

# FY 2026 FIRST QUARTER BUDGET UPDATE

November 18, 2025



# FIRST QUARTER BUDGET UPDATE

- Tonight's Agenda:
  - FY 2026 First Quarter Update
  - Upgrade Fire Apparatus Replacement
    - Appropriation of \$188,144 from the Fleet Fund Balance
    - Authorization for City Manager to Complete the Purchase Change Order
  - One Proposed Staffing Adjustment



# FIRST QUARTER BUDGET UPDATE

## General Fund Comparison of Quarter 1 Results

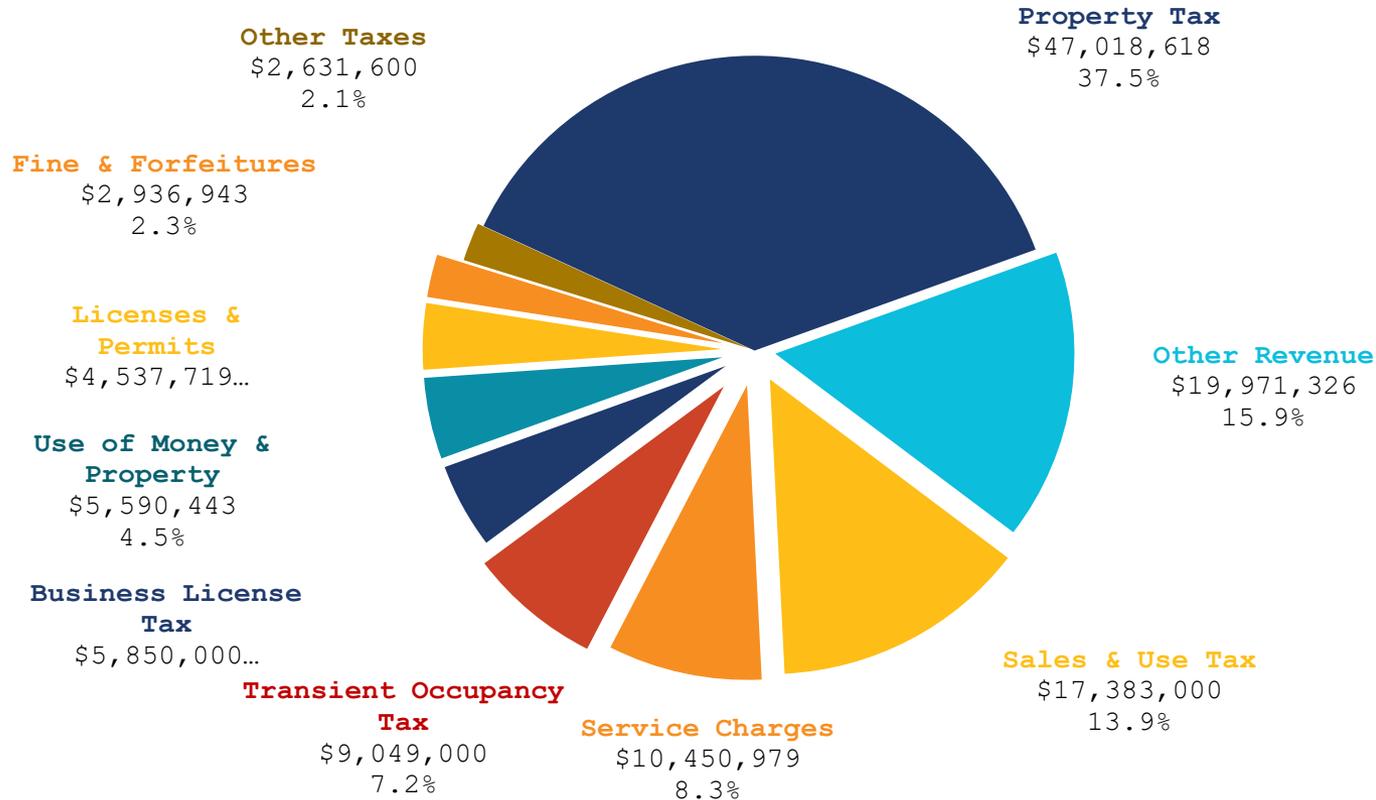
	FY 2026 Original Budget	FY 2026 Revised Budget	FY 2026 Quarter 1	FY 2025 Quarter 1	\$ Change	% Change
Revenues*	\$112,198,628	\$112,198,628	\$12,866,840	\$12,051,266	\$815,574	6.8%
Expenditures**	\$105,580,229	\$107,622,926	\$23,311,747	\$22,834,761	\$476,985	2.1%

