

# CITY OF NEWPORT BEACH BUDGET PRESENTATION FISCAL YEAR 2016-17

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Dave Kiff, City Manager

Dan Matusiewicz, Finance Director

Tuesday, June 14, 2016



# Finance Committee Recommendations

Concept	Finance Committee Recommendation	Committee Vote	Council Direction, if any
<b>1. Incentivize departments to return annually with 1-3% in operational savings</b>	The Committee did not recommend this action, noting that savings at FY 2014-15 Year End appeared to be greater than 4%, but urged the City Manager to continue to look at ways to reduce operational expenses. The City Manager later offered to propose an expanded incentive program (build upon the current “III Program” Council Policy D-4).	7-0	
<b>2. Examine and propose a new model for mooring management in Newport Harbor</b>	The Committee agreed that this made sense, and urged the Council to move forward and have the Harbor Commission review it.	7-0	
<b>3. Consider selling the old city hall site at 3300 Newport Boulevard.</b>	The Committee suggested waiting on this concept until the Lido House Hotel was open and operational for a short period of time. The Committee offered to assist the Council in its review of any sale or appraisals at that time.	7-0	
<b>4. Move to flat \$50.00 Business License Tax; Offset revenue reduction to GF with an increase to Wastewater Enterprise Fund.</b>	The Committee did not recommend this action given the shortfall it would create in the General Fund and the obligations on the General Fund (such as pension costs).	7-0	

# Finance Committee Recommendations

Concept	Finance Committee Recommendation	Committee Vote	Council Direction, if any
5. Review a longer replacement cycle for Newport Harbor's public docks and piers.	The Committee agreed that this made sense, and urged the Council to move forward and have the Harbor Commission review it.	7-0	
6. Consider outsourcing Tenant Improvement (TI) plan check for commercial properties.	The Committee offered to review any proposal to do this should the Council wish to move forward on it.	7-0	
7. Conduct a new review of CIP program elements to prioritize essentials versus desirables.	The Committee felt that this item was outside of the Finance Committee's purview and deferred to the Council's wishes.	7-0	
8. Wait on any new pension Fresh Start until after additional Finance Committee review of alternatives to another Fresh Start.	To avoid negative amortization of the City's unfunded pension liability, the Committee recommended moving forward on the Proposed Budget's Fresh Start but said that further pension or OPEB actions should await the involvement of the Finance Committee with an independent actuary. The Committee intends to discuss this further in the coming months, following budget adoption.	7-0	

# Pension Contribution Choice

- Option 1 - Default payment schedule phases-in the added cost of people living longer over 5 year period, but at a cost
- Option 2 – “Partial Fresh Start” (PFS) opts-out of deferred payment schedule
- PFS requires \$5 million more during the first 4 years but saves \$12 million over the next 16 years – Net Savings of \$7 Million
- Net Present Value (NPV) savings ~ \$3 Million.
- Need to decide by June 30, 2016 – Sooner is better

## **PROS**

- Saves \$7 million over time
- Avoids “Negative Amortization” of unfunded liability balance

## **CONS**

- Commits City to higher payments over the next four years

# FY 16-17 Checklist

6/14/2016

## Budget Checklist - Amendments to the Proposed Budget Fiscal Year 2016-17

### CHANGES TO THE PROPOSED BUDGET AS PRINTED - ADMINISTRATIVE

		Budget	Approved
		Increase (Decrease)	
<b>Fiscal Year 2014-15 Surplus</b>			
01003-991711	Unassigned, Unrestricted General Fund Fund Balance (Transfer Out)	\$ (3,500,000)	
71103-691010	Wastewater Operations Fund - Transfer In	\$ 3,500,000	
<b>TOTAL CHANGES TO THE PROPOSED BUDGET - ADMINISTRATIVE</b>		<b>\$ -</b>	

