



# CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA - Final

**Community Room**

**100 Civic Center Drive, Newport Beach, CA 92660**

**Thursday, April 10, 2025 - 3:00 PM**

***Finance Committee Members:***

**Joe Stapleton, Mayor / Chair**

**Robyn Grant, Council Member**

**Sara J. Weber, Council Member**

**Allen Cashion, Committee Member**

**William Collopy, Committee Member**

**William Kenney, Committee Member**

**Kory Kramer, Committee Member**

**Staff Members:**

**Grace K. Leung, City Manager**

**Jason Al-Imam, Finance Director/Treasurer**

**Shelby Burguan, Deputy Finance Director**

**Vicky Nguyen, 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 ON CONSENT CALENDAR**

*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 13, 2025**

**Recommended Action:**

Approve and file.

[DRAFT OF MINUTES - MARCH 13, 2025](#)

VI. **CURRENT BUSINESS**

A. **PROPOSED FY 2025-26 BUDGET OVERVIEW OF EXPENDITURES**

**Summary:**

Staff will provide the Committee with an overview of the expenditure budget for Fiscal Year 2025-26 that will be presented to the City Council in May. Additionally, the Proposed Performance Measures will be made to the Committee for review and discussion.

**Recommended Action:**

Receive and file.

[PRESENTATION](#)

[ATTACHMENT A](#)

B. **BUDGET AMENDMENTS FOR QUARTER ENDING MARCH 31, 2025**

**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 will report on the upcoming Finance Committee items.

**Recommended Action:**

Receive and file.

[WORK PLAN REVIEW](#)

**VII. ADJOURNMENT**

**I. CALL MEETING TO ORDER**

Mayor Joe Stapleton called the meeting to order at 3:04 p.m. in the Civic Center Community Room, 100 Civic Center Drive, Newport Beach, California 92660.

**II. ROLL CALL**

PRESENT: Mayor/Chair Joe Stapleton  
Councilmember Robyn Grant  
Councilmember Sara J. Weber  
Committee Member William Collopy  
Committee Member William Kenney, Jr.  
Committee Member Kory Kramer

ABSENT: Committee Member Allen Cashion (excused)

STAFF PRESENT: City Manager Grace K. Leung  
Finance Director/Treasurer Jason Al-Imam  
Deputy Finance Director Shelby Burguan  
Assistant Management Analyst Vicky Nguyen  
Budget Analyst Abigail Marin  
Budget Analyst Anthony Alannouf  
Finance Manager Jessica Nguyen  
Finance Manager Trevor Power  
Finance Manager Jessica Kan  
Purchasing and Contracts Administrator Jennifer Anderson  
Recreation & Senior Services Director Sean Levin  
Deputy Recreation & Senior Services Director Justin Schmillen  
Budget Analyst Matthew Chong  
Senior Management Analyst Trevor Smouse  
Administrative Manager Chris Miller  
Administrative Manager Raymund Reyes  
Library Services Director Melissa Hartson  
Library Services Manager Rebecca Lightfoot  
Public Works Director David Webb

OTHER ENTITIES: None

MEMBERS OF THE PUBLIC: Jim Mosher  
Nancy Scarbrough

**III. PLEDGE OF ALLEGIANCE**

Committee Member Kory Kramer led the Pledge of Allegiance

**IV. PUBLIC COMMENTS**

Mayor/Chair Stapleton opened public comments. Hearing none, public comments were closed.

**V. CONSENT CALENDAR**

**A. MINUTES OF JANUARY 23, 2025**

**Recommended Action:**

Approve and file.

**MOTION:** Committee Member William Collopy moved to approve the minutes of January 23, 2025, and Councilmember Sara Weber seconded the motion. The motion carried as follows:

AYES: Weber, Collopy, Stapleton  
NOES: None  
ABSTAIN: Grant, Kramer, Kenney  
ABSENT: Cashion (excused)

## VI. CURRENT BUSINESS

### A. FISCAL YEAR 2024-2025 FEE STUDY UPDATE

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

Finance Director/Treasurer Jason Al-Imam introduced Budget Analyst Abigail Marin to give the presentation on the fee study update.

Budget Analyst Marin provided background on the City's fees, explaining that most are cost recovery based with maximum amounts set by the cost to provide the service. She noted that some fees are market-rate based or fines set by council approval. Budget Analyst Marin discussed the spectrum of fees ranging from general public benefit to private benefit, with general benefit fees tending to be subsidized by general revenues.

Budget Analyst Marin explained that the City's authority to charge fees comes from the Newport Beach Municipal Code, fiscal sustainability plan, and certain council policies. She noted that most fees are set at 100% cost recovery as mandated by the municipal code, with exceptions for designated subsidies.

Budget Analyst Marin described the process for determining appropriate cost recovery levels, including considering the degree of private benefit and potentially phasing in substantial fee increases over time. She explained that the fee study calculations aim to capture all direct and indirect costs associated with providing services.

Budget Analyst Marin presented the results of this year's fee study, which focused on the Library and Recreation & Senior Services Departments. For the Library, recommended changes included updating the Central Library Community Room deposit fee by consolidating the room deposit and the refundable cleaning deposit into one fee. Previously, there was a \$196 deposit, with \$96 being refunded if there were no damages. In most cases, this deposit has always been refunded, so it was recommended that the new approach be to deduct any net damages from the initial \$100 deposit. Additionally, the fee study included formalizing existing fines in the fee schedule, including a fax machine use fee of \$1 and fines for overdue materials, as approved by the Board of Library Trustees.

For Recreation & Senior Services, changes included consolidating some fees to eliminate redundancy, removing fees for services no longer provided by the City—such as the Special Services Preschool 101 fees, due to expanded preschool offerings by the Newport Mesa Unified School District—and adding new fees for facilities like the Newport Coast Community Center preschool room and the Junior Lifeguard building and patio area. New fees also included an OASIS Garden membership where the City is taking over administration from the Friends of OASIS, and a \$5 late registration fee for serving contests to encourage timely registration. Additionally, rental rates for the new lecture hall, courtyard, and AV specialist were proposed in preparation for a 2026 opening. Overall, the proposed updates in the Recreation & Senior Services Department were expected to result in an estimated \$192,000 increase in revenues.

Committee Member William Collopy raised questions about subsidies for programs such as the OASIS Center and Junior Lifeguards, inquiring about who is responsible for making decisions on the levels of subsidization.

Staff clarified that these decisions are set in the municipal code but could be revisited by the council if there is a desire to do so.

Councilmember Robyn Grant was curious about the fees for the new Witte Hall, which staff confirmed would be based on market rates.

Committee Member Kory Kramer suggested that the report should include more comprehensive information on the total amount of subsidies provided by the City across all programs, pointing out that this information was not clearly quantified in the current report. The Committee collectively agreed that this additional information would be valuable for presentation to the council. There was an extensive discussion regarding the process for setting market-based fees and ensuring that appropriate cost recovery levels are maintained.

Mayor/Chair Stapleton opened public comments.

Ms. Nancy Scarbrough suggested that presenting subsidy information could enhance transparency and aid council decision-making. She emphasized the importance of incremental cost increases, arguing that adjusting fees annually—rather than imposing large increases every few years—would help the public better understand and accept financial changes. Furthermore, she noted that providing a detailed breakdown of subsidies would offer valuable insights into the City's financial planning. This approach would not only clarify budget allocations but also improve transparency in council decisions.

Mr. Jim Mosher emphasized that a detailed understanding of subsidy impacts could shape perceptions of fairness in council policies. He noted that generous subsidization of certain programs might be viewed differently across community groups if not properly explained. Providing detailed subsidy information could help address these concerns by clearly outlining the rationale behind the subsidies, ensuring council policies are perceived as fair and well-justified.

Mayor/Chair Stapleton closed public comments.

The item was received and filed.

**B. FACILITIES FINANCIAL PLAN (FFP) AND HARBOR & BEACHES MASTER PLAN (HBMP)  
Recommended Action:**

Review and discuss the report on the Facilities Financial Plan and the Harbor & Beaches Master Plan, accept staff's recommended funding levels, and provide any additional recommendations for consideration by the City Manager and City Council.

Deputy Finance Director Shelby Burguan provided an overview of the Facilities Financial Plan (FFP) and the Harbor & Beaches Master Plan (HBMP). She explained that these plans outline major capital projects and their funding sources over several decades.

For the FFP, Deputy Finance Director Burguan noted it is funded by general fund contributions, developer agreements, and impact fees. The current budget includes \$9.9 million from the general fund for FFP projects. She presented the project planning page showing upcoming FFP projects.

Committee Member William Collopy expressed concern about the large scale and cost of many projects, particularly seawall and pier improvements. He questioned whether all the planned projects for 2030-2032 could realistically be completed in that timeframe. Mayor/Chair

Stapleton acknowledged the ambitious nature of the plans but noted they serve as a roadmap that is constantly reviewed and adjusted by the staff and the City Council.

For the HBMP, Deputy Finance Director Burguan explained it is funded by Tidelands revenues and general fund contributions. She presented an overview of major HBMP projects planned. Deputy Finance Director Burguan mentioned that in the current fiscal year, \$6,000,000 is anticipated in Tidelands revenues, with an additional \$5,800,000 being transferred from the general fund. The general fund's contribution is set to increase by 2.5% annually. During the discussion, committee members asked specific questions regarding the funding sources of large projects, aiming to understand better the interplay of funding from different sources and its implications on the financial health of the HBMP.

Committee Member William Collopy inquired about the PCH pedestrian bridge project, which has a total cost of \$29,000,000 and nearly \$22,000,000 in private contributions. Clarifications were provided that this project funding would come through sources like the Orange County Transportation Authority, which planned to provide grant funding due to the traffic mitigation at the intersection impacted by the project. Further analysis included reviewing the major projects that account for approximately 50% of the total funding needs of the HBMP.

Committee Member William Collopy inquired about a large increase in the Facilities Financial Plan (FFP) reserve balance projected for 2027-2028. He noted that the reserve balance appeared to almost double from slightly over \$40 million to almost \$80 million and sought clarification on the source of this increase. Staff explained that the substantial increase in the reserve balance was attributed to anticipated development agreement revenues scheduled to come in during those years.

Finance Director Jason Al-Imam mentioned that the timing of development agreements would have a significant impact on the financial projections, as they contribute considerable funds once they reach specific stages in the development process. This projection is subject to change as it depends on the timing and status of various development projects managed by the Community Development Department.

Committee Member Kory Kramer requested more detailed information about the Tidelands Fund revenues and expenditures, particularly regarding major lease income sources. He inquired about the main leases contributing to this fund and expressed curiosity about the general revenues that are generated from these leases.

Staff explained that revenue for the Tidelands Fund primarily comes from parking fees in the Tideland area, as well as leases and moorings. They also highlighted the significant lease contributions from operations such as the Balboa Bay Club.

There was also discussion about oil well revenues and the potential plans to phase out city-owned wells. Committee members questioned the City's long-term vision for these assets, considering their diminishing profitability. Staff noted that there are ongoing plans and discussions to either shut down the oil wells or to determine other methods to maximize their use.

City Manager Grace Leung explained some of the legislative challenges and restrictions in maintaining oil wells, including recent housing developments near the wells that may affect their operation, combined with new environmental regulations. The Committee was informed that Utilities Director Mark Vukojevic was actively working on a strategy to address this issue, considering the revenue potential versus the costs and legislative hurdles associated with these operations.

Mayor/Chair Stapleton opened public comments.

Mr. Mosher questioned the large spike in fund balances shown on slide 12 of the HBMP where the projected balance appears to reach nearly \$500 million in 2030.

Deputy Finance Director Burguan acknowledged that this was a labeling error and clarified that the bar represents a consolidation of all future years beginning in FY 2030.

Mayor/Chair Stapleton closed public comments.

The item was received and filed.

**C. SECOND QUARTER BUDGET AMENDMENT**

**Recommended Action:**

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

Deputy Finance Director Burguan presented the second quarter budget update for fiscal year 2024-2025. She reported that general fund revenues were projected to exceed the revised budget by \$5.6 million, with positive variances in several categories offset by a slight decrease in projected sales tax revenue. The general fund's anticipated revenue outperformance was primarily attributed to notable gains in property tax, intergovernmental revenues, service fees and charges, other taxes, and licensing permits. However, these increases were somewhat tempered by a decrease in projected sales tax revenue of about \$100,000 from the original budget.

Deputy Finance Director Burguan provided a detailed overview of the major revenue sources anticipated for the fiscal year, beginning with sales tax, which was projected at \$45.2 million. This represented a 4% increase compared to the prior year; however, it was noted to be slightly below the original budget expectations.

During the discussion, Mayor/Chair Joe Stapleton questioned the current sales tax projections and the potential impact of the Bentley Porsche dealership reopening. Finance Director/Treasurer Jason Al-Imam explained that sales tax growth projections remain strong for the coming year, driven by the dealership's anticipated reopening and moderate growth in the autos and transportation sector.

Deputy Finance Director Burguan continued her presentation and explained that transient occupancy tax, commonly referred to as TOT, is projected this to reach \$32.7 million, marking a 2.9% increase over figures from the previous year. Although residential TOT revenues appeared to be plateauing, it was observed that hotel-based TOT continued to grow, signaling a positive outlook for the tourism and hospitality sectors in Newport Beach. She noted the City's approach to tracking hotel TOT, stating that they monitor revenues from individual hotels and compare them year over year, which assists in fine-tuning projections.

