

---

## Hb Budget Study Session FY 2025-26 Questions/Feedback

---

From Laura <lpskin415@gmail.com>

Date Tue 6/10/2025 1:32 PM

To City Council <citycouncil@hermosabeach.gov>

Cc City Clerk <cityclerk@hermosabeach.gov>

Dear Mayor, Council Members, and Staff -

As you review the FY 2025-26 Budget and Departmental Requests, how can we ensure a strategic lens is applied to City resources that are invested where they will deliver the highest long-term value to the community? It is with that mindset that I ask for further clarification on several Departmental Requests which I believe warrant further discussion before approval:

### 1. **Custom Designed Street Signs** (\$50k)

- What is the rationale for this investment at this time? Are the street signs faded?
- Could this be phased over multiple years?
- Will our in-house sign shop do the work?

### 2. **Emergency Operations Plan** (\$90k)

- How was this cost estimate developed?
- Are there opportunities to secure grants to offset some costs?
- Could this be phased to ensure proper integration with County and State efforts?

### 3. **Reclass of Accounting Clerk to Full Time** (\$102.5K)

- What performance metrics will be used to assess the impact of this change?
- What is the long-term staffing plan for this function?

### 4. **City Hall Courtyard Floor** (\$45K)

- Is this repair critical for health/safety or primarily aesthetic?
- Is this part of a broader City Hall improvement plan?

### **Capital Improvement Plan**

- The \$33.9M CIP is large — how is staff bandwidth being managed to avoid project delays?
- What framework can be developed so the City Council can provide timely feedback so adjustments, resource allocation, and reprioritization can occur each year?

### **Overall Fiscal Strategy:**

- Given the modest 2% revenue growth, **how will the City manage rising salary/pension costs long-term?** Are there plans to identify offsetting savings?
- Is 3% increase in Salaries & Benefits sustainable in light of 2% revenue growth?

## **Future Considerations: Storage Lot Reuse Conversion to a Parking Lot**

I offered my feedback at the last CIP Study Session in regards to the renegotiation lease efforts which I believe are still ongoing. It would be helpful to have an update on that item, if time permits. After speaking with business owners on this project there appears to be support for the future long-term benefits for our city. The Storage Lot Reuse Project offers a rare opportunity to create a visible and economically impactful civic improvement with strong return potential.

- The project would yield a **22% return on investment** after debt service.
- Net annual income after debt service would exceed \$430K, up from \$267K today — an increase of **\$163K/year**.
- 155 parking spaces would provide needed **flexibility for City events, City Yard** equipment during renovation, and increased capacity for upcoming World Cup and Olympic events.
- Parking capacity at this location will support dining decks, the 500-seat theater, and future events. Residents benefit from reduced congestion elsewhere.
- Moreover, the \$500K required to demo the building will need to happen regardless — delaying the project **increases future cost exposure**.
- According to Placer.ai data, we had 1.2 M unique visitors account for 4.5 M visits. The sales tax collected for the downtown was \$1.68 M, we can calculate the amount spent per visit to the downtown.  $\$168\text{ M}/4.5\text{ M} = \$37.33$  per visit. Of the 1.2 M unique visitors, about **670,000 only came ONE time**. If the **670,000 visitors** came back **ONCE**, it would generate **\$25 M** for the businesses. Business owners I spoke with cited parking as one of the number one issues for their patrons. If parking was one of the reasons why the 670,000 visitors (out of the 1.2 M unique visitors) didn't come back to the city this project would go a long way to helping that issue.

As always, I appreciate your thoughtful consideration.

Laura Pena