



# NEWPORT BEACH

## City Council Staff Report

June 9, 2026  
Agenda Item No. 19

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

**FROM:** Seimone Jurjis, City Manager – 949-644-3001,  
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**TITLE:** Resolution No. 2026-40: Fiscal Year 2026-27 Budget Adoption,  
Budget Public Hearing, and Recommendations from the Finance  
Committee.

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### **ABSTRACT:**

Following multiple opportunities for public comment before the City Council and the Finance Committee beginning in February of this year, the City Council held a joint Study Session with the Finance Committee to review the proposed Fiscal Year 2026-27 budget on May 26, 2026. The proposed Fiscal Year 2026-27 budget totals \$526.5 million, consisting of a \$477.2 million operating budget and a \$49.3 million capital budget. The revised General Fund budget continues to be balanced. It is recommended that the City Council consider adoption of the proposed budget for FY 2026-27 via resolution in order to fulfill the City Charter requirement that the City Council adopt an annual budget by resolution each year by June 30.

### **RECOMMENDATIONS:**

- a) Conduct a public hearing regarding the City Manager's proposed budget for Fiscal Year 2026-27;
- b) 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;
- c) Review and approve the proposed budget revisions;
- d) Adopt Resolution No. 2026-40, *A Resolution of the City Council of the City of Newport Beach, California, Adopting the Budget for the 2026-27 Fiscal Year*, and
- e) Review and approve the City Manager's recommended list of City position classifications and their salary ranges as required by the California Public Employees' Retirement System and in accordance with 2 CCR § 570.5 (a)(1).

## **DISCUSSION:**

In accordance with the City Charter, the City Manager is presenting the City of Newport Beach's FY 2026-27 proposed operating and capital budget and Fiscal Years 2027-32 Capital Improvement Program (CIP). These documents can be found on the City's website at the following location:

<https://www.newportbeachca.gov/government/departments/finance/city-budget-salary>

A third component of the budget includes proposed revisions to the initial proposed budget documents released in May. The proposed revisions (Proposed Budget Revisions) may represent revisions to either the operating or the capital budgets. The City Council, upon adoption of the proposed FY 2026-27 budget resolution and approval of the Proposed Budget Revisions as included in Attachment A in Exhibit A, respectively, will be authorizing the total proposed budget appropriations for FY 2026-27. The Proposed Budget Revisions are as follows:

- \$35,000 for S.W.A.T equipment such as rifles for the Newport Beach Police Department
- \$150,000 for a Performance-Based Incentive Compensation Program
- \$1,500,000 for the Police Facility project

The operating budget totals \$477.2 million and the capital budget totals \$49.3 million in FY 2026-27, for a total of \$526.5 million. Capital spending of \$543.1 million is anticipated over the six years covered by the CIP, subject to change with each future annual budget process. The annual budget serves as the foundation for financial planning and control and allows the City Council to prioritize expenditures in alignment with community values. The budget as submitted includes:

- A stable local revenue base with projected FY 2026-27 property tax revenues growing at an estimated 6.7% over the prior year due to the Proposition 13 inflationary adjustment, changes in ownership, and new construction.
- A healthy level of reserves that include a General Fund contingency reserve of approximately \$71 million, which is in compliance with Council Policy F-2, Reserve Policy.
- Continuation of an aggressive pension payment plan with a level dollar payment of \$40 million and the intent to allocate an additional \$5 million from the FY 2026-27 year-end surplus. Based on current projections, this plan will eliminate the City's unfunded pension liability by Fiscal Year 2032-2033.
- The FY 2026-27 budget as proposed includes 786 full-time positions, an increase of four full-time positions from the prior year revised position totals. Part-time positions will increase by a total of 4.35 full-time equivalent positions (FTEs) for a total of 149.80 part-time FTEs.

## **Budget Priorities**

The FY 2026-27 proposed budget continues to address the same core budget priorities that have served the community well in recent years. The City endeavors to maintain

funding for all priorities in a manner that is consistent with or exceeds the funding allocated in prior years.

