of employment under this Agreement, in accord with California Government Code Sections 825, 995, and 995.2 – 995.8 and other applicable provisions of California law. In the event independent counsel is required for Employee, City may select and will pay the reasonable fees of such independent counsel.

7. AT-WILL EMPLOYMENT RELATIONSHIP. Consistent with Manhattan Beach Municipal Code § 2.040.070 and City rules and procedures, the City Manager shall be appointing authority for Employee and Employee is employed at the pleasure of the City Manager. Either the City Manager or Employee may terminate this Agreement and the employment relationship at any time with or without notice, cause or reason. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City Manager to terminate the employment of Employee. Employee may terminate this Agreement and the employment relationship upon 30 calendar days' written notice.

8. **NO SEVERANCE.** City shall pay Employee for all services through the effective date of termination and Employee shall receive no other compensation or payment or any severance. Since Employee is not eligible for paid leave, payment for unused leave time will not be applicable.

9. **INTEGRATION OF AGREEMENT.** This Agreement contains the entire Agreement between the parties and supersedes all prior oral and written agreements, understandings, commitments, and practices between the parties concerning Employee's employment as Interim Public Works Director. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, oral or written, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

10. **METHOD OF AMENDMENT.** No amendments to this Agreement may be made except by a writing signed and dated by the parties.

11. **NOTICES.** Any notice to Employer under this Agreement shall be given in writing to Employer, either by personal service, by mail (which may include USPS, FedEx, or UPS) to the City Manager's Office in City Hall, or by email to the City Manager's official work email address. Any such notice to Employee shall be given in writing by personal service, mail (which may include USPS, FedEx, or UPS), or by email to Employee's official work email address and last known personal email address. This correspondence shall be addressed to Employee at Employee's home address or email address then shown in Employer's files maintained by the Human Resources Department. For the purpose of determining compliance with any time limit in this Agreement, a notice shall be deemed to have been duly given (a) on the date of delivery, if served personally on, or emailed to, the party to whom notice is to be given, or (b) on the third calendar day after mailing, if mailed to the party to whom the notice is to be given in the manner provided in this Section.

12. **GENERAL PROVISIONS.**

A. If any provision of this Agreement is held invalid or unenforceable, the remainder of this Agreement shall nevertheless remain in full force and effect. If any provision is held invalid or unenforceable with respect to particular circumstances, it shall nevertheless remain in full force and effect in all other circumstances.

B. This Agreement sets forth the final, complete and exclusive agreement between City and Employee relating to the employment of Employee by City. Any prior discussions or representations by or between the parties are merged into and rendered null and void by this Agreement. The foregoing notwithstanding, Employee acknowledges that, except as expressly provided in this Agreement, his employment is subject to City's generally applicable rules and policies pertaining to employment matters, such as those addressing equal employment

opportunity, sexual harassment and violence in the workplace.

C. This Agreement shall be interpreted and construed pursuant to and in accordance with the local laws of the State of California and all applicable City Codes, Ordinances and Resolutions.

D. Employee acknowledges that he has had the opportunity and has conducted an independent review of the financial and legal effects of this Agreement. Employee acknowledges that he has made an independent judgment upon the financial and legal effects of this Agreement and has not relied upon any representation of City, its officers, agents or employees other than those expressly set forth in this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed and executed personally or on its behalf by its duly authorized representative.

EMPLOYEE

Signed by:  1/5/2026
JOSEPH DEFRANCESCO

CITY

CITY OF MANHATTAN BEACH,
A California Municipal Corporation

By: _____
TALYN MIRZAKHANIAN, City Manager
City of Manhattan Beach, California

ATTEST:

_____(Seal)
LIZA TAMURA
City Clerk

APPROVED AS TO FORM:

QUINN M. BARROW
City Attorney



CITY OF MANHATTAN BEACH

1400 Highland Avenue Manhattan Beach, CA 90266
www.manhattanbeach.gov • (310) 802-5000

STAFF REPORT

Agenda Date: 1/13/2026

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Talyn Mirzakhanian, City Manager

FROM:

Libby Bretthauer, Finance Director

Emy-Rose Hanna, Financial Services Manager

SUBJECT:

Study Session Regarding Potential Development Impact Fees (Not Budgeted) (Finance Director Bretthauer).

