



# CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA - Final

100 Civic Center Drive - Crystal Cove Conference Room, Bay 2D

Thursday, January 14, 2016 - 3:00 PM

**Finance Committee Members:**

**Keith Curry, Chair / Council Member**  
**Diane Dixon, Mayor**  
**Tony Petros, Council Member**  
**Patti Gorczyca, Committee Member**  
**William C. O'Neill, Committee Member**  
**Larry Tucker, Committee Member**  
**John Warner, Committee Member**

**Staff Members:**

**Dave Kiff, City Manager**  
**Dan Matusiewicz, Finance Director / Treasurer**  
**Steve Montano, Deputy Director, Finance**  
**Marlene Burns, Administrative Specialist to the Finance Director**

The Finance Committee meeting is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that the Finance Committee agenda be posted at least seventy-two (72) hours in advance of each regular meeting and that the public be allowed to comment on agenda items before the Committee and items not on the agenda but are within the subject matter jurisdiction of the Finance Committee. The Chair may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

The City of Newport Beach's goal is to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, we will attempt to accommodate you in every reasonable manner. Please contact Dan Matusiewicz, Finance Director, at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible at (949) 644-3123 or [dmatusiewicz@newportbeachca.gov](mailto:dmatusiewicz@newportbeachca.gov).

**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 Finance Department 24 hours prior to the scheduled meeting.

**I. CALL MEETING TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENTS**

*Public comments are invited on agenda and non-agenda items generally considered to be within the subject matter jurisdiction of the Finance Committee. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Finance Committee has the discretion to extend or shorten the speakers' time limit on agenda or non-agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.*

**IV. CONSENT CALENDAR**

**A. MINUTES OF DECEMBER 10, 2015**

**Recommended Action:**  
Approve and file.

**V. CURRENT BUSINESS**

**A. BI-ANNUAL INVESTMENT PORTFOLIO REVIEW**

**Summary:**

Staff and/or one or more investment advisors will discuss current market conditions and the performance of the City's investment portfolio.

**Recommended Action:**

Receive and file.

**B. IMPLEMENTATION OF BUDGET PREPARATION FRAMEWORK - REVIEW OF OPERATING BUDGET, SESSION 4**

**Summary:**

During recent Finance Committee meetings, members discussed pursuing actions for bringing greater transparency and accountability during the annual budget development process. Staff believes that following a proposed budget preparation framework consisting of budget principles, and associated strategies and tactics can be a reliable vehicle for improving the City's budget process. In furtherance of Budget Framework Tactic T.10.1, the goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Public Works Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.

**Recommended Action:**

In furtherance of Budget Framework Tactic T.10.1, review, ask questions, and provide comment relating to the Public Works Department Fiscal Year 2015-2016 operating budget.

**C. REVIEW OF FACILITIES FINANCIAL PLANNING TOOL (FFPT)**

**Summary:**

Staff will present the timing, means of financing, and fiscal impacts associated with funding high-priority capital projects approved by the City Council.

**Recommended Action:**

Receive and file.

**D. WORK PLAN OVERVIEW**

**Summary:**

Staff will present and seek approval of the tentative Finance Committee agenda topics scheduled for the calendar year. The work plan represents the planned topics of discussion; however, is subject to change based on the availability of information and the need to schedule other topics as they arise.

**Recommended Action:**

Review and approve the tentative Finance Committee agenda topics.

**E. ISSUANCE OF MULTI-FAMILY HOUSING REVENUE BONDS FOR THE UPTOWN NEWPORT PROJECT BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO TPG/TSG VENTURE I ACQUISITION, LLC**

**Summary:**

The California Statewide Communities Development Authority (CSCDA) is authorized to issue bonds, notes, and other evidences of indebtedness or certificates of participation in leases to public entities and private developers in order to promote economic development, including the provisions and maintenance of multi-family housing. The borrower, TPG/TSG Venture I Acquisition, LLC, (a joint venture entity formed by Shopoff Realty Investments and the Picerne Group) is seeking financing from CSCDA for the acquisition, construction and development of the multifamily rental housing projects collectively known as the Uptown Newport Village. The law requires a public hearing be held to allow members of the public and the governing board the ability to comment and approve or disapprove the issuance of bonds for the project. Any project not approved by the local jurisdiction will not be financed through CSCDA. As the Program Participant, the City of Newport Beach will not incur any liability of this CSCDA financing.

**Recommended Action:**

Review and recommend a City Council public hearing on the issuance of Multi-Family Housing Revenue Bonds by CSCDA to TPG/TSG Venture I, LLC for the development of the Uptown Newport I and II Apartments.

**F. YEAR-END CLOSING RESULTS**

**Summary:**

Staff will present the preliminary year-end closing results for Fiscal Year 2014-2015.

**Recommended Action:**

Receive and file.

**G. QUARTERLY ERP UPDATE**

**Summary:**

Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.

**Recommended Action:**

Receive and file.

**VI. FINANCE COMMITTEE ANNOUNCEMENTS ON MATTERS WHICH MEMBERS WOULD LIKE PLACED ON A FUTURE AGENDA FOR DISCUSSION, ACTION OR REPORT (NON-DISCUSSION ITEM)**

**VII. ADJOURNMENT**



# CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA - Final

100 Civic Center Drive - Crystal Cove Conference Room, Bay 2D

Thursday, January 14, 2016 - 3:00 PM

**Finance Committee Members:**

**Keith Curry, Chair / Council Member**  
**Diane Dixon, Mayor**  
**Tony Petros, Council Member**  
**Patti Gorczyca, Committee Member**  
**William C. O'Neill, Committee Member**  
**Larry Tucker, Committee Member**  
**John Warner, Committee Member**

**Staff Members:**

**Dave Kiff, City Manager**  
**Dan Matusiewicz, Finance Director / Treasurer**  
**Steve Montano, Deputy Director, Finance**  
**Marlene Burns, Administrative Specialist to the Finance Director**

The Finance Committee meeting is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that the Finance Committee agenda be posted at least seventy-two (72) hours in advance of each regular meeting and that the public be allowed to comment on agenda items before the Committee and items not on the agenda but are within the subject matter jurisdiction of the Finance Committee. The Chair may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

The City of Newport Beach's goal is to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, we will attempt to accommodate you in every reasonable manner. Please contact Dan Matusiewicz, Finance Director, at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible at (949) 644-3123 or [dmatusewicz@newportbeachca.gov](mailto:dmatusewicz@newportbeachca.gov).

**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 Finance Department 24 hours prior to the scheduled meeting.

**I. CALL MEETING TO ORDER**

**II. ROLL CALL**

**III. PUBLIC COMMENTS**

*Public comments are invited on agenda and non-agenda items generally considered to be within the subject matter jurisdiction of the Finance Committee. Speakers must limit comments to three (3) minutes. Before speaking, we invite, but do not require, you to state your name for the record. The Finance Committee has the discretion to extend or shorten the speakers' time limit on agenda or non-agenda items, provided the time limit adjustment is applied equally to all speakers. As a courtesy, please turn cell phones off or set them in the silent mode.*

**IV. CONSENT CALENDAR**

**A. MINUTES OF DECEMBER 10, 2015**

**Recommended Action:**

Approve and file.

[DRAFT MINUTES 121015](#)

**V. CURRENT BUSINESS**

**A. BI-ANNUAL INVESTMENT PORTFOLIO REVIEW**

**Summary:**

Staff and/or one or more investment advisors will discuss current market conditions and the performance of the City's investment portfolio.

**Recommended Action:**

Receive and file.

[STAFF REPORT](#)

[ADDITIONAL MATERIALS RECEIVED](#)

**B. IMPLEMENTATION OF BUDGET PREPARATION FRAMEWORK - REVIEW OF OPERATING BUDGET, SESSION 4**

**Summary:**

During recent Finance Committee meetings, members discussed pursuing actions for bringing greater transparency and accountability during the annual budget development process. Staff believes that following a proposed budget preparation framework consisting of budget principles, and associated strategies and tactics can be a reliable vehicle for improving the City's budget process. In furtherance of Budget Framework Tactic T.10.1, the goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Public Works Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.

**Recommended Action:**

In furtherance of Budget Framework Tactic T.10.1, review, ask questions, and provide comment relating to the Public Works Department Fiscal Year 2015-2016 operating budget.

[STAFF REPORT](#)

[ATTACHMENT A](#)

[ATTACHMENT B](#)

[ATTACHMENT C](#)

[ATTACHMENT D](#)

[ATTACHMENT E](#)

**C. REVIEW OF FACILITIES FINANCIAL PLANNING TOOL (FFPT)**

**Summary:**

Staff will present the timing, means of financing, and fiscal impacts associated with funding high-priority capital projects approved by the City Council.

**Recommended Action:**

Receive and file.

[STAFF REPORT](#)

[ATTACHMENT A](#)

**D. WORK PLAN OVERVIEW**

**Summary:**

Staff will present and seek approval of the tentative Finance Committee agenda topics scheduled for the calendar year. The work plan represents the planned topics of discussion; however, is subject to change based on the availability of information and the need to schedule other topics as they arise.

**Recommended Action:**

Review and approve the tentative Finance Committee agenda topics.

[STAFF REPORT](#)

[ATTACHMENT A](#)

**E. ISSUANCE OF MULTI-FAMILY HOUSING REVENUE BONDS FOR THE UPTOWN NEWPORT PROJECT BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY TO TPG/TSG VENTURE I ACQUISITION, LLC**

**Summary:**

The California Statewide Communities Development Authority (CSCDA) is authorized to issue bonds, notes, and other evidences of indebtedness or certificates of participation in leases to public entities and private developers in order to promote economic development, including the provisions and maintenance of multi-family housing. The borrower, TPG/TSG Venture I Acquisition, LLC, (a joint venture entity formed by Shopoff Realty Investments and the Picerne Group) is seeking financing from CSCDA for the acquisition, construction and development of the multifamily rental housing projects collectively known as the Uptown Newport Village. The law requires a public hearing be held to allow members of the public and the governing board the ability to comment and approve or disapprove the issuance of bonds for the project. Any project not approved by the local jurisdiction will not be financed through CSCDA. As the Program Participant, the City of Newport Beach will not incur any liability of this CSCDA financing.

**Recommended Action:**

Review and recommend a City Council public hearing on the issuance of Multi-Family Housing Revenue Bonds by CSCDA to TPG/TSG Venture I, LLC for the development of the Uptown Newport I and II Apartments.

[STAFF REPORT](#)

[ATTACHMENT A](#)

**F. YEAR-END CLOSING RESULTS**

**Summary:**

Staff will present the preliminary year-end closing results for Fiscal Year 2014-2015.

**Recommended Action:**

Receive and file.

[STAFF REPORT](#)

[ATTACHMENT A](#)

[ATTACHMENT B](#)

**G. QUARTERLY ERP UPDATE**

**Summary:**

Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.

**Recommended Action:**

Receive and file.

[STAFF REPORT](#)

**VI. FINANCE COMMITTEE ANNOUNCEMENTS ON MATTERS WHICH MEMBERS WOULD LIKE PLACED ON A FUTURE AGENDA FOR DISCUSSION, ACTION OR REPORT (NON-DISCUSSION ITEM)**

**VII. ADJOURNMENT**

**CITY OF NEWPORT BEACH  
FINANCE COMMITTEE  
DECEMBER 10, 2015 MEETING MINUTES**

**I. CALL MEETING TO ORDER**

The meeting was called to order at 4:00 p.m. in the Newport Coast Conference Room, Bay 2E, 100 Civic Center Drive, Newport Beach, California 92660.

**II. ROLL CALL**

**PRESENT:** Council Member Keith Curry (Chair), Mayor Pro Tem Diane Dixon, Council Member Tony Petros (arrived 4:05 p.m.), Committee Member Patti Gorczyca, Committee Member William C. O'Neill, Committee Member Larry Tucker, and Committee Member John Warner

**STAFF PRESENT:** City Manager Dave Kiff, Finance Director/Treasurer Dan Matusiewicz, Assistant City Manager Carol Jacobs, Deputy Finance Director Steve Montano, IT Manager Rob Houston, Police Support Services Administrator Jonathan Stafford, Fire Chief Scott Poster, Assistant Fire Chief Rob Williams, Division Fire Chief Cathy Ord, Principal Planner Jim Campbell, Deputy General Services Director Mike Pisani, Administrative Manager Angela Crespi, and EMS Division Chief Kristin Thompson

**MEMBERS OF THE PUBLIC:** Marilyn Ellis, Neil Ellis and Jim Mosher

**III. PUBLIC COMMENTS**

Jim Mosher commented on the shelf space provided in the Library for the City budget but noted that the Library does not yet have a copy of the budget adopted earlier this year. Additionally, the versions available on line are missing documents and he wondered whether the City will have a published budget document this year. He commented on the Annual Consolidated Statement of Revenues and Expenditures published in the Daily Pilot and suggested Members of the Committee may want to review it. He referenced a recent Council meeting where discussion took place regarding the Civic Center budget and the need for an independent audit. He commented on the possibility of being under/over budget as well as on an organization called, "Transparent California" and their release of salary information for all California Cities. He suggested the Committee might be interested in reviewing it. He added that pension data is also available through the same organization.

**IV. CONSENT CALENDAR**

**A. MINUTES OF NOVEMBER 12, 2015**

**Recommended Action:**  
Approve and file.

Chair Curry opened public comments.

Jim Mosher reported that there was reference in the minutes to an Officer David McGill and that he is now the Deputy Police Chief. Additionally, he noted there is reference to OTS and suggested spelling that out as the Office of Traffic Safety and noted that the minutes from the last several meetings are not yet on the City's website.

Seeing no others wishing to address the Committee, Chair Curry closed public comments.

Committee Member Warner moved, and Committee Member O'Neill seconded, to approve the November 12, 2015, Finance Committee Minutes, as corrected. The motion carried, unanimously.

## V. CURRENT BUSINESS

### A. UNDERGROUND UTILITY ASSESSMENT DEFERRAL PROGRAM

#### **Summary:**

At its October 13, 2015, meeting the City Council considered an Underground Utility Assessment Deferral Program and referred consideration of potential program ideas to the Finance Committee for recommendation. The general plan would be designed to help resident property owners that may not have sufficient disposable income to pay the undergrounding assessment or utility connection costs. The purpose of this staff report is to analyze potential options for recommendation to the City Council and facilitate discussion.

#### **Recommended Action:**

Provide the City Council with options and recommendations for programs focused on providing financial relief to resident property owners that may not have sufficient disposable income to pay the undergrounding assessment or utility connection costs.

Finance Director/Treasurer Dan Matusiewicz presented details of the report noting that interest has been expressed in an Assessment Deferral Program. He reported that the staff report details three options for the Committee to consider and reported that he had a conversation with a local bank that would be interested in assisting the City in the loan administration. The City would either have to guarantee the loan or front the proceeds. The third recommendation is education on what options are available in the private sector.

Committee Member Patti Gorczyca reported that in an abundance of caution, the City Attorney suggested, and she agreed, to recuse herself from this item as she owns property within Assessment District 117. However, as the item affects her property, she kept the option of providing comments as a member of the public open. She indicated that she received an opinion from the Fair Political Practices Commission that she did not have a conflict, but, she went ahead and recused herself in an abundance of caution.

Council Member Curry commented on the assessment amount and reported that the deferral criteria has not yet been established. He presented a sample scenario with various assumptions and asked how the City would get paid back.

Finance Director/Treasurer Matusiewicz reported that upon transfer or sale of the home, the note would either become due or it would be payable from escrow. He stated that if the home were to be transferred, the heir would be responsible for paying the assessment at the time of the transfer.

Discussion followed regarding the process in cases where the home went into foreclosure, ways of protecting the City's interests, the City's priority status as long as it was ahead of any other financing, additional costs for administration of the loan, the possibility of establishing terms that may address the default issue and use of similar programs in the past.

Council Member Curry questioned the financial prudence of using public money to provide private loans and expressed concerns with the amount of time allowed for the loan to be paid back. He also questioned whether there is legality in establishing a commitment like this. He added that there would be additional impetus to want to foreclose on properties and felt that the proposal will result in a lot of work for a very narrow segment of the community.

Committee Member Tucker agreed and added that he does not see the decision within the purview of the Committee. Additionally, he stated that it is a complicated arrangement, for not a lot of money but acknowledged increases in property values by undergrounding utilities.

Council Member Petros added that the City would not want to face the inevitability of foreclosing on someone's home.

Discussion followed regarding interest comparisons using the City's deferral program versus through property taxes, over a twenty-year period, the possibility of funding through reverse mortgages or grants, funding sources, appropriate uses of CDBG funds, undergrounding costs, and criteria for adjusting assessments.

Council Member Petros suggested moving this item along and direct staff to summarize the issues discussed. Additionally, that there be an acknowledgement that the Committee discussed the issue of using the public treasury as bank, and specify that there is some concern regarding the chilling effect this could have on homeowner defaults; in addition, that the summary of issues be presented to Council, for their consideration.

Council Member Curry opened public comments.

Neil Ellis asked regarding ownership of the poles and spoke in opposition to the undergrounding plan and questioned the validity of a petition that was circulated regarding the matter.

Council Member Curry reported that voters have already voted on the district and that the matter is not within the Finance Committee's purview.

Mr. Ellis opined that the owners of the pole should pay for their removal if they want them out.

Council Member Curry closed public comments.

Council Member Petros moved, and Mayor Pro Tem Dixon seconded, to direct staff to summarize the issues discussed, that there be an acknowledgement that the Committee discussed the issue of using the public treasury as bank, and specify that there is some concern regarding the chilling effect this could have on homeowner defaults; in addition, that the summary of issues be presented to Council, for their consideration.

The motion carried, unanimously.

Committee Member O'Neill moved, and Mayor Pro Tem Dixon seconded, to recommend to Council, that the City replicate the 2010 Utility Connection Grant Program using CDBG funds at 80 percent income level for connections.

The motion failed with 2 ayes (O'Neill and Dixon) and 5 noes.

## **B. IMPLEMENTATION OF BUDGET PREPARATION FRAMEWORK – REVIEW OF OPERATING BUDGET, SESSION 3**

### **Summary:**

During recent Finance Committee meetings, members discussed pursuing actions for bringing greater transparency and accountability during the annual budget development process. Staff believes that following a proposed budget preparation framework consisting of budget principles, and associated strategies and tactics can be a reliable vehicle for improving the City's budget process. In furtherance of Budget Framework Tactic T.10.1, the goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Fire Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.

**Recommended Action:**

In furtherance of Budget Framework Tactic T.10.1, review, ask questions, and provide comment relating to the Fire Department Fiscal Year 2015-2016 operating budget.

Fire Chief Scott Poster distributed handouts to the Committee, provided a brief video regarding the Newport Beach Fire Department and a PowerPoint presentation of the Department's budget.

Discussion followed regarding overtime, the possibility of having pool employees, having lower-level trained employees to avoid overtime costs and using retirees to work in support positions.

Fire Chief Poster provided details of Fire Department operations, responses, revenues, tasks of the Facility Coordinator, facilities maintenance, contract management and paramedic and non-paramedic assessment units.

Requests were made to show years of service for safety personnel and show figures compared to prior years in terms of percentages and list key drivers, in future reports.

Discussion followed regarding doing a variance analysis on a City-wide basis.

Fire Chief Poster addressed budget execution, revenue optimization and budget revenue generation.

Council Member Petros commended Chief Poster for his work and for his report of the current system. He wondered regarding other opportunities and options to deliver the same service and hoped that the City would have the courage to review the type of service that the community would like to see and consider options for delivery and cutting costs.

Discussion followed regarding the possibility of studying what other municipalities and Fire Departments are doing that may work for the City, working with the Fire Authority and opportunities to share services.

Council Member Curry opened public comments.

Jim Mosher commented on contracts with the various bargaining units and reported that summary information is available on the City's website. He commented on bereavement pay and on contracts with the Police and Fire Chiefs. In response to his question, Finance Director/Treasurer Matusiewicz reported that overtime is not pensionable. He asked regarding equipment replacement and specific items within the report.

Council Member Curry closed public comments.

Council Member Curry reported the Fire Department is the second largest department in the City and the budget impacts are very significant for the overall community. The City has been working closely with the Chief in terms of streamlining and Council Member Curry added that many issues are contractually limited as well as by State law.

Discussion followed regarding considering new models of safety services, unfunded pension liabilities, and the need to get the house in order as best as possible.

Finance Director/Treasurer Matusiewicz asked whether the Committee would like to direct staff to proceed developing the budget under the current model, make a study and make adjustments upon conclusion of the study.

Council Member Petros stated that the Committee appreciates the services that the Fire Department has provided, but in the January budget cycle, the Committee will roll up its sleeves and in cooperation with the Fire Department, see if the City can do better for its citizens.

### **C. LIFE SAFETY SERVICES PROGRAM EVALUATION**

#### **Summary:**

Staff will discuss the results of a recent review of the City's Fire Department Life Safety Service as part of the on-going effort to review operations for effectiveness, efficiency and cost. This report provides the roles and responsibilities of the Division and summarizes the results of the study.

#### **Recommended Action:**

Receive and file.

Assistant City Manager Carol Jacobs provided a report noting there were initial concerns about coordination of plan check and plan review as a customer-service driven study. She reported that the consultant interviewed people across a number of departments and noted there were a number of themes that the City can work on relative to internal issues. She stated there were financial issues and asked for input from the Committee regarding reclassifying the Fire Marshall position, making it an Assistant Fire Marshall, saving the City about \$129,000 a year or not hiring another body and letting the Building Official assume the Assistant Fire Marshall role. She addressed other options and listed actions taken and under consideration.

Council Member Curry spoke in support of letting the Building Official assume the Assistant Fire Marshall role. Additionally, he noted the need to streamline the permitting process.

Assistant City Manager Jacobs added that any fire-related issue that could not be addressed by the Assistant Fire Marshall, would be addressed by Chief Poster. She reported that the study did not include benchmarking of other agencies.

Council Member Curry opened public comment.

Jim Mosher commented on the report, emergency readiness and improving public outreach.

Chief Poster noted that the Fire Department has a Hazard Mitigation Plan and noted there was public outreach done.

Council Member Curry closed public comment.

Committee Member O'Neill moved, and Committee Member Gorczyca seconded, to receive and file the report.

The motion carried, unanimously.

### **D. CITY COUNCIL POLICY F-9 CITY VEHICLE/EQUIPMENT GUIDELINES**

#### **Summary:**

At the City Council Meeting of October 27, 2015, the City Council reviewed and approved changes to the City Council Policy F-9 – City Vehicle/Equipment Guidelines. These changes will extend the life of the City's fleet, eliminate several types of equipment the City no longer owns and add vehicles to the Equipment Maintenance Fund that were previously not included. The revision to Policy F-9 on October 27, 2015, resulted in savings of approximately \$1,039,000 to the City's General and Enterprise Funds. The City Council requested that the Finance Committee review Policy F-9 to determine if additional savings are available. After a thorough review of the policy and the financial resources necessary to maintain the Equipment Replacement Fund, staff is not recommending any changes to the useful lives of the equipment.

#### **Recommended Action:**

Provide direction to staff on the proposed changes.

Council Member Curry provided a brief report and noted the item is ready for adoption.

Discussion followed regarding the City's use of clean fuel.

Council Member Curry explained the use of alternative fuels.

Council Member Curry opened public comments.

Jim Mosher noted that the use of alternative fuels is not mandatory.

Council Member Curry closed public comments.

Mayor Pro Tem Dixon moved, and Committee Member Gorczyca seconded, to forward the matter on to City Council.

The motion carried, unanimously.

In reply to Mayor Pro Tem Dixon's inquiry, City Manager Kiff reported that staff will be providing year-end closing results and an ERP update in January as well as an investment review.

**VI. ADJOURNMENT**

The Finance Committee adjourned at 5:50 p.m. to the next regular meeting of the Finance Committee on January 14, 2016, at 4:00 p.m.

Filed with these minutes are copies of all materials distributed at the meeting.

The agenda for the Regular Meeting was posted on December 3, 2015, at 8:32 p.m., in the binder and on the City Hall Electronic Board located in the entrance of the Council Chambers at 100 Civic Center Drive.

Attest:

\_\_\_\_\_  
Keith Curry, Chair  
Finance Committee Chair

\_\_\_\_\_  
Date



## CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 5A  
January 14, 2016

**TO:** HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
(949) 644-3123 or [danm@newportbeachca.gov](mailto:danm@newportbeachca.gov)

**SUBJECT: BI-ANNUAL INVESTMENT PORTFOLIO REVIEW**

---

### **EXECUTIVE SUMMARY**

The purpose of this memorandum is to review current market conditions and report on the performance of the City's investment portfolio relative to the City's investment objectives. The report includes all invested City funds. All investments are in compliance with California Government Code and the City's adopted Statement of Investment Policy.

### **DISCUSSION**

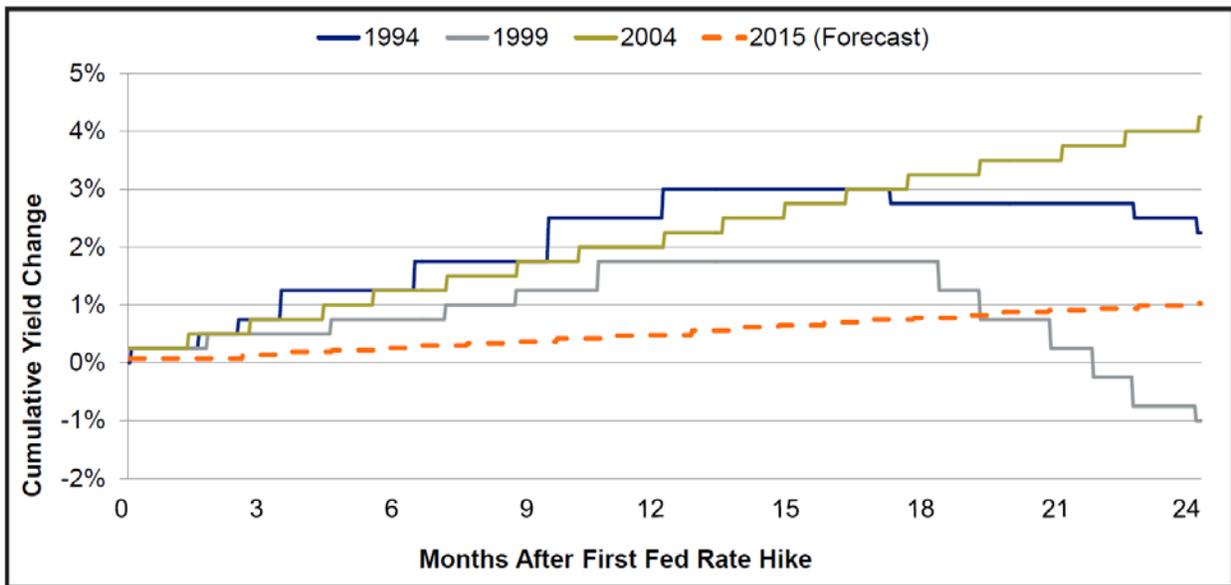
Guided by Council Policy F-1 and constrained by California Government Code, the City's core investment objectives are to provide safety of the invested principal by maintaining a well-diversified, high-quality portfolio of liquid assets while earning a market rate of return commensurate with the City's conservative risk profile. California State Code Section 53600.5 mandates that the City Treasurer shall follow three objectives when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds. The primary objective of the City Treasurer shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the City. The third objective shall be to achieve a return on the funds under his or her control.

### **Current Market Conditions**

#### **Interest Rates**

On December 16, 2015, the Federal Open Market Committee (FOMC) set a new target range for the federal funds rate (0.25% to 0.50%). This is a 0.25% increase from the previous range (0.00% to 0.25%), which was set exactly seven years earlier on December 16, 2008. The Federal Reserve (Fed) also raised by 0.25% the interest rate it

pays banks on excess reserves deposited with the Fed to 0.50%. The increase in the target federal funds rate was similar to the first increase in each of the last three tightening cycles. Those past cycles resulted in cumulative increases of 1.75% to 4.25% over the succeeding 18 to 24 months. However, Fed governors have urged investors not to look to history for guidance. In the past three tightening cycles, the end-point was 3.75% to 5.25%. Overall, the Fed is proceeding with caution as it begins to normalize monetary policy in a slow and deliberate manner. Most market economists currently forecast a rate of only 1.25% to 1.50% two years from now.



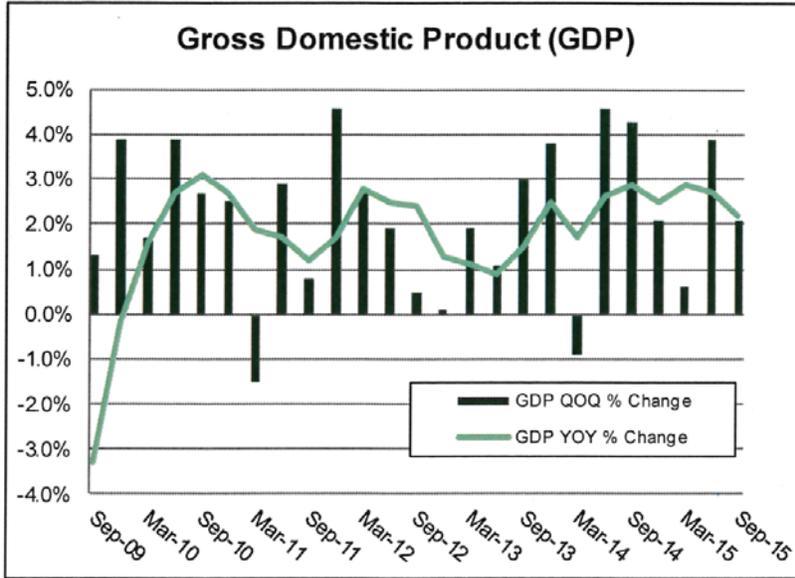
Source: Bloomberg; 2015 (Forecast) is composed of Fed Funds Futures contracts.