Deputy Finance Director Burguan highlighted that the remaining revenue sources were generally displaying a trend above the initial budget projections, indicating overall positive performance across various categories of the City's fiscal revenue portfolio. She mentioned growth in other tax revenue by about \$600,000, service fees and charges up by \$500,000, and a notable increase of \$1,000,000 in mutual aid reimbursements for fire strike teams, illustrating broad-based improvements across multiple areas.

On the expenditure side, Deputy Finance Director Burguan reported projected savings of \$5.6 million compared to the revised budget, primarily due to vacancy savings in salaries and benefits.

The Committee delved into discussions over the reasons behind these vacancies and sought understanding on how these savings could be reallocated or utilized to further benefit the City's



financial health. During the conversation, Councilmember Sara Weber sought clarification on the process by which reimbursements for fire strike teams are incorporated into the budget. Her inquiry aimed to understand how these reimbursements are accounted for and their impact on the overall budget projections. It was clarified that these reimbursements were factored in as part of the City's revenue projections, equating to additional funds that offset the cost associated with overtime to backfill when strike teams are called to respond to wildfires.

Committee Member Kramer raised a concern about the short-term lodging permit fees in the City, noting that they appear significantly lower than those in other jurisdictions. Finance Director Al-Imam explained that these fees are not market-based but are instead set to ensure full cost recovery. He also stated that the fees would be reviewed in a study next year.

Committee Member Kramer brought another perspective by suggesting that the City should explore opportunities to optimize sales tax revenue from auto dealerships and showrooms located in Newport Beach. Finance Director Al-Imam stated that a request would be made for HdL, the City's sales tax consultant, to present to the Committee on the sales tax rules governing auto sales.

Mayor/Chair Stapleton opened public comments.

Ms. Scarbrough expressed her concern about the impact of online sales on local tax revenue, highlighting that currently, online sales tax is attributed to the warehouse location rather than the city of the purchaser. This point emphasized the potential for further legislative actions to address and mitigate these impacts on Newport Beach's budget.

Mayor/Chair Stapleton closed public comments.

The item was received and filed.

#### **D. OVERVIEW OF REVENUE PROJECTIONS**

**Recommended Action:**

Receive and file.

Deputy Finance Director Burguan provided an in-depth presentation of the preliminary revenue projections for the fiscal year 2025-2026. She began by highlighting property tax, which is the City's largest revenue source. Property tax was expected to grow by 4.8%, reaching \$160 million, supported by the City's strong property values and continued residential demand. In explaining this projection, Deputy Finance Director Burguan emphasized the stability and reliability of property tax revenue, which serves as a foundation for the City's financial health. Approximately 85% of the property tax in Newport Beach comes from residential homes, and the high median prices of single-family homes in the area contribute significantly to this revenue stream. The City's collaboration with a property tax consultant helps ensure that these projections are grounded in thorough analysis and expert insight.

Deputy Finance Director Burguan discussed sales tax, projecting an increase of 6.9% to \$48.3 million. She explained that this growth would be fueled by the auto and transportation sectors, reflecting strong consumer demand and robust market conditions. The City's second largest revenue source, sales tax, comprises 15% of the total general fund revenues, further underscoring its importance. During the presentation, it was noted that the auto sector is experiencing a particularly strong forecast, driven by new dealership openings and optimism in consumer markets. This prompted a conversation around the fluctuations in sales tax and the City's strategies for tracking these variations.

Another key highlight in her presentation was the projection for Transient Occupancy Tax (TOT), which was also anticipated to grow. The main driver of this growth was hotel-based TOT, suggesting an optimistic outlook for the local tourism and hospitality sectors, which

continued to recover and expand post-pandemic. Deputy Finance Director Burguan underscored the City's methodology for projecting TOT, which includes detailed tracking of hotel revenues and occupancy trends. This data-driven approach allows Newport Beach to fine-tune its forecasts and manage expectations regarding TOT revenue, which is integral to planning public services that depend on this funding source.

Deputy Finance Director Burguan then discussed the outlook for other general fund revenues, noting a slight projected decrease. This decline was primarily attributed to lower projections for fees related to development activities, reflecting a modest slowdown in new construction and property development within the City.

Committee Member William Kenney expressed his concerns regarding potential disruptions in the auto sales market resulting from recent events in Washington D.C. He speculated that these events could potentially have an impact on the City's sales tax projections. His comments prompted a broader conversation about variables affecting sales tax revenue, especially given the volatile nature of auto sales and the potential impact of national economic conditions on local markets.

Beyond these sector-specific concerns, the Committee also engaged in a broader dialogue about the relative volatility of sales tax revenues compared to property tax revenues. Members highlighted that sales tax income is more sensitive to economic fluctuations, which makes accurate forecasting more challenging. The inherent volatility due to changing consumer behaviors and economic trends necessitates vigilant monitoring and adjustment of projections. In contrast, Newport Beach's property tax base remains robust and provides a solid financial foundation. The City's high property values ensure stable and predictable revenue, setting it apart in terms of financial stability.

These discussions underscored Newport Beach's fiscal resilience and the benefits of its strong property tax base amidst revenue streams subject to market volatility. Committee members acknowledged the need for ongoing analysis and adaptation in response to changing conditions, emphasizing the importance of incorporating a range of data sources and expert insights. The Committee recommended staff continue to refine projections, particularly for sales tax, as more data becomes available and economic conditions evolve. This proactive approach is crucial for maintaining the City's financial health and continuing to provide high-quality public services.

Mayor/Chair Stapleton opened public comments.

Jim Mosher raised a question about the Tideland funds, inquiring about the oversight and repayment structures concerning loans from the general fund. Additionally, he highlighted that the 16.8% share of property tax revenue going to the City is an average calculated across various tax rate areas, which means different properties may contribute higher or lower percentages based on their designated tax areas. This clarification on how property tax rate areas differ throughout the City adds a layer of complexity to financial management.

Mayor/Chair Stapleton closed public comments.

The item was received and filed.

## **E. ENTERPRISE RISK ASSESSMENT REVIEW**

### **Recommended Action:**

It is recommended that the Finance Committee review and acknowledge the findings of the enterprise risk assessment and support the continued development of a comprehensive internal audit work plan based on these results.

Finance Director/Treasurer Jason Al-Imam presented the results of a preliminary enterprise risk assessment, conducted with assistance from an external audit firm. The assessment focused on evaluating 12 key areas for risk and potential impact. Finance Director/Treasurer Al-Imam explained that the majority of these areas were assessed as low or very low risk, attributing this to the City's highly regulated environment and strong internal controls. These regulations and ongoing audits work together to minimize compliance failures, supporting the overall low-risk determination.

Despite the low overall risk rating, Finance Director/Treasurer Al-Imam emphasized that the City still has areas that warrant closer attention. Based on the assessment, staff recommended an annual audit of three focus areas over the next four years, ensuring diligent scrutiny of each area to continuously improve the City's financial and operational frameworks.

Committee Member Collopy questioned the rationale behind the relatively high importance assigned to risk management.

Finance Director/Treasurer Al-Imam pointed out the extensive activity in risk management, particularly in workers' compensation and general liability processes, justifying its high importance level.

Committee Member Kenney sought further clarification regarding the slightly elevated risk level of cash and investment administration.

Finance Director/Treasurer Al-Imam noted that, although the overall risk is low, the portfolio's active nature and constant reinvestments elevate the risk slightly, due to the dynamic nature of the investment environment.

The Committee ultimately agreed with the proposed audit plan.

Mayor/Chair Stapleton opened public comments. Hearing none, public comments were closed.

The item was received and filed.

#### **F. 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.

Mayor/Chair Stapleton provided an overview of the upcoming work plan for the Finance Committee. He detailed the agenda for the April meeting, which will focus on the budget overview and expenditures for the fiscal year 2025-2026. Moving forward to May, the Committee will engage in a detailed budget review and subsequently formulate recommendations to present to the council. On May 27, a joint study session with the City Council is scheduled, facilitating an opportunity for in-depth discussion and collaboration on financial matters. The Committee will then culminate their efforts with May 29 being set aside for the Finance Committee to make their final budget recommendations to the council.

Mayor/Chair Stapleton opened public comments. Hearing none, public comments were closed.

The item was received and filed.

#### **VII. AJOURNMENT**

Before adjourning, committee members expressed appreciation for the thorough and well-organized financial management of the City. Committee Member Kramer commended staff for their work, noting it provides confidence to residents and businesses. Councilmember Grant echoed these sentiments, praising the conservative nature of the City's financial approach.

The Finance Committee meeting adjourned at 4:47 p.m.

Attest:

\_\_\_\_\_  
Joe Stapleton, Mayor/Chair  
Finance Committee

\_\_\_\_\_  
Date

DRAFT

## **6A. PRESENTATION**

**Proposed FY 2025-2026 Budget Overview of Expenditures**

# FY 2025-26 PROPOSED BUDGET

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Finance Committee Meeting – April 10, 2025

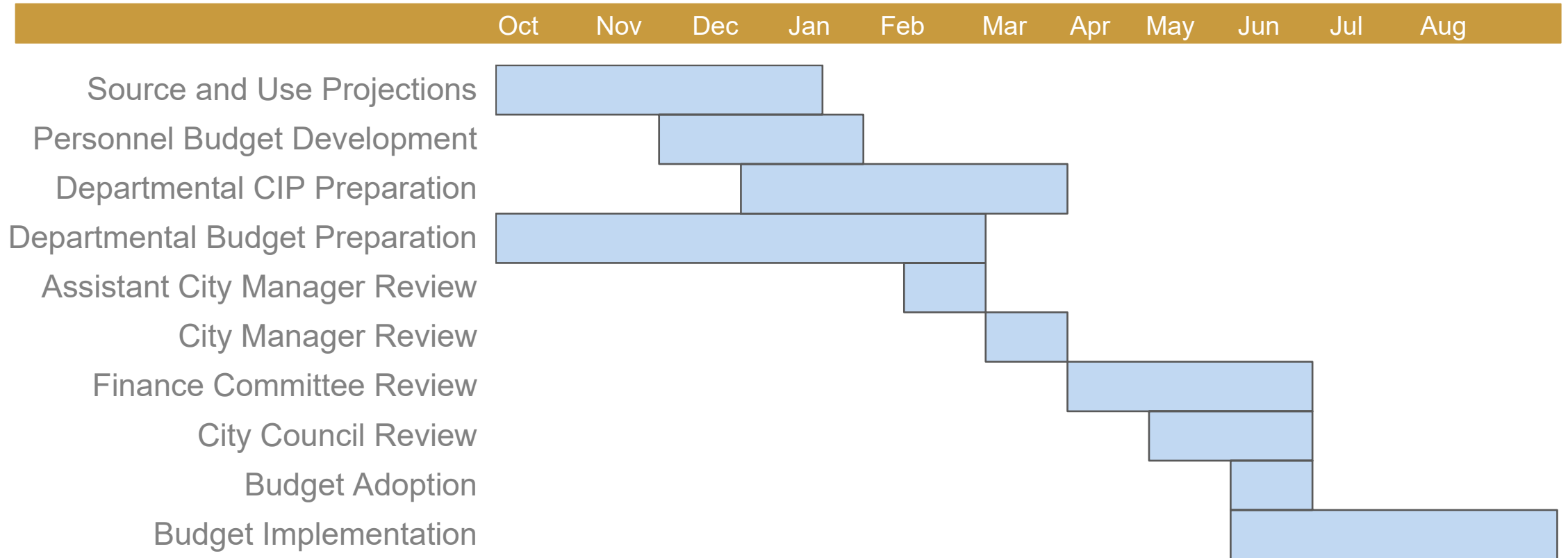


# PRINCIPLES GUIDING DEVELOPMENT OF THE BUDGET

- 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 1, 2025, City Council Planning Session



# BUDGET DEVELOPMENT TIMELINE





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

Date	Meeting Type	Meeting Purpose
Thursday, January 23, 2025	Finance Committee Meeting	Long-Range Financial Forecast (LRFF) update
Saturday, February 1, 2025	Special City Council Meeting	City Council Planning Session
Thursday, March 13, 2025	Finance Committee Meeting	Overview of FY 2025-26 Revenue Projections
Tuesday, March 25, 2025	City Council Study Session	Early Look at CIP Budget
<b>Thursday, April 10, 2025</b>	<b>Finance Committee Meeting</b>	<b>Proposed FY 2025-26 Expenditure Budget Review</b>
Thursday, May 8, 2025	Finance Committee Meeting	Follow-up Discussion of Proposed Budget and Performance Metrics
Tuesday, May 27, 2025	Joint City Council/Finance Committee Study Session	FY 2025-26 Operating Budget Review
Thursday, May 29, 2025	Finance Committee Meeting	Finalize Recommendations to City Council
Tuesday, June 10, 2025	City Council Public Hearing	Adoption of FY 2025-26 Budget

