



CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA

Council Chambers

100 Civic Center Drive, Newport Beach, CA 92660

Thursday, October 16, 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

Trevor Power, Acting Deputy Finance Director

Vicky Nguyen, Assistant Management Analyst

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. 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.

I. CALL MEETING TO ORDER**II. ROLL CALL****III. PLEDGE OF ALLEGIANCE****IV. PUBLIC COMMENTS**

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

V. CONSENT CALENDAR**A. MINUTES OF SEPTEMBER 11, 2025****Recommended Action:**

Approve and file.

[DRAFT OF MINUTES - SEPTEMBER 11, 2025](#)

VI. CURRENT BUSINESS**A. OVERVIEW OF COMMUNITY DEVELOPMENT DEPARTMENT BUDGET****Summary:**

Staff will provide the Committee with a presentation covering the budget for the Community Development Department.

Recommended Action:

Receive and file.

[PRESENTATION](#)

B. YEAR-END BUDGET RESULTS AND SURPLUS ALLOCATION**Summary:**

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.

Recommended Action:

Receive and file.

[STAFF REPORT](#)

[PRESENTATION](#)

C. BUDGET AMENDMENTS FOR QUARTER ENDING SEPTEMBER 30, 2025

Summary:

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

Recommended Action:

Receive and file.

[STAFF REPORT](#)

[ATTACHMENT A](#)

D. WORK PLAN REVIEW

Summary:

Staff will report on the upcoming Finance Committee items.

Recommended Action:

Receive and file.

[WORK PLAN](#)

VII. ADJOURNMENT

**CITY OF NEWPORT BEACH
FINANCE COMMITTEE
SEPTEMBER 11, 2025 MEETING MINUTES**

I. CALL MEETING TO ORDER

Mayor Joe Stapleton called the meeting to order at 3:03 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 Weber, Committee Member Allen Cashion, Committee Member William Collopy, Committee Member William Kenney, Committee Member Kory Kramer

ABSENT: None

STAFF PRESENT: City Manager Grace K. Leung, Finance Director/Treasurer Jason Al-Imam, Acting Deputy Finance Director Trevor Power, Assistant Management Analyst Vicky Nguyen, Finance Manager Jessica Nguyen, Budget Analyst Abigail Marin, Budget Analyst Anthony Alannouf, Budget Analyst Courtney Buck, Senior Accountant Jeremiah Lim, Purchasing and Contracts Administrator Jennifer Anderson, Senior Buyer Shaun Tormey, Assistant City Manager Seimone Jurjis, Systems and Administration Manager Dan Campagnolo, Administrative Manager Raymund Reyes, Library Services Manager Rebecca Lightfoot, Public Works Finance/Administrative Manager Theresa Schweitzer, Recreation & Senior Services Director Sean Levin, Deputy Recreation & Senior Services Director Justin Schmillen, Budget Analyst Matthew Chong

OTHER ENTITIES: Genny Lynkiewicz, Chandler Asset Management

MEMBERS OF THE PUBLIC: Jim Mosher, Nancy Scarbrough

III. PLEDGE OF ALLEGIANCE

Committee Member Kenney led the Pledge of Allegiance

IV. PUBLIC COMMENTS

Chair Stapleton opened public comments. Hearing none, Chair Stapleton closed public comments.

V. CONSENT CALENDAR

A. MINUTES OF MAY 8, 2025

Recommended Action:
Receive and file.

MOTION: Committee Member Collopy moved to approve the minutes of May 8, 2025, seconded by Committee Member Cashion. The motion carried as follows:

AYES: Collopy, Cashion, Kenney, Kramer, Grant, Weber, Stapleton
NOES: None

ABSENT: None
ABSTAIN: None

B. MINUTES OF MAY 29, 2025

MOTION: Committee Member Cashion moved to approve the minutes of the May 29, 2025, seconded by Committee Member Kenney. The motion carried as follows:

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

VI. CURRENT BUSINESS

Committee Member Kenney noted that on May 8, the Finance Committee met with the auditors to discuss the planned scope and timing of the audit for the fiscal year ending June 30, 2025. He inquired about the status of a question raised during that meeting regarding whether Finance Committee members are officially designated to serve as members of the Audit Committee, and if so, whether they are covered under the City's liability insurance when acting in that capacity.

Finance Director/Treasurer Jason Al-Imam reported that several months ago, an email was sent to the Finance Committee containing a copy of the enabling resolution outlining the committee's responsibilities, which states that the Finance Committee serves in the capacity of an Audit Committee. He also confirmed that members of the Finance Committee are covered under the City's excess insurance policy for actions performed while serving in that capacity.

Chair Stapleton acknowledged the report and then proceeded to the investment performance review.

A. ANNUAL REVIEW OF INVESTMENT PERFORMANCE

Recommended action:
Receive and file.

Finance Director/Treasurer Al-Imam introduced the annual review of the City's investment portfolio for Fiscal Year 2024-25. He explained that Chandler Asset Management oversees the City's long-term investments, while City staff manages liquid cash through bank accounts, the State of California's Local Agency Investment Fund (LAIF), and the California Asset Management Program (CAMP) to meet daily needs. He then introduced Ms. Genny Lynkiewicz of Chandler Asset Management to present the year-end investment report as of June 30, 2025.

Ms. Lynkiewicz thanked the City for the opportunity to present and stated that, before reviewing the portfolio, she would provide an overview of the economic and financial trends affecting its performance.

Committee Member Kramer requested background information before the portfolio review, including how long Ms. Lynkiewicz had worked with the City, details about Chandler Asset Management, and the firm's scope of services.

Ms. Lynkiewicz reported that Chandler has managed the City's operating funds for 34 years. Founded in 1988 by Kate Chandler, the firm was established to manage public agency funds in California and to provide specialized expertise to treasurers and finance departments. She noted that Chandler currently manages approximately \$42 billion in assets.

Committee Member Kramer asked whether the firm specializes in municipal and governmental investments.

Ms. Lynkiewicz confirmed that the firm's clients are primarily public agencies. While Chandler has a national presence, its largest footprint remains in California.

Committee Member Kramer inquired about the contract structure, asking if it typically involves a five-year term and how often it is reviewed.

Ms. Lynkiewicz confirmed that contracts are generally five years in length. She explained that Chandler communicates regularly with staff through scheduled monthly calls, additional ad hoc discussions, and an annual report to the committee.

Committee Member Kramer then asked where the City was in its current five-year contract.

Chair Stapleton recalled that during a previous review, the City had two money managers, but following a competitive process, all assets were consolidated with Chandler due to performance and cost efficiencies, likely within the past five years.

Committee Member Kramer asked whether the current contract term was nearing its conclusion and if renewal would soon be required.

Finance Director/Treasurer Al-Imam stated that the current contract was awarded in 2022 following a competitive selection process and will expire in December 2027.

Committee Member Kramer then asked about the firm's investment philosophy and what distinguishes it from others.

Ms. Lynkiewicz responded that Chandler's strength lies in its California focus. While many firms operate nationally, Chandler emphasizes detailed credit analysis and high-quality investments to avoid unnecessary risk, while still seeking to outperform benchmarks and deliver strong returns.

Finance Director/Treasurer Al-Imam explained that the City's Investment Policy—listed as Item B under Current Business—establishes the framework for the City's investment objectives. He noted that the policy operates under the broader restrictions of the California Government Code, which limits the types of permissible investments. He reported that the City's portfolio consists primarily of securities with maturities under five years, as required by State law, and is composed mainly of highly rated U.S. Treasuries along with some corporate securities.

Ms. Lynkiewicz noted that it is important to understand the context of State law regarding municipal investments. She explained that following the Orange County investment scandal, the State enacted additional restrictions to guide treasurers and finance officials in managing public operating funds. She confirmed that all investments are rated single A or higher and emphasized that Chandler Asset Management prioritizes high-quality holdings to avoid exposing the City's funds to unnecessary risk.

Committee Member Kramer asked which other public agencies in Orange County are clients of Chandler Asset Management.

Ms. Lynkiewicz reported that the firm's clients include the City of San Clemente and several water districts, including the South Coast Water District. She added that Chandler serves numerous other public agency clients throughout the region.

Committee Member Collopy requested that the upcoming economic overview be presented in a way that connects current economic conditions to the City's investment portfolio and explains how those conditions influence investment decisions.

Ms. Lynkiewicz explained that fixed-income investments have been performing well. She noted that interest rates, which had been at record lows during the COVID-19 pandemic, began rising dramatically in 2022. As a result, the City's fixed-income holdings have generated strong returns. She stated that fixed income is now being considered alongside equities as a competitive asset class, which has not been the case in many years. She added that this trend aligns well with the City's investment authority, as the City is permitted to invest in fixed income and has realized positive results under current conditions.

Ms. Lynkiewicz further reported that Chandler Asset Management closely monitors corporate earnings as an indicator of overall economic performance. She stated that second-quarter corporate earnings were generally positive, benefiting the City's portfolio through stronger performance of its corporate bond holdings. She explained that corporate bond spreads, representing the risk premium received for purchasing corporates rather than United States Treasuries, are currently near record lows, which has supported portfolio performance. She added that other spreads have also tightened, further strengthening returns.

Ms. Lynkiewicz noted that inflation remains a central factor in portfolio strategy. She explained that while tariffs and other economic pressures create uncertainty, inflation itself has remained relatively steady. She also confirmed that labor market conditions are monitored closely, as recent signs of slowing have drawn the attention of the Federal Reserve.

Ms. Lynkiewicz concluded by explaining that when the Federal Reserve reduces interest rates, short-term rates decline significantly, which can reduce earnings from short-term investments. However, lower rates also increase the market value of longer-term holdings, partially offsetting the decline in short-term earnings and resulting in overall positive valuation effects for the City's portfolio.

Ms. Lynkiewicz reported that the July employment report included a downward revision of 258,000 jobs. She further stated that the August report reflected growth of only 22,000 jobs. Although job growth remained positive, she noted that these figures indicated a slowdown in the labor market. She added that the six-month average of job growth was approximately 64,000 jobs per month, while the three-month average was approximately 29,000 jobs per month. She reported that the unemployment rate had increased slightly to 4.3 percent as of August, which still reflected a condition of full employment.

Committee Member Kramer noted that first-quarter figures were revised downward by nearly one million jobs, calling the adjustment significant. He inquired how the recent labor market data would affect Chandler Asset Management's forward outlook.

Ms. Lynkiewicz responded that both the market and the firm anticipate the possibility of additional Federal Reserve interest rate cuts. She explained that such cuts would likely result in further declines in short-term rates and, at least initially, reductions in long-term rates as well.

Ms. Lynkiewicz reported that Newport Beach has an unemployment rate of approximately 4.2 percent, which is consistent with the national average. She added that the rate for Orange County as a whole was slightly higher, at 4.8 percent as of July.

Committee Member Kramer asked whether, in light of anticipated Federal Reserve interest rate cuts, the City typically holds securities to maturity or sells them on the market when advantageous.

Ms. Lynkiewicz responded that all securities in the portfolio are liquid and could be sold if the City needed cash or if market conditions made it beneficial to do so. She explained, however, that the City generally follows a buy-and-hold strategy because liquidity levels have been sufficient to cover operating costs without requiring sales.

Committee Member Collopy asked when the City last sold securities and whether sales are a common practice.

Finance Director/Treasurer Al-Imam confirmed that it had been some time since securities were last sold, noting that such sales are the exception rather than the rule.

Ms. Lynkiewicz added that historically the portfolio was managed under a one-to-three-year limited maturity strategy, which was later extended to a one-to-five-year duration. She noted that at the time of that transition, some sales were necessary to maintain balance. She stated that any sale is carefully calculated, often with the objective of realizing a gain, but confirmed that under current portfolio and cash flow conditions, no recent sales have been necessary.

Committee Member Collopy inquired whether Finance Director/Treasurer Al-Imam has a voice when Chandler Asset Management recommends the sale of securities.

Ms. Lynkiewicz responded that the City's relationship with Chandler Asset Management is discretionary, which grants the firm authority to make investment decisions, including sales. She clarified, however, that she regularly consults with staff and would not proceed with a sale if there were objections. She confirmed that Finance Director/Treasurer Al-Imam is actively involved in overseeing the portfolio and is informed of investment activity.

Ms. Lynkiewicz reported that average hourly earnings, a key inflation indicator, declined to 3.7 percent year over year as of August. She noted that overall inflation has remained relatively stable and confirmed that Chandler monitors the Consumer Price Index (CPI) closely.

She presented the August economic report and stated that national CPI was up 2.9 percent year over year, with Orange County slightly higher at 3.3 percent. She added that the Core Personal Consumption Expenditures (PCE) Price Index, another key measure for the Federal Reserve, was also at 2.9 percent in July. She explained that while inflation remains above the Fed's 2 percent target, it has declined significantly from prior highs. She reported that shelter costs, particularly rents, remain the largest contributor to CPI, while home prices have begun to soften. She added that airfare, hotels, and autos have contributed to higher costs, while home furnishings, medical care services, and vehicle rentals have placed modest downward pressure.

Turning to consumer activity, Ms. Lynkiewicz emphasized its importance as consumer spending accounts for two-thirds of GDP. She reported that July retail sales were up 3.9 percent year over year on a nominal basis, considered strong performance. She added that consumer confidence registered at 97.4 percent, a slight decline but still above the long-run average of 95 percent, reflecting resilience despite some caution.

On Gross Domestic Product (GDP), Ms. Lynkiewicz stated that first-quarter GDP was revised to -0.5 percent, a weak result distorted by a surge in imports ahead of anticipated tariffs and slower personal consumption expenditures at 0.3 percent. She noted that second-quarter GDP rebounded strongly at 3.3 percent. She added that third-quarter consensus forecasts are 1.1 percent, but the Atlanta Fed's GDPNow model projects 3.1 percent, a model that has been more accurate in recent periods. She reported that GDP growth for 2024 was 2.8 percent and

consensus expectations for 2025 are 1.7 percent, though actual results could be higher if growth continues in the 2–3 percent range.

Ms. Lynkiewicz next discussed bond yields, emphasizing their direct relevance to the City's portfolio, which is limited to fixed income and allows corporates up to 30 percent. She noted that yields have risen significantly from the near-zero levels of prior years, increasing annual income for the City. She reported that the two-year Treasury yield is approximately 3.5 percent and the ten-year Treasury yield near 4 percent. She explained that these rates directly affect mortgage costs and broader economic activity.

Finally, Ms. Lynkiewicz addressed the yield curve, noting it has been inverted for more than two years, the longest such period on record. She explained that inversions typically signal recession but observed that the curve has begun to normalize, with long-term yields rising and short-term yields declining. She stated that this is a positive development, as longer-term investments should provide higher yields in exchange for greater interest rate risk.

Committee Member Kenney asked about the potential impact of tariffs in the fourth quarter.

Ms. Lynkiewicz responded that while many tariffs had been negotiated, delayed, or granted exceptions, some could still affect prices. She explained that corporations had sought clarity from the government, often postponing or reducing the impact, but noted that the Federal Reserve was monitoring the situation closely. She stated that the ultimate effect might be limited, though some categories—such as toys, many of which are imported from China—had already seen price increases.

Committee Member Kenney stated that he believed the market was underestimating the impact of tariffs during the holiday season. He noted that major retailers such as Walmart and Target were already experiencing significant cost increases, which would ultimately be passed on to consumers. He added that while some suggested corporations could absorb the costs, companies remained under pressure to maintain profitability and satisfy investors. He emphasized that these pressures were not yet fully reflected in economic data, which only captured results through the second quarter.

Ms. Lynkiewicz agreed. She explained that many companies had imported large inventories ahead of the tariffs, which delayed their effect. She noted that because some tariffs were staggered or postponed, their impacts had not yet fully surfaced in inflation data. She stated that the Federal Reserve remained hesitant to cut interest rates until it was certain tariffs would not trigger renewed inflationary pressure.

Turning to the City's portfolio, Ms. Lynkiewicz presented the consolidated overview. She reported that of the more than \$400 million in City investment funds, Chandler Asset Management manages approximately \$272 million, with the balance managed by City staff through LAIF, CAMP, and bank accounts. She reported that the portfolio grew from just under \$400 million to nearly \$415 million, an increase of approximately \$16 million reflecting both income earnings and cash flows.

Ms. Lynkiewicz reported that the average modified duration of the consolidated portfolio was less than one year—approximately 0.8 years—reflecting the high level of cash holdings. She explained that 38 percent of the portfolio was invested in U.S. Treasuries and agencies, 36 percent in cash products such as LAIF, CAMP, and bank accounts, and about 21 percent in high-quality corporates and commercial paper. She noted that 72 percent of assets were held in maturities of six months or less. She added that Chandler also manages a separate one-to-five-year portfolio of about \$130 million for the City, with the remainder invested in very short-term instruments.

Committee Member Kenney asked why income earned as of June 30, 2024, was reported at only \$959,000, while income through June 30, 2025, was \$14.3 million. He questioned the reason for such a large discrepancy.

Ms. Lynkiewicz responded that the discrepancy likely relates to a Clearwater reporting issue. She explained that the City recently upgraded its Clearwater reporting system, and some historical information may not have fully captured all data. She confirmed that she would review the figures and provide clarification to City staff.

Committee Member Kenney noted that he was also new to the City's investment reporting and asked staff to briefly explain LAIF.