(Estimated Time: 2 Hrs.)

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends that the City Council invite public comment and provide feedback to staff regarding potential development impact fees.

FISCAL IMPLICATIONS:

The City Council will not take any action with fiscal implications during this study session, which is intended for public input.

BACKGROUND:

Development Impact Fees (DIFs), which are governed by the Mitigation Fee Act (GC 66000), are one-time fees on new development and significant renovation projects. The purpose of impact fees is to mitigate cost impacts to the City while allowing development projects to pay for their fair share of new infrastructure. DIFs can only fund capital costs and cannot fund existing deficiencies, ongoing maintenance or salaries. As development occurs in the City, new infrastructure and capital facilities are required to mitigate the increased demand on City amenities created by new residents and workers. With or without development impact fees (DIFs) in place, the City will incur increased capital needs and infrastructure costs to address demand caused by new developments. DIFs are intended to provide the City with adequate revenues to address these critical funding needs.

Due to changing patterns of development over recent years and State housing statutes, the type of development in Manhattan Beach has changed, and continues to change. Manhattan Beach was initially a “resort town” or beach community, with smaller lot sizes, narrow streets, walk streets, very limited parking, and summer vacationers, many taking the trolley to the City. After World War II, the City became a bedroom community, primarily with single family homes and duplexes. Until recently, the City has not seen the type of large-scale developments that require much greater infrastructure to accommodate projected residents. The collective increase in such development projects will significantly impact City infrastructure, capital needs and demand on City systems.

Based on anticipated growth factors through 2040, it is estimated that over 2,300 residential dwelling units could potentially be added to the City’s housing supply within the next 15 years. Considering these significant changes in the development landscape, the City commissioned an independent consultant - Harris & Associates - to study the increase in demand and the correlating rise in the need for public infrastructure and services to support the increased demand on the City due to such growth.

In February 2025, Harris began assisting the City in re-evaluating existing impact fees and proposing a new impact fee structure to reflect increased growth and future capital and infrastructure costs created by new development. The process involved extensive participation from the City’s Finance, Community Development, Public Works, Police, Fire, and Parks and Recreation Departments. After receiving that input, Harris began drafting a Development Impact Fee Nexus Study for City review.

On December 4, 2025, the City hosted a Virtual Community Meeting to present the preliminary results of the draft Nexus Study, reasonable impact fees and offer an opportunity for the construction and real estate community to engage in a Q&A session on the proposed impact fees.

On December 18, 2025, the City held a Finance Subcommittee Meeting during which staff presented the potential impact fees and various considerations including fee options, public outreach and more. Feedback received from the Finance Subcommittee Members included the following recommendations:

- 1) Proceed with the next steps to present the information to City Council at the January 13, 2026, Study Session. Based upon the public input received at the Study Session, the goal is to schedule a public hearing at the February 3, 2026, Regular City Council Meeting to provide the public another opportunity to comment on the fees prior to the Council considering adoption.
- 2) Provide additional outreach/noticing to the community and outline all the communications coordinated for this topic (see Public Outreach section of this staff report for more detail).
- 3) Develop an FAQ (Frequently Asked Questions) related to Development Impact Fees which will be presented to the public in advance of the public hearing.

DISCUSSION:

As mentioned on the Background, Harris has been in the process of drafting a Nexus Study. The Nexus Study will be the first comprehensive Citywide Development Impact Fee Nexus Study performed for Manhattan Beach. The Study is designed to satisfy AB 1600 Nexus requirements,

AB 602 guidance, and provide the necessary technical analysis to support the adoption of the proposed fees.