#### Maintaining a Prosperous, Fiscally Sustainable, and Economically Viable City

An ongoing priority is to maintain the City's financial health by managing resources as efficiently as possible, responsibly managing debt, and working collaboratively with employees to share in the costs of pension obligations. The City Council has adopted prudent fiscal policies concerning its investments, reserves, budget administration, revenue initiatives, competitive contracting, facility replacement planning and more. Financial operations have produced net operating surpluses in recent years due to conservative budgeting, cooperative negotiation of labor agreements, and a stable and growing tax revenue base. The City's annual surplus typically derives in equal measure from higher revenue and lower expenditure than budgeted.

#### Providing the High Quality Municipal Services that Residents Expect

This budget priority is an ongoing, organization-wide effort to maintain the City as a high-performing municipal corporation that anticipates and responds to customer needs by delivering public services better, faster, less expensively, and when customers need them.

#### Keeping Newport Beach Looking Great

The City's goal is to provide modern, attractive, and well cared for city buildings, infrastructure, parks, and natural environments that create aesthetically pleasing places in which to live, work, recreate and visit. Key service areas include providing and maintaining high-quality, community centers, libraries, parks and landscaping, roadways, beaches, utility services, and other major foundational infrastructure. This goal is primarily implemented by the Departments of Public Works, Municipal Operation, Utilities and Community Development. Together they work to provide safe, reliable high quality, infrastructure and private development standards that support the City's residential, business, recreational and social needs.

#### Providing a Safe and Secure Neighborhood

The City's focus on public safety translates into top quality police, fire, emergency medical, and lifeguard response, as well as working with the community to prevent crime, fires, and the need for rescue. The City's fire prevention, emergency preparedness, and other programs also support these efforts. The City's contracted homeless services providers continue to assist people experiencing homelessness.

### **Budget Submission and Finance Committee Recommendation**

Pursuant to Section 1102 of the Newport Beach City Charter and City Council Policy F-3 – Budget Adoption and Administration, the proposed CIP and operating budget for the 2026-27 fiscal year was first submitted to the City Council and made available to the public on May 7, 2026. Per City Council Resolution No. 2018-71, the Finance Committee is responsible for reviewing and recommending approval of the operating portion of the City Manager's proposed budget to the City Council. The Finance Committee reviewed in detail the budget and operations of select City departments in advance of its consideration of the FY 2026-27 budget and held multiple meetings to discuss the budget in advance of the joint Study Session with the City Council on May 26, 2026.

The Finance Committee reviewed the funded status of the City's pension plan based on the latest California Public Employees' Retirement System (CalPERS) actuarial valuation and considered pension funding recommendations for FY 2026-27 on November 13, 2025, as well as the City's Long-Range Financial Forecast update on January 25, 2026. On April 16, 2026, the committee reviewed the Facilities Financial Plan and Harbor and Beaches Master Plan and the proposed operating budget and reviewed the operating budget detail found in the preliminary budget document on May 14, 2026. This robust review process, and numerous opportunities to receive public input on the proposed budget, help to ensure that the draft budget presented to the City Council is fiscally sound and adequately detailed.

On May 14, 2026, the Finance Committee voted to recommend approval of the City Manager's proposed FY 2026-27 budget as presented and directed that the budget would not return to the Committee unless substantive changes were made following the meeting. Subsequently, during the joint Study Session of the City Council and the Finance Committee on May 26, 2026, the City Council requested a proposed budget revision of \$35,000 for Police Department S.W.A.T. equipment. In addition, the City Manager proposed a \$150,000 budget revision for a Performance-Based Incentive Compensation Program and a \$1.5 million budget revision related to the Police Facility project.

The two operating budget revisions totaled \$185,000, representing approximately 0.05% of total General Fund expenditures, and therefore were not considered substantive changes requiring additional Finance Committee review. The \$1.5 million proposed budget revision related to the CIP, which is under the purview of the City Council rather than the Finance Committee. Additionally, the CIP document had erroneously reflected the Police Facility project budget in FY 2025-26 while also identifying the same amount as a re-budget in FY 2026-27. Accordingly, the proposed revision functioned primarily as a technical correction to properly reflect the project budget in FY 2026-27, rather than a substantive modification to the operating budget previously reviewed by the Finance Committee.