Ms. Lynkiewicz explained that LAIF, the Local Agency Investment Fund, is a state-run pool operated out of Sacramento through the State Treasurer's Department. She stated that LAIF invests very conservatively, primarily in government securities, with a weighted average maturity of just over 200 days—much shorter than the one-to-five-year strategy that Chandler manages. She emphasized that LAIF is conservatively operated.

She further explained that CAMP, by contrast, is managed by PFM, which has since been acquired by U.S. Bank. She stated that CAMP is a shorter-term product with somewhat more credit exposure and a maturity profile typically under 60 days, making it very short-term compared to LAIF.

Committee Member Kenney asked whether CAMP was considered a bank product, noting that Ms. Lynkiewicz had said it was now run by U.S. Bank.

Ms. Lynkiewicz clarified that while U.S. Bank acquired PFM, CAMP is an asset management product under U.S. Bank's investment management arm. She confirmed that U.S. Bancorp is ultimately responsible for managing CAMP's investments on behalf of its participants.

Committee Member Collopy asked whether local agencies are required to hold a minimum percentage of funds in LAIF, noting they had thought there was a requirement of at least 1 percent.

Finance Director/Treasurer Al-Imam clarified that there is no minimum requirement for LAIF participation. He explained that instead there is a maximum allowable allocation.

Committee Member Collopy turned to the Newport Beach consolidated aggregate return and asked why the City's return appeared significantly below the benchmark for the one-year and two-year periods.

Ms. Lynkiewicz explained that the variance was due to portfolio duration. She stated that the benchmarks, particularly the one-to-five-year benchmark, have much longer durations. She reported that the one-to-five benchmark carries a duration of 2.48 years and the one-to-three benchmark a duration of 1.76 years, while the City's consolidated portfolio has a duration of only 0.78 years. She emphasized that the comparison was not an "apples-to-apples" measure. She explained that when interest rates are rising, shorter-duration portfolios tend to perform more favorably, while in a declining rate environment, longer-duration portfolios typically generate higher returns. She added that if the review were limited to the City's one-to-five-year portfolio—closer in profile to the benchmarks—the City is outperforming in all but one measured period. She reiterated that because the consolidated return incorporates both short-term cash holdings and longer-term investments, the overall duration is much shorter, which explains the variance against benchmarks.

Committee Member Collopy stated that he remained unclear. He noted that for the one-year return, the benchmark was 5.67 percent while the City earned 4.96 percent, and for the two-year return, the benchmark showed 5.10 percent while the City earned 4.83 percent.

Finance Director/Treasurer Al-Imam pointed out that at the 30-year benchmark the City was outperforming, with a return of 3.56 percent compared to 3.42 percent.

Committee Member Collopy asked whether the discrepancy was due to the City holding more cash.

Finance Director/Treasurer Al-Imam confirmed this was the case. He explained that the City manages its cash based on projected cash flow needs and in compliance with Government Code requirements. He stated that the Code establishes two top priorities—safety and liquidity—with the third priority being a reasonable rate of return. He explained that because of these requirements, the City maintains more liquid cash than the comparable benchmarks, which results in lower returns in a declining interest rate environment.

Committee Member Collopy asked whether the benchmark figure represented what other cities are earning.

Ms. Lynkiewicz clarified that the benchmark is not a comparison of other cities' earnings. She explained that the figures are based on indexes, specifically the ICE Bank of America (BoFA) one-to-three-year and one-to-five-year benchmarks.

Committee Member Collopy acknowledged the clarification, stating that he had initially believed the figures represented a comparison to Huntington Beach.

Ms. Lynkiewicz explained that if the City's one-to-five-year portfolio were reviewed in isolation, the comparison against the benchmark would look very favorable. She noted, however, that because the consolidated return includes cash, the portfolio has a different profile and therefore does not exactly match the benchmark.

She also addressed an earlier question regarding credit quality. She explained that the chart shown in the report reflects Standard and Poor's ratings only, but all securities purchased by Chandler are rated A or higher by at least one of the rating agencies. She noted that the holdings report provides the rating for each security purchased. She further clarified that LAIF does not carry a published credit rating because the State Treasurer's Office does not seek one, while CAMP does carry a rating. She added that bank accounts do not carry a published investment rating, although their parent banks are rated. As a result, investments in deposit accounts are not reflected with ratings in the same way as securities.

Ms. Lynkiewicz emphasized that all bonds purchased for the City's portfolio must be rated A or higher, ensuring that the portfolio remains of very high quality. She stated that Chandler is focusing on credit quality, particularly at this stage of the economic cycle, and is exercising caution when buying corporate bonds. She explained that the goal is to invest only in companies with strong outlooks capable of withstanding potential economic slowdowns. She stressed that fixed income investing differs from equities: the objective is not to achieve outsized gains but to safeguard City funds.

Committee Member Cashion asked whether sector allocations and credit quality allocations from the prior year were roughly the same as those in the current year.

Ms. Lynkiewicz responded that the allocations were generally similar but noted it may be helpful to prepare a year-over-year comparison report to highlight differences more clearly. She reported that credit quality has remained largely stable, with one notable change. In May, Moody's downgraded U.S. government and agency securities from AAA to AA1. She noted

that Standard and Poor's had issued its downgrade in 2011, followed by Fitch in 2022, and Moody's downgrade was the final adjustment. As a result, government securities and agency holdings in the portfolio are now classified as AA1 under Moody's. She added that under Standard and Poor's ratings, no major change had occurred.

Committee Member Cashion asked whether monthly meetings with staff addressed these types of changes.

Ms. Lynkiewicz explained that Chandler's regular discussions with Finance staff focus primarily on liquidity needs, which guide investment decisions. She stated that these discussions determine whether cash can be invested for six months, one year, or must remain available for near-term requirements.

Finance Director/Treasurer Al-Imam noted consistency when comparing the current year's investment report to the prior year. He explained that in the previous year, approximately 60 percent of assets were divided between U.S. Treasuries and LAIF, while in the current year about 60 percent are allocated between U.S. Treasuries, LAIF, and CAMP. He emphasized that overall sector allocation remains similar and that credit quality also appears stable.

Ms. Lynkiewicz reported that Chandler has not changed its target allocations for corporate bonds or other corporates under management. She introduced the compliance report included in the presentation and explained that Chandler's compliance department continuously monitors the portfolio to ensure that all investments meet the requirements of both the California Government Code and the City's investment policy. She confirmed that as of the end of June, the portfolio was fully compliant.

She explained that Chandler uses a compliance system to verify each trade against the required criteria before it is executed. She further noted that the presentation also includes a holdings report and transactions report, which provide detailed information on each security, including purchase date, purchase yield, and ratings from Moody's, S&P, and Fitch. She advised that commissioners may review these reports for additional detail on individual securities.

Chair Stapleton referred to page 14 of the presentation and observed that a large portion of funds appeared to be held in cash earning 1.2 percent. He asked whether the \$21.5 million shown represented working capital, specifically accounts payable.

Ms. Lynkiewicz confirmed that the figure represented cash held for accounts payable and payroll.

Chair Stapleton then referred to page 17 and asked whether there was a risk in not locking in longer-term rates, given that the Federal Reserve was expected to lower rates by several basis points. He questioned whether the City was missing an opportunity by holding primarily one-year maturities instead of investing for two or three years.

Finance Director/Treasurer Al-Imam responded that while there are risks in not locking in longer maturities, Chandler manages the portfolio according to the City's projected cash flow needs. He explained that cash flow projections ultimately determine how much can be invested at various durations.

Committee Member Collopy suggested that flexibility exists to sell securities and reinvest at longer maturities, even if that requires realizing a loss. He asked whether Chandler was actively using that flexibility.

Ms. Lynkiewicz responded that Chandler does not see a current need to sell securities, given the City's strong liquidity position. She emphasized that the Finance Department, led by

Finance Director/Treasurer Al-Imam, is focused on maintaining sufficient liquidity, and Chandler aligns investment decisions with projected cash flow needs.

Committee Member Collopy referred to page 11, the reconciliation summary, and noted that several items were unclear.

Chair Stapleton explained that the figures appeared to compare the left column through June with the right column through December 2024 and requested confirmation.

Ms. Lynkiewicz agreed this appeared correct but acknowledged that the report was complex.

Committee Member Collopy suggested scheduling a private call to review the reconciliation summary in detail so as not to delay the meeting further. He also asked Finance Director/Treasurer Al-Imam whether he was comfortable with the figures.

Finance Director/Treasurer Al-Imam confirmed that staff could arrange a call to review the details.

Committee Member Kramer observed that Newport Beach is home to major corporations such as Pacific Life, PIMCO, and Chipotle. He questioned why none of these companies appeared in the City's investment holdings and asked how Chandler selects securities from the broad range of available options. He specifically asked why the City does not invest in local companies, suggesting that purchasing a PIMCO fund might be logical.

Ms. Lynkiewicz explained that Chandler's mandate is to purchase securities directly on behalf of the City, not to invest in pooled products or funds managed by others. She noted that many public agencies purchase corporate bonds directly, and Chandler follows the same approach for Newport Beach to avoid additional fees associated with fund-of-funds investments.

Committee Member Kramer pressed further, asking whether the City held any fund-to-fund investments. He emphasized that corporate bonds could sometimes generate stronger returns and questioned why they were not used more actively.

Ms. Lynkiewicz confirmed that no fund-to-fund investments are held in the operating portfolio, though pension and retirement accounts may contain such holdings. She explained that corporate bonds are considered, but Chandler is limited to securities rated single A or higher. She noted that many well-known companies do not meet this standard due to downgrades following the Global Financial Crisis. She emphasized that Chandler further narrows the list through its own credit analysis to ensure safety and stability. She added that AAA-rated bonds are rare in the current market, though new issues do appear regularly from companies such as Home Depot. She noted that she had not seen offerings from companies such as Chipotle.

Chair Stapleton opened public comments. Hearing none, Chair Stapleton closed public comments.

Committee Member Kenney raised a question regarding the Ending Book Value shown on page 11 of the report. He noted that the Ending Book Value appeared identical for both fiscal year-to-date January 1, 2025, and June 30, 2025. He expressed concern that the values should not be the same and requested clarification.

Ms. Lynkiewicz responded that she was unsure why the figures matched. She observed that the table also referenced a January 1 date, which might be a factor, but confirmed the matter would need further review.

Committee Member Kenney stated that the discrepancy stood out to him and thanked staff for agreeing to review it.

Finance Director/Treasurer Al-Imam acknowledged the concern, thanked the committee member for raising the issue, and confirmed that staff would investigate this reporting matter.

Chair Stapleton received and filed the item.

B. ANNUAL REVIEW OF INVESTMENT POLICY

Recommended action:

Receive and file.

Finance Director/Treasurer Al-Imam introduced Item B, the annual review of the City's investment policy. He reported that the policy had been reviewed and no immediate changes were recommended, though two pending Senate bills could affect municipal investment authority.

Ms. Lynkiewicz explained that Senate Bill 595 would extend provisions allowing agencies with portfolios over \$100 million to invest up to 40 percent in commercial paper (currently capped at 25 percent). She explained that this authority, set to expire in 2026, would be extended five more years. She further explained that the bill would also continue authorization, originally adopted during record-low interest rates, for certain U.S. government securities to accrue zero or negative interest if held to maturity, extending that provision until 2031. She further explained that Senate Bill 858 would extend the maximum maturity for commercial paper from 270 days to 397 days, effectively permitting one-year maturities. Lastly, she noted that this change would provide greater flexibility for entities such as local government investment pools.

Finance Director/Treasurer Al-Imam concluded that if either bill is enacted, staff will return with proposed amendments to the City's investment policy for Finance Committee review.

Chair Stapleton opened public comments. Hearing none, Chair Stapleton closed public comments.

Chair Stapleton received and filed the item.

C. OVERVIEW OF RECREATION AND SENIOR SERVICES DEPARTMENT BUDGET

Recommended action:

Receive and file.

Recreation and Senior Services Director Levin thanked the committee and stated that he would present the department's budget. He invited questions during the presentation and began the overview.

Recreation and Senior Services Director Levin explained that the initial slides highlighted department statistics but emphasized the department's overarching role: managing public resources such as beaches, parks, and community centers, and delivering programs and events. He noted that additional detail would be provided in the following slides.

Recreation and Senior Services Director Levin reported that the department has 42.5 full-time employees and 37.85 part-time FTEs. He explained that the 0.5 FTE reflects a shared position with another department, noting that the incumbent has since transferred to Finance. He stated that the department is organized into three divisions: Administrative, Senior Services, and Recreation. He further noted that Senior Services is displayed on the left of the organizational chart, while the three program areas of Recreation are shown in green, blue, and orange under division managers.

Recreation and Senior Services Director Levin presented the expenditure budget for Fiscal Year 2025–26. He reported an actual expenditure of \$16.1 million in FY 2024–25 and an

adopted expenditure budget of approximately \$15.96 million for the current fiscal year. He explained that the apparent decline is due to consolidating facility maintenance under Public Works and transferring the related funds. He added that similar consolidations had been completed for Library and Fire Services, yielding economies of scale.

Recreation and Senior Services Director Levin stated that the department also administers special funds, including the Fostering Interest in Nature (FIN) Fund and the Recreation Equipment Fund. He explained that appropriations from these funds are budgeted into the General Fund to support programming throughout the year. He reported FY 2024–25 revenue of approximately \$6.596 million and a current-year revenue budget of \$7 million. He highlighted a cost recovery ratio of 44 percent, noting that the nationwide median is 27.2 percent.

Committee Member Cashion asked whether anything unusual explained the City's 44 percent cost recovery compared to the 27 percent national median, and whether the difference reflected local conditions or a change in practice.

Recreation and Senior Services Director Levin responded that the City's coastal resources allow for programming such as surf lessons, camps, and similar activities that many municipalities cannot offer, thereby increasing participation and revenue. He further explained that the favorable local climate supports year-round outdoor programming, reducing reliance on indoor facilities compared to jurisdictions in colder regions.

Committee Member Cashion suggested that some programs might be profit-generating.

Recreation and Senior Services Director Levin clarified that no programs are profit-generating and explained that all offerings are subsidized to some extent. He noted that a subsequent section of the presentation would address fee philosophy and recovery tiers. He then reviewed a multi-year budget trend, explaining that the FY 2023–24 figures reflected the reinstatement of post-COVID revenue and expenditures as participants returned to facilities and programs.

Committee Member Collopy asked why the salaries-and-benefits chart did not align with a prior chart for FY 2024–25.

Recreation and Senior Services Director Levin explained that one chart reflected budgeted figures, while the other showed actual expenditures. He stated that actual expenditures typically fall below budget because the budget is based on full staffing levels and does not account for vacancies. He then presented performance metrics, noting that workload counts serve as indicators since participation is voluntary. He reported that program attendance has remained consistent over time, senior transportation usage has remained steady, and participant surveys are conducted across programs using a five-point scale.

Recreation and Senior Services Director Levin explained that the fee-setting philosophy used during fee studies conducted approximately every two to four years. He stated that offerings with broad community benefit receive larger subsidies (0–20 percent recovery), citing park patrol, parks, and playgrounds. He stated that mid-recovery programs include youth aquatics and learn-to-swim due to their communitywide benefits. He stated that high-recovery programs provide primarily individual benefit, citing adult sports and certain contract classes. He added that the Municipal Code establishes recovery targets and that fees are set to align with those targets.

Committee Member Collopy asked whether the left-side framework shown on the slide represented a legal requirement, noting that the slide included an asterisked attribution.

Recreation and Senior Services Director Levin clarified that the framework is a policy guideline rather than a legal mandate, and confirmed that the City Council sets fees based on council

policy. He explained that the department uses the framework to align fees according to public versus private benefit.

Recreation and Senior Services Director Levin then presented revenue composition and reported a current-year projection of approximately \$7.2 million. He explained that contract classes account for about 60 percent of total revenue, or approximately \$4.67 million. He noted that this category illustrates the manner in which the City delivers many services. He reported that the department maintains 92 active contracts with a mix of individual proprietors and companies, and that those contractors collectively utilize 1,467 subcontractors to provide services such as yoga, surf instruction, and exercise programs.

Committee Member Collopy asked who administers the contracts.

Recreation and Senior Services Director Levin stated that the department prepares, negotiates, and administers all agreements for contract classes, including management of revenue splits and instructor payments. He noted that all contracts are reviewed by the City Attorney prior to execution. He explained that revenue splits vary depending on factors such as facility ownership, equipment and staffing responsibilities, and other operational elements. He stated that an internal chart is used to guide percentage determinations.

Recreation and Senior Services Director Levin identified three major groupings within contract classes that together comprise the total. Summer Camps generate approximately \$1.2 million in revenue. Contract Classes, offered across four seasons and primarily adult classes excluding camps, generate approximately \$1.5 million. After Class Enrichment (ACE) programs, offered at all seven Newport Beach elementary schools within NMUSD, include activities such as surfing, "Skate Dogs," and cooking.

Committee Member Collopy asked whether the pie chart shown on the slide reflected the population of Newport Coast or the enrollment distribution across schools.

