



# CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA

Community Room - 100 Civic Center Drive, Newport Beach, CA 92660

Thursday, April 11, 2024 - 3:00 PM

**Finance Committee Members:**

Will O'Neill, Mayor / Chair  
Joe Stapleton, Mayor Pro Tem  
Noah Blom, Council Member  
Allen Cashion, Committee Member  
William Collopy, Committee Member  
Keith Curry, Committee Member  
Nancy Scarbrough, Committee Member

**Staff Members:**

Grace K. Leung, City Manager  
Jason Al-Imam, Finance Director/Treasurer  
Shelby Burguan, Acting Deputy Finance Director  
Brittany Cleberg, Assistant Management Analyst

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**NOTICE REGARDING PRESENTATIONS REQUIRING USE OF CITY EQUIPMENT**

Any presentation requiring the use of the City of Newport Beach's equipment must be submitted to the Finance Director/Treasurer 24 hours prior to the scheduled Finance Committee meeting.

**NOTICE REGARDING PUBLIC PARTICIPATION**

Questions and comments may also be submitted in writing for the Finance Committee's consideration by sending them to Jason Al-Imam, Finance Director/Treasurer, at [jalimam@newportbeachca.gov](mailto:jalimam@newportbeachca.gov). To give the Finance Committee adequate time to review your questions and comments, please submit your written comments by no later than 5 p.m. the day prior to the Finance Committee meeting. All correspondence will be made part of the record.

**NOTICE TO THE PUBLIC**

The Finance Committee meeting is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that their agenda be posted at least twenty-four (24) hours in advance of each special meeting and that the public be allowed to comment on agenda items before the Committee and items not on the agenda but are within the subject matter jurisdiction of the Finance Committee. The Chair may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

It is the intention of the City of Newport Beach to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the City of Newport Beach will attempt to accommodate you in every reasonable manner. If requested, this agenda will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Please contact the City Clerk's Office at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible at (949) 644-3127 or [jalimam@newportbeachca.gov](mailto:jalimam@newportbeachca.gov).

**I. CALL MEETING TO ORDER**

**II. ROLL CALL**

**III. PLEDGE OF ALLEGIANCE**

**IV. PUBLIC COMMENTS**

*Public comments are invited on agenda and non-agenda items generally considered to be within the subject matter jurisdiction of the Finance Committee. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Finance Committee has the discretion to extend or shorten the speakers' time limit on agenda or non-agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.*

V. **CONSENT CALENDAR**

A. **MINUTES OF MARCH 14, 2024**

**Recommended Action:**

Approve and file.

[MINUTES](#)

VI. **CURRENT BUSINESS**

A. **PROPOSED FISCAL YEAR 2024-25 BUDGET**

**Summary:**

Staff will discuss with the Finance Committee the proposed budget that is included within the agenda packet for Fiscal Year 2024-25, which will be presented to the City Council in May.

**Recommended Action:**

Review and discuss the proposed budget and provide any recommendations for consideration by the City Manager and City Council.

[ATTACHMENT A](#)

[STAFF PRESENTATION](#)

B. **BUDGET AMENDMENTS FOR QUARTER ENDING MARCH 31, 2024**

**Summary:**

Staff will report on the budget amendments from the prior quarter.

**Recommended Action:**

Receive and file.

[STAFF REPORT](#)

[ATTACHMENT A](#)

C. **WORK PLAN REVIEW**

**Summary:**

Staff and Finance Committee to review the proposed work plan and identify matters that members would like placed on a future Agenda for discussion, action, or report.

**Recommended Action:**

Receive and file.

[WORK PLAN](#)

VII. **ADJOURNMENT**

**CITY OF NEWPORT BEACH FINANCE COMMITTEE  
CENTRAL LIBRARY – FRIENDS ROOM, 1000 AVOCADO AVENUE, NEWPORT BEACH, CA  
MARCH 14, 2024 REGULAR MEETING MINUTES**

**I. CALL MEETING TO ORDER**

The meeting was called to order at 3:02 p.m. by Mayor/Chair O'Neill.

**II. ROLL CALL**

PRESENT: Will O'Neill, Mayor/Chair  
Joe Stapleton, Mayor Pro Tem  
Noah Blom, Councilmember (arrived at 3:14 p.m.)  
William Collopy, Committee Member  
Keith Curry, Committee Member  
Nancy Scarbrough, Committee Member

ABSENT: Allen Cashion, Committee Member

STAFF PRESENT: Grace K. Leung, City Manager  
Jason Al-Imam, Finance Director/Treasurer  
Michael Gomez, Deputy Finance Director  
Brittany Cleberg, Assistant Management Analyst  
Shelby Burguan, Budget Manager  
Abigail Marin, Budget Analyst  
Jessica Nguyen, Budget Analyst  
Anthony Alannouf, Budget Analyst  
Jennifer Anderson, Purchasing & Contracts Administrator  
Theresa Schweitzer, Public Works Finance/Administrative Manager  
Raymund Reyes, Administrative Manager  
Paul Blank, Harbormaster

MEMBERS OF THE  
PUBLIC: Jim Mosher  
Charles Klobe

**III. PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Mayor/Chair O'Neill.

**IV. PUBLIC COMMENTS**

Chair O'Neill opened public comments on agenda and non-agenda items.

Seeing no others, Chair O'Neill closed public comments.

**V. CONSENT CALENDAR**

**A. MINUTES OF FEBRUARY 15, 2024**

**Recommended Action:**  
Approve and file.

Chair O'Neill acknowledged the suggested edits submitted by Jim Mosher.

**MOTION:** Committee Member Curry moved to approve the minutes of February 15, 2024, as amended, seconded by Committee Member Collopy. The motion carried as follows:

AYES: Collopy, Curry, Scarbrough, Stapleton, O'Neill  
NOES: None  
ABSENT: Blom, Cashion (excused)  
ABSTAIN: None

## VI. CURRENT BUSINESS

### A. OVERVIEW OF REVENUE PROJECTIONS

**Recommended Action:** Receive and file.

Budget Manager Shelby Burguan and Finance Director/Treasurer Jason Al-Imam provided a presentation with a summary of the FY 2024-25 revenue projections as detailed in the associated agenda report and supplemental materials.

The staff presentation included a review of projected increase of \$7 million in General Fund revenue, with the primary drivers of revenue growth including the \$5.7 million projected increase in property tax, \$2.3 million projected increase in sales tax, and \$0.6 million projected increase in transient occupancy tax. Details of the various factors impacting each revenue source and the associated projection methodologies were provided. Property tax, sales tax, and transient occupancy tax make up approximately 75% of the City's General Fund revenues.

Additional details were provided concerning the other sources of General Fund revenues including service fees and charges/licenses and permits (10%), property income (6%), and other taxes (3%). The remainder (3%) of General Fund revenues come from intergovernmental revenues (primarily Proposition 172), fines and penalties (primarily parking fines), and investment income and other revenues. Information concerning Tidelands Funds, Water Utility, and Wastewater Utility revenues was provided.

Committee Member Collopy inquired if the estimated revenue for property tax was as conservative as the sales tax revenue estimates. Finance Director/Treasurer Al-Imam indicated that while secured property tax amounts are more predictable, some conservatism is built into the forecast for certain property tax revenue categories that are more volatile such as supplementals, delinquencies and property transfer tax revenues. City Manager Grace Leung noted the bulk of the revenue for property tax is a secure tax, set by the County Assessor, which does not have the same volatility as sales tax.

Committee Member Curry pointed out that secured assessed values for properties citywide never declined even during the Great Recession and asked why the presentation shows a decrease in property tax revenue in 2011 and 2012. Finance Director/Treasurer Al-Imam responded that it is due to a decrease in supplemental property tax revenue, which was lower due to a decline in the number of homes sales during that period.

Committee Member Scarbrough inquired about the timing of when the Porsche dealership is expected to reopen. Finance Director/Treasurer Al-Imam confirmed the dealership is expected to reopen in February 2025.

Committee Member Collopy requested clarification as to whether transient occupancy tax revenues were reflected on a gross basis or net of amounts remitted to Visit Newport Beach. Budget Manager Burguan clarified that the numbers reflected in the presentation were net of amounts remitted to Visit Newport Beach. It was requested that transient occupancy tax revenues be reported on a gross basis and delineated from amounts remitted to Visit Newport Beach.

Committee Member Scarbrough asked whether the city is seeing a slowdown in transient occupancy tax revenue. Finance Director/Treasurer Al-Imam indicated that growth from short-term lodging has flattened as the city has reduced the number of active permits and that growth

from hotels were also flattening compared to the exponential growth experienced in 2022 and 2023.

Committee Member Collopy asked about the upcoming renegotiation of the Visit Newport Beach contract (which expires at the end of 2024). Chair O'Neill confirmed that the City Council formed an ad hoc committee to advise the City Council in the renegotiation of the Visit Newport Beach contract.

The staff presentation concluded with an announcement that the presentation of the proposed FY 2024-25 expenditure projections is scheduled for the next Finance Committee meeting.

Chair O'Neill opened the meeting for public comment.

