# CITY OF NEWPORT BEACH
# CITY COUNCIL AGENDA

## MARCH 10, 2026
## COUNCIL CHAMBERS - 100 CIVIC CENTER DRIVE, NEWPORT BEACH, CA 92660

## STUDY SESSION- 4:00 PM (PUBLIC WELCOME)

**LAUREN KLEIMAN, Mayor**
**NOAH BLOM, Mayor Pro Tem**
**MICHELLE BARTO, Councilmember**
**ROBYN GRANT, Councilmember**
**JOE STAPLETON, Councilmember**
**SARA J. WEBER, Councilmember**
**ERIK WEIGAND, Councilmember**

**SEIMONE JURJIS, City Manager**
**AARON C. HARP, City Attorney**
**LENA SHUMWAY, City Clerk**

**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 City Clerk 24 hours prior to the scheduled City Council meeting.

**LEVINE ACT**
Under the Levine Act, Section 84308 of the Government Code, a party to a proceeding before the City involving a contract (other than competitively bid, labor, or personal employment contracts), franchise, license, permit, or other entitlement for use, is required to disclose on the record of the proceeding any contribution in an amount of more than five hundred dollars ($500) made within the preceding 12 months by the party or the party's agent to any elected or appointed officer of the City. If you have made a qualifying contribution, please ensure to make this disclosure on the record.

**PUBLIC HEARINGS**
If in the future, you wish to challenge in court any of the matters on this agenda for which a public hearing is to be conducted, you may be limited to raising only those issues which you (or someone else) raised orally at the public hearing or in written correspondence received by the City at or before the hearing.

**NOTICE TO THE PUBLIC**
Any times listed in this agenda are provided as a courtesy and the actual item may be heard before or after the time given.
This agenda was prepared by the City Clerk. Copies of the staff reports and supporting materials are on file with the City Clerk and are available for public inspection and copying at the City Clerk's Office or online at newportbeachca.gov/agendas. For questions or to request copies of any staff reports or other documentation related to items on this agenda, please contact the City Clerk's Office at 949-644-3005.
The City of Newport Beach's goal is to fully comply with the Americans with Disabilities Act (ADA). If you require special assistance to participate in this meeting, we will attempt to accommodate you in every reasonable manner. Please contact City Clerk staff prior to the meeting at 949-644-3005 or cityclerk@newportbeachca.gov so that reasonable accommodations can be made.

## I. ROLL CALL - 4:00 p.m.

**INVOCATION**

*First Church of Christ, Scientist Newport Beach - Dr. Joan Bernard Bradley*

**PLEDGE OF ALLEGIANCE**

## II. STUDY SESSION

- **Capital Improvement Program (CIP) Early Look Review. City staff will present new projects and funding proposals for the upcoming Fiscal Year 2026-27 CIP for review and discussion by City Council**

  FY 2026_27 CIP Early Look

- **Newport Beach Police Headquarters Reconstruction. City staff will present further information on behalf of the "Newport Beach Police Headquarters Assessment Committee" (including potential locations, rough cost and schedules) regarding the replacement of the current Police Headquarters located at 870 Santa Barbara Drive for review and discussion by City Council.**

  PD Facility Presentation

**PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS**

*The City Council of Newport Beach welcomes and encourages community participation. Public comments are invited on items listed on the agenda and non-agenda items. Speakers must limit comments to three minutes per person to allow everyone to speak. Written comments are encouraged as well. The City Council has the discretion to extend or shorten the time limit on agenda or non-agenda items.*

**CITY COUNCIL ANNOUNCEMENTS AND ORAL REPORTS FROM CITY COUNCIL ON COMMITTEE ACTIVITIES**

**PUBLIC COMMENTS ON CONSENT CALENDAR**

*This is the time in which Councilmembers may pull items from the CONSENT CALENDAR for discussion (ITEMS 1 - 11). Public comments are also invited on Consent Calendar items. Speakers must limit comments to three minutes. Before speaking, please state your name for the record. If any item is removed from the Consent Calendar by a Councilmember, members of the public are invited to speak on each item for up to three minutes per item.*

*All matters listed under CONSENT CALENDAR are considered to be routine and will all be enacted by one motion in the form listed below. Councilmembers have received detailed staff reports on each of the items recommending an action. There will be no separate discussion of these items prior to the time the City Council votes on the motion unless members of the City Council request specific items to be discussed and/or removed from the Consent Calendar for separate action.*

## III. CONSENT CALENDAR

***READING OF MINUTES AND ORDINANCES***

**1. Reading of Ordinances**

Waive reading in full of all ordinances under consideration for adoption and direct the City Clerk to read by title only.

**2. Minutes for the February 24, 2026, City Council Meeting**

Waive reading of subject minutes, approve as written, and order filed.

Minutes

***RESOLUTIONS FOR ADOPTION***

**3. Resolution No. 2026-16: Revised Salary Schedule and New Classifications for the Key & Management Group**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;

b) Adopt Resolution No. 2026-16, A *Resolution of the City Council of the City of Newport Beach, California, Approving a Revised Salary Schedule and New Classifications for the Key & Management Group*; and

c) Approve the Job Descriptions for the real property manager and code enforcement manager and authorize the community development director to approve new job descriptions consistent with the new positions approved by the City Council.

Staff Report
Attachment A - Resolution No. 2026-16
Attachment B - Real Property Manager Job Description
Attachment C - Code Enforcement Manager Job Description

4. **Resolution No. 2026-17: A Report Made by the Fire Marshal Regarding Compliance with the Annual Inspection of Certain Occupancies**

   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

   b) Adopt Resolution No. 2026-17, *A Resolution of the City Council of the City of Newport Beach Acknowledging Receipt of a Report Made by the Fire Marshal of the City of Newport Beach Fire Department Regarding Compliance with the Annual Inspection of Certain Occupancies Pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code.*

   Staff Report
   Attachment A - Resolution

5. **Resolution No. 2026-18: Amending the Selection Process and Various Responsibilities of the Finance Committee**

   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

   b) Adopt Resolution No. 2026-18, *A Resolution of the City Council of the City of Newport Beach, California, Amending the Selection Process and Various Responsibilities of the Finance Committee*.

   Staff Report
   Attachment A- Resolution- 2026-18 amended
   Attachment B - Tentative Finance Committee & Council Review Schedule

***CONTRACTS AND AGREEMENTS***

6. **Street Pavement Repair Program Fiscal Year 2025-26 - Award of Contract No. 9946-1 (26R03)**

a) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(c), Class 1 (maintenance of existing public facilities involving negligible or no expansion of use) of the CEQA Guidelines, because this project has no potential to have a significant effect on the environment;

b) Approve the project plans and specifications;

c) Approve Budget Amendment No. 26-057 appropriating $224,200.15 in increased expenditures in Account No. 01201927-980000-26R03 from the General Fund CIP unappropriated fund balance, $3,333 in new revenue and expenditures from Irvine Ranch Water District to Account Nos. 13501-431220-26R03 and 13501-980000-26R03, respectively and $18,666 in new revenue and expenditures from Orange County Sanitation District to Account Nos. 13501-431075-26R03 and 13501-980000-26R03, respectively;

d) Award Contract No. 9946-1 to Onyx Paving Company, Inc. for the total bid price of $1,082,000 for the Street Pavement Repair Program FY 2025-26 project, and authorize the Mayor and City Clerk to execute the contract; and

e) Establish a contingency of $110,000 (approximately 10% of the total bid) to cover the cost of unforeseen work not included in the original contract.

Staff Report
Attachment A - Location Map
Attachment B - Budget Amendment

7. **Approval of Amendment No. Two to Professional Services Agreement with SafeRock for Restroom Security Services (Contract No. 9576-1)**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Approve Amendment No. Two to Professional Services Agreement with SafeRock for Restroom Security Services for an additional $40,000 for a total not-to-exceed amount of $160,000 and extend the term of the agreement to September 14, 2026, and authorize the Mayor and City Clerk to execute the agreement.

Staff Report
Attachment A - Professional Services Agreement

**8. Approval of Amendment No. One to Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Approve Amendment No. One to the Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services to extend the term of the agreement to December 31, 2026, revise the schedule of billing rates, and authorize the Mayor and City Clerk to execute the amendment.

Staff Report

Attachment A - Amendment No. One with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services

***MISCELLANEOUS***

**9. Second Quarter Budget Update**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly

b) Receive and file this report.

Staff Report

**10. Financial Statement Audit Results and Related Communication for the Fiscal Year Ended June 30, 2025**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;

b) Receive and file

Staff Report

Attachment A - Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025

Attachment B - Auditors' Required Communications with the Audit Committee

Attachment C - Auditors' Report on Internal Control and Other Matters

**11. Planning Commission Agenda for the March 5, 2026, Meeting**

Receive and file.

PC Agenda
PC Action Report
PC - future agenda items

***ACTION: MOVE AFFIRMATIVE ACTION OF THE CONSENT CALENDAR, EXCEPT FOR THOSE ITEMS REMOVED***

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

**IV. MOTION FOR RECONSIDERATION**

*A motion to reconsider the vote on any action taken by the City Council at either this meeting or the previous meeting may be made only by one of the Councilmembers who voted with the prevailing side.*

**PUBLIC COMMENTS ON CLOSED SESSION**

**V. CLOSED SESSION**

**A. CONFERENCE WITH LEGAL COUNSEL**
**ANTICIPATED LITIGATION - INITIATION OF LITIGATION**

Government Code § 54956.9 (d)(4): 1 matter.

**CLOSED SESSION REPORT**

**ADJOURNMENT**

**Written Comments Received on Agenda and Non-Agenda Items after Agenda Posting**

Non Agenda Item Correspondence
Study Session 2 Correspondence
Agenda Item 5 Correspondence
Agenda Item 6 Correspondence
Written Comments

**Testimony given before the City Council is recorded.**

**PLEASE TURN CELL PHONES OFF OR SET IN SILENT MODE.**

# FISCAL YEAR 2026-27 CAPITAL IMPROVEMENT PROGRAM EARLY LOOK

March 10, 2026

City Council Study Session Item No.1

# THE CITY'S CAPITAL IMPROVEMENT PROGRAM

- Sets Priorities and Appropriates Funds
- Provides a Basis for Project Planning and Identifies Potential Conflicts
- Develops and Constructs Identified Public Improvements
- Addresses Significant Maintenance Projects
- Responds to Changing Priorities and Conditions

# GENERAL FUND ALLOCATION TO THE CAPITAL IMPROVEMENT PROGRAM

- Budget Focuses Resources on Maintaining or Replacing Existing Infrastructure and keeping it in Good Condition.
- Includes $6,500,000 baseline General Fund Investment and an additional $1,400,000 investment from the CIP General Fund Program Balance toward maintaining City Infrastructure.
- Includes $2,500,000 baseline General Fund Investment and an additional $1,000,000 investment from the FMMP General Fund Balance for Facility Maintenance Master Plan projects.
- Includes $2,300,000 baseline General Fund Investment for Park Maintenance Master Plan projects

# FY 2026-27 CIP PROJECTION

- **FY 2025-26 CIP = $112.3 Million**
- **Preliminary FY 2026-27 CIP Tentative Total ~ $95.0M**

  **$47.6** Million New Funding
  **$47.4** Million Re-Budget* from FY 2025-26

  Some Possible Large Re-Budget Projects

  - *Balboa Island Drainage / Pump Station Improvements* *$6.3M*
  - *Balboa Yacht Basin Dock Replacement* *$6.1M*
  - *Old Newport at WCH Intersection Improvements* *$5.6M*
  - *Harbor and Ocean Bulkheads and Seawalls Rehab* *$4.5M*
  - *Balboa Island Seawall – Permitting & Design* *$2.0M*
  - *15th Street Restroom Replacement* *$1.1M*
  - ***Lower Castaways Park*** ***?***

*Assumed Re-Budget on July 1, 2026

# PROPOSED FY 2026-27
# SUMMARY OF NEW FUNDING BY TYPE

| Funding Type | Proposed New Funding |
|---|---|
| General Fund Allocation | $7,900,000 |
| Roadway Funding (SB1, GT, M2) | $10,200,000 |
| Water/Wastewater | $8,300,000 |
| FFP/FMMP/PMMP (GF) | $5,800,000 |
| Tidelands | $2,700,000 |
| Neighborhood Enhancement (GF) | $1,650,000 |
| Grants & Contributions / Building Excise Tax / Environmental Liability Fund | $11,023,000 |
| **TOTAL** | **$47,573,000** |

# FACILITIES



| | | |
|---|---|---|
| • Building Resiliency and Backup Generation | $250,000 | FMMP |
| • Council Chamber & Community Room AV Upgrades | $500,000 | FMMP, PEG |
| • Facilities Maintenance Master Plan Program | $3,150,000 | FMMP |
| • Newport Coast Pickleball Courts - Lighting<br>*Re-budget of $234,000 for a total of $484,000* | $250,000 | GF |
| • Trash Enclosure Improvements<br>*Balboa Pier and CDM State Beach* | $600,000 | GF, GR |
| • Utility Facilities Improvements<br>*Re-budget of $300,000 for a total of $700,000* | $400,000 | WF |
| **TOTAL FACILITIES** *(New $)* | **$5,150,000** | |

*FMMP – Facilities Maintenance Master Plan PEG – Public, Educational & Government Fund GF – General Fund GR - Grants and Contributions WF – Water Fund*

# STREETS & DRAINAGE

| | | |
|---|---|---|
| • Balboa Island Concrete Road & Alley Improvements | $3,000,000 | GF,NE,WF |
| • Birch St – Bristol St to Jamboree Rd | $440,000 | SB1 |
| • City Bridge Maintenance Program | $500,000 | GT |
| *Re-budget of $100,000 for a total of $600,000* | | |
| • Concrete Replacement Program | $1,900,000 | GF, NE PMMP |
| *(Corona Del Mar - North of ECH, Newport Coast, Newport Center)* | | |
| *Re-budget of $570,000 for a total of $2,470,000* | | |



*GF – General Fund NE – Neighborhood Enhancement*
*WF – Water Fund SB1 – SB1 RMRA GT – Gas Tax*
*PMMP – Parks Maintenance Master Program*

# STREETS & DRAINAGE

| | | |
|---|---|---|
| • Corona del Mar Street and Traffic Improvements | $500,000 | GF |
| • Eastbluff Dr – Jamboree Rd S to Jamboree Dr N | $430,000 | SB1 |
| • Landscape Enhancement Program | $600,000 | GF, NE |
| *(Corona Del Mar Villas Frontage, Cameo Frontage & Mesa Dr Trail)* *Re-budget of $1,000,000 for a total of $1,600,000* | | |
| • Pavement Management Plan | $60,000 | GF |
| • San Miguel Dr Paving – San Joaquin Hills Rd to Old Ford Rd | $4,627,700 | M2, SB1 |





*GF – General Fund SB1 – SB1 RMRA*
*NE – Neighborhood Enhancement M2 – OCTA Measure M*

# STREETS & DRAINAGE



- Slurry Seal Program $1,895,000 GT
  *(Corona Del Mar - North of ECH, Newport Coast & Newport Center)*
- Storm Drain System Repair / Rehabilitation $400,000 GF
  *Re-budget of $700,000 for a total of $1,100,000*
- Street Pavement Repair Program $1,500,000 GF,GT, SB1
- Streetlight Rehabilitation Program $600,000 GF
  *Re-budget of $200,000 for a total of $800,000*
- Via Lido Pavement Rehab $690,700 SB1
  Newport Blvd to Via Malaga

**TOTAL STREETS & DRAINAGE** *(New $)* **$17,143,400**

*GT – Gas Tax GF – General Fund*
*SB1 – SB1 RMRA*

# TRANSPORTATION

| | | |
|---|---|---|
| • Bristol Street Corridor Regional Signal Synchronization Project | $110,000 | GF |
| • Traffic Signage, Striping and Markings<br>*Re-budget of $50,000 for a total of $130,000* | $80,000 | GF |
| • Traffic Signal Rehabilitation Program<br>*Re-budget of $493,000 for a total of $1,883,000* | $1,390,000 | GF, GT |
| **TOTAL TRANSPORTATION** *(New $)* | **$1,580,000** | |




*GT – Gas Tax  GF – General Fund*

# WATER QUALITY & ENVIRONMENTAL

- Environmental Habitat Restoration - Monitoring and Maintenance — $200,000 TL
  *Re-budget of $100,000 for a total of $300,000*
- Newport Beach Trash Interceptor Modifications — $300,000 EL
- TMDL Compliance/Water Quality Improvements — $200,000 TL
  *Re-budget of $200,000 for a total of $400,000*

**TOTAL WATER QUALITY & ENVIRONMENTAL** *(New $)* **$700,000**

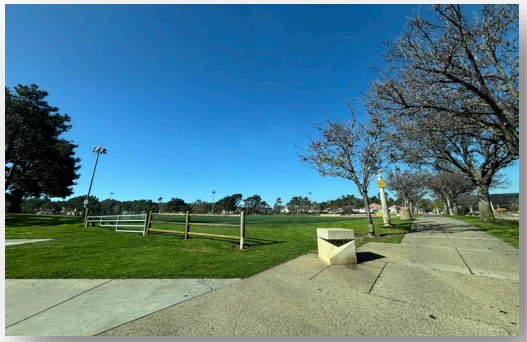


*TL – Tidelands  EL – Environmental Liability Fund*

# PARKS, HARBORS & BEACHES

## PARKS

| | | |
|---|---|---|
| • Bonita Creek Park Athletic Field Turf Replacement<br>*Re-budget of $2,792,000 for a total of $4,592,000* | $1,800,000 | GF |
| • Park Maintenance Master Plan Program<br>*Re-budget of $600,000 for a total of $2,500,000* | $1,900,000 | PMMP |
| • Playground Refurbishment Program<br>*Re-budget of $446,000 for a total of $746,000* | $300,000 | GF, BET |
| **SUBTOTAL PARKS** *(New $)* | **$4,000,000** | |



*GF – General Fund  PMMP – Park Maintenance Master Plan*
*BET – Building Excise Tax*

# PARKS, HARBOR & BEACHES



## HARBORS & BEACHES

- Beach and Bay Sand Management $500,000 TL
- Harbor & Ocean Maintenance/Minor Improvements $100,000 TL
  *Re-budget of $100,000 for a total of $200,000*
- Harbor & Ocean Bulkheads/Seawalls/Structure Repairs $400,000 TL
  *Re-budget of $4,500,000 for a total of $4,900,000*
- Ocean Piers Inspection and Maintenance $500,000 TL

*TL - Tidelands*

# PARKS, HARBOR & BEACHES

- Eelgrass Survey $175,000 TL
- Vessel Sewage Pump-out Replacement $125,000 TL
- Tide Valve Replacement $500,000 TL

**SUBTOTAL HARBOR & BEACHES** *(New $)* **$2,300,000**

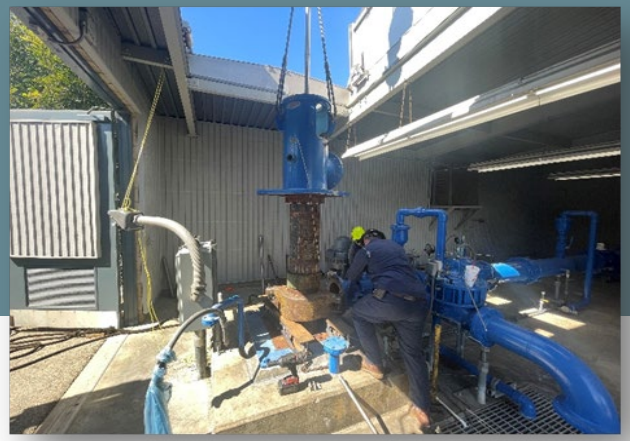
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**TOTAL PARKS, HARBOR & BEACHES** *(New $)* **$6,300,000**



*TL - Tidelands*

# WATER



| | | |
|---|---|---|
| • Distribution Valve Replacement Program | $153,000 | WF |
| • Grade Adjustments – Water Valves | $122,000 | WF |
| • New Water Wells and Pipelines | $10,000,000 | GR |
| *Re-budget of $1,546,000 for a total of $11,546,000* | | |
| • Water System Rehabilitation | $533,000 | WF |
| • Water and Wastewater Bay-Crossings *(Back Bay Landing)* | $282,000 | WF |
| *Re-budget of $1,768,000 for a total of $2,050,000* | | |
| • Zone 3 and Zone 4 Pump Station Upgrades | $4,310,000 | WF |
| **TOTAL WATER** *(New $)* | **$13,428,000** | |

*WF – Water Fund  GR - Grants and Contributions*

# WASTEWATER

- Grade Adjustments – Sewer Manhole Covers — $100,000 WWF
  *Re-budget of $150,000 for a total of $250,000*
- Sewer Main Lining and Repairs — $900,000 WWF
  *Re-budget of $600,000 for a total of $1,500,000*

**TOTAL WASTEWATER** *(New $)* **$1,000,000**

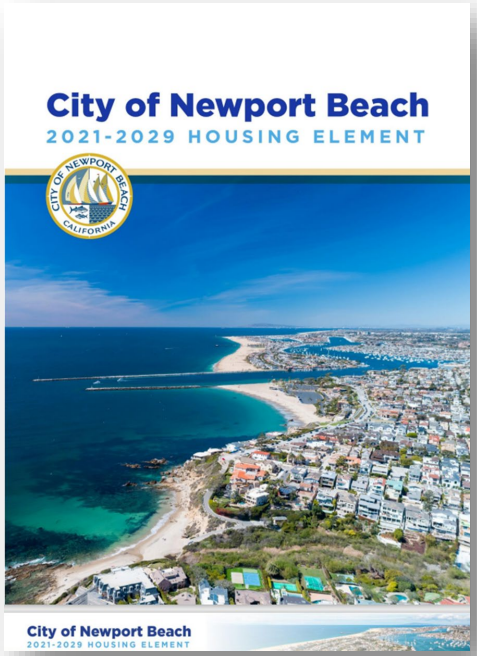


*WWF – Wastewater Fund*

# MISCELLANEOUS

- 7th Cycle Housing Element Planning $300,000 GF

**TOTAL MISCELLANOUS** *(New $)* **$300,000**




*GF – General Fund*

# 5-YEAR LOOK AHEAD SIGNIFICANT PROJECTS

## Estimated Construction Start Dates

- FY 27-28
  - Eastbluff Dr Pavement Rehab (*Jamboree (N) to Jamboree (S)*)
  - Balboa Island Seawall - Phase 1 (Grand Canal & West End)
- FY 28-29
  - Police Station
  - Jamboree Rd Pavement Rehab (*Campus Dr to University Dr*)
  - West Coast Hwy Intersection Improvements and Pedestrian Bridge





# 5-YEAR LOOK AHEAD SIGNIFICANT PROJECTS

## Estimated Construction Start Dates

- FY 29-30
  - Newport Center Drive Pavement Rehabilitation
  - Newport Pier and McFadden Plaza
- FY 30-31
  - Fire Station No. 3
  - Newport Coast Drive Pavement Rehabilitation (*CA-73 to Ridge Park Road)*
- FY 31-32
  - Arroyo Park Synthetic Turf Replacement
  - Newport Bay Water and Sewer Main Crossings
  - Seaview Ave Concrete Reconstruction (*Carnation to Narcisus)*







# Comments / Questions

Your Public Works Department

*Protecting and Providing Quality*

*Public Improvements and Services*

NEWPORTBEACHCA.GOV/PUBLICWORKS

# Newport Beach Police Headquarters Assessment Committee Presentation Regarding

# -

# NEWPORT BEACH POLICE FACILITY REPLACEMENT

City Council Planning Session Item No. 2
March 10, 2026

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# Recent Undertakings

- On November 4, 2025, City Council created the **Newport Beach Police Headquarters Assessment Committee** (Blom, Weber, Barto) to evaluate potential sites and assess the feasibility, cost and design options for a new Police Headquarters
- Contracted with Griffin Structures Inc. to provide rough site constructability and costing information to assist with site reviews
- Committee has been considering/reviewing several sites including:
  - Current Location – Santa Barbara
  - Proposed 1201 Dove Street Location
  - In around the Civic Center Area
  - Lower Portion of Civic Center Park

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# Limitations of the Existing Police Facility at 870 Santa Barbara Drive

- **Site Property/Building**
  - 4 Acres. Zoned for Public Facilities w/Residential Overlay. 300' height limit
  - Police Building ~ 49,284sf 2-story concrete tilt-up building, constructed in 1973
  - Shares site w/Fire Station No.3 ~ 13,500sf concrete building, constructed in 1971

- **Aging Infrastructure and Operational Limitations**

***Facility Condition***

- 2021 Facilities Condition Assessment rated the building "Fair"
- A 50+ year old facility operating 24/7 for critical public safety functions

***Increasing System Failures***

- Growing maintenance needs and costs
- Recent issues include sewer backups, electrical/fire concerns, and generator switchgear failure

***Major Structural & Infrastructure Concerns***

- Aging structure requiring increasing repairs
- Many systems outdated or beyond intended service life
- Building has very limited natural light, only 20% of space has natural light
- Does not meet current building or seismic standards

# Limitations of the Existing Police Facility (cont.)

***Technology & Digital Evidence Demands***

- Building not designed for modern policing technology
- Limited capacity for data storage, servers, and secure networks
- Need for upgraded electrical infrastructure to support increasing technology demands
- Increasing needs for body-worn camera, video, and digital evidence storage
- Retrofitting aging infrastructure is costly and inefficient

***Operational Constraints***

- Space limitations impacting department operations
- Insufficient parking and operational support areas
- Facility layout not designed for modern policing needs

**Key Question:** ***Should the City continue investing in major system upgrades in a building at the end of its useful life?***

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# Key Factors for Evaluating Police Headquarters Sites

## Evaluation Criteria

- **Operational Continuity**
  Ability to maintain uninterrupted police services during construction
- **Central Location**
  Proximity to civic services, geographic center of the city, and appropriate civic presence
- **Fiscal Responsibility**
  Total cost to taxpayers including land acquisition and construction
- **Constructability**
  Physical feasibility of constructing the facility on the site
- **Long-Term Functionality**
  Facility capable of supporting modern policing needs for decades
- **Land Availability**
  Preference for city-owned land when feasible

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# Potential New Police Facility at Current Site

**Three Potential Construction Approaches**

**Important Note:** ***Before any police rebuild could begin, Fire Station #3 must first be relocated to a new off-site location, which would take approximately 3+ years once a site is secured***

**Option One - Renovate Existing Building + Expansion**

- Full seismic retrofit of existing structure
- Add ~25,000 sq ft expansion
- Build 2-story parking structure (250 stalls)

**Option Two - New 2-Story Police Facility**

- Demolish existing station
- Construct new 75,000 sq ft building
- Build 2-story parking structure (250 stalls)

**Option Three - New 3-Story Police Facility**

- Construct new 75,000 sq ft building
- Build 2-story parking structure (160 stalls)
- Add 125 surface parking spaces

***All options require multi-year construction and significant operational disruption***

# Potential New Police Facility at Current Site

**Option One**

1) Construct temporary limited Police Trailer Complex on former FS#3 area
2) Complete rehabilitation of existing Police Structure and add 25,000sf to existing structure
3) Construct 250 Stall Parking Structure on former FS#3 and Parking Lot area

**Phase 1**




**Phase 2**




**Phase 3**




- Major Disruption to the Police Operations during construction. Temporary Trailer Facilities will not accommodate all functions
- Requires Secure Off-Site Parking Facility w/employee shuttle
- **Estimated Timeline: ~ 3 years (Fire Station relocation) + ~ 3–4 years (Police facility construction) = ~ 6–7 years total**

# Potential New Police Facility at Current Site

**Option Two**

1) Build a new 2-Story 75,000sf PD Building on former Fire Station & Parking Lot area while maintaining current PD Building in operation
2) Build a new 250 Stall Parking Structure on former Police Building area.

**Phase 1**




**Phase 2**




- Highly Disruptive of Police Operations during construction
- Requires Secure Off-Site Parking Facility w/employee shuttle
- **Estimated Timeline: ~ 3 years (Fire Station relocation) + ~ 3 years (Police facility construction) = ~6 years total**

# Potential New Police Facility at Current Site

## Option Three

1) Build temporary Parking Lot on former FS#3 site
2) Construct a new 160 Stall Parking Structure on former Parking Lot
3) Construct a new 3-Story 75,000sf PD Building on former FS#3 area
4) Construct new 125 Stall Parking Lot & Supplemental Building on former Police Building area

**Phase 1**




**Phase 2**




**Phase 3**




**Phase 4**




- High/Moderate Disruption to the Police Operations during construction
- Some Secure Off-Site Parking needed w/employee shuttle
- **Estimated Timeline: ~ 3 years (Fire Station relocation) + ~ 3–4 years (Police facility construction) = ~ 6–7 years total**

# Potential New Police Facility at Current Site







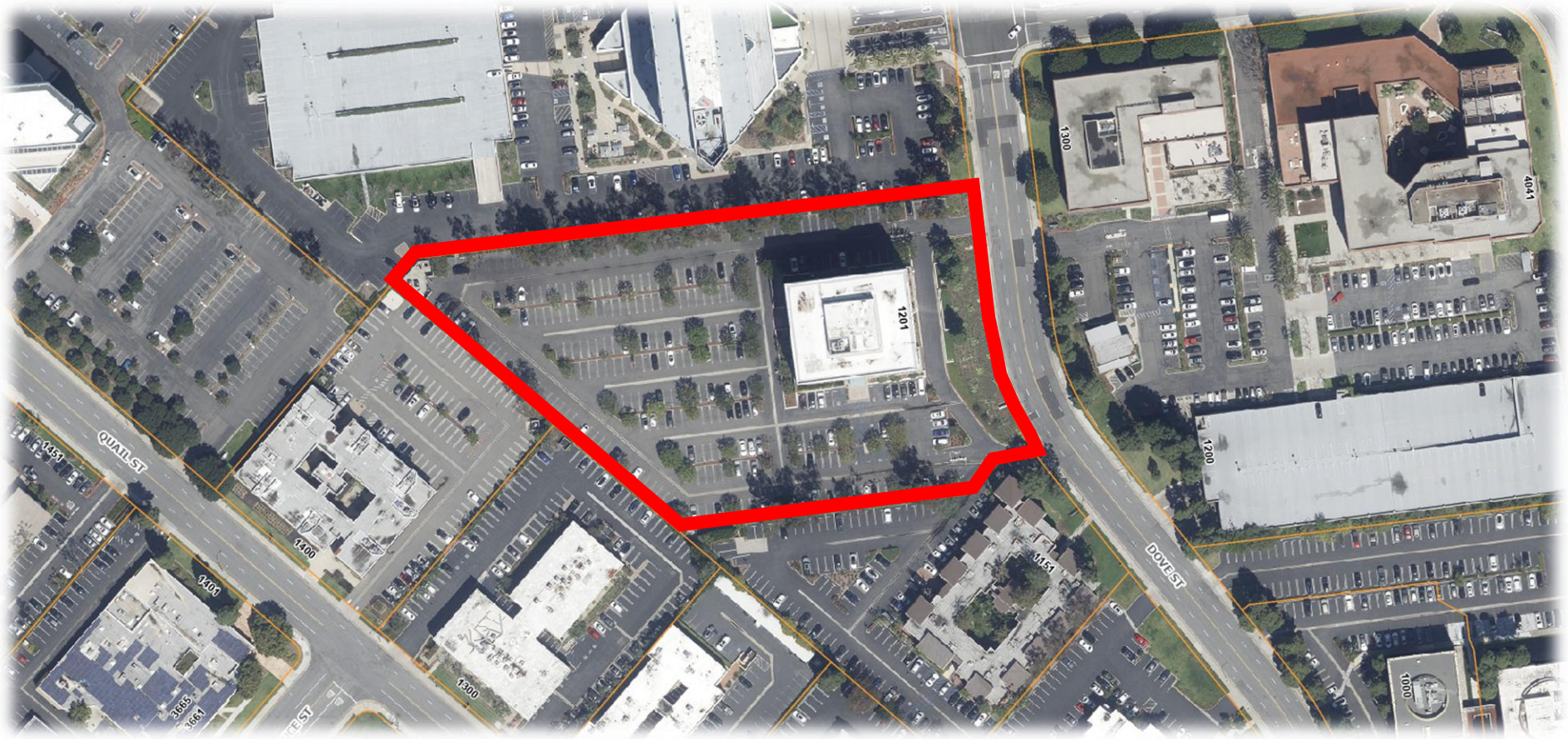



| Evaluation Factor | Option 1 — Renovation / Expansion | Option 2 — 2-Story Facility | Option 3 — 3-Story Facility |
|---|---|---|---|
| **Project Approach** | Full building gut and seismic upgrade | Ground up new facility | Ground up new facility with lower cost support building |
| **Operational Disruption** | Extremely disruptive to ongoing operations | Highly disruptive during construction | Highly disruptive during construction |
| **Temporary Facilities** | Temporary facilities required | N/A | N/A |
| **Parking During Construction** | Offsite parking required w/ shuttle | Offsite parking required w/ shuttle | Small amount of offsite parking required |
| **Potential Service Impacts** | Need to temporarily outsource dispatch, jailing, firing range, fleet maintenance and fueling, evidence functions, other | No major outsourcing anticipated | No major outsourcing anticipated |
| **Building Presence** | Existing building retained | Building set back from primary frontage | Building set back from primary frontage |
| **Site Constraints** | Existing footprint limits flexibility | Tight site constraints limit flexibility | Tight site constraints limit flexibility |
| **Construction Staging/Equipment & Worker Parking** | Highly limited | Highly limited | Highly limited |
| **Schedule / Phasing** | ~3-4+ years; once fire is moved off-site | ~3+ years; once fire is moved off-site | ~3-4+ years; once fire is moved off-site |
| **Estimated Project Cost (Design and Construction)** | **$152M** | **$161M** | **$168M** |
| **Cost Exclusions** | ***The costs above exclude applicable outsourced services, off-site parking expenses, shuttle operations, and other related ancillary costs. Preliminary estimates are within $5M-20M. In addition, these figures reflect capital expenditures only and do not account for intangible impacts such as operational disruption.*** | | |

# Potential New Police Facility at 1201 Dove Street

**Site Property**

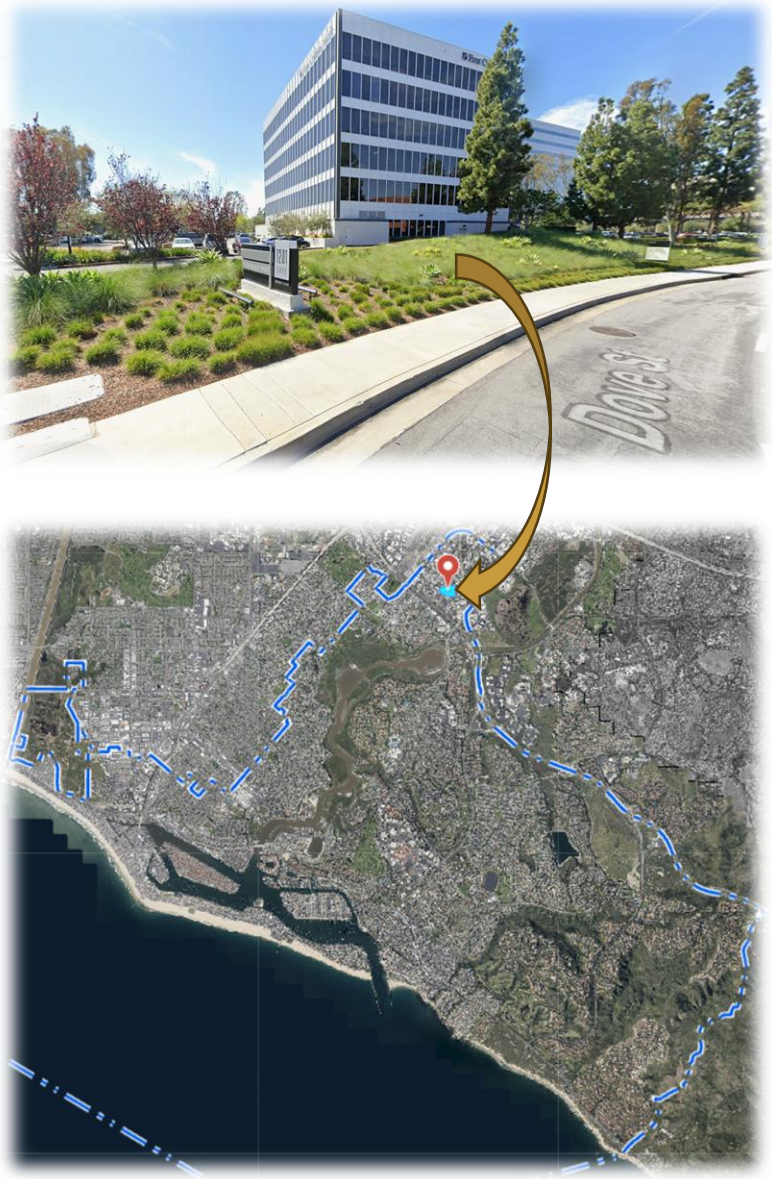
- 3.59 Acres with existing 6 Story steel framed Office Building
- Zoned for Professional & Business Office Suites with a Residential Opportunity Overlay - up to 179 Units



# Potential New Police Facility at 1201 Dove Street

**Ad Hoc Committee Observations:**

- City-owned property with existing 6-story office building (3.59 acres)
- **Income-producing City asset**
  - $2,299,913 gross revenue
  - $1,190,414 net annual income
- Location is outside the Civic Center campus and less central to civic services, increasing response times
- Existing building would require demolition to construct a police facility
- Estimated construction cost:
  **~$150M *(including demolition)***
- Property could alternatively be sold to help fund a new police headquarters



# Potential New Police Facility Closer to Civic Center

**Ad Hoc Committee Observations:**

- Locations offer strong proximity to Civic Center and other civic services
- All potential sites are privately owned, requiring property acquisition
- Land acquisition costs are a significant deterrent
- Estimated design and construction cost for a new police facility:
  ~ **$153M** ***(land acquisition not included)***

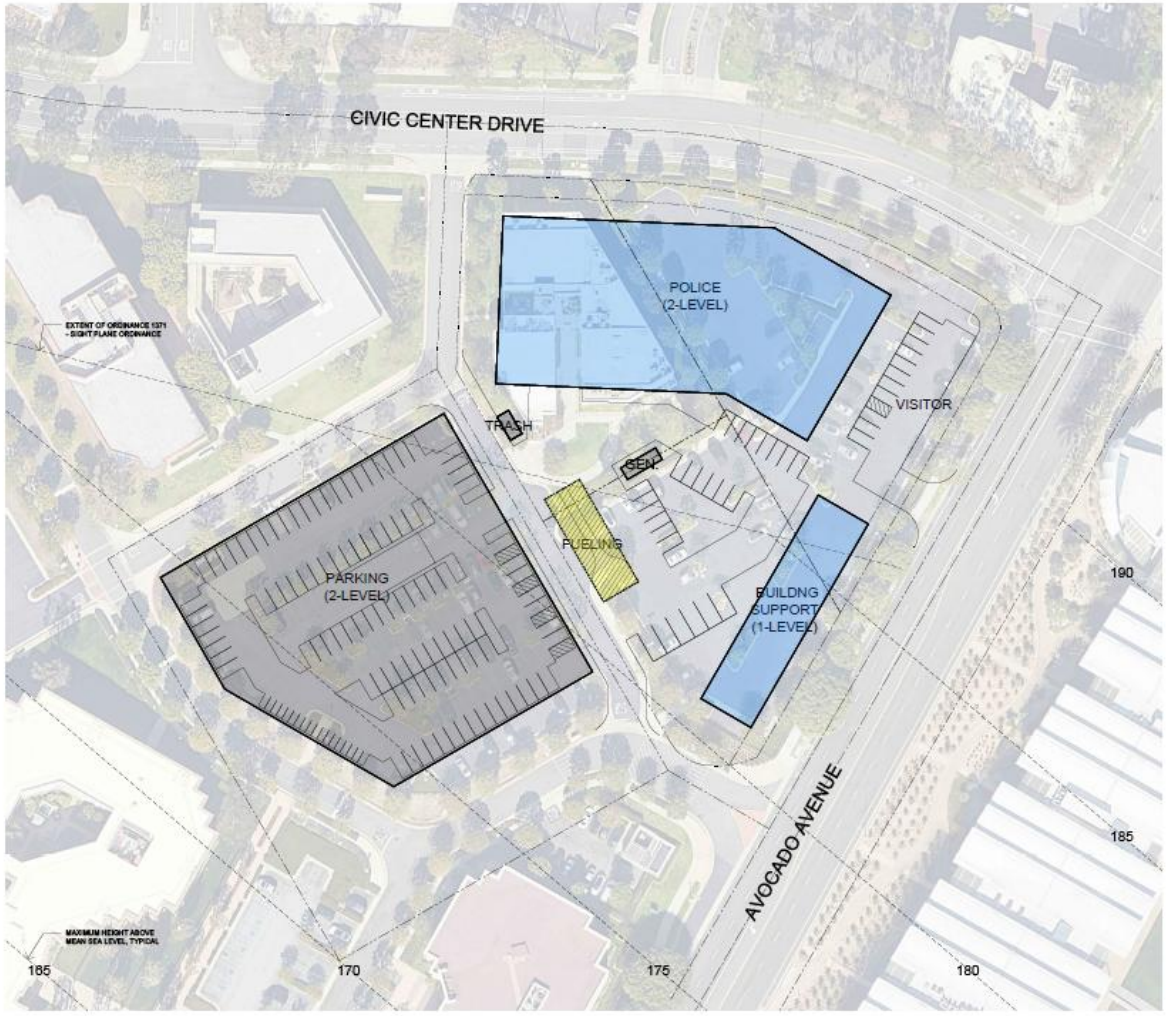




# Potential New Police Facility Closer to Civic Center

Sample Rough Layout for a possible site in Newport Center Area

*Design/Construction Cost Estimate ~* ***$153,000,000 (excludes land acquisition cost)***




**POLICE (OPTION - B)**

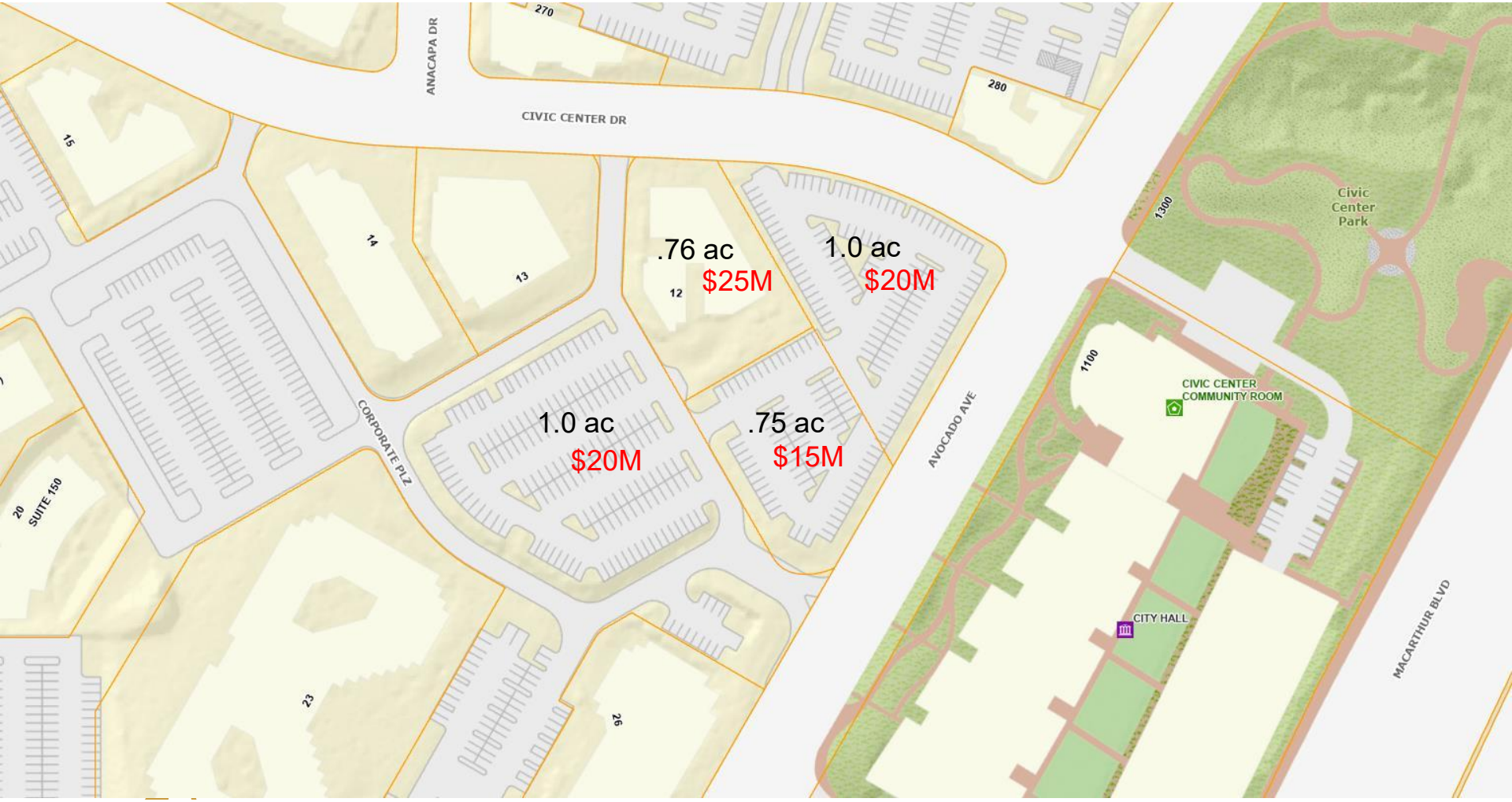
**SITE TABULATIONS**

| | |
|---|---|
| POLICE (LEVEL-1) | 34,000 SF |
| POLICE (LEVEL-2) | 34,000 SF |
| SUPPORT BUILDING | 7,500 SF |
| PARKING STRUCTURE (LEVEL-1) | 49,590 SF |
| PARKING STRUCTURE (LEVEL-2) | 49,590 SF |
| FUEL ISLAND SITE AREA | 2,400 SF |

**PARKING TABULATIONS**

| | |
|---|---|
| PARKING REQUIRED | 275 |
| PARKING PROVIDED | 283 |
| SECURE PARKING | |
| •• PARKING STRUCTURE LEVEL - 1 | |
| STANDARD (9' X 18') STALLS | 104 |
| MOTORCYCLE (5' X 10') STALLS | 18 |
| •• PARKING STRUCTURE LEVEL - 2 | |
| STANDARD (9' X 18') STALLS | 124 |
| •• SECURE SITE | |
| STANDARD (9' X 18') STALLS | 20 |
| OVERSIZED (12' X 24') STALLS | 6 |
| VISITOR PARKING | |
| •• STANDARD (9' X 18') STALLS | 11 |

# Potential New Police Facility Closer to Civic Center



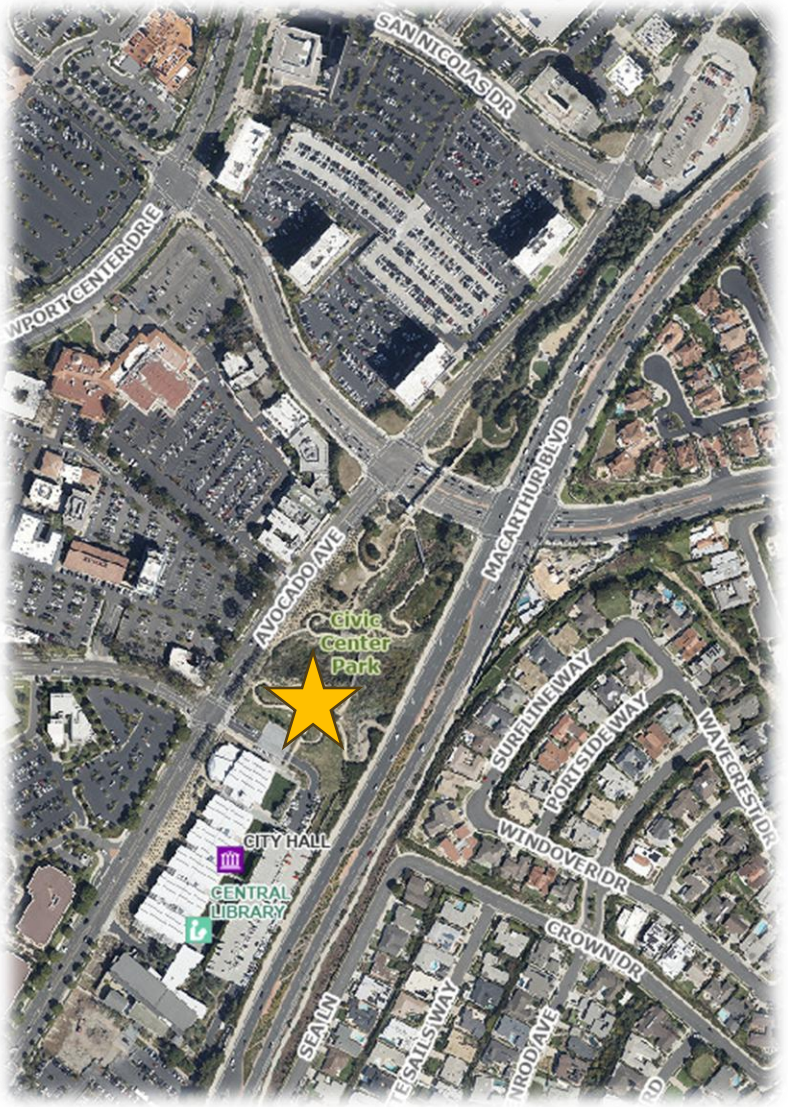

Combine 4 Possible Parcels = 3.6 Acres

Total Appraised Land Value - $80M - $90M

# Potential New Police Facility at Civic Center Park

## Ad Hoc Committee Considerations

- Location at NE corner of Avocado Ave. & Civic Center Drive
- Proximity to City Hall and civic services
- City-owned property – no land acquisition cost
- Integrates public safety within the City's civic campus
- Site grading and preparation required
- Estimated design and construction cost: **~ $162M** ***(excluding mitigation costs)***




CITY OF NEWPORT BEACH

# Potential New Police Facility at Civic Center Park

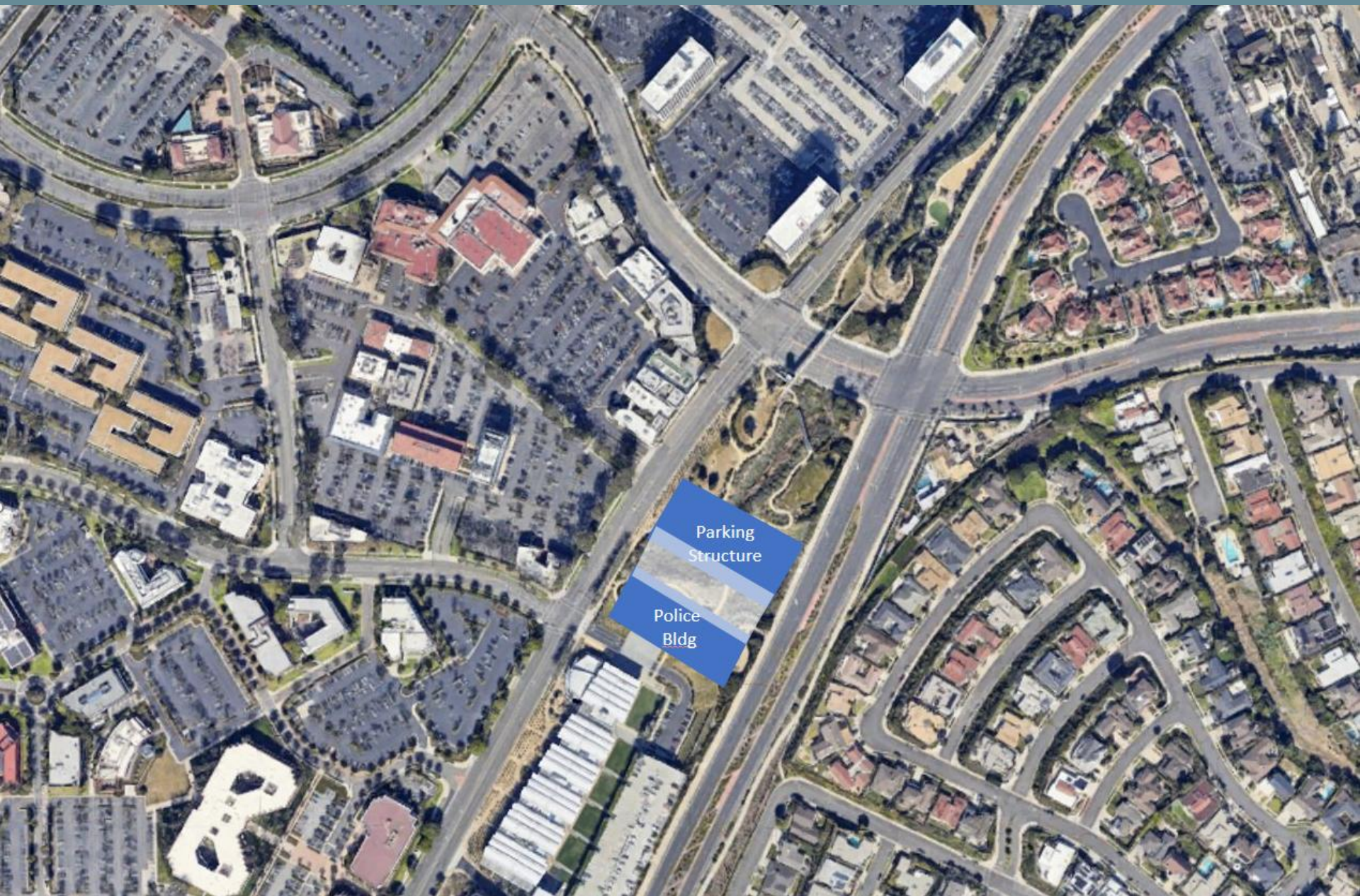



CITY OF
NEWPORT BEACH

Current Total Park: 9.45 Acres

Future Total Park: 5.95 Acre

# Potential New Police Facility at Civic Center Park



# Police Facility Site Comparison

| Evaluation Factor | Current Site (Santa Barbara) | Dove Street | Private Land Near Civic Center | Civic Center Campus |
|---|---|---|---|---|
| Land Acquisition Cost | None | None | $80M–$90M | None |
| Construction Cost | Option 1: $152M<br>Option 2: $161M<br>Option 3: $168M | ~$150M | ~$153M | ~$162M |
| Potential Temporary Service Costs | Add $5M–$20M<br>*(each option)* | Not anticipated | Not anticipated | Not anticipated |
| **Estimated Total Project Cost *(Construction + Temporary Services)*** | **Opt 1: $157M–$172M<br>Opt 2: $166M–$181M<br>Opt 3: $173M–$188M** | **~$150M** | **~$233M–$243M** | **~$162M** |
| Ability to Maintain Police Operations During Construction | Significant challenges – temporary facilities likely required | Feasible | Feasible | Feasible |
| Project Timeline | ~6–7 yrs total | ~3–4 yrs | ~3–4 yrs | ~3–4 yrs |
| Central Civic Location | Near Civic Center | Airport Area<br>(NOT central to civic services and city center) | Near Civic Center | Civic Center Campus |
| Key Considerations | Fire Station #3 relocation required; limited staging; continuity of operations challenges | Income-producing asset ($2.3M gross / $1.19M net annually); Airport Area location with reduced civic visibility and separation from the civic campus, increased response times | Significant land acquisition cost required | City-owned site within the Civic Center campus providing a central and visible municipal presence; site grading and mitigation required |

# Siting / Construction of a New Police Facility

***Moving Forward***

- With additional information provided tonight, undertake further Council and public discussion regarding site selection for a new Police Facility
- Provide the Council Ad Hoc Committee direction to:

1) Continue to review/evaluate potential sites and timing for siting the new Police Facility; or

2) Continue further evaluation of a new Police Facility in Civic Center Park including:
    - selection and hiring of a Consultant Team to undertake the Design Development, Preparation of Final Concept Design and EIR
    - solicit further input from community and Arts Commission for incorporating art and park space into the overall Civic Center campus, then return to Council for review and approval; or

3) Pursue other direction as provided

# Questions and Comments

***YOUR*** PUBLIC WORKS DEPARTMENT

*PROTECTING AND PROVIDING QUALITY PUBLIC IMPROVEMENTS AND SERVICES*

# CITY OF NEWPORT BEACH

**City Council Meeting Minutes**
**Regular Meeting**
**February 24, 2026**

**I. ROLL CALL – 4:00 p.m.**

Present: Mayor Lauren Kleiman, Mayor Pro Tem Noah Blom, Councilmember Michelle Barto (arrived at 4:03 p.m.), Councilmember Robyn Grant, Councilmember Joe Stapleton, Councilmember Sara J. Weber, Councilmember Erik Weigand

**INVOCATION** – Councilmember Grant

**PLEDGE OF ALLEGIANCE** – Mayor Pro Tem Blom

**II. PRESENTATIONS**

- Recognition of Newport-Mesa Unified School District Students

  Mayor Kleiman recognized the Newport Harbor High School Boys' Water Polo Team for winning the CIF Division 1 Regional Championship.

  A team representative expressed gratitude to Council for the recognition.

  Mayor Kleiman then recognized the Corona del Mar High School Girls Flag Football Team.

  Coach Theo Rocos praised his coaching staff and expressed appreciation for community support throughout the season.

**PUBLIC COMMENTS ON AGENDA AND NON-AGENDA ITEMS**

Adam Leverenz referenced slides, commented regarding harbor management, and advocated for affordable coastal access.

Wade Womack expressed concerns about the appearance of expedited decision-making and emphasized good governance.

Carmen Rawson spoke regarding Agenda Item 3 *(Ordinance No. 2026-2: Amending Various Sections of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods)* and questioned the "preponderance of evidence" standard and mandatory "shall be revoked" language within the ordinance.

Anne Stenton appreciated the recent formation of the Public Lands Trust Management Ad Hoc Committee and requested monthly meetings with stakeholders.

Jeff Flint spoke regarding Agenda Item 3 *(Ordinance No. 2026-2: Amending Various Sections of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods),* appreciated staff's work and expressed concerns regarding text within the ordinance.

Robert Van Dyke also commented regarding Agenda Item 3 *(Ordinance No. 2026-2: Amending Various Sections of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods)*, supported the ordinance's intent and recommended including clear language distinguishing responsible operators from those who don't take reasonable measures.

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Jim Mosher raised procedural concerns about agenda changes.

Laura Curran opposed building a police station at the Civic Center Park.

Reverand Ray Jordan – Corona del Mar Community Church arrived at 4:30 p.m. and provided a brief invocation.

**CITY COUNCIL ANNOUNCEMENTS AND ORAL REPORTS FROM CITY COUNCIL ON COMMITTEE ACTIVITIES**

Councilmember Grant
- Attended the Mayor's Dinner and congratulated Mayor Kleiman on the event's success.

Councilmember Stapleton
- Echoed congratulations to Mayor Kleiman and praised her State of the City presentation.

**PUBLIC COMMENTS ON CONSENT CALENDAR**

Adam Leverenz spoke on Agenda Item 7 *(Amendment to Professional Services Agreement for Video Production and Programming Services with TV Pro Gear, Inc. (Contract No. 9488-1)* and thought that Harbor Commission meetings should be filmed by the City in the future.

Anne Stenton also requested filming of Harbor Commission meetings for greater transparency.

Laura Curran asked for clarification regarding the public comment process.

## II. CONSENT CALENDAR

***READING OF MINUTES AND ORDINANCES***

1. **Reading of Ordinances**
   Waive reading in full of all ordinances under consideration and direct the City Clerk to read by title only.

2. **Minutes for the February 10, 2026 City Council Meeting**
   Waive reading of subject minutes, approve as written, and order filed.

***ORDINANCES FOR ADOPTION***

3. **Item pulled from the Consent Calendar**

***RESOLUTIONS FOR ADOPTION***

4. **Resolution No. 2026-13: Limiting the Parking of Vehicles on Certain City Streets**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Adopt Resolution 2026-13, *A Resolution of the City Council of the City of Newport Beach, California, Limiting the Parking of Vehicles on Certain City Streets*.

**Mayor Pro Tem Blom announced a conflict of interest on Agenda Item 4 due to real estate interests.**

Draft

*CONTRACTS AND AGREEMENTS*

5. **Amendment No. One to On-Call Maintenance/Repair Services Agreement with South Coast Shipyard, Inc. for Rescue Boat Haul Out Services**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Approve Amendment No. 1 to On-Call Maintenance/Repair Services Agreement with South Coast Shipyard, Inc. for Rescue Boat Haul Out Services (Contract No. 9428-1) to extend the term to June 30, 2028, and to increase the contract amount by $150,000, for a total not-to-exceed amount of $270,000, and authorize the Mayor and City Clerk to execute the Amendment.

6. **Newport Beach Fire Station No. 1 and Balboa Branch Library Project – Award of Contract No. 8865-5 (23F12)**
   a) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15301 (Class 1 - Existing Facilities), Section 15302 (Class 2 - Replacement of Reconstruction), and 15303 (Class 3 - New Construction or Conversion of Small Structures) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3;
   b) Approve the project plans and specifications;
   c) Approve Budget Amendment No. 26-054 appropriating $850,000 in new revenue and expenditures from a Federal Grant to Account Nos. 13501-431453-23F12 and 13501-980000-23F12, respectively;
   d) Award Contract No. 8865-5 to AMG & Associates, Inc. for the total bid price of $13,178,000 for the Newport Beach Fire Station No. 1 and Balboa Branch Library Project, and authorize the Mayor and City Clerk to execute the contract; and
   e) Establish a contingency of $1,317,800 (approximately 10% of total bid) to cover the cost of unforeseen work not included in the original contract.

7. **Amendment to Professional Services Agreement for Video Production and Programming Services with TV Pro Gear, Inc. (Contract No. 9488-1)**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Approve Amendment No. One to the Professional Services Agreement with TV Pro Gear, Inc. to increase the contract by $60,000 for a new not-to-exceed amount of $180,000 and authorize the Mayor and City Clerk to execute the amendment.

*MISCELLANEOUS*

8. **Irrigation Controller Replacement Phase 3 - Notice of Completion for Contract No. 9924-1 (26P02)**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Accept the completed work and authorize the City Clerk to file a Notice of Completion for the project.

9. **Cultural Arts Grants Fiscal Year 2025-26**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Approve recommended recipients for Fiscal Year 2025-26 Cultural Arts Grants as selected by the City Arts Commission in accordance with City Council Policy I-10, Culture and Arts Grants.

Draft

**Motion by Mayor Pro Tem Blom, seconded by Councilmember Weber**, to approve the Consent Calendar, including amendments to Agenda Item No. 2, the Minutes, excluding Agenda Item No. 3 and noting Mayor Pro Tem Blom's conflict of interest on Agenda Item No. 4.

**The Motion carried by the unanimous vote: 7-0-0.**

**ITEMS REMOVED FROM THE CONSENT CALENDAR**

3. **Ordinance No. 2026-2: Amending Various Sections of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods**
   a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and
   b) Conduct second reading and adopt Ordinance No. 2026-2, *An Ordinance of the City Council of the City of Newport Beach, California, Amending Sections 1.04.060 (Safety Enhancement Zone) of Chapter 1.04 (Code Enforcement), Sections 5.95.045 (Conditions) and 5.95.065 (Suspensions and Revocations) of Chapter 5.95 (Short Term Lodging Permit), and Section 11.08.020 (Use of Shade Coverings) of Chapter 11.08 (Conduct on Beaches and Piers) of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods*.

Councilmember Barto requested the item be pulled and inquired about the enforcement process and coordination with other agencies.

City Attorney Aaron Harp noted similar provisions exist in neighboring cities and explained that the code enforcement division would handle violations. He remained committed to working with staff on proper notification and commented that warnings are typically issued before citations.

Councilmember Grant expressed full support for better beach safety and felt communication among staff could have been improved when drafting the ordinance.

Councilmember Weigand addressed bad actors setting up beaches at 6 AM with paid staff, blocking beach access, calling this unacceptable behavior that should be cited.

Mayor Pro Tem Blom supported the ordinance and prioritized ensuring emergency personnel access and lifeguard line of sight on beaches.

PUBLIC COMMENTS

Jeff Flint suggested a regular working group process between short-term lodging operators and City staff.

Carmen Rawson questioned enforcement capabilities and requested information be sent to all residents, not just short-term lodging operators.

Laura Curran supported the ordinance's safety intent while noting enforcement challenges.

Ken Rawson suggested adding clarifying language to the ordinance and thought the shade coverings discussion should be referred to the Parks, Beaches, and Recreation Commission.

Jim Mosher criticized mandatory permit revocation language within the ordinance, thought it needed improvements and did not support the item's adoption.

Adam Leverenz referenced a slide and thought that the ordinance required further analysis.

Wade Womack thought the item lacked prior public engagement and objected to reducing standard sizing requirements for shade structures.

Draft

Mayor Pro Tem Blom noted that the City of Laguna Beach has similar shade covering regulations in place.

**Motion by Mayor Pro Tem Blom, seconded by Councilmember Weber**, to a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and b) Conduct second reading and adopt Ordinance No. 2026-2, *An Ordinance of the City Council of the City of Newport Beach, California, Amending Sections 1.04.060 (Safety Enhancement Zone) of Chapter 1.04 (Code Enforcement), Sections 5.95.045 (Conditions) and 5.95.065 (Suspensions and Revocations) of Chapter 5.95 (Short Term Lodging Permit), and Section 11.08.020 (Use of Shade Coverings) of Chapter 11.08 (Conduct on Beaches and Piers) of the Newport Beach Municipal Code to Address Illegal Activity During High-Risk Periods*.

**The Motion carried by the unanimous vote: 7-0-0.**

City Clerk Shumway read the title of the adopted ordinance.

## III. PUBLIC HEARINGS

**10. Resolution No. 2026-14: Substantial Amendment to the 2025-2026 Annual Action Plan for the Federal Community Development Block Grant Program**

a) Conduct a public hearing to receive comments on the Draft Substantial Amendment to the 2025-2026 Annual Action Plan;
b) Find the approval of the Substantial Amendment to the 2025-2026 Annual Action Plan exempt from the National Environmental Policy Act (NEPA) pursuant to 24 CFR Part 58, Section 58.34;
c) Find the approval of the Substantial Amendment to the 2025-2026 Annual Action Plan is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(c), Class 2 (reconstruction of existing facility involving negligible or no expansion of capacity) of the CEQA Guidelines, because this project has no potential to have a significant effect on the environment;
d) Adopt Resolution No. 2026-14, *A Resolution of the City Council of the City of Newport Beach, California, Approving a Substantial Amendment to the 2025-2026 Annual Action Plan for the Federal Community Development Block Grant Program*; and
e) Authorize the City Manager to: submit the Substantial Amendment to the 2025- 2026 Annual Action Plan to HUD; execute all related documents on behalf of the City; and authorize the Community Development Director, or his/her designee, to be the official representative of the City of Newport Beach, and to submit required environmental documentation for CDBG projects.

Mayor Kleiman opened the public hearing at 5:08 p.m.

Real Property Administrator Lauren Whitlinger gave a PowerPoint presentation and provided a brief report.

Mayor Kleiman closed the public hearing at 5:12 p.m.

**Motion by Mayor Pro Tem Blom, seconded by Councilmember Weigand**, to a) Conduct a public hearing to receive comments on the Draft Substantial Amendment to the 2025-2026 Annual Action Plan; b) Find the approval of the Substantial Amendment to the 2025-2026 Annual Action Plan exempt from the National Environmental Policy Act (NEPA) pursuant to 24 CFR Part 58, Section 58.34; c) Find the approval of the Substantial Amendment to the 2025-2026 Annual Action Plan is exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(c), Class 2 (reconstruction of existing facility involving negligible or no expansion of capacity) of the CEQA Guidelines, because this project has no potential to have a significant effect on the

Draft

environment; d) Adopt Resolution No. 2026-14, *A Resolution of the City Council of the City of Newport Beach, California, Approving a Substantial Amendment to the 2025-2026 Annual Action Plan for the Federal Community Development Block Grant Program*; and e) Authorize the City Manager to: submit the Substantial Amendment to the 2025- 2026 Annual Action Plan to HUD; execute all related documents on behalf of the City; and authorize the Community Development Director, or his/her designee, to be the official representative of the City of Newport Beach, and to submit required environmental documentation for CDBG projects.

**The Motion carried by the unanimous vote: 7-0-0.**

## V. CURRENT BUSINESS

**11. Approval of Proposed Revisions to Various Council Policies**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Adopt Resolution No. 2026-15, *A Resolution of the City Council of the City of Newport Beach, California, Amending Various Provisions of the Newport Beach City Council Policies and Rescinding Council Policy D-4.*

Councilmember Grant raised several questions about policy revisions. She questioned deletion of language stating, "the City of Newport Beach is a City Council, City Manager form of government," wondering about the intent.

City Manager Seimone Jurjis explained this information exists in the City Charter and was duplicative.

Councilmember Grant further questioned removal of audit rights language from the discretionary grants policy.

City Manager Jurjis explained audit provisions would be included in individual grant agreements rather than general policy.

Regarding aviation policy changes, Councilmember Grant sought clarification about public comments. Staff confirmed only the red-line changes were made, adding EV infrastructure and drone references.

Councilmember Grant questioned limiting alcohol prohibition language to facilities "operated by the department" in policy B-13, asking whether other municipal facilities should also restrict alcohol use.

Recreation and Senior Services Director Sean Levin clarified that alcohol isn't allowed at any City facility except those specifically named, with special event permits providing the only exception requiring insurance and other requirements.

Councilmember Grant expressed concerns about tree policy changes, noting the Parks, Beaches and Recreation Commission's request to defer the item to allow for further review.

PUBLIC COMMENTS

Jim Mosher highlighted several concerns with proposed Council Policy revisions.

Parks, Beaches and Recreation Commissioner Keira Kirby thought the commission had insufficient time to provide feedback and requested additional time to review the proposed changes.

Draft

Adam Leverenz thanked councilmembers for their work, suggested limiting policy updates to a few at a time in the future, and questioned ticket distribution procedures.

Councilmember Weber supported the policy changes, viewing the Parks, Beaches and Recreation Commission as the knowledge base for tree policy decisions.

Mayor Por Tem Blom moved, seconded by Councilmember Weber, to approve staff's recommendations.

Councilmember Barto made a substitute motion to continue this item and review it at the next City Council meeting. Councilmember Grant seconded the motion.

The motion failed by the following vote:
AYES: Councilmembers Grant, Stapleton and Barto (3)
NAYES: Councilmembers Weber, Weigand, Mayor Pro Tem Blom and Mayor Kleiman (4)

Councilmembers then voted on the first motion.

**Motion by Mayor Pro Tem Blom, seconded by Councilmember Weber**, to a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and b) Adopt Resolution No. 2026-15, *A Resolution of the City Council of the City of Newport Beach, California, Amending Various Provisions of the Newport Beach City Council Policies and Rescinding Council Policy D-4.*

The motion carried by the following vote:
AYES: Councilmembers Stapleton, Weber, Weigand, Mayor Por Tem Blom and Mayor Kleiman (5)
NAYES: Councilmembers Grant and Barto (2)

Draft

**12. Citywide ADA Improvements - Award of Contract No. 9943-1 (26R12)**

a) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(c), Class 2 (reconstruction of existing facility involving negligible or no expansion of capacity) of the CEQA Guidelines, because this project has no potential to have a significant effect on the environment;
b) Approve the project plans and specifications;
c) Approve Budget Amendment No. 26-051 appropriating $582,000 in new expenditures from the Community Development Block Grant to Account No. 12050502-821004-26R12;
d) Award Contract No. 9943-1 to Heed Engineering for the total bid price of $429,400 for the Citywide ADA Improvements project, and authorize the Mayor and City Clerk to execute the contract;
e) Establish a contingency of $86,000 (approximately 20% of total bid); and
f) Approve Contract Amendment No. One to the Professional Services Agreement with Michael Baker International, Inc. for annual CDBG Administration and Affordable Housing Monitoring (Contract No. 9932-1) to increase the total contract amount by $31,185 for labor compliance services for the Citywide ADA Improvement project, for a total not-to-exceed contract amount of $427,435, and authorize the City Manager and City Clerk to execute the amendment.

**Motion by Mayor Pro Tem Blom, seconded by Councilmember Weigand**, to a) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15302(c), Class 2 (reconstruction of existing facility involving negligible or no expansion of capacity) of the CEQA Guidelines, because this project has no potential to have a significant effect on the environment; b) Approve the project plans and specifications; c) Approve Budget Amendment No. 26-051 appropriating $582,000 in new expenditures from the Community Development Block Grant to Account No. 12050502-821004-26R12; d) Award Contract No. 9943-1 to Heed Engineering for the

total bid price of $429,400 for the Citywide ADA Improvements project, and authorize the Mayor and City Clerk to execute the contract; e) Establish a contingency of $86,000 (approximately 20% of total bid); and f) Approve Contract Amendment No. One to the Professional Services Agreement with Michael Baker International, Inc. for annual CDBG Administration and Affordable Housing Monitoring (Contract No. 9932-1) to increase the total contract amount by $31,185 for labor compliance services for the Citywide ADA Improvement project, for a total not-to-exceed contract amount of $427,435, and authorize the City Manager and City Clerk to execute the amendment.

**The Motion carried by the unanimous vote: 7-0-0.**

## VI. MOTION FOR RECONSIDERATION – None

## PUBLIC COMMENTS ON CLOSED SESSION

There were no public comments on closed session.

City Attorney Harp read the closed session items.

Councilmember Stapleton announced a conflict of interest on Closed Session Items A. and B based on property interest.

## V. CLOSED SESSION

**A. CONFERENCE WITH LEGAL COUNSEL**
**ANTICIPATED LITIGATION - INITIATION OF LITIGATION**
Government Code § 54956.9 (d)(4): 1 matter.

**B. CONFERENCE WITH LEGAL COUNSEL**
**EXISTING LITIGATION**
Government Code § 54956.9 (d)(1): 1 matter.

***Newport Beach Stewardship Association v. City of Newport Beach***
Orange County Superior Court Case No. 30-2024-01428295
California Court of Appeals Case No. G065816

**C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

**Property**: Palm Street Parking Lot - 600 & 608 East Balboa Boulevard and 209 Washington Street

**City Negotiators**: Seimone Jurjis, City Manager and Lauren Wooding Whitlinger, Real Property Administrator.

**Negotiating Parties**: Henry Pyle, Chartwell Real Estate Development

**Under Negotiation**: Instruction to City Negotiators regarding price and terms of payment.

## CLOSED SESSION REPORT

City Attorney Harp announced that there was no closed session report.

Draft

**ADJOURNMENT**

Meeting adjourned at 7:13 p.m.

**The agenda was posted on the City's website and on the City Hall electronic bulletin board located in the entrance of the City Council Chambers at 100 Civic Center Drive, Newport Beach, on February 19, 2026, at 12:00 p.m.**

_____
**Lauren Kleiman**
**Mayor**

_____
**Lena Shumway**
**City Clerk**

Draft

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 3

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | Jaime Murillo, Community Development Director - 949-644-3209, jmurillo@newportbeachca.gov |
| **PREPARED BY:** | Jaime Murillo, Community Development Director - 949-644-3209, jmurillo@newportbeachca.gov |
| **TITLE:** | Resolution No. 2026-16: Revised Salary Schedule and New Classifications for the Key & Management Group |


**ABSTRACT:**

For the City Council's consideration is a resolution to reclassify the real property administrator position to the newly created classification of real property manager, reclassify the code enforcement supervisor position to the newly created classification of code enforcement manager, and establish the salaries. These adjustments ensure the City of Newport Beach is assigning employees to an appropriate job classification and that the corresponding compensation is equitable to the job duties assigned.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;

b) Adopt Resolution No. 2026-16, A *Resolution of the City Council of the City of Newport Beach, California, Approving a Revised Salary Schedule and New Classifications for the Key & Management Group*; and

c) Approve the job descriptions for the real property manager and code enforcement manager in this staff report and authorize the community development director to approve new job descriptions consistent with the new positions approved by the City Council.

**DISCUSSION:**

As part of the FY 2024-25 budget a request was approved to study the classification of the real property administrator and code enforcement supervisor positions. At the end of FY 2024-25, the Administrative Services Department hired a consultant to study the classification and salary of the positions. The study concluded in December 2025 and determined that there have been material changes to the normal duties assigned to these positions and reclassification is warranted. The city manager has reviewed the report and recommends the proposed changes for the City Council's consideration.

Reclassification of *Real Property Administrator* to *Real Property Manager*

The real property program continues to grow and expand, with the number and types of assets under management acquired throughout the last several years. The number and complexity of the contracts overseen by the program has also grown from what was anticipated (approximately 40 leases), when the program was first created, to more than 430 contracts. The program was originally created with the real property administrator as the sole staff member managing the program but has since grown with the position now overseeing a part-time management analyst, a new full-time management analyst, and a full-time assistant management analyst, as well as interns and temporary staff. Revenue managed by the program grew from $13.4 million in FY 2022-23 to $22.1 million in FY 2025-26.

Additionally, the position oversees the federal Community Development Block Grant program, several affordable housing and loan agreements, and is the liaison with the State Lands Commission for the City's management of the granted lands in Newport Harbor. Also, it continues to provide support and/or facilitate projects for other City departments, like adjusting rental rates for harbor moorings, acquiring new properties in other jurisdictions for the development of water wells, and coordinating park in-lieu fee adjustments and methodologies with third-party vendors..

Reclassification of the position is warranted to align the pay and title with the demonstrated managerial duties and the substantially increased responsibilities of managing a larger division, and a vastly larger and more complex real estate portfolio and program. The evolution of the real property program has led to better management of City assets and increased revenues used toward repair, maintenance and development of new City facilities and harbor improvements.

Revised responsibilities for the real property manager are reflected in Attachment B of this report.

Reclassification of *Code Enforcement Supervisor* to *Code Enforcement Manager*

The size and volume of the Code Enforcement Division have grown significantly, demonstrating that the position's duties are now at a managerial level. These responsibilities have grown in response to City Council priorities of taking a more proactive approach to specific activities. The activities include a proactive illegal street vendor enforcement program, proactive enforcement of short-term lodging and other commercial uses in residential neighborhoods, and refuse compliance and enforcement responsibilities taken over from the Public Works Department. The number of staff supervised has increased from four to eight positions. Additionally, the number of cases increased from 4,388 cases in 2023 to 6,745 cases in 2024. The total number of cases in 2025 was 7,506 cases, indicating a consistent increase in enforcement.

Positive changes include: 1) a complete, and successful overhaul of the refuse enforcement and demolition deposit program, resulting in increased revenue from citations and demolition forfeitures; 2) the implementation of the vendor enforcement

program which resulted in great success, including a significant reduction in unauthorized beach vending and positive comments from lifeguards, police officers, commercial businesses, and residents; 3) a new and recently implemented, first-time, off-season inspection program as part of the new proactive short-term lodging program efforts.

Reclassification of the position to manager is warranted to reflect the increased management responsibilities, significantly increased staff size and increase in case volume.

Revised responsibilities for the code enforcement manager are reflected in Attachment C of this report.

**FISCAL IMPACT:**

The projected costs associated with each reclassification for the remainder of the current fiscal year are detailed below and are within the City Manager's budget authority as established in Policy F-3 (Budget Adoption and Administration).

- Conversion of one full-time real property administrator position to one full-time real property manager position, resulting in added costs of $9,490.41 (including benefits).
- Conversion of one full-time code enforcement supervisor position to one full-time code enforcement manager position, resulting in added costs of $9,642.77 (including benefits).

The annual cost to reclassify the positions for next fiscal year is estimated to be $28,391.46 and would be added to the FY 2026-27 budget.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

**ATTACHMENTS:**

Attachment A – Resolution No. 2026-16
Attachment B – Real Property Manager Job Description
Attachment C – Code Enforcement Manager Job Description

# Attachment A

Resolution 2026-16

**RESOLUTION 2026-16**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH, CALIFORNIA, APPROVING A REVISED SALARY SCHEDULE AND NEW CLASSIFICATIONS FOR THE KEY & MANAGEMENT GROUP**

**WHEREAS**, the City of Newport Beach ("City") has employees who are not represented by an exclusively recognized collective bargaining unit and therefore are not covered by a collective bargaining memorandum of understanding/agreement;

**WHEREAS**, the City Council of the City of Newport Beach ("City Council") has previously established and recognized the unrepresented Key & Management ("K&M") employees, consisting of certain safety and non-safety management, professional and confidential classifications;

**WHEREAS**, the City promotes effective communication and collaborative working relationships with its K&M employees to foster positive relations while balancing good management practices;

**WHEREAS**, on July 22, 2025, the City Council adopted Resolution 2025-45 which outlined the wages, hours, fringe benefits and other terms of employment of K&M employees for the period of July 12, 2025, through June 30, 2028 ("K&M Compensation Plan");

**WHEREAS**, on December 9, 2025, the City Council adopted Resolution 2025-88 amending the K&M Compensation Plan and salary schedule to establish/remove classifications/positions from the K&M Compensation Plan and the City's salary schedule;

**WHEREAS**, the City Council intends to approve an amendment to the K&M Compensation Plan and salary schedule to establish Code Enforcement Manager and Real Property Manager positions in the K&M Compensation Plan and the City's salary schedule, which are set forth in Exhibits A and B and incorporated herein by this reference;

**WHEREAS**, City of Newport Beach Charter Section 601 requires the City Council to provide the number, titles, qualifications, powers, duties and compensation of all officers and employees of the City;

**WHEREAS**, Newport Beach Municipal Code Section 2.28.010 (Establishment of Classification and Salary Ranges) provides, upon recommendation of the City Manager, the City Council may establish by resolution the salary range or rate for each position;

**WHEREAS**, the City Manager has reviewed the changes to the salary schedule for K&M job classifications provided in this resolution and recommends approval; and

**WHEREAS**, by adopting this resolution, the City Council is approving and adopting the classifications and amendments to the salary schedule for K&M employees attached hereto as Exhibits A and B.

**NOW, THEREFORE**, the City Council of the City of Newport Beach resolves as follows:

**Section 1:** The City Council does hereby adopt and approve the addition of the Code Enforcement Manager and Real Property Manager positions to the: salary schedule, as set forth in Exhibit A, which is incorporated herein by this reference, and list of K&M Classifications, as set forth in Exhibit B, which is incorporated herein by this reference. The initial salary range for the Code Enforcement Manager and Real Property Manager shall be effective for the entire pay period that includes March 7, 2026. Thereafter, the salary range for the Code Enforcement Manager and Real Property Manager shall adjust at such times and by such amounts as set forth in Exhibit A.

**Section 2:** The City's salary schedule and K&M Compensation Plan shall be modified to be consistent with this resolution.

**Section 3:** Any resolution, or part thereof, in conflict with this resolution shall be of no effect.

**Section 4:** The recitals provided in this resolution are true and correct and are incorporated into the operative part of this resolution.

**Section 5:** If any section, subsection, sentence, clause or phrase of this resolution is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**Section 6:** The City Council finds the adoption of this resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**Section 7:** This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting the resolution.