Recreation and Senior Services Director Levin clarified that the chart represented revenue distribution, not student population. He explained that participation varies among schools because some classes are more popular at certain locations. He stated that factors such as the level of involvement from parent-teacher associations (PTAs) and the length of time programs have been offered at each school influence participation. He added that several schools were added in recent years at the request of the Newport-Mesa Unified School District Board, which asked the City to expand programming. He noted that new sites typically take time to build participation but emphasized that the chart is not a reflection of student body size. Committee Member Cashion requested clarification on the slide showing 92 instructors and approximately 1,400 subcontractors. He asked if this meant, for example, that the City contracts with one surf camp operator, who then hires additional staff to deliver the program.

Recreation and Senior Services Director Levin confirmed this interpretation. He explained that the City contracts directly with operators, who in turn hire subcontractors. He cited a large summer camp that employed about 50 subcontractors under a single contract. He noted that all registration fees are collected by the City, which then distributes weekly payments to instructors. He added that the typical revenue share is about 57 percent to the City and 43 percent to instructors, though percentages vary by contract.

Councilmember Weber asked whether After Class Enrichment (ACE) programs could be extended to private schools, given that they are currently offered only in public schools.

Recreation and Senior Services Director Levin explained that programs had previously been offered at Sage Hill, but participation was too low to continue. He noted that classes are also sometimes offered at private studios, with operators receiving a higher percentage of revenue

because the programs are held on their property. He cited the Newport Aquatic Center as an example of an outside entity on City land that contracts with the department.

Committee Member Kramer praised the department, stating that Recreation and Senior Services is the most robust and effective of any city he has observed.

Recreation and Senior Services Director Levin thanked him, noting that Newport Beach's amenities and resources enable the department to deliver a wide range of high-quality programs.

Committee Member Kramer suggested greater outreach to private schools so that all students in Newport Beach, regardless of school choice, have access to program opportunities.

Recreation and Senior Services Director Levin agreed and stated that some operators already coordinate directly with private schools. He cited one surf camp provider who schedules an additional week of programming for private school students whose vacations extend beyond those of Newport-Mesa schools.

Committee Member Kramer added that his children attend Our Lady Queen of Angels School, where he has not seen program opportunities promoted. He encouraged stronger communication to ensure private school families are informed.

Recreation and Senior Services Director Levin confirmed that private schools are eligible to participate and agreed that improved outreach would help broaden awareness and access.

Recreation and Senior Services Director Levin then turned to adult sports, reporting that the City offers leagues in basketball, softball, soccer, pickleball, flag football, volleyball, and kickball. He noted that participation has shifted over time and emphasized that offerings are adjusted to reflect demand.

Recreation and Senior Services Director Levin addressed youth sports and reported that the department works with all local youth sports groups to allocate field space. He stated that volunteer-based groups, such as AYSO and Little League, serve approximately 5,900 children. He noted that attendance figures shown in program charts reflect cumulative participation across multiple days of play. He added that club sports are also very popular, with approximately 4,800 children participating in club programs. He provided a separate example of the Matt Leinart Flag Football League, noting its popularity.

Councilmember Weber asked about girls' flag football. She stated that when her family sought a team, they were told Newport Beach did not have a girls' team and that she had to register in Costa Mesa. She asked whether the City lacks all-girls teams.

Recreation and Senior Services Director Levin responded that the City has had girls' teams in the past, though some may have been coed. He noted that it is possible that teams were consolidated due to low enrollment. He did state that girls' flag football has now become a CIF sport, so the trend is shifting. He noted that he would check into whether Newport Beach currently has a dedicated all-girls team.

Committee Member Kramer stated that the numbers were astounding when reviewing club sports attendance, noting that across all groups there were more than 600,000 instances of participation, which represented a tremendous level of activity.

Recreation and Senior Services Director Levin emphasized that the department does not work in isolation, noting its close partnership with Public Works to maintain athletic fields and coordinate cost-sharing with sports groups. He stated that maintaining fields at the standard expected by residents requires constant cooperation. He also highlighted that the City

continues to host a city track meet at Newport Harbor High School, one of only three cities in the county that still does so. He noted that the event introduces children to track and field, provides exposure to CIF sports, and is supported by local high school coaches.

Committee Member Collopy asked how rental charges are assessed for club sports using City fields and gyms, and whether fees are calculated per player or per hour.

Recreation and Senior Services Director Levin explained that volunteer youth sports groups pay \$1 per hour under City policy, with all proceeds reinvested into field maintenance. He stated that club sports groups pay \$15 per hour, plus a \$10 per-player fee, both of which also support the maintenance fund.

Committee Member Kramer asked whether large, well-funded organizations such as the Irvine Strikers soccer club pay the same fees, despite parents and grandparents spending thousands of dollars on enrollment.

Recreation and Senior Services Director Levin confirmed that all club sports groups, including large organizations, pay the same \$15 hourly rate plus the per-player fee.

Councilmember Weber questioned why the City has not increased those fees.

Recreation and Senior Services Director Levin responded that the rates could be revisited if directed by the committee and City Council. He stated that the current fee structure has been in place for many years.

Recreation and Senior Services Director Levin then introduced youth programs. He reported that the Active Kids after-school program operates at Mariners Elementary, Newport Elementary, and the Community Youth Center (CYC) at Harbor View Elementary, running from school dismissal until 6:00 p.m. He described the Summer Day Camp, operated by City staff at Newport Elementary and CYC. He highlighted the Mayor's Youth Council, which provides mentorship with City employees and exposes students to City government through mock City Council meetings and service projects. He also described the Teen Leader Program, which gives teens who are not of working age the opportunity to assist staff and gain early job training experience. He noted that many Teen Leader participants later become City employees.

Councilmember Weber asked how long the \$1 per hour volunteer rate has been in effect.

Recreation and Senior Services Director Levin stated that the \$1 rate has remained unchanged for approximately 15 years. He explained that any adjustment would require notifying sports groups and negotiating a new policy.

Councilmember Weber remarked that even a 100 percent increase would likely go unnoticed by groups and suggested tying the fees to CPI.

Recreation and Senior Services Director Levin acknowledged that the fees could be raised, reiterating that it would be a policy decision requiring consultation with sports groups. He agreed that the current rate is not adjusted for inflation and noted that even a modest increase would represent only a minimal impact on participants.

Recreation and Senior Services Director Levin presented aquatics programming. He reported that the City does not currently own a pool but is evaluating construction of one through an ad hoc committee. He noted that in the meantime, the City operates programs at the Marion Bergeson Aquatic Center year-round and uses the Newport Harbor High School pool during the summer. He explained that aquatics programming consists of evening lap swim on weekdays, weekend lap swim from 7:00 a.m. until 1:30 p.m., summer swim lessons, and management of rentals at the Bergeson pool.

Recreation and Senior Services Director Levin presented turned to facility rentals. He stated that the City rents its community centers more than 1,000 times each year. He added that parks are also available for rent, including benches and shade structures, with 296 park rentals recorded annually. He spoke on the Oasis Senior Center, reporting total revenue of \$1.5 million. He explained that Oasis provides classes, fitness, and human services. He highlighted human services offered at Oasis, including counseling for families concerned about elderly relatives living independently. He stated that the center connects residents with resources and programs such as caregiver support groups, including groups for Alzheimer's caregivers.

Recreation and Senior Services Director Levin presented emphasized the transportation program as one of the most important services. He reported that the program enables seniors who can no longer drive to remain independent by transporting them to medical appointments, grocery shopping, hair appointments, Oasis activities, and social gatherings. He noted that socialization is a vital part of maintaining senior health. He described additional Oasis services, including a meal program (Meals on Wheels), fitness classes, and use of the Oasis Fitness Center. He asked whether any committee members were members of the fitness center and noted that it costs approximately \$150 per year.

Committee Member Collopy asked whether data was available on participation trends.

Recreation and Senior Services Director Levin responded that the data is consistent year to year and offered to provide detailed reports. He added that one area of growth has been personal training, which has seen significant increases in demand.

Chair Stapleton asked whether personal training was included in the membership fee or charged as an additional cost.

Recreation and Senior Services Director Levin stated that personal training at Oasis was billed separately as part of the department's cost-recovery philosophy. He explained that while memberships were heavily subsidized, personal training generated more revenue than the memberships themselves. He described the Friends of Oasis, a nonprofit foundation that supports the center, and reported that the Friends have an annual operating budget of approximately \$583,000. He explained that the foundation provides services not funded by the General Fund, with revenue including about \$200,000 from donations and proceeds from a rummage sale. He noted that the Friends fund programs such as the sailing club, travel programs, and general membership meetings, as well as sponsor special events.

Committee Member Kenney asked how the Friends of Oasis supported their \$583,000 operating budget.

Recreation and Senior Services Director Levin explained that the organization had raised funds over many years, that some donors had contributed through estates or planned gifts, and that the group managed its own budget and accounts.

Committee Member Kenney remarked that the two sailboats at Oasis were the most used boats in the harbor.

Recreation and Senior Services Director Levin confirmed that the boats had been donated and were in daily use. He noted that the donation and the foundation's ongoing support represented a significant benefit to the department's operations.

Recreation and Senior Services Director Levin described the department's special events. He stated that major annual events include Fourth of July is for Families, a Movie in the Park series, and the City's Surf Contest. He noted that the surf contest takes place at 56th Street, is open to amateur participants, and includes divisions from children through the Masters (ages

50 and older). He encouraged committee members to attend. He reported that the department administers the special event permitting process for the City. He stated that any outside group wishing to host a marathon or other event applies through Recreation and Senior Services. He reported that approximately 271 special event permits are processed annually. He stated that the department also manages the special event grant program. He reported that seven events have been designated as signature events by the City and that an additional 20 community and charitable events were awarded grants in the past year.

Recreation and Senior Services Director Levin discussed the Park Patrol program. He explained that staff patrols City open spaces to address community issues such as alcohol use, smoking, and other inappropriate activity. He described the Park Patrol's philosophy as being more like a concierge service, with citations as a last resort. He shared an anecdote that park patrol officers are sometimes asked to perform duties beyond the usual scope, noting that one officer recently assisted Animal Control with a seal rescue at the beach.

Recreation and Senior Services Director Levin introduced the Fostering Interest in Nature (FIN) program. He reported that the program begins the following Monday and is designed for Title I fifth graders from Orange County. He explained that participating students spend two nights and three days at the dunes, learning about natural sciences and the bay. He further explained that students stay in large boys' and girls' tents set up at the site. He reported that when the Lido House Hotel was built, the Coastal Commission required a mitigation payment in lieu of providing lower-cost visitor amenities. He advised that approximately \$800,000 was allocated, and the City proposed using it to create the FIN program. He noted that the Coastal Commission approved the proposal. He stated that this year marks the fifth year of the program and that funds remain to continue for approximately five more years.

Recreation and Senior Services Director Levin stated that the department also manages natural resources education. He reported that staff lead tide pool trips and station educators at Little Corona during busy periods to explain rules and ecological importance to visitors. He reported that approximately 21,000 public contacts were made through these programs in the past year.

Committee Member Kenney asked what qualifies a school as a Title I school.

Recreation and Senior Services Director Levin explained that Title I schools are those in which 50 percent or more of students qualify for free or reduced lunch, typically serving lower-income populations. He noted that many students participating in the FIN program had never visited the beach before, making the program both eye-opening and rewarding for staff.

Committee Member Kenney asked whether any Title I schools are located in Newport Beach.

Recreation and Senior Services Director Levin responded that most are not, explaining that many participants come from Santa Ana. He added that within Newport-Mesa, some Costa Mesa schools, such as Rea and Wilson, are Title I, but none are located in Newport Beach.

Committee Member Collopy asked whether the department had responsibility for the County facility near the YMCA at University and Irvine Avenue.

Recreation and Senior Services Director Levin stated that the facility, known as the Peter and Mary Muth Center, is County-operated and not under his department's responsibility.

Recreation and Senior Services Director Levin reported that the City maintains a Facilities Master Plan (FMP), cataloguing all City facilities and setting aside funding for their eventual replacement. He explained that the plan specifies both how and when replacements will occur.

Recreation and Senior Services Director Levin also described the Facility Maintenance Master Plan, which funds ongoing upkeep of City facilities. He reported current projects, including roof and refurbishment work at the Community Youth Center (CYC), HVAC improvements at CYC, and new carpet at the Oasis Senior Center, which was recently replaced after 15 years.

Committee Member Cashion asked where the Community Youth Center is located.

Recreation and Senior Services Director Levin clarified that it is the Grant Howald Park Community Center, adjacent to Harbor View Elementary School.

Recreation and Senior Services Director Levin further discussed the Parks Maintenance Master Plan, which has been in place for approximately three years. He explained that the plan dedicates funding for outdoor facilities, enabling staff to plan projects in advance rather than reacting to emergencies. He added that Public Works partners with Recreation and Senior Services to prepare five-year project plans.

Committee Member Cashion asked about pickleball soundproofing, citing community concerns.

Recreation and Senior Services Director Levin responded that soundproofing had already been installed and was scheduled for replacement in three years because the current fencing materials were nearing the end of their useful life. He stated that the department was planning ahead to ensure sound mitigation would continue.

Recreation and Senior Services Director Levin highlighted recent accomplishments, including the completion of the San Miguel Park renovation with the City's first universally accessible playground; implementation of an adaptive sailing program at Marina Park made possible by retrofitted boats; and installation of Automated External Defibrillators (AEDs) at 14 active sports parks.

Committee Member Collopy asked what an AED was.

Recreation and Senior Services Director Levin explained that an AED is a defibrillator used during cardiac arrest, and that when combined with CPR, it significantly increases survival rates. He noted that upcoming legislation will require sports groups to have AEDs at events and stated that the City had installed them directly in parks to simplify compliance.

Recreation and Senior Services Director Levin announced that the department will operate the Woody Lecture Hall. He stated that reservations for rentals would open on October 1, with events permitted beginning April 1. He expressed enthusiasm about the opportunity to operate the new facility.

Committee Member Cashion asked how new recreation programs are initiated and whether ideas originate from residents or staff.

Recreation and Senior Services Director Levin explained that many programs develop through resident interaction, noting that residents frequently submit requests and contract instructors often propose new classes. He stated that if a program is new to the City, staff evaluates it and may pilot it. If enrollment is strong, the program continues; if not, it is discontinued after a few sessions. He emphasized that this process is ongoing, with the goal of keeping offerings fresh and relevant.

Committee Member Cashion asked whether space was the limiting factor.

Recreation and Senior Services Director Levin confirmed that space in City facilities is a valuable resource. He explained that the department prioritizes successful classes and rotates out those that do not perform well.

Committee Member Collopy asked about the department's primary communication tools.

Recreation and Senior Services Director Levin stated that the Navigator recreation guide remains the traditional communication vehicle, but noted that more families now consume information through Instagram. He reported that the department uses Instagram heavily, particularly for children's programs, as many parents discover activities and register through social media.

Committee Member Kramer asked whether unauthorized private use of City facilities for surf lessons or sports training was an issue.

Recreation and Senior Services Director Levin confirmed that unauthorized use does occur. He explained that the matter is addressed through the Park Patrol program and noted that citizens and legitimate youth sports groups are often the first to report violations, which staff then address directly.

Committee Member Kramer stated that he had attended several of the presentations in the past and commented that this presentation was very well done and helpful in understanding the breadth of the department's work.

Chair Stapleton opened public comments.

Nancy Scarbrough asked whether the City collaborates with Boy Scouts and Girl Scouts, noting the Girl Scout House at Marina Park. She inquired if there were any programs that were collaborative between those groups and other community organizations.

Recreation and Senior Services Director Levin responded that the Girl Scouts lease the property to operate at Marina Park but do collaborate with the City. He explained that during summer camps, they partner with the City to schedule group activities such as sailing lessons and stand-up paddleboarding.

Ms. Scarborough then asked whether the City tracks participation in summer and year-round programs by residency, specifically the breakdown between Newport Beach residents and those from other cities.

Recreation and Senior Services Director Levin replied that the resident-to-non-resident ratio is approximately 65 to 35 percent. He explained that if Newport-Mesa Unified School District boundaries are considered, the percentage of residents is higher because Costa Mesa accounts for a large portion of non-resident participants.

Ms. Scarborough asked if the City charges higher fees for non-residents.

Recreation and Senior Services Director Levin confirmed that there are resident and non-resident fees in place.

Ms. Scarborough asked about collaboration with Newport-Mesa Unified School District to allow use of school fields or "greens" on weekends when they are not scheduled for youth or sports groups. She suggested this could expand available park space.

Recreation and Senior Services Director Levin responded that the City has a joint use agreement with the school district. He explained that the City regularly uses district facilities for classes, after-school programs, and camps, while the district makes use of City facilities. He

emphasized that there is no subsidy between the parties; each side covers its own direct costs, such as turf replacement and landscape maintenance.

Committee Member Collopy asked whether the Recreation and Senior Services Department had any role in the Junior Lifeguards program.

Recreation and Senior Services Director Levin stated that the Junior Lifeguards program is not operated by his department but added that he strongly supports the program, noting that his daughter participated in it.

Jim Mosher introduced himself as a member of the General Plan Update Committee and its Recreation Element Subcommittee, although he stated he was speaking as an individual.

Mr. Mosher posed a broad budget question, noting that the Recreation and Senior Services Department mission statement lists five distinct program categories: education, environment, recreation, culture, and social programs. He asked whether the department had ever divided its budget to determine how much funding goes to each category, particularly since recreation and sports appear to receive the largest share. He also inquired which categories generate net costs versus those that produce revenue.