Methodology of the Study

Harris & Associates used a variety of factors and assumptions to perform its study, including evaluating, among other factors:

- Existing City Facility, Property and Equipment Valuations
- Existing Funded CIP Plan covering FY 2026 - FY 2030
- Unfunded CIP Needs List, including infrastructure, equipment and capital purchases required in the future to meet the needs of increased development and population
- Multiple Master Plans related to Water, Sewer and Storm Drain
- Growth Factors based on development trends and the 6th Cycle Housing Element
- Utilizing industry standard methods for calculating impact fees including:
 - Existing Inventory Method
 - Planned Facilities Method
 - System Plan Method

Summary of Proposed Impact Fees

Based upon Harris' recommendation, staff is proposing the following impact fee categories:

1. General Government Facilities Fee
2. Police Protection Fee
3. Fire Protection Fee
4. Transportation Fee
5. Sewer (Wastewater) Fee
6. Storm Drainage Fee
7. Water Fee
8. Administrative Fee (5% of Fees)

A summary of proposed Impact Fee amounts are included in Tables 2 and 3 found within the attached Summary Tables for Draft Development Impact Fees.

Appropriate Method Used to Calculate Each Impact Fee

Harris has identified the applicable method used to determine each proposed impact fee. As identified in *Table 4* in attached *Summary Tables for Draft Development Impact Fees*, three (3) impact fees utilize the Existing Inventory Method, none of the proposed impact fees use the Planned Facilities Method, and four (4) impact fees use the System Plan Method.

Examples of Cumulative Impact Fees on Different Development Projects

As illustrated in *Table 5 within the attached Summary Tables*, the impact fees would be assessed in proportion to the scale of the development project. For instance, Scenario 1 includes a Single Family Residential (SFR) expansion that doubles in size from 2,000 square feet to 4,000 square feet, which would cost an estimated \$12,240.00 in impact fees. Scenario 2 converts one SFR home and parcel into two homes on separate parcels, which would cost an estimated \$72,851.90 in impact fees. The last Scenario #3 is the most substantial considering it converts commercial property into a 200-unit Multi-Family Residential (MFR) property, which

would cost an estimated \$4,360,331.94 in impact fees. It is important to note that the examples provided are not reflective of a typical project and individual results of impact fees will vary depending on a variety of factors affecting a specific project (lot size, building size, impervious land coverage, required water meter size, etc.).

Fiscal Impacts Based on Adoption of Impact Fees at Various Funding Levels

Table 7 within the attached Summary Tables illustrates the effects of adopting the impact fees at various funding levels, which results in \$61,621,008.24 in revenues at full build out if approved at 100% of the impact fees, \$46,215,756.18 in revenues at full build out if approved at 75% of the impact fees and \$30,810,504.12 in revenues at full build out if approved at 50% of the impact fees. It is important to note that any reduction to the impact fees would require subsidization from the General Fund and other applicable City Funds to pay for future capital and infrastructure needs created by new developments.

Timeline

Depending on public input at the Study Session, staff anticipates scheduling a public hearing before the City Council on February 3, 2026 to receive additional public input. After the close of the public hearing, the Council may consider the fees. Both an ordinance and a resolution are required. After the public hearing, staff will be in a better position to inform the public as to subsequent steps, and the effective date of any new fees adopted by the Council.

Other Cities' Impact Fee

While not a factor in determining reasonable, impact-based fees for Manhattan Beach, the Power Point Presentation includes a survey of several other cities that impose DIFs, simply for informational purposes. The cities included in the survey include Santa Monica, El Segundo, Newport Beach, Huntington Beach and Torrance. Hermosa Beach and Redondo Beach are not included in the survey because neither currently has impact fees. *Table 6 within the attached Summary Tables* illustrates the various types of impact fees assessed by the comparison cities.

PUBLIC OUTREACH:

In advance of this City Council Study Session, City Staff and consultants from Harris & Associates coordinated a virtual Community Meeting to outline the proposed impact fees and offer an opportunity to engage in a Q&A session. This Community Meeting was advertised on social media, the City's website and calendar, and shared through a mass email blast to over 3,600 contractors, subcontractors, real estate agents/brokers and architects. Through this outreach, a total of twelve members of the public attended the Community Meeting. The only feedback received was regarding when the impact fees would go into effect, to which Staff explained the 60-day effective date following the adoption of fees approved by City Council.