**ADOPTED** this 10th day of March 2026.

_____
Lauren Kleiman
Mayor

**ATTEST:**

_____
Lena Shumway
City Clerk

**APPROVED AS TO FORM:**
CITY ATTORNEY'S OFFICE

_____
Aaron C. Harp
City Attorney

Exhibit A - Key & Management Salary Schedule
Exhibit B - Key & Management Classifications and their Subcategory

Exhibit A

Newport Beach Key & Management Compensation Plan
MOU Term: July 12, 2025 - June 30, 2028

Effective March 7, 2026:
New Classifications

| POSITION TITLES | GRADE | STEP | HOURLY RATE | MONTHLY RATE | ANNUAL SALARY |
|---|---|---|---|---|---|
| Code Enforcement Manager | 33 | 1 | $ 71.25 | $ 12,350 | $ 148,199 |
| Code Enforcement Manager | 33 | 2 | $ 74.81 | $ 12,967 | $ 155,604 |
| Code Enforcement Manager | 33 | 3 | $ 78.53 | $ 13,612 | $ 163,343 |
| Code Enforcement Manager | 33 | 4 | $ 82.45 | $ 14,292 | $ 171,502 |
| Code Enforcement Manager | 33 | 5 | $ 86.60 | $ 15,011 | $ 180,135 |
| Code Enforcement Manager | 33 | 6 | $ 90.93 | $ 15,762 | $ 189,142 |
| Real Property Manager | 31 | 1 | $ 71.25 | $ 12,350 | $ 148,199 |
| Real Property Manager | 31 | 2 | $ 74.81 | $ 12,967 | $ 155,604 |
| Real Property Manager | 31 | 3 | $ 78.53 | $ 13,612 | $ 163,343 |
| Real Property Manager | 31 | 4 | $ 82.45 | $ 14,292 | $ 171,502 |
| Real Property Manager | 31 | 5 | $ 86.60 | $ 15,011 | $ 180,135 |
| Real Property Manager | 31 | 6 | $ 90.93 | $ 15,762 | $ 189,142 |

Effective July 11, 2026:
4% Cost-of-Living Adjustment (COLA)

| POSITION TITLES | GRADE | STEP | HOURLY RATE | MONTHLY RATE | ANNUAL SALARY |
|---|---|---|---|---|---|
| Code Enforcement Manager | 33 | 1 | $ 74.10 | $ 12,844 | $ 154,127 |
| Code Enforcement Manager | 33 | 2 | $ 77.80 | $ 13,486 | $ 161,828 |
| Code Enforcement Manager | 33 | 3 | $ 81.67 | $ 14,156 | $ 169,876 |
| Code Enforcement Manager | 33 | 4 | $ 85.75 | $ 14,864 | $ 178,362 |
| Code Enforcement Manager | 33 | 5 | $ 90.07 | $ 15,612 | $ 187,341 |
| Code Enforcement Manager | 33 | 6 | $ 94.57 | $ 16,392 | $ 196,708 |
| Real Property Manager | 31 | 1 | $ 74.10 | $ 12,844 | $ 154,127 |
| Real Property Manager | 31 | 2 | $ 77.80 | $ 13,486 | $ 161,828 |
| Real Property Manager | 31 | 3 | $ 81.67 | $ 14,156 | $ 169,876 |
| Real Property Manager | 31 | 4 | $ 85.75 | $ 14,864 | $ 178,362 |
| Real Property Manager | 31 | 5 | $ 90.07 | $ 15,612 | $ 187,341 |
| Real Property Manager | 31 | 6 | $ 94.57 | $ 16,392 | $ 196,708 |

Effective July 10, 2027:
3% Cost-of-Living Adjustment (COLA)

| POSITION TITLES | GRADE | STEP | HOURLY RATE | MONTHLY RATE | ANNUAL SALARY |
|---|---|---|---|---|---|
| Code Enforcement Manager | 33 | 1 | $ 76.32 | $ 13,229 | $ 158,751 |
| Code Enforcement Manager | 33 | 2 | $ 80.14 | $ 13,890 | $ 166,683 |
| Code Enforcement Manager | 33 | 3 | $ 84.12 | $ 14,581 | $ 174,972 |
| Code Enforcement Manager | 33 | 4 | $ 88.32 | $ 15,309 | $ 183,713 |
| Code Enforcement Manager | 33 | 5 | $ 92.77 | $ 16,080 | $ 192,961 |
| Code Enforcement Manager | 33 | 6 | $ 97.41 | $ 16,884 | $ 202,609 |
| Real Property Manager | 31 | 1 | $ 76.32 | $ 13,229 | $ 158,751 |
| Real Property Manager | 31 | 2 | $ 80.14 | $ 13,890 | $ 166,683 |
| Real Property Manager | 31 | 3 | $ 84.12 | $ 14,581 | $ 174,972 |
| Real Property Manager | 31 | 4 | $ 88.32 | $ 15,309 | $ 183,713 |
| Real Property Manager | 31 | 5 | $ 92.77 | $ 16,080 | $ 192,961 |
| Real Property Manager | 31 | 6 | $ 97.41 | $ 16,884 | $ 202,609 |

Hourly rates are rounded to the nearest hundredth. Monthly and annual salaries are rounded to the nearest whole dollar.
Actual rates may vary slightly due to rounding.

Exhibit B

The City of Newport Beach

List of All Key & Management Classifications and Their Subcategory

Term of Compensation Plan: July 12, 2025 - June 30, 2028

| Position Title | Subcategory |
|---|---|
| Administrative Manager | Division Management |
| Administrative Manager* | Division Management |
| Administrative Services Director | Executive Management |
| Assistant Chief, Lifeguard Operations | Administrative Management-Safety |
| Assistant, Administrative (K&M) | Confidential |
| Assistant, Executive | Confidential |
| Budget Analyst | Confidential |
| Budget Analyst, Senior | Confidential |
| City Attorney, Assistant | Executive Management |
| City Attorney, Deputy | Division Management |
| City Clerk, Assistant | Confidential |
| City Clerk, Deputy | Confidential |
| City Engineer, Assistant | Division Management |
| City Manager, Assistant | Executive Management |
| City Manager, Deputy | Executive Management |
| Civil Engineer, Principal | Division Management |
| Civil Engineer, Principal - Plan Check | Division Management |
| Civil Engineer, Senior (K&M) | Confidential |
| *Code Enforcement Manager* | *Division Management* |
| Community Develop. Director | Executive Management |
| Community Develop. Director, Deputy | Administrative Management |
| Finance Director, Deputy | Administrative Management |
| Finance Manager | Division Management |
| Fire Chief | Executive Management-Safety |
| Fire Chief, Assistant | Administrative Management-Safety |
| Fiscal Specialist (K&M) | Confidential |
| Harbormaster | Executive Management |
| Harbormaster, Deputy | Administrative Management |
| Homeless Services Manager | Division Management |
| Human Resources Analyst | Confidential |
| Human Resources Analyst, Assistant | Confidential |
| Human Resources Analyst, Senior | Confidential |
| Human Resources Director, Deputy | Administrative Management |
| Human Resources Manager | Division Management |
| Human Resources Specialist | Confidential |
| Human Resources Supervisor | Division Management |
| IT Engineer, Cybersecurity | Confidential |
| IT Manager | Administrative Management |

Exhibit B

The City of Newport Beach

List of All Key & Management Classifications and Their Subcategory

Term of Compensation Plan: July 12, 2025 - June 30, 2028

| Position Title | Subcategory |
|---|---|
| IT Supervisor | Division Management |
| Library Services Director | Executive Management |
| Library Services Manager | Division Management |
| Management Analyst | Confidential |
| Management Analyst, Assistant | Confidential |
| Management Analyst, Senior | Confidential |
| Management Fellow | Confidential |
| Municipal Operations Director | Executive Management |
| Paralegal | Confidential |
| Payroll Coordinator | Confidential |
| Planner, Principal | Confidential |
| Planning Manager | Division Management |
| Police Chief | Executive Management-Safety |
| Police Chief, Assistant | Administrative Management-Safety |
| Police Support Srvcs Administrator | Administrative Management |
| Public Information Manager | Division Management |
| Public Information Specialist | Confidential |
| Public Works Director | Executive Management |
| Public Works Director, Deputy/City Engineer | Administrative Management |
| Public Works Director, Deputy/Municipal Ops | Administrative Management |
| Public Works Finance/Admin Manager | Division Management |
| Purchasing & Contracts Administrator | Confidential |
| Real Property Administrator | Confidential |
| *Real Property Manager* | *Division Management* |
| Recreation & Senior Srvcs Director | Executive Management |
| Recreation & Senior Srvcs Director, Deputy | Administrative Management |
| Recreation & Senior Srvcs Manager | Division Management |
| Superintendent | Division Management |
| Systems and Administration Manager | Division Management |
| Transportation Manager/City Traffic Engineer | Division Management |
| Utilities Director | Executive Management |
| Water Operations Superintendent | Division Management |

*Y-Rated, Hired on/before 10/27/2018

# Attachment B

Real Property Manager Job Description

# REAL PROPERTY MANAGER

**DEFINITION**: Under general direction, to plan, organize, and manage the activities and operations of the City's real property asset management program, including oversight of assigned staff, vendors, consultants, and resources; to manage the day-to-day operations of the City's real estate portfolio to maximize public benefit and revenue, minimize operational costs and risk, and ensure compliance with contractual obligations and applicable federal, state, and local laws and regulations; to provide technical real estate expertise to City departments, serve as a liaison between internal departments and external stakeholders related to City-owned properties, and to perform related duties as assigned.

**DISTINGUISHING CHARACTERISTICS**: This is a management-level classification responsible for administering the City's real property and asset management activities and operations. Incumbents independently perform the full scope of property management and program coordination duties and are expected to exercise substantial independence, initiative, decision making authority, and professional judgment within established policies and guidelines.

**SUPERVISION RECEIVED AND EXERCISED**: Receives general direction from the City Manager or designee. Exercises direct supervision over assigned professional, technical, and administrative support staff.

**ESSENTIAL DUTIES**: The following essential duties are typical for this classification. Incumbents may not perform all the listed duties and may be required to perform additional or different assignments from those below to address business needs and changing business practices:

- Plans, organizes, and oversees the day-to-day operational management of real estate assets, including rent collection, site inspections, property repairs, and maintenance scheduling;

- Administers and monitors lease agreements for income-producing properties, ensuring compliance with terms and conditions and adherence to maintenance programs that protect long-term economic viability;

- Negotiates and manages complex citywide real estate transactions, including acquisitions, dispositions, exclusive negotiating agreements, development and lease agreements, license agreements, and permits;

- Serves as the primary liaison with tenants and stakeholders to address inquiries, investigate and resolve complex or sensitive issues, and maintain positive working relationships;

- Plans, organizes, selects, and supervises the work of assigned staff; coaches, motivates, monitors, corrects and evaluates staff performance; recommends, implements, and provides staff training programs; recommends employee recognition, discipline, and termination; ensures that City personnel policy and employee agreements are implemented and applied consistently;

- Develops, implements, and administers asset and property management plans, policies, and procedures in alignment with the City's long-term facility and financial goals;

- Oversees outside vendors and consultants in the solicitation and production of technical reports and real property analyses;

- Secures, reviews, and interprets property records, title reports, and related documents to determine ownership interests, encumbrances, and property rights associated with City-owned or acquired properties;

- Conducts market research to determine property values and identify opportunities for revenue optimization;

- Monitors, collects, and audits revenue streams from third-party property use to ensure compliance with agreement terms and market-rate standards;

- Conducts appraisals of properties and reviews independent appraisals to determine market value;

- Develops revenue projections for budget planning; negotiates fair market rates; monitors and adjusts lease agreements and manages consultant budgets;

- Identifies and evaluates opportunities to expand the portfolio of income-producing and agency use properties;

- Collaborates with internal departments and external consultants to optimize asset performance; leads cross-functional coordination with legal, finance, and external agencies;

- Administers consultant contracts for property management, appraisals, relocation services, legal descriptions, and related activities;

- Maintains internal controls related to billing, appraisals, contract compliance, and agreement administration;

- Prepares and presents reports to Boards, Commissions, and City Council; attends related meetings and subcommittee sessions as required;

- Represents the City in property litigation and recommends settlement terms to departments and officials;

- Prepares and directs the preparation of a variety of complex analytical, statistical, and narrative records, reports, and correspondence; and

- Perform related duties as assigned.

**QUALIFICATIONS**: To perform this job successfully, an individual must be able to perform each essential duty. The requirements listed below represent the knowledge, skill, and ability required.

**Knowledge of**:

Principles and practices of real property law; municipal real estate contracts, permitting processes, negotiations, and transactions; asset and property management of City-owned and income-producing properties, including appraisals, lease administration, tenant relations, and oversight of consultants and vendors;

Principles and practices of real property marketing, and acquisition and disposition of properties;

Principles and practices of employee supervision, training, and performance evaluations;

Methods of financial analysis, market research, and property valuation to support budgeting, revenue projections, and management of City real estate assets;

Municipal budgeting and financial planning as related to real property operations and asset performance;

Applicable federal, state, and local laws, regulations, codes, and City policies governing municipal property management, leases, permitting, land use, and revenue compliance;

Principles and techniques of record keeping, reporting, and data analysis to support real estate operations, financial monitoring, and decision-making;

Fundamentals of maintenance planning, scheduling, oversight for City-owned, leased, and income-producing properties; and

Principles of effective written and oral communication, including grammar, spelling, punctuation, vocabulary, and preparation of reports and correspondence.

**Ability to**:

Plan, organize, and manage large portfolio of real estate assets and complex projects, including acquisitions, dispositions, leases, and property management operations, to meet operational goals and deadlines;

Interpret and apply lease agreements, contracts, permits, policies, procedures, and applicable federal, state, and local regulatory requirements;

Analyze financial data, market trends, appraisals, and valuation reports to support sound real estate, and revenue decision-making;

Prepare comprehensive reports and maintain accurate records to support operational oversight, internal controls, and presentations to Boards, Commissions, City Council, and other stakeholders;

Select, mentor, train, and evaluate staff; establish performance expectations; implement corrective or disciplinary actions in accordance with City policies; and provide oversight of consultants and vendors as appropriate;

Effectively represent the City in meetings and negotiations with tenants, consultants, governmental agencies, developers, community groups, various businesses, residents, and individuals;

Participate in the preparation, management, and monitoring of assigned budgets, including revenue projections, consultant contracts, and operating expenses;

Effectively handle sensitive, confidential information and situations by demonstrating tact, diplomacy, prudence, and independent judgment;

Provide professional leadership and direction to staff, consultants, and cross-functional teams to achieve City real estate and asset management objectives;

Evaluate alternatives, make informed recommendations, and manage research and analytical projects related to real estate assets, and contracts within scope, cost, and to meet timelines;

Operate modern office equipment and specialized software applications;

Communicate clearly and concisely, both orally and in writing;

Regularly and predictably attend work;

Engage in face-to-face meetings;

Understand and follow posted work rules and procedures;

Accept constructive criticism; and

Establish and maintain cooperative working relationships with those contacted during work.

This position may be required to work outside of normal work schedule as needed.

**PHYSICAL REQUIREMENTS AND ENVIRONMENTAL WORKING CONDITIONS**: Work is performed in an office environment and may require occasional travel to off-site facilities. Job duties involve sitting, standing, and walking for prolonged or intermittent periods of time, and reaching, bending, and twisting at the waist to perform desk work and operate general office equipment, including a personal computer and keyboard, for prolonged or intermittent periods of time. The operation of a personal computer also requires finger and wrist dexterity and the ability to withstand exposure to vibration, pitch, and glare from the computer. Employee must be able to safely lift and carry books, files and reports weighing up to 25 pounds. Must be able to lift files and reports from counter tops or file drawers.

**EXPERIENCE, EDUCATION AND LICENSE &/OR CERTIFICATE:** A combination of experience and education which would likely provide the required knowledge and abilities to qualify. A typical way to obtain the knowledge and abilities would be:

**Experience**: Five years of professional experience in real property development and/or redevelopment, economic development, acquisitions/dispositions, leasing, property management, and complex administration experience in real estate management, including two years of supervisory experience. Public sector property management experience is preferred.

**Education**: Equivalent to a bachelor's degree from an accredited college or university with major coursework in business, finance, real estate, or a related field.

**License(s)**: Due to the performance of field duties, which require the operation of a personal or City vehicle, a valid and appropriate California driver’s license and an acceptable driving record are required.

**Certificate(s)**: Possession of, or ability to obtain, a California Brokers license and a valid certification as a Notary Public.

**Disaster Service Worker**: In accordance with Government Code Section 3100, City of Newport Beach Employees, in the event of a disaster, are considered disaster service workers and may be asked to respond accordingly.

Employee Group: Key & Management Compensation Plan
FLSA Designation: Exempt
Department: Community Development
Revised: 2/23/2026

# Attachment C

Code Enforcement Manager Job Description

# CODE ENFORCEMENT MANAGER

**DEFINITION**: Under general direction, to plan, organize, and manage the activities and operations of the Code Enforcement Division within the Community Development Department; to ensure courteous, professional enforcement of municipal and state codes across areas such as zoning, building and safety standards, noise, short-term lodging, unpermitted beach activity, refuse control, business regulations, and commercial uses in residential zones; to oversee illegal dwelling and conditional use permit enforcement programs; and to perform related duties as assigned.

**DISTINGUISHING CHARACTERISTICS**: This is a management-level classification responsible for overseeing the City's Code Enforcement Division activities and operations. Incumbents independently perform the full scope of code enforcement duties and are expected to exercise substantial independence, initiative, decision making authority, and professional judgment within established policies and guidelines.

**SUPERVISION RECEIVED AND EXERCISED**: Receives direction from the Community Development Director. Provides direct supervision over assigned Code Enforcement Officers, trainees, and contract staff.

**ESSENTIAL DUTIES**: The following essential duties are typical for this classification. Incumbents may not perform all the listed duties and may be required to perform additional or different assignments from those below to address business needs and changing business practices:

- Plans, organizes, and oversees the day-to-day operational management of the Code Enforcement Division, including determining and recommending staffing needs to support assigned activities, operations, and projects;

- Ensures compliance and enforcement of municipal and state codes across areas such as zoning, building and safety standards, noise, short-term lodging, unpermitted beach activity, refuse control, business regulations, and commercial uses in residential zones and conducts proactive inspections;

- Oversees illegal dwelling, conditional use permit, and other newly established enforcement programs, including complex case management to ensure timely resolution of complaints, appeals, and public inquiries; directs the issuance of Notices of Violation, Administrative Citations, and related correspondence;

- Plans, organizes, selects, and supervises the work of assigned staff; coaches, motivates, monitors, corrects, and evaluates staff performance; recommends, implements, and provides staff training programs; recommends employee recognition,

discipline, and termination; ensures that City personnel policy and employee agreements are implemented and applied consistently;

- Serves as primary liaison with residents, business owners, city departments, and external agencies to address inquiries, investigate and resolve complex or sensitive issues, and maintain positive working relationships; represents the Code Enforcement Division in meetings and hearings;

- Makes determinations on building safety, such as red-tagging or yellow-tagging properties in unsafe or illegal dwelling situations, based on professional certifications;

- Develops and implements policies and procedures; revises municipal codes to close enforcement gaps and clarify compliance timelines;

- Manages administrative functions, including budget oversight, and contract approvals;

- Oversees workload distribution and supervision of contract staff for seasonal enforcement and hotline operations during peak workload periods;

- Conducts public education and outreach through presentations to community groups and associations;

- Coordinates interdepartmental efforts, including with Police, Public Works, and City Attorney, for joint operations and complex cases;

- Prepares and directs the preparation of a variety of complex analytical, statistical, and narrative records, reports, and correspondence;

- Ensures regulatory compliance by monitoring changes in state legislation and guiding staff through ongoing training and professional development;

- May perform building inspections leveraging Residential Building Inspector certification during staffing shortages; and

- Perform related duties as assigned.

**QUALIFICATIONS**: To perform this job successfully, an individual must be able to perform each essential duty. The requirements listed below represent the knowledge, skill, and ability required.

**Knowledge of**:

Applicable state and local laws, regulations, codes, and City policies related to zoning, building and safety standards, noise, short-term lodging, unpermitted

beach activity, refuse control, business regulations, and commercial uses in residential areas;

Principles, practices, and methods of municipal code enforcement, including due process requirements, investigative techniques, and complex case management;

Trends, best practices, and emerging issues in code enforcement programs and regulatory compliance;

Principles and practices of employee supervision, training, and performance evaluations;

Procedures for issuing Notices of Violation, Administrative Citations, and related enforcement correspondence;

Principles and methods of policy development, program evaluation, and municipal code revision;

Public agency budgeting, contract administration, and workload planning;

Building safety standards and inspection practices applicable to red-tag or yellow-tag determinations; and

Principles and practices of effective customer service, community engagement, and public outreach when working with residents, business owners, and other City departments.

**Ability to**:

Plan, organize, and manage the operations of the Code Enforcement Division to ensure timely and consistent enforcement of applicable municipal and state codes;

Interpret, apply, and clearly explain complex codes, ordinances, policies, and enforcement procedures to staff, property owners, business operators, and the public;

Oversee and, when necessary, conduct inspections, investigations, and case management activities, including making safety determinations consistent with professional certifications;

Prepare clear, concise, and comprehensive reports, presentations, policies, code amendments, and correspondence, and ensure the maintenance of accurate records;

Select, mentor, train, and evaluate staff; establish performance expectations; implement corrective or disciplinary actions in accordance with City policies; and provide oversight of consultants and contract staff as appropriate;

Coordinate joint enforcement efforts with internal departments and external agencies and represent the City in meetings, hearings, and enforcement proceedings;

Participate in the preparation, management, and monitoring of assigned budgets, contracts, resource allocation, and administrative functions of the division;

Effectively handle sensitive, confidential information and situations by demonstrating tact, diplomacy, prudence, and independent judgment;

Deliver effective public outreach, education, and communication to community groups, merchant associations, and residents;

Monitor changes in legislation, assess operational impacts, and guide staff through ongoing training and professional development;

Communicate clearly and concisely, both orally and in writing;

Regularly and predictably attend work;

Engage in face-to-face meetings;

Understand and follow posted work rules and procedures;

Accept constructive criticism; and

Establish and maintain cooperative working relationships with those contacted during work.

This position may be required to work outside of normal work schedule as needed.

**PHYSICAL REQUIREMENTS AND ENVIRONMENTAL WORKING CONDITIONS**: While performing the duties of this job, the employee is frequently required to walk, sit, talk, or hear. The employee is occasionally required to use hands to finger, handle, feel, or operate objects, tools, or controls and reach with hands and arms. The employee is occasionally required to climb, balance, stoop, kneel, crouch, or crawl. The employee must regularly lift and/or move up to 50 pounds. Specific vision abilities required by this job include close vision, color vision, and the ability to adjust focus. The employee will work indoors and outdoors and may occasionally be exposed to wet and/or humid conditions. The noise level in the work environment is usually quiet while in the office and

moderate when in the field. The location of the position may be at a recreation center, senior center, beach, bay, or harbor.

**EXPERIENCE, EDUCATION AND LICENSE &/OR CERTIFICATE:** A combination of experience and education which would likely provide the required knowledge and abilities to qualify. A typical way to obtain the knowledge and abilities would be:

**Experience**: Five years of increasingly responsible code enforcement and compliance experience, including two years in a supervisory or lead role.

**Education**: Equivalent to completion of an Bachelor's degree in criminal justice, public administration, business administration, planning, engineering, or a related field is required.

**License(s)**: Due to the performance of some field duties, which require the operation of a personal or City vehicle, a valid and appropriate California driver's license and an acceptable driving record is required.

**Certificate(s)**: Possession of Penal Code Section 832 (POST Certificate) certification. Residential Building Inspector certification and advanced professional code enforcement training certifications are highly desirable.

**Disaster Service Worker**: In accordance with Government Code Section 3100, City of Newport Beach Employees, in the event of a disaster, are considered disaster service workers and may be asked to respond accordingly.

Employee Group: Key & Management Compensation Plan
FLSA Designation: Exempt
Department: Community Development
Revised: 2/23/2026

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 4

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | Jeff Boyles, Fire Chief - 949-644-3101, jboyles@nbfd.net |
| **PREPARED BY:** | James Gillespie, Fire Marshal - 949-644-3354, jgillespie@nbfd.net |
| **TITLE:** | Resolution No. 2026-17: A Report Made by the Fire Marshal Regarding Compliance with the Annual Inspection of Certain Occupancies |


**ABSTRACT:**

Senate Bill (SB) 1205 amended the California Health and Safety Code to expand reporting on mandated annual fire and life safety inspections. Prompted by the tragic "Ghost Ship Fire," in 2016, the legislation requires fire departments to report their compliance with health and safety codes related to annual inspections of hotels, motels, lodging houses and apartment buildings by way of City Council resolution.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Adopt Resolution No. 2026-17, *A Resolution of the City Council of the City of Newport Beach Acknowledging Receipt of a Report Made by the Fire Marshal of the City of Newport Beach Fire Department Regarding Compliance with the Annual Inspection of Certain Occupancies Pursuant to Sections 13146.2 and 13146.3 of the California Health and Safety Code.*

**DISCUSSION:**

California Health and Safety Code Section 13146.4, established by SB 1205, requires all fire departments providing fire protection services to annually report to their administering authority confirming compliance with Sections 13146.2 and 13146.3. These existing sections mandate annual building standard inspections for every building used as a public or private school, hotel, motel, lodging house, apartment house, as well as certain residential care facilities. The Newport Beach Fire Department, through its fire prevention

division, completes these inspections annually and is reporting 100% compliance for all identified facilities for the period of January 1, 2025, through December 31, 2025.

**FISCAL IMPACT:**

There is no fiscal impact related to this item. Annual inspections are already regularly conducted by staff, and the City of Newport Beach bills each identified facility for the required inspection based upon the City's established Schedule of Rents, Fines and Fees.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

**ATTACHMENT:**

Attachment A – Resolution No. 2026-17

**Attachment A**

# RESOLUTION NO. 2026- 17

## A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH, CALIFORNIA, ACKNOWLEDGING RECEIPT OF A REPORT MADE BY THE FIRE MARSHAL OF THE CITY OF NEWPORT BEACH FIRE DEPARTMENT REGARDING COMPLIANCE WITH THE ANNUAL INSPECTION OF CERTAIN OCCUPANCIES PURSUANT TO SECTIONS 13146.2 AND 13146.3 OF THE CALIFORNIA HEALTH AND SAFETY CODE

**WHEREAS**, Section 200 of the City Charter, of the City of Newport Beach ("City"), vests the City Council with the authority to make and enforce all laws, rules and regulations with respect to municipal affairs subject only to the restrictions and limitations contained in the City Charter and the State Constitution, and the power to exercise, or act pursuant to any and all rights, powers, and privileges or procedures granted or prescribed by any law of the State of California;

**WHEREAS**, Sections 13146.2 and 13146.3 of the California Health and Safety Code ("Health and Safety Code") require all fire departments that provide fire protection services, including the Newport Beach Fire Department ("NBFD"), to perform annual inspections in certain buildings pursuant to Sections 13146.2 and 13146.3, including those used as public or private schools, hotels, motels, lodging houses, apartment houses, and certain residential care facilities in the City for compliance with building standards, as provided in the California Building Code ("Building Code");

**WHEREAS**, Health and Safety Code Section 13146.4 requires every city or county fire department or district that provides fire protection services to report annually to their administering authority on their compliance with Health and Safety Code Sections 13146.2 and 13146.3;

**WHEREAS**, the City Council has received the report prepared by the NBFD Fire Marshall regarding compliance with the annual inspection of certain occupancies pursuant to Sections 13146.2 and 13146.3 of the Health and Safety Code; and

**WHEREAS**, this Resolution fulfills the requirements of Health and Safety Code Section 13146.4 regarding acknowledgement of the NBFD's compliance with Health and Safety Code Sections 13146.2 and 13146.3.

**NOW, THEREFORE,** the City Council of the City of Newport Beach resolves as follows:

**Section 1:** The City Council does hereby acknowledge the compliance of the Newport Beach Fire Department with Health and Safety Code Sections 13146.2 and 13146.3 for the time period of January 1, 2025 to December 31, 2025, in the following required areas:

- Applicable Group E occupancies, as defined in Title 24, Section 305.2 of the Building Code. The Newport Beach Fire Department completed 100 percent of the annual inspections of the applicable Group E occupancies, buildings, structures, and/or facilities in the City.

- Applicable Group R occupancies, as defined in Title 24, Section 310 of the Building Code. NBFD completed 100 percent of the annual inspections of the applicable Group R occupancies, buildings, structures, and/or facilities in the City.

**Section 2:** The recitals provided in this resolution are true and correct and are incorporated into the operative part of this resolution.

**Section 3:** If any section, subsection, sentence, clause or phrase of this resolution is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**Section 4:** The City Council finds the adoption of this resolution is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**Section 5:** This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting the resolution.

**ADOPTED** this 10th day of March, 2026.

Lauren Kleiman
Mayor

**ATTEST:**

Lena Shumway
City Clerk

**APPROVED AS TO FORM:**
CITY ATTORNEY'S OFFICE

Aaron C. Harp
City Attorney

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 5

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | Jason Al-Imam, Adminstrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov |
| **PREPARED BY:** | Jason Al-Imam, Administrative Services Director/Treasurer |
| **TITLE:** | Resolution No. 2026-18 – Amending the Selection Process and Various Responsibilities of the Finance Committee |


**ABSTRACT:**

The proposed resolution amends the structure, appointment process, qualifications and terms of the City's Finance Committee (Committee) based on recommendations from the Fiscal Transparency Ad Hoc Committee. The amendments are intended to enhance fiscal oversight by adding Committee members with relevant expertise, improve transparency by daylighting all Committee discussion items at City Council meetings, and ensure efficient use of staff time and resources.

The Committee would consist of five members, three Councilmembers appointed annually by the Mayor, and two citizen members, appointed by the Mayor and confirmed by the City Council. The resolution establishes enhanced professional qualification requirements for citizen appointees, implements two-year terms beginning July 1, 2026, allows for completion of the current budget cycle and includes transition provisions for current members.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Adopt Resolution No. 2026-18, *A Resolution of the City Council of the City of Newport Beach, California, Amending the Selection Process and Various Responsibilities of the Finance Committee*.

**DISCUSSION:**

The Committee was originally established by Resolution No. 94-110 on December 12, 1994. Since its creation, the City Council has periodically amended the Committee's structure and responsibilities to ensure continued fiscal stewardship and alignment with evolving best practices in municipal finance.

Periodic evaluation of advisory bodies ensures continued alignment with best practices and evolving governance needs.

On January 27, 2026, the City Council adopted Resolution No. 2026-05 establishing the Fiscal Transparency Ad Hoc Committee, composed of Mayor Lauren Kleiman and Councilmembers Sara Weber and Joe Stapleton. The Ad Hoc Committee was directed to evaluate ways to enhance transparency, accountability and the efficient use of City resources; broaden policy perspectives; increase public engagement in discussions regarding the City's fiscal governance and financial status; and make related recommendations to the full City Council.

The proposed amendments to the Committee are based on the input and direction provided by the Fiscal Transparency Ad Hoc Committee and are intended to address each of the directives outlined above. The discussion below explains the policy rationale for the proposed changes in relation to transparency, accountability, efficiency, policy perspective and public engagement.

## Alignment with Ad Hoc Committee Directives

### 1. Transparency and Public Engagement

Committee meetings are subject to the Brown Act; however, public attendance at regular Committee meetings has historically been limited. In recent years, average in-person public attendance has generally consisted of approximately three members of the public or fewer, excluding staff and Committee members. While meetings are open and agendas publicly posted, discussion at the Committee level does not always generate the same level of public visibility or engagement as items agendized for full City Council consideration.

Over the past two years, the Committee has discussed a number of significant fiscal matters, including but not limited to long-range financial forecasts, quarterly budget updates, capital financing strategies, pension and other post-employment benefit (OPEB) funding strategies, internal audit updates, revenue projections, and investment policy matters. In several instances, these items were reviewed at the Committee level but were not subsequently presented to the full City Council as standalone discussion items, thereby limiting broader public visibility and recorded Council deliberation.

Under the proposed structure, the Committee will function more clearly as a technical working group, with key policy recommendations and major fiscal matters presented to the full City Council for discussion and action. This approach is intended to "daylight" significant financial topics at publicly televised Council meetings where a larger audience typically attends or participates remotely, thereby enhancing transparency and public engagement in the City's fiscal governance.

### 2. Accountability and Efficient Use of City Resources

The Committee currently meets approximately nine to 10 times per year. Each meeting requires substantial staff preparation, including agenda development, report drafting, financial analysis, coordination among departments, posting and noticing requirements, and attendance by executive and finance staff. Collectively, these meetings require a

significant number of staff hours annually in preparation and participation.

The proposed structure contemplates reducing the number of regular meetings to approximately five to six per year, focused on core fiscal planning milestones and technical review of major financial items. By streamlining the meeting schedule and clarifying the Committee's advisory role, the City can reduce duplicative presentations and better align staff resources with Council-level decision-making.

This modification is intended to improve the efficient use of City resources while preserving meaningful fiscal review and oversight.

**3. Broadening Policy Perspectives and Enhancing Technical Expertise**

Under the current structure, the enabling resolution recommends but does not require that citizen appointees possess financial credentials such as a CPA, CFA, business or finance degree, or other relevant designation. In practice, applicants for appointment have been required to submit a formal application for City Council consideration, including disclosure of their educational background, occupational history, civic experience, references and a résumé. The City Council has historically reviewed this information when making appointments.

While this process has provided transparency regarding applicants' qualifications, the existing resolution does not establish minimum qualification standards specific to finance or municipal fiscal oversight. As a result, the level and type of financial expertise represented on the Committee may vary depending on the applicant pool and the appointing Council's discretion at a given time.

The proposed resolution establishes enhanced qualification requirements for citizen appointees. Under the proposed structure, citizen members must possess demonstrated education, professional certification, or significant professional experience in finance, accounting, economics, business administration, public administration, investment management, or a closely related field.

Qualifying experience may include service in financial management, business, legal, consulting, or executive leadership roles involving financial oversight, budgeting, investments, fiscal policy, or similar responsibilities.

By codifying baseline qualification criteria within the enabling resolution, the proposed amendments are intended to formalize expectations for subject matter expertise and ensure consistent technical capacity on the Committee going forward. Establishing baseline financial qualifications is also intended to broaden policy perspectives by ensuring that fiscal discussions incorporate professional, real-world experience in budgeting, investments, and financial management, thereby enhancing the depth and diversity of policy analysis provided to the City Council. This change is designed to strengthen the Committee's ability to provide informed, experience-based fiscal analysis while preserving the City Council's discretion in evaluating and appointing qualified applicants.

**Summary of Proposed Changes**

The proposed resolution makes several substantive modifications to the Committee's structure and responsibilities, summarized below.

1. **Committee Composition and Appointment Process**

Current Structure ( seven Members):

- Three Councilmembers appointed by the Mayor, subject to full Council approval.
- Four citizen appointees appointed individually by Councilmembers not serving on the Committee, subject to full Council approval. The enabling resolution recommends, but does not require, that appointees possess financial credentials, and does not establish mandatory minimum qualification standards.

Proposed Structure (five Members):

- Three Councilmembers appointed annually by the Mayor.
- Two citizen members with financial expertise, vetted by a City Council committee, appointed by the Mayor, and confirmed by the full City Council.

The proposed structure reduces the Committee from seven to five members and eliminates the practice of individual Councilmembers directly appointing a designated citizen representative. Instead, citizen members will be selected through a City Council–wide appointment process of noticing the vacancies, vetting applications, and interviewing qualified applicants, consistent with Council Policy A-2.

2. **Citizen Appointee Qualifications**

The proposed resolution establishes enhanced qualification requirements for citizen appointees. Under the proposed structure, citizen members must possess demonstrated education, professional certification, or significant professional experience in finance, accounting, economics, business administration, public administration, investment management, or a closely related field.

Qualifying experience may include service in financial management, business, legal, consulting, or executive leadership roles involving financial oversight, budgeting, investments, fiscal policy, or similar responsibilities.

The City Council will determine whether applicants meet the qualification requirements prior to appointment.

These changes are intended to ensure that citizen appointees possess the technical expertise necessary to provide meaningful fiscal input and analysis.

3. **Term Modifications and Transition Provisions**

The proposed resolution provides:

- Current citizen appointees will continue to serve through June 30, 2026.
- Effective June 30, 2026, the terms of all current citizen appointees will expire.
- Beginning July 1, 2026, new citizen appointees will serve two-year terms and may be reappointed for one additional two-year term.

This transition allows for continuity through the end of the fiscal year while implementing the new structure in a clear and orderly manner.

**4. Clarification of Purpose and Responsibilities**

The proposed resolution refines and modernizes the Committee's purpose statement to clarify that the Committee serves in an advisory capacity to the City Council and City Manager on matters related to:

- The City's operating budget;
- Long-range financial planning and fiscal sustainability;
- Pension and other post-employment benefit liabilities;
- Capital financing; and
- The internal audit program.

The responsibilities section has been reorganized to improve clarity and alignment with current financial oversight practices.

For reference, a tentative annual work plan and meeting calendar outlining the types of items expected to be reviewed by the Committee under the proposed structure and responsibilities, as well as items to be brought directly to the City Council, is included as Attachment B.

The proposed amendments preserve public engagement, as the Committee meetings will continue to comply with the Brown Act, including publicly posted agendas, open meetings, and opportunities for public comment. The City's budget process will remain transparent and subject to public participation.

**FISCAL IMPACT:**

There are no direct fiscal impacts associated with the proposed amendments to the Committee structure.

City staff estimates that approximately 485 hours annually are devoted to preparing for and attending Committee meetings, including agenda preparation, development of reports and presentations, internal review and coordination, and meeting attendance. Any modification to the Committee's structure or meeting frequency may result in corresponding adjustments to staff time commitments; however, no additional appropriations are required as a result of this action.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

**ATTACHMENTS:**

Attachment A – Resolution No. 2026-18
Attachment B – Tentative Finance Committee & Council Review Schedule

# Attachment A

Resolution No. 2026-18

**RESOLUTION NO. 2026-18**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH, CALIFORNIA, AMENDING THE SELECTION PROCESS AND VARIOUS RESPONSIBILITIES OF THE FINANCE COMMITTEE**

**WHEREAS**, the City of Newport Beach ("City") is governed, in part, by its Charter, Municipal Code, and adopted City Council Policies;

**WHEREAS**, the City Council has a long and established history of being good guardians and stewards of the public's money;

**WHEREAS**, appropriations, expenditures, and other budgetary matters are a primary concern of the City Council;

**WHEREAS**, on December 12, 1994, the City Council adopted Resolution No. 94-110 establishing the Finance Committee, whose duties and responsibilities have been amended throughout the years to further protect and safeguard the public's money;

**WHEREAS**, the Finance Committee is charged with a variety of tasks including, but not limited to, reviewing and monitoring events and issues that may affect the financial status of the City and making recommendations to the City Council regarding amendments to financial policies;

**WHEREAS**, the existing Finance Committee is composed of three City Council Members, appointed by the Mayor subject to City Council approval, and four citizen members, appointed by Council Members not on the Finance Committee, subject to City Council approval;

**WHEREAS**, the City Council desires to preserve the Finance Committee's purpose and bolster its ability to provide qualified oversight of the City's fiscal processes, while increasing public visibility and transparency; and

**WHEREAS**, the City Council desires to amend the Finance Committee selection process and responsibilities, as described in this resolution.

**NOW, THEREFORE,** the City Council of the City of Newport Beach resolves as follows:

**Section 1:** The City Council hereby amends the Finance Committee selection process and responsibilities as described in Attachment "A," which is incorporated herein by reference.

**Section 2:** The City Council hereby repeals all prior resolutions, or parts thereof, related to the Finance Committee that conflict with this resolution.

**Section 3:** If any section, subsection, sentence, clause or phrase of this resolution is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this resolution. The City Council hereby declares that it would have passed this resolution and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

**Section 4:** The recitals provided in this resolution are true and correct and are incorporated into the substantive portion of this resolution.

**Section 5:** The City Council finds the adoption of this resolution and the amendment of the Finance Committee is not subject to the California Environmental Quality Act ("CEQA") pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

**Section 6:** This resolution shall take effect immediately upon its adoption by the City Council, and the City Clerk shall certify the vote adopting this resolution.

**ADOPTED** this 10th day of March, 2026.

Lauren Kleiman
Mayor

**ATTEST:**

Lena Shumway
City Clerk

**APPROVED AS TO FORM:**
CITY ATTORNEY'S OFFICE

Aaron C. Harp
City Attorney

Attachment A: Amended Finance Committee Description

**ATTACHMENT "A"**

**FINANCE COMMITTEE**

**AUTHORIZATION:** Established by Resolution No. 94-110 adopted on December 12, 1994. Modified by Resolution No. 96-100 adopted on December 9, 1996. Disbanded by Resolution No. 98-32 adopted on May 11, 1998. Re-established by Resolution No. 2000-103 adopted on December 12, 2000. Duties and membership amended by Resolution No. 2007-21 adopted on April 10, 2007. Purpose and responsibilities amended by Resolution No. 2013-32 adopted on April 9, 2013. Membership, qualifications and term of members, and purpose and responsibilities amended by Resolution No. 2015-5 adopted on January 13, 2015. Administrative practices amended by Resolution No. 2015-40 adopted on May 26, 2015. Term of citizen appointees amended by Resolution No. 2017-58 adopted on September 12, 2017. Various other changes amended by Resolution No. 2018-70 adopted on September 25, 2018. Term of membership amended by Resolution 2024-91 on December 10, 2024. Selection process and responsibilities amended by Resolution 2026-__ on March 10, 2026.

**MEMBERSHIP:** Five (5) members total, comprised of the following:

Three (3) members of the Newport Beach City Council appointed by the Mayor.

Two (2) citizen members appointed by the Mayor and confirmed by the full City Council ("Citizen Appointees"). At the Mayor's discretion, the Mayor may establish an Ad Hoc Committee to provide advice; however, whether such a committee is formed, the Mayor shall make the appointments subject to confirmation by the City Council.

Citizen Appointees have equal voting status. The Mayor shall appoint the chairperson and vice-chairperson, subject to confirmation by the full City Council.

Staff support will be provided primarily by the City Manager and the Administrative Services Director.

Meetings shall be held as required by the business needs of the Finance Committee in the City Council Chambers, or

AMENDED 3.10.26

such other locations as allowed by the Ralph M. Brown Act, on weeknights or weekdays (M-Th) at a time that is convenient for the Finance Committee and the public to encourage public participation.

**TERM OF COUNCIL MEMBERS:**

Council Members shall be appointed annually by the Mayor.

**TERM OF CITIZEN APPOINTEES:**

A. Transition. All previously appointed Citizen Appointees of the Committee shall continue to serve until June 30, 2026, at which time their terms shall end. New Citizen Appointees shall be selected in accordance with Council Policy A-2, as modified herein, and shall begin their terms on July 1, 2026.

B. New Citizen Appointee Term of Office. Citizen Appointees shall serve a two-year term, or until their successor is appointed and qualified, unless the City Council takes action to replace a Citizen Appointee. Citizen Appointees may serve a second two-year term if reappointed by the City Council.

**QUALIFICATIONS OF CITIZEN APPOINTEES:**

A. Must be a resident of the City of Newport Beach.

B. Must be a registered voter in the City of Newport Beach.

C. Each Citizen Appointee shall possess demonstrated education, professional certification, or significant professional experience in finance, accounting, economics, business administration, public administration, investment management, or a closely related field.

Qualifying experience may include service in financial management, business, legal, consulting, or executive leadership role involving financial oversight, budgeting, investments, fiscal policy, or similar responsibilities.

The Mayor shall determine whether an applicant meets the qualification requirements prior to appointment.

AMENDED 9.25

**PURPOSE:**

The Finance Committee shall serve in an advisory capacity to the City Council and City Manager on matters related to the City's operating budget, long-range financial planning, fiscal sustainability, investment performance, pension and other post-employment benefit liabilities, capital financing, and internal financial oversight.

**RESPONSIBILITIES:**

A. Review and monitor the City's financial condition and economic outlook, including factors that may materially affect revenues, expenditures, reserves, and long-term fiscal sustainability.

B. In accordance with Sections 504 and 1101 of the City Charter, review the City Manager's proposed operating budget and give recommendations to the City Manager. Any changes the Committee recommends to the City Manager's Budget shall be provided in writing to the City Council along with the budget presented by the City Manager.

C. Review the final City Manager's operating budget and make recommendations for City Council consideration.

D. Review the City's Long-Range Financial Forecast and provide recommendations to promote long-term fiscal sustainability.

E. Review major long-term capital and infrastructure financing plans, including but not limited to the Facilities Financing Plan and Harbor and Beaches Master Plan, to assess alignment with the City's budget and financial capacity.

F. Review the City's long-term pension and other post-employment benefit obligations, including the CalPERS Pension Liability reports and the OPEB Actuarial Valuation Report, and provide recommendations regarding funding strategies and policies.

G. Review the City's Internal Audit Program and receive reports regarding significant audit findings, internal control matters, and management responses.

H. When requested by the City Council, make

AMENDED 3.26

recommendations to the City Council regarding any other matter affecting the financial health and fiscal sustainability of the City.

AMENDED 3.9.26

# Attachment B

Tentative Finance Committee & Council Review Schedule

**Tentative Finance Committee & Council Review Schedule**

| ITEM FOR REVIEW | COMMITTEE CONSIDERATION | CITY COUNCIL REVIEW |
|---|---|---|
| **Financial Statement Auditor's Communication** | N/A | January |
| **Economic Development Update** | February | As Needed |
| **General Fund and Tidelands Long Range Financial Forecast Update** | February | As Needed |
| **Facilities Financing Plan and Harbor & Beaches Master Plan** | February | Planning Session |
| **Second Quarter Budget Update** | February | February-March |
| **Departmental Overviews** | N/A | As Needed |
| **Fee Study Update** | N/A | April-May |
| **Overview of Proposed Revenues and Expenditures for Next Year's Budget** | April | May-June |
| **Committee Recommendation to Council for Next Year's Budget** | May | N/A |
| **Third Quarter Budget Update** | May | May-June |
| **Review of Investment Performance** | N/A | September |
| **Investment Policy Review** | N/A | September-October |
| **Year-End Budget Results and Surplus Allocation** | October | October-November |
| **First Quarter Budget Update** | November | November-December |
| **Internal Audit Program Update** | November | As Needed |
| **OPEB Actuarial Valuation Report Update** | November | N/A |
| **CalPERS & Pension Trust Update** | November | March-April |

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 6

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | David A. Webb, Public Works Director - 949-644-3311, dawebb@newportbeachca.gov |
| **PREPARED BY:** | Andy Tran, Assistant City Engineer - 949-644-3315, atran@newportbeachca.gov |
| **TITLE:** | Street Pavement Repair Program Fiscal Year 2025-26 – Award of Contract No. 9946-1 (26R03) |


**ABSTRACT:**

The City of Newport Beach received construction bids for the Street Pavement Repair Program Fiscal Year 2025-26 project and requests City Council approval to award the construction contract to Onyx Paving Company, Inc. of Yorba Linda. The project will remove and replace deteriorated asphalt pavement in the Eastbluff, North Ford, Santa Ana Heights, Bayview Heights and Airport Area communities, in addition to various City parks.


**RECOMMENDATIONS:**

a) Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(c), Class 1 (maintenance of existing public facilities involving negligible or no expansion of use) of the CEQA Guidelines, because this project has no potential to have a significant effect on the environment;

b) Approve the project plans and specifications;

c) Approve Budget Amendment No. 26-057 appropriating $224,200.15 in increased expenditures in Account No. 01201927-980000-26R03 from the General Fund CIP unappropriated fund balance, $3,333 in new revenue and expenditures from Irvine Ranch Water District to Account Nos. 13501-431220-26R03 and 13501-980000-26R03, respectively and $18,666 in new revenue and expenditures from Orange County Sanitation District to Account Nos. 13501-431075-26R03 and 13501-980000-26R03, respectively;

d) Award Contract No. 9946-1 to Onyx Paving Company, Inc. for the total bid price of $1,082,000 for the Street Pavement Repair Program FY 2025-26 project, and authorize the Mayor and City Clerk to execute the contract; and

e) Establish a contingency of $110,000 (approximately 10% of the total bid) to cover the cost of unforeseen work not included in the original contract.

**DISCUSSION:**

The proposed project is located in the Eastbluff, North Ford, Santa Ana Heights, Bayview Heights and Airport Area communities, in addition to various City parks. Proposed improvements include reconstructing isolated portions of deteriorated asphalt concrete pavement, lowering and raising manhole frames, replacing utility boxes and lids, replacing and resetting survey monument boxes, and installing new traffic striping. These improvements are needed to prepare for the upcoming annual slurry seal program, which will be in the same communities.

At 10 a.m. on February 10, 2026, the City Clerk opened and read the following bids for this project:

| | BIDDER | TOTAL BID AMOUNT |
|---|---|---|
| Low | Onyx Paving Company, Inc. | $ 1,082,000 |
| 2nd | LCR Earthwork & Engineering, Corp. | $ 1,186,850 |
| 3rd | Hardy & Harper, Inc. | $ 1,332,000 |
| 4th | All American Asphalt, Inc. | $ 1,334,720 |
| 5th | R.J. Noble Company | $ 1,427,945 |
| 6th | Sequel Contractors, Inc. | $ 1,447,400 |
| 7th | Van Engineering, Inc. | $ 1,620,800 |
| 8th | Excel Paving | $ 1,874,530 |
| 9th | Paveco Construction | $ 1,967,530 |

The City received nine bids. The low bidder, Onyx Paving Company, Inc., possesses a California State Contractor's License Classification "A", as required by the project specifications. A review of references for Onyx Paving Company, Inc. shows satisfactory completion of similar contracts for other municipalities.

Onyx Paving Company, Inc.'s bid was 4% below the engineer's estimate of $1,127,000. The difference between the low bid and the engineer's estimate is negligible. Pursuant to the contract specifications, the contractor will have 40 consecutive working days to complete the project. Work is scheduled to start in April 2026.

The project plans and specifications will be available for review at the March 10, 2026, City Council meeting or upon request.

**FISCAL IMPACT:**

Upon approval of the proposed budget amendment, the adopted Capital Improvement Program budget includes sufficient funding for the award of this contract. The budget amendment appropriates $224,200.15 in increased expenditures from the General Fund Capital Improvement Program (CIP) unappropriated fund balance, $3,333 in contributions from the Irvine Ranch Water District (IRWD), and $18,666 in contributions from the Orange County Sanitation District (OC San). The following funds will be expended:

| Account Description | Account Number | | Amount |
|---|---|---|---|
| General Fund CIP | 01201927-980000-25R03 | $ | 73,186.16 |
| General Fund CIP | 01201927-980000-26R03 | $ | 1,092,818.84 |
| Water Capital | 70201-980000-24R09 | $ | 20,470.32 |
| Water Capital | 70201-980000-26R09 | $ | 2,860.68 |
| Wastewater Enterprise | 71101-980000-24R09 | $ | 16,665.00 |
| OC San Contribution Fund | 13501-980000-26R03 | $ | 18,666.00 |
| IRWD Contribution Fund | 13501-980000-26R03 | $ | 3,333.00 |
| | **Total:** | **$** | **1,228,000.00** |

Proposed fund uses are as follows:

| Vendor | Purpose | | Amount |
|---|---|---|---|
| Onyx Paving Company, Inc. | Construction Contract | $ | 1,082,000.00 |
| Onyx Paving Company, Inc. | Construction Contingency | $ | 110,000.00 |
| Harrington Geotechnical, Inc. | Materials Testing | $ | 33,400.00 |
| Various | Printing & Incidentals | $ | 2,600.00 |
| | **Total:** | **$** | **1,228,000.00** |

Water and Wastewater Enterprise funds generate revenue primarily through water and sewer rates collected from service users. The Orange County Sanitation District and Irvine Ranch Water District contributions will be used to reimburse the City for improvements to their facilities.

Staff recommends establishing $110,000 (approximately 10% of the total bid) for contingency purposes and unforeseen conditions associated with construction.

## ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301(c), Class 1 (maintenance of existing public facilities involving negligible or no expansion of use) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because this project has no potential to have a significant effect on the environment.

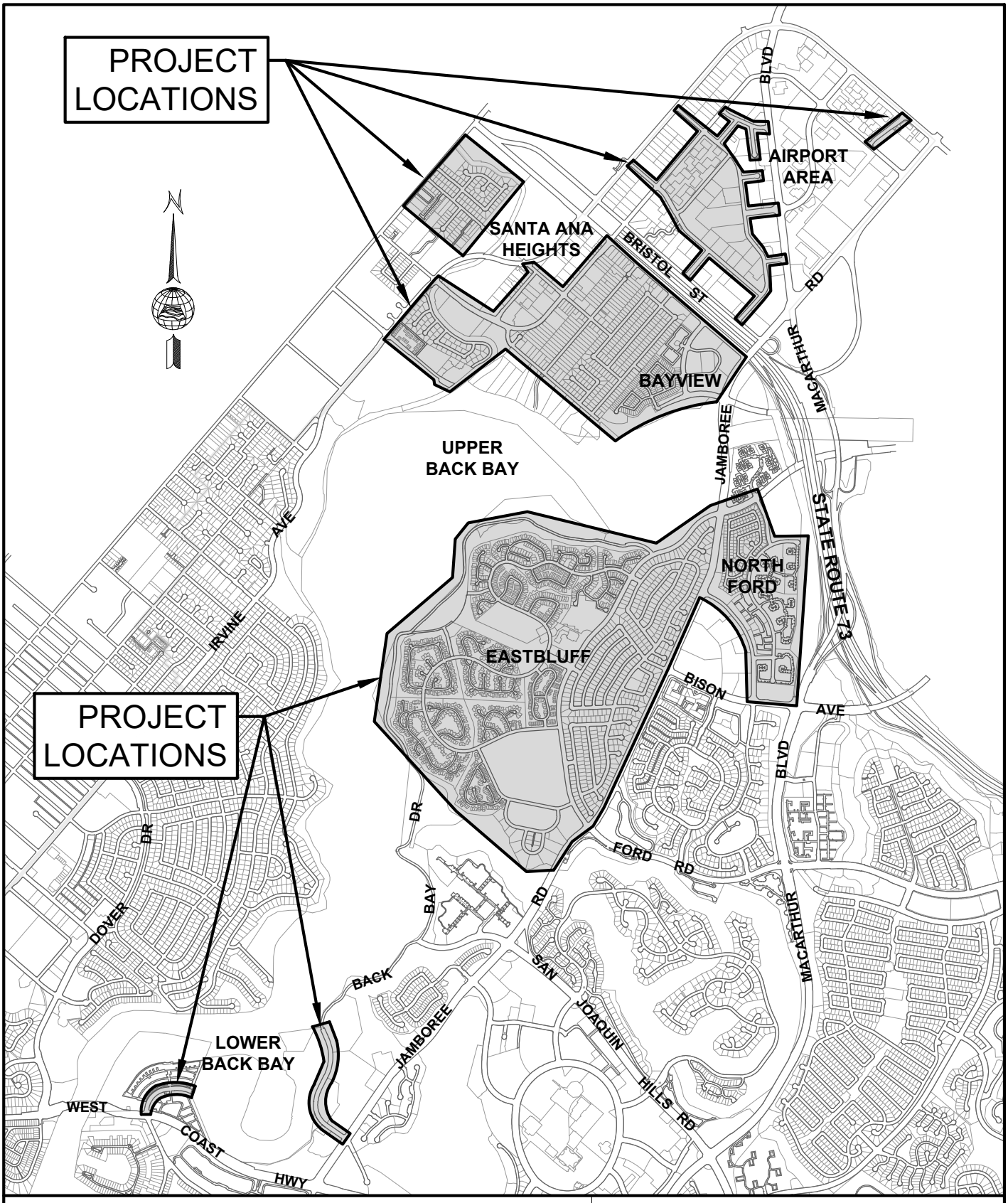
## NOTICING:

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

## ATTACHMENTS:

Attachment A – Location Map
Attachment B – Budget Amendment

ATTACHMENT A




# STREET PAVEMENT REPAIR PROGRAM FY 2025-26 LOCATION MAP

CITY OF NEWPORT BEACH
PUBLIC WORKS DEPARTMENT

| C-9946-1 | 26R03 | 03/10/2026 |
|---|---|---|

I:\Users\PBW\Shared\Contracts\FY25-26 CURRENT\200_STREET_DRAIN\Street Pvmt Rpr Prog FY 25-26 C-9946-1_26R03\COUNCIL MEMOS\AOC\Location Map_9946-1.dwg 02/13/26 - 8:17am DJordan

Attachment B

# City of Newport Beach
## BUDGET AMENDMENT
2025-26

**BA#: 26-057**

Department: Public Works

Requestor: Theresa Schweitzer

**ONE TIME:** ☑ Yes ☐ No

☐ **CITY MANAGER'S APPROVAL ONLY**

☑ **COUNCIL APPROVAL REQUIRED**

| *Approvals* | | |
|---|---|---|
| **City Clerk:** | | **Date** |
| **Administrative Services Director:** | James Alzman | **Date** 2/23/26 |
| **Budget Manager:** | | **Date** 2/19/26 |

**EXPLANATION FOR REQUEST:**

To increase revenue and expenditure appropriations related to contributions from the Irvine Ranch Water District and Orange County Sanitation District for the Street Pavement Repair Program project 26R03. Additionally, expenditure appropriations would increase for the project from the General Fund CIP unappropriated fund balance.

☐ from existing budget appropriations
☑ from additional estimated revenues
☑ from unappropriated fund balance

**REVENUES**

| Fund # | Org | Object | Project | Description | Increase or (Decrease) $ |
|---|---|---|---|---|---|
| 135 | 13501 | 431220 | 26R03 | CONTRIBUTIONS FUND CIP - IRVINE RANCH WATER DIST | 3,333.00 |
| 135 | 13501 | 431075 | 26R03 | CONTRIBUTIONS FUND CIP - OC SANITATION DST CONTRIB | 18,666.00 |
| | | | | - | |
| | | | | - | |
| | | | | - | |
| | | | | Subtotal | $ 21,999.00 |

**EXPENDITURES**

| Fund # | Org | Object | Project | Description | Increase or (Decrease) $ |
|---|---|---|---|---|---|
| 012 | 01201927 | 980000 | 26R03 | STREET - CIP EXPENDITURES FOR GL | 224,200.15 |
| 135 | 13501 | 980000 | 26R03 | CONTRIBUTIONS FUND CIP - CIP EXPENDITURES FOR GL | 21,999.00 |
| | | | | - | |
| | | | | - | |
| | | | | - | |
| | | | | Subtotal | $ 246,199.15 |

**FUND BALANCE**

| Fund # | Object | Description | Increase or (Decrease) $ |
|---|---|---|---|
| 012 | 300000 | GENERAL FUND CAPITAL PROJECTS - FUND BALANCE CONTROL | **(224,200.15)** |
| 135 | 300000 | CONTRIBUTIONS FUND - FUND BALANCE CONTROL | - |
| | | - | |
| | | - | |
| | | Subtotal | **$ (224,200.15)** |

***Fund Balance Change Required***

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No.7

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | David A. Webb, Public Works Director - 949-644-3311, dawebb@newportbeachca.gov |
| **PREPARED BY:** | Kyle Brodowski, Equipment and Facilities Superintendent - 949-718-3464, kbrodowski@newportbeachca.gov |
| **TITLE:** | Approval of Amendment No. Two to Professional Services Agreement with SafeRock for Restroom Security Services (Contract No. 9576-1) |


**ABSTRACT:**

The City of Newport Beach's agreement with SafeRock for restroom security services expires April 14, 2026, and is nearing its current not-to-exceed funding limit. Staff requests City Council approval of an amendment increasing the total contract amount by $40,000 for a new total not-to-exceed amount of $160,000 and extending the term of the agreement to September 30, 2026 (amended 03/09/2026 to reflect correct date), to finalize operations and the City's transition to automatic locks.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Approve Amendment No. Two to the Professional Services Agreement with SafeRock for Restroom Security Services for an additional $40,000 for a new not-to-exceed amount of $160,000 and extend the term of the agreement to September 14, 2026, and authorize the Mayor and City Clerk to execute the agreement.

**DISCUSSION:**

The City currently contracts with SafeRock to provide public restroom security services at City parks and beach locations. These services include nightly restroom patrols to inspect restrooms before and during closure to ensure that no individuals remain inside before the facilities are locked.

City public restrooms are closed daily at 10 p.m. and reopen the following morning at 6 a.m. Security patrols conducted before closure have proven effective in preventing overnight occupancy and deterring vandalism. Since implementation of these services,

incidents of restroom vandalism and unauthorized overnight use have significantly reduced.

The City recently contracted with Modern General Contractors to construct and install automatic locking security gates at public restrooms in the parks and at beach locations. Once completed, these gates should eliminate the need for supplemental nightly security patrols to secure the restrooms. The automatic gate installation project is scheduled for completion in June 2026. To ensure a smooth transition to the automated system, staff requests authorization to extend the agreement with SafeRock through September 14, 2026. Staff's intent would be to stop the supplemental security services at the conclusion of the gate retrofit project, but would like to maintain the ability to use the contracted service through September should a need arise over the summer. This will also allow time for staff to evaluate the new system before fully closing out the nightly patrol services contract.

**FISCAL IMPACT:**

The adopted budget includes sufficient funding for these additional services and will be expensed to the Building Maintenance and Repair account in the Public Works Department, 0108541-811017.

**ENVIRONMENTAL REVIEW:**

Staff recommends the City Council find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section [insert exemption section number (short description of section)] of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential to have a significant effect on the environment.

**NOTICING:**

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

**ATTACHMENT:**

Attachment A – Professional Services Agreement

# AMENDMENT NO. TWO TO PROFESSIONAL SERVICES AGREEMENT WITH SAFEROCK FOR RESTROOM SECURITY SERVICES

THIS AMENDMENT NO. TWO TO PROFESSIONAL SERVICES AGREEMENT ("Amendment No. Two") is made and entered into as of this 10th day of March, 2026 ("Effective Date"), by and between the CITY OF NEWPORT BEACH, a California municipal corporation and charter city ("City"), and SafeRock, a California corporation ("Consultant"), whose address is 26052 Marguerite Parkway, Mission Viejo, CA 92692, and is made with reference to the following:

## RECITALS

A. On April 15, 2024, City and Consultant entered into a Professional Services Agreement (Contract No. C-9576-1) ("Agreement") to provide restroom security services ("Project").

B. On April 10, 2025, City and Consultant entered into Amendment No. One to the Agreement ("Amendment No. One") to extend the term of the Agreement to April 14, 2026.

C. The parties desire to enter into this Amendment No. Two to extend the term of the Agreement to September 30, 2026, revise the Administration section, update City's contact for notices, and to increase the total compensation for additional Services to be performed.

**NOW, THEREFORE**, it is mutually agreed by and between the undersigned parties as follows:

## 1. TERM

Section 1 of the Agreement is amended in its entirety and replaced with the following: "The term of this Agreement shall commence on the Effective Date, and shall terminate on September 30, 2026, unless terminated earlier as set forth herein."

## 2. COMPENSATION TO CONSULTANT

Section 4.1 of the Agreement is amended in its entirety and replaced with the following: "City shall pay Consultant for the Services on a time and expense not-to-exceed basis in accordance with the provisions of this Section and the Schedule of Billing Rates attached hereto as Exhibit B and incorporated herein by reference. Consultant's compensation for all Work performed in accordance with this Agreement, including all reimbursable items and subconsultant fees, shall not exceed **One Hundred Sixty Thousand Dollars and 00/100 ($160,000.00)**, without prior written authorization from City. No billing rate changes shall be made during the term of this Agreement without the prior written approval of City."

The total amended compensation reflects Consultant's additional compensation for additional Services to be performed in accordance with this Amendment No. Two,

including all reimbursable items and subconsultant fees, in an amount not to exceed **Forty Thousand Dollars and 00/100 ($40,000.00)**.

## 3. ADMINISTRATION

Section 6 of the Agreement is amended in its entirety and replaced with the following: "This Agreement will be administered by The Municipal Operations Department. City's Director of Municipal Operations or designee shall be the Project Administrator and shall have the authority to act for City under this Agreement. The Project Administrator shall represent City in all matters pertaining to the Services to be rendered pursuant to this Agreement."

## 4. NOTICES

Section 25.2 of the Agreement is amended in its entirety and replaced wit the following: "All notices, demands, requests or approvals from Consultant to City shall be addressed to City at:

Attn: Municipal Operations Director and Director of Public Works
Municipal Operation Department and Public Works
100 Civic Center Drive
Newport Beach, CA 92660"

## 5. INTEGRATED CONTRACT

Except as expressly modified herein, all other provisions, terms, and covenants set forth in the Agreement shall remain unchanged and shall be in full force and effect.

**[SIGNATURES ON NEXT PAGE]**

**IN WITNESS WHEREOF**, the parties have caused this Amendment No. Two to be executed on the dates written below.

**APPROVED AS TO FORM:**
**CITY ATTORNEY'S OFFICE**
Date: 2/24/2026

By: _____
Aaron C. Harp
City Attorney

**ATTEST:**
Date: _____

By: _____
Lena Shumway
City Clerk

**CITY OF NEWPORT BEACH,**
a California municipal corporation
Date: _____

By: _____
Lauren Kleiman
Mayor

**CONSULTANT:** SafeRock, a California corporation
Date: _____

By: _____
Mozhgan Tabibada
Chief Executive Officer, Chief Financial Officer, and Secretary

**[END OF SIGNATURES]**

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 8

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | Jason Al-Imam, Adminstrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov |
| **PREPARED BY:** | Trevor Power, Accounting Manager - 949-644-3125, tpower@newportbeachca.gov |
| **TITLE:** | Amendment No. One to Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services |


**ABSTRACT:**

On February 1, 2021, the City of Newport Beach entered into a professional services agreement (PSA) with Hinderliter, De Llamas & Associates (HdL) for sales and use tax consulting services. The services and reports provided by HdL have proven to be robust and valuable in supporting the City's sales tax forecasting and revenue monitoring efforts. Staff recommends City Council approval to extend the agreement for one additional year through December 31, 2026, to ensure continuity of services and to allow time to conduct a formal procurement process or to piggyback off another agency's competitive procurement process.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Approve Amendment No. One to the Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services to extend the term of the agreement to December 31, 2026, revise the schedule of billing rates, and authorize the Mayor and City Clerk to execute the amendment.

**DISCUSSION:**

On February 1, 2021, the City entered into a PSA with HdL to provide sales and use tax consulting services. Staff is seeking City Council approval to extend the term of the agreement through December 31, 2026, to ensure continuity of services and allow time to conduct a formal procurement process or to piggyback off another agency's competitive procurement process.

Throughout the term of the agreement, HdL's performance has been thorough, responsive and valuable in protecting and enhancing the City's sales and use tax revenue

base. HdL provides detailed sales tax revenue analysis, identifies reporting discrepancies, reviews taxpayer allocations, supports audit recovery efforts, and prepares quarterly reports to assist with revenue forecasting and budget development. These services support the City's ability to monitor and maximize legally allocable sales and use tax revenues.

The proposed amendment extends the agreement through December 31, 2026, ensuring uninterrupted services while staff evaluates the long-term needs and completes a competitive procurement process. The amendment also updates the consultant's monthly fee from $850 per month ($10,200 annually), as established under the original agreement, to $900 per month ($10,800 annually) for calendar year 2026. The modest adjustment reflects updated service costs and continued comprehensive sales and use tax consulting support.

**FISCAL IMPACT:**

The annual cost will increase $600, from $10,200 to $10,800 for calendar year 2026. The Administrative Services Department's operating budget can absorb this increase, and no increase to the original contract amount or appropriation is needed.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

**ATTACHMENT:**

Attachment A – Amendment No. One with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services

**ATTACHMENT A**

# AMENDMENT NO. ONE TO PROFESSIONAL SERVICES AGREEMENT WITH HINDERLITER, DE LLAMAS & ASSOCIATES FOR SALES AND USE TAX CONSULTING SERVICES

THIS AMENDMENT NO. ONE TO PROFESSIONAL SERVICES AGREEMENT ("Amendment No. One") is made and entered into as of this 10th day of March, 2026 ("Effective Date"), by and between the CITY OF NEWPORT BEACH, a California municipal corporation and charter city ("City"), and HINDERLITER, DE LLAMAS & ASSOCIATES, a California corporation ("Consultant"), whose address is 120 South State College Boulevard, Suite 200, Brea, CA 92821, and is made with reference to the following:

## RECITALS

A. On February 1, 2021, City and Consultant entered into a Professional Services Agreement (Contract No. C-8658-1) ("Agreement") to provide sales and use tax consulting services ("Project").

B. The parties desire to enter into this Amendment No. One to extend the term of the Agreement to December 31, 2026, update the Administration section, update City's contact for legal notices, revise the schedule of billing rates, and revise the insurance requirements.

**NOW, THEREFORE**, it is mutually agreed by and between the undersigned parties as follows:

## 1. TERM

Section 1 of the Agreement is amended in its entirety and replaced with the following: "The term of this Agreement shall commence on the Effective Date, and shall terminate on December 31, 2026, unless terminated earlier as set forth herein."

## 2. ADMINISTRATION

Section 6 of the Agreement is amended in its entirety and replaced with the following: "This Agreement will be administered by the Administrative Services Department. City's Administrative Services Director or designee shall be the Project Administrator and shall have the authority to act for City under this Agreement. The Project Administrator shall represent City in all matters pertaining to the Services to be rendered pursuant to this Agreement."

## 3. NOTICES

Section 25.2 of the Agreement is amended in its entirety and replaced with the following: "All notices, demands, requests or approvals from Consultant to City shall be addressed to City at:

Attn: Administrative Services Director
Administrative Services Department
100 Civic Center Drive
Newport Beach, CA 92660"

## 4. COMPENSATION TO CONSULTANT

Exhibit B to the Agreement shall be supplemented to include the Schedule of Billing Rates, attached hereto as Exhibit B and incorporated herein by reference. Exhibit B to the Agreement and Exhibit B to Amendment No. shall collectively be known as "Exhibit B."

## 5. INSURANCE

As of the Effective Date of this Amendment No. One, Exhibit C of the Agreement shall be deleted in its entirety and replaced with Exhibit C, attached hereto and incorporated herein by reference. Any reference to Exhibit C in the Agreement and Amendment No. One shall hereafter refer to "Exhibit C" attached hereto.

## 6. INTEGRATED CONTRACT

Except as expressly modified herein, all other provisions, terms, and covenants set forth in the Agreement shall remain unchanged and shall be in full force and effect

## 7. RETROACTIVE APPLICATION; REVIVAL

This Amendment shall be retroactive to the date of expiration of the Agreement, such that the Agreement is revived, reinstated and restored to full force and effect as if it had not expired. All of the provisions of the Agreement shall continue in full force and effect as modified by this Amendment.

**[SIGNATURES ON NEXT PAGE]**

**IN WITNESS WHEREOF**, the parties have caused this Amendment No. One to be executed on the dates written below.

**APPROVED AS TO FORM:**
**CITY ATTORNEY'S OFFICE**
Date: 2/17/26

By: _____
Aaron C. Harp 2-17-26 RJ
City Attorney

**ATTEST:**
Date: _____

By: _____
Lena Shumway
City Clerk

**CITY OF NEWPORT BEACH,**
a California municipal corporation
Date: _____

By: _____
Lauren Kleiman
Mayor

**CONSULTANT: HINDERLITER, DE LLAMAS & ASSOCIATES**, a California corporation
Date: _____

By: _____
Robert Andrew Nickerson
President and Chief Executive Officer

Date: _____

By: _____
Richard Park
Chief Financial Officer

**[END OF SIGNATURES]**

Attachments: Exhibit B – Schedule of Billing Rates
Exhibit C – Insurance Requirements

# EXHIBIT B
# SCHEDULE OF BILLING RATES

**CITY OF NEWPORT BEACH**

**FIRST AMENDMENT TO**

**AGREEMENT FOR SALES AND USE TAX SERVICES**

Section 2 of Exhibit B "Schedule of Bill Rates" in the Agreement is amended and replaced by the following:

"2. Sales, Use Tax Management Services (Quarterly Delivery Meetings)

This service includes access to the City's sales tax database through our web-based software and quarterly meetings with one of our principals. In preparation for each meeting, a principal of the firm analyzes the City's data in detail and meets with appropriate City officials to review trends, point out businesses that should be contacted as part of the City's business retention program and discuss and make recommendations regarding the economic and budget implications of the quarter's data. Also included is a non-confidential newsletter that can be shared with your council and the public. The price for this is $900 per month."

Remaining Provisions of Exhibit B. Except as otherwise specifically set forth in this First Amendment, the remaining provisions of Exhibit B of the Agreement shall remain in full force and effect.

**EXHIBIT C**
**INSURANCE REQUIREMENTS – PROFESSIONAL SERVICES**

1. Provision of Insurance. Without limiting Consultant's indemnification of City, and prior to commencement of Work, Consultant shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City. Consultant agrees to provide insurance in accordance with requirements set forth here. If Consultant uses existing coverage to comply and that coverage does not meet these requirements, Consultant agrees to amend, supplement or endorse the existing coverage.

2. Acceptable Insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the City's Risk Manager.

3. Coverage Requirements.

   A. Workers' Compensation Insurance. Consultant shall maintain Workers' Compensation Insurance, statutory limits, and Employer's Liability Insurance with limits of at least one million dollars ($1,000,000) each accident for bodily injury by accident and each employee for bodily injury by disease in accordance with the laws of the State of California, Section 3700 of the Labor Code.

   Consultant shall submit to City, along with the certificate of insurance, a Waiver of Subrogation endorsement in favor of City, its City Council, boards and commissions, officers, agents, volunteers and employees.

   B. General Liability Insurance. Consultant shall maintain commercial general liability insurance, and if necessary umbrella liability insurance, with coverage at least as broad as provided by Insurance Services Office form CG 00 01, in an amount not less than two million dollars ($2,000,000) per occurrence, four million dollars ($4,000,000) general aggregate. The policy shall cover liability arising from premises, operations, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

   C. Automobile Liability Insurance. Consultant shall maintain automobile insurance at least as broad as Insurance Services Office form CA 00 01 covering bodily injury and property damage for all activities of Consultant arising out of or in connection with Work to be performed under this Agreement, including coverage for any owned, hired, non-owned or rented

vehicles, in an amount not less than one million dollars ($1,000,000) combined single limit each accident.

D. Professional Liability (Errors & Omissions) Insurance. Consultant shall maintain professional liability insurance that covers the Services to be performed in connection with this Agreement, in the minimum amount of two million dollars ($2,000,000) per claim and four million dollars ($4,000,000) in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the Effective Date of this Agreement and Consultant agrees to maintain continuous coverage through a period no less than three years after completion of the Services required by this Agreement.

4. Other Insurance Requirements. The policies are to contain, or be endorsed to contain, the following provisions:

A. Waiver of Subrogation. All insurance coverage maintained or procured pursuant to this Agreement shall be endorsed to waive subrogation against City, its City Council, boards and commissions, officers, agents, volunteers and employees or shall specifically allow Consultant or others providing insurance evidence in compliance with these requirements to waive their right of recovery prior to a loss. Consultant hereby waives its own right of recovery against City, and shall require similar written express waivers from each of its subconsultants.

B. Additional Insured Status. All liability policies including general liability, excess liability, pollution liability, and automobile liability, if required, but not including professional liability, shall provide or be endorsed to provide that City, its City Council, boards and commissions, officers, agents, volunteers and employees shall be included as insureds under such policies.

C. Primary and Non Contributory. All liability coverage shall apply on a primary basis and shall not require contribution from any insurance or self-insurance maintained by City.

D. Notice of Cancellation. All policies shall provide City with thirty (30) calendar days' notice of cancellation (except for nonpayment for which ten (10) calendar days' notice is required) or nonrenewal of coverage for each required coverage.

5. Additional Agreements Between the Parties. The parties hereby agree to the following:

A. Evidence of Insurance. Consultant shall provide certificates of insurance to City as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation and other endorsements as specified herein for each coverage. Insurance certificates and endorsement must be approved by City's Risk Manager prior to commencement of performance. Current certification of insurance shall be

kept on file with City at all times during the term of this Agreement. The certificates and endorsements for each insurance policy shall be signed by a person authorized by that insurer to bind coverage on its behalf. At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance coverage has been renewed or extended shall be filed with the City. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the City evidence of insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies. City reserves the right to require complete, certified copies of all required insurance policies, at any time.

B. City's Right to Revise Requirements. City reserves the right at any time during the term of the Agreement to change the amounts and types of insurance required by giving Consultant sixty (60) calendar days' advance written notice of such change. If such change results in substantial additional cost to Consultant, City and Consultant may renegotiate Consultant's compensation.

C. Right to Review Subcontracts. Consultant agrees that upon request, all agreements with subcontractors or others with whom Consultant enters into contracts with on behalf of City will be submitted to City for review. Failure of City to request copies of such agreements will not impose any liability on City, or its employees. Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City is an additional insured on insurance required from subcontractors. For CGL coverage, subcontractors shall provide coverage with a format at least as broad as CG 20 38 04 13.

D. Enforcement of Agreement Provisions. Consultant acknowledges and agrees that any actual or alleged failure on the part of City to inform Consultant of non-compliance with any requirement imposes no additional obligations on City nor does it waive any rights hereunder.

E. Requirements not Limiting. Requirements of specific coverage features or limits contained in this Section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the Consultant maintains higher limits than the minimums shown above, the City requires and shall be entitled to coverage for higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City.

F. Self-insured Retentions. Any self-insured retentions must be declared to and approved by City. City reserves the right to require that self-insured

retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these requirements unless approved by City.

G. City Remedies for Non-Compliance. If Consultant or any subconsultant fails to provide and maintain insurance as required herein, then City shall have the right but not the obligation, to purchase such insurance, to terminate this Agreement, or to suspend Consultant's right to proceed until proper evidence of insurance is provided. Any amounts paid by City shall, at City's sole option, be deducted from amounts payable to Consultant or reimbursed by Consultant upon demand.

H. Timely Notice of Claims. Consultant shall give City prompt and timely notice of claims made or suits instituted that arise out of or result from Consultant's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies. City assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve City.

I. Consultant's Insurance. Consultant shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection and prosecution of the Work.

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 9

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

**FROM:** Jason Al-Imam, Administrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov

**PREPARED BY:** Jessica Nguyen, Budget Manager - 949-644-3192, jnguyen@newportbeachca.gov

**TITLE:** Second Quarter Budget Update

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**ABSTRACT:**

The Administrative Services Department prepares quarterly financial reports to review the status of revenues and expenditures for the City of Newport Beach's General Fund and to monitor budgetary trends across other City funds. This report presents information on revenues, expenditures and the estimated fund balance for the second quarter of Fiscal Year 2025–26.

The second quarter financial report for FY 2025–26 provides an analysis of the City's financial activity from October through December 2025. Based on information available through the end of the second quarter, an unrestricted General Fund operating surplus of $12.9 million is projected for FY 2025–26.

This report was reviewed and discussed with the Finance Committee on February 12, 2026.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Receive and file this report.

**DISCUSSION:**

**Economic Overview**

Property tax, the City's largest revenue source, is experiencing projected growth by 5.8% in FY 2025-26, driven primarily by strong property sales and rising median home prices.

Sales tax, the City's second largest revenue source and approximately 15% of General Fund revenues, grew 5.7% in FY 2024–25 and is projected to increase 3.0% in FY 2025–26, reflecting a resilient local economy.

Transient Occupancy Tax (TOT), the City's third-largest revenue source, is declining in FY 2025-26 due to both continued softness in international tourism and commercial hotel activity and the absence of a one-time increase in hotel stays that occurred in the prior year. In FY 2024-25, TOT demand was temporarily elevated by regional displacement following the Los Angeles wildfires, which resulted in atypically high hotel occupancy. As this non-recurring demand has subsided and travel activity has returned to more typical levels, TOT revenues are projected to decrease year over year.

Overall, the City's diverse and stable revenue base, coupled with prudent fiscal management, positions it well to maintain long-term financial sustainability.

**General Fund Revenues**

General Fund revenues are projected to end the year by approximately 0.27%, or $0.9 million, higher than projected in the first quarter. This is primarily due to increases in the following categories: sales tax, license and permits, property income, miscellaneous revenues, fines and penalties. Projections for key revenue categories have been updated based on current economic conditions and revenue forecasts.

The table below summarizes the changes to projected General Fund revenues versus the quarter one projected amounts for FY 2025–26. Details explaining the reasons for the material variances follow.

**FY 2025-26 Projected General Fund Revenues**

| Revenues by Category | Revised Budget | A Q1 Projected Actuals | B Q2 Projected Actuals | C = B - A Variance | D = C/B % Variance |
|---|---|---|---|---|---|
| Property Taxes | 163,128,525 | 163,128,525 | 163,128,525 | - | 0.00% |
| Sales Tax | 48,091,080 | 48,091,080 | 48,793,625 | 702,545 | 1.44% |
| Transient Occupancy Tax* | 33,600,771 | 33,747,971 | 32,821,827 | (926,144) | -2.82% |
| Other Taxes | 10,318,398 | 10,318,398 | 10,318,398 | - | 0.00% |
| Service Fees & Charges | 26,121,476 | 26,569,121 | 26,492,369 | (76,752) | -0.29% |
| Parking Revenue | 8,976,102 | 8,976,102 | 8,924,261 | (51,841) | -0.58% |
| Licenses and Permits | 5,598,575 | 5,757,997 | 6,213,317 | 455,320 | 7.33% |
| Property Income | 9,552,739 | 9,544,279 | 10,117,997 | 573,718 | 5.67% |
| Fines & Penalties | 4,169,867 | 4,324,224 | 4,431,438 | 107,214 | 2.42% |
| Intergovernmental | 4,943,347 | 4,684,876 | 4,531,502 | (153,374) | -3.38% |
| Investment Earnings | 1,577,249 | 1,577,249 | 1,577,249 | - | 0.00% |
| Misc Revenues | 806,648 | 660,554 | 934,015 | 273,462 | 29.28% |
| Operating Transfers In | 20,753,116 | 20,753,116 | 20,753,116 | - | 0.00% |
| **Total Revenues** | **337,637,893** | **338,133,491** | **339,037,638** | **904,147** | **0.27%** |

*Gross TOT revenues are projected at approximately $39.8 million, consisting of $30.4 million in hotel TOT and $9.4 million in residential TOT. Effective January 1, 2025, VNB's share increased to 23% of hotel TOT and 0% of residential TOT. VNB is projected to receive about $7.0 million, resulting in net TOT revenues of $32.8 million.

**Property Tax** – Property taxes are the City's single largest General Fund revenue and represent approximately 50% of all General Fund revenues. As reported in the first quarter budget update, property tax revenue was projected at $163 million, reflecting an increase of $1.5 million, or 1.3%, over the prior year. Second quarter projections remain consistent with the previous forecast, and no adjustment is recommended. Accordingly, property tax revenues are expected to remain stable for the remainder of the fiscal year, supporting the City's overall General Fund outlook.

**Sales Tax** – The second-largest funding source for the General Fund is sales tax revenue, which accounts for more than 15% of total General Fund revenues. The City's sales tax base is primarily generated from four industry groups: autos and transportation; general consumer goods; restaurants and hotels; and the State and County pools. As reported in the first quarter, sales tax revenue was projected at $48.1 million. However, an updated projection provided by the City's sales tax consultant reflects a 1.4%, or $0.7 million, increase over the first-quarter projection. Overall, sales tax revenue is now estimated at $48.8 million for the current fiscal year, which is $2.9 million, or 6.2%, higher than the prior year. A major contributor to this growth is the autos and transportation sector, which is projected to increase by $1.3 million, or 12.2%, compared to the prior year.

**Transient Occupancy Tax** – The third largest funding source for the General Fund is TOT, making up more than 10% of General Fund revenues. TOT is projected to decline as temporary, non-recurring hotel demand related to Los Angeles wildfire displacement in FY 2024–25 subsides and international tourism and commercial hotel activity remain soft. For FY 2025–26, after distributions to Visit Newport Beach, net General Fund TOT revenues are projected at $32.8 million. This includes a downward revision of $0.9 million (2.8%) from the previous TOT forecast in the first quarter.

**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. Changes in projected amounts are proposed in the following categories:

- Property Income includes City-owned and managed income producing properties, long-term ground leases to concessions, restaurants, hotels and other businesses and organizations, and rental of City facilities to the public. Second quarter projections show a $0.6 million, or 5.67% increase over first quarter projections and are attributed to various properties around the city.
- Licenses and Permits include fees for processing building-related permits, street closure permits, dog licenses, and police tow franchise fees. Budget projections indicate an increase of $0.5 million, or 7.33%, above the first quarter projection. This variance is primarily attributed to higher building and plumbing permits, reflecting an overall increase in residential and commercial development projects.
- Miscellaneous Revenues include restricted revenue, damage to City property, bad debt recoveries, donations and contributions, non-operating revenues such as proceeds from the sale of materials and equipment, and other miscellaneous revenues. This category is projected to be $0.3 million, or 29.3% higher than first

quarter projections. Contributing factors include an increase in one-time receipts.

- Fines & Penalties include parking citation fines collected by the City, administrative citation fines, fines remitted to the City from the County of Orange for vehicle code violations, and false alarm penalties. Second quarter projections are expected to exceed first quarter projections by $0.1 million, or 2.42% due to higher administrative citation fine activity in the Police Department.

**General Fund Expenditures**

The FY 2025-26 General Fund revised expenditure budget totals $351.3 million. Spending trends in FY 2025-26 are generally consistent with prior years and do not indicate any cause for concern. As of quarter two, additional expenditure savings of $1.7 million are projected at this time largely due to year-to-date savings from vacancies.

The following table summarizes budgeted expenditures compared to amounts based on data through the second quarter, along with expenditure savings by budget category. Details highlighting the reasons for the material variances follow.