Since the end of the third quarter, Treasury interest rates moved higher across the yield curve, but with greater change in shorter maturities, which comprise most of the City's holdings. The City's average portfolio duration is approximately 1.76 years as of December 31, 2015. We anticipate that the current trends in interest rates will continue with shorter interest rates remaining under greater pressure to move higher compared to those with longer maturities. Sharp increases in yield will have a two-fold impact on the City's portfolio including increased investment in come and decreased market value of existing holdings. It is important to note that unrealized losses due to market fluctuations, will remain unrealized provided the security is held to maturity.

**Gross Domestic Product (GDP)**

Real gross domestic product – the value of the goods and services produced by the nation's economy less the value of the goods and services used up in production, adjusted for price changes – increased at an annual rate of 2.0% in the third quarter of 2015, according to the "third" estimate released by the Bureau of Economic Analysis. In the second quarter, real GDP increased 3.9%. The increase in real GDP in the third quarter primarily reflected positive contributions from personal consumption expenditures (PCE), nonresidential fixed investment, state and local government

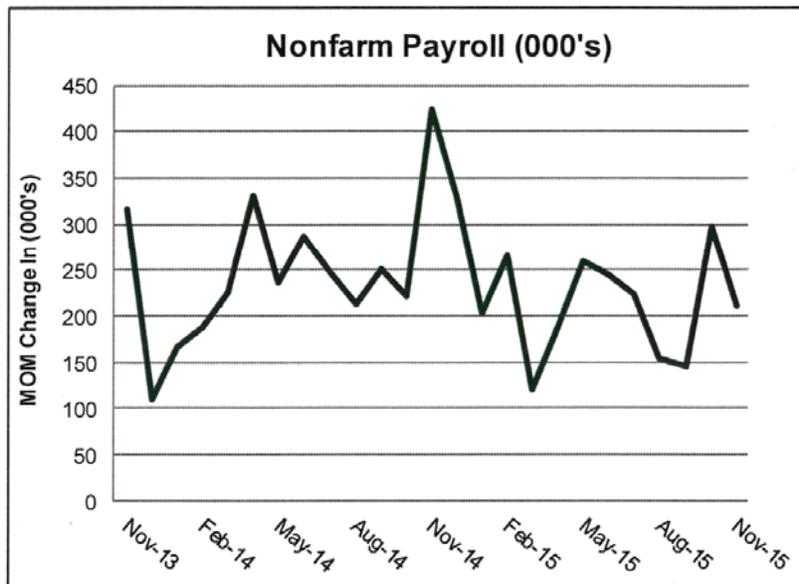
spending, residential fixed investment, and exports that were partly offset by a negative contribution from private inventory investment. Additionally, US GDP increased both on a quarter-over-quarter and a year-over-year basis.



Source: US Department of Commerce

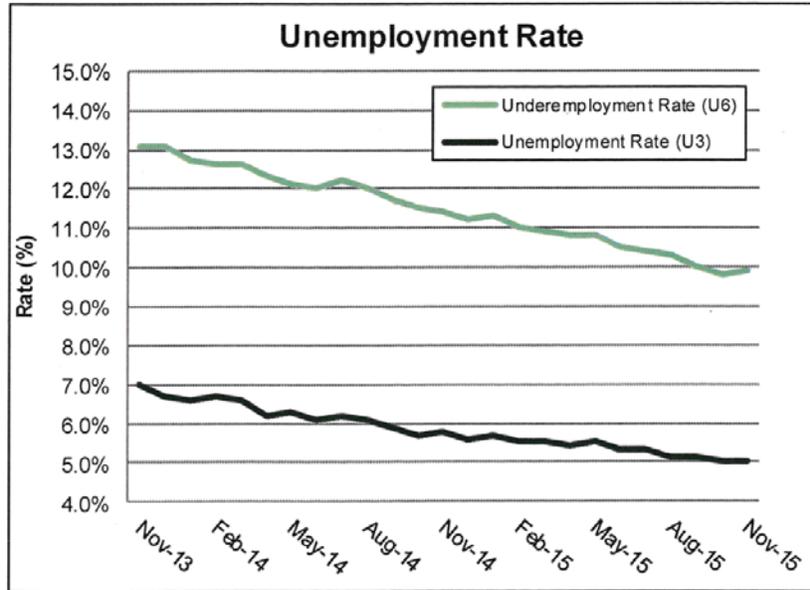
Labor Market

The month of November showed continued improvement in the US labor market. Non-farm payrolls increased 211,000. This exceeded a forecasted increase of 200,000. September and October payrolls also had a combined upward revision of 35,000.



Source: US Department of Labor

November's unemployment rate remained unchanged at 5.0%. However, November's underemployment rate slightly increased to 9.9% from 9.8%.



Source: US Department of Labor

## Portfolio Overview

The City's strategy will continue to focus on working with its investment advisors to invest in high quality fixed income securities consistent with the City's investment policy and the California Government Code. The City will also seek to identify value from among the full range of investment options, while ensuring the portfolio continues to be well diversified.

The City's cash, excluding bond proceeds, is pooled for investment purposes. As of December 31, 2015, invested funds totaled over \$219 million. These investments are assets belonging to the City Newport Beach, which include the General Fund, special revenue funds, internal service funds, the enterprise funds (i.e., Water and Wastewater) as well as various non-major funds.

### Short-Term Portfolio (Liquidity)

The City uses a combination of demand deposit accounts (DDA) and the Local Agency Investment Fund (LAIF) in its short-term portfolio to provide sufficient liquidity to meet its operating requirements. At December 31, 2015, the city maintained in excess of \$42 million in its short-term portfolio. Municipal deposits in DDA accounts are 110 percent collateralized by bank assets, and the City currently receives a compensating balance credit against bank fees at a rate of 0.44%. The average investment life of the LAIF fund was 210 days on September 30, 2015. The average effective yield was 0.32%. LAIF reports on its performance quarterly.

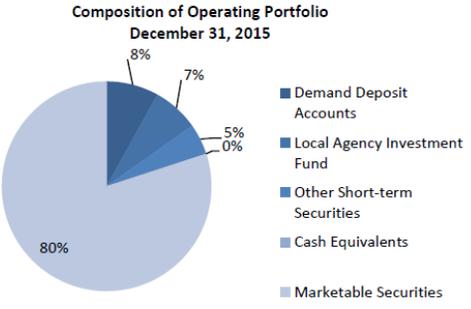
**Medium-Term Portfolio**

Funds that are unlikely to be spent in the near future are kept in a medium-term portfolio consisting of over \$169 million that is actively managed by two individual investment advisors in accordance with all applicable City policies and codes, State statutes, and Federal regulations.

The City's entire investment portfolio of over \$219 million as of December 31, 2015, is summarized in the figure below.

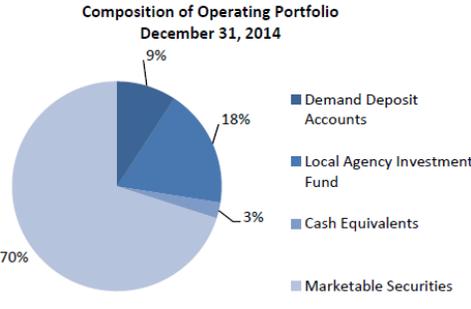
CITY OF <b>Newport Beach</b>		TREASURER'S REPORT For the Month Ended								
Portfolios		December 31, 2015								
		Amortized Cost	Unrealized Gains/(Loss)	Fair Value	Accrued Interest	Market Value	% Total	YTM @ Cost	YTM @ Market	Notes
<b>Operating Portfolios</b>										
Short-term Portfolio										
Demand Deposit Accounts	\$	17,052,776	\$ -	\$ 17,052,776	\$ -	\$ 17,052,776	8.05%	0.44%	0.44%	(1)
Local Agency Investment Fund		15,137,393	-	15,137,393	-	15,137,393	7.14%	0.32%	0.34%	(2)
Other Short-term Securities		10,088,997	(3,782)	10,085,215	27,616	10,112,831	4.77%	0.76%	0.81%	
Medium-term Portfolio										
Cash Equivalents		110,867	-	110,867	-	110,867	0.05%	0.11%	0.11%	
Marketable Securities		169,462,709	(446,765)	169,015,944	526,862	169,542,806	79.99%	1.05%	1.17%	
<b>TOTAL OPERATING FUNDS</b>	<b>\$</b>	<b>211,852,742</b>	<b>\$ (450,547)</b>	<b>\$ 211,402,195</b>	<b>\$ 554,477</b>	<b>\$ 211,956,673</b>	<b>100.00%</b>			
<b>Bond Fund Portfolios</b>										
2010 Civic Center COPs	\$	4,944,754	\$ -	\$ 4,944,754	\$ -	\$ 4,944,754	63.40%	0.00%	0.00%	
Assessment Districts		736,738	-	736,738	-	736,738	9.45%	0.00%	0.00%	
Special Improvement Districts		2,117,861	-	2,117,861	-	2,117,861	27.15%	0.01%	0.01%	
<b>TOTAL BOND FUNDS WITH FISCAL AGENT</b>	<b>\$</b>	<b>7,799,353</b>	<b>\$ -</b>	<b>\$ 7,799,353</b>	<b>\$ -</b>	<b>\$ 7,799,353</b>	<b>100.00%</b>			
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>\$</b>	<b>219,652,096</b>	<b>\$ (450,547)</b>	<b>\$ 219,201,549</b>	<b>\$ 554,477</b>	<b>\$ 219,756,026</b>				

**Composition of Operating Portfolio December 31, 2015**



- Demand Deposit Accounts
- Local Agency Investment Fund
- Other Short-term Securities
- Cash Equivalents
- Marketable Securities

**Composition of Operating Portfolio December 31, 2014**

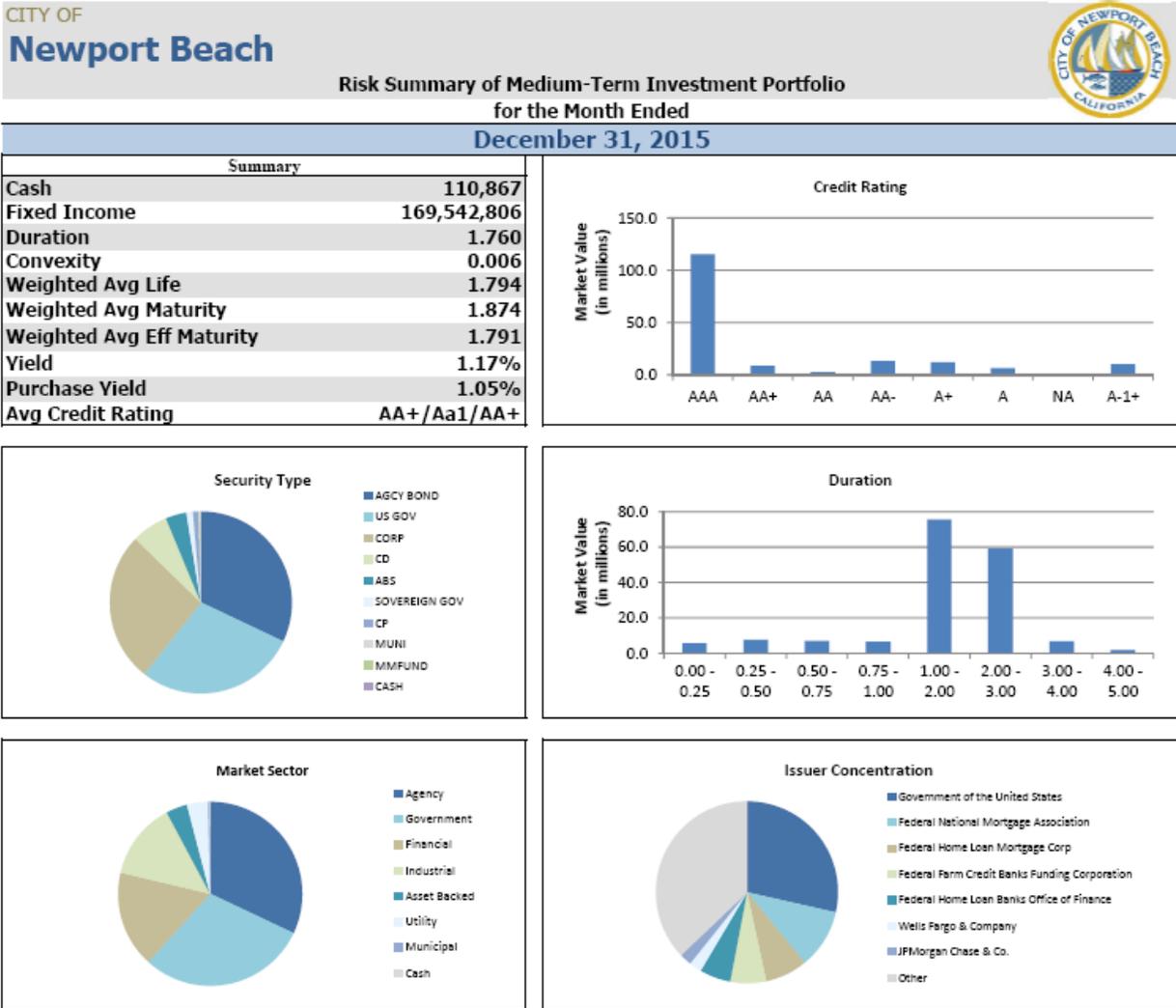


- Demand Deposit Accounts
- Local Agency Investment Fund
- Cash Equivalents
- Marketable Securities

Notes:  
 (1) Yield offsets bank fees  
 (2) LAIF Yield is available Quarterly

Safety

The City's Medium-Term portfolio is comprised of broadly diversified, high quality, marketable securities with an average maturity of approximately 1.8 years. Risk characteristics including concentration by security type, market sector, issuer concentration, credit rating and investment duration are summarized below.

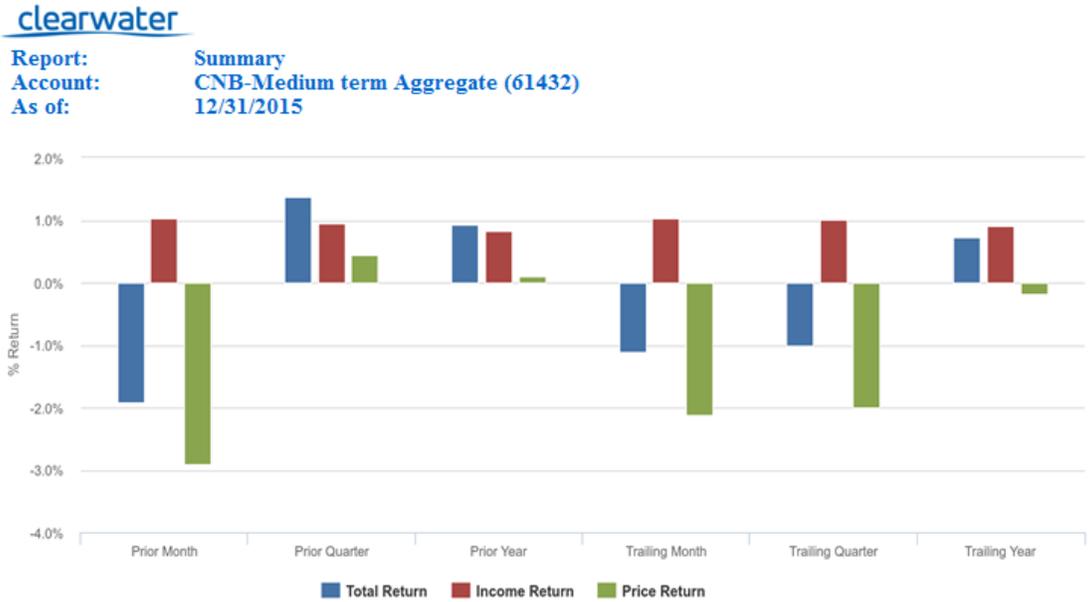


The Treasury report in its entirety is available at [www.newportbeachca.gov/treasury](http://www.newportbeachca.gov/treasury)

The City's investment portfolio is structured to have risk and return characteristics similar to that of the City's benchmark, the Merrill Lynch 1-3 Year Treasury Index. The City's medium-term portfolio average annual total return for the twelve months ending December 31, 2015, was 0.73%, as compared to the City's performance-measuring benchmark return of 0.54%. The spread over the index return was generally achieved by the City's willingness to purchase high quality corporate bonds.

**Total Return**

The illustration below demonstrates that “Total Return” is comprised of two elements, “Price Return” and “Income Return.” Price return is the rate of the total return generated by capital appreciation due to changes in the market price of an asset. Income return represents the rate of the total return generated by the income from the stated interest rate on the bond. Since bond price moves inversely to yield, as interest rates rise the unrealized price return suffers, which in turn impacts total return. This is evidenced by the trailing month, prior month, and trailing quarter price and total returns below. As mentioned previously, one cause of these declines is the Federal Reserve’s 0.25% interest rate increase on December 16. The upside is that if interest rates continue to rise, as we expect it will do gradually, so will the income from the portfolio.



Period	Period Begin	Period End	Total Return	Income Return	Price Return
Prior Month	11/01/2015	11/30/2015	-1.920%	1.021%	-2.913%
Prior Quarter	07/01/2015	09/30/2015	1.384%	0.943%	0.437%
Prior Year	07/01/2014	06/30/2015	0.921%	0.824%	0.097%
Trailing Month	12/01/2015	12/31/2015	-1.107%	1.030%	-2.117%
Trailing Quarter	10/01/2015	12/31/2015	-1.020%	1.003%	-2.008%
Trailing Year	01/01/2015	12/31/2015	0.729%	0.919%	-0.190%

\*Periods less than 1 year were annualized for ease of comparison.

Comparative Performance

We use two benchmarks to measure performance. Our first benchmark is the Merrill Lynch 1-3 Year Treasury Index. Our second benchmark is the Merrill Lynch 1-3 Year Government/Corporate A Rated and Above Index.

While these benchmarks are used for comparison purposes, the composition of the City's portfolio does have differences from the benchmark portfolios. The City's investment advisors believe that these differences add value to the City's portfolio in the long run. For example, while the first benchmark is composed exclusively of US Treasuries, the City's portfolio also contains other types of securities. As mentioned previously, the high quality corporate bonds in the City's portfolio allowed it to outperform the benchmark for the twelve months ending December 31, 2015. The performance of our portfolio compares favorably to both our benchmarks in all categories as of January 10, 2016, as demonstrated below.

clearwater

Report:  
 Account:  
 Base Currency:

**CITY OF NEWPORT BEACH**  
**Multiple Benchmarks Comparison**  
**Medium term Aggregate (61432)**  
**USD**

**Account and Benchmarks**

<u>Account/Index</u>	<u>Trailing Month Total Return</u>	<u>Trailing 3 Months Total Return</u>	<u>Trailing 6 Months Total Return</u>	<u>Trailing 12 Months Total Return</u>	<u>Prior Year Total Return</u>	<u>Prior 3 Years Total Return</u>
Medium term Aggregate	1.959%	-0.320%	0.615%	0.736%	0.921%	0.789%
BofA ML 1-3 Year US Treasuries	1.450%	-1.040%	0.118%	0.509%	0.876%	0.656%
BofA ML 1-3 Year US Gov/Corp A Rated	1.484%	-0.720%	0.329%	0.638%	0.906%	0.864%

**By Investment Advisor**

CNB-Chandler	2.036%	-0.374%	0.570%	0.694%	0.922%	0.770%
CNB-PFM	1.882%	-0.266%	0.659%	0.779%	0.918%	0.810%

Returns for all periods have been annualized  
 Reported Index Return is always Total Return

Prepared by:

Submitted by:

/s/Jeremiah Lim

Jeremiah Lim  
 Accountant

/s/Dan Matusiewicz

Dan Matusiewicz  
 Finance Director



# City of Newport Beach



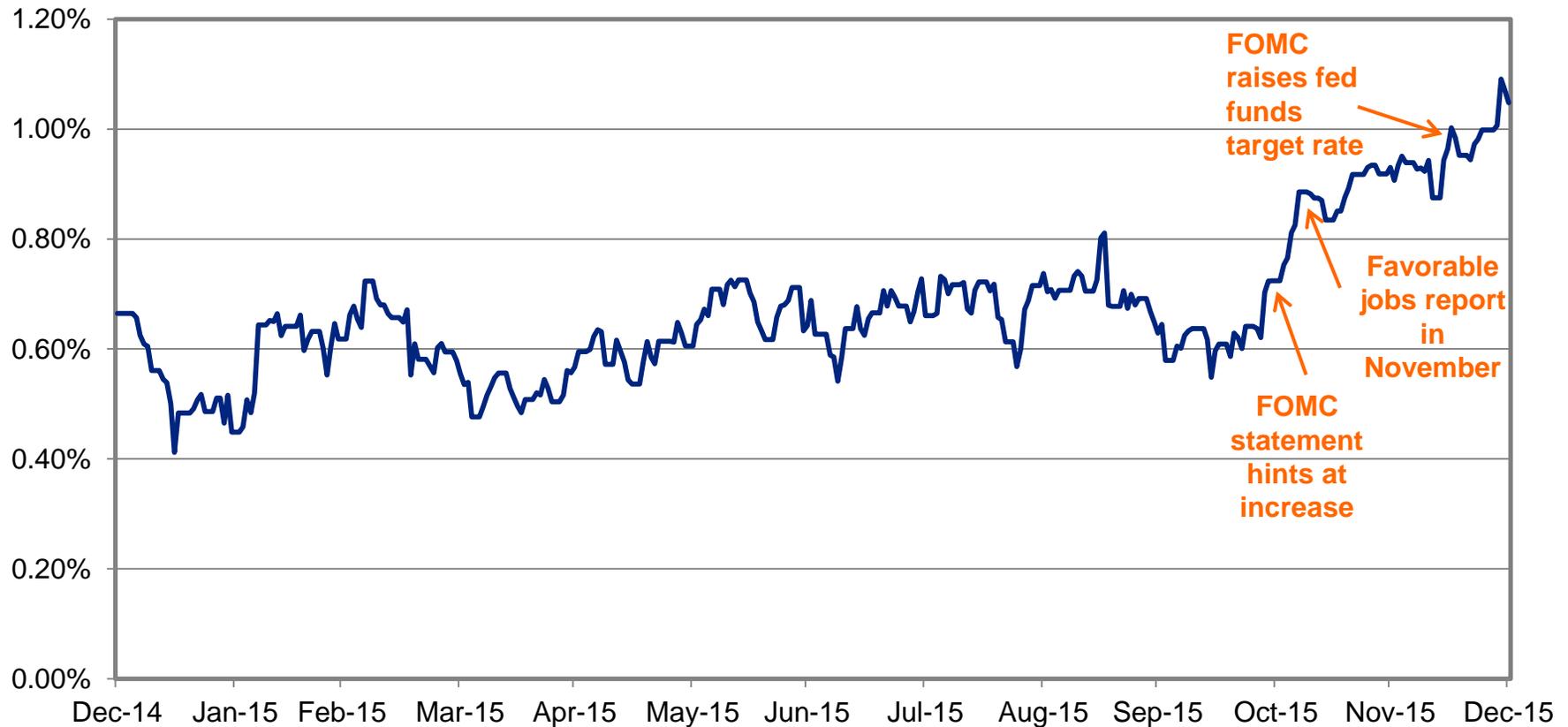
## Fourth Quarter 2015 Review of Portfolio January 14, 2016

Sarah Meacham, Director  
PFM Asset Management LLC  
601 S. Figueroa Street, Suite 4500  
Los Angeles, CA 90017  
213-489-4075

# U.S. Treasury Yields Experience Volatility

- The yield on 2-year Treasuries rose 0.39% in 2015 from 0.66% to 1.05% as the market priced in an expected increase in the fed funds target rate.

**2-Year U.S. Treasury Yield**  
December 31, 2014 – December 31, 2015

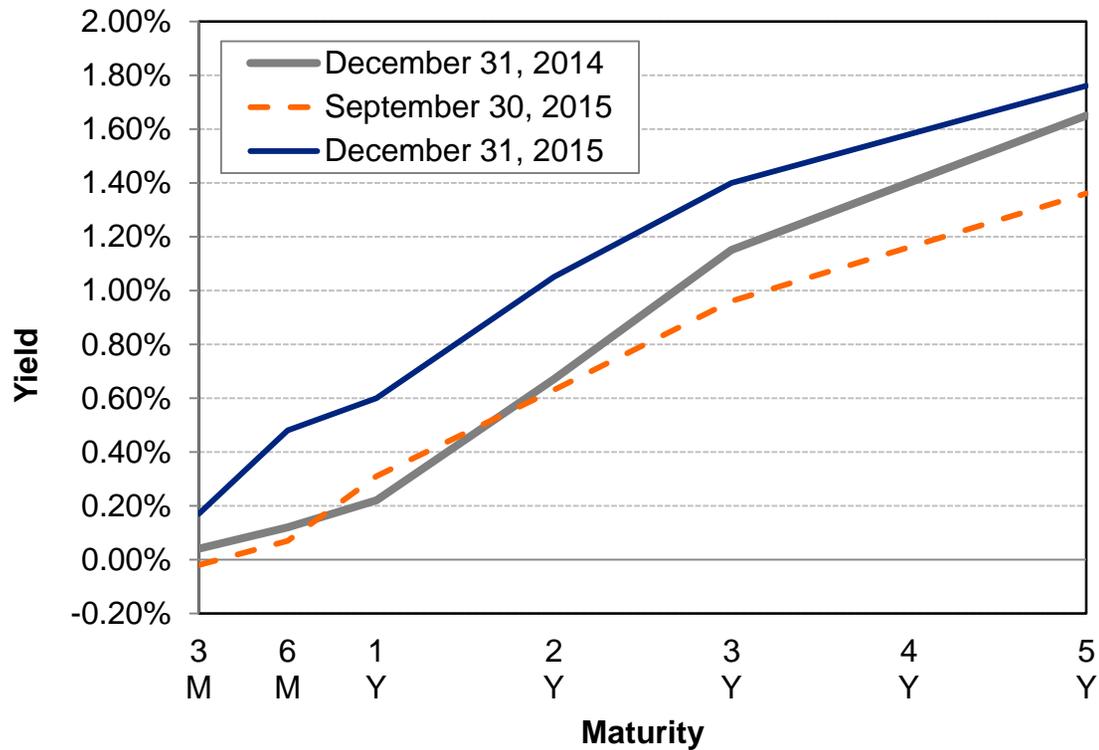


Source: Bloomberg.

# Interest Rates Rose in Fourth Quarter 2015

- Short-term yields increased in anticipation of the Federal Open Market Committee's first rate hike.
- Intermediate- to long-term yields also increased but to a lesser degree due to low inflation.

**U.S. Treasury Yield Curve**



	12/31/14	9/30/15	12/31/15
<b>3 Month</b>	0.04%	-0.02%	0.17%
<b>6 Month</b>	0.12%	0.07%	0.48%
<b>1 Year</b>	0.22%	0.31%	0.60%
<b>2 Year</b>	0.67%	0.63%	1.05%
<b>3 Year</b>	1.15%	0.96%	1.40%
<b>5 Year</b>	1.65%	1.36%	1.76%

Source: Bloomberg.

# At Last! An Increase in the Fed Funds Target Rate

December

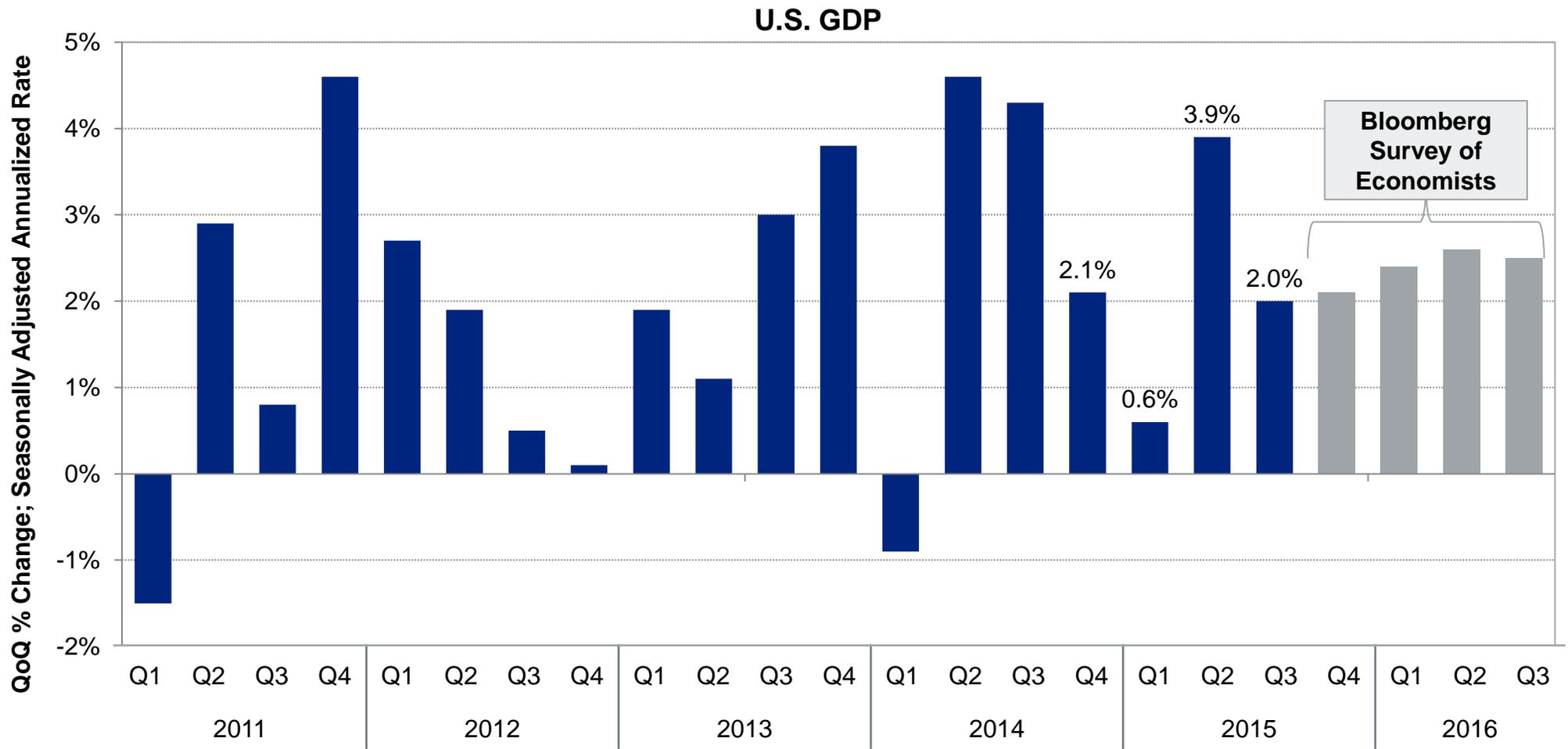
16

- Given the economic outlook, and recognizing the time it takes for policy actions to affect future economic outcomes, ***the Committee decided to raise the target range for the federal funds rate to 0.25 – 0.50%.***
- A range of recent labor market indicators, including ongoing job gains and declining unemployment, shows further improvement and ***confirms that underutilization of labor resources has diminished appreciably since early this year.***

- Inflation has continued to run below the Committee's 2% longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports . . . Some survey-based measures of longer-term inflation expectations have edged down . . . [the Committee] ***is reasonably confident that inflation will rise, over the medium term, to its 2% objective.***
- Given the economic outlook, and recognizing the time it takes for policy actions to affect future economic outcomes, ***the Committee decided to raise the target range for the federal funds rate to 0.25 – 0.50% . . . the stance of monetary policy remains accommodative.***

# U.S. Economic Growth Slowed in Third Quarter

- U.S. GDP growth slowed to an estimated 2.0% in the third quarter after strong 3.9% growth in the second quarter.
- While consumer spending showed continued strength, declines in inventory growth and a widening trade deficit detracted from GDP.

