

Budget Outreach Community Meeting

February 2025

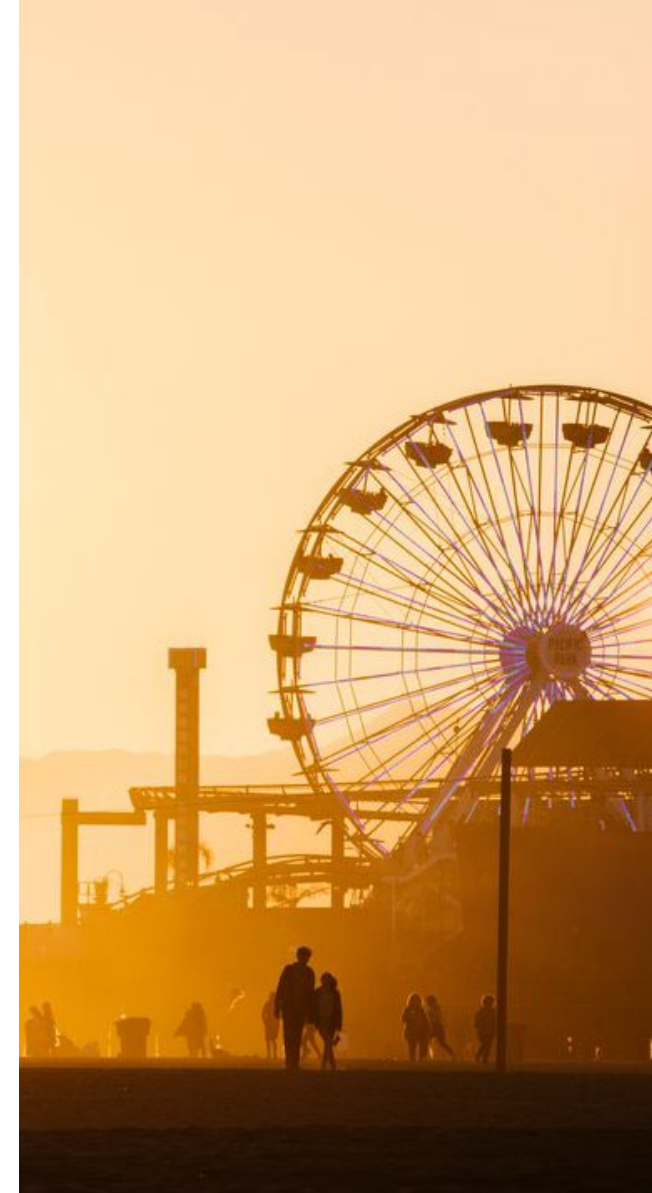


■ Agenda

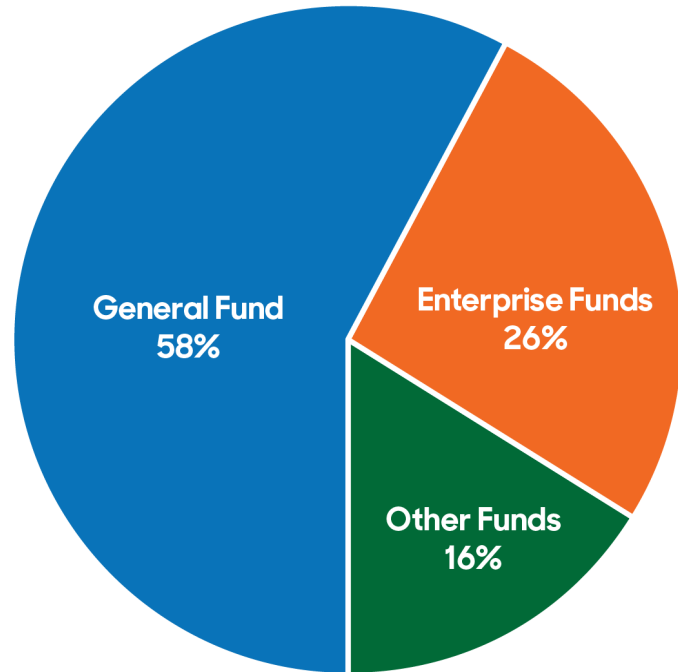
- _____ **Budget 101**
- _____ **A Look at the General Fund**
- _____ **Recent Budget Impacts**
- _____ **City Council Adopted Budget Priorities**
- _____ **Your Thoughts**

Budget 101-What is a Budget?

- A plan for allocating resources, both financial and staffing.
- Santa Monica has two budgets; an operating and a capital budget.
 - Operating budget provides for the day-to-day operations of the City.
 - Capital budget provides for investment in infrastructure and assets such as streets, buildings, water lines, technology and vehicle fleet replacement.
- Two-year budget cycle
 - Fiscal Year is July 1 – June 30
 - Operating budget reviewed in odd years (e.g., Fiscal Year 25 and 27)
 - Capital budget reviewed in even years (e.g., Fiscal Year 26 and 28)
 - Minor adjustments made in at the mid-point.



