

# FY 2019-20 Proposed Budget

**City of Newport Beach**

**City Council Budget Adoption**

June 11, 2019

[www.newportbeachca.gov/budget](http://www.newportbeachca.gov/budget)



# Principles Used in the Development of the FY 2019-20 Budget

## Budget Emphasizes:

- Providing High Quality Municipal Services that Residents Expect
- Providing a Safe and Secure Neighborhood
- Keeping Newport Beach Looking Great
- Maintaining a Prosperous, Fiscally Sustainable, and Economically Viable City



# Straight to the Point

- Budget is balanced
- Budget assumes strong property tax growth rate while most other revenue slowing
- Proposed Expenditures remain relatively flat
- Adhered to Council guidance regarding the use of FY 2017-18 budget surplus
- Continued aggressive payment schedule of unfunded pension liability
- Continued focus on enhancing the community's quality of life and safety
- Continued funding of infrastructure master plans and neighborhood enhancement projects
- General Plan Update Funded
- Funded Airport Growth Control Efforts
- Robust Internal and External Audit Programs
- The collective components are budgeted conservatively
- Emphasizes long-term fiscal sustainability

# Important Budget Development Dates

Dates	Action
Fall/18	Finance Committee reviewed the status of major operating liabilities and related funding recommendations
1/22/19	Council was Provided Economic Forecast Briefing
2/2/19	Council Planning Session
2/14/19	Finance Committee reviewed the City's Long Range Financial Forecast update
3/14/19	Finance Committee reviewed the revenue assumptions used to develop the Fiscal Year 2019-20 Operating Budget
4/25/19	Finance Committee was provided and overview of the proposed operating budget
5/14/19	At a joint study session on City Council and Finance Committee to reviewed the proposed operating budget
5/16/19	Finance Committee had another opportunity to seek further clarification on the proposed budget from staff
5/28/19	Council Reviewed the proposed the Capital Improvement Budget (CIP)
5/30/19	Finance Committee finalizes recommendation of 2019-20 Budget

# Proposed Budget Summary - of All Funds

	<b>FY 2017-18 REVISED EXPENDITURES</b>	<b>FY 2018-19 REVISED EXPENDITURES</b>	<b>FY 2019-20 PROPOSED EXPENDITURES</b>	<b>\$ VAR</b>	<b>% VAR</b>
OPERATING BUDGET	294,576,388	298,959,576	303,752,688	4,793,112	1.6%
CIP PROJECTS					
New Appropriations	41,069,538	52,325,792	44,491,100	(7,834,692)	-15.0%
Rebudget/Carry Forward	35,194,809	30,757,550	51,724,110	20,966,560	68.2%
	76,264,347	83,083,342	96,215,210	13,131,868	15.8%
<b>TOTAL BUDGET</b>	<b>\$ 370,840,735</b>	<b>\$ 382,042,918</b>	<b>\$ 399,967,898</b>	<b>\$ 17,924,980</b>	<b>4.7%</b>

# General Fund Sources and Uses

	FY 2018-19 Revised Budget	FY 2019-20 Proposed Budget	\$ VAR	% VAR
<b>SOURCES</b>				
<b>UNRESTRICTED FUND BALANCE</b>				
FY 2016-17 Surplus	\$ 12,090,743	\$ -	\$ (12,090,743)	-100.0%
FY 2017-18 Surplus	-	13,020,333	13,020,333	NA
Use of FY 2017-18 Surplus	1,428,885	(1,428,885)	(2,857,770)	-200.0%
FY 2018-19 Surplus	-	2,483,791	2,483,791	NA
			-	
<b>REVENUES</b>	221,413,058	229,392,161	7,979,103	3.6%
Less: Restricted Revenues	(775,735)	(672,000)	103,735	-13.4%
Use of Restricted Revenues and Encumbrances	1,878,744	20,000	(1,858,744)	-98.9%
Transfers-In	8,161,694	9,475,236	1,334,641	16.4%
<b>TOTAL SOURCES</b>	<b>\$ 244,197,389</b>	<b>\$ 252,290,636</b>	<b>\$ 8,093,247</b>	<b>3.3%</b>
<b>USES</b>				
Operating Expenditures	\$ 211,853,367	\$ 218,689,329	\$ 6,835,962	3.2%
Transfers Out	26,337,885	31,680,252	5,342,367	20.3%
Contingency Reserve Increase(Decrease)	3,522,346	-	(3,522,346)	-100.0%
<b>TOTAL USES</b>	<b>\$ 241,713,598</b>	<b>\$ 250,369,581</b>	<b>\$ 8,655,983</b>	<b>3.6%</b>
<b>UNAPPROPRIATED UNRESTRICTED RESOURCES</b>	<b>\$ 2,483,791</b>	<b>\$ 1,921,055</b>	<b>\$ (562,736)</b>	<b>-22.9%</b>