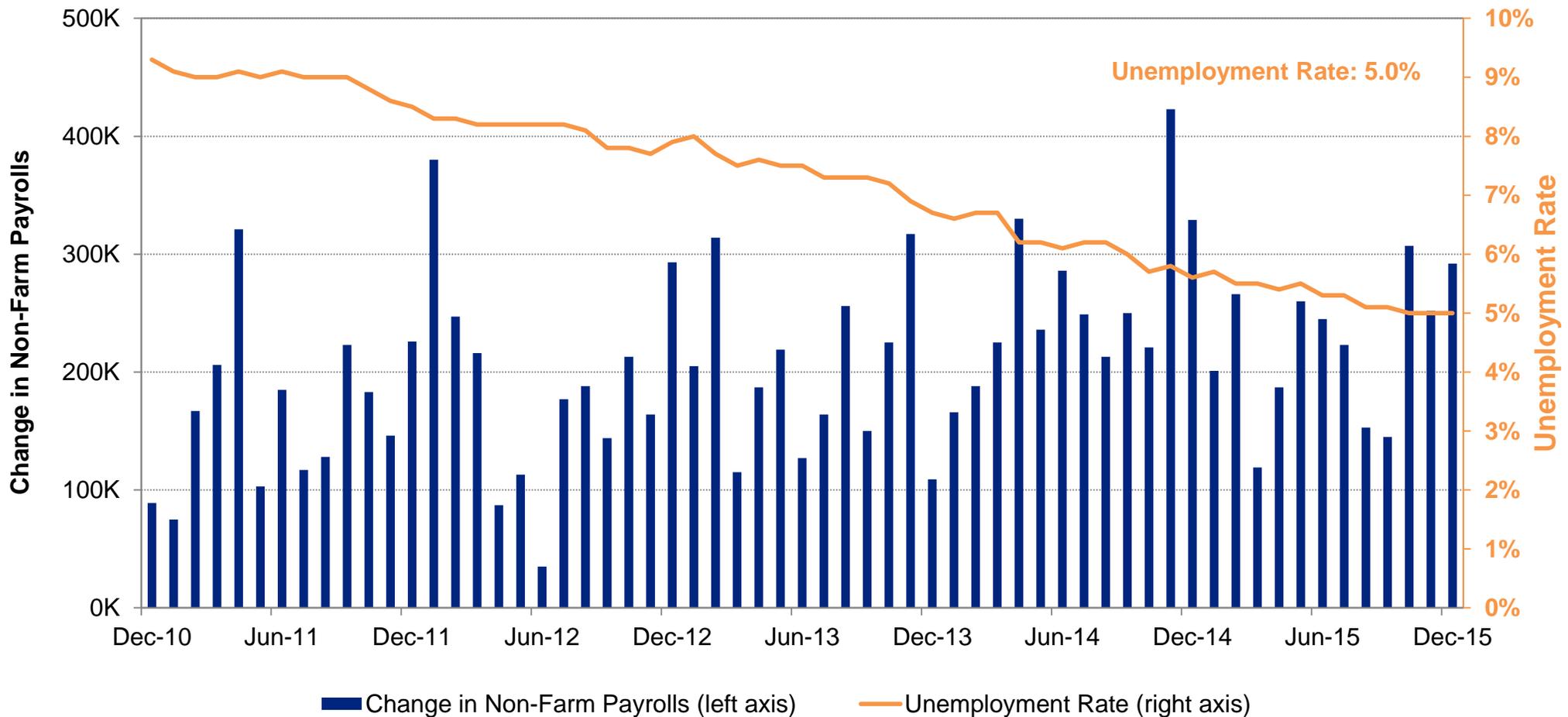


Source: Bureau of Economic Analysis; Bloomberg.

# U.S. Job Market Close to Full Employment

- The U.S. labor market added an average 265,000 jobs per month in 2015.
- The unemployment rate ended 2015 at 5%.

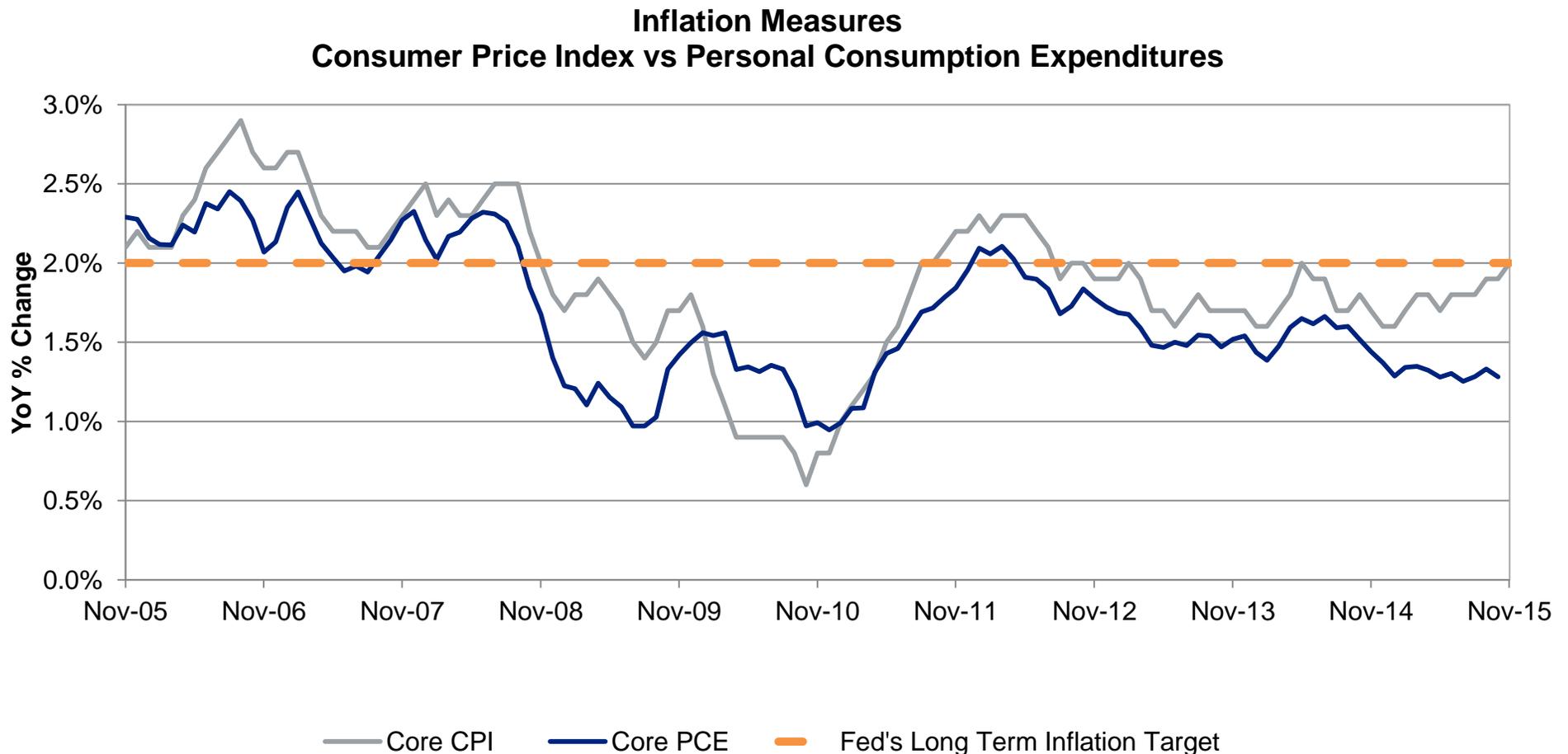
Monthly Change in Non-Farm Payrolls and Unemployment Rate



Source: Bureau of Labor Statistics, Bloomberg.

# Inflation Remains Muted

- The personal consumption expenditures (PCE) price index, the Fed's preferred gauge of core inflation, continues to undershoot the 2% target, advancing at just 1.3% year-over-year through October.
- Falling oil prices and lack of wage pressure are helping keep inflation low.



Source: Bloomberg.

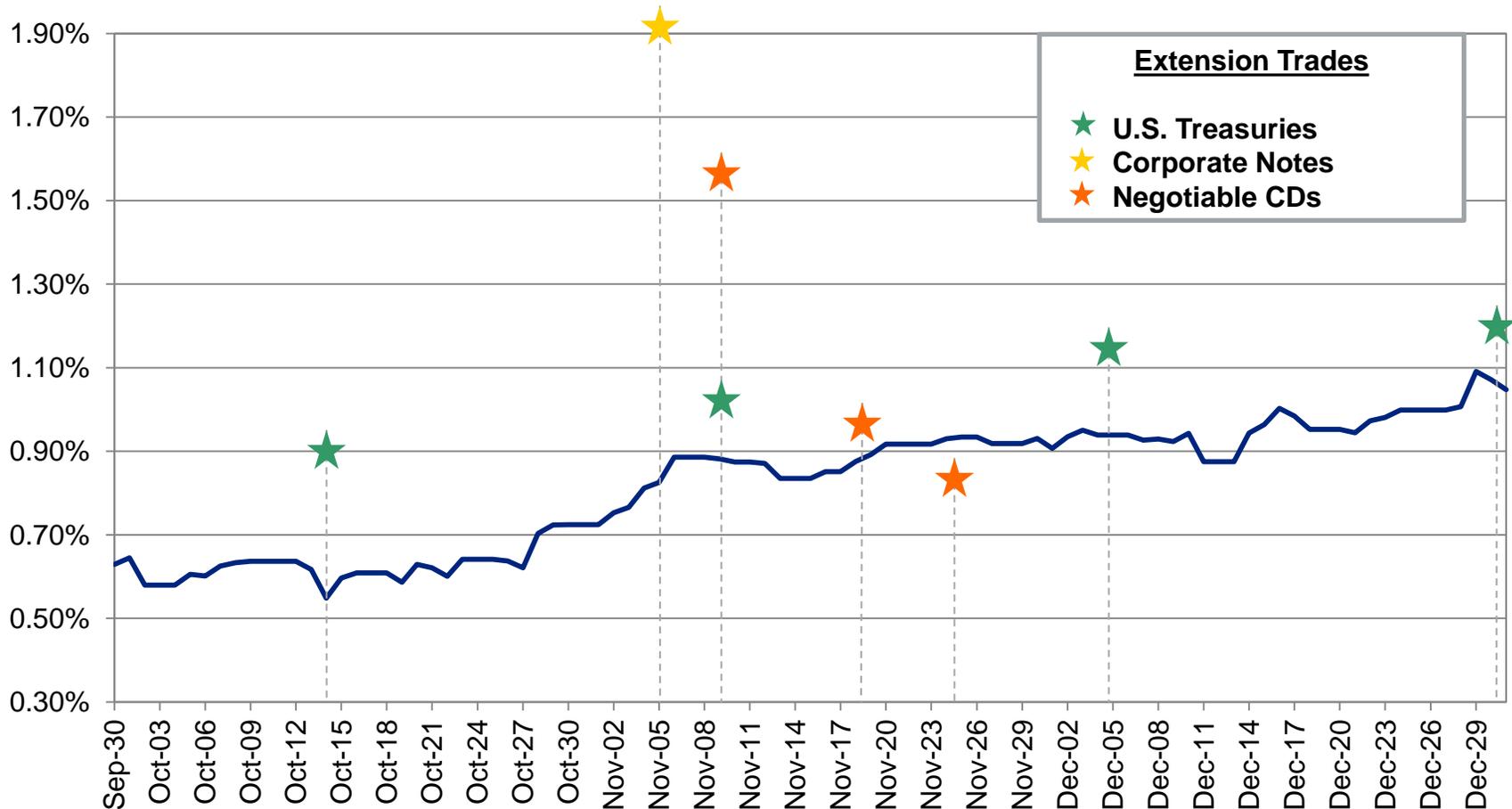
# Fourth Quarter 2015 Portfolio Recap

- The most significant event in the fourth quarter was the FOMC hike in December.
- A conservative duration bias mitigated rising rates on the market value of the City's portfolio and aided the City's performance relative to the index.
- Corporate spreads tightened in the fourth quarter resulting in their significant outperformance over other asset classes such as Treasuries and Federal Agencies.
- Federal Agency spreads fluctuated during the quarter and ended the year toward the narrower end of the range.
  - As Federal Agency spreads narrowed, we swapped Federal Agency securities for a combination of negotiable CDs as well as Treasury and corporate securities with greater return potential.

# PFMAM Extended Portfolio Duration as Rates Rose

- To capitalize on rising yields, as rates rose throughout the quarter we strategically extended portfolio duration by investing in a combination of U.S. Treasury and corporate securities along with negotiable certificates of deposit in the 2-3 year range.

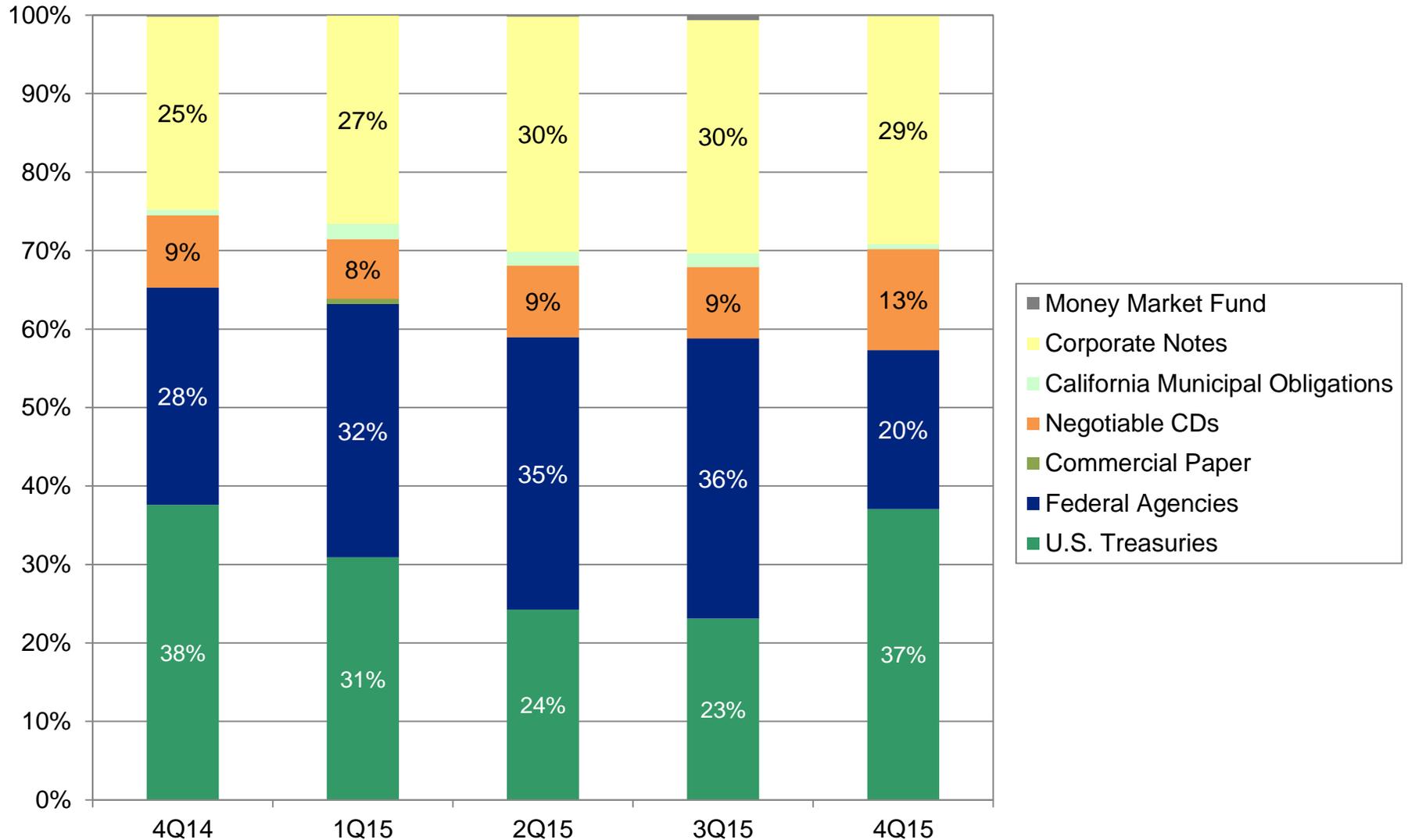
**2-Year U.S. Treasury Yields**  
September 30, 2015 – December 31, 2015



Source: Bloomberg.

# Summary of Quarterly Changes in Portfolio Composition

## 2015 Quarterly Sector Allocation



# Portfolio Total Return

- Since inception, the portfolio has outperformed the benchmark by an annual average of 0.24%.

## Total Returns for periods ending December 31, 2015

	Duration (years)	Past Quarter	Past Year	Past 3 Years	Past 5 Years	Since Inception
<b>City of Newport Beach</b>	<b>1.75</b>	<b>(0.23%)</b>	<b>0.79%</b>	<b>0.70%</b>	<b>0.97%</b>	<b>4.09%</b>
BAML 1-3 Year U.S. Treasury Index	1.80	(0.44%)	0.54%	0.51%	0.70%	3.85%

### Notes:

- Performance on trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Bank of America Merrill Lynch (BAML) Indices provided by Bloomberg Financial Markets.
- Money fund included in the performance calculation but excluded from yield and duration computations.
- Quarterly returns are presented on an unannualized basis. Performance numbers for periods greater than one year are presented on an annualized basis.
- Inception date is first quarter 1993.

# Portfolio Earnings Analysis

## Portfolio Earnings Analysis

As of December 31, 3015

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Past Year
<i>Total Interest and Realized Gain/Loss</i>	153,378	192,460	225,704	217,864	789,406
<i>+ Change in market value</i>	266,199	-99,158	68,479	-412,550	-177,030
<i>= Total Return \$</i>	419,577	93,302	294,183	-194,686	612,376
<i>Total Return %</i>	<b>0.55%</b>	<b>0.12%</b>	<b>0.35%</b>	<b>-0.23%</b>	<b>0.79%</b>

Notes:

- Performance on trade-date basis, gross (i.e., before fees) in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Quarterly returns are presented on an unannualized basis.

# Fixed-Income Index Returns

- Most sector index returns posted a negative fourth quarter due to a swift rise in market yields but ended the full year with decent returns.

## 2015 Total Returns 1-3 Year Indices

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Full Year
U.S. Treasury	0.52%	0.15%	0.31%	(0.44%)	0.54%
Agency	0.54%	0.16%	0.36%	(0.37%)	0.69%
Corp A-AAA	0.77%	0.08%	0.36%	(0.05%)	1.16%
Municipals	0.26%	0.01%	0.57%	(0.08%)	0.76%

Source: BofA Merrill Lynch Indices. Returns for greater than one year are annualized.

# Portfolio Holdings in Compliance with California Code and City's Investment Policy

Security Type	Market Value as of December 31, 2015	Percent of Portfolio	% Change vs. December 31, 2014	Permitted by Policy	In Compliance
U.S. Treasury	\$31,504,585	36%	-1%	100%	✓
Federal Agencies	\$17,210,012	20%	-7%	100%	✓
Negotiable Certificates of Deposit	\$10,941,232	13%	+4%	30%	✓
California Municipal Obligations	\$532,684	1%	-	30%	✓
Corporate Notes	\$24,705,842	29%	+4%	30%	✓
Money Market Fund	\$92,105	<1%	-	20%	✓
<b>Total</b>	<b>\$84,986,460</b>	<b>100%</b>			

# City's Holdings Maintain Highest Credit Quality

- The City's portfolio is well diversified by both sector and issuer.

## Corporate Issuers

Bank of New York	3%
Wells Fargo	3%
General Electric	3%
IBM	2%
Chevron	2%
Apple	2%
Cisco Systems	2%
JP Morgan Chase	2%
Exxon Mobil	2%
Toyota Motor CC	1%
Deere and Company	1%
American Honda Finance	1%
Pfizer	1%
American Express Credit Corp.	1%
PepsiCo	1%
Disney	1%
ConocoPhillips	<1%
Wal-Mart Stores	<1%

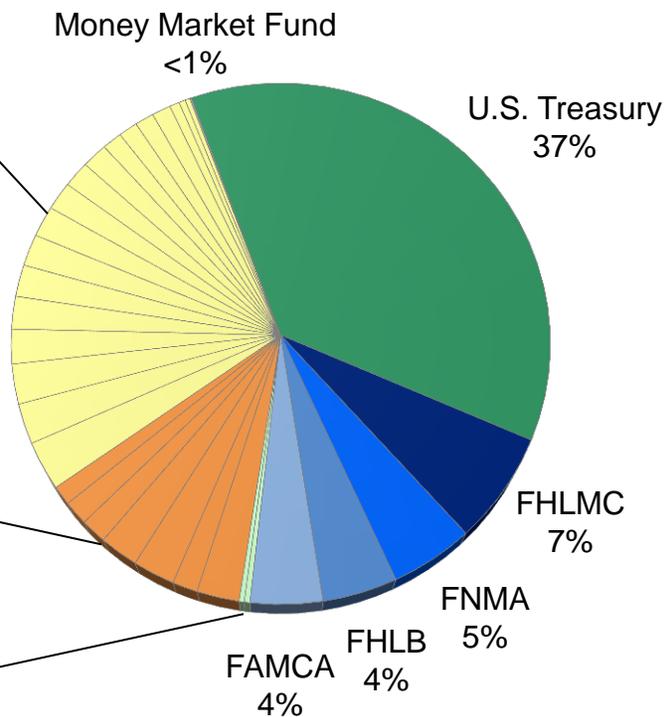
## Negotiable CD Issuers

HSBC Bank USA	3%
BMO Harris Bank	3%
Svenska Handelsbanken NY	2%
Canadian Imperial Bank NY	2%
Bank of Nova Scotia Houston	1%
Rabobank Nederland NV NY	1%
Goldman Sachs Bank	1%

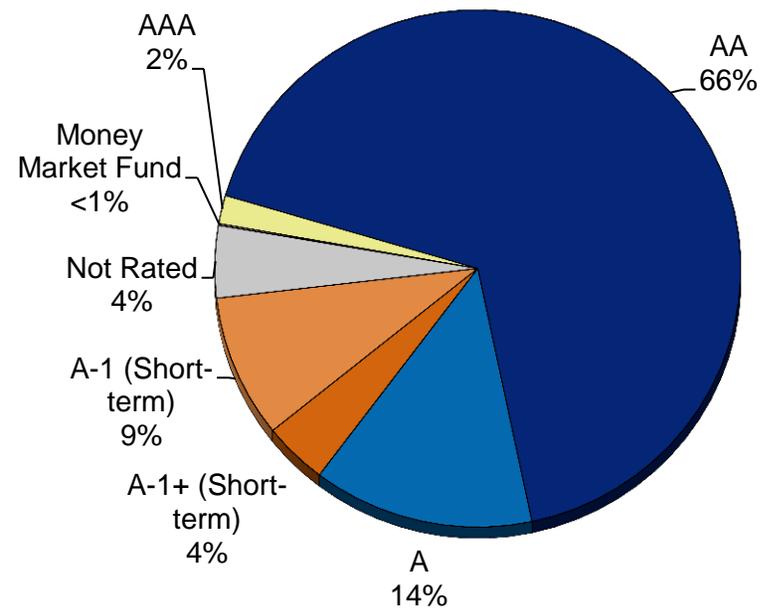
## Municipal Issuers

University of California	<1%
California Earthquake Authority	<1%

### Issuer Distribution



### Credit Quality



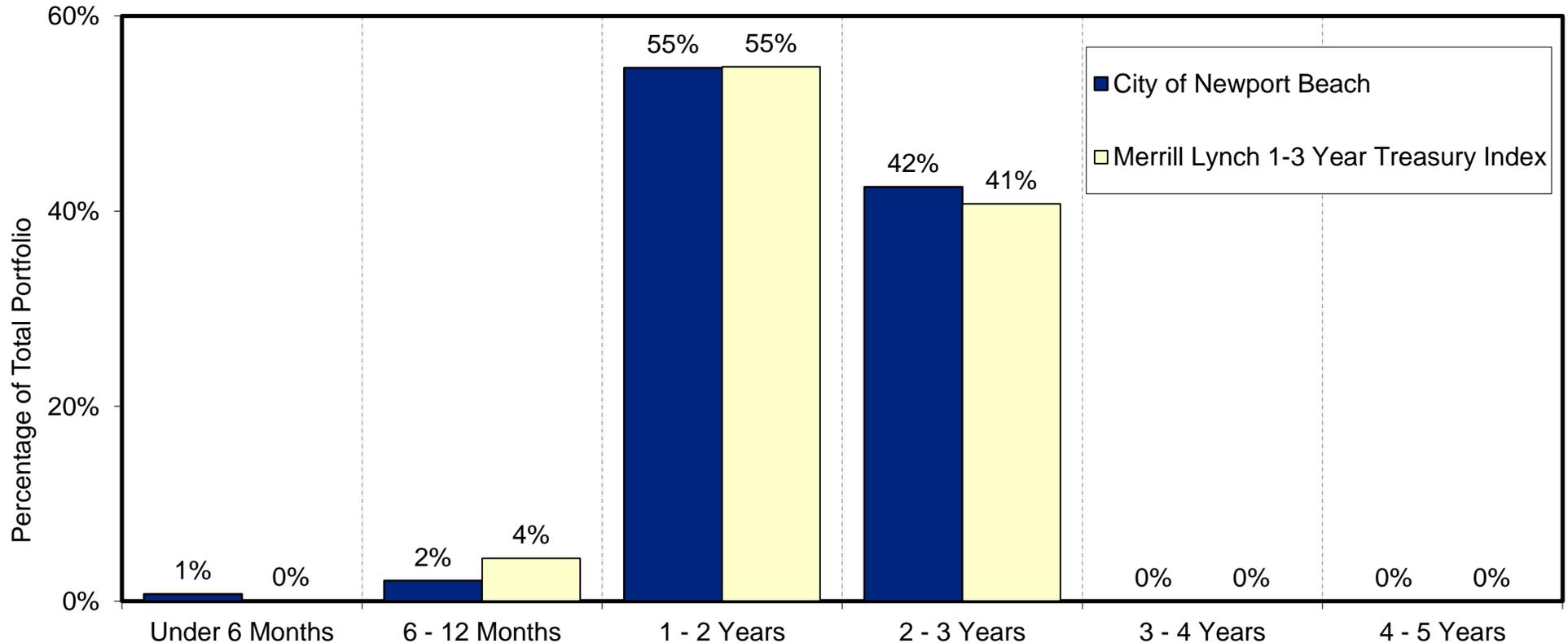
#### Notes:

- As of December 31, 2015.
- Standard & Poor's Ratings.
- "Not Rated" securities include California Earthquake Authority, which is rated A3 by Moody's, and FAMCA which is not required to be rated.

# Portfolio Holdings Are Diversified by Maturity

- The portfolio's duration and maturity structure are positioned to closely match that of the benchmark in order to capitalize on the steepness of the yield curve.

**Maturity Distribution**  
As of December 31, 2015



*Note: Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.*

# 2016 Investment Outlook and Strategy

- We expect the U.S. economy will continue to expand at a moderate pace, bolstered by gains in the job market and consumer spending. However, the global economy faces significant headwinds, particularly in emerging market economies.
- The Federal Reserve has signaled that future rate increases will be gradual and likely tied to “actual progress” towards the Fed’s inflation target.
- We will continue to manage duration with a conservative bias in an effort to protect the market value of the portfolio in light of the bias toward higher rates by the end of 2016.
- The corporate sector continues to add significant value to the City’s portfolio. We will maintain the portfolio’s allocation near the upper end of the City’s policy limits to maximize the benefit from this sector. We will continue to carefully monitor the impact of global growth concerns on the corporate sector as a whole and on specific issuers.
- We will continue to monitor the yield relationship between Federal Agency and Treasury securities, looking to add Federal Agencies when their additional yields over Treasuries offers value.