Government Accounting and Budgeting Uses



**Citywide Expenditure Budget
(all funds) \$765.3 million**

General Fund

- Taxpayer funded
- Provides for most city services
- Most costs not recovered; fees for individual services
- Tax changes need voter approval

Enterprise Funds

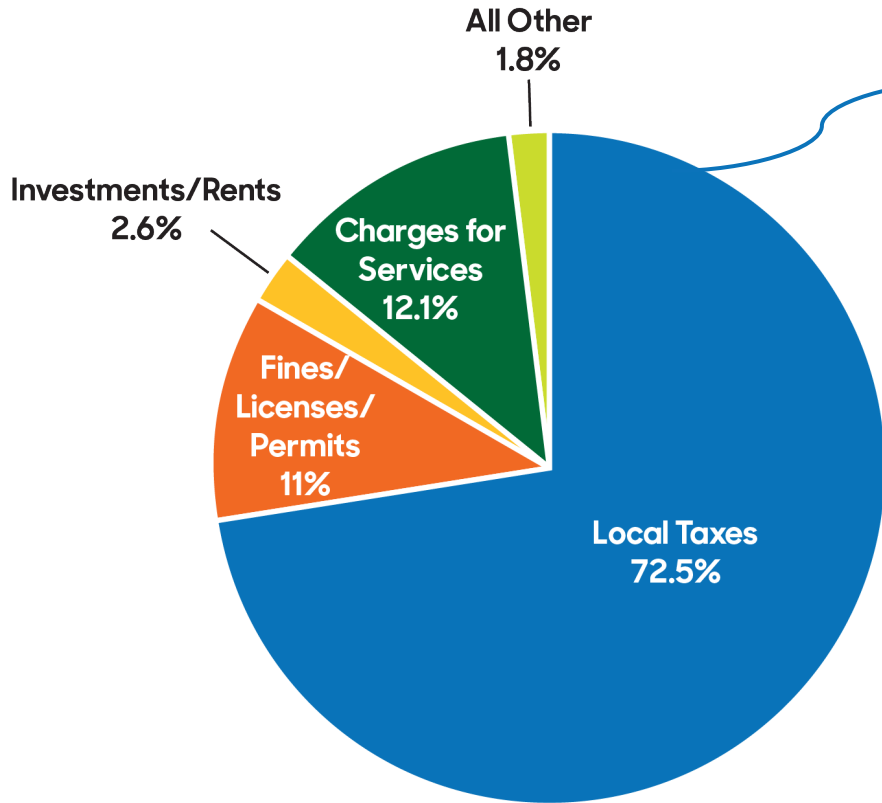
- Users pay
- Operate like a business
- Costs recovered through rates and fees
- Water, Wastewater, RRR, Airport, BBB, Pier, Cemetery...

Other Funds

- Grants, Special revenues
- Specific activities per agreements, regulations
- All costs covered
- Beach, Computer Replacement, Fleet Replacement, Workers Comp...

General Fund Revenues FY 2024-25 - \$458.8M

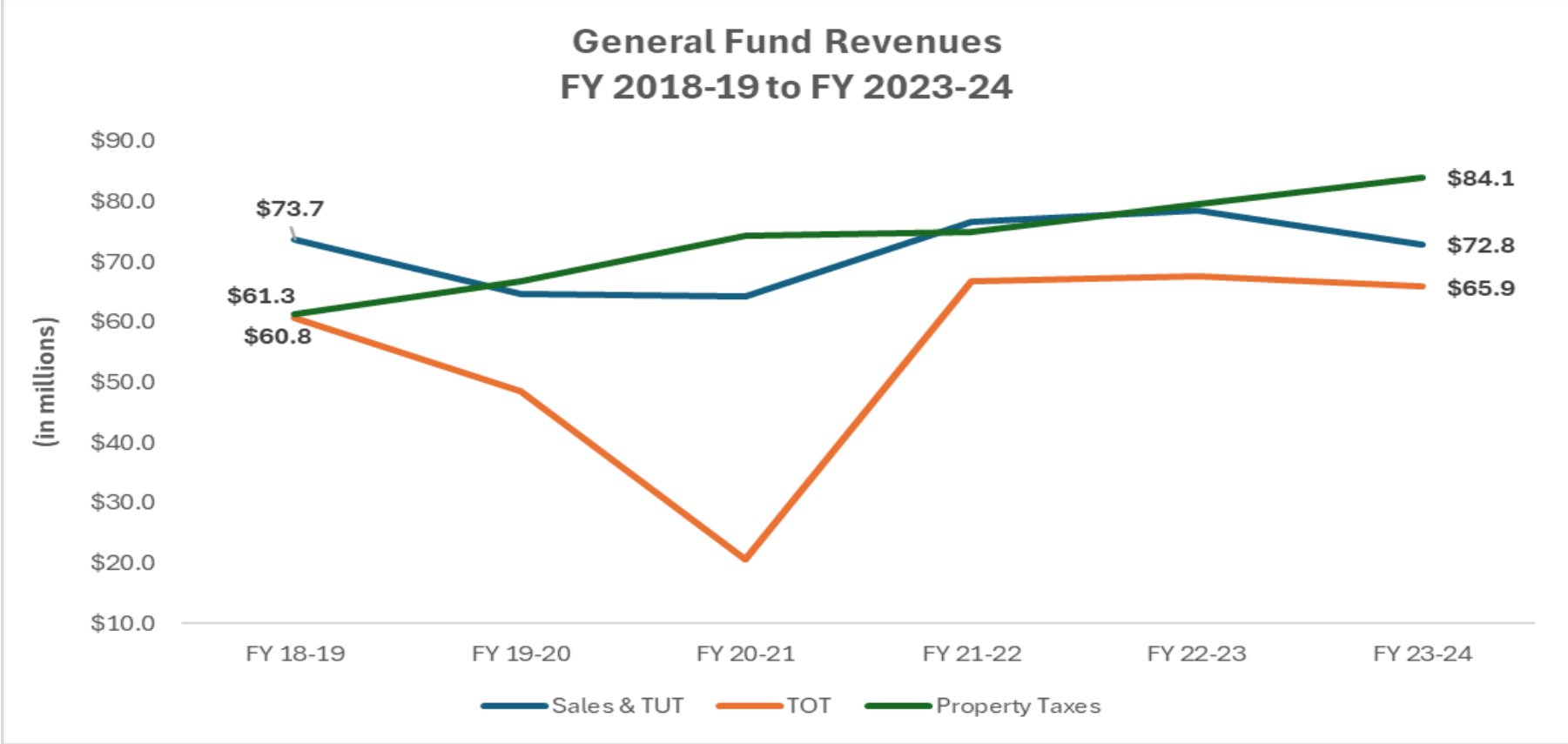
Where the money comes from



Local Taxes	% of total Revenue
Property	18.5%
Sales and Transaction & Use	17.3%
Transient Occupancy (Hotel)	16.1%
Utility Users	7.8%
Business License	7.6%
Documentary Transfer	2.6%
Parking Facility	2.6%
Total Local Taxes	72.5%

