



Legislation Text

File #: 18-0230, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Interim Finance Director

Henry Mitzner, Controller

Libby Bretthauer, Financial Analyst

SUBJECT:

Presentation of Proposed Two-Year Operating Budget for Fiscal Years 2019 and 2020 (Interim Finance Director Charelian).

DISCUSS AND PROVIDE DIRECTION

RECOMMENDATION:

Staff recommends the City Council continue discussing the Proposed Operating Budget for fiscal years 2019 and 2020, and provide direction in advance of the Public Hearing and Budget Adoption scheduled for June 19, 2018.

FISCAL IMPLICATIONS:

The City's FY 2019 Proposed Budget includes expenditures across all funds totaling \$149,118,024. The General Fund is balanced with revenues of \$75,505,117 and expenditures of \$74,731,871 resulting in a projected surplus of \$773,246.

The FY 2020 Proposed Budget includes expenditures across all funds totaling \$126,767,881. The General Fund is balanced with revenues of \$75,199,750 and expenditures of \$74,667,671 resulting in a projected surplus of \$532,079.

The unreserved General Fund balance on June 30, 2018 is estimated to be \$4.1 million. The FY 2019 Proposed Budget projects an unreserved General Fund balance on June 30, 2019 (after net transfers) of \$1.8 million. The decrease is primarily due to transfers to the Storm Water Fund (approximately \$1.2 million) and the Street Lighting/Landscape Fund (\$187,587). Total fund balance includes \$18.9 million designated to policy and economic uncertainty reserves.

All annual surpluses and estimated fund balances listed in the Budget and Five-Year Forecast include up-to-date pension rate projections and estimated transfer activity.

BACKGROUND:

The Proposed Two-Year Operating Budget for FY 2019 and FY 2020 was presented at the City Council Meeting on May 1, 2018. The overview presentation outlined budgeted revenues,

expenditures and changes in the fund balance due to transfer activity.

DISCUSSION:

The Proposed Two-Year Operating Budget is attached to this report and available on the City's website at www.citymb.info/Budget <<http://www.citymb.info/Budget>>.

Staff presented highlights of the Proposed Biennial Operating Budget and the Five-Year Forecast during the City Council meeting on May 1, 2018. Department presentations during the May 8, 2018 Budget Study Session detailed each department's operations and proposed service delivery changes. Discussion topics with budgetary impacts that may require follow-up discussion and/or direction include:

Public Comment

- Request for \$75,000 to support Chamber of Commerce programs.
 - \$60,000 is currently included in the Management Services department budget for Economic Development partnerships.

Police Department

- No action items.

Fire Department

- Explore outsourcing Ambulance Services
 - Report on efficiency and economy of ambulance contract services scheduled for June 19, 2018 City Council Meeting.
- Funding for CERT program
 - \$25,940 is currently included in the Fire Department budget for CERT programs. These funds are budgeted as follows:
 - Fire Department Overtime (\$4,920)
 - Live Scan fingerprinting/background checks (\$1,920)
 - Training and Meetings (\$8,100)
 - Supplies/Equipment for disaster preparation, emergency call-out team and Map Your Neighborhood (\$11,000)

Public Works

- Downtown landscape and beautification
 - City Council subcommittee will discuss cleaning and improvements with downtown businesses and create a plan to address cleanliness concerns as well as long-term median and maintenance costs.
- Acquisition of Street Lights
 - SCE street light audit is nearly complete. After thorough review, staff will present a report and options to City Council, which is anticipated to occur in August 2018.
- Scout House/Joslyn Center façade improvements
 - Staff will return with report in the fall (or after Fire Station #2 design is underway) addressing the City's contribution to the Scout House project and coordination of similar exterior improvements to Joslyn Center.
- Changes from FY 2018-2022 Capital Improvement Plan already included in Proposed Budget
 - Streets & Highways Fund

- Re-prioritized budgeted funds from Blanche, Marine & 27th Street (-\$375,000) to higher priority projects.
 - Added MB Senior Villas ADA Access Design (\$100,000) using Gas Tax Funds.
 - Added Liberty Village Street Resurfacing (\$275,000) using Gas Tax Funds.
- Measure R Fund
 - Added Ocean Drive Walkstreet Crossing Improvements (\$450,000).
- Capital Improvements Fund
 - Increased FY 2019 funding for CDBG Access Ramp Construction (\$300,000) using advanced annual funds from FY 2020 and FY 2021.
- Wastewater Fund
 - Reduced allocations for Meadows Lift Station Upgrade (\$1,600,000) in FY 2021 and Palm Lift Station Upgrade (\$1,400,000) in FY 2022.
- State Pier & Parking Lot Fund
 - Added Pier Railing Project (\$330,000) to FY 2022.
- Changes from FY 2018-2022 Capital Improvement Plan **not** included in Proposed Budget that will be listed as a “Change from Proposed Budget” in the June 19th Budget Adoption Resolution.
 - Streets & Highways Fund
 - Added Strand Resurfacing Project (\$200,000) using Gas Tax Funds in FY 2019.
 - Added Marine Resurfacing Project from Sepulveda to Aviation (\$598,259) using SB1 Road Maintenance and Rehabilitation Funds in FY 2019.
 - Re-prioritized budgeted funds from Rosecrans Resurfacing (-\$217,000) to higher priority projects.
 - Moved Liberty Village Street Resurfacing (-\$275,000) to Measure M Fund.
 - Measure M Fund
 - Added Liberty Village Street Resurfacing Project (\$275,000) in FY 2019.
 - Water Fund
 - Added Well 11A Variable Frequency Drive (VFD) Installation (\$125,000) in FY 2019.
 - Added Well 15 Variable Frequency Drive (VFD) Installation (\$300,000) in FY 2019.
 - Refuse Fund
 - Moved Hydrodynamic Trash Capture Device Installation (\$800,000) from FY 2020 to FY 2019.

Community Development

- No action items.

Parks and Recreation

- Dial-A-Ride Services
 - Staff to report back with an overview of current program costs and revenues, available contract services, and a plan to accommodate future growth and funding needs.
- Manhattan Beach Historical Society “Little Red House”
 - Research Little Red House improvements and storage/display of historical

documents and report back to City Council.

Information Technology

- Enterprise Resource Planning (ERP) System Project
 - Staff report defining the project and benefits is scheduled for the June 5, 2018 City Council meeting.
- Website Enhancements to improve layout and search capabilities
 - City Council subcommittee to meet and provide direction to staff.
- Growth in Computer Contract Services (Object 5104), Computer Supplies & Software (Object 5210), and Computer Equipment & Software (Object 6141)
 - Attachment #2 provides a full analysis of these budget variances.

Human Resources

- No action items.

Finance

- No action items.

Management Services

- No action items.

Direction provided by the City Council will be incorporated into the Biennial Operating Budget document and confirmed during the public hearing on June 19, 2018.

PUBLIC OUTREACH/INTEREST:

Ads were published in The Beach Reporter on April 19, 2018 and May 3, 2018 inviting the community to attend Budget Study Sessions held in May. Public Hearing notices will be published on May 31, 2018 and June 7, 2018 for the June 19, 2018 Public Hearings on the adoption of the Budget and Capital Improvements Plan. Additional outreach was conducted using social media and eNews notifications.

ENVIRONMENTAL REVIEW

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachments:

1. Proposed Biennial Budget for FY 2019 & FY 2020
2. Information Technology Department Budget Variances