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2015**

### CITY OF NEWPORT BEACH, CALIFORNIA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 01/31/2012 0.875% 01/31/2017	912828SC5	1,200,000.00	AA+	Aaa	02/26/15	02/27/15	1,206,140.63	0.61	4,394.02	1,203,458.30	1,200,093.60
US TREASURY NOTES DTD 01/31/2012 0.875% 01/31/2017	912828SC5	1,220,000.00	AA+	Aaa	07/29/14	07/31/14	1,222,335.16	0.80	4,467.26	1,221,015.78	1,220,095.16
US TREASURY NOTES DTD 01/31/2012 0.875% 01/31/2017	912828SC5	1,275,000.00	AA+	Aaa	03/26/15	03/27/15	1,281,922.85	0.58	4,668.65	1,279,060.99	1,275,099.45
US TREASURY NOTES DTD 02/29/2012 0.875% 02/28/2017	912828SJ0	2,000,000.00	AA+	Aaa	06/02/14	06/03/14	2,008,125.00	0.73	5,913.46	2,003,464.44	2,000,782.00
US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	770,000.00	AA+	Aaa	12/24/14	12/30/14	771,894.92	0.89	1,956.56	771,054.91	771,202.74
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	1,250,000.00	AA+	Aaa	10/30/14	11/03/14	1,248,730.47	0.79	25.76	1,249,282.64	1,246,093.75
US TREASURY NOTES DTD 07/02/2012 0.750% 06/30/2017	912828TB6	1,500,000.00	AA+	Aaa	12/05/14	12/10/14	1,493,261.72	0.93	30.91	1,496,035.94	1,495,312.50
US TREASURY NOTES DTD 08/31/2012 0.625% 08/31/2017	912828TM2	640,000.00	AA+	Aaa	09/02/14	09/04/14	632,700.00	1.01	1,351.65	635,914.16	635,900.16
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,220,000.00	AA+	Aaa	12/01/14	12/03/14	1,211,040.63	0.87	666.67	1,214,246.09	1,209,897.18
US TREASURY NOTES DTD 11/30/2010 2.250% 11/30/2017	912828PK0	1,325,000.00	AA+	Aaa	03/26/15	03/27/15	1,373,445.31	0.87	2,606.56	1,359,707.96	1,354,294.43
US TREASURY NOTES DTD 01/31/2013 0.875% 01/31/2018	912828UJ7	2,025,000.00	AA+	Aaa	11/05/15	11/09/15	2,022,785.16	0.92	7,414.91	2,022,930.09	2,014,875.00
US TREASURY NOTES DTD 05/15/2015 1.000% 05/15/2018	912828XA3	2,550,000.00	AA+	Aaa	12/28/15	12/30/15	2,538,246.09	1.20	3,292.58	2,538,273.03	2,537,349.45
US TREASURY NOTES DTD 07/01/2013 1.375% 06/30/2018	912828VK3	995,000.00	AA+	Aaa	10/08/15	10/14/15	1,008,175.98	0.88	37.59	1,007,147.60	998,925.28
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VO0	2,115,000.00	AA+	Aaa	04/24/15	04/27/15	2,144,494.33	0.94	12,169.87	2,138,418.10	2,123,096.22



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2015**

### CITY OF NEWPORT BEACH, CALIFORNIA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 08/01/2011 2.250% 07/31/2018	912828QY9	3,370,000.00	AA+	Aaa	07/01/15	07/06/15	3,485,448.83	1.11	31,731.11	3,467,373.96	3,457,936.78
US TREASURY NOTES DTD 09/15/2015 1.000% 09/15/2018	912828L40	5,900,000.00	AA+	Aaa	12/02/15	12/04/15	5,875,570.31	1.15	17,505.49	5,876,241.70	5,858,056.90
US TREASURY NOTES DTD 09/30/2011 1.375% 09/30/2018	912828RH5	1,000,000.00	AA+	Aaa	10/08/15	10/14/15	1,012,656.25	0.94	3,493.85	1,011,745.12	1,003,125.00
US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	1,000,000.00	AA+	Aaa	11/05/15	11/09/15	1,002,968.75	1.15	2,129.12	1,002,825.75	998,594.00
<b>Security Type Sub-Total</b>		<b>31,355,000.00</b>					<b>31,539,942.39</b>	<b>0.96</b>	<b>103,856.02</b>	<b>31,498,196.56</b>	<b>31,400,729.60</b>
<b>Municipal Bond / Note</b>											
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	275,000.00	AA	Aa2	09/26/13	10/02/13	275,000.00	0.91	318.71	275,000.00	275,371.25
CA EARTHQUAKE AUTH TXBL REV BONDS DTD 11/06/2014 1.194% 07/01/2016	13017HACO	255,000.00	NR	A3	10/29/14	11/06/14	255,000.00	1.19	1,522.35	255,000.00	255,471.75
<b>Security Type Sub-Total</b>		<b>530,000.00</b>					<b>530,000.00</b>	<b>1.05</b>	<b>1,841.06</b>	<b>530,000.00</b>	<b>530,843.00</b>
<b>Federal Agency Bond / Note</b>											
FHLB NOTES DTD 11/17/2014 0.625% 11/23/2016	3130A3J70	800,000.00	AA+	Aaa	03/27/15	03/27/15	800,752.00	0.57	527.78	800,407.52	798,432.80
FHLMC REFERENCE NOTE DTD 01/16/2015 0.500% 01/27/2017	3137EADU0	1,380,000.00	AA+	Aaa	01/15/15	01/16/15	1,377,585.00	0.59	2,951.67	1,378,721.47	1,374,446.88
FANNIE MAE GLOBAL NOTES DTD 01/09/2012 1.250% 01/30/2017	3135G0GY3	1,280,000.00	AA+	Aaa	06/15/15	06/16/15	1,292,595.20	0.64	6,711.11	1,288,404.84	1,284,800.00
FHLB GLOBAL NOTES (CALLABLE) DTD 03/24/2015 0.840% 03/24/2017	3130A4OV7	1,500,000.00	AA+	Aaa	03/17/15	03/24/15	1,500,000.00	0.84	3,395.00	1,500,000.00	1,497,792.00
FNMA NOTES DTD 03/10/2014 0.750% 04/20/2017	3135G0ZB2	910,000.00	AA+	Aaa	06/15/15	06/16/15	910,027.30	0.75	1,346.04	910,020.28	907,420.15



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2015**

### CITY OF NEWPORT BEACH, CALIFORNIA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Federal Agency Bond / Note</b>											
FHLB GLOBAL NOTES DTD 05/15/2015 0.625% 05/30/2017	3130A5EP0	460,000.00	AA+	Aaa	05/14/15	05/15/15	459,618.20	0.67	247.57	459,734.94	457,847.20
FNMA GLOBAL BENCHMARK NOTES DTD 06/08/2007 5.375% 06/12/2017	31398ADM1	915,000.00	AA+	Aaa	07/30/15	07/31/15	992,948.85	0.76	2,595.68	975,622.94	971,800.46
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	530,000.00	AA+	Aaa	08/12/14	08/14/14	529,964.49	1.00	2,252.50	529,981.24	529,118.61
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	3,855,000.00	AA+	Aaa	03/19/15	03/20/15	3,868,070.80	0.85	16,383.75	3,863,773.52	3,848,589.14
FAMCA NOTES DTD 08/23/2012 1.030% 08/23/2017	31315PSX8	3,565,000.00	NR	NR	09/24/12	09/25/12	3,593,947.80	0.86	13,055.82	3,574,829.88	3,562,276.34
FHLB NOTES DTD 07/24/2015 0.750% 08/28/2017	3130A62S5	950,000.00	AA+	Aaa	07/23/15	07/24/15	947,872.00	0.86	2,434.38	948,311.26	945,236.70
FNMA NOTES DTD 08/25/2014 1.000% 09/27/2017	3135G0ZL0	980,000.00	AA+	Aaa	04/28/15	04/30/15	985,105.80	0.78	2,558.89	983,696.67	977,791.08
<b>Security Type Sub-Total</b>		<b>17,125,000.00</b>					<b>17,258,487.44</b>	<b>0.79</b>	<b>54,460.19</b>	<b>17,213,504.56</b>	<b>17,155,551.36</b>
<b>Corporate Note</b>											
PFIZER INC GLOBAL NOTES DTD 06/03/2013 0.900% 01/15/2017	717081DD2	1,000,000.00	AA	A1	05/28/13	06/03/13	998,400.00	0.95	4,150.00	999,534.29	998,036.00
PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	745,000.00	A	A1	02/25/14	02/28/14	744,150.70	0.99	2,536.10	744,671.36	743,597.17
WAL-MART STORES INC CORP NOTES DTD 04/22/2014 1.000% 04/21/2017	931142DN0	255,000.00	AA	Aa2	04/15/14	04/22/14	254,961.75	1.01	495.83	254,983.19	255,186.92
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	AA+	Aa1	04/29/14	05/06/14	674,642.25	1.07	1,082.81	674,838.18	675,396.23
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	1,000,000.00	AA+	Aa1	05/06/14	06/06/14	998,753.58	1.09	1,604.17	999,421.08	1,000,587.00
TOYOTA MOTOR CREDIT CORP NOTE DTD 05/16/2014 1.125% 05/16/2017	89236TBH7	425,000.00	AA-	Aa3	05/13/14	05/16/14	424,774.75	1.14	597.66	424,895.82	424,285.58



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2015**

### CITY OF NEWPORT BEACH, CALIFORNIA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
THE WALT DISNEY CORPORATION CORP NOTE DTD 06/02/2014 0.875% 05/30/2017	25468PCZ7	520,000.00	A	A2	05/28/14	06/02/14	519,064.00	0.94	391.81	519,554.81	518,978.20
BANK OF NEW YORK MELLON CORPORATE NOTES DTD 05/21/2012 1.969% 06/20/2017	064058AA8	1,000,000.00	A	A1	05/29/14	06/02/14	1,027,230.00	1.06	601.64	1,013,229.02	1,005,441.00
AMERICAN HONDA FINANCE GLOBAL NOTE DTD 07/15/2014 1.200% 07/14/2017	02665WAF8	235,000.00	A+	A1	07/08/14	07/15/14	234,668.65	1.25	1,308.17	234,828.64	233,962.95
WELLS FARGO & COMPANY CORP NOTES DTD 09/09/2014 1.400% 09/08/2017	94974BGB0	500,000.00	A	A2	09/02/14	09/09/14	499,505.00	1.43	2,197.22	499,718.96	499,429.00
WELLS FARGO & COMPANY CORP NOTES DTD 09/09/2014 1.400% 09/08/2017	94974BGB0	790,000.00	A	A2	07/01/15	07/07/15	792,488.50	1.25	3,471.61	791,942.50	789,097.82
CHEVRON CORP NOTE DTD 11/18/2014 1.345% 11/15/2017	166764AL4	530,000.00	AA	Aa1	11/10/14	11/18/14	530,000.00	1.35	910.86	530,000.00	528,332.09
TOYOTA MOTOR CREDIT CORP NOTE DTD 01/12/2015 1.450% 01/12/2018	89236TCA1	415,000.00	AA-	Aa3	01/07/15	01/12/15	414,431.45	1.50	2,824.88	414,612.42	414,210.67
WACHOVIA CORP NOTES DTD 01/31/2008 5.750% 02/01/2018	92976WBH8	745,000.00	A	A2	06/15/15	06/18/15	823,828.45	1.61	17,848.96	807,967.18	804,667.05
IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	1,825,000.00	AA-	Aa3	02/03/15	02/06/15	1,819,433.75	1.23	8,269.53	1,821,087.75	1,812,779.80
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 03/02/2015 1.700% 03/01/2018	46623EKD0	1,635,000.00	A-	A3	02/25/15	03/02/15	1,634,574.90	1.71	9,265.00	1,634,690.36	1,627,071.89
CHEVRON CORP NOTES DTD 03/03/2015 1.365% 03/02/2018	166764AV2	1,195,000.00	AA	Aa1	06/15/15	06/18/15	1,191,331.35	1.48	5,391.94	1,192,053.02	1,185,437.61
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	1,505,000.00	AAA	Aaa	03/04/15	03/06/15	1,505,000.00	1.31	6,273.97	1,505,000.00	1,502,608.56
AMERICAN HONDA FINANCE CORP NOTES DTD 03/13/2015 1.500% 03/13/2018	02665WAT8	810,000.00	A+	A1	03/10/15	03/13/15	808,914.60	1.55	3,645.00	809,199.32	804,061.08



## Managed Account Detail of Securities Held

For the Month Ending **December 31, 2015**

### CITY OF NEWPORT BEACH, CALIFORNIA

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate Note</b>											
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 04/02/2013 1.625% 04/02/2018	36962G6W9	1,000,000.00	AA+	A1	07/01/15	07/07/15	1,002,900.00	1.52	4,017.36	1,002,402.22	1,003,265.00
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 04/02/2013 1.625% 04/02/2018	36962G6W9	1,080,000.00	AA+	A1	06/15/15	06/18/15	1,085,259.60	1.45	4,338.75	1,084,270.29	1,083,526.20
PEPSICO, INC CORP NOTES DTD 04/30/2015 1.250% 04/30/2018	713448CR7	245,000.00	A	A1	04/27/15	04/30/15	244,970.60	1.25	518.92	244,977.07	244,106.24
CONOCOPHILLIPS COMPANY CORP NOTE DTD 05/18/2015 1.500% 05/15/2018	20826FAL0	340,000.00	A	A2	05/13/15	05/18/15	339,959.20	1.50	651.67	339,967.38	333,768.48
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	1,550,000.00	A	A1	05/22/15	05/29/15	1,549,860.50	1.60	2,686.67	1,549,886.08	1,544,203.00
CISCO SYSTEMS INC CORP NOTE DTD 06/17/2015 1.650% 06/15/2018	17275RAU6	1,670,000.00	AA-	A1	06/10/15	06/17/15	1,669,716.10	1.66	1,224.67	1,669,765.67	1,676,978.93
TOYOTA MOTOR CREDIT CORP DTD 07/13/2015 1.550% 07/13/2018	89236TCP8	550,000.00	AA-	Aa3	07/08/15	07/13/15	549,532.50	1.58	3,978.33	549,603.80	548,700.90
JOHN DEERE CAPITAL CORP NOTE DTD 09/11/2015 1.750% 08/10/2018	24422ETA7	1,350,000.00	A	A2	09/08/15	09/11/15	1,348,677.00	1.78	7,218.75	1,348,808.15	1,350,351.00
AMERICAN EXP CREDIT CORP NT (CALLABLE) DTD 11/05/2015 1.875% 11/05/2018	0258M0DZ9	1,000,000.00	A-	A2	10/29/15	11/05/15	999,910.00	1.88	2,916.67	999,914.56	997,357.00
<b>Security Type Sub-Total</b>		<b>24,590,000.00</b>					<b>24,686,939.18</b>	<b>1.41</b>	<b>100,418.95</b>	<b>24,661,823.12</b>	<b>24,605,423.37</b>
<b>Certificate of Deposit</b>											
GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016	38147J2L5	1,000,000.00	A-1	P-1	08/14/14	08/19/14	1,000,000.00	0.90	3,328.77	1,000,000.00	999,155.00
CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	1,950,000.00	A-1	P-1	04/06/15	04/10/15	1,950,000.00	1.01	4,650.21	1,950,000.00	1,940,591.25
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	1,250,000.00	A-1	P-1	04/22/15	04/27/15	1,250,000.00	1.07	2,600.69	1,250,000.00	1,244,000.00



**Managed Account Detail of Securities Held**

For the Month Ending **December 31, 2015**

**CITY OF NEWPORT BEACH, CALIFORNIA**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Certificate of Deposit</b>												
BMO HARRIS BANK NA CD DTD 10/23/2015 1.000% 04/24/2017		05574BFW5	2,100,000.00	A-1	Aa3	10/22/15	10/23/15	2,100,000.00	1.01	4,083.33	2,100,000.00	2,094,267.00
SVENSKA HANDELSBANKEN NY FLT CERT DEPOS DTD 11/24/2015 0.832% 08/24/2017		86958DH54	1,250,000.00	A-1+	P-1	11/20/15	11/24/15	1,250,000.00	0.84	1,097.91	1,250,000.00	1,249,268.75
BANK OF NOVA SCOTIA HOUSTON YCD DTD 11/09/2015 1.560% 11/06/2017		06417GAS7	1,300,000.00	A-1	P-1	11/06/15	11/09/15	1,300,000.00	1.55	2,929.33	1,300,000.00	1,298,329.50
HSBC BANK USA NA FLOATING CERT DEPOS DTD 11/18/2015 0.954% 11/17/2017		40428AR41	2,095,000.00	A-1+	P-1	11/17/15	11/18/15	2,095,000.00	0.97	2,443.03	2,095,000.00	2,094,486.73
<b>Security Type Sub-Total</b>			<b>10,945,000.00</b>					<b>10,945,000.00</b>	<b>1.04</b>	<b>21,133.27</b>	<b>10,945,000.00</b>	<b>10,920,098.23</b>
<b>Managed Account Sub-Total</b>			<b>84,545,000.00</b>					<b>84,960,369.01</b>	<b>1.07</b>	<b>281,709.49</b>	<b>84,848,524.24</b>	<b>84,612,645.56</b>
<b>Securities Sub-Total</b>			<b>\$84,545,000.00</b>					<b>\$84,960,369.01</b>	<b>1.07%</b>	<b>\$281,709.49</b>	<b>\$84,848,524.24</b>	<b>\$84,612,645.56</b>
<b>Accrued Interest</b>												<b>\$281,709.49</b>
<b>Total Investments</b>												<b>\$84,894,355.05</b>



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

Agenda Item No. 5B  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
949-644-3123, [danm@newportbeachca.gov](mailto:danm@newportbeachca.gov)

**SUBJECT: Implementation of Budget Preparation Framework – Review of Operating Budget, Session 4**

---

**SUMMARY:**

During recent Finance Committee meetings, members discussed pursuing actions for bringing greater transparency and accountability during the annual budget development process. Staff believes that following a proposed budget preparation framework consisting of budget principles, and associated strategies and tactics can be a reliable vehicle for improving the City's budget process. In furtherance of Budget Framework Tactic T.10.1, the goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Public Works Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.

**RECOMMENDED ACTION:**

In furtherance of Budget Framework Tactic T.10.1, review, ask questions, and provide comment relating to the Public Works Department Fiscal Year 2015-2016 operating budget.

**DISCUSSION:**

The Finance Committee expressed an interest in having greater involvement in the review of the proposed budget prior to its adoption by the City Council. During the September 16, 2015, Finance Committee meeting, members discussed and agreed to pursue a Budget Preparation Framework for bringing greater transparency and accountability during the annual budget development process.

The Budget Preparation Framework consists of goals, strategies and associated tactics to facilitate the establishment of priorities, guiding program activities, and allocating resources. Goals or “budget principles” represent statements that identify the broad goals that provide overall direction for the City and serve as a basis for decision making. Strategic objectives are major accomplishments that the City seeks to achieve over a specified period of time to achieve its long term goals. Tactics identify what should be done, that is, outline the specific tasks that must be accomplished to achieve the strategic objectives.

Certain members of the Finance Committee expressed a desire to be more involved in the early stages of the budget process, well in advance of the budget adoption by the City Council in May. Budget development is typically well underway by February, the month that the Committee convened its first meeting in 2015. Soliciting Committee input earlier will provide the Finance Committee with a better opportunity to be involved and better understand the proposed budget. Committee Members also requested a year-over-year budget variance analysis to understand the reasons for major increases or decreases. This Public Works budget variance analysis summary can be found in Attachment C.

The goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Public Works Department departmental budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs. The Public Works section of the Fiscal Year 2015-2016 Performance Plan and Budget Detail can be found in Attachments A and B. The Public Works Department also prepared a “Five Year Operating Budget Overview” and PowerPoint presentation which can be found in Attachments D and E.

This agenda item is in furtherance of Budget Framework Tactic T.10.1 and staff will schedule similar Finance Committee presentations covering the operating budgets of other departments over the next few months.

#### **Budget Framework Tactic T.10.1:**

*Staff would take the Finance Committee (FC) through a series of three to four “deep dives” into specific budget divisions or programs, with explanations about the Budget Detail and salaries, benefits, contract service accounts, and more. Set aside enough time to do this without anyone feeling rushed.*

- *Have each member of the FC identify 2-3 areas of interest – or questions they want answered before they have a final discussion about the budget – and complete these to general satisfaction prior to having the Council’s spring 2016 budget sessions for FY 16-17.*

This action will provide members with the context and understanding of the City’s programs in advance of the Fiscal Year 2016-2017 budget process and reinforce an environment of continual process improvement.

Prepared and Submitted by:

/s/ Dan Matusiewicz

---

Dan Matusiewicz  
Finance Director

Attachments:

- A. Public Works Department Fiscal Year 2015-2016 Operating Budget Performance Plan
- B. Public Works Department Fiscal Year 2015-2016 Operating Budget Detail
- C. Public Works Budget Variance Analysis Summary
- D. Public Works Five Year Operating Budget Overview
- E. Public Works PowerPoint Presentation

# **ATTACHMENT A**

**Public Works Department Fiscal Year 2015-2016 Operating Budget Performance Plan**

## MISSION STATEMENT

Protecting and providing quality public improvements and services.

## DEPARTMENT OVERVIEW

The City of Newport Beach is committed to maintaining a high quality of life by providing essential infrastructure and public facilities. The Department of Public Works is responsible for managing a comprehensive and ambitious improvement program designed to meet the current and future needs of the community and to protect the City's physical and natural assets. Capital projects include improvements to the City's roads, intersections, bridges, sidewalks, storm drains, traffic signals, water quality and environmental features, piers, water and sewer systems, street lighting, public buildings, harbor improvements and parks.

A key service area focuses on the use of engineering expertise to solve problems and to promote a safe and efficient transportation system. Public Works adds quality, safety and order to our lives through the use of engineered controls and measures such as traffic signals, signage and pavement maintenance.

Public Works also manages public property through permitted encroachments, ensures the safety of utility company activities, private construction and special events in the public right-of-way, and reviews plans for residential and commercial development as they relate to the public right-of-way.

## KEY DEPARTMENT PROGRAMS

### *ENGINEERING SERVICES*

- Capital Improvement Program
- Water Quality and Environmental Programs
- Transportation System and Operations and Development Services

### *HARBOR RESOURCES*

### *ADMINISTRATION AND RECORDS*



## GOALS

- Facilitate design and construction of public infrastructure to meet community priorities and goals and to optimize the performance and lifespan of public assets.
- Continuously improve our project delivery capability and use of project management tools to deliver the highest quality improvements and services on time and on budget.
- Maintain and operate City transportation systems including vehicle, bicycle and pedestrian facilities in a safe and reliable manner.
- Implement use of technology tools, such as online bidding for capital improvement projects, website and social media, and citywide efforts to upgrade several new software systems to improve efficient delivery of services and meet customer expectations.
- Integrate increased communication and team building in all aspects of department operations and organizational culture.
- Develop long-range plans for the maintenance and repair of publically maintained buildings, facilities, and structures as well a capital improvements plan for tidelands related facilities and amenities.
- Participate in discussions and innovative solutions for current and emerging issues such as bicycle safety, sea levels and seawalls, regulatory compliance and permitting, water quality and water conservation, and park planning.

## TOTAL PUBLIC WORKS DEPARTMENT COSTS

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 5,359,230	\$ 5,447,720	\$ 5,947,278	\$ 6,362,020
Maintenance and Operations	\$ 2,495,223	\$ 2,349,697	\$ 3,834,175	\$ 3,307,668
Capital Equipment	\$ 21,664	\$ 28,686	\$ 48,095	\$ 14,001
Total	<u>\$ 7,876,117</u>	<u>\$ 7,826,103</u>	<u>\$ 9,829,548</u>	<u>\$ 9,683,689</u>

Service Indicators	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Projected
CIP funds expended <sup>1</sup>	\$79,282,383	\$42,096,125	\$66,190,668	\$66,600,490
CIP projects completed within two months of baseline schedule - target 85%	81%	82%	80%	85%
CIP projects completed within awarded contract value, plus approved contingency - target 90%	100%	94%	85%	90%
Plan checks completed within target date	95%	83%	90%	90%
Total full-time department personnel	35	34	35	35
Total part-time department personnel	2.58	2.11	2.85	3.35
<small><sup>1</sup> Does not include assessment district project funds nor encumbered funds for work in progress; actual data reflects amounts expended including assessment district project expenses and capital budget expenses approved mid-year. Projected budget includes estimated carry-over funds from current budget.</small>				

## PROGRAMS

### ENGINEERING SERVICES

## CAPITAL IMPROVEMENT PROGRAM DELIVERY

### INTENDED OUTCOME

Manage the development, design, construction and administration of all of the City's Capital Improvement Program (CIP) projects.

### CORE FUNCTIONS

- Feasibility studies, planning, permitting, master plans
- Right-of-way acquisition
- Utilities coordination
- Engineering design
- Project management
- Construction management
- Public right-of-way inspection
- Community outreach and education
- Utility undergrounding district administration and coordination
- Coordination with outside agencies such as County of Orange, OCTA, Caltrans, OCSD, MWDOC and surrounding cities related to regional infrastructure issues
- Coordination with federal and state regulatory agencies related to strategic planning for dredging, water quality and ecosystem restoration projects
- Pursue and manage grant funding for eligible projects.



### WORK PLAN:

- Oversee project and construction management of scheduled and emergency Capital Improvement Program projects such as Traffic Signal Modernization, water infrastructure improvements, pavement condition improvements, and harbor and tidelands improvements.
- Manage and update infrastructure master plans to reflect the community's goals of maintaining quality public infrastructure that are sustainable into the future with emphasis on facilities, transportation, environmental and water quality, and tidelands management.

## CAPITAL IMPROVEMENT PROGRAM COSTS

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 2,268,607	\$ 2,320,554	\$ 2,485,274	\$ 2,676,982
Maintenance and Operations	\$ 489,959	\$ 553,110	\$ 672,695	\$ 512,494
Capital Equipment	\$ 8,502	\$ 15,100	\$ 23,095	\$ 3,000
<b>Total</b>	<b>\$ 2,767,068</b>	<b>\$ 2,888,764</b>	<b>\$ 3,181,064</b>	<b>\$ 3,192,476</b>

## CAPITAL IMPROVEMENT PROGRAM BUDGETED STAFFING

Positions	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Full-Time</b>				
Assistant City Engineer	1.0	1.0	1.0	1.0
Assoc 5% Civil Engineer	2.0	3.0	3.0	3.0
Associate Civil Engineer	1.0	1.0	1.0	1.0
Construction Inspection Supervisor	1.0	1.0	1.0	1.0
Deputy Public Works Director/City Engineer	1.0	1.0	1.0	1.0
Facilities Manager	1.0	1.0	-	-
Junior 5% Civil Engineer	1.0	-	-	-
Principal Civil Engineer	1.0	1.0	1.0	1.0
Public Works Inspector II	-	-	1.0	1.0
Senior Civil Engineer	3.0	3.0	3.0	3.0
Senior Public Works Inspector	2.0	2.0	2.0	2.0
<b>Total Full-Time</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>	<b>14.0</b>
<b>Part-Time</b>				
Contract Civil Engineer	0.26	0.26	-	-
Public Works Technical Aide	0.85	0.85	1.35	1.85
<b>Total Part-Time</b>	<b>1.11</b>	<b>1.11</b>	<b>1.35</b>	<b>1.85</b>
<b>Total Budgeted Staffing</b>	<b>15.11</b>	<b>15.11</b>	<b>15.35</b>	<b>15.85</b>

## **WATER QUALITY AND ENVIRONMENTAL PROGRAMS**

### **INTENDED OUTCOME**

Ensure City is compliant with state and federal permits and regulations so that the citizens and guests of Newport Beach enjoy the best environmental standard of living possible by planning and engineering protections and implementing clean water requirements for Newport Bay, the ocean shoreline and other sensitive areas.

### **CORE FUNCTIONS:**

- Management and enforcement of local, state and federal laws, policies and regulations
- Environmental programming and capital planning including the pursuit of funding opportunities and collaborative public/private partnerships.
- Community education and promotion of best management practices
- Participate in regional planning and coordination with the community, other public agencies, regulatory agencies and various environmental stakeholders.



Crystal Cove State Beach

### **WORK PLAN:**

- Participate, oversee and implement the requirements and regulations associated with regional water quality permits and orders.
- Implement water quality improvement projects for Big Canyon wetlands, Semeniuk Slough dredging, Newport Coast ASBS protection program.
- Install various catch basin filters and water quality filtration units citywide.
- Continue coordination with regional watershed stakeholders and the Regional Water Quality Control Board to develop sustainable water quality strategies with achievable goals within economic conditions.
- Encourage water conservation through education and awareness.



Semeniuk Slough at Coast Highway

## WATER QUALITY AND ENVIRONMENTAL PROGRAM COSTS

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 303,277	\$ 319,376	\$ 520,858	\$ 536,522
Maintenance and Operations	\$ 55,327	\$ 68,518	\$ 105,200	\$ 71,109
Capital Equipment	\$ -	\$ 8,138	\$ 2,500	\$ 1,500
<b>Total</b>	<b>\$ 358,604</b>	<b>\$ 396,032</b>	<b>\$ 628,558</b>	<b>\$ 609,131</b>

## WATER QUALITY AND ENVIRONMENTAL PROGRAMS BUDGETED STAFFING

Positions	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Full-Time</b>				
Assistant City Engineer	1.0	1.0	1.0	1.0
Code & Water Quality Enforcement Division Manager	1.0	1.0	1.0	-
Senior Engineer	-	-	-	1.0
Water Conservation Coordinator	1.0	1.0	1.0	1.0
<b>Total Full-Time</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Total Budgeted Staffing</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

## ENGINEERING SERVICES

### TRANSPORTATION SYSTEM & OPERATIONS AND DEVELOPMENT SERVICES

#### INTENDED OUTCOME

Promote a safe, efficient and effective multi-modal transportation system for various roadway uses and protect interests in the public right-of-way.