Recreation and Senior Services Director Levin responded that the department does not currently parse its budget into those five categories. He explained that all five are actively represented, but the budget is not allocated or tracked in that manner.

Mr. Mosher then asked whether the department's budget, both in total dollars and net cost to the City, has grown, shrunk, or remained stable as a percentage of the overall City budget over the last 20 years.

Recreation and Senior Services Director Levin responded that while he could not speak to the percentage compared to the entire City budget, the department's budget has grown as new facilities have come online. He cited Marina Park, Newport Coast Community Center, and Whitte Hall as examples of facilities that added staffing and operational costs. He emphasized that while programming has grown, much of it has been offset by increased revenue.

Mr. Mosher commented that the relative weight of departments likely shifts over time, though he was not criticizing, and said he was simply unsure how it had changed. He then referred to the General Plan, noting that earlier versions had identified new recreation facilities to be financed in the future, while the current plan has less vision for long-term capital projects. He asked whether the department had a "wish list" of major facilities it hoped to see built in the next 10 years.

Recreation and Senior Services Director Levin responded that the Parks, Beaches, and Recreation Commission has an ad hoc group that appears interested in pursuing that type of long-term facilities planning.

Mr. Mosher concluded by asking about the Mayor's Student Council, referencing the figure of 209 participants. He questioned whether this represented individual members or total attendance.

Recreation and Senior Services Director Levin clarified that the figure reflected attendance counts rather than individuals, explaining that there are usually about 20 to 22 members who meet multiple times.

Committee Member Collopy inquired about the status of the Aquatic Facility project.

Chair Stapleton stated that the project will not proceed at the Lower Castaways site. He explained that the City Council has appointed a subcommittee to explore options. He advised that a Request for Proposal (RFP) process has been initiated for Lower Castaways to invite community proposals for alternative uses through public-private partnerships. He further stated that the committee is also considering alternative sites for a pool. He emphasized that there are not sufficient votes on the City Council to proceed with a pool at Lower Castaways.

Chair Stapleton thanked Recreation and Senior Services Director Levin for his work and complimenting the department's performance.

Chair Stapleton closed public comments.

Chair Stapleton received and filed the item.

D. BUDGET AMENDMENTS FOR QUARTER ENDING JUNE 30, 2025

Recommended action:

Receive and file.

Chair Stapleton opened public comments.

Mr. Mosher commented that many of the items listed in the budget amendment packet, particularly on the second and third pages, had no dollar figures attached. He observed that this appeared to be because the amendments were transfers with no net effect on the General Fund. However, he noted that some of the transfers likely involved large amounts of money, while others involved much smaller sums. He asked whether it would be useful for the committee to see a column showing the dollar amounts, even if only a general estimate.

Finance Director/Treasurer Al-Imam responded that staff could incorporate high-level quantifications into the explanation section of future budget amendment reports. He suggested that where possible, the staff could include approximate amounts, for example, indicating that \$10,000 in expenses were moved from one account to another.

Mr. Mosher remarked that the transfers likely range from a few dollars to hundreds of thousands of dollars and stated that some context would be helpful.

Committee Member Collopy added that he had noticed similar transfers in the Police Department, such as when patrol dollars were shifted to detective dollars. He asked why those needed to come forward at all if they did not change the overall budget.

Finance Director/Treasurer Al-Imam explained that when funds are moved between accounts, even if the net impact is zero, the change must still be recorded as a budget amendment. He clarified that this was required for documentation, consistency, and compliance with the City's policies and procedures. He noted that while the City Manager has authority to approve such movements, bringing them to the committee provides transparency and creates a historical record that helps departments prepare more accurate budgets in subsequent years. City Manager Grace Leung confirmed that was the case.

Chair Stapleton closed public comments.

Chair Stapleton received and filed the item.

E. WORK PLAN REVIEW

Recommended action:

Receive and file.

Chair Stapleton reminded the committee that the next meeting would be held on October 9. He stated that he would be out of town on that date and asked Councilmember Grant if she would be willing to chair the meeting.

Councilmember Grant agreed but noted that she would be returning from travel that morning. She stated that if she encountered a travel delay, she would inform staff.

Councilmember Weber confirmed that she would be available if needed.

Chair Stapleton announced that the committee would meet on October 9 and November 13, followed by a recess in December.

Chair Stapleton received and filed the item.

VII. AJOURNMENT

The Finance Committee adjourned at 4:36 p.m.

Attest:

Joe Stapleton, Mayor/Chair
Finance Committee

Date

6A. PRESENTATION

OVERVIEW OF COMMUNITY DEVELOPMENT DEPARTMENT BUDGET

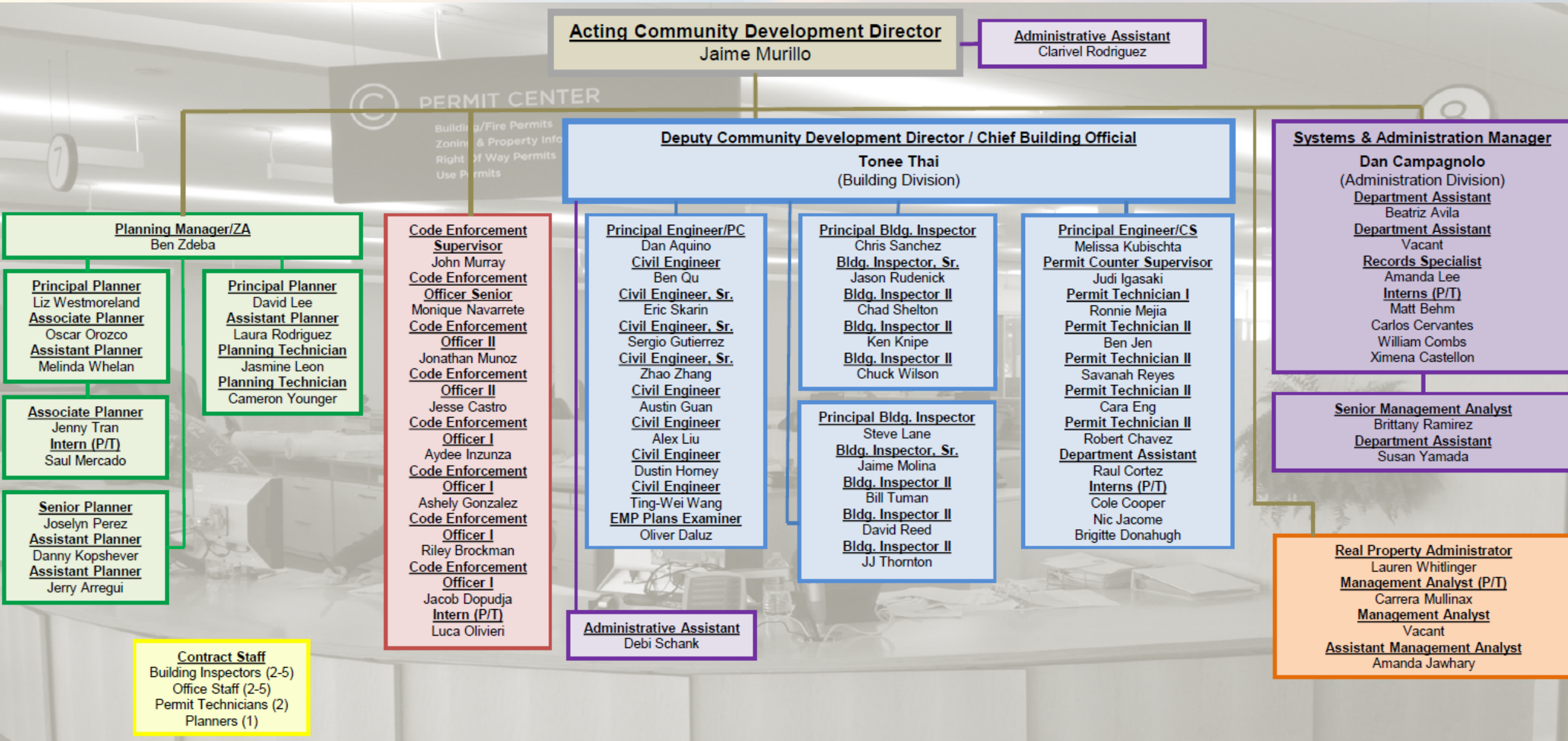
COMMUNITY DEVELOPMENT DEPARTMENT OPERATIONS & BUDGET OVERVIEW



Presented By: Assistant City Manager/Community Development Director, Seimone Jurjis

October 16, 2025

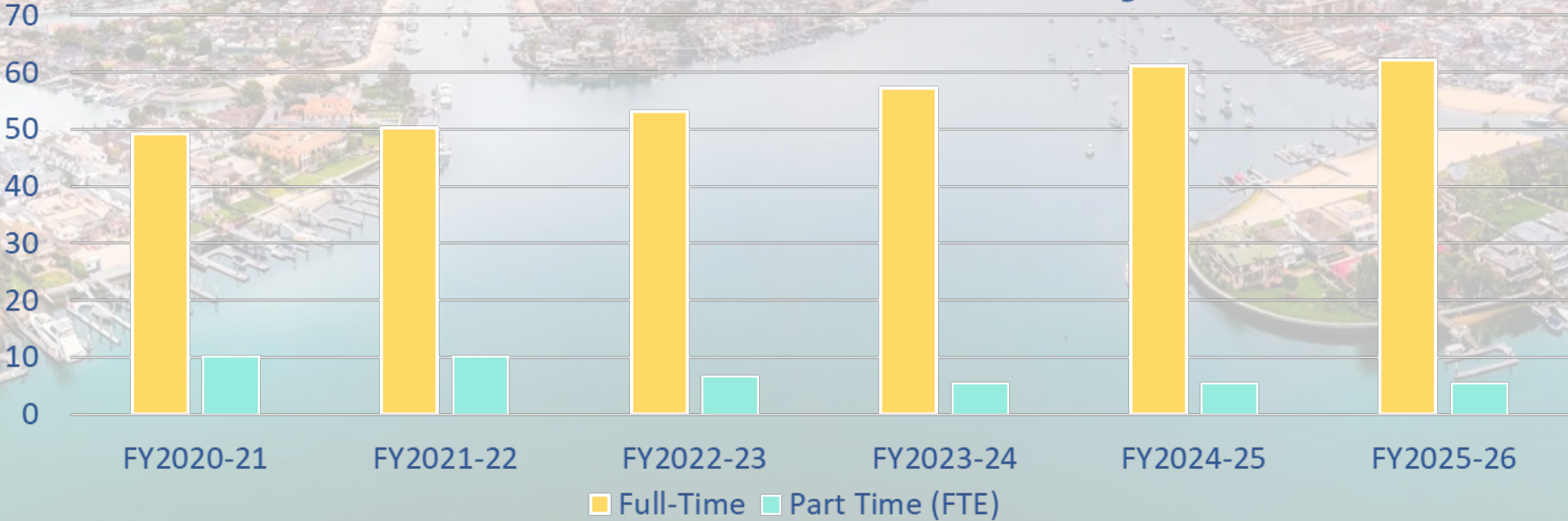
Newport Beach Community Development Department



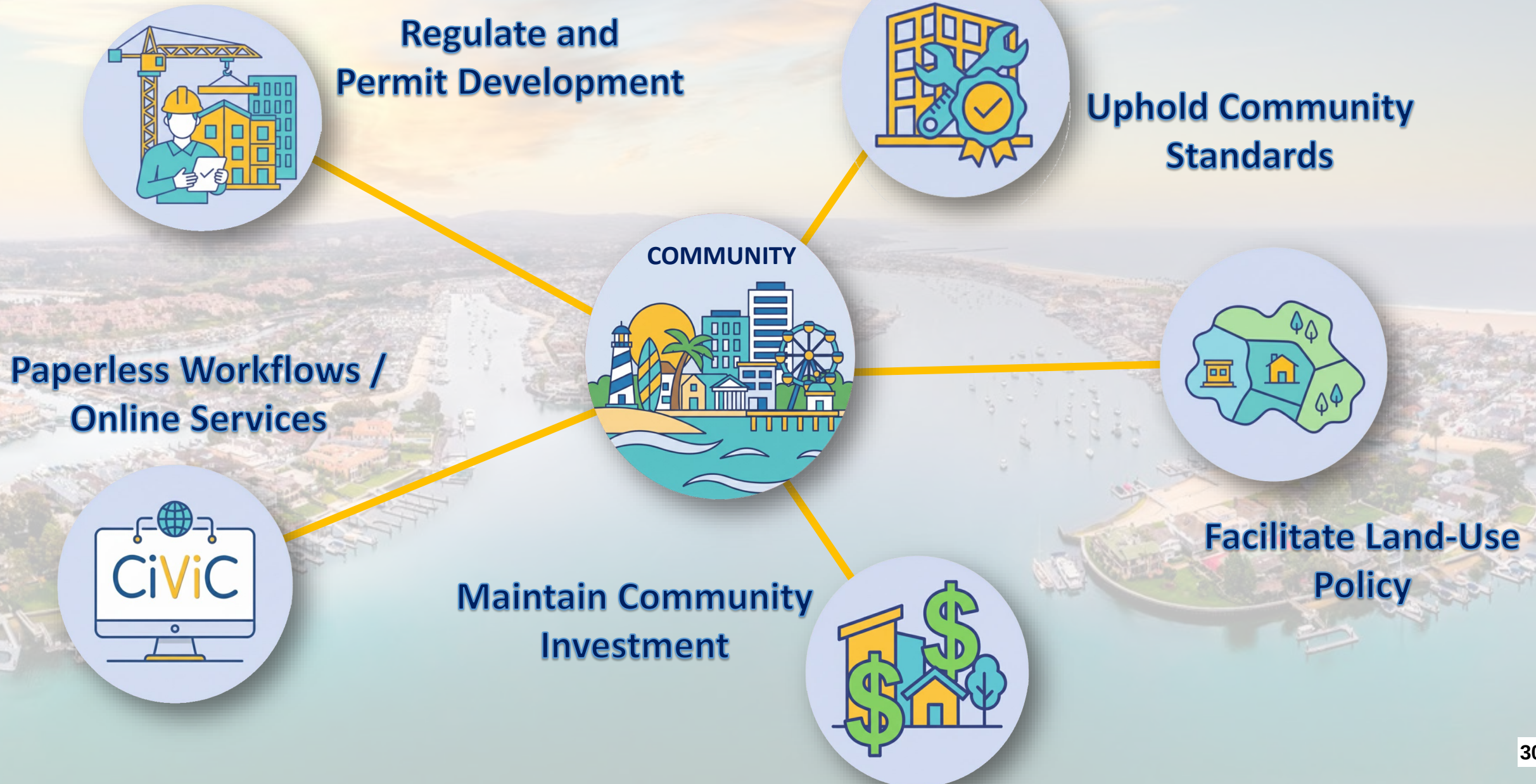
DEPARTMENT PERSONNEL

	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25	FY2025-26
FULL-TIME	49.2	50.2	53.2	57.2	61.2	62.2
PART-TIME	10.2	10.2	6.7	5.45	5.45	5.45
TOTAL	59.4	60.4	59.9	62.65	66.65	67.65

Personnel - 6-Year History



DEPARTMENT OBJECTIVES



DEPARTMENT OVERVIEW

PLANNING



- Land-Use Entitlements
- Planning Commission
- Coastal Commission
- Land-Use Policy
- Development Standard

BUILDING



- Permits
- Plan Review
- Inspections
- Building & Fire Board
- Hearing Officer

CODE ENFORCEMENT



- Noise Complaints
- Water Quality
- Trash Complaints
- Property Maintenance
- Short-Term Lodging
- Street Vending

REAL PROPERTY



- Manage City Properties
- Lease Agreements
- Property Acquisitions
- Property Maintenance
- CDBG Administration
- Tideland Facilities

SYSTEMS & ADMIN



- Customer Service
- Department Budget
- Contracts
- Boards & Commissions
- Records Management
- GIS/Land Management

PLANNING - FY25



	Original Budget	Actual	% of Budget
Expenditures	\$3,682,667	\$3,563,320	96%
Revenue	\$954,155	\$894,620	94%



	Full-Time	Part-Time	Total
Staffing	15	0.6	15.6



Activity	Workload
Revenue Applications	188
Non-Revenue Projects	31
Total	219

BUILDING/FIRE PREVENTION - FY25



	Original Budget	Actual	% of Budget
Expenditures (Building)	\$7,864,343	\$8,054,131	102%
Revenue (Building)	\$9,316,522	\$9,782,381	105%
Revenue (Fire Prevention)	\$264,027	\$436,454	165%



	Full-Time	Part-Time	Total
Staffing (Building)	30	0.6	30.6



Permit Activity	Combo Permits	Trade Permits	Total
In-Person (Permit Center)	3,932	1,578	5,510
Online (Civic Portal)	1,160	660	1,820
Total	5,092	2,238	7,330