**FY 2025-26 Projected General Fund Expenditures**

| Expenses by Category | Revised Budget | A Q1 Projected Actuals | B Q2 Projected Actuals | C = A - B Variance | D = C/B % Variance |
|---|---|---|---|---|---|
| Salary & Benefits | 195,963,383 | 193,425,260 | 191,525,260 | 1,900,000 | 0.99% |
| Contract Services | 42,960,522 | 42,485,199 | 41,891,862 | 593,337 | 1.42% |
| Grant Operating | 1,570,592 | 1,108,329 | 1,097,146 | 11,183 | 1.02% |
| Utilities | 4,722,621 | 4,654,138 | 4,966,968 | (312,831) | -6.30% |
| Supplies & Materials | 5,363,627 | 4,945,456 | 5,087,980 | (142,524) | -2.80% |
| Maintenance & Repair | 6,676,879 | 6,518,171 | 6,587,024 | (68,852) | -1.05% |
| Travel & Training | 873,529 | 872,569 | 865,405 | 7,164 | 0.83% |
| General Expenses | 4,700,681 | 4,709,539 | 5,036,800 | (327,261) | -6.50% |
| Internal Svc Charge | 29,444,147 | 29,444,147 | 29,444,147 | - | 0.00% |
| Capital Expenditures | 1,790,189 | 1,504,462 | 1,188,003 | 316,460 | 26.64% |
| Operating Transfers Out | 57,267,367 | 57,007,367 | 57,267,367 | (260,000) | -0.45% |
| **Total Expenditures** | **351,333,538** | **346,674,637** | **344,957,962** | **1,716,675** | **0.50%** |

Significant expenditure budget variances are as follows:

- The revised salary and benefits budget totals $196.0 million. An analysis of second-quarter salary and benefit activity indicates that $1.9 million in personnel savings accrued during the quarter, in addition to the personnel salary savings realized in the first quarter.
- The contract services budget is expected to have $0.6 million in savings. As of the second quarter, the variance is primarily due to timing of projects. As these savings are preliminary, staff will continue to monitor activity to refine projections as additional data becomes available.
- The capital expenditures budgets are trending lower than first quarter projections due to timing of planned project expenditures.
- The utilities, supplies & materials, maintenance & repair, and general expense

budget show a combined $0.9 million in overages due to higher-than-expected consumption related to facility usage, maintenance requirements, and increased operational demand.

**General Fund Sources, Uses, and Projected Surplus**

The City continues to maintain a strong and stable financial position. Conservative budgeting practices and adherence to sound financial policies have supported consistent General Fund operating surpluses and healthy reserve levels over the past several years. These practices position the City to sustain current service levels and strategically allocate surplus resources toward key community priorities. Unrestricted General Fund resources are currently projected to total $12.9 million at the end of FY 2025–26. As in prior years, staff anticipate that additional budget savings will be realized in subsequent quarters as the fiscal year progresses.

**FY 2025-26 Projected General Fund Sources, Uses, and Budget Surplus**

| Category | Revised Budget | A Q1 Projection | B Q2 Projection | C=B-A Variance | D=C/B % Variance |
|---|---|---|---|---|---|
| **Beginning Fund Balance Reserves** | **$ 25,714,088** | **$ 25,714,088** | **$ 25,714,088** | **$ -** | **0.00%** |
| **Operating Resources:** | | | | | |
| Operating Revenues | 316,884,777 | 317,380,375 | 318,284,522 | 904,147 | 0.28% |
| Prior Year Resources Carried Forward | 3,785,541 | 3,785,541 | 3,785,541 | - | 0.00% |
| Transfers In from Other Funds | 20,753,116 | 20,753,116 | 20,753,116 | - | 0.00% |
| Repayment of Advances | 1,250,000 | 1,250,000 | 1,250,000 | - | 0.00% |
| **Total Operating Resources** | **$ 342,673,435** | **$ 343,169,032** | **$ 344,073,180** | **$ 904,147** | **0.26%** |
| **Operating Uses:** | | | | | |
| Operating Expenditures | 294,066,171 | 289,667,270 | 287,690,595 | 1,976,675 | 0.69% |
| Transfers Out | 45,330,867 | 43,229,779 | 43,489,779 | (260,000) | -0.60% |
| **Total Operating Uses** | **$ 339,397,038** | **$ 332,897,049** | **$ 331,180,374** | **$ 1,716,675** | **0.52%** |
| **Net Operating Surplus** | **$ 3,276,397** | **$ 10,271,983** | **$ 12,892,805** | **$ 2,620,822** | **20.33%** |
| **Non-Operating Resources & Uses** | | | | | |
| Use of FY 2024-25 Surplus: | | | | | |
| Purchase of Real Property on Campus Drive | (11,936,500) | (11,936,500) | (11,936,500) | - | 0.00% |
| Transfers out to the FFP | (13,777,588) | (13,777,588) | (13,777,588) | - | 0.00% |
| **Total Non-Operating Resources & Uses** | **$ (25,714,088)** | **$ (25,714,088)** | **$ (25,714,088)** | **$ -** | **0.00%** |
| Net Change in Fund Balance | (22,437,691) | (15,442,105) | (12,821,283) | 2,620,822 | -20.44% |
| **Ending Fund Balance Reserves** | **$ 3,276,397** | **$ 10,271,983** | **$ 12,892,805** | **$ 2,620,822** | **20.33%** |

**Major Funds**

Staff have evaluated the fiscal condition of other major operating funds. An analysis of the budget performance for other major operating funds indicates that a budget adjustment is not necessary and variances between budgeted and actual amounts are within reason.

**FISCAL IMPACT:**

The City projects an unrestricted General Fund surplus of approximately $12.9 million for FY 2025–26, with revenues exceeding budgeted estimates by $0.9 million and

expenditures projected to be $2.6 million below the revised budget. No adjustments to the General Fund or other major operating funds are anticipated at this time.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. 10

| | |
|---|---|
| **TO:** | HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL |
| **FROM:** | Jason Al-Imam, Adminstrative Services Director/Treasurer - 949-644-3126, jalimam@newportbeachca.gov |
| **PREPARED BY:** | Trevor Power, Accounting Manager - 949-644-3125, tpower@newportbeachca.gov |
| **TITLE:** | Financial Statement Audit Results and Related Communication for the Fiscal Year Ended June 30, 2025 |


**ABSTRACT:**

The City of Newport Beach is audited annually by an independent auditing firm, presently Davis Farr LLP. The audit process takes several months, beginning after the books are closed (typically in September) and concluding several months later, once the financial statements have been prepared. On February 12, 2026, the Finance Committee met with representatives of Davis Farr LLP and reviewed the result of the audit in detail. A copy of the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025, is attached to this report. Also attached are the auditors' required communications with the Finance Committee in its capacity as the City's Audit Committee and the auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters.


**RECOMMENDATIONS:**

a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly; and

b) Receive and file.

**DISCUSSION:**

The auditors' opinion letter can be found within the ACFR (Attachment A), which reflects an unmodified or "clean" audit opinion, meaning that the financial statements are presented fairly, in all material respects, and in conformity with generally accepted accounting principles.

The first letter, included as Attachment B, is intended to communicate to the Finance Committee and the City Council matters of particular significance as required by auditing standards.

These include:

- Planned Scope and Timing of the Audit
- Compliance with All Ethics Requirements Regarding Independence
- Significant Risks Identified
- Qualitative Aspects of the City's Significant Accounting Practices
- Significant Unusual Transactions
- Significant Difficulties Encountered During the Audit
- Uncorrected and Corrected Misstatements
- Disagreements with Management
- Representations Requested from Management
- Management Consultations with Other Accountants
- Other Significant Matters Findings, or Issues
- Other Information Included in the Annual Comprehensive Financial Report

The auditors reported no significant unusual transactions, no significant difficulties encountered in connection with the performance of the audit, no material corrected and uncorrected misstatements, no disagreements with management, and no other audit findings or issues.

The second letter, included as Attachment C, is intended to communicate information regarding deficiencies in internal control, instances of non-compliance, and other related matters as required by auditing standards. The auditors did not identify any deficiencies in internal control that would need to be communicated to the Finance Committee, nor did they identify any instances of noncompliance or other matters to report.

The Single Audit, a compliance audit of federally assisted grant programs, is still ongoing. While no audit findings are anticipated as a result of the Single Audit, staff will communicate any findings, should they occur, to the Finance Committee at a future meeting.

**FISCAL IMPACT:**

There is no fiscal impact related to this item.

**ENVIRONMENTAL REVIEW:**

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

**NOTICING:**

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

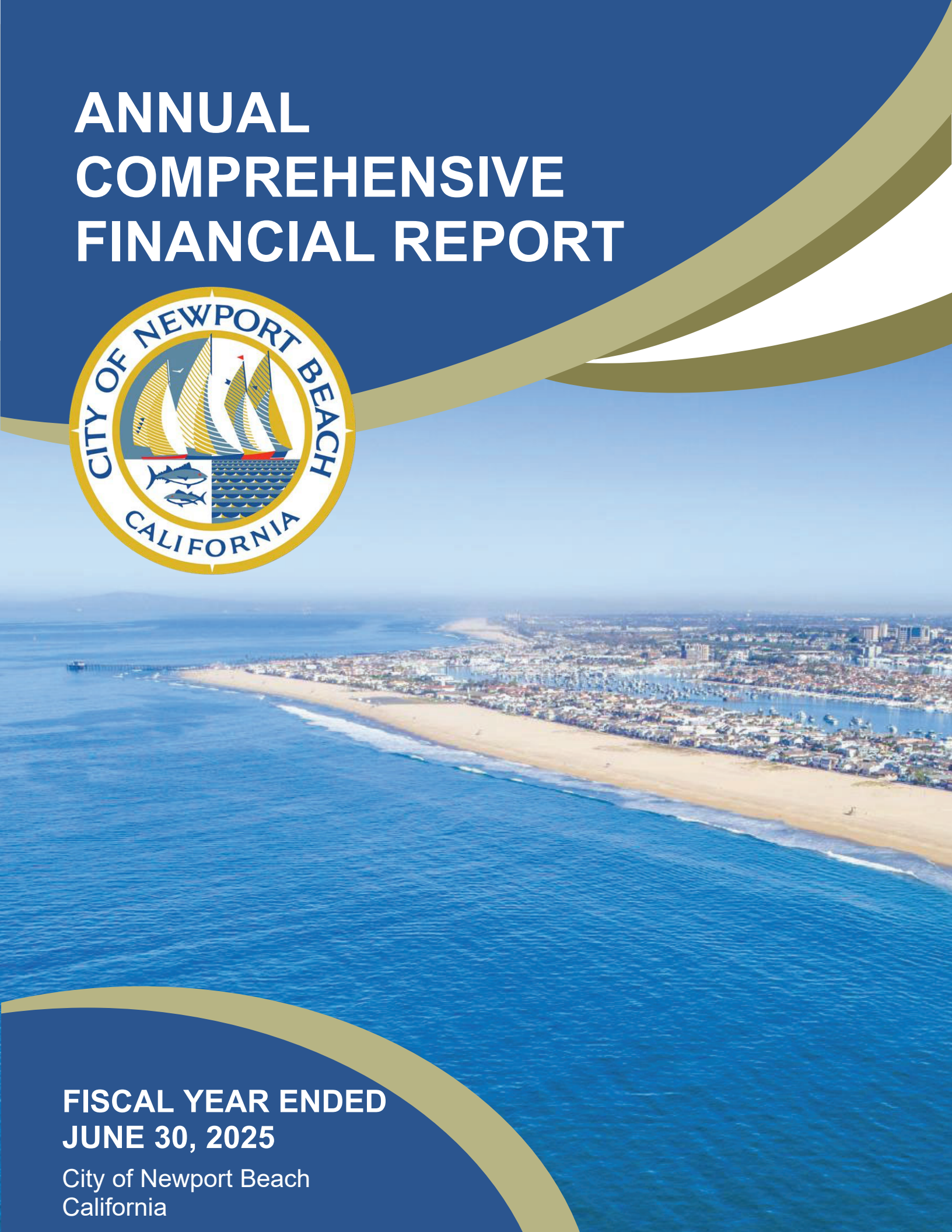
**ATTACHMENTS:**

Attachment A – Annual Comprehensive Financial Report for the Fiscal Year Ended June 30,2025
Attachment B – Auditors' Required Communications with the Audit Committee
Attachment C – Auditors' Report on Internal Control Over Financial Reporting and on Compliance Matters

# Attachment A

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30,2025

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



## FISCAL YEAR ENDED JUNE 30, 2025

City of Newport Beach
California




# *Annual Comprehensive Financial Report*

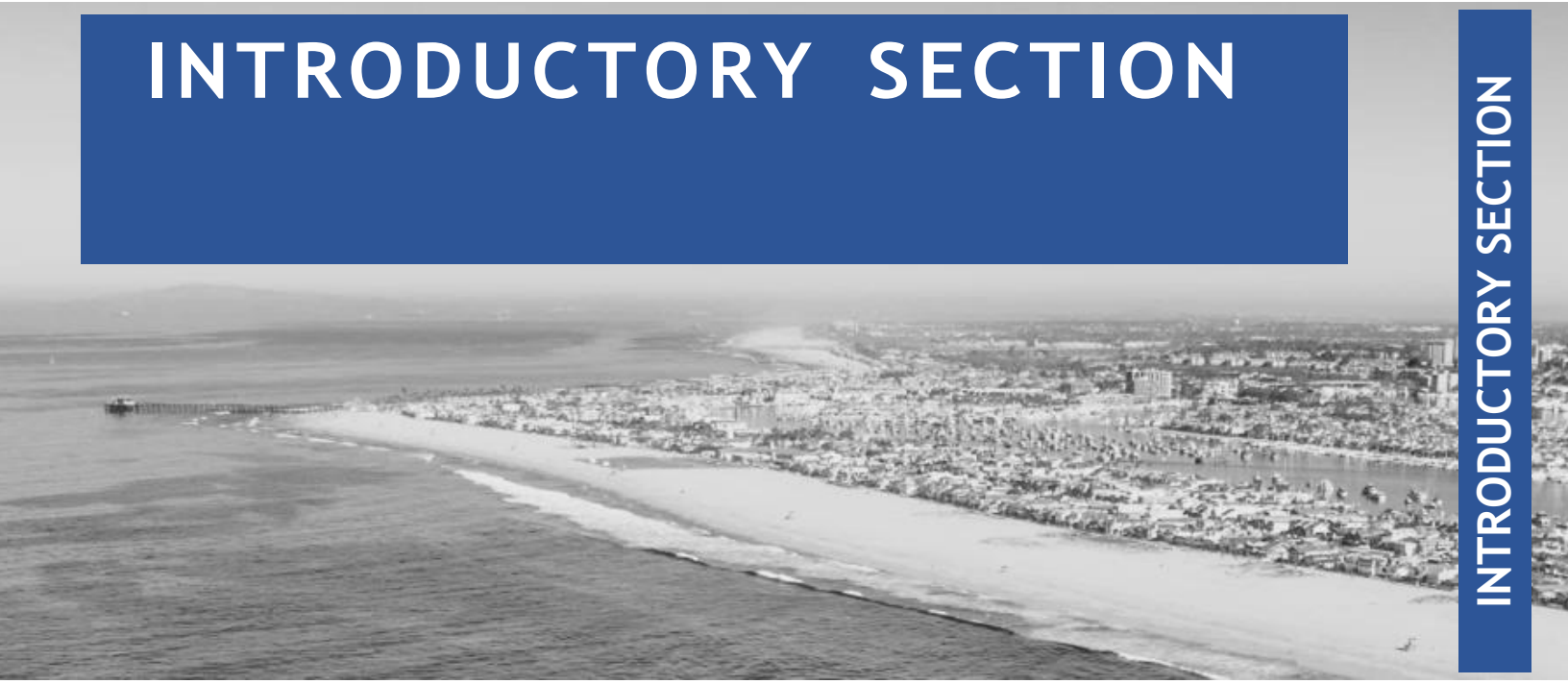
*For the Fiscal Year Ended June 30, 2025*

*Prepared by the Administrative Services Department*
*Jason Al-Imam,*
*Administrative Services and Finance Director/Treasurer*




The City of Newport Beach was incorporated September 1, 1906
The present City Seal was adopted July 22,1957

# INTRODUCTORY SECTION



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# CITY OF NEWPORT BEACH

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025

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(Unaudited)

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CITY OF NEWPORT BEACH
100 Civic Center Drive
Newport Beach, California 92660
949 644-3127 | 949 644-3339 FAX
newportbeachca.gov/finance

January 28, 2026

Honorable Mayor, Members of the City Council,
and Residents of the City of Newport Beach, California

The City Charter and California state law require that the City of Newport Beach (City) issue a complete set of financial statements annually and that an independent firm of certified public accountants audit this report in conformance with generally accepted auditing standards (GAAS). The Annual Comprehensive Financial Report (ACFR) of the City of Newport Beach for the year ended June 30, 2025 is hereby submitted.

The ACFR was prepared in conformance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). This report consists of City management's representations concerning the finances of the City of Newport Beach. Responsibility for the accuracy and completeness of the data presented rests with the City. Management of the City is also responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the information presented in this report is complete and accurate in all material respects, and that it is reported in a manner designed to fairly present the financial position and results of operations of the various activities of the City of Newport Beach.

The City of Newport Beach's financial statements have been audited by DavisFarr LLP, a firm of licensed certified public accountants. The goal of the audit was to provide reasonable assurance that the financial statements of the City of Newport Beach for the Fiscal Year (FY) ended June 30, 2025 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Newport Beach's financial statements for the year ended June 30, 2025 are fairly presented in

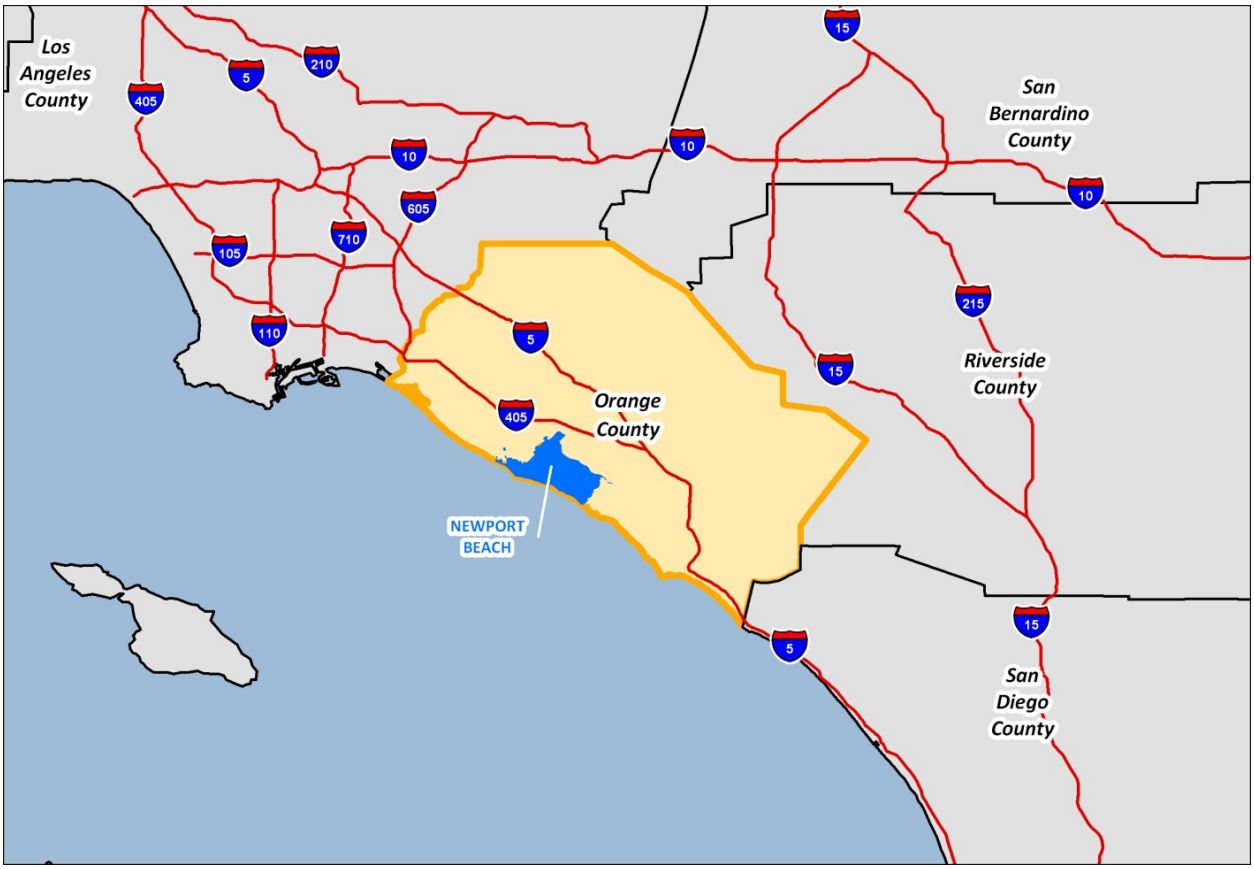
conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

A narrative introduction, overview, and analysis accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Newport Beach MD&A can be found immediately following the report of the independent auditors and will provide further information regarding the format and content of this report.

## PROFILE OF THE CITY

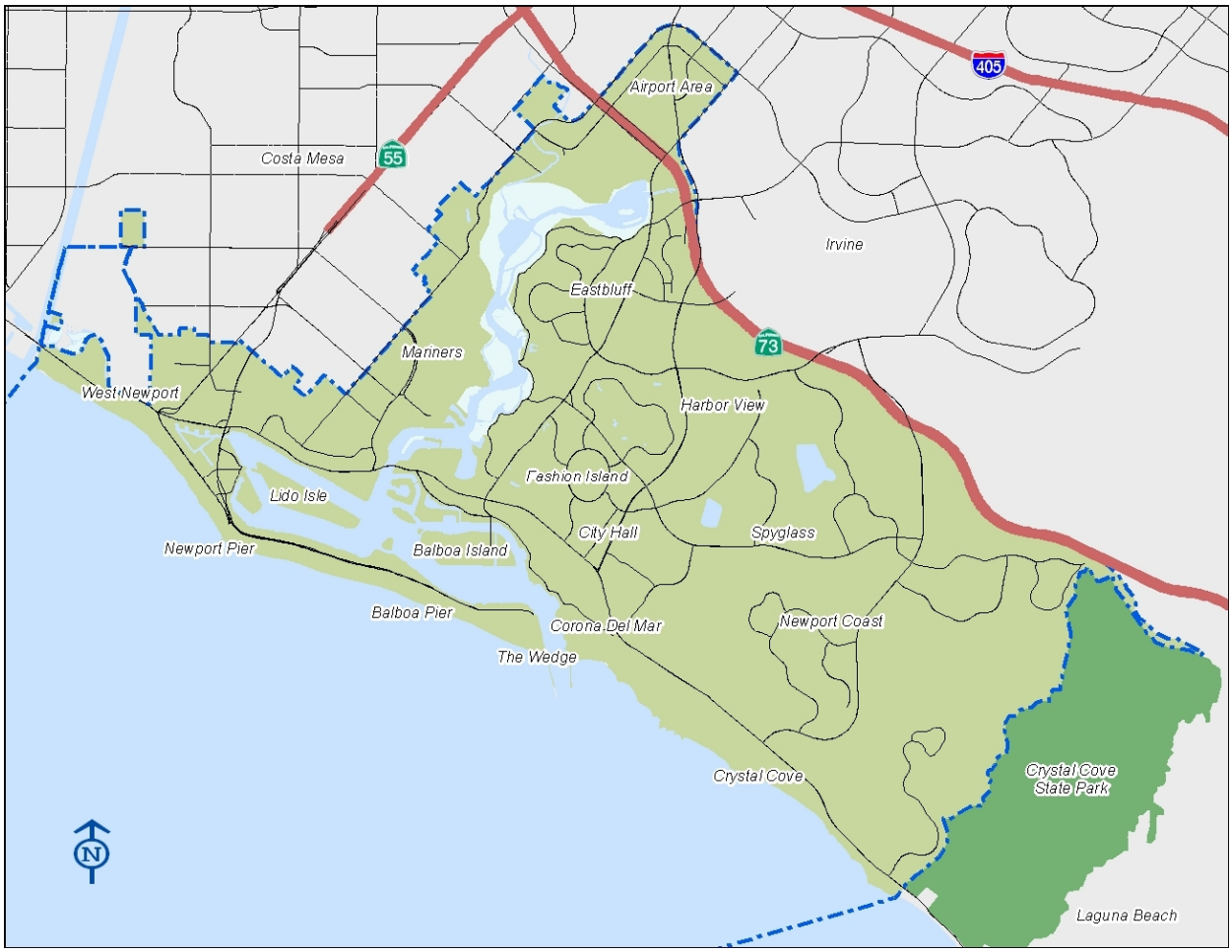
Newport Beach is a community located in the coastal center of Orange County, in the heart of Southern California, with Los Angeles County to the north and San Diego County to the south. There are currently 34 cities within the county. In terms of population, Orange County is the third largest county in California trailing Los Angeles and San Diego. It is the sixth largest county in the nation.

The general vicinity of Newport Beach and Orange County relative to the counties of Los Angeles, San Bernardino, Riverside, and San Diego is illustrated on the map below:



Newport Beach surrounds Newport Bay, well known for its picturesque islands and one of the greatest recreational harbors in the world, accommodating about 4,300 recreational and sports charter boats docked within its 21-square-mile harbor area. The bay area and the ten miles of ocean beach offer outstanding fishing, swimming, surfing, and aquatic sports activities. The City has a permanent population of 82,654, which typically grows to well over 100,000 during the summer months, including 20,000 to 100,000 or more tourists daily. There are fine residential areas, modern shopping facilities, and a quality school system. The University of California, Irvine, is located immediately adjacent to the city, and several other colleges are within a 30-mile radius.

The following map illustrates the communities within Newport Beach; the upper bay, the recreational harbor, and beachfront topography; and the city's location relative to the bordering cities of Costa Mesa to the north, Irvine to the east, and Laguna Beach to the south.




Newport Beach was incorporated on September 1, 1906. The City Charter was originally adopted in 1954 but has been updated and amended over time. The City is governed by seven Council Members, and operates under a Council-Manager form of government. Council Members are elected by district but voted on by the population as a whole, and serve four-year staggered terms. The Mayor is selected by the City Council from among its membership and serves a one-year term. The City Council is responsible for, among

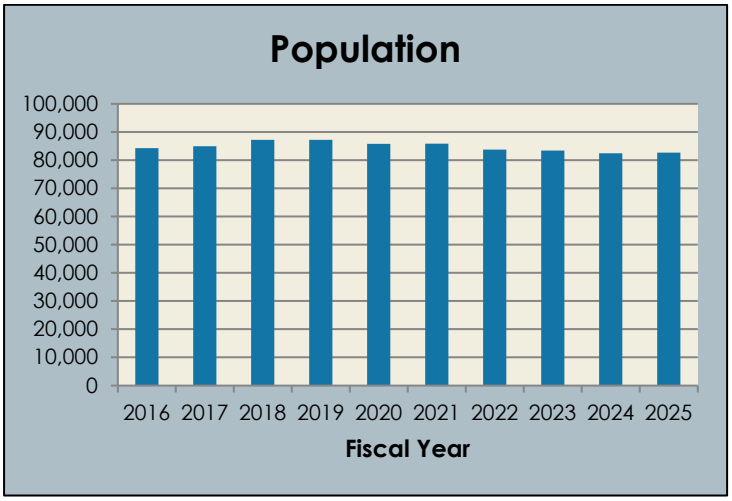
other things, policy-making, passing local ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Attorney, and City Clerk. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing heads of departments.

The City of Newport Beach is a full service city providing its residents and visitors with the following functional services: general governance, legal, financial, information technology, and administrative management; police, fire, paramedic, lifeguard, and emergency medical transport services; engineering, construction, and maintenance of public facilities, public streets, beaches, and parks; planning, zoning, and economic development services; building inspection, plan check, and code enforcement services; libraries and cultural and arts services; recreation and senior services; and water, wastewater, and street light utility services. The City provides water and wastewater service to most areas within the city limits, but it does not provide gas, cable television, electricity, or other utility services. Public elementary and secondary education is provided by the Newport-Mesa Unified School District and the Laguna Beach Unified School District.

**Component Unit:** The City's financial statements present the financial activity of the City of Newport Beach (the primary government) and the Newport Beach Public Facilities Corporation (a component unit of the City). The Corporation is blended into the City's financial statements because of its operational and financial relationship with the City. Even though it is a legally separate organization, City of Newport Beach elected officials are accountable for fiscal matters of the Corporation. Additional information about the Newport Beach Public Facilities Corporation and the reporting entity in general can be found in Note (1a) of the Notes to the Financial Statements.

## DEMOGRAPHICS

Reflective of a mature community, vacant land has become increasingly scarce and the city is relatively built-out. Currently at 82,654, the population has been very stable as indicated by the following chart.

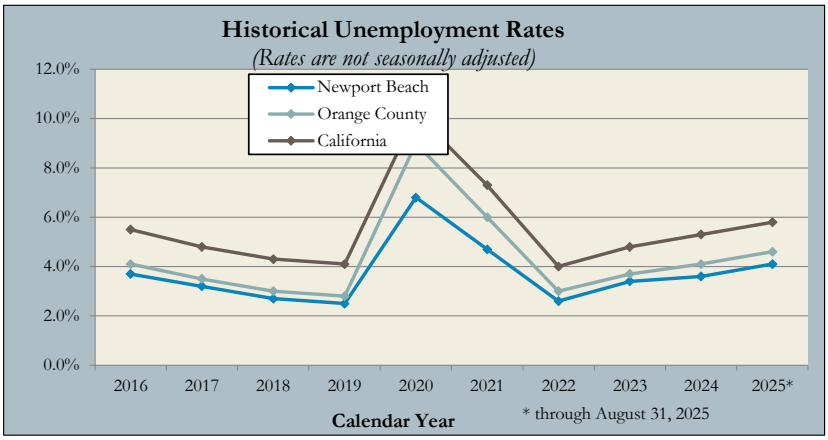


The effective buying income and median household income are generally higher in Newport Beach than in other areas of the State and the U.S. overall. As illustrated by the table below, Newport Beach's median household income is higher than the median household income in the County of Orange and the State of California.

| 2024 Median Household Income | |
|---|---|
| City of Newport Beach | $132,670 |
| Orange County | 115,229 |
| California | 100,149 |
| USA | 81,604 |

Source: U.S. Census Bureau, 2024

The leading industries here include professional services, scientific services, healthcare, finance, insurance, legal services, and travel and tourism. Unemployment in the City increased to 4.1% as of August 2025 which is consistent with the statewide and national trends. Jobs grew at a slower rate than the previous year due to a slowing economy and more workers joining or re-joining the labor force. However, the City's unemployment rate is still lower compared to the state's 5.8%, and the county's 4.6%, as illustrated in the following chart.




More detailed information concerning the City's demographics and statistics are contained within the Statistical Section of this report.

## LOCAL ECONOMY

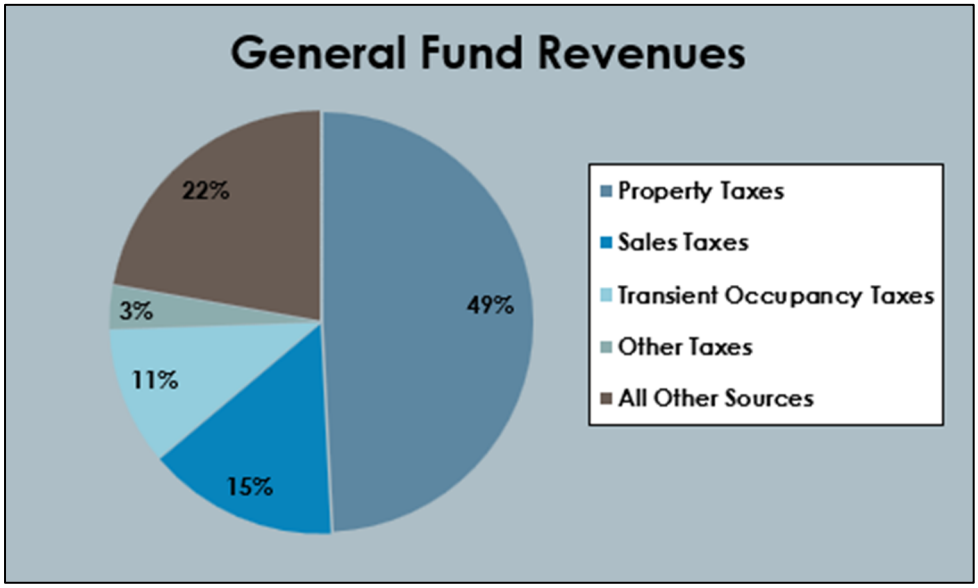
The economic outlook in Newport Beach remains strong, largely due to continued growth in property values, which has driven the median price of detached single-family homes to over $4 million. Despite elevated interest rates resulting in high borrowing costs and slower home sales, property tax revenue—the City's largest source of revenue—remains strong and stable.

Sales tax and transient occupancy tax (TOT) revenue, the City's second and third largest revenue sources, respectively, are directly influenced by consumer behavior. A significant portion of the City's tax revenue depends on luxury markets, such as automobile dealerships, fine dining, and luxury hotels, making it sensitive to economic headwinds like high interest rates and shifts in consumer preferences. Nonetheless, growth in sales tax and TOT revenue is projected, though at a slower pace than in previous years.

## TOP THREE REVENUE SOURCES

Most General Fund revenue categories performed at or higher than their budgeted levels for the fiscal year due to more favorable economic conditions than anticipated when the budget was developed in April 2024. Actual revenues were $10.4 million or 3.4% higher than final anticipated estimates, and $17.1 million or 5.8% higher than previous fiscal year. As discussed in more detail below, the primary positive variances were in property tax and transient occupancy taxes.

The top three individual revenue sources, Property Taxes, Sales Taxes and Transient Occupancy Taxes, represent 74.5% of all General Fund revenues. Tax revenues in total, including business licenses, franchise fees, and other taxes represent 77.8% of all General Fund revenues, while only 22.2% is generated from other revenue sources.




### Property Taxes

Unlike many cities, property taxes, not sales taxes, are the number one source of revenue for the City of Newport Beach, representing almost half (49.2%) of all General Fund revenues. Due to the limited supply of scenic coastal property and the unique access to Newport Bay, the Newport Beach community has developed into affluent residential neighborhoods and high-end commercial districts. Consistent and vigorous demand for coastal property has allowed the City to enjoy long-term growth trends with its number one revenue source. Property tax revenues for Fiscal Year 2024-25 came in $8.1 million

or 5.5% higher than the prior year due to an increase in assessed property values related to the annual inflation adjustment that is allowed under Proposition 13 and due to changes in ownership and price appreciation.

Detached single-family residential property values increased 2.4% in 2025, as illustrated in the following table. Home sales rebounded slightly from the previous year even though interest rates increased slightly. Newport Beach's estimated median price for a detached single-family residence is currently $4.3 million, which far exceeds the countywide estimated median value of $1.3 million. Higher assessed values are projected to continue due to strong demand, which is expected to support continued growth in future property tax revenues.

**CITY OF NEWPORT BEACH**
**Detached Single Family Residential Full Value Sales**
**Median Price**

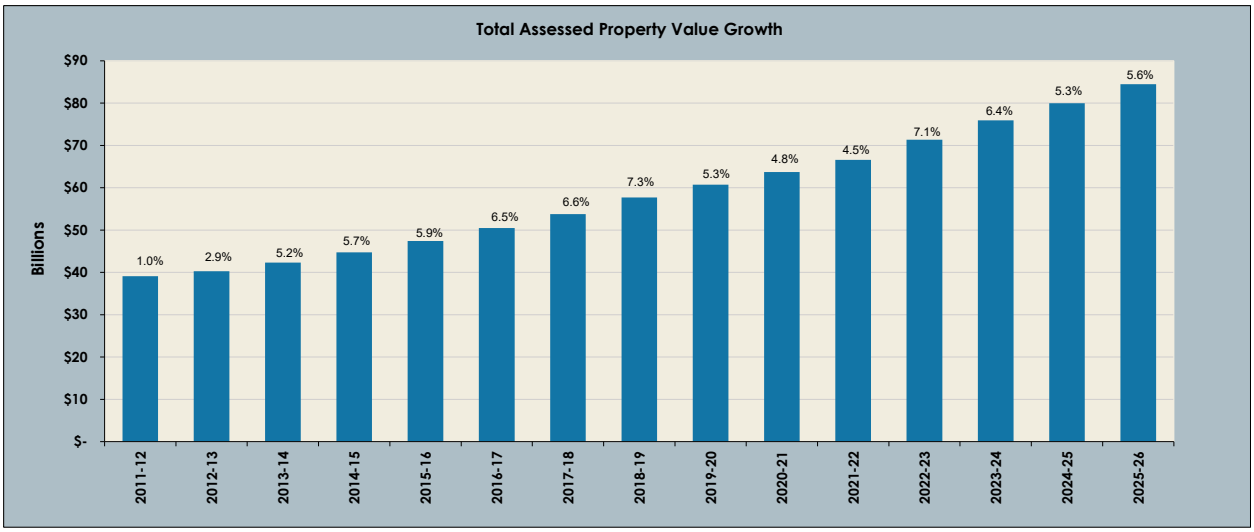
| Calendar Year | Sales | Median Price | Median % Change |
|---|---|---|---|
| 2016 | 1,064 | $ 2,150,000 | 8.86% |
| 2017 | 1,113 | $ 2,400,000 | 11.63% |
| 2018 | 952 | $ 2,517,000 | 4.88% |
| 2019 | 949 | $ 2,435,000 | -3.26% |
| 2020 | 1,135 | $ 2,595,000 | 6.57% |
| 2021 | 1,406 | $ 3,200,000 | 23.31% |
| 2022 | 830 | $ 3,750,000 | 17.19% |
| 2023 | 687 | $ 3,845,000 | 2.53% |
| 2024 | 707 | $ 4,200,000 | 9.23% |
| 2025* | 538 | $ 4,300,000 | 2.38% |

Source: HdL Coren & Cone

*Data through September 2025

After Californians passed Proposition 13 in 1978, assessed property value is reassessed to market value only when the property changes ownership. Otherwise, the assessed value (AV) grows by no more than two percent per year. This practice creates a constant lag and buffer between assessed and market values, effectively insulating the tax base from more market volatility.

The City has experienced positive AV growth during each of the past 30 years (see chart below with the past 15 years of AV growth demonstrated). While property tax growth rates fell sharply during the Great Recession and many other cities experienced decreases in their AV during 2008 through 2011, the assessed value never declined and has risen steadily since.




Value changes in Newport Beach show continued appreciation in property values in Fiscal Year 2024-25. Over the past 10 years, assessed valuation increased an average of 6.0% per year and 5.3% over a twenty-year period. Newport Beach's assessed property values increased 5.3%, with a local assessed value of $80.0 billion for Fiscal Year 2024-25.

**Sales Tax**

The second largest funding source for the General Fund is sales tax revenue, making up about 14.7% of General Fund revenues. The City's sales tax base is largely generated from three industry categories – autos and transportation, general consumer goods, and restaurants/hotels. Most of these industries are also heavily impacted by tourism.

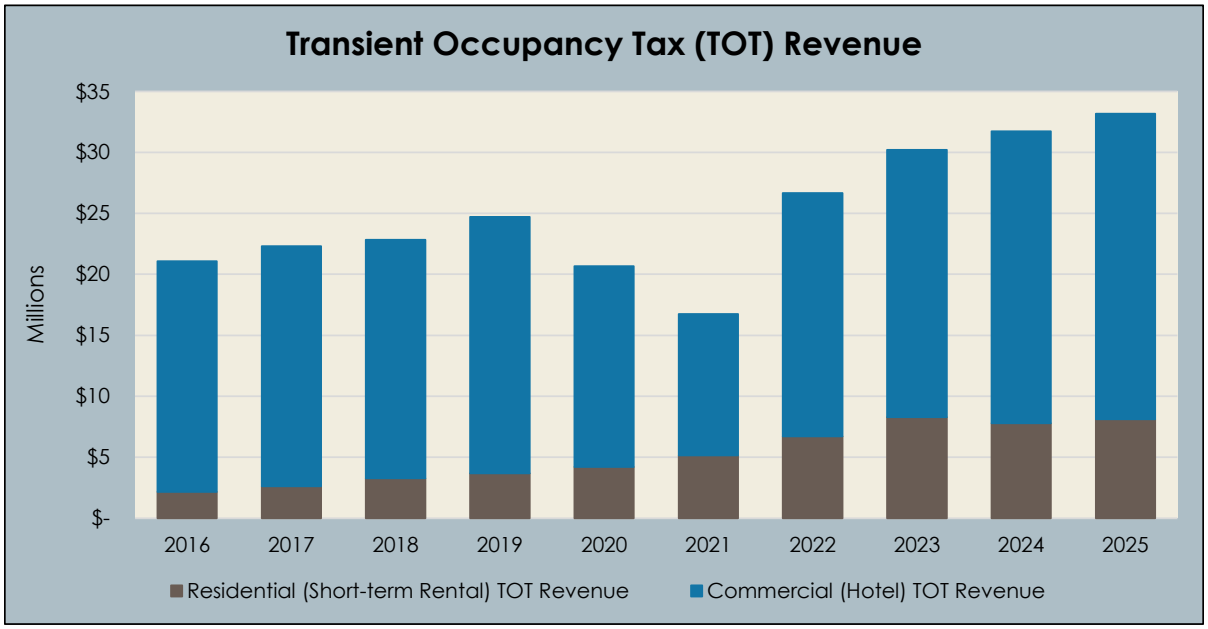
Sales tax revenue was up 5.7% during the current fiscal year, diverging from broader regional and statewide patterns in which overall sales tax revenue growth declined across much of the State of California. Consistent with state results, sales from autos and transportation (the city's largest source of sales tax revenue) were down in the current year as higher interest rates continued to limit the demand for new vehicles. Additionally, the continued temporary closure of a luxury automobile dealership for most of the year while undergoing a construction renovation project had a negative impact on local auto sales. However, a 9.1% increase in sales from general consumer goods and a 9.4% increase in sales from restaurant/hotels, along with solid contributions from Business & industry, more than made up for the decline in autos and transportation. The positive result despite a downturn in the City's largest source of sales tax revenue underscores the City's resilient local economy and strong visitor based spending, distinguishing its performance from the wider regional and statewide downturn

Sales tax revenue is projected to increase by 3.0% next fiscal year, largely due to the expected rebound of automobiles and transportation sector as the aforementioned luxury automobile dealership will be open for the entire fiscal year. In addition, sales from restaurants and hotels are projected to rise by 2.1% next year as restaurants are working

hard to limit menu price increases while also promoting deals and value menus to retain consumers.

### Transient Occupancy Tax (TOT)

The City distinguishes its transient occupancy taxpayers in two broad property type categories, commercial (hotel) and residential (short-term lodging) property. Historically, TOT accrues to the City at a rate of 10% of room charges with 18% of the collection from both commercial and residential activity going to the local destination marketing organization (Visit Newport Beach) to promote Newport Beach as a tourist destination. Beginning January 2025, as the result of a new agreement, Visit Newport Beach's share of hotel TOT increased to 23% while its share of residential TOT was eliminated. The commercial category is composed of approximately 21 hotels and resorts and accounts for approximately 76% of TOT revenues. The residential category is made up of approximately 1,550 vacation rentals representing 24% of TOT revenue. TOT revenue from short-term residential stays has more than doubled over the past five years, while hotel TOT revenue has increased by only 7% over the same five-year period.




In the current fiscal year, TOT revenue from short-term residential stays increased by 4%, while hotel TOT revenue increased by 5%. Growth was stronger in the first part of the fiscal year, but moderated in the final quarter, consistent with broader trends of leveling demand in California's lodging market. Ongoing hotel renovations and new development projects indicated continued investment in the local lodging sector, which is expected to increase capacity and improve guest offerings.

## LONG TERM FINANCIAL PLANNING

The City continues to be in excellent financial health due to its strong underlying tax base, disciplined fiscal decisions, and stable governance. Conservative budgeting and sound

financial policies have resulted in a trend of General Fund operating surpluses and strong reserve levels. The City annually completes a Long-Range Financial Forecast covering the next 20 years pursuant to City Council Policy F-3 – Budget Adoption and Administration. That forecast shows positive General Fund results in each of the next 20 years and does not indicate any long-term financial trends of concern. The City's long-term financial planning has been guided by its strong financial policies, prudent budgeting decisions, and proactive planning in such critical areas as facilities replacement and pensions. These policies are regularly evaluated and updated as conditions and needs change.

## Financial Policies

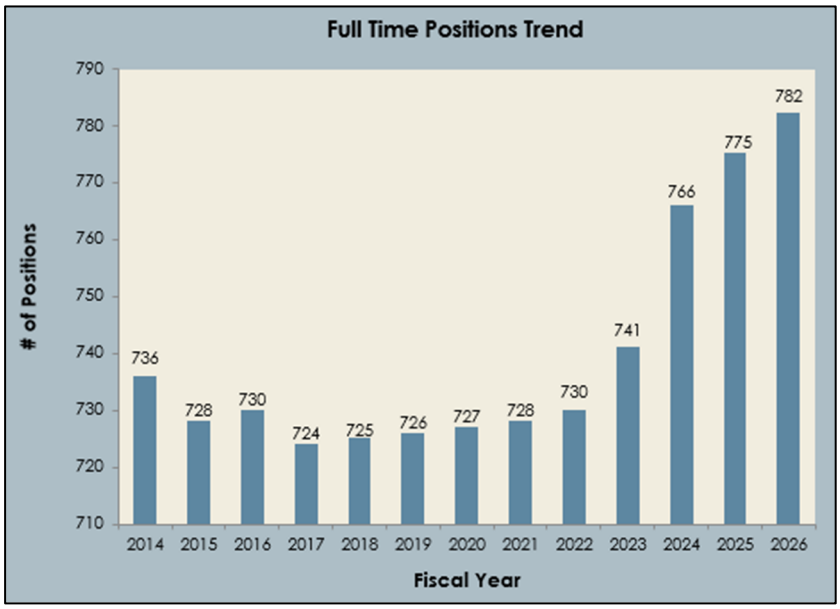
The City Council has adopted prudent fiscal policies concerning its investments, reserves, budget administration, revenue initiatives, competitive contracting, facility replacement planning, and more. The budget surplus utilization policy directs the use of surplus funds resulting from unrestricted General Fund annual revenues exceeding total actual expenditures, encumbrances, and commitments for that year. Roughly fifty percent of the budget surplus is used to address long-term obligations such as pension liabilities, other post-employment benefits, bonded debt, lease obligations, and other long-term needs. The remaining surplus is used to address one-time infrastructure or neighborhood capital improvements, guided by a philosophy that these expenditures improve the community's safety, aesthetics, transportation, or quality of life. The City's debt policy establishes criteria for the issuance of debt and assures that the amount of any debt is affordable and cost effective. The City's debt policy was recognized by the California Debt and Investment Advisory Commission as one of only 14 counties and cities in California whose policies have 20 or more debt management best practice elements. The City's debt and other financial policies can be found on the City's website in the City Council section under City Government at:

www.newportbeachca.gov/policies

## Annual Budget

The annual budget serves as the foundation for the City of Newport Beach's financial planning and control and allows the City Council to prioritize City expenditures so that they are aligned with core community values. Per current policy, appropriations for operating expenditures are balanced in relation to current revenue sources and do not rely on one-time revenue sources or reserves. When significant uncertainty exists concerning revenue volatility or threatening/pending obligations, the City Council and City Manager reserve the right to impose any special fiscal control measures, including personnel hiring freezes, and other spending controls, as was the case in FY 2019-20 and in the development of the FY 2020-21 budget. As a result of early retirement plans, attrition, outsourcing, and lay-offs implemented in the years following the onset of the Great Recession, the full-time work force was reduced by approximately 12% between FY 2008-09 and FY 2013-14, reaching a low in FY 2016-17 as depicted in the chart below. In the years since, thoughtful additions to the City's workforce have been implemented with a continued focus on fiscal discipline and maintaining balanced budgets. The recent

increase in positions has mostly been the result of converting part time positions to full time positions to better support needs of departments.




The City has traditionally taken a conservative approach to forecasting revenues, often assuming only modest growth. This fiscal conservatism has created a stable financial base. As a result, even in a downturn, the City of Newport Beach is able to maintain its services at a high level, while reducing expenses to accommodate reduced revenues. The City's fiscal discipline has allowed it to prepare balanced budgets and to save, both during prosperous and difficult economic periods. As the economy continues to improve, these trends are likely to continue.

The City Council may authorize the use of contingency reserves during emergency situations as set forth by the Council Reserve Policy. Current policy requires that the contingency reserve equal 25 percent of the General Fund annual "Operating Budget." Credit rating agencies consider a high level of available "fund balance" to be a credit strength. The City maintains an elite credit profile holding the top-tier AAA credit rating from major agencies like FitchRatings, Moody's and S&P Global. The rating agencies regularly note key aspects such as the City's robust economy, strong financial reserves, conservative fiscal management, and high wealth levels create a stable outlook affirming the ability to meet financial obligations. The City has also employed an aggressive strategy to paydown its unfunded pension liability. The City has committed to a pension paydown plan that requires $45 million in annual contributions towards its unfunded pension liability, which is $15 million more than the amount required to be paid, as further described in the Pension section below. This paydown strategy is anticipated to result in eliminating the City's pension liability in 2033.

**Facilities Financial Plan (FFP) Commitment & Major Construction Initiatives**

The City's FFP is a comprehensive master facilities replacement schedule that projects the timing of construction of facility projects; projects the schedule of any planned debt

issuance; includes all relevant revenue sources and expenditures on a yearly, project-by-project basis; and determines the long-term "level funding" annual budget commitment that is required to support the program. The FFP was the winner of the prestigious "Helen Putnam Award – Internal Administration" category from the League of California Cities in 2008.

The City continued its financial commitment to the Facilities Financial Planning Reserve (FFPR) in FY 2024-25 by allocating resources to construct a new library and fire station, construct permanent supportive housing, to finalize construction of a pedestrian bridge and parking lot, and to explore construction of a new aquatic center.

| Facilities Financial Planning Reserve Fund | |
|---|---|
| **Beginning Balance 7/1/24** | $ 20,435,754 |
| **Sources** | |
| Donations | 1,068,190 |
| Transfer In from General Fund | 12,104,412 |
| Investment Income | 857,449 |
| Net increase in fair value of investments | 186,073 |
| Total Sources | 14,216,124 |
| **Uses** | |
| Fire Station/Library Replacement | (6,800,000) |
| Permanent Supportive Housing | (3,000,000) |
| Jr. Guard Capital Project | (5,295) |
| Aquatic Center Project | (500,000) |
| Superior Ave. Bridge and Parking Lot Project | (805,874) |
| Total Uses | (11,111,169) |
| | |
| **Ending Balance 6/30/25** | $ 23,540,709 |

Overall, the FFPR balance increased by $3.1 million from the prior fiscal year.

**Pensions**

As of the actuarial valuation date of June 30, 2024, the City had an Unfunded Accrued Liability (UAL) of $312.5 million. The City has taken a number of actions in recent years to mitigate the impact of rising pension costs including:

- Established lower benefit formulas for new hires.
- Eliminated the Employer Paid Member Contribution (EPMC).
- Through negotiated cost sharing, saw employees contribute 52.3% of the Normal Cost of the plan, or $11.9 million in Fiscal Year 2024-25.
- Adopted a fixed and shorter amortization period for the unfunded liability.
- Made Additional Discretionary Payments (ADPs)
- Contributed no less than Actuarial Determined Contribution (ADC) each and every year.

- Analyzed the schedule of amortization bases annually in an effort to avoid negative amortization.
- Amortized all gains/losses no longer than a 20-year closed period.
- Avoided asset smoothing or “rate phase-in” schedules if possible. Otherwise, the City’s goal is to not exceed 5 years for any one smoothing cycle.
- Established a General Fund Surplus Utilization Policy F-5 to set aside one-half of any annual budget surplus to fund debts such as the pension liability.
- Maintained a contingency reserve to protect against economic recessions and to avoid negative impacts of asset smoothing and rate phased-in schedules.

Local governments with pensions have a total pension liability, which is the obligation to pay deferred pension benefits in the future. When the total pension liability is greater than the pension plan’s assets there is a net pension liability, also known as unfunded pension liability. As required by GASB 68, the City reports the net pension liability in the government-wide financial statements, as well as in the proprietary fund statements, in the ACFR – see Note (11) of Notes to the Financial Statements.

The City implemented GASB 75 in fiscal year 2017-18, which requires local governments offering other post-employment health care benefits (“OPEB”) to report net OPEB liability in the government-wide financial statements, as well as in the proprietary fund statements, in the ACFR – see Note (12) in the Notes to the Financial Statements. When the total OPEB liability is greater than the OPEB plan’s assets there is a net OPEB liability, also known as unfunded OPEB liability.

As with past practice, the City will continue to fund its pension and OPEB obligations at an amount equal to or greater than the minimum employer contribution rate. The City has not and will never intentionally short-fund its pension and OPEB obligations. Annually the City evaluates the cost and benefits of paying down the unfunded pension and OPEB liabilities on a faster schedule. Currently, the City Council has committed to a fixed $45 million per year contribution toward the unfunded pension liability, which is approximately $15 million more than is required by CalPERS. Fiscal year 2024-25 represented six years in a row the City Council appropriated additional funding towards an accelerated payment of the unfunded liability from year-end budget surplus funds. The $45 million paydown strategy is anticipated to result in eliminating the City’s pension liability in 2033. Beginning in fiscal year 2024-25, the OPEB liability is fully funded.

## AWARDS AND ACKNOWLEDGMENTS

The City has prepared an Annual Comprehensive Financial Report for the past 32 years. The City has received awards for excellence in financial reporting in each of those years.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newport Beach for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive

Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgments: Preparation of this report was accomplished through the efficient and dedicated services of everyone in the City's Accounting Division. In addition, the Administrative Services Department staff would like to thank the City Manager, the Mayor, and the City Council for their interest in and support of planning and conducting the financial operations of the City in a responsible and progressive manner. We would also like to thank our auditors, DavisFarr LLP, for their time and assistance in the preparation of the report.

Seimone Jurjis
City Manager

Jason Al-Imam
Administrative Services and
Finance Director/Treasurer

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Newport Beach California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

# Newport Beach City Officials

## City Councilmembers




Michelle Barto
Councilmember
District 2

Erik Weigand
Councilmember
District 3

Robyn Grant
Councilmember
District 4

Noah Blom
Mayor Pro Tem
District 5

Lauren Kleiman
Mayor
District 6

Joe Stapleton
Councilmember
District 1

Sara J. Weber
Councilmember
District 7

## City Executive Staff



Aaron Harp
City Attorney

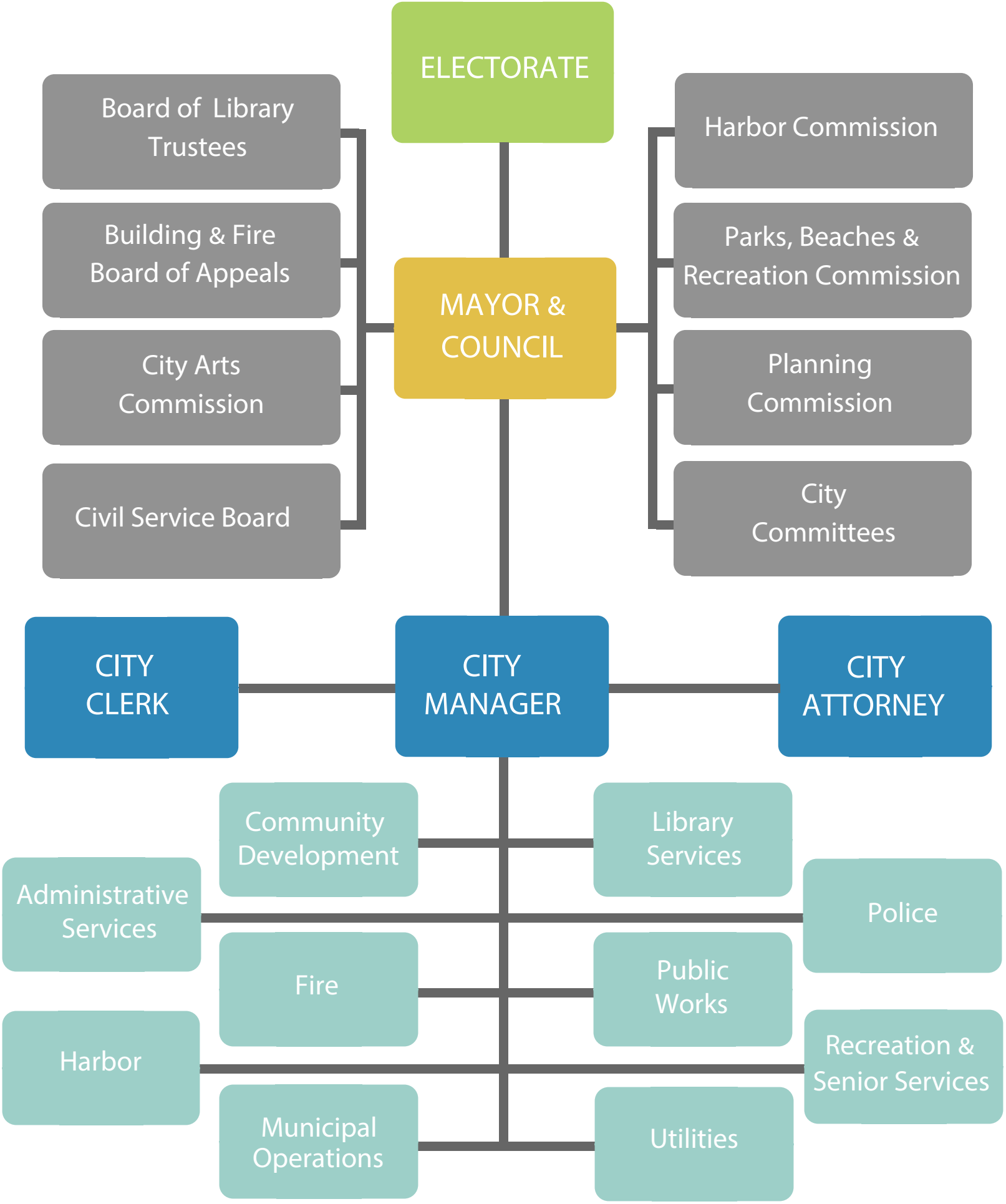


Seimone Jurjis
City Manager



Lena Shumway
City Clerk

Tara Finnigan..... Assistant City Manager
Jason Al-Imam.....Administrative Services and Finance Director/Treasurer
Jeff Boyles .....Fire Chief
Paul Blank..... Harbormaster
Melissa Hartson..... Library Services Director
Vacant.....Municipal Operations Director
Dave Miner..... Police Chief
Dave Webb..... Public Works Director
Sean Levin ..... Recreation & Senior Services Director
Mark Vukojevic .....Utilities Director


ELECTORATE
Board of Library Trustees
Building & Fire Board of Appeals
City Arts Commission
Civil Service Board
MAYOR & COUNCIL
Harbor Commission
Parks, Beaches & Recreation Commission
Planning Commission
City Committees
CITY CLERK
CITY MANAGER
CITY ATTORNEY
Community Development
Library Services
Administrative Services
Police
Fire
Public Works
Harbor
Recreation & Senior Services
Municipal Operations
Utilities

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# FINANCIAL SECTION

## INDEPENDENT AUDITOR'S REPORT

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DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

# INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (the "City"), as of and for the year June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Emphasis of Matter*

As described further in Notes 1 and 7 to the financial statements, during the year ended June 30, 2025, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, Budgetary Comparison Schedules for the General Fund and each major special revenue fund, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Contributions, Schedule of Changes in the Net OPEB Liability and Related Ratios* and *Schedule of OPEB Contributions* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The *Combining and Individual Nonmajor Fund Financial Statements* and *Budgetary Comparison Schedules* are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The *Combining and Individual Nonmajor Fund Financial Statements* and *Budgetary Comparison Schedules* have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the *Combining* and *Individual Nonmajor Fund Financial Statements* and *Budgetary Comparison Schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *Introductory Section* and S*tatistical Section* but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial

statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Davis Farr LLP

Irvine, California
January 28, 2026

# FINANCIAL SECTION

## MANAGEMENT'S DISCUSSION AND ANALYSIS



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# MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2025. This analysis should be read in conjunction with the Transmittal Letter at the front of this report and the accompanying Basic Financial Statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the Annual Comprehensive Financial Report contains the following information: *Independent Auditors' Report, Management's Discussion and Analysis* (this section), the *Basic Financial Statements,* the *Required Supplementary Information,* and the S*upplementary Information* section, an optional section that presents combining and budgetary schedules for individual non-major funds. The *Basic Financial Statements* are comprised of three components: 1) *Government-wide Financial Statements*, 2) *Fund Financial Statements,* and 3) *Notes to the Financial Statements*. Management's Discussion and Analysis is intended to be an introduction to the Basic Financial Statements.

## BASIC FINANCIAL STATEMENTS

**Government-wide Financial Statements** – The Government-wide Financial Statements use the economic resources measurement focus and accrual basis of accounting, which is similar to the accounting standard used by private sector companies. The Government-wide Financial Statements are intended to provide a "Big Picture" view of the City. With the economic resources measurement focus and accrual basis of accounting, changes in net position are recognized as soon as the event occurs regardless of the timing of related cash flows.

The Statement of Net Position includes all the City's assets (including non-spendable assets like streets, roads, and land rights), deferred outflows of resources, liabilities (including long-term liabilities that may be paid over twenty years), and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The Government-wide Financial Statements report the City's net position and how net position has changed. Net position – the difference between the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the City's financial health. Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, one should also consider additional non-financial factors such as changes in the City's property tax base and the condition of its facilities and other major infrastructure.

The Government-wide Financial Statements of the City are divided into two categories:

> **Governmental Activities** – This category depicts the extent to which programs are self-supporting, and the net amount provided by property taxes and other general revenues. Most of the City's basic services are included in this category such as public safety, public works, community development, community services, and general administration. Taxes and other general revenues finance most of these activities.

**Business-type Activities** – The City accounts for its Water and Wastewater utilities as business enterprises. The City charges fees to customers to recover the cost of providing Water and Wastewater services.

**Fund Financial Statements** – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as State and Federal law or bond covenants. Other funds are utilized simply to control and manage resources intended for particular purposes. The Fund Financial Statements provide more detailed information about the City's most significant funds (major funds) but not the City as a whole.

Fund Financial Statements have a short-term focus measuring inflows of current, spendable assets. The resulting net difference between current financial assets and deferred outflows of resources, and current financial liabilities and deferred inflows of resources, otherwise known as fund balance (or net working capital in the private sector) is a measure of the City's ability to finance activities in the near term.

The City utilizes three broad categories of funds:

**Governmental Funds** – Unlike Government-wide Financial Statements, Governmental Fund Financial Statements utilize the current financial resources measurement focus and thus concentrate on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Consequently, the Governmental Fund Financial Statements provide a detailed short-term view that helps a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. Also included in the Governmental Funds are Permanent Funds. These funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support City programs.

**Proprietary Funds** – Business-like services that receive significant financial support from user fees and charges are generally reported in Proprietary Funds (Enterprise Funds and Internal Service Funds). Like the Government-wide Financial Statements, these funds provide both long and short-term financial information utilizing the economic resources measurement focus. The City's Enterprise Funds (Water and Wastewater Funds) provide goods or services mostly to non-government users and are the individual funds represented in the combined presentation of Business-type Activities in the Government-wide Financial Statements. The individual fund presentation provides more detailed information about each business segment, its operating statements, and statements of cash flow. The City also uses Internal Service Funds that are utilized to report and allocate the cost of certain centrally managed and operated activities (e.g., fleet and other equipment maintenance, risk management, retiree insurance, telecommunications systems, information technology services, etc.). Because the Internal Service Funds primarily serve government users, they are reported with Governmental Activities, rather than the Business-type Activities, in the Government-wide Financial Statements.

**Fiduciary Funds** – The City utilizes Fiduciary Funds to account for assets held by the City in a trustee capacity, or as an agent for other governmental entities, private organizations, or individuals. All the City's fiduciary activities are reported in a separate statement of fiduciary net position, and a statement of changes in fiduciary net position. We exclude

these activities from the City's Government-wide Financial Statements because the City cannot use these assets to finance its operations.

**Notes to the Financial Statements** – The financial statements also include the Notes to the Financial Statements that provide important narrative details about the information contained in the financial statements. Information contained in the Notes to the Financial Statements is critical to a reader's full understanding of the Government-wide and Fund Financial Statements.

**Required Supplementary Information** – In addition to the Basic Financial Statements, we have included a Required Supplementary Information section, which includes Budgetary Comparison Schedules for the General Fund and two other major funds, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Changes in Net Post-Employment Health Care Benefits (OPEB) Liability and Related Ratios, and the related Schedules of Contributions for the Pension and OPEB plans.

**Supplementary Information** – In addition to the required elements of the Basic Financial Statements, we have also included a Supplementary Information section, which includes budgetary and combining schedules that provide additional details about the City's Other Governmental Funds, Internal Service Funds, and Fiduciary Funds.

## ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Government-wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

### Net Position Discussion

As shown in Figure 1, the City's combined net position for the fiscal year ended June 30, 2025 was $2.6 billion, increasing $60.5 million or 2.3% over the prior year. Net position can serve as an important indicator of whether the City's overall financial condition is improving or deteriorating over time.

Current and other assets increased $29.7 million. This increase is primarily due to a $22.4 million increase in cash and investments primarily related to investment performance, a $8.3 million increase in lease receivables primarily related to signing new lease agreements, and a $5.1 million increase in prepaid items primarily related to the purchase of four fire engines, offset by a $7.3 million decrease in restricted cash and investments primarily related to undergrounding utilities. Capital assets increased $11.5 million, of which $9.8 million is related to additions to infrastructure and work in progress, and $1.6 million is due to additions to land structures, and equipment.

Current liabilities decreased $17.3 million primarily due to decreases in accounts payable and unearned revenue offset by an increase in accrued payroll.

Long-term liabilities decreased $56.1 million. The decrease is primarily due to decreases in the City's net pension liability and net OPEB liability as investment returns in both plans finished better than expected. See Note (11) and Note (12) of the Notes to the Financial Statements for more information.

**Figure 1**
**Net Position**
**June 30**
**(in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| Current and other assets | $ 699,910 | $ 725,870 | $ 30,548 | $ 34,266 | $ 730,458 | $ 760,136 |
| Capital assets | 2,391,089 | 2,399,825 | 136,639 | 139,424 | 2,527,728 | 2,539,249 |
| Total assets | 3,090,999 | 3,125,695 | 167,187 | 173,690 | 3,258,186 | 3,299,385 |
| Deferred outflows of resources | 145,027 | 99,604 | 5,341 | 3,197 | 150,368 | 102,801 |
| Current liabilities | 58,840 | 40,164 | 4,986 | 6,356 | 63,826 | 46,520 |
| Long-term liabilities | 482,299 | 428,268 | 14,928 | 12,822 | 497,227 | 441,090 |
| Total liabilities | 541,139 | 468,432 | 19,914 | 19,178 | 561,053 | 487,610 |
| Deferred inflows of resources | 268,341 | 274,905 | 79 | 115 | 268,420 | 275,020 |
| Net position | | | | | | |
| Net investment in capital assets | 2,275,100 | 2,292,550 | 132,332 | 135,138 | 2,407,432 | 2,427,688 |
| Restricted | 123,445 | 131,011 | - | - | 123,445 | 131,011 |
| Unrestricted | 28,001 | 58,401 | 20,203 | 22,456 | 48,204 | 80,857 |
| Total net position | $ 2,426,546 | $ 2,481,962 | $ 152,535 | $ 157,594 | $ 2,579,081 | $ 2,639,556 |

The largest portion of the City's net position, at $2.4 billion of net position, reflects the net investment in capital assets (e.g., land, right of way, street trees, buildings, infrastructure, equipment, and intangibles) less accumulated depreciation, accumulated amortization, and any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to residents. Therefore, they do not represent a financial resource to the City and consequently are not readily available for funding current obligations.

Restricted net position totaled $131.0 million of net position, an increase of $7.6 million from the prior fiscal year, primarily due to an increase of restricted net position related to community services offset by a decrease of restricted net position related to public works. Community services' increase is mainly from tidelands property related revenues not being spent during the fiscal year as resources are being accumulated for future large scale capital improvement projects related to the harbor. Public works' decrease is mainly from the spending of limited obligation improvement bond proceeds for undergrounding utilities.

As of June 30, 2025, unrestricted net position was $80.9 million, an increase of $32.7 million from the prior fiscal year, primarily due to the receipt of unrestricted revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year and the decline of net pension and net OPEB liabilities. As pension and OPEB obligations declined, fewer resources were needed to support long-term benefit costs, strengthening the City's overall financial position and increasing unrestricted net position.

## GOVERNMENTAL ACTIVITIES

Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. The Statement of Activities is intended to illustrate how the cost of governmental activities is financed and determines the annual change in net position.

**Figure 2**
**Changes in Net Position**
**For the Years Ended June 30**
**(in thousands)**

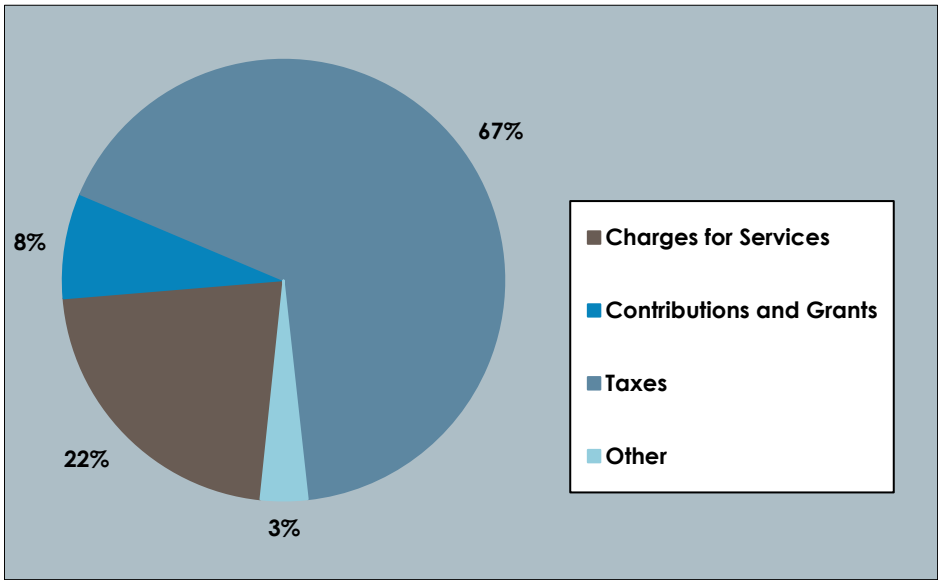
| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 81,473 | $ 80,249 | $ 39,117 | $ 46,445 | $ 120,590 | $ 126,694 |
| Operating grants and contributions | 34,498 | 22,766 | 115 | 26 | 34,613 | 22,792 |
| Capital grants and contributions | 35,647 | 5,260 | - | - | 35,647 | 5,260 |
| Total program revenues | 151,618 | 108,275 | 39,232 | 46,471 | 190,850 | 154,746 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 146,137 | 154,183 | - | - | 146,137 | 154,183 |
| Sales tax | 43,445 | 45,934 | - | - | 43,445 | 45,934 |
| Transient occupancy taxes | 31,737 | 33,174 | - | - | 31,737 | 33,174 |
| Other taxes | 10,252 | 10,386 | - | - | 10,252 | 10,386 |
| Investment related income | 9,368 | 9,093 | 1,462 | 1,432 | 10,830 | 10,525 |
| Other | 2,855 | 3,333 | - | - | 2,855 | 3,333 |
| Total general revenues | 243,794 | 256,103 | 1,462 | 1,432 | 245,256 | 257,535 |
| Total revenues | 395,412 | 364,378 | 40,694 | 47,903 | 436,106 | 412,281 |
| Expenses: | | | | | | |
| General government | 28,392 | 20,366 | - | - | 28,392 | 20,366 |
| Public safety | 151,626 | 143,921 | - | - | 151,626 | 143,921 |
| Public works | 88,360 | 87,889 | - | - | 88,360 | 87,889 |
| Community development | 16,814 | 17,105 | - | - | 16,814 | 17,105 |
| Community services | 33,034 | 33,510 | - | - | 33,034 | 33,510 |
| Interest | 6,215 | 6,171 | - | - | 6,215 | 6,171 |
| Water | - | - | 37,322 | 36,562 | 37,322 | 36,562 |
| Wastewater | - | - | 6,959 | 6,282 | 6,959 | 6,282 |
| Total expenses | 324,441 | 308,962 | 44,281 | 42,844 | 368,722 | 351,806 |
| Increases in net position | 70,971 | 55,416 | (3,587) | 5,059 | 67,384 | 60,475 |
| Net position at beginning of year | 2,355,575 | 2,426,546 | 157,717 | 152,535 | 2,513,292 | 2,579,081 |
| Restatement | - | - | (1,595) [1] | - | (1,595) [1] | - |
| Net position at beginning of year, as restated | 2,355,575 | 2,426,546 | 156,122 | 152,535 | 2,511,697 | 2,579,081 |
| Net position at end of year | $ 2,426,546 | $ 2,481,962 | $ 152,535 | $ 157,594 | $ 2,579,081 | $ 2,639,556 |

[1] Prior year net position w as restated due to unbilled receivables adjustment in Fiscal Year 2022-23.

### Revenues Associated with Governmental Activities Discussion

Figure 2 illustrates in detail how the $364.4 million in Governmental Activities revenue was derived. Figure 3 summarizes this revenue by major source. As shown on Figures 2 and 3, $80.3 million, or 22.0%, of the revenues were recovered from those who directly benefited from the programs as a charge for service. Another $28.0 million, or 7.7%, of the revenues were generated by contributions and grants received from governmental organizations, developers, and property owners for both capital and operating activities. The remaining $256.1 million, or 70.3%, represented general revenues of the City including taxes, intergovernmental revenues, and other miscellaneous revenues.

**Figure 3**
**Governmental Activities Revenue Sources**
**For the Year Ended June 30, 2025**




As illustrated in Figure 2, program revenues related to Governmental Activities decreased $43.3 million from the prior fiscal year. This decrease was primarily attributable to the prior fiscal year containing several large one-time capital and operating grants and contributions related to the issuance of limited obligations improvement bonds for two assessment districts, and the recognition of private contributions for the construction of a Junior Lifeguard building and library lecture hall.

The City's general revenues related to Governmental Activities increased about $12.3 million from the prior year primarily due to increases in property taxes, sales taxes, transient occupancy taxes, other taxes, and other general revenues, offset by decreases in investment related income. Revenue increases across various categories illustrate that Newport Beach's underlying local economy continues to remain strong.

Property tax is the largest revenue source for the City and collections finished the year $8.0 million higher than the previous fiscal year. This increase was mostly due to an increase in secured taxes as a robust demand for coastal property continued driving property values higher and due to an increase in residual tax revenue from the dissolution of a former redevelopment agency.

At $45.9 million, sales taxes represent the second largest individual revenue source for the City. Sales taxes increased $2.5 million from the previous fiscal year. This increase in sales tax revenue was due to strong consumer spending in key industry groups, including restaurants and hotels, general consumer goods, and the sales tax pools offset a modest decline in sales from autos and transportation.

Transient occupancy taxes (TOT), the City's third largest revenue source, finished the year at $33.2 million, which is an increase of $1.4 million from the previous fiscal year. Both Residential TOT and Hotel TOT revenues experienced modest increases in the 4% to 5% range indicating robust demand for Newport Beach as a premier tourist destination, which is why hoteliers continue to invest in upgrades and renovations.

Investment income, comprised of both interest income and unrealized gains/losses, decreased about $305,000 from the prior fiscal year. Between the two fiscal years there were less unrealized gains for the current fiscal year. Over time the portfolio's percentage of bonds with maturities of six months or less increased, which decreased the portfolio's potential for unrealized gains.

**Expenses Associated with Governmental Activities Discussion**

The City is a full-service city providing residents and visitors with the following functional services:

General Government is comprised of six departments (City Council, City Clerk, City Manager, City Attorney, Human Resources, and Finance) providing general governance, information technology services, executive management, legal services, records management, risk management, finance, and accounting.

Public Safety is comprised of two departments (Police and Fire) providing general law enforcement, fire suppression and prevention services, paramedic and medical transport services, disaster preparedness, and ocean lifeguard services.

Public Works is comprised of one department (Public Works) providing engineering, construction and maintenance of public streets, highways, buildings, beaches, parks, facilities and related infrastructure; as well as traffic engineering and street lighting.

Community Development is comprised of one department (Community Development) that provides planning, building, and zoning services, economic development services, and building plan check and code enforcement services.

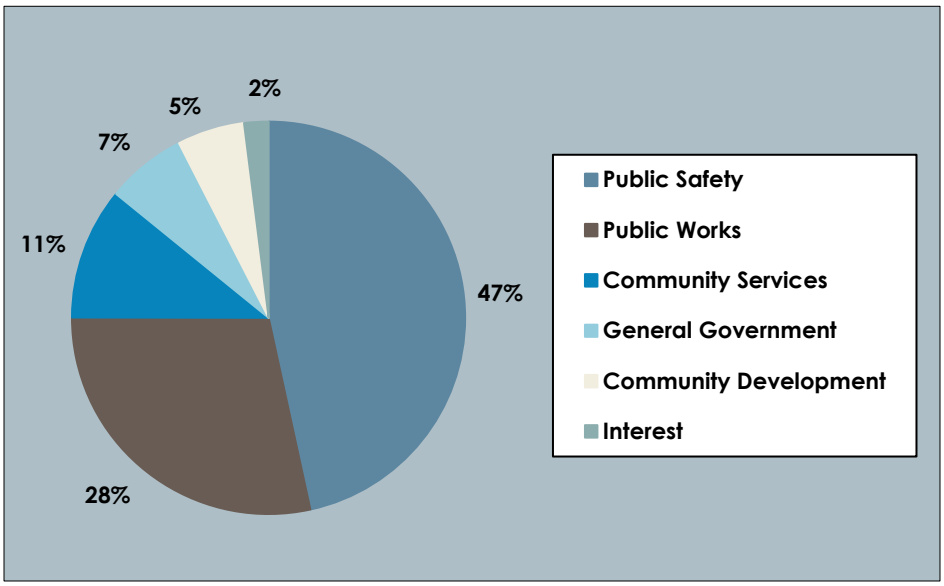
Community Services is comprised of three departments (Library Services, Recreation & Senior Services, and Harbor) providing library services, cultural and arts programs, recreation services, senior social and transportation services, and harbor programs and services.

Business Enterprise Operations are overseen by the Utilities Department providing water and wastewater services. These are considered business-type activities and are discussed further in the Business-Type Activities section.

Figure 2 illustrates in detail how the $309.0 million of Governmental Activities expense was derived. The decrease of $15.5 million from the prior year is mostly due to a decrease in the government-wide adjustment for internal service fund activity as there was a net gain in total in the internal service funds mostly due to a decrease in workers' compensation and general liability expenses. A decrease in the government-wide adjustment related to pension expense also contributed to the decrease in Governmental Activities expenses.

Figure 4 below summarizes the Governmental Activities expenses shared across functions.

**Figure 4**
**Governmental Activities Functional Expenses**
**For the Year Ended June 30, 2025**

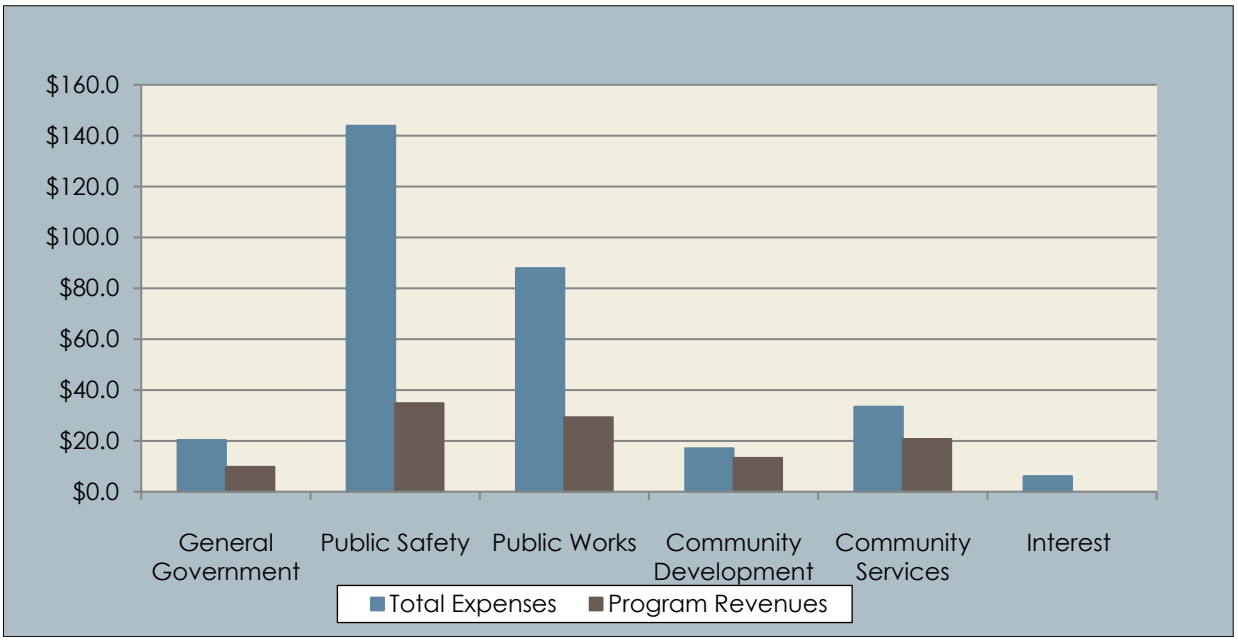



Figures 5 and 6 illustrate the net cost of each service. The net cost represents the amount that governmental activities are subsidized by taxes and other general revenues of the City.

**Figure 5**
**Governmental Activities**
**For the Years Ended June 30**
**(in thousands)**

| | 2024 | | 2025 | |
|---|---|---|---|---|
| | Total Cost of Service | Net (Cost) of Service | Total Cost of Service | Net (Cost) of Service |
| General government | $ 28,392 | $ (10,212) | $ 20,366 | $ (10,522) |
| Public safety | 151,626 | (115,049) | 143,921 | (108,994) |
| Public works | 88,360 | (22,387) | 87,889 | (58,605) |
| Community development | 16,814 | (5,338) | 17,105 | (3,717) |
| Community services | 33,034 | (13,622) | 33,510 | (12,677) |
| Interest | 6,215 | (6,215) | 6,171 | (6,171) |
| | $ 324,441 | $ (172,823) | $ 308,962 | $ (200,686) |

**Figure 6**
**Program Expenses and Revenues – Governmental Activities**
**For the Year Ended June 30, 2025**
**(in millions)**



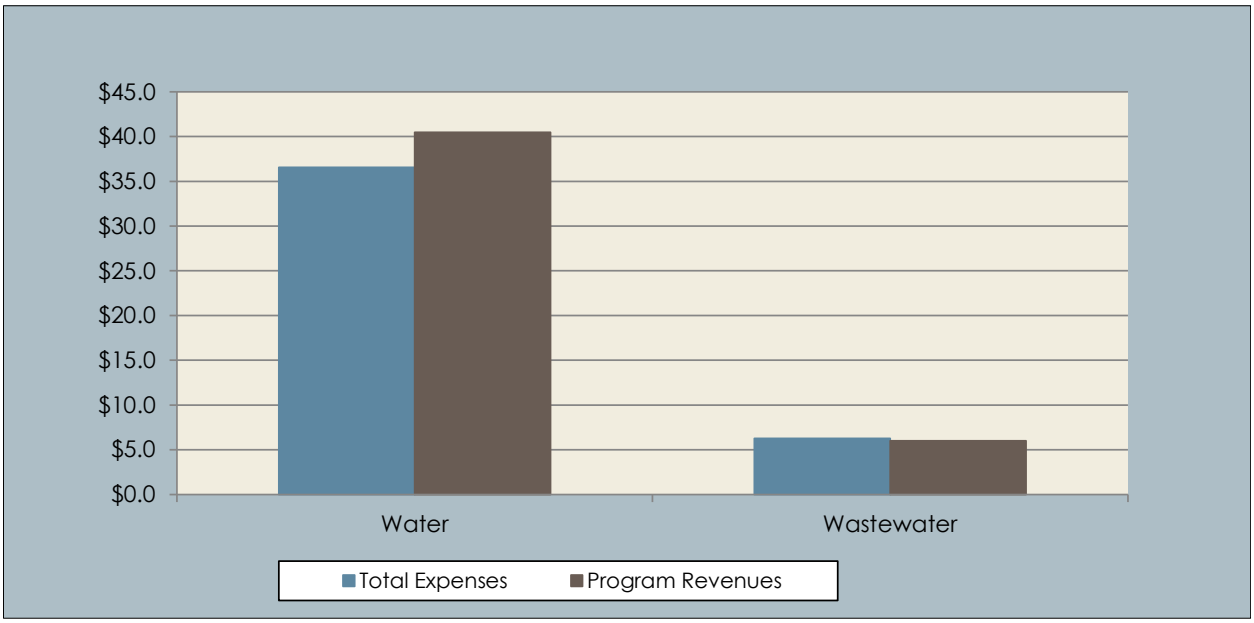

## BUSINESS-TYPE ACTIVITIES

As noted earlier, the City combines the Water Enterprise Fund and Wastewater Enterprise Fund into Business-type Activities for the presentation of the Government-wide Financial Statements. Business-type activities are mainly funded by charging fees to customers to recover the cost of providing services.

