

**CITY OF NEWPORT BEACH
FINANCE COMMITTEE
APRIL 16, 2026 MEETING MINUTES**

I. CALL MEETING TO ORDER

The meeting was called to order at 3:00 p.m. in the Civic Center Community Room, 100 Civic Center Drive, Newport Beach, California 92660.

II. ROLL CALL

PRESENT: Chair Joe Stapleton, Councilmember Sara Weber, Committee Member Allen Cashion, Committee Member William Collopy, Committee Member William Kenney, Committee Member Kory Kramer

ABSENT: None

STAFF PRESENT: Administrative Services Director / Treasurer Jason Al-Imam, Assistant City Attorney Yolanda Summerhill, City Clerk Lena Shumway, Systems and Administration Manager Dan Campagnolo, Accounting Manager Trevor Power, Assistant Management Analyst Vicky Nguyen, Senior Budget Analyst Abigail Marin, Budget Analyst Anthony Alannouf, Finance Manager Jessica Nguyen, Finance Manager Jessica Kan, Budget Analyst Courtney Buck, Administrative Manager Raymund Reyes, Assistant Chief, Lifeguard Operations Brian O'Rourke, EMS Division Chief Kristin Thompson, Fire Marshal James Gillespie, Harbormaster Paul Blank, IT Manager Avery Maglinti, Library Services Director Melissa Hartson, Deputy Chief Joshua Vincelet, Fiscal Services/Facilities Manager (PD) Jennifer Manzella, Deputy Public Works Director/City Engineer Jim Houlihan, Public Works Director Dave Webb, Public Works Finance/Administrative Manager Theresa Schweitzer, Recreation & Senior Services Director Sean Levin, Utilities Director Mark Vukojevic

OTHER ENTITIES: Terry Madsen, ClearSource Financial Consulting

MEMBERS OF THE PUBLIC: Jim Mosher

III. PLEDGE OF ALLEGIANCE

Committee Member Kory Kramer led the Pledge of Allegiance

IV. PUBLIC COMMENTS

Chair Stapleton opened the public comments.

Jim Mosher expressed support for the continuation of Finance Committee meetings while also raising concerns regarding public accessibility and transparency. He recommended exploring additional measures to improve public and Councilmember access to committee proceedings.

Chair Stapleton closed public comments.

V. CONSENT CALENDAR

A. MINUTES OF JANUARY 15, 2026

Recommended action:
Approve and file.

B. MINUTES OF FEBRUARY 12, 2026

Recommended action:
Approve and file.

MOTION: Committee Member Cashion moved to approve both the January 15, 2026 and the February 12, 2026, seconded by Committee Member Collopy. The motion carried as follows:

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

There was no further discussion on the item.

VI. CURRENT BUSINESS

A. OVERVIEW OF PROPOSED BUDGET FOR FISCAL YEAR 2026-27

Recommended action:
Receive and file.

Budget Manager Jessica Nguyen presented the proposed FY 2026–2027 budget, noting it aligned with City Council priorities and guiding principles focused on public safety, infrastructure, natural resources, and long-term fiscal sustainability. She reported General Fund revenues are projected to increase approximately 5% over the prior adopted budget, driven primarily by growth in property tax, sales tax, and service fees. She stated property tax revenues are projected to increase 6.7% based on assessed valuation growth to approximately \$87.8 billion.

Committee Member Collopy inquired about declining home sales transactions despite rising sales prices. Administrative Services Director/Treasurer Al-Imam explained transaction volume peaked in 2021 and has since declined significantly. Committee Member Kenney inquired about sales tax fluctuations in 2021, and Administrative Services Director/Treasurer Al-Imam explained they were largely attributable to pandemic reopening effects. Committee Member Cashion inquired about the reopening date of the Porsche dealership on Pacific Coast Highway, and Administrative Services Director/Treasurer Al-Imam confirmed it reopened in June 2025.

Budget Manager Nguyen reviewed sales tax and transient occupancy tax (TOT) projections, noting FY 2026–2027 sales tax revenue is projected to increase 2.7% and TOT revenues approximately 2%. Budget Manager Nguyen reported proposed General Fund expenditures are projected to increase 8.4%, including a \$40 million unfunded pension liability payment and approximately \$1.5 million in program enhancements. Administrative Services Director/Treasurer Al-Imam explained the increase was amplified because the prior adopted budget included only placeholder salary increases before updated Memoranda of Understanding were approved.

Budget Manager Nguyen reviewed departmental budget changes, including increased allocations related to Risk Management staffing transfers, Police Department compensation adjustments, insurance costs, and landfill agreement expenses. Administrative Services Director/Treasurer Al-Imam clarified several changes reflected reallocations rather than new growth.