# Updated General Fund Available Unrestricted Resources after Proposed Budget Revisions

	<b>FY19-20 Proposed Budget</b>
<b>UNRESTRICTED RESOURCES</b>	<b>\$ 1,921,055</b>
Additional Council approved FY 2018-19 appropriations	
19BA-041 for emergency repairs due to heavy storms	\$ (550,000)
19BA-044 additional weed abatement	\$ (40,000)
19BA-045 Paramedic Service Fee	\$ (11,000)
<b>Revised Unrestricted Resources</b>	<b>\$ 1,320,055</b>
Proposed Budget Revisions (06/05/2019)	
Increased General Fund Operating Appropriations	(432,607)
Less VNB Public Benefit appropriations	135,000
Capital Improvement Project Additions	(125,000)
Revenue Reduction	(220,808)
	<u>(643,415)</u>
<b>Revised Unrestricted Resources</b>	<b>\$ 676,640</b>

# Proposed Budget Revisions (formerly Checklist) Personnel & Operations Related

<u>Department/Account Number/Description</u>		<u>Budget</u>	<u>Approved</u>
		<u>Increase (Decrease)</u>	
<b>Enhancement of Public Safety</b>			
1	Continue limited term (1-year) funding for cold case investigations (.44 FTE Police Officer)	\$ 50,000	
	SUBTOTAL	\$ 50,000	
<b>General Plan Update Process Support</b>			
2	Add 1.0 FTE limited term (2-year) Planning Technician to assist during General Plan Update process	\$ 63,907	
3	Increase Department Assistant .25 FTE limited term (2-year) to assist during the General Plan Update process	\$ 17,490	
	SUBTOTAL	\$ 81,397	
<b>City Council Community Support</b>			
4	Contribution to OC River Park for video production (requested by Council Member Herdman)	\$ 10,000	
	SUBTOTAL	\$ 10,000	
<b>Utilities Department Services</b>			
5	Anticipated increases related to future contract for storm drain services (October 2019)	\$ 197,156	
6	Anticipated increases related to future contract for street sweeping services related to prevailing wage (April 2020)	\$ 113,750	
7a	Reduction of Admin Service fee for Water	\$ (193,650)	
7b	Increase of Admin Service fee for Sewer	\$ 3,100	
8a	Increase fixed water charges to City water accounts (General Fund)	\$ 204,328	
8b	Increase fixed water charges to City water accounts (Water Fund)	\$ 20,470	
	SUBTOTAL	\$ 345,154	
<b>Budget Revisions/Corrections</b>			
9	Revised Employee Pension Contribution (Human Resources Department)	\$ (139,557)	
10	Reduction to professional & technical services budget (City Manager, Airport Division)	\$ (100,000)	
11a	Remove Sculpture Garden Funding from 01060603-811054	\$ (115,000)	
11b	Add Sculpture Garden funding to a new account titled Sculpture Garden VNB, 01060603-811059	\$ 135,000	
11c	Use VNB Public Benefit reserve to fund Sculpture Garden	\$ (135,000)	
12	Increase to Great Scott Tree Services Contract (Council approved 3/12/19 with Contract Amendment #2)	\$ 90,033	
13	One-time purchases of replacement Cellebrite, LiveScan, Polygraph, Handgun to be purchased in FY 19	\$ (94,500)	
	SUBTOTAL	\$ (359,024)	
<b>TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET</b>		<b>\$ 127,527</b>	