#### CORE FUNCTIONS:

##### TRANSPORTATION SYSTEM MANAGEMENT AND OPERATIONS

- Traffic engineering, traffic studies and transportation planning
- Traffic signal system operations, coordination and maintenance Neighborhood traffic calming
- Oversight and implementation of the City's Bicycle Master Plan.
- Special event support and coordination

## DEVELOPMENT SERVICES

- Plan check services
- Subdivision engineering
- Land use coordination
- Planning Commission support staffing
- Surveying and mapping
- Encroachment permits and temporary street closures



### **WORK PLAN:**

- Continue processing the transportation planning and associated environmental processes for private developments.
- Continue implementing the traffic management plan to improve traffic flows and reduce congestion.
- Review, manage and implement traffic, bicycle and pedestrian safety and operation improvements.
- Implement elements of the Bicycle Master Plan to provide safe and efficient movement of bicycles throughout the City.
- Continued modernization and rehabilitation of traffic signals throughout the City.
- Plan check street, water, wastewater, drainage, tract, and parcel maps.

### **TRANSP. SYSTEM & OP AND DEVELOPMENT SERVICES PROGRAM COSTS**

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 1,332,811	\$ 1,358,436	\$ 1,405,436	\$ 1,512,570
Maintenance and Operations	\$ 534,423	\$ 531,172	\$ 973,637	\$ 1,013,211
Capital Equipment	\$ 1,177	\$ 1,735	\$ 1,000	\$ 1,000
Total	<u>\$ 1,868,411</u>	<u>\$ 1,891,342</u>	<u>\$ 2,380,073</u>	<u>\$ 2,526,781</u>

## TRANSP. SYSTEM & OP AND DEVELOPMENT SERVICES BUDGETED STAFFING

Positions	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Full-Time</b>				
Assoc 5% Civil Engineer	2.0	2.0	3.0	5.0
City Traffic Engineer	1.0	1.0	1.0	1.0
Junior Civil Engineer	2.0	2.0	2.0	-
Senior Civil Engineer	2.0	2.0	2.0	2.0
Senior Traffic Engineering Technician	1.0	-	-	-
<b>Total Full-Time</b>	<b>8.0</b>	<b>7.0</b>	<b>8.0</b>	<b>8.0</b>
<b>Part-Time</b>				
PW Technical Aide	1.0	1.0	1.0	1.0
<b>Total Part-Time</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>
<b>Total Budgeted Staffing</b>	<b>9.0</b>	<b>8.0</b>	<b>9.0</b>	<b>9.0</b>

## HARBOR RESOURCES

### INTENDED OUTCOME

Protect and improve the resources of Newport Harbor and Upper Newport Bay for life, recreation and commerce.

### CORE FUNCTIONS:

- Permit issuance and administration for pier, marina and mooring operations
- Coordination and execution of harbor dredging
- Regulatory compliance
- Harbor Commission and Tidelands Management Committee staffing support
- Balboa Yacht Basin property management
- Studies, planning, permitting and long term capital facilities
- Beach sand replenishment projects and sediment maintenance
- Oversee and manage the City's Harbor-related infrastructure and maintenance
- Interagency coordination and planning

## WORK PLAN:

- Continue pursuing funding opportunities for harbor related projects and amenities.
- Carry out capital project priorities in the harbor area such as harbor pier maintenance and repairs, harbor dredging and sand management, and bulkhead and seawall repairs.
- Address reconstruction of sea walls around Balboa Island and Newport Harbor.
- Ensure current and future projects address and account for possible future sea level changes that may affect public and private properties.
- Continue development of a comprehensive master plan for the management, governance, and financing strategies for all tidelands, including dredging, beach replenishment, long-term capital plan, sea level rise, oil and gas and water quality.
- Complete eelgrass surveys along the harbor shoreline.



## HARBOR RESOURCES PROGRAM COSTS

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 460,704	\$ 473,595	\$ 485,091	\$ 513,248
Maintenance and Operations	\$ 1,189,517	\$ 1,034,319	\$ 1,901,465	\$ 1,460,356
Capital Equipment	\$ 11,676	\$ (3)	\$ 10,000	\$ 2,501
<b>Total</b>	<b>\$ 1,661,897</b>	<b>\$ 1,507,911</b>	<b>\$ 2,396,556</b>	<b>\$ 1,976,105</b>

## HARBOR RESOURCES BUDGETED STAFFING

Positions	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
<b>Full-Time</b>				
Harbor Resources Manager	1.0	1.0	1.0	1.0
Harbor Resources Supervisor	1.0	1.0	1.0	1.0
Harbor Resources Technician II	1.0	1.0	1.0	1.0
<b>Total Full-Time</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>
<b>Total Budgeted Staffing</b>	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>

# ADMINISTRATION AND RECORDS

## INTENDED OUTCOME

Lead and support department's organizational, development and strategic planning and provide legal, financial and administrative support for Public Works divisions. Oversee the department and Capital Improvements Plan budgets, financial operations, and public records.

## CORE FUNCTIONS:

- Implementation of City Council and management directives and policies
- Budget development and administration
- CIP financial management
- Contracts and grants administration
- Customer service and communications
- Permit issuance
- Manage and maintain department plans, maps and documents
- Financial management and planning

## WORK PLAN:

- Coordinate infrastructure management priorities, as directed by the City Council.
- Facilitate department staffing and management practices to improve efficiencies and manage resource allocation of budget, staffing and contractual services.
- Enhance customer service and communications through improved information access, friendly service and prompt professional responses.
- Continue movement to electronic records to improve efficiency and enable improved access to information for accountability and transparency.
- Coordinate with outside agencies including OCTA, Caltrans, OCSD, SCE, etc. regarding regional issues affecting the City.



## ADMINISTRATION PROGRAM COSTS

	2012-13 Actual	2013-14 Actual	2014-15 Estimated	2015-16 Adopted
Salaries and Benefits	\$ 993,831	\$ 975,760	\$ 1,050,620	\$ 1,122,700
Maintenance and Operations	\$ 225,997	\$ 162,579	\$ 181,178	\$ 250,499
Capital Equipment	\$ 309	\$ 3,716	\$ 11,500	\$ 6,000
Total	<u>\$ 1,220,137</u>	<u>\$ 1,142,054</u>	<u>\$ 1,243,299</u>	<u>\$ 1,379,199</u>



## ADMINISTRATION BUDGETED STAFFING

<b>Positions</b>	<b>FY 2012-13</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
<b><u>Full-Time</u></b>				
Administrative Analyst	1.0	1.0	1.0	1.0
Administrative Assistant	-	1.0	1.0	1.0
City Surveyor	1.0	-	-	-
Engineering Technician	1.0	1.0	1.0	1.0
Management Assistant	1.0	1.0	1.0	1.0
Public Works Director	1.0	1.0	1.0	1.0
Public Works Specialist	1.0	1.0	1.0	-
Permit Technician II	-	-	-	1.0
PW Finance/Admin Manager	1.0	1.0	1.0	1.0
<b><i>Total Full-Time</i></b>	<b><i>7.0</i></b>	<b><i>7.0</i></b>	<b><i>7.0</i></b>	<b><i>7.0</i></b>
<b><u>Part-Time</u></b>				
Intern	-	-	-	0.5
Office Assistant P/T	0.47	-	-	-
Student Aide	-	-	0.5	-
<b><i>Total Part-Time</i></b>	<b><i>0.47</i></b>	<b><i>-</i></b>	<b><i>0.5</i></b>	<b><i>0.5</i></b>
<b>Total Budgeted Staffing</b>	<b>7.47</b>	<b>7.00</b>	<b>7.50</b>	<b>7.50</b>

# **ATTACHMENT B**

**Public Works Department Fiscal Year 2015-2016 Operating Budget Detail**

**Report :** DIVISION POSITION WORKSHEET  
**Year:** JUL To JUN 2016  
**Division** 010-5050 - PW-ADMIN

Position	Type of Employee	FTE	Base Wages	Specialty Pays	Retirement Contrib (City) <sup>[1]</sup>	Other Benefits	Total Salaries and Benefits
ADMINISTRATIVE ANALYST	Full Time	1.00	86,710	0	3,225	24,495	114,430
ASSISTANT, ADMINISTRATIVE	Full Time	1.00	61,858	960	2,301	24,315	89,433
ENGINEERING TECHNICIAN	Full Time	1.00	75,358	0	2,803	25,883	104,044
MANAGEMENT ASSISTANT	Full Time	1.00	71,568	0	2,662	23,746	97,975
PERMIT TECHNICIAN II	Full Time	1.00	75,358	0	2,803	23,933	102,094
PUBLIC WORKS DIRECTOR	Full Time	1.00	202,883	5,760	7,545	32,136	248,324
PW FINANCE/ADMIN MANAGER	Full Time	1.00	134,098	960	4,987	28,581	168,626
INTERN	Part Time	0.50	16,796	0	-1,445	244	15,595
		<b>7.50</b>	<b>724,630</b>	<b>7,681</b>	<b>24,880</b>	<b>183,332</b>	<b>940,522</b>

[1] Retirement Contribution (City) for each position does not include the amortized cost of the unfunded pension liability.

010-5050 PW-ADMIN  
T50000 Total Expenses

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
7000 SALARIES - MISC	665,223	690,359	690,359	707,834
7020 SALARIES - PART TIME	0	0	0	16,796
7030 SALARIES - SEASONAL	0	12,542	12,542	0
<b>Total Regular Salaries</b>	<b>665,223</b>	<b>702,902</b>	<b>702,902</b>	<b>724,630</b>
7099 SALARY SAVINGS	(76,679)	0	0	0
7110 CAR ALLOWANCE	4,800	4,800	4,800	4,800
7114 CELL PHNE STIPND EXP	1,920	1,920	1,920	2,881
<b>Total Other Salaries</b>	<b>(69,959)</b>	<b>6,720</b>	<b>6,720</b>	<b>7,681</b>
<b>Total Salaries</b>	<b>595,264</b>	<b>709,622</b>	<b>709,622</b>	<b>732,310</b>
7210 HLTH/DNTAL/VISON FT	127,344	136,059	136,059	140,515
7223 ANNUAL OPEB COST	28,231	33,971	33,971	29,919
7227 RHS \$2.50 CONTRIB	4,950	5,400	5,400	6,630
<b>Total Health &amp; Retiree Ins</b>	<b>160,525</b>	<b>175,430</b>	<b>175,430</b>	<b>177,064</b>
7290 LIFE INSURANCE	735	735	735	735
7295 EMP ASSIST PRGM	160	165	165	171
7370 WORKERS' COMP, MISC	19,965	19,965	19,965	17,078
7373 COMPSNTED ABSNCES	23,283	24,163	24,163	24,774
7425 MEDICARE FRINGES	9,809	10,192	10,192	10,507
<b>Total Other Benefits</b>	<b>53,952</b>	<b>55,220</b>	<b>55,220</b>	<b>53,265</b>
7439 PERS MBR CNTRBN MISC	6,453	53,848	53,848	56,492
7440 PERS ER CNTRBN MISC	103,109	55,229	55,229	57,250
7445 EE RET CNTRBN MISC	0	(75,249)	(75,249)	(89,492)
7446 PERS UNFND LIAB MISC	0	76,050	76,050	135,181
7460 RETRMNT PT/TEMP	0	470	470	630
<b>Total Retirements</b>	<b>109,562</b>	<b>110,348</b>	<b>110,348</b>	<b>160,061</b>
<b>Total Benefits</b>	<b>324,039</b>	<b>340,998</b>	<b>340,998</b>	<b>390,390</b>
<b>Total Salaries and Benefits</b>	<b>919,303</b>	<b>1,050,620</b>	<b>1,050,620</b>	<b>1,122,700</b>
8030 MAINT&REPAR - EQUIP	2,000	0	0	0
8033 PRNTR MAINT/SUPLIES	1,000	500	500	500
8050 PSTGE,FREIGHT,EXPRS	3,300	2,800	2,800	2,800
8060 PUBLICATIONS & DUES	3,300	1,500	1,500	1,500
8080 SERVICES-PROF & TECH	66,000	66,000	66,000	120,000
8086 SRVCS-OTHR PRNT VNR	0	1,000	1,000	1,000
8089 SVCS-CTY PRT CNTRCT	6,206	1,500	1,500	1,500
8100 TRAVEL & MEETINGS	4,500	4,500	4,500	4,500
8105 TRAINING	10,000	13,100	16,200	7,500
8112 UTILITIES - TELEPHONE	300	0	0	0
8140 SUPPLIES- OFFICE NOC	17,250	17,250	17,250	17,250
8160 MAINT & REPAIR NOC	500	0	0	0
8200 SPECIAL DEPT SUPPLIES	3,635	3,500	3,500	5,600
8240 TOOLS,INSTRMNTS,ETC	250	0	0	0
8310 SFTWRE LICNSE RENWL	720	720	720	720
8318 IT ISF OPRATNG CHRGE	27,712	34,575	34,575	49,022
8319 IT ISF STRATGIC CHRG	8,034	8,194	8,194	19,001
8340 GENERAL INSURANCE	22,939	22,939	22,939	19,606
<b>Total Operating Expenses</b>	<b>177,645</b>	<b>178,078</b>	<b>181,178</b>	<b>250,499</b>
9000 OFFICE EQUIPMENT	1,250	0	0	0
9010 COMPUTER EQUIPMENT	0	3,000	3,000	3,000
9400 OFF FRNTRE/FIXTRES	2,000	8,500	8,500	3,000
<b>Total Capital Outlay</b>	<b>3,250</b>	<b>11,500</b>	<b>11,500</b>	<b>6,000</b>
<b>Total Division Expenses</b>	<b>1,100,198</b>	<b>1,240,199</b>	<b>1,243,299</b>	<b>1,379,199</b>
<b>Total Expenses</b>	<b>1,100,198</b>	<b>1,240,199</b>	<b>1,243,299</b>	<b>1,379,199</b>

**Report :** DIVISION POSITION WORKSHEET  
**Year:** JUL To JUN 2016  
**Division** 230-5060 - HARBOR RESOURCES

Position	Type of Employee	FTE	Base Wages	Specialty Pays	Retirement Contrib (City) <sup>[1]</sup>	Other Benefits	Total Salaries and Benefits
HARBOR RESOURCES MANAGER	Full Time	1.00	150,238	960	5,587	29,350	186,136
HARBOR RESOURCES SUPRVS	Full Time	1.00	109,949	960	4,089	27,085	142,083
HARBOR RESOURCES TECH II	Full Time	1.00	72,176	0	2,684	25,576	100,436
		<b>3.00</b>	<b>332,363</b>	<b>1,920</b>	<b>12,361</b>	<b>82,011</b>	<b>428,655</b>

[1] Retirement Contribution (City) for each position does not include the amortized cost of the unfunded pension liability.

**230-5060 HARBOR RESOURCES  
T50000 Total Expenses**

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
<b>7000 SALARIES - MISC</b>				
	318,100	327,454	327,454	332,363
<b>Total Regular Salaries</b>	<b>318,100</b>	<b>327,454</b>	<b>327,454</b>	<b>332,363</b>
7114 CELL PHNE STIPND EXP	1,500	1,500	1,500	1,920
<b>Total Other Salaries</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,920</b>
<b>Total Salaries</b>	<b>319,600</b>	<b>328,955</b>	<b>328,955</b>	<b>334,284</b>
7210 HLTH/DNTAL/VISON FT	54,576	58,311	58,311	60,221
7223 ANNUAL OPEB COST	15,038	16,245	16,245	14,191
7227 RHS \$2.50 CONTRIB	4,320	4,770	4,770	4,950
<b>Total Health &amp; Retiree Ins</b>	<b>73,934</b>	<b>79,326</b>	<b>79,326</b>	<b>79,362</b>
7290 LIFE INSURANCE	315	315	315	315
7295 EMP ASSIST PRGM	69	71	71	73
7370 WORKERS' COMP, MISC	8,098	8,098	8,098	6,927
7373 COMPSNTD ABSNCES	11,134	11,461	11,461	11,633
7425 MEDICARE FRINGES	4,761	4,748	4,748	4,819
<b>Total Other Benefits</b>	<b>24,376</b>	<b>24,693</b>	<b>24,693</b>	<b>23,767</b>
7439 PERS MBR CNTRBN MISC	3,086	25,541	25,541	26,526
7440 PERS ER CNTRBN MISC	49,306	26,196	26,196	26,882
7445 EE RET CNTRBN MISC	0	(35,693)	(35,693)	(41,047)
7446 PERS UNFND LIAB MISC	0	36,072	36,072	63,474
<b>Total Retirements</b>	<b>52,391</b>	<b>52,118</b>	<b>52,118</b>	<b>75,835</b>
<b>Total Benefits</b>	<b>150,701</b>	<b>156,136</b>	<b>156,136</b>	<b>178,964</b>
<b>Total Salaries and Benefits</b>	<b>470,301</b>	<b>485,091</b>	<b>485,091</b>	<b>513,248</b>
8020 AUTOMOTIVE SERVICE	1,600	1,600	1,600	1,600
8022 EQUIP MAINT ISF	6,766	7,401	7,401	7,386
8024 VEHICLE REPLACE ISF	8,207	8,207	8,207	8,207
8030 MAINT&REPAR - EQUIP	100	0	0	0
8033 PRNTR MAINT/SUPLIES	3,200	500	500	500
8040 MAINT&REPAIR - BLDG	40,220	40,220	54,880	50,000
8050 PSTGE,FREIGHT,EXPRS	1,500	2,000	2,000	0
8060 PUBLICATIONS & DUES	3,500	2,500	2,500	0
8066 ALARM MONITORING	0	750	750	750
8070 RENTAL/PROP & EQUIP	5,700	5,700	5,700	5,700
8080 SERVICES-PROF & TECH	438,500	638,500	913,728	260,000
80808 NPDES ADMINSTRTN	150,000	150,000	150,000	150,000
80809 TMDL ADMINSTRTN	160,000	180,000	212,000	200,000
8081 SERVICES - JANITORIAL	2,500	2,500	2,500	3,000
8086 SRVCS-OTHR PRNT VNR	0	12,000	12,000	12,000
8088 SERVICES - CONTRACT	0	25,000	25,000	25,000
808B MOORING MGMT	285,000	295,000	295,000	325,000
808G BYB MANAGEMENT	0	0	0	180,000
8100 TRAVEL & MEETINGS	1,000	1,500	1,500	2,000
8105 TRAINING	2,500	2,500	2,500	2,500
8112 UTILITIES - TELEPHONE	200	800	800	800
8114 UTILITIES - NTRL GAS	1,000	1,300	1,300	1,300
8116 UTILITIES - ELECTRICITY	45,000	45,000	45,000	45,000
8118 UTILITIES - WATER	10,000	16,000	16,000	16,000
8130 SEWER USE FEE/PROPE	0	0	0	80
8140 SUPPLIES- OFFICE NOC	4,000	3,000	3,000	3,000
8150 SUPPLIES- JANITORIAL	2,000	2,000	2,000	4,000
8168 MAINT-PIERS/FLTS/DCK	15,000	15,000	15,000	85,000
8170 MAINT - BEACHES	25,000	25,000	25,000	25,000
8200 SPECIAL DEPT SUPPLIES	7,000	4,500	4,500	4,500
8240 TOOLS,INSTRMNTS,ETC	800	0	0	0
8318 IT ISF OPRATNG CHRGE	58,876	71,932	71,932	21,009
8319 IT ISF STRATGIC CHRGE	4,017	4,097	4,097	8,143
8340 GENERAL INSURANCE	15,070	15,070	15,070	12,880
<b>Total Operating Expenses</b>	<b>1,298,256</b>	<b>1,579,577</b>	<b>1,901,465</b>	<b>1,460,356</b>
9300 EQUIPMENT, N.O.C.	12,000	0	10,000	0
9400 OFF FRNTRE/FIXTRES	0	0	0	2,501
<b>Total Capital Outlay</b>	<b>12,000</b>	<b>0</b>	<b>10,000</b>	<b>2,501</b>
<b>Total Division Expenses</b>	<b>1,780,557</b>	<b>2,064,668</b>	<b>2,396,556</b>	<b>1,976,104</b>
<b>Total Expenses</b>	<b>1,780,557</b>	<b>2,064,668</b>	<b>2,396,556</b>	<b>1,976,104</b>

**Report :** DIVISION POSITION WORKSHEET  
**Year:** JUL To JUN 2016  
**Division** 010-5070 - WATER QUALITY

Position	Type of Employee	FTE	Base Wages	Specialty Pays	Retirement Contrib (City) <sup>[1]</sup>	Other Benefits	Total Salaries and Benefits
ASSISTANT CITY ENGINEER	Full Time	1.00	153,899	960	5,724	27,821	188,404
CIVIL ENGINEER, SENIOR	Full Time	1.00	103,272	960	3,841	27,085	135,158
WATER CONSERVATION COORD	Full Time	1.00	95,368	1,860	3,580	26,707	127,515
		<b>3.00</b>	<b>352,539</b>	<b>3,781</b>	<b>13,145</b>	<b>81,613</b>	<b>451,077</b>

[1] Retirement Contribution (City) for each position does not include the amortized cost of the unfunded pension liability.

**010-5070 WATER QUALITY-ENVRMTL PRG**  
**T50000 Total Expenses**

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
7000 SALARIES - MISC	353,142	358,446	359,196	352,539
<b>Total Regular Salaries</b>	<b>353,142</b>	<b>358,446</b>	<b>359,196</b>	<b>352,539</b>
7063 CERTIFICATION PAY	913	900	900	900
7114 CELL PHNE STIPND EXP	2,880	2,881	2,881	2,881
<b>Total Other Salaries</b>	<b>3,793</b>	<b>3,781</b>	<b>3,781</b>	<b>3,781</b>
<b>Total Salaries</b>	<b>356,935</b>	<b>362,227</b>	<b>362,977</b>	<b>356,320</b>
7210 HLTH/DNTAL/VISON FT	54,576	58,311	58,311	60,221
7223 ANNUAL OPEB COST	16,694	18,034	18,034	15,567
7227 RHS \$2.50 CONTRIB	3,120	3,420	3,420	3,540
<b>Total Health &amp; Retiree Ins</b>	<b>74,390</b>	<b>79,765</b>	<b>79,765</b>	<b>79,328</b>
7290 LIFE INSURANCE	315	315	315	315
7295 EMP ASSIST PRGM	69	71	71	73
7370 WORKERS' COMP, MISC	2,780	2,780	2,780	2,378
7373 COMPSNTD ABSNCES	12,360	12,546	12,546	12,339
7425 MEDICARE FRINGES	5,184	5,211	5,211	5,125
<b>Total Other Benefits</b>	<b>20,707</b>	<b>20,922</b>	<b>20,922</b>	<b>20,230</b>
7439 PERS MBR CNTRBN MISC	3,443	28,029	28,029	28,208
7440 PERS ER CNTRBN MISC	54,879	28,748	28,748	28,586
7445 EE RET CNTRBN MISC	0	(39,169)	(39,169)	(43,650)
7446 PERS UNFND LIAB MISC	0	39,586	39,586	67,499
<b>Total Retirements</b>	<b>58,322</b>	<b>57,194</b>	<b>57,194</b>	<b>80,644</b>
<b>Total Benefits</b>	<b>153,419</b>	<b>157,881</b>	<b>157,881</b>	<b>180,202</b>
<b>Total Salaries and Benefits</b>	<b>510,355</b>	<b>520,108</b>	<b>520,858</b>	<b>536,522</b>
8020 AUTOMOTIVE SERVICE	900	900	900	900
8022 EQUIP MAINT ISF	3,474	3,801	3,801	3,793
8024 VEHICLE REPLACE ISF	2,585	2,585	2,585	2,585
8050 PSTGE,FREIGHT,EXPRS	1,100	800	800	800
8060 PUBLICATIONS & DUES	500	500	500	500
8080 SERVICES-PROF & TECH	30,000	30,000	30,000	30,000
80809 TMDL ADMINISTRTN	0	20,000	20,000	0
8089 SVCS-CTY PRT CNTRCT	699	500	500	500
8100 TRAVEL & MEETINGS	1,500	1,000	1,000	1,000
8105 TRAINING	1,500	1,000	1,000	1,000
8140 SUPPLIES- OFFICE NOC	500	500	500	500
8200 SPECIAL DEPT SUPPLIES	0	300	300	1,300
8318 IT ISF OPRATNG CHRGE	24,699	30,292	30,292	14,006
8319 IT ISF STRATGIC CHRG	2,678	2,731	2,731	5,429
8340 GENERAL INSURANCE	10,291	10,291	10,291	8,796
<b>Total Operating Expenses</b>	<b>80,426</b>	<b>105,200</b>	<b>105,200</b>	<b>71,109</b>
9300 EQUIPMENT, N.O.C.	1,500	500	500	500
9400 OFF FRNTRE/FIXTRES	0	2,000	2,000	1,000
<b>Total Capital Outlay</b>	<b>1,500</b>	<b>2,500</b>	<b>2,500</b>	<b>1,500</b>
<b>Total Division Expenses</b>	<b>592,280</b>	<b>627,808</b>	<b>628,558</b>	<b>609,130</b>
<b>Total Expenses</b>	<b>592,280</b>	<b>627,808</b>	<b>628,558</b>	<b>609,130</b>

**Report :** DIVISION POSITION WORKSHEET  
**Year:** JUL To JUN 2016  
**Division** 010-5100 - PW-ENGINEERING

Position	Type of Employee	FTE	Base Wages	Specialty Pays	Retirement Contrib (City) <sup>[1]</sup>	Other Benefits	Total Salaries and Benefits
ASSISTANT CITY ENGINEER	Full Time	1.00	153,899	960	5,724	30,041	190,624
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	97,104	0	3,611	25,010	125,725
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	114,046	0	4,241	27,528	145,816
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	114,046	0	4,241	27,498	145,786
CIVIL ENGINEER, ASSOCIATE	Full Time	1.00	108,680	0	4,042	27,353	140,074
CIVIL ENGINEER, PRINCIPAL	Full Time	1.00	146,536	960	5,450	29,767	182,712
CIVIL ENGINEER, SENIOR	Full Time	1.00	131,810	960	4,902	28,228	165,899
CIVIL ENGINEER, SENIOR	Full Time	1.00	131,810	1,980	4,857	28,198	166,845
CIVIL ENGINEER, SENIOR	Full Time	1.00	131,810	960	4,902	28,468	166,139
CONSTRUCT. INSPEC. SUPER	Full Time	1.00	114,046	960	4,241	25,848	145,096
DEPUTY PW DIRECTR/CITY EN	Full Time	1.00	186,763	5,160	6,946	29,448	228,317
PUBLIC WORKS INSPECTOR II	Full Time	1.00	78,114	960	2,905	24,070	106,048
PUBLIC WORKS INSPECTOR SR	Full Time	1.00	98,280	960	3,655	27,108	130,003
PUBLIC WORKS INSPECTOR SR	Full Time	1.00	98,280	960	3,655	25,068	127,963
PW TECHNICAL AIDE W/PARS	Part Time	1.00	29,182	0	1,094	423	30,700
PW TECHNICAL AIDE W/PARS	Part Time	0.85	24,805	0	930	360	26,095
		<b>15.85</b>	<b>1,759,211</b>	<b>14,822</b>	<b>65,397</b>	<b>384,626</b>	<b>2,224,057</b>

[1] Retirement Contribution (City) for each position does not include the amortized cost of the unfunded pension liability.