### Revenues Associated with Business-Type Activities Discussion

As displayed in Figure 2, total revenues related to Business-type activities totaled $47.9 million. Program revenues totaled $46.5 million and were supplemented by about $1.4 million of general revenues related to investment income. As shown in Figure 7 on the following page, Water activities represent about $40.5 million (87.1%) of program revenues, while Wastewater activities represent about $6.0 million (12.9%) of program revenues.

**Figure 7**
**Program Expenses and Revenue – Business-type Activities**
**For the Year Ended June 30, 2025**
**(in millions)**




## Expenses Associated with Business-Type Activities Discussion

Current-year expenses for Business-type Activities totaled $42.8 million, a decrease of about $1.5 million over prior year as shown in Figure 2. This is attributable to decreases in maintenance.

Major Business-type expenses in the current fiscal year included the following:

Water

Of the $36.5 million in water related expenses, $14.2 million (39.0%) is for the purchase of water, $6.1 million (16.6%) covers employee related costs, $8.2 million (22.6%) is for maintenance, supplies, and depreciation of the water system, $3.3 million (8.9%) is for professional services, $2.3 million (6.3%) is for utility payments, and the remaining $2.4 million (6.6%) is collectively attributable to other miscellaneous expenses.

Wastewater

Of the $6.3 million in wastewater related expenses, $3.0 million (46.8%) is for maintenance, supplies, and depreciation of the wastewater system, $1.9 million (30.6%) is for employee related costs, and the remaining approximately $1.4 million (22.6%) is attributable to professional services, utility payments and other miscellaneous expenses.

Figure 7 summarizes Business-type expenses separately for Water and Wastewater activities.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to highlight available financial resources and to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

Utilizing the current financial resources measurement focus, the City's Governmental Funds provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements and may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

**Fund Balance** – As shown in Figure 8, the City's Governmental Funds reported combined fund balances of $322.1 million, an increase of $27.0 million from the prior fiscal year. The increase is net result of increases in fund balances in almost every major fund below, including the General Fund, the Tide and Submerged Land – Operating Fund, the Tide and Submerged Land – Harbor Capital Fund, the Facilities Financial Planning Reserve Fund, and other permanent funds in the aggregate, offset by decreases in the Debt Service Fund, other special revenue funds, and other capital projects funds in the aggregate. The General Fund represented about $108.1 million or 33.6% of the combined fund balances of the Governmental Funds.

**Figure 8**
**Governmental Funds Fund Balance**
**June 30**
**(in thousands)**

| | 2024 | 2025 | Change |
|---|---|---|---|
| General Fund | $ 96,441 | $ 108,148 | $ 11,707 |
| Tide and Submerged Land - Operating | 8,548 | 11,809 | 3,261 |
| Tide and Submerged Land - Harbor Capital | 43,107 | 57,503 | 14,396 |
| Facilities Financial Planning Reserve | 20,436 | 23,541 | 3,105 |
| Debt Service Fund | 2,323 | 2,024 | (299) |
| Non-major special revenue | 32,274 | 31,996 | (278) |
| Non-major capital projects | 85,087 | 79,891 | (5,196) |
| Non-major permanent | 6,846 | 7,185 | 339 |
| | $ 295,062 | $ 322,097 | $ 27,035 |

The following describes the classification of fund balance as of June 30, 2025. Additional information on the City's fund balance can be found in Note (15) of the Notes to the Financial Statements.

**Nonspendable Fund Balance** – The City has $10.7 million in fund balance classified as nonspendable to indicate that it cannot be readily converted to cash. Of the $10.7 million nonspendable fund balance, $1.5 million is for prepaid items, $183,978 is for inventories, $4.4 million is for long-term loan receivables, and $4.6 million is for permanent endowments.

**Restricted Fund Balance** – The City has $120.7 million in fund balance classified as restricted to indicate that it has externally imposed restrictions on how the money may be spent. Of the $120.7 million restricted fund balance, $10.5 million is restricted in the Tide and Submerged Land – Operating Fund, of which $8.6 million is restricted for capital projects and maintenance and repairs, and $1.9 million is restricted for the Upper Newport Bay restoration; $57.5 million is

restricted in the Tide and Submerged Land – Harbor Capital Fund for capital projects related to the harbor; and $2.0 million is restricted for debt service. Of the remaining $50.7 million in restricted fund balance, $32.0 million is restricted for various special revenue funds, $15.9 million is restricted for the Assessment District Fund, $306,531 is restricted for the Fire Station Fund, and $2.6 million of fund balance is restricted for permanent funds.

**Committed Fund Balance** – The City has $92.3 million in fund balance classified as committed to indicate that the City Council has committed how the money will be spent. Of the $92.3 million committed fund balance; $3.8 million is committed in the General Fund mostly for drones, contract services, and maintenance and repairs; $1.3 million is committed in the Tide and Submerged Land – Operating Fund for oil and gas related uses; $23.5 million is committed in the Facilities Financial Planning Reserve Fund; $9.6 million is committed in the Fire Station Fund; $526,902 is committed in the Civic Center and Park Fund; $13.4 million is committed in the Parks and Community Center Fund; $170,642 is committed in Balboa Village Parking Management District Fund; $3.0 million is committed to the Facilities Maintenance Fund; $8.8 million is committed in the Neighborhood Enhancement Fund; $56,438 is committed in the Junior Lifeguards Fund; $18.5 million is committed in the Unrestricted Capital Improvements Fund; $7.2 million is committed to the Miscellaneous FFP Projects Fund; and $723,235 is committed to the Police Facility Fund; and $1.7 million is committed to the Park Maintenance Fund.

**Assigned Fund Balance** – The City does not have any fund balance classified as assigned. Assigned fund balance is fund balance which is not restricted or committed and is classified as assigned to indicate the City Manager's intent to be used for specific purposes.

**Unassigned Fund Balance** – The remaining $98.4 million in fund balance is classified as unassigned to indicate that it is the residual balance not otherwise restricted, committed, or assigned.

Major Governmental Funds results for the year included the following:

- General Fund revenues finished $17.1 million or 5.8% higher than the prior year mostly due to a combined $12.0 million net increase in the City's top three revenue sources – property taxes, sales taxes and transient occupancy taxes – with a $8.0 million increase in property taxes as the City's assessed valuation continued to increase due primarily to the appreciation of property values and due to an increase in residual tax revenue from the dissolution of a former redevelopment agency; supplemented with a $2.5 million increase in sales taxes due to strong consumer spending in key industry groups, including restaurants and hotels, general consumer goods, and the sales tax pools; and a $1.5 million increase in transient occupancy taxes due to continued strong hotel occupancy rates. Additionally, charges for services increased $1.8 million compared to the previous year mostly due to an increase in building related plan checking fees as there were more projects; an increase in recreation fees as there was more participation in recreation classes; and, an increase in paramedic services fees, which tend to fluctuate from year to year. General Fund expenditures finished $6.6 million or 2.5% higher than the prior fiscal year mostly due to the expected increase in salaries and benefits related to routine step increases, cost of living adjustments, new positions, and increased pension costs. Though revenues exceeded expenditures by about $44.4 million, there were substantial transfer activity in the General Fund with transfers in totaling $20.3 million and transfers out totaling $53.0 million, mostly for funding capital improvement projects. In total, fund balance in the General Fund increased $11.7 million and ended the year at $108.1 million.

- Fund balance for the Tide and Submerged Land – Operating Fund increased $3.3 million and ended the current year with $11.8 million in fund balance. The increase was mostly due to an increase in property income related to lease interest income and parking revenues.

- Fund balance for the Tide and Submerged Land – Harbor Capital Fund increased $14.4 million ending at $57.5 million. This increase was similar to the previous year's increase and was largely due to additional investment earnings and capital improvement projects not commencing in the current year. This fund is accumulating resources to be used for major capital expenditures in the future.

- Fund balance for the Facilities Financial Planning Reserve Fund increased $3.1 million to end the current year at $23.5 million in fund balance. This was mainly due to a transfer in of the Fiscal Year 2023-24 General Fund year-end unrestricted surplus to be used to cash fund future construction projects and the receipt of a contribution related to a development agreement.

- Fund balance for the Debt Service Fund decreased $298,722 ending at $2.0 million. The decrease was due to administrative charges and debt service related to servicing certificates of participation.

**Proprietary Funds**

The City's Proprietary Funds (Enterprise and Internal Service Funds) presented in the Fund Financial Statements section generally provide the same type of information in the Government-wide Financial Statements, but also include information for individual funds.

Enterprise Fund results for the year included the following:

- Net position in the Water Fund increased $2.9 million, mostly due to increases in water sales revenue related to a water rate increase. During November 2023 the City Council adopted a resolution to increase water rates each January 1st during calendar years 2024 through 2028.

- Net position in the Wastewater Fund decreased $401,834. The decrease in net position was mainly due to increases in expenses for system maintenance and professional services. During November 2023 the City Council adopted a resolution to increase sewer rates each January 1st during calendar years 2024 through 2028. Increasing sewer rates should improve the Wastewater Fund's net position in future years.

Major Internal Service Fund activity in the current fiscal year included the following:

- Total net position in the Internal Service Funds increased $11.2 million in the current fiscal year. This was mostly due to a decrease in expenses related to the City's self-insured general liability and workers' compensation programs.

## GENERAL FUND BUDGETARY HIGHLIGHTS

Changes to Original Budget

Final budgeted revenues for the General Fund increased $7.8 million from the original budget during the year ended June 30, 2025. Factors contributing to this fluctuation are highlighted as follows:

- Property taxes revenue increased $3.3 million due to increases in assessed values related to changes in ownership and new construction.

- Final budgeted intergovernmental revenue increased $3.1 million primarily due 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).

- Miscellaneous revenues increased from the adopted budget by $766,040.

- Charges for services increased from the adopted budget by $512,700. This adjustment is related to increased revenue received for recreation classes and special events.

- Donations were adjusted upward by $185,780 related to donations to the Library Services Department, Police Department, Fire Department, and the Recreation & Senior Services Department.

Final budgeted expenditures for the General Fund increased $12.7 million from the original budget during the year ended June 30, 2025. The significant factors contributing to the increase are as follows:

- The addition of $5.9 million to the benefits and salary budget is associated with pre-funding the typical year-end contribution to CalPERS for paying down the unfunded pension liability from the Fiscal Year 2023-24 structural surplus and approved memorandum of understandings (MOUs) for the following bargaining units: League, Newport Beach Police Association (NBPA), Newport Beach Fire Association (NBFA), Association of Newport Beach Ocean Lifeguards (ANBOL).

- Budgeted carryovers from Fiscal Year 2023-24 totaling $6.8 million were added to the adopted budget.

Variance with Final Budget

Actual General Fund revenues came in at $10.4 million above final budgeted revenues for the year ended June 30, 2025. Significant factors contributing to this favorable variance are summarized as follows:

- Property tax revenues came in $1.6 million higher than the final budget, largely due to supplemental taxes.

- Investment earning revenues were $3 million higher than final budgeted revenues due to interest income from bonds and elevated interest rates.

- Property income ended the year $1.9 million higher mainly due to overages in Beacon Bay, Balboa Yacht Basin, as well as parking revenue.

- Charges for services came in $1.2 million higher due primarily to receipts for paramedic service fees, plan check fees, as well as revenue received from renewals of short-term lodging permits.

- Other taxes ended the year $798,179 higher than final budgeted revenues primarily due to business license taxes, utility franchise fees, and solid waste franchise fees.

Actual General Fund expenditures of $269.3 million were less than final budgetary estimates of $284.7 million. The $15.5 million favorable variance was due largely in part to routine savings in salaries and benefits from vacancies as well as contract services. Salary and benefit savings totaled $6.8 million and are spread across multiple departments, with savings in the larger departments (such as the Police Department, the Public Works Department, and the Fire Department) totaling $3.7 million.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets for Governmental and Business-type Activities as of June 30, 2025 amount to $2.5 billion, net of accumulated depreciation/amortization. This is comprised of a broad range of tangible capital assets including land, buildings, machinery and equipment, park facilities, road improvements, storm drains, piers, oil wells, sound walls, an 800 MHz radio communications system, parking pay stations and meters, and bridges; and intangible capital assets including the rights to use land and rights of way, structures, equipment and subscriptions. Total capital assets increased $11.5 million over the prior fiscal year.

**Figure 9**
**Capital Assets**
**June 30**
**(net of depreciation/amortization, in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| Land | $ 1,922,330 | $ 1,923,977 | $ 2,219 | $ 2,219 | $ 1,924,549 | $ 1,926,196 |
| Intangible right to use land and rights of way | - | - | 3,755 | 3,702 | 3,755 | 3,702 |
| Structures | 199,676 | 201,794 | 363 | 347 | 200,039 | 202,141 |
| Intangible right to use structures | 14,045 | 12,823 | - | - | 14,045 | 12,823 |
| Equipment | 19,050 | 18,670 | 126 | 113 | 19,176 | 18,783 |
| Intangible right to use equipment | 162 | 78 | - | - | 162 | 78 |
| Intangible right to use subscriptions | 2,145 | 1,722 | - | 117 | 2,145 | 1,839 |
| Infrastructure | 211,479 | 225,774 | 125,767 | 125,697 | 337,246 | 351,471 |
| Work in progress | 22,200 | 14,988 | 4,408 | 7,229 | 26,608 | 22,217 |
| Totals | $ 2,391,087 | $ 2,399,826 | $ 136,638 | $ 139,424 | $ 2,527,725 | $ 2,539,250 |

Major capital asset events during the current fiscal year included the following:

- Capital asset additions totaled $56.5 million in both the Governmental and Business-type Activities in the current year. Of the $56.5 million, $9.1 million is related to structure additions of a trash interceptor system in Newport Bay and upgrading park playground equipment and a separate park parking lot; $26.8 million represents additions of infrastructure assets mostly related to the road system and water system; $4.0 million is related to equipment and intangible right to use equipment, and intangible right to use subscriptions additions; The remaining $16.6 million is comprised of additions of non-depreciable/non-amortizable assets such as work in progress of $14.9 million, and land and rights of way of $1.7 million.

- Of the $46.8 million of additions in governmental assets in the current year, additions in infrastructure contributed $22.8 million, which was mostly due to upgrades in the road system. The remaining $24.0 million added in the current year as governmental assets is comprised of $9.1 million of structure additions and $1.7 million of land additions, both mostly related to the addition of a trash interceptor system and associated landside improvements, upgrading a park's playground equipment, and upgrading a parking lot; $9.4 million of work in progress, mostly related to construction of a new lecture hall at the central library, upgrades to the road system, and construction of a new fire station/library; $3.8 million of equipment additions, mostly related to vehicle purchases and parking lot pay station purchases.

- The $9.7 million of business-type asset additions in the current year is comprised of $4.0 million in water system infrastructure additions, mostly related to updating pump stations and a water well; $5.5 million of work in progress additions related to water system improvements, including replacing a major water main and updating another pump station and water well The remaining amount of additions was for intangible rights to use a subscription related to water meters.

Additional information on the City's capital assets can be found in Note (6) of the Notes to the Financial Statements.

## Long-term Debt

**Figure 10**
**Outstanding Debt**
**June 30**
**(in thousands)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 |
| Certificates of participation | $ 93,525 | $ 89,290 | $ - | $ - | $ 93,525 | $ 89,290 |
| Bond premium | 865 | 723 | - | - | 865 | 723 |
| Totals | $ 94,390 | $ 90,013 | $ - | $ - | $ 94,390 | $ 90,013 |

The City's total debt decreased $4.4 million during the current fiscal year. The decrease is the result of expected debt service payments. Additional information on the City's long-term debt obligation can be found in Note (7) of the Notes to the Financial Statements.

## FACTORS AFFECTING NEXT YEAR'S BUDGET

### Economy

The City continues to benefit from a strong and stable local economy. Assessed property values are increasing and remain a significant driver of revenue growth. Property tax revenues grew 5.5 percent in Fiscal Year 2024–25 and are projected to grow an additional 5.8 percent in Fiscal Year 2025–26 due to continued strength in property sales and rising median home prices. Sales tax revenues grew 5.7 percent in Fiscal Year 2024–25 and are projected to increase by 3.0 percent in Fiscal Year 2025–26, signaling continued resilience in the local retail and tourism sectors. Transient Occupancy Tax revenue continues to grow, although at a slower pace than the post-pandemic recovery period as international travel and hotel demand moderate.

The City's diverse revenue base, stable property values, and sound fiscal management support long-term financial sustainability. Newport Beach's revenue structure continues to position the City to withstand broader economic fluctuations and maintain essential services and capital investments.

### Local Revenue Trends

Property tax revenue remains the City's largest General Fund revenue source and represents approximately half of total General Fund revenues. Strong assessed valuation growth is the primary driver of projected increases. Supplemental property tax revenues were also higher than originally forecasted as final assessed valuation figures exceeded expectations.

Sales tax revenue is the second largest source of General Fund revenue and represents more than 15 percent of the General Fund. Growth is driven largely by activity in autos and transportation, general consumer goods, and restaurants and hotels. Although growth is moderating from the previous year, sales tax revenues are performing above budgeted levels and reflect continued strength in consumer spending and tourism.

Transient Occupancy Tax revenue is the third largest source of General Fund revenue. Following several years of post-pandemic strength, growth has moderated due to softening hotel demand and a reduction in international visitors. Despite this moderation, TOT revenues remain a significant and stable contributor to the City's revenue structure.

Collectively, General Fund revenues are projected to exceed the budgeted estimates for Fiscal Year 2025–26 due to stronger than anticipated economic conditions. Based on updated revenue projections and expenditure savings identified during the first quarter budget update, a $10.3 million General Fund surplus is currently projected for the year.

### Discretionary Appropriations

The annual budget serves as the foundation for financial planning and fiscal control and allows the City Council to prioritize resources consistent with community values. The Fiscal Year 2025–26 budget reflects continued financial strength supported by growing revenues, healthy reserves, and a conservative debt profile.

When the Fiscal Year 2025-26 budget was adopted, the City projected a structural General Fund surplus of $12.2 million. Approximately $10 million of the surplus was committed to fund the first year of three-year labor contracts with the City's bargaining groups. This reduced the structural surplus to approximately $2 million at the time of adoption. Strong revenue performance and expenditure savings since adoption have increased the projected surplus to $10.3 million based on the first quarter budget update.

The City continues to maintain a balanced approach to fiscal management by addressing long-term obligations, sustaining essential public services, and investing in infrastructure to support high service levels and quality of life. The City continues to execute an aggressive pension paydown strategy and to maintain sufficient reserves to address unforeseen economic or fiscal challenges.

Overall, the City's debt burden remains low and affordable. Newport Beach benefits from a mature and diverse tax base, high residential and commercial property values, and a robust tourism and retail economy. The City's strong financial profile is an important factor considered by credit rating agencies when evaluating the creditworthiness of municipal debt. Fitch Ratings reaffirmed the City's AAA credit rating in 2025, and Moody's reaffirmed its AAA rating in 2024. Standard and Poor's continues to assign the City its highest long-term credit rating of AAA.

The City's financial management policies emphasize prudent budgeting practices, conservative revenue forecasting, and expenditure controls. Over the past decade, the City has employed strategies such as modifying pension cost-sharing arrangements, contracting for services when appropriate, and freezing vacant positions during periods of economic uncertainty. These practices have supported consistent operating surpluses over the past ten years. Surpluses have been used for one-time purposes, including paying down liabilities and investing in capital and neighborhood improvements.

## CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Administrative Services Department, 100 Civic Center Drive, Newport Beach, CA 92660, (949) 644-3123. The City's Budgets, Annual Comprehensive Financial Reports, as well as other City financial information can be found on the City's website at: www.newportbeachca.gov/financialinfo.

# FINANCIAL SECTION

## GOVERNMENT-WIDE FINANCIAL STATEMENTS



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**CITY OF NEWPORT BEACH**
**Statement of Net Position**
**June 30, 2025**

| | Governmental Activities | Business-type Activities | Total |
|---|---|---|---|
| **Assets:** | | | |
| Cash and investments (note 2) | $ 381,192,951 | $ 29,631,436 | $ 410,824,387 |
| Receivables: | | | |
| Accounts (net of allowance) | 13,473,448 | 6,554,867 | 20,028,315 |
| Interest | 1,812,524 | 145,252 | 1,957,776 |
| Intergovernmental receivables | 14,363,166 | 451 | 14,363,617 |
| Lease receivables (note 3) | 276,374,011 | - | 276,374,011 |
| Public-private partnership receivable (note 17) | 629,813 | - | 629,813 |
| Restricted cash and investments with fiscal agent (note 2) | 27,782,192 | - | 27,782,192 |
| Internal balances | 2,065,843 | (2,065,843) | - |
| Investment in joint ventures (note 13) | 339,272 | - | 339,272 |
| Inventory | 686,808 | - | 686,808 |
| Prepaid items | 7,150,342 | - | 7,150,342 |
| Capital assets (note 6): | | | |
| Non-depreciable/non-amortizable | 1,938,964,243 | 9,447,970 | 1,948,412,213 |
| Depreciable/amortizable | 790,941,765 | 212,913,481 | 1,003,855,246 |
| Accumulated depreciation/amortization | (330,081,448) | (82,937,363) | (413,018,811) |
| Total assets | 3,125,694,930 | 173,690,251 | 3,299,385,181 |
| **Deferred Outflows of Resources:** | | | |
| Deferred amount from pension plans (note 11) | 91,256,632 | 2,738,713 | 93,995,345 |
| Deferred amount from OPEB (note 12) | 8,347,130 | 458,803 | 8,805,933 |
| Total deferred outflows of resources | 99,603,762 | 3,197,516 | 102,801,278 |
| **Liabilities:** | | | |
| Accounts payable | 19,990,178 | 6,006,188 | 25,996,366 |
| Accrued payroll | 7,752,498 | 320,013 | 8,072,511 |
| Accrued interest payable | 3,109,569 | - | 3,109,569 |
| Deposits payable | 3,658,843 | 29,784 | 3,688,627 |
| Unearned revenue | 5,652,744 | - | 5,652,744 |
| Noncurrent liabilities: | | | |
| Due within one year: | | | |
| Lease liability (note 7) | 1,273,326 | 44,608 | 1,317,934 |
| Subscription liability (note 7) | 243,771 | 36,593 | 280,364 |
| Other (note 7) | 20,966,944 | - | 20,966,944 |
| Due in more than one year: | | | |
| Net pension liability (note 11) | 267,824,528 | 8,702,213 | 276,526,741 |
| Net OPEB liability (note 12) | 5,237,348 | 277,324 | 5,514,672 |
| Lease liability (note 7) | 11,793,605 | 3,687,682 | 15,481,287 |
| Subscription liability (note 7) | 1,299,952 | 73,790 | 1,373,742 |
| Other (note 7) | 119,628,344 | - | 119,628,344 |
| Total liabilities | 468,431,650 | 19,178,195 | 487,609,845 |
| **Deferred Inflows of Resources:** | | | |
| Deferred amount from pension plans (note 11) | 1,005,922 | 7,364 | 1,013,286 |
| Deferred amount from OPEB (note 12) | 1,964,658 | 108,049 | 2,072,707 |
| Deferred amount from leases (note 3) | 271,248,281 | - | 271,248,281 |
| Deferred amount from public-private partnerships (note 17) | 686,001 | - | 686,001 |
| Total deferred inflows of resources | 274,904,862 | 115,413 | 275,020,275 |
| **Net Position:** | | | |
| Net investment in capital assets | 2,292,549,844 | 135,138,380 | 2,427,688,224 |
| Restricted for: | | | |
| Public safety | 759,073 | - | 759,073 |
| Public works | 44,563,786 | - | 44,563,786 |
| Community services | 75,003,024 | - | 75,003,024 |
| Community development | 1,475,624 | - | 1,475,624 |
| Debt service | 2,024,393 | - | 2,024,393 |
| Permanent funds: | | | |
| Nonexpendable | 4,629,781 | - | 4,629,781 |
| Expendable | 2,555,481 | - | 2,555,481 |
| Unrestricted | 58,401,174 | 22,455,779 | 80,856,953 |
| Total net position | $ 2,481,962,180 | $ 157,594,159 | $ 2,639,556,339 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Statement of Activities**
**For the Year Ended June 30, 2025**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Program Revenues: Total Program Revenues |
|---|---|---|---|---|---|
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 20,365,624 | $ 8,911,980 | $ 931,503 | $ - | $ 9,843,483 |
| Public safety | 143,920,632 | 30,839,794 | 4,086,656 | - | 34,926,450 |
| Public works | 87,889,339 | 8,890,609 | 15,990,133 | 4,403,307 | 29,284,049 |
| Community development | 17,104,756 | 12,723,330 | 616,730 | 48,181 | 13,388,241 |
| Community services | 33,510,164 | 18,883,733 | 1,140,761 | 808,629 | 20,833,123 |
| Interest on long-term debt | 6,171,195 | - | - | - | - |
| Total governmental activities | 308,961,710 | 80,249,446 | 22,765,783 | 5,260,117 | 108,275,346 |
| Business-type activities: | | | | | |
| Water | 36,561,497 | 40,463,909 | 15,456 | - | 40,479,365 |
| Wastewater | 6,282,179 | 5,980,769 | 10,728 | - | 5,991,497 |
| Total business-type activities | 42,843,676 | 46,444,678 | 26,184 | - | 46,470,862 |
| Total primary government | $ 351,805,386 | $ 126,694,124 | $ 22,791,967 | $ 5,260,117 | $ 154,746,208 |
| Taxes: | | | | | |
| Property tax | | | | | |
| Sales tax | | | | | |
| Transient occupancy tax | | | | | |
| Business license tax | | | | | |
| Franchise tax | | | | | |
| Other taxes | | | | | |
| Investment income | | | | | |
| Net increase in fair value of investments | | | | | |
| Other | | | | | |
| Total general revenues | | | | | |
| Change in net position | | | | | |
| Net position, beginning of year | | | | | |
| Net position, end of year | | | | | |

See accompanying notes to basic financial statements

| Net (Expense) Revenue and Changes in Net Position Primary Government | | |
|---|---|---|
| Governmental Activities | Business-type Activities | Total |
| $ (10,522,141) | $ - | $ (10,522,141) |
| (108,994,182) | - | (108,994,182) |
| (58,605,290) | - | (58,605,290) |
| (3,716,515) | - | (3,716,515) |
| (12,677,041) | - | (12,677,041) |
| (6,171,195) | - | (6,171,195) |
| (200,686,364) | - | (200,686,364) |
| - | 3,917,868 | 3,917,868 |
| - | (290,682) | (290,682) |
| - | 3,627,186 | 3,627,186 |
| (200,686,364) | 3,627,186 | (197,059,178) |
| 154,182,579 | - | 154,182,579 |
| 45,934,260 | - | 45,934,260 |
| 33,174,268 | - | 33,174,268 |
| 5,086,253 | - | 5,086,253 |
| 5,052,778 | - | 5,052,778 |
| 246,787 | - | 246,787 |
| 6,747,045 | 1,119,040 | 7,866,085 |
| 2,346,015 | 313,212 | 2,659,227 |
| 3,333,021 | - | 3,333,021 |
| 256,103,006 | 1,432,252 | 257,535,258 |
| 55,416,642 | 5,059,438 | 60,476,080 |
| 2,426,545,538 | 152,534,721 | 2,579,080,259 |
| $ 2,481,962,180 | $ 157,594,159 | $ 2,639,556,339 |

See accompanying notes to basic financial statements

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# FINANCIAL SECTION

## FUND FINANCIAL STATEMENTS
## GOVERNMENTAL FUNDS



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# GOVERNMENTAL FUNDS

## Major Funds

The ***General Fund*** is used to account for fiscal resources that are dedicated to governmental operations of the City, and not required to be accounted for in another fund.

The ***Tide and Submerged Land – Operating Fund*** is a Special Revenue Fund used to account for revenues related to the operation of the City's tidelands, including beaches and marinas, and the related expenditures. Revenue from tideland operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

The ***Tide and Submerged Land – Harbor Capital Fund*** is a Special Revenue Fund used to account for incremental increases in revenue from certain property lease, pier, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

The ***Facilities Financial Planning Reserve Fund*** is used to account for the receipt and expenditure of funds for the replacement of facilities. In prior years, this fund was called the Facilities Replacement Fund.

The ***Debt Service Fund*** is used to account for debt service transactions related to the Certificates of Participation issued to finance the construction of the Civic Center Complex and the construction of Fire Station No. 2.

## Other Governmental Funds

Other governmental funds are those governmental funds that do not meet the criteria of a major fund. For reporting purposes in this section, they are combined as Other Governmental Funds.

**CITY OF NEWPORT BEACH**
**Governmental Funds**
**Balance Sheet**
**June 30, 2025**


| | General | Special Revenue Funds: Tide and Submerged Land - Operating | Special Revenue Funds: Tide and Submerged Land - Harbor Capital |
|---|---|---|---|
| **Assets** | | | |
| Cash and investments (note 2) | $ 96,363,732 | $ 9,167,630 | $ 62,161,008 |
| Receivables: | | | |
| Accounts (net of allowance) | 6,115,707 | 2,165,513 | - |
| Interest | 520,192 | 66,363 | 254,095 |
| Intergovernmental receivables | 11,162,624 | - | - |
| Lease receivables (note 3) | 79,878,799 | 193,226,328 | - |
| Public-private partnership receivable (note 17) | - | 629,813 | - |
| Restricted cash and investments with fiscal agent (note 2) | - | - | - |
| Due from other funds (note 4) | 8,718,563 | - | - |
| Advance to other funds (note 4) | 4,426,659 | - | - |
| Prepaid items | 1,371,697 | 63,529 | - |
| Inventory | 183,978 | - | - |
| Total assets | $ 208,741,951 | $ 205,319,176 | $ 62,415,103 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | |
| Liabilities: | | | |
| Accounts payable | $ 9,586,771 | $ 1,269,942 | $ 485,298 |
| Accrued payroll | 7,162,759 | 75,542 | - |
| Deposits payable | 3,345,409 | 313,434 | - |
| Unearned revenue | 2,654,437 | 980,433 | - |
| Due to other funds (note 4) | - | - | - |
| Advance from other funds (note 4) | - | - | 4,426,659 |
| Total liabilities | 22,749,376 | 2,639,351 | 4,911,957 |
| Deferred Inflows of Resources: | | | |
| Unavailable revenue | - | - | - |
| Deferred amount from leases (note 3) | 77,845,065 | 190,240,713 | - |
| Deferred amount from public-private partnerships (note 17) | - | 630,001 | - |
| Total deferred inflows of resources | 77,845,065 | 190,870,714 | - |
| Fund balances: | | | |
| Nonspendable: | | | |
| Prepaid items | 1,371,697 | 63,529 | - |
| Inventories | 183,978 | - | - |
| Long-term loan receivable | 4,426,659 | - | - |
| Permanent endowment | - | - | - |
| Restricted: | | | |
| Upper Newport Bay restoration | - | 1,871,911 | - |
| Other (note 15) | - | 8,614,781 | 57,503,146 |
| Committed: | | | |
| Capital re-appropriations | 374,822 | - | - |
| Oil and gas | - | 1,258,890 | - |
| Other (note 15) | 3,411,044 | - | - |
| Unassigned | 98,379,310 | - | - |
| Total fund balances | 108,147,510 | 11,809,111 | 57,503,146 |
| Total liabilities, deferred inflows of resources and fund balances | $ 208,741,951 | $ 205,319,176 | $ 62,415,103 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Governmental Funds**
**Balance Sheet**
**June 30, 2025**
**Page 2 of 2**

| | Capital Project Fund | Debt Service Fund | | |
|---|---|---|---|---|
| | Facilities Financial Planning Reserve | Debt Service Fund | Other Governmental Funds | Totals |
| **Assets** | | | | |
| Cash and investments (note 2) | $ 23,434,039 | $ - | $ 108,499,105 | $ 299,625,514 |
| Receivables: | | | | |
| Accounts (net of allowance) | 4,643,968 | - | 513,601 | 13,438,789 |
| Interest | 106,670 | - | 508,239 | 1,455,559 |
| Intergovernmental receivables | - | 1,004,032 | 2,001,123 | 14,167,779 |
| Lease receivables (note 3) | - | - | 3,268,884 | 276,374,011 |
| Public-private partnership receivable (note 17) | - | - | - | 629,813 |
| Restricted cash and investments with fiscal agent (note 2) | - | 7,542,238 | 20,239,954 | 27,782,192 |
| Due from other funds (note 4) | - | - | - | 8,718,563 |
| Advance to other funds (note 4) | - | - | - | 4,426,659 |
| Prepaid items | - | - | 17,024 | 1,452,250 |
| Inventory | - | - | - | 183,978 |
| Total assets | $ 28,184,677 | $ 8,546,270 | $ 135,047,930 | $ 648,255,107 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ - | $ 4,099 | $ 7,688,301 | $ 19,034,411 |
| Accrued payroll | - | - | 4,327 | 7,242,628 |
| Deposits payable | - | - | - | 3,658,843 |
| Unearned revenue | - | - | 2,017,874 | 5,652,744 |
| Due to other funds (note 4) | - | 6,517,778 | 1,847,784 | 8,365,562 |
| Advance from other funds (note 4) | - | - | - | 4,426,659 |
| Total liabilities | - | 6,521,877 | 11,558,286 | 48,380,847 |
| Deferred Inflows of Resources: | | | | |
| Unavailable revenue | 4,643,968 | - | 1,255,134 | 5,899,102 |
| Deferred amount from leases (note 3) | - | - | 3,162,503 | 271,248,281 |
| Deferred amount from public-private partnerships (note 17) | - | - | - | 630,001 |
| Total deferred inflows of resources | 4,643,968 | - | 4,417,637 | 277,777,384 |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepaid items | - | - | 17,024 | 1,452,250 |
| Inventories | - | - | - | 183,978 |
| Long-term loan receivable | - | - | - | 4,426,659 |
| Permanent endowment | - | - | 4,629,781 | 4,629,781 |
| Restricted: | | | | |
| Upper Newport Bay restoration | - | - | - | 1,871,911 |
| Other (note 15) | - | 2,024,393 | 50,724,688 | 118,867,008 |
| Committed: | | | | |
| Capital re-appropriations | - | - | - | 374,822 |
| Oil and gas | - | - | - | 1,258,890 |
| Other (note 15) | 23,540,709 | - | 63,700,525 | 90,652,278 |
| Unassigned | - | - | (11) | 98,379,299 |
| Total fund balances | 23,540,709 | 2,024,393 | 119,072,007 | 322,096,876 |
| Total liabilities, deferred inflows of resources and fund balances | $ 28,184,677 | $ 8,546,270 | $ 135,047,930 | $ 648,255,107 |

See accompanying notes to basic financial statements

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**CITY OF NEWPORT BEACH**
**Governmental Funds**
**Reconciliation of the Balance Sheet of Governmental Funds**
**to the Statement of Net Position**
**June 30, 2025**

| | | |
|---|---|---|
| Fund balances of governmental funds | $ | 322,096,876 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets net of accumulated depreciation have not been included as financial resources in governmental fund activity. Amount excludes capital assets from internal service funds which are added below. | | 2,381,189,972 |
| All liabilities (both current and long-term) are reported in the Statement of Net Position. Amounts exclude long-term debt activity from internal service funds which have been added below: | | |
| Certificates of participation payable - Series 2010B | | (84,290,000) |
| Certificates of participation payable - Series 2020A | | (5,000,000) |
| Bond premium - Series 2020A | | (722,502) |
| Lease liability | | (12,999,592) |
| Subscription liability | | (242,777) |
| Deferred inflows for improvements by the operator to the underlying asset of a public-private partnership are recognized only in the government-wide statements for governmental activities. | | (56,000) |
| Pension related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pension are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities. Amounts exclude internal service fund activity which has been added below: | | |
| Deferred outflows of resources | | 89,455,293 |
| Deferred inflows of resources | | (1,001,078) |
| Pension liability | | (262,100,803) |
| OPEB related debt applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to OPEB are only reported in the Statement of Net Position as the changes in these amounts affect only the government-wide statements for governmental activities. Amounts exclude internal service fund activity which has been added below: | | |
| Deferred outflows of resources | | 8,045,360 |
| Deferred inflows of resources | | (1,893,588) |
| OPEB liability | | (5,054,940) |
| Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. | | (3,109,569) |
| Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as unavailable revenue in the governmental funds. | | 5,899,102 |
| Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance, fleet management and information technology, to individual funds. The assets (including capital assets) and liabilities of the internal service funds must be added to the statement of net position. | | 49,341,311 |
| Investment in joint ventures is not a current financial resource and therefore not reported in the governmental funds. | | 339,272 |
| Internal balance created by the consolidation of internal service fund activities related to enterprise funds is not reported in the governmental funds. | | 2,065,843 |
| Net position of governmental activities | $ | 2,481,962,180 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | | Special Revenue Funds | |
|---|---|---|---|
| | General | Tide and Submerged Land - Operating | Tide and Submerged Land - Harbor Capital |
| **Revenues:** | | | |
| Taxes and assessments: | | | |
| Property tax | $ 154,182,579 | $ - | $ - |
| Sales tax | 45,934,260 | - | - |
| Transient occupancy tax | 33,174,268 | - | - |
| Other taxes | 10,385,818 | - | - |
| Intergovernmental | 5,670,490 | - | - |
| Licenses, permits and fees | 6,350,277 | 110,943 | - |
| Charges for services | 26,966,719 | 65,341 | - |
| Fines and forfeitures | 4,344,836 | 37,814 | - |
| Investment income | 3,771,565 | 332,181 | 2,170,732 |
| Net increase in fair value of investments | 1,129,325 | 52,743 | 625,833 |
| Property income | 19,808,736 | 16,739,019 | 6,711,452 |
| Donations | 795,959 | - | - |
| Other | 1,202,884 | 78 | - |
| Total revenues | 313,717,716 | 17,338,119 | 9,508,017 |
| **Expenditures:** | | | |
| Current: | | | |
| General government | 21,920,035 | 576,031 | - |
| Public safety | 145,807,405 | - | - |
| Public works | 55,236,683 | 1,546,690 | - |
| Community development | 16,506,628 | 29,506 | - |
| Community services | 28,461,405 | 2,709,858 | - |
| Capital outlay | - | 1,160,516 | 945,092 |
| Debt service: | | | |
| Principal | 1,283,576 | - | - |
| Interest and fiscal charges | 77,188 | - | - |
| Total expenditures | 269,292,920 | 6,022,601 | 945,092 |
| Excess (deficiency) of revenues over expenditures | 44,424,796 | 11,315,518 | 8,562,925 |
| **Other financing sources (uses):** | | | |
| Transfers in (note 5) | 20,317,944 | 12,263,815 | 5,832,875 |
| Transfers out (note 5) | (53,036,418) | (20,317,944) | - |
| Total other financing sources (uses) | (32,718,474) | (8,054,129) | 5,832,875 |
| Net change in fund balances | 11,706,322 | 3,261,389 | 14,395,800 |
| Fund balances, beginning | 96,441,188 | 8,547,722 | 43,107,346 |
| Fund balances, ending | $ 108,147,510 | $ 11,809,111 | $ 57,503,146 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Governmental Funds**
**Statement of Revenues, Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Capital Project Fund | Debt Service Fund | | |
|---|---|---|---|---|
| | Facilities Financial Planning Reserve | Debt Service Fund | Other Governmental Funds | Totals |
| **Revenues:** | | | | |
| Taxes and assessments: | | | | |
| Property tax | $ - | $ - | $ - | $ 154,182,579 |
| Sales tax | - | - | - | 45,934,260 |
| Transient occupancy tax | - | - | - | 33,174,268 |
| Other taxes | - | - | 1,021,443 | 11,407,261 |
| Intergovernmental | - | 2,006,281 | 10,497,718 | 18,174,489 |
| Licenses, permits and fees | - | - | 851,257 | 7,312,477 |
| Charges for services | - | - | 92,129 | 27,124,189 |
| Fines and forfeitures | - | - | - | 4,382,650 |
| Investment income | 857,449 | 45,430 | 4,508,461 | 11,685,818 |
| Net increase in fair value of investments | 186,073 | - | 1,260,300 | 3,254,274 |
| Property income | - | - | 725,753 | 43,984,960 |
| Donations | 1,068,190 | - | 3,726,024 | 5,590,173 |
| Other | - | - | 120,155 | 1,323,117 |
| Total revenues | 2,111,712 | 2,051,711 | 22,803,240 | 367,530,515 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | - | - | 1,610 | 22,497,676 |
| Public safety | - | - | 777,707 | 146,585,112 |
| Public works | - | - | 10,739,240 | 67,522,613 |
| Community development | - | - | 225,546 | 16,761,680 |
| Community services | - | - | 231,066 | 31,402,329 |
| Capital outlay | - | - | 41,637,631 | 43,743,239 |
| Debt service: | | | | |
| Principal | - | 4,235,000 | - | 5,518,576 |
| Interest and fiscal charges | - | 6,366,168 | - | 6,443,356 |
| Total expenditures | - | 10,601,168 | 53,612,800 | 340,474,581 |
| Excess (deficiency) of revenues over expenditures | 2,111,712 | (8,549,457) | (30,809,560) | 27,055,934 |
| **Other financing sources (uses):** | | | | |
| Transfers in (note 5) | 12,104,412 | 8,250,735 | 25,673,861 | 84,443,642 |
| Transfers out (note 5) | (11,111,169) | - | - | (84,465,531) |
| Total other financing sources (uses) | 993,243 | 8,250,735 | 25,673,861 | (21,889) |
| Net change in fund balances | 3,104,955 | (298,722) | (5,135,699) | 27,034,045 |
| Fund balances, beginning | 20,435,754 | 2,323,115 | 124,207,706 | 295,062,831 |
| Fund balances, ending | $ 23,540,709 | $ 2,024,393 | $ 119,072,007 | $ 322,096,876 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities**
**Year Ended June 30, 2025**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | 27,034,045 |
| Amounts reported for governmental activities in the statement of activities differ from the amounts reported in governmental funds because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. | | |
| Capital outlay | | 26,386,385 |
| Depreciation expense | | (15,910,049) |
| Other capital related items | | (1,203,127) |
| The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal and issuance costs of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the Statement of Net Position. The amounts are the net effect of these differences in the treatment of long-term debt: | | |
| Repayment of principal on bonds | | 4,235,000 |
| Amortization of principal on leases | | 1,199,376 |
| Amortization of principal on subscriptions | | 84,200 |
| Amortization of deferred inflows for improvements by the operator to the underlying asset of a public-private partnership are recognized only in the government-wide statements for governmental activities. | | 8,000 |
| Premium on bonds is recognized as revenues in the period received; however, in the statement of activities, it is amortized over the life of the bond. | | |
| Amortization of bond premium - Series 2020A | | 142,131 |
| Accrued interest for debt service is the net change in accrued interest for the current period. | | 138,333 |
| Pension expense reported in the governmental funds includes the employer contributions made. In the Statement of Activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources. | | 7,257,210 |
| OPEB expense reported in the governmental funds includes the employer contributions made. In the Statement of Activities, OPEB expense includes the change in the net OPEB liability and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources. | | (2,020,827) |
| Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is reported as unavailable revenue in the governmental funds. This is the net change in unavailable revenue for the current period. | | (629,867) |
| Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, workers' compensation, compensated absences, retiree insurance and fleet management, to individual funds. The change in net position of the internal service funds is reported in the statement of activities. | | 11,190,381 |
| Investment in joint ventures creates an explicit, measurable equity interest reported only in the statement of activities. | | 69,145 |
| Internal balance created by the consolidation of internal service funds activities related to enterprise funds is reflected as a reduction of expenses in the statement of activities. | | (2,563,694) |
| Change in net position of governmental activities | $ | 55,416,642 |

See accompanying notes to basic financial statements

# FINANCIAL SECTION

## FUND FINANCIAL STATEMENTS
## PROPRIETARY FUNDS



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# PROPRIETARY FUNDS

## Business-type Activities

The ***Water Fund*** is a Major Fund used to account for the operations of the City's water utility, a self-supporting activity which is entirely financed though user charges.

The ***Wastewater Fund*** is a Major Fund used to account for the operations of the City's wastewater system, a self-supporting activity which is entirely financed through user charges.

## Governmental Activities

The ***Internal Service Funds*** are used to allocate the cost of providing goods and services by one department to other departments on a cost reimbursement basis.

**CITY OF NEWPORT BEACH**
**Proprietary Funds**
**Statement of Net Position**
**June 30, 2025**

| | Enterprise Funds | | | |
|---|---|---|---|---|
| | Water | Wastewater | Total Enterprise Funds | Governmental Activities Internal Service Funds |
| **Assets and Deferred Outflows of Resources** | | | | |
| Current assets: | | | | |
| Cash and investments (note 2) | $ 26,580,770 | $ 3,050,666 | $ 29,631,436 | $ 81,567,437 |
| Receivables: | | | | |
| Accounts (net of allowance) | 5,661,146 | 893,721 | 6,554,867 | 34,659 |
| Interest | 131,775 | 13,477 | 145,252 | 356,965 |
| Intergovernmental receivables | - | 451 | 451 | 195,387 |
| Inventories | - | - | - | 502,830 |
| Prepaid items | - | - | - | 5,698,092 |
| Total current assets | 32,373,691 | 3,958,315 | 36,332,006 | 88,355,370 |
| Noncurrent assets: | | | | |
| Capital assets (note 6): | | | | |
| Land | 2,219,450 | - | 2,219,450 | - |
| Intangible right to use land | 3,883,062 | - | 3,883,062 | - |
| Structures | 688,396 | - | 688,396 | 39,581 |
| Equipment | 344,080 | 35,988 | 380,068 | 50,392,408 |
| Intangible right to use equipment | - | - | - | 363,725 |
| Software | - | - | - | 4,360,625 |
| Intangible right to use subscriptions | 146,843 | - | 146,843 | 2,099,163 |
| Infrastructure | 158,988,518 | 48,826,594 | 207,815,112 | - |
| Work in progress | 6,379,733 | 848,787 | 7,228,520 | - |
| Less: accumulated depreciation/amortization | (60,383,202) | (22,554,161) | (82,937,363) | (38,620,914) |
| Total capital assets (net of accumulated depreciation/amortization) | 112,266,880 | 27,157,208 | 139,424,088 | 18,634,588 |
| Total assets | 144,640,571 | 31,115,523 | 175,756,094 | 106,989,958 |
| Deferred outflows of resources: | | | | |
| Deferred amount from pension plans (note 11) | 1,978,791 | 759,922 | 2,738,713 | 1,801,339 |
| Deferred amount from OPEB (note 12) | 331,497 | 127,306 | 458,803 | 301,770 |
| Total deferred outflows of resources | 2,310,288 | 887,228 | 3,197,516 | 2,103,109 |
| **Liabilities and Deferred Inflows of Resources** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 5,654,480 | 351,708 | 6,006,188 | 955,767 |
| Accrued payroll | 244,519 | 75,494 | 320,013 | 509,870 |
| Deposits payable | 29,784 | - | 29,784 | - |
| Due to other funds (note 4) | - | - | - | 353,001 |
| Workers' compensation - current | - | - | - | 4,497,885 |
| General liability - current | - | - | - | 3,941,299 |
| Compensated absences - current | - | - | - | 8,097,760 |
| Lease liability - current | 44,608 | - | 44,608 | 67,339 |
| Subscription liability - current | 36,593 | - | 36,593 | 170,375 |
| Total current liabilities | 6,009,984 | 427,202 | 6,437,186 | 18,593,296 |
| Noncurrent liabilities: | | | | |
| Workers' compensation (note 7) | - | - | - | 20,992,090 |
| General liability (note 7) | - | - | - | 6,658,815 |
| Compensated absences (note 7) | - | - | - | 6,394,937 |
| Lease liability (note 7) | 3,687,682 | - | 3,687,682 | - |
| Subscription liability (note 7) | 73,790 | - | 73,790 | 1,130,571 |
| Net pension liability (note 11) | 6,287,587 | 2,414,626 | 8,702,213 | 5,723,725 |
| Net OPEB liability (note 12) | 200,373 | 76,951 | 277,324 | 182,408 |
| Total noncurrent liabilities | 10,249,432 | 2,491,577 | 12,741,009 | 41,082,546 |
| Total liabilities | 16,259,416 | 2,918,779 | 19,178,195 | 59,675,842 |
| Deferred inflows of resources: | | | | |
| Deferred amount from pension plans (note 11) | 5,320 | 2,044 | 7,364 | 4,844 |
| Deferred amount from OPEB (note 12) | 78,070 | 29,979 | 108,049 | 71,070 |
| Total deferred inflows of resources | 83,390 | 32,023 | 115,413 | 75,914 |
| **Net Position** | | | | |
| Net investment in capital assets | 108,424,207 | 26,714,173 | 135,138,380 | 16,984,653 |
| Unrestricted | 22,183,846 | 2,337,776 | 24,521,622 | 32,356,658 |
| Total net position | $ 130,608,053 | $ 29,051,949 | $ 159,660,002 | $ 49,341,311 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | (2,065,843) | |
| Net position of business-type activities | | | $ 157,594,159 | |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Proprietary Funds**
**Statement of Revenues,**
**Expenses and Changes in Net Position**
**For the Year Ended June 30, 2025**

| | Enterprise Funds | | | |
|---|---|---|---|---|
| | Water | Wastewater | Total Enterprise Funds | Governmental Activities Internal Service Funds |
| Operating revenues: | | | | |
| Charges for sales and services: | | | | |
| Water sales | $ 40,173,666 | $ - | $ 40,173,666 | $ - |
| Charges for services | - | - | - | 39,112,990 |
| Sewer service and connection fees | - | 5,929,991 | 5,929,991 | - |
| Intergovernmental | 15,456 | 10,728 | 26,184 | 195,387 |
| Employee contributions | - | - | - | 22,086 |
| Other | 290,243 | 50,778 | 341,021 | 6,396,146 |
| Total operating revenues | 40,479,365 | 5,991,497 | 46,470,862 | 45,726,609 |
| Operating expenses: | | | | |
| Purchase of water | 14,258,486 | - | 14,258,486 | - |
| Salaries and benefits | 6,057,868 | 1,923,456 | 7,981,324 | 4,654,284 |
| Depreciation/amortization | 1,949,684 | 639,534 | 2,589,218 | 4,275,677 |
| Professional services | 3,270,486 | 698,697 | 3,969,183 | 996,283 |
| Maintenance and supplies | 3,392,569 | 1,359,247 | 4,751,816 | 4,102,840 |
| System maintenance | 2,921,079 | 940,192 | 3,861,271 | 27,692 |
| Utilities | 2,293,501 | 102,163 | 2,395,664 | - |
| Fleet parts and supplies | - | - | - | 545,348 |
| Telecommunication | - | - | - | 188,617 |
| Hardware | - | - | - | 534,370 |
| Software | - | - | - | 369,728 |
| Workers' compensation | - | - | - | 7,107,333 |
| Claims and judgments | - | - | - | 10,384,659 |
| Compensated absences | - | - | - | 2,576,984 |
| OPEB ARC - cash subsidy | - | - | - | 847,328 |
| Other | 4,688,299 | 890,710 | 5,579,009 | 2,227,349 |
| Total operating expenses | 38,831,972 | 6,553,999 | 45,385,971 | 38,838,492 |
| Operating income (loss) | 1,647,393 | (562,502) | 1,084,891 | 6,888,117 |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 995,850 | 123,190 | 1,119,040 | 2,916,412 |
| Net increase in fair value of investments | 275,733 | 37,479 | 313,212 | 946,672 |
| Gain on sale of capital assets | - | - | - | 425,594 |
| Interest expense | (21,399) | - | (21,399) | (8,303) |
| Total nonoperating revenues | 1,250,184 | 160,669 | 1,410,853 | 4,280,375 |
| Income (loss) before transfers | 2,897,577 | (401,833) | 2,495,744 | 11,168,492 |
| Transfers in (note 5) | - | - | - | 21,889 |
| Change in net position | 2,897,577 | (401,833) | 2,495,744 | 11,190,381 |
| Net position, beginning of year | 127,710,476 | 29,453,782 | | 38,150,930 |
| Net position, end of year | $ 130,608,053 | $ 29,051,949 | | $ 49,341,311 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | | | 2,563,694 | |
| Change in net position of business-type activities | | | $ 5,059,438 | |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Proprietary Funds**
**Statement of Cash Flows**
**For the Year Ended June 30, 2025**

| | Enterprise Funds | | | |
|---|---|---|---|---|
| | Water | Wastewater | Total Enterprise Funds | Governmental Activities Internal Service Funds |
| Cash flows from operating activities: | | | | |
| Cash received from customers or user departments | $ 39,813,766 | $ 5,851,080 | $ 45,664,846 | $ 39,105,404 |
| Cash payments to employees for services | (6,021,465) | (1,913,288) | (7,934,753) | (11,441,209) |
| Cash payments to suppliers for goods and services | (22,922,028) | (3,281,254) | (26,203,282) | (39,330,748) |
| Cash payments for other operating activities | (4,688,299) | (890,710) | (5,579,009) | - |
| Cash received for other operating activities | 305,699 | 61,506 | 367,205 | 6,418,232 |
| Net cash provided (used) by operating activities | 6,487,673 | (172,666) | 6,315,007 | (5,248,321) |
| Cash flows from noncapital financing activities: | | | | |
| Cash received from other funds | - | - | - | 21,889 |
| Net cash provided by noncapital financing activities | - | - | - | 21,889 |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (6,542,049) | (390,931) | (6,932,980) | (3,456,839) |
| Lease liabilities and related | (65,023) | - | (65,023) | (73,663) |
| Subscription liabilities and related | (37,200) | - | (37,200) | (212,547) |
| Proceeds from sale of capital assets | - | - | - | 425,594 |
| Net cash (used) for capital and related financing activities | (6,644,272) | (390,931) | (7,035,203) | (3,317,455) |
| Cash flows from investing activities: | | | | |
| Investment income | 1,221,293 | 158,241 | 1,379,534 | 3,783,041 |
| Net cash provided by investing activities | 1,221,293 | 158,241 | 1,379,534 | 3,783,041 |
| Net increase (decrease) in cash and cash equivalents | 1,064,694 | (405,356) | 659,338 | (4,760,846) |
| Cash and cash equivalents, beginning | 25,516,076 | 3,456,022 | 28,972,098 | 86,328,283 |
| Cash and cash equivalents, ending | $ 26,580,770 | $ 3,050,666 | $ 29,631,436 | $ 81,567,437 |
| Reconciliation to the statement of net position: | | | | |
| Cash and investments reported on statement of net position | $ 26,580,770 | $ 3,050,666 | $ 29,631,436 | $ 81,567,437 |
| Cash and cash equivalents | $ 26,580,770 | $ 3,050,666 | $ 29,631,436 | $ 81,567,437 |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | |
| Operating income (loss) | $ 1,647,393 | $ (562,502) | $ 1,084,891 | $ 6,888,117 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation | 1,949,684 | 639,534 | 2,589,218 | 4,275,677 |
| Changes in operating assets and liabilities: | | | | |
| (Increase) in accounts receivable | (372,396) | (80,449) | (452,845) | (7,586) |
| (Increase) decrease in intergovernmental receivables | 8,747 | 1,538 | 10,285 | (195,387) |
| (Increase) in inventories | - | - | - | (39,048) |
| (Increase) in prepaid items | - | - | - | (4,902,194) |
| Decrease in net infrastructure from capital assets | 1,617,988 | - | 1,617,988 | - |
| Increase (decrease) in accounts payable and accrued payroll | 1,627,242 | (172,812) | 1,454,430 | (13,915,435) |
| Increase in deposits payable | 3,749 | - | 3,749 | - |
| Increase in workers' compensation | - | - | - | 2,039,412 |
| (Decrease) in general liability | - | - | - | (241,204) |
| Increase in compensated absences | - | - | - | 844,531 |
| (Decrease) in net pension liability and deferred cash flows | (78,141) | (30,006) | (108,147) | (71,132) |
| Increase in net OPEB liability and deferred cash flows | 83,407 | 32,031 | 115,438 | 75,928 |
| Total adjustments | 4,840,280 | 389,836 | 5,230,116 | (12,136,438) |
| Net cash provided (used) by operating activities | $ 6,487,673 | $ (172,666) | $ 6,315,007 | $ (5,248,321) |
| Noncash financing and investing activities: | | | | |
| Capital assets financed by ending accounts payable | $ - | $ 443,036 | $ 443,036 | $ - |
| Obtaining an intangible right to use subscription asset | 146,843 | - | 146,843 | - |
| (Loss) on disposal of capital assets | (1,617,988) | - | (1,617,988) | - |
| Total of noncash activities | $ 1,764,831 | $ 443,036 | $ 2,207,867 | $ - |

See accompanying notes to basic financial statements



# FINANCIAL SECTION

## FUND FINANCIAL STATEMENTS
## FIDUCIARY FUNDS

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# FIDUCIARY FUNDS

The ***Custodial Funds*** are used to account for assets held by the City as an agent for other government entities, private organizations, or individuals.

The ***Other Post-Employment Benefits (OPEB) Trust Fund*** is used to account for the activities of the City's trust for the OPEB plan.

**CITY OF NEWPORT BEACH**
**Fiduciary Funds**
**Statement of Fiduciary Net Position**
**June 30, 2025**

| | Custodial Funds | OPEB Trust |
|---|---|---|
| **Assets** | | |
| Cash and investments (note 2) | $ 1,582,522 | $ - |
| Restricted cash and investments with fiscal agent (note 2) | 2,699,066 | 48,292,264 |
| Receivable: | | |
| Interest | 15,167 | 3,624 |
| Intergovernmental receivable | 34,320 | - |
| Total assets | 4,331,075 | 48,295,888 |
| **Liabilities** | | |
| Due to others | 35,616 | - |
| Total liabilities | 35,616 | - |
| **Net Position** | | |
| Restricted for: | | |
| Postemployment benefits other than pensions | - | 48,295,888 |
| Individuals, organizations, and other governments | 4,295,459 | - |
| Total net position | $ 4,295,459 | $ 48,295,888 |

See accompanying notes to basic financial statements

**CITY OF NEWPORT BEACH**
**Fiduciary Funds**
**Statement of Changes in Fiduciary Net Position**
**For the Year Ended June 30, 2025**

| | Custodial Funds | OPEB Trust |
|---|---|---|
| **Additions** | | |
| Special assessments | $ 3,022,899 | $ - |
| Investment earnings | 155,193 | 4,904,074 |
| Other | 101,760 | - |
| Total additions | 3,279,852 | 4,904,074 |
| **Deductions** | | |
| Debt service | 3,317,230 | - |
| Benefit payments for OPEB trust | - | 2,682,141 |
| Administrative | 97,408 | 121,382 |
| Other | 133,537 | - |
| Total deductions | 3,548,175 | 2,803,523 |
| Net increase in fiduciary net position | (268,323) | 2,100,551 |
| Net position, beginning of year | 4,563,782 | 46,195,337 |
| Net position, end of year | $ 4,295,459 | $ 48,295,888 |

See accompanying notes to basic financial statements

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# FINANCIAL SECTION

## NOTES TO THE FINANCIAL STATEMENTS



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## (1) Summary of Significant Accounting Policies

The basic financial statements of the City of Newport Beach (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

### a. Reporting Entity

The City was incorporated on September 1, 1906. The current City Charter was adopted in 1954. Since adoption, the Charter has been amended several times. The most recent Charter amendment was approved by the voters on November 2, 2010. The City operates under a Council-Manager form of government and provides the following services: public safety (police, fire, and marine), highway and streets, cultural and recreation, public improvements, planning and zoning, utilities, and general administrative services.

The financial statements present the financial activity of the City (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. This entity is legally separate from the City. However, the City's elected officials have continuing full or partial accountability for fiscal matters of the component unit. The financial reporting entity consists of: (1) the City; (2) organizations for which the City is financially accountable; and (3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Unit

The financial statements of the City include the financial activities of the Newport Beach Public Facilities Corporation (the "Corporation"). The Corporation was formed on March 9, 1992, for the purpose of assisting the City of Newport Beach in the financing of public improvements, including the City's Central Library, Civic Center, and most recently the new Fire Station No. 2. The Corporation is governed by a Board of Directors, which is comprised of the seven City Council Members of the City. The Corporation's financial data and transactions are included in the debt service fund. Separate financial statements are not prepared for the Corporation. The debt service fund is used solely to account for the activities of the Corporation and contains no other City debt financing activities.

## (1) Summary of Significant Accounting Policies (Continued)

### b. Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). The City has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be

## (1) Summary of Significant Accounting Policies (Continued)

### b. Basis of Accounting and Measurement Focus (Continued)

made about the order in which the resources are considered to be applied. It is the City's practice to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental and enterprise funds. Fiduciary funds are excluded from government-wide financial statements. Fiduciary statements include financial information for fiduciary funds. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days for all revenues.

Property taxes, sales taxes, franchise taxes, gas taxes, motor vehicle license fees, transient occupancy taxes, grants, and interest associated with the current fiscal period are all considered to be subject to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the City.

Revenue recognition is subject to the *measurability* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are

## (1) Summary of Significant Accounting Policies (Continued)

### b. Basis of Accounting and Measurement Focus (Continued)

provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place.

*Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources are generally included on their balance sheets. The reported fund balance is considered to be a measure of “available spendable resources”. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect “available spendable resources”, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Permanent Funds, also referred to as Endowment Funds, are governmental funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs. The amount of net appreciation on investments that is available to support City programs is $2,555,481. The amount of investment earnings available for expenditure is reported as Restricted Fund Balance in the fund level financial statements. The endowment principal is reported as Nonspendable for Permanent Endowments in the Balance Sheet. The State law governing the spending of endowment funds investment earnings is California Probate Code §18504. The authority for spending investment earnings for scholarships resides with the City Manager, and the authority for periodic maintenance dredging in the Newport Bay resides with the City Council.

## (1) Summary of Significant Accounting Policies (Continued)

### b. Basis of Accounting and Measurement Focus (Continued)

Proprietary & Fiduciary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, proprietary and fiduciary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets, deferred outflows of resources, all liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from non-exchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as reductions of the related liabilities, rather than as expenditures.

When both restricted and unrestricted resources are combined in a proprietary fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fiduciary funds are also reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

### c. Fund Classifications

The City utilizes the following broad categories of funds:

**Major Funds** – Major funds are those funds which are either material or of particular importance.

*Major Governmental Funds* – Governmental funds are generally used to account for tax supported activities. The following governmental funds meet the criteria of a major fund:

## (1) Summary of Significant Accounting Policies (Continued)

### c. Fund Classifications (Continued)

General Fund
The General Fund is the general operating fund of the City. It is used to account for all activities, except those required to be accounted for in another fund.

Special Revenue Funds

Tide and Submerged Land – Operating
The Tide and Submerged Land – Operating Fund is a special revenue fund used to account for revenues related to the operation of the City's tidelands, including beaches and marinas, and the related expenditures. Revenue from tideland operations includes, but is not limited to, rents from moorings, piers, and leases, as well as income from parking lots, meters, and the sale of oil.

Tide and Submerged Land – Harbor Capital
The Tide and Submerged Land - Harbor Capital Fund is used to account for incremental increases in revenue from certain property lease, pier, and mooring rentals that exceed Council designated base year revenue amounts, as well as other designated revenues and the related expenditures for capital projects, maintenance, and servicing of loan advances from the General Fund.

Capital Project Fund

Facilities Financial Planning Reserve Fund
The Facilities Financial Planning Reserve Fund is used to account for the receipt and expenditure of funds for the replacement of facilities.

Debt Service Fund
The Debt Service Fund is used to account for debt service transactions related to the Certificates of Participation issued to finance the construction of the City's Civic Center Complex and the construction of Fire Station No. 2.

*Major Proprietary Funds* – Proprietary funds are used to report an activity for which a fee is charged to external users to recover the cost of operation.

Water Fund
The Water Fund is an enterprise fund used to account for the activities associated with the transmission and distribution of potable water by the City to its users.

Wastewater Fund
The Wastewater Fund is an enterprise fund used to account for the activities associated with providing sewer services by the City to its users.

## (1) Summary of Significant Accounting Policies (Continued)

### c. Fund Classifications (Continued)

**Other Governmental Funds** – Other Governmental Funds are those funds which do not meet the criteria of a major fund. Other Governmental Funds used by the City fall into the following governmental fund types:

Other Special Revenue Funds – Other Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes.

Other Capital Projects Funds – Other Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by Enterprise Funds.

Permanent Funds – Permanent Funds are used to report resources that are legally restricted for the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Internal Service Funds** – The Internal Service Funds are used to account for the City's self-insured general liability and workers' compensation, compensated absences, and retiree insurance liabilities; the cost of maintaining and replacing the City's rolling stock fleet, parking equipment, coordinated communications systems equipment, certain fire equipment, and recreation equipment; and the cost of maintaining and replacing the City's information technology systems. City departments are the primary users of these services and are charged a fee on a cost reimbursement basis.

**Fiduciary Funds** – The Custodial Funds, a type of Fiduciary Fund, are used to account for assets held by the City as an agent for property owners with special assessments, and local businesses in business improvements districts. The Other Post-Employment Benefit (OPEB) Trust Fund is used to account for the activities of the City's trust for the OPEB plan.

### d. New Accounting Pronouncements

Current Year Standards

In fiscal year 2024-25, the City implemented the following GASB Statements:

- GASB Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences under a unified model. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered,

## (1) Summary of Significant Accounting Policies (Continued)

### d. New Accounting Pronouncements (Continued)

(b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As a result of this implementation, the City updated the recognition and measurement guidance for compensated absences to satisfy the criteria set forth above.

- GASB Statement No. 102, *Certain Risk Disclosures*, requires state and local governments to disclose certain risks that arise from vulnerabilities due to concentrations and constraints that could adversely affect the level of service they provide or their ability to meet obligations as they become due.

Pending Accounting Standards

GASB has issued the following pronouncements that may impact future financial reporting requirements:

- GASB Statement No. 103, *Financial Reporting Model Improvements*, Effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

- GASB Statement No. 104, *Disclosure of Certain Capital Assets,* Effective for reporting periods beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statement with essential information about certain types of capital assets.

### e. Cash and Investments

Cash and cash equivalents are defined to be cash on hand and demand deposits.

Investments are generally stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash and investments are pooled to maximize investment yields. Typically, the City's funds may deposit or withdraw from the City's cash and investments pool on demand without penalty. The net change in fair value and interest earned on the pooled cash and investments is allocated to the respective funds based on each fund's average monthly pooled cash and investments balance. Each fund's share of the pooled cash and investments balance is treated as cash and cash equivalents on the City's statements of

## (1) Summary of Significant Accounting Policies (Continued)

### e. Cash and Investments (Continued)

cash flows. Consistent with GAAP only the City's proprietary funds report a statement of cash flows.

### f. Accounts Receivable

Accounts receivable represent all service and capital project billings other than intergovernmental receivables stated below. As of June 30, 2025, accounts receivable deemed to be uncollectible with an outstanding balance over 120 days past due were written off the City's accounting records to ensure that the income statement and balance sheet are fairly stated at the amount expected to be collected in receivables. Receivables with governmental organizations are generally excluded from the write-off as they are more likely to be received due to the governments' creditworthiness.

### g. Intergovernmental Receivables

Intergovernmental receivables represent grant reimbursement requests, capital project billings, and pending transfers of taxes and fees collected by other government agencies. As of June 30, 2025, the balance of these accounts totaled $14,363,617.

### h. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in, first-out method. The City follows the consumption method for inventory control. The costs of governmental fund and internal service fund inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The City follows the consumption method for prepaid items.

### i. Capital Assets

Capital assets are tangible and intangible assets, which include land, structures, equipment, and infrastructure assets, and are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements. Tangible capital assets are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Equipment purchased in excess of $5,000 is capitalized if it has an expected useful life in excess of one year. Buildings, infrastructure, and improvements are capitalized if cost is in excess of $30,000 and the expected useful life is in excess of one year. The cost of normal maintenance and repairs that do not add to the value of the asset's life are not capitalized. The City chose to value and report on infrastructure assets in their entirety (e.g., prior to 1980).

## (1) Summary of Significant Accounting Policies (Continued)

### i. Capital Assets (Continued)

Major capital outlays for tangible capital assets and improvements are capitalized as projects are constructed. Tangible capital assets acquired through lease obligations are valued at the present value of future lease payments at the date acquired. Contributed tangible capital assets are valued at their estimated acquisition value at the date of contribution. Intangible capital assets are generally an estimated present value of certain future lease or software subscription payments for the leases or subscriptions in which the City is the lessee or subscriber.

Capital assets used in operations are depreciated/amortized using the straight-line method in the government-wide financial statements and in the fund financial statements of the proprietary funds. Tangible capital assets are depreciated over their estimated useful lives. Intangible assets are amortized over the shorter of the estimated useful life of the underlying asset or the period of time included in the estimated present value. Depreciation/ amortization is charged as an expense against operations and accumulated depreciation/amortization is reported on the respective balance sheet. The ranges of useful life for depreciation purposes for each capital asset class are as follows:

| | |
|---|---|
| Structures | 15-75 years |
| Equipment | 3-15 years |
| Infrastructure | 20-75 years |

### j. Claims and Judgments

The City accounts for material claims and judgments and associated legal and administrative costs when it is probable that the liability claim has been incurred and the amount of the loss can be reasonably estimated. The City records the estimated loss liabilities in the Internal Service Fund. Included therein are claims incurred but not reported, which consists of (a) known loss events expected to be presented as claims later, (b) unknown loss events that are expected to become claims, and (c) expected future development on claims already reported. This is based upon historical actual results that have established a reliable pattern supplemented by specific information about current matters. Small dollar claims and judgments are recorded as expenditures when paid.

### k. Property Taxes

The assessment, levy, and collection of property taxes are the responsibility of the County of Orange. The City records property taxes as revenue when received from the County, except at fiscal year-end, when property taxes received within 60 days are accrued as revenue. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

## (1) Summary of Significant Accounting Policies (Continued)

### k. Property Taxes (Continued)

| | | |
|---|---|---|
| Lien date | January 1 | |
| Levy date | July 1 | |
| Due dates | November 1 | 1st installment |
| | March 1 | 2nd installment |
| Collection dates | December 10 | 1st installment |
| | April 10 | 2nd installment |

### l. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and limited amounts of earned but unused sick leave benefits, which will be paid to employees upon separation from City service. Beginning in fiscal year 1990, the City adopted a general leave plan to replace the traditional vacation and sick leave plan. The City uses a general leave plan that permits a maximum of three years' accrual for every employee, above which the excess either stops accruing or is paid out as current compensation. All employees hired prior to January 1,1990, were given the option of remaining in the traditional vacation and sick leave plan or enrolling in the general leave plan. All employees hired on or after January 1,1990, are automatically enrolled in the general leave plan.

Effective for the current fiscal year, the City implemented GASB Statement No. 101, *Compensated Absences*, which establishes a unified model for recognizing and measuring liabilities for compensated absences. Under this guidance, compensated absences are recognized as a liability for (1) leave that has not been used when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used for time-off or otherwise paid or settled, and (2) leave that has been used but has not yet been paid or otherwise settled as of the financial statement date. The City measures compensated absences using employees' pay rates in effect at the financial statement date, or, when applicable, the pay rates expected to be used to settle the obligation, and includes salary-related amounts that are directly and incrementally associated with payments for such leave. It is assumed that when leave is taken the credits or hours earned first are the ones first utilized or paid.

Compensated absences are accrued in the Compensated Absence Internal Service Fund and in the government-wide financial statements when employee services have been rendered and when it becomes more likely than not that the City will compensate the employees for benefits through paid time off or cash or other settlement, including at termination or retirement.

The City accrues compensated absences for benefits that employees have earned but are not yet available for use when it is more likely than not that the employees will meet the required eligibility or service conditions for payment or use, based on the City's historical

## (1) Summary of Significant Accounting Policies (Continued)

### l. Compensated Absences (Continued)

experience and current policies. Benefits not covered by GASB 101, such as pension, retiree health, or other postemployment benefits (including those administered through CalPERS), are accounted for in accordance with the applicable GASB standards. Leave that does not accumulate or is contingent upon sporadic events, such as jury duty, bereavement, or certain forms of military or parental leave, is not accrued as compensated absences and is recognized as an expense in the period the leave is taken or paid.

### m. Deposits Payable

In the government-wide and fund-level financial statements, deposits payable represents monies collected for developer deposits, demolition deposits, planning deposits and others, for services which have not yet been performed. These unspent portions are reported as liabilities on the financial statements.

### n. Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but the revenue recognition criteria have not been met.

### o. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The City has three items that qualify for reporting in this category. The first item is the deferred outflows related to employer pension and OPEB contributions made after the measurement date. The second item is a deferred outflow related to pensions and OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions and OPEB through the plans. The third item is a deferred outflow related to pensions and OPEB resulting from the difference between expected and actual experience. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions and OPEB through the plans.

In addition to liabilities, the statement of net position and the governmental funds balance sheet will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The City has five items that qualify for reporting in this

## (1) Summary of Significant Accounting Policies (Continued)

### o. Deferred Inflows/Outflows of Resources (Continued)

category. The first item is unavailable revenues, which is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: grants receivable and rent collections. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is a deferred inflow related to pensions and OPEB resulting from the difference between actual and expected experience. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the plans. The third item is a deferred inflow related to pensions and OPEB resulting from the change in assumptions. This amount is amortized over a closed period equal to the average of expected remaining service lives of all employees that are provided pensions through the plans. The fourth item is a deferred inflow for certain leases for which the City is lessor and relates to a present value estimate of certain future lease payments. This amount generally is amortized over the same time period associated with the related present value estimate. The fifth item is a deferred inflow from a certain public-private partnership arrangement where the City is the transferor, and represents the sum of certain improvements by the operator to the underlying public-private partnership asset and a present-value estimate of certain future payments from the operator to the City. This amount is generally amortized over the same time period associated with the related present value estimate.

### p. Fund Balance Classifications

The governmental fund balance is made up of different classifications and the following provides explanations as to the nature and purpose of each classification:

Nonspendable fund balance
That portion of fund balance that typically includes amounts that are either (a) not in a spendable form such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact such as endowments.

Restricted fund balance
The portion of fund balance that reflects constraints placed on the use of resources (other than nonspendable items) that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance
That portion of a fund balance that includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action by the government's highest level of decision making authority and remain binding unless removed in the same manner. The City Council has authority to establish or modify a fund balance commitment by

## (1) Summary of Significant Accounting Policies (Continued)

### p. Fund Balance Classifications (Continued)

legislation (Council action) and can only rescind a fund balance commitment by new legislation requiring the same voting consensus. The City considers a resolution to constitute a formal action of the City Council for the purposes of establishing committed fund balance.

Assigned fund balance
That portion of a fund balance that includes amounts that are constrained by the City's intent to be used for specific purposes and do not meet the criteria to be classified as restricted or committed. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts classified as committed. The City's Reserve Policy gives the City Manager the authority to establish, modify, or rescind a fund balance assignment.

Unassigned fund balance
The residual portion of a fund balance that is not otherwise restricted, committed, or assigned. Positive unassigned fund balance is available to be used for any purpose. Only the general fund may report a positive unassigned fund balance. Funds, except the general fund, may report negative unassigned fund balance in certain circumstances.

In the governmental fund statements, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City uses the most restrictive funds first. The City uses the appropriate funds in the following order: restricted, committed, assigned, and finally unassigned amounts.

### q. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, deferred outflows of resources, liabilities and deferred inflows of resources, disclosure of contingent assets and liabilities, and the related amounts of revenues and expenditures. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

### r. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Newport Beach's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized

## (1) Summary of Significant Accounting Policies (Continued)

### r. Pensions (Continued)

when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|---|---|
| Valuation Date (VD) | June 30, 2023 |
| Measurement Date (MD) | June 30, 2024 |
| Measurement Period (MP) | July 1, 2023 to June 30, 2024 |

### s. Post-Employment Health Care Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the City of Newport Beach's California Public Employees' Retirement System (CalPERS) Health Plan and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 75 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

| | |
|---|---|
| Valuation Date (VD) | June 30, 2023 |
| Measurement Date (MD) | June 30, 2024 |
| Measurement Period (MP) | July 1, 2023 to June 30, 2024 |

### t. Lease Liabilities and Receivables

Lease liabilities and receivables are estimated present values of future lease payments. Estimating present values involves various related estimates, including lease terms and interest rates. The estimated lease term is the time period that the lease is noncancelable, plus extension and termination time periods if based on the lease agreement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When a lease's implicit interest rate is not known, estimates are made of either the City's incremental borrowing rate or the rate the City may charge a lessee. Non-lease components of lease agreements have been treated as separate non-lease agreements when practicable, and are excluded from the City's estimated lease liabilities and receivables. Leases that do not meet GASB's definition of a lease liability or receivable (e.g., short-term leases, etc.) are also excluded from the City's estimated lease liabilities and receivables.

## (1) Summary of Significant Accounting Policies (Continued)

### u. Subscription-Based Information Technology (IT) Arrangements

The City is a participant in subscription-based IT arrangements as detailed in note 7. The City recognizes a subscription liability and intangible right to use subscription assets in the financial statements. At the commencement of the arrangement, the City initially measures the liability at the present value of payments expected to be paid during the arrangement term. Subsequently, the liability is reduced by the principal portion of payments made. The intangible right to use subscription assets are initially measured at the initial amount of the subscription liability. Subsequently, the intangible right to use subscription assets are amortized over the life of the arrangement term.

### v. Public-Private Partnerships (PPP)

The City's public-private partnership receivable is an estimated present-value of future payments from the operator to the City. The estimated public-private partnership term is the time period that the operator's right to use the underlying public-private partnership asset is noncancelable, plus extension and termination time periods if based on the public-private partnership arrangement it is reasonable that the extensions will be exercised, and the terminations will not be exercised. When the public-private partnership arrangement's implicit interest rate is not known an estimate is made of the rate the City may charge an operator. Non-public-private partnership components of public-private partnership arrangements have been treated as separate arrangements when practicable and are excluded from the City's estimated receivable. Arrangements that do not meet GASB's definition of a public private partnership (e.g., leases that do not require the operator to improve the City's existing assets, etc.) are also excluded from the City's estimated receivable.

## (2) Cash and Investments

Cash and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Statement of net position: | |
| Cash and investments | $ 410,824,387 |
| Cash and investments with fiscal agent | 27,782,192 |
| Fiduciary funds: | |
| Cash and investments | 1,582,522 |
| Cash and investments with fiscal agent | 50,991,330 |
| Total cash and investments | $ 491,180,431 |

## (2) Cash and Investments (Continued)

Cash and investments as of June 30, 2025, consist of the following:

| | |
|---|---|
| Cash on hand | $ 24,765 |
| Deposits with financial institutions | 20,223,592 |
| Cash and receivables in investment accounts | 52,834 |
| Investments | 470,879,240 |
| Total cash and investments | $ 491,180,431 |

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk. Certain investments related to debt proceeds and the City's OPEB trust are excluded from the table below, because they are governed neither by the California Government Code nor by the City's investment policy. Debt proceeds held by bond trustees are instead governed by the provisions of debt agreements of the City. Investments in the City's OPEB trust are governed by the agreement between the City and the trustee.

| Authorized Investment Type | Maximum Maturity* | Percentage of Portfolio* | Investment in One Issuer* | Minimum Rating* |
|---|---|---|---|---|
| Local Agency Bonds | 5 years | 30% | 5% | A- |
| FHLMC | 5 years | No Limit | 30% | None |
| U.S. Treasury Obligations | 5 years | No Limit | No Limit | None |
| U.S. Agency Securities | 5 years | No Limit | 30% | None |
| Commercial Paper | 270 days | 40% | 5% | A-1 |
| Negotiable Certificates of Deposit | 2 years | 30% | 5% | A-1 |
| Reverse Repurchase Agreements | 30 days | 10% | 5% | None |
| Medium-Term Notes | 5 years | 30% | 5% | A- |
| Mutual Funds | N/A | 20% | 10% | AAA |
| Money Market Mutual Funds | N/A | 20% | 20% | AAAm |
| Mortgage Pass-Through Securities | 5 years | 20% | 5% | AAA |
| LA County Pooled Investment Funds | N/A | 5% | 5% | |
| California Asset Management Program (CAMP) | N/A | $75 million | $75 million | None |
| Local Agency Investment Fund (LAIF) | N/A | $75 million | $75 million | N/A |
| Supranationals | 5 years | 20% | 10% | AA- |

*Excluding amounts held by bond trustee and by the OPEB trust that are not subject to California Government Code restrictions.

## (2) Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees (i.e., fiscal agents) are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage Allowed | Maximum Investment in One Issuer |
|---|---|---|---|
| U.S. Treasury Obligations | 6 months - No Limit | No Limit | No Limit |
| U.S. Agency Securities | 6 months - No Limit | No Limit | No Limit |
| Banker's Acceptances | 6 months - 1 Year | 0% - No Limit | No Limit |
| Commercial Paper | 180 days - 6 months | No Limit | 10% |
| Money Market Mutual Funds | N/A | No Limit | No Limit |
| Investment Agreements | 6 months - No Limit | No Limit | No Limit |
| Certificates of Deposit | 6 months - No Limit | No Limit | No Limit |
| Demand Deposits | 6 months - No Limit | No Limit | No Limit |
| Time Deposits | 6 months - No Limit | No Limit | No Limit |
| Local Agency Bonds | 6 months - No Limit | No Limit | No Limit |
| Forward Delivery Agreement | 6 months - No Limit | 0% - No Limit | No Limit |
| Forward Purchase Agreement | 6 months - No Limit | 0% - No Limit | No Limit |
| Repurchase Agreements | 6 months - No Limit | No Limit | No Limit |
| Local Agency Investment Fund (LAIF) | N/A | No Limit | No Limit |
| Municipal Obligations | 6 months - No Limit | No Limit | No Limit |
| County Pooled Investment Funds | N/A | 0% - No Limit | No Limit |

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity over time as necessary to provide the cash flow and liquidity needed for operations.

## (2) Cash and Investments (Continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees and by the OPEB trust) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

| | | Investment Maturities (In Years) | | | | |
|---|---|---|---|---|---|---|
| Investment Type | Fair Value | Less than 1 | 1 to 3 | 3 to 5 | More than 5 | Total |
| Money Market Funds | $ 18,497,696 | $ 18,497,696 | $ - | $ - | $ - | $ 18,497,696 |
| U.S. Treasury Bills | 44,745,992 | 44,745,992 | - | - | - | 44,745,992 |
| U.S. Treasuries | 80,357,245 | 47,098,495 | 30,734,922 | 2,523,828 | - | 80,357,245 |
| Commercial Papers | 34,094,969 | 34,094,969 | - | - | - | 34,094,969 |
| U.S. Agency Bonds | 7,522,679 | 3,478,549 | 4,044,130 | - | - | 7,522,679 |
| U.S. Agency CMBS | 19,696,669 | 1,530,905 | 5,151,995 | 13,013,769 | - | 19,696,669 |
| Asset Backed Securities | 8,832,728 | - | 1,545,934 | 7,286,794 | - | 8,832,728 |
| Corporate Bonds | 54,743,652 | 10,599,683 | 13,492,745 | 30,651,224 | - | 54,743,652 |
| Municipal Bonds | 2,167,119 | - | - | 2,167,119 | - | 2,167,119 |
| CAMP | 54,865,897 | 54,865,897 | - | - | - | 54,865,897 |
| LAIF | 66,581,074 | 66,581,074 | - | - | - | 66,581,074 |
| Investments with Fiscal Agent: | | | | | | |
| Money Market Funds | 20,924,102 | 20,924,102 | - | - | - | 20,924,102 |
| U.S. Treasuries | 8,379,253 | 8,379,253 | - | - | - | 8,379,253 |
| U.S. Agency Bonds | 872,453 | 872,453 | - | - | - | 872,453 |
| LAIF | 305,448 | 305,448 | - | - | - | 305,448 |
| Investments with OPEB Trust: | | | | | | |
| Money Market Funds | 929,614 | 929,614 | - | - | - | 929,614 |
| Mutual Funds - Fixed Income | 19,080,502 | 19,080,502 | - | - | - | 19,080,502 |
| Mutual Funds - Equity | 28,282,148 | 28,282,148 | - | - | - | 28,282,148 |
| Totals | $ 470,879,240 | $ 360,266,780 | $ 54,969,726 | $ 55,642,734 | $ - | $ 470,879,240 |

*Assuming callable securities (if any) will not be called.*

Some of the City's investments may have call features where the investments' principal may be paid down before its maturity. Such investments include asset backed securities, U.S. Agency Commercial Mortgage Backed Securities (CMBS), investments with make whole call provisions, and investments with call dates.