Based on the foregoing, staff determined that the proposed budget revisions did not constitute substantive changes necessitating additional Finance Committee review, and the Committee's May 14, 2026, recommendation remains unchanged.

### **All Funds Budget Overview**

The FY 2026-27 proposed budget, including internal charges and transfers for all funds is \$526.5 million. The operating portion of the budget amounts to \$477.2 million, including \$74.6 million in transfers.

### **Capital Improvement Program (CIP) Expenditures**

The CIP serves as a funding plan for public improvements, special projects, and many ongoing maintenance programs. Projects in the CIP include construction and rehabilitation of arterial highways, local streets, storm drains, bay and beach improvements, parks and buildings, and water and wastewater improvements. Specific project plans for the CIP are discussed in more detail in the CIP budget volume.

New appropriations for capital improvement projects included in the proposed budget amount to \$49.3 million. Unlike the operating budget, capital improvement appropriations are expended over multiple fiscal years due to timing considerations related to the ebb and flow of large construction projects that require environmental review, coordination with outside entities (public utilities), and design/policy considerations. The estimated total appropriations for capital projects will be approximately \$95.1 million when the re-budgeting of capital projects is included with the new appropriations. Prior year carry forward capital appropriations are supported by resources reserved and carried forward to offset those expenditures.

### General Fund Budget Overview

The General Fund is the key operating fund within the City’s budget. The General Fund accounts for discretionary revenues and expenditures, while all other funds are used to account for enterprise activities, internal service activity, major capital improvement projects, and special revenue sources that are restricted for specific purposes. The General Fund budget is balanced and includes total sources of \$350.9 million, which include operating revenues and interfund transfers in. Total uses of \$348.6 million include operating expenditures and interfund transfers out.

As illustrated in the following table, appropriations for operating expenditures are balanced in relation to projected revenue sources, and one-time revenue sources and reserves have not been utilized to balance the budget. The budget as proposed results in a structural budget surplus of \$2.3 million, which means that the surplus is not the result of one-time revenues and is expected to continue in future fiscal years until such time as additional ongoing expenditures are added to the budget.

Category	FY 2026-27 Proposed
<b>BEGINNING UNRESTRICTED FUND BALANCE</b>	
<b>OPERATING RESOURCES:</b>	
Operating Revenues	327,899,522
Transfers In from Other Funds	21,747,553
Repayment of Advances	1,250,000
<b>TOTAL OPERATING RESOURCES</b>	<b>350,897,075</b>
<b>OPERATING USES:</b>	
Operating Expenditures	303,773,283
Transfers Out	44,801,295
<b>TOTAL OPERATING USES</b>	<b>348,574,578</b>
<b>NET OPERATING SURPLUS</b>	<b>\$ 2,322,497</b>

### General Fund Operating Revenues and Transfers In

The General Fund operating revenues for FY 2026-27 are projected at \$349.6 million, which is approximately \$10.6 million (3.1%) higher than revenues projected for FY 2025-26. This growth is supported by a strong local economy, and most notably due to the continued strength of the Newport Beach real estate market (property tax revenue is the City's largest source of General Fund revenue).

General Fund Revenues by Category	FY 26	A	B	C=B-A	D=C/A
	Adopted	FY 26 Q2 Projected	FY 27 Proposed	Variance	%Variance
Property Taxes	\$ 159,980,466	\$ 163,128,525	\$ 170,714,827	\$ 7,586,302	4.65%
Sales Tax	47,301,344	48,793,625	49,743,581	949,956	1.95%
Transient Occupancy Tax, Net	33,994,371	32,821,827	33,496,235	674,408	2.05%
Other Taxes	10,318,398	10,318,398	10,647,888	329,490	3.19%
Service Fees & Charges	26,497,247	26,492,369	27,643,330	1,150,961	4.34%
Parking Revenue	8,976,102	8,924,261	9,546,000	621,739	6.97%
Licenses and Permits	5,598,575	6,213,317	6,378,800	165,483	2.66%
Property Income	9,544,279	10,117,997	9,616,728	(501,269)	-4.95%
Fines & Penalties	4,169,867	4,431,438	4,114,130	(317,308)	-7.16%
Intergovernmental	3,529,831	4,531,502	3,540,828	(990,674)	-21.86%
Investment Earnings	1,577,249	1,577,249	2,209,076	631,827	40.06%
Misc Revenues	227,506	934,015	248,098	(685,917)	-73.44%
Operating Transfers In	20,742,162	20,753,116	21,747,553	994,437	4.79%
<b>Total Revenues</b>	<b>\$ 332,457,397</b>	<b>\$ 339,037,638</b>	<b>\$ 349,647,075</b>	<b>\$ 10,609,436</b>	<b>3.13%</b>