**010-5100 PW-ENGINEERING  
T50000 Total Expenses**

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
7000 SALARIES - MISC	1,648,313	1,652,522	1,654,597	1,705,224
7020 SALARIES - PART TIME	37,856	0	0	0
7030 SALARIES - SEASONAL	24,098	38,835	38,835	53,987
<b>Total Regular Salaries</b>	<b>1,710,267</b>	<b>1,691,357</b>	<b>1,693,432</b>	<b>1,759,211</b>
7040 OT, MISC & 1/2 TIME	9,668	14,668	14,668	14,668
<b>Total Overtime Salaries</b>	<b>9,668</b>	<b>14,668</b>	<b>14,668</b>	<b>14,668</b>
7063 CERTIFICATION PAY	4,187	4,080	4,080	1,020
7110 CAR ALLOWANCE	0	0	0	4,200
7114 CELL PHNE STIPND EXP	3,840	5,761	5,761	9,602
<b>Total Other Salaries</b>	<b>8,027</b>	<b>9,841</b>	<b>9,841</b>	<b>14,822</b>
<b>Total Salaries</b>	<b>1,727,962</b>	<b>1,715,866</b>	<b>1,717,941</b>	<b>1,788,701</b>
7210 HLTH/DNTAL/VISON FT	254,688	272,118	272,118	281,031
7223 ANNUAL OPEB COST	78,131	84,176	84,176	71,707
7227 RHS \$2.50 CONTRIB	14,580	15,840	15,840	16,380
<b>Total Health &amp; Retiree Ins</b>	<b>347,399</b>	<b>372,134</b>	<b>372,134</b>	<b>369,118</b>
7290 LIFE INSURANCE	1,470	1,470	1,470	1,470
7295 EMP ASSIST PRGM	321	331	331	341
7370 WORKERS' COMP, MISC	0	47,574	47,574	40,694
7373 COMPSNTD ABSNCES	57,691	57,838	57,838	59,683
7425 MEDICARE FRINGES	23,490	24,797	24,797	25,721
<b>Total Other Benefits</b>	<b>82,972</b>	<b>132,009</b>	<b>132,009</b>	<b>127,909</b>
7439 PERS MBR CNTRBN MISC	16,070	129,215	129,215	136,175
7440 PERS ER CNTRBN MISC	256,138	132,528	132,528	137,919
7445 EE RET CNTRBN MISC	0	(180,570)	(180,570)	(210,721)
7446 PERS UNFND LIAB MISC	0	180,560	180,560	325,856
7460 RETRMNT PT/TEMP	2,323	1,456	1,456	2,025
<b>Total Retirements</b>	<b>274,531</b>	<b>263,190</b>	<b>263,190</b>	<b>391,253</b>
<b>Total Benefits</b>	<b>704,902</b>	<b>767,333</b>	<b>767,333</b>	<b>888,280</b>
<b>Total Salaries and Benefits</b>	<b>2,432,864</b>	<b>2,483,199</b>	<b>2,485,274</b>	<b>2,676,982</b>
8020 AUTOMOTIVE SERVICE	10,000	10,000	10,000	10,000
8022 EQUIP MAINT ISF	32,373	39,656	39,656	39,142
8024 VEHICLE REPLACE ISF	27,230	30,148	30,148	30,148
8030 MAINT&REPAR - EQUIP	500	0	0	0
8033 PRNTR MAINT/SUPLIES	1,000	500	500	1,700
8050 PSTGE,FREIGHT,EXPRS	250	250	250	250
8060 PUBLICATIONS & DUES	4,000	3,500	3,500	3,500
8080 SERVICES-PROF & TECH	303,100	100,000	360,049	200,000
8100 TRAVEL & MEETINGS	3,000	3,000	3,000	3,000
8105 TRAINING	10,000	8,000	8,000	7,000
8111 TELECOMM-DATALINES	2,700	2,700	2,700	2,700
8112 UTILITIES - TELEPHONE	2,400	1,400	1,400	1,200
8140 SUPPLIES- OFFICE NOC	4,500	4,500	4,500	4,500
8200 SPECIAL DEPT SUPPLIES	3,200	3,500	3,500	3,500
8240 TOOLS,INSTRMNTS,ETC	500	0	0	0
8310 SFTWRE LICNSE RENWL	1,000	1,000	1,000	12,000
8318 IT ISF OPRATNG CHRGE	104,562	129,106	129,106	105,046
8319 IT ISF STRATGIC CHRG	18,745	19,120	19,120	40,716
8340 GENERAL INSURANCE	56,266	56,266	56,266	48,091
<b>Total Operating Expenses</b>	<b>585,327</b>	<b>412,647</b>	<b>672,695</b>	<b>512,494</b>
9006 SOFTWARE LICENSES	4,000	7,000	11,733	0
9400 OFF FRNTRE/FIXTRES	4,200	7,000	11,362	3,000
<b>Total Capital Outlay</b>	<b>8,200</b>	<b>14,000</b>	<b>23,095</b>	<b>3,000</b>
<b>Total Division Expenses</b>	<b>3,026,391</b>	<b>2,909,845</b>	<b>3,181,064</b>	<b>3,192,475</b>
<b>Total Expenses</b>	<b>3,026,391</b>	<b>2,909,845</b>	<b>3,181,064</b>	<b>3,192,475</b>

**Report :** DIVISION POSITION WORKSHEET  
**Year:** JUL To JUN 2016  
**Division** 010-5200 - PW-TRANS DEVT

Position	Type of Employee	FTE	Base Wages	Specialty Pays	Retirement Contrib (City) <sup>[1]</sup>	Other Benefits	Total Salaries and Benefits
CITY TRAFFIC ENGINEER	Full Time	1.00	153,899	540	5,724	29,891	190,054
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	108,680	1,980	4,080	27,128	141,867
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	103,880	1,984	3,819	25,345	135,028
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	108,680	960	4,042	26,783	140,464
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	114,046	0	4,241	27,468	145,756
CIVIL ENGINEER ASSOC 5%	Full Time	1.00	114,046	1,020	4,279	27,213	146,559
CIVIL ENGINEER, SENIOR	Full Time	1.00	131,810	0	4,902	28,378	165,089
CIVIL ENGINEER, SENIOR	Full Time	1.00	131,810	1,980	4,940	28,302	167,032
PW TECHNICAL AIDE W/PARS	Part Time	1.00	29,182	0	1,094	423	30,700
		<b>9.00</b>	<b>996,034</b>	<b>8,465</b>	<b>37,121</b>	<b>221,016</b>	<b>1,262,634</b>

[1] Retirement Contribution (City) for each position does not include the amortized cost of the unfunded pension liability.

**010-5200 PW-TRANS DEVT  
T50000 Total Expenses**

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
7000 SALARIES - MISC	813,475	936,874	936,874	966,851
7020 SALARIES - PART TIME	28,350	0	0	0
7030 SALARIES - SEASONAL	0	28,766	28,766	29,182
<b>Total Regular Salaries</b>	<b>841,826</b>	<b>965,640</b>	<b>965,640</b>	<b>996,034</b>
7040 OT, MISC & 1/2 TIME	5,867	5,867	5,867	5,867
<b>Total Overtime Salaries</b>	<b>5,867</b>	<b>5,867</b>	<b>5,867</b>	<b>5,867</b>
7063 CERTIFICATION PAY	2,213	3,060	3,060	4,084
7114 CELL PHNE STIPND EXP	3,420	4,381	4,381	4,381
<b>Total Other Salaries</b>	<b>5,633</b>	<b>7,441</b>	<b>7,441</b>	<b>8,465</b>
<b>Total Salaries</b>	<b>853,325</b>	<b>978,948</b>	<b>978,948</b>	<b>1,010,365</b>
7210 HLTH/DNTAL/VISON FT	127,344	155,496	155,496	160,589
7223 ANNUAL OPEB COST	42,560	41,542	41,542	40,602
7227 RHS \$2.50 CONTRIB	9,780	10,560	10,560	10,980
<b>Total Health &amp; Retiree Ins</b>	<b>179,684</b>	<b>207,599</b>	<b>207,599</b>	<b>212,171</b>
7290 LIFE INSURANCE	735	840	840	840
7295 EMP ASSIST PRGM	160	189	189	195
7370 WORKERS' COMP, MISC	21,087	21,087	21,087	18,038
7373 COMPSNTED ABSNCES	28,472	32,791	32,791	33,840
7425 MEDICARE FRINGES	12,369	14,131	14,131	14,572
<b>Total Other Benefits</b>	<b>62,823</b>	<b>69,038</b>	<b>69,038</b>	<b>67,485</b>
7439 PERS MBR CNTRBN MISC	7,934	72,488	72,488	77,490
7440 PERS ER CNTRBN MISC	126,432	75,195	75,195	78,446
7445 EE RET CNTRBN MISC	0	(102,453)	(102,453)	(119,910)
7446 PERS UNFND LIAB MISC	0	103,543	103,543	185,428
7460 RETRMNT PT/TEMP	1,063	1,079	1,079	1,094
<b>Total Retirements</b>	<b>135,429</b>	<b>149,852</b>	<b>149,852</b>	<b>222,548</b>
<b>Total Benefits</b>	<b>377,935</b>	<b>426,488</b>	<b>426,488</b>	<b>502,204</b>
<b>Total Salaries and Benefits</b>	<b>1,231,261</b>	<b>1,405,436</b>	<b>1,405,436</b>	<b>1,512,570</b>
8020 AUTOMOTIVE SERVICE	4,600	3,000	3,000	3,000
8022 EQUIP MAINT ISF	10,956	11,986	11,986	11,963
8024 VEHICLE REPLACE ISF	7,746	7,746	7,746	7,746
8030 MAINT&REPAR - EQUIP	280,000	280,000	424,027	520,000
8033 PRNTR MAINT/SUPLIES	1,500	500	500	200
8034 MAINT & REPR-DMGE	30,000	50,000	70,794	50,000
8050 PSTGE,FREIGHT,EXPRS	200	200	200	200
8060 PUBLICATIONS & DUES	1,700	1,700	1,700	2,500
8080 SERVICES-PROF & TECH	173,500	175,500	279,680	225,500
8089 SVCS-CTY PRT CNTRCT	0	2,500	2,500	2,500
8100 TRAVEL & MEETINGS	2,000	1,500	1,500	1,000
8105 TRAINING	3,000	3,000	3,000	2,000
8112 UTILITIES - TELEPHONE	4,000	0	0	0
8140 SUPPLIES- OFFICE NOC	1,300	2,000	2,000	3,500
8160 MAINT & REPAIR NOC	800	0	0	0
8200 SPECIAL DEPT SUPPLIES	4,000	4,000	4,000	3,500
8240 TOOLS,INSTRMNTS,ETC	400	0	421	421
8310 SFTWRE LICNSE RENWL	500	500	500	500
8318 IT ISF OPRATNG CHRGE	25,808	32,420	32,420	56,025
8319 IT ISF STRATGIC CHRG	9,373	9,560	9,560	21,715
8340 GENERAL INSURANCE	118,102	118,102	118,102	100,942
<b>Total Operating Expenses</b>	<b>679,484</b>	<b>704,214</b>	<b>973,637</b>	<b>1,013,211</b>
9400 OFF FRNTRE/FIXTRES	0	1,000	1,000	1,000
<b>Total Capital Outlay</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Total Division Expenses</b>	<b>1,910,745</b>	<b>2,110,650</b>	<b>2,380,073</b>	<b>2,526,781</b>
<b>Total Expenses</b>	<b>1,910,745</b>	<b>2,110,650</b>	<b>2,380,073</b>	<b>2,526,781</b>

**D5000 PUBLIC WORKS**  
**T50000 Total Expenses**

---

DESCRIPTION	2014 ADOPTED	2015 ADOPTED	2015 AMENDED	2016 ADOPTED
010-5050 PW-ADMIN	1,100,198	1,240,199	1,243,299	1,379,199
010-5070 WATER QUALITY-EN	592,280	627,808	628,558	609,130
010-5100 PW-ENGINEERING	3,026,391	2,909,845	3,181,064	3,192,475
010-5200 PW-TRANS DEVT	1,910,745	2,110,650	2,380,073	2,526,781
230-5060 HARBOR RESOURCE	1,780,557	2,064,668	2,396,556	1,976,104
<b>D5000 PUBLIC WORKS</b>	<b>8,410,171</b>	<b>8,953,170</b>	<b>9,829,548</b>	<b>9,683,690</b>

# **ATTACHMENT C**

## **Public Works Budget Variance Analysis Summary**

Entity: D5000 - PUBLIC WORKS  
 Format: Budget Review  
 Date Exported: 24-Nov-15

Changes over 10k and over 5% noted below.

DESCRIPTION	2014	2015	2016	\$	%	Notes
	ADOPTED	ADOPTED	ADOPTED	Change	Change	
7000 SALARIES - MISC	3,798,253	3,965,656	4,064,811	99,155	2.50%	
7020 SALARIES - PART TIME	66,206	0	16,796	16,796	#DIV/0!	
7030 SALARIES - SEASONAL	24,098	80,143	83,170	3,027	3.78%	
Total Regular Salaries	3,888,558	4,045,799	4,164,777	118,978	2.94%	
7040 OT, MISC & 1/2 TIME	15,535	20,535	20,535	0	0.00%	
Total Overtime Salaries	15,535	20,535	20,535	0	0.00%	
7063 CERTIFICATION PAY	7,313	8,040	6,004	-2,036	-25.32%	
7099 SALARY SAVINGS	-76,679	0	0	0	#DIV/0!	
7110 CAR ALLOWANCE	4,800	4,800	9,000	4,200	87.50%	
7114 CELL PHNE STIPND EXP	13,560	16,443	21,664	5,221	31.75%	
Total Other Salaries	-51,006	29,283	36,668	7,385	25.22%	
Total Salaries	3,853,086	4,095,617	4,221,980	126,363	3.09%	
7210 HLTH/DNTAL/VISON FT	618,528	680,295	702,577	22,282	3.28%	
7223 ANNUAL OPEB COST	180,654	193,968	171,985	-21,983	-11.33%	1
7227 RHS \$2.50 CONTRIB	36,750	39,990	42,480	2,490	6.23%	
Total Health & Retiree Ins	835,932	914,253	917,043	2,790	0.31%	
7290 LIFE INSURANCE	3,570	3,675	3,675	0	0.00%	
7295 EMP ASSIST PRGM	779	827	853	26	3.14%	
7370 WORKERS' COMP, MISC	51,930	99,504	85,116	-14,388	-14.46%	2
7373 COMPSNTED ABSNCES	132,939	138,798	142,268	3,470	2.50%	
7425 MEDICARE FRINGES	55,613	59,078	60,744	1,666	2.82%	
Total Other Benefits	244,831	301,882	292,656	-9,226	-3.06%	
7439 PERS MBR CNTRBN MISC	36,985	309,121	324,892	15,771	5.10%	3
7440 PERS ER CNTRBN MISC	589,863	317,896	329,082	11,186	3.52%	
7445 EE RET CNTRBN MISC	0	-433,133	-504,820	-71,687	16.55%	4
7446 PERS UNFND LIAB MISC	0	435,811	777,439	341,628	78.39%	5
7460 RETRMNT PT/TEMP	3,386	3,005	3,749	744	24.76%	
Total Retirements	630,234	632,700	930,341	297,641	47.04%	
Total Benefits	1,710,997	1,848,836	2,140,040	291,204	15.75%	
Total Salaries and Benefits	5,564,083	5,944,453	6,362,020	417,567	7.02%	
8020 AUTOMOTIVE SERVICE	17,100	15,500	15,500	0	0.00%	
8022 EQUIP MAINT ISF	53,569	62,844	62,284	-560	-0.89%	
8024 VEHICLE REPLACE ISF	45,768	48,686	48,686	0	0.00%	
8030 MAINT&REPAR - EQUIP	282,600	280,000	520,000	240,000	85.71%	6
8033 PRNTR MAINT/SUPLIES	6,700	2,000	2,900	900	45.00%	
8034 MAINT & REPR-DMGE	30,000	50,000	50,000	0	0.00%	
8040 MAINT&REPAIR - BLDG	40,220	40,220	50,000	9,780	24.32%	
8050 PSTGE,FREIGHT,EXPRS	6,350	6,050	4,050	-2,000	-33.06%	
8060 PUBLICATIONS & DUES	13,000	9,700	8,000	-1,700	-17.53%	
8066 ALARM MONITORING	0	750	750	0	0.00%	
8070 RENTAL/PROP & EQUIP	5,700	5,700	5,700	0	0.00%	
8080 SERVICES-PROF & TECH	1,011,100	1,010,000	835,500	-174,500	-17.28%	

Entity: D5000 - PUBLIC WORKS  
 Format: Budget Review  
 Date Exported: 24-Nov-15

Changes over 10k and over 5% noted below.

DESCRIPTION	2014	2015	2016	\$	%	Notes
	ADOPTED	ADOPTED	ADOPTED	Change	Change	
80808 NPDES ADMINSTRTN	150,000	150,000	150,000	0	0.00%	
80809 TMDL ADMINSTRTN	160,000	200,000	200,000	0	0.00%	
8081 SERVICES - JANITORIAL	2,500	2,500	3,000	500	20.00%	
8086 SRVCS-OTHR PRNT VNR	0	13,000	13,000	0	0.00%	
8088 SERVICES - CONTRACT	0	25,000	25,000	0	0.00%	
8089 SVCS-CTY PRT CNTRCT	6,905	4,500	4,500	0	0.00%	
808B MOORING MGMT	285,000	295,000	325,000	30,000	10.17%	7
808G BYB MANAGEMENT	0	0	180,000	180,000	#DIV/0!	8
8100 TRAVEL & MEETINGS	12,000	11,500	11,500	0	0.00%	
8105 TRAINING	27,000	27,600	20,000	-7,600	-27.54%	
8111 TELECOMM-DATALINES	2,700	2,700	2,700	0	0.00%	
8112 UTILITIES - TELEPHONE	6,900	2,200	2,000	-200	-9.09%	
8114 UTILITIES - NTRL GAS	1,000	1,300	1,300	0	0.00%	
8116 UTILITIES - ELECTRICITY	45,000	45,000	45,000	0	0.00%	
8118 UTILITIES - WATER	10,000	16,000	16,000	0	0.00%	
8130 SEWER USE FEE/PROPERTY TAX	0	0	80	80	#DIV/0!	
8140 SUPPLIES- OFFICE NOC	27,550	27,250	28,750	1,500	5.50%	
8150 SUPPLIES- JANITORIAL	2,000	2,000	4,000	2,000	100.00%	
8160 MAINT & REPAIR NOC	1,300	0	0	0	#DIV/0!	
8168 MAINT-PIERS/FLTS/DCK	15,000	15,000	85,000	70,000	466.67%	9
8170 MAINT - BEACHES	25,000	25,000	25,000	0	0.00%	
8200 SPECIAL DEPT SUPPLIES	17,835	15,800	18,400	2,600	16.46%	
8240 TOOLS, INSTRMNTS, ETC	1,950	0	421	421	#DIV/0!	
8310 SFTWRE LICNSE RENWL	2,220	2,220	13,220	11,000	495.50%	10
8318 IT ISF OPRATNG CHRGE	241,657	298,326	245,108	-53,218	-17.84%	11
8319 IT ISF STRATGIC CHRGE	42,846	43,703	95,004	51,301	117.39%	12
8340 GENERAL INSURANCE	222,668	222,668	190,315	-32,353	-14.53%	13
<b>Total Operating Expenses</b>	<b>2,821,138</b>	<b>2,979,716</b>	<b>3,307,668</b>	<b>327,952</b>	<b>11.01%</b>	
9000 OFFICE EQUIPMENT	1,250	0	0	0	#DIV/0!	
9006 SOFTWARE LICENSES	4,000	7,000	0	-7,000	-100.00%	
9010 COMPUTER EQUIPMENT	0	3,000	3,000	0	0.00%	
9300 EQUIPMENT, N.O.C.	13,500	500	500	0	0.00%	
9400 OFF FRNTRE/FIXTRES	6,200	18,500	10,501	-7,999	-43.24%	
<b>Total Capital Outlay</b>	<b>24,950</b>	<b>29,000</b>	<b>14,001</b>	<b>-14,999</b>	<b>-51.72%</b>	
<b>Total Division Expenses</b>	<b>8,410,171</b>	<b>8,953,170</b>	<b>9,683,690</b>	<b>730,520</b>	<b>8.16%</b>	
<b>Total Expenses</b>	<b>8,410,171</b>	<b>8,953,170</b>	<b>9,683,690</b>	<b>730,520</b>	<b>8.16%</b>	

**Notes:**

1. OPEB costs declined \$440K city-wide due to favorable actuarial experience.
2. Workers' Comp Internal Service Fund (ISF) charges to departments remained unchanged city-wide but due to an updated cost-allocation based on department experience, the Public Works charge decreased over \$14K.

Changes over 10k **and** over 5% noted below.

DESCRIPTION	2014	2015	2016	Changes over 10k <b>and</b> over 5% noted below.		Notes
	ADOPTED	ADOPTED	ADOPTED	\$ Change	% Change	
3. The normal cost of the PERS pension benefit generally increases at a rate similar to the growth of payroll plus any change to the normal cost due to changes in actuarial assumptions.						
4. Employee contributions to the total cost of PERS have increased due to collective bargaining. City-wide employee contributions increased \$817K over the prior year due to an estimate total of \$8.2 million.						
5. City-wide contributions to pay down the unfunded pension liability was accelerated increasing the total contribution \$8.7 million to achieve a total UAL payment of \$21.5 million.						
6. An amendment to a Personal Service Agreement for traffic signal maintenance, emergency repairs and upgrades was approved by the City Council on October 28, 2014. This also included additional expenses for Caltrans maintained signals, signals shared by the City of Irvine and batteries and supplies. \$240,000 was added to the Transportation/Dev. Svcs Division.						
7. This change was the result of contractual increases with the County of Orange for Harbor Mooring Management. New contract effective 1/1/16. There was no increase in bottom-line to division. There was also a reallocation of funds from 5060-8080 (Professional / Technical Services)						
8. This represents a reassignment of the division budget to separate costs for management of Balboa Yacht Basin. There was no increase in bottom-line to this division. Funds were reallocated from 5060-8080 (Professional / Technical Services).						
9. This represents a reassignment of division budget to cover costs for maintenance of public docks, floats and piers in the correct line item. No increase in bottom-line to this division. Funds were reallocated from 5060-8080 (Professional / Technical Services).						
10. This represents a reassignment of division budget to cover costs in correct line item for AutoCAD licensing and pavement management software. No increase in bottom-line to this division. Funds were reallocated within the Engineering Division.						
11. Continued Refinement of 3 year old IT ISF Budget. Reduction in PW operating charge to better reflect actual PW staff use of hardware, software, and IT staff time. Moved portions of Operations hardware budget into Strategic Replacement Budget.						
12. Continued Refinement of 3 year old IT ISF Budget. Moved portion of operations hardware budget into strategic replacement budget as those funds are predominantly used to replace existing equipment versus buy net new devices.						
13. General Liability ISF charges to departments increased \$1 Million City-wide. However, due to an updated actuarial cost-allocation, Public Works charges decreased \$32k due to favorable experience.						

# **ATTACHMENT D**

**Public Works Five Year Operating Budget Overview**

**Public Works Department  
5 Year Operating Budget Overview**

		2012 Adopted Budget	2013 Adopted Budget	% Change from Prior Year	2014 Adopted Budget	% Change from Prior Year	2015 Adopted Budget	% Change from Prior Year	2016 Adopted Budget	% Change from Prior Year
<b>General Fund</b>	Salaries / Benefits	\$ 4,561,583.00	\$ 5,060,756.00	11%	\$ 5,093,783.00	1%	\$ 5,459,363.00 <sup>7</sup>	7%	\$ 5,848,774.00 <sup>11</sup>	7%
	Maintenance / Operations * (Detail Below)	\$ 1,262,017.00	\$ 1,251,925.00	-1%	\$ 1,522,882.00	22%	\$ 1,400,139.00	-8%	\$ 1,847,313.00	32%
	Capital Outlay	\$ 10,435.00	\$ 13,950.00	34%	\$ 12,950.00	-7%	\$ 29,000.00	124%	\$ 11,500.00	-60%
	<b>General Fund Subtotal</b>	<b>\$ 5,834,035.00</b>	<b>\$ 6,326,631.00</b>	<b>8%</b>	<b>\$ 6,629,615.00</b>	<b>5%</b>	<b>\$ 6,888,502.00</b>	<b>4%</b>	<b>\$ 7,707,587.00</b>	<b>12%</b>
<b>Tidelands Fund</b>	Salaries / Benefits	\$ 418,559.00	\$ 433,321.00	4%	\$ 470,301.00	9%	\$ 485,091.00	3%	\$ 513,248.00	6%
	Maintenance / Operations ** (Detail Below)	\$ 970,926.00	\$ 1,236,158.00	27%	\$ 1,298,256.00	5%	\$ 1,579,577.00	22%	\$ 1,460,356.00	-8%
	Capital Outlay	\$ 12,000.00	\$ 12,000.00	0%	\$ 12,000.00	0%	\$ -	-100%	\$ 2,501.00 <sup>12</sup>	
	<b>Tidelands Fund Subtotal</b>	<b>\$ 1,401,485.00</b>	<b>\$ 1,681,479.00</b>	<b>20%</b>	<b>\$ 1,780,557.00</b>	<b>6%</b>	<b>\$ 2,064,668.00</b>	<b>16%</b>	<b>\$ 1,976,105.00</b>	<b>-4%</b>
<b>Public Works Operating Budget Grand Total &gt; &gt;</b>		<b>\$ 7,235,520.00</b>	<b>\$ 8,008,110.00</b>	<b>11%</b>	<b>\$ 8,410,172.00</b>	<b>5%</b>	<b>\$ 8,953,170.00</b>	<b>6%</b>	<b>\$ 9,683,692.00</b>	<b>8%</b>

**\* General Fund Maintenance/Operations Budget Detail**

**Contract Services**

Administration - Professional Services	\$ 65,765.00	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 120,000.00 <sup>13</sup>	82%
Water Quality/Environ. Professional Services	\$ 30,000.00	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%
Engineering- Professional Services	\$ 44,600.00	\$ 103,100.00 <sup>3</sup>	131%	\$ 303,100.00 <sup>5</sup>	194%	\$ 200,000.00 <sup>8</sup>	-34%	\$ 200,000.00	0%
Transportation-Professional Services	\$ 21,500.00	\$ 23,500.00	9%	\$ 173,500.00	638%	\$ 175,000.00	1%	\$ 225,500.00	29%
Transportation-Maintenance & Repair Equip <sup>1</sup>	\$ 310,000.00	\$ 310,000.00	0%	\$ 310,000.00	0%	\$ 330,000.00	6%	\$ 570,000.00 <sup>14</sup>	73%
<b>Subtotal Contract Services</b>	<b>\$ 471,865.00</b>	<b>\$ 532,600.00</b>	<b>13%</b>	<b>\$ 882,600.00</b>	<b>66%</b>	<b>\$ 801,000.00</b>	<b>-9%</b>	<b>\$ 1,145,500.00</b>	<b>43%</b>
Internal Service Funds (ISF)	\$ 653,182.28	\$ 600,518.96	-8%	\$ 513,571.68	-14%	\$ 569,519.36	11%	\$ 583,789.44	3%
Other Department Expenses	\$ 136,969.72	\$ 118,806.04	-13%	\$ 126,710.32	7%	\$ 29,619.64	-77%	\$ 118,023.56	298%
<b>Total General Fund &gt; &gt;</b>	<b>\$ 1,262,017.00</b>	<b>\$ 1,251,925.00</b>	<b>-1%</b>	<b>\$ 1,522,882.00</b>	<b>22%</b>	<b>\$ 1,400,139.00</b>	<b>-8%</b>	<b>\$ 1,847,313.00</b>	<b>32%</b>

**\*\* Tidelands Fund Maintenance/Operations Budget Detail**

**Contract Services**

Mooring Management	\$ -	\$ 235,000.00		\$ 285,000.00	21%	\$ 295,000.00	4%	\$ 325,000.00	10%
Harbor Resources - Professional Services	\$ 267,700.00	\$ 413,500.00 <sup>4</sup>	54%	\$ 438,500.00 <sup>6</sup>	6%	\$ 638,500.00 <sup>9</sup>	46%	\$ 440,000.00	-31%
Property Maint. and Repair <sup>2</sup>	\$ 158,620.00	\$ 152,020.00	-4%	\$ 146,520.00	-4%	\$ 153,470.00	5%	\$ 235,300.00 <sup>15</sup>	53%
Water Quality - NPDES	\$ 163,318.00	\$ 150,000.00	-8%	\$ 150,000.00	0%	\$ 150,000.00	0%	\$ 150,000.00	0%
Water Quality - TMDL	\$ 280,000.00	\$ 150,000.00	-46%	\$ 160,000.00	7%	\$ 180,000.00	13%	\$ 200,000.00	11%
<b>Subtotal Contract Services</b>	<b>\$ 869,638.00</b>	<b>\$ 1,100,520.00</b>	<b>27%</b>	<b>\$ 1,180,020.00</b>	<b>7%</b>	<b>\$ 1,416,970.00</b>	<b>20%</b>	<b>\$ 1,350,300.00</b>	<b>-5%</b>
Internal Service Funds (ISF)	\$ 70,966.20	\$ 106,637.76	50%	\$ 92,936.16	-13%	\$ 106,707.40	15%	\$ 57,607.56	-46%
Other Department Expenses	\$ 30,321.80	\$ 29,000.24	-4%	\$ 25,299.84	-13%	\$ 55,899.60 <sup>10</sup>	121%	\$ 52,448.44	-6%
<b>Total Tidelands Fund &gt; &gt;</b>	<b>\$ 970,926.00</b>	<b>\$ 1,236,158.00</b>	<b>27%</b>	<b>\$ 1,298,256.00</b>	<b>5%</b>	<b>\$ 1,579,577.00</b>	<b>22%</b>	<b>\$ 1,460,356.00</b>	<b>-8%</b>

Notes:

1 Traffic signal maint. & traffic signal maint. due to damages

2 Contract maint. for buildings, beaches, docks, floats, public piers

3 Transfer from salary savings to supplement contract inspections

4 Added funding for Balboa Yacht Basin Management and lobby services

5 Added \$200,000 for contract engineering services, primarily inspection serv.

6 Added \$25,000 for contract and legal services

7 Converted contract services to a full time inspector; added Assoc. Engineer; and transferred Admin. Asst. from Human Resources

8 Reduced contract services to offset addition of a full time Inspector

9 Added \$200,000 for contract engineering services

10 Added \$25,000 to remove derelict vessels

11 Increased for unfunded liability and step increases

12 Transferred fire ring replacement to Municipal Operations Department

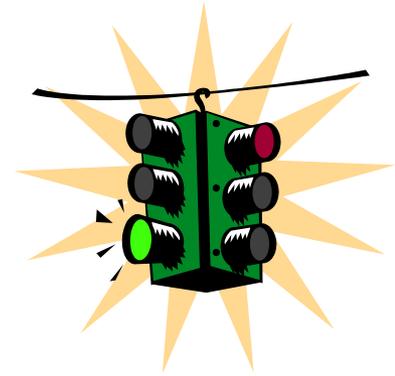
13 Added \$45,000 for Marina Management at Marina Park (to be moved to Harbor Resources with Tidelands Funding)

14 Added \$240,000 for traffic signal maint. per 10/28/14 City Council action

15 Moved maintenance of floats, docks, public piers to its own line item for better tracking; and moved \$10,000 to building maint from Professional/Technical Services