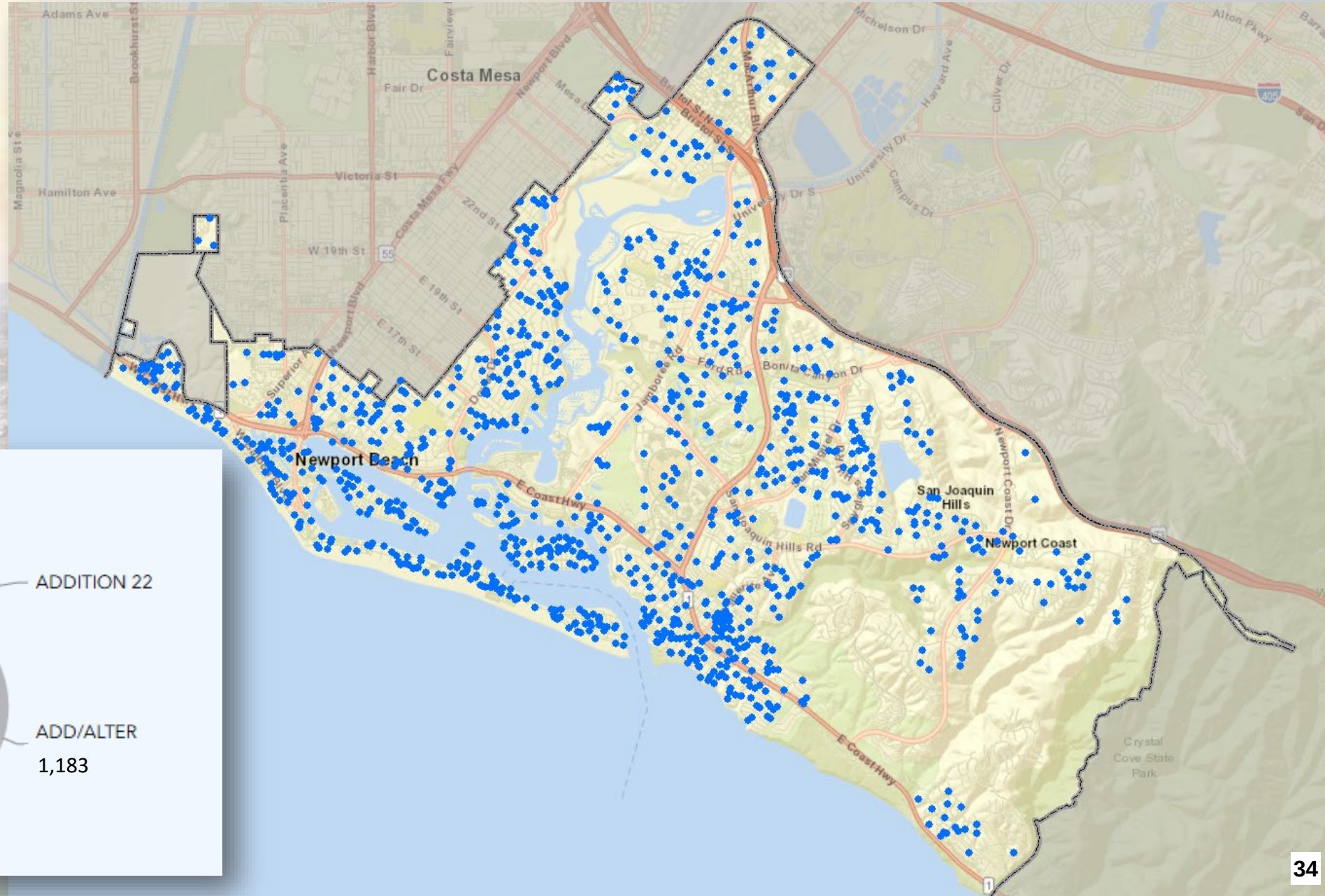
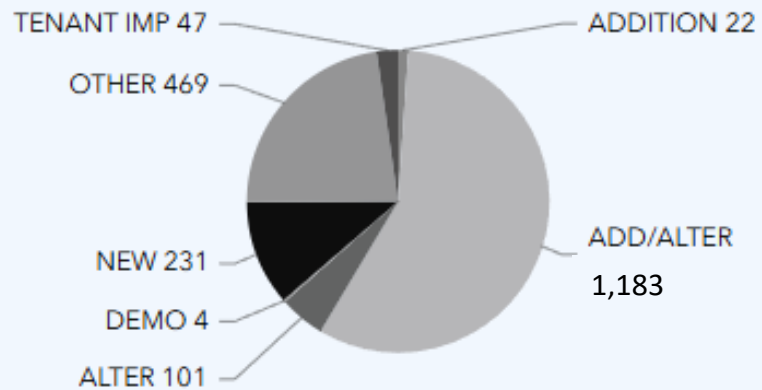


Inspection Activity	# of Inspections
Inspections Performed	43,175

ACTIVE BUILDING PERMITS

Total Active Permits:
2,057

Permit Type



CODE ENFORCEMENT - FY25



	Original Budget	Actual	% of Budget
Expenditures	\$1,289,886	\$1,272,140	99%
Revenue	\$345,153	\$893,787*	259%

*Demolition Permit Program Backlog



	Full-Time
Staffing	8



Activity	Workload
Code Cases Initiated	8,820
Notices of Violation	2,119
Citations Issued	1,890
Fines Collected	\$338,272

Top 5 Code Complaints



Refuse Regulations (3,910)



Short-Term Rentals (657)



Zoning (631)



Right-of-Way (590)



Unpermitted Construction (594)

REAL PROPERTY - FY25



	Original Budget	Actual	% of Budget
Expenditures (GF)	\$2,264,852*	\$1,800,805	80%
Revenue (GF/CDBG)	\$8,305,807	\$9,053,764	109%
Expenditures (CDBG)	\$183,586	\$408,757	223%
Expenditures (Tidelands)	\$2,280	\$13,525	593%
Revenue (Tidelands)	\$7,225,075	\$12,835,799	178%

*1201 Dove



	Full-Time	Part-Time	Total
Staffing	3	0.75	3.75



Activity	Workload
Income Properties	431
Non-Income Properties	130
Total	561

SYSTEMS & ADMINISTRATION - FY25



	Original Budget	Actual	% of Budget
Expenditures	\$2,131,617	\$1,787,992	84%
Revenue	\$80,253	\$60,317	75%



	Full-Time	Part-Time	Total
Staffing	6	3.5	9.5



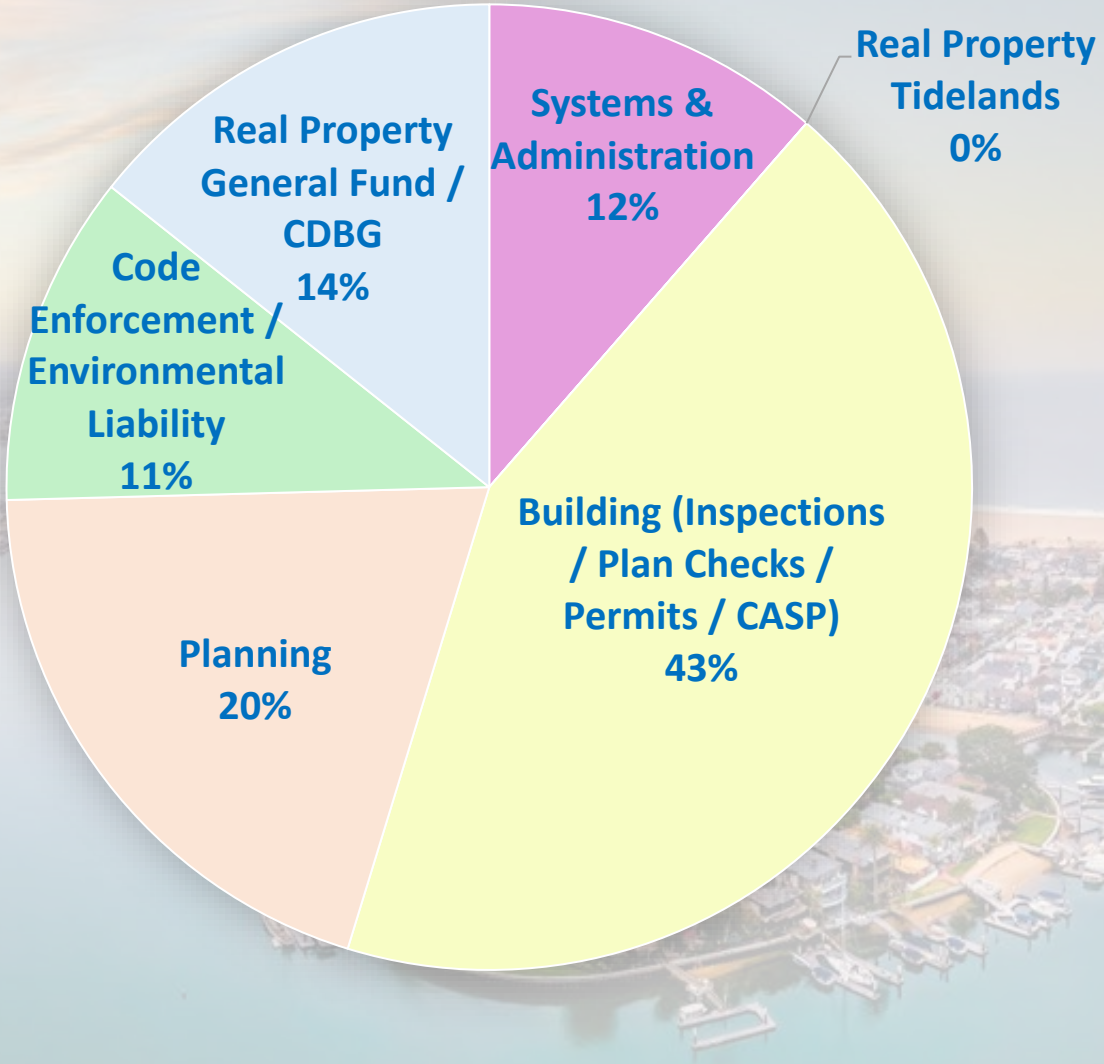
Activity	Workload
Customer Visits	19,834
Phone Calls Received	32,600
Records Requests	586
Plan Sets Scanned	2,343 Rolls / 143,564 Pages
Contracts Processed	66
Public Mtgs Administered	52

GENERAL FUND EXPENDITURES

Account Type	Actual FY22/23	Actual FY23/24	Actual FY24/25	Original Budget FY25/26
Salaries & Benefits	\$10,251,067	\$10,707,214	\$11,510,366	\$12,721,316
Contract Services	\$1,475,594	\$1,196,437	\$1,883,007	\$1,066,294
Utilities (Electricity, Water, Gas, Etc.)	\$23,628	\$19,794	\$21,101	\$26,537
Maintenance & Repair	\$29,269	\$28,931	\$36,572	\$40,233
General Expenses	\$437,740	\$1,317,334	\$1,048,150	\$1,861,322
Insurance/Internal	\$1,777,085	\$1,940,620	\$1,481,552	\$1,647,755
Capital	\$21,586	\$145,915	\$474,204	\$27,025
Total CDD Expense	\$14,015,969	\$15,356,244	\$16,454,953	\$17,390,481

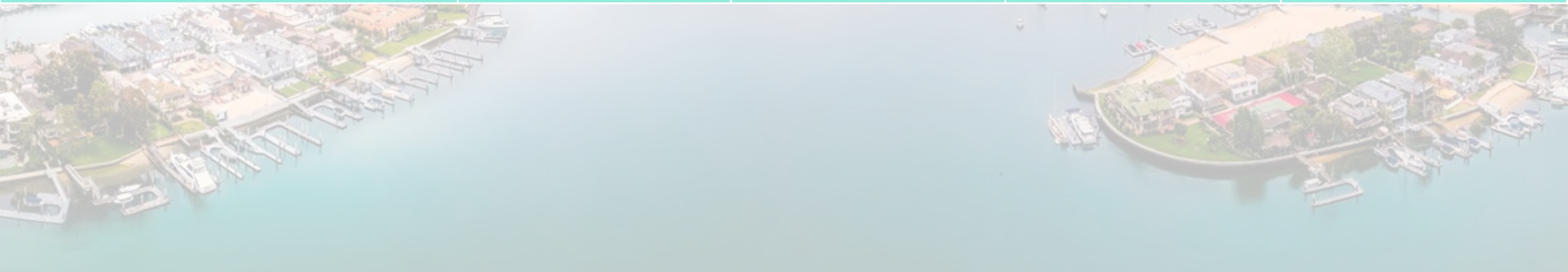
FY2025-26 EXPENDITURES BY DIVISION

Division	FY26 Budget
Building (Inspections/Plan Checks/Permits/CASP)	\$7,835,261
Planning	\$3,587,593
Real Property General Fund/CDBG	\$2,589,510
Systems & Administration	\$2,063,709
Code Enforcement/Environmental Liability	\$2,003,410
Real Property Tidelands	\$750
Total	\$18,080,233



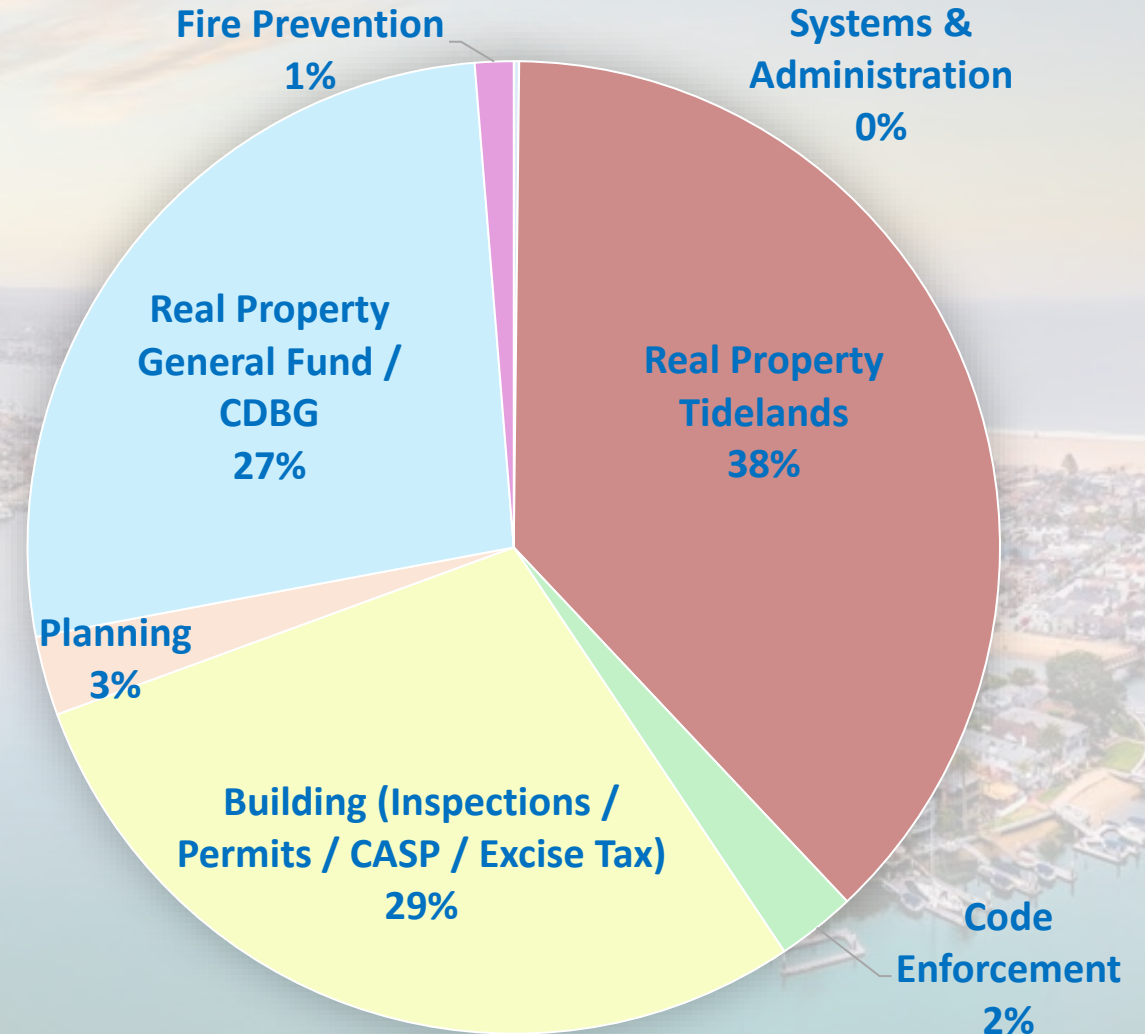
PROFESSIONAL SERVICES BY DIVISION

Division	Actual FY22/23	Actual FY23/24	Actual FY24/25	Original Budget FY25/26
Building	\$1,041,016	\$713,215	\$1,159,695	\$587,000
Planning	\$260,131	\$237,659	\$496,072	\$290,000
Code Enforcement	\$41,405	\$79,166	\$63,443	\$69,744
Real Property	\$10,150	\$45,186	\$73,071	\$25,550
Total	\$1,352,702	\$1,075,226	\$1,792,281	\$972,294



FY2024-25 REVENUE ACTUALS BY DIVISION

Division	FY25 Actuals
Real Property Tideland	\$12,835,799
Building (Inspections/Permits/CASP/Excise Tax)	\$9,782,381
Real Property General Fund/CDBG	\$9,053,764
Planning	\$894,620
Code Enforcement	\$893,787
Fire Prevention	\$436,454
Systems & Administration	\$60,317
Total	\$33,957,122