Budget Manager Nguyen reviewed proposed enhancements, including police staffing additions, firefighter paramedic staffing, Harbor Department operational changes, animal shelter staffing,

technology subscriptions, and equipment purchases. Committee Member Collopy inquired about staffing costs and sworn officer counts. Administrative Services Director/Treasurer Al-Imam confirmed the Police Department would increase to 150 sworn officers and clarified staffing and vehicle allocation details.

Committee Member Collopy asked about alignment with City Council priorities. Administrative Services Director/Treasurer Al-Imam and Budget Manager Nguyen noted several public safety and animal shelter enhancements were directly tied to Council priorities.

Budget Manager Nguyen concluded by reporting a projected FY26 year-end surplus of approximately \$12.9 million and a projected FY27 structural surplus of approximately \$2.5 million.

Chair Stapleton opened public comments.

Jim Mosher commented on the organizational structure reflected in the budget, including the Harbor Department, Information Technology, and City Clerk staffing. He also inquired about proposed staffing reductions and acknowledged the explanation regarding employee compensation increases.

Chair Stapleton closed public comments.

Committee Member Collopy inquired further regarding the placement and visibility of the Information Technology function within the budget structure. Administrative Services Director/Treasurer Al-Imam explained IT operates within the City Manager's Office and is funded through the Internal Service Fund structure.

Chair Stapleton commented positively on the City's financial position, property tax growth, and balanced budget outlook. Administrative Services Director/Treasurer Al-Imam reviewed the upcoming budget timeline and anticipated Finance Committee and City Council review process. Committee Member Collopy reiterated comments regarding the significance of the IT budget and its organizational visibility.

Chair Stapleton received and filed the item.

B. FISCAL YEAR 2025-26 FEE STUDY UPDATE

Recommended action:

Receive and file.

Senior Budget Analyst Abigail Marin introduced the cost-of-service fee study and Terry Madsen of ClearSource Financial Consulting. She explained the study framework, including distinctions between cost-recovery, market-based, and legally established fees, and noted that the analysis incorporated labor, operational, and overhead costs to determine fully burdened service rates. She stated the study focused on Community Development, Fire, and Police Department fees, along with select one-off fees.

Senior Budget Analyst Marin summarized Community Development fee updates, including restructuring and clarifying certain fee categories, and noted staff met with the Building Industry Association to review proposed changes. She reviewed Fire Department fee changes, including proposed fees for lift assists, hazardous materials responses, inspections, and updates to emergency medical service subsidies and junior lifeguard fees. She stated the junior lifeguard fee increase would be phased in over four years toward full cost recovery. She also reviewed Police Department fee changes, including a proposed e-bike impound release fee, consolidation of report and alarm fees, and elimination of obsolete fees. She reported the overall fee study was projected to increase annual revenues by approximately \$937,000.

Committee Member Collopy inquired about the proposed e-bike impound release fee. Senior Budget Analyst Marin explained the proposed \$125 fee reflected cost recovery for staff time and services rather than a punitive fine. Chair Stapleton noted citations can exceed \$400.

Committee Member Collopy and Committee Member Kenney inquired about junior lifeguard cost recovery levels and implementation timing. Senior Budget Analyst Marin explained the program currently recovers approximately 90% of costs through participant fees. Terry Madsen stated the current fee is approximately \$856, the proposed fee would increase to approximately \$907, and the estimated full cost of service is approximately \$1,060 per participant.

Committee Member Kenney inquired about appeal fee subsidies within Community Development and Administrative Services. Senior Budget Analyst Marin explained the recovery percentages are established in the Municipal Code. Mr. Madsen noted most jurisdictions intentionally subsidize appeal fees to avoid discouraging public participation and stated Newport Beach already exceeds many agencies by refunding fees when appeals are successful. Committee Member Kenney expressed support for subsidizing successful appeals while requiring unsuccessful appellants to bear some costs. Committee Member Kramer stated the City may wish to further evaluate its approach.

Councilmember Weber expressed support for full cost recovery for the Junior Lifeguard Program, particularly for non-residents, and suggested evaluating a differentiated resident and non-resident fee structure. Assistant Chief Brian O'Rourke noted the City historically maintained separate fee structures before transitioning to a uniform fee. Administrative Services Director/Treasurer Al-Imam stated staff could evaluate whether a differentiated structure would comply with Coastal Development Permit requirements.

Committee Member Cashion supported moving toward full cost recovery and exploring discounted rates for residents. Chair Stapleton inquired about existing Council policy direction regarding cost recovery targets, and Senior Budget Analyst Marin confirmed the targets reflect prior Council direction.