**ATTACHMENT E**  
**Public Works PowerPoint Presentation**

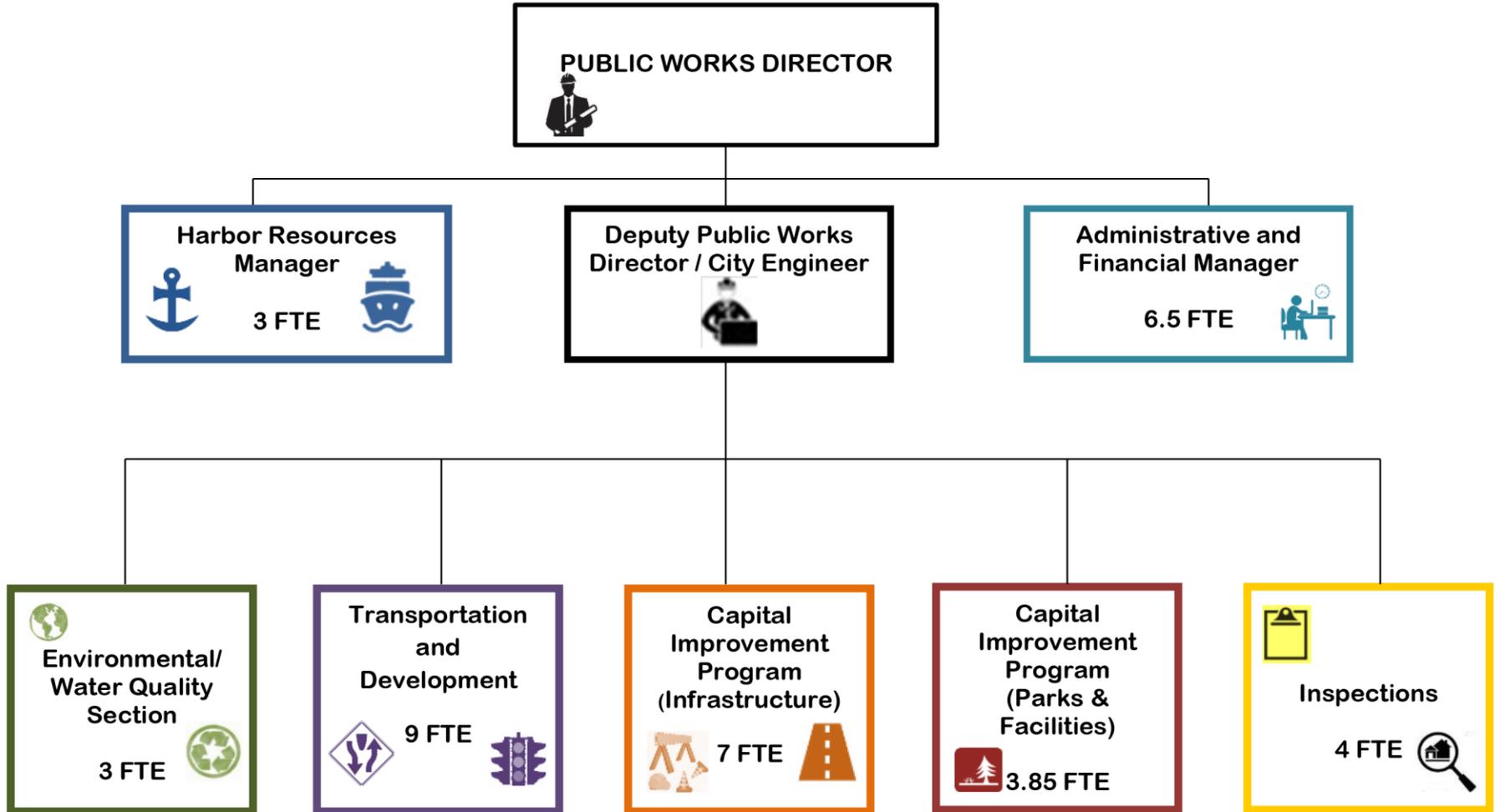
# Public Works Department *Operating Budget*



Finance Committee  
January 14, 2016

# Public Works Department

## Organizational Chart by Function



*38.35 Total F.T.E: - 35 Full Time Employees / 3.35 Part Time Employees*

# Public Works Department

## FIVE YEAR OPERATING BUDGET OVERVIEW

### Public Works Department 5 Year Operating Budget Overview

		2012 Adopted Budget	2013 Adopted Budget	% Change from Prior Year	2014 Adopted Budget	% Change from Prior Year	2015 Adopted Budget	% Change from Prior Year	2016 Adopted Budget	% Change from Prior Year
<b>General Fund</b>	Salaries / Benefits	\$ 4,561,583.00	\$ 5,060,756.00	11%	\$ 5,093,783.00	1%	\$ 5,459,363.00 <sup>7</sup>	7%	\$ 5,848,774.00 <sup>11</sup>	7%
	Maintenance / Operations * (Detail Below)	\$ 1,262,017.00	\$ 1,251,925.00	-1%	\$ 1,522,882.00	22%	\$ 1,400,139.00	-8%	\$ 1,847,313.00	32%
	Capital Outlay	\$ 10,435.00	\$ 13,950.00	34%	\$ 12,950.00	-7%	\$ 29,000.00	124%	\$ 11,500.00	-60%
	<b>General Fund Subtotal</b>	<b>\$ 5,834,035.00</b>	<b>\$ 6,326,631.00</b>	<b>8%</b>	<b>\$ 6,629,615.00</b>	<b>5%</b>	<b>\$ 6,888,502.00</b>	<b>4%</b>	<b>\$ 7,707,587.00</b>	<b>12%</b>
<b>Tidelands Fund</b>	Salaries / Benefits	\$ 418,559.00	\$ 433,321.00	4%	\$ 470,301.00	9%	\$ 485,091.00	3%	\$ 513,248.00	6%
	Maintenance / Operations ** (Detail Below)	\$ 970,926.00	\$ 1,236,158.00	27%	\$ 1,298,256.00	5%	\$ 1,579,577.00	22%	\$ 1,460,356.00	-8%
	Capital Outlay	\$ 12,000.00	\$ 12,000.00	0%	\$ 12,000.00	0%	\$ -	-100%	\$ 2,501.00 <sup>12</sup>	
	<b>Tidelands Fund Subtotal</b>	<b>\$ 1,401,485.00</b>	<b>\$ 1,681,479.00</b>	<b>20%</b>	<b>\$ 1,780,557.00</b>	<b>6%</b>	<b>\$ 2,064,668.00</b>	<b>16%</b>	<b>\$ 1,976,105.00</b>	<b>-4%</b>
<b>Public Works Operating Budget Grand Total &gt;&gt;</b>		<b>\$ 7,235,520.00</b>	<b>\$ 8,008,110.00</b>	<b>11%</b>	<b>\$ 8,410,172.00</b>	<b>5%</b>	<b>\$ 8,953,170.00</b>	<b>6%</b>	<b>\$ 9,683,692.00</b>	<b>8%</b>

#### \* General Fund Maintenance/Operations Budget Detail

<b>Contract Services</b>										
Administration - Professional Services	\$ 65,765.00	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 120,000.00 <sup>13</sup>	82%	
Water Quality/Environ. Professional Services	\$ 30,000.00	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	
Engineering- Professional Services	\$ 44,600.00	\$ 103,100.00 <sup>3</sup>	131%	\$ 303,100.00 <sup>5</sup>	194%	\$ 200,000.00 <sup>8</sup>	-34%	\$ 200,000.00	0%	
Transportation-Professional Services	\$ 21,500.00	\$ 23,500.00	9%	\$ 173,500.00	638%	\$ 175,000.00	1%	\$ 225,500.00	29%	
Transportation-Maintenance & Repair Equip <sup>1</sup>	\$ 310,000.00	\$ 310,000.00	0%	\$ 310,000.00	0%	\$ 330,000.00	6%	\$ 570,000.00 <sup>14</sup>	73%	
<b>Subtotal Contract Services</b>	<b>\$ 471,865.00</b>	<b>\$ 532,600.00</b>	<b>13%</b>	<b>\$ 882,600.00</b>	<b>66%</b>	<b>\$ 801,000.00</b>	<b>-9%</b>	<b>\$ 1,145,500.00</b>	<b>43%</b>	
Internal Service Funds (ISF)	\$ 653,182.28	\$ 600,518.96	-8%	\$ 513,571.68	-14%	\$ 569,519.36	11%	\$ 583,789.44	3%	
Other Department Expenses	\$ 136,969.72	\$ 118,806.04	-13%	\$ 126,710.32	7%	\$ 29,619.64	-77%	\$ 118,023.56	298%	
<b>Total General Fund &gt;&gt;</b>	<b>\$ 1,262,017.00</b>	<b>\$ 1,251,925.00</b>	<b>-1%</b>	<b>\$ 1,522,882.00</b>	<b>22%</b>	<b>\$ 1,400,139.00</b>	<b>-8%</b>	<b>\$ 1,847,313.00</b>	<b>32%</b>	

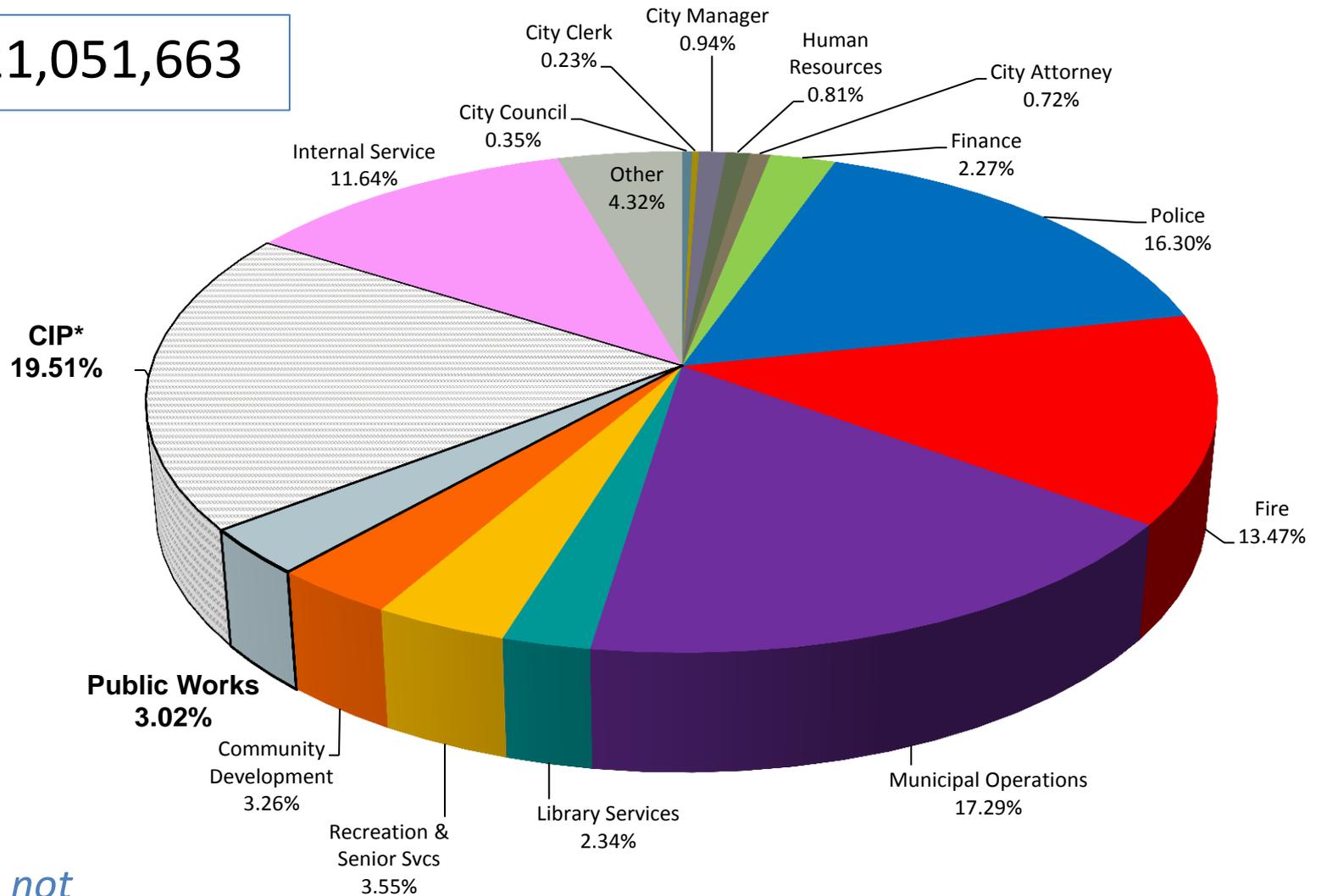
#### \*\* Tidelands Fund Maintenance/Operations Budget Detail

<b>Contract Services</b>										
Mooring Management		\$ 235,000.00		\$ 285,000.00	21%	\$ 295,000.00	4%	\$ 325,000.00	10%	
Harbor Resources - Professional Services	\$ 267,700.00	\$ 413,500.00 <sup>4</sup>	54%	\$ 438,500.00 <sup>6</sup>	6%	\$ 638,500.00 <sup>9</sup>	46%	\$ 440,000.00	-31%	
Property Maint. and Repair <sup>2</sup>	\$ 158,620.00	\$ 152,020.00	-4%	\$ 146,520.00	-4%	\$ 153,470.00	5%	\$ 235,300.00 <sup>15</sup>	53%	
Water Quality - NPDES	\$ 163,318.00	\$ 150,000.00	-8%	\$ 150,000.00	0%	\$ 150,000.00	0%	\$ 150,000.00	0%	
Water Quality - TMDL	\$ 280,000.00	\$ 150,000.00	-46%	\$ 160,000.00	7%	\$ 180,000.00	13%	\$ 200,000.00	11%	
<b>Subtotal Contract Services</b>	<b>\$ 869,638.00</b>	<b>\$ 1,100,520.00</b>	<b>27%</b>	<b>\$ 1,180,020.00</b>	<b>7%</b>	<b>\$ 1,416,970.00</b>	<b>20%</b>	<b>\$ 1,350,300.00</b>	<b>-5%</b>	
Internal Service Funds (ISF)	\$ 70,966.20	\$ 106,637.76	50%	\$ 92,936.16	-13%	\$ 106,707.40	15%	\$ 57,607.56	-46%	
Other Department Expenses	\$ 30,321.80	\$ 29,000.24	-4%	\$ 25,299.84	-13%	\$ 55,899.60 <sup>10</sup>	121%	\$ 52,448.44	-6%	
<b>Total Tidelands Fund &gt;&gt;</b>	<b>\$ 970,926.00</b>	<b>\$ 1,236,158.00</b>	<b>27%</b>	<b>\$ 1,298,256.00</b>	<b>5%</b>	<b>\$ 1,579,577.00</b>	<b>22%</b>	<b>\$ 1,460,356.00</b>	<b>-8%</b>	

# City of Newport Beach

## FY 2015-16 Adopted Budget

**\$321,051,663**

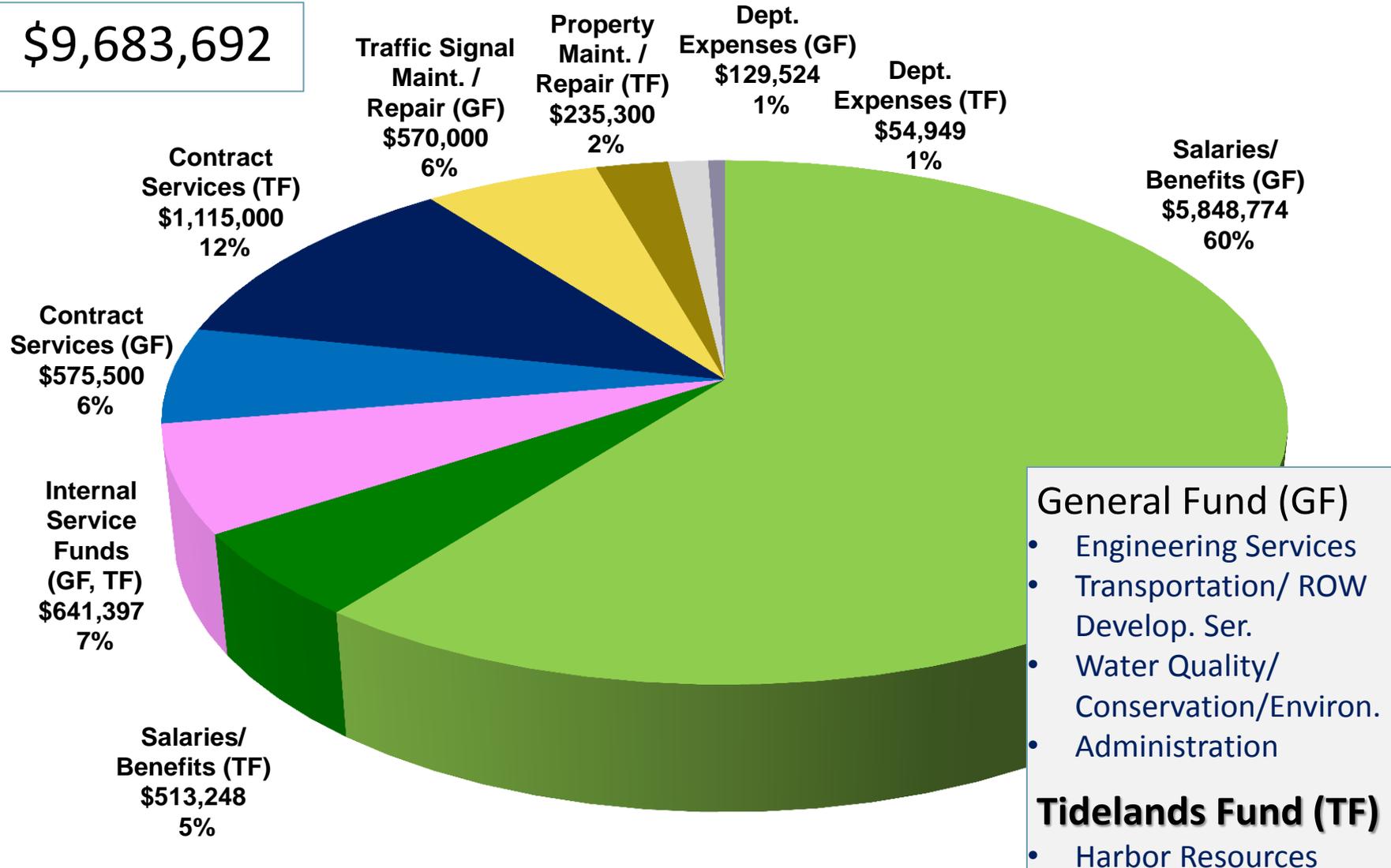


*\*Does not include carryovers*

# Public Works Department

## FY 2015-16 Operating Budget

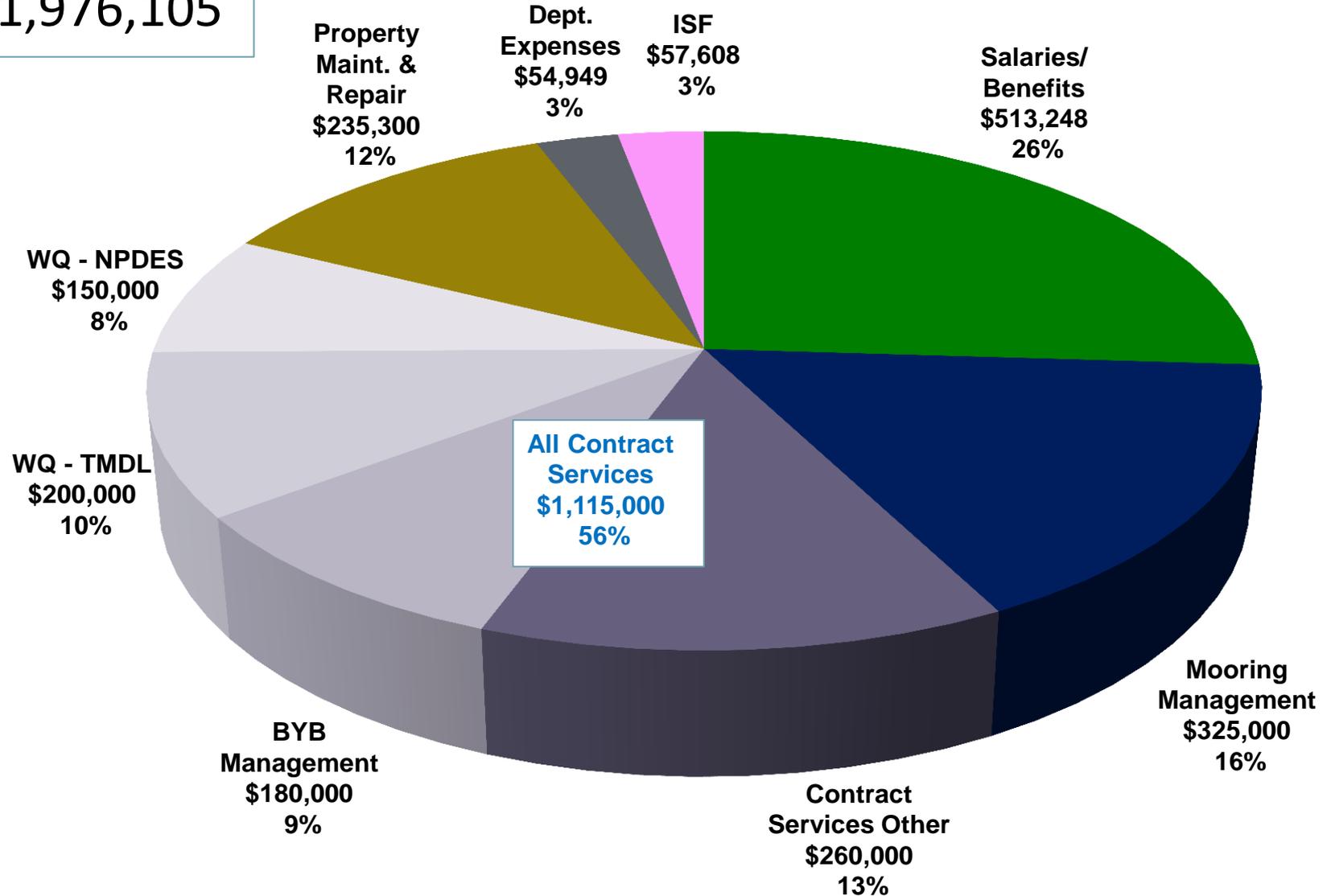
**\$9,683,692**



# Public Works Department

## FY 2015-16 Operating Budget – TIDELANDS FUND

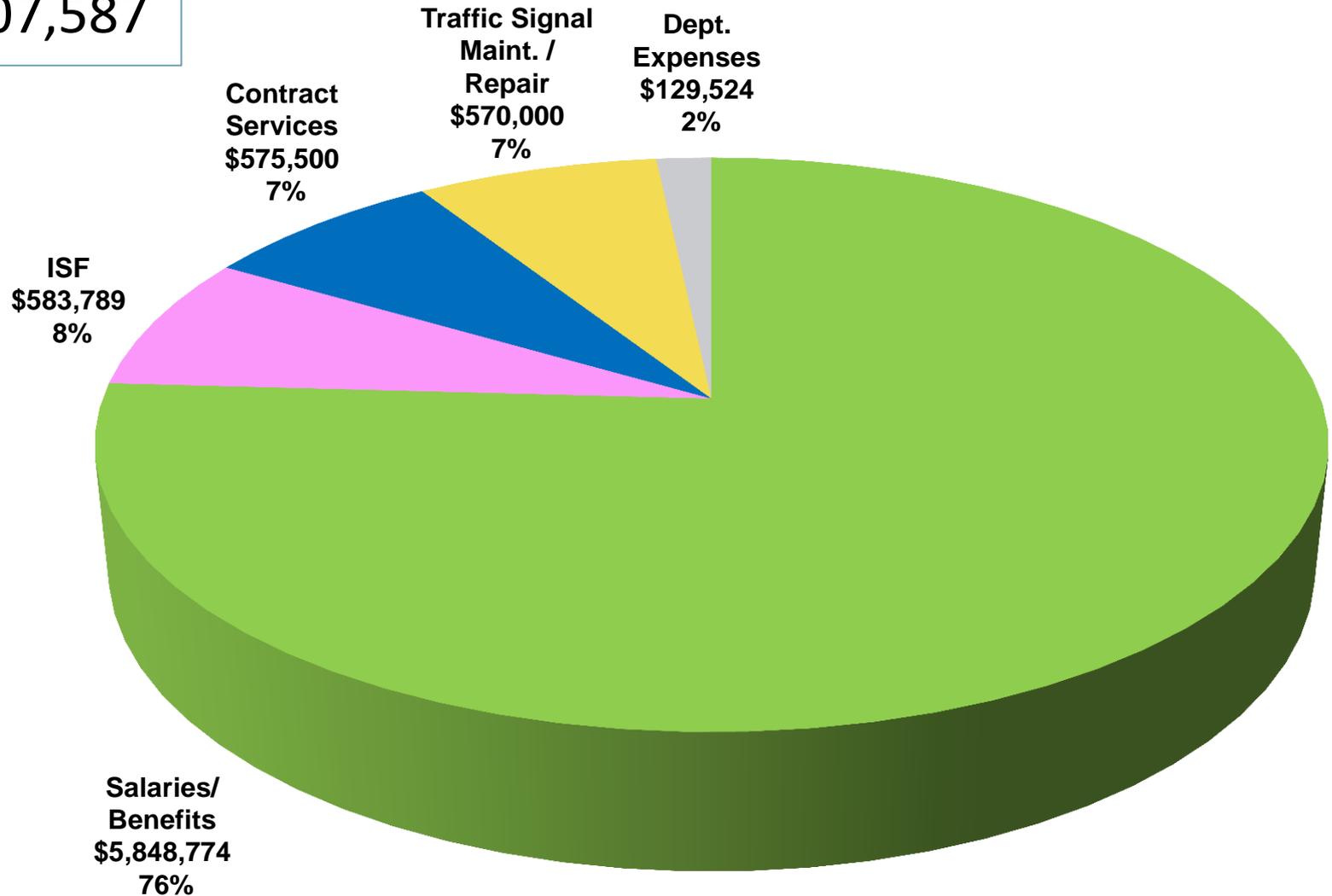
**\$1,976,105**



# Public Works Department

## FY 2015-16 Operating Budget – GENERAL FUND

**\$7,707,587**



# Capital Improvement Program

*The Capital Improvement Program reflects the City Council goals and objectives, infrastructure master planning documents, community needs/requests, as well as items required by laws or regulations.*

**It:**

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



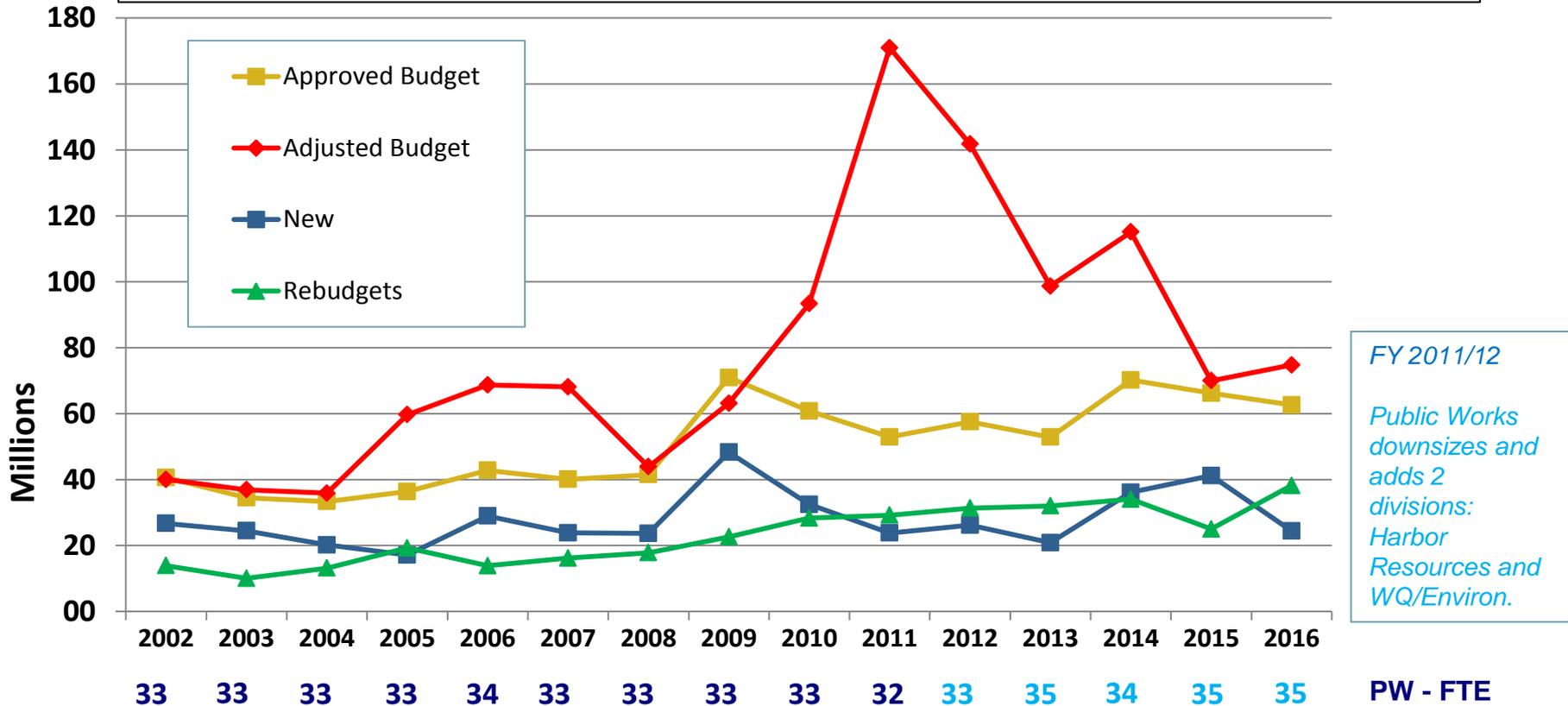
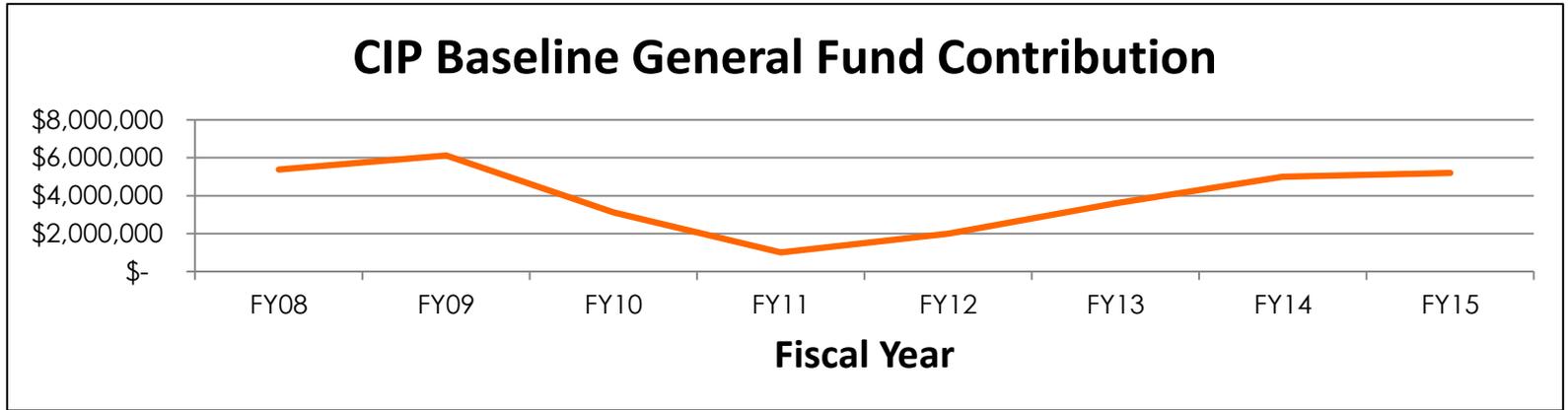
*This is formulated into an Annual Capital Improvement Budget.*