\*Gross TOT revenues are projected at approximately \$40.7 million, consisting of \$31.2 million in hotel TOT and \$9.5 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 \$7.2 million, resulting in net TOT revenues of \$33.5 million.

FY 2026-27 General Fund operating revenues are projected to increase by \$10.6 million over the amounts projected for FY 2025-26 primarily due to the following:

- Property Taxes – Approximately one-half of General Fund revenue is derived from property taxes, the City's largest source of revenue, which is projected to increase \$7.6 million (4.7%) in FY 2026-27. This is largely related to a 2% increase in assessed values for the annual inflation adjustment that is capped at 2% under Proposition 13. Assessed values are also projected to increase due to changes in ownership and new construction.
- Sales Tax – The second largest funding source for the General Fund is sales tax revenue, making up 14% of General Fund revenues. The City's sales tax base is largely generated from four major industry groups including Autos and Transportation, General Consumer Goods, Restaurants/Hotels, and the State & County Pools. Sales tax is projected to grow 1.9% over the amount projected for FY 2025-26. The growth in sales tax revenue is largely due to strong sales projected from Restaurants/Hotels and a rebound of sales from Autos and Transportation, which will also boost the City's share of the State and County Pools.

- Transient Occupancy Tax - Transient occupancy tax (TOT) provides 10% of all General Fund revenues and is estimated at \$40.7 million before the portion that is paid to Visit Newport Beach. The net revenue to the City is \$33.5 million for FY 2026-27. TOT revenue is projected to increase \$0.7 million (2.1%) in FY 2026-27.

Pursuant to City Council Policy F-3, revenue projections are based on conservative assumptions to minimize adverse deviation from expected results and to ensure that the City has adequate financial resources to meet obligations and complete the programs approved by the City Council.

### Transfers In

Interfund transfers into the General Fund from other funds total \$21.7 million, which relates to reimbursement of costs incurred by the General Fund on behalf of other funds. These transfers are from the Tidelands Fund to offset costs for activities, programs and functions whose primary purpose benefits the Tidelands. Newport Beach's Tidelands includes ocean beaches where the visitor impacts are high, adding revenue but also causing significant expense in terms of police, lifeguard and emergency medical response.

### **General Fund Operating Expenditures and Transfers Out**

The total General Fund operating expenditures amount to \$348.6 million (\$303.8 million without transfers). This represents a \$27.1 million, or 8.4%, increase from the Fiscal Year 2025-26 adopted budget, which is made up of several increases and decreases to expenditures.