Jim Mosher commented on the slide in the presentation related to residential sales trends and asked whether the line chart represented single family residential sales. Finance Director/Treasurer Al-Imam indicated that the line chart represented the average price and median price of single-family homes sold during that period.

Chair O'Neill closed public comments as no other members of the public requested to speak.

There was no further action taken on this item.

**B. FISCAL YEAR 2023-2024 FEE STUDY UPDATE**

**Recommended Action:** Review and discuss this report and provide any recommendations for consideration by the City Manager and City Council.

Budget Analyst Abigail Marin provided a presentation of the FY 2023-24 Fee Study update as detailed in the associated agenda report and supplemental materials.

The staff presentation included a review of the types of fees and charges associated with the City, degree of general versus private benefit, the governing authorities for cost-recovery based user fees, the basis for establishing cost of service and cost recovery analysis, and the rotating cycle of departments studied by the City. This year's study included a review of the fees and charges for Finance, Harbor, Public Works, and Utilities and "one-off" fees. The various fee changes were presented. Overall, the proposed fee updates will result in approximately \$581,000 of additional revenues, which are intended to offset the cost of providing services.

Committee Member Scarbrough inquired, and discussion ensued concerning clarification as to whether the mooring fees should be included. Chair O'Neill responded that mooring fees were not included within the scope of the user fee study and that any adjustments to mooring fees will be addressed once the final fees are determined by City Council and the municipal code is updated to reflect those fees.

Committee Member Curry requested clarification concerning the fees related to IT/Audio Visual support related to a room rental. City Manager Grace Leung clarified that this fee is intended to be charged in instances in which an additional level of IT support is required, for example, if IT personnel are requested to remain onsite to provide IT or audio-visual support associated with a facility rental.

Chair O'Neill opened the meeting for public comment.

Jim Mosher requested clarification of the logic concerning cost recovery determinations for appeals, stating they should be uniform throughout the document, and clarification concerning notifications to the public regarding changes to credit card convenience fees. He stated the municipal code and City General Plan require review of the fair share fee every five years and inquired as to the cost of administration of the Marine Program.

It was determined that any cross-referencing errors would be corrected in the proposed document.

Chair O'Neill closed public comments as no other members of the public requested to speak.

At a later juncture of the meeting, discussion on this item was reopened for the purpose of offering a motion to recommend the item be forwarded to the City Council for consideration.

**MOTION:** Councilmember Blom moved to recommend all fee schedule changes, as recommended by staff in the associated agenda report, to the City Council for approval, seconded by Committee Member Curry. The motion carried as follows:

AYES:	Blom, Collopy, Curry, Scarbrough, Stapleton, O'Neill
NOES:	None
ABSENT:	Cashion (excused)
ABSTAIN:	None

#### C. INVESTMENT POLICY UPDATE

**Recommended Action:** Review and discuss the report and recommend that the City Council formally approve the proposed changes to Council Policy F-1 by adopting a resolution.

There was no staff report requested for this item.

Chair O'Neill opened the meeting for public comment. Seeing none, Chair O'Neill closed public comments.

At a later juncture of the meeting, discussion on this item was reopened for the purpose of offering a motion to recommend the item be forwarded to the City Council for consideration.

**MOTION:** Committee Member Curry moved to recommend Investment Policy amendments, as recommended by staff in the associated agenda report, to the City Council for approval, seconded by Committee Member Collopy. The motion carried as follows:

AYES:	Blom, Collopy, Curry, Scarbrough, Stapleton, O'Neill
NOES:	None
ABSENT:	Cashion (excused)
ABSTAIN:	None

#### D. WORK PLAN REVIEW

**Recommended Action:** Receive and file.

A summary of items scheduled for upcoming Finance Committee meetings was provided as listed in the publicly noticed agenda report, including upcoming joint meetings with the City Council for budget review.

Chair O'Neill opened the meeting for public comment. Seeing none, Chair O'Neill closed public comments.

This item was received and filed. There was no further action taken.

### VII. ADJOURNMENT

The Finance Committee meeting adjourned at 3:58 p.m.

Attest:

\_\_\_\_\_  
Will O'Neill, Mayor/Chair  
Finance Committee

\_\_\_\_\_  
Date

DRAFT

**ITEM NO. 6A PROPOSED FISCAL YEAR 2024-25  
BUDGET  
ATTACHMENT A**

**LINK TO PROPOSED BUDGET:**

<https://ecms.newportbeachca.gov/WEB/DocView.aspx?id=2951141&dbid=0&repo=CNB>



**ITEM NO. 6A1 PROPOSED FISCAL YEAR 2024-25  
BUDGET  
ATTACHMENT A  
STAFF PRESENTATION**

# FY 2024-25 PROPOSED BUDGET

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Finance Committee Meeting – April 11, 2024

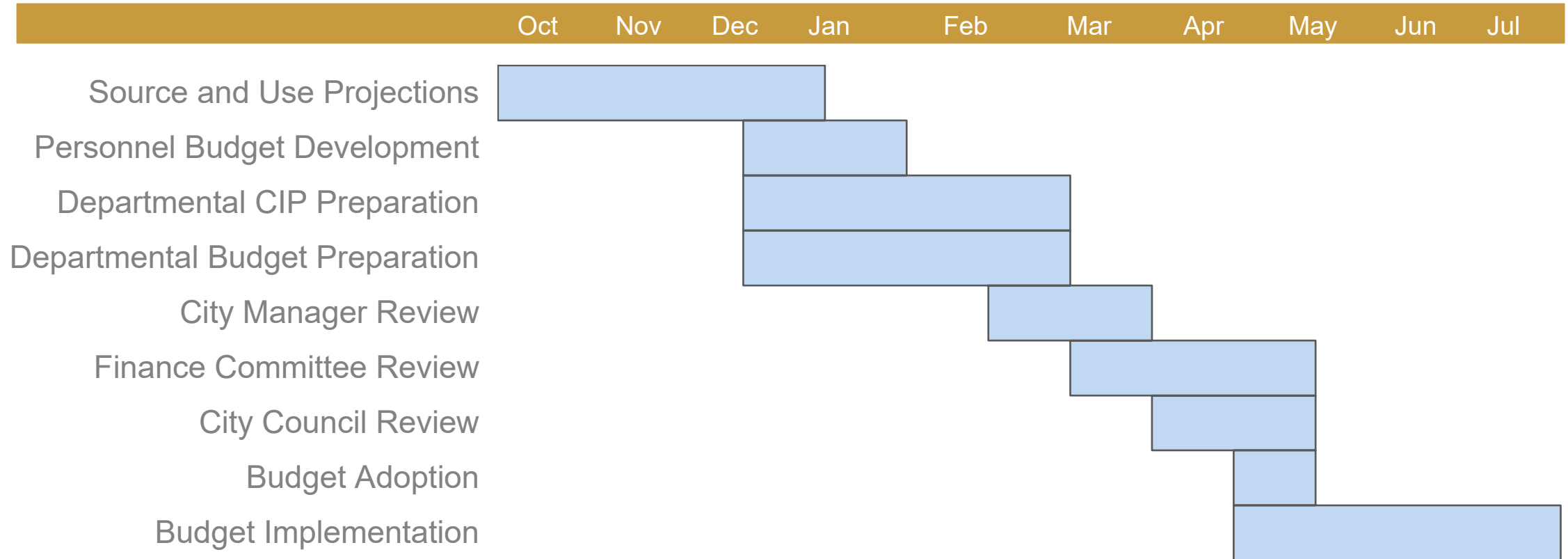


# PRINCIPLES GUIDING DEVELOPMENT OF THE BUDGET

- Budget Priorities:
  - Providing high quality municipal services that residents expect
  - Providing a safe and secure neighborhood
  - Keeping Newport Beach looking great
  - Maintaining a prosperous, fiscally sustainable, and economically viable city
- Additional Focus
  - Continued emphasis on elimination of the City's long-term liabilities
  - Ensuring proper funding of long-term infrastructure maintenance and replacement
  - Addressing key City Council priorities identified at the February 3, 2024, City Council Planning Session