- **Revenues\*** exclude one-time Bond Proceeds and Unrealized Investment Gain/Loss
- **Expenditures\*\*** exclude one-time purchase of Public Safety Radios
- Overall, Revenues in Q1 increased at a faster pace 6.8% while expenditures increased a slower pace 2.1%



# FY 2026 ADOPTED BUDGET

## General Fund Revenues = \$125,419,628



# GENERAL FUND REVENUES BY

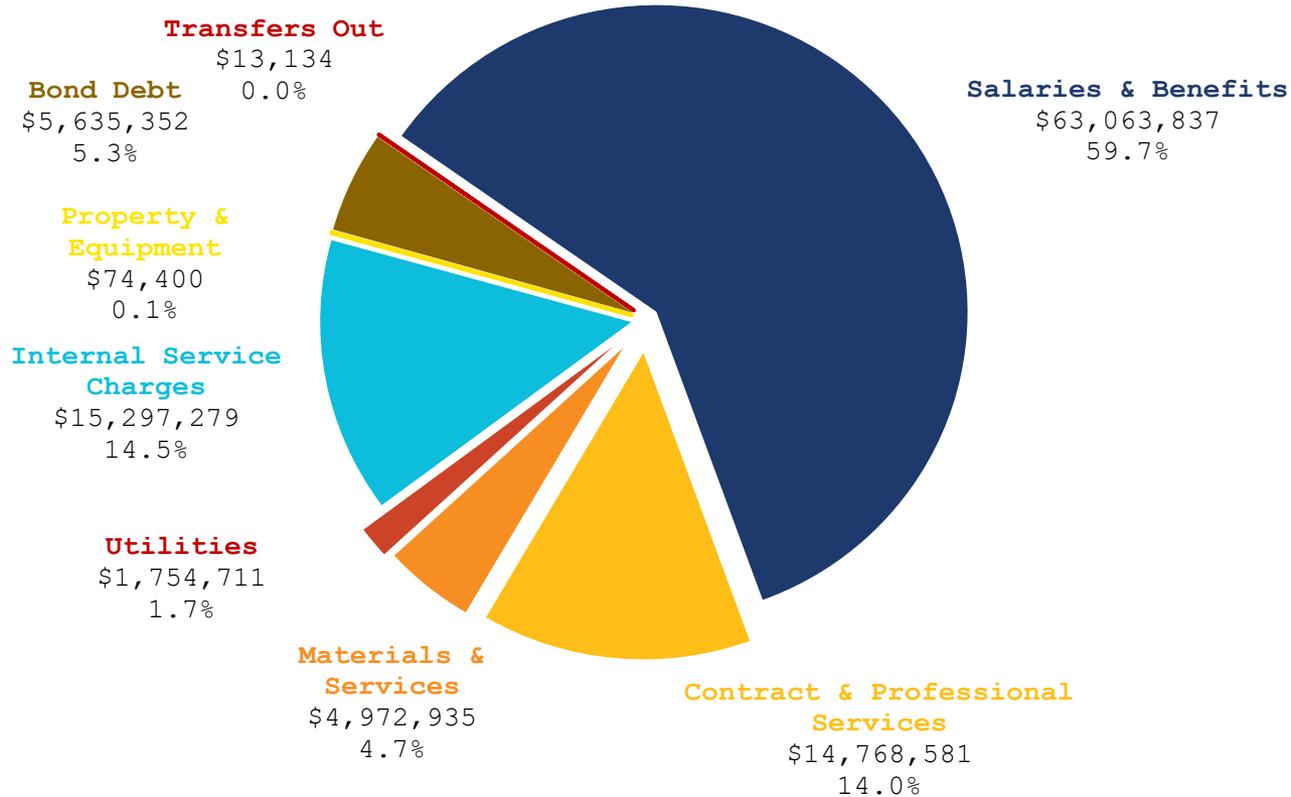
General Fund Revenues	FY 2026 Original Budget	FY 2026 Revised Budget	FY 2026 Quarter 1	Percent Realized	FY 2025 Quarter 1	Variance
<b>Key Revenues</b>						
Property Tax	\$47,018,618	\$47,018,618	\$961,659	2.0%	\$938,608	\$23,051
Sales & Use Tax	11,440,000	11,440,000	839,999	7.3%	1,047,716	(207,716)
Local Transaction and Use Tax	5,943,000	5,943,000	347,280	5.8%	-	347,280
Hotel Transient Occupancy Tax (TOT)	7,682,000	7,682,000	1,487,613	19.4%	1,647,417	(159,804)
Short-Term Rental TOT	1,367,000	1,367,000	229,520	16.8%	256,456	(26,935)
Business License Tax	5,850,000	5,850,000	385,815	6.6%	323,500	62,315
Real Estate Transfer Tax	850,000	850,000	187,239	22.0%	91,364	95,875
Building Permits	2,557,433	2,557,433	636,087	24.9%	566,819	69,269
Parking Citations	2,741,865	2,741,865	503,467	18.4%	410,647	92,820
Interest Earnings	1,484,313	1,484,313	329,201	22.2%	560,894	(231,693)
Building Plan Check Fees	2,000,000	2,000,000	1,007,449	50.4%	575,996	431,453