### CHANGES TO THE PROPOSED BUDGET AS PRINTED - PERSONNEL RELATED

		Budget	Approved
		Increase (Decrease)	
<b>City Clerk</b>			
01010005-7*	Add 1.96 FTE Part-Time Department Assistants (Limited Term) for Records Management	\$ 98,537	
01010005-7*	Reclass one full-time Deputy City Clerk position to full-time Assistant City Clerk	\$ -	
<b>Fire Department</b>			
01040404-713003	Reduction in overtime funding for modified summer surge ambulance program	\$ (80,500)	
<b>Municipal Operations</b>			
0109032-7*	Reclass one full-time Urban Forester position to full-time Parks Supervisor	\$ -	
<b>Police</b>			
01035355-7*	Delete full-time Civilian Fraud Investigator position (new in FY 2016-17)	\$ (111,062)	
01035352-7*	Add one full-time Community Services Officer	\$ 115,385	
01035352-7*	Delete part-time Community Services Officer (1040 hours or .5 FTE)	\$ (41,520)	
<b>Public Works</b>			
01080801-7*	Six month overfill of a Senior Public Works Inspector	\$ 66,101	
<b>TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET - PERSONNEL RELATED</b>		<b>\$ 46,941</b>	

# FY 16-17 Checklist (cont.)

## CHANGES TO THE PROPOSED BUDGET AS PRINTED - MAINTENANCE & OPERATIONS

		Budget	Approved
		Increase (Decrease)	
<b>City Council</b>			
01005005-811008	Funding for "Heroes Hall" at the OC Fair and Events Center (Mayor pro Tem Muldoon)	\$ 25,000	
01005001-811008	Expected airport analysis needs can be reduced from past years (City Manager)	\$ (241,000)	
<b>Police/Information Technology</b>			
7657653-911024	Peninsula Wireless Mesh Network Expansion (Police & City Manager/IT)	\$ 150,000	
<b>Municipal Operations</b>			
0109021-811032	Additional steam cleaning - McFadden Square (Mayor Dixon)	\$ 18,750	
53503-811032	Additional steam cleaning - Balboa Village (Mayor Dixon)	\$ 18,750	
0109062-811008	Increased cost of graffiti removal contract (prevailing wage)	\$ 30,000	
<b>Library &amp; Cultural Arts</b>			
01060603-841004	Pacific Symphony on the Civic Green (Arts Commission)	\$ 60,000	
<b>Equipment Fund</b>			
7529032-911016	Funding adjustment needed based on change to proposed vehicles to be replaced	\$ (147,440)	
75403-911034	Add'l funding for 800 MHz equip based on quotes rec'd after proposed budget was developed	\$ 13,954	
<b>TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET - M&amp;O</b>		<b>\$ (71,986)</b>	
<b>TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET - PERSONNEL AND M&amp;O</b>		<b>\$ (25,045)</b>	
<b>TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET BY FUND</b>			
	General Fund	\$ (60,309)	
	Balboa Village Parking Management Fund	\$ 18,750	
	Technology Equipment Fund	\$ 150,000	
	Equipment Fund	\$ (133,486)	
	<b>Total Changes to the Proposed Operating Budget</b>	<b>\$ (25,045)</b>	

# FY 16-17 Checklist (cont.)

## CHANGES TO THE PROPOSED BUDGET AS PRINTED - CIP EXPENDITURES

Capital Improvement Project	Budget		Approved
	Increase	(Decrease)	
70201931-980000-17W01 Water Main Master Plan Program	\$	250,000	
70101-980000-17W02 Water Master Plan Program	\$	125,000	
13501-980000-16V11 Streetlight Retrofit	\$	(1,200,000)	
<b>TOTAL CHANGES TO THE PROPOSED CIP EXPENDITURE BUDGET</b>	<b>\$</b>	<b>(825,000)</b>	
<b>TOTAL CHANGES TO THE PROPOSED CIP EXPENDITURE BUDGET BY FUND</b>			
Contributions Fund	\$	(1,200,000)	
Water Operations Fund	\$	250,000	
Water Capital Fund	\$	125,000	
<b>Total Changes to the Proposed CIP Budget</b>	<b>\$</b>	<b>(825,000)</b>	

## CHANGES TO THE PROPOSED BUDGET AS PRINTED - REVENUE

Department/Account Number/Description	Budget		Approved
	Increase	(Decrease)	
01040402-521225 Contract with County for Haz Mat Inspections (Fire Department)	\$	(27,250)	
<b>TOTAL CHANGES TO THE PROPOSED REVENUE BUDGET</b>	<b>\$</b>	<b>(27,250)</b>	
<b>TOTAL CHANGES TO THE PROPOSED REVENUE BUDGET BY FUND</b>			
General Fund	\$	(27,250)	
<b>Total Changes to the Proposed Revenue Budget</b>	<b>\$</b>	<b>(27,250)</b>	