Committee Member Collopy asked whether fee studies could be expanded beyond the current rotating schedule. Administrative Services Director/Treasurer Al-Imam stated additional studies would significantly increase staff workload.

Chair Stapleton opened public comments.

Jim Mosher commented on subsidies related to the Junior Lifeguard Program, e-bike diversion fees, and appeal fees, and suggested portions of the fee schedule language were repetitive.

Chair Stapleton closed public comments.

Chair Stapleton received and filed the item.

C. FACILITIES FINANCIAL PLAN (FFP) AND HARBOR & BEACHES MASTER PLAN (HBMP)

Recommended Action:

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

Budget Analyst Tony Alannouf presented the Facilities Financial Plan (FFP) and Harbor and Beaches Master Plan (HBMP), explaining both are long-term planning tools used to evaluate funding needs for major capital projects. He stated the FFP focuses on large-scale facility construction and replacement projects, while the HBMP addresses harbor and beach infrastructure improvements.

Budget Analyst Alannouf reported the General Fund contributed approximately \$15.4 million to the FFP in FY 2025–2026, including debt service and active project funding. He noted prior year-end surpluses historically provided additional contributions but are not assumed in future projections. He also reviewed projected funding sources, including development-related revenues, debt financing, and property sale proceeds associated with future police station construction.

Committee Member Kenney requested clarification regarding anticipated property sale revenues and debt financing assumptions. Administrative Services Director/Treasurer Al-Imam explained the projections assume the future sale of 1201 Dove Street and debt financing structured to remain below the \$50 million voter approval threshold on a per-project basis. He stated the primary projects include Fire Station No. 3 and a new Police Station and parking structure.

Committee Member Kenney inquired about debt structure and repayment flexibility. Administrative Services Director/Treasurer Al-Imam explained the City anticipates using Certificates of Participation with typical 10-year call provisions, while noting alternative structures could be explored depending on future revenues and interest rates. Committee Member Kenney commented that long-term assets should generally be financed with long-term debt. Committee Member Collopy noted financing decisions are influenced by prevailing interest rates.

Committee Member Collopy inquired about projected grant funding. Administrative Services Director/Treasurer Al-Imam explained the majority of assumed grant funding is tied to the Pacific Coast Highway pedestrian bridge project and emphasized the project would not proceed without substantial external funding.

Budget Analyst Alannouf reviewed six major projects projected over the next five years, totaling approximately \$236.4 million, with the Police Station project representing the majority of projected costs. Committee Member Kenney asked about contingency planning if development-related revenues are delayed. Administrative Services Director/Treasurer Al-Imam responded that project timing would be adjusted annually based on available funding.

Budget Analyst Alannouf then reviewed the HBMP, noting rising construction costs and continued reliance on both Tidelands revenues and General Fund support. He identified the Balboa Island seawall replacement and Newport Pier replacement as major future projects.

Public Works Director Dave Webb explained the Balboa Island seawall replacement is necessary due to structural deterioration and long-term integrity concerns. He also reported that the Newport Pier project timeline was deferred following community outreach and lack of stakeholder consensus.

Committee Member Kenney questioned whether the seawall replacement schedule could be delayed. Public Works Director Webb stated interim measures address overtopping concerns but do not resolve long-term structural deficiencies. Committee Member Collopy inquired whether the State could participate in project funding, and Public Works Director Webb explained the seawalls are City-owned facilities within tidelands areas.

Budget Analyst Alannouf reviewed the Facilities Maintenance Management Plan, noting current annual funding levels remain sufficient for planned maintenance activities.

Chair Stapleton opened public comments.

Jim Mosher commented that General Fund support for harbor and beach projects was appropriate given the broader Citywide benefit and recommended greater involvement of the Water Quality Tidelands Committee in future reviews.

Chair Stapleton closed public comments.

Chair Stapleton received and filed the item.

D. BUDGET AMENDMENTS FOR QUARTER ENDING MARCH 31, 2026

Recommended action:
Receive and file.

Chair Stapleton opened the item for comments. Seeing none, Chair Stapleton closed comments.

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

He stated that the Finance Committee would consider a formal recommendation to the City Council on the proposed budget and related financial plans at its next scheduled meeting.

Chair Stapleton received and filed the item.

E. WORK PLAN REVIEW

Recommended action:
Receive and file.

Chair Stapleton announced the next meeting on May 14, when the Committee will continue its budget review, develop recommendations for City Council, and consider the third-quarter budget update and work plan review. He noted the Committee will subsequently sunset, after which the City Council will consider next steps, including future committee applications.

VII. AJOURNMENT

The Finance Committee adjourned at 4:45 p.m.

Attest:

Joe Stapleton, Chair
Finance Committee

Date