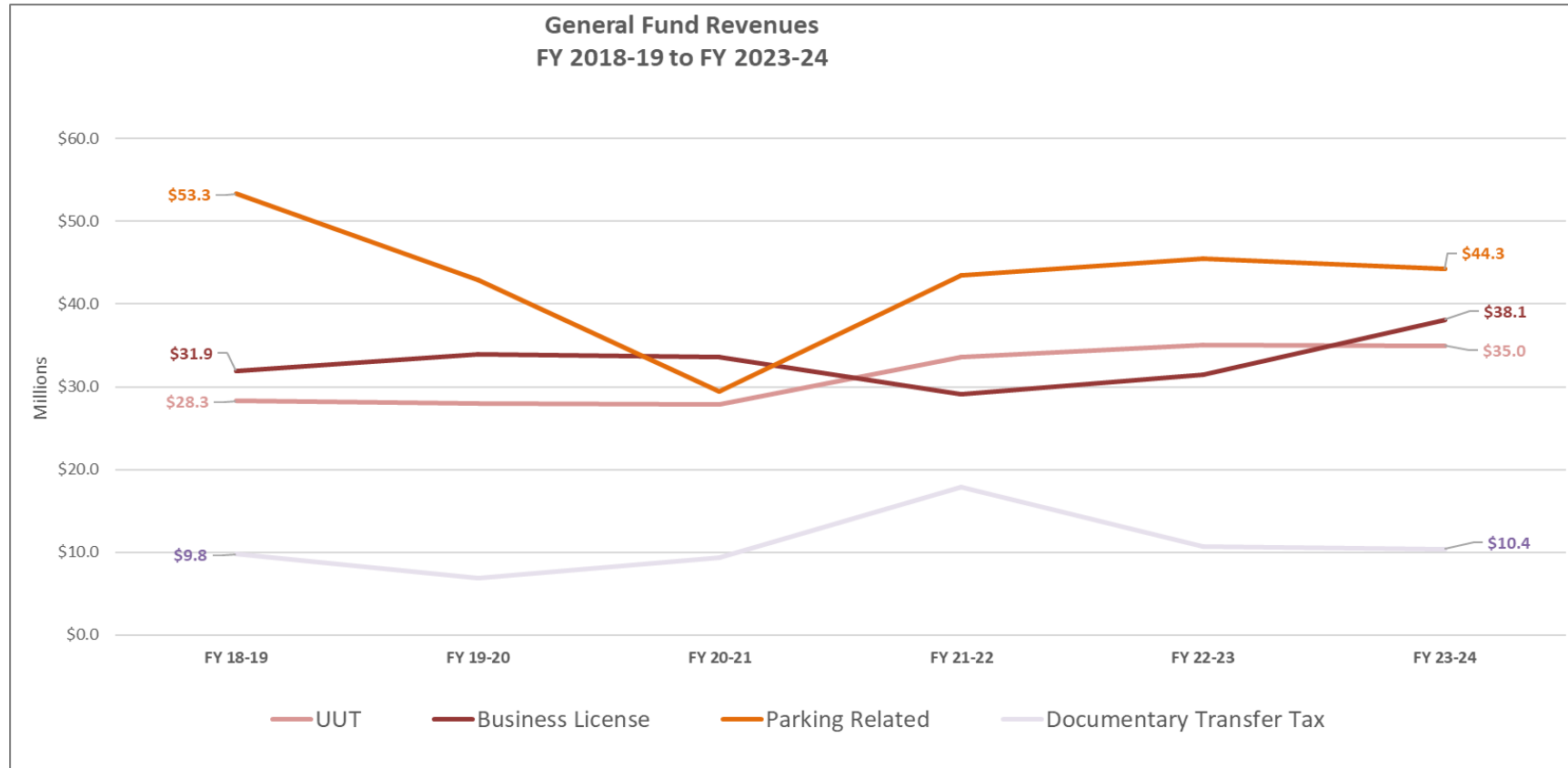
33.4%
Tourism & Consumer

General Fund Revenue Trends



% cumulative growth (18-19 through 23-24)	
Costs	
CPI (Inflation)	25.3%
Revenues	
Sales & TUT	-1.2%
TOT	8.4%
Property Tax	37.0%

General Fund Revenue Trends



% cumulative growth
(18-19 through 23-24)