<b>Subtotal Key Revenues</b>	<b>\$88,934,229</b>	<b>\$88,934,229</b>	<b>\$6,915,330</b>	<b>7.8%</b>	<b>\$6,419,415</b>	<b>\$495,915</b>
<b>Remaining Revenues by Category</b>						
Other Taxes & Assessments	\$1,781,600	\$1,781,600	(\$7,213)	(0.4%)	\$40,561	(\$47,774)
Revenue from Permits	1,284,894	1,284,894	286,294	22.3%	287,792	(1,498)
Fines	195,078	195,078	61,953	31.8%	37,263	24,690
Interest & Rents	4,106,130	4,106,130	560,772	13.7%	469,338	91,435
From Other Governments	315,190	315,190	113,483	36.0%	5,064	108,419
Service Charges	9,106,871	9,106,871	3,492,758	38.4%	3,434,267	58,491
Operating Service Transfers	5,533,136	5,533,136	1,224,571	22.1%	1,046,156	178,415
Miscellaneous	941,500	941,500	218,892	23.2%	311,410	(92,518)
<b>Subtotal Other Revenues</b>	<b>\$23,264,399</b>	<b>\$23,264,399</b>	<b>\$5,951,510</b>	<b>25.6%</b>	<b>\$5,631,851</b>	<b>\$319,659</b>
<b>General Fund Revenues</b>	<b>\$112,198,628</b>	<b>\$112,198,628</b>	<b>\$12,866,840</b>	<b>11.5%</b>	<b>\$12,051,266</b>	<b>\$815,574</b>
Unrealized Investment Gain/(Loss)	-	-	(\$53,539)	-	\$1,141,441	(\$1,194,979)
Bond Proceeds	\$13,221,000	\$16,846,807	\$16,649,819	98.8%	-	\$16,649,819
<b>Total General Fund Revenues</b>	<b>\$125,419,628</b>	<b>\$129,045,435</b>	<b>\$29,463,121</b>	<b>22.8%</b>	<b>\$13,192,707</b>	<b>\$16,270,414</b>

\*FY 2026 includes one-time bond proceeds to reimburse the General Fund balance for the acquisition of 400 Manhattan Beach Boulevard and Public Safety Radios.