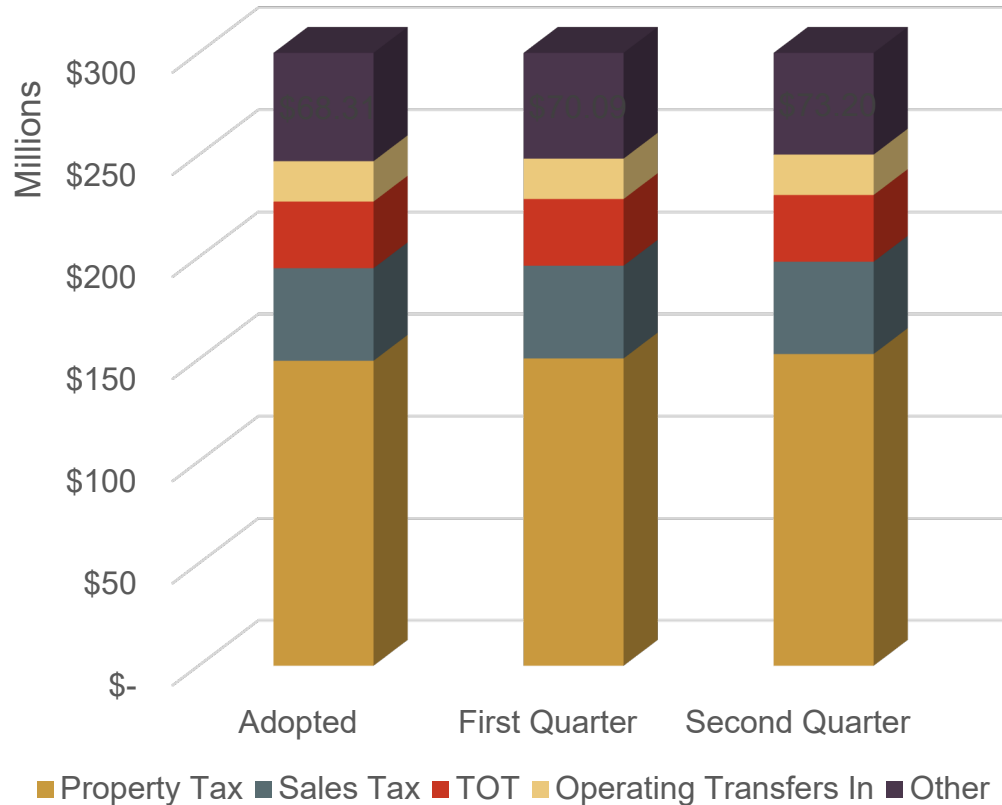




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## FY 2024-25 BUDGET STATUS

# RECAP OF SECOND QUARTER BUDGET UPDATE - GENERAL FUND REVENUES



**Adopted Revenue Budget**      **\$ 315.3 million**

**First Quarter Projection**      **\$ 318.3 million**

**Second Quarter Projection**      **\$ 323.4 million**

- Projected Revenues are \$8.1 million (2.58%) higher than the adopted budget
- Primary variances from adopted budget:
  - Property Tax + \$3.3 million
  - Other + \$4.8 million



# RECAP OF SECOND QUARTER BUDGET UPDATE – GENERAL FUND EXPENDITURES

**Adopted Budget**                      **\$ 311.3 million**

**Revised Budget**                      **\$ 321.5 million**

**Second Quarter Projection**      **\$ 315.8 million**

- Material appropriations to the budget include:
  - \$5 million appropriation to increase the amount paid to CalPERS towards the unfunded pension liability (from \$40 million to \$45 million).
  - Budget savings of \$5.6 million projected, largely from vacancy savings.



# RECAP OF SECOND QUARTER BUDGET UPDATE

- \$17.5 million surplus projected for FY 2024-25 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 \$281k), as well as in accordance with Council Policy F-5



Category	A Revised Budget	B Q2 Projection
<b>Beginning Fund Balance Reserves</b>	<b>\$ 15,752,275</b>	<b>15,752,275</b>
<b>Operating Resources:</b>		
Operating Revenues	298,053,032	303,652,257
Prior Year Resources Carried Forward	6,786,845	6,786,845
Transfers In from Other Funds	19,767,775	19,767,775
Repayment of Advances	1,250,000	1,250,000
<b>Total Operating Resources</b>	<b>325,857,652</b>	<b>331,456,877</b>
<b>Operating Uses:</b>		
Operating Expenditures	282,213,316	276,570,406
Transfers Out	39,255,611	39,255,611
<b>Total Operating Uses</b>	<b>321,468,927</b>	<b>315,826,017</b>
<b>Net Operating Surplus</b>	<b>4,388,725</b>	<b>15,630,860</b>
<b>Non-Operating Resources &amp; Uses</b>		
Transfers Out	(13,924,430)	(13,924,578)
<b>Total Non-Operating Resources &amp; Uses</b>	<b>(13,924,430)</b>	<b>(13,924,578)</b>
Net Change in Fund Balance	(9,535,705)	1,706,283
<b>Ending Fund Balance Reserves</b>	<b>\$ 6,216,570</b>	<b>17,458,558</b>



# FISCAL YEAR 2025-26 ALL FUNDS BUDGET OVERVIEW

# SUMMARY OF ALL FUNDS - EXPENDITURES

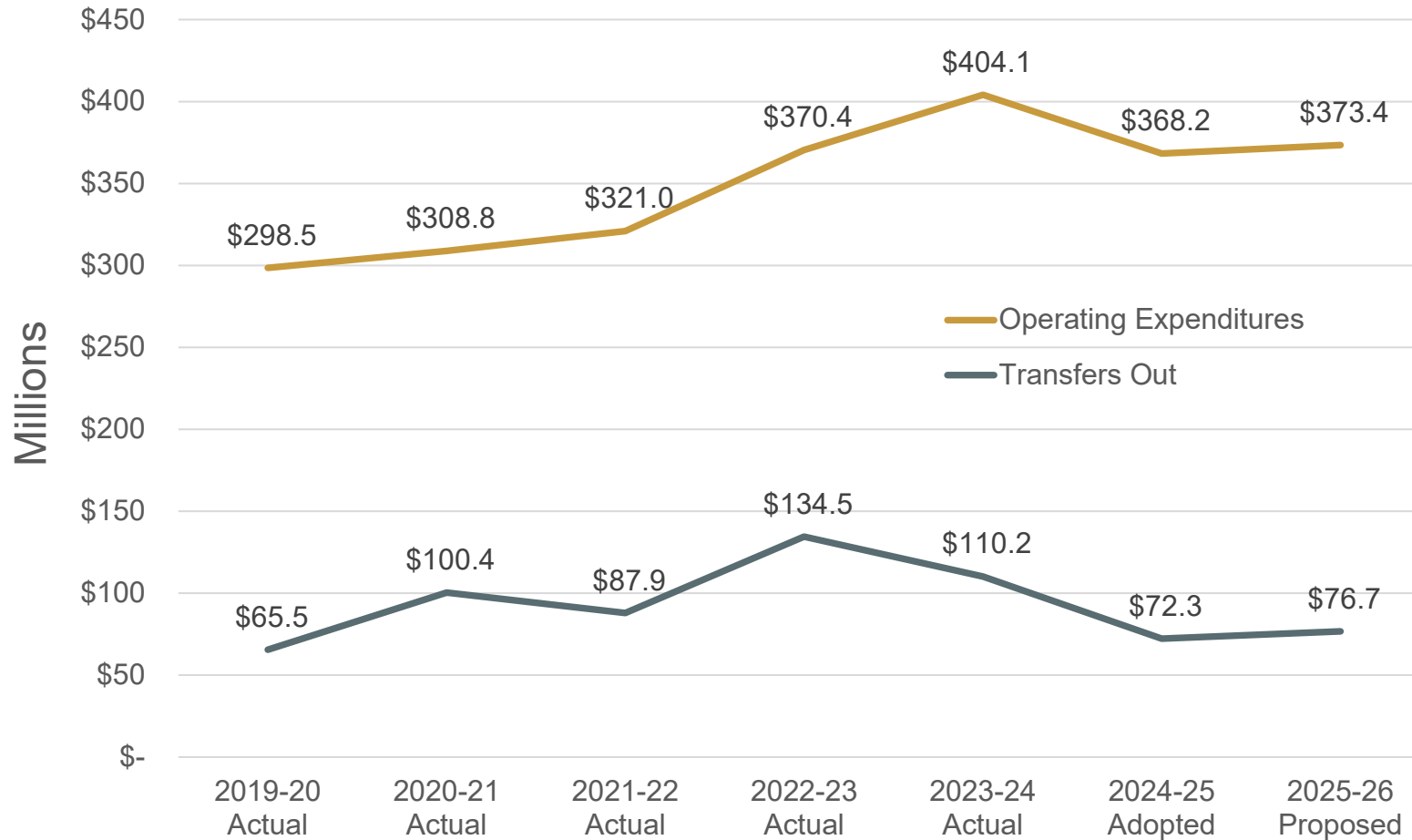
	<b>FY 22 Adopted</b>	<b>FY 23 Adopted</b>	<b>FY 24 Adopted</b>	<b>FY 25 Adopted</b>	<b>FY 26 Proposed</b>	<b>% Variance</b>
Operating Budget	291,523,400	330,919,923	351,870,115	368,155,904	373,386,729	1.4%
Transfers Out	39,075,536	53,035,836	58,859,125	72,312,196	76,724,697	6.1%
CIP New Appropriations	35,506,078	71,030,292	29,375,044	54,344,000	66,105,156	21.6%
<b>Total Budget</b>	<b>366,105,014</b>	<b>454,986,051</b>	<b>440,104,284</b>	<b>494,812,100</b>	<b>516,216,582</b>	<b>4.3%</b>

- 6.1% growth in transfers out, primarily due to increased transfers out in FFP and HBMP; offset by decrease in Tidelands Fund Transfer out

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

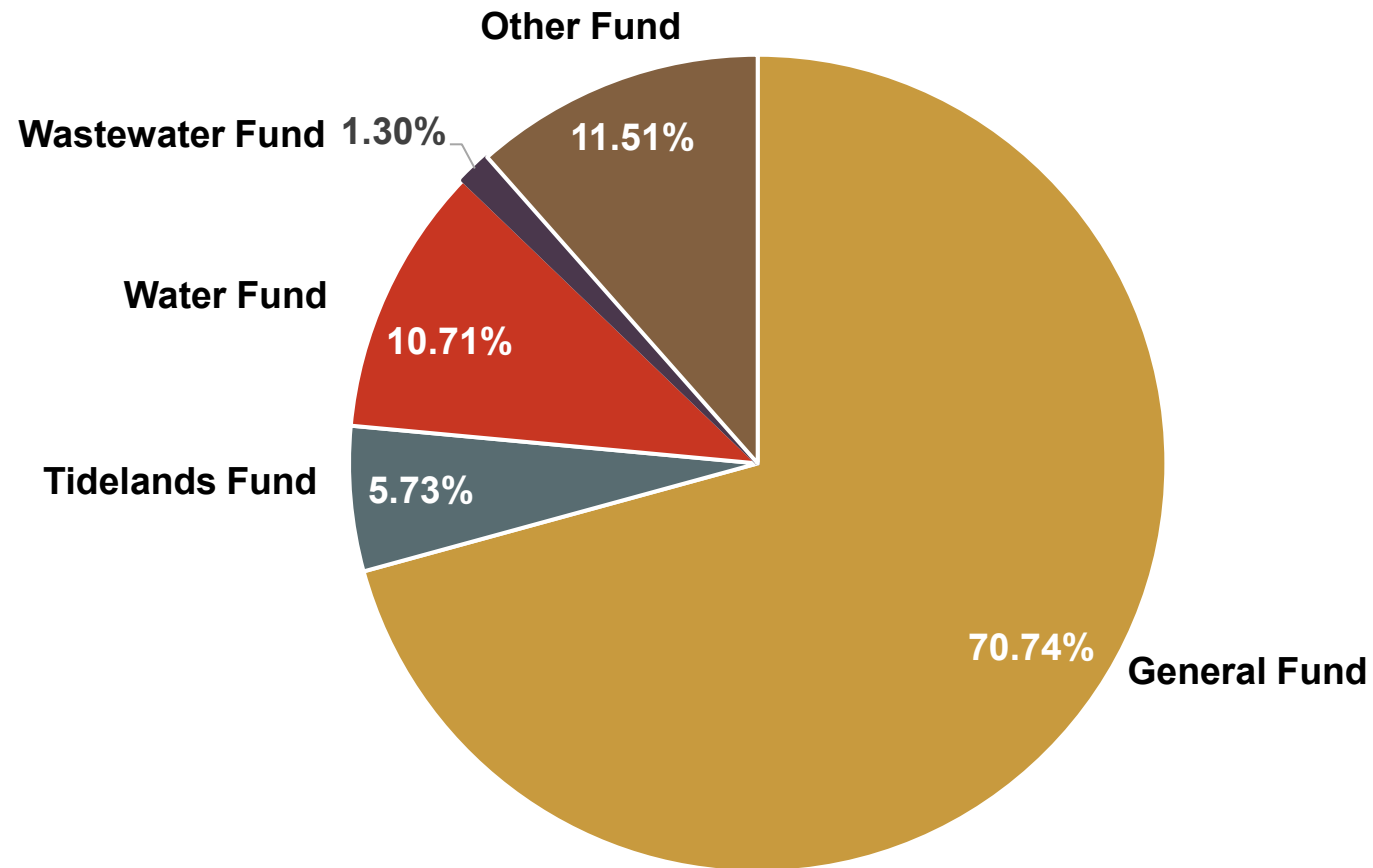


# ALL FUNDS OPERATING EXPENDITURES TREND





# OPERATING EXPENDITURES BY FUND



# MAJOR FUND OPERATING EXPENDITURES

	FY 22 Adopted	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY 26 Proposed	% Variance
General Fund	246,163,632	276,111,174	293,917,485	311,258,638	318,423,118	2.3%
Tidelands Fund	20,727,144	20,978,717	23,312,029	24,579,410	25,790,773	4.9%
Water Enterprise Fund	27,933,241	32,469,765	34,023,346	38,528,044	48,200,067	25.1%
Wastewater Enterprise Fund	3,956,840	4,984,651	5,197,917	5,321,136	5,868,790	10.3%
Other Funds	49,408,984	49,911,451	54,778,463	60,780,872	51,828,679	-4.7%
	<b>348,189,842</b>	<b>383,955,759</b>	<b>410,729,240</b>	<b>440,468,100</b>	<b>450,111,426</b>	<b>2.2%</b>