Additionally, the Mitigation Fee Act requires multiple steps of outreach and noticing related to any proposed impact fees.

To get the word out to the community, encourage public participation and satisfy the noticing requirements required by law, the City coordinated various outreach efforts including:

1. **December 4, 2025** - Hosted a Virtual Community Meeting

2. **December 12, 2025** - Sent a Courtesy Notice to Interested Parties and Email Notice to Construction and Real Estate Community
3. **December 18, 2025** - Finance Subcommittee Meeting Presentation
4. **December 25, 2025** - Coordinated an ad in The Beach Reporter regarding the January 13, 2026, Study Session
5. **January 2, 2026** - (Legally Required Notice) Sent a notice to Interested Parties at least 30 days prior to a Public Hearing, including the Building Industry Association (BIA), Southern California Edison (SCE) and Southern California Gas and publish Notice on City website.
6. **January 8, 2026** - Courtesy Notice Emailed to Construction and Real Estate Community regarding the January 13, 2026, Study Session.

FUTURE ANTICIPATED DATES, PRESUMING FEBRUARY 3, 2026, PUBLIC HEARING:

7. **January 20, 2026** - (Legally Required Notice) Send a notice to Interested Parties at least 14 days prior to a Public Hearing and make final draft Nexus Study available to the public
8. **January 22, 2026** - (Legally Required Notice) 1st Notice Published in The Beach Reporter Regarding Public Hearing (10 Day Notice)
9. **January 29, 2026** - (Legally Required Notice) 2nd Notice Published in The Beach Reporter Regarding Public Hearing (10 Day Notice)
10. **January 29, 2026** - Planned Courtesy Email Notice to Construction and Real Estate Community regarding the February 3, 2026, Public Hearing
11. **February 3, 2026** - Public Hearing with Introduction and 1st Reading of new Ordinance on Impact Fees
12. **February 4, 2026** - Planned Courtesy Email Notice to Construction and Real Estate Community regarding the outcome of the impact fees and communicate the March 19, 2026, effective date.

ATTACHMENTS:

1. Summary Tables for Draft Development Impact Fees
2. PowerPoint Presentation (To be provided under separate cover.)

SUMMARY TABLES FOR DRAFT DEVELOPMENT IMPACT FEES

**Table 1: Anticipated Impact Fee Revenue at Full Buildout through 2040
(Based on 100% Impact Fee Level)**

Fee Category	Total CIP Cost	Impact Fee Anticipated Revenue	Other Funding Sources Required
General Government Facilities	\$ 18,571,950.00	\$ 7,627,819.38	\$ 10,944,131
Police	\$ 25,435,000.00	\$ 3,909,103.89	\$ 21,525,896
Fire	\$ 5,345,000.00	\$ 3,594,487.08	\$ 1,750,513
Traffic	\$ 22,370,487.00	\$ 5,759,811.76	\$ 16,610,675
Storm Drainage	\$ 74,142,740.00	\$ 6,382,546.91	\$ 67,760,193
Water	\$ 62,203,313.00	\$ 18,192,818.22	\$ 44,010,495
Sewer	\$ 57,858,035.00	\$ 16,154,421.00	\$ 41,703,614
Total	\$ 265,926,525.00	\$ 61,621,008.24	\$ 204,305,517

**Table 2: Proposed Development Impact Fees (DIFs)
for General Government Facilities, Police Protection, Fire Protection, Transportation
and Sewer (Wastewater) (Impact Fees assessed based on a per Square Foot basis)**