<b>General Fund Expenditure by Category</b>	<b>FY 25 Adopted</b>	<b>A FY 26 Adopted</b>	<b>B FY 27 Proposed</b>	<b>C=B-A Variance</b>	<b>D=C/A %Variance</b>
Salary & Benefits	\$ 180,959,130	\$ 185,219,111	\$ 205,052,110	\$ 19,832,999	10.71%
Contract Services	38,761,745	40,978,104	44,023,724	3,045,619	7.43%
Grant Operating	912,000	912,000	912,000	-	0.00%
Utilities	4,446,732	4,684,808	5,028,951	344,142	7.35%
Supplies & Materials	4,127,848	4,533,482	4,811,848	278,367	6.14%
Maintenance & Repair	5,277,713	5,953,221	6,006,277	53,056	0.89%
Travel & Training	893,616	874,271	943,493	69,222	7.92%
General Expenses	3,979,565	4,184,386	4,688,925	504,539	12.06%
Internal Svc Charge	31,245,497	29,474,647	31,083,728	1,609,080	5.46%
Risk Management	255,915	312,189	392,189	80,000	25.63%
Capital Expenditures	1,143,266	1,143,266	830,038	(313,228)	-27.40%
Operating Transfers Out	39,255,611	43,229,083	44,801,295	1,572,212	3.64%
<b>Total Expenditures</b>	<b>\$ 311,258,638</b>	<b>\$ 321,498,569</b>	<b>\$ 348,574,578</b>	<b>\$ 27,076,008</b>	<b>8.42%</b>

The increase in the Salary & Benefits category is primarily attributable to negotiated and approved increases for the City's various employee associations. FY 2026-27 will mark another year of accelerated pension liability payments to CalPERS, which is approximately \$4 million more than the minimum amount required to be paid to CalPERS. This aggressive funding plan will improve the City's funded status and provide for long-term fiscal sustainability.

General Fund operating expenditures excluding Salary & Benefit costs and transfers out are increasing by \$5.7 million. This variance is primarily driven by a \$1.6 million increase within the Internal Services Funds necessitated by higher insurance premiums and rates. Contract services account for an additional \$1.5 million due to increased costs associated with the WISE County Landfill Agreement, and \$1.6 million for non-personnel operational enhancements. The remaining \$1.0 million provides required structural adjustments to baseline operating budgets to reflect CPI increases and mandatory County agency fees.

#### Program Enhancements

Contained in the proposed budget are enhancements to current programs and new programs that are in line with the City Council's budget priorities. Included in these enhancements are staffing changes, as further detailed in the following section of this report across departments. Major non-personnel related enhancements included in the budget as proposed consist of allocating resources for the Harbor Department to operate the Balboa Yacht Basin rather than contracting with a third-party service provider; increasing contract services for the Municipal Operations Department for additional work to select entry monuments around the City and enhancing the landscape of medians and roadsides; funding for safety uniforms and personal protective equipment such as turnout sets for Fire Department personnel; and increasing outside agencies costs within the Police Department for special events such as the Fourth of July.

#### Transfers Out

General Fund transfers out total \$44.8 million and are transferred to other funds to address long-term obligations in high-priority areas. This includes \$8.6 million to the Debt Service Fund plus an additional \$6.9 million to the Facilities Financial Plan, which together exceeds 3% of General Fund revenues as stipulated in Council Policy F-28. The transfers also include \$6.5 million for General Fund capital improvement projects, \$2.5 million to the Facility Maintenance Plan, \$2.3 million for Park Maintenance CIP projects, \$6.1 million to the Tidelands Capital Fund, and the \$11.8 million subsidy to the Tidelands Operating Fund.

Chapter 2.28 of the Newport Beach Municipal code (NBMC) addresses the establishment of classifications and salary ranges. Section 2.28.030 states the City Manager shall review and recommend changes to the City Council at least annually. It has been the City's practice to bring forth the City Manager's recommendations annually during the budget approval process as reflected in Attachment A, Exhibit D.

In addition to the NBMC requirements, CalPERS requires all pay schedules (Attachment A, Exhibit D) to be publicly available. The pay schedule must meet the following requirements: 1) be duly approved and adopted by the employer's governing body in accordance with requirements of applicable meeting laws; 2) identify the position title for every employee position; 3) show the pay rate as a single amount or multiple amounts within a range for each identified position; 4) indicate the time base, including, but not limited to, whether the time base is hourly, daily, biweekly, monthly, bi-monthly, or annually; 5) be posted at the office of the employer or immediately accessible and available for public review during normal business hours or posted on the employer's website; 6) indicate an effective date and date of any revisions; 7) be retained by the employer and available for public inspection for not less than five years; and 8) not reference another document in lieu of disclosing the pay rate. Council's approval of

Attachment A, Exhibit D, with approval of the budget facilitates compliance with these requirements.