Note: Amounts Include Operating Expenditures and Transfers

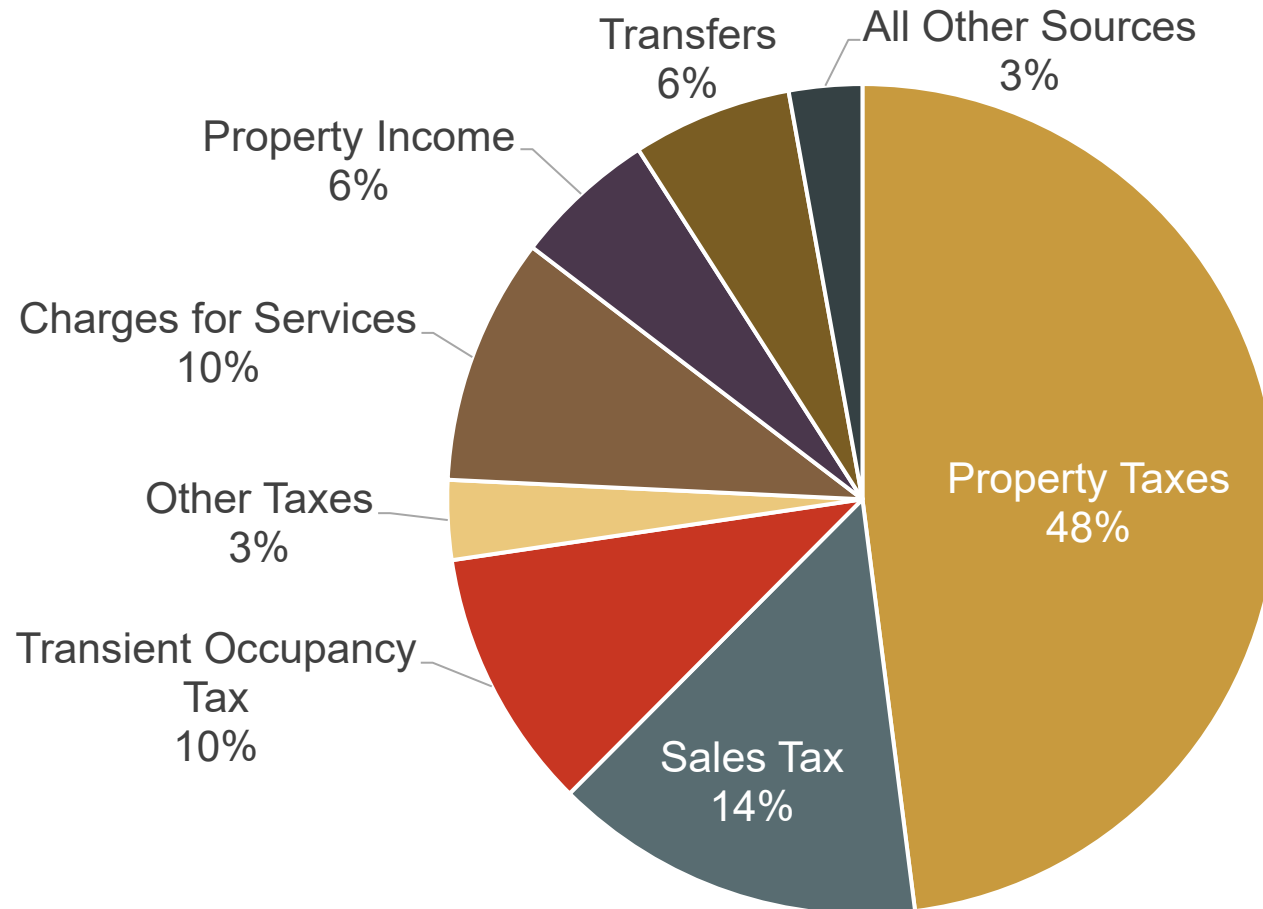
- General Fund growth of 2.3% outlined in detail on subsequent slides
- Tidelands Fund growth of 4.9% primarily due to:
  - Updated Cost Allocation Plan
  - Program Enhancement Requests
- Water Fund increases largely due to General Liability Insurance and transfer to Water Capital Fund for projects





# GENERAL FUND BUDGET OVERVIEW

# GENERAL FUND REVENUE SOURCES

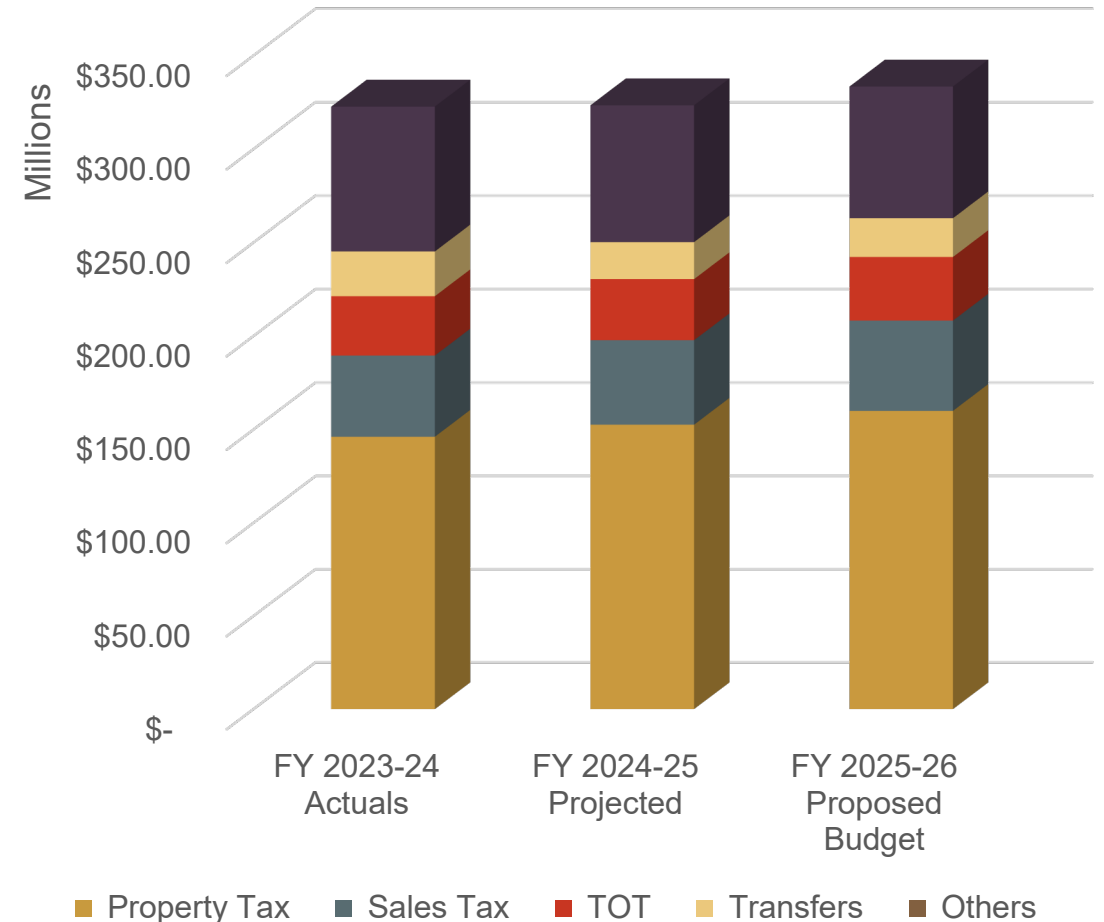


# FY 2025-26 GENERAL FUND REVENUES

**2024-25 Projected**                      **\$ 323.4 million**

**2025-26 Proposed**                      **\$ 332.5 million**

- Projected revenues for FY 2025-26 are \$9 million (2.8%) higher than amounts currently projected for FY 2024-25
- Primary drivers of revenue growth due to:
  - Property Tax + \$7.4 million (4.9%)
  - Sales Tax + \$2.1 million (4.7%)
  - Transient Occupancy Tax + \$1.3 million (4%)

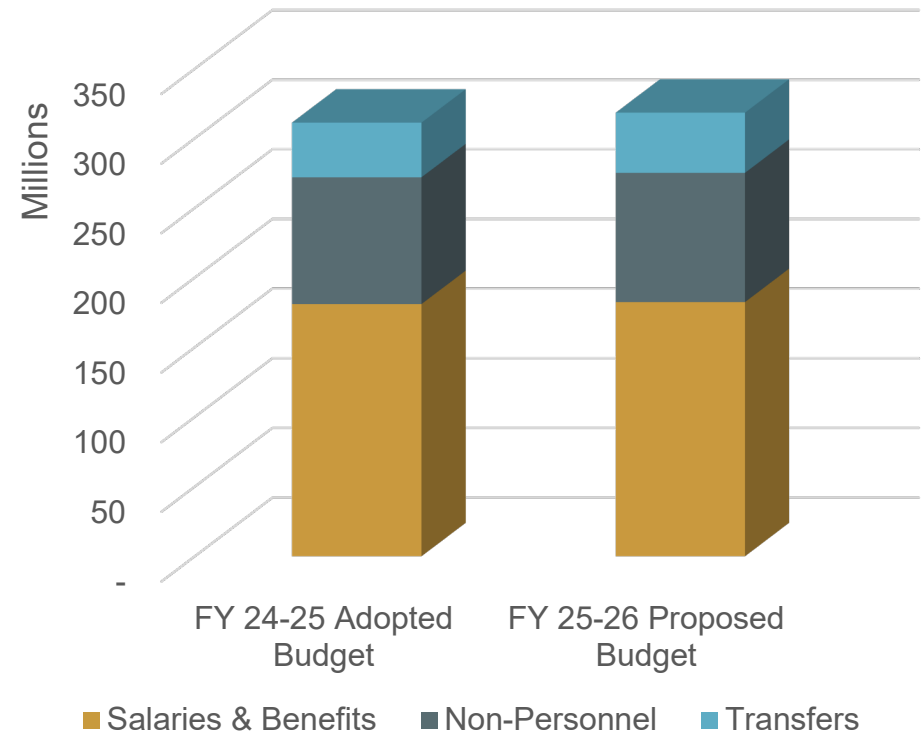


# GENERAL FUND EXPENDITURES FOR FY 2025-26

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

**2025-26 Proposed Budget**      **\$ 318.4 million**

- The Proposed Budget for FY 2025-26 reflects:
- 2.3% increase over FY 2024-25 Adopted Budget
- \$40 million allocated to paying down the City's unfunded pension liability
- \$1.53 million in program enhancements



# SIGNIFICANT REASONS FOR BUDGET GROWTH OF 2.3%

	Amount	% Change from Adopted FY25
Decrease in Internal Service Charges (OPEB)	(1,719,401)	-0.5%
GF Program Enhancements	1,533,106	0.5%
CPI increases to M&O Budgets	2,573,312	0.8%
Other Routine Personnel (COLA, PERS rate changes)	805,670	0.3%
Increase in base Transfers (FFP, HBMP)	5,638,755	1.8%
Decrease in base Transfers (Tidelands & Submerged Lands, Debt Service)	(1,647,462)	-0.5%
<i>Remove One-Time FY25 Enhancements</i>		
Flock APR Ongoing Cost Decrease	(19,500)	-0.01%
<b>Total Increase</b>	<b>7,164,480</b>	<b>2.3%</b>



# GENERAL FUND EXPENDITURES BY DEPARTMENT

	2021-22 Adopted	2022-23 Adopted	2023-24 Adopted	2024-25 Adopted	2025-26 Proposed	% Variance
City Council	841,003	909,554	924,218	931,993	903,038	-3.1%
City Clerk	1,080,305	1,265,760	1,191,331	1,310,158	1,212,860	-7.4%
City Attorney	2,725,458	2,350,264	2,526,824	2,661,605	2,581,181	-3.0%
City Manager	4,571,940	5,992,008	6,760,029	7,392,972	7,342,147	-0.7%
Human Resources	3,448,725	3,440,696	3,770,070	3,937,952	3,916,731	-0.5%
Finance	9,667,618	9,982,311	10,275,379	10,476,613	10,645,852	1.6%
Police	67,401,926	71,622,531	73,415,698	78,156,707	77,013,689	-1.5%
Fire	55,861,885	60,255,549	64,405,996	65,865,961	67,462,807	2.4%
Community Development	12,772,405	13,798,699	14,937,632	17,233,367	17,398,688	1.0%
Library	9,655,108	9,432,008	10,259,001	10,818,892	10,470,904	-3.2%
Recreation and Senior Services	13,360,496	13,627,977	15,394,067	16,151,132	15,969,119	-1.1%
Public Works	41,305,237	44,397,921	46,594,485	48,680,984	51,243,847	5.3%
Utilities	5,144,631	5,649,416	5,982,258	6,156,003	6,504,623	5.7%
Miscellaneous Non-Operating	126,896	3,795,710	2,991,226	2,228,689	2,528,547	13.5%
Vacancy Factor	(2,000,000)	(2,000,000)				0.0%
<b>SubTotal</b>	<b>225,963,632</b>	<b>244,520,405</b>	<b>259,428,214</b>	<b>272,003,027</b>	<b>275,194,034</b>	<b>1.2%</b>
Transfers Out	20,200,000	31,597,269	34,489,271	39,255,611	43,229,084	10.1%
<b>Total</b>	<b>246,163,632</b>	<b>276,117,674</b>	<b>293,917,485</b>	<b>311,258,638</b>	<b>318,423,118</b>	<b>2.3%</b>





