



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

Agenda Item No. 6C
April 16, 2026

TO: HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

FROM: ADMINISTRATIVE SERVICES DEPARTMENT
Jason Al-Imam, Administrative Services Director/Treasurer
949-644-3123, jalimam@newportbeachca.gov

**SUBJECT: FACILITIES FINANCIAL PLAN (FFP) AND HARBOR & BEACHES
MASTER PLAN (HBMP)**

SUMMARY:

The Facilities Financial Plan (FFP) and Harbor & Beaches Master Plan (HBMP) are long-term planning tools that are used to analyze the means of financing, timing of expected cash flows and funding requirements associated with the projects that are prioritized based on need and community goals. The FFP and HBMP have been updated to reflect the current estimated cost to fund the construction and or renovation of City facilities and harbor-related capital projects, which are presented to the Finance Committee for feedback and consideration.

RECOMMENDED ACTION:

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

DISCUSSION:

Each year, as part of the budget process, staff prepares updates to the FFP and HBMP and by way of this report, these updates are subsequently presented to the Finance Committee to consider the adequacy of the funding allocations from the General Fund to the FFP and HBMP. Prior to this report, the Harbor Commission reviewed the HBMP updates on January 14, 2026, and the City Council held preliminary discussions on the FY 2026–27 Capital Improvement Program (CIP) and FFP during the Council Planning session held on January 31, 2026

The dashboard presentations of the FFP and HBMP reflect a five-year outlook and include a “future” column on applicable charts that captures the remaining projects beyond the first five years. A complete summary of projects – including the project estimates and timeframes – are included within the respective project planning worksheets for each plan. Since there is considerable variability in the cost estimates and timing in which the projects in the outer years of both plans may be completed, the dashboards are primarily focused on the fiscal impact of the nearer-term projects that are projected to occur in the next five-years.

Facilities Financial Plan

In addition to the annual CIP, and in accordance with Council Policy F-28 – Facilities Financial Planning Program, the City has established a long-term plan for major renovation or replacement of City facilities that have reached the end of their useful life, as well as for the addition of new facilities. The emphasis is on structures and adjacent grounds, rather than transportation, environmental, or other projects funded either in whole or in part by the General Fund via the routine CIP.

Under current policy, the annual contribution from the General Fund to the FFP is set at \$8.6 million or 3% of General Fund revenues, whichever is greater. For Fiscal Year 2025-26, the General Fund contribution to the FFP is budgeted at \$15.4 million, which includes \$8.6 million for debt service and \$6.8 million for projects.

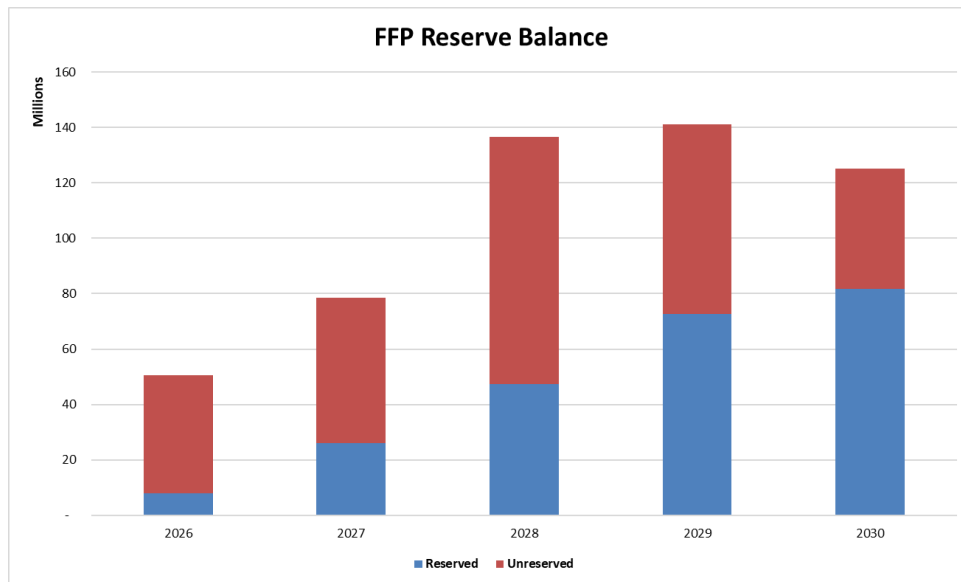
Adequacy of Debt Service Contributions – Funding for the debt service for the Civic Center and Fire Station No. 2 comes from the FFP Fund. The debt service associated with the 2010B and 2020 Certificates of Participation (COPs) varies by year but is currently approximately \$8.6 million net of the expected subsidy from the U.S. Treasury on the 2010B COPs.