Changes included in the salary schedule not previously discussed include:

1. Salary ranges have been adjusted to adhere to the State of California minimum wage increases, as necessary.
2. Salary schedules for the Mayor and City Council were increased by 3.7% in accordance with City Charter Section 402.

### **Citywide Staffing Changes (All Funds)**

The FY 2025-26 authorized position count is 782 full-time positions and 145.45 full-time equivalents of part-time positions. The FY 2026-27 net staffing changes will result in an increase of 4 full-time positions for a total of 786 full-time authorized positions and an increase of 4.35 full-time equivalent part-time positions, for an authorized part-time total of approximately 149.80 full-time equivalent positions.

New full-time positions proposed for inclusion in the budget include the following:

1. Addition of one Firefighter Paramedic
2. Addition of two Police Officers
3. Addition of one Associate Civil Engineer
4. Addition of one Recreation Coordinator
5. Addition of one Harbor Safety Officer, Lead

Additional staffing changes are proposed to support (1) the transition of Balboa Yacht Basin operations from a third-party vendor contract to the Harbor Department and (2) the transfer of animal shelter operations from the Police Department to the Recreation and Senior Services Department to enhance customer service and expand public access to the facility through longer open hours and community outreach. The animal shelter reorganization includes converting two positions: Animal Control Officer, Senior to a Recreation Supervisor, and Community Services Officer to a Recreation Coordinator. Additional reorganizations include moving the Real Property Division budget and personnel from the Community Development Department to the City Manager's Office to better align Citywide governance practices. Lastly, as shown in the table below, various reclassifications and part-time-to-full-time conversions, along with related salary adjustments, support departmental reorganizations and do not increase the City's total FTE count. All changes will take effect in the pay period that includes July 1, 2026.

Staffing changes are summarized in the following table.

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	FULL-TIME	PART-TIME	TOTAL
<b>2025-26 REVISED BUDGET AUTHORIZED POSITIONS</b>	<b>782.00</b>	<b>145.45</b>	<b>927.45</b>
<b>2026-27 PROPOSED POSITION CHANGES</b>			
<b>Administrative Services</b>			
Decrease Full-Time Senior Accountant	(1.00)		(1.00)
Increase Full-Time Principal Accountant	1.00		1.00
Decrease Management Analyst	(1.00)		(1.00)
Increase Senior Management Analyst	1.00		1.00
<b>City Attorney's Office</b>			
Decrease Full-Time Administrative Assistant	(1.00)		(1.00)
Increase Full-Time Management Analyst	1.00		1.00
<b>City Clerk's Office</b>			
Decrease Full-Time Assistant City Clerk	(1.00)		(1.00)
<b>City Manager's Office</b>			
Increase Full-Time Real Property Manager	1.00		1.00
Increase Full-Time Management Analyst	1.00		1.00
Increase Full-Time Assistant Management Analyst	1.00		1.00
Increase Part-Time Management Analyst		0.75	0.75
<b>Community Development</b>			
Decrease Full-Time Principal Building Inspector	(1.00)		(1.00)
Increase Full-Time Supervising Building Inspector	1.00		1.00
Decrease Full-Time Management Analyst	(1.00)		(1.00)
Decrease Full-Time Assistant Management Analyst	(1.00)		(1.00)
Decrease Full-Time Real Property Manager	(1.00)		(1.00)
Decrease Part-Time Management Analyst		(0.75)	(0.75)
<b>Fire</b>			
Increase Full-Time Firefighter Paramedic	1.00		1.00
Decrease Full-Time Lifeguard Training Captain	(1.00)		(1.00)
Increase Full-Time Lifeguard Battalion Chief	1.00		1.00
<b>Harbor</b>			
Increase Full-Time Harbor Safety Officer, Lead	1.00		1.00
Increase Part-Time Harbor Safety Officer		1.50	1.50
Increase Part-Time Management Analyst		0.05	0.05
<b>Municipal Operations</b>			
Decrease Full-Time Maintenance Worker	(6.00)		(6.00)
Increase Full-Time Maintenance Operator	6.00		6.00
Decrease Full-Time Maintenance Operator	(1.00)		(1.00)
Increase Full-Time Maintenance Crew Chief	1.00		1.00
Decrease Full-Time Deputy Municipal Operations Director	(1.00)		(1.00)
<b>Police</b>			
Increase Full-Time Police Officer	2.00		2.00
Increase Full-Time Recreation Supervisor	1.00		1.00
Increase Full-Time Park Patrol Officer	1.00		1.00
Decrease Full-Time Senior Animal Control Officer	(1.00)		(1.00)
Decrease Full-Time Community Services Officer	(1.00)		(1.00)
Increase Part-Time Park Patrol Officer		1.75	1.75