# GENERAL FUND TRANSFERS OUT

	2021-22 Adopted	2022-23 Adopted	2023-24 Adopted	2024-25 Adopted	2025-26 Proposed	% Variance
General Fund CIP	5,700,000	5,530,000	6,000,000	6,500,000	6,500,000	0%
Facilities Financing Plan (FFP)	8,500,000	8,600,000	444,141	1,285,152	6,778,085	427.4%
Harbor & Beaches Master Plan Facilities Maintenance Plan (FMP)	4,500,000 1,500,000	4,600,000 2,500,000	4,715,000 2,500,000	5,832,875 2,500,000	5,978,697 2,500,000	2.5% 0.0%
Tidelands Operating Fund		9,987,817	11,152,510	12,256,805	10,611,825	-13.4%
Parks Specific CIP Projects			1,000,000	2,300,000	2,300,000	0%
Fire Equipment Fund		379,452				0.0%
Debt Service Fund			8,677,620	8,580,779	8,560,477	-0.2%
<b>Total</b>	<b>20,200,000</b>	<b>31,597,269</b>	<b>34,489,271</b>	<b>39,255,611</b>	<b>43,229,084</b>	<b>10.1%</b>

- Transfer to FFP based on 3% of revenues per policy. Increased by \$1 million in FY 2024-25. Proposed increase of additional \$5 million, as presented with the FFP update on March 13<sup>th</sup>.
- Transfer to Tidelands decreased due to lower CIP projects in FY2025-26



# GENERAL FUND INTERNAL SERVICE FUND CHARGES

- Insurance charges are increasing due to increasing premiums, particularly Workers Compensation which increased by 10%
- OPEB reflecting decrease due to being fully funded
- Compensated Absences is based on 3.5% of fulltime salaries, increases are due to COLAs, Merit Increases, and new positions added.

	FY 22 Adopted	FY 23 Adopted	FY 24 Adopted	FY 25 Adopted	FY26 Proposed	% Variance
Information Technology	6,595,085	6,888,238	7,358,798	7,477,883	7,644,141	2.2%
Vehicle Replacement	3,327,141	3,922,740	3,730,547	3,844,299	3,971,852	3.3%
Equipment Replacement	2,779,552	2,822,871	3,159,080	3,144,267	3,297,128	4.9%
Insurance	7,866,768	10,777,438	11,199,865	12,804,430	14,219,462	11.05%
OPEB	4,510,345	3,778,920	3,964,953	3,974,618	359,610	-91%
Compensated Absences	2,481,372	2,562,839	2,716,447	2,957,695	2,993,392	1.15%
<b>Total</b>	<b>\$ 27,560,262</b>	<b>\$ 30,753,045</b>	<b>\$ 32,129,690</b>	<b>\$ 34,203,192</b>	<b>\$32,485,585</b>	<b>-5.0%</b>





## PROGRAM ENHANCEMENTS & STAFFING CHANGES

# SUMMARY OF RECOMMENDED ENHANCEMENTS

Fund Name	Department	Description	Budget Increase
Uninsured Claims Fund	City Attorney	Prosecutorial Services	130,000
General Fund	Community Development	Re-Class FT Mgmt Analyst to Sr Mgmt Analyst	11,364
General Fund	Community Development	Re-Class Senior Planner to Principal Planner	10,499
General Fund	Community Development	Budget Position at Associate Planner Level	11,614
General Fund	Community Development	New Vehicle	30,500
General Fund	Community Development	Full Time Management Analyst	140,056
IT Fund	CMO/IT	Addition of Cybersecurity - IT Engineer	218,628
IT Fund	CMO/IT	Re-Class Sr. IT Analyst to GIS Coordinator	-
General Fund	Finance	Re-Class Mgmt Analyst to Sr Mgmt Analyst	10,060
General Fund	Finance	Conversion of Buyer to Senior Buyer	11,309
General Fund	Finance	Additional 0.10 FTE to Part Time Sr Fiscal Clerk	17,437
General Fund	Fire	Fire Station Maintenance Account Consolidation and Increase	82,300
General Fund	Fire	Increase EMS Supply/Billing Budgets	-
General Fund	Fire	ISF Equipment Contribution Increases	50,000
General Fund	Fire	Title Change: Training Battalion Chief to Administrative Services Division Chief	-



# SUMMARY OF RECOMMENDED ENHANCEMENTS (CONT.)

Fund Name	Department	Description	Budget Increase
General Fund	Fire	Lifeguard Officer PT to FT Conversion	89,949
General Fund	Fire	Senior Fiscal Clerk to Fiscal Specialist	(616)
Tidelands& Submerged Lands Fund	Harbor	Additional (Used) Patrol Vessel	20,000
Tidelands& Submerged Lands Fund	Harbor	Administrative Assistant to Management Analyst	5,900
Tidelands& Submerged Lands Fund	Harbor	Convert Code Enforcement Trainee Positions to CEO I and CEO II Positions	24,558
Tidelands& Submerged Lands Fund	Harbor	Increase Training and Travel Budgets	13,000
General Fund	Human Resources	Increase Recruitment and Physical Budgets	75,000
General Fund	Human Resources	Increase Wellness Program and Benefits Budgets	10,000
General Fund	Library	0.96 P/T Library Clerk II	64,086
General Fund	Library	Cultural Arts Division Funding for 3-Year Sculpture Exhibition Period	79,080
General Fund	Police	Increased Flock ALPR Data Storage	21,900
General Fund	Police	Tactical Emergency Medical Services (TEMS) Program	5,000
General Fund	Police	Wildlife Care Expenses	27,600
General Fund	Police	LEADS Online Database	15,561
General Fund	Police	Vehicle Washing Expenses	35,262



# SUMMARY OF RECOMMENDED ENHANCEMENTS (CONT.)

Fund Name	Department	Description	Budget Increase
Asset Forfeiture	Police	Ongoing CIC Technology Support	-
General Fund	Public Works	Additional Staffing and Funding to Facilitate Facilities Maintenance	82,948
General Fund	Public Works	Facilities Maintenance	125,000
General Fund	Public Works	Reclass PT Maintenance Aides to PT Maintenance Workers to Support Enhanced Summer Maintenance	33,446
General Fund	Public Works	Reclass FT Senior Civil Engineer to FT Management Analyst	(46,199)
General Fund	Public Works	Municipal Operations Divisions Classification Study Report	28,639
General Fund	Public Works	Reclass Equipment Operator II to Public Works Crew Chief and Enable Independently Functional Concrete and Repair Crews	3,948
General Fund	Public Works	Flex Position Budget Update - Analyst Series	6,993
General Fund	Public Works	Increase Parks Hazard and Mitigation Account	250,000
General Fund	Public Works	Increase Professional Services Budget for Contractor Inspector Needs	150,000
Equipment Fund	Public Works	Additional Equipment Operations Budget for Automobile Parts, Materials and Supplies, and Outside Maintenance Labor	75,000
General Fund	Recreation and Senior Services	Reclass Park Patrol Officers to Rec Coordinators	6,717



## SUMMARY OF RECOMMENDED ENHANCEMENTS (CONT.)

Fund Name	Department	Description	Budget Increase
General Fund	Recreation and Senior Services	Lecture Hall staffing and maintenance	47,789
General Fund	Recreation and Senior Services	OASIS Garden Club Supplies	(1,300)
General Fund	Recreation and Senior Services	OASIS Fitness Center Revenue/Expenditure Increase	-
General Fund	Recreation and Senior Services	North Star Beach Summer Restrooms	18,000
Wastewater Fund	Utilities	Sewer Video Inspection Services - Contract/SSMP	166,375
General Fund	Utilities	Reclass (3) Equip Operator II & (1) Maint Wrk to Sr. Util Specialist and Util Specialist	29,163
Water Fund	Utilities	Convert Dept. Assistant to Management Analyst	49,362
<b>General Fund Total</b>			<b>1,533,106</b>
<b>Grand Total</b>			<b>2,235,929</b>



# PROPOSED ADDITIONAL STAFFING ENHANCEMENTS

Fund	Department	Item Description	Full-Time FTE Change	Part-Time FTE Change
General Fund	Community Development	Re-class Management Analyst to Senior Management Analyst	-	-
	Community Development	Re-class Senior Planner to Principal Planner	-	-
	Community Development	Re-class Assistant Planner to Associate Planner	-	-
	Community Development	Increase Management Analyst	1.00	-
	Finance	Re-class Management Analyst to Senior Management Analyst	-	-
	Finance	Convert Buyer to Senior Buyer	-	-
	Finance	Addition of 0.10 FTE to Part Time Sr Fiscal Clerk	-	0.10
	Fire	Training Battalion Chief to Administrative Services Division Chief	-	-
	Fire	Part Time Lifeguard Officer to Full Time	3.00	(2.25)
	Fire	Senior Fiscal Clerk to Fiscal Specialist	-	-
	Library	Increase Part Time Library Clerk	-	0.96
	Library	Transfer Facilities Maintenance Technician to Public Works	(1.00)	-
	Public Works	Addiiton of Public Works Crew Chief	1.00	-
	Public Works	Facilities Maintenance Worker to Facilities Maintenance Technician	-	-
	Public Works	Increase Full Time Facilities Maintenance Technician (from Library)	1.00	-
	Public Works	Increase Full Time Facilities Maintenance Technician (from RSS)	1.00	-
	Public Works	Increase Part Time Facilities Maintenance Technician (from RSS)	-	0.45
	Public Works	Increase Part Time Facilities Maintenance Worker II	-	0.30
	Public Works	Part Time Maintenance Aide to Maintenance Worker	-	-
	Public Works	Water Quality Coordinator to Management Analyst (Sustainability Coordinator)	-	-
	Public Works	Full Time Equipment Operator I to Maintenance Operator	-	-
	Public Works	Full Time Equipment Operator II to Senior Maintenance Operator (8)	-	-
	Public Works	Full Time Maintenance Worker I to Maintenance Worker (7)	-	-
	Public Works	Full Time Maintenance Worker I to Concrete Finisher	-	-
	Public Works	Full Time Maintenance Worker II to Full Time Maintenance Operator (6)	-	-
	Public Works	Full Time Senior Maintenance Operator to Public Works Crew Chief	-	-
Public Works	Full Time Assistant Management Analyst to Full Time Management Analyst	-	-	