Land Use	General Government Facilities	Police	Fire	Transportation	Sewer	Administration (5%) ⁽¹⁾	Total
Residential (Fee per Square Foot)							
Single Family	\$ 1.02	\$ 0.52	\$ 0.48	\$ 0.78	\$ 3.03	\$ 0.29	\$ 6.12
Multi-Family	\$ 3.14	\$ 1.61	\$ 1.48	\$ 1.87	\$ 6.69	\$ 0.74	\$ 15.53
Non-Residential (Fee per 1,000 Square Feet)							
Commercial	\$ 1,068.83	\$ 547.55	\$ 503.18	\$ 6,043.21	\$ 1,145.91	\$ 465.43	\$ 9,774.11
Office	\$ 2,349.08	\$ 1,203.40	\$ 1,105.88	\$ 5,118.96	\$ 1,145.91	\$ 546.16	\$ 11,469.39
Industrial	\$ 234.91	\$ 120.34	\$ 110.59	\$ 1,208.64	\$ 2,299.90	\$ 198.72	\$ 4,173.10

Notes:

1 The administration fee is collected to offset the fee programs impact on City Staff and is anticipated to be expended for (1) legal, accounting, and other administrative support and (2) development impact fee program administration costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

**Table 3: Proposed Development Impact Fees (DIFs)
for Storm Drainage (per Acre) and Water (per Meter)**

Proposed Storm Drain Impact Fees

Land Use	Storm Drainage	Administration (5%) ⁽¹⁾	Total
Residential (Fee per Acre)			
Single Family	\$ 51,158.96	\$ 2,557.95	\$ 53,716.91
Multi-Family	\$104,754.06	\$ 5,237.70	\$ 109,991.76
Non-Residential (Fee per Acre)			
Commercial	\$115,716.70	\$ 5,785.84	\$ 121,502.54
Office	\$110,844.42	\$ 5,542.22	\$ 116,386.64
Industrial	\$110,844.42	\$ 5,542.22	\$ 116,386.64

Notes:

- 1 The administration fee is collected to offset the fee programs impact on City Staff and is anticipated to be expended for (1) legal, accounting, and other administrative support and (2) development impact fee program administration costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

Proposed Water Impact Fees

Meter Size	Water	Administration (5%) ⁽¹⁾	Total
Single Family Residential			
Single Family Residential	\$ 40,196.24	\$ 2,009.81	\$ 42,206.05
Multi-Family Residential and Non-Residential			
5/8-Inch Meter	\$ 26,797.49	\$ 1,339.87	\$ 28,137.36
3/4-Inch Meter	\$ 40,196.24	\$ 2,009.81	\$ 42,206.05
1-Inch Meter	\$ 66,993.73	\$ 3,349.69	\$ 70,343.42
1 1/2-Inch Meter	\$ 133,987.47	\$ 6,699.37	\$ 140,686.84
2-Inch Meter	\$ 214,379.95	\$ 10,719.00	\$ 225,098.95
3-Inch Meter	\$ 401,962.40	\$ 20,098.12	\$ 422,060.52
4-Inch Meter	\$ 669,937.33	\$ 33,496.87	\$ 703,434.20
6-Inch Meter	\$ 1,339,874.67	\$ 66,993.73	\$ 1,406,868.40
8-Inch Meter	\$ 2,143,799.47	\$ 107,189.97	\$ 2,250,989.44
10-Inch Meter	\$ 3,081,711.73	\$ 154,085.59	\$ 3,235,797.32

Notes:

- 1 The administration fee is collected to offset the fee programs impact on City Staff and is anticipated to be expended for (1) legal, accounting, and other administrative support and (2) development impact fee program administration costs including revenue collection, revenue and cost accounting, mandated public reporting, and fee justification analysis.

Table 4: Methodology Used for Impact Fees

Methodology	Basis of Calculation	Best Used When	Key Advantage	Key Consideration
Existing Inventory Method	Existing facility-to-population ratio	No long-range plan exists	Maintains current service standards	May perpetuate low service levels if existing facilities are underbuilt relative to actual demand
Planned Facilities Method	Ratio of planned facilities to new development demand - Based on CIP or master plan	Defined long-range plan with specific projects and cost estimates	Reflects actual future facility needs	Needs regular updates as project lists and costs evolve
System Plan Method	Total cost of existing + planned facilities allocated across full buildout	Integrated systemwide facilities	Fair cost sharing across all development for systemwide facilities	Requires robust data on both existing and planned infrastructure