# BUDGET DEVELOPMENT TIMELINE



# OPPORTUNITIES FOR PUBLIC ENGAGEMENT & CITY COUNCIL REVIEW OF THE BUDGET

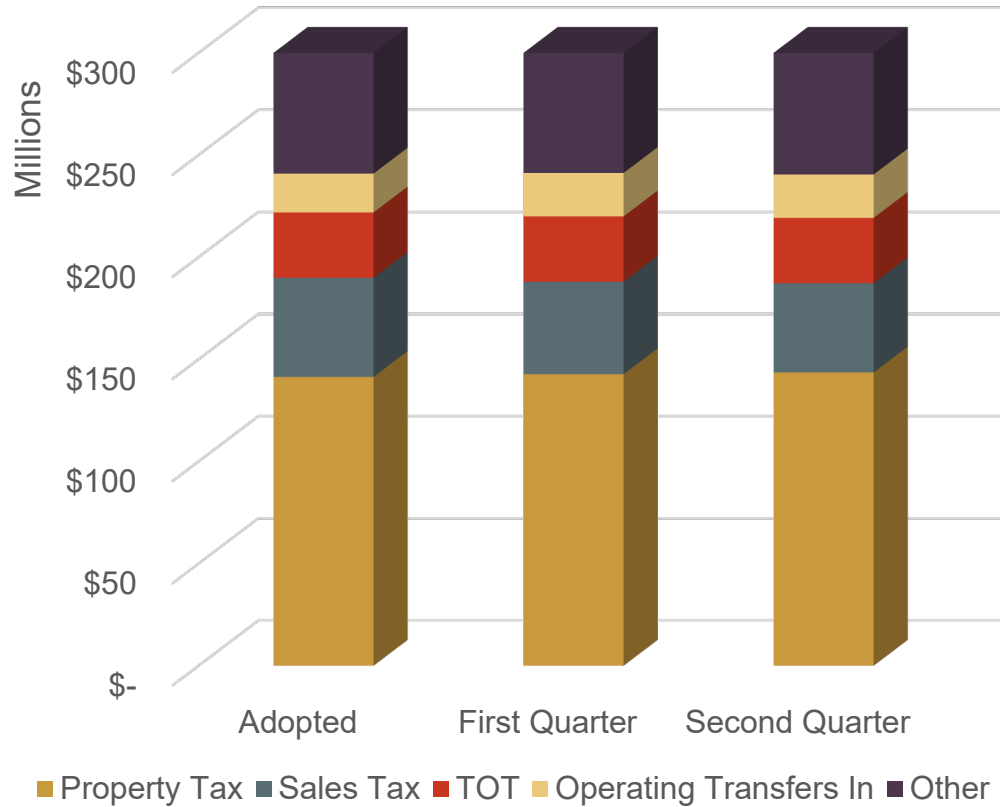
Date	Meeting Type	Meeting Purpose
Saturday, February 2, 2024	Special City Council Meeting	City Council Planning Session
Thursday, February 15, 2024	Finance Committee Meeting	Long-Range Financial Forecast (LRFF) update
Tuesday, March 12, 2024	City Council Study Session	Early Look at CIP Budget
Thursday, March 14, 2024	Finance Committee Meeting	Overview of FY 2024-25 Revenue Projections
<b>Thursday, April 11, 2024</b>	<b>Finance Committee Meeting</b>	<b>Proposed FY 2024-25 Expenditure Budget Review</b>
Thursday, May 9, 2024	Finance Committee Meeting	Follow-up Discussion of Proposed Budget and Performance Metrics
Tuesday, May 28, 2024	Joint City Council/Finance Committee Study Session	FY 2024-25 Operating Budget Review
Thursday, May 30, 2024	Finance Committee Meeting	Finalize Recommendations to City Council
Tuesday, June 11, 2024	City Council Public Hearing	Adoption of FY 2024-25 Budget





## FY 2023-24 BUDGET STATUS

# RECAP OF SECOND QUARTER BUDGET UPDATE - GENERAL FUND REVENUES



Adopted Revenue Budget	\$ 304 million
First Quarter Projection	\$ 307.6 million
Second Quarter Projection	\$ 308.8 million

- Projected Revenues are \$4.8 million (1.6%) higher than the adopted budget
- Primary variances from adopted budget:
  - Property Tax + \$2.2 million
  - Sales Tax - \$4.8 million
  - Operating Transfers In + \$2.2 million
  - Other + \$5.2 million



# RECAP OF SECOND QUARTER BUDGET UPDATE – GENERAL FUND EXPENDITURES

**Adopted Budget**                      **\$ 293.9 million**

**Revised Budget**                      **\$ 309.5 million**

**Second Quarter Projection**      **\$ 304.8 million**

- Material appropriations to the budget include:
  - \$5 million appropriation of funds transferred to the Facilities Financial Plan Fund and General Fund Capital Improvement Program Fund for future capital needs.
  - \$5 million appropriation to increase the amount paid to CalPERS towards the unfunded pension liability (from \$40 million to \$45 million).
- Budget savings of \$4.7 million projected, largely from vacancy savings.





# RECAP OF SECOND QUARTER BUDGET UPDATE

- \$7.7 million surplus projected for FY 2023-24 based on the Second Quarter Budget Update
- Additional positive revenue adjustments and expenditure savings will likely be identified as the year progresses, as is usually the case
- Year-end surplus typically used to fund required increase to Contingency Reserve (estimated to be \$3.1 million), as well as in accordance with Council Policy F-5



Category	A Revised Budget	B Q2 Projection
<b>Beginning Fund Balance Reserves</b>	<b>\$ 15,254,999</b>	<b>\$ 15,254,999</b>
<b>Operating Resources:</b>		
Operating Revenues	286,992,817	287,585,213
Prior Year Resources Carried Forward	5,465,426	5,465,426
Transfers In from Other Funds	21,251,267	21,251,267
Repayment of Advances	1,250,000	1,250,000
<b>Total Operating Resources</b>	<b>314,959,510</b>	<b>315,551,906</b>
<b>Operating Uses:</b>		
Operating Expenditures	275,019,474	270,274,527
Transfers Out	34,489,271	34,489,271
<b>Total Operating Uses</b>	<b>309,508,745</b>	<b>304,763,798</b>
<b>Net Operating Surplus</b>	<b>5,450,764</b>	<b>10,788,108</b>
<b>Non-Operating Resources &amp; Uses</b>		
Transfers Out	(18,293,751)	(18,293,751)
Transfer in ARPA Funds		5,226,643
Transfer out to FFP		(5,226,643)
<b>Total Non-Operating Resources &amp; Uses</b>	<b>(18,293,751)</b>	<b>(18,293,751)</b>
<b>Net Change in Fund Balance</b>	<b>(12,842,987)</b>	<b>(7,505,643)</b>
<b>Ending Fund Balance Reserves</b>	<b>\$ 2,412,012</b>	<b>\$ 7,749,356</b>



# FISCAL YEAR 2024-25 ALL FUNDS BUDGET OVERVIEW

# SUMMARY OF ALL FUNDS - EXPENDITURES

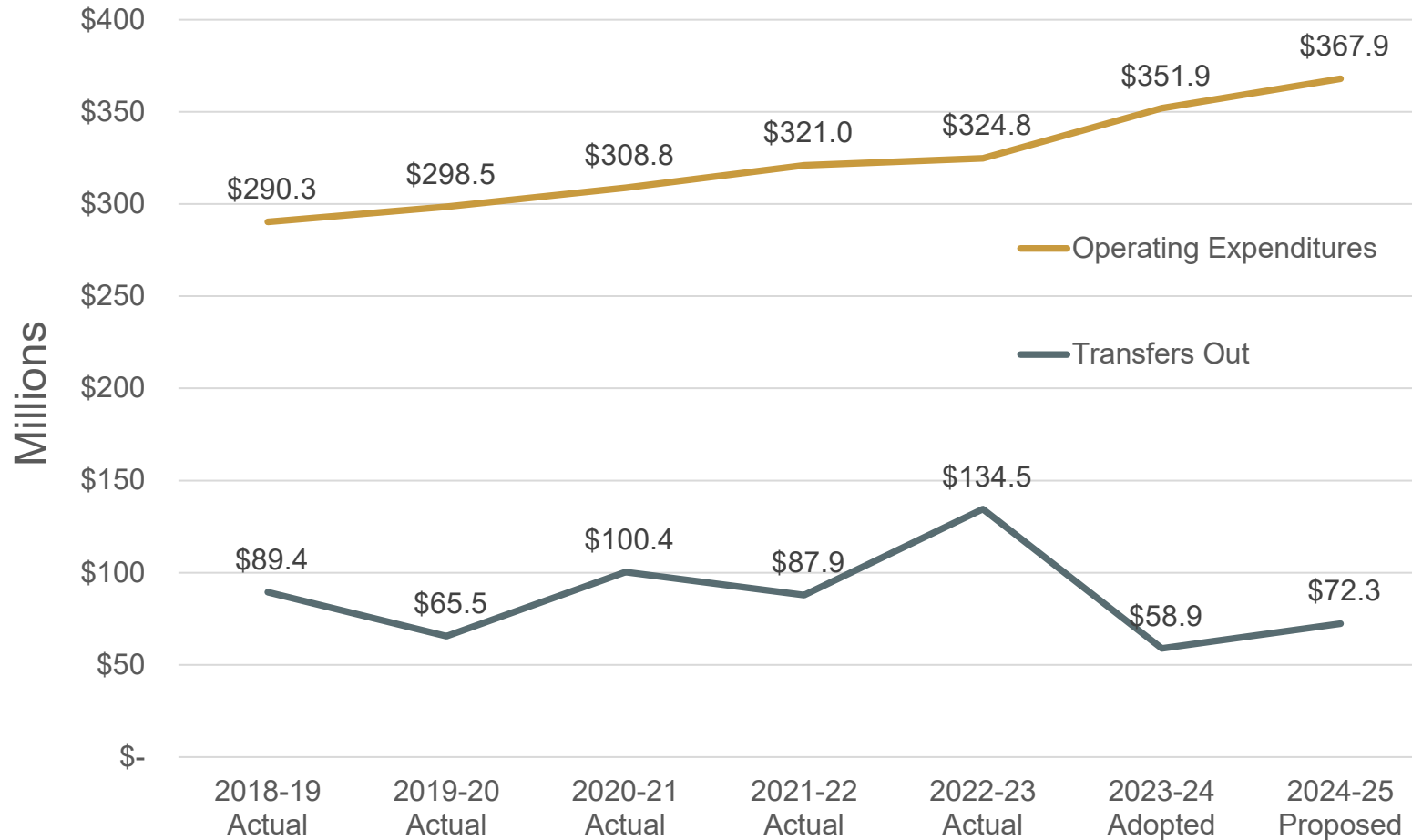
	FY 21 Adopted	FY 22 Adopted	FY 23 Adopted	FY 24 Adopted	FY 25 Proposed	% Variance
Operating Budget	290,407,369	291,523,400	330,919,923	351,870,115	367,936,823	4.6%
Transfers Out	27,979,154	39,075,536	53,035,836	58,859,125	72,312,196	22.9%
CIP New Appropriations	31,377,224	35,506,078	71,030,292	29,375,044	56,464,000	92.2%
<b>Total Budget</b>	<b>349,763,747</b>	<b>366,105,014</b>	<b>454,986,051</b>	<b>440,104,284</b>	<b>496,713,019</b>	<b>12.9%</b>