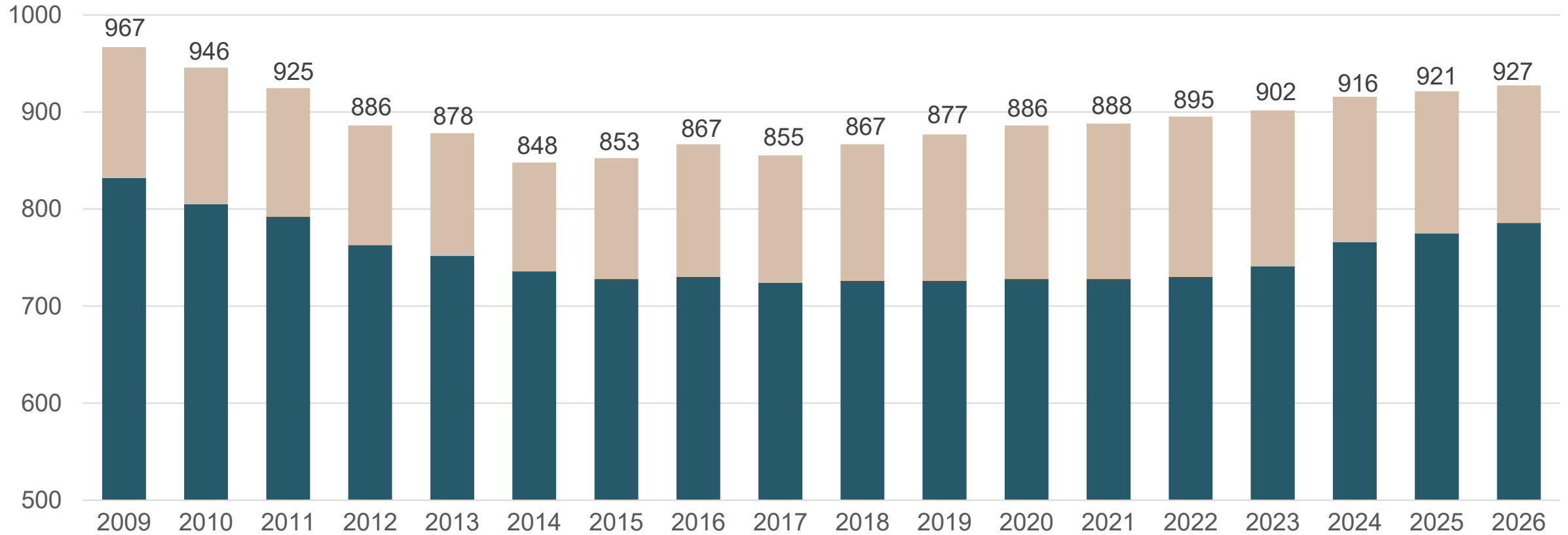


# PROPOSED ADDITIONAL STAFFING ENHANCEMENTS (CONT.)

<b>General Fund (cont.)</b>	Recreation and Senior Services	Part Time Park Patrol Officer to Assistant Recreation Coordinator	-	(0.40)
	Recreation and Senior Services	Full Time Park Patrol Officer to Assistant Recreation Coordinator	-	-
	Recreation and Senior Services	Full Time Lead Park Patrol Officer to Recreation Supervisor	-	-
	Recreation and Senior Services	Increase Part Time Senior Recreation Leader	-	0.50
	Recreation and Senior Services	Increase Part Time Assistant Recreation Coordinator	-	0.75
	Recreation and Senior Services	Decrease Full Time Facilities Maintenance Technician (Transfer to PW)	(1.00)	-
	Recreation and Senior Services	Decrease Part Time Facilities Maintenance Worker II (Transfer to PW)	-	(0.45)
	Utilities	Full Time Equipment Operator II to Senior Utilities Specialist (3)	-	-
	Utilities	Full Time Maintenance Worker I to Utilities Specialist	-	-
<b>Total General Fund</b>			<b>5.00</b>	<b>(0.04)</b>
<b>Water</b>	Utilities	Part Time Department Assistant to Full Time Management Analyst	1.00	(1.00)
		<b>Total Water Fund</b>		
<b>Information Technology</b>	Information Technology	Senior IT Analyst to GIS Coordinator	-	-
	Information Technology	Full Time IT Engineer - Cybersecurity	1.00	-
	<b>Total IT Fund</b>			<b>1.00</b>
<b>Tidelands</b>	Harbor	Convert Administrative Assistant to Management Analyst	-	-
	Harbor	Part Time Code Enforcement Trainee to Code Enforcement Officer I	-	-
	Harbor	Part Time Code Enforcement Trainee to Code Enforcement Officer II	-	-
<b>Total Tidelands Fund</b>			<b>-</b>	<b>-</b>
<b>Total Personnel Program Enhancements</b>			<b>7.00</b>	<b>(1.04)</b>



# CHANGES IN TOTAL STAFFING 2009 – NOW





## PERFORMANCE MEASURES

# PERFORMANCE MEASURES

- Implemented as component to qualify for the GFOA Budget Award
- Useful tool for departments to track performance
- Each departments measures are unique to their operations
- Examples of measures in departments
  - Finance – Average turnaround time from requisitions to purchase orders
  - Police – Average response time for Priority 1 & 2 calls
  - Public Works – Percentage of refuse collected that is diverted (recycled or composted)
  - Utilities – Percentage of sewer mainlines cleaned annually





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## GENERAL FUND RESERVES AND SURPLUS

# GENERAL FUND SOURCES AND USES

	FY 2024-25 Projected	FY 2025-26 Proposed
<b>Beginning Unrestricted Fund Balance</b>	\$ 15,752,275	\$ -
Operating Revenues & Transfers In	\$ 323,420,032	\$ 332,457,397
Operating Expenditures & Transfers Out	\$ (315,826,017)	\$ (318,423,118)
Repayment of Advances	\$ 1,250,000	\$ 1,250,000
Prior Year Resources Carried Forward	\$ 6,786,845	\$ -
Non-Operating Transfers Out	\$ (13,924,578)	\$ -
<b>Preliminary Ending Unrestricted Fund Balance</b>	\$ 17,458,557	\$ 15,284,280



## RECAP: KEY MESSAGES

- Proposed General Fund budget for FY 2025-26 is balanced
- Updated and comprehensive savings plans for long-term capital needs
- Maintained pension UAL payment of \$40 million, recommending funding additional \$5 million with year-end surplus, resulting in paydown of the liability in 2033
- Structural General Fund budget surplus of \$15.3 million is projected for FY 2025-26 subject to the Council's direction as to possible additional resource allocations



# QUESTIONS?





**ATTACHMENT A**  
Performance Measures

## Department

City Attorney's Office

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- Worked with the City's public safety officers to prepare amendments to the Newport Beach Municipal Code to address quality of life issues related to access to public facilities and camping on public property.
- Worked with City staff regarding the implementation and legal defense of the City's 6<sup>th</sup> Cycle Housing Element.
- Worked with City staff to finalize agreements related to real property including, the development of private projects, the acquisition of real property, and the use of City property.

## Budget Highlights

- Additional \$130,000 secured to obtain prosecution services via external counsel.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Ensure that the City Attorney's Office supports the Housing Element implementation process.
- Ensure contracts, resolutions and ordinances are completed in a timely manner.
- Ensure that people violating the Newport Beach Municipal Code are deterred from committing future crimes.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Percentage (%) of Standard Contracts completed within 10 business days of complete submission.	N/A	95%	100%	100%
Percentage (%) of Standard Misdemeanor Citations filed within 5 business days of the scheduled arraignment date.	N/A	100%	100%	100%
Percentage (%) of resolutions & ordinances completed by City Council Staff Report deadline.	N/A	100%	100%	100%

## Department

City Clerk

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- Worked with Netfile to launch an Ethics Training Seminar to meet AB1234 requirements
- Worked with Netfile to create a Lobbyist application for maintaining Lobbyist Registration Forms.
- Worked with Netfile for AB 1170 that requires all GC 87200 filers to file directly with the FPPC
- Hosted Operation Christmas to collect toy donations for military families.

## Budget Highlights

- City Clerk's Office goal is to continue staying within budget for FY2025-26.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Host two Citywide Records Management Workshops to train and inform City staff of best practices.
- Continue to promote transparency by uploading City Council documents to the City's website within 3 days of the meeting.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Public Records Act Requests assigned to City Clerk's Office responded to within 10-days	100%	100%	100%	100%
Public Records Act Requests completed by City Clerk's Office within 10 days	90%	95%	85%	100%
Percentage of regular City Council minutes prepared within 10 days of meeting	100%	100%	100%	100%
Percentage of Fully Complete Council Packets (Staff Reports / Ordinances / Resolutions / Etc.) Uploaded within 5 days of Meeting	100%	100%	100%	100%

## Department

City Manager's Office

## Summary of Notable Accomplishments During Fiscal Year 2024-25

Information Technology Division:

- Successfully kicked off and completed a comprehensive 5-Year IT & GIS Strategic Plan, setting a long-term direction for technology and GIS initiatives.
- Adopted an agile application development process, enabling faster delivery and greater flexibility in City-developed applications and custom configurations.
- Modernized the City's device deployment process by implementing Microsoft Intune, streamlining setup and management.
- Reduced the City's phish-prone score, a key cybersecurity risk metric, by 3.8%, enhancing overall organizational security.
- Completed a major version upgrade of the City's Enterprise Permitting System, improving functionality and security features.
- Upgraded the Library's Integrated Library System to a newer version, providing access to enhanced capabilities and better security.
- Launched a new mobile catalog app for the Library, delivering a modernized and user-friendly experience for patrons.
- Completed the Fire Station Alerting Modernization Project, equipping all stations except Station 1 with a resilient and updated alerting system.
- Strengthened the City's cybersecurity by automating data classification labeling to support data loss prevention efforts.
- Implemented a self-service email backup and recovery tool, empowering staff to manage their email recovery and discovery needs efficiently.

Outreach Division:

- Added five additional beds at the Costa Mesa Bridge Shelter with the option to add an additional 6 per diem beds if Costa Mesa has availability.

## Budget Highlights

Outreach Division:

- Good Giving Donations have increased year over year.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

Information Technology Division:

- **Deploy a New Fire Records Management System:** Implement the First Due system to modernize and streamline fire records management.
- **Replace Legacy Licensing System:** Introduce a new platform for Business Licensing, Transient Occupancy Tax, and Short-Term Lodging Permitting to enhance functionality and efficiency.
- **Enhance Disaster Recovery Preparedness:** Develop a comprehensive Disaster Recovery Plan and conduct team exercises to ensure readiness and procedural adherence.

- **Support Library Lecture Hall Construction:** Complete the technology infrastructure and integration for the Library Lecture Hall project.
- **Strengthen Network Security:** Perform a network penetration test to identify and address vulnerabilities, enhancing the City’s cybersecurity posture.
- **Execute the IT Strategic Plan:** Begin implementing the key initiatives and recommendations outlined in the IT Strategic Plan.
- **Upgrade Council Chambers Technology:** Modernize and refresh the audio-visual equipment in the Council Chambers to improve functionality and public engagement.
- Update our technology inventory practices to better monitor and track device inventory and retirement.

Outreach Division:

- Continue to house or reunify individuals experiencing homelessness into permanent living conditions.
- Facilitate street exits to shelters, skilled nursing facilities, or recuperative care facilities.

**Department Performance Measures**

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
<b>Information Technology Division</b>				
Mobile App Utilization / Impressions	33,200 Impressions	50,000 Impressions	60,000 Impressions	100,000 Impressions
Help Ticket Resolution Time	48 Hours Average Resolution	41 Hours Average Resolution	36 Hours Average Resolution	36 Hours Average Resolution
Cybersecurity Training Effectiveness (phish-prone score)	11.8% Phish-Prone Score	8% Phish-Prone Score	7% Phish-Prone Score	6.1% Phish-Prone Score
System Upgraded & Updated	93% of Systems Upgraded / Updated	93% of Systems Upgraded / Updated	95% of Systems Upgraded / Updated	100% of Systems
<b>Outreach Division</b>				
Percentage of filled Newport Beach allocated beds at Costa Mesa Bridge Shelter	95%	96%	96%	n/a
Increase the number of individuals housed or reunified through further collaboration with City Contractors	28 individuals housed / reunified	19 individuals housed / reunified	25 individuals housed / reunified	n/a
Number of Street Exits (Housed, Reunified with Family, Placed in Assisted Living/Skilled Nursing or Sheltered)	104 Street Exits	52 Street Exits	52 Street Exits	n/a

## Department

Community Development

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- A complete and successful overhaul of the refuse enforcement and demolition deposit program, resulting in increased revenue from citations and demo forfeitures.
- Completion and adoption of the land use element, zoning code, and objective design standards implementing the housing element.
- Online Commercial Plan Check and Permitting available through the CiViC portal.
- The implementation of the beach vendor enforcement program.
- Acquisition of property at 301 E Balboa Blvd for future public parking.

## Budget Highlights

- Preparation of a Specific Plan for Airport Area.
- Amend Objective Design Standards to address taller structures.
- Completion of the comprehensive General Plan Update.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Completion of the comprehensive General Plan Update.
- Continued implementation of the City's Housing Element.
- Continue to improve the customer online experience for all development services including all permits and applications available through the CiViC portal.
- Increased Short- Term Lodging proactive inspections.
- Comprehensive Fee Study.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
<b>BUILDING DIVISION PERFORMANCE METRIC</b>				
Percentage of building inspections provided within 1 business day of request	91%	90%	95%	95%
Percentage of 1 <sup>st</sup> plan checks reviewed and completed over the counter	81%	77%	80%	80%
Percentage of 1st plan checks reviewed within 10 days of submittal	95%	88%	90%	90%
<b>CODE ENFORCEMENT DIVISION PERFORMANCE METRIC</b>				
Percentage of first enforcement actions within 3 days of complaint	90%	91%	90%	90%
Percentage of violations resolved in 30 days or less	80%	88%	65%	65%
<b>PLANNING DIVISION PERFORMANCE METRIC</b>				
Percentage of 1 <sup>st</sup> plan checks reviewed and completed over the counter	83%	85%	80%	80%
Percentage of 1st plan checks reviewed within 10 days of submittal	90%	95%	90%	90%

## Department

Finance

### Summary of Notable Accomplishments During Fiscal Year 2024-25

- Moody's and Fitch reaffirmed the City's AAA credit rating (the highest possible rating) in 2024, which was based, in part, on the well-controlled expenditure framework coupled with a very solid level of budget management.
- Provided the Finance Committee and City Council with timely quarterly budget updates.
- Effectively managed the City's investment portfolio with a continued goal of maximizing investment returns while safeguarding principal and remaining sufficiently liquid to meet future expenditures.
- Implemented Governmental Accounting Standards Board Statement (GASB) No. 101, Compensated Absences.
- Finalized the City's Annual Comprehensive Financial Report (ACFR) in a timely manner for the most recent fiscal year, which reflected an "unmodified" or clean opinion that the City's financial statements were presented fairly and were free of findings.
- Received the Government Finance Officers Association's "Certificate of Achievement for Excellence in Financial Reporting" for the most recent fiscal year, which is the highest form of recognition in governmental accounting and financial reporting.
- Received the Government Finance Officers Association's "Distinguished Budget Presentation Award", which is the highest form of recognition in governmental budgeting. Additionally, the City's budget received special recognition in Budget Process which occurs when the highest possible score is received in a particular category.