FY2025-26 APPROVED BUDGET ENHANCEMENTS

- 1. 1 Re-Class of Full-Time Management Analyst to Senior Management Analyst**
- 2. 1 Re-Class of Senior Planner to Principal Planner**
- 3. 1 Assistant Planner Position Budgeted at the Associate Planner Level**
- 4. 1 New Vehicle for the Code Enforcement Division**
- 5. 1 Full-Time Management Analyst for the Real Property Division**
- 6. 1 Compensation and Classification Study to Re-Class Code Enforcement Supervisor to Code Enforcement Manager**
- 7. 1 Compensation and Classification Study to Re-Class Real Property Administrator to Real Property Manager**

NOTABLE ACCOMPLISHMENTS

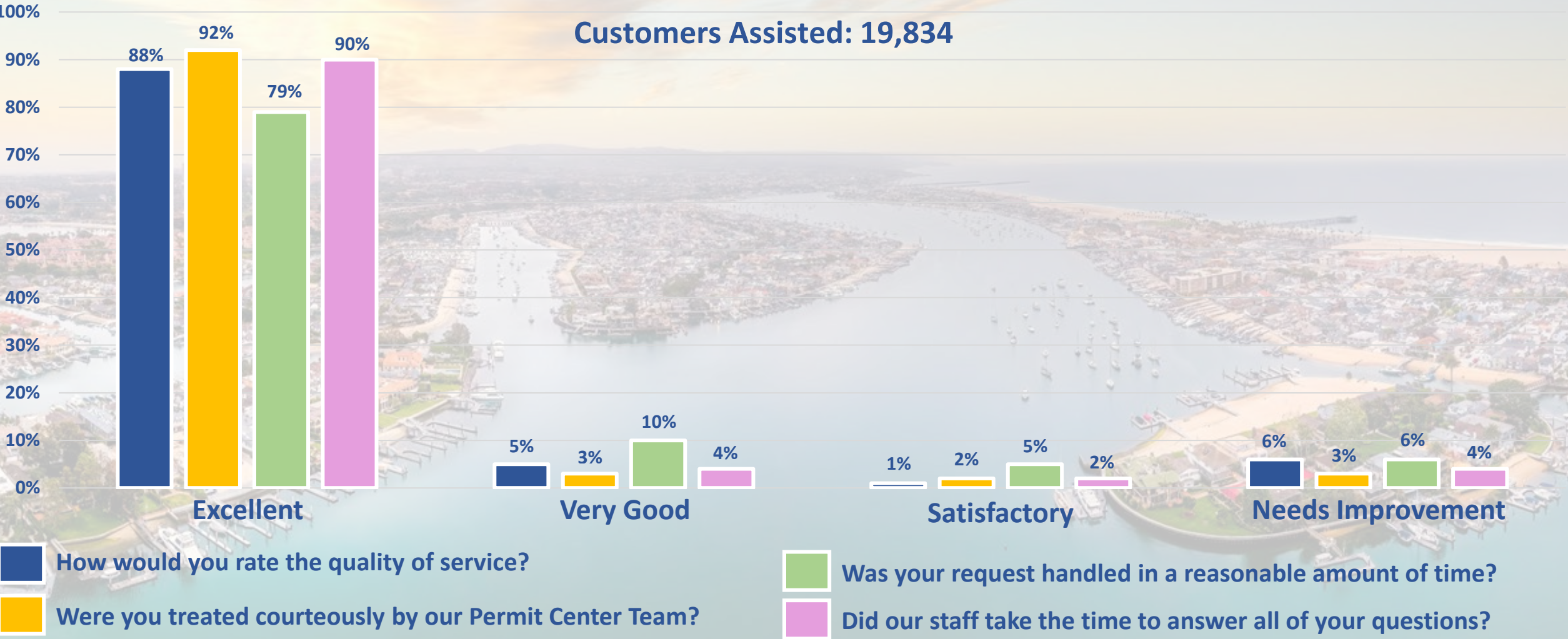
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- An aerial photograph of Newport Harbor, showing numerous boats docked at piers, residential buildings along the waterfront, and a large yellow-roofed building in the foreground. The water is a light blue-green color, and the sky is a pale yellow-orange.
- 1. Demolition Deposit Program Overhaul**
 - 2. Housing Element Implementation**
 - 3. Amending Newport Center Height Limit to Accommodate Housing**
 - 4. Online Residential and Commercial Plan Check and Permitting**
 - 5. Implementation of the Beach Vendor Enforcement Program**
 - 6. Acquisition of Property at 301 E Balboa Blvd**
 - 7. 93% Permit Center Customer Satisfaction Survey Results**
 - 8. Accessory Dwelling Unit Program**
 - 9. Three-Year Construction Limit – Processed 40 Projects**
 - 10. Automation and Streamlining: Refund Process, Tentative Agenda, and Deputy Inspector Program**

PERFORMANCE METRICS

Performance Measure	FY23-24 Actual	FY24-25 Actual	FY25-26 Projected	Target
BUILDING DIVISION PERFORMANCE METRIC				
% of building inspections provided within 1 business day	91%	90%	95%	95%
% of 1st plan checks reviewed and completed OTC	81%	77%	80%	80%
% of 1st plan checks reviewed within 10 days of submittal	95%	88%	90%	90%
CODE ENFORCEMENT DIVISION PERFORMANCE METRIC				
% of first enforcement actions within 3 days of complaint	90%	91%	90%	90%
% of violations resolved in 30 days or less	80%	88%	65%	65%
PLANNING DIVISION PERFORMANCE METRIC				
% of 1st plan checks reviewed and completed OTC	83%	85%	80%	80%
% of 1st plan checks reviewed within 10 days of submittal	90%	95%	90%	90%

FY2024-25 PERMIT CENTER CUSTOMER SERVICE SURVEY RESULTS

Customers Assisted: 19,834



LOOKING AHEAD

1. Master Plan in Airport Area and West Newport-Mesa
2. Continue to Expand Online Services and Automate Internal Processes
3. Support New Housing Development / Existing Development (5,626 Units)

Preliminary: 3 yielding 398 Units	Applied: 7 yielding 1,404 Units
▪ Park Newport - 300 Units ▪ 12 Corporate Plaza - 38 Units ▪ 1470 Jamboree Road - 60 Units	▪ 1500 Quail Street - 100 Units ▪ MacArthur Court - 700 Units ▪ 1300 Dove Street - 132 Units ▪ Shea (Dover Drive) - 33 Units ▪ NB Country Club - 199 Units ▪ Related (Edwards) - 150 Units ▪ St. Michael's - 90 Units
Entitled: 7 yielding 1,947 Units	Entitled (Pre-Housing Element): 7 yielding 1,877 Units
▪ 1201 Dove Street - 179 Units ▪ Monrovia - 89 Units ▪ Police/Fire Station Site - 152 Units ▪ Ford Road - 27 Units ▪ Newport Center - 800 San Clemente - 200 Units ▪ Newport Center - 100 Block - 600 Units ▪ Newport Center - TBD - 700 Units	▪ Newport Crossings – 350 Units ▪ 4400 Von Karman – 312 Units ▪ 1300 Bristol Street – 193 Units ▪ 1400 Bristol Street – 229 Units ▪ 1401 Quail Street – 67 Units ▪ 1600 Dove Street – 282 Units ▪ Newport Airport Village – 444 Units

An aerial photograph of Newport Beach, California, showing the harbor filled with boats and surrounded by residential areas. The sun is setting in the background, creating a warm, golden glow over the city and water. The text "THANK YOU!" is overlaid in large, bold, dark blue letters.

THANK YOU!

QUESTIONS?



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

Agenda Item No. 6B
October 16, 2025

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Finance Department
Jason Al-Imam, Finance Director / Treasurer
949-644-3123, jalimam@newportbeachca.gov

SUBJECT: YEAR-END BUDGET RESULTS AND SURPLUS ALLOCATION

SUMMARY:

The Finance Department prepares quarterly financial reports to review the status of revenues and expenditures for the City's General Fund and to monitor budgetary trends in other City funds. This report contains information on revenues, expenditures, and estimated fund balance for the fourth quarter of Fiscal Year 2024-25 (FY 2024-25), which provides an analysis of the City's financial activity from July 2024 through June 2025. In May 2025, an unrestricted General Fund operating surplus of \$19.2 million was projected for FY 2024-25 based on revenues and expenditures through the third quarter. At the end of the fourth quarter, the projected unrestricted General Fund operating surplus is \$13.8 million. Council Policy F-5 requires that 50% of the surplus be used to address long-term obligations and 50% be used to address infrastructure or neighborhood capital improvements. However, since the City pre-funded surplus funds at the beginning of the fiscal year toward paying down the pension liability, it is recommended that the entire unrestricted year-end surplus be allocated to infrastructure or neighborhood capital improvements.

RECOMMENDED ACTION:

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

DISCUSSION:

Economic Overview

The Newport Beach housing market remains strong and continues to support the City's revenue base. FY 2024-25 recorded 737 detached single-family home sales, up 5% from the prior year. This modest increase follows the market's peak in 2021, when home sales exceeded 1,400. The median price of a detached single-family home remained largely

stable at \$4.2 million for the quarter ending June 30, 2025, just 0.9% below the prior year. This stability in home sales and home values is significant, as property tax revenue, the City's largest source of revenue, continues to benefit from the resilient housing market.

Overall, Newport Beach's economy demonstrates stability, with rising home sales, steady prices, and continued strength in consumer spending. These trends reflect a resilient local economy supported by robust consumer activity, which is a key factor contributing to the City's fiscal stability.

General Fund Revenues

Overall General Fund revenue growth has outpaced projections that were incorporated into the adopted FY 2024-25 budget, as well as projections provided at the end of the third quarter. The following table summarizes the changes to projected General Fund unaudited actuals versus the amounts previously projected for the third quarter. Details follow highlighting the reasons for the material variances.

FY 2024-25 Unaudited General Fund Revenues

Revenues by Category	PY Actual	A	B	C = B - A	D = C / A
		Q3 Projected Actual	Unaudited Actual	Variance from Q3 Projection	% Variance
Property Taxes	\$ 146,136,871	\$ 152,582,253	\$ 154,182,580	\$ 1,600,327	1.0%
Sales Tax	43,444,542	45,200,159	45,934,260	734,101	1.6%
Transient Occupancy Tax*	31,736,960	33,045,274	33,174,269	128,995	0.4%
Other Taxes	10,252,075	10,041,804	10,385,818	344,013	3.4%
Service Fees & Charges	25,117,364	25,527,646	26,959,840	1,432,194	5.6%
Parking Revenue	8,431,973	8,127,414	9,184,435	1,057,021	13.0%
Licenses and Permits	5,567,848	5,999,425	6,350,278	350,853	5.8%
Property Income	9,713,641	9,499,220	10,158,789	659,569	6.9%
Fines & Penalties	4,157,573	3,964,092	4,344,837	380,745	9.6%
Intergovernmental	4,977,095	6,568,296	5,689,659	(878,638)	-13.4%
Investment Earnings	4,853,052	1,904,925	4,900,890	2,995,965	157.3%
Misc Revenues	1,401,783	680,310	2,000,458	1,320,148	194.1%
Operating Transfers In	26,926,241	19,767,775	20,121,369	353,594	1.8%
Total Revenues	\$ 322,717,019	\$ 322,908,594	\$ 333,387,479	\$ 10,478,885	3.2%

*Gross TOT revenues total approximately \$40.9 million. Through December 31, 2024, Visit Newport Beach (VNB) received 18% of gross TOT. Beginning January 1, 2025, VNB's share increased to 23% of hotel TOT and 0% of residential TOT. VNB received approximately \$7.7 million, leaving projected net TOT revenues of \$33.2 million after amounts remitted to VNB.

Property Tax - Property taxes are the City's single largest General Fund revenue and represent approximately 50% of all General Fund revenues. In the third quarter budget update, Property Tax revenue was projected at \$152.6 million. Unaudited actuals exceeded the projection by \$1.6 million, primarily due to higher residual tax revenue from the dissolution of the former redevelopment agency and supplemental taxes.

Sales Tax - The second largest funding source for the General Fund is sales tax revenue, making up approximately 15% of General Fund revenues. The City's sales tax base is

largely generated from four industry groups — autos and transportation; general consumer goods; restaurants/hotels and the State & County Pools. Sales tax revenue ended the year at \$45.9 million, exceeding projections by \$0.7 million or 2.0%. For the quarter ending March 2025, sales tax revenue was down 1.2% compared to the same quarter in 2024. In contrast, revenue for the quarter ending June 2025 increased 2.9% compared to June 2024. On an annualized basis, growth in sales tax revenue was largely driven by strong consumer spending in key industry groups, including restaurants and hotels, general consumer goods, and the pools, all of which experienced year-over-year increases of 8% to 9%.

Transient Occupancy Tax – The third largest funding source for the General Fund is TOT, making up more than 10% of General Fund revenues. Approximately three-fourths of TOT revenue is derived from hotels, with the remaining balance generated from short-term lodging. TOT revenue exceeded expectations largely due to hotel TOT, which was projected to grow 6% over the prior year but ultimately increased by 7.8%.

All Other Revenue – This category includes all other revenue sources other than the top three (property tax, sales tax and TOT). All other revenue is made up of other taxes, service fees and charges, parking revenue, licenses and permits, property income, fines and penalties, intergovernmental revenues, investment earnings, and miscellaneous revenues. Material changes in projected amounts were made to service fees and charges, parking revenue, fines and penalties, intergovernmental revenues, investment earnings, and miscellaneous revenues.

- Service Fees and Charges consists of plan check fees, recreation classes, emergency medical services fees and numerous other cost-of-service fees. Services fees and charges exceeded projections by \$1.4 million primarily due to higher paramedic service fees (\$0.7 million), short-term lodging renewal fees (\$0.2 million), and other miscellaneous fees. Paramedic service fees fluctuate annually; in recent years, they have ranged from \$3.9 million to \$5.2 million. For FY 2024-25, \$4.5 million was projected, but actual revenue reached \$5.2 million. Short-term lodging permit renewal fees also came in higher, reflecting a fee increase approved by the City Council.
- Parking Revenue is derived from General Fund related metered parking fees that are collected across various parking zones throughout the City. Parking revenue outperformed third quarter projections by \$1.1 million (13%), primarily due to higher parking rates and increased utilization.
- Property Income consists of City-owned and managed income-producing properties, long-term ground leases with concessions, restaurants, hotels and other businesses and organizations, as well as rental of City facilities to the public. Property income exceeded projections by \$0.6 million, in part due to several property transfers in the Beacon Bay area that resulted in higher rents.
- Intergovernmental Revenues consists of federal, state, and local grant revenues, which includes, but is not limited to, the City's portion of the ½ cent sales tax

revenue paid to the County for public safety, state mandate reimbursements, reimbursement for strike teams sent to assist with fires, and revenue sharing with the County of Orange under the Waste Disposal Agreement (WDA). Intergovernmental revenues came in \$0.9 million (14%) below projections due to timing differences in grant expenditures and related reimbursements.

- Investment Earnings represent income received from investment-related activities in accordance with state laws and internal policies. General fund investment earnings totaled \$4.9 million for the year, \$2.9 million above projections, driven by strong performance and a 4.96% rate of return. Earnings were consistent with the prior year and included \$1.1 million in unrealized gains.
- Miscellaneous Revenues include items not classified under other revenue categories, such as donations and insurance reimbursements for damage to City property. These revenues came in \$1.3 million above projections. The largest variance relates to bad debt write-offs, which were budgeted as a \$0.5 million reduction in miscellaneous revenue. In practice, receivables that were written off were recorded as reductions to the original revenue accounts rather than the bad debt account. As a result, fewer write-offs were recorded under miscellaneous revenue, contributing to higher-than-expected revenues.

General Fund Expenditures

The FY 2024-25 General Fund operating expenditure budget totals \$324 million. Spending trends in FY 2024-25 are generally consistent with prior years and do not indicate any cause for concern. Total projected expenditure savings of \$11.8 million are largely attributable to vacancy savings, as well as savings in contract services, maintenance and repair, general expenses, and operating transfers-out categories.

The following table summarizes the expenditure savings by budget category. Details highlighting the reasons for the material variances follow.

FY 2024-25 Projected General Fund Operating Expenditures*

Expenditures by Category	A		B		C = A-B	D = C/A
	Revised Budget	Q3 Projected Actual	Unaudited Actual		Savings (Overage)	% Variance
Salary & Benefits	\$ 186,891,989	\$ 181,284,564	\$ 179,942,325	\$	6,949,665	3.72%
Contract Services	42,202,258	39,765,473	40,187,293		2,014,965	4.77%
Grant Operating	1,951,104	1,863,141	1,273,344		677,760	34.74%
Utilities	4,692,909	4,497,303	4,838,099		(145,190)	-3.09%
Supplies & Materials	5,798,089	5,196,657	5,206,645		591,444	10.20%
Maintenance & Repair	7,042,205	7,178,327	6,648,795		393,410	5.59%
Travel & Training	990,970	887,178	924,511		66,459	6.71%
General Expenses	5,124,230	4,250,049	4,106,030		1,018,200	19.87%
Internal Svc Charge	27,630,594	27,627,177	27,630,595		(0)	0.00%
Capital Expenditures	2,424,031	1,800,339	2,167,610		256,421	10.58%
Operating Transfers Out	39,255,611	39,255,611	39,255,611		-	0.00%
Total Expenditures	\$ 324,003,990	\$ 313,605,819	\$ 312,180,857	\$	11,823,133	3.65%

*Unaudited actuals include funds carried over to the next year.