- 4.6% growth in operating budget, primarily due to:
  - COLA and step increases considerations
  - Proposed Program Enhancement Requests
- 22.9% growth in transfers out, primarily due to increased transfers out in FFP, HBMP, Parks Master Plan, GF CIP, transfers from Water Enterprise to Water Capital fund for CIP projects, and a transfer from FFP to the Parks & Community Center Fund.

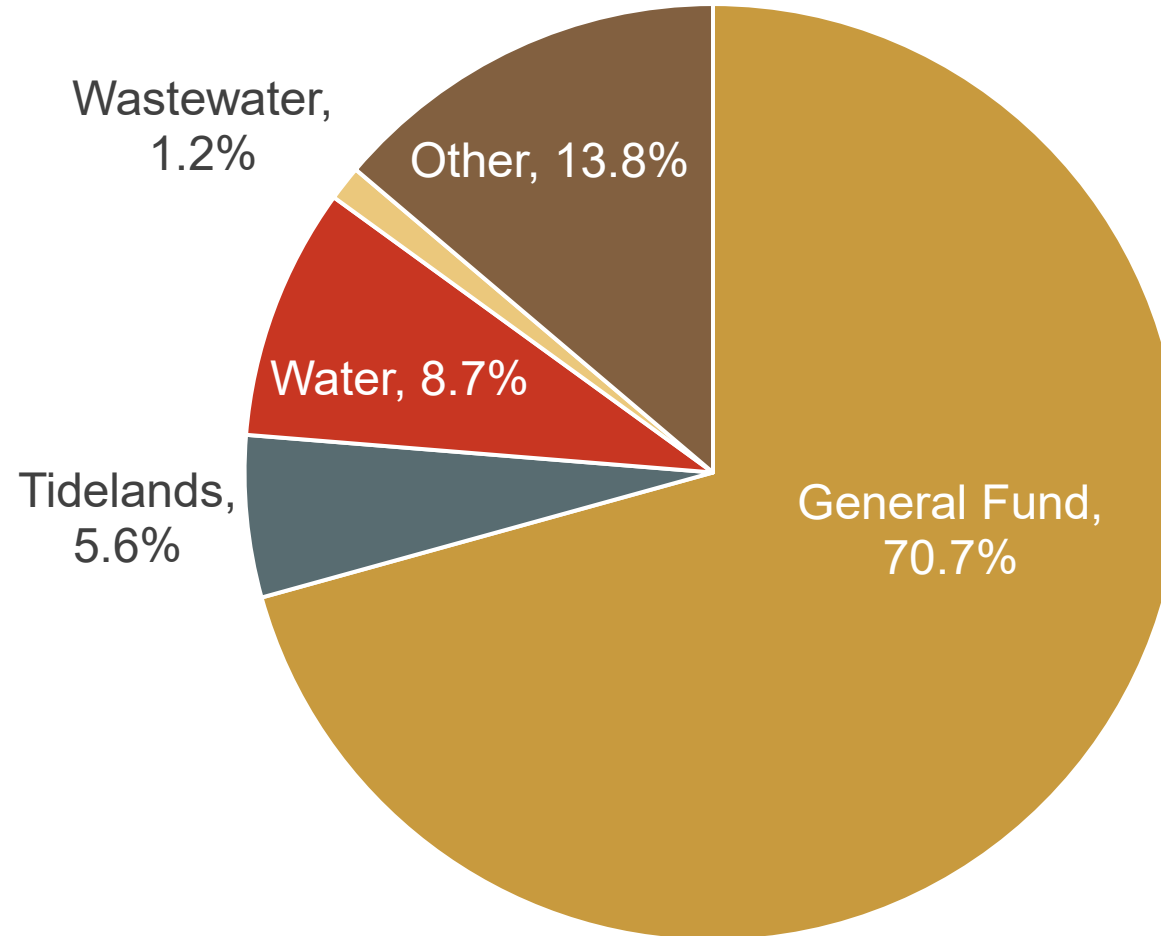
Note: Prior year amounts have been restated to align with current accounting for Tideland expenditures



# ALL FUNDS OPERATING EXPENDITURES TREND



# OPERATING EXPENDITURES BY FUND



# MAJOR FUND OPERATING EXPENDITURES

	FY 21 Adopted	FY 22 Adopted	FY 23 Adopted	FY 24 Adopted	FY 25 Proposed	% Variance
General Fund	225,858,038	246,163,632	276,111,174	293,917,485	311,251,957	5.9%
Tidelands Fund	20,084,234	20,727,144	20,978,717	23,312,029	24,579,410	5.4%
Water Enterprise Fund	27,969,925	27,933,241	32,069,765	33,623,346	38,347,276	14%
Wastewater Enterprise Fund	4,284,105	3,956,840	4,884,651	5,097,917	5,289,276	3.8%
Other Funds	57,319,375	49,408,984	49,911,451	54,778,463	60,780,872	11%
	<b>335,515,677</b>	<b>348,189,842</b>	<b>383,955,759</b>	<b>410,729,240</b>	<b>440,249,019</b>	<b>7.2%</b>

Note: Amounts Include Operating Expenditures and Transfers

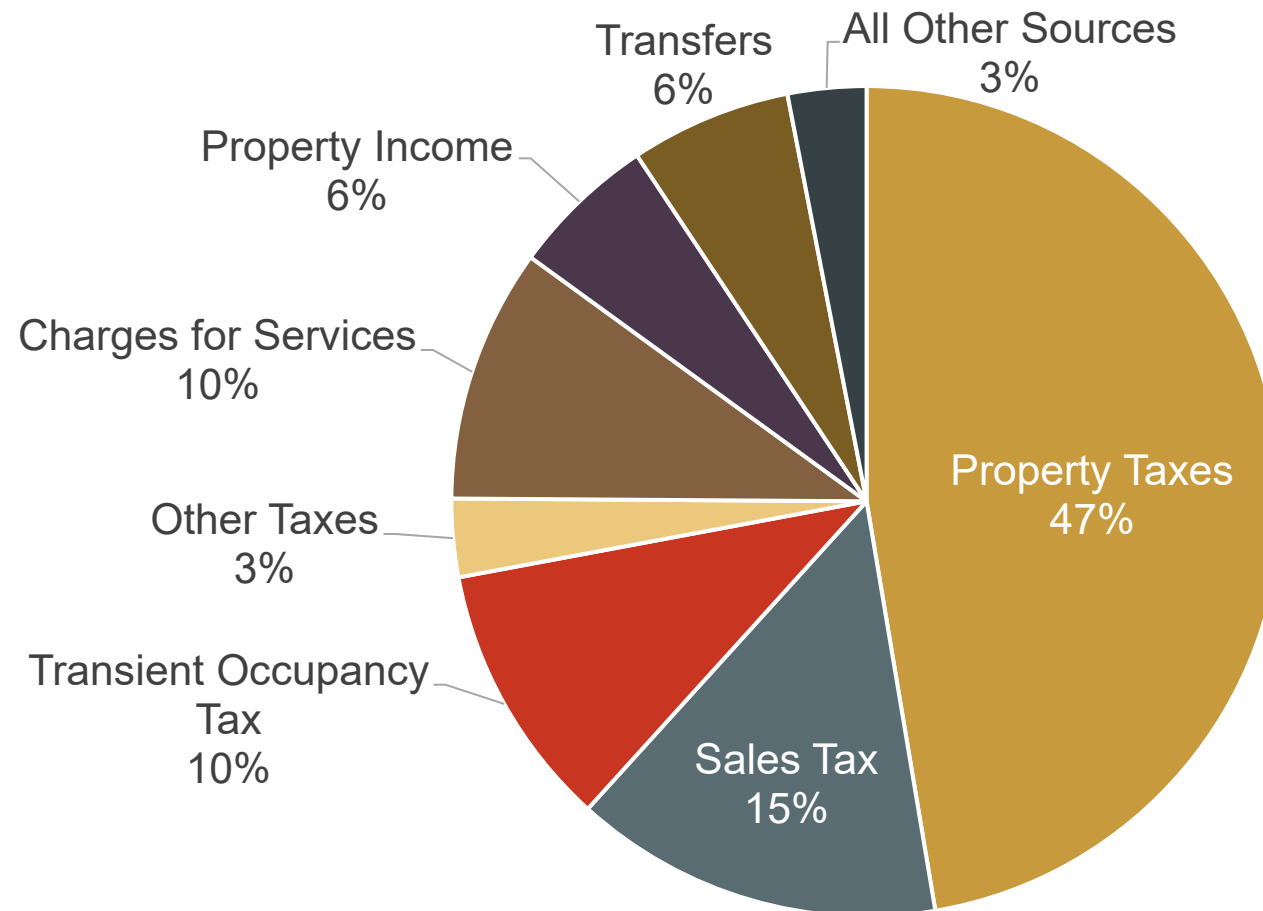
- General Fund growth of 5.9% outlined in detail on subsequent slides
- Tidelands Fund growth of 5.4% primarily due to:
  - Updated Cost Allocation Plan
  - Program Enhancement Requests
- Water Fund increases largely due to transfer to capital fund for CIP