The City's asset backed securities pay monthly coupons, at which time principal may be paid down. As of June 30, 2025, the City held asset backed securities of about $8.8 million.

The City's U.S. Agency CMBS may pay down principal prior to maturity. As of June 30, 2025, the City held U.S. Agency CMBS of about $19.7 million.

Investments with make whole call provisions generally may be called any time, but the terms of the call price generally mitigate the financial impact of a call. As of June 30, 2025, the City held corporate bonds with make whole call provisions as summarized below:

## (2) Cash and Investments (Continued)

| Maturity | Value |
|---|---|
| September 2025 | $ 4,183,821 |
| March 2027 | 1,972,768 |
| January 2029 | 1,214,226 |
| February 2029 | 1,227,658 |
| Total | $ 8,598,473 |

Investments with call dates may be called anytime on or after the call date. As of June 30, 2025, the City held corporate bonds with call dates as summarized below:

| Maturity | Value | Call Date |
|---|---|---|
| May 2027 | $ 2,996,331 | April 2027 |
| April 2029 | 1,521,192 | April 2028 |
| Total | $ 4,517,523 | |

Investments may have both a make whole call provision and a regular call date. As of June 30, 2025, the City held corporate bonds with both a make whole call provision and a regular call date as summarized below:

| Maturity | Value | Call Date |
|---|---|---|
| August 2025 | $ 2,418,029 | July 2025 |
| November 2025 | 1,999,822 | September 2025 |
| July 2026 | 1,999,691 | July 2025 |
| September 2027 | 1,000,872 | August 2027 |
| June 2028 | 477,855 | May 2028 |
| June 2029 | 1,275,916 | May 2029 |
| July 2029 | 1,744,235 | July 2028 |
| August 2029 | 1,415,038 | May 2029 |
| November 2029 | 1,434,754 | August 2029 |
| December 2029 | 1,502,814 | December 2028 |
| February 2030 | 4,605,710 | January 2030 |
| March 2030 | 1,535,316 | February 2030 |
| March 2030 | 1,446,812 | December 2029 |
| May 2030 | 2,194,517 | April 2030 |
| Total | $ 25,051,381 | |

## (2) Cash and Investments (Continued)

Approximately $13.6 million of the investments that are U.S. Agency CMBS or have either a regular call date or both a make whole call provision and a regular call date, also have interest rate reset dates. If $6.7 million of the securities with interest rate reset dates are not called by their call date, then these securities will convert to floating rate securities tied to a benchmark index. Prior to their call date, these securities pay a fixed rate of interest. An additional $6.9 million of the securities with interest rate reset dates are U.S. Agency CMBS with potentially variable coupon rates.

### Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

As of June 30, 2025, the City did not have any investments (including investments held by fiscal agents) whose fair values were highly sensitive to interest rate fluctuations.

### Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following schedule is the minimum rating (where applicable) required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating by Standard & Poor's as of the June 30, 2025 for each investment type.

| Investment Type | Fair Value | Minimum Legal Rating | AAA | AAAm | AA+ | AA | AA- | A-1+ | A+ | A | A-1 | A- | Not Rated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Money Market Funds | $ 18,497,696 | AAAm | $ - | $ 18,497,696 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| U.S. Treasury Bills | 44,745,992 | None | - | - | - | - | - | 44,745,992 | - | - | - | - | - |
| U.S. Treasuries | 80,357,245 | None | - | - | 80,357,245 | - | - | - | - | - | - | - | - |
| Commercial Papers | 34,094,969 | A-1 | - | - | - | - | - | 25,817,304 | - | - | 8,277,665 | - | - |
| U.S. Agency Bonds | 7,522,679 | None | - | - | 7,522,679 | - | - | - | - | - | - | - | - |
| U.S. Agency CMBS | 19,696,669 | None | 1,956,768 | - | 17,739,901 | - | - | - | - | - | - | - | - |
| Asset Backed Securities | 8,832,728 | AAA | 6,746,633 | - | - | - | - | - | - | - | - | - | 2,086,095 |
| Corporate Bonds | 54,743,652 | A- | 1,535,316 | - | 9,600,282 | 2,999,072 | 8,746,917 | - | 11,621,788 | 9,341,895 | - | 9,364,123 | 1,534,259 |
| Municipal Bonds | 2,167,119 | A- | - | - | 756,612 | - | 1,410,507 | - | - | - | - | - | - |
| CAMP | 54,865,897 | None | - | 54,865,897 | - | - | - | - | - | - | - | - | - |
| LAIF | 66,581,074 | None | - | - | - | - | - | - | - | - | - | - | 66,581,074 |
| Investments with Fiscal Agent: | | | | | | | | | | | | | |
| Money Market Funds | 20,924,102 | AAm | - | 20,924,102 | - | - | - | - | - | - | - | - | - |
| U.S. Treasuries | 8,379,253 | None | - | - | 8,379,253 | - | - | - | - | - | - | - | - |
| U.S. Agency Bonds | 872,453 | None | - | - | 872,453 | - | - | - | - | - | - | - | - |
| LAIF | 305,448 | None | - | - | - | - | - | - | - | - | - | - | 305,448 |
| Investments with OPEB Trust: | | | | | | | | | | | | | |
| Money Market Funds | 929,614 | None | - | 929,614 | - | - | - | - | - | - | - | - | - |
| Mutual Funds - Fixed Income | 19,080,502 | None | - | - | - | - | - | - | - | - | - | - | 19,080,502 |
| Mutual Funds - Equity | 28,282,148 | None | - | - | - | - | - | - | - | - | - | - | 28,282,148 |
| Totals | $ 470,879,240 | | $ 10,238,717 | $ 95,217,309 | $ 125,228,425 | $ 2,999,072 | $ 10,157,424 | $ 70,563,296 | $ 11,621,788 | $ 9,341,895 | $ 8,277,665 | $ 9,364,123 | $ 117,869,526 |

### Concentration of Credit Risk

The investment policy of the City and the California Government Code limit the amount that can be invested in any one issuer as previously discussed. There were no investments in any one issuer (excluding U.S. treasury bills, U.S. treasuries, mutual funds, and pooled investments) that represented 5% or more of total City investments.

## (2) Cash and Investments (Continued)

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2025, none of the City's deposits with financial institutions in excess of federal depository amounts were held in uncollateralized accounts.

For investments identified herein as restricted cash and investments with fiscal agent, the fiscal agent and/or financial advisor selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in California Asset Management Trust's Cash Reserve Portfolio (CAMP)

The City voluntarily invests in the Cash Reserve Portfolio (CAMP) of the California Asset Management Trust (CAMT). CAMT is an external investment pool that is both a California joint exercise of powers authority regulated by California Government Code Section 6509.7 and a common law trust regulated by CAMT's bylaws and declaration of trust. Oversight of CAMT is provided by CAMT's trustees. Other than CAMT's initial trustees, CAMT's board of trustees appoints trustees to indefinite terms, and these appointed trustees are subject to approval by participants in CAMT that have executed CAMT's declaration of trust. Because the City has not executed CAMT's declaration of trust, the City has no voting rights with CAMT.

One of CAMP's investment objectives is to maintain a stable net asset value of $1.00 per share. According to CAMT's audited financial statements for calendar year 2024, "In accordance with GASB Statement No. 79, Cash Reserve Portfolio securities are valued at amortized cost, which approximates fair value." CAMP is rated AAAm by S&P Global. Under normal circumstances the City may withdraw from its investment with CAMP "upon proper notice without restrictions". CAMT may suspend withdrawals in limited circumstances.

## (2) Cash and Investments (Continued)

Investment in State Investment Pool

The City voluntarily invests in the Local Agency Investment Fund (LAIF). LAIF is an external investment pool that is regulated by California Government Code §§16429.1 to 16429.4. Oversight of LAIF is provided by the Local Investment Advisory Board (LIAB). LIAB's chairman is the State Treasurer or his or her designee. The State Treasurer or his or her designee also appoints the remaining four members of LIAB to serve two-year terms or at the State Treasurer's pleasure. California Government Code §16429.2 specifies the required qualifications of the State Treasurer's appointees to LIAB.

LAIF provides the fair value of the City's investment in LAIF, which is reported in the accompanying financial statements and is based upon the City's pro-rata share of the fair value of the entire LAIF portfolio, in relation to the amortized cost of that portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF's credit risk is not rated by a nationally recognized statistical rating organization.

Limitations and restrictions apply to the City's investment in LAIF. Up to 15 transactions with LAIF are permitted each month. Balances in LAIF may not exceed $75 million, with the exception of bond accounts. LAIF requests one day prior notice for transactions of $10 million or more.

Investments in Other Post-Employment Benefits (OPEB) Trust

The City established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the City's OPEB plan. The OPEB Trust's cash and investments are managed by a third-party portfolio manager under guidelines approved by the City. Those guidelines are as follows:

| | |
|---|---|
| Risk Tolerance | Moderate |
| Risk Management | The portfolio is constructed to control risk through diversification of asset classes (cash, fixed income, and equity), investment styles (large cap, small cap, international, etc.), and securities. Disciplined mutual fund selection and monitoring processes help to drive return potential while reducing portfolio risk. |
| Investment Objective | To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. |
| Strategic Ranges | 0% - 20% Cash<br>30% - 50% Fixed Income<br>50% - 70% Equity |

## (2) Cash and Investments (Continued)

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

Most of the City's investments are in Level 2 of the fair value hierarchy. Examples of Level 2 valuation inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Following are the City's recurring fair value measurements as of June 30, 2025:

| | Fair Value | Investments That Are Not Subject to Fair Value Hierarchy | Quoted Prices in Active Markets for Identical Assets (Level 1) | Quoted Prices for Similar Assets in Active Markets (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|---|
| Money Market Funds | $ 18,497,696 | $ 18,497,696 | $ - | $ - | $ - |
| U.S. Treasury Bills | 44,745,992 | - | - | 44,745,992 | - |
| U.S. Treasuries | 80,357,245 | - | - | 80,357,245 | - |
| Commercial Papers | 34,094,969 | - | - | 34,094,969 | - |
| U.S. Agency Bonds | 7,522,679 | - | - | 7,522,679 | - |
| U.S. Agency CMBS | 19,696,669 | - | - | 19,696,669 | - |
| Asset Backed Securities | 8,832,728 | - | - | 8,832,728 | - |
| Corporate Bonds | 54,743,652 | - | - | 54,743,652 | - |
| Municipal Bonds | 2,167,119 | - | - | 2,167,119 | - |
| CAMP | 54,865,897 | 54,865,897 | - | - | - |
| LAIF | 66,581,074 | 66,581,074 | - | - | - |
| Investments with Fiscal Agent: | | | | | |
| Money Market Funds | 20,924,102 | 20,924,102 | - | - | - |
| U.S. Treasuries | 8,379,253 | - | - | 8,379,253 | - |
| U.S. Agency Bonds | 872,453 | - | - | 872,453 | - |
| LAIF | 305,448 | 305,448 | - | - | - |
| Investments with OPEB Trust: | | | | | |
| Money Market Funds | 929,614 | 929,614 | - | - | - |
| Mutual Funds - Fixed Income | 19,080,502 | - | 4,675,098 | 14,405,404 | - |
| Mutual Funds - Equity | 28,282,148 | - | 13,325,739 | 14,956,409 | - |
| Totals | $ 470,879,240 | $ 162,103,831 | $ 18,000,837 | $ 290,774,572 | $ - |

## (3) Lease Receivables

City as Lessor

Lease agreements that meet the requirements of GASB 87 for which the City is the lessor are disclosed as lease receivables on the City's financial statements. Included in the City's lease receivables are over 900 agreements related to land and structures. GASB 87 excludes certain inflows (e.g., certain variable payments, etc.) from the measurement of lease receivables. For the fiscal year ending June 30, 2025, the City recognized $3,960,576 of variable payments related to the lease receivables that were excluded from the measurement of the lease receivables. Lease inflows, including inflows excluded from GASB 87, are included on the City's financial statements as property income. Lease inflows for interest revenue from amortization of the GASB 87 lease receivables totaled $4,519,482. Lease inflows for lease revenue from amortization of the related GASB 87 deferred inflows of resources from leases was $13,227,446. Lease receivables at June 30, 2025, were $276,374,011.

Regulated Lease

While not technically a lease, the City licenses streetlight space for cellphone antennas and related equipment to a cellphone company. Restrictions to the license cause the license to be a GASB 87 regulated lease that is excluded from GASB 87's present value calculations and notes. Generally, these licensed streetlight spaces are licensed nonexclusively, but some of these licensed spaces may be licensed exclusively. The total revenue recognized during the fiscal year for this license was $8,182. Below are the expected future minimum payments to the City from this license. License payments by the cellphone company to the City do not secure debt issued by the City.

| Year Ending June 30, | License Payments |
|---|---|
| 2026 | $ 8,186 |
| 2027 | 1,500 |
| 2028 | 1,500 |
| 2029 | 1,500 |
| 2030 | 1,500 |
| 2031-2035 | 7,500 |
| 2036-2040 | 5,500 |
| Total | $ 27,186 |

## (4) Interfund Receivables and Payables

At June 30, 2025, interfund receivables and payables were as follows:

| | Due From | Due To |
|---|---|---|
| General Fund | $ 8,718,563 | $ - |
| Debt Service Fund | - | 6,517,778 |
| Internal Service Fund | - | 353,001 |
| Other Governmental Funds | - | 1,847,784 |

The above balances are primarily due to reclassification of negative cash balances in the city-wide cash pool.

At June 30, 2025, interfund advances receivable and payable were as follows:

| | Due From | Due To |
|---|---|---|
| General Fund | $ 4,426,659 | $ - |
| Tide and Submerged Land - Harbor Capital Fund | - | 4,426,659 |

The General Fund advance to the Tide and Submerged Land – Harbor Capital Fund was utilized for dredging within the City's Tidelands. Repayment of the advance to the General Fund is funded from incremental revenue increases generated from certain leases, mooring rents, commercial and residential pier rents, and parking meter revenues.

The annual amortization of the repayment of the advance is as follows:

Harbor Capital Fund Advance - Repayment Terms
(Zero-Interest Advance)

| Fiscal Year | Advance #1 Dredging Projects Repayment | Advance #2 Marina Park Project Repayment | Total Repayment |
|---|---|---|---|
| 2026 | $ 750,000 | $ 500,000 | $ 1,250,000 |
| 2027 | 750,000 | 500,000 | 1,250,000 |
| 2028 | 426,659 | 500,000 | 926,659 |
| 2029 | - | 500,000 | 500,000 |
| 2030 | - | 500,000 | 500,000 |
| Totals | $ 1,926,659 | $ 2,500,000 | $ 4,426,659 |

## (5) Interfund Transfers

Interfund transfers at June 30, 2025, consisted of the following:

| | | Transfers In | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | General Fund | Tide and Submerged Land - Operating | Tide and Submerged Land - Harbor Capital | Facilities Financial Planning Reserve | Debt Service Fund | Internal Service Funds | Other Governmental Funds | Total |
| Transfers Out | General Fund | $ - | $ 12,263,815 | $ 5,832,875 | $ 12,104,412 | $ 8,250,735 | $ 21,889 | $ 14,562,692 | $ 53,036,418 |
| | Tide and Submerged Land - Operating | 20,317,944 | - | - | - | - | - | - | 20,317,944 |
| | Facilities Financial Planning Reserve | - | - | - | - | - | - | 11,111,169 | 11,111,169 |
| | Internal Service Funds | - | - | - | - | - | - | - | - |
| | Other Governmental Funds | - | - | - | - | - | - | - | - |
| | Total | $ 20,317,944 | $ 12,263,815 | $ 5,832,875 | $ 12,104,412 | $ 8,250,735 | $ 21,889 | $ 25,673,861 | $ 84,465,531 |

The City typically uses transfers to fund ongoing subsidies and to set aside resources for long-term needs such as capital facilities replacement and major maintenance. The General Fund transferred:

- $12,263,815 to the Tide and Submerged Land – Operating Fund to subsidize the maintenance and operation;
- $5,832,875 to the Tide and Submerged Land – Harbor Capital Fund to cash fund Harbor Capital projects;
- $12,104,412 to the Facilities Financial Planning Reserve Fund to cash fund construction projects for General Fund supported facilities;
- $8,250,735 to the Debt Service Fund for the debt service payments related to the Civic Center Certificates of Participation and the Fire Station No. 2 Certificates of Participation;
- $6,160 to the Equipment Maintenance Fund and $15,729 to the Information Technology Fund to fund additional CalPERS expenses; and
- $14,562,692 to Other Governmental Funds, which includes $9,757,055 to the Unrestricted Capital Improvements Fund to fund the purchase of real property and capital improvements, $148 to the Office of Traffic Safety Fund to offset a variance and to claim a reimbursement, $5,489 to the Contributions Fund to reconcile revenues and expenditures related to the Rubberized Pavement Grant, $2,300,000 to the Park Maintenance Fund for the maintenance of parks, and $2,500,000 to the Facilities Maintenance Fund for the maintenance of facilities.

The Tide and Submerged Land – Operating Fund transferred $20,317,944 to the General Fund to reimburse for tidelands related expenditures.

The Facilities Financial Planning Reserve Fund also transferred $11,111,169 to Other Governmental Funds as follows:

- $3,000,000 to the Unrestricted Capital Improvements Fund to fund a new permanent supportive housing project;

## (5) Interfund Transfers (Continued)

- $500,000 to Miscellaneous FFP Projects Fund to fund entitlement process and preliminary studies and outreach on the Lower Castaways Aquatic Center project.
- $5,295 to the Junior Lifeguards Fund to fund construction projects related to the Junior Lifeguard building;
- $6,800,000 to the Fire Station Fund to cash fund the construction for replacing Balboa Library/Fire Station No. 1; and
- $805,874 to the Parks and Community Centers Fund to support the Lower Sunset View Park project.

## (6) Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental Activities:

| | Beginning Balance | Additions | Deletions | Balance June 30, 2025 |
|---|---|---|---|---|
| Non-depreciable/non-amortizable: | | | | |
| Land and rights of way | $ 1,922,330,399 | $ 1,646,200 | $ - | $ 1,923,976,599 |
| Work in progress | 22,200,235 | 9,389,848 | (16,602,439) | 14,987,644 |
| Total non-depreciable/non-amortizable | 1,944,530,634 | 11,036,048 | (16,602,439) | 1,938,964,243 |
| Depreciable/amortizable: | | | | |
| Structures | 270,180,218 | 9,090,044 | (22,865) | 279,247,397 |
| Intangible right to use structures | 17,187,099 | - | - | 17,187,099 |
| Equipment | 63,520,443 | 3,867,886 | (2,013,301) | 65,375,028 |
| Intangible right to use equipment | 363,725 | - | - | 363,725 |
| Intangible right to use subscriptions | 2,666,852 | - | (214,474) | 2,452,378 |
| Infrastructure | 406,394,747 | 22,784,377 | (2,862,986) | 426,316,138 |
| Total depreciable/amortizable | 760,313,084 | 35,742,307 | (5,113,626) | 790,941,765 |
| Less accumulated depreciation/amortization for: | | | | |
| Structures | (70,504,228) | (6,972,478) | 22,865 | (77,453,841) |
| Intangible right to use structures | (3,142,343) | (1,221,302) | - | (4,363,645) |
| Equipment | (44,470,285) | (4,197,345) | 1,962,260 | (46,705,370) |
| Intangible right to use equipment | (201,404) | (84,689) | - | (286,093) |
| Intangible right to use subscriptions | (521,572) | (423,693) | 214,474 | (730,791) |
| Infrastructure | (194,915,347) | (7,286,220) | 1,659,859 | (200,541,708) |
| Total accumulated depreciation | (313,755,179) | (20,185,727) | 3,859,458 | (330,081,448) |
| Net depreciable/amortizable | 446,557,905 | 15,556,580 | (1,254,168) | 460,860,317 |
| Net capital assets | $ 2,391,088,539 | $ 26,592,628 | $ (17,856,607) | $ 2,399,824,560 |

## (6) Capital Assets (Continued)

Governmental Activities capital assets net of accumulated depreciation/amortization at June 30, 2025 are comprised of the following:

| | |
|---|---|
| General Capital Assets, net | $ 2,381,189,972 |
| Internal Service Fund Capital Assets, net | 18,634,588 |
| Total | $ 2,399,824,560 |

Business-type Activities:

| | Beginning Balance | Additions | Deletions | Balance June 30, 2025 |
|---|---|---|---|---|
| Non-depreciable/non-amortizable: | | | | |
| Land | $ 2,219,450 | $ - | $ - | $ 2,219,450 |
| Work in progress | 4,408,443 | 5,540,234 | (2,720,157) | 7,228,520 |
| Total non-depreciable/non-amortizable | 6,627,893 | 5,540,234 | (2,720,157) | 9,447,970 |
| Depreciable/amortizable: | | | | |
| Intangible right to use land and right of way | 3,883,062 | - | - | 3,883,062 |
| Structures | 688,396 | - | - | 688,396 |
| Equipment | 380,068 | - | - | 380,068 |
| Intangible rights to use subscription | - | 146,843 | - | 146,843 |
| Infrastructure | 205,661,153 | 4,025,167 | (1,871,208) | 207,815,112 |
| Total depreciable/amortizable | 210,612,679 | 4,172,010 | (1,871,208) | 212,913,481 |
| Less accumulated depreciation/amortization for: | | | | |
| Intangible right to use land and right of way | (127,825) | (53,656) | - | (181,481) |
| Structures | (325,569) | (15,357) | - | (340,926) |
| Equipment | (254,064) | (12,569) | - | (266,633) |
| Intangible rights to use subscription | - | (29,866) | - | (29,866) |
| Infrastructure | (79,893,907) | (2,477,770) | 253,220 | (82,118,457) |
| Total accumulated depreciation | (80,601,365) | (2,589,218) | 253,220 | (82,937,363) |
| Net depreciable/amortizable | 130,011,314 | 1,582,792 | (1,617,988) | 129,976,118 |
| Net capital assets | $ 136,639,207 | $ 7,123,026 | $ (4,338,145) | $ 139,424,088 |

## (6) Capital Assets (Continued)

Depreciation/amortization expense was charged in the following functions in the Statement of Activities:

| | Governmental Activities | Business-type Activities |
|---|---|---|
| General Government | $ 6,735,860 | $ - |
| Public Safety | 3,070,878 | - |
| Public Works | 144,478 | - |
| Community Development | 450,393 | - |
| Community Service | 9,784,118 | - |
| Water | - | 1,949,684 |
| Wastewater | - | 639,534 |
| Totals | $ 20,185,727 | $ 2,589,218 |

Internal Service Fund depreciation/amortization of $4,275,677 was allocated to the governmental functions above.

## (7) Long-Term Liabilities

### Changes in Long-Term Liabilities

The long-term liabilities for governmental activities for the fiscal year ended June 30, 2025, are as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Other debt: | | | | | |
| Certificates of participation - Series 2010B | $ 87,800,000 | $ - | $ (3,510,000) | $ 84,290,000 | $ 3,675,000 |
| Certificates of participation - Series 2020A | 5,725,000 | - | (725,000) | 5,000,000 | 755,000 |
| Bond premium - Series 2020A | 864,633 | - | (142,131) | 722,502 | - |
| Other long-term liabilities: | | | | | |
| Workers' compensation payable | 23,450,563 | 7,108,865 | (5,069,453) | 25,489,975 | 4,497,885 |
| Claims and judgments payable | 10,841,318 | 7,829,776 | (8,070,980) | 10,600,114 | 3,941,299 |
| Compensated absences[1] | 13,648,166 | 844,531 | - | 14,492,697 | 8,097,760 |
| Lease liability | 14,339,382 | - | (1,272,451) | 13,066,931 | 1,273,326 |
| Subscription liability | 1,832,755 | - | (289,032) | 1,543,723 | 243,771 |
| Total governmental activities | $ 158,501,817 | $ 15,783,172 | $ (19,079,047) | $ 155,205,942 | $ 22,484,041 |

[1] *The change in the compensated absences liability is presented as a net change.*

## (7) Long-Term Liabilities (Continued)

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, liabilities for workers' compensation, claims and judgments, compensated absences, and net OPEB obligation are typically liquidated from the internal service funds through resources collected from individual funds.

The long-term liabilities for business-type activities for the fiscal year ended June 30, 2025, are as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| Lease liability | $ 3,776,654 | $ - | $ (44,364) | $ 3,732,290 | $ 44,608 |
| Subscription liability | - | 146,843 | (36,460) | 110,383 | 36,593 |
| Total business-type activities | $ 3,776,654 | $ 146,843 | $ (80,824) | $ 3,842,673 | $ 81,201 |

### 2010 Certificates of Participation

In fiscal year 2010-11, the City issued $20,085,000 of Series 2010A (Tax Exempt) and $106,575,000 of Series 2010B (Federally Taxable Direct Pay Build America Bonds) Certificates of Participation. The 2010A Certificates were issued to prepay the $3,990,000 principal outstanding on the 1998 Library Certificates of Participation. Accordingly, the 1998 Library Certificates have been defeased and are no longer outstanding. The remaining proceeds from the Series 2010A Certificates were used to finance the acquisition, improvement and equipping of the Civic Center Project. The Series 2010B Certificates were issued to provide additional financing for the Civic Center Project. The proceeds of the Certificates also were applied to pay certain costs of issuance incurred in connection with the Certificates.

The lease payments made by the City are held by a trustee who makes semi-annual payments on the Certificates of Participation. The lease payments began January 1, 2011, and are in amounts sufficient to cover the payment of principal and interest of the Certificates. Interest on the Certificates is payable semiannually on January 1 and July 1 of each year. The 2010A Certificates have been defeased and are no longer outstanding. The 2010B Certificates interest rates range from 4.45% to 7.17%. The City has designated the Series 2010B Certificates as "Build America Bonds" (BABs) under the provisions of the American Recovery and Reinvestment Act of 2009. Thus, the City receives refundable credits from the United States Treasury on the interest paid on the 2010B Certificates. As of June 30, 2025, the City has received $33,530,580 of BABs Subsidy from the United States Treasury and expects to receive subsidy equal to about 33% on future interest payable on the 2010B Certificates. Principal payments are payable annually on July 1 of each year. The remaining principal payments for the Series 2010B Certificates, which are payable through July 1, 2040, range from $3,675,000 to $7,245,000. The total outstanding balance at June 30, 2025, amounted to $84,290,000. The use of the following assets has been pledged as security for the outstanding balance: the Central Library and the Civic Center.

## (7) Long-Term Liabilities (Continued)

The annual amortization requirements of the outstanding Series 2010B Certificates of Participation are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 3,675,000 | $ 5,889,360 | $ 9,564,360 |
| 2027 | 3,850,000 | 5,623,515 | 9,473,515 |
| 2028 | 4,025,000 | 5,345,089 | 9,370,089 |
| 2029 | 4,210,000 | 5,053,726 | 9,263,726 |
| 2030 | 4,405,000 | 4,748,726 | 9,153,726 |
| 2031-2035 | 25,220,000 | 18,624,175 | 43,844,175 |
| 2036-2040 | 31,660,000 | 8,476,518 | 40,136,518 |
| 2041 | 7,245,000 | 259,661 | 7,504,661 |
| Totals | $84,290,000 | $54,020,770 | $138,310,770 |

2020 Certificates of Participation

In Fiscal Year 2020-21, the City issued $7,860,000 of Series 2020A Certificates of Participation. The 2020A Certificates were issued to finance the acquisition, improvement, and equipping of Fire Station No. 2. The proceeds of the Certificates also were applied to pay certain costs of issuance incurred in connection with the Certificates.

The lease payments made by the City are held by a trustee who makes semi-annual payments on the Certificates of Participation. The lease payments began June 15, 2021, and are in amounts sufficient to cover the payment of principal and interest of the Certificates. Interest on the Certificates is payable semiannually on January 1 and July 1 of each year. The 2020A Certificates' interest rate is 4.00%. Principal payments are payable annually on July 1 of each year. The remaining principal payments of the Series 2020A Certificates, which are payable through July 1, 2030, range from $755,000 to $915,000. The total outstanding balance at June 30, 2025, amounted to $5,000,000. The use of the following assets has been pledged as security for the outstanding balance: Fire Station 5 and Fire Station 7.

## (7) Long-Term Liabilities (Continued)

The annual amortization requirements of the outstanding Series 2020A Certificates of Participation are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 755,000 | $ 184,900 | $ 939,900 |
| 2027 | 785,000 | 154,100 | 939,100 |
| 2028 | 815,000 | 122,100 | 937,100 |
| 2029 | 850,000 | 88,800 | 938,800 |
| 2030 | 880,000 | 54,200 | 934,200 |
| 2031 | 915,000 | 18,300 | 933,300 |
| Totals | $ 5,000,000 | $ 622,400 | $ 5,622,400 |

Claims and Judgments

The City retains the risk of loss for general liability and workers' compensation claims as described in Note (9). These amounts represent estimates of amounts to be paid for reported general liability and workers' compensation claims including incurred-but-not-reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2025, is dependent on future developments based upon information from the City's attorney, the City's claims administrators, and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. The estimated liability at June 30, 2025, for general liability and workers' compensation was $10,600,114 and $25,489,975, respectively.

Compensated Absences

The City's policies relating to compensated absences are described in Note (1). This liability at June 30, 2025, is $14,492,697. Compensated absences are liquidated from the Compensated Absences internal service fund.

Unused Credit

The City has a letter of credit in the amount of $300,938.

## (7) Long-Term Liabilities (Continued)

Leases

Lease agreements that meet the requirements of GASB 87 for which the City is lessee are disclosed as lease liabilities on the City's financial statements that are presented on the accrual basis of accounting and with an economic resources measurement focus. Included in the City's lease liabilities are agreements related to water well easements, lifeguard communication equipment, and part of a homeless shelter. For lease provisions subject to GASB 87 during the fiscal year there were no variable lease payments that were not previously included in the City's lease liabilities.

Estimates of the future lease payments for the City's lease liability for governmental activities are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 1,273,326 | $ 69,199 | $ 1,342,525 |
| 2027 | 1,212,633 | 62,367 | 1,275,000 |
| 2028 | 1,219,317 | 55,683 | 1,275,000 |
| 2029 | 1,226,036 | 48,964 | 1,275,000 |
| 2030 | 1,232,794 | 42,206 | 1,275,000 |
| 2031-2035 | 6,266,636 | 108,364 | 6,375,000 |
| 2036 | 636,189 | 1,312 | 637,501 |
| Totals | $ 13,066,931 | $ 388,095 | $ 13,455,026 |

## (7) Long-Term Liabilities (Continued)

Estimates of the future lease payments for the City's lease liability for business-type activities are as follows:

| Year Ending June 30 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 44,608 | $ 20,415 | $ 65,023 |
| 2027 | 44,854 | 20,169 | 65,023 |
| 2028 | 45,101 | 19,922 | 65,023 |
| 2029 | 45,350 | 19,673 | 65,023 |
| 2030 | 45,600 | 19,423 | 65,023 |
| 2031-2035 | 231,800 | 93,317 | 325,117 |
| 2036-2040 | 238,262 | 86,855 | 325,117 |
| 2041-2045 | 244,904 | 80,213 | 325,117 |
| 2046-2050 | 251,730 | 73,387 | 325,117 |
| 2051-2055 | 258,747 | 66,370 | 325,117 |
| 2056-2060 | 265,960 | 59,157 | 325,117 |
| 2061-2065 | 273,374 | 51,743 | 325,117 |
| 2066-2070 | 280,993 | 44,124 | 325,117 |
| 2071-2075 | 288,827 | 36,290 | 325,117 |
| 2076-2080 | 296,877 | 28,240 | 325,117 |
| 2081-2085 | 305,153 | 19,964 | 325,117 |
| 2086-2090 | 313,660 | 11,457 | 325,117 |
| 2091-2095 | 241,933 | 3,142 | 245,075 |
| 2096 | 14,557 | 27 | 14,584 |
| Totals | $ 3,732,290 | $ 753,888 | $ 4,486,178 |

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITAs) that meet the requirements of GASB 96 for which the City is a subscriber are disclosed as SBITA liabilities on the City's financial statements that are presented on the accrual basis of accounting with an economic resources measurement focus. Included in the City's SBITA liabilities are subscriptions related to recreation classes registrations, performance evaluations, public safety, etc. GASB 96 excludes certain outflows (e.g., certain variable payments, etc.) from the measurement of SBITA liabilities.

## (7) Long-Term Liabilities (Continued)

Estimates of the future subscription payments for the City's SBITA liabilities for governmental activities are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 243,771 | $ 18,361 | $ 262,132 |
| 2027 | 234,543 | 6,558 | 241,101 |
| 2028 | 235,836 | 5,266 | 241,102 |
| 2029 | 215,788 | 3,980 | 219,768 |
| 2030 | 174,164 | 2,937 | 177,101 |
| 2031-2033 | 439,621 | 3,130 | 442,751 |
| Totals | $ 1,543,723 | $ 40,232 | $ 1,583,955 |

Estimates of the future subscription payments for the City's SBITA liabilities for business-type activities are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 36,593 | $ 607 | $ 37,200 |
| 2027 | 36,794 | 406 | 37,200 |
| 2028 | 36,997 | 203 | 37,200 |
| Totals | $ 110,384 | $ 1,216 | $ 111,600 |

## (8) Limited Obligation Bonds

The City has issued certain Assessment District and Community Facilities District Bonds. Although the City collects and disburses funds for these districts, the City has no obligation or duty to pay any delinquency out of any available funds of the City. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the bonds, and therefore the bonded indebtedness is not shown in the financial statements of the City. The City holds reserve funds on behalf of bondholders, and the assets are recorded in the Special Assessment District Custodial Fund. Bonds outstanding at June 30, 2025, for each district under the Bond Acts of 1911 and 1915 are as follows:

## (8) Limited Obligation Bonds (Continued)

| Assessment District | Original Issue | Bonds Outstanding June 30, 2025 |
|---|---|---|
| Reassessment District 2012 | $ 13,583,436 | $ 130,813 |
| Assessment District No. 117 | 2,955,000 | 2,135,000 |
| Assessment District No. 116 | 1,575,000 | 1,230,000 |
| Assessment District No. 116B | 665,000 | 520,000 |
| Assessment District No. 113 | 4,565,000 | 3,945,000 |
| Assessment District No. 111 | 2,412,000 | 1,984,000 |
| Assessment District No. 120-2 | 2,505,000 | 2,385,000 |
| Assessment District No. 124 | 23,625,000 | 22,795,000 |
| Totals | $ 51,885,436 | $ 35,124,813 |

## (9) Risk Management – General Liability and Workers' Compensation

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries commercial insurance with independent third parties for loss risks associated with real and personal property, crime, fiduciary, and automotive liability. The City also purchases fidelity bonds for employees in key positions. Settled claims from these risks have exceeded commercial insurance coverage within the past three years, for the excess layers of the City's prior insurance program, which had lower limits than the current limits.

The City utilizes California Insurance Pool Authority (CIPA), a joint powers authority, to provide excess insurance for the general liability and workers' compensation programs with the following limits beyond the City's self-insured retention:

| Type of Coverage | Self-Insured Retention | Coverage Limits |
|---|---|---|
| General liability | $500,000 | $40,000,000 excess of $3,000,000 |
| Workers' compensation | $500,000 | Statutory excess of $2,000,000 |

CIPA was established for the purpose of creating a risk management pool for all California cities in order to stabilize and reduce overall insurance costs for members. CIPA is governed by a Board of Directors consisting of representatives from each member city.

## (9) Risk Management – General Liability and Workers' Compensation (Continued)

The Insurance Reserve Fund was established to account for costs associated with general liability and workers' compensation claims. The Insurance Reserve fund is accounted for as an internal service fund where assets are set aside for risk management, administration, claim settlements, and benefit distribution. A premium is charged to each fund that accounts for part-time or full-time employees. The total charge allocated to each of the funds is calculated using trends in actual experience after considering unexpected and unusual claims.

Fund liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The total claims payable was $36,090,089 at June 30, 2025, which represents the discounted present value of all outstanding claims. The claims are discounted using an interest rate of 3%.

| | General Liability | | Workers' Compensation | |
|---|---|---|---|---|
| | June 30, 2024 | June 30, 2025 | June 30, 2024 | June 30, 2025 |
| Unpaid claims, beginning of fiscal year | $ 8,689,061 | $ 10,841,318 | $ 16,396,153 | $ 23,450,563 |
| Insured claims (including IBNR) | 25,766,286 | 7,829,776 | 11,588,497 | 7,108,865 |
| Claim payments | (23,614,029) | (8,070,980) | (4,534,087) | (5,069,453) |
| Unpaid claims, end of fiscal year | $ 10,841,318 | $ 10,600,114 | $ 23,450,563 | $ 25,489,975 |

## (10) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to set aside a portion of their salary and defer taxation on the contributions and any investment earnings until future years.

Section 457 plan assets were placed in trust for the exclusive benefit of all employees and their beneficiaries. Therefore, all employee assets held in Section 457 plans are not the property of the City and are not subject to the claims of the City's general creditors. The assets under the plan, which are not included in the accompanying financial statements, totaled $166,674,731 at June 30, 2025.

## (11) Pension Plans

### a. General Information about the Pension Plans

***Plan Descriptions*** – All qualified permanent and probationary employees are eligible to participate in the City of Newport Beach's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers.

Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided*** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five years of service. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, the Optional Settlement 2W Death Benefit, or the 1957 Survivor Benefit. Safety members can receive a special death benefit if the member dies while actively employed and the death is job-related. Fire members may receive the alternate death benefit in lieu of the Basic Death Benefit or the 1957 Survivor Benefit if the member dies while actively employed and has at least 20 years of total CalPERS service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

## (11) Pension Plans (Continued)

The Plans' provisions and benefits in effect for the measurement period ended June 30, 2024 are summarized as follows:

| | Miscellaneous | | |
|---|---|---|---|
| Hire date | Prior to November 24, 2012 | On or after November 24, 2012 | On or after January 1, 2013 |
| Benefit formula | 2.5%@55 | 2.0%@60 | 2.0%@62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55 | 50-63 | 52-67 |
| Monthly benefits, as a % of eligible compensation | 2.0% - 2.5% | 1.092% - 2.418% | 1.0% - 2.5% |
| Required employee contribution rates | 11.5% - 13.0% | 11.5% - 13.0% | 11.5% - 13.0% |
| Required employer contribution rates | 32.59% - 34.09% | 29.17% - 30.67% | 29.76% - 31.17% |

| | Safety | | |
|---|---|---|---|
| Hire date | Prior to November 24, 2012 | On or after November 24, 2012 | On or after January 1, 2013 |
| Benefit formula | 3.0%@50 | 2.0%@50; 3.0%@55 | 2.7%@57 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 50-55 | 50-55 | 50-57 |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2.0% - 2.7%; 2.4% - 3.0% | 2.0% - 2.7% |
| Required employee contribution rates | 13.5% - 14.6% | 13.5% - 14.6% | 13.5% - 14.6% |
| Required employer contribution rates | 69.03% - 70.13% | 69.03% - 70.13% | 72.53% - 73.63% |

## (11) Pension Plans (Continued)

***Employees Covered*** – At the measurement date of June 30, 2024, the following employees were covered by the benefit terms for each Plan:

| | Miscellaneous | Safety |
|---|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 789 | 488 |
| Inactive employees entitled to but not yet receiving benefits | 710 | 115 |
| Active employees | 547 | 275 |
| Totals | 2,046 | 878 |

***Contributions*** – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

### b. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The General Fund, Tidelands Funds, Water Fund, and Wastewater Fund have typically been used in prior years to liquidate the net pension liability. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

## (11) Pension Plans (Continued)

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|---|---|---|
| Valuation Date | June 30, 2023 | June 30, 2023 |
| Measurement Date | June 30, 2024 | June 30, 2024 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount Rate | 6.90% | 6.90% |
| Inflation | 2.30% | 2.30% |
| Payroll growth | 2.80% | 2.80% |
| Projected salary increases | Varies by Entry Age and Services | |
| Investment Rate of Return | 6.80% | 6.80% |
| Mortality Rate Table [1] | Derived using CalPERS' membership data for all funds | |
| Post Retirement Benefit Increase | The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter | |

[1] *The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.*

All other actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from 2000 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

***Discount Rate*** – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

## (11) Pension Plans (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

***Long-term Expected Rate of Return*** – The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

| Asset Class[1] | Assumed Asset Allocation | Real Return Years 1-10[1],[2] |
|---|---|---|
| Global equity - Cap-weighted | 30.00% | 4.54% |
| Global equity - Non-Cap-weighted | 12.00% | 3.84% |
| Private Equity | 13.00% | 7.28% |
| Treasury | 5.00% | 0.27% |
| Mortgage-backed Securities | 5.00% | 0.50% |
| Investment Grade Corporates | 10.00% | 1.56% |
| High Yield | 5.00% | 2.27% |
| Emerging Market Debt | 5.00% | 2.48% |
| Private Debt | 5.00% | 3.57% |
| Real Assets | 15.00% | 3.21% |
| Leverage | -5.00% | -0.59% |

(1) *An expected inflation of 2.30% used for this period.*

(2) *Figures are based on the 2021 Asset Liability Management study.*

***Subsequent Events*** – There were no subsequent events that would materially affect the results presented in this disclosure.

## (11) Pension Plans (Continued)

### c. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan for the measurement period follow:

| Miscellaneous Plan: | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| **Balance at June 30, 2023** | $ 521,082,608 | $ 400,096,182 | $ 120,986,426 |
| Changes in the Year: | | | |
| Service cost | 8,448,830 | - | 8,448,830 |
| Interest on the total pension liability | 35,431,016 | - | 35,431,016 |
| Differences between expected and actual experience | 1,976,265 | - | 1,976,265 |
| Net plan to plan resource movement | - | (59) | 59 |
| Contribution - employer | - | 21,544,170 | (21,544,170) |
| Contribution - employee | - | 4,541,457 | (4,541,457) |
| Net investment income | - | 38,107,605 | (38,107,605) |
| Benefit payments, including refunds of employee contributions | (27,580,605) | (27,580,605) | - |
| Administrative expense | - | (325,559) | 325,559 |
| Net Changes | 18,275,506 | 36,287,009 | (18,011,503) |
| **Balance at June 30, 2024** | $ 539,358,114 | $ 436,383,191 | $ 102,974,923 |

## (11) Pension Plans (Continued)

| Safety Plan: | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| **Balance at June 30, 2023** | $ 695,885,933 | $ 499,893,619 | $ 195,992,314 |
| Changes in the Year: | | | |
| Service cost | 10,840,966 | - | 10,840,966 |
| Interest on the total pension liability | 47,523,602 | - | 47,523,602 |
| Differences between expected and actual experience | 7,193,012 | - | 7,193,012 |
| Net plan to plan resource movement | - | 59 | (59) |
| Contribution - employer | - | 36,653,740 | (36,653,740) |
| Contribution - employee | - | 3,875,707 | (3,875,707) |
| Net investment income | - | 47,875,335 | (47,875,335) |
| Benefit payments, including refunds of employee contributions | (39,503,140) | (39,503,140) | - |
| Administrative expense | - | (406,765) | 406,765 |
| Net Changes | 26,054,440 | 48,494,936 | (22,440,496) |
| **Balance at June 30, 2024** | $ 721,940,373 | $ 548,388,555 | $ 173,551,818 |

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | Miscellaneous | Safety |
|---|---|---|
| 1% Decrease | 5.90% | 5.90% |
| Net Pension Liability | $ 174,266,038 | $ 266,569,562 |
| Current Discount Rate | 6.90% | 6.90% |
| Net Pension Liability | $ 102,974,923 | $ 173,551,818 |
| 1% Increase | 7.90% | 7.90% |
| Net Pension Liability | $ 44,241,390 | $ 96,648,799 |

## (11) Pension Plans (Continued)

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2025, the City recognized pension expense of $51,381,790 ($20,439,193 Miscellaneous Plan and $30,942,597 Safety Plan). At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Miscellaneous plan: | | |
| Pension contributions subsequent to measurement date | $ 21,712,457 | $ - |
| Differences between expected and actual experience | 3,244,282 | (87,145) |
| Change in assumptions | 977,548 | - |
| Net differences between projected and actual earnings on plan investments | 6,473,421 | - |
| Total miscellaneous plan | 32,407,708 | (87,145) |
| Safety plan: | | |
| Pension contributions subsequent to measurement date | 37,081,470 | - |
| Differences between expected and actual experience | 10,440,815 | (926,141) |
| Change in assumptions | 6,072,755 | - |
| Net differences between projected and actual earnings on plan investments | 7,992,597 | - |
| Total safety plan | 61,587,637 | (926,141) |
| Total all plans | $ 93,995,345 | $ (1,013,286) |

## (11) Pension Plans (Continued)

$58,793,927 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Fiscal Year Ending June 30, | Miscellaneous | Safety | Total |
|---|---|---|---|
| 2026 | $ 3,309,810 | $ 8,789,078 | $ 12,098,888 |
| 2027 | 10,912,787 | 17,409,634 | 28,322,421 |
| 2028 | (1,498,140) | 56,059 | (1,442,081) |
| 2029 | (2,116,351) | (2,674,745) | (4,791,096) |
| Thereafter | - | - | - |

### e. Payable to the Pension Plan

At June 30, 2025, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2025.

### f. Plan Description - Defined Contribution Plan

Pursuant to City Council Resolution No. 91-106, the City entered into a defined contribution plan administrated by the private administrator known as Public Agency Retirement System ("PARS") for all of its part-time employees, pursuant to the requirements of Section 11332 of the Social Security Act. The City Council has the authority for establishing and amending the plan's provisions per the Resolution, including establishing and amending contribution requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5% to a retirement plan, and City Council resolved to match the employees' contributions of 3.75%. The City's contributions for each employee (and interest earned by the accounts) are fully vested immediately.

For the fiscal year ended June 30, 2025, the City's covered payroll for employees participating in the plan was $3,554,314. Employees made contributions of $133,405 (3.75% of current covered payroll), which was matched by the employer in the same amount. Assets of the plan totaled $2,610,514 at June 30, 2025.

## (12) Post-Employment Health Care Benefits (OPEB)

The following description of the City of Newport Beach Retiree Health Savings ("RHS") Plan provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

Plan Description

The Retiree Health Savings Plan consists of the following post-retirement medical benefits:

*PEMHCA*

The CalPERS Public Employees' Medical and Hospital Care Act (PEMHCA) plan under the authority of section 22750 to 22948 of the state of California's government code, is an agent multiple employer plan. The City pays the required PEMHCA minimum contribution for all miscellaneous and safety employees retiring directly from the City who enroll in a CalPERS medical plan. The 2025 PEMHCA minimum contribution amount is $158 per month.

*Implicit Subsidy*

The City provides healthcare benefits to retirees in the form of an implied rate subsidy, which results from the pooling of non-Medicare retirees and active employees for premium purposes. Therefore, retirees receive the benefit of a lower premium, which would be higher if the premium for retirees was based on age, health status or claims history. The difference between these amounts is the implicit rate subsidy.

*Other Retiree Medical Benefits*

The City provides other retiree medical benefits in the form of a single-employer defined contribution plan, a single-employer defined benefit plan, and a hybrid of the two. In January 2006, the City and employee associations agreed to major changes in the Post-Employment Health Care Plan. All employees hired after January 1, 2006, and certain employees hired prior to this date, as well as employees who elected to fully convert to a defined contribution formula (hereafter fully converted employees), participate in a program that requires mandatory employee and employer contributions. However, once these contributions have been made to the employee's account, the City has no further funding obligation to the Plan on their behalf, except for the Public Employees' Medical and Hospital Care Act ("PEMHCA") minimum, which is the responsibility of the City. These employees and eligible retirees participate in a Retiree Health Savings ("RHS") Plan sponsored by the City, the single employer of the plan. Plan assets are held in trust and managed by MissionSquare Retirement (Trustee), under IRS Revenue Ruling 2002-41 (June 26, 2002) and IRS Notice 2002-45 (June 26, 2002).

Certain employees hired prior to January 1, 2006, had the option to retain a hybrid of the former defined benefit plan, or to fully convert to the new Plan. Employees electing to retain a hybrid of the former defined benefit formula participate in a program requiring mandatory defined

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

contributions by employees and the City, as well as a defined benefit consisting of an ongoing contribution from the City to the participant's RHS account each month after retirement. Additionally, these employees are eligible to receive health care benefits under the City's group health care plans. In order to receive these benefits, these employees are required to pay the City $100 per month up until their retirement to offset the unfunded portion of post-employment health care benefits existing at the inception of the plan.

For fully converted employees, the City made a one-time contribution into their individual RHS account of $100 per month for every month the employee contributed to the previous defined benefit plan up to a maximum of 15 years. For employees who elected to retain a hybrid plan, the City made a one-time contribution into their individual RHS account of $75 per month for every month the employee contributed to the previous defined plan up to a maximum of 15 years. In order to receive these contributions, the employee must retire from the City. At June 30, 2025, the liability for the conversion part of the RHS Plan was $800,925. This amount is not included in the net OPEB liability but is included in the compensated absences liability. See Note (7).

Employees who retired prior to January 1, 2006, continue to receive an ongoing defined benefit consisting of a contribution made by the City to the participant's RHS account each month. The defined benefit portion of the plan is closed to new participants.

In 2024, the City closed the OPEB Trust with the California Employers' Retiree Benefit Trust ("CERBT") Fund and transferred its assets to Public Agency Retirement Services ("PARS") to prefund its OPEB liability. The assets held by PARS are legally restricted for the City's OPEB plan under Section 115 of the Internal Revenue Code. The City has made discretionary contributions to the OPEB Trust. Contributions to the OPEB Trust, along with earnings on those contributions, are irrevocable.

The City determines the timing of the distribution of trust assets and whether those assets will be paid directly to the insurance provider or used to reimburse the City for plan benefits and expenses it has paid. The OPEB Trust is reported as a fiduciary fund since it would be misleading to exclude the OPEB Trust Fund from the City's financial statements. PARS issues a publicly available financial report detailing the fiduciary net position of the OPEB Trust, which is available upon request. The plan itself does not issue a separate financial report. PARS is an agent multiple-employer trust.

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

Employees Covered

As of the measurement date June 30, 2024, the following current and former employees were covered by the benefit terms under the plan:

| | |
|---|---|
| Inactive employees, spouses, or beneficiaries currently receiving benefits | 539 |
| Inactive employees or beneficiaries entitled to but not receiving benefits | 365 |
| Active employees | 849 |
| Total | 1,753 |

Contributions

Contribution requirements are established by City policy and may be amended by the City Council. The annual contribution is based on the actuarially determined contribution. For the year ended June 30, 2025, the City's cash contributions were $10,865,147 to the trust in premium payments and $1,406,824 for the estimated implicit subsidy, resulting in a total payment of $12,271,971.

### *Net OPEB Liability*

The City's net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023. The General Fund, Tidelands Funds, Water Fund, and Wastewater Fund have typically been used in prior years to liquidate the net OPEB liability. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and applied to all periods included in the measurement, unless otherwise specified:

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

| | |
|---|---|
| Valuation Date | June 30, 2023 |
| Measurement Date | June 30, 2024 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.40% |
| Inflation | 2.75% |
| Projected Salary Increase | 2.80% per annum, in aggregate |
| Expected long term investment rate of return | 6.40% |
| Healthcare Cost Trend Rates | Initial rate of 8.00%, decreasing 0.25% annually to an ultimate rate of 4.50% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post -65. |
| Post-Retirement Turnover | Derived from CalPERS pension plan |
| Mortality | From Society of Actuaries Pub-2010 Public Retirement Plans Mortality Table Report |

The actuarial assumptions used in the June 30, 2023, valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the City.

The long-term expected rate of return on OPEB plan investment is assumed to be 6.40%. The OPEB Plan's target asset allocation as of June 30, 2025 are summarized in the following table.

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| US Equity | 36.00% | N/A |
| Non-US Equity | 18.00% | N/A |
| US Real Estate | 3.00% | N/A |
| Listed Infrastructure | 3.00% | N/A |
| Fixed Income | 38.00% | N/A |
| Cash | 2.00% | N/A |
| Totals | 100.00% | 6.40% |

The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table on the following page, where the range is given as the spread between the lowest and highest rate shown.

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

| Yield as of | June 30, 2023 | June 30, 2024 |
|---|---|---|
| Bond Buyer Go 20-Bond Municipal Bond Index | 3.65% | 3.93% |
| S&P Municipal Bond 20-Year High Grade Rate Index | 4.13% | 4.21% |
| Fidelity 20-Year Go Municipal Bond Index | 3.86% | 3.97% |
| Bond Index Range | 3.65%-4.13% | 3.93%-4.21% |

The City's funding policy is to fund the recommended actuarially determined contribution (ADC) to fully fund the benefits over a reasonable period of time. The final equivalent single discount rate used for this year's valuation is 6.40% with the assumption that the City will eventually pay the pay-go costs out of the OPEB trust when the Trust is expected to be able to pay all future projected benefit payments. This discount rate assumes the City continues to fund for its retiree health benefits through PARS under its investment allocation strategy.

Discount Rate

Under GASB 75, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extents that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale) must be used.

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

### *Changes in the Net OPEB Liability*

The changes in the net OPEB liability are as follows:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at June 30, 2023 | $ 53,136,842 | $35,166,853 | $17,969,989 |
| Changes in the Year: | | | |
| Service cost | 800,218 | - | 800,218 |
| Interest on the total OPEB liability | 3,125,813 | - | 3,125,813 |
| Changes of assumptions | (1,705,049) | - | (1,705,049) |
| Differences between actual and expected experience | 99,265 | - | 99,265 |
| Contribution - employer | - | 10,865,147 | (10,865,147) |
| Net investment income | - | 3,933,617 | (3,933,617) |
| Benefit payments, including refunds of employee contributions | (3,734,742) | (3,734,742) | - |
| Administrative expenses | - | (23,200) | 23,200 |
| Net Changes | (1,414,495) | 11,040,822 | (12,455,317) |
| Balance at June 30, 2024 | $ 51,722,347 | $ 46,207,675 | $ 5,514,672 |

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

Change of Assumptions

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024. The City has migrated their OPEB assets from the CERBT trust to the PARS trust.

Interim year valuation results have been projected from the prior year's valuation with adjustments for:

- Updating the discount rate from 6.00% as of June 30, 2023 to 6.40% as of June 30, 2024. This update led to a decrease in liabilities.
- Updated pre-65 and post-65 healthcare trend rates with initial rates of 8.00% and 6.50%, respectively, decreasing annually by 0.25% to an ultimate rate of 4.50%. This change caused a slight increase in liabilities.
- Claim cost calculations have been updated to account for the 2025 risk scores from the CalPERS Risk Adjustments. This change caused an increase in liabilities.
- PEMHCA minimum required contribution was updated for 2026, resulting in a decrease in liabilities.
- Claim costs and premiums were updated for 2025, resulting in an increase in liabilities.

Change of Benefit Terms

There was no change of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate for the Plan, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | 1% Decrease (5.40%) | Discount Rate (6.40%) | 1% Increase (7.40%) |
|---|---|---|---|
| Net OPEB Liability | $10,634,856 | $ 5,514,672 | $ 1,162,929 |

Sensitivity of the Net OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7.00% HMO/7.00% PPO) or 1-percentage point higher (9.00% HMO/9.00% PPO) than current healthcare cost trend rates:

| | Healthcare Cost Trend Rates | | |
|---|---|---|---|
| | 1% Decrease (7.00%HMO/7.00%PPO decreasing to 3.5%HMO/3.5%PPO) | Current (8.00%HMO/8.00%PPO decreasing to 4.50%HMO/4.50%PPO) | 1% Increase (9.00%HMO/9.00%PPO decreasing to 5.5%HMO/5.5%PPO) |
| Net OPEB Liability | $2,689,087 | $5,514,672 | $9,287,516 |

***OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB***

For the year ended June 30, 2025, the City recognized OPEB expense of $3,019,952. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| OPEB contributions subsequent to measurement date | $ 2,254,152 | $ - |
| Differences between projected and actual experience | 4,256,028 | (412,725) |
| Change of assumptions | 1,882,666 | (1,659,982) |
| Net difference between projected and actual earnings on OPEB plan investments | 413,087 | - |
| Totals | $ 8,805,933 | $ (2,072,707) |

## (12) Post-Employment Health Care Benefits (OPEB) (Continued)

The differences between expected and actual experience, and changes of assumptions are amortized over a six-year period, eight-year period, nine-year period, or a ten-year period, depending on the fiscal year the difference occurred. The net difference between projected and actual earnings on plan investments is amortized over a five-year period.

An amount of $2,254,152, which is reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30, | Amount |
|---|---|
| 2026 | $ 811,880 |
| 2027 | 1,900,651 |
| 2028 | 467,772 |
| 2029 | 492,139 |
| 2030 | 839,258 |
| Thereafter | (32,626) |

***Payable to the OPEB Plan***

At June 30, 2025, the City had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

## (13) Joint Venture Agreements

Bonita Canyon Public Facilities Financing Authority

The Bonita Canyon Public Facilities Financing Authority (Authority) is a joint powers authority comprised of the City of Newport Beach and the Newport-Mesa Unified School District. The Authority's Board is comprised of two members appointed by each of the member agencies. The Authority created Community Facilities District 98-1 to finance public facilities that will benefit the properties within the District's boundaries. In 1998, the Authority issued $45,000,000 of special tax bonds to be repaid by special assessments. $30,577,712 (81.7%) of the proceeds were used to pay for the costs of the City acquiring and constructing public facilities including parks and road improvements. In Fiscal Year 2011-12, the Authority issued $38,330,000 of special tax refunding bonds to refinance the 1998 Series. In Fiscal Year 2017-18, the Authority issued $28,245,000 of special tax refunding bonds to refinance the 2012 series; the City is not obligated in any manner to repay the bonds. As of June 30, 2025, the contributions from property owners have been fully

## (13) Joint Venture Agreements (Continued)

spent and no funds are held in trust by the fiscal agent. The City does not make any annual contributions to the Authority and does not include the Authority as a component unit, as the City is not financially accountable for the Authority's activities and the Authority is not fiscally dependent on the City. The City's equity interest in the Authority is not readily determinable. Complete separate financial statements can be obtained at the Newport Mesa Unified School District, 2985 Bear Street, Suite 8M, Costa Mesa, California.

Metro Cities Fire Authority

The City of Newport Beach is a participant in a joint venture consisting of the cities of Anaheim, Brea, Fountain Valley, Fullerton, Huntington Beach, and Orange for the operation of a communication network utilized by fire suppression, emergency medical assistance, and rescue services. The oversight board consists of one voting member and one alternate appointed by the governing body of each member agency. The City of Newport Beach's costs are based each fiscal year upon the number of recorded incidents attributable to the City divided by the recorded incidents attributable to all members during the year and are recorded in the General Fund as an expenditure for service. Upon termination of the agreement, the proceeds from the sale of the property and assets of the joint venture will be paid to each member agency pursuant to their fair share percentage. Annually, the amounts paid by the City to this joint venture are approximately $887,014. The City's 10.75% interest in the net equity of this joint venture at June 30, 2025, amounts to $339,272. Complete separate financial statements can be obtained at the Metro Cities Fire Authority offices at 201 S. Anaheim Boulevard, Suite 302, Anaheim, California.

Integrated Law and Justice Agency of Orange County

The City is a participant in a joint venture with several other public agencies in Orange County for the operation of the Integrated Law and Justice Agency of Orange County (ILJAOC). The ILJAOC was established in fiscal year 2006-07 and consists of 23 member agencies, with an oversight board consisting of 12 members from the participating agencies. Annually, each member agency pays a percentage of the operating and replacement costs for the ILJAOC. The City's annual contribution and interest in the net equity of this joint venture was immaterial as of June 30, 2025. The City of Newport Beach acted as the Treasurer/Controller of the ILJAOC from inception through the end of fiscal year 2010-11. Beginning July 1, 2011, the City of Brea, another member agency, was appointed to serve as Treasurer/Controller, and assumed responsibility for all operating activities of the ILJAOC. Complete separate financial statements can be obtained from the City of Brea, 1 Civic Center Circle, Brea, California 92821.

## (14) Commitments and Contingencies

### Claims and Judgments

Numerous claims and suits have been filed against the City in the normal course of business. The estimated liability under such claims, based upon information received from the City Attorney, contracted attorneys, and the Risk Manager, has been estimated and recorded as accrued claims and judgments payable. (See Note 7)

### Operating Agreements

The City of Newport Beach first entered into an agreement with Visit Newport Beach Inc. ("VNB"), a legally separate non-profit marketing organization, in 1987. The primary responsibility of VNB is to attract additional visitor business by promoting the City as the premier tourist and business destination in Orange County. VNB is governed by an Executive Committee comprised of seven individuals not appointed by the City Council of the City of Newport Beach. The previous agreement was entered into on September 27, 2011, subsequently amended on January 28, 2014, and expired on December 31, 2024. Under this agreement, the City paid VNB 18% of the total transient occupancy tax (TOT) collected during the fiscal year. On January 1, 2025, the City entered into a new agreement with VNB increasing their share to 23% of hotel TOT collected during the fiscal year, and eliminating their share of residential TOT. For the Fiscal Year ending June 30, 2025, the City paid VNB a total $7,736,564 between the two agreements.

### Contractual Commitments

Construction and contractual commitments for major construction projects are as follows:

| | Annual Budget | Project YTD Expenditures | Unexpended Commitments |
|---|---|---|---|
| Irvine Terrace, Shorecliffs, Balboa Peninsula Water Line Replc | $ 8,238,406 | $ 572 | $ 8,091,473 |
| CNG Fueling System | 8,550,542 | 1,272,932 | 6,491,700 |
| Central Library Lecture Hall | 10,415,158 | 3,836,678 | 6,256,601 |
| Big Canyon Restoration Phase 3 | 7,365,960 | 1,057,903 | 5,534,856 |
| Cathodic Protection Program | 4,147,420 | 54,398 | 4,092,555 |
| Balboa Yacht Basin Dredging | 3,899,344 | - | 3,898,344 |
| Balboa Peninsula Trolley | 4,037,247 | 604,212 | 3,325,504 |
| Water Well Rehabilitation Program | 2,127,021 | 97,135 | 2,028,183 |
| Bristol St N Pavement Rehab | 1,613,000 | - | 1,613,000 |
| Library/ Fire Station No. 1 Replacement | 15,991,120 | 77,241 | 1,514,712 |
| Facilities Maintenance Master Plan | 2,649,950 | 38,438 | 1,487,348 |
| Spyglass Hill Rd Pavement Rehab | 1,886,188 | 11,849 | 1,405,203 |
| Bay Crossing Water Main Replc | 3,086,736 | 155,131 | 1,163,121 |
| Von Karman Ave Pvmt Rehab | 1,722,373 | 622,874 | 733,714 |
| Sewer Main Lining and Repairs | 1,655,896 | 531,934 | 682,107 |
| Collins Island Bridge Replacement | 2,693,848 | 16,985 | 662,732 |
| Facilities Maintenance Master Plan | 2,388,922 | 1,703,165 | 642,916 |
| Balboa Yacht Basin Docks | 6,830,453 | 115,604 | 622,008 |
| Balboa Island/CDM Transit Service | 3,636,581 | - | 616,335 |

## (14) Commitments and Contingencies (Continued)

At fiscal year-end, the City's encumbrances with contractors were as follows:

| | Major Governmental Funds | | | Other Governmental Funds | | |
|---|---|---|---|---|---|---|
| | General | Tide and Submerged Land - Operating | Tide and Submerged Land - Harbor Capital | Special Revenue Funds | Capital Project Funds | Total |
| Oceanfront encroachment | $ - | $ - | $ - | $ 300,606 | $ - | $ 300,606 |
| Cable franchise reserve | - | - | - | 7,883 | - | 7,883 |
| Streets and highways | - | - | - | 2,973,396 | 2,647,359 | 5,620,755 |
| Parks and community centers | - | - | - | - | 10,199,616 | 10,199,616 |
| Facilities | - | - | - | 1,574,952 | 1,353,763 | 2,928,715 |
| Public arts and culture | - | - | - | 32,500 | - | 32,500 |
| Capital re-appropriations | - | - | - | - | 9,857,318 | 9,857,318 |
| Beaches | - | 710,994 | 1,659,355 | - | - | 2,370,349 |
| Marinas | - | 12,591 | - | - | - | 12,591 |
| Dredging | - | - | 100,625 | - | - | 100,625 |
| Equipment | 684,664 | 188,990 | - | - | - | 873,654 |
| Facilities Replacement | - | - | - | - | 100 | 100 |
| Drainage | - | - | - | - | 454,505 | 454,505 |
| Miscellaneous and studies | - | - | - | - | 711,927 | 711,927 |
| Contract services | 1,027,561 | - | - | - | - | 1,027,561 |
| Supplies and materials | 71,520 | - | - | - | - | 71,520 |
| Maintenance and repairs | 791,737 | - | - | - | 1,934,019 | 2,725,756 |
| General | 59,250 | - | - | - | - | 59,250 |
| Total encumbrances | $ 2,634,732 | $ 912,575 | $ 1,759,980 | $ 4,889,337 | $ 27,158,607 | $ 37,355,231 |

## (15) Fund Balance

Governmental Fund Balance at June 30, 2025, is classified as follows:

**Governmental Fund Balance**

| | General | Tide and Submerged Land - Operating | Tide and Submerged Land - Harbor Capital | Facilities Financial Planning Reserve | Debt Service Fund | Other Governmental Funds: Special Revenue Funds | Other Governmental Funds: Capital Project Funds | Other Governmental Funds: Permanent Funds | Totals |
|---|---|---|---|---|---|---|---|---|---|
| Nonspendable: | | | | | | | | | |
| Prepaid items (legally restricted) | $ 1,371,697 | $ 63,529 | $ - | $ - | $ - | $ 17,024 | $ - | $ - | $ 1,452,250 |
| Inventories (legally restricted) | 183,978 | - | - | - | - | - | - | - | 183,978 |
| Long-term loan receivable (form restricted) | 4,426,659 | - | - | - | - | - | - | - | 4,426,659 |
| Permanent endowment (legally restricted) | - | - | - | - | - | - | - | 4,629,781 | 4,629,781 |
| Restricted: | | | | | | | - | | |
| Affordable housing | - | - | - | - | - | 634,021 | - | - | 634,021 |
| Oceanfront encroachment | - | - | - | - | - | 300,606 | - | - | 300,606 |
| Upper Newport bay restoration | - | 1,871,911 | - | - | - | - | - | - | 1,871,911 |
| Cable franchise reserve | - | - | - | - | - | 4,023,412 | - | - | 4,023,412 |
| Community development | - | - | - | - | - | - | 3,586 | - | 3,586 |
| Streets and highways | - | - | - | - | - | 2,973,396 | - | - | 2,973,396 |
| Public safety | - | - | - | - | - | 646,986 | - | - | 646,986 |
| Facilities | - | - | - | - | - | 1,703,264 | 306,531 | - | 2,009,795 |
| Transportation | - | - | - | - | - | 314,333 | - | - | 314,333 |
| Environmental liability mitigation | - | - | - | - | - | 8,917,639 | - | - | 8,917,639 |
| Public arts and culture | - | - | - | - | - | 1,273,162 | - | - | 1,273,162 |
| Parking | - | - | - | - | - | 292,979 | - | - | 292,979 |
| Training | - | - | - | - | - | 634,388 | - | - | 634,388 |
| Libraries | - | - | - | - | - | - | - | 262,160 | 262,160 |
| Scholarships | - | - | - | - | - | - | - | 230,819 | 230,819 |
| Fiin | - | - | - | - | - | 1,226,580 | - | - | 1,226,580 |
| Debt service | - | - | - | - | 2,024,393 | - | - | - | 2,024,393 |
| Capital re-appropriations | - | 7,702,206 | 28,023,307 | - | - | 8,877,643 | 15,880,007 | - | 60,483,163 |
| Beaches | - | 710,994 | 1,659,355 | - | - | - | - | - | 2,370,349 |
| Marinas | - | 12,591 | - | - | - | - | - | - | 12,591 |
| Dredging | - | - | 27,820,484 | - | - | - | - | 2,062,502 | 29,882,986 |
| Equipment | - | 188,990 | - | - | - | - | - | - | 188,990 |
| General Plan Maintenance | - | | | | | 160,674 | | | 160,674 |
| Committed: | | | | | | | | | |
| Facilities replacement | - | - | - | 23,540,709 | - | - | 723,235 | - | 24,263,944 |
| Facilities maintenance | - | - | - | - | - | - | 1,225,515 | - | 1,225,515 |
| Civic center and park | - | - | - | - | - | - | 526,902 | - | 526,902 |
| Oil and gas liabilities | - | 1,258,890 | - | - | - | - | - | - | 1,258,890 |
| Parking management | - | - | - | - | - | - | 161,767 | - | 161,767 |
| Neighborhood enhancement | - | - | - | - | - | - | 8,084,238 | - | 8,084,238 |
| Capital re-appropriations | 374,822 | - | - | - | - | - | 7,000 | - | 381,822 |
| Drainage | - | - | - | - | - | - | 2,191,405 | - | 2,191,405 |
| Streets and highways | - | - | - | - | - | - | 13,934,462 | - | 13,934,462 |
| Facilities | - | - | - | - | - | - | 17,718,982 | - | 17,718,982 |
| Miscellaneous and studies | - | - | - | - | - | - | 1,561,927 | - | 1,561,927 |
| Parks and community centers | - | - | - | - | - | - | 15,631,073 | - | 15,631,073 |
| Contract services | 1,613,722 | - | - | - | - | - | - | - | 1,613,722 |
| Supplies and materials | 261,671 | - | - | - | - | - | - | - | 261,671 |
| Maintenance and repairs | 791,737 | - | - | - | - | - | 1,934,019 | - | 2,725,756 |
| Equipment | 684,664 | | | | | | | | 684,664 |
| General | 59,250 | - | - | - | - | - | - | - | 59,250 |
| Unassigned | 98,379,310 | - | - | - | - | (11) | - | - | 98,379,299 |
| Total fund balances | $ 108,147,510 | $ 11,809,111 | $ 57,503,146 | $ 23,540,709 | $ 2,024,393 | $ 31,996,096 | $ 79,890,649 | $ 7,185,262 | $ 322,096,876 |

## (16) Deficit Fund Equity

The following funds reported deficit equity balances:

| | |
|---|---|
| Special Revenue Funds: | |
| OTS DUI Grant | $ 11 |
| Internal Service Funds: | |
| Compensated Absences | 4,909,926 |

The OTS DUI Grant Fund is used to account for federal funding for the Selective Traffic Enforcement Program (STEP). These funds are used exclusively for DUI enforcement. The City will receive reimbursement in the following fiscal year, which will eliminate the deficit fund balance.

For the Compensated Absences Fund, the City's Reserve Policy sets the maximum cash reserve at 50% of the long-term compensated absences liability and targets a lesser amount that is the median between that amount and a three-year average of the actual payments made for the cash-out of accumulated leave balances. Accordingly, this deficit fund balance is intentional and in compliance with the City Council-approved Reserve Policy.

## (17) Public-Private Partnerships

Agreements that meet the requirements of GASB 94 for which the city is transferor are disclosed as public-private partnerships (PPP) receivables on the City's financial statements. The City's PPP receivable is related to the facilities for the Balboa Island Ferry, Inc. (operator). GASB 94 excludes certain inflows (e.g., certain variable payments, etc.) from the measurement of PPP receivables. Payments from the operator to the City include variable payments, because the operator pays the City the greater of a minimum base amount or a specified percentage of the operator's gross receipts. For the fiscal year ending June 30, 2025, the City recognized $17,763 of payments related to PPP receivables that were excluded from the measurement of the PPP receivables. A discount rate of 1.50% was applied to the measurement of the PPP receivable. The PPP agreement leases facilities to the operator for the continued operation of a ferry between Balboa Island and Balboa Peninsula. The City retains the right to inspect the property anytime without notice to the operator. Please see the Statement of Net Position for additional information about the nature and amounts of the PPP receivable and PPP deferred inflow.

## (18) Subsequent Event

On November 6, 2025, the City entered into a cooperative agreement with the cities of Laguna Beach and Fountain Valley to develop a new municipal groundwater well to enhance regional water supply reliability. Under the agreement, Newport Beach will serve as the lead agency for the planning, design and construction of the project. The City has agreed to provide $20 million towards the $30 million estimated total project cost and is expecting to recover the investment over time through reduced water supply costs, as groundwater is less expensive than imported water. Construction is expected to start in 2026 with the new well being fully operational by 2028.

# FINANCIAL SECTION

## REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Miscellaneous Employees**
**Page 1 of 2**

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Measurement Period** | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| **Total Pension Liability** | | | | | |
| Service cost | $ 8,448,830 | $ 8,045,390 | $ 8,261,032 | $ 7,438,050 | $ 7,347,708 |
| Interest on total pension liability | 35,431,016 | 34,232,164 | 32,759,522 | 31,805,532 | 30,565,919 |
| Differences between expected and actual experience | 1,976,265 | 5,716,564 | (1,394,332) | 1,624,975 | 369,351 |
| Changes in assumptions | - | - | 15,640,771 | - | - |
| Changes in benefits | - | 474,137 | - | - | - |
| Benefit payments, including refunds of employee contributions | (27,580,605) | (26,581,149) | (24,940,419) | (22,976,493) | (21,516,515) |
| **Net Change in Total Pension Liability** | 18,275,506 | 21,887,106 | 30,326,574 | 17,892,064 | 16,766,463 |
| **Total Pension Liability - beginning** | 521,082,608 | 499,195,502 | 468,868,928 | 450,976,864 | 434,210,401 |
| **Total Pension Liability - ending (a)** | $ 539,358,114 | $ 521,082,608 | $ 499,195,502 | $ 468,868,928 | $ 450,976,864 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - employer | $ 21,544,170 | $ 20,800,063 | $ 18,352,430 | $ 18,612,457 | $ 16,346,284 |
| Contributions - employee | 4,541,457 | 4,113,185 | 3,974,974 | 4,057,107 | 4,067,751 |
| Net investment income | 38,107,605 | 23,270,469 | (30,856,252) | 76,031,841 | 16,074,793 |
| Administrative expense | (325,559) | (278,531) | (256,962) | (336,753) | (454,777) |
| Other miscellaneous income/(expense) | - | - | - | - | - |
| Plan to plan resource movement | (59) | - | - | - | - |
| Benefit payments | (27,580,605) | (26,581,149) | (24,940,419) | (22,976,493) | (21,516,515) |
| **Net change in Plan Fiduciary Net Position** | 36,287,009 | 21,324,037 | (33,726,229) | 75,388,159 | 14,517,536 |
| **Plan Fiduciary Net Position - beginning** | 400,096,182 | 378,772,145 | 412,498,374 | 337,110,215 | 322,592,679 |
| **Plan Fiduciary Net Position - ending (b)** | $ 436,383,191 | $ 400,096,182 | $ 378,772,145 | $ 412,498,374 | $ 337,110,215 |
| Net pension liability - ending (a)-(b) | $ 102,974,923 | $ 120,986,426 | $ 120,423,357 | $ 56,370,554 | $ 113,866,649 |
| Plan fiduciary net position as a percentage of the total pension liability | 80.91% | 76.78% | 75.88% | 87.98% | 74.75% |
| Covered payroll | $ 50,824,016 | $ 48,099,822 | $ 45,210,057 | $ 44,809,856 | $ 43,902,594 |
| Net pension liability as percentage of covered payroll | 202.61% | 251.53% | 266.36% | 125.80% | 259.36% |

**Notes to Schedule:**

Benefit Changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Change in Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016.

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Miscellaneous Employees**
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**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years**

| | 2020<br>June 30, 2019 | 2019<br>June 30, 2018 | 2018<br>June 30, 2017 | 2017<br>June 30, 2016 | 2016<br>June 30, 2015 |
|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | |
| Service cost | $ 7,084,444 | $ 7,334,861 | $ 7,151,754 | $ 6,303,642 | $ 6,087,960 |
| Interest on total pension liability | 29,409,624 | 28,226,598 | 27,069,673 | 26,375,073 | 25,427,094 |
| Differences between expected and actual experience | 403,676 | 2,243,854 | (4,912,853) | (2,686,814) | (4,736,006) |
| Changes in assumptions | - | (2,522,093) | 22,616,424 | - | (6,309,248) |
| Changes in benefits | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (20,129,701) | (18,458,539) | (17,249,398) | (16,714,022) | (16,374,370) |
| **Net Change in Total Pension Liability** | 16,768,043 | 16,824,681 | 34,675,600 | 13,277,879 | 4,095,430 |
| **Total Pension Liability - beginning** | 417,442,358 | 400,617,677 | 365,942,077 | 352,664,198 | 348,568,768 |
| **Total Pension Liability - ending (a)** | $ 434,210,401 | $ 417,442,358 | $ 400,617,677 | $ 365,942,077 | $ 352,664,198 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - employer | $ 15,700,833 | $ 15,797,595 | $ 10,509,243 | $ 9,904,636 | $ 6,615,920 |
| Contributions - employee | 3,955,144 | 3,979,337 | 4,134,130 | 4,206,942 | 4,321,646 |
| Net investment income | 19,895,019 | 23,855,196 | 28,349,491 | 1,241,432 | 5,687,908 |
| Administrative expense | (216,502) | (435,499) | (375,172) | (155,791) | (287,862) |
| Other miscellaneous income/(expense) | 700 | (827,021) | - | - | - |
| Plan to plan resource movement | 1,570 | (700) | - | (2,387) | 26,981 |
| Benefit payments | (20,129,701) | (18,458,539) | (17,249,398) | (16,714,022) | (16,374,370) |
| **Net change in Plan Fiduciary Net Position** | 19,207,063 | 23,910,369 | 25,368,294 | (1,519,190) | (9,777) |
| **Plan Fiduciary Net Position - beginning** | 303,385,616 | 279,475,247 | 254,106,953 | 255,626,143 | 255,635,920 |
| **Plan Fiduciary Net Position - ending (b)** | $ 322,592,679 | $ 303,385,616 | $ 279,475,247 | $ 254,106,953 | $ 255,626,143 |
| Net pension liability - ending (a)-(b) | $ 111,617,722 | $ 114,056,742 | $ 121,142,430 | $ 111,835,124 | $ 97,038,055 |
| Plan fiduciary net position as a percentage of the total pension liability | 74.29% | 72.68% | 69.76% | 69.44% | 72.48% |
| Covered payroll | $ 42,153,383 | $ 41,468,634 | $ 41,727,563 | $ 40,031,404 | $ 38,512,011 |
| Net pension liability as percentage of covered payroll | 264.79% | 275.04% | 290.32% | 279.37% | 251.97% |

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Miscellaneous Employees**
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**SCHEDULE OF CONTRIBUTIONS**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 16,708,777 | $ 15,211,001 | $ 15,250,219 | $ 14,432,250 | $ 14,600,178 |
| Contributions in relation to the actuarially determined contributions | (21,712,457) | (21,537,720) | (20,794,397) | (18,372,473) | (18,730,840) |
| **Contribution deficiency (excess)** | $ (5,003,680) | $ (6,326,719) | $ (5,544,178) | $ (3,940,223) | $ (4,130,662) |
| Covered payroll | $ 53,975,509 | $ 50,824,016 | $ 48,099,822 | $ 45,210,057 | $ 44,809,856 |
| Contributions as a percentage of covered payroll | 40.23% | 42.38% | 43.23% | 40.64% | 41.80% |
| **Notes to Schedule:** | | | | | |
| Valuation date: | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Methods and assumptions used to determine contribution rates: | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (1) | (1) | (1) | (1) | (1) |
| Asset valuation method | Market Value | Market Value | Market Value | Market Value | Market Value |
| Inflation | 2.30% | 2.30% | 2.50% | 2.50% | 2.50% |
| Salary increases | (2) | (2) | (2) | (2) | (2) |
| Investment rate of return | 6.80% (3) | 6.80% (3) | 7.00% (3) | 7.00% (3) | 7.00% (3) |
| Retirement age | (4) | (4) | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) | (5) | (5) |

(1) Level percentage of payroll for bases established prior to June 30, 2019 and level dollar amount for bases established after June 30, 2019
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment and administrative expense; includes inflation
(4) Retirement assumptions are based on retirement rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Miscellaneous Employees**
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**SCHEDULE OF CONTRIBUTIONS**
**Last Ten Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 13,080,630 | $ 12,374,026 | $ 11,924,053 | $ 10,412,963 | $ 9,943,342 |
| Contributions in relation to the actuarially determined contributions | (16,351,592) | (15,713,898) | (15,742,587) | (10,412,963) | (9,943,342) |
| **Contribution deficiency (excess)** | $ (3,270,962) | $ (3,339,872) | $ (3,818,534) | $ - | $ - |
| Covered payroll | $ 43,902,594 | $ 42,153,383 | $ 41,468,634 | $ 41,727,563 | $ 40,031,404 |
| Contributions as a percentage of covered payroll | 37.25% | 37.28% | 37.96% | 24.95% | 24.84% |
| **Notes to Schedule:** | | | | | |
| Valuation date: | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 |
| Methods and assumptions used to determine contribution rates: | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (1) | (1) | (1) | (1) | (1) |
| Asset valuation method | Market Value | Market Value | Market Value | Market Value | Market Value |
| Inflation | 2.625% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | (2) | (2) | (2) | (2) | (2) |
| Investment rate of return | 7.25% (3) | 7.375% (3) | 7.5% (3) | 7.5% (3) | 7.5% (3) |
| Retirement age | (4) | (4) | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) | (5) | (5) |

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Safety Employees**
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**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| **Measurement Period** | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 | June 30, 2020 |
| **Total Pension Liability** | | | | | |
| Service cost | $ 10,840,966 | $ 10,727,817 | $ 10,918,046 | $ 9,817,913 | $ 9,622,985 |
| Interest on total pension liability | 47,523,602 | 45,793,334 | 43,860,290 | 42,760,906 | 41,449,511 |
| Differences between expected and actual experience | 7,193,012 | 9,833,536 | (3,451,985) | 196,690 | 957,686 |
| Changes in assumptions | - | - | 22,634,816 | - | - |
| Changes in benefits | - | 268,557 | - | - | - |
| Benefit payments, including refunds of employee contributions | (39,503,140) | (37,885,623) | (35,654,758) | (33,765,218) | (32,285,653) |
| **Net Change in Total Pension Liability** | 26,054,440 | 28,737,621 | 38,306,409 | 19,010,291 | 19,744,529 |
| **Total Pension Liability - beginning** | 695,885,933 | 667,148,312 | 628,841,903 | 609,831,612 | 590,087,083 |
| **Total Pension Liability - ending (a)** | $ 721,940,373 | $ 695,885,933 | $ 667,148,312 | $ 628,841,903 | $ 609,831,612 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - employer | $ 36,653,740 | $ 35,285,332 | $ 32,394,203 | $ 32,367,091 | $ 28,539,301 |
| Contributions - employee | 3,875,707 | 3,577,340 | 3,417,660 | 3,347,740 | 3,249,005 |
| Net investment income | 47,875,335 | 28,993,124 | (38,537,209) | 93,813,435 | 19,685,354 |
| Administrative expense | (406,765) | (345,814) | (317,056) | (413,178) | (556,832) |
| Plan to plan resource movement | 59 | - | - | - | - |
| Benefit payments | (39,503,140) | (37,885,623) | (35,654,758) | (33,765,218) | (32,285,653) |
| Other miscellaneous income/(expense) | - | - | - | - | - |
| **Net change in Plan Fiduciary Net Position** | 48,494,936 | 29,624,359 | (38,697,160) | 95,349,870 | 18,631,175 |
| **Plan Fiduciary Net Position - beginning** | 499,893,619 | 470,269,260 | 508,966,420 | 413,616,550 | 394,985,375 |
| **Plan Fiduciary Net Position - ending (b)** | $ 548,388,555 | $ 499,893,619 | $ 470,269,260 | $ 508,966,420 | $ 413,616,550 |
| Net pension liability - ending (a)-(b) | $ 173,551,818 | $ 195,992,314 | $ 196,879,052 | $ 119,875,483 | $ 196,215,062 |
| Plan fiduciary net position as a percentage of the total pension liability | 75.96% | 71.84% | 70.49% | 80.94% | 67.82% |
| Covered payroll | $ 38,168,411 | $ 36,538,774 | $ 35,231,003 | $ 34,863,204 | $ 34,279,062 |
| Net pension liability as percentage of covered payroll | 454.70% | 536.40% | 558.82% | 343.85% | 572.40% |

**Notes to Schedule:**

Benefit Changes:

The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Change in Assumptions:

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016.