### Budget Highlights

- Reclass of Management Analyst to Senior Management Analyst
- Conversion of Buyer to Senior Buyer
- Additional 0.10 FTE to Part Time Senior Fiscal Clerk

### Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Continue to develop and implement a budget that conforms to guidelines established by the Government Finance Officers Association for the "Distinguished Budget Presentation Award Program", which must excel as a policy document, financial plan, operations guide, and communication tool.
- Effectively manage the City's investment portfolio with a continued goal of maximizing investment returns while safeguarding principal and remaining sufficiently liquid to meet future expenditures.
- Provide the Finance Committee and City Council with timely quarterly budget updates.
- Conduct fee study assessments for Community Development, Police and Fire.
- Conduct Citywide Full Cost Plan (including Harbor Tidelands).
- Maintain the City's AAA credit rating by continuing to maintain a well-controlled expenditure framework.
- Continue to implement the City's pension paydown strategy with the goal of eliminating the City's pension liability in 2032.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Long-term bond rating issued by Fitch Ratings	AAA	AAA	AAA	AAA
Rate of return on pooled investments compared to the benchmark index	City Return: 4.70% Benchmark: 4.54%	City Return: 3.75% Benchmark: 3.50%	City Return: 3.25% Benchmark: 3.00%	Benchmark or higher
Average wait time on telephone calls made to the revenue division	2 minutes and 46 seconds	2 minutes and 31 seconds	2 minutes and 20 seconds	2 minutes
New vendors registered in the city's vendor registration and bid management system	1,696 new vendors	1,300 new vendors -23.35%	1,600 new vendors 23.08%	+3.00-5.00% from prior year
Average turnaround time from requisitions to purchase orders	1-4 days	1-3 days	1-2 days	Maintain 1-3 days
Obtained an unmodified ("clean") audit opinion on the city's financial statements within six months of year-end	Unmodified ("clean") audit opinion issued on 12/30/24	Unmodified ("clean") audit opinion issued	Unmodified ("clean") audit opinion issued	Unmodified ("clean") audit opinion issued
% of Continuing Disclosures filed in a timely manner (270 days)	100%	100%	100%	100%



## Department

Fire

### Summary of Notable Accomplishments During Fiscal Year 2024-25

- Submission and successful award of grant funding from CAL FIRE for Buck Gully Hazardous Fuel Thinning and Reduction Project
- Resurgence of CERT program, including replacement of CERT shed and overhaul of supplies and equipment
- Approval and purchase of four 2028 Pierce Fire Engines to be delivered in 2027-28
- Transition to Red Cross certification process for EMR, EMT and related trainings
- Purchase and implementation of new Records Management System software
- Compilation of cardiac patient save data statistics; NBFD has an average 2-2.5x the national average.

### Budget Highlights

- Additional maintenance funding to supplement preventative maintenance efforts and increased repairs to aging facility components.
- Implementation of Buck Gully hazardous fuel reduction grant project

### Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Re-emphasize department values through revitalization of culture.
- Continue the expansion of the CERT program, including Teen CERT and training for designated City employees.
- Commemorating 50 years of paramedic service in the City.
- Focusing on hiring/promotions for long term succession from recruitment to retirement.
- Fire Department Technology Committee coordination/partnership with Police Department on Drone program

### Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Fire Plan Check review turnaround time (avg time for new construction)	99.08%	98.89%	97%	90% of all initial (1 <sup>st</sup> Round) plan check reviews within 15 working days or less
Number of medical transports by non-NBFD ambulances (neighboring agencies provide assistance when all units are unavailable) <sup>1</sup>	4	TBD	Under 30	Under 30

<sup>1</sup> Totals based on preceding calendar year—MetroNet Data

Maintain Staffing & Reduce Overtime	Within FY Budget	Over Budget <sup>2</sup>	Within FY Budget	Within FY Budget
Drowning incidents are below the USLA statistical average <sup>3</sup>	Yes	Yes	Yes	Drowning incidents do not exceed USLA statistical average
Average Response Time - Medical Calls (Dispatch to Arrival)	5.55 min (CY2024)	Under 6 min	Under 6 min	Time below NFPA 1710 Standard (8 min) for Advance Life Saving response to medical aid

<sup>2</sup> Mutual Aid Responses in FY24-25 – including LA Fires Jan 2025

<sup>3</sup> (US Lifeguarding Association stat is 1 in 18 million beach visits)

## Department

Harbor

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- Deployment of a new, all-electric patrol vessel. This is the first all-electric workboat delivered to any public agency in the United States
- Opening of the new public dock at 29<sup>th</sup> Street
- Continued improvement to the technology we use to deliver services including
  - Scheduling and assigning tasks
  - Reporting on the status of service requests (see heat map of service requests)
  - Tracking the use of the free anchorages
  - Better charging of devices on the patrol boats
- Updated the weights and reported materials used for ground tackle on the 995 moorings we manage allowing for detailed analysis and formulation of a plan to improve associated water quality
- Arrested a vessel abandoned in the harbor subject to several liens (a process the City has not been involved in since the inception of the Harbor Department)
- Issued more harbor-related permits than ever before
  - 74 Rhine Use Permits
  - 74 Marine Activities Permits
  - 58 Harbor Event Permits
- Engaged in cooperative and collaborative spill response drills and exercises with the following agencies:
  - United States Coast Guard
  - California Department of Fish and Wildlife
  - California National Guard Marine Command
- Purchased (but not yet deployed) a Clean Earth Rover automated debris collection vessel. It should be operational in late Spring and will include a new feature that collects liquid contaminants on the surface of the harbor
- Collaborated with a privately owned and sponsored debris-collecting vessel operation. We are the repository for what is collected by this private operation and provide the operator with special access to City facilities
- Sponsored and contributed significant resources to the newly revived 2024 Newport Harbor Underwater Cleanup
- Witnessed, documented, and publicized evidence of marine species reintroductions in the harbor including sea stars and the blue shark
- Added water quality improvement-related conditions to the Marine Activities Permits written for all commercial operations on Newport Harbor
- Conducted the first-ever expired marine flare collection event in the city for which there was heavy demand

## Budget Highlights

- Our program enhancement requests for FY26 total a modest 5% increase to the Harbor Department's budget but will allow us to better deliver on our "clean, safe and well-enjoyed" mission to even more constituents. The enhancement requests are focused on improving the capability and visibility of our service offerings to the community

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Continue the removal of unseaworthy, unsafe, or unsanitary vessels from the harbor. The target is the removal of 15 abandoned or surrendered vessels that meet the criteria for unseaworthy, unsafe or unsanitary vessels. Funds are running low in our current grant from the State but we are working with them on an application for more funds to support these efforts
- Remove the arrested vessel that was abandoned in the harbor heavily laden with liens
- Continue to improve the department's engagement with the local community through educational programs, events, and outreach efforts aimed at promoting harbor stewardship and fostering positive relationships with residents and visitors (responses to media, support for public events including the Boat Show, Newport to Ensenada, Christmas Boat Parade, Underwater Cleanup, Maritime Command (MARCOM) disaster response exercises). Participate and document at least eight such events per year

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Removal of unseaworthy, unsafe, or unsanitary vessels	24 vessels removed	15 vessels	12 vessels	10 vessels removed
Improve Occupancy – Marina Park Slips	3770 nights	4,100 nights	4,500 nights	4,950 Nights
Improve Occupancy – Marina Park Moorings	776 nights	500 nights	600 nights	660 Nights
Improve Occupancy – Offshore sub-permits	9,638 nights	8,000 nights	9,000 nights	9,900 Nights
Improve Occupancy – Onshore sub-permits	6,386 nights	6,200 nights	6,800 nights	7,480 Nights
Achieve the Anticipated Revenue associated with the new Mooring License Program <sup>i</sup>	No revenues were recorded to this account	\$92,000	\$112,000	\$124,000
Achieve Occupancy– Mooring License Program	Program was implemented late in the fiscal year	85%	90% of 17 moorings in the program	90% Occupancy
Community Engagement: Public appearances at which the audience is educated on the “clean, safe and well-enjoyed” mission and progress toward delivering on that mission	14 events	10 events	8 events	6 events

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Removal of hazards, debris, and trash removal from the harbor	We were not weighing the debris we collected	2,151.8 lbs removed	1,500 pounds	900 lbs – based on implementation of upper bay trash interceptor

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<sup>i</sup> The mooring license program was established in mid-year in FY23-24 and prior data is not available.

## Department

Human Resources

### Summary of Notable Accomplishments During Fiscal Year 2024-25

- Successfully recruited over 200 new employees.
- Completed four Request for Proposals (RFPs) and executed multi-year contracts.
- Implemented an efficient reference check platform.
- Compiled department videos and photos to increase recruitment efforts on social media.
- Implemented systematic Human Resources Information System (HRIS) auditing protocol for improved operations.
- Transitioned to a paperless Personnel Action Form (PAF) processing system, including interdepartmental document exchanges.

### Budget Highlights

- Expand the employee Wellness Program.

### Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Assist with labor negotiations to secure successor Memorandum of Understandings (MOUs).
- Continue annual audits for Benefits administration.
- Review and improve efficiencies with the Safety Program.
- Continue to identify opportunities of paperless operations to contribute to decreasing carbon footprint.

### Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Recruitment Length (Non-Continuous; from opening date to first eligible list date; measured in business days)	28 days	32 days	32 days	32 days
Percentage of employees who positively rate workshops being valuable. (Trainings include PowerPoint, Word, Excel, DISC, presentation skills, etc.)	97%	99%	99%	100%
Percentage of hiring managers who positively rate their experience with the hiring process.	94%	94%	94%	100%

## Department

Library Services

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- We launched a new Special Delivery Program to deliver library materials to Newport Beach residents who are new parents or primary caregivers. There are only a handful of libraries in the United States that offer this service.
- Started a seed library at Mariners, which has seen over 1,000 checkouts in its first six months.
- Outreach efforts have doubled since FY23-24. A new library laptop has allowed staff to issue library cards offsite.
- A new online reservation system launched for Passport appointments, streamlining the process and making it more user friendly.
- A new projector was installed in the children's programming area at the Central Library to allow for greater flexibility for programming, specifically author events.

## Budget Highlights

- In collaboration with Finance, a review of the City Library Rents, Fines, and Fees was conducted and adopted.
- Council approved a three-year rotation for the Sculpture Exhibition which maintains the integrity of the program while being fiscally responsible.
- Construction on the new Balboa Library/Fire Station 1 to begin.
- Project Adult Literacy is anticipating a grant from the California Library Literacy Services division to augment the funding for this program.
- The library also anticipates receiving additional funding from the Newport Beach Public Library Foundation, Friends of the Library, and the Arts Foundation to help fund programs and materials.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Develop new programming ideas for Witte Hall space.
- Expand the collections and what types of materials are offered.
- Determine what programs and services can be offered offsite for patrons on the Peninsula during the closure of the Balboa Library.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
<b>Goal: Increase awareness of the Library</b>				
Door Counts	653,667	673,277	693,475	3% increase
Average number of attendees for Outreach programs	50 programs with an average of 203 at each = 10,181 total	50 programs with an average of 209 at each = 10,486 total	50 programs with an average of 216 at each = 10,800 total	3% increase
Website Visits	918,151	945,695	974,065	3% increase
Mobile app usage	176,851	182,156	187,620	3% increase
New eNews subscribers	2,955	3,043	3,134	3% increase
Number of New Resident Postcards Mailed	1,227 (three quarters)	1,416	N/A	This is dependent on how many people move into our service area
<b>Goal: Increase use of Library services and materials</b>				
Library cards issued	9,177	9,268	9,361	1% increase
Checkouts	1,213,486	1,225,620	1,237,876	1% increase
Average number of attendees for all programs	1,009 programs with a total attendance of 109,729 = 109 attendees per program	1,009 programs with a total attendance 110,826 = 110 attendees per program	1,009 programs with a total attendance 111,934 = 111 attendees per program	1% increase
<b>Goal: Advance digital and traditional literacy skills across all ages</b>				
Computer Use Sessions	40,010	40,410	40,814	1% increase
Digital Library Use	263,109	265,740	268,397	1% increase
Reading challenge program active participants	3,012	3,042	3,072	1% increase
Checkouts	1,213,486	1,225,620	1,237,876	1% increase



## Department

Police Department

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- Established a new Quality of Life/Homeless Liaison unit using existing personnel resources
- Adjusted patrol procedures to enforce new public camping and public conduct ordinance
- Recruited and appointed three new Civilian Investigators to staff the Crime Information Center (CIC)
- Established the CIC using existing infrastructure
- Procured and implemented the Flock ALPR system and established policies and procedures for its use
- Procured and implemented the Fusus intelligence platform and began community outreach for integration of private CCTV systems
- Implemented smart phone stipends for all field personnel and detectives to enable better access to technology systems and investigative resources
- Procured and implemented a new virtual use-of-force training system
- Established a new Drone-As-First-Responder program to be operated from the CIC, including evaluation, procurement and implementation
- Created an ancillary drone program for critical incidents and directed enforcement
- Provided new access to subscription databases for commercial ALPR data, cell phone information and photo recognition
- In 2024, volunteers provided 5,289 hours of service hours
  - Conducted vacation checks
  - 
  - Distributed 3,773 crime alert door hangers
  - Administrative support such as storekeeping, IT operations, fleet maintenance
- Received \$360,000 in Office of Traffic Safety grant funds to impact traffic safety priorities

## Budget Highlights

- Added new funding to support ongoing technology initiatives
  - Expanded Flock ALPR data storage to one year (from 30 days)
  - Access to law enforcement databases for stolen personal property and related photos and suspect information and nationwide alerting
- Utilized \$50,000 in Asset Forfeiture funding for continued support of CIC real-time crime analysis and investigative tools
- Expanded funding for Animal Control wildlife rehabilitation
- Added \$48,000 new funding to train and equip a Tactical Emergency Medical Services team to treat persons seriously injured in critical incidents
- Replaced gas masks issued to police officers and sergeants
- Added one additional patrol vehicle for the new Quality of Life/Homeless Liaison unit
- Installed new data modems in patrol vehicles to support in-car and body worn camera video