Significant expenditure budget variances are as follows:

- The revised salary and benefits budget totals \$187 million. Salary and benefit expenses for the fiscal year totaled \$180 million, resulting in savings of \$7.0 million. These savings were primarily due to position vacancies and unspent health benefit allocations.
- The contract services budget shows savings of \$4.0 million, however a portion of the savings in this category were encumbered contracts and purchase orders that were carried into FY 2025-26. These encumbrances have been incorporated into this table showing the true savings of \$2.0 million.
- The grant operating budget reflects \$0.7 million in savings, largely due to delays in disbursements from federal agencies for the Buck Gully Hazardous Mitigation project. However, the funds are to be carried forward from FY 2024-25 to FY 2025-26 and will remain available until they are received or the grant period officially lapses.
- The utilities budget exceeded the revised budget by \$0.1 million, primarily due to higher-than-expected water consumption. This overage is offset by savings within the Public Works department budget; therefore, no budget amendment is requested.
- The supplies & materials and maintenance & repair categories generated total savings of \$1.0 million. Savings in the maintenance & repair category were primarily in accounts related to automotive fuel and washing, maintenance and repair of damages, and other maintenance-related activities. Savings in the supplies and materials category were mainly due to library materials and S.W.A.T supplies.
- The general expenses category shows savings of \$1.0 million compared with the revised budget. These savings are largely related to operating overhead expenses for the Dove Street property.

General Fund Sources, Uses, and Projected Surplus

The City remains in excellent financial health. Conservative budgeting and sound financial policies have produced a consistent trend of General Fund operating surpluses and strong reserve levels over several years. The City is well-positioned to continue delivering high-quality services to the community while allocating surplus resources to key priorities each year.

The following table illustrates the prior year sources and uses of funds, current year activity and the projected year-end results.

FY 2024-25 Projected General Fund Sources, Uses, and Budget Surplus

Category	A Q3 Projection	B Unaudited Actuals	C=B-A Variance	D=C/A % Variance
Beginning Fund Balance Reserves	\$ 15,752,275	\$ 15,752,275	\$ -	0.00%
Operating Resources:				
Operating Revenues	303,140,819	313,266,110	10,125,292	3.34%
Prior Year Resources Carried Forward	6,786,845	6,786,845	-	0.00%
Transfers In from Other Funds	19,767,775	20,121,369	353,594	1.79%
Repayment of Advances	1,250,000	1,250,000	-	0.00%
Total Operating Resources	\$ 330,945,439	\$ 341,424,324	\$ 10,478,885	3.17%
Operating Uses:				
Operating Expenditures	274,350,208	269,139,705	5,210,503	1.90%
Transfers Out	39,255,611	39,255,611	-	0.00%
Resources Carried to Next Fiscal Year	-	3,785,866	(3,785,866)	-
Addition to 25% Contingency Reserve	-	5,500,523	(5,500,523)	-
Total Operating Uses	\$ 313,605,819	\$ 317,681,705	\$ (4,075,886)	-1.30%
Net Operating Surplus	\$ 17,339,620	\$ 23,742,620	\$ 16,281,723	93.90%
Non-Operating Resources & Uses				
Transfers Out	(13,924,578)	(13,780,807)	143,771	-1.03%
Transfers In	-	-	-	-
Total Non-Operating Resources & Uses	\$ (13,924,578)	\$ (13,780,807)	\$ 143,771	-1.03%
Net Change in Fund Balance	3,415,042	9,961,813	6,546,771	191.70%
Ending Fund Balance Reserves	\$ 19,167,317	\$ 25,714,088	\$ 6,546,771	34.16%

A \$25.7 million operating surplus for the General Fund is projected for FY 2024-25. This amount is net of non-operating activity, including one-time transfers out of the General Fund and the addition to the Contingency Reserve (pursuant to City Council Policy F-2). The City Council also approved a budget amendment in FY 2025-26 that allocates a portion of the projected year-end surplus. BA 26-018 appropriated \$11.9 million of the surplus for the purchase of real property at 3848 Campus Drive. This use of the General Fund surplus reduces the available unrestricted surplus to \$13.8 million, as shown below.

Fiscal Year 2024-25 Year-End Surplus	\$25,714,088
Purchase of Real Property at 3848 Campus Drive	<u>(11,936,500)</u>
Unrestricted Surplus	\$13,777,588

Council Policy F-5 requires that 50% of the surplus be used to address long-term obligations and 50% be used to address infrastructure or neighborhood capital improvements. However, since the City pre-funded surplus funds at the beginning of the fiscal year toward paying down the pension liability, it is recommended that the entire unrestricted year-end surplus be allocated to infrastructure or neighborhood capital improvements.

Other Funds

Staff have evaluated the fiscal condition of the City's other major operating funds (Tidelands, Water & Wastewater). Variances between budgeted and actual amounts are within reason.

The City accounts for general liability claims through its General Liability Internal Service Fund (ISF). Recently, the ISF paid a large claim related to the Water Utility. Because this claim was paid in FY 2024-25, a transfer of \$2,789,008.85 from the Water Fund to the ISF is required. This transfer will be recorded as an internal service fund charge to the Water Fund, moving the corresponding amount to the General Liability ISF. It is recommended that the transfer be made from Water Fund reserves, which totaled \$19.3 million as of June 30, 2025.

Preliminary Unaudited Amounts

The City's financial records are undergoing a customary audit review. Therefore, the financial information presented in this report is preliminary in nature and subject to adjustments as the year-end close process continues through December. Any such adjustments are not anticipated to have a material impact on the financial information presented in this report. If any material adjustments related to FY 2024-25 are subsequently recorded, any such adjustments will be reported to the Finance Committee.

Conclusion

Staff recommends that the Finance Committee review and discuss this report and provide any recommendations for consideration by the City Manager and City Council.

Prepared and Submitted by:

/s/ Jessica Nguyen

Jessica Nguyen
Budget Manager

FISCAL YEAR 2024-25 FOURTH QUARTER FINANCIAL REPORT

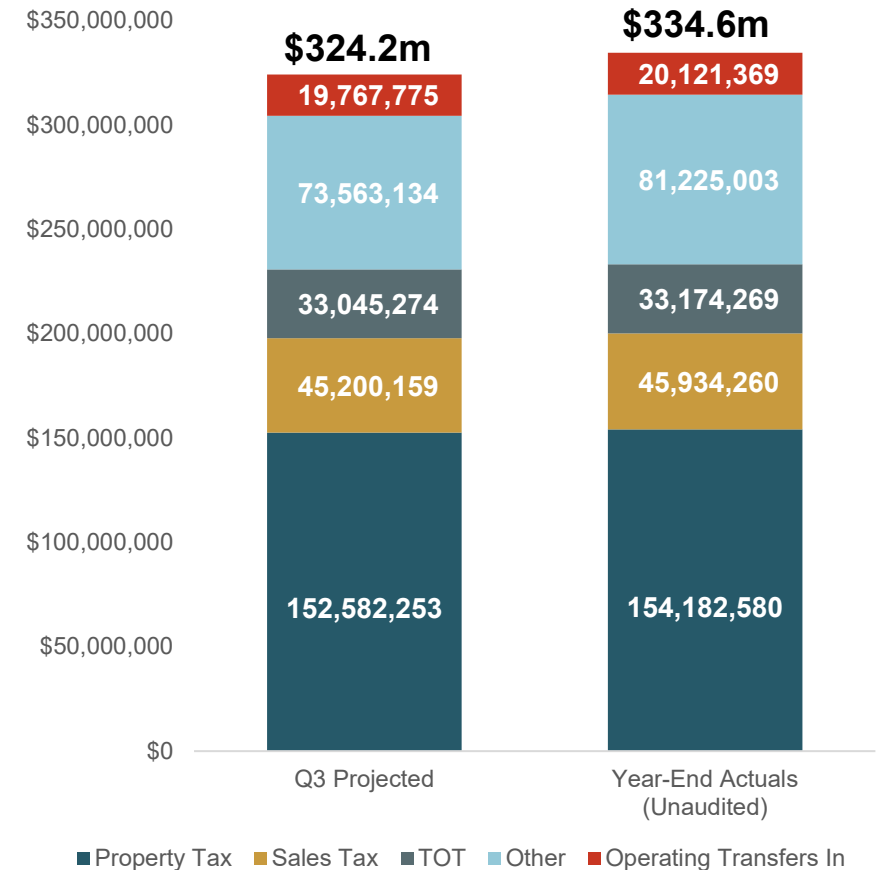
October 16, 2025
Finance Committee



FISCAL YEAR 2024-25 YEAR-END RESULTS SUMMARY OF FOURTH QUARTER CHANGES

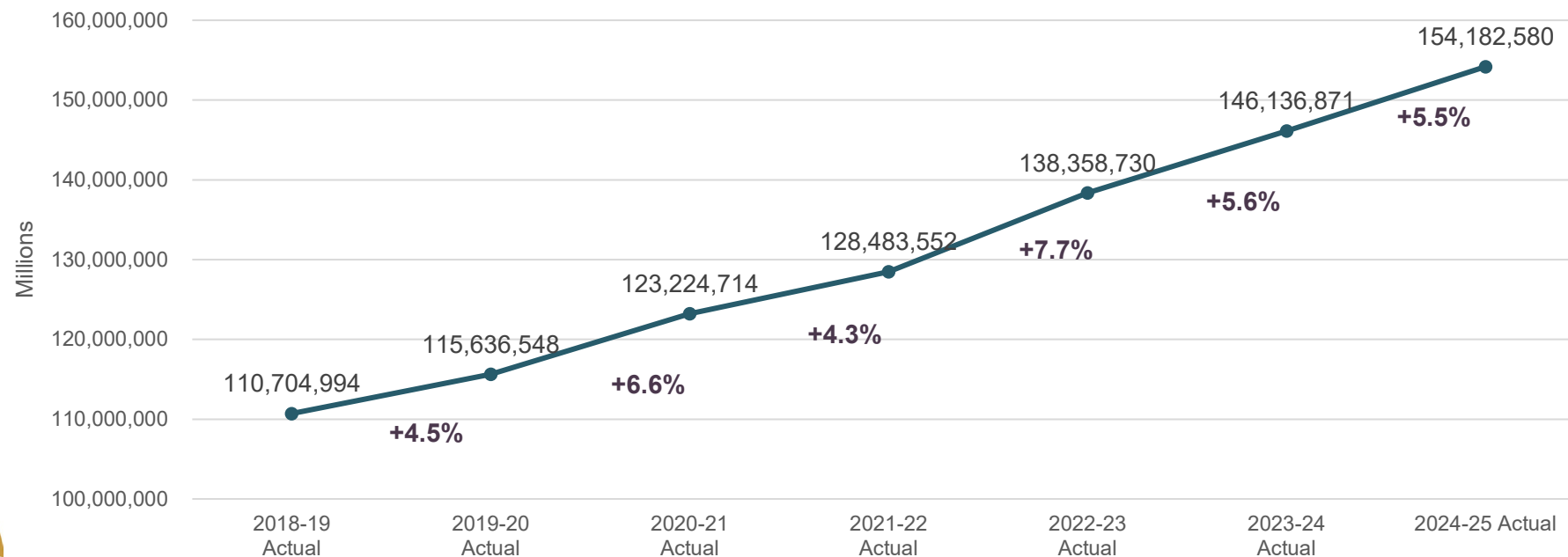
Changes from the Third Quarter to the Fourth Quarter

- Year-end results for Fiscal Year 2024-25 show an unrestricted General Fund operating surplus of \$13.8 million, which is \$5.4 million lower than previously forecasted. This variance is largely attributable to the following factors:
 - \$10.5 million in higher-than-projected General Fund Revenues compared to the prior quarter
 - \$1.4 million in additional expenditure savings identified at year-end
 - A \$5.5 million set-aside for the Contingency Reserve
 - An \$11.9 million set-aside for a property purchase



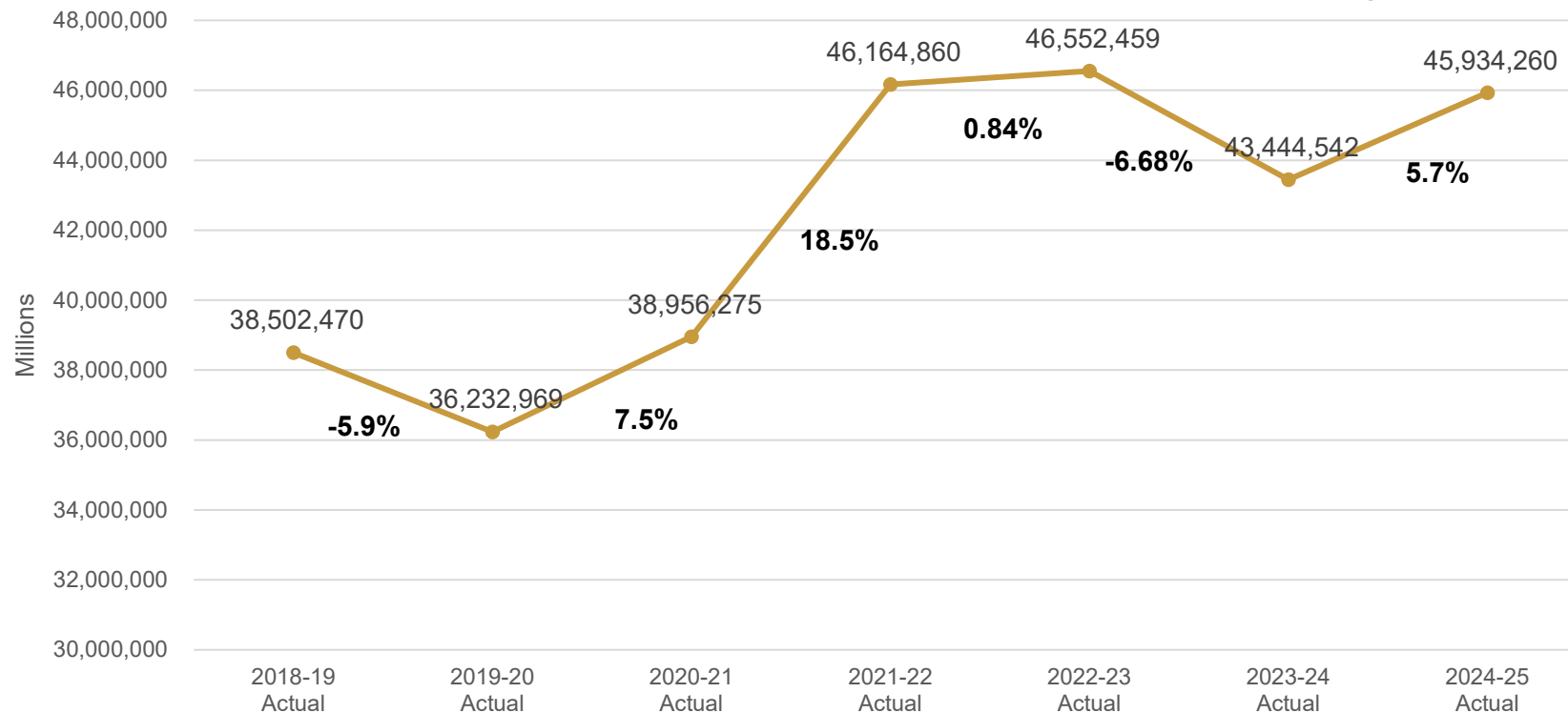
PROPERTY TAX REVENUE

- Property tax revenue is the City's largest source of revenue and is projected to increase by \$8 million (5.5%) over last fiscal year. The year-end actual is \$1.6 million higher than projected at Q3 largely due to higher residual tax revenue from the dissolution of the former redevelopment agency and supplemental taxes.