	1	2	3	4	5	6	7	8
<u>Methodology</u>	General Government Facilities	Police Protection	Fire Protection	Transportation	Wastewater	Storm Drainage	Water	Administrative
Existing Inventory Method	✓	✓	✓					5% of each fee
Planned Facilities Method								
System Plan Method				✓	✓	✓	✓	

Table 5: Example Scenarios of Different Development Projects

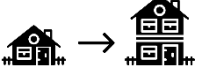


Examples	Total Impact Fees
Scenario No. 1: SFR Expansion	
A homeowner of a single-family residential home is proposing to expand their current home from 2,000 square feet to 4,000 square feet by adding a second story. It is assumed impervious area is not increasing. No Impact Fees are collected for Water and Storm Drainage.	\$12,240.00 
Scenario No. 2: SFR Subdivided into 2 Homes	
A homeowner of a single-family residential home is proposing to subdivide their existing 10,000 square foot lot and construct a new 3,000 square feet single family home. Additionally, they wish to expand their current home from 2,000 square feet to 3,000 square feet by adding a second story.	\$72,851.90 
Scenario No. 3: Commercial converted into 200 Unit Apartment Building	
A developer is proposing to redevelop an existing 30,000 square foot retail building on a 50,000 square foot lot. The building is currently served by a 4-inch water meter. The proposed project is to construct 200 multifamily residential units at 1,000 sq feet per unit. The project will cover approximately 37,000 square feet of the lot and be served by an 8-inch water meter.	\$4,360,331.94 

Table 6: Comparison of Proposed Impact Fees to Other Cities

	Santa Monica	El Segundo	Newport Beach	Huntington Beach	Torrance	Manhattan Beach (Proposed)
# of Impact Fees	5	11	5	5	1	8
Impact Fee Types	1)Transportation, 2) Parks and Recreation 3) Cultural Arts Contribution 4) Childcare Linkage 5) Affordable Housing Linkage Fee	1) Law Enforcement 2) Fire Protection 3) Streets, Signals and Bridges, 4) Storm Drainage 5) Water Distribution 6) Wastewater Collection 7) General Government Facilities, 8) Library 9) Public Meeting 10) Aquatics Center 11) Parkland	1) Recreation Facilities 2) Police Facilities 3) Fire/Life Safety Facilities, 4) Water Capacity 5) Sewer Capacity	1) Law Enforcement Facilities 2) Fire Suppression Facilities 3) Traffic Impact Fees 4) Public Library Facilities 5) Park Land/Open Space & Space	1) Single fee comprised of transportation, sewer, storm drainage, police and fire	1) General Government Facilities 2) Police 3) Fire 4) Transportation 5) Sewer 6) Storm Drainage 7) Water 8) Administration (5%)

Table 7: Anticipated Impact Fee Revenue at Full Buildout through 2040
Based on 100%, 75% and 50% Impact Fee Levels

Impact Fee Level	100%	75%	50%
Fee Category	Impact Fee Anticipated Revenue	Impact Fee Anticipated Revenue	Impact Fee Anticipated Revenue
General Government Facilities	\$ 7,627,819.38	\$ 5,720,864.54	\$ 3,813,909.69
Police	\$ 3,909,103.89	\$ 2,931,827.92	\$ 1,954,551.95
Fire	\$ 3,594,487.08	\$ 2,695,865.31	\$ 1,797,243.54
Traffic	\$ 5,759,811.76	\$ 4,319,858.82	\$ 2,879,905.88
Storm Drainage	\$ 6,382,546.91	\$ 4,786,910.18	\$ 3,191,273.45
Water	\$ 18,192,818.22	\$ 13,644,613.67	\$ 9,096,409.11
Sewer	\$ 16,154,421.00	\$ 12,115,815.75	\$ 8,077,210.50
Total	\$ 61,621,008.24	\$ 46,215,756.18	\$ 30,810,504.12