Costs

CPI (Inflation) 25.3%

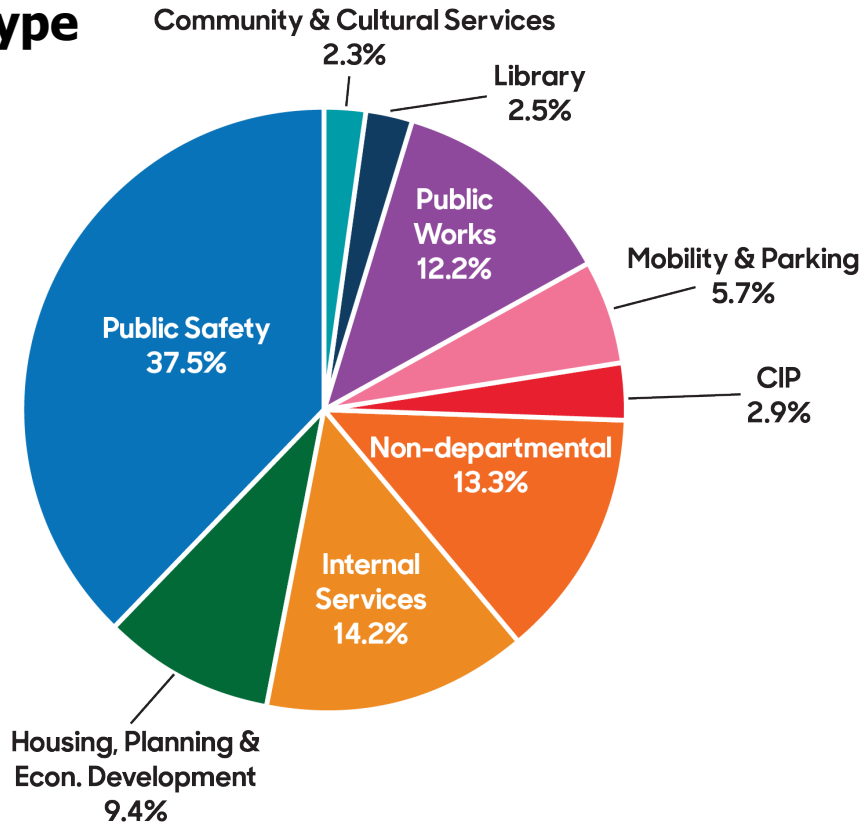
Revenues

UUT	23.6%
Bus. Lic	19.3%
Parking Related	-17.0%
Doc. Tr. Tax	5.9%

General Fund Expenditures FY 2024-25 - \$463.3M

Where the money goes

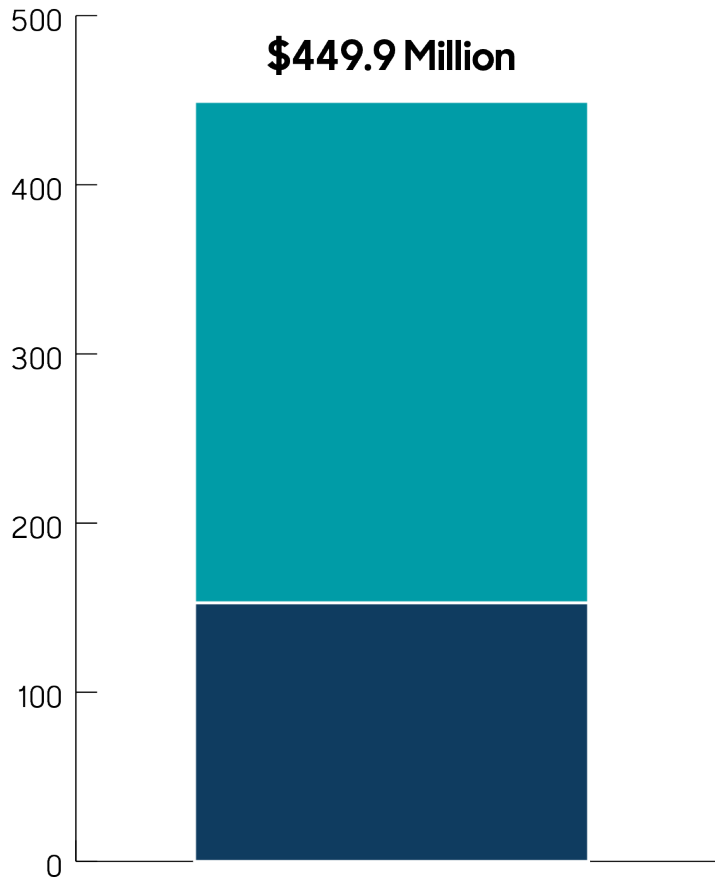
By Type



By Department

Department	Budgeted Expenses
City Council	\$934,133
City Manager	\$13,589,528
City Attorney	\$14,019,634
Records & Election Services	\$3,746,095
Community Development	\$20,127,470
Finance	\$13,292,769
Fire	\$55,021,452
Housing & Human Services	\$23,210,941
Human Resources	\$6,604,690
Information Services	\$13,574,095
Library	\$11,685,698
Police	\$118,808,313
Public Works	\$56,740,650
Recreation & Arts	\$10,710,718
Transportation	\$26,253,796