Fees Generated by Development Agreements and Developer Impact Fees – Staff annually prepare a projection of fees related to development agreements that are expected to be received in future fiscal years, as well as developer impact fees approved with the Nexus Study adopted by the City Council on November 12, 2024. Development Agreements and Developer Impact Fee funds are restrictive in nature and are only able to be used on eligible projects. Estimates are subject to change with annual updates based on current information about project status and anticipated fund collection timing. These funds are deposited into the FFP Fund when received and are available to fund FFP projects including both new and replaced/renovated facilities. Staff applies the use of these funds to eligible projects on the plan and reserves the balance of these fees within the fund. The Reserved FFP Balance, which is comprised of the various Development Agreements and Development Impact Fees, is shown on the table below, along with the anticipated annual collections for each fee type, respectively.

	2026	2027	2028	2029	2030	2031
	50,649,304	78,394,288	136,427,999	141,088,411	125,112,782	115,947,473
Reserved FFP Balance						
Park In Lieu Fees	4,412,924	19,574,353	31,320,891	55,120,891	59,459,927	58,004,962
Public Safety Fees	1,761,000	2,392,687	3,573,356	(0)	(0)	(0)
Recreation Developer Impact Fees	1,061,025	2,634,097	7,880,132	14,323,969	17,284,049	17,284,049
Police Developer Impact Fees	228,008	566,695	1,694,035	0	636,103	636,103
Fire Developer Impact Fees	390,548	970,676	2,901,664	3,135,182	4,207,685	0
Unreserved FFP Balance	42,795,800	52,255,781	89,057,921	68,508,370	43,525,019	40,022,359

The FFP assumes that contributions will continue at the proposed funding level for Fiscal Year 2026-27, which includes \$5 million in additional discretionary contributions exceeding the minimum required by Council Policy F-28. At this funding level, adequate funds are available for the projects outlined in the FFP. The City’s Reserve Policy (Council Policy F-2) sets a minimum reserve target for the FFP Fund equal to the maximum annual debt service amount, which is \$8.6 million. The FFP also maintains a reserve balance that meets or exceeds the level required by the Reserve Policy each year.

The FFP includes updates to the project list and corresponding project costs to reflect inflation-indexed unit costs. Under the current iteration of the FFP, adequate funds are on hand for all FFP projects, and the minimum reserve balance remains above the \$8.6 million minimum level outlined in the City’s Reserve Policy as illustrated in the chart below.



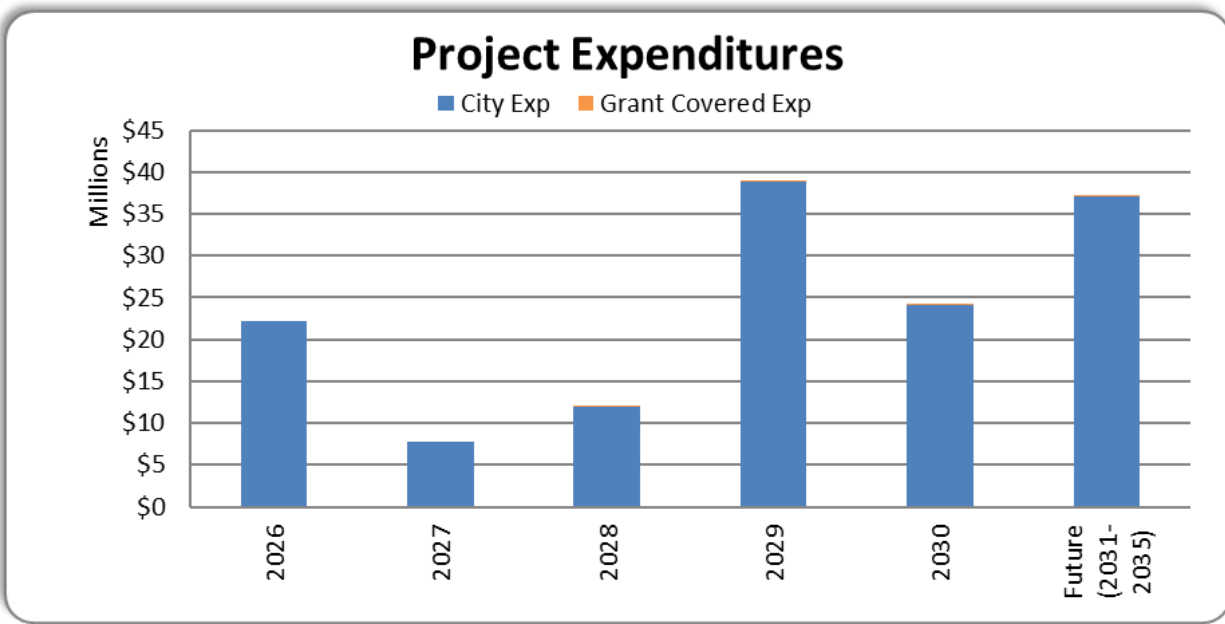
Adequate funds are projected to be available to support the projects outlined in the FFP. This projection depends on the timing of development fees, a key funding source for capital projects, as well as additional discretionary contributions from the General Fund at the same level as in Fiscal Year 2026-27.