# FY 2026 ADOPTED BUDGET

## General Fund Expenditures = \$105,580,229 By Category



# GENERAL FUND EXPENDITURES BY CATEGORY

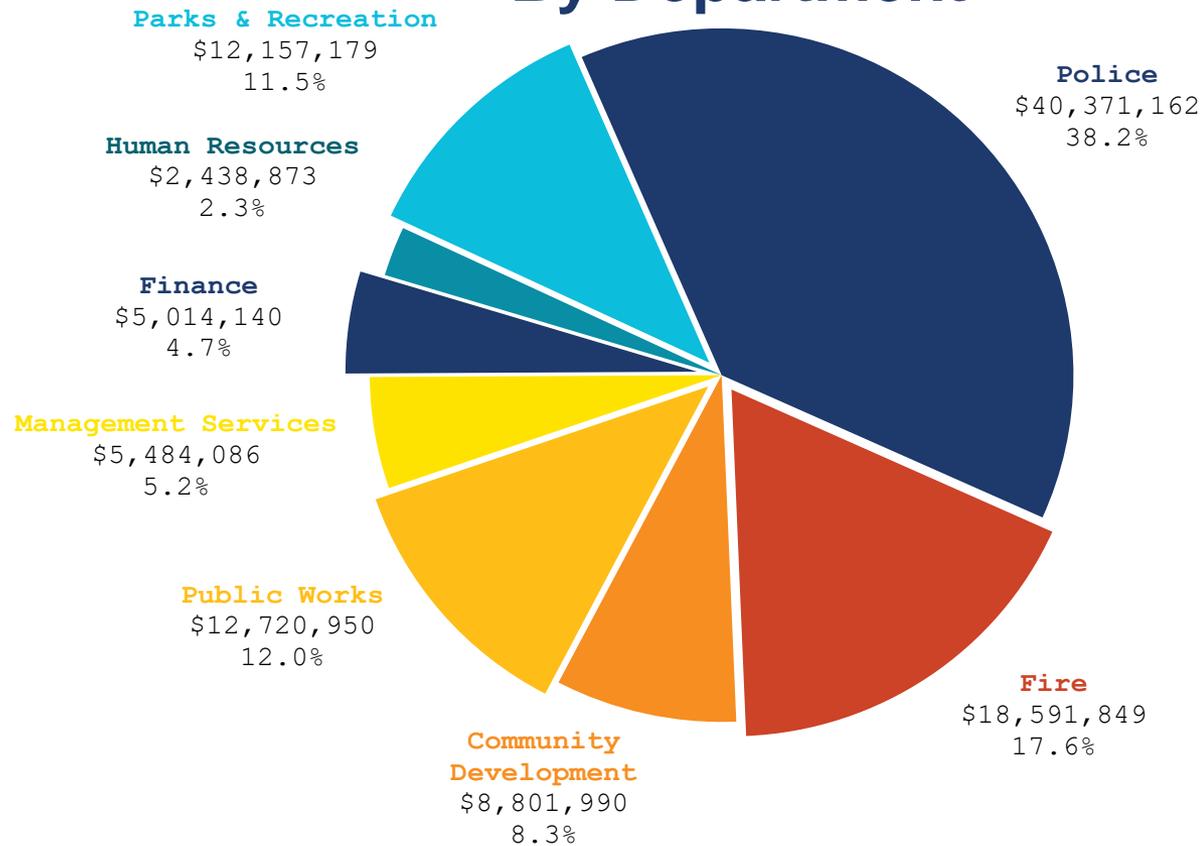
General Fund Expenditure	FY 2026	FY 2026	FY 2026	Percent	FY 2025	
	Original Budget	Revised Budget	Quarter 1	Utilized	Quarter 1	Variance
Salary & Wages	\$45,980,159	\$45,980,159	\$10,832,461	23.6%	\$10,652,671	\$179,789
Employee Benefits	17,083,678	17,083,678	4,053,755	23.7%	3,911,503	142,252
Contract & Professional Services	14,768,581	16,391,979	3,427,826	20.9%	3,720,430	(292,604)
Materials & Services	4,972,935	5,053,116	1,073,378	21.2%	1,062,330	11,048
Utilities	1,754,711	1,754,711	316,928	18.1%	330,249	(13,320)
Internal Service Charges	15,297,279	15,297,279	3,544,078	23.2%	2,963,800	580,278
Property & Equipment	74,400	371,768	1,704	0.5%	193,779	(192,075)
Bond Debt	5,635,352	5,677,102	61,617	1.1%	-	61,617
Transfers Out	13,134	13,134	-	-	-	-
<b>General Fund Expenditures</b>	<b>\$105,580,229</b>	<b>\$107,622,926</b>	<b>\$23,311,747</b>	<b>21.7%</b>	<b>\$22,834,761</b>	<b>\$476,985</b>
Public Safety Radio Replacements	-	3,438,082	3,413,377	99.3%	-	3,413,377
<b>Total General Fund Expenditures</b>	<b>\$105,580,229</b>	<b>\$111,061,008</b>	<b>\$26,725,124</b>	<b>24.1%</b>	<b>\$22,834,761</b>	<b>\$3,890,362</b>