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Safety Employees**
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**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **leasurement Period** | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 |
| **Total Pension Liability** | | | | | |
| Service cost | $ 9,292,715 | $ 9,223,465 | $ 9,015,985 | $ 8,075,553 | $ 8,077,826 |
| Interest on total pension liability | 40,081,524 | 38,458,387 | 37,083,966 | 36,239,226 | 35,098,055 |
| Differences between expected and actual experience | 4,798,077 | 3,278,018 | (2,192,667) | (1,613,985) | (316,827) |
| Changes in assumptions | - | (1,630,045) | 30,110,384 | - | (8,359,009) |
| Changes in benefits | - | - | - | - | - |
| Benefit payments, including refunds of employee contributions | (30,443,097) | (29,183,598) | (28,074,414) | (27,447,982) | (25,838,982) |
| **Net Change in Total Pension Liability** | 23,729,219 | 20,146,227 | 45,943,254 | 15,252,812 | 8,661,063 |
| **Total Pension Liability - beginning** | 566,357,864 | 546,211,637 | 500,268,383 | 485,015,571 | 476,354,508 |
| **Total Pension Liability - ending (a)** | $ 590,087,083 | $ 566,357,864 | $ 546,211,637 | $ 500,268,383 | $ 485,015,571 |
| **Plan Fiduciary Net Position** | | | | | |
| Contributions - employer | $ 28,344,445 | $ 26,779,897 | $ 19,260,537 | $ 18,496,776 | $ 21,529,513 |
| Contributions - employee | 3,162,044 | 3,104,318 | 2,967,318 | 2,826,831 | 2,969,503 |
| Net investment income | 24,254,890 | 29,064,749 | 34,814,011 | 1,561,480 | 7,049,577 |
| Administrative expense | (263,991) | (532,480) | (462,427) | (193,780) | (357,866) |
| Plan to plan resource movement | (1,570) | (855) | - | 2,387 | - |
| Benefit payments | (30,443,097) | (29,183,598) | (28,074,414) | (27,447,982) | (25,838,982) |
| Other miscellaneous income/(expense) | 855 | (1,011,188) | - | - | - |
| **Net change in Plan Fiduciary Net Position** | 25,053,576 | 28,220,843 | 28,505,025 | (4,754,288) | 5,351,745 |
| **Plan Fiduciary Net Position - beginning** | 369,931,799 | 341,710,956 | 313,205,931 | 317,960,219 | 312,608,474 |
| **Plan Fiduciary Net Position - ending (b)** | $ 394,985,375 | $ 369,931,799 | $ 341,710,956 | $ 313,205,931 | $ 317,960,219 |
| Net pension liability - ending (a)-(b) | $ 195,101,708 | $ 196,426,065 | $ 204,500,681 | $ 187,062,452 | $ 167,055,352 |
| Plan fiduciary net position as a percentage of the total pension liability | 66.94% | 65.32% | 62.56% | 62.61% | 65.56% |
| Covered payroll | $ 33,935,043 | $ 32,866,620 | $ 32,450,020 | $ 30,816,246 | $ 30,189,633 |
| Net pension liability as percentage of covered payroll | 574.93% | 597.65% | 630.20% | 607.03% | 553.35% |

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Safety Employees**
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**SCHEDULE OF CONTRIBUTIONS**
**Last Ten Fiscal Years**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 28,178,830 | $ 25,872,229 | $ 25,952,201 | $ 25,115,878 | $ 25,341,788 |
| Contributions in relation to the actuarially determined contributions | (37,081,471) | (36,635,838) | (35,283,235) | (32,317,538) | (32,251,903) |
| **Contribution deficiency (excess)** | $ (8,902,641) | $ (10,763,609) | $ (9,331,034) | $ (7,201,660) | $ (6,910,115) |
| Covered payroll | $ 40,866,717 | $ 38,168,411 | $ 36,538,774 | $ 35,231,003 | $ 34,863,204 |
| Contributions as a percentage of covered payroll | 90.74% | 95.98% | 96.56% | 91.73% | 92.51% |
| **Notes to Schedule:** | | | | | |
| Valuation date: | 6/30/2021 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
| Methods and assumptions used to determine contribution rates: | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (1) | (1) | (1) | (1) | (1) |
| Asset valuation method | Market Value | Market Value | Market Value | Market Value | Market Value |
| Inflation | 2.30% | 2.30% | 2.50% | 2.50% | 2.50% |
| Salary increases | (2) | (2) | (2) | (2) | (2) |
| Investment rate of return | 6.80% (3) | 6.80% (3) | 7.00% (3) | 7.00% (3) | 7.00% (3) |
| Retirement age | (4) | (4) | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) | (5) | (5) |

(1) Level percentage of payroll for bases established prior to June 30, 2019 and level dollar amount for bases established after June 30, 2019
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment and administrative expense; includes inflation
(4) Retirement assumptions are based on retirement rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board

**CITY OF NEWPORT BEACH**
**an Agent Multiple-Employer Defined Benefit Pension Plan**
**As of June 30, 2025**
**Last 10 Years**

**Defined Benefit Plan for Safety Employees**
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**SCHEDULE OF CONTRIBUTIONS**
**Last Ten Fiscal Years**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Actuarially determined contribution | $ 22,980,289 | $ 22,227,698 | $ 21,524,636 | $ 19,338,360 | $ 18,466,207 |
| Contributions in relation to the actuarially determined contributions | (28,531,744) | (28,346,069) | (26,620,697) | (19,338,360) | (18,466,207) |
| **Contribution deficiency (excess)** | $ (5,551,455) | $ (6,118,371) | $ (5,096,061) | $ - | $ - |
| Covered payroll | $ 34,279,062 | $ 33,935,043 | $ 32,866,620 | $ 32,450,020 | $ 30,816,246 |
| Contributions as a percentage of covered payroll | 83.23% | 83.53% | 81.00% | 59.59% | 59.92% |
| **Notes to Schedule:** | | | | | |
| Valuation date: | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 | 6/30/2013 |
| Methods and assumptions used to determine contribution rates: | | | | | |
| Actuarial cost method | Entry age | Entry age | Entry age | Entry age | Entry age |
| Amortization method | (1) | (1) | (1) | (1) | (1) |
| Asset valuation method | Market Value | Market Value | Market Value | Market Value | Market Value |
| Inflation | 2.625% | 2.75% | 2.75% | 2.75% | 2.75% |
| Salary increases | (2) | (2) | (2) | (2) | (2) |
| Investment rate of return | 7.25% (3) | 7.375% (3) | 7.5% (3) | 7.5% (3) | 7.5% (3) |
| Retirement age | (4) | (4) | (4) | (4) | (4) |
| Mortality | (5) | (5) | (5) | (5) | (5) |

**CITY OF NEWPORT BEACH**
**Post-Employment Health Care Benefits (OPEB) Retirement Plan**
**As of June 30, 2025**
**Last 10 Years ***


**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years***

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **Measurement Period** | June 30, 2024 | June 30, 2023 | June 30, 2022 | June 30, 2021 |
| **Total OPEB Liability** | | | | |
| Service cost | $ 800,218 | $ 635,096 | $ 530,843 | $ 529,600 |
| Interest | 3,125,813 | 3,150,800 | 3,237,390 | 2,909,400 |
| Differences between expected and actual experience | 99,265 | (393,810) | 1,120,534 | 6,159,865 |
| Changes in assumptions | (1,705,049) | 292,126 | 2,473,450 | (302,512) |
| Changes in benefits terms | - | - | - | - |
| Benefit payments, including refunds of member contributions | (3,734,742) | (4,781,574) | (4,731,846) | (3,786,232) |
| **Net change in Total OPEB Liability** | (1,414,495) | (1,097,362) | 2,630,371 | 5,510,121 |
| **Total OPEB Liability - beginning** | 53,136,842 | 54,234,204 | 51,603,833 | 46,093,712 |
| **Total OPEB Liability - ending (a)** | $ 51,722,347 | $ 53,136,842 | $ 54,234,204 | $ 51,603,833 |
| **Plan fiduciary net position** | | | | |
| Contributions - employer | $ 10,865,147 | $ 6,327,150 | $ 6,185,537 | $ 5,785,342 |
| Contributions - member | - | - | - | - |
| Net investment income | 3,933,617 | 2,061,410 | (4,845,154) | 7,184,241 |
| Benefit payments, including refunds of member contributions | (3,734,742) | (4,781,574) | (4,731,846) | (3,786,232) |
| Administrative expense | (23,200) | (9,385) | (9,000) | (9,908) |
| Other expense | - | - | - | - |
| **Net change in plan fiduciary net position** | 11,040,822 | 3,597,601 | (3,400,463) | 9,173,443 |
| **Plan fiduciary net position - beginning** | 35,166,853 | 31,569,252 | 34,969,715 | 25,796,272 |
| **Plan fiduciary net position - ending (b)** | $ 46,207,675 | $ 35,166,853 | $ 31,569,252 | $ 34,969,715 |
| **City's Net OPEB liability - ending (a)-(b)** | $ 5,514,672 | $ 17,969,989 | $ 22,664,952 | $ 16,634,118 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 89.34% | 66.18% | 58.21% | 67.77% |
| Covered-employee payroll [(1)] | $ 88,433,576 | $ 81,451,477 | $ 79,636,594 | $ 78,621,426 |
| City's Net OPEB liability as percentage of covered-employee payroll | 6.24% | 22.06% | 28.46% | 21.16% |

**Notes to Schedule:**

(1) Covered-employee payroll is used because contributions are not entirely based on a measure of pay.

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown.

**CITY OF NEWPORT BEACH**
**Post-Employment Health Care Benefits (OPEB) Retirement Plan**
**As of June 30, 2025**
**Last 10 Years ***


**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND RELATED RATIOS**
**Last Ten Fiscal Years***

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| **Measurement Period** | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 |
| **Total OPEB Liability** | | | | |
| Service cost | $ 521,285 | $ 524,717 | $ 509,434 | $ 478,341 |
| Interest | 2,944,050 | 2,795,490 | 2,814,685 | 2,830,153 |
| Differences between expected and actual experience | (219,772) | 2,532,319 | - | - |
| Changes in assumptions | - | 114,311 | - | - |
| Changes in benefits terms | - | - | - | - |
| Benefit payments, including refunds of member contributions | (3,787,663) | (3,627,695) | (3,641,715) | (3,513,406) |
| **Net change in Total OPEB Liability** | (542,100) | 2,339,142 | (317,596) | (204,912) |
| **Total OPEB Liability - beginning** | 46,635,812 | 44,296,670 | 44,614,266 | 44,819,178 |
| **Total OPEB Liability - ending (a)** | $ 46,093,712 | $ 46,635,812 | $ 44,296,670 | $ 44,614,266 |
| **Plan fiduciary net position** | | | | |
| Contributions - employer | $ 4,674,814 | $ 4,460,937 | $ 4,675,193 | $ 4,594,772 |
| Contributions - member | - | - | - | - |
| Net investment income | 900,087 | 1,495,861 | 1,605,114 | 1,875,536 |
| Benefit payments, including refunds of member contributions | (3,787,663) | (3,627,695) | (3,641,715) | (3,513,406) |
| Administrative expense | (12,037) | (4,980) | (11,076) | (9,452) |
| Other expense | - | - | (25,258) | - |
| **Net change in plan fiduciary net position** | 1,775,201 | 2,324,123 | 2,602,258 | 2,947,450 |
| **Plan fiduciary net position - beginning** | 24,021,071 | 21,696,948 | 19,094,690 | 16,147,240 |
| **Plan fiduciary net position - ending (b)** | $ 25,796,272 | $ 24,021,071 | $ 21,696,948 | $ 19,094,690 |
| **City's Net OPEB liability - ending (a)-(b)** | $ 20,297,440 | $ 22,614,741 | $ 22,599,722 | $ 25,519,576 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 55.96% | 51.51% | 48.98% | 42.80% |
| Covered-employee payroll [(1)] | $ 77,637,171 | $ 75,814,626 | $ 73,999,059 | $ 74,484,613 |
| City's Net OPEB liability as percentage of covered-employee payroll | 26.14% | 29.83% | 30.54% | 34.26% |

**CITY OF NEWPORT BEACH**
**Post-Employment Health Care Benefits (OPEB) Retirement Plan**
**As of June 30, 2025**
**Last 10 Years ***


## SCHEDULE OF CONTRIBUTIONS
**Last Ten Fiscal Years***

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 2,155,209 | $ 3,289,777 | $ 4,359,593 | $ 4,124,923 |
| Contributions in relation to the actuarially determined contributions | (2,254,152) | (12,311,540) | (7,154,265) | (4,950,445) |
| **Contribution deficiency (excess)** | $ (98,943) | $ (9,021,763) | $ (2,794,672) | $ (825,522) |
| Covered-employee payroll [(1)] | $ 93,299,224 | $ 88,433,576 | $ 81,451,477 | $ 79,636,594 |
| Contributions as a percentage of covered-employee payroll | -2.42% | -13.92% | -8.78% | -6.22% |

**Notes to Schedule:**

| | | | | |
|---|---|---|---|---|
| Valuation date: | June 30, 2023 | June 30, 2023 | June 30, 2021 | June 30, 2019 |

(1) Covered-employee payroll is used because contributions are not entirely based on a measure of pay.

* Fiscal year 2018 was the first year of implementation, therefore only eight years are shown.

**CITY OF NEWPORT BEACH**
**Post-Employment Health Care Benefits (OPEB) Retirement Plan**
**As of June 30, 2024**
**Last 10 Years ***


## SCHEDULE OF CONTRIBUTIONS
**Last Ten Fiscal Years***

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Actuarially determined contribution | $ 4,108,719 | $ 3,834,916 | $ 3,827,337 | $ 3,925,087 |
| Contributions in relation to the actuarially determined contributions | (6,511,545) | (5,379,799) | (5,133,062) | (5,309,626) |
| **Contribution deficiency (excess)** | $ (2,402,826) | $ (1,544,883) | $ (1,305,725) | $ (1,384,539) |
| Covered-employee payroll [(1)] | $ 78,621,426 | $ 77,637,171 | $ 75,814,626 | $ 73,999,059 |
| Contributions as a percentage of covered-employee payroll | -8.28% | -6.93% | -6.77% | -7.18% |

**Notes to Schedule:**

| | | | | |
|---|---|---|---|---|
| Valuation date: | June 30, 2019 | June 30, 2017 | June 30, 2017 | June 30, 2015 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**General Fund**
**For the Year Ended June 30, 2025**


| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Taxes and assessments: | | | | |
| Property | $ 149,296,403 | $ 152,582,263 | $ 154,182,579 | $ 1,600,316 |
| Sales | 45,299,626 | 45,200,159 | 45,934,260 | 734,101 |
| Transient occupancy | 32,625,873 | 32,670,435 | 33,174,268 | 503,833 |
| Other taxes | 9,587,638 | 9,587,638 | 10,385,818 | 798,180 |
| Intergovernmental | 3,593,906 | 6,665,558 | 5,670,490 | (995,068) |
| Licenses, permits and fees | 5,952,271 | 5,952,271 | 6,350,277 | 398,006 |
| Charges for services | 25,230,457 | 25,743,157 | 26,966,719 | 1,223,562 |
| Fines and forfeitures | 3,996,299 | 3,996,299 | 4,344,836 | 348,537 |
| Investment income | 1,402,120 | 1,402,120 | 3,771,565 | 2,369,445 |
| Net increase in fair value of investments | 502,805 | 502,805 | 1,129,325 | 626,520 |
| Property income | 17,897,004 | 17,905,504 | 19,808,736 | 1,903,232 |
| Donations | 375,321 | 561,100 | 795,959 | 234,859 |
| Other | (228,676) | 537,364 | 1,202,884 | 665,520 |
| Total revenues | 295,531,047 | 303,306,673 | 313,717,716 | 10,411,043 |
| **Expenditures:** | | | | |
| General government: | | | | |
| City council | 931,993 | 937,514 | 670,060 | 267,454 |
| City clerk | 1,310,158 | 1,328,375 | 1,146,406 | 181,969 |
| City attorney | 2,661,605 | 2,635,777 | 2,402,707 | 233,070 |
| City manager | 7,383,432 | 7,398,394 | 4,095,692 | 3,302,702 |
| Finance | 10,494,379 | 10,713,622 | 9,839,278 | 874,344 |
| Human resources | 3,947,492 | 4,063,492 | 3,765,892 | 297,600 |
| Total general government | 26,729,059 | 27,077,174 | 21,920,035 | 5,157,139 |
| Public safety: | | | | |
| Police | 78,156,707 | 82,104,977 | 77,309,265 | 4,795,712 |
| Fire | 65,865,961 | 69,749,033 | 68,498,140 | 1,250,893 |
| Total public safety | 144,022,668 | 151,854,010 | 145,807,405 | 6,046,605 |
| Public works: | | | | |
| Public works - general services | 34,629,137 | 37,023,633 | 35,362,361 | 1,661,272 |
| Public works | 14,051,846 | 14,064,912 | 13,629,170 | 435,742 |
| Utilities | 6,156,003 | 6,334,661 | 6,245,152 | 89,509 |
| Total public works | 54,836,986 | 57,423,206 | 55,236,683 | 2,186,523 |

See accompanying notes to required supplementary information

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**General Fund**
**For the Year Ended June 30, 2025**


| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| Community development: | | | | |
| Community development | 15,943,481 | 16,116,984 | 15,236,583 | 880,401 |
| Code and water quality enforcement | 1,289,886 | 1,293,007 | 1,270,045 | 22,962 |
| Total community development | 17,233,367 | 17,409,991 | 16,506,628 | 903,363 |
| Community services: | | | | |
| Parking operations | 2,210,923 | 2,920,724 | 2,521,425 | 399,299 |
| Library services | 10,818,892 | 11,515,373 | 10,212,303 | 1,303,070 |
| Recreation and senior services | 16,151,132 | 16,547,903 | 15,727,677 | 820,226 |
| Total community services | 29,180,947 | 30,984,000 | 28,461,405 | 2,522,595 |
| Debt service: | | | | |
| Principal | - | - | 1,283,576 | (1,283,576) |
| Interest and fiscal charges | - | - | 77,188 | (77,188) |
| Total debt service | - | - | 1,360,764 | (1,360,764) |
| Total expenditures | 272,003,027 | 284,748,381 | 269,292,920 | 15,455,461 |
| Excess of revenues over expenditures | 23,528,020 | 18,558,292 | 44,424,796 | 25,866,504 |
| **Other financing sources (uses):** | | | | |
| Transfers in | 19,767,775 | 20,317,944 | 20,317,944 | - |
| Transfers out | (39,255,611) | (56,036,418) | (53,036,418) | 3,000,000 |
| Total other financing sources (uses) | (19,487,836) | (35,718,474) | (32,718,474) | 3,000,000 |
| Net change in fund balance | 4,040,184 | (17,160,182) | 11,706,322 | 28,866,504 |
| Fund balance, beginning | 96,441,188 | 96,441,188 | 96,441,188 | - |
| Fund balance, ending | $ 100,481,372 | $ 79,281,006 | $ 108,147,510 | $ 28,866,504 |

See accompanying notes to required supplementary information

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Tide and Submerged Land - Operating**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Licenses, permits and fees | $ 92,200 | $ 92,200 | $ 110,943 | $ 18,743 |
| Charges for services | 25,300 | 25,300 | 65,341 | 40,041 |
| Fines and forfeitures | 31,000 | 31,000 | 37,814 | 6,814 |
| Investment income | 134,976 | 134,976 | 332,181 | 197,205 |
| Net increase in fair value of investments | - | - | 52,743 | 52,743 |
| Property income | 14,476,011 | 14,624,011 | 16,739,019 | 2,115,008 |
| Other | - | - | 78 | 78 |
| Total revenues | 14,759,487 | 14,907,487 | 17,338,119 | 2,430,632 |
| **Expenditures:** | | | | |
| General government | 576,031 | 576,031 | 576,031 | - |
| Public works | 1,415,449 | 1,726,356 | 1,546,690 | 179,666 |
| Community development | 2,280 | 15,580 | 29,506 | (13,926) |
| Community services | 2,817,875 | 2,811,808 | 2,709,858 | 101,950 |
| Capital outlay | - | 5,561,871 | 1,160,516 | 4,401,355 |
| Total expenditures | 4,811,635 | 10,691,646 | 6,022,601 | 4,669,045 |
| Excess (deficiency) of revenues over expenditures | 9,947,852 | 4,215,841 | 11,315,518 | 7,099,677 |
| **Other financing sources:** | | | | |
| Transfers in | 12,256,805 | 12,263,815 | 12,263,815 | - |
| Transfers out | (19,767,775) | (20,317,944) | (20,317,944) | - |
| Total other financing sources | (7,510,970) | (8,054,129) | (8,054,129) | - |
| Net change in fund balance | 2,436,882 | (3,838,288) | 3,261,389 | 7,099,677 |
| Fund balance, beginning | 8,547,722 | 8,547,722 | 8,547,722 | - |
| Fund balance, ending | $ 10,984,604 | $ 4,709,434 | $ 11,809,111 | $ 7,099,677 |

See accompanying notes to required supplementary information

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Tide and Submerged Land - Harbor Capital**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Taxes and assessments: | | | | |
| Investment income | $ 707,038 | $ 707,038 | $ 2,170,732 | $ 1,463,694 |
| Net increase in fair value of investments | - | - | 625,833 | 625,833 |
| Property income | 5,954,462 | 5,954,462 | 6,711,452 | 756,990 |
| Total revenues | 6,661,500 | 6,661,500 | 9,508,017 | 2,846,517 |
| **Expenditures:** | | | | |
| Capital outlay | - | 10,422,952 | 945,092 | 9,477,860 |
| Excess (deficiency) of revenues over expenditures | 6,661,500 | (3,761,452) | 8,562,925 | 12,324,377 |
| **Other financing sources:** | | | | |
| Transfers in | 5,832,875 | 5,832,875 | 5,832,875 | - |
| Net change in fund balance | 12,494,375 | 2,071,423 | 14,395,800 | 12,324,377 |
| Fund balance, beginning | 43,107,346 | 43,107,346 | 43,107,346 | - |
| Fund balance, ending | $ 55,601,721 | $ 45,178,769 | $ 57,503,146 | $ 12,324,377 |

See accompanying notes to required supplementary information

**CITY OF NEWPORT BEACH**
**Notes to Required Supplementary Information**
**June 30, 2025**

## (1) Budgetary Control and Compliance

The City adheres to the following general procedures in establishing the budgetary data reflected in the financial statements:

- During May, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted at City Council meetings to obtain citizen comments. Prior to July 1, the budget is legally adopted through passage of an appropriation resolution.

- Budgets are adopted on an annual basis consistent with generally accepted accounting principles for General and Special Revenue Funds, except for the Opioid Remediation Fund, for which no budget was adopted.

- The City does not present budget information on Capital Projects Funds since the City approves project-length budgets. These project-length budgets authorize total expenditures over the duration of a construction project rather than through year-by-year budgeting.

- The City does not present budget information on Debt Service and Permanent Funds since the City is not required to and does not adopt an annual budget for these funds.

- The budget is formally integrated into the accounting system and employed as a management control device during the year.

- The legal level of budgetary control is at the fund level. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions which alter the total appropriations of any fund must be approved by the City Council.

- At fiscal year-end, budget appropriations lapse. Budget appropriations for incomplete capital projects are re-budgeted in the following fiscal year by City Council action and are included in the revisions noted above. Projects that are not started during the budget year are re-evaluated in the following year.

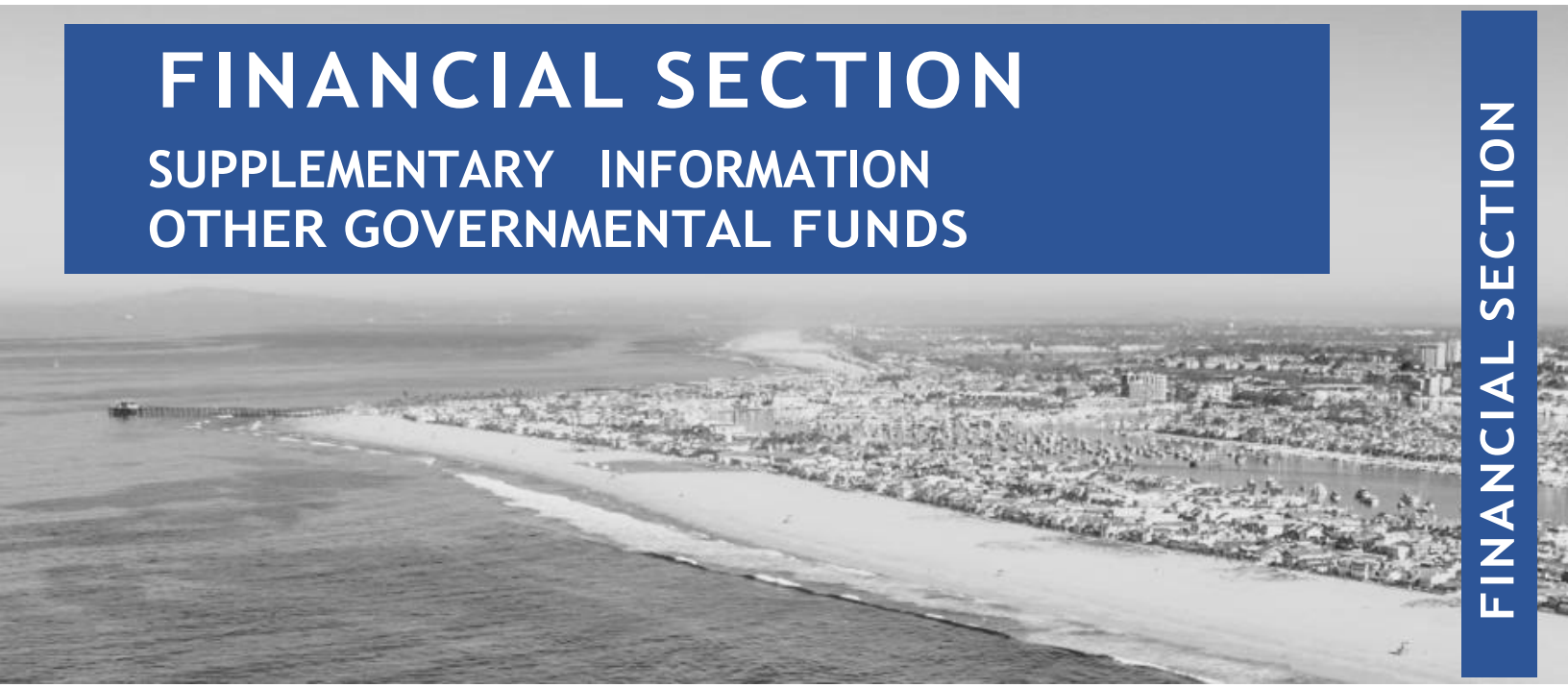
- Encumbrances represent commitments related to unperformed contracts for goods and services. The City utilizes an encumbrance system as a management control technique to assist in controlling expenditures. Under this system, encumbrance accounting for the expenditure of funds is recorded in order to indicate outstanding commitments and is employed in the governmental fund types. Encumbrances outstanding at year-end are reported as committed or restricted fund balances since they do not constitute expenditures or liabilities. Encumbrances and their related budgets are honored in the subsequent year to fulfill these commitments and are presented in the original adopted budget.

## (1) Budgetary Control and Compliance (Continued)

Expenditures exceeded appropriations in the following governmental fund:

| | Appropriations | Expenditures | Variance |
|---|---|---|---|
| Supplemental Law Enforcement Services | $250,000 | $250,045 | $(45) |

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# FINANCIAL SECTION

## SUPPLEMENTARY INFORMATION
## OTHER GOVERNMENTAL FUNDS

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# OTHER GOVERNMENTAL FUNDS

## Other Special Revenue Funds

**Special Revenue Funds are used to account for the proceeds of specific revenue sources which are legally restricted to expenditures for specified purposes. The City of Newport Beach Special Revenue Funds are as follows:**

The ***State Gas Tax Fund*** accounts for all State Gas Tax related revenues and expenditures, including street repair, construction, and maintenance. State law requires that these funds be used exclusively for maintenance of the street and highway system.

The ***SB1 Gas Tax RMRA Fund*** accounts for all Road Maintenance and Rehabilitation Account related revenues and expenditures. State law requires that these funds be used exclusively for the transportation system. RMRA revenues are from fuel and vehicle registration taxes imposed by the state's Road Repair and Accountability Act of 2017.

The ***Asset Forfeiture Fund*** was established to account for all revenues resulting from the seizure of assets in conjunction with criminal cases (primarily drug trafficking) in which judicial proceedings have been completed. All such funds are property of the City, and it is the City's policy that these funds shall be used for enhancement of law enforcement programs.

The ***Office of the Traffic Safety (OTS) DUI Grant Fund*** is used to account for federal funding of the Selective Traffic Enforcement Program (STEP). These funds are used exclusively for DUI enforcement.

The ***Circulation and Transportation Fund*** is used to account for fair share revenues collected from developers and restricted for capital improvement projects meeting the circulation element of the City's General Plan.

The ***Building Excise Tax Fund*** is used to account for revenues received from builders or developers on building or remodeling projects within the City. Expenditures from this fund are used exclusively for public safety, libraries, parks, beaches, or recreational activities.

*The* ***Community Development Block Grant Fund*** is used to account for revenues and expenditures relating to the City's Community Development Block Grant program. These funds are received from the Federal Department of Housing and Urban Development and must be expended exclusively on programs for low or moderate income individuals/families.

The ***Air Quality Management District Fund*** is used to account for revenues received from the South Coast Air Quality Management District restricted for the use of reducing air pollution.

The ***Environmental Liability Fund*** is used to account for solid waste fees restricted for mitigation of future environmental liability relating to the handling of solid waste.

The ***Supplemental Law Enforcement Services Fund (SLESF)*** is used to account for revenues received from the county to be used exclusively for front line law enforcement services.

The ***Opioid Remediation Fund*** is used to account for revenues received from various settlements related to opioid manufacturing and distribution to be used exclusively for opioid remediation activities.

The ***Contributions Fund*** is used to account for revenues received from other government agencies or private developers and expended for specific streets, highway, construction, or water quality projects.

The ***Fostering Interest in Nature (FIIN) Fund*** is restricted for recreation and education programming as a mitigation effort by the California Coastal Commission.

The ***Restricted Programs Fund*** is used to account for revenues received that are restricted for affordable housing, public arts and culture, parking improvements, and disability access training.

The ***Measure M Fund*** is used to account for the revenues and expenditures of funds received from the Orange County Transportation Authority. Expenditures from this fund are used exclusively for transportation related purposes.

The ***Oceanfront Encroachment Fund*** is restricted for ocean front restoration and improvement and maintenance to enhance public access and use of ocean beaches as restricted by the Local Coastal Program.

The ***PEG Fees Fund*** is used to account for cable franchise fees received from cable providers for support of Public, Education, and Government access programming only.

The ***Park Fees Fund*** is used to account for park in-lieu fees collected in conjunction development agreements and can only be used for specific acquisition, development, or improvement of public parks and recreational facilities.

## Other Capital Projects Funds

**Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by Enterprise Funds. The City of Newport Beach Capital Projects Funds are as follows:**

The ***Assessment District Fund*** is used to account for the receipt and expenditure of funds received from 1911 Act and 1915 Act Assessment Districts for capital improvement projects.

The ***Fire Station Fund*** is used to account for the design and construction of new fire stations.

The ***Civic Center and Park Fund*** is used to account for the design and construction of a new Civic Center Complex. In prior years, this fund was called City Hall Improvements Fund.

The ***Police Facility Fund*** is used to account for the purchase, design and construction of a new police station.

The ***Newport Uptown Undergrounding Fund*** is used to account for the receipt and expenditures related to the development within the Newport Uptown Planned Community Development Plan.

The ***Parks and Community Centers Fund*** is used to account for expenditures for park and community center rehabilitation, expansion and/or replacement in accordance with the Facilities Financing Planning Program.

The ***Balboa Village Parking Management District Fund*** is used to account for revenues and expenditures associated with parking management improvements in Balboa Village.

The ***Facilities Maintenance Fund*** is used to account for revenues and expenditures associated with the maintenance of existing facilities.

The ***Neighborhood Enhancement Fund*** is used to account for projects that will enhance neighborhood aesthetics and functionality.

The ***Miscellaneous FFP Projects Fund*** is used to account for expenditures for small scale facility rehabilitation, expansion and/or replacement in accordance with the Facilities Financing Planning Program.

The ***Junior Lifeguards Fund*** is used to account for capital improvement projects related to the Junior Lifeguards program.

The ***Unrestricted Capital Improvements Fund*** is used to separately account for general fund capital improvement projects.

The ***Park Maintenance Fund*** is used to account for capital improvement projects associated with the maintenance of existing parks.

## Other Permanent Funds

**Permanent Funds are used to report resources that are legally restricted for the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The City of Newport Beach Permanent Funds are as follows:**

The ***Bay Dredging Fund*** is used to account for the receipt of permanent endowments intended to fund the ongoing cost of maintaining and dredging of the Upper Newport Bay.

The ***Ackerman Fund*** is used to account for the receipt of permanent endowments intended as follows: 75% of the fund's investment proceeds will be used for the purchase of high-tech library equipment while the remaining 25% will be used for scholarships for needy students.

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | State Gas Tax | SB1 Gas Tax RMRA | Asset Forfeiture | OTS DUI Grant | Circulation and Transportation |
| **Assets** | | | | | |
| Cash and investments | $ 4,112,410 | $ 1,397,293 | $ 646,928 | $ - | $ 1,218,284 |
| Receivables: | | | | | |
| Accounts (net of allowance) | - | - | - | - | - |
| Interest | 18,719 | 6,360 | 1,711 | - | 5,547 |
| Intergovernmental receivables | 204,277 | 409,218 | - | 76,000 | - |
| Lease receivables | - | - | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | $ 4,335,406 | $ 1,812,871 | $ 648,639 | $ 76,000 | $ 1,223,831 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 51,191 | $ 133,786 | $ 1,653 | $ - | $ - |
| Accrued payroll | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Due to other funds | - | - | - | 76,011 | - |
| Total liabilities | 51,191 | 133,786 | 1,653 | 76,011 | - |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Deferred amount from leases | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | 4,284,215 | 1,679,085 | 646,986 | - | 1,223,831 |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | (11) | - |
| Total fund balances (deficits) | 4,284,215 | 1,679,085 | 646,986 | (11) | 1,223,831 |
| Total liabilities, deferred inflows of resources and fund balances | $ 4,335,406 | $ 1,812,871 | $ 648,639 | $ 76,000 | $ 1,223,831 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | **Building Excise Tax** | **Community Development Block Grant** | **Air Quality Management District** | **Environmental Liability** | **Supplemental Law Enforcement Services** |
| **Assets** | | | | | |
| Cash and investments | $ 446,514 | $ 65,752 | $ 1,926,464 | $ 10,264,864 | $ - |
| Receivables: | | | | | |
| Accounts (net of allowance) | - | - | - | 5,582 | - |
| Interest | 2,032 | - | 8,770 | 46,705 | - |
| Intergovernmental receivables | - | - | 28,688 | - | - |
| Lease receivables | - | 3,268,884 | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | - | - |
| Prepaid items | - | - | - | 17,024 | - |
| Total assets | $ 448,546 | $ 3,334,636 | $ 1,963,922 | $ 10,334,175 | $ - |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 197,097 | $ 102,881 | $ - | $ 79,752 | $ - |
| Accrued payroll | - | - | - | 4,327 | - |
| Unearned revenue | - | 26,297 | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | 197,097 | 129,178 | - | 84,079 | - |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | 28,688 | - | - |
| Deferred amount from leases | - | 3,162,503 | - | - | - |
| Total deferred inflows of resources | - | 3,162,503 | 28,688 | - | - |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | 17,024 | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | 251,449 | 42,955 | 1,935,234 | 10,233,072 | - |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | 251,449 | 42,955 | 1,935,234 | 10,250,096 | - |
| Total liabilities, deferred inflows of resources and fund balances | $ 448,546 | $ 3,334,636 | $ 1,963,922 | $ 10,334,175 | $ - |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Opioid Remediation | Contributions | FIIN | Restricted Programs | Measure M |
| **Assets** | | | | | |
| Cash and investments | $ 1,407,988 | $ 2,469,601 | $ 1,221,021 | $ 2,981,649 | $ 489,405 |
| Receivables: | | | | | |
| Accounts (net of allowance) | - | 412,212 | - | 7,800 | - |
| Interest | - | - | 5,559 | 13,575 | 3,913 |
| Intergovernmental receivables | - | - | - | - | 1,282,940 |
| Lease receivables | - | - | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | $ 1,407,988 | $ 2,881,813 | $ 1,226,580 | $ 3,003,024 | $ 1,776,258 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ - | $ 705,175 | $ - | $ - | $ 104,238 |
| Accrued payroll | - | - | - | - | - |
| Unearned revenue | 1,407,988 | 188,779 | - | - | 394,810 |
| Due to other funds | - | 696 | - | - | - |
| Total liabilities | 1,407,988 | 894,650 | - | - | 499,048 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | 412,211 | - | 7,800 | 806,435 |
| Deferred amount from leases | - | - | - | - | - |
| Total deferred inflows of resources | - | 412,211 | - | 7,800 | 806,435 |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | - | 1,574,952 | 1,226,580 | 2,995,224 | 470,775 |
| Committed | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | - | 1,574,952 | 1,226,580 | 2,995,224 | 470,775 |
| Total liabilities, deferred inflows of resources and fund balances | $ 1,407,988 | $ 2,881,813 | $ 1,226,580 | $ 3,003,024 | $ 1,776,258 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Special Revenue | | | Capital Projects | |
|---|---|---|---|---|---|
| | Oceanfront Encroachment | PEG Fees | Park Fees | Assessment District | Fire Station |
| **Assets** | | | | | |
| Cash and investments | $ 1,276,211 | $ 3,935,844 | $ 127,731 | $ - | $ 9,585,255 |
| Receivables: | | | | | |
| Accounts (net of allowance) | 18,355 | 69,652 | - | - | - |
| Interest | 5,809 | 17,916 | 581 | 121,120 | 43,633 |
| Intergovernmental receivables | - | - | - | - | - |
| Lease receivables | - | - | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | 19,933,423 | 306,531 |
| Prepaid items | - | - | - | - | - |
| Total assets | $ 1,300,375 | $ 4,023,412 | $ 128,312 | $ 20,054,543 | $ 9,935,419 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 37,374 | $ - | $ - | $ 2,403,459 | $ 28,503 |
| Accrued payroll | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Due to other funds | - | - | - | 1,771,077 | - |
| Total liabilities | 37,374 | - | - | 4,174,536 | 28,503 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Deferred amount from leases | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | 1,263,001 | 4,023,412 | 128,312 | 15,880,007 | 306,531 |
| Committed | - | - | - | - | 9,600,385 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | 1,263,001 | 4,023,412 | 128,312 | 15,880,007 | 9,906,916 |
| Total liabilities, deferred inflows of resources and fund balances | $ 1,300,375 | $ 4,023,412 | $ 128,312 | $ 20,054,543 | $ 9,935,419 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Capital Projects | | | | |
|---|---|---|---|---|---|
| | **Civic Center and Park** | **Police Facility** | **Newport Uptown Undergrounding** | **Parks and Community Centers** | **Balboa Village Parking Management District** |
| **Assets** | | | | | |
| Cash and investments | $ 524,741 | $ 719,958 | $ 3,570 | $ 14,301,823 | $ 169,874 |
| Receivables: | | | | | |
| Accounts (net of allowance) | - | - | - | - | - |
| Interest | 2,161 | 3,277 | 16 | 65,101 | 768 |
| Intergovernmental receivables | - | - | - | - | - |
| Lease receivables | - | - | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | $ 526,902 | $ 723,235 | $ 3,586 | $ 14,366,924 | $ 170,642 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ - | $ - | $ - | $ 970,917 | $ - |
| Accrued payroll | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | - | - | - | 970,917 | - |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Deferred amount from leases | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | - | - | 3,586 | - | - |
| Committed | 526,902 | 723,235 | - | 13,396,007 | 170,642 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | 526,902 | 723,235 | 3,586 | 13,396,007 | 170,642 |
| Total liabilities, deferred inflows of resources and fund balances | $ 526,902 | $ 723,235 | $ 3,586 | $ 14,366,924 | $ 170,642 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Capital Projects | | | | |
|---|---|---|---|---|---|
| | **Facilities Maintenance** | **Neighborhood Enhancement** | **Miscellaneous Facilities Financing** | **Junior Lifeguards** | **Unrestricted Capital Improvements** |
| **Assets** | | | | | |
| Cash and investments | $ 4,198,589 | $ 8,844,258 | $ 7,168,328 | $ 56,181 | $ 19,555,928 |
| Receivables: | | | | | |
| Accounts (net of allowance) | - | - | - | - | - |
| Interest | 19,114 | 40,258 | 32,630 | 256 | - |
| Intergovernmental receivables | - | - | - | - | - |
| Lease receivables | - | - | - | - | - |
| Restricted cash and investments with fiscal agent | - | - | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | $ 4,217,703 | $ 8,884,516 | $ 7,200,958 | $ 56,437 | $ 19,555,928 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 1,177,585 | $ 69,355 | $ 20,404 | $ - | $ 1,099,910 |
| Accrued payroll | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | 1,177,585 | 69,355 | 20,404 | - | 1,099,910 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | - | - | - | - | - |
| Deferred amount from leases | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| Fund balances (deficits): | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | - | - | - | - | - |
| Permanent endowment | - | - | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | 3,040,118 | 8,815,161 | 7,180,554 | 56,437 | 18,456,018 |
| Unassigned | - | - | - | - | - |
| Total fund balances (deficits) | 3,040,118 | 8,815,161 | 7,180,554 | 56,437 | 18,456,018 |
| Total liabilities, deferred inflows of resources and fund balances | $ 4,217,703 | $ 8,884,516 | $ 7,200,958 | $ 56,437 | $ 19,555,928 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Balance Sheet**
**June 30, 2025**


| | Capital Projects | Permanent Funds | | |
|---|---|---|---|---|
| | Park Maintenance | Bay Dredging | Ackerman Donation | Total Other Governmental Funds |
| **Assets** | | | | |
| Cash and investments | $ 2,225,058 | $ 5,892,680 | $ 1,264,903 | $ 108,499,105 |
| Receivables: | | | | |
| Accounts (net of allowance) | - | - | - | 513,601 |
| Interest | 10,128 | 26,822 | 5,758 | 508,239 |
| Intergovernmental receivables | - | - | - | 2,001,123 |
| Lease receivables | - | - | - | 3,268,884 |
| Restricted cash and investments with fiscal agent | - | - | - | 20,239,954 |
| Prepaid items | - | - | - | 17,024 |
| Total assets | $ 2,235,186 | $ 5,919,502 | $ 1,270,661 | $ 135,047,930 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 500,120 | $ - | $ 4,901 | $ 7,688,301 |
| Accrued payroll | - | - | - | 4,327 |
| Unearned revenue | - | - | - | 2,017,874 |
| Due to other funds | - | - | - | 1,847,784 |
| Total liabilities | 500,120 | - | 4,901 | 11,558,286 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | - | - | - | 1,255,134 |
| Deferred amount from leases | - | - | - | 3,162,503 |
| Total deferred inflows of resources | - | - | - | 4,417,637 |
| Fund balances (deficits): | | | | |
| Nonspendable: | | | | |
| Prepaid items | - | - | - | 17,024 |
| Permanent endowment | - | 3,857,000 | 772,781 | 4,629,781 |
| Restricted | - | 2,062,502 | 492,979 | 50,724,688 |
| Committed | 1,735,066 | - | - | 63,700,525 |
| Unassigned | - | - | - | (11) |
| Total fund balances (deficits) | 1,735,066 | 5,919,502 | 1,265,760 | 119,072,007 |
| Total liabilities, deferred inflows of resources and fund balances | $ 2,235,186 | $ 5,919,502 | $ 1,270,661 | $ 135,047,930 |

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | State Gas Tax | SB1 Gas Tax RMRA | Asset Forfeiture | OTS DUI Grant | Circulation and Transportation |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | 2,396,189 | 2,322,193 | 28,708 | 289,817 | - |
| Charge for services | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | 246,773 |
| Property income | - | - | - | - | - |
| Investment income | 138,825 | 50,637 | 29,759 | - | 46,290 |
| Net increase in fair value of investments | 37,164 | 11,313 | 8,966 | - | 12,619 |
| Donations | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total revenues | 2,572,178 | 2,384,143 | 67,433 | 289,817 | 305,682 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | 237,845 | 289,817 | - |
| Public works | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | 1,085,764 | 1,531,057 | - | - | - |
| Total expenditures | 1,085,764 | 1,531,057 | 237,845 | 289,817 | - |
| Excess (deficiency) of revenues over expenditures | 1,486,414 | 853,086 | (170,412) | - | 305,682 |
| **Other financing sources:** | | | | | |
| Transfers in | - | - | - | 148 | - |
| Total other financing sources | - | - | - | 148 | - |
| Net change in fund balances | 1,486,414 | 853,086 | (170,412) | 148 | 305,682 |
| Fund balances (deficits), beginning | 2,797,801 | 825,999 | 817,398 | (159) | 918,149 |
| Fund balances (deficits), ending | $ 4,284,215 | $ 1,679,085 | $ 646,986 | $ (11) | $ 1,223,831 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | Building Excise Tax | Community Development Block Grant | Air Quality Management District | Environmental Liability | Supplemental Law Enforcement Services |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ 1,021,443 | $ - |
| Intergovernmental | - | 256,812 | 109,233 | - | 250,045 |
| Charge for services | - | - | - | - | - |
| Licenses, permits and fees | 116,386 | - | - | - | - |
| Property income | - | 419,494 | - | - | - |
| Investment income | 15,700 | 5,029 | 71,265 | 402,385 | - |
| Net increase in fair value of investments | 4,409 | - | 20,454 | 116,159 | - |
| Donations | - | - | - | - | - |
| Other | - | - | - | 48,261 | - |
| Total revenues | 136,495 | 681,335 | 200,952 | 1,588,248 | 250,045 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | 250,045 |
| Public works | - | - | - | 411,971 | - |
| Community development | - | 197,235 | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | 255,865 | 211,523 | 10,987 | 887,170 | - |
| Total expenditures | 255,865 | 408,758 | 10,987 | 1,299,141 | 250,045 |
| Excess (deficiency) of revenues over expenditures | (119,370) | 272,577 | 189,965 | 289,107 | - |
| **Other financing sources:** | | | | | |
| Transfers in | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Net change in fund balances | (119,370) | 272,577 | 189,965 | 289,107 | - |
| Fund balances (deficits), beginning | 370,819 | (229,622) | 1,745,269 | 9,960,989 | - |
| Fund balances (deficits), ending | $ 251,449 | $ 42,955 | $ 1,935,234 | $ 10,250,096 | $ - |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Special Revenue | | | | |
|---|---|---|---|---|---|
| | **Opioid Remediation** | **Contributions** | **FIIN** | **Restricted Programs** | **Measure M** |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | 1,931,959 | - | - | 2,912,762 |
| Charge for services | - | - | - | 92,129 | - |
| Licenses, permits and fees | - | - | - | 75,000 | - |
| Property income | - | - | - | 26,700 | - |
| Investment income | - | 24 | 45,978 | 106,242 | 59,134 |
| Net increase in fair value of investments | - | 10 | 13,453 | 30,155 | 28,380 |
| Donations | - | 3,324,078 | 278,407 | 123,539 | - |
| Other | - | - | - | 71,894 | - |
| Total revenues | - | 5,256,071 | 337,838 | 525,659 | 3,000,276 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Community development | - | - | - | 23,411 | - |
| Community services | - | - | 206,058 | 17,586 | - |
| Capital outlay | - | 7,883,088 | - | - | 5,061,553 |
| Total expenditures | - | 7,883,088 | 206,058 | 40,997 | 5,061,553 |
| Excess (deficiency) of revenues over expenditures | - | (2,627,017) | 131,780 | 484,662 | (2,061,277) |
| **Other financing sources:** | | | | | |
| Transfers in | - | 5,489 | - | - | - |
| Total other financing sources | - | 5,489 | - | - | - |
| Net change in fund balances | - | (2,621,528) | 131,780 | 484,662 | (2,061,277) |
| Fund balances (deficits), beginning | - | 4,196,480 | 1,094,800 | 2,510,562 | 2,532,052 |
| Fund balances (deficits), ending | $ - | $ 1,574,952 | $ 1,226,580 | $ 2,995,224 | $ 470,775 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Special Revenue | | | Capital Projects | |
|---|---|---|---|---|---|
| | Oceanfront Encroachment | PEG Fees | Park Fees | Assessment District | Fire Station |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - |
| Charge for services | - | - | - | - | - |
| Licenses, permits and fees | - | 287,312 | 125,786 | - | - |
| Property income | 279,559 | - | - | - | - |
| Investment income | 47,784 | 144,787 | 2,155 | 1,023,092 | 199,245 |
| Net increase in fair value of investments | 13,732 | 41,307 | 371 | 222,273 | 45,705 |
| Donations | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total revenues | 341,075 | 473,406 | 128,312 | 1,245,365 | 244,950 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | 10,327,269 | - |
| Community development | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | 261,626 | - | - | - | 425,123 |
| Total expenditures | 261,626 | - | - | 10,327,269 | 425,123 |
| Excess (deficiency) of revenues over expenditures | 79,449 | 473,406 | 128,312 | (9,081,904) | (180,173) |
| **Other financing sources:** | | | | | |
| Transfers in | - | - | - | - | 6,800,000 |
| Total other financing sources | - | - | - | - | 6,800,000 |
| Net change in fund balances | 79,449 | 473,406 | 128,312 | (9,081,904) | 6,619,827 |
| Fund balances (deficits), beginning | 1,183,552 | 3,550,006 | - | 24,961,911 | 3,287,089 |
| Fund balances (deficits), ending | $ 1,263,001 | $ 4,023,412 | $ 128,312 | $ 15,880,007 | $ 9,906,916 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Capital Projects | | | | |
|---|---|---|---|---|---|
| | **Civic Center and Park** | **Police Facility** | **Newport Uptown Undergrounding** | **Parks and Community Centers** | **Balboa Village Parking Management District** |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - |
| Charge for services | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | - |
| Property income | - | - | - | - | - |
| Investment income | 18,105 | 27,402 | 136 | 798,122 | 8,007 |
| Net increase in fair value of investments | 5,241 | 7,925 | 39 | 252,696 | 3,353 |
| Donations | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total revenues | 23,346 | 35,327 | 175 | 1,050,818 | 11,360 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 1,610 | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | - | - | - | 4,568,234 | 151,311 |
| Total expenditures | 1,610 | - | - | 4,568,234 | 151,311 |
| Excess (deficiency) of revenues over expenditures | 21,736 | 35,327 | 175 | (3,517,416) | (139,951) |
| **Other financing sources:** | | | | | |
| Transfers in | - | - | - | 805,874 | - |
| Total other financing sources | - | - | - | 805,874 | - |
| Net change in fund balances | 21,736 | 35,327 | 175 | (2,711,542) | (139,951) |
| Fund balances (deficits), beginning | 505,166 | 687,908 | 3,411 | 16,107,549 | 310,593 |
| Fund balances (deficits), ending | $ 526,902 | $ 723,235 | $ 3,586 | $ 13,396,007 | $ 170,642 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Capital Projects | | | | |
|---|---|---|---|---|---|
| | Facilities Maintenance | Neighborhood Enhancement | Miscellaneous Facilities Financing | Junior Lifeguards | Unrestricted Capital Improvements |
| **Revenues:** | | | | | |
| Other taxes | $ - | $ - | $ - | $ - | $ - |
| Intergovernmental | - | - | - | - | - |
| Charge for services | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | - |
| Property income | - | - | - | - | - |
| Investment income | 219,646 | 403,858 | 266,597 | 2,746 | - |
| Net increase in fair value of investments | 68,496 | 125,543 | 76,346 | 1,234 | - |
| Donations | - | - | - | - | - |
| Other | - | - | - | - | - |
| Total revenues | 288,142 | 529,401 | 342,943 | 3,980 | - |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | - | - | - | - | - |
| Public works | - | - | - | - | - |
| Community development | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | 3,916,165 | 3,445,072 | 185,216 | 74,984 | 10,021,184 |
| Total expenditures | 3,916,165 | 3,445,072 | 185,216 | 74,984 | 10,021,184 |
| Excess (deficiency) of revenues over expenditures | (3,628,023) | (2,915,671) | 157,727 | (71,004) | (10,021,184) |
| **Other financing sources:** | | | | | |
| Transfers in | 2,500,000 | - | 500,000 | 5,295 | 12,757,055 |
| Total other financing sources | 2,500,000 | - | 500,000 | 5,295 | 12,757,055 |
| Net change in fund balances | (1,128,023) | (2,915,671) | 657,727 | (65,709) | 2,735,871 |
| Fund balances (deficits), beginning | 4,168,141 | 11,730,832 | 6,522,827 | 122,146 | 15,720,147 |
| Fund balances (deficits), ending | $ 3,040,118 | $ 8,815,161 | $ 7,180,554 | $ 56,437 | $ 18,456,018 |

(continued)

**CITY OF NEWPORT BEACH**
**Other Governmental Funds**
**Combining Statement of Revenues,**
**Expenditures and Changes in Fund Balances**
**For the Year Ended June 30, 2025**


| | Capital Projects | Permanent Funds | | |
|---|---|---|---|---|
| | Park Maintenance | Bay Dredging | Ackerman Donation | Total Other Governmental Funds |
| **Revenues:** | | | | |
| Other taxes | $ - | $ - | $ - | $ 1,021,443 |
| Intergovernmental | - | - | - | 10,497,718 |
| Charge for services | - | - | - | 92,129 |
| Licenses, permits and fees | - | - | - | 851,257 |
| Property income | - | - | - | 725,753 |
| Investment income | 103,050 | 224,280 | 48,181 | 4,508,461 |
| Net increase in fair value of investments | 34,123 | 64,865 | 13,969 | 1,260,300 |
| Donations | - | - | - | 3,726,024 |
| Other | - | - | - | 120,155 |
| Total revenues | 137,173 | 289,145 | 62,150 | 22,803,240 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | - | - | - | 1,610 |
| Public safety | - | - | - | 777,707 |
| Public works | - | - | - | 10,739,240 |
| Community development | - | - | 4,900 | 225,546 |
| Community services | - | - | 7,422 | 231,066 |
| Capital outlay | 1,661,709 | - | - | 41,637,631 |
| Total expenditures | 1,661,709 | - | 12,322 | 53,612,800 |
| Excess (deficiency) of revenues over expenditures | (1,524,536) | 289,145 | 49,828 | (30,809,560) |
| **Other financing sources:** | | | | |
| Transfers in | 2,300,000 | - | - | 25,673,861 |
| Total other financing sources | 2,300,000 | - | - | 25,673,861 |
| Net change in fund balances | 775,464 | 289,145 | 49,828 | (5,135,699) |
| Fund balances (deficits), beginning | 959,602 | 5,630,357 | 1,215,932 | 124,207,706 |
| Fund balances (deficits), ending | $ 1,735,066 | $ 5,919,502 | $ 1,265,760 | $ 119,072,007 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**State Gas Tax Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 2,153,871 | $ 2,153,871 | $ 2,396,189 | $ 242,318 |
| Investment income | 95,646 | 95,646 | 138,825 | 43,179 |
| Net increase in fair value of investments | - | - | 37,164 | 37,164 |
| Total revenues | 2,249,517 | 2,249,517 | 2,572,178 | 322,661 |
| **Expenditures:** | | | | |
| Capital outlay | - | 3,635,129 | 1,085,764 | 2,549,365 |
| Net change in fund balance | 2,249,517 | (1,385,612) | 1,486,414 | 2,872,026 |
| Fund balance, beginning | 2,797,801 | 2,797,801 | 2,797,801 | - |
| Fund balance, ending | $ 5,047,318 | $ 1,412,189 | $ 4,284,215 | $ 2,872,026 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**SB1 Gas Tax RMRA Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 2,063,464 | $ 2,063,464 | $ 2,322,193 | $ 258,729 |
| Investment income | 16,378 | 16,378 | 50,637 | 34,259 |
| Net increase in fair value of investments | - | - | 11,313 | 11,313 |
| Total revenues | 2,079,842 | 2,079,842 | 2,384,143 | 304,301 |
| **Expenditures:** | | | | |
| Capital outlay | - | 2,038,000 | 1,531,057 | 506,943 |
| Net change in fund balance | 2,079,842 | 41,842 | 853,086 | 811,244 |
| Fund balance, beginning | 825,999 | 825,999 | 825,999 | - |
| Fund balance, ending | $ 2,905,841 | $ 867,841 | $ 1,679,085 | $ 811,244 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Asset Forfeiture Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ - | $ - | $ 28,708 | $ 28,708 |
| Investment income | - | - | 29,759 | 29,759 |
| Net increase in fair value of investments | - | - | 8,966 | 8,966 |
| Total revenues | - | - | 67,433 | 67,433 |
| **Expenditures:** | | | | |
| Public safety | 311,000 | 311,000 | 237,845 | 73,155 |
| Net change in fund balance | (311,000) | (311,000) | (170,412) | 140,588 |
| Fund balance, beginning | 817,398 | 817,398 | 817,398 | - |
| Fund balance, ending | $ 506,398 | $ 506,398 | $ 646,986 | $ 140,588 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**OTS DUI Grant Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ - | $ 522,434 | $ 289,817 | $ (232,617) |
| Total revenues | - | 522,434 | 289,817 | (232,617) |
| **Expenditures:** | | | | |
| Public safety | - | 522,434 | 289,817 | 232,617 |
| Excess (deficiency) of revenues over expenditures | - | - | - | - |
| **Other financing sources:** | | | | |
| Transfers in | - | 148 | 148 | - |
| Net change in fund balance | - | 148 | 148 | - |
| Fund balance (deficit), beginning | (159) | (159) | (159) | - |
| Fund balance (deficit), ending | $ (159) | $ (11) | $ (11) | $ - |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Circulation and Transportation Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Licenses, permits and fees | $ 33,462 | $ - | $ 246,773 | $ 246,773 |
| Investment income | 1,386 | 1,386 | 46,290 | 44,904 |
| Net increase (decrease) in fair value of investments | (1,747) | (1,747) | 12,619 | 14,366 |
| Total revenues | 33,101 | (361) | 305,682 | 306,043 |
| **Expenditures:** | | | | |
| Capital outlay | - | 159,798 | - | 159,798 |
| Net change in fund balance | 33,101 | (160,159) | 305,682 | 465,841 |
| Fund balance, beginning | 918,149 | 918,149 | 918,149 | - |
| Fund balance, ending | $ 951,250 | $ 757,990 | $ 1,223,831 | $ 465,841 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Building Excise Tax Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Licenses, permits and fees | $ 179,843 | $ 179,843 | $ 116,386 | $ (63,457) |
| Investment income | 4,748 | 4,748 | 15,700 | 10,952 |
| Net increase in fair value of investments | - | - | 4,409 | 4,409 |
| Total revenues | 184,591 | 184,591 | 136,495 | (48,096) |
| **Expenditures:** | | | | |
| Capital outlay | - | 507,772 | 255,865 | 251,907 |
| Net change in fund balance | 184,591 | (323,181) | (119,370) | 203,811 |
| Fund balance, beginning | 370,819 | 370,819 | 370,819 | - |
| Fund balance, ending | $ 555,410 | $ 47,638 | $ 251,449 | $ 203,811 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Community Development Block Grant Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 385,974 | $ 836,956 | $ 256,812 | $ (580,144) |
| Property income | 305,000 | 305,773 | 419,494 | 113,721 |
| Net increase in fair value of investments | - | - | 5,029 | 5,029 |
| Total revenues | 690,974 | 1,142,729 | 681,335 | (461,394) |
| **Expenditures:** | | | | |
| Community development | 183,586 | 491,976 | 197,235 | 294,741 |
| Capital outlay | - | 657,648 | 211,523 | 446,125 |
| Debt service: | | | | |
| Principal | 208,000 | 888 | - | 888 |
| Interest and fiscal charges | 2,548 | - | - | - |
| Total expenditures | 394,134 | 1,150,512 | 408,758 | 741,754 |
| Net change in fund balance | 296,840 | (7,783) | 272,577 | 280,360 |
| Fund balance (deficit), beginning | (229,622) | (229,622) | (229,622) | - |
| Fund balance (deficit), ending | $ 67,218 | $ (237,405) | $ 42,955 | $ 280,360 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Air Quality Management District Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 109,900 | $ 109,900 | $ 109,233 | $ (667) |
| Investment income | 31,872 | 31,872 | 71,265 | 39,393 |
| Net increase in fair value of investments | - | - | 20,454 | 20,454 |
| Total revenues | 141,772 | 141,772 | 200,952 | 59,180 |
| **Expenditures:** | | | | |
| Capital outlay | - | 986,616 | 10,987 | 975,629 |
| Net change in fund balance | 141,772 | (844,844) | 189,965 | 1,034,809 |
| Fund balance, beginning | 1,745,269 | 1,745,269 | 1,745,269 | - |
| Fund balance, ending | $ 1,887,041 | $ 900,425 | $ 1,935,234 | $ 1,034,809 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Environmental Liability Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Other taxes | $ 711,563 | $ 711,563 | $ 1,021,443 | $ 309,880 |
| Investment income | 153,829 | 153,829 | 402,385 | 248,556 |
| Net increase in fair value of investments | - | - | 116,159 | 116,159 |
| Other revenue | 68,409 | 68,409 | 48,261 | (20,148) |
| Total revenues | 933,801 | 933,801 | 1,588,248 | 654,447 |
| **Expenditures:** | | | | |
| Public works | 469,961 | 470,504 | 411,971 | 58,533 |
| Capital outlay | - | 1,635,454 | 887,170 | 748,284 |
| Total expenditures | 469,961 | 2,105,958 | 1,299,141 | 806,817 |
| Net change in fund balance | 463,840 | (1,172,157) | 289,107 | 1,461,264 |
| Fund balance, beginning | 9,960,989 | 9,960,989 | 9,960,989 | - |
| Fund balance, ending | $ 10,424,829 | $ 8,788,832 | $ 10,250,096 | $ 1,461,264 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Supplemental Law Enforcement Services Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 250,000 | $ 250,000 | $ 250,045 | $ 45 |
| **Expenditures:** | | | | |
| Public safety | 250,000 | 250,000 | 250,045 | (45) |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | $ - | $ - | $ - | $ - |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Opioid Remediation Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Other | $ - | $ 350,790 | $ - | $ (350,790) |
| **Expenditures:** | | | | |
| General Government | - | 350,790 | - | 350,790 |
| Net change in fund balance | - | - | - | - |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | $ - | $ - | $ - | $ - |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Contributions Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ - | $ 2,578,076 | $ 1,931,959 | $ (646,117) |
| Investment income | 2,945 | 2,945 | 24 | (2,921) |
| Net increase in fair value of investments | - | - | 10 | 10 |
| Donations | - | 3,740,336 | 3,324,078 | (416,258) |
| Other | - | 42,650 | - | (42,650) |
| Total revenues | 2,945 | 6,364,007 | 5,256,071 | (1,107,936) |
| **Expenditures:** | | | | |
| Capital outlay | - | 14,242,874 | 7,883,088 | 6,359,786 |
| Excess (deficiency) of revenues over expenditures | 2,945 | (7,878,867) | (2,627,017) | 5,251,850 |
| **Other financing sources:** | | | | |
| Transfers in | - | 5,489 | 5,489 | - |
| Total other financing sources | - | 5,489 | 5,489 | - |
| Net change in fund balance | 2,945 | (7,873,378) | (2,621,528) | 5,251,850 |
| Fund balance, beginning | 4,196,480 | 4,196,480 | 4,196,480 | - |
| Fund balance (deficit), ending | $ 4,199,425 | $ (3,676,898) | $ 1,574,952 | $ 5,251,850 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**FIIN Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Investment income | $ 21,727 | $ 21,727 | $ 45,978 | $ 24,251 |
| Net increase in fair value of investments | 3,612 | 3,612 | 13,453 | 9,841 |
| Donations | - | - | 278,407 | 278,407 |
| Total revenues | 25,339 | 25,339 | 337,838 | 312,499 |
| **Expenditures:** | | | | |
| Community services | 223,759 | 224,830 | 206,058 | 18,772 |
| Net change in fund balance | (198,420) | (199,491) | 131,780 | 331,271 |
| Fund balance, beginning | 1,094,800 | 1,094,800 | 1,094,800 | - |
| Fund balance, ending | $ 896,380 | $ 895,309 | $ 1,226,580 | $ 331,271 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Restricted Programs Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Charges for services | $ - | $ - | $ 92,129 | $ 92,129 |
| Licenses, permits and fees | 150,000 | 150,000 | 75,000 | (75,000) |
| Property income | 31,749 | 31,749 | 26,700 | (5,049) |
| Investment income | - | - | 106,242 | 106,242 |
| Net increase in fair value of investments | - | - | 30,155 | 30,155 |
| Donations | 35,000 | 35,000 | 123,539 | 88,539 |
| Other | - | - | 71,894 | 71,894 |
| Total revenues | 216,749 | 216,749 | 525,659 | 308,910 |
| **Expenditures:** | | | | |
| Community development | - | 35,000 | 23,411 | 11,589 |
| Community services | - | 50,086 | 17,586 | 32,500 |
| Total expenditures | - | 85,086 | 40,997 | 44,089 |
| Net change in fund balance | 216,749 | 131,663 | 484,662 | 352,999 |
| Fund balance, beginning | 2,510,562 | 2,510,562 | 2,510,562 | - |
| Fund balance, ending | $ 2,727,311 | $ 2,642,225 | $ 2,995,224 | $ 352,999 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Measure M Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Intergovernmental | $ 2,831,037 | $ 7,938,425 | $ 2,912,762 | $ (5,025,663) |
| Investment income | 48,285 | 48,285 | 59,134 | 10,849 |
| Net increase in fair value of investments | - | - | 28,380 | 28,380 |
| Total revenues | 2,879,322 | 7,986,710 | 3,000,276 | (4,986,434) |
| **Expenditures:** | | | | |
| Capital outlay | - | 9,995,630 | 5,061,553 | 4,934,077 |
| Net change in fund balance | 2,879,322 | (2,008,920) | (2,061,277) | (52,357) |
| Fund balance, beginning | 2,532,052 | 2,532,052 | 2,532,052 | - |
| Fund balance, ending | $ 5,411,374 | $ 523,132 | $ 470,775 | $ (52,357) |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Oceanfront Encroachment Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Property income | $ 272,000 | $ 272,000 | $ 279,559 | $ 7,559 |
| Investment income | 21,787 | 21,787 | 47,784 | 25,997 |
| Net increase in fair value of investments | - | - | 13,732 | 13,732 |
| Total revenues | 293,787 | 293,787 | 341,075 | 47,288 |
| **Expenditures:** | | | | |
| Capital outlay | - | 1,126,814 | 261,626 | 865,188 |
| Net change in fund balance | 293,787 | (833,027) | 79,449 | 912,476 |
| Fund balance, beginning | 1,183,552 | 1,183,552 | 1,183,552 | - |
| Fund balance, ending | $ 1,477,339 | $ 350,525 | $ 1,263,001 | $ 912,476 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**PEG Fees Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Licenses, permits and fees | $ 360,000 | $ 360,000 | $ 287,312 | $ (72,688) |
| Investment income | 2,931 | 2,931 | 144,787 | 141,856 |
| Net increase in fair value of investments | - | - | 41,307 | 41,307 |
| Total revenues | 362,931 | 362,931 | 473,406 | 110,475 |
| **Expenditures:** | | | | |
| General government | - | 7,883 | - | 7,883 |
| Net change in fund balance | 362,931 | 355,048 | 473,406 | 118,358 |
| Fund balance, beginning | 3,550,006 | 3,550,006 | 3,550,006 | - |
| Fund balance, ending | $ 3,912,937 | $ 3,905,054 | $ 4,023,412 | $ 118,358 |

**CITY OF NEWPORT BEACH**
**Budgetary Comparison Schedule**
**Park Fees Special Revenue Fund**
**For the Year Ended June 30, 2025**

| | Budgeted Amounts | | | Variance with Final Budget Positive |
|---|---|---|---|---|
| | Original | Final | Actual | (Negative) |
| **Revenues:** | | | | |
| Licenses, permits and fees | $ - | $ 558,389 | $ 125,786 | $ (432,603) |
| Investment income | - | - | 2,155 | 2,155 |
| Net increase in fair value of investments | - | - | 371 | 371 |
| Total revenues | - | 558,389 | 128,312 | (430,077) |
| **Expenditures:** | | | | |
| General government | - | - | - | - |
| Net change in fund balance | - | 558,389 | 128,312 | (430,077) |
| Fund balance, beginning | - | - | - | - |
| Fund balance, ending | $ - | $ 558,389 | $ 128,312 | $ (430,077) |

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# FINANCIAL SECTION

## SUPPLEMENTARY INFORMATION
## INTERNAL SERVICE FUNDS



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# INTERNAL SERVICE FUNDS

**The Internal Service Funds are used to allocate the cost of providing goods and services by one department to other departments on a cost reimbursement basis.**

**The City of Newport Beach Internal Service Funds are listed below:**

The ***Insurance Reserve Fund*** is used to account for the City's self-insured general liability and workers' compensation program.

The ***Compensated Absences Fund*** is used to account for the City's accumulated liability for compensated absences.

The ***Retiree Insurance Fund*** is used to account for the cost of providing post-employment health care benefits.

The ***Equipment Maintenance Fund*** is used to account for the cost of maintaining and replacing the City's rolling stock fleet, parking equipment, coordinated communications system equipment, fire equipment and recreation equipment.

The ***Information Technology Fund*** is used to account for the cost of maintaining and replacing the City's computers, printers, copiers and telecommunication services to other departments.

**CITY OF NEWPORT BEACH**
**Internal Service Funds**
**Combining Statement of Net Position**
**June 30, 2025**

| Assets | Insurance Reserve | Compensated Absences | Retiree Insurance | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|---|---|---|---|---|---|---|
| Current assets: | | | | | | |
| Cash and investments | $ 38,243,734 | $ 9,662,553 | $ 1,000,934 | $ 17,809,845 | $ 14,850,371 | $ 81,567,437 |
| Receivables: | | | | | | |
| Accounts (net of allowance) | - | - | 5,909 | 28,750 | - | 34,659 |
| Interest | 161,728 | 43,317 | 4,034 | 80,845 | 67,041 | 356,965 |
| Intergovernmental receivables | - | - | - | 195,387 | - | 195,387 |
| Inventories | - | - | - | 502,830 | - | 502,830 |
| Prepaid items | - | - | 68,414 | 4,896,627 | 733,051 | 5,698,092 |
| Total current assets | 38,405,462 | 9,705,870 | 1,079,291 | 23,514,284 | 15,650,463 | 88,355,370 |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Equipment | - | - | - | 46,823,756 | 3,568,652 | 50,392,408 |
| Intangible right to use equipment | - | - | - | - | 363,725 | 363,725 |
| Structures | - | - | - | 39,581 | - | 39,581 |
| Software | - | - | - | - | 4,360,625 | 4,360,625 |
| Intangible right to use subscriptions | - | - | - | 1,723,597 | 375,566 | 2,099,163 |
| Less accumulated depreciation/amortization | - | - | - | (31,198,677) | (7,422,237) | (38,620,914) |
| Total capital assets (net of accumulated depreciation/amortization) | - | - | - | 17,388,257 | 1,246,331 | 18,634,588 |
| Total assets | 38,405,462 | 9,705,870 | 1,079,291 | 40,902,541 | 16,896,794 | 106,989,958 |
| Deferred outflows of resources: | | | | | | |
| Deferred amount from pension plans | - | - | - | 599,572 | 1,201,767 | 1,801,339 |
| Deferred amount from OPEB | - | - | - | 100,442 | 201,328 | 301,770 |
| Total deferred outflows of resources | - | - | - | 700,014 | 1,403,095 | 2,103,109 |
| **Liabilities** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 263,325 | - | - | 541,557 | 150,885 | 955,767 |
| Accrued payroll | 14,833 | 123,099 | 183,122 | 63,202 | 125,614 | 509,870 |
| Due to other funds | - | - | 353,001 | - | - | 353,001 |
| Workers' compensation - current | 4,497,885 | - | - | - | - | 4,497,885 |
| General liability - current | 3,941,299 | - | - | - | - | 3,941,299 |
| Compensated absences - current | - | 8,097,760 | - | - | - | 8,097,760 |
| Lease liability - current | - | - | - | - | 67,339 | 67,339 |
| Subscription liability - current | - | - | - | 170,375 | - | 170,375 |
| Total current liabilities | 8,717,342 | 8,220,859 | 536,123 | 775,134 | 343,838 | 18,593,296 |
| Noncurrent liabilities: | | | | | | |
| Workers' compensation | 20,992,090 | - | - | - | - | 20,992,090 |
| General liability | 6,658,815 | - | - | - | - | 6,658,815 |
| Compensated absences | - | 6,394,937 | - | - | - | 6,394,937 |
| Subscription liability | - | - | - | 1,130,571 | - | 1,130,571 |
| Net pension liability | - | - | - | 1,905,114 | 3,818,611 | 5,723,725 |
| Net OPEB liability | - | - | - | 60,711 | 121,697 | 182,408 |
| Total noncurrent liabilities | 27,650,905 | 6,394,937 | - | 3,096,396 | 3,940,308 | 41,082,546 |
| Total liabilities | 36,368,247 | 14,615,796 | 536,123 | 3,871,530 | 4,284,146 | 59,675,842 |
| Deferred inflows of resources: | | | | | | |
| Deferred amount from pension plans | - | - | - | 1,613 | 3,231 | 4,844 |
| Deferred amount from OPEB | - | - | - | 23,656 | 47,414 | 71,070 |
| Total deferred inflows of resources | - | - | - | 25,269 | 50,645 | 75,914 |
| **Net Position** | | | | | | |
| Invested in capital assets | - | - | - | 15,805,661 | 1,178,992 | 16,984,653 |
| Unrestricted | 2,037,215 | (4,909,926) | 543,168 | 21,900,095 | 12,786,106 | 32,356,658 |
| Total net position | $ 2,037,215 | $ (4,909,926) | $ 543,168 | $ 37,705,756 | $ 13,965,098 | $ 49,341,311 |

**CITY OF NEWPORT BEACH**
**Internal Service Funds**
**Combining Statement of Revenues, Expenses and Changes in Net Position**
**For the Year Ended June 30, 2025**

| | Insurance Reserve | Compensated Absences | Retiree Insurance | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|---|---|---|---|---|---|---|
| Operating revenues: | | | | | | |
| Charges for services | $ 18,475,042 | $ 3,262,108 | $ 395,002 | $ 8,614,875 | $ 8,365,963 | $ 39,112,990 |
| Intergovernmental | - | - | - | $ 195,387 | - | 195,387 |
| Employee contributions | - | - | 22,086 | - | - | 22,086 |
| Other | 3,679,765 | - | 2,705,816 | 10,453 | 112 | 6,396,146 |
| Total operating revenues | 22,154,807 | 3,262,108 | 3,122,904 | 8,820,715 | 8,366,075 | 45,726,609 |
| Operating expenses: | | | | | | |
| Salaries and wages | 1,531 | - | - | 1,408,150 | 3,244,603 | 4,654,284 |
| Depreciation/amortization | - | - | - | 3,635,505 | 640,172 | 4,275,677 |
| Professional services | - | - | - | 250,663 | 745,620 | 996,283 |
| Maintenance and supplies | - | - | - | 2,260,337 | 1,842,503 | 4,102,840 |
| Fleet parts and supplies | - | - | - | 545,348 | - | 545,348 |
| Telecommunication | - | - | - | - | 188,617 | 188,617 |
| System maintenance | - | - | - | 27,692 | - | 27,692 |
| Hardware | - | - | - | - | 534,370 | 534,370 |
| Software | - | - | - | - | 369,728 | 369,728 |
| Workers' compensation | 7,107,333 | - | - | - | - | 7,107,333 |
| Claims and judgments | 10,384,659 | - | - | - | - | 10,384,659 |
| Compensated absences | - | 2,576,984 | - | - | - | 2,576,984 |
| OPEB | - | - | 847,328 | - | - | 847,328 |
| Other | - | - | 2,227,349 | - | - | 2,227,349 |
| Total operating expenses | 17,493,523 | 2,576,984 | 3,074,677 | 8,127,695 | 7,565,613 | 38,838,492 |
| Operating income (loss) | 4,661,284 | 685,124 | 48,227 | 693,020 | 800,462 | 6,888,117 |
| Nonoperating revenues: | | | | | | |
| Investment income | 1,315,623 | 334,620 | 19,677 | 697,625 | 548,867 | 2,916,412 |
| Net increase in fair value of investments | 459,747 | 92,326 | 7,872 | 231,339 | 155,388 | 946,672 |
| Gain on sale of capital assets | - | - | - | 425,594 | - | 425,594 |
| Interest expense | - | - | - | (7,660) | (643) | (8,303) |
| Total nonoperating revenues | 1,775,370 | 426,946 | 27,549 | 1,346,898 | 703,612 | 4,280,375 |
| Income (loss) before transfers | 6,436,654 | 1,112,070 | 75,776 | 2,039,918 | 1,504,074 | 11,168,492 |
| Transfers in | - | - | - | 6,160 | 15,729 | 21,889 |
| Change in net position | 6,436,654 | 1,112,070 | 75,776 | 2,046,078 | 1,519,803 | 11,190,381 |
| Net position, beginning | (4,399,439) | (6,021,996) | 467,392 | 35,659,678 | 12,445,295 | 38,150,930 |
| Net position, ending | $ 2,037,215 | $ (4,909,926) | $ 543,168 | $ 37,705,756 | $ 13,965,098 | $ 49,341,311 |

**CITY OF NEWPORT BEACH**
**Internal Service Funds**
**Combining Statement of Cash Flows**
**For the Year Ended June 30, 2025**

| | Insurance Reserve | Compensated Absences | Retiree Insurance | Equipment Maintenance | Information Technology | Total Internal Service Funds |
|---|---|---|---|---|---|---|
| Cash flows from operating activities: | | | | | | |
| Receipts from user departments | $ 18,501,258 | $ 3,262,108 | $ 389,950 | $ 8,586,125 | $ 8,365,963 | $ 39,105,404 |
| Payments to employees | (5,066,472) | (1,760,961) | - | (1,387,212) | (3,226,564) | (11,441,209) |
| Payments to suppliers | (24,678,245) | - | (3,075,692) | (7,910,764) | (3,666,047) | (39,330,748) |
| Other operating cash receipts | 3,679,765 | - | 2,727,902 | 10,453 | 112 | 6,418,232 |
| Net cash provided (used) by operating activities | (7,563,694) | 1,501,147 | 42,160 | (701,398) | 1,473,464 | (5,248,321) |
| Cash flows from noncapital financing activities: | | | | | | |
| Cash received from other funds | - | - | - | 6,160 | 15,729 | 21,889 |
| Net cash provided by noncapital financing activities | - | - | - | 6,160 | 15,729 | 21,889 |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition of capital assets | - | - | - | (3,401,778) | (55,061) | (3,456,839) |
| Lease liabilities and related | - | - | - | - | (73,663) | (73,663) |
| Subscription liabilities and related | - | - | - | (177,101) | (35,446) | (212,547) |
| Proceeds from sale of capital assets | - | - | - | 425,594 | - | 425,594 |
| Net cash (used) for capital and related financing activities | - | - | - | (3,153,285) | (164,170) | (3,317,455) |
| Cash flows from investing activities: | | | | | | |
| Investment income | 1,754,280 | 408,418 | 26,746 | 914,987 | 678,610 | 3,783,041 |
| Net cash provided by investing activities | 1,754,280 | 408,418 | 26,746 | 914,987 | 678,610 | 3,783,041 |
| Net increase (decrease) in cash and cash equivalents | (5,809,414) | 1,909,565 | 68,906 | (2,933,536) | 2,003,633 | (4,760,846) |
| Cash and cash equivalents, beginning | 44,053,148 | 7,752,988 | 932,028 | 20,743,381 | 12,846,738 | 86,328,283 |
| Cash and cash equivalents, ending | $ 38,243,734 | $ 9,662,553 | $ 1,000,934 | $ 17,809,845 | $ 14,850,371 | $ 81,567,437 |
| Reconciliation to the statement of net position: | | | | | | |
| Cash and investments reported on statement of net position | $ 38,243,734 | $ 9,662,553 | $ 1,000,934 | $ 17,809,845 | $ 14,850,371 | $ 81,567,437 |
| Cash and cash equivalents | $ 38,243,734 | $ 9,662,553 | $ 1,000,934 | $ 17,809,845 | $ 14,850,371 | $ 81,567,437 |
| Reconciliation of operating income to net cash provided by operating activities: | | | | | | |
| Operating income | $ 4,661,284 | $ 685,124 | $ 48,227 | $ 693,020 | $ 800,462 | $ 6,888,117 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | | | |
| Depreciation | - | - | - | 3,635,505 | 640,172 | 4,275,677 |
| Changes in operating assets and liabilities: | | | | | | |
| (Increase) decrease in accounts receivable | 26,216 | - | (5,052) | (28,750) | - | (7,586) |
| (Increase) in inventories | - | - | - | (39,048) | - | (39,048) |
| (Increase) decrease in prepaid items | - | - | 1,451 | (4,838,790) | (64,855) | (4,902,194) |
| Increase (decrease) in accounts payable and accrued payroll | (14,049,402) | (28,508) | (2,466) | 70,455 | 94,486 | (13,915,435) |
| Increase in workers' compensation | 2,039,412 | - | - | - | - | 2,039,412 |
| (Decrease) in general liability | (241,204) | - | - | - | - | (241,204) |
| Increase in compensated absences | - | 844,531 | - | - | - | 844,531 |
| (Decrease) in net pension liability and deferred cash flows | - | - | - | (23,676) | (47,456) | (71,132) |
| Increase in net OPEB liability and deferred cash flows | - | - | - | 25,273 | 50,655 | 75,928 |
| Total adjustments | (12,224,978) | 816,023 | (6,067) | (1,394,418) | 673,002 | (12,136,438) |
| Net cash provided (used) by operating activities | $ (7,563,694) | $ 1,501,147 | $ 42,160 | $ (701,398) | $ 1,473,464 | $ (5,248,321) |
| Noncash financing and investing activities: | | | | | | |
| Capital assets financed by ending accounts payable | - | - | - | 281,650 | - | 281,650 |
| Total of noncash activities | $ - | $ - | $ - | $ 281,650 | $ - | $ 281,650 |

# FINANCIAL SECTION

## SUPPLEMENTARY INFORMATION
## CUSTODIAL FUNDS



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# CUSTODIAL FUNDS

**Custodial Funds are used to account for assets held by the City in a trustee capacity, or as an agent for other government entities, private organizations, or individuals.**

**The City of Newport Beach Custodial Funds are listed below:**

The ***Special Assessment District Fund*** is used to account for funds received from affected property owners and payable to holders of 1911 Act and 1915 Act special assessment bonds.

The ***Tourism Business Improvement Fund*** is used to account for the Newport Beach Tourism Business Improvement District's special assessment on short term room rental revenue collected by the City for Visit Newport Beach Inc.

The ***Other Business Improvement Fund*** is used to account for monies collected from local business districts for district property improvements and business enhancement.

The ***Police Custodial Fund*** is used to account for monies received by the City's police department in a custodial capacity, such as warrants and items pending adjudication.