General Fund Operating Expenses for FY 2024-25



Salaries & Wages - \$303.2M

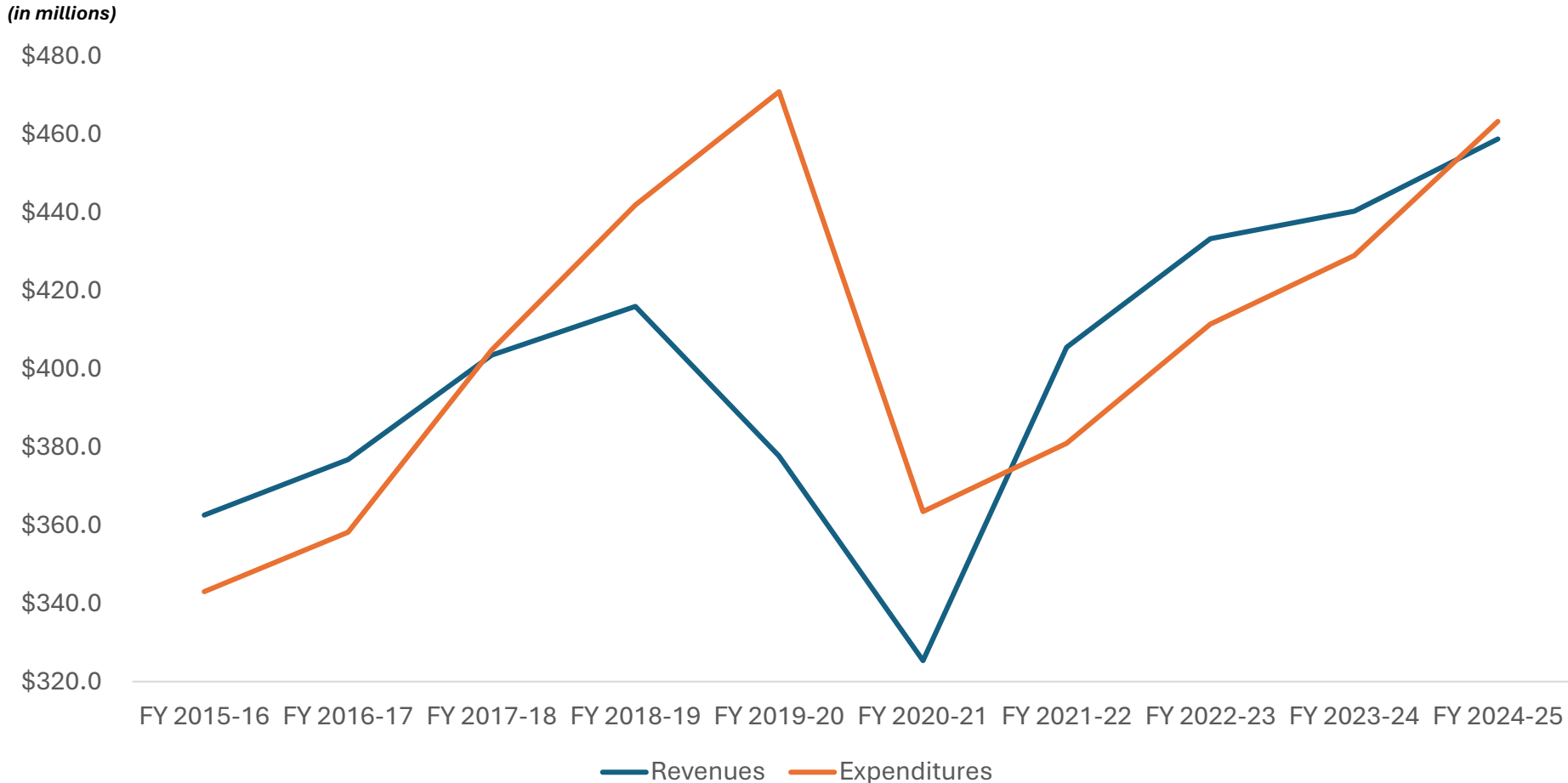
1,356.3 full time equivalent positions, including public safety positions.

Supplies & Expenses – \$146.7M

All non-personnel expenses for programs, services and grantees:

- including debt service payments on bonds and partner agreements, such as SMMUSD, and Human Services Grants Program

General Fund Historic Revenue and Expense Trends



- Five-year forecast is being updated to reflect most current expenditure and revenue trends and projections.
- It is anticipated that the FY 2024-25 expenditure trend will continue through the forecast period.
- Forecast will be presented to **City Council at the March 8th workshop.**

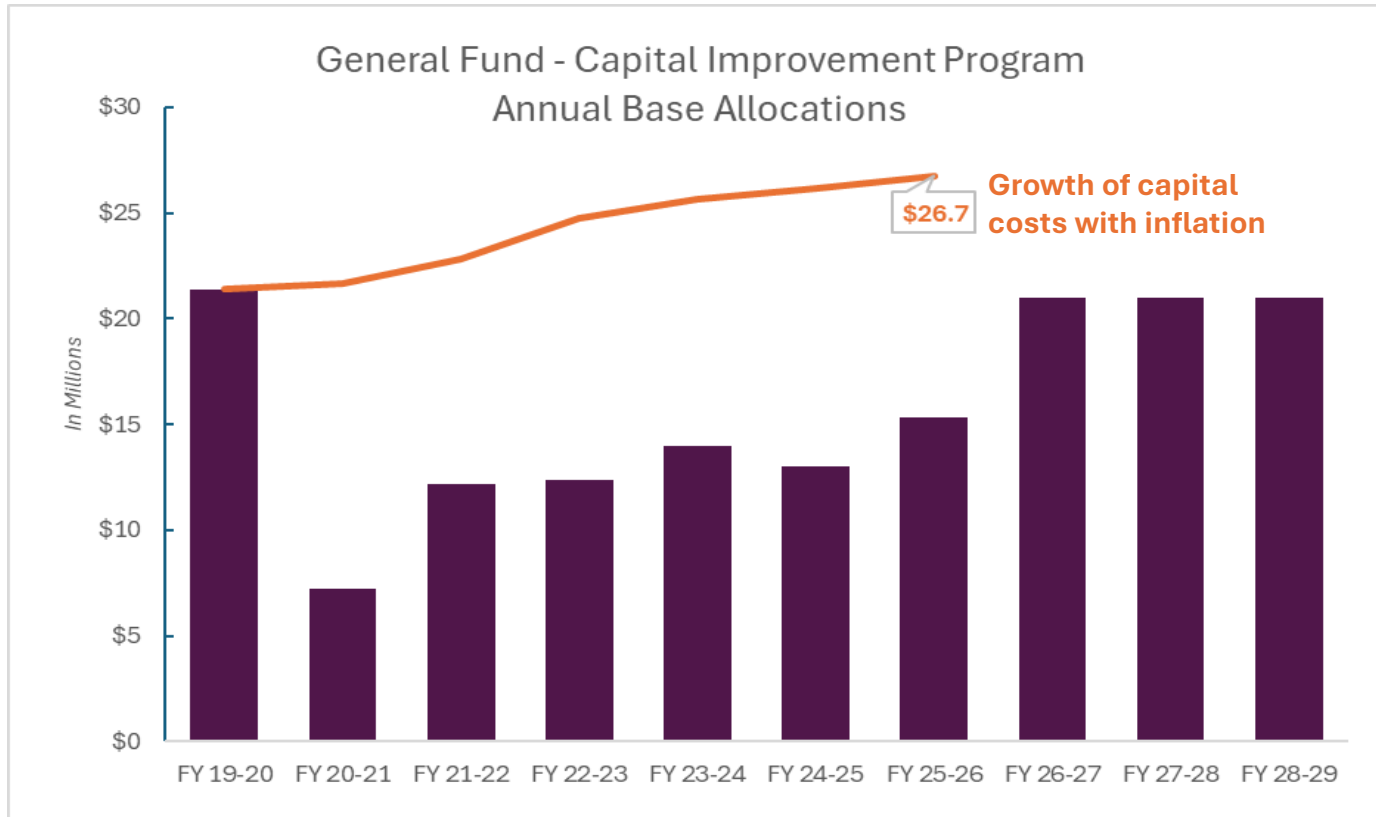
State of Programs and Operations - Operating Budget