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Maintain excellent response times by responding to Priority 1 calls for service within an average of three minutes, 15 seconds and Priority 2 calls for service within six minutes
- Expand investigators' access to important law enforcement databases
- Establish field operations unit to support CIC and crime analysis-directed enforcement
- Fully implement the Drone-As-First-Responder program with 2 minute, 30 second response time to Priority 1 and Priority 2 calls for service

## Department Performance Measures<sup>1</sup>

Performance Measure	Actual 2023	Actual 2024	Projected 2025	Target
Percentage of all 911 calls answered within 15 seconds	99.85%	99.84%	99.80%	95%
Average response time for Priority 1 calls	3:00	2:56	3:15	3:15
Average response time for Priority 2 calls	5:57	5:53	6:00	6:00
Number of phone calls handled in Dispatch	169,371	163,030	160,000	N/A
Total calls for service (dispatched and field-initiated)	101,946	99,093	98,000	N/A
Arrests	2,565	3,218	2,800	N/A
Investigative Clearance Rate (percentage of criminal cases closed)	45.7%	54.5%	50%	45%
Social Media posts	210	210	200	200
Crime Alerts issued	94	78	80	80

Note: Measures reflected are in calendar year

## Department

Public Works

## Summary of Notable Accomplishments During Fiscal Year 2024-25

- Completion and Opening of Sunset View Park and connecting Pedestrian/Cyclist Bridge and Water Trash Wheel Ribbon Cutting
- Organizing several popular public events including Arbor Day Tree Planting, Two Ewaste/Document Shredding/Compost or Mulch events, Touch-a-Truck
- Completion of both the Balboa Marina and 29<sup>th</sup> St. Public Piers in the Harbor
- Completion of the west Newport Beach Sand Fill/Nourishment/Reshaping Project
- Commenced Construction on the New Lecture Hall and Lower Harbor Dredging (in 2025)

## Budget Highlights

- Facility Consolidation
- Balboa Yacht Basin Dredging
- Enhancement to wildfire mitigation
- Redefining water quality team due to attrition while consolidating sustainability operations

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Consolidate and upgrade the facility maintenance of all the Library and Recreation/Community Center Buildings under one Facility Maintenance Group
- Completing Design and Permitting, and Starting Construction on the Balboa Library and Fire Station Building Replacements
- Prepare and Lobby the Federal Government for ~ \$50 million to Design/Construction Stage 14 Ocean Beach Nourishment and Groin Maintenance
- Reduce Refuse Landfill Tonnage and Increase Organic Material Diversion and Reuse over prior years values

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Percentage of CIP projects started within 60 days of the Master Schedule	79%	89%	80%	80%
Percentage of CIP projects completed within 10% contingency	79%	80%	80%	80%
Percentage of street closure permits issued within 24 hours	90%	85%	85%	80%
Percentage of PW related Quest (work order) tickets completed within 48 hours	N/A	80%	85%	80%
Percentage of refuse collected that is diverted (recycled or composted)	44%	45%	50%	50%
Percentage of fleet preventative maintenance completed on schedule	75%	80%	85%	80%

## Department

Recreation & Senior Services Department

## Summary of Notable Accomplishments During Fiscal Year 2024-25

1. Completed construction of a universally accessible playground at San Miguel Park.
2. Replaced park assets identified in the Parks Maintenance Master Plan including fencing and shade elements.
3. Implemented an Adaptive Sailing Program in partnership with Orange Coast College.
4. Piloted installation of youth sports AEDs at two athletic fields to comply with AB1467.
5. Received \$46,000 in grant funding from the CA Department of Boating and Waterways to fund program enhancements and replacement of sailing equipment.
6. Completed Phase 1 of the OASIS Senior Center LED lighting retrofit.

## Budget Highlights

1. Reclassified Lead Park Patrol Officer to Recreation Supervisor and reclassified Park Patrol classifications to Assistant Recreation Coordinators to improve operations, oversight recruitment, and overall service.
2. Added new revenue, expenditures and staffing to facilitate rentals of the Witte Lecture Hall.
3. Assumed management and registration of the OASIS garden memberships from the Friends of OASIS.
4. Applied for CA Department of Boating and Waterways grants to fund program fleet refurbishment, safety equipment and adaptive sailing scholarships.
5. Transition community center facility maintenance expenditures and oversight to Public Works Department July 2025.

## Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

1. Design improvements at Bonita Creek Park including synthetic turf replacement and LED athletic field light upgrade.
2. Market rentals and schedule use of the Witte Lecture Hall in anticipation of opening in Spring 2026.
3. Plan and design an aquatic facility at Lower Castaways with a 50-meter pool, therapy pool, splash pad and community room.
4. Renovate Spyglass Hill Park playground and incorporate a shade element.
5. Consider community impacts and demand for pickleball lights at Newport Coast pickleball courts.
6. Continue to support youth sports organization's installation of AEDs at athletic fields to comply with AB1467.
7. Replace park assets identified in the Parks Maintenance Master Plan.

## Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Recreational Program Attendance/Registrations	337,670	347,800 (+3%)	358,234 (+3%)	373,183 +3.00% from prior year
Senior Transportation Participants	10,190	10,495 (+3%)	10,810 (+3%)	11,000
Recreational Classes Offered	3,795	3,700	3,800 (+3%)	3,800
Satisfaction with Recreation Programs (1-5)	4.4	4.5	4.5	4.65

## Department

Utilities Department

### Summary of Notable Accomplishments During Fiscal Year 2024-25

- Secured land and a Laguna Beach partnership for development of a new water well in Fountain Valley
- Implemented new software to identify private water leaks
- Implemented a sewer lateral inspection program

### Budget Highlights

- Reclassify Equipment Operator positions to Utilities Specialist series positions
- Reclassify Department Assistant position to Assistant Management Analyst position
- Increase sewer system video inspection program

### Departmental Goals/Objectives for Upcoming Fiscal Year 2025-26

- Design and enter into a Cooperative Agreement for the new water well project (groundwater) in Fountain Valley
- Navigate new onerous “Making Conservation a Way of Life” State regulations
- Expand private water leak detection and notifications to residents
- Transition of oil field operations from our long-time operator to a new contract operator.
- Implement new theft deterrent systems for street lighting wiring
- Implement a new pipeline testing program

### Department Performance Measures

Performance Measure	Actual FY 23-24	Estimated FY 24-25	Projected FY 25-26	Target
Percentage of groundwater pumped <sup>1</sup>	78%	80%	80%	85%
Percentage Water Fund cash reserves vs. goal	95%	66%	60%	100%
Percentage of sewer mainlines cleaned annually <sup>2</sup>	75%	75%	75%	75%
Percentage Sewer Fund cash reserves vs. goal	37%	12%	9%	100%
Percentage of streets swept on schedule <sup>3</sup>	95%	95%	98%	100%
Percentage/Number of graffiti incidents removed within 24-hours of notice	95% / 6,588	95% / 7,400	95% / 7,500	100% / 7,500
Percentage/Number of streetlights repaired within 48-hours of notice	95% / 510	95% / 350	95% / 350	100% / 350

1. Groundwater pumped is approximately 50% less expensive than imported Metropolitan Water District water. The new allowable groundwater pumping percentage is 85% raised from 77% in early 2023. The Utilities Department’s water division largest expense is the cost to pump or purchase water and maximizing pumping is one of the Department’s top priorities to keep the water rates as low as possible.
2. Sewer main line cleaning is the best way to prevent sewer spills and protect the water quality of Harbor and Beaches. The Utilities Department wastewater division’s primary focus is the regular (monthly, quarterly and annual) inspection and hydro-jetting of the sewer mainlines to remove grit, grease, roots and blockages.
3. Street sweeping is the largest General Fund operation within the Utilities Department. Sweeping is another important way to reduce trash and pollutants from entering the Harbor and beaches. Delays to street sweeping most often are caused by weather delays.



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

Agenda Item No. 6B  
April 10, 2025

**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, 2025**

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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 2024-25. 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 2024-25 Quarter Ending March 31, 2025



**ATTACHMENT A**

**BUDGET AMENDMENTS FISCAL YEAR 2024-25 QUARTER ENDING MARCH 31, 2025**

City of Newport Beach  
Fiscal Year 2024-25 Budget Amendments  
Quarter Ending March 31, 2025

Reporting Quarter: Q3

BA #	Date	Amendment Type	Fund Number	Fund(s)	Revenues	Expenditures	Net Effect on Fund Balance Increase/(Decrease)	Department	Explanation
050	01/08/2025	City Council	010	GENERAL FUND	\$ 50,000.00	\$ -	\$ 50,000.00	RSS	To recognize revenues from a grant provided by Hoag Memorial Hospital Presbyterian's Community Benefit Program for OASIS Senior Transportation.
051	01/21/2025	City Manager	135	CONTRIBUTIONS FUND	\$ 1,842.44	\$ 1,842.44	\$ -	Public Works	To increase additional revenue and expenditure appropriations for the Water System Rehabilitation project (25W05) that investigates and constructs various city water infrastructure elements (pipelines and valves) that need rehabilitation and/or replacement. This increase is due to the cost of work exceeding higher than expected. The developer has agreed to pay the additional cost. See AA-033.
052	01/23/2025	City Council	010	GENERAL FUND	\$ 57,800.00	\$ 57,800.00	\$ -	PD	To increase revenue estimates and expenditure appropriations to accept a grant for the National Highway Traffic Safety Administration (NHTSA) Illegal Passing of Stopped School Buses - High Visibility Enforcement (HVE) Pilot Project.
053	02/11/2025	City Council	010	GENERAL FUND	\$ -	\$ 425,055.00	\$ (425,055.00)	RSS	To transfer FY2024-25 year-end surplus funds to the GF CIP Fund for Buck Gully Fire Risk Reduction.
			012	GENERAL FUND CAPITAL PROJECTS	\$ 425,055.00	\$ 425,055.00	\$ -		
054	02/03/2025	City Manager	010	GENERAL FUND	\$ 3,557.00	\$ 3,557.00	\$ -	PD	TO increase additional revenue and expenditure appropriations relating to reimbursement for training from the City of Los Angeles in the Detectives division. The training reimbursement is for Jennifer Kresge and Cynthia Carter.
055	02/12/2025	City Council	010	GENERAL FUND	\$ -	\$ 497,516.00	\$ (497,516.00)	PD	To increase expenditure appropriations in the Detective Division for the Drone Program that will cover agreement costs, first-year set-up costs for site preparation and equipment and ongoing costs for utilities.
056	02/20/2025	City Manager	010	GENERAL FUND	\$ -	\$ -	\$ -	CMO/CDD/LIB	Transfer of funds from Salary and Benefits accounts (7*) to Maintenance and Operational accounts (8*) to cover contracted temporary staff expenses being re-allocated to the proper expenditure category.
058	02/27/2025	City Manager	010	GENERAL FUND	\$ 26,982.01	\$ 26,982.01	\$ -	Fire	To increase revenue and expenditure appropriations for the City's CERT program from the CERT Donations Deposit account. Funds to be allocated to the accounts detailed below. Once approved, JV to follow.

## Newport Beach Finance Committee Work Plan

**May 2025**

Thursday, May 8, 2025

Follow-Up Discussion of Proposed FY 2025-26 Budget	Discussion	Staff will provide the Committee with a copy of the Fiscal Year 2025-26 proposed budget document. Should the Committee wish to continue April's discussion of the Fiscal Year 2025-26 budget, this is also an opportunity to do so.
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 discuss with the Audit Committee the planned scope and timing of the financial statement audit for the Fiscal Year Ending June 30, 2025.
Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
<b>Tuesday, May 27, 2025</b>		
Joint City Council and Finance Committee Study Session	Presentation	Staff will present the Fiscal Year 2025-26 proposed budget to the City Council and Finance Committee.
<b>Thursday, May 29, 2025</b>		
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.
Third Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2024-25 budget performance.
Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.

**June 2025***Committee Recess***July 2025***Committee Recess***August 2025***Committee Recess***September 2025**

Thursday, September 11, 2025

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, 2025.
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.
Budget Amendments for Quarter Ending June 30, 2025	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.

**October 2025**

Thursday, October 9, 2025

Overview of Sales Tax Allocations for Automobile Sales	Presentation	The City's sales tax consultant, HdL Companies, will provide the Committee with an overview of how sales tax is allocated for automobile sales, with a particular focus on non-traditional auto dealerships, such as Tesla, which has adopted a direct-to-consumer sales model.
Year-End Budget Results and Surplus Allocation	Presentation	Staff will provide a presentation regarding the year-end budget results for Fiscal Year 2024-25 and recommendations for allocation of any year-end budget surplus.
Budget Amendments for Quarter Ending September 30, 2025	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.

## Newport Beach Finance Committee Work Plan

**November 2025**

Thursday, November 13, 2025

First Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2025-26 budget performance.
OPEB Actuarial Valuation Report Update	Presentation	Staff will provide the Committee with an overview of the Fiscal Year 2024-25 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.
Internal Audit Program Update	Presentation	Presentation of internal audit reports, findings, and recommendations from the Fiscal Year 2024-25 audit program.
Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.

**December 2025***Committee Recess*