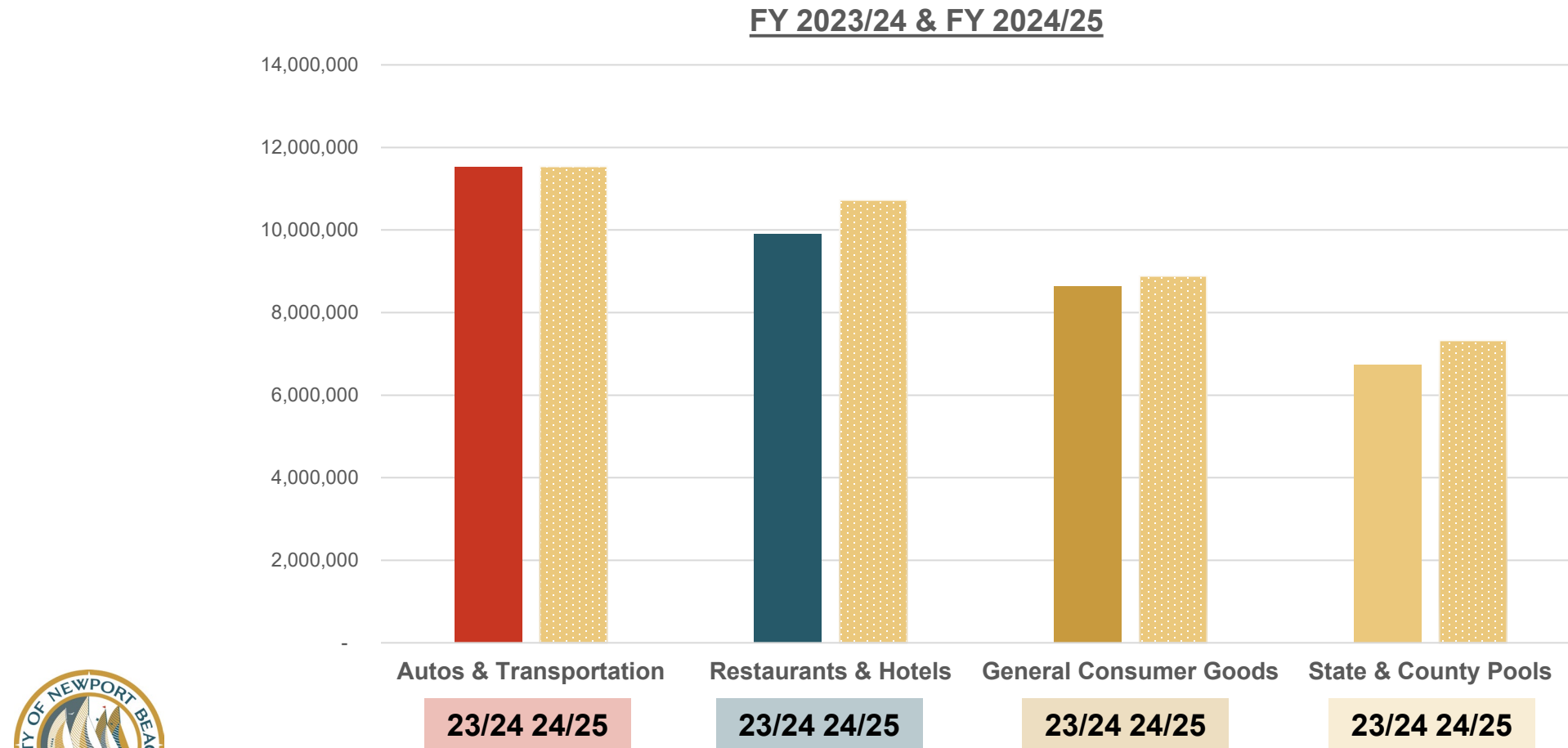


SALES TAX REVENUE

- Sales tax revenue is the City's second largest source of revenue and came in \$0.7 million (1.6%) higher than the amount projected in the third quarter budget update. Year-end actuals reflect an increase of \$2.5 million from the prior year.



SALES TAX REVENUE BY MAJOR INDUSTRY GROUPS



OTHER GENERAL FUND REVENUES

Other general fund revenues exceeded Q3 projections by \$7.7 million, or 10%:

- Investment earnings exceeded projected amounts by \$3 million
- Service Fees and Charges exceeded projected amounts by \$1.4 million
 - Paramedic service fees, short-term lodging renewal fees, and other miscellaneous fees
- Miscellaneous revenues exceeded prior estimates by \$1.3 million
 - Lower than expected Bad Debt
- Parking revenues exceeded prior estimates by \$1 million
 - Higher parking rates and increased utilization
- Sales Tax revenue exceeded prior estimates by \$0.7 million
 - Consumer spending in restaurants and hotels and general consumer goods



GENERAL FUND EXPENDITURES

Revised Budget	\$ 324 million
Q3 Projected Actual	\$ 313.6 million
Year-end Actual	\$ 308.4 million

- \$7 million of savings in salaries and benefits due to vacancies and unspent health benefit allocations.
- \$3.8 million in ongoing projects or encumbrances were carried forward to FY2025-26.



FISCAL YEAR 2024-25 FULL-YEAR SUMMARY AND BREAKDOWN

Summary of Year-End Results and Uses of Funds

- Year-end results for Fiscal Year 2024-25 reflect an unrestricted General Fund operating surplus of \$13.8 million, based on the following:
 - \$334.6 million in total revenues, less \$308.4 million in expenditures
 - Less \$5.5 million set-aside for the Contingency Reserve
 - Less \$11.9 million set-aside for a property purchase
 - Plus \$5.0 million in Net Carryover Resources
- These components together account for the City's year-end surplus of \$13.8 million.
- Since the City pre-funded surplus funds at the beginning of the fiscal year towards paying down the pension liability, it is recommended that the entire unrestricted surplus be allocated towards infrastructure or neighborhood capital improvements.



RECOMMENDED ACTION

- Review and discuss this report
- Provide any recommendations for consideration by the City Manager and the City Council. Staff recommendation:
 - a) Allocate the full \$13.8 toward future capital projects by transferring it to the Facilities Financing Plan (FFP) Fund.



Questions?





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

Agenda Item No. 6C
October 16, 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

SUBJECT: BUDGET AMENDMENTS FOR QUARTER ENDING SEPTEMBER 30, 2025

EXECUTIVE SUMMARY

The purpose of this memorandum is to report on the budget amendments for the first quarter of Fiscal Year 2025-26. 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/ Courtney Buck

Courtney Buck
Budget Analyst

/s/ Jason Al-Imam

Jason Al-Imam
Finance Director/Treasurer

Attachment:

A. Budget Amendments Fiscal Year 2025-26 Quarter Ending
September 30, 2025

ATTACHMENT A

BUDGET AMENDMENTS FISCAL YEAR 2025-26 QUARTER ENDING SEPTEMBER 30, 2025

**City of Newport Beach
Fiscal Year 2025-26 Budget Amendments
Quarter Ending September 30, 2025**

BA #	Date	Amendment Type	Fund	Revenues	Expenditures	Net Effect on Fund Balance Increase/ (Decrease)	Net Transfer	Department	Explanation
1	06/02/2025	City Council	GENERAL FUND	-	4,106,309.00	(4,106,309.00)	-	HR	To increase expenditure appropriations to fund the agreement with the Newport Beach Police Association (NBPA) for FY 2025-26.
2	06/18/2025	City Council	GENERAL FUND	-	498,568.00	(498,568.00)	-	HR	To increase expenditure appropriations to fund the agreement with The Newport Beach Employees League for FY 2025-26.
			WATER ENTERPRISE FUND	-	267,697.00	(267,697.00)	-		
			WASTEWATER ENTERPRISE FUND	-	93,741.00	(93,741.00)	-		
			EQUIPMENT FUND	-	66,164.00	(66,164.00)	-		
3	06/26/2025	City Council	GENERAL FUND	390,507.00	164,746.00	225,761.00	-	Fire	To appropriate additional revenue from the Department of Health Care Services (DHCS), which are distributed by CalOptima. This amendment will also increase expenditure appropriations in the EMS Medi-Cal IGT account which represents the City's initial contribution for participation in the IGT program.
4	06/25/2025	City Council	GENERAL FUND	-	809,956.00	(809,956.00)	-	HR	To increase expenditure appropriations to fund the agreement with The Newport Beach Professional and Technical Employees Association for FY 2025-26.
			TIDE & SUBMERGED LANDS FUND	-	43,861.00	(43,861.00)	-		
			ENVIRONMENTAL LIABILITY FUND	-	5,213.00	(5,213.00)	-		
			WATER ENTERPRISE FUND	-	5,564.00	(5,564.00)	-		
			IT ISF	-	171,701.00	(171,701.00)	-		
5	06/27/2025	City Council	GENERAL FUND	-	1,693,275.00	(1,693,275.00)	-	HR	To increase expenditure appropriations to fund the agreement with the Newport Beach Police Management Association (NBPMA) for FY 2025-26.
6	06/27/2025	City Council	GENERAL FUND	-	455,371.65	(455,371.65)	-	HR	To increase expenditure appropriations to fund the Fourth Amended and Restated Employment Agreement for City Manager.
7	06/27/2025	City Council	GENERAL FUND	-	30,512.36	(30,512.36)	-	CAO	To appropriate expenditure accounts to fund the Eighth Amended and Restated Employment Agreement for the City Attorney.
8	07/03/2025	City Manager	GENERAL FUND	-	-	-	30,500.00	CDD	The adopted budget included funding for a vehicle purchase. However, it was recorded in the incorrect object. Therefore, the budget amendment reclassifies the expenditure to the correct object within the General Fund. Additionally, the original budget included an ISF charge (revenue) within the Equipment ISF Fund. Therefore, the budget amendment removes this erroneous ISF charge.
			EQUIPMENT FUND	(30,500.00)	-	(30,500.00)	-		
9	07/29/2025	City Council	ENVIRONMENTAL LIABILITY FUND	-	307,645.00	(307,645.00)	-	Public Works	To appropriate budget in Environmental Liability CIP for the Newport Bay Trash Wheel project 17X12.
10	07/29/2025	City Council	GENERAL FUND	-	233,595.00	(233,595.00)	-	HR	To increase expenditure appropriations to fund the agreement with The Newport Beach Lifeguard Management Association (NBLMA) for FY 2025-26.
11	07/29/2025	City Council	GENERAL FUND	-	230,058.00	(230,058.00)	-	HR	To increase expenditure appropriations to fund the agreement with The Newport Beach Fire Management Association (NBFMA) for FY 2025-26.
12	07/29/2025	City Council	GENERAL FUND	-	1,196,161.00	(1,196,161.00)	-	HR	To increase expenditure appropriations to fund the compensation plan with The Newport Beach Key & Management Group for FY 2025-26.
			TIDE & SUBMERGED LANDS FUND	-	25,268.00	(25,268.00)	-		
			WATER ENTERPRISE FUND	-	53,143.00	(53,143.00)	-		
			WASTEWATER ENTERPRISE FUND	-	8,877.00	(8,877.00)	-		
			EQUIPMENT FUND	-	6,293.00	(6,293.00)	-		
			COMPENSATED ABSENCE FUND	-	3,600.00	(3,600.00)	-		
			IT ISF	-	48,495.00	(48,495.00)	-		

**City of Newport Beach
Fiscal Year 2025-26 Budget Amendments
Quarter Ending September 30, 2025**

BA #	Date	Amendment Type	Fund	Revenues	Expenditures	Net Effect on Fund Balance Increase/ (Decrease)	Net Transfer	Department	Explanation
13	07/29/2025	City Council	GENERAL FUND	-	40,104.00	(40,104.00)	-	City Attorney	To fund the Employee Agreement for City Manager, effective December 27, 2025.
14	07/18/2025	City Manager	GENERAL FUND	-	-	-	4,800.00	RSS / Public Works	Transfer funds from Public Works' Maintenance & Repair Building account to Recreation's Maintenance & Repair Building account for park steam cleaning services.
15	07/23/2025	City Council	SB1 GAS TAX RMRA FUND	-	40,000.00	(40,000.00)	-	PW	To increase expenditure appropriations from the SB1-RMRA Fund for the San Miguel Drive Pavement Rehabilitation Project 26R11.
16	08/06/2025	City Council	CONTRIBUTIONS FUND	114,350.00	114,350.00	-	-	PW	To increase revenue and expenditure appropriations related to the Von Karman Avenue Pavement Rehabilitation project 23R15. Increase in revenues are from Irvine Ranch Water District and Orange County Sanitation District.
17	08/06/2025	City Council	CONTRIBUTIONS FUND	149,950.00	149,950.00	-	-	PW	To increase revenue and expenditure appropriations related to the OASIS Senior Center Site Lighting Phase 2 project 26F02. Increase in revenues are from the U.S. Department of Energy.
18	08/14/2025	City Council	GENERAL FUND	-	11,936,500.00	(11,936,500.00)	-	CDD	To transfer budget from the General Fund (010) to General Fund CIP (012) for the purchase of real property at 3848 Campus Drive. Estimated costs include the purchase price, due diligence, relocation consultant, closing costs, and unanticipated expenses. The due diligence costs does not include the relocation payments to the tenants and will be provided on a future date.
			GENERAL FUND CAPITAL PROJECTS	11,936,500.00	11,936,500.00	-	-		
19	08/26/2025	City Council	GENERAL FUND	-	382,362.65	(382,362.65)	-	HR	To increase expenditure appropriations to fund the agreement with Part-Time Employees Association of Newport Beach (PTNEAB) for FY 2025-26. 26-039-AA replaced this BA to correct the allocated org-objects.
			TIDE & SUBMERGED LANDS FUND	-	11,683.95	(11,683.95)	-		
			WATER ENTERPRISE FUND	-	4,896.75	(4,896.75)	-		
			WASTEWATER ENTERPRISE FUND	-	5,322.86	(5,322.86)	-		
			IT ISF	-	1,964.15	(1,964.15)	-		
20	08/15/2025	City Manager	GENERAL FUND	732.64	732.64	-	-	Police	To increase revenue estimates and expenditure appropriations from the Police Inmate Welfare Program Special Deposit Fund. Funds will be used to provide clothing to inmates in need. JV to follow.
			SPECIAL PURPOSE DEPOSIT FUND	-	-	(732.64)	-		
21	08/19/2025	City Manager	GENERAL FUND	1,640.00	1,640.00	-	-	Library	The Board of Library Trustees voted to accept a donation from the Newport Beach Public Library Foundation.
22	08/21/2025	City Manager	GENERAL FUND	22,475.00	22,475.00	-	-	Library	The Board of Library Trustees voted to accept a donation from the Newport Beach Public Library Foundation for Project Adult Literacy.
23	08/25/2025	City Council	GENERAL FUND	40,000.00	40,000.00	-	-	Library	The Board of Library Trustees voted to accept a donation from the Newport Beach Public Library Foundation, which will increase revenues and expenditures. \$34,000 will help fund an Opening Day Collection for the Balboa Library and \$6,000 will help purchase new computer chairs for patrons who utilize the Mariners Library.
24	08/25/2025	City Council	GENERAL FUND	-	15,200.00	(15,200.00)	-	Police	To increase expenditure appropriations from the General Fund for additions to the Flock ALPR system.
25	08/27/2025	City Council	GENERAL FUND	250,000.00	250,000.00	-	-	Library	The Board of Library Trustees voted to accept a donation from the Newport Beach Friends of the Library, which will increase revenues and expenditures. \$100,000 will help fund General Materials, \$50,000 will help fund its current program offerings as well as introduce new programs, and \$100,000 will fund the purchase of new, popular collections for the Blaboa Branch Library.
26	Going to City Council on October 14, 2025 (Q2)								

City of Newport Beach
Fiscal Year 2025-26 Budget Amendments
Quarter Ending September 30, 2025

BA #	Date	Amendment Type	Fund	Revenues	Expenditures	Net Effect on Fund Balance Increase/ (Decrease)	Net Transfer	Department	Explanation
27	09/23/2025	City Council	GENERAL FUND	-	277,145.71	(277,145.71)	-	HR	To increase expenditure appropriations to fund the side letter with City Employees Association (CEA) for FY 2025-26.
			WATER ENTERPRISE FUND	-	6,035.32	(6,035.32)	-		
28	09/04/2025	City Council	OTS GRANT FUND	515,000.00	515,000.00	-	-	Police	To increase revenue estimates and expenditure appropriations to accept the 2026 State of California, Office of Traffic Safety (OTS) Selective Traffic Enforcement Program (STEP) Grant (#PT26058) for increasing DUI Enforcement and Awareness and funding additional traffic safety enforcement, as well as DUI Sobriety Checkpoints. Funds will be used to pay for overtime costs specifically used for this program, related costs for travel and training, and supplies.
29	Going to City Council on October 28, 2025 (Q2)								
30	09/09/2025	City Council	IT STRATEGIC FUND	-	151,300.00	(151,300.00)	-	CMO-IT	Appropriating funds for Content Management System services provided by Planeteria Media in IT's Software License New account. The funds appropriated are to be expended over the term of the 5 year agreement with Planeteria Media.
31	09/10/2025	City Manager	TIDE & SUBMERGED LANDS FUND	10,000.00	10,000.00	-	-	Harbor	Accepting a grant from the Newport Harbor Foundation to fund repairs and improvement on a Harbor Department patrol boat. JV to follow moving funds from Deposit account (017) to Tidelands Fund (100).
			SPECIAL PURPOSE DEPOSIT FUND	-	-	(10,000.00)	-		

Newport Beach Finance Committee Work Plan

Scheduled Date	Agenda Title	Report Type	Agenda Description
November 2025			
Thursday, November 13, 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.
	First Quarter Budget Update	Presentation	Staff will provide a presentation regarding the year-to-date and projected Fiscal Year 2025-26 budget performance.
	CalPERS Update	Presentation	Staff will provide the Committee with an overview of the data from the latest actuarial reports from CalPERS as well as their impact on prior projections of the paydown of the City's unfunded pension liability.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.
December 2025			
Committee Recess			
January 2026			
Thursday, January 15, 2026			
	Financial Statement Audit Results and Related Communication for the Fiscal Year Ending June 30, 2024	Presentation	Davis Farr, an independent public accounting firm of licensed public accountants, has completed its audit for the fiscal year ending June 30, 2024. Marc Davis, the audit partner, will meet with the Finance Committee to discuss the results of the audit.
	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.
	Internal Audit Program Update	Presentation	Presentation of internal audit reports, findings, and recommendations from the Fiscal Year 2024-25 audit program.
	General Fund and Tidelands Fund Long Range Financial Forecast Update	Presentation	Staff will brief the Committee regarding the results of the updated LRFF.
	Budget Amendments for Quarter Ending December 31, 2024	Receive and File	Staff will report on the budget amendments from the prior quarter.
	Work Plan Review	Receive and File	Staff will report on the upcoming Finance Committee items.