Currently operating with 176.9 less staff positions as compared to FY 2019-20

- Vacancy rates remain at 7-8% on average
- Growing maintenance backlog and slowing response times for 311 requests
- Youth and teen programs remain shuttered or operate at reduced levels
- Camera Obscura remain closed
- Fairview and Ocean Park library branches operate two days per week in a self-service model



Capital Improvement Program Remains Underfunded



Capital needs unmet

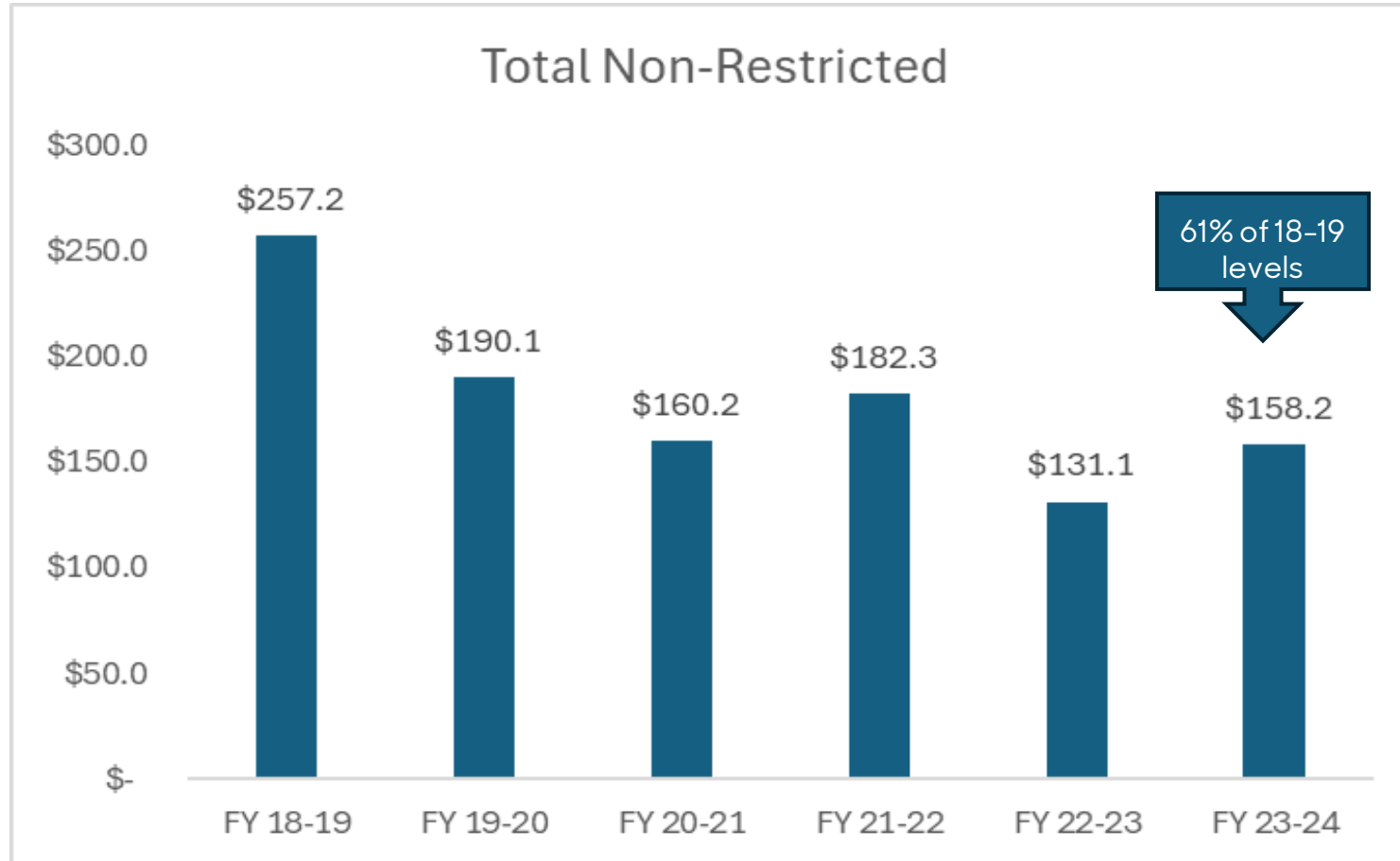
- In FY 2024-25 at 61% of pre-COVID level
- Costs with inflation outpace annual funding
- Deferred maintenance is not sustainable
- No additional investments through forecast period
- \$459.6M in projects unfunded across all funds