**CITY OF NEWPORT BEACH**
**Custodial Funds**
**Combining Statement of Fiduciary Net Position**
**June 30, 2025**

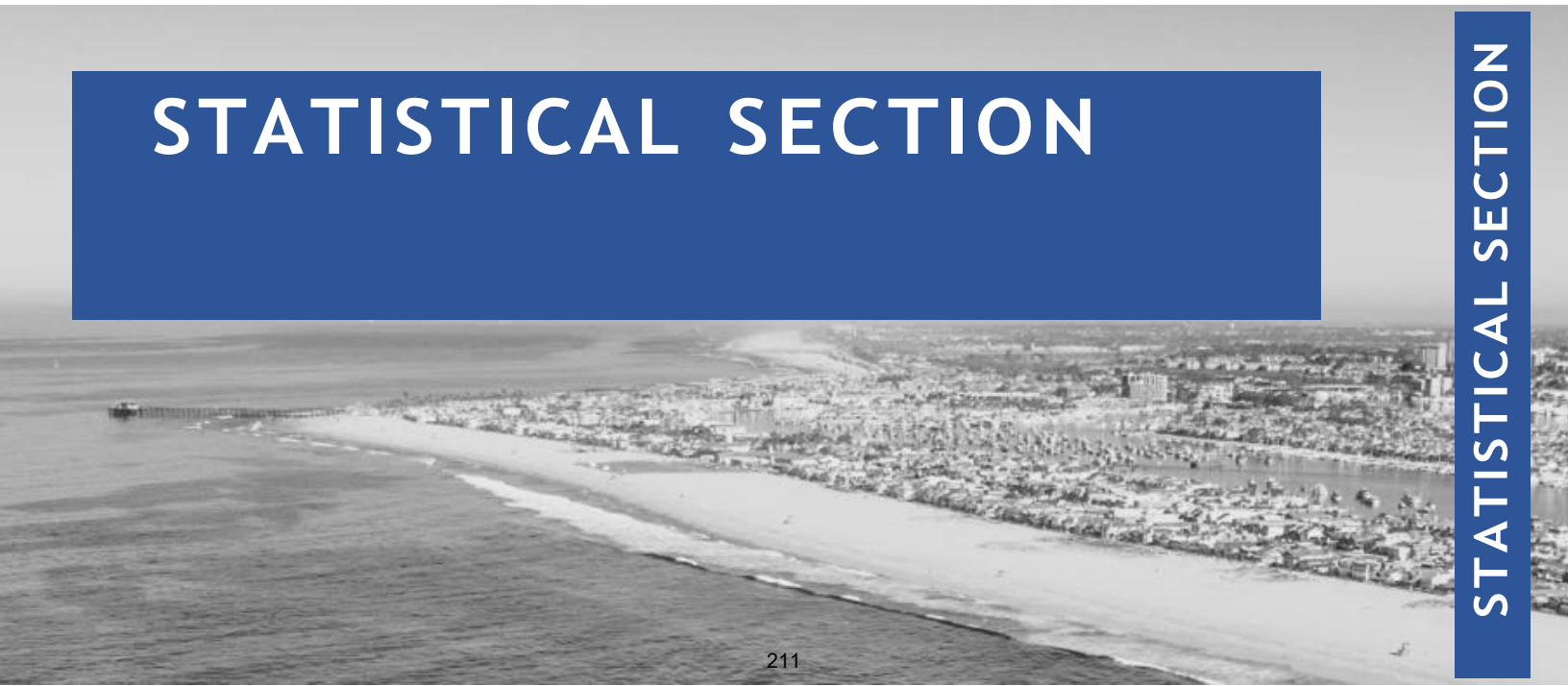
| | Custodial Funds | | | | |
|---|---|---|---|---|---|
| | Special Assessment District | Tourism Business Improvement | Other Business Improvement | Police Custodial | Total Custodial Funds |
| **Assets** | | | | | |
| Cash and investments | $ 1,332,953 | $ 6,420 | $ 4,106 | $ 239,043 | $ 1,582,522 |
| Restricted cash and investments with fiscal agent | 2,699,066 | - | - | - | 2,699,066 |
| Receivable: | | | | | |
| Interest | 15,167 | - | - | - | 15,167 |
| Intergovernmental receivable | 34,320 | - | - | - | 34,320 |
| Total assets | 4,081,506 | 6,420 | 4,106 | 239,043 | 4,331,075 |
| **Liabilities** | | | | | |
| Due to others | 1,944 | 6,420 | 4,106 | 23,146 | 35,616 |
| Total liabilities | 1,944 | 6,420 | 4,106 | 23,146 | 35,616 |
| **Net Position** | | | | | |
| Restricted for: | | | | | |
| Individuals, organizations, and other governments | 4,079,562 | - | - | 215,897 | 4,295,459 |
| Total net position | $ 4,079,562 | $ - | $ - | $ 215,897 | $ 4,295,459 |

**CITY OF NEWPORT BEACH**
**Custodial Funds**
**Combining Statement of Changes in Fiduciary Net Position**
**For the Year Ended June 30, 2025**

| | Custodial Funds | | | | |
|---|---|---|---|---|---|
| | Special Assessment District | Tourism Business Improvement | Other Business Improvement | Police Custodial | Total Custodial Funds |
| **Additions** | | | | | |
| Special assessments | $ 3,022,899 | $ - | $ - | $ - | $ 3,022,899 |
| Investment earnings | 154,493 | - | - | 700 | 155,193 |
| Other | - | - | - | 101,760 | 101,760 |
| Total additions | 3,177,392 | - | - | 102,460 | 3,279,852 |
| **Deductions** | | | | | |
| Debt service | 3,317,230 | - | - | - | 3,317,230 |
| Administrative | 97,408 | - | - | - | 97,408 |
| Other | - | - | - | 133,537 | 133,537 |
| Total deductions | 3,414,638 | - | - | 133,537 | 3,548,175 |
| Net change in fiduciary net position | (237,246) | - | - | (31,077) | (268,323) |
| Net position, beginning of year | 4,316,808 | - | - | 246,974 | 4,563,782 |
| Net position, end of year | $ 4,079,562 | $ - | $ - | $ 215,897 | $ 4,295,459 |

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# STATISTICAL SECTION



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# FINANCIAL TRENDS

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules contain trend information illustrating how the City's financial performance and well-being have changed over time:

- Net Position by Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balance of Governmental Funds

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant years.

**CITY OF NEWPORT BEACH**
**Net Position by Component**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016[1] | 2017[2] | 2018[3] | 2019 | 2020 |
| Governmental activities: | | | | | |
| Net investment in capital assets | $ 2,193,773,102 | $ 2,201,552,683 | $ 2,208,832,391 | $ 2,218,040,304 | $ 2,217,852,660 |
| Restricted | 44,033,677 | 45,753,736 | 49,791,908 | 56,426,811 | 67,708,225 |
| Unrestricted | (130,468,268) | (133,461,197) | (122,024,754) | (102,035,181) | (90,214,086) |
| Total governmental activities | $ 2,107,338,511 | $ 2,113,845,222 | $ 2,136,599,545 | $ 2,172,431,934 | $ 2,195,346,799 |
| Business-type activities: | | | | | |
| Net investment in capital assets | $ 117,055,576 | $ 116,238,944 | $ 119,375,596 | $ 119,346,350 | $ 120,291,689 |
| Unrestricted | 23,430,189 | 28,890,311 | 29,183,382 | 30,331,669 | 30,276,662 |
| Total business-type activities | $ 140,485,765 | $ 145,129,255 | $ 148,558,978 | $ 149,678,019 | $ 150,568,351 |
| Primary government: | | | | | |
| Net investment in capital assets | $ 2,310,828,678 | $ 2,317,791,627 | $ 2,328,207,987 | $ 2,337,386,654 | $ 2,338,144,349 |
| Restricted | 44,033,677 | 45,753,736 | 49,791,908 | 56,426,811 | 67,708,225 |
| Unrestricted | (107,038,079) | (104,570,886) | (92,841,372) | (71,703,512) | (59,937,424) |
| Total primary government | $ 2,247,824,276 | $ 2,258,974,477 | $ 2,285,158,523 | $ 2,322,109,953 | $ 2,345,915,150 |

(continued)

[1] Reflects restatement of net position due to deferred outflow adjustments related to fiscal year ended June 30, 2017.

[2] Reflects restatement of net position due to implementation of GASB 75 in fiscal year ended June 30, 2018.

[3] Reflects restatement of net position due to adjustments for capital assets and compensated absences liability in fiscal year ended June 30, 2019.

[4] 2022 data varies from trend due to receipt of revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year.

[5] Reflects restatement of net position due to unbilled receivables adjustments related to fiscal year ended June 30, 2023.

[6] 2025 data varies from trend due to receipt of revenues such as property taxes and sales taxes that were not spent or restricted by the end of the fiscal year and the decline of net pension and net OPEB liabilities.

*The City of Newport Beach implemented GASB 75 for the fiscal year ended June 30, 2018.*
*The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022.*
*The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.*

**CITY OF NEWPORT BEACH**
**Net Position by Component**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023[5] | 2024 | 2025 |
| Governmental activities: | | | | | |
| Net investment in capital assets | $ 2,227,572,605 | $ 2,223,773,786 | $ 2,256,305,577 | $ 2,275,099,514 | $ 2,292,549,844 |
| Restricted | 67,189,020 | 78,100,496 | 79,152,428 | 123,444,563 | 131,011,162 |
| Unrestricted | (72,301,558) | (8,183,288) | 20,117,377 | 28,001,461 | 58,401,174 |
| Total governmental activities | $ 2,222,460,067 | $ 2,293,690,994 | $ 2,355,575,382 | $ 2,426,545,538 | $ 2,481,962,180 |
| Business-type activities: | | | | | |
| Net investment in capital assets | $ 124,775,772 | $ 128,244,924 | $ 131,015,969 | $ 132,331,781 | $ 135,138,380 |
| Unrestricted | 27,039,499 | 28,559,633 | 25,105,814 | 20,202,940 | 22,455,779 |
| Total business-type activities | $ 151,815,271 | $ 156,804,557 | $ 156,121,783 | $ 152,534,721 | $ 157,594,159 |
| Primary government: | | | | | |
| Net investment in capital assets | $ 2,352,348,377 | $ 2,352,018,710 | $ 2,387,321,546 | $ 2,407,431,295 | $ 2,427,688,224 |
| Restricted | 67,189,020 | 78,100,496 | 79,152,428 | 123,444,563 | 131,011,162 |
| Unrestricted | (45,262,059) | 20,376,345 [4] | 45,223,191 | 48,204,401 | 80,856,953 [6] |
| Total primary government | $ 2,374,275,338 | $ 2,450,495,551 | $ 2,511,697,165 | $ 2,579,080,259 | $ 2,639,556,339 |

**CITY OF NEWPORT BEACH**
**Changes in Net Position**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 19,335,275 | $ 20,443,569 | $ 19,011,099 | $ 20,549,224 | $ 20,714,050 |
| Public safety | 91,046,455 | 102,494,314 | 107,647,562 | 111,556,065 | 119,194,302 |
| Public works | 45,443,988 | 54,039,601 | 47,615,000 | 53,339,878 | 60,054,860 |
| Community development | 9,943,868 | 12,056,086 | 12,377,394 | 11,493,204 | 12,842,020 |
| Community services | 22,700,052 | 26,583,440 | 27,307,115 | 27,758,097 | 26,668,079 |
| Interest on long-term debt | 7,615,094 | 7,472,188 | 7,381,743 | 7,187,971 | 7,064,521 |
| Total governmental activities expenses | 196,084,732 | 223,089,198 | 221,339,913 | 231,884,439 | 246,537,832 |
| Business-type activities: | | | | | |
| Water | 21,605,197 | 22,004,013 | 23,724,918 | 26,898,075 | 27,387,120 |
| Wastewater | 3,818,165 | 4,218,926 | 4,158,155 | 4,222,228 | 4,291,755 |
| Total business-type activities expenses | 25,423,362 | 26,222,939 | 27,883,073 | 31,120,303 | 31,678,875 |
| Total primary government expenses | 221,508,094 | 249,312,137 | 249,222,986 | 263,004,742 | 278,216,707 |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 3,722,557 | 5,089,123 | 5,355,887 | 5,887,265 | 3,846,962 |
| Public safety | 19,108,222 | 19,899,242 | 20,733,883 | 21,979,376 | 22,232,248 |
| Public works | 5,319,510 | 5,214,426 | 5,789,579 | 5,778,441 | 5,054,694 |
| Community development | 8,419,588 | 10,838,114 | 9,956,226 | 9,902,445 | 9,599,848 |
| Community services | 13,964,018 | 13,653,466 | 13,974,329 | 13,556,360 | 16,936,285 |
| Operating grants and contributions: | 17,826,914 | 11,632,188 | 11,943,941 | 14,021,506 | 14,659,016 |
| Capital grants and contributions: | 2,717,504 | 27,993,317 [1] | 1,815,464 | 6,638,356 | 7,352,407 |
| Total governmental activities program revenues | 71,078,313 | 94,319,876 | 69,569,309 | 77,763,749 | 79,681,460 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 24,499,952 | 25,371,307 | 26,931,193 | 26,843,751 | 27,100,429 |
| Wastewater | 3,065,762 | 3,161,114 | 3,445,772 | 4,069,265 | 4,110,815 |
| Operating grants and contributions: | - | - | - | - | - |
| Total business-type activities program revenues | 27,565,714 | 28,532,421 | 30,376,965 | 30,913,016 | 31,211,244 |
| Total primary government program revenues | 98,644,027 | 122,852,297 | 99,946,274 | 108,676,765 | 110,892,704 |
| Net revenues (expenses): | | | | | |
| Governmental activities | (125,006,419) | (128,769,322) | (151,770,604) | (154,120,690) | (166,856,372) |
| Business-type activities | 2,142,352 | 2,309,482 | 2,493,892 | (207,287) | (467,631) |
| Total net revenues (expenses) | $ (122,864,067) | $ (126,459,840) | $ (149,276,712) | $ (154,327,977) | $ (167,324,003) |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property tax | $ 91,516,611 | $ 96,964,060 | $ 101,593,290 | $ 108,365,261 | $ 113,313,535 |
| Sales tax | 33,937,986 | 33,702,895 | 36,373,253 | 37,168,063 | 36,232,969 |
| Sales tax in-lieu | 2,870,474 | - | - | - | - |
| Transient occupancy tax | 21,083,199 | 22,382,361 | 22,857,737 | 24,697,446 | 21,097,384 |
| Business license tax | 4,024,386 | 4,149,016 | 4,282,935 | 4,428,440 | 4,882,419 |
| Franchise tax | 4,047,584 | 4,026,005 | 4,228,469 | 4,286,496 | 4,394,156 |
| Other taxes | 327,009 | 358,209 | 3,346,987 | 2,633,720 | 2,592,369 |
| Investment income | 584,259 | 589,001 | 632,808 | 2,644,319 | 2,621,488 |
| Net increase (decrease) in fair value of investments | 376,311 | - | - | 2,234,249 | 2,520,033 |
| Other | 4,001,486 | 2,290,482 | 3,416,348 | 3,495,085 | 2,116,884 |
| Transfers | - | (3,500,000) | - | - | - |
| Total governmental activities | 162,769,305 | 160,962,029 | 176,731,827 | 189,953,079 | 189,771,237 |
| Business-type activities: | | | | | |
| Investment income | 216,576 | 77,752 | 184,906 | 713,970 | 732,099 |
| Net increase (decrease) in fair value of investments | 148,527 | - | - | 612,358 | 625,864 |
| Other | 2,375,000 | - | - | - | - |
| Capital contributions | 22,516 | - | - | - | - |
| Transfers | - | 3,500,000 | - | - | - |
| Total business-type activities | 2,762,619 | 3,577,752 | 184,906 | 1,326,328 | 1,357,963 |
| Total primary government | 165,531,924 | 164,539,781 | 176,916,733 | 191,279,407 | 191,129,200 |
| Changes in net position | | | | | |
| Governmental activities | 37,762,886 | 32,192,707 | 24,961,223 | 35,832,389 | 22,914,865 |
| Business-type activities | 4,904,971 | 5,887,234 | 2,678,798 | 1,119,041 | 890,332 |
| Total primary government | $ 42,667,857 | $ 38,079,941 | $ 27,640,021 | $ 36,951,430 | $ 23,805,197 |

(continued)

[1] Data varies from trend because of one-time receipt of developer contributions.

**CITY OF NEWPORT BEACH**
**Changes in Net Position**
**Last Ten Fiscal Years**
**(accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Expenses: | | | | | |
| Governmental activities: | | | | | |
| General government | $ 20,177,482 | $ 19,374,179 | $ 26,911,510 | $ 28,392,550 | $ 20,365,624 |
| Public safety | 119,184,958 | 104,767,466 | 121,309,057 | 151,625,944 | 143,920,632 |
| Public works | 63,689,155 | 65,031,715 | 75,904,138 | 88,359,562 | 87,889,339 |
| Community development | 12,157,226 | 9,664,500 | 13,048,442 | 16,813,900 | 17,104,756 |
| Community services | 28,214,205 | 24,508,702 | 27,937,349 | 33,034,132 | 33,510,164 |
| Interest on long-term debt | 7,321,612 | 6,877,577 | 6,666,044 | 6,215,237 | 6,171,195 |
| Total governmental activities expenses | 250,744,638 | 230,224,139 | 271,776,540 | 324,441,325 | 308,961,710 |
| Business-type activities: | | | | | |
| Water | 28,943,243 | 27,117,471 | 30,701,834 | 37,322,293 | 36,561,497 |
| Wastewater | 5,223,245 | 4,094,448 | 5,343,891 | 6,959,273 | 6,282,179 |
| Total business-type activities expenses | 34,166,488 | 31,211,919 | 36,045,725 | 44,281,566 | 42,843,676 |
| Total primary government expenses | 284,911,126 | 261,436,058 | 307,822,265 | 368,722,891 | 351,805,386 |
| Program revenues: | | | | | |
| Governmental activities: | | | | | |
| Charges for services: | | | | | |
| General government | 2,914,007 | 3,625,809 | 12,386,628 | 15,953,090 | 8,911,980 |
| Public safety | 22,038,904 | 23,156,703 | 26,273,944 | 27,903,642 | 30,839,794 |
| Public works | 5,067,478 | 7,538,103 | 8,770,525 | 9,397,103 | 8,890,609 |
| Community development | 10,491,970 | 11,119,757 | 11,269,905 | 10,849,048 | 12,723,330 |
| Community services | 17,601,288 | 22,302,788 | 15,753,446 | 17,370,410 | 18,883,733 |
| Operating grants and contributions: | 20,361,620 | 16,800,039 | 20,131,513 | 34,497,961 | 22,765,783 |
| Capital grants and contributions: | 7,658,387 | 8,693,429 | 5,809,562 | 35,646,295 | 5,260,117 |
| Total governmental activities program revenues | 86,133,654 | 93,236,628 | 100,395,523 | 151,617,549 | 108,275,346 |
| Business-type activities: | | | | | |
| Charges for services: | | | | | |
| Water | 30,739,726 | 32,104,202 | 32,033,631 | 33,842,356 | 40,463,909 |
| Wastewater | 4,618,186 | 4,825,249 | 4,666,685 | 5,274,889 | 5,980,769 |
| Operating grants and contributions: | - | 116,629 | - | 115,499 | 26,184 |
| Total business-type activities program revenues | 35,357,912 | 37,046,080 | 36,700,316 | 39,232,744 | 46,470,862 |
| Total primary government program revenues | 121,491,566 | 130,282,708 | 137,095,839 | 190,850,293 | 154,746,208 |
| Net revenues (expenses): | | | | | |
| Governmental activities | (164,610,984) | (136,987,511) | (171,381,017) | (172,823,776) | (200,686,364) |
| Business-type activities | 1,191,424 | 5,834,161 | 654,591 | (5,048,823) | 3,627,186 |
| Total net revenues (expenses) | $ (163,419,560) | $ (131,153,350) | $ (170,726,426) | $ (177,872,599) | $ (197,059,178) |
| General revenues and other changes in net position: | | | | | |
| Governmental activities: | | | | | |
| Taxes: | | | | | |
| Property tax | $ 119,157,057 | $ 124,335,985 | $ 138,358,730 | $ 146,136,873 | $ 154,182,579 |
| Sales tax | 38,956,275 | 46,164,860 | 46,552,459 | 43,444,542 | 45,934,260 |
| Sales tax in-lieu | - | - | - | - | - |
| Transient occupancy tax | 16,886,197 | 26,677,331 | 30,201,649 | 31,736,961 | 33,174,268 |
| Business license tax | 4,481,349 | 4,363,145 | 4,901,385 | 4,896,557 | 5,086,253 |
| Franchise tax | 4,204,224 | 4,561,278 | 4,996,526 | 5,152,384 | 5,052,778 |
| Other taxes | 4,166,549 | 4,333,071 | 181,800 | 203,135 | 246,787 |
| Investment income | 2,603,982 | 1,995,214 | 3,208,250 | 5,834,247 | 6,747,045 |
| Net increase (decrease) in fair value of investments | (2,086,189) | (6,856,640) | (687,766) | 3,534,164 | 2,346,015 |
| Other | 3,354,808 | 2,644,194 | 5,552,372 | 2,855,069 | 3,333,021 |
| Transfers | - | - | - | - | - |
| Total governmental activities | 191,724,252 | 208,218,438 | 233,265,405 | 243,793,932 | 256,103,006 |
| Business-type activities: | | | | | |
| Investment income | 525,295 | 345,218 | 520,736 | 893,332 | 1,119,040 |
| Net increase (decrease) in fair value of investments | (469,799) | (1,190,093) | (262,867) | 568,429 | 313,212 |
| Other | - | - | - | - | - |
| Capital contributions | - | - | - | - | - |
| Transfers | - | - | - | - | - |
| Total business-type activities | 55,496 | (844,875) | 257,869 | 1,461,761 | 1,432,252 |
| Total primary government | 191,779,748 | 207,373,563 | 233,523,274 | 245,255,693 | 257,535,258 |
| Changes in net position | | | | | |
| Governmental activities | 27,113,268 | 71,230,927 | 61,884,388 | 70,970,156 | 55,416,642 |
| Business-type activities | 1,246,920 | 4,989,286 | 912,460 | (3,587,062) | 5,059,438 |
| Total primary government | $ 28,360,188 | $ 76,220,213 | $ 62,796,848 | $ 67,383,094 | $ 60,476,080 |

**CITY OF NEWPORT BEACH**
**Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| General fund: | | | | | |
| Nonspendable | $ 15,210,896 | $ 14,434,017 | $ 14,050,930 | $ 13,147,221 | $ 11,864,115 |
| Restricted | 3,083,133 | 3,797,009 | 4,412,302 | 4,757,437 | 5,710,434 |
| Committed | 2,726,020 | 10,570,638 [1] | 13,444,487 | 13,335,675 | 2,210,811 |
| Assigned | 4,201,311 | 567,132 | 590,368 | 1,199,682 | 2,598,828 |
| Unassigned | 56,618,041 | 60,009,244 | 61,415,049 | 64,146,123 | 76,699,284 |
| Total general fund | $ 81,839,401 | $ 89,378,040 [1] | $ 93,913,136 | $ 96,586,138 | $ 99,083,472 |
| All other governmental funds: | | | | | |
| Nonspendable | $ 4,629,781 | $ 4,666,256 | $ 4,787,243 | $ 4,715,545 | $ 4,646,529 |
| Restricted | 33,662,859 | 31,950,139 | 38,629,419 | 45,958,167 | 53,310,518 |
| Committed | 40,248,977 | 49,510,047 | 41,731,742 | 40,732,124 | 48,032,259 |
| Unassigned | (15,422,984) | (6,308,331) | (376,162) | (253) | (50,137) |
| Total all other governmental funds | $ 63,118,633 | $ 79,818,111 | $ 84,772,242 | $ 91,405,583 | $ 105,939,169 |
| Total all governmental funds | $ 144,958,034 | $ 169,196,151 | $ 178,685,378 | $ 187,991,721 | $ 205,022,641 |

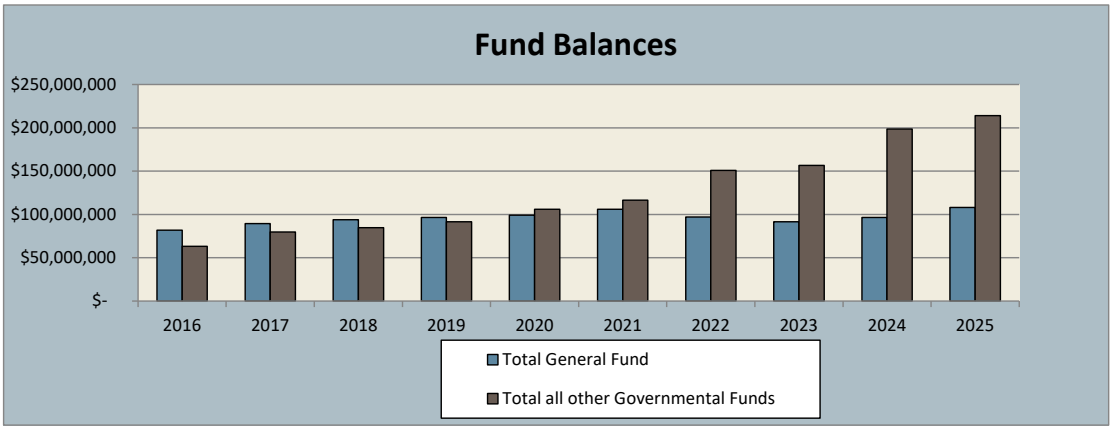
(continued)

[1] Data varies from trend due to additional funds set aside for seawall construction and pension-related items.
[2] Data varies from trend due to the relocation of restricted funds to special revenue funds.
[3] Data varies from trend due to additional funds set aside mainly in the Facilities Financial Planning Reserve Fund and Unrestricted Capital Improvements Fund.
[4] Data varies from trend due to issuance of special Assessment District bonds.

**CITY OF NEWPORT BEACH**
**Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| General fund: | | | | | |
| Nonspendable | $ 10,637,097 | $ 9,407,143 | $ 8,239,567 | $ 7,052,603 | $ 5,982,334 |
| Restricted | 4,876,025 | - [2] | - | - | - |
| Committed | 3,235,746 | 4,429,573 | 5,465,426 | 6,786,845 | 3,785,866 |
| Assigned | 1,489,350 | - | - | - | - |
| Unassigned | 85,715,180 | 83,302,665 | 77,737,532 | 82,601,740 | 98,379,310 |
| Total general fund | $ 105,953,398 | $ 97,139,381 | $ 91,442,525 | $ 96,441,188 | $ 108,147,510 |
| All other governmental funds: | | | | | |
| Nonspendable | $ 4,707,330 | $ 4,690,430 | $ 4,650,931 | $ 4,771,150 | $ 4,710,334 |
| Restricted | 63,914,627 | 73,013,208 | 73,657,409 | 112,762,753 [4] | 120,738,919 |
| Committed | 47,863,154 | 73,243,534 [3] | 78,218,834 | 81,317,521 | 88,500,124 |
| Unassigned | (136,299) | (119,371) | (11,625) | (229,781) | (11) |
| Total all other governmental funds | $ 116,348,812 | $ 150,827,801 | $ 156,515,549 | $ 198,621,643 | $ 213,949,366 |
| Total all governmental funds | $ 222,302,210 | $ 247,967,182 | $ 247,958,074 | $ 295,062,831 | $ 322,096,876 |



**CITY OF NEWPORT BEACH**
**Changes in Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Revenues: | | | | | |
| Taxes | $ 158,386,385 | $ 162,184,218 | $ 171,982,240 | $ 183,455,182 | $ 182,983,069 |
| Intergovernmental | 17,262,147 | 17,073,653 | 16,148,754 | 15,818,543 | 12,672,931 |
| Licenses, permits and fees | 6,571,123 | 9,844,908 | 6,405,668 | 6,302,603 | 5,783,862 |
| Charges for services | 18,827,991 | 19,197,065 | 19,828,786 | 19,472,866 | 21,125,622 |
| Fines and forfeitures | 3,684,602 | 3,590,700 | 3,181,823 | 3,347,714 | 3,509,883 |
| Investment income | 1,157,539 | 772,546 | 1,143,210 | 3,490,992 | 3,765,753 |
| Net increase (decrease) in fair value of investments | 769,460 | - | - | 2,938,136 | 3,477,299 |
| Property income | 22,259,425 | 23,553,188 | 25,430,217 | 26,674,107 | 25,651,360 |
| Donations | 4,190,822 | 16,827,889 | 414,123 | 402,709 | 795,561 |
| Special assessments | - | - | - | - | - |
| Other | 2,982,924 | 2,277,322 | 2,893,770 | 5,173,716 | 5,950,279 |
| Total revenues | 236,092,418 | 255,321,489 | 247,428,591 | 267,076,568 | 265,715,619 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 14,629,672 | 15,086,397 | 16,099,310 | 16,769,920 | 15,968,085 |
| Public safety | 96,225,784 | 98,750,981 | 109,760,129 | 116,054,531 | 118,290,847 |
| Public works | 36,000,905 | 35,961,024 | 38,012,230 | 44,132,877 | 45,730,965 |
| Community development | 10,913,205 | 11,696,779 | 12,979,656 | 12,310,621 | 12,612,751 |
| Community services | 21,784,680 | 23,607,284 | 25,538,966 | 26,372,495 | 24,474,242 |
| Capital outlay | 31,934,463 | 30,822,972 | 24,054,866 | 26,347,312 | 20,376,106 |
| Debt service: | | | | | |
| Principal | 4,272,000 | 4,401,000 | 3,335,000 | 3,470,000 | 3,576,000 |
| Interest and fiscal charges | 7,839,341 | 7,704,957 | 7,617,107 | 7,428,469 | 7,265,703 |
| Total expenditures | 223,600,050 | 228,031,394 | 237,397,264 | 252,886,225 | 248,294,699 |
| Excess (deficiency) of revenues over (under) expenditures | 12,492,368 | 27,290,095 | 10,031,327 | 14,190,343 | 17,420,920 |
| Other financing sources (uses): | | | | | |
| Transfers in | 48,523,132 | 45,342,446 | 45,308,862 | 54,664,532 | 40,373,981 |
| Transfers out | (54,185,192) | (49,390,226) | (45,850,962) | (59,548,532) | (40,763,981) |
| Proceeds from sale | - | 995,802 | - | - | - |
| Premium on certificates of participation issued | - | - | - | - | - |
| Leases (as lessee) | - | - | - | - | - |
| Inception of subscription-based IT arrangements | - | - | - | - | - |
| Total other financing sources (uses) | (5,662,060) | (3,051,978) | (542,100) | (4,884,000) | (390,000) |
| Net change in fund balances | $ 6,830,308 | $ 24,238,117 | $ 9,489,227 | $ 9,306,343 | $ 17,030,920 |
| Debt service as a percentage of noncapital expenditures | 7.2% | 6.0% | 5.3% | 4.8% | 4.8% |

(continued)

[1] Data varies from trend due to implementation of GASB 96 for the fiscal year ended June 30, 2023.

**CITY OF NEWPORT BEACH**
**Changes in Fund Balances of Governmental Funds**
**Last Ten Fiscal Years**
**(modified accrual basis of accounting)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Revenues: | | | | | |
| Taxes | $ 188,351,057 | $ 211,259,402 | $ 226,067,296 | $ 232,533,623 | $ 244,698,368 |
| Intergovernmental | 22,233,872 | 19,683,307 | 21,080,285 | 27,715,232 | 18,174,489 |
| Licenses, permits and fees | 6,566,555 | 6,995,700 | 6,719,969 | 6,688,111 | 7,312,477 |
| Charges for services | 18,434,439 | 22,897,475 | 25,214,184 | 25,217,364 | 27,124,189 |
| Fines and forfeitures | 3,923,726 | 4,191,518 | 3,892,875 | 4,195,196 | 4,382,650 |
| Investment income | 3,201,376 | 2,756,712 | 4,525,340 | 9,386,746 | 11,685,818 |
| Net increase (decrease) in fair value of investments | (2,634,682) | (8,900,762) | (465,873) | 4,584,645 | 3,254,274 |
| Property income | 28,842,374 | 33,770,750 | 35,830,362 | 41,198,758 | 43,984,960 |
| Donations | 5,491,871 | 1,805,249 | 717,157 | 6,070,830 | 5,590,173 |
| Special assessments | - | 8,086,594 | 4,948,430 | 26,843,142 | - |
| Other | 3,504,103 | 1,441,813 | 3,412,302 | 1,175,255 | 1,323,117 |
| Total revenues | 277,914,691 | 303,987,758 | 331,942,327 | 385,608,902 | 367,530,515 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 17,154,507 | 17,397,786 | 20,680,878 | 22,007,758 | 22,497,676 |
| Public safety | 126,006,313 | 127,590,486 | 132,441,032 | 140,132,544 | 146,585,112 |
| Public works | 46,817,293 | 54,293,534 | 56,046,234 | 65,532,190 | 67,522,613 |
| Community development | 12,996,840 | 13,021,562 | 14,735,582 | 15,734,543 | 16,761,680 |
| Community services | 26,745,189 | 26,421,141 | 27,558,760 | 30,060,134 | 31,402,329 |
| Capital outlay | 33,728,085 | 28,603,393 | 68,434,127 | 50,776,034 | 43,743,239 |
| Debt service: | | | | | |
| Principal | 3,247,000 | 5,138,250 | 5,296,166 | 5,335,081 | 5,518,576 |
| Interest and fiscal charges | 7,306,143 | 7,141,264 | 6,908,693 | 6,698,344 | 6,443,356 |
| Total expenditures | 274,001,370 | 279,607,416 | 332,101,472 | 336,276,628 | 340,474,581 |
| Excess (deficiency) of revenues over (under) expenditures | 3,913,321 | 24,380,342 | (159,145) | 49,332,274 | 27,055,934 |
| Other financing sources (uses): | | | | | |
| Transfers in | 70,379,824 | 76,061,564 | 128,499,591 | 97,432,054 | 84,443,642 |
| Transfers out | (65,965,012) | (74,776,934) | (128,879,043) | (103,234,554) | (84,465,531) |
| Proceeds from sale | - | - | - | - | - |
| Premium on certificates of participation issued | 1,373,936 | - | - | - | - |
| Leases (as lessee) | - | - | - | 3,259,414 | - |
| Inception of subscription-based IT arrangements | - | - | 529,489 [1] | 315,569 | - |
| Total other financing sources (uses) | 5,788,748 | 1,284,630 | 150,037 | (2,227,517) | (21,889) |
| Net change in fund balances | $ 9,702,069 | $ 25,664,972 | $ (9,108) | $ 47,104,757 | $ 27,034,045 |
| Debt service as a percentage of noncapital expenditures | 4.2% | 4.8% | 4.5% | 4.2% | 4.0% |

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# REVENUE CAPACITY

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules present factors affecting the City's ability to generate its own revenue and its most significant local revenue source, the property tax:

- Assessed Value and Estimated Actual Value of Taxable Property
- Direct and Overlapping Property Tax Rates
- Principal Property Tax Payers
- Property Tax Levies and Collections

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant years.

**CITY OF NEWPORT BEACH**

**Assessed Value and Estimated Actual Value of Taxable Property**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Secured | | | Unsecured | Total Taxable Assessed Value | Change | Total Direct Tax Rate |
|---|---|---|---|---|---|---|---|
| | Residential | Commercial | Other | | | | |
| 2016 | 39,263,791,190 | 5,264,898,550 | 1,394,764,145 | 1,465,016,213 | 47,388,470,098 | 5.89% | 1.000% |
| 2017 | 41,834,060,284 | 5,539,551,197 | 1,398,481,252 | 1,569,593,832 | 50,341,686,565 | 6.23% | 1.000% |
| 2018 | 44,862,969,434 | 5,953,148,011 | 1,499,414,812 | 1,464,683,763 | 53,780,216,020 | 6.83% | 1.000% |
| 2019 | 48,246,937,786 | 6,466,645,074 | 1,474,416,367 | 1,513,162,553 | 57,701,161,781 | 7.29% | 1.000% |
| 2020 | 50,791,887,238 | 6,807,750,346 | 1,552,189,492 | 1,592,979,478 | 60,744,806,554 | 5.27% | 1.000% |
| 2021 | 53,636,707,086 | 6,979,031,018 | 1,428,005,141 | 1,645,923,436 | 63,689,666,681 | 4.85% | 1.000% |
| 2022 | 56,171,689,696 | 7,152,717,180 | 1,745,857,017 | 1,509,466,705 | 66,579,730,598 | 4.54% | 1.000% |
| 2023 | 60,461,442,254 | 7,647,078,297 | 1,489,884,026 | 1,731,351,434 | 71,329,756,011 | 7.13% | 1.000% |
| 2024 | 64,292,506,871 | 8,048,003,322 | 1,681,329,931 | 1,908,193,032 | 75,930,033,156 | 6.45% | 1.000% |
| 2025 | 68,275,551,951 | 8,131,924,877 | 1,609,850,784 | 1,947,105,447 | 79,964,433,059 | 5.31% | 1.000% |

NOTE:

In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL, Coren & Cone

**CITY OF NEWPORT BEACH**
**Direct and Overlapping Property Tax Rates**
**(Rate per $100 of assessed value)**
**Last Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| City Direct Rates: | | | | | | | | | | |
| City basic rate | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 | $ 1.000 |
| Total City Direct Rate | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Overlapping Rates: | | | | | | | | | | |
| Water districts | 0.047 | 0.047 | 0.047 | 0.047 | 0.032 | 0.047 | 0.047 | 0.047 | 0.051 | 0.055 |
| School districts | 0.183 | 0.173 | 0.176 | 0.161 | 0.173 | 0.186 | 0.170 | 0.175 | 0.158 | 0.160 |
| Total Overlapping Rate | 0.230 | 0.220 | 0.223 | 0.208 | 0.205 | 0.233 | 0.217 | 0.222 | 0.209 | 0.214 |
| Total Direct & Overlapping Rate | $ 1.230 | $ 1.220 | $ 1.223 | $ 1.208 | $ 1.205 | $ 1.233 | $ 1.217 | $ 1.222 | $ 1.209 | $ 1.214 |

NOTE:
In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of other debt obligations.

Source: HdL, Coren & Cone

**CITY OF NEWPORT BEACH**
**Principal Property Taxpayers**
**Current Year and Nine Years Ago**

| | 2025 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Taxpayer | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percent of Total City Taxable Assessed Value |
| The Irvine Company | $ 744,453,388 | 1 | 0.93% | $ 1,652,910,320 | 1 | 4.11% |
| Fashion Island Retail LLC | 620,154,002 | 2 | 0.78% | N/A | - | 0.00% |
| PH Finance LLC | 352,137,130 | 3 | 0.44% | N/A | - | 0.00% |
| Newport Center Hotel LLC | 237,276,108 | 4 | 0.30% | N/A | - | 0.00% |
| 520 Newport Center Drive LLC | 196,982,672 | 5 | 0.25% | N/A | - | 0.00% |
| HG Newport Owner LLC | 192,171,697 | 6 | 0.24% | N/A | - | 0.00% |
| Newport Bluffs LLC | 177,028,000 | 7 | 0.22% | 149,368,474 | 3 | 0.37% |
| 650 Newport Center Drive LLC | 176,061,294 | 8 | 0.22% | N/A | - | 0.00% |
| Bay Island Club | 166,670,502 | 9 | 0.21% | 98,384,212 | 7 | 0.24% |
| Balboa Bay Club Ventures | 161,082,009 | 10 | 0.20% | 132,740,207 | 4 | 0.33% |
| | $ 3,024,016,802 | | 3.79% | $ 2,033,403,213 | | 5.05% |

Source: HdL, Coren & Cone

**CITY OF NEWPORT BEACH**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years [2] | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount [1] | Percent of Levy | | Amount | Percent of Levy |
| 2016 | 84,166,940 | 81,762,526 | 97.14% | 612,863 | 82,375,389 | 97.87% |
| 2017 | 86,264,321 | 84,019,053 | 97.40% | 574,124 | 84,593,177 | 98.06% |
| 2018 | 92,139,181 | 90,279,099 | 97.98% | 581,969 | 90,861,068 | 98.61% |
| 2019 | 98,471,700 | 96,356,203 | 97.85% | 646,203 | 97,002,406 | 98.51% |
| 2020 | 102,636,451 | 100,701,002 | 98.11% | 886,688 | 101,587,690 | 98.98% |
| 2021 | 107,647,017 | 105,781,072 | 98.27% | 862,772 | 106,643,844 | 99.07% |
| 2022 | 113,318,692 | 110,354,271 | 97.38% | 789,969 | 111,144,240 | 98.08% |
| 2023 | 123,844,578 | 121,011,910 | 97.71% | 1,020,161 | 122,032,071 | 98.54% |
| 2024 | 129,506,001 | 126,637,893 | 97.79% | 1,087,720 | 127,725,613 | 98.63% |
| 2025 | 136,129,648 | 133,012,676 | 97.71% | - [3] | 133,012,676 | 97.71% |

[1] Net collections reflect deductions for refunds and impoundments.

[2] Exclusive of penalty charges.

[3] The total amount of Fiscal Year 2025 delinquent taxes collected in subsequent years was not available as of the date the information was collected for the City's Annual Comprehensive Financial Report.

Source: Orange County Auditor Controller's Office

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# DEBT CAPACITY

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules exhibit the City's levels of outstanding debt over time, to help readers assess the affordability of the current level of outstanding debt, and the City's ability to issue additional debt:

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Debt
- Legal Debt Margin Information

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant years.

**CITY OF NEWPORT BEACH**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**



| Fiscal Year Ended June 30 | Governmental Activities | | | | | |
|---|---|---|---|---|---|---|
| | Certificates of Participation [1] | Pre-Annexation Agreement | CDBG Loan | Leases [3] | Subscription-based Information Technology Arrangements [3] | Total Governmental Activities |
| 2016 | 114,137,212 | 1,200,000 | 1,207,000 | - | - | 116,544,212 |
| 2017 | 110,956,659 | - | 1,066,000 | - | - | 112,022,659 |
| 2018 | 107,651,106 | - | 916,000 | - | - | 108,567,106 |
| 2019 | 104,220,553 | - | 756,000 | - | - | 104,976,553 |
| 2020 | 100,695,000 | - | 585,000 | - | - | 101,280,000 |
| 2021 | 106,781,026 | - | 403,000 | - | - | 107,184,026 |
| 2022 | 102,698,895 | - | 208,000 | 13,321,040 | - | 116,227,935 |
| 2023 | 98,616,764 | - | - | 12,274,149 | 2,235,132 | 113,126,045 |
| 2024 | 94,389,633 | - | - | 14,339,382 | 1,832,755 | 110,561,770 |
| 2025 | 90,012,502 | - | - | 13,066,931 | 1,543,723 | 104,623,156 |

(continued)

NOTE:
This schedule excludes claims and judgments, employee compensated absence, pension, OPEB, and Early Retirement Incentive Plan liabilities. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1] Amounts include any applicable bond premium.

[2] These ratios are calculated using personal income and population for the prior calendar year.

[3] The GASB 87 and GASB 96 debts on this schedule are not money borrowed by the City, but are present-value calculations of estimated future payments by the City based on assumptions specified in GASB 87 and GASB 96. The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022. The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.

**CITY OF NEWPORT BEACH**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years**



| Fiscal Year Ended June 30 | Business-type Activities | | | Total Primary Government | Percentage of Personal Income [2] | Debt Per Capita [2] |
|---|---|---|---|---|---|---|
| | Leases [3] | Subscription-based Information Technology Arrangements [3] | Total Business-type Activities | | | |
| 2016 | - | - | - | 116,544,212 | 1.77% | 1,383 |
| 2017 | - | - | - | 112,022,659 | 1.66% | 1,319 |
| 2018 | - | - | - | 108,567,106 | 1.48% | 1,245 |
| 2019 | - | - | - | 104,976,553 | 1.36% | 1,204 |
| 2020 | - | - | - | 101,280,000 | 1.24% | 1,181 |
| 2021 | - | - | - | 107,184,026 | 1.31% | 1,248 |
| 2022 | 1,512,574 | - | 1,512,574 | 117,740,509 | 1.34% | 1,406 |
| 2023 | 3,820,774 | - | 3,820,774 | 116,946,819 | 1.27% | 1,402 |
| 2024 | 3,776,654 | - | 3,776,654 | 114,338,424 | 1.22% | 1,387 |
| 2025 | 3,732,290 | 110,383 | 3,842,673 | 108,465,829 | 1.32% | 1,312 |

**CITY OF NEWPORT BEACH**

**Ratios of General Bonded Debt**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Certificates of Participation[1] | Amounts Restricted for Debt Service | Total | Percent of Assessed Value[2] | General Bonded Debt Per Capita |
|---|---|---|---|---|---|
| 2016 | 114,137,212 | (2,362,904) | 111,774,308 | 0.24% | 1,326 |
| 2017 | 110,956,659 | (2,364,034) | 108,592,625 | 0.22% | 1,279 |
| 2018 | 107,651,106 | (2,384,338) | 105,266,768 | 0.20% | 1,207 |
| 2019 | 104,220,553 | (2,362,228) | 101,858,325 | 0.18% | 1,168 |
| 2020 | 100,695,000 | (1,159,389) | 99,535,611 | 0.16% | 1,160 |
| 2021 | 106,781,026 | (2,255,795) | 104,525,231 | 0.16% | 1,217 |
| 2022 | 102,698,895 | (2,199,363) | 100,499,532 | 0.15% | 1,200 |
| 2023 | 98,616,764 | (2,183,979) | 96,432,785 | 0.14% | 1,156 |
| 2024 | 94,389,633 | (2,323,115) | 92,066,518 | 0.12% | 1,117 |
| 2025 | 90,012,502 | (2,024,393) | 87,988,109 | 0.11% | 1,065 |

[1] Amounts include any applicable bond premium.

[2] Assessed value was used because the actual value of taxable property is not readily available in the State of California.

**CITY OF NEWPORT BEACH**
**Direct and Overlapping Debt Related to Governmental Activities**
**June 30, 2025**

| | | |
|---|---|---|
| **City Net Assessed Valuation:** | | $ 79,964,433,058 |

| | Percentage Applicable [1] | Outstanding Debt 6/30/25 | Estimated Share of Overlapping Debt |
|---|---|---|---|
| **OVERLAPPING DEBT:** | | | |
| Metropolitan Water District | 1.964% | $ 17,155,000 | $ 336,924 |
| Coast Community College District | 35.427% | 854,816,084 | 302,835,694 |
| Rancho Santiago Community College District | 2.508% | 132,145,756 | 3,314,216 |
| Rancho Santiago Community College District School Facilities Improvement District No. 1 | 4.720% | 138,730,000 | 6,548,056 |
| Laguna Beach Unified School District | 14.573% | 7,690,000 | 1,120,664 |
| Laguna Beach Unified School District Community Facilities District No. 98-1 | 100.000% | 6,005,000 | 6,005,000 |
| Newport Mesa Unified School District | 73.688% | 206,519,744 | 152,180,269 |
| Santa Ana Unified School District | 5.819% | 401,142,561 | 23,342,486 |
| Irvine Ranch Water District Improvement Districts | 2.658% - 100.000% | 384,477,033 | 41,027,239 |
| Bonita Canyon Public Facilities Financing Authority Community Facilities District No. 98-1 | 100.000% | 10,390,000 | 10,390,000 |
| California Statewide Community Development Authority Community Facilities District No. 2018-3 | 100.000% | 8,110,000 | 8,110,000 |
| City of Newport Beach 1915 Act Bonds | 100.000% | 35,124,813 | 35,124,813 |
| Orange County Newport Coast Assessment District No. 01-1 | 100.000% | 2,944,000 | 2,944,000 |
| Orange County Newport Coast Reassessment District No. 17-1R | 100.000% | 17,680,000 | 17,680,000 |
| Orange County General Fund Obligations | 9.863% | 429,065,000 | 42,318,681 |
| Orange County Board of Education General Fund Obligations | 9.863% | 9,120,000 | 899,506 |
| Coast Community College District General Fund Obligations | 35.427% | 660,000 | 233,818 |
| Coast Community College District Pension Obligation Bonds | 35.427% | 465,000 | 164,736 |
| Santa Ana Unified School District General Fund Obligations | 5.819% | 38,301,736 | 2,228,778 |
| TOTAL OVERLAPPING DEBT | | $ 2,700,541,727 | $ 656,804,879 |
| **DIRECT DEBT:** | | | |
| City of Newport Beach Certificates of Participation | 100.000% | $ 90,012,502 | $ 90,012,502 |
| Leases [3] | 100.000% | 13,066,931 | 13,066,931 |
| Subscription-based Information Technology Arrangements [3] | 100.000% | 1,543,723 | 1,543,723 |
| TOTAL DIRECT DEBT | | $ 104,623,156 | $ 104,623,156 |
| **TOTAL DIRECT AND OVERLAPPING DEBT** | | | **$ 761,428,035** |
| **GROSS COMBINED TOTAL DEBT [2]** | | | **$ 761,428,035** |

[1] The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

[3] The GASB 87 and GASB 96 debts on this schedule are not money borrowed by the City, but are present-value calculations of estimated future payments by the City based on assumptions specified in GASB 87 and GASB 96. The City of Newport Beach implemented GASB 87 for the fiscal year ended June 30, 2022. The City of Newport Beach implemented GASB 96 for the fiscal year ended June 30, 2023.

| Ratios to 2024-25 Net Assessed Valuation: | |
|---|---|
| Total Overlapping Debt | 0.82% |
| Total Direct Debt ($104,623,156) | 0.13% |
| Gross Combined Total Debt | 0.95% |

Source: California Municipal Statistics, Inc.

**CITY OF NEWPORT BEACH**
**Legal Debt Margin Information**
**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Assessed valuation | $ 47,388,470,098 | $ 50,341,686,565 | $ 53,780,216,020 | $ 57,701,161,781 | $ 60,744,806,554 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 11,847,117,525 | 12,585,421,641 | 13,445,054,005 | 14,425,290,445 | 15,186,201,639 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 1,777,067,629 | 1,887,813,246 | 2,016,758,101 | 2,163,793,567 | 2,277,930,246 |
| Total net debt applicable to limit: General obligation bonds | - | - | - | - | - |
| Legal debt margin | $ 1,777,067,629 | $ 1,887,813,246 | $ 2,016,758,101 | $ 2,163,793,567 | $ 2,277,930,246 |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

(continued)

NOTE:
The State of California Government Code Section 43605 provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City Administrative Services Department

**CITY OF NEWPORT BEACH**
**Legal Debt Margin Information**
**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Assessed valuation | $ 63,689,666,681 | $ 66,579,730,598 | $ 71,329,756,011 | $ 75,930,033,156 | $ 79,964,433,059 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 15,922,416,670 | 16,644,932,650 | 17,832,439,003 | 18,982,508,289 | 19,991,108,265 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 2,388,362,501 | 2,496,739,897 | 2,674,865,850 | 2,847,376,243 | 2,998,666,240 |
| Total net debt applicable to limit: General obligation bonds | - | - | - | - | - |
| Legal debt margin | $ 2,388,362,501 | $ 2,496,739,897 | $ 2,674,865,850 | $ 2,847,376,243 | $ 2,998,666,240 |
| Total debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Source: City Administrative Services Department

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# DEMOGRAPHIC AND ECONOMIC INFORMATION

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules depict demographic and economic indicators to assist the reader in understanding the socio-economic environment in which the City's financial activities take place:

- Demographic and Economic Statistics
- Principal Employers

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant years.

**CITY OF NEWPORT BEACH**

**Demographic and Economic Statistics**

**Last Ten Fiscal Years**

| Fiscal Year | Population[1](1) | Personal Income (in thousands) | Per Capita Income(2) | Unemployment Rate[2](3) |
|---|---|---|---|---|
| 2016 | 84,270 | 6,574,071 | 78,012 | 3.4% |
| 2017 | 84,915 | 6,736,392 | 79,331 | 3.1% |
| 2018 | 87,182 | 7,334,970 | 84,134 | 2.9% |
| 2019 | 87,180 | 7,704,445 | 88,374 | 2.6% |
| 2020 | 85,780 | 8,183,755 | 95,404 | 4.6% |
| 2021 | 85,865 | 8,175,464 | 95,213 (4) | 6.0% |
| 2022 | 83,727 | 8,791,502 | 105,002 | 3.0% |
| 2023 | 83,411 | 9,219,835 | 110,535 | 3.0% |
| 2024 | 82,419 | 9,389,008 | 113,918 | 3.5% |
| 2025 | 82,654 | 9,308,659 | 112,622 | 3.7% |

1 Population estimates are as of January 1 of the year shown and do not reflect revised estimates made available after the date the information was collected for the City's Annual Comprehensive Financial Report.

2 Unemployment rate represents an average of all monthly unemployment rates within a fiscal year.

Sources:

(1) California State Department of Finance, E-4 Population Estimates for Cities, Counties and State and E-1 Population and Housing Estimates for Cities, Counties and the State.

(2) U.S. Census Bureau - American Community Survey 1-Year Estimates

(3) State of California, Employment Development Department

(4) HdL, Coren & Cone

**CITY OF NEWPORT BEACH**

**Principal Employers[1]**

**Current Year and 9 years ago**

| | 2025 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Employer | Number of Employees | Rank | Percent of Total Employment | Number of Employees | Rank | Percent of Total Employment |
| Hoag Memorial Hospital | 5,690 | 1 | 7.15% | 4,800 | 1 | 5.90% |
| Pacific Life Insurance | 1,734 | 2 | 2.18% | 1,274 | 2 | 1.57% |
| Irvine Management Company | 1,483 | 3 | 1.86% | N/A [2] | - | N/A |
| PIMCO | 1,103 | 4 | 1.39% | 1,072 | 3 | 1.32% |
| Newport-Mesa Unified School District | 810 | 5 | 1.02% | 988 | 5 | 1.21% |
| City of Newport Beach | 775 | 6 | 0.97% | 730 | 8 | 0.90% |
| Balboa Bay Club and Resort | 710 | 7 | 0.89% | 650 | 9 | 0.80% |
| Resort at Pelican Hill | 650 | 8 | 0.82% | 756 | 7 | 0.93% |
| Glidewell Dental | 635 | 9 | 0.80% | 1,043 | 4 | 1.28% |
| Tower Semiconductor | 411 | 10 | 0.52% | 822 [3] | 6 | 1.01% |
| Marriott Newport Coast Villas | 375 | 11 | 0.47% | N/A [2] | - | N/A |
| CBRE Inc. | 347 | 12 | 0.44% | N/A [2] | - | N/A |

[1] Figures reflect number of employees of employer at the time the information was collected.

[2] Company listed was unable to provide employee data for 2016.

[3] Tower Semiconductor was formerly Jazz Semiconductor.

Source: Data obtained from companies listed and compiled by City Administrative Services Department.

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# OPERATING INFORMATION

This section of the City of Newport Beach's Annual Comprehensive Financial Report (ACFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. The statistical information presented herein is un-audited.

The following schedules present information on the City's operations and resources including service and infrastructure data to facilitate the readers' understanding of how financial statement information relates to the services the City provides and the activities it performs:

- Full Time City Employees by Functions
- Operating Indicators by Function
- Capital Asset Statistics by Function
- Water Sold by Customer Type
- Utility Rates
- Major Water Customers

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying accounting records for the relevant years.

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**CITY OF NEWPORT BEACH**

**Full-time City Employees by Function**

**Last Ten Fiscal Years**

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Function | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| General government | 77 | 77 | 79 | 80 | 78 | 80 | 81 | 85 | 94 | 95 |
| Public safety | 374 | 371 | 372 | 375 | 375 | 376 | 376 | 377 | 385 | 389 |
| Community development | 52 | 52 | 53 | 53 | 53 | 52 | 53 | 56 | 59 | 64 |
| Public works | 104 | 99 | 98 | 96 | 99 | 98 | 98 | 102 | 104 | 104 |
| Community services | 79 | 81 | 79 | 78 | 78 | 78 | 78 | 79 | 80 | 80 |
| Water | 32 | 31 | 33 | 33 | 33 | 33 | 33 | 32 | 34 | 33 |
| Wastewater | 12 | 13 | 11 | 11 | 11 | 11 | 11 | 11 | 10 | 11 |
| Total | 730 | 724 | 725 | 726 | 727 | 728 | 730 | 741 | 766 | 775 |

Source: City Administrative Services Department

**CITY OF NEWPORT BEACH**

**Operating Indicators by Function**

**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Police: | | | | | |
| Adult Arrests | 3,158 | 3,178 | 3,266 | 3,520 | 3,093 |
| Parking Citations Issued | 64,762 | 69,246 | 56,685 | 67,048 | 73,372 |
| Fire: | | | | | |
| Fire Responses | 300 | 247 | 248 | 209 | 11,913 [1] |
| Fire Inspections | 1,201 | 1,216 | 1,307 | 1,033 | 2,842 |
| General Services: | | | | | |
| Street Patching (tons of mix) | 1,890 | 1,439 | 1,403 | 1,402 | 913 |
| Sidewalk Repair (square feet) | 27,000 | 20,490 | 22,925 | 14,840 | 11,729 |
| Recreation & Senior Services: | | | | | |
| Co-Sponsored Youth Organization Attendance | 305,000 | 425,000 | 437,751 | 469,959 | 439,954 |
| Senior Transportation Services | 14,000 | 13,500 | 13,071 | 13,386 | 9,300 |
| Water: | | | | | |
| New Connections | 194 | 229 | 210 | 210 | 256 |
| Average Daily Consumption (hundred cubic feet) | 11.66 | 13.80 | 14.07 | 13.75 | 13.44 |
| Sewer: | | | | | |
| New Connections | 17 | 41 | 137 | 46 | 10 |
| Miles of Pipe Cleaned | 250 | 202 | 211 | 196 | 221 |
| Library Services: | | | | | |
| Library Circulation of Materials | 1,575,000 | 1,464,640 | 1,424,594 | 1,376,041 | 1,084,206 |

(continued)

[1] Data varies with trend due to inclusion of responses to fires, hazardous materials, medical and other emergencies.

[2] Data varies with trend due to COVID-19 restrictions in 2021.

[3] Data varies with trend due to COVID-19 restrictions being lifted in 2022.

Source: City of Newport Beach

**CITY OF NEWPORT BEACH**

**Operating Indicators by Function**

**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Police: | | | | | |
| Adult Arrests | 2,872 | 2,650 | 2,800 | 2,615 | 3,259 |
| Parking Citations Issued | 86,439 | 83,307 | 85,003 | 86,002 | 76,012 |
| Fire: | | | | | |
| Fire Responses | 12,204 | 13,251 | 13,486 | 13,493 | 13,994 |
| Fire Inspections | 475 [2] | 3,015 [3] | 2,807 | 2,824 | 3,312 |
| General Services: | | | | | |
| Street Patching (tons of mix) | 920 | 901 | 903 | 739 | 1,016 |
| Sidewalk Repair (square feet) | 7,805 | 13,590 | 12,885 | 16,069 | 12,368 |
| Recreation & Senior Services: | | | | | |
| Co-Sponsored Youth Organization Attendance | 455,442 | 392,605 | 454,418 | 527,754 | 502,722 |
| Senior Transportation Services | 6,287 | 8,805 | 10,048 | 10,190 | 10,599 |
| Water: | | | | | |
| New Connections | 160 | 252 | 184 | 176 | 160 |
| Average Daily Consumption (hundred cubic feet) | 14.87 | 14.28 | 11.06 | 10.77 | 11.89 |
| Sewer: | | | | | |
| New Connections | 25 | 3 | 12 | 9 | 13 |
| Miles of Pipe Cleaned | 240 | 209 | 178 | 192 | 230 |
| Library Services: | | | | | |
| Library Circulation of Materials | 1,043,629 | 1,195,151 | 1,172,951 | 1,213,486 | 1,213,252 |

Source: City of Newport Beach

**CITY OF NEWPORT BEACH**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | |
| Fire Stations | 8 | 8 | 8 | 8 | 8 |
| Lifeguard Headquarters | 1 | 1 | 1 | 1 | 1 |
| Public works: | | | | | |
| Streets (miles) | 399 | 400 | 400 | 400 | 400 |
| Streetlights | 5,978 | 5,978 | 5,978 | 5,971 | 5,972 |
| Traffic Signals | 808 | 808 | 808 | 808 | 808 |
| Recreation & Senior Services: | | | | | |
| Parks | 64 | 64 | 64 | 65 | 65 |
| Community Centers (includes leased property) | 15 | 15 | 15 | 15 | 15 |
| Aquatic Center | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | |
| Water Mains (miles) | 299.77 | 300.64 | 300.30 | 300.88 | 300.82 |
| Maximum Daily Capacity (thousands of gallons) | 27,800 | 27,800 | 27,800 | 27,800 | 27,800 |
| Wastewater: | | | | | |
| Sanitary Sewers (miles) | 202.75 | 202.72 | 203.56 | 203.99 | 204.10 |
| Storm Sewers (miles) | 92.08 | 94.74 | 95.12 | 95.35 | 95.89 |
| Library Services: | | | | | |
| Libraries | 4 | 4 | 4 | 4 | 4 |

(continued)

Source: City of Newport Beach

**CITY OF NEWPORT BEACH**

**Capital Asset Statistics by Function**

**Last Ten Fiscal Years**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Police: | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 |
| Fire: | | | | | |
| Fire Stations | 8 | 8 | 8 | 8 | 8 |
| Lifeguard Headquarters | 1 | 1 | 1 | 1 | 1 |
| Public works: | | | | | |
| Streets (miles) | 400 | 400 | 401 | 399 | 399 |
| Streetlights | 5,973 | 5,974 | 5,974 | 5,974 | 5,974 |
| Traffic Signals | 808 | 808 | 808 | 808 | 808 |
| Recreation & Senior Services: | | | | | |
| Parks | 65 | 66 | 66 | 66 | 66 |
| Community Centers (includes leased property) | 15 | 14 | 14 | 15 | 15 |
| Aquatic Center | 1 | 1 | 1 | 1 | 1 |
| Water: | | | | | |
| Water Mains (miles) | 301.23 | 301.13 | 301.48 | 301.39 | 301.01 |
| Maximum Daily Capacity (thousands of gallons) | 27,800 | 27,800 | 27,800 | 27,800 | 27,800 |
| Wastewater: | | | | | |
| Sanitary Sewers (miles) | 204.13 | 204.30 | 204.72 | 204.81 | 204.81 |
| Storm Sewers (miles) | 96.18 | 97.37 | 97.81 | 104.28 | 105.81 |
| Library Services: | | | | | |
| Libraries | 4 | 4 | 4 | 4 | 4 |

Source: City of Newport Beach

**CITY OF NEWPORT BEACH**

**Water Sold by Type of Customer**

**Last Ten Fiscal Years**

**(in hundred cubic feet)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 | 2020 |
| Type of Customer: | | | | | |
| Residential | 3,072,589 | 3,564,203 | 3,603,927 | 3,439,655 | 3,747,408 |
| Commercial | 1,847,372 | 2,142,952 | 2,201,254 | 2,075,812 | 2,081,860 |
| Government | 263,116 | 305,214 | 289,738 | 256,398 | 270,638 |
| Total | 5,183,077 | 6,012,369 | 6,094,919 | 5,771,865 | 6,099,906 |
| Total direct rate per 100 cubic ft. | $ 3.08 | $ 3.08 | $ 3.08 | $ 3.08 | $ 3.11 [1] |

(continued)

[1] Reflects increase in commodity rate effective January 1, 2020
[2] Reflects increase in commodity rate effective January 1, 2021
[3] Reflects increase in commodity rate effective January 1, 2022
[4] Reflects increase in commodity rate effective January 1, 2023
[5] Reflects increase in commodity rate effective January 1, 2024
[6] Reflects increase in commodity rate effective January 1, 2025

Source: City Utilities Department

**CITY OF NEWPORT BEACH**

**Water Sold by Type of Customer**

**Last Ten Fiscal Years**

**(in hundred cubic feet)**



| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2021 | 2022 | 2023 | 2024 | 2025 |
| Type of Customer: | | | | | |
| Residential | 3,811,231 | 3,714,134 | 3,242,477 | 3,154,529 | 3,294,352 |
| Commercial | 2,231,809 | 2,078,199 | 1,728,975 | 1,698,963 | 1,868,134 |
| Government | 299,442 | 314,128 | 256,850 | 224,058 | 280,676 |
| Total | 6,342,482 | 6,106,461 | 5,228,302 | 5,077,550 | 5,443,162 |
| Total direct rate per 100 cubic ft. | $ 3.35 [2] | $ 3.60 [3] | $ 3.87 [4] | $ 4.16 [5] | $ 4.26 [6] |

Source: City Utilities Department

**CITY OF NEWPORT BEACH**

**Utility Rates[1]**

**Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Monthly Base Rate | Rate per 100 cubic ft |
|---|---|---|
| 2016 | 21.77 | 3.43 |
| 2017 | 21.77 | 3.43 |
| 2018 | 23.73 | 3.46 |
| 2019 | 24.34 | 3.50 |
| 2020 | 28.09 | 3.57 |
| 2021 | 30.25 | 3.85 |
| 2022 | 32.03 | 4.14 |
| 2023 | 33.77 | 4.41 |
| 2024 | 37.64 | 4.69 |
| 2025 | 44.44 | 4.81 |

[1] Rates are based on 5/8" or 3/4" meter, which are the standard household meter sizes. Rates include sewer service. The City charges an excess-use rate above normal demand.

Source: City Revenue Division

**CITY OF NEWPORT BEACH**

**Major Water Customers**

**Current Year and Nine Years Ago**

| | 2025 | | | 2016 | | |
|---|---|---|---|---|---|---|
| Water Customer | Water Charges | Rank | Percent of Total Water Revenues | Water Charges | Rank | Percent of Total Water Revenues |
| Irvine Company Apartment | $ 878,950 | 1 | 2.11% | $ 320,311 | 1 [1] | 1.29% |
| Irvine Company Office | 731,541 | 2 | 1.75% | 356,057 | 1 [1] | 1.43% |
| Hoag Memorial Hospital | 525,140 | 3 | 1.26% | 285,276 | 2 | 1.15% |
| Newport Beach Country Club | 472,025 | 4 | 1.13% | 168,306 | 6 | 0.68% |
| Big Canyon Country Club | 429,437 | 5 | 1.03% | 217,509 | 5 | 0.88% |
| UDR Newport Beach | 364,956 | 6 | 0.87% | 243,261 | 3 | 0.98% |
| Bluffs Homeowners Association | 363,672 | 9 | 0.87% | 156,211 | 8 | 0.63% |
| Newport-Mesa Unified School District | 347,777 | 7 | 0.83% | 152,434 | 9 | 0.61% |
| Park Newport Ltd | 324,952 | 11 | 0.78% | 230,698 | 4 | 0.93% |
| Irvine Company LLC | 294,126 | 8 | 0.70% | 140,771 | 10 | 0.57% |
| Newport Dunes Resort | 195,847 | 12 | 0.47% | 88,257 | 20 | 0.36% |
| Jasmine Creek Community Association | 176,743 | 10 | 0.42% | 95,766 | 16 | 0.39% |
| Spyglass Hill Community Association | 170,418 | 13 | 0.41% | 112,756 | 11 | 0.45% |
| Villa Balboa Community Association | 164,010 | 14 | 0.39% | 111,351 | 12 | 0.45% |
| One Ford Road Community Association | 162,498 | 15 | 0.39% | 94,645 | 17 | 0.38% |
| | $ 5,602,092 | | 13.42% | $ 2,773,609 | | 11.18% |

[1] Company listed operated under The Irvine Company in 2016.

Source: City Revenue Division

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City of Newport Beach
100 Civic Center Drive
Newport Beach, CA 92660
(949) 644-3123
www.newportbeachca.gov/acfr

# Attachment B

Auditors' Required Communications with the Audit Committee

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

# REQUIRED AUDIT COMMUNICATIONS

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (City) as of and for the year ended June 30, 2025, and have issued our report thereon dated January 28, 2026. Professional standards require that we advise you of the following matters during our audit.

## Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 12, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We identified self-review threats to independence as a result of non-attest services provided. Those non-attest services included assisting in preparation of the financial statements, recording journal entries detected during the audit process, assisting in updating

infrastructure records, assisting in preparation of the State Controller's Report, and assisting in entering City leases into the City's software. To mitigate the risk, management has reviewed the financial statements and compared amounts to the accounting records, reviewed proposed journal entries to supporting documentation and posted the journal entries to the accounting records. Management has reviewed the updates to infrastructure records and compared amounts to underlying supporting documentation. In addition, management has reviewed the information generated from the lease software, compared amounts to underlying documentation and reviewed and posted the journal entries generated by the software. Furthermore, management has reviewed the State Controller's Report and agreed the amounts to its accounting records.

**Significant Risks Identified**

We have identified the following significant risks:

- The new compensated absences accounting standard, Governmental Accounting Standards Board (GASB) Statement No. 101. As a result, we reviewed the City's calculations and ensured the financial statements and footnotes are accurate and complete.
- Compliance with federal grant requirements. We plan to review the City's Schedule of Expenditure of Federal Awards and select major programs to test for compliance with federal grant requirements. This work is scheduled to begin in January.

**Qualitative Aspects of the City's Significant Accounting Practices**

*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. As described in Note 7 to the financial statements, during the year, the City changed its method of accounting for compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Additionally, the City changed accounting policies regarding risk disclosures related to government vulnerabilities due to concentrations and constraints by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 102, *Certain Risk Disclosures*. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

*Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the net pension liability.
- Management's estimate of the net OPEB liability.
- Management's estimates of the claims payable liabilities related to general liability and workers' compensation claims.

Management's estimate of the pension liability, OPEB liability and claims payable liabilities are based on actuarial valuation reports. We evaluated the key factors and assumptions used to develop the pension liability, OPEB liability, and claims payable liabilities and determined they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

*Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City's financial statements relate to pensions in Note 11 and OPEB in Note 12. The financial statement disclosures are neutral, consistent, and clear.

**Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

**Significant Difficulties Encountered During the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

**Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no material misstatements recorded as a result of our audit procedures.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested and received certain written representations from management, which are included in a separate letter dated January 28, 2026.

**Management Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

**Other Information Included in the Annual Comprehensive Financial Report**

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the City's annual report, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis Farr LLP

Irvine, California
January 28, 2026

# Attachment C

Auditors' Required on Internal Control Over Financial Reporting and on Compliance Matters

DavisFarr
CERTIFIED PUBLIC ACCOUNTANTS

Davis Farr LLP
18201 Von Karman Avenue | Suite 1100 | Irvine, CA 92612
Main: 949.474.2020 | Fax: 949.263.5520

# Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and
Members of the City Council
City of Newport Beach
Newport Beach, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newport Beach (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 28, 2026.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis Farr LLP

Irvine, California
January 28, 2026

**NEWPORT BEACH PLANNING COMMISSION AGENDA**
**CITY COUNCIL CHAMBERS – 100 CIVIC CENTER DRIVE**
**THURSDAY, MARCH 05, 2026**
**REGULAR MEETING – 6:00 P.M.**

## I. CALL TO ORDER

## II. PLEDGE OF ALLEGIANCE

## III. ROLL CALL

## IV. PUBLIC COMMENTS

*Public comments are invited on non-agenda items generally considered to be within the subject matter jurisdiction of the Planning Commission. Speakers must limit comments to three (3) minutes. Before speaking, please state your name for the record and print your name on the blue forms provided at the podium.*

## V. REQUEST FOR CONTINUANCES

## VI. CONSENT ITEMS

**ITEM NO. 1 MINUTES OF FEBRUARY 5, 2026**

**Recommended Action:** Approve and file

## VII. PUBLIC HEARING ITEMS

**ITEM NO. 2 300 NEWPORT CENTER DRIVE CONDOMINIUMS (PA2025-0102)**
**Site Location: 210 and 300 Newport Center Drive and Unaddressed Parcels Identified as Accessor Parcel Numbers 442-091-12 and 442-161-16**

**Summary:**

A request to demolish all improvements on a 4.17-acre site, including an existing movie theater (Regal Edwards Big Newport) and a health/fitness facility (Body Design), to allow for the construction of two, 22-story residential buildings (approximately 270 feet high) consisting of a total of 150 condominium units, on-site amenities, for-sale home offices, retail/café space, and 343 parking spaces. Each residential building is nearly identical and is connected through a podium that contains the home offices, retail/café, amenities, parking, and building support facilities. The project includes private residential amenities such as pools, exercise facilities, and entertainment spaces. Vehicular access to the Property is through a driveway on Newport Center Drive, which leads to a guardhouse and motorized gate restricting access to the motor court and valet drop off. The requested project requires the following approvals:

- Major Site Development Review to allow a new residential development with five or more units and a tentative tract map, and to waive 5 of the 52 Multi-Unit Objective Design Standards;

- Conditional Use Permit to waive 58 required off-street parking spaces for the proposed home offices and retail/café component; and

- Vesting Tentative Tract Map to consolidate four lots into one parcel and to allow for an airspace subdivision of the individual residential units and nonresidential units for condominium purposes.

**Recommended Actions:**

1. Conduct a public hearing;

2. Find that this project is not subject to further environmental review pursuant to Section 21083.3 of the California Public Resources Code (PRC) and Section 15183 of the California Environmental Quality Act (CEQA) Guidelines because the project is consistent with the previously certified Program Environmental Impact Report (SCH No. 2023060699); and

3. Adopt Resolution No. PC2026-004 approving the Major Site Development Review, Conditional Use Permit, and Vesting Tentative Tract Map No. 19407, collectively filed as PA2025-0102.

## ITEM NO. 3 THE NICE GUY RESTAURANT (PA2025-0252)
## Site Location: 2607 West Coast Highway

**Summary:**

A request for a conditional use permit (CUP) to renovate an existing 5,260-square-foot restaurant space on the waterfront, formerly occupied by *GuacAmigos*, and operate a restaurant known as *The Nice Guy* with a Type 47 (On-Sale General – Eating Place) Alcoholic Beverage Control license, late hour operations, and live entertainment. Proposed hours of operation are 11 a.m. to 12 a.m., Monday through Saturday, and 9:30 a.m. to 12 a.m. on Sunday. A CUP is required to authorize a restaurant with alcohol service and late hour operations (defined by the Newport Beach Municipal Code as service provided after 11 p.m.). If this CUP is approved, the restaurant operator will be required to obtain an operator license from the Newport Beach Police Department, as they intend to offer alcoholic beverages for on-site consumption in conjunction with late hour operations and live entertainment. No dancing is proposed. Approval of the project will also supersede the Minor Use Permit filed as PA2023-0119 and Staff Approval No. SA2018-010.

**Recommended Actions:**

1. Conduct a public hearing;

2. Find this project exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15301 under Class 1 (Existing Facilities) of the CEQA Guidelines, because it has no potential to have a significant effect on the environment and the exceptions to this Exemption do not apply; and

3. Adopt Resolution No. PC2026-005 approving the Conditional Use Permit filed as PA2025-0252.

## ITEM NO. 4 WIRELESS SERVICE FACILITIES CODE AMENDMENTS (PA2021-103)
## Site Location: Citywide

**Summary:**

Consistent with the City Council's initiation on May 25, 2021, and the more recent guidance provided at the City Council Study Session on January 13, 2026, the proposed amendments to Title 13 (Streets, Sidewalks and Public Property), Title 20 (Planning and Zoning), and Title 21 (Local Coastal Program Implementation Plan) of the Newport Beach Municipal Code serve to simplify and modernize some of the City of Newport Beach's (City) regulations related to the permitting, installation, modification, operation, and maintenance of wireless service facilities on both private and public property, including within the public right-of-way. Although Title 13 does not fall within the purview of the Planning Commission, it is included for reference

**Recommended Actions:**

1. Conduct a public hearing;

2. Find this action is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 20165 of the California Public Resources Code and Sections 15060(c)(2), 15060(c)(3), and 15378 of the California Code of Regulations, Title 14, Division 6, Chapter 3 (CEQA Guidelines). Further find this action is also exempt pursuant to CEQA Guidelines Section 15061(b)(3), the general rule that CEQA applies only to projects, which have the potential for causing a significant effect on the environment;

3. Adopt Resolution No. PC2026-006 recommending the City Council approve the Zoning Code Amendment modifying regulations pertaining to wireless service facilities on private and public property; and

4. Adopt Resolution No. PC2026-007 recommending the City Council authorize staff to submit the Local Coastal Program Amendment to the California Coastal Commission.

## VIII. DISCUSSION ITEMS

### ITEM NO. 5 ANNUAL GENERAL PLAN AND HOUSING PROGRESS REPORTS (PA2026-0004)
**Site Location: Citywide**

**Summary:**

The General Plan and Housing Element Annual Progress Reports (Reports) are prepared by City of Newport Beach staff each year and reviewed by the Planning Commission and City Council. The Reports summarize the City's progress with implementing the goals, policies, and programs of the General Plan and specifically, the Housing Element. The current Reports are presented for the Planning Commissions' review and expansively cover the City's activities in calendar year 2025

**Recommended Actions:**

1. Find the review of the 2025 General Plan and Housing Element Annual Progress Report is not subject to the California Environmental Quality Act (CEQA) pursuant to Section 15060(b)(2) of the CEQA Guidelines, California Code of Regulations, Title 14, Division 6, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly;

2. Review and comment on the 2025 General Plan and Housing Element Annual Progress Reports; and

3. Recommend the City Council review and authorize the submittal of the 2025 General Plan and Housing Element Annual Progress Reports to the California Office of Land Use and Climate Innovation (LCI) and the submittal of the Housing Element portion to the State Department of Housing and Community Development (HCD)

## IX. STAFF AND COMMISSIONER ITEMS

**ITEM NO. 6 MOTION FOR RECONSIDERATION**

**ITEM NO. 7 REPORT BY THE COMMUNITY DEVELOPMENT DIRECTOR OR REQUEST FOR MATTERS WHICH A PLANNING COMMISSION MEMBER WOULD LIKE PLACED ON A FUTURE AGENDA**

**ITEM NO. 8 REQUESTS FOR EXCUSED ABSENCES**

## X. ADJOURNMENT

CITY OF

# NEWPORT BEACH

## City Council Staff Report

March 10, 2026
Agenda Item No. __

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

**FROM:** Jaime Murillo, Community Development Director - 949-644-3209, jmurillo@newportbeachca.gov

**PREPARED BY:** Benjamin M. Zdeba, AICP, Acting Deputy Community Development Director – bzdeba@newportbeachca.gov

**PHONE:** 949-644-3253

**TITLE:** Planning Commission Agenda Report for March 5, 2026

---

**CONSENT ITEMS:**

**ITEM NO. 1** **MINUTES OF FEBRUARY 5, 2026**

**SUMMARY:** Draft minutes from February 5, 2026, meeting of the Planning Commission.

The Planning Commission approved the minutes by the following vote:

| | |
|---|---|
| AYES: | Harris, Langford, Ellmore, Gazzano, Rosene and Salene |
| NOES: | None |
| ABSENT: | Reed |
| ABSTAIN: | None |

**ACTION:** Approved

**PUBLIC HEARING ITEMS:**

**ITEM NO. 2** **300 NEWPORT CENTER DRIVE CONDOMINIUMS (PA2025-0102)**
**Site Location: 210 and 300 Newport Center Drive and Unaddressed Parcels Identified as Assessor Parcel Numbers 442-091-12 and 442-161-16**

**SUMMARY:** A request to demolish all improvements on a 4.17-acre site, including an existing movie theater (Regal Edwards Big Newport) and a health/fitness facility (Body Design), to allow for the construction of two, 22-story residential buildings (approximately 270 feet high) consisting of a total of 150 condominium units, on-site amenities, for-sale home offices, retail/café space, and 343 parking spaces. Each residential building is nearly identical and is connected through a podium that contains the home offices, retail/café, amenities, parking, and building support facilities. The project includes private residential amenities such as pools, exercise facilities, and entertainment

spaces. Vehicular access to the property is through a driveway on Newport Center Drive, which leads to a guardhouse and motorized gate restricting access to the motor court and valet drop off. The requested project requires the following approvals:

- Major Site Development Review to allow a new residential development with five or more units and a tentative tract map, and to waive 5 of the 52 Multi-Unit Objective Design Standards;

- Conditional Use Permit to waive 58 required off-street parking spaces for the proposed home offices and retail/café component; and

- Vesting Tentative Tract Map to consolidate four lots into one parcel and to allow for an airspace subdivision of the individual residential units and nonresidential units for condominium purposes.

The Planning Commission conducted a public hearing, considered public input, and approved the project with amendments from staff by the following vote:

| | |
|---|---|
| AYES: | Harris, Langford, Ellmore, Gazzano, Rosene and Salene |
| NOES: | None |
| ABSENT: | Reed |
| RECUSED: | None |

**ACTION:** Approved

**ITEM NO. 3** **THE NICE GUY RESTAURANT (PA2025-0252)**
**Site Location: 2607 West Coast Highway**

**SUMMARY:** A request for a conditional use permit (CUP) to renovate an existing 5,260-square-foot restaurant space on the waterfront, formerly occupied by *GuacAmigos*, and operate a restaurant known as *The Nice Guy* with a Type 47 (On-Sale General – Eating Place) Alcoholic Beverage Control license, late hour operations, and live entertainment. Proposed hours of operation are 11 a.m. to 12 a.m., Monday through Saturday, and 9:30 a.m. to 12 a.m. on Sunday. A CUP is required to authorize a restaurant with alcohol service and late hour operations (defined by the Newport Beach Municipal Code as service provided after 11 p.m.). If this CUP is approved, the restaurant operator will be required to obtain an operator license from the Newport Beach Police Department, as they intend to offer alcoholic beverages for on-site consumption in conjunction with late hour operations and live entertainment. No dancing is proposed. Approval of the project will also supersede the Minor Use Permit filed as PA2023-0119 and Staff Approval No. SA2018-010.

The Planning Commission conducted a public hearing, considered public input, and approved the project with amendments to the Conditions of Approval by the following vote:

| | |
|---|---|
| AYES: | Langford, Ellmore, Gazzano, Rosene and Salene |

NOES: None
ABSENT: Reed
RECUSED: Harris

**ACTION:** Approved

**ITEM NO. 4** **WIRELESS SERVICE FACILITIES CODE AMENDMENTS (PA2021-103)**
**Site Location: Citywide**

**SUMMARY:** Consistent with the City Council's initiation on May 25, 2021, and the more recent guidance provided at the City Council Study Session on January 13, 2026, the proposed amendments to Title 13 (Streets, Sidewalks and Public Property), Title 20 (Planning and Zoning), and Title 21 (Local Coastal Program Implementation Plan) of the Newport Beach Municipal Code serve to simplify and modernize some of the City of Newport Beach's (City) regulations related to the permitting, installation, modification, operation, and maintenance of wireless service facilities on both private and public property, including within the public right-of-way. Although Title 13 does not fall within the purview of the Planning Commission, it is included for reference.

The Planning Commission conducted a public hearing, considered public input, and recommended the City Council's approval of the code amendments by the following vote:

AYES: Harris, Langford, Ellmore, Gazzano, Rosene and Salene
NOES: None
ABSENT: Reed
RECUSED: None

**ACTION:** Recommended the City Council's Approval

**ITEM NO. 5** **ANNUAL GENERAL PLAN HOUSING REPORT (PA2026-0004)**
**Site Location: Citywide**

**SUMMARY:** The General Plan and Housing Element Annual Progress Reports (Reports) are prepared by City of Newport Beach staff each year and reviewed by the Planning Commission and City Council. The Reports summarize the City's progress with implementing the goals, policies, and programs of the General Plan and specifically, the Housing Element. The current Reports are presented for the Planning Commissions' review and expansively cover the City's activities in calendar year 2025.