## GENERAL FUND BUDGET OVERVIEW

# GENERAL FUND REVENUE SOURCES



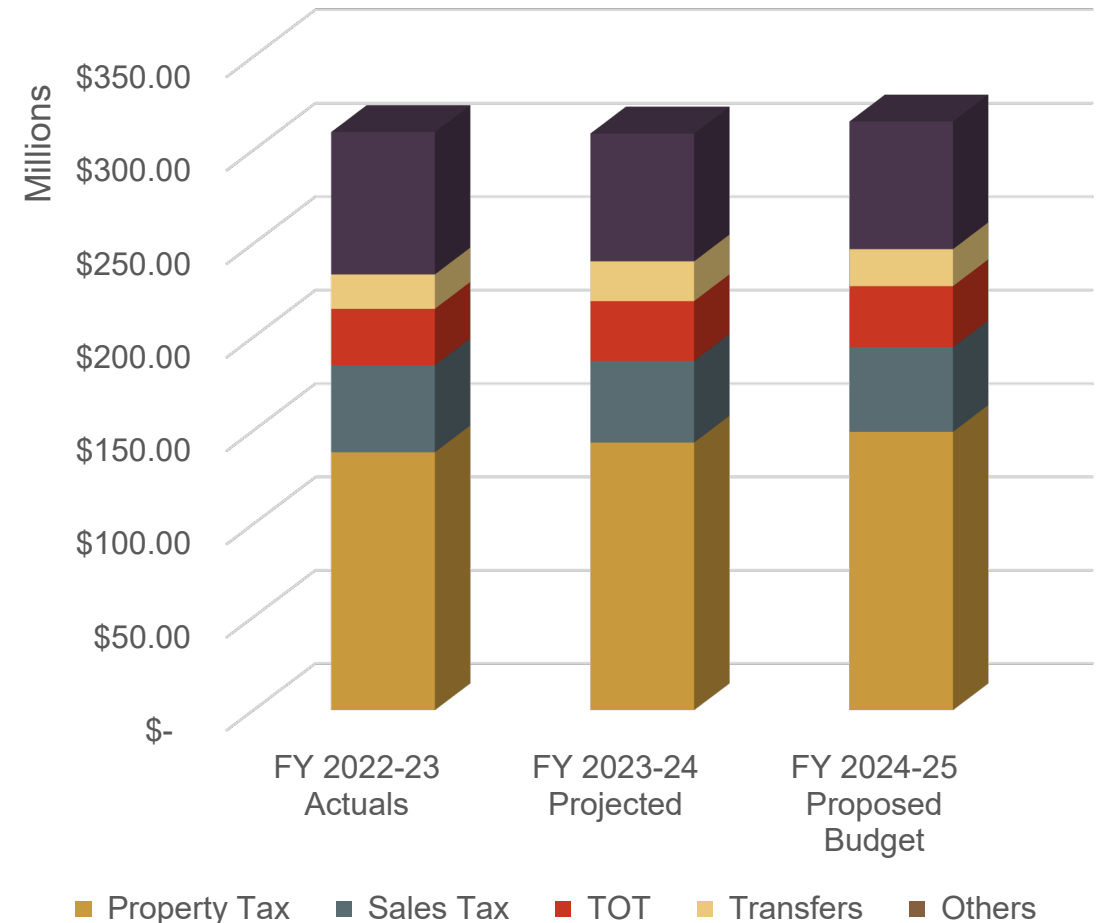


# FY 2024-25 GENERAL FUND REVENUES

**2023-24 Projected** **\$ 308.8 million**

**2024-25 Proposed** **\$ 315.3 million**

- Projected revenues for FY 2024-25 are \$6.5 million (2.1%) higher than amounts currently projected for FY 2023-24
- Primary drivers of revenue growth due to:
  - Property Tax + \$5.7 million (4.0%)
  - Sales Tax + \$1.6 million (3.6%)
  - Transient Occupancy Tax + \$0.6 million (2.0%)
  - Service Fees & Charges + \$0.6 million (2.5%)

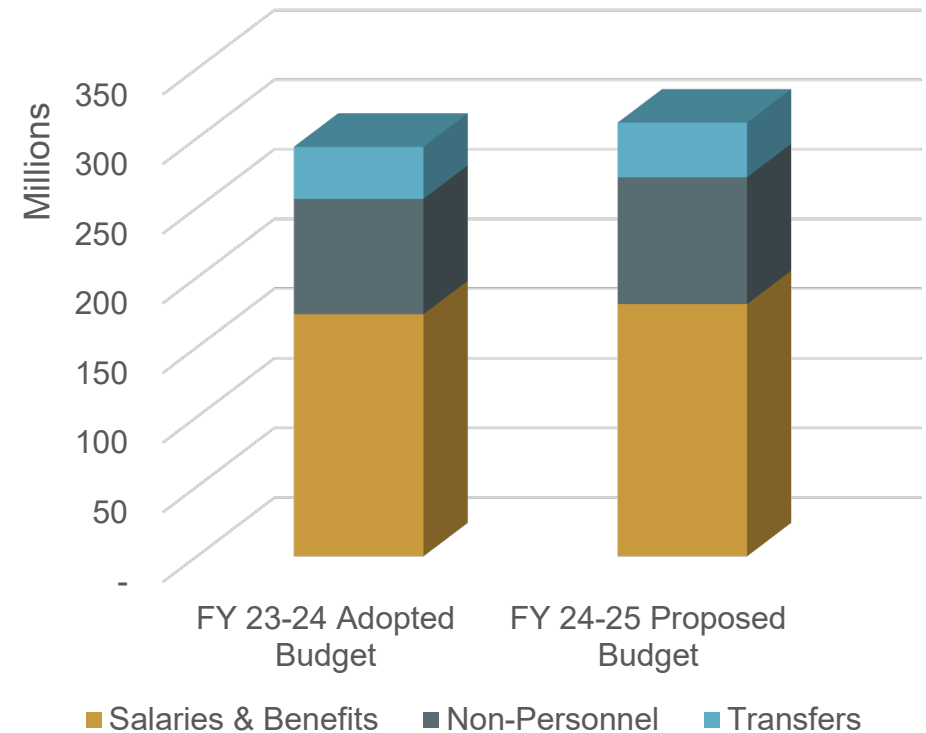


# GENERAL FUND EXPENDITURES FOR FY 2024-25

**2023-24 Adopted Budget**      **\$ 293.9 million**

**2024-25 Proposed Budget**      **\$ 311.3 million**

- The Proposed Budget for FY 2024-25 reflects:
- 5.9% increase over FY 2023-24 Adopted Budget
- \$40 million allocated to paying down the City's unfunded pension liability
- \$1.8 million in program enhancements



# SIGNIFICANT REASONS FOR BUDGET GROWTH OF 5.9%

	Amount	% Change
Increases in Internal Service Charges	1,781,524	0.6%
GF Program Enhancements (Gross, \$730k offsetting revenues)	1,830,907	0.6%
CPI increases to M&O Budgets	1,125,197	0.4%
Other Routine Personnel (COLA, PERS rate changes)	7,710,503	2.6%
Dove Street Property Expenses	1,650,000	0.6%
Remove One-time FY24 Enhancements		
Police Recruitment Assistance	(880,000)	-0.3%
New Ambulance	(650,000)	-0.2%
Increase in base Transfers (Tidelands, 2.5% index in HBMP)	966,340	0.3%
New increases to transfers		
GF CIP	500,000	0.2%
FFP	1,000,000	0.3%
HBMP	1,000,000	0.3%
Parks	1,300,000	0.4%
<b>Total Increase</b>	<b>17,334,471</b>	<b>5.9%</b>