Factors Impacting City Finances

- Steep rise in cost of doing business (e.g. County lifeguard serv., landscaping serv., technology cost increases) - Inflation outpacing revenue growth
- Underperforming parking, hotel and sales tax revenues
- Slow tourism and return to office work by area employers impacting local spending
- Changes in retail shopping patterns and store closures
- Significant legal payouts totaling \$230 million to date related to abuse claims
- Reserves significantly reduced
- Significant backlog of deferred maintenance and infrastructure projects
- Labor agreements and negotiations in competitive labor market
- Workers' compensation and general liability insurance costs
- Impacts of Fires on economic activity (hotel and restaurant slowed/halted)



General Fund Reserves



- Think of Reserves as INSURANCE, providing financial stability, cushion against financial shocks and loss in revenues
- Below pre-COVID levels
- Reserves needed for contingent liabilities and working capital

Voter Approved Measures

November 2022

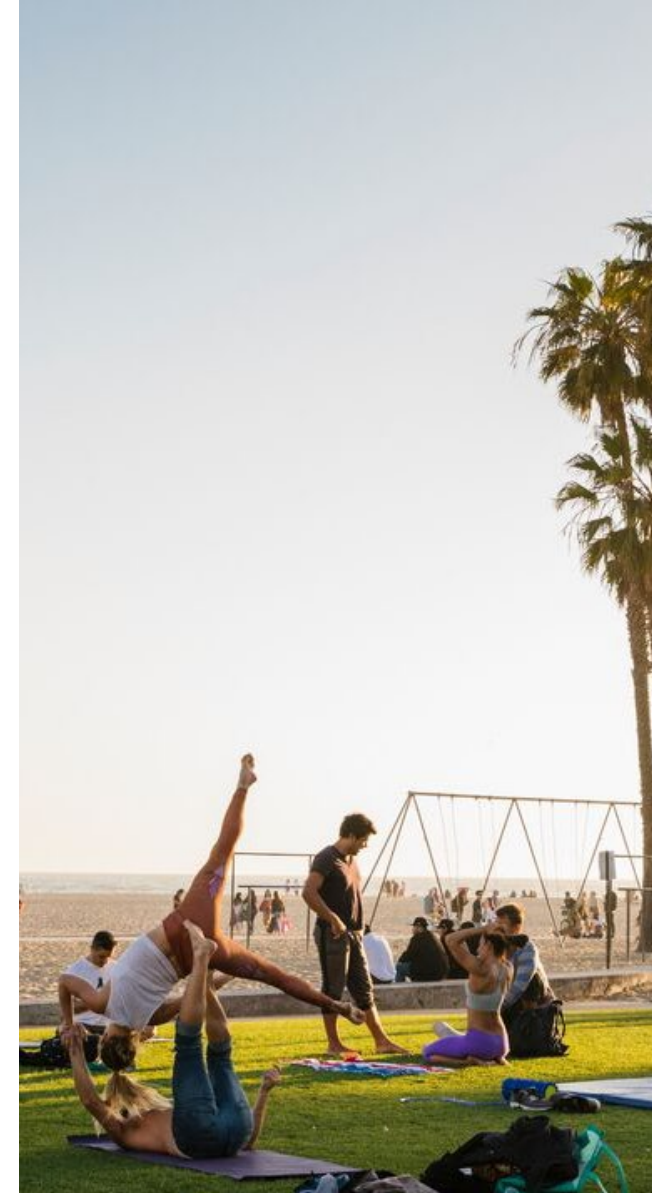
- **Measure CS** Increase of 1% in the Transient Occupancy Tax – estimated **\$5 million per year** (programmed in 2023-24)
- **Measure GS** 5% Documentary Transfer Tax on property sales of \$8 million or more – **\$18 to \$28 million per year** Restricted to fund homelessness prevention, affordable housing projects, and schools.
- **Measure HMP** Additional tax on cannabis businesses. Revenue impact yet to be determined

November 2024

- **Measure K** Increase of 8% in existing Parking Facility Tax – estimated **\$6.7 million per year**
 - **Advisory Measure PSK** recommends half of Measure K revenues to public safety and addressing homelessness
- **Measure F** update of City's Business License Tax Ordinance resulting in reduction in tax for small businesses and increases for large corporations and auto dealers – estimated **\$3 million per year** after three-year phase-in

■ Council Adopted Priority Areas

- Addressing Homelessness
- Clean & Safe Santa Monica
- Cultivate Economic Recovery & Expand Community & Cultural Offerings
- Racial Justice, Equity & Social Diversity
- Sustainable & Connected Community



■ Addressing Homelessness

Preventing housed Santa Monicans from becoming homeless, increasing the supply of affordable housing, and advocating for regional capacity to address homelessness.

Performance Measure	Dept.	2023/2024 Actual
Alternatives to Incarceration Program Referrals / Graduates	CAO	300 / 20
Affordable housing units receiving planning entitlements	CDD	88
Market Rate housing units receiving planning entitlements	CDD	756
People Experiencing Homelessness who received medical/mental/psychiatric/substance use services	HHSD	1,316
Households supported through federally funded voucher programs	HHSD	1,684
Households receiving housing legal assistance	HHSD	760
People Experiencing Homelessness who were placed in interim / permanent housing	HHSD	60 / 101

Justice, Equity, and Diversity

Advancing racial equity, justice, and social diversity to improve the well-being of people who live, work, learn, play, and do business here.