# FY 2025 ADOPTED BUDGET

General Fund Expenditures = \$105,580,229

## By Department



# GENERAL FUND BY DEPARTMENT

General Fund Expenditures	FY 2026		FY 2026 Quarter 1	Percent Utilized	FY 2025	
	Original Budget	Revised Budget			Quarter 1	Variance
Management Services	\$5,484,086	\$5,529,284	\$1,052,578	19.0%	\$1,165,455	(\$112,876)
Finance	5,014,140	5,087,531	1,118,796	22.0%	1,024,093	94,703
Human Resources	2,438,873	2,465,332	514,981	20.9%	991,321	(476,340)
Parks & Recreation	12,157,179	12,284,097	3,136,907	25.5%	2,645,628	491,279
Police*	40,371,162	43,667,858	11,630,518	26.6%	8,226,320	3,404,197
Fire*	18,591,849	19,353,685	4,981,119	25.7%	4,382,065	599,054
Community Development	8,801,990	8,967,766	1,811,559	20.2%	1,798,819	12,740
Public Works	12,720,950	13,705,456	2,478,667	18.1%	2,601,061	(122,394)
Information Technology	-	-	-	-	-	-
<b>Total General Fund Expenditures</b>	<b>\$105,580,229</b>	<b>\$111,061,008</b>	<b>\$26,725,124</b>	<b>24.1%</b>	<b>\$22,834,761</b>	<b>\$3,890,362</b>

\* FY 2026 expenditures include Public Safety Radio Communications Equipment in Police and Fire Departments



# GENERAL FUND SUMMARY

General Fund Revenue & Expenditure Summary**	FY 2026	FY 2026	FY 2026	FY 2025	
	Original Budget	Revised Budget	Quarter 1	Quarter 1	Variance
Total Revenues	\$112,198,628	\$112,198,628	\$12,866,840	\$12,051,266	\$815,574
Total Expenditures	105,580,229	107,622,926	23,311,747	22,834,761	476,985
	<b>\$6,618,399</b>	<b>\$4,575,702</b>	<b>(\$10,444,907)</b>	<b>(\$10,783,496)</b>	<b>\$338,589</b>

\*\* Excludes Revenues for Unrealized Investment Gain/(Loss) and One-time Bond Proceeds and Expenditures for Purchase of Public Safety Radios

- FY 2026 Budget adopted with surplus of \$6.6 million
- The FY 2026 Revised Budget includes new appropriations plus contract encumbrance carryforwards
- Additionally, net General Fund transfers budgeted total \$8.6 million:
  - \$5.0 million to CIP Fund
  - \$3.2 million to Section 115 Trust Fund
  - \$500,00 to Storm Drain Fund
  - \$284,462 to Street Lighting & Landscape Fund
  - \$400,149 from the County Parking Lots Fund



# NOTEWORTHY REVENUE TRENDS

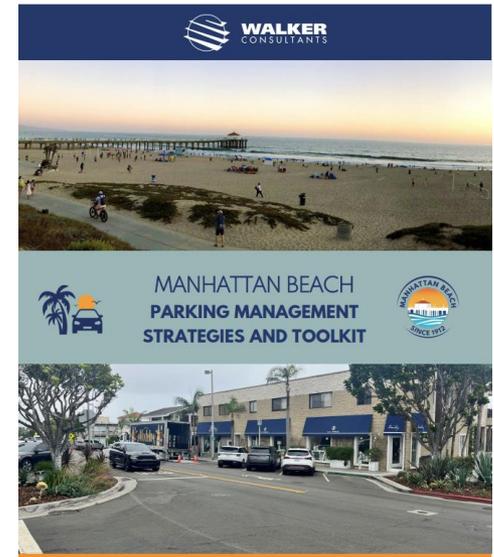
- Water Fund and Sewer Fund Revenues
  - Water Fund revenues are up by \$211,075 (3.8%) from previous year's quarter due to pass-through volumetric adjustments approved in May 2025
  - Sewer Fund Revenues are down \$255,128 (15.5%)
  - Water consumption increased slightly in Q1 of FY 2026 compared to Q1 of FY 2025 due to warmer and drier conditions
  - Water and Sewer Funds are currently not meeting City's Reserve Policy of 4 months (33%) of operating expenditures
    - Water and Sewer Rate Study will be underway early 2026 to address the reserve shortfalls and funding needs for future infrastructure projects