Harbor & Beaches Master Plan

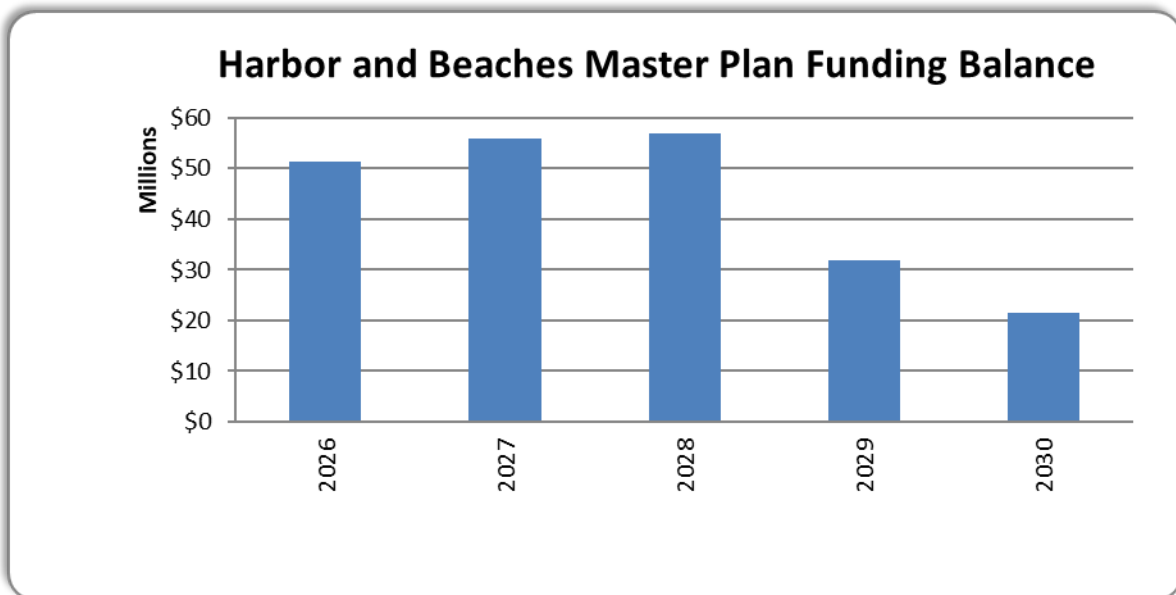
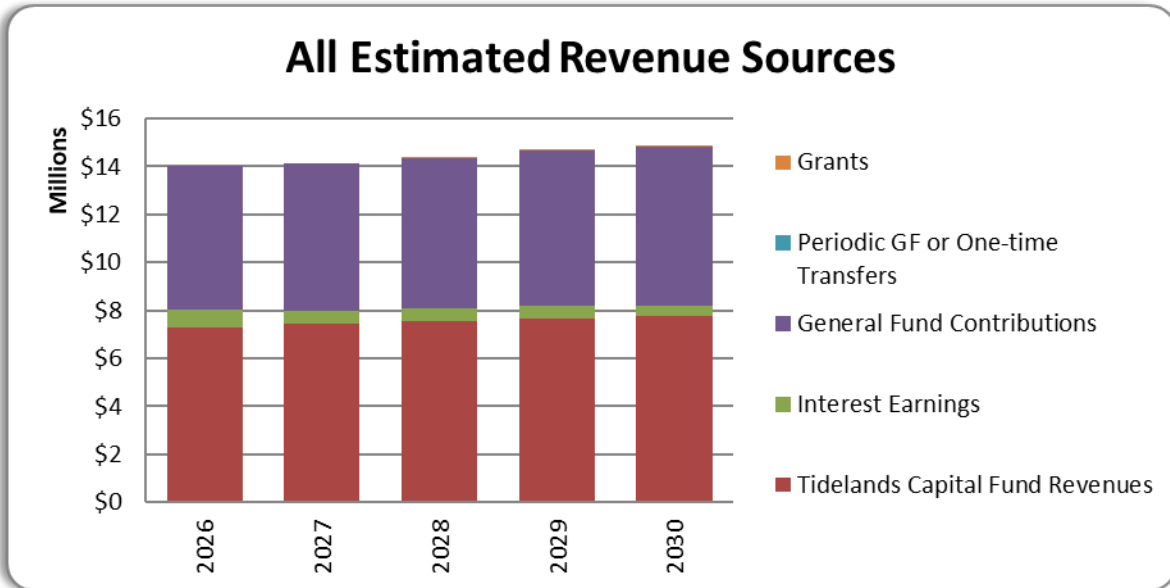
The HBMP is funded from two sources – a portion of Tidelands revenues and an annual transfer from the General Fund. With the implementation of permit and rent increases authorized by the City Council in 2010, staff was directed to deposit incremental rent increases from certain harbor revenue sources to a new Tidelands Capital Fund. The intent was to set aside the incremental increases from these adjustments to finance critical in-Harbor capital improvements, like sea wall repair, dredging, and piers. Historically, the Tidelands Operating Fund has not generated sufficient revenue to cover the full cost of operations, in large part because of the public safety costs (lifeguards, emergency medical response, and police services) associated with the ocean beaches and other Tidelands property. Similarly, the incremental rents dedicated to the Tidelands Capital Fund are not sufficient to fund the capital improvement projects contemplated in the HBMP. Due to the ongoing gap between Tidelands capital revenues and expenditures, the City’s General Fund has transferred a variable amount to provide sufficient funding for HBMP projects to be completed. In Fiscal Year 2025-26, the General Fund has contributed \$5.9 million to the Tidelands Capital Fund. In addition, \$6.1 million is projected to be deposited into the Tidelands Capital Fund in Fiscal Year 2026-27, which is derived from incremental revenue from certain harbor revenue sources (e.g. property leases, piers, etc.).