# Proposed Budget Revisions (formerly Checklist) Revenue Estimate Adjustments

<u>Department/Account Number/Description</u>		<u>Budget Increase (Decrease)</u>
0103032-551466	Closure of Parking Lot on Peninsula (Newport Blvd & 28th Street)	\$ (30,258)
0103031-521350	Reduction to Admin Service Fee for Water	\$ (193,650)
0103031-521355	Increase to Admin Service Fee for Sewer	\$ 3,100
70103-521505	Sale of Water City revenue increasing due to increased City fixed charges above	\$ 224,798
	SUBTOTAL	\$ 3,990

# Full-time Position Count

<b>FY 19 Full-time Position Count Adopted Budget</b>	<b>726</b>
<b>Public Works</b>	
Eliminate 1 FT Engineering Technician	(1)
Add 1 FT Records Specialist	1
<b>Utilities</b>	
Add 1 FT M&O Specialist to Streetlight Program	1
<b>FY20 Proposed Budget Position Total (Up 1 from FY19 Adopted)</b>	<b>727</b>
<b>FY20 Proposed Budget Revisions (Checklist)</b>	
<b>Fire Department</b>	
Eliminate 3 FT Firefighters	(3)
Add 3 FT Firefighter/Paramedics	3
<b>FY 20 Proposed with Checklist Changes</b>	<b>727</b>

# Part Time (FTE) Position Count

<b>FY 19 FTE Position Count Adopted Budget</b>	<b>151.00</b>
Add .6 FTE Paralegal	0.60
Eliminate .5 FTE Office Assistant	(0.50)
Add .3 FTE Admin Analyst	0.30
Eliminate .75 FTE Building Inspector II	(0.75)
Add .75 FTE Admin Analyst	0.75
Add .6 FTE Interns	0.60
Add .29 FTE Senior Fiscal Clerk	0.29
Add .95 FTE Lifeguard - Rescue Boats, Marina Park & Lido Bridge	0.95
Add .75 FTE Human Resource Analyst	0.75
Eliminate .44 FTE Cold Case Investigators (Limited Term)	(0.44)
Eliminate .23 FTE Intern	(0.23)
Add .3 FTE Associate Civil Engineers	0.30
Add .525 FTE Office Assistant	0.53
Eliminate .17 FTE FiiN Leader	(0.17)
Add .04 FTE Recreation Leader	0.04
Add 1.5 FTE Utilities Specialists	1.50
Add 1.0 FTE Maintenance Aide	1.00
<b>FY20 Proposed Budget Position Total (Up 5.52 from FY19 Adopted)</b>	<b>156.52</b>
FY20 Proposed Budget Revisions (Checklist)	
Add 1 FTE Planning Technician (Limited Term - General Plan Update)	1.00
Add .25 FTE Department Assistant (Limited Term - General Plan Update)	0.25
Add .44 Limited Term Cold Case Investigators	0.44
<b>FY 20 Proposed with Checklist Changes</b>	<b>158.21</b>

## Recommended Actions

- a) Conduct public hearing
- b) Discuss Council member recommendations for additions, deletions, or modifications to the proposed budget via the Proposed Budget Revisions
- c) Conduct a straw vote on the Proposed Budget Revisions in two parts:
  - 1. Specific items that Council members request to take action on separately
  - 2. Remaining items as a group
- d) Based on the straw vote, items approved on the list of Proposed Budget Revisions will be included in the City's Fiscal Year 2019-20 Approved Budget
- e) Adopt Resolution 2019-54 adopting the City Manager's Proposed Fiscal Year 2019-20 Budget, as amended

# Questions