# GENERAL FUND EXPENDITURES BY DEPARTMENT

	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	2023-24 Adopted	2024-25 Proposed	% Variance
City Council	848,125	841,003	909,554	924,218	931,993	0.8%
City Clerk	1,206,539	1,080,305	1,265,760	1,191,331	1,427,452	19.8%
City Attorney	2,708,230	2,725,458	2,350,264	2,526,824	2,661,605	5.3%
City Manager	3,543,321	4,571,940	5,992,008	6,760,029	7,268,998	7.5%
Human Resources	3,423,267	3,448,725	3,440,696	3,770,070	3,937,952	4.5%
Finance	9,573,969	9,667,618	9,982,311	10,275,379	10,476,613	2.0%
Police	67,002,345	67,401,926	71,622,531	73,415,698	78,156,707	6.5%
Fire	54,790,911	55,861,885	60,255,549	64,405,996	65,865,961	2.3%
Community Development	12,525,476	12,772,405	13,798,699	14,937,632	17,233,367	15.4%
Library	9,559,849	9,655,108	9,432,008	10,259,001	10,818,892	5.5%
Recreation and Senior Services	13,325,836	13,360,496	13,627,977	15,394,067	16,151,132	4.9%
Public Works	37,274,177	41,305,237	44,397,921	46,594,485	48,680,984	4.5%
Utilities	5,033,549	5,144,631	5,649,416	5,982,258	6,156,003	2.9%
Miscellaneous Non-Operating	1,043,444	126,896	3,795,710	2,991,226	2,228,689	-25.5%
Vacancy Factor	(2,000,000)	(2,000,000)	(2,000,000)			0.0%
<b>SubTotal</b>	<b>219,859,038</b>	<b>225,963,632</b>	<b>244,520,405</b>	<b>259,428,214</b>	<b>271,996,346</b>	<b>4.8%</b>
Transfers Out	6,000,000	20,200,000	31,597,269	34,489,271	39,255,611	13.8%
<b>Total</b>	<b>225,859,038</b>	<b>246,163,632</b>	<b>276,117,674</b>	<b>293,917,485</b>	<b>311,251,957</b>	<b>5.9%</b>



# GENERAL FUND TRANSFERS OUT

	2020-21 Adopted	2021-22 Adopted	2022-23 Adopted	2023-24 Adopted	2024-25 Proposed	% Variance
General Fund CIP	5,000,000	5,700,000	5,530,000	6,000,000	6,500,000	8.3%
Facilities Financing Plan (FFP)		8,500,000	8,600,000	444,141	1,285,152	189.4%
Harbor & Beaches Master Plan Facilities Maintenance Plan (FMP)	1,000,000	4,500,000	4,600,000	4,715,000	5,832,875	23.7%
Tidelands Operating Fund			9,987,817	11,152,510	12,256,805	9.9%
Parks Specific CIP Projects				1,000,000	2,300,000	130.0%
Fire Equipment Fund			379,452			0.0%
Debt Service Fund				8,677,620	8,580,779	-1.1%
<b>Total</b>	<b>6,000,000</b>	<b>20,200,000</b>	<b>31,597,269</b>	<b>34,489,271</b>	<b>39,255,611</b>	<b>13.8%</b>

- General Fund CIP transfer increased by \$500,000
- Increases to FFP and HBMP
- Increase to Tidelands subsidy transfer as needed to support Tidelands Fund.
- Additional \$1.3 million transfer added to support parks infrastructure projects.



## GENERAL FUND INTERNAL SERVICE FUND CHARGES

- Insurance charges are increasing due to increasing premiums, particularly Workers Compensation which increased by 30%.
- Compensated Absences is based on 3.5% of fulltime salaries, increases are due to COLAs, Merit Increases, and new positions added.

	FY 21 Adopted	FY 22 Adopted	FY 23 Adopted	FY 24 Adopted	FY 25 Proposed	% Variance
Information Technology	6,639,228	6,595,085	6,888,238	7,358,798	7,477,883	1.6%
Vehicle Replacement	2,714,673	3,327,141	3,922,740	3,730,547	3,844,299	3.0%
Equipment Replacement	2,672,067	2,779,552	2,822,871	3,159,080	3,144,267	-0.5%
Insurance	9,440,982	7,866,768	10,777,438	11,199,865	12,804,430	14.3%
OPEB	4,510,345	4,510,345	3,778,920	3,964,953	3,974,618	0.2%
Compensated Absences	2,440,698	2,481,372	2,562,839	2,716,447	2,957,695	8.9%
<b>Total</b>	<b>\$ 28,417,993</b>	<b>\$ 27,560,262</b>	<b>\$ 30,753,045</b>	<b>\$ 32,129,690</b>	<b>\$ 34,203,192</b>	<b>6.5%</b>





## PROGRAM ENHANCEMENTS & STAFFING CHANGES

# SUMMARY OF RECOMMENDED ENHANCEMENTS

Fund Name	Department	Description	Budget Increase
General Fund	Fire	Building Maintenance Budget Increases	40,000
General Fund	Police	FLOCK ALPR System	283,500
General Fund	Police	Fusus Intelligence Ecosystem Subscription	100,000
General Fund	Police	July 4th Outside Agency Staffing	40,000
General Fund	Police	Mounted Enforcement Unit	20,000
General Fund	Police	Uniform Expense	15,000
General Fund	Public Works	Increase Contract Services for Streets and Beaches	50,000
General Fund	Public Works	Maintenance for New City Facilities	40,000
General Fund	Recreation & Senior Services	Increase in Recreation Programming	232,500
General Fund	Recreation & Senior Services	Increase in Maintenance & Repair	6,500
General Fund	Various	Personnel Changes	1,003,406
Asset Forfeiture Fund	Police	CIC Software & Equipment	50,000
Asset Forfeiture Fund	Police	Use of Force Immersive Training Simulator	196,000
Environmental Liability Fund	Community Development	Personnel Changes	30,356
Tide & Submerged Lands Fund	Harbor	Increase Capital accrual for replacement patrol vessel	100,000
Tide & Submerged Lands Fund	Harbor	Increase Budget for Crane Maintenance	30,000
Tide & Submerged Lands Fund	Harbor	Personnel Changes	2,170
Water Fund	Utilities	Personnel Changes	19,048
<b>Grand Total</b>			<b>2,258,480</b>





# KEY GENERAL FUND PROGRAM ENHANCEMENTS

## Police Department

- New Crime Information Center (CIC)
  - Addition of 3 Police Civilian Investigators - \$359,000
  - Automated License Plate Reader System \$283,500
  - Fusus Intelligence Ecosystem - \$100,000
  - CIC Software & Equipment - \$50,000 (Asset Forfeiture Funds)
- Use of Force Immersive Training Simulator - \$196,000 (Asset Forfeiture Funds)
- Addition to Outside Agency Staffing for the Fourth of July - \$40,000
- Mounted Enforcement Unit - \$20,000
- Increase to budget for uniform expenses - \$15,000



# NON-PERSONNEL PROGRAM ENHANCEMENTS

- Other non-personnel enhancements include:
  - \$40,000 in Fire for building maintenance
  - \$40,000 in Public Works for maintenance for new city facilities
  - \$50,000 in Public Works for increase in contract services for Streets and Beaches
  - \$232,500 in Recreation & Senior Services for increased programming for youth programs as well as instructor payments at various community centers
  - \$100,000 increase to Harbor's capital budget to cover amount needed for replacement patrol vessel
  - \$30,000 increase in Harbor for crane maintenance