# NOTEWORTHY REVENUE TRENDS

- Parking Fund

- Revenues are up by \$392,048 (27.1%) compared to the prior year quarter primarily due to new parking meter rates and parking permit fees that went into effect on May 1, 2025
- Citywide Parking Strategies and Toolkit Report was recently approved on November 3, 2025. The Study identifies parking strategies that will return in early 2026



# PROPOSED BUDGET ADJUSTMENT

## Fire Apparatus Replacement

- On May 6, 2025, City Council authorized the purchase of a Pierce Enforcer 75' Aerial Ladder Truck for \$1,593,170
- 75' Aerial Ladder will be unable to perform effective water/rescue operations for structures above 5 stories
- 107" Aerial Ladder Truck needed to accommodate potential developments 6 – 9 stories tall
- To facilitate upgrade, an appropriation of \$188,144 is needed in FY 2026 from the Fleet Fund Balance



# PROPOSED STAFFING ADJUSTMENT

## Upgrade HR Assistant to HR Technician

- Annual cost differential is \$26,224

Position	Total Salaries & Benefits
Human Resources Technician	\$160,767
Human Resources Assistant	-134,543
<b>Annual Difference</b>	<b>\$26,224</b>

- No impact to FY 2026 Budget due to savings in part-time salaries and proration for 7 months remaining in the fiscal year
- Upgrade allows for more complex and higher-level duties to be assigned to existing full-time staff
  - Shifts role from administrative/clerical to paraprofessional/technical
- Reclassification is responsive to career progression and retention considerations



# RECOMMENDATION

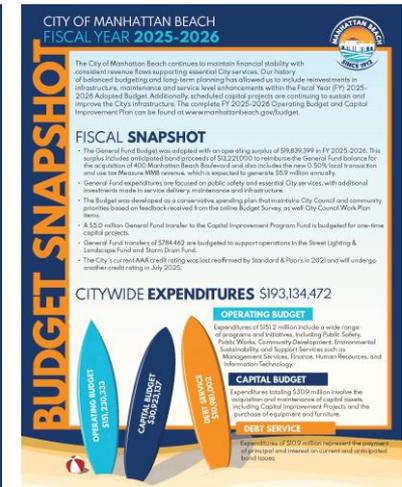
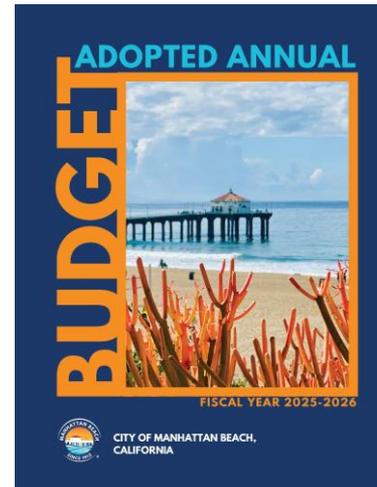
Staff recommends that the City Council:

1. Receive the report on Quarter 1 of FY 2026
2. Appropriate \$188,144 from Fleet Fund balance to Upgrade the Replacement Fire Apparatus Approved on May 6, 2025
3. Authorize the City Manager to execute the Purchase Change Order
4. Approve the proposed staffing adjustment



# RESOURCES & FUTURE UPDATES

- Budget documents on City website:  
[www.manhattanbeach.gov/budget](http://www.manhattanbeach.gov/budget)
- OpenFinance Transparency page
- Follow the City’s eNews and social media for important dates:



Next Steps	City Council Meeting Dates
FY 2025 Year-end Update & ACFR	January 20, 2026
FY 2026 Mid-Year Budget Update	February 17, 2026
FY 2027 Proposed Budget Presentation	May 5, 2026
Budget Study Sessions	May 2026