	FULL-TIME	PART-TIME	TOTAL
<b>Public Works</b>			
Increase Full-Time Associate Civil Engineer	1.00		1.00
Decrease Full-Time Office Assistant	(1.00)		(1.00)
Increase Full-Time Department Assistant	1.00		1.00
Decrease Full-Time Associate Civil Engineer	(2.00)		(2.00)
Increase Full-Time Senior Civil Engineer	2.00		2.00
Decrease Part-Time Associate Engineer		(1.90)	(1.90)
Increase Part-Time Associate Civil Engineer		1.90	1.90
<b>Recreation &amp; Senior Services</b>			
Increase Full-Time Recreation Coordinator	1.00		1.00
Increase Part-Time Assistant Recreation Coordinator		1.40	1.40
Increase Part-Time Senior Recreation Leader		1.40	1.40
Increase Full-Time Recreation Supervisor	1.00		1.00
Increase Full-Time Recreation Coordinator	1.00		1.00
Decrease Full-Time Park Patrol Officer	(1.00)		(1.00)
Decrease Full-Time Recreation Supervisor	(1.00)		(1.00)
Decrease Part-Time Park Patrol Officer		(1.75)	(1.75)
<b>Utilities</b>			
Decrease Full-Time Utilities Crew Chief	(1.00)		(1.00)
Increase Full-Time Utilities Inspector	1.00		1.00
<b>FY 27 PROPOSED POSITIONS</b>	<b>4.00</b>	<b>4.35</b>	<b>8.35</b>
<b>Total Positions</b>	<b>786.00</b>	<b>149.80</b>	<b>935.80</b>

## Proposed City Council Policy Revisions

The resolution included as Attachment A, Exhibit E, would amend City Policy F-3 – Budget Adoption and Administration to implement a Consumer Price Index (CPI) increase to the dollar amount in Section E(1). City Council Policy F-3, last amended in December 2025, governs the preparation, adoption and administration of the City’s Annual budget. This policy was recently reviewed by staff to ensure that it was consistent with current practice and regulatory guidance. As a result of the review, the following notable changes are recommended to City Policy F-3:

1. The dollar amount set forth in Section E(1) shall increase, but not decrease, based on the change in the CPI referencing the March of the prior year to March of the current year and shall be rounded up to the nearest \$1,000.
2. Section 7(B) addresses excess project appropriations that may also be transferred from one Capital Improvement Project to another and removes the reference of physical location.
3. Any reference of the Comprehensive Annual Financial Report (CAFR) is to be updated to the Annual Comprehensive Financial Report (ACFR) to reflect inclusive terminology as approved by the Government Finance Officers Association (GFOA) and Governmental Accounting Standards Board (GASB).

The changes made to City Council Policy F-3 are displayed in Exhibit E in Attachment A, which reflects the redline changes made to the policy.

**FISCAL IMPACT:**

In accordance with the City Charter, the City Manager is presenting the City of Newport Beach's FY 2026-27 proposed operating and capital budget and Fiscal Years 2027-2032 Capital Improvement Program Plan. The operating budget totals \$402.6 million, the capital budget totals \$49.3 million in FY 2026-27, and transfers for all funds total \$74.6. The proposed General Fund budget is balanced, with revenues exceeding expenditures by \$2.3 million.

**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. 2026-40

Attachment B – New Job Descriptions

Attachment C – City Council Policy F-3 Redlines