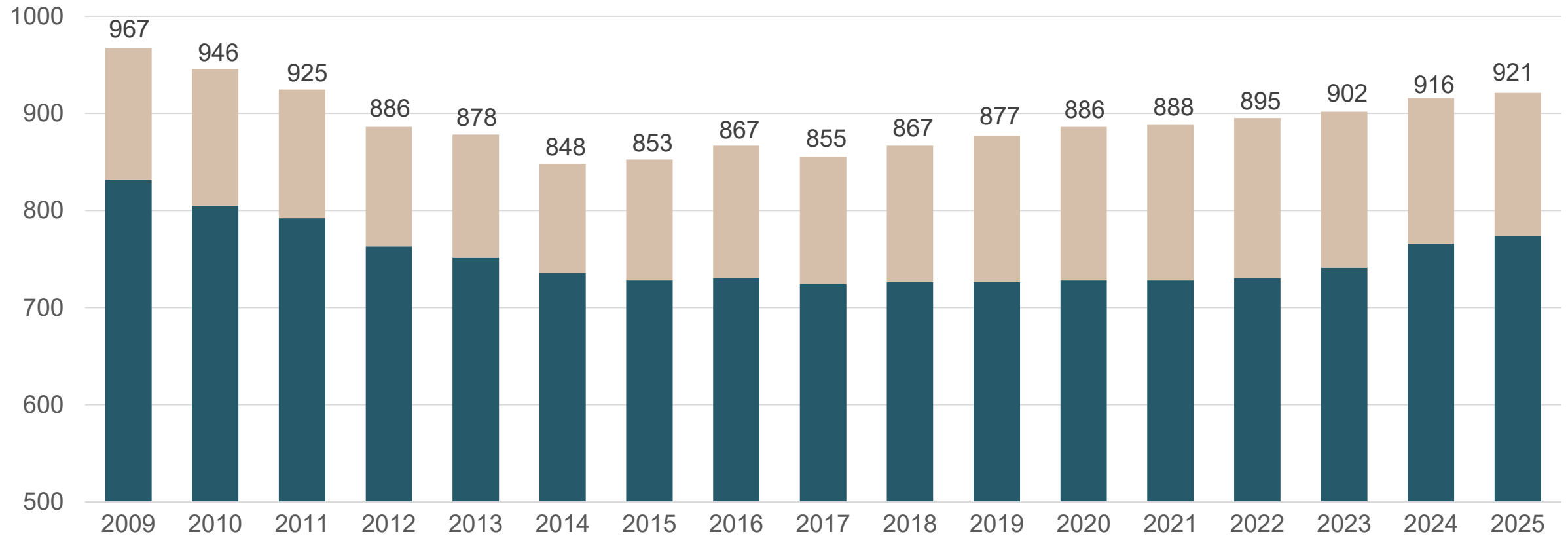


# PROPOSED ADDITIONAL STAFFING & OTHER PERSONNEL ENHANCEMENTS

Fund	Department	Item Description	Full-Time FTE Change	Part-Time FTE Change
<b>General Fund</b>	City Attorney	Increase Part-Time Paralegal FTE		0.25
	Community Development	Add FT Code Enforcement Officer II	1.00	-
	Community Development	Convert PT Code Enforcement Officer I to FT	1.00	(1.00)
	Community Development	Add Full Time Building Inspector II (Reduce Contract Services)	1.00	-
	CMO/IT	Reclassify Management Analyst to Sr. Management Analyst	-	-
	Fire	Firefighter to Firefighter Paramedic Position Adjustments	-	-
	Fire	Title Changes for Life Safety Specialists	-	-
	Police	Add 3 Police Civilian Investigators	3.00	-
	Public Works	Add Engineering Technician	1.00	-
	Public Works	Reclassify Senior Civil Engineer to Principal Engineer	-	-
	Recreation & Senior Serv.	Reduce Preschool Program Staff Expenditures	-	(1.45)
	<b>Total General Fund</b>		<b>7.00</b>	<b>(2.20)</b>
<b>Tidelands</b>	Harbor	Reclassify Department Assistant to Administrative Assistant	-	-
	<b>Total Tidelands Fund</b>		<b>-</b>	<b>-</b>
<b>Environmental Liability Fund</b>	Community Development	Convert PT Code Enforcement Officer I to FT	1.00	(0.50)
<b>Water Enterprise Fund</b>	Utilities	Reclassify Maintenance Aides to Utilities Specialists	-	-
<b>Total Other Funds</b>			<b>1.00</b>	<b>(0.50)</b>
<b>Total Personnel Program Enhancements</b>			<b>8.00</b>	<b>(2.70)</b>



## CHANGES IN TOTAL STAFFING 2009 – NOW





## GENERAL FUND RESERVES AND SURPLUS

# GENERAL FUND SOURCES AND USES

	FY 2023-24 Projected	FY 2024-25 Proposed
<b>Beginning Unrestricted Fund Balance</b>	<b>\$ 15,254,999</b>	<b>\$ -</b>
Operating Revenues & Transfers In	\$ 308,836,480	\$ 315,298,822
Operating Expenditures & Transfers Out	\$ (304,763,798)	\$ (311,251,957)
Repayment of Advances	\$ 1,250,000	\$ 1,250,000
Prior Year Resources Carried Forward	\$ 5,465,426	\$ -
Non-Operating Transfers Out	<u>\$ (18,293,751)</u>	<u>\$ -</u>
<b>Preliminary Ending Unrestricted Fund Balance</b>	<b>\$ 7,749,356</b>	<b>\$ 5,296,865</b>
Increase in Contingency Reserve (estimated)	\$ (3,128,408)	\$ -
Additional CalPERS UAL Payment	<u>\$ -</u>	<u>\$ (5,000,000)</u>
<b>Final Ending Unrestricted Fund Balance</b>	<b>\$ 4,620,948</b>	<b>\$ 296,865</b>



## GENERAL FUND SURPLUS FOR FY 2024-25

- The baseline budget includes \$40 million allocated towards paying down the city's pension liability.
- It is recommended that an additional \$5 million appropriation be made at the time of budget adoption to bring the total paid towards the city's pension liability to \$45 million, which is approximately \$15 million more than what is required to be paid and is anticipated to result in eliminating the city's pension liability in 2033.
- A structural surplus of \$297,000 is projected for FY 2024-25, which takes into consideration the recommended budget amendment in the amount of \$5 million to appropriate additional funds towards the city's pension liability.



## RECAP: KEY MESSAGES

- Proposed General Fund budget for FY 2024-25 is balanced
- Updated and comprehensive savings plans for long-term capital needs
- Maintained pension UAL payment of \$45 million resulting in paydown of the liability in 2033
- Structural General Fund budget surplus of \$297,000 is projected for FY 2024-25 subject to the Council's direction as to possible additional resource allocations





# QUESTIONS?





**CITY OF NEWPORT BEACH  
FINANCE COMMITTEE  
STAFF REPORT**

Agenda Item No. 6B  
April 11, 2024

**TO:** HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Jason Al-Imam, Finance Director/Treasurer  
949-644-3123 or [jalimam@newportbeachca.gov](mailto:jalimam@newportbeachca.gov)

**SUBJECT: BUDGET AMENDMENTS FOR QUARTER ENDING MARCH 31, 2024**

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**EXECUTIVE SUMMARY**

The purpose of this memorandum is to report on the budget amendments for the third quarter of Fiscal Year 2023-24. All budget amendments are in compliance with City Council Policy F-3, Budget Adoption and Administration.

**DISCUSSION**

City Council Policy F-3, Budget Adoption and Administration, identifies how appropriations can be transferred, increased or reduced. The Finance Committee reviews a quarterly report of City Council and City Manager budget amendments including their effect on fund balance. Please find the list of budget amendments included as Attachment A.

Prepared by:

Submitted by:

/s/ Anthony Alannouf  
Anthony Alannouf  
Budget Analyst

/s/ Jason Al-Imam  
Jason Al-Imam  
Finance Director/Treasurer

Attachment:

- A. Budget Amendments Fiscal Year 2023-24 Quarter Ending March 31, 2024

# **ATTACHMENT A**

**BUDGET AMENDMENTS FISCAL YEAR 2023-24 QUARTER  
ENDING MARCH 31, 2024**

**City of Newport Beach  
Fiscal Year 2023-24 Budget Amendments  
Quarter Ending March 31, 2024**

BA #	Date	Amendment Type	Fund	Revenues	Expenditures	Net Effect on Fund Balance Increase/(Decrease)	Department	Explanation
18	02/21/2024	CM	GENERAL FUND	2,234.70	2,234.70	-	Police	Recognize revenue and appropriate additional expense to PD Traffic for additional crossing guard services provided to and paid by Newport-Mesa Unified School District (NMUSD) during Summer School.
40	02/21/2024	CC	GENERAL FUND CAPITAL PROJECTS		14,930.00	(14,930.00)	Public Works	To appropriate funding to the Newport Boulevard Landscape Improvements Project (Industrial Way to Pacific Coast Highway) & West Coast Highway Landscaping Improvements (West City Limits to Highland St) from fund balance of the General Fund CIP Fund as well as the Neighborhood Enhancement Fund.
			NEIGHBORHOOD ENHANCEMENT		249,729.71	(249,729.71)	Public Works	
41	01/09/2024	CC	CONTRIBUTIONS FUND	689,699.00	656,856.00	32,843.00	Public Works	Accept and appropriate funds from OC Sanitation District for the West Coast Highway Joint Manhole & Valve Adjustments project.
42	02/21/2024	CC	CONTRIBUTIONS FUND	5,243,968.00	5,243,968.00	-	Public Works	To appropriate and fund the remainder of the Library Lecture Hall Project (19F11) by transferring funds from the Facilities Financing Plan Fund (FFP) to the Contributions Fund and the Parks & Community Centers Fund, and increasing the revenue in the FFP to capture the remainder of the reimbursement from the Newport Beach Public Library Foundation
			PARKS & COMMUNITY CENTERS	5,243,968.00	5,243,968.00	-	Public Works	
			FACILITIES FINANCING PLAN	5,243,968.00	10,487,936.00	(5,243,968.00)	Public Works	
43	02/21/2024	CM	GENERAL FUND CAPITAL PROJECTS	-	-	-	Public Works	To move funds from Fund 012 project 23L01 to Fund 012 project 24L01. Per Council Policy F-3 (E.7.b.), project appropriation transfers of this nature shall require the approval of the City Manager.
			WATER CAPITAL FUND	-	-	-	Public Works	
			WASTEWATER ENTERPRISE FUND	-	-	-	Public Works	
44	01/09/2024	CC	ENVIRONMENTAL LIABILITY FUND	-	100,411.00	(100,411.00)	Public Works	To appropriate funds from the unappropriated Environmental Liability Fund Fees balance for the San Diego Creek Trash Interceptor.
45	01/23/2024	CC	GENERAL FUND	1,159,970.00	210,882.69	949,087.31	Fire	Payment to State of California for Participation in PP-GEMT-IGT for State Calendar Year 2024 and to recognize received amounts for the CY 2023 program and CY 2024 program.
46	01/02/2024	CM	GENERAL FUND	350.00	350.00	-	Library	To recognize revenues in the Private Donations and Library Foundation Revenue accounts from the donation of patrons, and to increase expenses in the Library Materials budget for Library Administration and Literacy Services.
47	02/21/2024	CC	CONTRIBUTIONS FUND	27,600.00	27,600.00	-	Public Works	To appropriate funds from the current capital improvement program savings for Contract No. 8925-2 project 23R11.
			STATE GAS TAX FUND		1,079,359.00	(1,079,359.00)	Public Works	
			MEASURE M FUND		390,765.00	(390,765.00)	Public Works	
			SB1 GAS TAX RMRA FUND		79,905.00	(79,905.00)	Public Works	
			PCH RELINQUISHMENT		76,616.00	(76,616.00)	Public Works	
48	01/22/2024	CM	GENERAL FUND	29,484.00	29,484.00	-	Recreation	To recognize revenues from the Aquatic Center Grant FY2022-23 allocation in Marina Park Sailing and increase expenditures associated with the grant in Marina Park Community Center - Equipment NOC.
49	02/13/2024	CC	GENERAL FUND	120,000.00	64,000.00	56,000.00	Recreation	To increase revenue estimates and expenditure budget due to the update in charges to the City for the contract with Active Net software. The City will be charged a flat 3% CC processing fee and an annual \$64,000 technology for the software subscription. It is estimated that this will lead to budget savings of approximately \$56,000.
50	02/13/2024	CC	EQUIPMENT FUND	-	378,205.41	(378,205.41)	Fire	To refurbish the 2015 Pierce Aerial Ladder Truck with Pump. The cost to remove the pump and refurbish the truck is expected to offset maintenance costs related to the weight of the pump for the remaining service life of the truck and more importantly, provide for safe, reliable operation and use.
51	02/12/2024	CM	CONTRIBUTIONS FUND	5,000.00	5,000.00	-	Public Works	Accept funds from the City of Costa Mesa contributions and appropriate the funds to the Slurry Seal Program, project 24R04.
52	02/27/2024	CC	GENERAL FUND	-	120,000.00	(120,000.00)	Utilities	To amend the existing on-call agreement with Charles King Company (C-9236-1) for temporary pumping services and increase the agreement to cover current and foreseeable temporary pumping for the continued situation on Galaxy Drive. The original agreement was approved for \$50,000.00 amended twice by \$200,000.00.
53	02/13/2024	CM	GENERAL FUND	-	-	-	Library	To transfer funds from Library Foundation Publications & Dues NOC to Office Furniture/Fixtures