The Planning Commission conducted a public hearing, considered public input, and recommended the City Council review and authorize submittal of the 2025 General Plan and Housing Element Annual Progress Reports by the following vote:

AYES: Harris, Langford, Ellmore, Gazzano, Rosene and Salene
NOES: None
ABSENT: Reed

RECUSED: None

**ACTION:** Recommended the City Council's Authorization

# City of Newport Beach

Tentative Agenda Report - 2/28/2026 - 6/3/2026

| Project Title | Activity | ADDRESS | PA # | Staff assigned | Status | District |
|---|---|---|---|---|---|---|
| **March 03, 2026 - PB&R Commission Meeting (GP Update)** | | | | | | |
| **March 05, 2026 - Planning Commission Meeting** | | | | | | |
| 300 Newport Center Drive Condominiums | Public Hearing | 300 NEWPORT CENTER DR | PA2025-0102 | Liz Westmoreland | MORE INFO | District 5 |
| Annual General Plan Housing Report | General Plan Annual Report | 100 CIVIC CENTER DR | PA2026-0004 | Melinda Whelan | MORE INFO | District 5 |
| Telecom Facilities (CC Initiated 05/25/2021) | Public Hearing - Considering Recommendation to City Council | 1 CITYWIDE PROJECT | PA2021-103 | Benjamin Zdeba | MORE INFO | Citywide |
| The Nice Guy CUP | Public Hearing | 2607 COAST HWY W | PA2025-0252 | Laura Rodriguez | MORE INFO | District 2 |
| **March 10, 2026 - City Council Meeting** | | | | | | |
| Reclassifications | Authorization | 100 CIVIC CENTER DR | PA2026-0020 | Jaime Murillo | MORE INFO | District 5 |
| **March 11, 2026 - Harbor Commission Meeting (GP Update)** | | | | | | |
| **March 12, 2026 - Zoning Administrator Meeting (Zdeba)** | | | | | | |
| Manson Residence Mod Permit | Public Hearing | 2612 CIRCLE DR | PA2025-0205 | Oscar Orozco | MORE INFO | District 2 |
| **March 19, 2026 - Airport Land Use Commission (GP Update)** | | | | | | |
| **March 19, 2026 - Planning Commission Meeting** | | | | | | |
| General Plan Update | Study Session | 1 CITYWIDE PROJECT | PA2022-080 | Benjamin Zdeba | MORE INFO | Citywide |
| Newport Place PC Amendment- Affordability | Public Hearing | 1 CITYWIDE PROJECT | PA2025-0196 | Rosalinh Ung | MORE INFO | |
| ZC & LCP Amendment for Smoke Related Businesses | Public Hearing | 100 CIVIC CENTER DR | PA2025-0171 | Oscar Orozco | MORE INFO | District 5 |
| Zenith Driveway Access | Public Hearing | 2350 BRISTOL ST | PA2025-0112 | Daniel Kopshever | MORE INFO | District 3 |

The tentative schedule is a tool to assist the preparation of future agendas. It does not provide a complete description of projects and it does not list all projects currently under review that could be scheduled. The tentative schedule changes without notice.

**City of Newport Beach**
Tentative Agenda Report - 2/28/2026 - 6/3/2026

| Project Title | Activity | ADDRESS | PA # | Staff assigned | Status | District |
|---|---|---|---|---|---|---|
| **March 24, 2026 - City Council Meeting** | | | | | | |
| Amendments to Professional Services Agreements | Consent | 1 CITYWIDE PROJECT | PA2024-0225 | Tonee Thai | MORE INFO | District 5 |
| Annual General Plan Housing Report | General Plan Annual Report | 100 CIVIC CENTER DR | PA2026-0004 | Melinda Whelan | MORE INFO | District 5 |
| **March 26, 2026 - Zoning Administrator Meeting (Zdeba)** | | | | | | |
| 407 Heliotrope Condominiums | Public Hearing | 407 HELIOTROPE AVE | PA2025-0172 | Melinda Whelan | MORE INFO | District 6 |
| Amalfi MUP | Public Hearing | 401 NEWPORT CENTER DR, A104 | PA2025-0210 | Daniel Kopshever | MORE INFO | District 5 |
| Camp James LTP CDP | Public Hearing | 1131 BACK BAY DR | PA2025-0224 | Jerry Arregui | MORE INFO | District 4 |
| Emami Residence CDP | Public Hearing | 355 VIA LIDO SOUD | PA2025-0173 | Daniel Kopshever | MORE INFO | District 1 |
| Hoag Development Agreement Annual Review | Public Hearing | 1 HOAG DR | PA2025-0046 | Jerry Arregui | MORE INFO | District 2 |
| Meadows Residence | Public Hearing | 2412 MESA DR | PA2025-0200 | Laura Rodriguez | MORE INFO | District 3 |
| Newman Residence CDP | Public Hearing (tentative) | 2609 COVE ST | PA2025-0229 | Laura Rodriguez | MORE INFO | District 6 |
| **April 02, 2026 - Planning Commission Special Meeting** | | | | | | |
| 1500 Quail Residences | Public Hearing | 1500 QUAIL ST | PA2025-0163 | Melinda Whelan | MORE INFO | District 3 |
| Jaypop Sushi CUP | Public Hearing | 3333 COAST HWY E | PA2025-0152 | David Blumenthal | MORE INFO | District 6 |
| **April 09, 2026 - Planning Commission Meeting (Canceled)** | | | | | | |
| **April 14, 2026 - City Council Meeting** | | | | | | |
| Acacia Atrium Medical Office Condominiums CUP, TPM | Appeal Hearing | 20280 ACACIA ST | PA2024-0236 | Oscar Orozco | MORE INFO | District 3 |

The tentative schedule is a tool to assist the preparation of future agendas. It does not provide a complete description of projects and it does not list all projects currently under review that could be scheduled. The tentative schedule changes without notice.

**City of Newport Beach**
Tentative Agenda Report - 2/28/2026 - 6/3/2026

| Project Title | Activity | ADDRESS | PA # | Staff assigned | Status | District |
|---|---|---|---|---|---|---|
| **April 16, 2026 - Zoning Administrator Meeting (Westmoreland)** | | | | | | |
| **April 23, 2026 - Planning Commission Meeting** | | | | | | |
| General Plan Update | Public Hearing | 1 CITYWIDE PROJECT | PA2022-080 | Benjamin Zdeba | MORE INFO | Citywide |
| Poitevin Residence CDP/Variance | Public Hearing | 2441 CRESTVIEW DR | PA2025-0179 | Laura Rodriguez | MORE INFO | District 2 |
| **April 28, 2026 - City Council Meeting** | | | | | | |
| General Plan Update | Study Session | 1 CITYWIDE PROJECT | PA2022-080 | Benjamin Zdeba | MORE INFO | Citywide |
| **April 30, 2026 - Zoning Administrator Meeting (Zdeba)** | | | | | | |
| **May 07, 2026 - Planning Commission Meeting** | | | | | | |
| **May 12, 2026 - City Council Meeting** | | | | | | |
| General Plan Update | Public Hearing - Adoption | 1 CITYWIDE PROJECT | PA2022-080 | Benjamin Zdeba | MORE INFO | Citywide |
| **May 14, 2026 - Zoning Administrator Meeting (Zdeba)** | | | | | | |
| **May 21, 2026 - Planning Commission Meeting** | | | | | | |
| **May 26, 2026 - City Council Meeting** | | | | | | |
| **May 28, 2026 - Zoning Administrator Meeting (Westmoreland)** | | | | | | |
| **Hearing Date to be Determined** | | | | | | |
| Lower Castaways | Resolution declaring Lower Castaways exempt surplus land | 100 DOVER DR | RP2026-0001 | Lauren Wooding | MORE INFO | District 3 |
| Palmilla Use Permit Amendment | Public Hearing (Tentative) | 3110 NEWPORT BLVD | PA2025-0108 | Melinda Whelan | MORE INFO | District 1 |
| Parkhouse Residences Fee Credit | Administrative Action. Director Approval | 4251 UPTOWN NEWPORT DR | PA2024-0229 | Rosalinh Ung | MORE INFO | District 3 |
| Saunders Self Storage | | 3848 CAMPUS DR | PA2023-0145 | Liz Westmoreland | MORE INFO | District 3 |

The tentative schedule is a tool to assist the preparation of future agendas. It does not provide a complete description of projects and it does not list all projects currently under review that could be scheduled. The tentative schedule changes without notice.

**City of Newport Beach**
Tentative Agenda Report - 2/28/2026 - 6/3/2026

| Project Title | Activity | ADDRESS | PA # | Staff assigned | Status | District |
|---|---|---|---|---|---|---|
| **Pending Coastal Commission** | | | | | | |
| Coastal Act 30613 CDP Jurisdiction Change | City Project | 1 CITYWIDE PROJECT | PA2022-111 | Jaime Murillo | MORE INFO | Citywide |
| Housing Element Implementation Program Amendments | LCP Amendment | 1 CITYWIDE PROJECT | PA2022-0245 | Benjamin Zdeba | MORE INFO | District 5 |

The tentative schedule is a tool to assist the preparation of future agendas. It does not provide a complete description of projects and it does not list all projects currently under review that could be scheduled. The tentative schedule changes without notice.

| Planner Contact Information | | |
|---|---|---|
| Name & Title | Phone | Email |
| Benjamin Zdeba, Acting Deputy Director | 949-644-3253 | bzdeba@newportbeachca.gov |
| Cameron Younger, Planning Technician | 949-644-3237 | cyounger@newportbeachca.gov |
| Dan Campagnolo, Systems and Administration Manager | 949-644-3231 | dcampagnolo@newportbeachca.gov |
| Daniel Kopshever, Assistant Planner | 949-644-3235 | dkopshever@newportbeachca.gov |
| David Blumenthal, Contract Planner | | dblumenthal@newportbeachca.gov |
| David Lee, Principal  Planner | 949-644-3225 | dlee@newportbeachca.gov |
| Jaime Murillo, CDD Director | 949-644-3209 | jmurillo@newportbeachca.gov |
| Jasmine Leon, Planning Technician | 949-644-3201 | jleon@newportbeachca.gov |
| Jenny Hannsun, Associate Planner | 949-644-3212 | jhannsun@newportbeachca.gov |
| Jerry Arregui, Assistant Planner | 949-644-3249 | jarregui@newportbeachca.gov |
| Joselyn Perez, Senior Planner | 949-644-3312 | jperez@newportbeachca.gov |
| Laura Rodriguez, Assistant Planner | 949-644-3216 | lrodriguez@newportbeachca.gov |
| Lauren Wooding, Real Property Administrator | 949-644-3236 | lwooding@newportbeachca.gov |
| Liz Westmoreland, Principal Planner | 949-644-3234 | lwestmoreland@newportbeachca.gov |
| Melinda Whelan, Assistant Planner | 949-644-3221 | mwhelan@newportbeachca.gov |
| Oscar Orozco, Associate Planner | 949-644-3219 | oorozco@newportbeachca.gov |
| Rosalinh Ung, Principal Planner (PT) | 949-644-3208 | rung@newportbeachca.gov |
| Tonee Thai, Deputy CDD Director & Building Official | 949-718-1867 | tthai@newportbeachca.gov |

The tentative schedule is a tool to assist the preparation of future agendas. It does not provide a complete description of projects and it does not list all projects currently under review that could be scheduled. The tentative schedule changes without notice.

Received after Agenda Printed
March 10, 2026
Non Agenda Item

**From:** Sam Giahi
**To:** City Clerk"s Office
**Subject:** Newport Beach City Council meeting - PUBLIC COMMENTS
**Date:** March 08, 2026 7:00:16 PM

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**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear City Council,

I would like to know what is the city's policy in adopting AI to reduce cost and increase efficiency and the speed of operation.

Best regards,
Sam Giahi

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**From:** Ad lever
**To:** City Clerk"s Office
**Subject:** Council Meeting Slides 03-10-2026
**Date:** March 08, 2026 12:47:20 PM
**Attachments:** Slide - City Council 03-10-2026 - A Leverenz.pdf

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**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

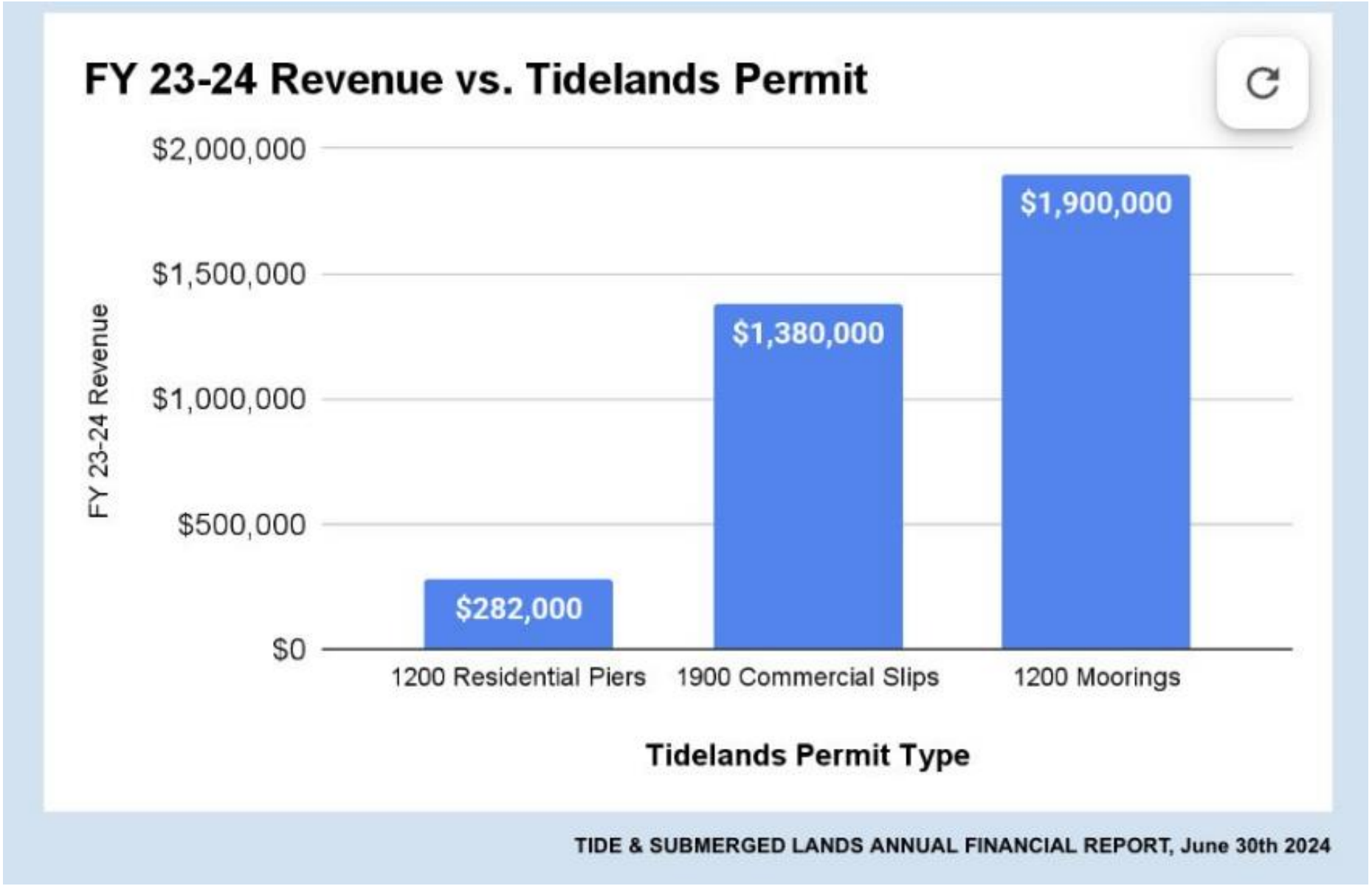
Hello,

Please have these available for call up on the BIG screen, at the City Council Meeting of 03/10/2026, public comment on non-agenda items.
Also, please link them with the agenda for that meeting.

Thank you,

Adam

Newport Beach is home to approximately 4,300 boats, 1,200 moorings, 1,200 residential piers, and 1,900 commercial slips and ties resulting in $3.6 million in revenue from rentals, including $1.9 million in revenue from off-shore, on-shore, guest, and transfer moorings, $1.4 million from commercial piers, and $282,562 from residential piers.



40’ Offshore Mooring Permit
= $1.39 per sq. ft.



**vs.**

## Commercial tidelands user rates:

| Commercial Use Category* | Annual Rental Rate (Per SF) 3/1/26 - 2/28/27 |
|---|---|
| Large Commercial Marinas | $1.56 |
| Medium Commercial Marinas | $1.19 |
| Small Commercial Marinas | $1.03 |
| Shipyards | $0.49 |
| HOA Marinas/Docks for Non-members' Use | |
| > 30,000 SF | $1.56 |
| 13,000 SF to 30,000 SF | $1.19 |
| < 13,000 SF | $1.03 |
| Yacht Club Guest Slips | $0.49 |
| Vessel Rental Facility (Boat Rentals) | $1.03 |
| Sport Fishing Charters | $1.03 |
| Restaurants' Guest Slips | $0.49 |
| Vessel Charters | $1.03 |
| Fuel Docks * | $1.03 |
| All Others | $1.03 |

# City let RFP for Dock Appraisal; Received Multiple bids; P.O.; Invoice months ago.

City provides a file identified as "***Residential Piers_Scope of Work_Final 03102025-1.pdf***", leading one to believe that this document originated in the early months of 2025.

**March 14, 2025:** CBRE provides "Proposal and Contract for Services" to City, "RE: Proposal to provide real estate appraisal services Newport Beach Residential Piers", and identifies that it would be "completed within four to six weeks".

**March 24, 2025:** Letter to City from "SANTOLUCITO DORE' GROUP INC", titled "PROPOSAL Residential Piers Comprehensive Analysis & Rent Study", and noting "Pursuant to your request, we have delivered this proposal by the close of business on March 24,2025", and "Days 46-60 – Deliver the completed appraisal report to the City".

**March 26, 2025:** Letter to City from R. P. LAURAIN & ASSOCIATES, "Subject: Rental Value Study Tidelands Areas utilized for Residential Piers Newport Harbor Newport Beach, California". Noting "The appraisal report can be delivered to your offices within 60 to 75 days".

**April 1, 2025:** CUSHMAN & WAKEFIELD send the City a "proposal to provide independent appraisal services to determine the Fee Simple interest of City managed tidelands occupied by residential piers and the associated Fair Market Rent to charge as part of the response to your Request for Proposal ("RFP")", and identifies that "C&W will complete these services in an allotted six (6) – eight (8) week timeframe."

**May 15, 2025:** Indicated as "DATE ORDERED" on a "Purchase Order", to "Bill To" the City of Newport Beach, for $16,500, noting "Vendor RP LAURAIN & ASSOCIATES".

**August 22, 2025**: R. P. LAURAIN & ASSOCIATES "Invoice" to City, for $16,500.

**From:** Sherman Zieve
**To:** City Clerk"s Office
**Subject:** Dock tax
**Date:** March 06, 2026 10:18:21 AM

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear City Clerk,

I am writing to respectfully urge the Council to reconsider policies that would confiscate existing tidelands permits, increase residential dock fees, or impose new rate hikes on current permit holders.

For many residents, these permits represent long-standing agreements that were entered into in good faith. Property owners have made significant investments in their homes, docks, and waterfront maintenance based on the understanding that these permits would remain stable and predictable. Confiscating permits or substantially increasing fees undermines that trust and creates uncertainty for residents who have relied on the City's commitments for many years.

In addition, increasing residential dock fees or implementing rate hikes places an unnecessary financial burden on homeowners who already contribute substantially through property taxes and local spending. Waterfront residents help maintain the character, safety, and economic vitality of our coastal community. Policies that penalize these homeowners risk discouraging continued investment and stewardship of our shoreline.

Rather than confiscating permits or raising fees, I encourage the Council to work collaboratively with residents to develop fair, transparent, and sustainable policies for managing tidelands. Open dialogue with permit holders and community stakeholders will lead to better long-term solutions that respect existing agreements while ensuring responsible stewardship of our coastal resources.

I respectfully ask the Council to:

- Preserve existing tidelands permits and honor established agreements.
- Reject any increase in residential dock fees.
- Avoid implementing new rate hikes that disproportionately affect waterfront residents.

Thank you for your time and for considering the concerns of the community. I hope the Council will work with residents to maintain fairness, stability, and trust in the City's governance.

Sincerely,

Sherman Zieve

809 N Bay Front

Newport Beach, CA 92662

Correspondence
March 10, 2026
Study Session 2
Item

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park
**Date:** March 09, 2026 7:31:02 AM
**Attachments:** image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

**From:** Kilian Ollison <kiliantracy@me.com>
**Sent:** March 05, 2026 8:54 AM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Civic Center Park

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear Newport Beach City Council Members,

I wanted to share my thoughts regarding the proposed police station project in Newport Beach.

First, I want to acknowledge that our city deeply values and supports our police department. Newport Beach has long demonstrated that commitment by ensuring our officers are well compensated and equipped to serve the community. Public safety is incredibly important to our residents.

At the same time, our city also cares deeply about preserving public spaces—especially parks. Civic Center Park is the only meaningful park space within Newport Center, and it

has become an important gathering place for families, residents, and visitors alike. Losing or reducing that space would be a significant loss for the community.

While I fully support providing the police department with a functional and updated facility, I believe the station should be designed to fit on the existing site on Santa Barbara—property that has already been purchased by the city for this purpose. Preserving Civic Center Park should remain a priority. With thoughtful planning, it seems entirely possible to meet the department's needs without sacrificing one of the few green spaces in the area.

Our community cares about both public safety and protecting the spaces that make Newport Beach such a special place to live. I encourage residents to use their voices, set thoughtful boundaries on how our town grows, and advocate for solutions that protect our shared public spaces.

Please consider prioritizing construction on the already designated property and preserving our Civic Center Park for current residents and future generations.

Sincerely,

Kilian Ollison

Kilian Tracy Ollison
949.315.5078

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Don't tear down the park
**Date:** March 09, 2026 7:48:48 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Lee Cassidy <lwcassidy@icloud.com>
Sent: March 08, 2026 3:04 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Don't tear down the park

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Perhaps a new police station is needed. Perhaps the city council needs to listen to the people about keeping the civic center park. Perhaps the city council can think creatively and constructively ( save money, please the people, keep beauty and open spaces) and perhaps build such police station elsewhere ( perhaps on 9 holes of the public golf course which consumes too much water and allows too many chemicals so to maintain the non-sustainable nor native grass carpet).
Sent from my iPhone

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park
**Date:** March 09, 2026 7:48:56 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Karen Carlson <kkc2616@gmail.com>
Sent: March 08, 2026 8:26 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Civic Center Park

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

To our City Council: I am writing to voice my strong opposition to the plan to put the new Police Station in the Civic Center Park. I am a big supporter of our Police Dept. and there are several other viable spots (including expanding next door to the soon to be abandoned fire department) that would not do irreparable damage to our much needed park. Many are taken by surprise by this seemingly sudden decision.Much more thought needs to go into the location of this project.
Sincerely
Karen Carlson
CORONA DEL MAR.

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: PD move to Civic Center
**Date:** March 09, 2026 7:49:10 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Debbi Coffman <debbicoffman@icloud.com>
Sent: March 08, 2026 8:56 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: PD move to Civic Center

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Do NOT waste our tax dollars on moving/expanding the police dept to the Civic Center! We love our police but use existing facility! Leave the civic center and sculpture garden the way it is now! Too many other things need attention and that is NOT a priority!

Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:53 AM
**To:** Dept - City Clerk
**Subject:** FW: Police department

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Tara Gouveia <taragswanson@gmail.com>
**Sent:** March 08, 2026 6:39 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police department

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Good evening

What a great idea relocating the Police Department headquarters to the Civic Center campus! It's a central location in the city and it makes sense for the HQ to be part of our civic campus! Love it.

Thank you
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:53 AM
**To:** Dept - City Clerk
**Subject:** FW: Pls relocate police HQ to Civic Center site

Errica Garrett
Administrative Assistant to the Mayor and City Council City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Peter Kazin <peter.r.kazin@gmail.com>
Sent: March 08, 2026 6:21 PM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Pls relocate police HQ to Civic Center site

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

To our hard working Council,

Apparently, there is mixed support for moving the police headquarters. This defies logic to me as the current one is 50 years old and, more importantly, it seems that those who protect and serve prefer the new option. How could they not? The internet didn't exist when the last HQ was designed and built. I can't even imagine how much retrofitting would be required to bring the current HQ up to standard and how disruptive it would be to police work. How may extra crimes will happen due to distractions forced upon the police by a bad plan? Also, isn't the future park being contemplated a place where transients tend to gravitate? It would be helpful to have the police there.

This is to say nothing of the synergies being connected with the rest of City Hall.

Please do the right thing. Help our police do their jobs.

This is the most important fiction of our local government and the right choice is clear. Stop wasting time. Make the right decision and let those against the new site get back to the important business of organizing no Kings parades.

Pete Kazin

Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:53 AM
**To:** Dept - City Clerk
**Subject:** FW: Proposed Police Department Headquarters

Errica Garrett
Administrative Assistant to the Mayor and City Council City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: mlsilva003@gmail.com <mlsilva003@gmail.com>
Sent: March 08, 2026 5:26 PM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Proposed Police Department Headquarters

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

I strongly support the proposed location and on the Civic Center Campus!! The central location makes the most sense.

Marcia Silva
CDM resident
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:53 AM
**To:** Dept - City Clerk
**Subject:** FW: PD @ City Hall

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Paul Samson <mrpaulsamson@gmail.com>
**Sent:** March 08, 2026 5:00 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** PD @ City Hall

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hi—

I think relocating the Police Department headquarters to the Civic Center campus is a great idea. It's a central location and feels like a natural place for an important public safety facility.

Having the police headquarters as part of the civic campus just makes sense. I'm glad the City is looking seriously at this option.

Best regards,
Paul Samson

Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:53 AM
**To:** Dept - City Clerk
**Subject:** FW: Police Station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Steve Byers <csbyers@me.com>
**Sent:** March 08, 2026 4:22 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police Station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

***Dear Newport Beach City Council:***

***My name is Diane Byers. I am a 55 year resident of Newport Beach.***

***I am writing to let you know that I am opposed to a police station and parking garage to be built in the Civic Center Park.***

***There is a long list of reasons as to why this is a terrible idea. Pursuing this location makes no sense.***

***There are alternative locations that should be explored … but under no circumstance should there ever be a police station and parking garage in Civic Center Park!***

***Respectfully,***

***Diane Byers***

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Police Station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Steve Byers <csbyers@me.com>
**Sent:** March 08, 2026 4:20 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police Station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

***Dear Newport Beach City Council:***

***My name is  Steve Byers, I am a 45 year resident of Newport Beach.***

***I am writing to let you know that I am opposed to a police station and parking garage to be built in the Civic Center Park.***

***There is a long list of reasons as to why this is a terrible idea. Pursuing this location makes no sense.***

***There are alternative locations that should be explored … but under no circumstance should there ever be a police station and parking garage in Civic Center Park!***

***Respectfully,***

***Steve Byers***

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Relocating Newport Beach Police Department station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Omar Herrera <omar@dynamicshotcrete.com>
**Sent:** March 08, 2026 3:50 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Relocating Newport Beach Police Department station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hi—

I think relocating the Police Department headquarters to the Civic Center campus is a great idea. It's a central location and feels like a natural place for an important public safety facility.

Having the police headquarters as part of the civic campus just makes sense. I'm glad the City is looking seriously at this option.

Thank you
Omar Herrera
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Newport Beach Police Headquarters

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Lauren Mitchell <laurensarahmitchell@gmail.com>
**Sent:** March 08, 2026 3:47 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Newport Beach Police Headquarters

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hi Council,

Happy Sunday! The NBPD is such a critical component of our Newport Beach home.

I love the idea of relocating the Police Department headquarters to the Civic Center campus.

It's a central location the City already owns and it definitely makes sense to keep an essential public safety service in the heart of our civic campus.

I wanted to be sure to send a note, reiterating the importance of keeping the NBPD in a centralized location.

If you would like to discuss further, I'd be happy to hop on a call.

Best,

Lauren Mitchell

Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Police department

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Kaylen Morrison <kaylenmorrison@gmail.com>
**Sent:** March 08, 2026 2:56 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police department

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hello,

I think relocating the Police Department headquarters to the Civic Center campus is an excellent idea. Its central location in the heart of the city makes it a logical and strategic place for the police headquarters to be integrated within our civic campus.

I appreciate the City's leadership in moving this plan forward and believe it will be a positive step for the community.

Thank you for your efforts.

Best regards

Kaylen Morrison

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Police department

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Ashley Bello <acbmakeup@gmail.com>
**Sent:** March 08, 2026 2:54 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police department

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear City Council Members,

I'm writing to express my strong support for the proposal to move the Police Department to the Civic Center in the heart of our community.

I think this is a great idea. Placing the Police Department at the Civic Center would make it more accessible and visible to residents and visitors, while positioning it near many of the places where people gather, conduct business, and participate in community activities. Having the department located close to where patrons spend their time helps strengthen the connection between public safety services and the community they serve.

This move would also reinforce the Civic Center as a true hub of our city, bringing important services together in a central, convenient location. It demonstrates a thoughtful approach to community planning and public safety.

Thank you for considering this perspective and for your continued efforts to support and improve our community.

Sincerely,

Ashley Bello
714)745-9099
Acbmakeup@gmail.com

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Relocating Newport Beach Police Department station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Omar Herrera <omar@dynamicshotcrete.com>
**Sent:** March 08, 2026 3:32 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Relocating Newport Beach Police Department station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hi—

I think relocating the Police Department headquarters to the Civic Center campus is a great idea. It's a central location and feels like a natural place for an important public safety facility.

Having the police headquarters as part of the civic campus just makes sense. I'm glad the City is looking seriously at this option.

Thank you
Omar Herrera
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: police dept

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Bre Suryan <info@casacohomestyling.com>
**Sent:** March 08, 2026 2:50 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** police dept

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Council-

I love the idea of relocating the Police Department headquarters to the Civic Center campus. It's a central location the City already owns and it makes sense to keep an essential public safety service in the heart of our civic campus.

best
breanna suryan

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Police Headquarters

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Lindsey Silva <lindsey.silva@gmail.com>
**Sent:** March 08, 2026 2:50 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police Headquarters

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

**Council-**

**I love the idea of relocating the Police Department headquarters to the Civic Center campus. It's a central location the City already owns and it makes sense to keep an essential public safety service in the heart of our civic campus.**

**Thank you**
**Lindsey**
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:52 AM
**To:** Dept - City Clerk
**Subject:** FW: Police station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004
100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Lisa Hallock <costiganlisa@gmail.com>
**Sent:** March 08, 2026 2:48 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Council,

I love the idea of relocating the Police Department headquarters to the Civic Center campus. It's a central location the City already owns and it makes sense to keep such an essential public safety service in the heart of our civic campus.

Thank you for considering this option.

Best,

Lisa Hallock

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:51 AM
**To:** Dept - City Clerk
**Subject:** FW: Proposed police station in Civic Center Park

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Michael Richardson <michaelrichardson2468@gmail.com>
**Sent:** March 08, 2026 9:15 AM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Proposed police station in Civic Center Park

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

To our Newport Beach City Council,

PLEASE do not approve the proposed police station in Civic Center Park. I am deeply opposed to losing that open space which is so vital to the ambiance of living here. As a Corona Del Mar resident, I would be very disappointed to hear that the central park in our community would be replaced by a police station.

Thank you for your consideration of my views. I wish I could attend the planning meeting on March 10th at 4pm to express these concerns in public comment but I will be at work. Please feel free to read this during public comment.

Michael Richardson
6 Canyon Ln, Corona Del Mar, CA 92625

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:56 AM
**To:** Dept - City Clerk
**Subject:** FW: Police station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Jason Bartusick <jason@bartusick.com>
**Sent:** March 08, 2026 8:08 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hello

I've seen some emails circulating in my neighborhood about the pollce station and their position, I initially thought it might not have been the best idea given their ideas but I did get some clarification on it and just wanted to send an email that I'm in full support of it now.

Jason

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:55 AM
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park vs Police Station and parking structure

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

**From:** janine wynn <janinewynn@me.com>
**Sent:** March 08, 2026 7:23 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Civic Center Park vs Police Station and parking structure

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

***Dear Newport Beach City Council:***

***My name is Janine Wynn and yes, I am the daughter in-law of former City Manager of Newport Beach, Bob Wynn, who served from 1971-1993. I have been a resident of Newport Beach for over 27 years. I married Steve Wynn who was raised here in Newport Beach and who has owned his orthodontic practice here is Newport Beach for over 36 years. You can imagine the changes my husband and I have seen in Newport Beach since Steve and his siblings attended Corona Del Mar High School between 1971-1985. We have felt very blessed to have stayed and raised our own children here is this beautiful part or the world. However, with some of the changes that are currently being discussed by the council, some without the vote of the community, we feel conflicted and a little betrayed. This is very close to home for us because Steve's dad gave so much to protect the beauty and the family centered nature of this community.***

***Why in the world, would the council want to create more traffic than there already is on MacArthur Boulevard at all times of the day?Have any of you been on Jamboree or MacArthur an hour before or after CDM and Lincoln Middle School begins or lets out? Have you ever been on PCH and tried to turn on to Dover, while Newport Harbor or Ensign Middle was starting school or letting out? If you have, then there is no way that you would be in favor of creating more driving stress by turning the one open space left in that one square mile into a three story parking garage and police station. Especially, when there are several other options for such a structure. In the 27 years that I have lived here in Newport, I have either witnessed or seen first hand the aftermath of 8 fatal accidents on Jamboree Road. Adding more businesses and people (referring to the 2 high rises proposed, another catastrophe) will only enable this total to increase. I can not believe that***

***the council has agreed to the proposals of 2, 22 story high rises where the Regal Theaters currently are. Both of these proposals can not be the desires of the people who elected all of you into office***

***The city has already spent $30.5 Million to acquire a site for the police station on Dove Street near the airport. Perfect. Why change?***

***Just the site preparation alone for moving dirt and redirecting a ravine that drains the Harbor View and Broadmoor Neighborhoods to the ocean will cost over $8 Million MORE than the 2010 Civic Center Project.***

***Finally, in 2008, voters approved a city charter amendment called "City Hall in the Park" that mandated the location of City Hall and Promised a world class city park. This action breaks that promise.***

***There are alternative locations that should be explored … Please explore them and preserve what little open space is left here in Newport Beach. Under no circumstance should there be a police station and parking garage in Civic Center Park!***

***Thank you for your time and your consideration.***

***Respectfully,***
***Janine Lindsay Wynn***
***44 Old Course Drive***
***Newport Beach, CA***
***949-633-2866***

Janine Wynn
"If music be the food of love
.....play on. Shakespeare

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:55 AM
**To:** Dept - City Clerk
**Subject:** FW: Relocation of Police Department

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Tania Aldaddah <taldaddah@gmail.com>
**Sent:** March 08, 2026 6:51 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Relocation of Police Department

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hi Council-

I support the idea of relocating the Police Department headquarters to the Civic Center campus. It's a central location the City already owns, and it makes sense to keep such an essential public safety service at the heart of our civic campus. As a Newport Beach voter, public safety is a top priority for me, and this proposal reflects a practical step toward maintaining that commitment.

Should you have any questions, please do not hesitate to reach out.

Best regards,

Tania Levinski

Sent from my iPhone

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park
**Date:** March 09, 2026 9:42:11 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Julie Gaumond <jules0407@gmail.com>
Sent: March 09, 2026 9:41 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Civic Center Park

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Please do NOT build a police station at the Civic Center Park location. The potential for contamination of groundwater streams is too high. No mater how much you fortify it, there will be a problem, maybe not at first, but the longevity will be a problem and the risk outweighs the "reward".

It would be devastating to loose so much of the park. Especially after spending so much money building it. Please be more fiscally responsible!!!!!

We enjoy walking the park, enjoying a tiny slice of nature, I really hate to lose it, the birds, butterflies, rabbits would lose their homes. Newport Beach/Corona del Mar is losing its charm.

Please cancel this project, I'm sure there are other locations where this would be much more appropriate.

Thank you,

Julie (and Michael) Gaumond
706 Avocado
CDM
949-697-5146
Sent from my iPhone

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:56 AM
**To:** Dept - City Clerk
**Subject:** FW: Police station

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Jason Bartusick <jason@bartusick.com>
**Sent:** March 08, 2026 8:08 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police station

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hello

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Jason

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:55 AM
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park vs Police Station and parking structure

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

**From:** janine wynn <janinewynn@me.com>
**Sent:** March 08, 2026 7:23 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Civic Center Park vs Police Station and parking structure

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***Dear Newport Beach City Council:***

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***Thank you for your time and your consideration.***

***Respectfully,***
***Janine Lindsay Wynn***
***44 Old Course Drive***
***Newport Beach, CA***
***949-633-2866***

Janine Wynn
"If music be the food of love
.....play on. Shakespeare

**From:** Garrett, Errica
**Sent:** March 09, 2026 7:55 AM
**To:** Dept - City Clerk
**Subject:** FW: Relocation of Police Department

**Errica Garrett**
Administrative Assistant to
the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Tania Aldaddah <taldaddah@gmail.com>
**Sent:** March 08, 2026 6:51 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Relocation of Police Department

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Hi Council-

I support the idea of relocating the Police Department headquarters to the Civic Center campus. It's a central location the City already owns, and it makes sense to keep such an essential public safety service at the heart of our civic campus. As a Newport Beach voter, public safety is a top priority for me, and this proposal reflects a practical step toward maintaining that commitment.

Should you have any questions, please do not hesitate to reach out.

Best regards,

Tania Levinski

Sent from my iPhone

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park
**Date:** March 09, 2026 9:42:11 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Julie Gaumond <jules0407@gmail.com>
Sent: March 09, 2026 9:41 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Civic Center Park

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Please do NOT build a police station at the Civic Center Park location. The potential for contamination of groundwater streams is too high. No mater how much you fortify it, there will be a problem, maybe not at first, but the longevity will be a problem and the risk outweighs the "reward".

It would be devastating to loose so much of the park. Especially after spending so much money building it. Please be more fiscally responsible!!!!!

We enjoy walking the park, enjoying a tiny slice of nature, I really hate to lose it, the birds, butterflies, rabbits would lose their homes. Newport Beach/Corona del Mar is losing its charm.

Please cancel this project, I'm sure there are other locations where this would be much more appropriate.

Thank you,

Julie (and Michael) Gaumond
706 Avocado
CDM
949-697-5146
Sent from my iPhone

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Police Station in Civic Center Park.
**Date:** March 04, 2026 4:07:00 PM
**Attachments:** lettertothecouncil.docx
image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660


---

**From:** Keith Curry <keithcurry1@yahoo.com>
**Sent:** March 04, 2026 11:15 AM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Police Station in Civic Center Park.


**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.


Honorable Mayor and City Council,

Please see the attached letter setting forth some of the very serious cost, environmental and operational issues regarding placing the police station in Civic Center Park. This is not a complete list but it is my hope it gives you pause to consider the risks of both cost escalation and project delay with the park site.

If the council acts on March 10 to remove the park site from further consideration you will save the taxpayers millions, and you will be able to move forward with other options that will deliver the police station faster and for much lower cost.

Thank you for your consideration.

Keith Curry
Mayor, 2010, 2013

Honorable Mayor and City Council

The decision to place the new police headquarters in Civic Center Park will result in cascading consequences from a bad economic decision.

*Where is the best location for the police headquarters?* It is the lowest cost practical site with the least risk for environmental or project delay or site preparation issues. Civic Center Park is the opposite of this. It is the most expensive site, it has an assured probability for litigation and environmental delay and it has the highest and most unpredictable site preparation and mitigation costs.

*What is the best way to pay for the new facility?* It is actually more efficient to finance the project. It is a multi-generational essential asset, the city's borrowing costs are roughly equal to its investment earnings on cash, it can be financed without stressing the city budget and most importantly, it will allow the council to optimize the disposition of the Santa Barbara and Dove street properties for the benefit of taxpayers and residents.

**Except, you cannot finance it because that would require voter approval and this site would certainly not be approved by the city voters.**

*Therefore,* you must seek funding from the disposition of current city real estate assets.

*Should the city sell Santa Barbara and/or Dove Street or place the properties into long term ground leases?* As with the old city hall site, competent economic analysis will certainly demonstrate the long-term lease of the property is in the best economic interests of taxpayers and residents. The properties are appreciating assets and will be worth much more to the city in the future if it retains ownership and generates reoccurring income through leasing.

**Except you cannot lease Santa Barbara because it would not generate the upfront cash needed to pay for construction**. Lease benefits accelerate once the property has been redeveloped.

*Therefore*, you must sell the property if the objective is to finance construction from the proceeds.

**Except, You will need to enter into a leaseback agreement following the sale until construction is completed. Depending on the final sale price and length of construction, this will add between $12-$15 million to the cost of the project.**

**Except the state Surplus Land Act (SLA), requires the city to make the site available for housing with a 25% affordable component**. Developers tell us that those economics will not work in this case. Nobody wants to buy a $5 million high rise condominium in a building where every fourth neighbor is a subsidized renter. The recent state cancelation of the Anaheim stadium sale and the development of its parking lots into a commercial zone demonstrate the risk. *Therefore*, you are unlikely to receive sufficient proceeds to build the new facility.

Back to the initial bad decision, because you choose the park location, you will need multiple state agencies to approve the installation of a fuel tank directly in the path of an underground drainage stream that leads into the ocean. You will need to mitigate the loss of riparian wetlands habitat, likely at a cost of millions, and you will need to spend millions in site preparation. These tasks involve review and approval by agencies and public boards appointed by a partisan state government and require environmental analysis, hearings, public involvement, an appeals process and the opportunity for litigation. You can and should assume that each decision will be used as an opportunity to stop the project at this site. It will take years to resolve while the construction cost of the project escalates, mitigation cost accumulate and the leaseback of the existing site continues to be a financial drain. The objective of providing a new police facility will be delayed for years.

At some point, you or the people who follow you on the council are faced with the need to finance the additional cost, now well in excess of $200 million and going higher. **Except now the project has taken on poster child notoriety as a government boondoggle along the lines of high-speed rail.**

All of this is before we consider Museum House level opposition to what is to be developed on Santa Barbara, the impact of the daily release of arrestees into the park and library, the conflicts with sex offender registration and the proximity of the police station to the park, the destruction of tens of millions in taxpayer funded park improvements, landscaping and irrigation, loss of parkland for new residents moving into Newport Center, traffic impacts, and the very real potential of a ballot measure to stop the project.

There are better alternatives. There is no widespread opposition to the new police station. Opposition is centered on the placement in the park and it is adamant.

Dove Street, and any alternate location in Newport Center would be widely acceptable much less costly and entail much less risk. As an example, when the fire station is relocated, a new police station can be built right next door to the existing facility. A parking structure would be built first. This allows a new 70,000 sq. ft. building. When relocation of the police is accomplished, the existing police station could be retrofitted or rebuilt as a state-of-the-art regional training center, gun range, gym, police lab or other purposes providing a total of over 111,000 sq. ft.

You have important optionality. If you decide to keep the existing building, the new station can be smaller and the gun range, training rooms and gym placed in the old building. If you decide to scrap the existing building, you can turn the lot into surface parking and eliminate the need for a parking structure. These and other options save taxpayer dollars.

Alternatively, if more space is not desired, you could lease the former station site to generate city revenue and offset project costs.

This option will take two years or more off the construction schedule, will eliminate environmental and regulatory risk, minimize litigation and site prep costs, and substantially eliminate environmental mitigation and leaseback costs. It will also give you better and more efficient financing options. It will save millions and result in a better facility, delivered faster.

The council needs to take the park off the table now so the city can move forward.

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Location of New Police Headquarters
**Date:** March 04, 2026 7:23:49 AM

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Ron Rubino <ron@eastbluff.net>
Sent: March 04, 2026 12:02 AM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Subject: Location of New Police Headquarters

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

March 3, 2026

Honorable Mayor and City Council Members:

This letter is to provide my opinion and advice on where to locate a future new police department headquarters building.

I do not support using the Civic Center park property adjacent to City Hall for this new building and its supporting facilities.

I recommend that the City evaluate the use of the existing Police Department and Fire station located off Jamboree at 870 Santa Barbara. This option will save the City time and money because the land is owned by the City, utilities are in place, and the fire station can be replaced, making the additional land area available for a parking structure. This alternative avoids complex environmental reviews and potential litigation if the Civic Center park is selected as the site.

In November 2022, the City purchased a building at 1201 Dove St. The office building is on a 4-acre parcel and costs the city $30.5 million. (See Nov 26, 2022, Orange County Register article: Newport Beach plans $30.5 million purchase of site for future police headquarters.) Based on recent comments by members of the city council, it appears the City has decided this is no longer a desirable location.

If this is correct, the building and land can be sold or leased to recoup the city's investment or generate revenue. These funds could be budgeted to help offset the cost of building the desired Fire Station and Police Department headquarters. The Dove St site has potential for redevelopment as senior and workforce housing units to help the

city meet the state mandate for affordable new units.

Planning the new facilities and completing design work will likely take three years. After that time, more City funds should be available to pay debt service on the new Police Department headquarters, as the City's employees' pension unfunded liability debt is paid, freeing up budget dollars.

In summary, I support a plan that includes the following elements:
1. Utilize the land/buildings at the current Fashion Island Police Department and Fire station as the site for the new headquarters facility.

2. Sell the building and land at 1201 Dove Street, Dover, to a developer to construct new housing units, including a substantial number of affordable workforce and senior units.

3. Replace the current Santa Barbara Street Fire Station next to the current Police Department headquarters, to free up city-owned property for the new Police Department headquarters.

4. Determine the architectural and structural building requirements for the new Police Department headquarters.

5. Avoid locating Police Department headquarters, Fire, and Emergency Operations Center in close proximity to City Hall to provide more protection from emergencies that could impact these vital functions.

6. Consider locating Police Department functions such as weapons training, vehicle maintenance, short-term jail custody, vehicle impound, supply storage, training, and IT support at different locations than the administrative headquarters, where they are more compatible with surrounding buildings, parking, traffic flow, and less expensive to build.

7. Other considerations:
Keep costs down to avoid excessive new long-term debt.
Avoid increasing traffic on Jamboree and MacArthur by locating all functions in one Civic Center area.
Avoid impacting the Civic Center building, parking, lawn, library, and park. The city hall, adjacent parking structure, and parking facility were well thought out, and the open space was part of the vision when this decision was made. It works well.
Add Police Department management and technical support staff needed to plan, design, and supervise the construction of a new Police Department headquarters and a replacement Fire Station.

I appreciate the opportunity to share my opinions and suggestions regarding the proposed Police Department headquarters building.
Thank you,
Ron Rubino
Eastbluff Resident for 39 years
2845 Alta Vista Dr
Newport Beach, CA 92660

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Campus & The Importance of NBPD HQ
**Date:** March 02, 2026 7:33:25 AM
**Attachments:** image001.png
image002.png
image003.png
image004.png

---

**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Ruth Kobayashi <ruthkobayashi@gmail.com>
**Sent:** February 28, 2026 8:18 AM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Civic Center Campus & The Importance of NBPD HQ

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Good morning City Council Members,

I plan on speaking up frequently about the importance of locating the NBPD HQ to the Civic Center. While you may have already seen it, I've copied my letter to the editor that was published in Stu News yesterday, February 27th. Thank you for your consideration and for your commitment to public safety.

Sincerely,

Ruth

As a long time resident of Newport Beach, with a deep commitment to our community, I'm advocating for building our new Police Headquarters on the **Civic Center campus**. Keeping our vital public safety agencies centralized and integrated offers the strongest foundation for our city's future.

I fully acknowledge and appreciate the tremendous value of the open spaces adjacent to the Civic Center and the art installations that make it a cherished destination. However, positioning this as Public Art vs Public Safety is not realistic.

**Public safety must come first**. The core functions of unified command, rapid response, and seamless coordination between Police, Fire, and the Emergency Operations Center are non-negotiable priorities that directly protect residents, businesses, and visitors. These needs are not temporary —they are essential for decades to come.

We also have a City Staff who fully appreciates the high standards that our community expects and we must give them an opportunity to propose a thoughtful and innovative plan that respects the art and open spaces, while knowing that the primary responsibility of city government is to ensure **public safety**.

If our community can build a state-of-the-art City Hall and Library Lecture Hall, it only makes sense to provide the same respectful investment for our police department's centrally located facility on the Civic Center campus. They belong there too.

Ruth Kobayashi, Newport Beach

Ruth
iPhone Photographer

**From:** Orange County Chapter
**To:** City Clerk"s Office
**Subject:** Civic Center Park Comment Letter
**Date:** February 27, 2026 4:09:32 PM
**Attachments:** NB Civic Center Park Comment Letter, 02-27-26.docx.pdf

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**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear Members of the Newport Beach City Council:

The Orange County Chapter of the California Native Plant Society (OCCNPS) is submitting the attached comment letter regarding the future Police Headquarters proposed for land that is occupied by the Civic Center Park.

We ask that the Newport City Council protect Civic Center Park as an irreplaceable community asset and uphold Newport Beach's commitment to preserving open space and biodiversity.

If you have any comments or questions after reading the letter, please feel free to contact us.

Sincerely,
Elizabeth Wallace
Co-President OCCNPS
949-370-0590

27 February 2026

P.O. Box 54891
Irvine, CA 92619-4891
orangecounty@cnps.org

**TO:** Members of the Newport Beach City Council
c/o City Clerk
100 Civic Center Drive
Newport Beach, CA 92660

**RE: Opposition to Proposed Police Headquarters at Civic Center Park (Adj. Newport Beach City Hall)**

Dear Mayor Kleiman and Members of the Newport Beach City Council,

On behalf of the California Native Plant Society – Orange County Chapter (OCCNPS), we write to formally express our serious concerns and opposition to the current concept under consideration to site a new Police Department headquarters and associated facilities within the natural areas of Civic Center Park adjacent to Newport Beach City Hall.

OCCNPS was actively involved in the original creation, planning, botanical survey, and restoration work of this park space around the period of 2012-2014. Our volunteers, led by Ron Vanderhoff, performed botanical surveys of the land and documented the existing native plants, contributing to shaping the park's restoration and landscape plan. A summary copy of our botanical surveys and natural resources is attached. The natural area we helped steward have been a valuable public open space supporting local biodiversity, passive recreation, and community engagement with nature.

We understand that the City Council's Ad Hoc Committee has identified Civic Center Park as a preferred option for a new police facility largely because it is city-owned and avoids costly land acquisition. The preliminary estimate for a headquarters project at this location is roughly $162-165 million and would require extensive technical and environmental review under CEQA before any further entitlements are considered.

While we respect the need for modern public safety infrastructure, we urge you to reconsider siting such a substantial facility within Civic Center Park for the following reasons:

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**1. Irreversible Loss of Open Space and Natural Habitat**

Civic Center Park, including the area adjacent to City Hall, contains significant open space that was intentionally preserved and enhanced with native California plant communities. This space is irreplaceable once permanently developed, and its loss would be deeply felt by residents who use it for passive recreation and nature connection.

Replacing parkland and natural areas with a large office building, extensive parking, and associated infrastructure would result in:

- Permanent reduction of accessible public open space.
- Loss of habitat for native plants and associated wildlife (birds, insects, pollinators).
- Reduced park continuity at the core of our Civic Center.
- A backward progression toward the state's 30 x 30 conservation initiative.

This green space plays a valuable role in community well-being, environmental education, and local biodiversity—which is increasingly rare within Newport Beach's urban fabric.

Mature plant communities and established soils cannot simply be "replaced" by installing new landscaping elsewhere. Loss of contiguous green space fragments habitat and diminishes ecological resilience. In a highly urbanized coastal city, preserved green space is increasingly rare and increasingly valuable.

---

**2. Environmental and Biodiversity Impacts**

Large-scale development has inherent impacts on local ecosystems. Even with mitigation, the transformation of open parkland into built infrastructure alters hydrology, soil integrity, microclimates, urban heating, water quality, and habitat connectivity.

The park as currently configured serves and supports native plant species and wildlife that rely on this conserved environment. The removal or degradation of these areas would negatively affect:

- Urban wildlife corridors.
- Local ecological functions (shade, pollination, native plant survival).
- Carbon sequestration and climate regulation
- Urban heat mitigation through tree canopy and evapotranspiration
- Stormwater absorption and soil infiltration
- Pollinator and bird habitat
- Public mental health and wellness benefits
- Public opportunities to engage with nature in an urban setting.

---

**3. Hydrology and Water Quality Concerns**

The proposed inclusion of a fueling station, expanded parking, and increased impervious surface area raises serious concerns regarding stormwater runoff and groundwater contamination. We understand the site lies within a drainage pathway that ultimately feeds into Newport Harbor.

Before any commitment to advance this location, a comprehensive hydrological analysis should be conducted to evaluate:

- Changes to surface runoff patterns
- Pollutant loading risks
- Groundwater protection measures
- Potential downstream impacts on harbor and coastal water quality

Protection of coastal water quality is a long-standing priority for the City and community; siting critical infrastructure in a drainage corridor demands exceptional caution.

Once these natural features are eliminated or fragmented, they cannot be restored.

---

**4. Climate and Urban Heat Island Impacts**

Replacing vegetated open space with multi-story structures and associated parking infrastructure will increase localized heat island effects. Tree canopy and permeable soil are not aesthetic luxuries — they function as climate infrastructure. They reduce ambient temperatures, buffer extreme heat, and improve microclimate conditions.

In a warming climate, preserving urban canopy and soil permeability is an investment in long-term public health and fiscal resilience.

---

**5. Community Values and Shared Vision**

During the park's planning and creation phase, stakeholders—including CNPS OC—contributed time, expertise, and community resources. That investment was intended to establish a civic green that contributes to quality of life and reflects Newport Beach's stewardship of open space.

We urge the Council to honor that investment by:

- Protecting these natural areas from removal.
- Exploring alternative sites for essential civic facilities that do not displace parkland or open space.

Appropriate alternatives may include redevelopment of previously disturbed or underused parcels, adaptive reuse of existing City facilities, or other sites that balance public safety needs without sacrificing community open space.

---

**6. Precedent and Long-Term Policy Implications**

Building major civic infrastructure within designated parkland sets an enduring precedent. Future councils may reference this decision when considering other open-space conversions.

Preservation of public green space depends upon consistent policy discipline. Once exceptions are made, they are difficult to contain.

---

**7. Broader Community Sentiment**

Public records and commentary indicate there are *significant concerns among residents* about replacing civic green space with facilities that essentially extend municipal offices and parking into parkland. Even local coverage highlights residents' anxiety over losing public open space at the Civic Center.

Protecting public green space aligns with broader community values, supports mental and physical health benefits for residents, and helps maintain Newport Beach's identity as a coastal city with rich natural assets.

---

**Conclusion and Call to Action**

OCCNPS respectfully but firmly requests that the Newport Beach City Council:

1. Cease advancing the Civic Center Park location for the police headquarters.
2. Require a comprehensive environmental impact review prior to advancing any site-specific studies.
3. Prioritize preservation of existing public green space whenever feasible.
4. Direct staff to evaluate alternative siting options that do not compromise parkland, natural habitats, and restored landscapes.
5. Commit to robust community engagement and transparent environmental review before considering or investing in further design development.

We are prepared to work collaboratively with the City and other stakeholders to identify solutions that meet public safety goals without undermining our shared environmental and community values.

Thank you for your thoughtful consideration. We urge the Council to protect this irreplaceable community asset and uphold Newport Beach's commitment to preserving open spaces and biodiversity.

Sincerely,



Ron Vanderhoff
CA Native Plant Society, Orange County Chapter
Plant Science Chair



Elizabeth Wallace
CA Native Plant Society, Orange County Chapter
President

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: There are better options for a new police station... one resident"s opinion
**Date:** March 09, 2026 1:55:49 PM
**Attachments:** image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660


**From:** Jim Cokas <jcokas@me.com>
**Sent:** March 09, 2026 1:16 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** There are better options for a new police station... one resident's opinion


**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.


Dear Council members and Mayor,

Due to recent back surgery I will not be able to attend tomorrow's council meeting, but I want to weigh in on the proposed location for our new police station, because this is such an impactful decision for us all.

First, I am opposed to demolishing so much of our sculpture garden. It's part of a park that so many of your residents cherish, and it's a statement about how much we as a city value arts and culture.

Second, there are many environmental concerns that are not being openly discussed, such as the fact that park sits on riparian wetland habitat that is managed my the state. Besides the destruction of this valuable habitat there will also be many issues involving permits for fuel tanks, environmental mitigation, litigation, etc. The $162 million dollar price tag that is being publicized is far from accurate.

Third, there are several other imminently viable locations, especially from an economic perspective as well environmentally, including upgrading the existing site. It's already right next to Newport Center, which seems to be a bias for many of you that is perplexing. Then there is also the site closer to the airport which we already own. Why have these locations been disregarded?

There are so many questions that need to be answered. The City seems to have arrived at this "let's involve our citizens" rather late I think, but at least you're bringing us into the discussion at last.

Thank you for listening to my concerns.

Respectfully
Jim Cokas
(60 years a resident of Newport Beach)

3438 Irvine Ave
Newport Beach, 92660

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Civic Center Park
**Date:** March 09, 2026 4:03:17 PM
**Attachments:** image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

---

**From:** Mary Lynn Gaddis <marylynngaddis6@gmail.com>
**Sent:** March 09, 2026 4:00 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Civic Center Park

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear Newport Beach City Council:

My name is **Mary Lynn Gaddis** and I have lived in Newport Beach since 1995. My husband and I have raised our 4 children in this community and I want to express my opposition to the police station and parking lot you are planning to build in the Civic Center Park.

I believe that this is a terrible idea that has not been thought through and this location does not make sense to me for the facts that:

- **$30.5 million** that the City has already spent to acquire a site for the police station on Dove Street near the airport
- Based on the City Council meetings I watched and the recent articles, this project is estimated to **cost $9 million more than other civic center sites and $12 million more than the Dove Street site.**

The police station should not be the "center" of our city.
I ask that the City Council explore alternative locations, including the site where over $30 million was spent.

The articles I read suggested locating the police station in the "center of town." From my perspective there is no reason that this should be in the so-called "center of town." How will the noise from the helicopter pad be handled? Great, **registered sex offenders** will be nearby the library where many families and children visit- ***seriously,*** please think this through on behalf of all Newport Beach residents.

I am not clear on the "Ad Hoc Committee" but, why were residents not included or offered the opportunity to particpate in a committee making decisions that will impact Newport Beach on many levels in the decades ahead?

For all you do right for our City, this is a huge miss. Under no circumstances should there ever be a police station and parking garage in Civic Center Park. Go back and re-plan Dove Street as you already have a base of over $30 million.

I look forward to hearing from you.

Respectfully,
Mary Lynn Gaddis
Newport Beach Resident of over 30 years

Mary Lynn Gaddis
949-533-2367

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**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Alternative to Police Station at Civic Center Park
**Date:** March 09, 2026 4:27:58 PM
**Attachments:** image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

**From:** Dave <surfdoc1@gmail.com>
**Sent:** March 09, 2026 4:26 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Alternative to Police Station at Civic Center Park

**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Dear Newport Beach City Council,

My name is David Granoff and I have been a resident of Newport Beach for 42 years, Though I support the need for a new police station, I am writing to respectfully oppose the proposal to build a police station and parking garage in Civic Center Park.

One item mentioned for the need to be near Fashion Island due to past violent crimes has merit, yet the necessity to build the new station in Civic Center Park is not the only answer. Remember, our current police station is not that much farther from Fashion Island when the incidents occurred, not to the detriment of the criminals involved. The idea of a substation at Fashion Island would be more valuable and less expensive than changing the already owned Dove Street location. It would promote good relations with residents, visitors, workers, and tenants alike in the area with the added hope of deterring potential criminal activities.

Civic Center Park was promised to residents as part of the "City Hall in the Park" vision and is

an important open space, especially as more housing is added in Newport Center. A police station—with vehicle storage, maintenance operations, helicopter activity, and drone launches—is simply not compatible with a public park and protected wetlands habitat.

I strongly urge the Council to pursue alternative locations and preserve Civic Center Park for the community.

Respectfully,

David Granoff

Received after Agenda Printed
March 10, 2026
Agenda Item No. 5

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Finance Committee
**Date:** March 09, 2026 1:47:24 PM
**Attachments:** image001.png
image002.png
image003.png
image004.png

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**Errica Garrett**
Administrative Assistant
to the Mayor and City
Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660


**From:** Keith Curry <keithcurry1@yahoo.com>
**Sent:** March 09, 2026 12:55 PM
**To:** Dept - City Council <CityCouncil@newportbeachca.gov>
**Subject:** Finance Committee


**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.


Mayor and Councilmembers:

I am pretty sure the last guy you want to hear from is me. I urge you to do yourselves and your credibility a favor and not approve the proposed changes to the finance committee.

We are at a time when the council is considering an ill-conceived, expensive police station with significant environmental, operational, and permitting risk. It will cost more than $200 million when all done at the Civic Center Park location.

This was put together over the Christmas holidays behind closed doors and sprung on the public in a Saturday session on January 31.

The finance committee has cancelled its March and April meetings meaning no meaningful review of this project. Having a committee where all members are appointed by the mayor will reinforce in the strongest possible way the feeling in the community that the city is now being run by a four-member junta.

This proposal drips with contempt for the public and makes a mockery of the announced initiatives for more "transparency". You are not fooling anyone.

I understand that the tone of this email in not the professional wording that should be the norm, but I can think of no other way to convey to you how much of a mistake this is.

Please do yourselves and the community a big favor and withdraw this proposal.

Thank you for your consideration

Keith Curry.

Received after Agenda Printed
March 10, 2026
Agenda Item No. 6

**From:** Garrett, Errica
**To:** Dept - City Clerk
**Subject:** FW: Street paving contract award
**Date:** March 09, 2026 7:54:48 AM
**Attachments:** Letter of Support and Map_St Paving Contract_03 10 26.pdf

---

Errica Garrett
Administrative Assistant to the Mayor and City Council
City Manager's Office
Office: 949-644-3004

100 Civic Center Drive
Newport Beach, CA 92660

-----Original Message-----
From: Ron Rubino <ron@eastbluff.net>
Sent: March 08, 2026 6:43 PM
To: Dept - City Council <CityCouncil@newportbeachca.gov>
Cc: Morgan Bomboy <morgan@tpms.net>; Al Maguire <almaguire@maguirecfo.com>; Allen Yourman <allen@eastbluff.net>; Ryan O'Grady <ryan@eastbluff.net>; Paul Jones <paul@eastbluff.net>; Grant, Robyn <rgrant@newportbeachca.gov>
Subject: Street paving contract award

[EXTERNAL EMAIL] DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Hello City Clerk,
Please distribute the attached letter from the Eastbluff Homeowners' Community Association Board of Directors in support of item no. 6, award of street paving contract on the 03-10-2026 agenda.
Thank you,
Ron Rubino

Eastbluff
Homeowners Community Association

March 8, 2026

Honorable Mayor and City Council Members:

This letter is to provide input from the Eastbluff Homeowners' Community Association regarding item No. 6 on the City Council's March 10, 2026, agenda to award contract No. 9946-1 to Onyx Paving Company, Inc., for a bid price of $1,082,000 and a contingency of $110,000 to cover the cost of unforeseen work. This work is related to the City's Street Pavement Repair Program FY 2025-26.

Our community of Eastbluff homes comprises 460 single-family residents and is a significant portion of the scope of work under this paving contract. Our HOA has worked with the City Public Works Department the past two years on speed limit signs, barriers to restrict vehicles crossing at Bison and Jamboree to provide safer right and left turns only, crosswalk repainting, and flashing red lights on stop signs on Eastbluff Drive for the safety of children attending CDM Junior and High School and pedestrians walking or biking to the shopping center. The work accomplished has improved safety in our community and is appreciated.

We support the award of the paving contract and thank the public works department for its efforts to maintain our streets properly. It is our understanding that the signage and speed limits painted on the pavement, and the Bison/Jamboree street crossing prohibition, will be replaced as part of the maintenance project.

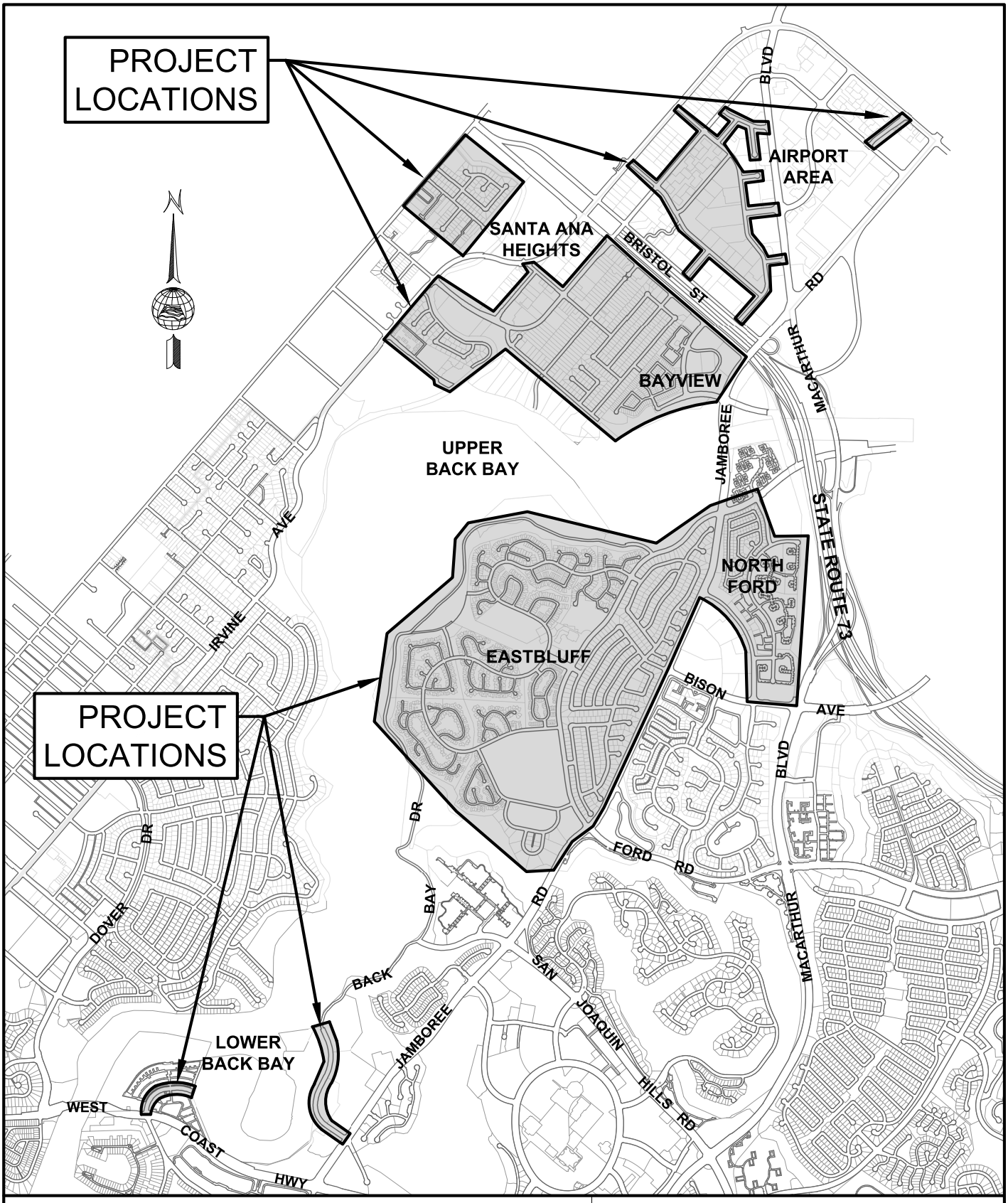
We also thank the City Council for its efforts to budget funds and stay on track with the City's pavement repair program.

Respectfully,

Eastbluff Homeowners Community Association
Board of Directors

Al Maguire, President
Ron Rubino, Vice President – Govt Affairs
Ryan O'Grady, Treasurer
Allen Yourman, Secretary
Paul Jones, Director – Safety and Security
Morgan Bomboy, TRITZ Property Manager

ATTACHMENT A




# STREET PAVEMENT REPAIR PROGRAM FY 2025-26 LOCATION MAP

CITY OF NEWPORT BEACH
PUBLIC WORKS DEPARTMENT

| C-9946-1 | 26R03 | 03/10/2026 |
|---|---|---|

I:\Users\PBW\Shared\Contracts\FY25-26 CURRENT\200_STREET_DRAIN\Street Pvmt Rpr Prog FY 25-26 C-9946-1_26R03\COUNCIL MEMOS\AOC\Location Map_9946-1.dwg 02/13/26 - 8:17am DJordan

Received after Agenda Printed
March 10, 2026
Written Comments

**From:** Jim Mosher
**To:** City Clerk"s Office
**Cc:** Dept - City Council
**Subject:** Comments on City Council agenda items (March 10, 2026, meeting)
**Date:** March 09, 2026 4:55:11 PM
**Attachments:** 2026-03-10_CC_Agenda_Comments_JimMosher.pdf

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**[EXTERNAL EMAIL] DO NOT CLICK** links or attachments unless you recognize the sender and know the content is safe. Report phish using the Phish Alert Button above.

Madam Clerk,

Please find attached some written comments regarding selected items on tomorrow's Newport Beach City Council agenda.

Yours sincerely,

Jim Mosher

# March 10, 2026, City Council Agenda Comments

The following comments on items on the Newport Beach City Council agenda are submitted by:
Jim Mosher ( jimmosher@yahoo.com ), 2210 Private Road, Newport Beach 92660 (949-548-6229)

## *Capital Improvement Program (CIP) Early Look Review*

**Slide 2**: **The City's Capital Improvement Program**. In addition to preparing our own CIP budget, Implementation Program 1.1 of our current General Plan, citing Government Code Section 65401, says that "*When the City or any external agency responsible for the planning or implementation of public works within the City prepares its annual list of proposed public works and its five-year Capital Improvement Program (CIP), these must be submitted to the Planning Commission for review for conformity with the adopted General Plan*." Has this been happening?

**Slide 5**: **Summary Of New Funding By Type**. How do development impact fees figure into this?

**Slide 12**: **Bonita Creek Park Athletic Field Turf Replacement**. As Item: VII-A on its March 3, 2026, agenda, the Parks, Beaches and Recreation Commission was asked to provide feedback on this project, which included an LED lighting retrofit component in addition to the turf replacement. The staff report said "***Sufficient funds in the amount of $3,146,000 are available in FY 2025-26 CIP*** *in the following accounts* ***for design and construction*****"** (and listed GF, NE, FFP, PMMP). Why does this slide give different numbers, saying $1,800,000 needs to be added to a re-budget of $2,792,000 for a total of $4,592,000?

**Slide 15**: **New Water Wells and Pipelines**. I thought water expenses were funded by the rates charged (the "Water Fund"). Who is granting or contributing $10 million toward this effort? Is that the City of Laguna Beach? Are Newport Beach ratepayers paying nothing?

**Slide 18**: **Estimated Construction Start Dates**. In view of the following study session item, it is interesting that funding to support planning for the Police Station is still not expected to be needed for another two years.

## *Newport Beach Police Headquarters Reconstruction*

**Note**: Only slides 14, 16, 17 and 21 have numbers I can see, but the others are referenced by their sequence in the 21-slide presentation that has been posted in advance of the meeting.

**Slide 5**: **Key Factors for Evaluating Police Headquarters Sites**. Why are the six "evaluation criteria" listed here not prominent when we get to Slide 19 (Police Facility Site Comparison)?

**Slide 6**: **Potential New Police Facility at Current Site**. Why is the longer construction schedule a problem? Given significant recent investments in the current building, what is motivating the rush to move?

**Slide 12**: **Potential New Police Facility at 1201 Dove Street**. Why is this being an "Income-producing City asset" a consideration? If the Police Headquarters were moved here, wouldn't the existing location become an even greater "Income-producing City asset"?

Additionally, how would choice of this option affect the need to move Fire Station #3 and costs associated with that?

**Slide 13**: **Potential New Police Facility Closer to Civic Center**. Much like when the City felt a need to move the Lido Fire Station it missed a chance to buy the former McDonald's site and wound up having to pay a much higher price for it, the City appears to have missed a chance to buy the 4.2 acre Regal Edwards Big Newport site, ideally sited facing Fashion Island. Not only did the City miss the chance, but it jacked up the price it would have had to pay for it by increasing the height limit from 32 to 270 feet and rezoning it for housing.

**Slide 17**: **Potential New Police Facility at Civic Center Park**. How would the public access the "Reimagined Park & Sculpture Garden"? Is the parking along Avocado south of the Transit Center considered adequate (it already looks fairly fully occupied in satellite photos)? By including the "Upper Park" (much of which is the dog facility), it seems misleading to say the impact on the park would be going from "9.45 Acres" to "5.95 Acres." In addition to impeding access to it, the numbers show the relocated Police Headquarters will take away more than half the "Lower Park."

**Slide 19**: **Police Facility Site Comparison**.

- As previously noted, the "Evaluation Factors" listed in the first column only vaguely align with the "Evaluation Criteria" listed on Slide 5.
- It would seem less biased to have labelled the last column "Civic Center Park" rather than "Civic Center Campus."
- In the final row, "Key Considerations," it is curious that the Park Option is only one with no negatives at all, not even loss of dedicated, and perhaps irreplaceable, park space.

**Slide 20**: **Siting / Construction of a New Police Facility**. If the Council were to give the Ad Hoc Committee proposed direction 2, the instruction to them to "solicit further input from community" is slightly amusing, both because it is not clear the Committee has felt a need to solicit any community input so far and because it is not at all clear exactly how the Committee might propose to replace the lost park space within the Civic Center Campus area.

As a more general comment, I stand with the many who feel what remains of the original 12.8-acre Newport Center Park should be preserved as a park, and not viewed as a potential site for additional government buildings. The entire site was dedicated for open space park use. That residents voted in 2008 to allow a City Hall on it was predicated on a promise that the City Hall would occupy less than 2.8 acres at the southern end, and the rest would be preserved for its original purpose. That promise should be honored.

## *PUBLIC COMMENTS ON NON-AGENDA ITEMS*

Since the meetings of our Parks, Beaches and Recreation Commission are not video recorded or otherwise reported to the Council, the Council members may wish to know that at their March 3 meeting, Commissioners expressed concern about two actions taken at the Council's February 24 meeting: (1) the adoption of a revised Policy G-1 (retitled "Retention and Removal of City Trees") without their input and despite their request to make a recommendation about it, and the direction to them in City Charter Subsection 709(c) to "***Establish policies*** *for the*

*acquisition, development and improvement of parks, beaches and playgrounds and* ***for the planting, care and removal of trees and shrubs in all parks, playgrounds and streets****, subject to the rights and powers of the City Council*;" and (2) the adoption, without a recommendation from, or even notice to, them of Ordinance 2026-2 modifying rules for public recreational use of the beaches, specifically with regard to shade structures, despite the direction in Charter Subsection 709(a) to advise the Council on all such matters.

## *Item 2. Minutes for the February 10, 2026, City Council Meeting*

The passages shown in *italics* below are from the draft minutes with suggested corrections shown in ***~~strikeout~~*** ***underline*** format. The page numbers refer to Volume 66.

**Page 505**, paragraph 3: "***~~Reverand~~*** ***Reverend*** *Ray Jordan – Corona del Mar Community Church* ***–*** *arrived at 4:30 p.m. and provided a brief invocation*." [It's possible Rev. Jordan prefers this unusual spelling, but see page 250 of Volume 66, from January 28, 2025, and Mayor's thank you letter]

**Page 509**, Item 11, paragraph 5: "*Regarding aviation policy changes, Councilmember Grant sought clarification about public comments. Staff confirmed only the red-line changes were made, adding* ***~~EV infrastructure~~*** ***EVTOL*** *and drone references*." [There does not seem to be a YouTube posting of this meeting, but see 1:16:04 in the official video.]

**Page 510**, paragraph 3: "*Mayor* ***~~Por~~*** ***Pro*** *Tem Blom moved, seconded by Councilmember Weber, to approve staff's recommendations*."

**Page 510**, after first motion: "***~~NAYES~~*** ***NAYS****: Councilmembers Weber, Weigand, Mayor Pro Tem Blom and Mayor Kleiman (4)*"[1]

**Page 510**, after second motion: "***~~NAYES~~*** ***NAYS****: Councilmembers Grant and Barto (2)*"

## *Item 3. Resolution No. 2026-16: Revised Salary Schedule and New Classifications for the Key & Management Group*

It would have been helpful to provide organization charts showing how the two positions in question fit into the overall staff structure. From the one available, it looks like the changes are warranted. However, one might ask:

With regard to the proposed Real Property Manager, is the growth in contracts due to acquisition of new properties? Or to the acquisition of properties with multiple tenants, such as 1201 Dove? With regard to the latter, should that site not be used for a Police Headquarters, as was originally proposed, is it the City's intention to continue holding it as a landlord?

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[1] Prior to 2013, the minutes recorded the votes as "Ayes" and "Noes" as directed in the original City Charter Section 410. Measure EE, approved by voters in 2012, changed this to its present form of "Ayes" and "Nays." Why this change was recommended and approved is unclear, since "Noes" was the widely-recognized and long-time counterpart of "Ayes," as well as, apparently, the only one ever recognized in Roberts Rules of Order (although an earlier edition says an alternative name for a roll call is a call for "yeas and nays," even though the response is "aye" or "no"). In any event, the Charter currently requires a recording of "nays" (instead of "noes") and "NAYES" is a misspelling for that.

With regard to the proposed Code Enforcement Manager, while citations may be issued by the Code Enforcement Division, aren't some of the programs it administers overseen and directed by other departments: for example, Municipal Operations for refuse violations, and the Finance Division of the new Administrative Services Department for short term lodging violations?

## *Item 4. Resolution No. 2026-17: A Report Made by the Fire Marshal Regarding Compliance with the Annual Inspection of Certain Occupancies*

I do not doubt our City Fire Marshal's diligence in making all state-required annual inspections.

I would, however, note that, unless directed otherwise by the City Council, this new Health and Safety Code Section 13146.4 report is expected to be presented at a meeting where the Council is discussing its annual budget, and the two sections it is to report about compliance with (Section 13146.2 and Section 13146.3) have to do, at least in part, with setting and collecting inspection fees.

As such, I would guess that part of the report is expected to verify not just that the state-required inspections have taken place, but to report on whether the local fees being charged are adequate to defray the cost of providing the inspections, and if those fees are being paid.

The bill analysis of SB 1205 (2018) notes that in 2018 there was a separate SB-1415 in response to the deadly Ghost Ship nightclub fire in Oakland which, among many other things, required reporting of the completeness of inspections to the State Fire Marshal for public posting of the records. However, despite (like SB 1205) passing both houses of the legislature by near unanimous votes, SB-1415 was vetoed by the Governor. The existence of this other bill with a stronger public reporting component, and the requirement that the SB 1205 report come during budget discussions, reinforces my belief that the present report was intended, at least in part, to inform the Council and public about the adequacy of local inspection funding.

But in the present case, I don't think we are being told if the annual inspection fees are being paid or are adequate to fund the service provided. In short, the tie-in to the Council's budget discussions seems lacking.

Finally, SB 1205 was signed into law in September 2018, and Section 13146.4 became effective on January 1, 2019. Is this the first SB 1205 report? If so, is there a reason they weren't provided in prior years?

As to whether the Council might wish to designate a time other than its annual budget discussion for receiving future SB 1205 reports, I believe we review our fee schedule separately from our main budget discussion. That annual fee schedule review meeting might be the most appropriate for these fire inspection/fee reports.

## *Item 5. Resolution No. 2026-18: Amending the Selection Process and Various Responsibilities of the Finance Committee*

Is it correct to assume this is the final recommendation of the Council's Fiscal Transparency Ad Hoc Committee, and that with its submission that committee ceases to exist?

As to the recommendation, I'm sure there will be other opinions, but I don't find it entirely bad.

As to the observation of an average attendance of three members of the public, that is actually good compared to many other boards, commissions and committees. For example, I attended meetings of the Civil Service Board for many years and can think of only two at which any other members of the public were present, even though staff gives interesting presentations which time to prepare, but receive no further exposure. Now that I rely on the posting of the minutes (a month later) to find out what they said, I suspect public attendance is zero. An obvious solution to the low visibility would be to video record the meetings and make the recordings available immediately.

The expectation that under this new structure significant financial topics would "daylight" at publicly televised Council meetings is a worthy one, but I am not sure how the proposed resolution ensures that any more than the present one does.

As to "Efficient Use of City Resources," it appeared to me many meetings under the current resolution were attended by many more staff members than necessary, which likely increases the number of staff hours reported.

Tightening requirements for technical expertise on the part of those appointed is probably wise, although I have observed that the responses to the "dumb" questions that might be asked by members of the general public can also be enlightening.

As to having "Three Councilmembers appointed annually by the Mayor," I don't think that is wise nor consistent with our City Charter, in which decisions are made by the Council acting collectively, not as individuals, even when serving as Mayor. I believe the normal application process should be followed, with multiple applicants voted on by the whole Council.

Having a term limit is probably a good idea, but with two-year terms, a limit to two terms seems rather brief. The proposed language appears to create a lifetime limit of two terms. I think a limit to two consecutive terms would be better.

I also think the terms of the two citizen appointees should be staggered, for instance by making one of the initial appointments for a one-year term. That would provide better continuity than forever needing to replace both in the same years.

As to the proposed "Clarification of Purpose and Responsibilities," a redline comparison with the current set in Resolution No. 2024-91 would have been helpful. In the absence of that, making paper copies of proposed ordinances and resolutions available to the public would make comparison easier.

The "Purpose" section appears to be new, and within it, I don't think the new Finance Committee should be advising the City Manager directly. Only the full Council should be doing that.

Responsibility "E" is ambiguous as to whether the Finance Committee should be reviewing plans associated with the City's enterprise funds (water and sewer). The listed responsibilities are also unclear as to whether the Committee is expected to bring financial issues to the Council's attention on its own initiative.

## *Item 8. Approval of Amendment No. One to Professional Services Agreement with Hinderliter, De Llamas & Associates for Sales and Use Tax Consulting Services*

This item is unusual in that the dollar cost of the proposed contract approval is not mentioned in the recommended action appearing on the agenda, nor is it even clear from the staff report. One has to search for the existing contract, which is apparently C-8658-1, to discover that although described as an "amendment" "to extend the term," that earlier contract actually terminated on December 31, 2025.

As a result, even after reading the staff report, it is unclear if this a request to authorize HDL billing at $900 per month from March 10 to December 31, 2026 (a period of 8.7 months), or, ignoring the California Constitution's Article XI, Section 10(a) prohibition on retroactive compensation for work already performed, to authorize 12 full months of payment from January 1 to December 31, 2026.

## *Item 11. Planning Commission Agenda for the March 5, 2026, Meeting*

As I have noted before, this item originally included an oral report from the Planning Director, giving the Council members a chance to ask questions about and discuss what had happened at the most recent Planning Commission meeting, and, when warranted, call decisions up for further review.

I have several concerns about things that happened at the March 5 meeting:

### 300 Newport Center Drive Condominiums (PA2025-0102)

Considering public concern about the same developer's "Museum House" proposal a few years ago, I found it disturbing that this application for essentially two Museum House towers could proceed with no site-specific environmental review and only Planning Commission sign-off. This is certainly not something the state is "forcing" Newport Beach to approve, and I think the public expects more deliberate consideration of such major projects, including a vote on it by their City Council members. That the Council has essentially pre-approved this, and many other, major projects without knowing any of the details of them seem shameful to me.

### Wireless Service Facilities Code Amendments (PA2021-103)

I appreciate there are different opinions as to how vigorously the City should be promoting commercial telecom deployment. But City staff admitted their present effort contained many technical defects that would need to be reviewed and resolved, and at least two of the Commissioners expressed concerns about the City exempting itself from the rules applicable to others. Yet they all voted to recommend the Council adopt it, with no comments to the Council. I thought the Planning Commission's role was to work with staff to get things right before they forward them to the Council, or at least forward them with recommended changes if they think changes are needed. Apparently not.

## PC - future agenda items

The Community Development Department's Tentative Agenda Report distributed at the meeting indicates that the City's comprehensive General Plan Update is expected to be adopted after a single study session and a single public hearing, each, by the Planning Commission (March 19 and April 23) and the City Council (April 28 and May 12).

I don't know how long City staff expects those meetings to run, but this may be contrasted with the litany of study sessions and hearings held the last time a comprehensive update was considered, as recorded in the preamble to its adoption with Council Resolution No. 2006-76.

While the comparison is slightly imperfect since the Housing and Circulation Elements were adopted separately this time, preceding the 2006 adoption the Planning Commission and Council each held at 25 meetings each, with detailed discussion and public input on every element. In the four months preceding adoption, and with the GPAC having completed its work, they each held eight formal public hearings on the elements (each meeting twice a month), with those of the Council, for which there are video records, spanning a total of 16 hours.

It does not look like there will be anything like that level of comprehensive review, and invitation for public comment to decision makers, on this latest "comprehensive" update.

## *Item IV. MOTION FOR RECONSIDERATION*

The Council may wish to reconsider its approval, at the February 24, 2026, meeting of the February 10, 2026, minutes. **The result of the voting on Items 3 (page 500) and 11 (page 501) is not recorded in them**. It seems important for the minutes to show not just the motions, but what the results were. In the present case, knowing what the vote was seems particularly important with regard to Item 3, which was the potential adoption of a controversial ordinance regarding "safety enhancement zones," short term lodgings and shade structures on public beaches.

In addition to the absence of those two voting results, in two places, pages 497 and 501, the surname of citizen speaker Jennifer Krestan is misspelled as "Creston."