



# NEWPORT BEACH

## City Council Staff Report

July 9, 2024  
Agenda Item No. 3

**TO:** HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

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**TITLE:** Resolution No. 2024-44: Revising Certain Rents Within the Schedule of Rents, Fines and Fees

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### **ABSTRACT:**

The Fiscal Year 2023-24 Schedule of Rents, Fines and Fees (SRFF) was adopted by the City Council on April 23, 2024 and included certain rental rates that inadvertently did not incorporate the correct inflationary adjustment. The rental rates for Residential Piers should have received an inflationary adjustment on the rates in effect during Fiscal Year 2023-24. Instead, the inflationary adjustment was applied to the rates in effect during Fiscal Year 2022-23, effectively resulting in a decrease to the rates. In addition, certain rental rates for apartments, garage rentals and slip rentals at Balboa Yacht Basin erroneously reflected rates from a prior year. The proposed corrections to these rental rates are reflected in the exhibit, which is attached to the resolution presented for City Council consideration.

### **RECOMMENDATIONS:**

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
- b) Adopt Resolution No. 2024-44, *A Resolution of the City of Newport Beach, California, Revising Certain Rents Within the Schedule of Rents, Fine and Fees.*

### **DISCUSSION:**

The exhibit attached to Resolution No. 2024-44, presented for City Council consideration, depicts proposed corrections to rental rates that were adopted in April 2024. Certain rental rates on the adopted SRFF did not correctly incorporate the inflationary adjustment for rental rates that was set to become effective on July 1, 2024, which should have been based on an inflationary adjustment applied to the rate in effect during Fiscal Year 2023-24. Instead, the inflationary adjustment was applied to a rate that was in effect during Fiscal Year 2022-23, effectively resulting in a decrease to the rates for FY 2024-25.

Pursuant to Resolution No. 2015-10, residential piers are adjusted by the change in CPI or two percent (2%), whichever is less and rounded to the nearest cent.

Similarly, the rates for garages, apartments and slip rentals at Balboa Yacht Basin were inadvertently set to a prior year. Pursuant to Resolution No. 2010-134, slip rates at the Balboa Yacht Basin shall be set at 100% of the average of the Newport Harbor Marina Index, comprised of the low to moderately priced marinas in Newport Harbor, while rates for garages and apartments shall be adjusted based on changes in the Consumer Price Index (CPI). The proposed resolution correctly sets these rates for the current SRFF.

The proposed corrections will be reflected in the comprehensive SRFF should the proposed resolution presented for City Council consideration be adopted. A comparison of the erroneous rates that were approved in April 2024 are included in Attachment B, which also includes the proposed rates and the rates that were in effect on July 1, 2023.

**FISCAL IMPACT:**

The revenue associated with the rents proposed for adjustment are deposited into the Tidelands Operating and Tidelands Capital funds. The Fiscal Year 2024-25 Adopted Budget included increases associated with these rental increases, therefore no budget amendment is needed.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**NOTICING:**

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

**ATTACHMENTS:**

Attachment A – Resolution No. 2024-44  
Attachment B – Comparison of SRFF Rates