**City of Newport Beach  
Fiscal Year 2023-24 Budget Amendments  
Quarter Ending March 31, 2024**

BA #	Date	Amendment Type	Fund	Revenues	Expenditures	Net Effect on Fund Balance Increase/(Decrease)	Department	Explanation
54	03/12/2024	CC	GENERAL FUND	-	36,748.02	(36,748.02)	Community Development	To increase expenditures for costs related to the Unpermitted Commercial Use of Public Property Impounds fee.
55	02/21/2024	CM	GENERAL FUND	10,000.00	10,000.00	-	Library	To recognize revenues in the Cultural and Arts Private Donation and Contributions account, transfer budget from the Cultural Arts Programming and Services Professional accounts, and increase expenditures in the Cultural and Arts Sculpture Garden Phase 9 account.
56	02/27/2024	CM	GENERAL FUND	-	-	-	City Clerk	There was a major overhaul of Council Policies which effected Newport Beach Municipal Code. Policies are changed by Ordinance and the overhaul resulted in Code Publishing, the City's Code Publisher, to updated 879 pages of Municipal Code. This update resulted in a single invoice which is accounts for 95% of the entire year's budget for this line item.
57	03/11/2024	CM	GENERAL FUND	-	-	-	Library	To transfer budget from the Library Foundation New PC Purchases to Software License Renewal
58	03/26/2024	CC	CONTRIBUTIONS FUND	31,872.75	159,250.85	(127,378.10)	Public Works	Accept and recognize additional revenue and appropriate expenses as it relates to the Assessment District No. 111 and Underground Utilities District No. 22 Phases 2 & 3, Contract No. 7833-1 (Project# 21A11).
59	03/26/2024	CC	GENERAL FUND	-	750,000.00	(750,000.00)	Community Development	To transfer anticipated savings from the General Fund unappropriated balance to the General Plan CIP Account for the General Plan Update multi-year project.
			GENERAL FUND CAPITAL PROJECTS	750,000.00	750,000.00	-	Community Development	
			GENERAL FUND	5,226,642.00	-	-	Finance	
			FACILITIES FINANCING PLAN	5,226,642.00	286,361.00	4,940,281.00	Finance	
60	03/26/2024	CC	JR GUARDS CAPITAL PROJCTS	286,361.00	-	-	Finance	To transfer American Rescue Plan Act of 2021 (ARPA) funds from Junior Lifeguards Building Project (19F13) and City Yard Fueling Station Project (20F14) for the reimbursement to the city for public safety services incurred on fire operations. Transfers unappropriated General Fund balance to the FFP fund for future CIP projects.
			AMERICAN RESCUE PLAN ACT 2021	-	-	-	Finance	
61	03/12/2024	CM	MISCELLANEOUS GRANT FUND	9,911.00	9,911.00	-	Police	To increase estimated revenues and expenditures relating to the approved grant funding from the 2023 Edward Byrne Memorial Fund Justice Assistance Grant (JAG).
62	03/12/2024	CM	TIDE & SUBMERGED LANDS FUND	6,000.00	6,000.00	-	Harbor	To increase estimated revenues and expenditures relating to a grant from the Newport Harbor Foundation for the Support Installation of Lighting on Various Private Aids to Navigation (PATONs) in Newport Harbor.
63	03/13/2024	CM	GENERAL FUND	4,516.00	4,516.00	-	Library	To recognize revenues in the Library Admin SLS Grant Fund OC Library account and increase expenditures in the Library Materials account.
64	03/22/2024	CM	EQUIPMENT FUND	-	10,000.00	(10,000.00)	Fire	To cover costs for an undriveable unit due to a broken differential and to have it brought back to the facility via Pierce Flatbed.
65	03/22/2024	CM	GENERAL FUND	6,000.00	6,000.00	-	Library	To recognize revenues in the Library Foundation account and increase expenditures in the Literacy Services Library Materials and Library Foundation Programming accounts.

## Newport Beach Finance Committee Work Plan

Scheduled Date	Agenda Title	Report Type	Agenda Description
<b>May 2024</b>			
Thursday, May 9, 2024	Third Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2023-24 budget performance.
	Performance Metrics & Follow-Up Discussion of Proposed FY 2024-25 Budget	Discussion	Staff will provide the Committee with departmental performance metrics, which will be included with the proposed budget. This will be an opportunity to discuss the performance metrics and to continue April's discussion of the FY 2024-25 budget.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
	Joint City Council and Finance Committee Study Session	Presentation	Staff will present the FY 2024-25 proposed budget to the City Council and Finance Committee.
Tuesday, May 28, 2024	Financial Statement Auditor's Communication with the Finance Committee acting as the City's Audit Committee	Presentation	The City's external auditors, Davis Farr LLP, will provide an overview presentation regarding the audit process and request feedback from the Committee regarding any information that may assist them in their audit of the City's financial statements.
Thursday, May 30, 2024	Committee Recommendation to Council for the FY 2024-25 Budget	Discussion	Discussion of the Study Session earlier in the week and formulation of any recommendations to be presented to the City Council at the budget public hearing in June.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
<b>June 2024</b>			
	Committee Recess		
<b>July 2024</b>			
	Committee Recess		
<b>August 2024</b>			
	Committee Recess		
<b>September 2024</b>			
Thursday, September 12, 2024			
	Annual Review of Investment Performance	Presentation	The City's investment advisor, Chandler Asset Management, will report on the performance of the City's investment portfolio for the fiscal year ending June 30, 2024.
	Annual Review of Investment Policy	Presentation	Staff will provide a presentation regarding any proposed changes to the City's Investment Policy prior to the Investment Policy being approved by the City Council.
	Internal Audit Program Update	Presentation	Presentation of internal audit reports, findings, and recommendations from the FY 2023-24 audit program.
	Budget Amendments for Quarter Ending June 30, 2024	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
<b>October 2024</b>			
Thursday, October 10, 2024			
	Overview of Public Works Department Budget	Presentation	Staff will provide the Committee with a presentation covering the budget for the Public Works Department.

## Newport Beach Finance Committee Work Plan

Scheduled Date	Agenda Title	Report Type	Agenda Description
	Budget Amendments for Quarter Ending September 30, 2024	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Year-End Budget Results and Surplus Allocation	Presentation	Staff will provide a presentation regarding the year-end budget results for FY 2023-24 and recommendations for allocation of any year-end budget surplus.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
<b>November 2024</b>			
<b>Thursday, November 14, 2024</b>			
	First Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected FY 2024-25 budget performance.
	OPEB Actuarial Valuation Report Update	Presentation	Staff will provide the Committee with an overview of the Fiscal Year 2023-24 actuarial valuation report prepared by the City's actuary.
	CalPERS Update	Presentation	Staff will provide the Committee with an overview of the data from the latest actuarial reports from CalPERS as well as their impact on prior projections of the paydown of the City's unfunded pension liability.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
<b>December 2024</b>			
Committee Recess			