Performance Measure	Dept.	2023/2024 Actual
Percent of departments that participated in the Santa Monica Mentoring Initiative	CMO	100%
Percent of staff trained in Interrupting Microaggressions course	CMO	13%
Departments that participated in the Racial Equity Committee for the full year	CMO	15
Art of Recovery Projects completed or initiated	RAD	27
Number of community conversations held to engage different communities in their needs and priorities, all to inform the upcoming Equity Plan	CMO	59
Number of Computer Sessions accessed by the public	LIB	28,860

Clean and Safe Santa Monica

Commitment to maintaining and enhancing an atmosphere marked by clean and safe public spaces and neighborhoods.

Performance Measure	Dept.	2023/2024 Actual
Code Enforcement cases opened / closed	CDD	1,942 /1,676
Percentage of 911 calls answered within 15 seconds	CMO	96%
Fatal and Severe Injury (FSI) crashes	DoT	27
Percentage first unit meets 6-minute response time goal	Fire	53%
Total Life and Safety Inspections completed	Fire	6,338
Uniform Part 1 Crimes (calendar year 2021, 2022)	SMPD	4,846
Uniform Part 2 Crimes (calendar year 2021, 2022)	SMPD	3,861
Priority 1 Calls for Service - average response time (mins)	SMPD	11
Trees removed / planted	PWD	333/312
Pounds of materials removed from illegal dumping and alley cleanup	PWD	2,241,780
Sidewalk repairs (square feet)	PWD	19,800
Linear feet of Water and Wastewater Mains replaced/rehabilitated	PWD	4,650

Cultivate Economic Recovery and Expand Community and Cultural Offerings

Cultivating economic opportunity and recovery and investing in amenities and programs for all community members.

Performance Measure	Dept.	2023/2024 Actual
Parklets and outdoor dining spaces licensed	CDD	100
Agricultural sales at the Santa Monica Farmers Markets	CDD	\$24,764,560
Building permit applications received / issued	CDD	4,811/3,278
Number of visitors to Santa Monica per Santa Monica Travel & Tourism (SMTT) annual economic impact report (based on calendar year)	CDD	4,637,700
New Business License applications	FIN	2,453
Youth ages 5-17 served by PAL, VAP & CREST	HHSD	2,024
Adult and Youth & Family Program participants	LIB	17,648
Aquatic visits / Recreation class & camp participants	RAD	162,528 / 7,250
Hours of field / track permits	RAD	31,958

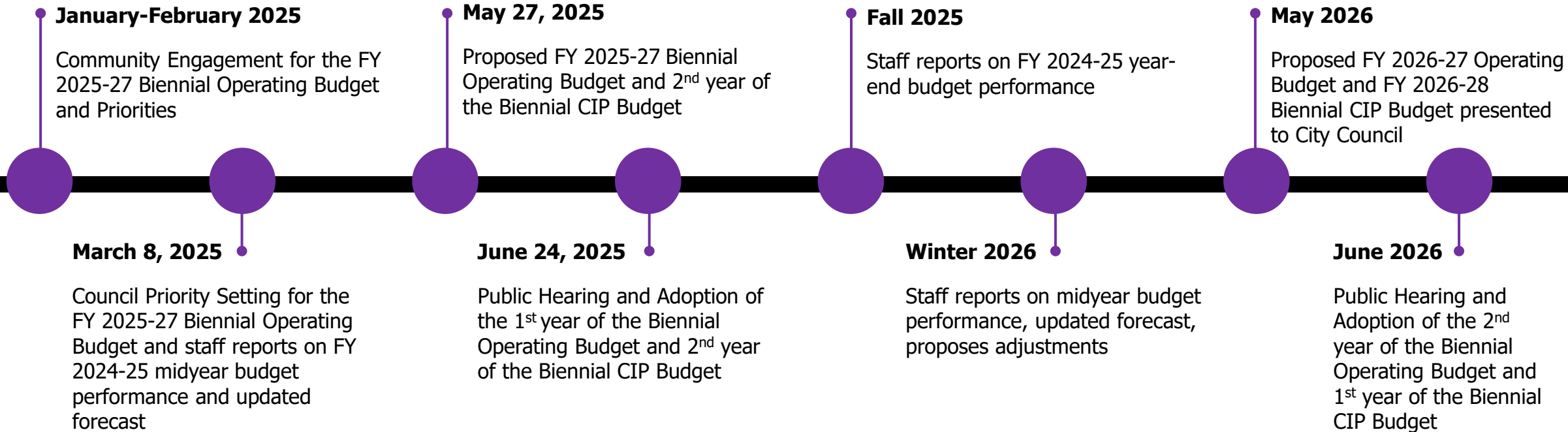
Sustainable and Connected Community

Enhancing our resources, preventing and remedying harm to the natural environment and human health, and benefiting the social and economic well-being of the community.

Performance Measure	Dept.	2023/2024 Actual
BBB Fixed Route ridership	DoT	8,602,196
BBB On-Time-Performance	DoT	69%
Total Parking Occupancy/Transactions	DoT	12.9 million
Clean Power Alliance participation rates in (customers enrolled in 100% clean power)	PWD	96%
Percent of new municipal buildings LEED Gold or higher	PWD	100%
Total square feet of community gardens	PWD	52,037
Percent of the City Fleet vehicles using alternative fuels	PWD	61%
Cumulative number of EV chargers citywide / new this year	PWD	261 / 17

Fiscal Year 2025-27 Budget Process

The Budget is the result of collaboration among the community, City Departments led by the City Manager's Office, and the City Council



More Budget and Financial Information

santamonica.gov/santa-monica-budget

Budget Outreach Community Survey

Closes February 19th



In English



In Spanish

Thank you

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