Pursuant to the Finance Committee’s recommendation in February 2022, the current funding policy for the HBMP reflects an index of the General Fund contribution of \$4.7 million in Fiscal Year 2023-24 which has since increased annually by 2.5%.

This HBMP has been substantially updated to reflect inflation-indexed unit costs across the project list. Total project costs decreased by approximately \$6.2 million compared to the March 13, 2025 iteration, driven primarily by cost reductions on a major project.



This iteration of the HBMP also includes updates to the anticipated external contributions, primarily to reflect the current estimate of grant receipts for future dredging projects. Adequate funds are projected to be on hand to fund the HBMP projects for the next fifteen years.



Facilities Maintenance Management Plan (FMMP)

It should also be noted that the City has a separate funding program known as the FMMP, which sets aside funds for maintenance efforts related to City facilities. The current annual General Fund contribution is \$2.5 million and is scheduled to remain flat until such time as

the Public Works Department determines that a change is appropriate due to a material increase in the number of City facilities being maintained or other factors. Currently, staff is not recommending any changes to the General Fund contributions toward this program.

Submitted by:

/s/ Jason Al-Imam

Jason Al-Imam
Administrative Services Director/Treasurer

Attachments:

- A. Facilities Financial Plan
- B. Harbor & Beaches Master Plan