# Planning Documents

- ▶ General Plan & Circulation Element
- ▶ Pavement Management Program
- ▶ Traffic Signal Modernization & Rehabilitation Plan
- ▶ Bicycle Master Plan
- ▶ Water Master Plan
- ▶ Sewer Master Plan
- ▶ Street Light Master Plan
- ▶ Facilities Financing Plan
- ▶ Facilities Maintenance Plan
- ▶ Master Plan of Drainage
- ▶ 5 Year Tidelands Capital Plan



# CIP Funding History



# Sources of Funding for CIP

- City General Fund
- State Gas Tax
- County Measure M ½¢ Sales Tax
- Tidelands Revenue
- Grants (Federal, State, Local)
- AQMD Clean Air Subvention Funds
- Federal CDBG
- Developer Fees (Drainage Fees, Traffic Impact Fees, Park Acquisition, etc.)
- Sewer Utility Charges
- Water Utility Charges
- Parking Revenues
- Private Contributions
- Other



# Questions, Comments, and Discussion

## Public Works Department

### 5 Year Operating Budget Overview

		2012 Adopted Budget	2013 Adopted Budget	% Change from Prior Year	2014 Adopted Budget	% Change from Prior Year	2015 Adopted Budget	% Change from Prior Year	2016 Adopted Budget	% Change from Prior Year
<b>General Fund</b>	Salaries / Benefits	\$ 4,561,583.00	\$ 5,060,756.00	11%	\$ 5,093,783.00	1%	\$ 5,459,363.00 <sup>7</sup>	7%	\$ 5,848,774.00 <sup>11</sup>	7%
	Maintenance / Operations * (Detail Below)	\$ 1,262,017.00	\$ 1,251,925.00	-1%	\$ 1,522,882.00	22%	\$ 1,400,139.00	-8%	\$ 1,847,313.00	32%
	Capital Outlay	\$ 10,435.00	\$ 13,950.00	34%	\$ 12,950.00	-7%	\$ 29,000.00	124%	\$ 11,500.00	-60%
	<b>General Fund Subtotal</b>	<b>\$ 5,834,035.00</b>	<b>\$ 6,326,631.00</b>	<b>8%</b>	<b>\$ 6,629,615.00</b>	<b>5%</b>	<b>\$ 6,888,502.00</b>	<b>4%</b>	<b>\$ 7,707,587.00</b>	<b>12%</b>
<b>Tidelands Fund</b>	Salaries / Benefits	\$ 418,559.00	\$ 433,321.00	4%	\$ 470,301.00	9%	\$ 485,091.00	3%	\$ 513,248.00	6%
	Maintenance / Operations ** (Detail Below)	\$ 970,926.00	\$ 1,236,158.00	27%	\$ 1,298,256.00	5%	\$ 1,579,577.00	22%	\$ 1,460,356.00	-8%
	Capital Outlay	\$ 12,000.00	\$ 12,000.00	0%	\$ 12,000.00	0%	\$ -	-100%	\$ 2,501.00 <sup>12</sup>	
	<b>Tidelands Fund Subtotal</b>	<b>\$ 1,401,485.00</b>	<b>\$ 1,681,479.00</b>	<b>20%</b>	<b>\$ 1,780,557.00</b>	<b>6%</b>	<b>\$ 2,064,668.00</b>	<b>16%</b>	<b>\$ 1,976,105.00</b>	<b>-4%</b>
<b>Public Works Operating Budget Grand Total &gt; &gt;</b>		<b>\$ 7,235,520.00</b>	<b>\$ 8,008,110.00</b>	<b>11%</b>	<b>\$ 8,410,172.00</b>	<b>5%</b>	<b>\$ 8,953,170.00</b>	<b>6%</b>	<b>\$ 9,683,692.00</b>	<b>8%</b>

#### \* General Fund Maintenance/Operations Budget Detail

<b>Contract Services</b>										
Administration - Professional Services	\$ 65,765.00	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 120,000.00 <sup>13</sup>	82%	
Water Quality/Environ. Professional Services	\$ 30,000.00	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	
Engineering- Professional Services	\$ 44,600.00	\$ 103,100.00 <sup>3</sup>	131%	\$ 303,100.00 <sup>5</sup>	194%	\$ 200,000.00 <sup>8</sup>	-34%	\$ 200,000.00	0%	
Transportation-Professional Services	\$ 21,500.00	\$ 23,500.00	9%	\$ 173,500.00	638%	\$ 175,000.00	1%	\$ 225,500.00	29%	
Transportation-Maintenance & Repair Equip <sup>1</sup>	\$ 310,000.00	\$ 310,000.00	0%	\$ 310,000.00	0%	\$ 330,000.00	6%	\$ 570,000.00 <sup>14</sup>	73%	
<b>Subtotal Contract Services</b>	<b>\$ 471,865.00</b>	<b>\$ 532,600.00</b>	<b>13%</b>	<b>\$ 882,600.00</b>	<b>66%</b>	<b>\$ 801,000.00</b>	<b>-9%</b>	<b>\$ 1,145,500.00</b>	<b>43%</b>	
Internal Service Funds (ISF)	\$ 653,182.28	\$ 600,518.96	-8%	\$ 513,571.68	-14%	\$ 569,519.36	11%	\$ 583,789.44	3%	
Other Department Expenses	\$ 136,969.72	\$ 118,806.04	-13%	\$ 126,710.32	7%	\$ 29,619.64	-77%	\$ 118,023.56	298%	
<b>Total General Fund &gt; &gt;</b>	<b>\$ 1,262,017.00</b>	<b>\$ 1,251,925.00</b>	<b>-1%</b>	<b>\$ 1,522,882.00</b>	<b>22%</b>	<b>\$ 1,400,139.00</b>	<b>-8%</b>	<b>\$ 1,847,313.00</b>	<b>32%</b>	

#### \*\* Tidelands Fund Maintenance/Operations Budget Detail

<b>Contract Services</b>										
Mooring Management	\$ -	\$ 235,000.00		\$ 285,000.00	21%	\$ 295,000.00	4%	\$ 325,000.00	10%	
Harbor Resources - Professional Services	\$ 267,700.00	\$ 413,500.00 <sup>4</sup>	54%	\$ 438,500.00 <sup>6</sup>	6%	\$ 638,500.00 <sup>9</sup>	46%	\$ 440,000.00	-31%	
Property Maint. and Repair <sup>2</sup>	\$ 158,620.00	\$ 152,020.00	-4%	\$ 146,520.00	-4%	\$ 153,470.00	5%	\$ 235,300.00 <sup>15</sup>	53%	
Water Quality - NPDES	\$ 163,318.00	\$ 150,000.00	-8%	\$ 150,000.00	0%	\$ 150,000.00	0%	\$ 150,000.00	0%	
Water Quality - TMDL	\$ 280,000.00	\$ 150,000.00	-46%	\$ 160,000.00	7%	\$ 180,000.00	13%	\$ 200,000.00	11%	
<b>Subtotal Contract Services</b>	<b>\$ 869,638.00</b>	<b>\$ 1,100,520.00</b>	<b>27%</b>	<b>\$ 1,180,020.00</b>	<b>7%</b>	<b>\$ 1,416,970.00</b>	<b>20%</b>	<b>\$ 1,350,300.00</b>	<b>-5%</b>	
Internal Service Funds (ISF)	\$ 70,966.20	\$ 106,637.76	50%	\$ 92,936.16	-13%	\$ 106,707.40	15%	\$ 57,607.56	-46%	
Other Department Expenses	\$ 30,321.80	\$ 29,000.24	-4%	\$ 25,299.84	-13%	\$ 55,899.60 <sup>10</sup>	121%	\$ 52,448.44	-6%	
<b>Total Tidelands Fund &gt; &gt;</b>	<b>\$ 970,926.00</b>	<b>\$ 1,236,158.00</b>	<b>27%</b>	<b>\$ 1,298,256.00</b>	<b>5%</b>	<b>\$ 1,579,577.00</b>	<b>22%</b>	<b>\$ 1,460,356.00</b>	<b>-8%</b>	



**Your Public Works Department:**  
A Well-Engineered Machine

Protecting and Providing Quality  
Public Improvements and Services

**Public Works Department**

**5 Year Operating Budget Overview**

	2012 Adopted Budget	2013 Adopted Budget	% Change from Prior Year	2014 Adopted Budget	% Change from Prior Year	2015 Adopted Budget	% Change from Prior Year	2016 Adopted Budget	% Change from Prior Year
<b>General Fund</b>									
Salaries / Benefits	\$ 4,561,583.00	\$ 5,060,756.00	11%	\$ 5,093,783.00	1%	\$ 5,459,363.00 <sup>7</sup>	7%	\$ 5,848,774.00 <sup>11</sup>	7%
Maintenance / Operations * (Detail Below)	\$ 1,262,017.00	\$ 1,251,925.00	-1%	\$ 1,522,882.00	22%	\$ 1,400,139.00	-8%	\$ 1,847,313.00	32%
Capital Outlay	\$ 10,435.00	\$ 13,950.00	34%	\$ 12,950.00	-7%	\$ 29,000.00	124%	\$ 11,500.00	-60%
<b>General Fund Subtotal</b>	<b>\$ 5,834,035.00</b>	<b>\$ 6,326,631.00</b>	<b>8%</b>	<b>\$ 6,629,615.00</b>	<b>5%</b>	<b>\$ 6,888,502.00</b>	<b>4%</b>	<b>\$ 7,707,587.00</b>	<b>12%</b>
<b>Tidelands Fund</b>									
Salaries / Benefits	\$ 418,559.00	\$ 433,321.00	4%	\$ 470,301.00	9%	\$ 485,091.00	3%	\$ 513,248.00	6%
Maintenance / Operations ** (Detail Below)	\$ 970,926.00	\$ 1,236,158.00	27%	\$ 1,298,256.00	5%	\$ 1,579,577.00	22%	\$ 1,460,356.00	-8%
Capital Outlay	\$ 12,000.00	\$ 12,000.00	0%	\$ 12,000.00	0%	\$ -	-100%	\$ 2,501.00 <sup>12</sup>	
<b>Tidelands Fund Subtotal</b>	<b>\$ 1,401,485.00</b>	<b>\$ 1,681,479.00</b>	<b>20%</b>	<b>\$ 1,780,557.00</b>	<b>6%</b>	<b>\$ 2,064,668.00</b>	<b>16%</b>	<b>\$ 1,976,105.00</b>	<b>-4%</b>
<b>Public Works Operating Budget Grand Total &gt; &gt;</b>	<b>\$ 7,235,520.00</b>	<b>\$ 8,008,110.00</b>	<b>11%</b>	<b>\$ 8,410,172.00</b>	<b>5%</b>	<b>\$ 8,953,170.00</b>	<b>6%</b>	<b>\$ 9,683,692.00</b>	<b>8%</b>

**\* General Fund Maintenance/Operations Budget Detail**

**Contract Services**

Administration - Professional Services	\$ 65,765.00	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 66,000.00	0%	\$ 120,000.00 <sup>13</sup>	82%
Water Quality/Environ. Professional Services	\$ 30,000.00	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%	\$ 30,000.00	0%
Engineering- Professional Services	\$ 44,600.00	\$ 103,100.00 <sup>3</sup>	131%	\$ 303,100.00 <sup>5</sup>	194%	\$ 200,000.00 <sup>8</sup>	-34%	\$ 200,000.00	0%
Transportation-Professional Services	\$ 21,500.00	\$ 23,500.00	9%	\$ 173,500.00	638%	\$ 175,000.00	1%	\$ 225,500.00	29%
Transportation-Maintenance & Repair Equip <sup>1</sup>	\$ 310,000.00	\$ 310,000.00	0%	\$ 310,000.00	0%	\$ 330,000.00	6%	\$ 570,000.00 <sup>14</sup>	73%
<b>Subtotal Contract Services</b>	<b>\$ 471,865.00</b>	<b>\$ 532,600.00</b>	<b>13%</b>	<b>\$ 882,600.00</b>	<b>66%</b>	<b>\$ 801,000.00</b>	<b>-9%</b>	<b>\$ 1,145,500.00</b>	<b>43%</b>
Internal Service Funds (ISF)	\$ 653,182.28	\$ 600,518.96	-8%	\$ 513,571.68	-14%	\$ 569,519.36	11%	\$ 583,789.44	3%
Other Department Expenses	\$ 136,969.72	\$ 118,806.04	-13%	\$ 126,710.32	7%	\$ 29,619.64	-77%	\$ 118,023.56	298%
<b>Total General Fund &gt; &gt;</b>	<b>\$ 1,262,017.00</b>	<b>\$ 1,251,925.00</b>	<b>-1%</b>	<b>\$ 1,522,882.00</b>	<b>22%</b>	<b>\$ 1,400,139.00</b>	<b>-8%</b>	<b>\$ 1,847,313.00</b>	<b>32%</b>

**\*\* Tidelands Fund Maintenance/Operations Budget Detail**

**Contract Services**

Mooring Management	\$ -	\$ 235,000.00		\$ 285,000.00	21%	\$ 295,000.00	4%	\$ 325,000.00	10%
Harbor Resources - Professional Services	\$ 267,700.00	\$ 413,500.00 <sup>4</sup>	54%	\$ 438,500.00 <sup>6</sup>	6%	\$ 638,500.00 <sup>9</sup>	46%	\$ 440,000.00	-31%
Property Maint. and Repair <sup>2</sup>	\$ 158,620.00	\$ 152,020.00	-4%	\$ 146,520.00	-4%	\$ 153,470.00	5%	\$ 235,300.00 <sup>15</sup>	53%
Water Quality - NPDES	\$ 163,318.00	\$ 150,000.00	-8%	\$ 150,000.00	0%	\$ 150,000.00	0%	\$ 150,000.00	0%
Water Quality - TMDL	\$ 280,000.00	\$ 150,000.00	-46%	\$ 160,000.00	7%	\$ 180,000.00	13%	\$ 200,000.00	11%
<b>Subtotal Contract Services</b>	<b>\$ 869,638.00</b>	<b>\$ 1,100,520.00</b>	<b>27%</b>	<b>\$ 1,180,020.00</b>	<b>7%</b>	<b>\$ 1,416,970.00</b>	<b>20%</b>	<b>\$ 1,350,300.00</b>	<b>-5%</b>
Internal Service Funds (ISF)	\$ 70,966.20	\$ 106,637.76	50%	\$ 92,936.16	-13%	\$ 106,707.40	15%	\$ 57,607.56	-46%
Other Department Expenses	\$ 30,321.80	\$ 29,000.24	-4%	\$ 25,299.84	-13%	\$ 55,899.60 <sup>10</sup>	121%	\$ 52,448.44	-6%
<b>Total Tidelands Fund &gt; &gt;</b>	<b>\$ 970,926.00</b>	<b>\$ 1,236,158.00</b>	<b>27%</b>	<b>\$ 1,298,256.00</b>	<b>5%</b>	<b>\$ 1,579,577.00</b>	<b>22%</b>	<b>\$ 1,460,356.00</b>	<b>-8%</b>

Notes:

1 Traffic signal maint. & traffic signal maint. due to damages

2 Contract maint. for buildings, beaches, docks, floats, public piers

3 Transfer from salary savings to supplement contract inspections

4 Added funding for Balboa Yacht Basin Management and lobby services

5 Added \$200,000 for contract engineering services, primarily inspection serv.

6 Added \$25,000 for contract and legal services

7 Converted contract services to a full time inspector; added Assoc. Engineer; and transferred Admin. Asst. from Human Resources

8 Reduced contract services to offset addition of a full time Inspector

9 Added \$200,000 for contract engineering services

10 Added \$25,000 to remove derelict vessels

11 Increased for unfunded liability and step increases

12 Transferred fire ring replacement to Municipal Operations Department

13 Added \$45,000 for Marina Management at Marina Park (to be moved to Harbor Resources with Tidelands Funding)

14 Added \$240,000 for traffic signal maint. per 10/28/14 City Council action

15 Moved maintenance of floats, docks, public piers to its own line item for better tracking; and moved \$10,000 to building maint from Professional/Technical Services



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

Agenda Item No. 5C  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
(949) 644-3123, [danm@newportbeachca.gov](mailto:danm@newportbeachca.gov)

**SUBJECT: Review of Facilities Financial Planning Tool (FFPT)**

---

**DISCUSSION:**

City Council Policy F-28, Facilities Financing Plan (FFP), requires that staff prepare an update to the long-term facilities replacement plan annually. Each year, as part of the budget process, staff shall prepare an update of the Facilities Financial Planning Tool for review, modification, and approval by the City Council.

Staff has projected the timing, means of financing, and fiscal impacts associated with funding high-priority projects recently in the CIP budget.

Staff recommends that the Committee directs staff to bring the attached Facilities Financial Plan for City Council approval.

Prepared and submitted by:

/s/Dan Matusiewicz

---

Dan Matusiewicz  
Finance Director

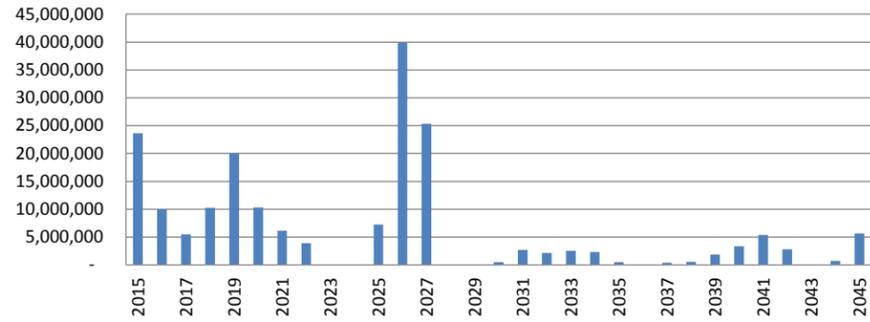
Attachment:

A. FFP Tool

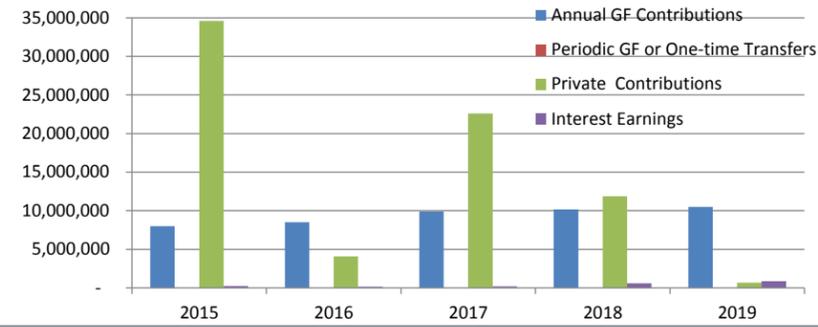
# **ATTACHMENT A**

**FFP Tool**

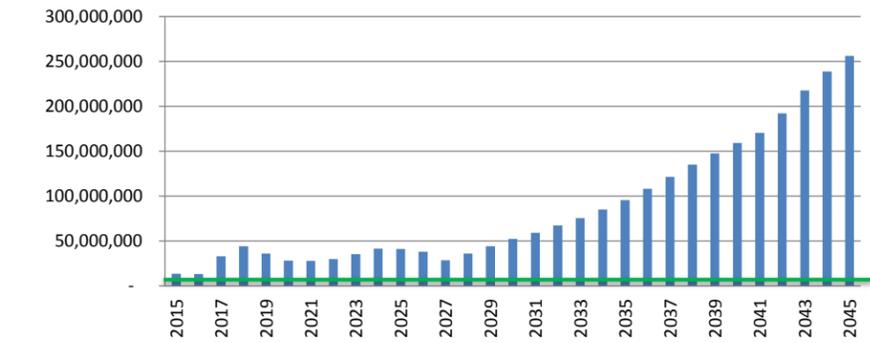
### Project Expenditures



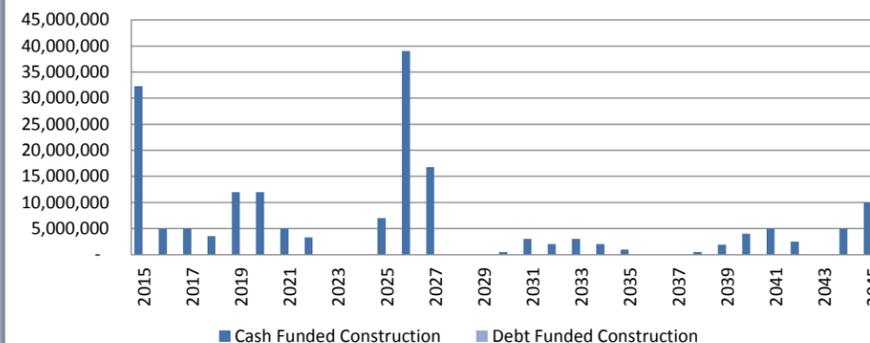
### Cash Contributions



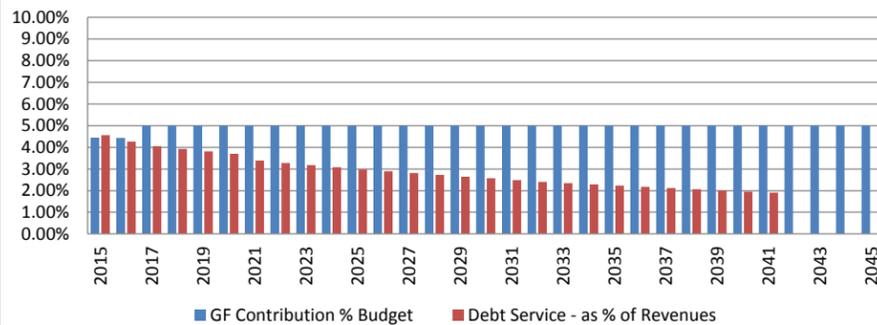
### FFP Reserve Balance



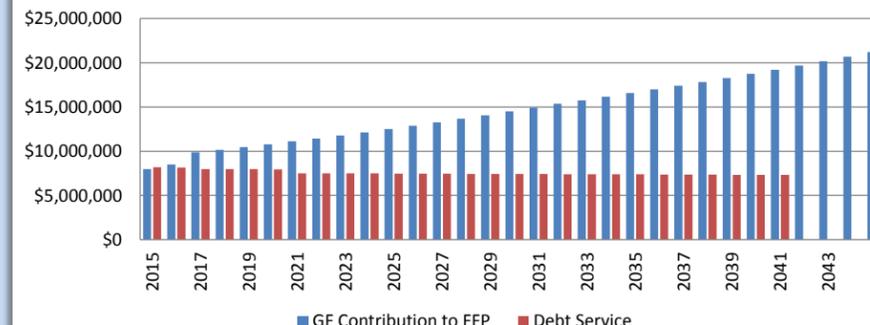
### Project Funding



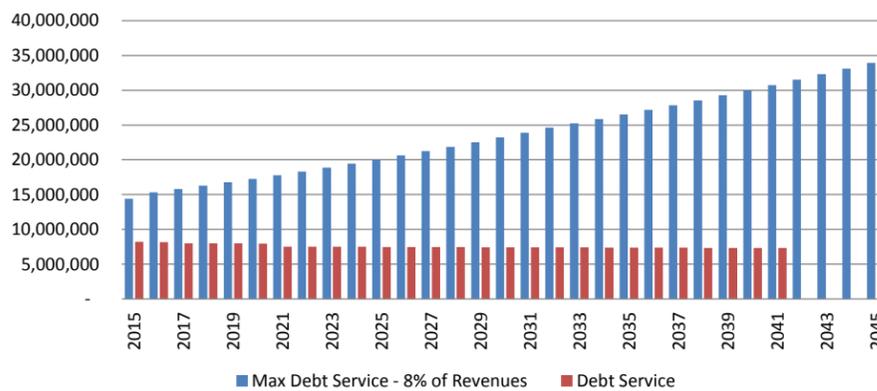
### GF Contribution to FFP as a Percent of GF Revenue



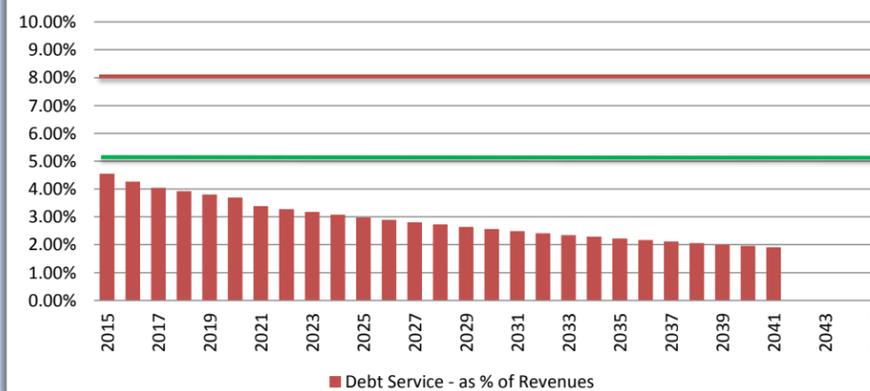
### GF Contribution to FFP Compared to Debt Service



### Debt Service Capacity



### Debt Service as % of GF Revenues



Priority Projects	Est. Project Cost	Start Date (Design)	Start Date (Construction)
20 Marina Park	37,000,000	2011	2014
29 Bonita Creek - Artificial Turf	2,000,000	2025	2025
5 FS 2 - Lido	8,000,000	2016	2017
8 FS 5 - CDM (& Library)	7,460,000	2015	2016
9 FS 6 - Mariners (apparatus bay only)	1,200,000	2015	2016
25 Sunset View Park w/Ped Bridges & Dog Park	10,450,000	2016	2018
26 West Newport Comm Ctr (incl pool)	25,000,000	2015	2018
39 Utilities/Corporate Yard Merge- Phase I	4,000,000	2018	2020
3 FS 1 - Peninsula (& Library)	6,100,000	2018	2020
6 FS 3 - Santa Barbara	8,000,000	2022	2025
2 Police Station at Corporate Yard	48,000,000	2022	2025

**Total 157,210,000**

#### Scenario Highlights

#### 2016

Marina Park Completion  
Bonita Creek - Artificial Turf  
FS 2 - Lido  
FS 5 - CDM (& Library)  
FS 6 - Mariners (apparatus bay only)

#### 2018

Sunset View Park w/Ped Bridges & Dog Park  
West Newport Comm Ctr (incl pool)

#### 2020

Utilities/Corporate Yard Merge- Phase I  
FS 1 - Peninsula (& Library)  
FS 3 - Santa Barbara

#### 2025

FS 3 - Santa Barbara  
Police Station at Corporate Yard

#### Key Metric

Debt Svc as % of Revenues  
Minimum FFP Reserve Balance (000's)

#### Council Debt Mgmt Policy (F-6)

	Target	Max
NA		< 8.0%
\$ 8,194		NA

#### Key Statistics

GF Contribution to FFP (000's)  
Debt Service (000's)  
GF Contributions to FFP as % Rev  
Debt Svc as % of Revenues  
FFP Balance (000's)  
Project Balance (000's)

#### 15 Year

	Min	Max	Avg
GF Contribution to FFP (000's)	8,000	14,080	11,382
Debt Service (000's)	7,443	8,194	7,706
GF Contributions to FFP as % Rev	4.43%	5.0%	4.9%
Debt Svc as % of Revenues	2.64%	4.6%	3.4%
FFP Balance (000's)	\$ 13,513	\$ 44,365	\$ 32,902
Project Balance (000's)	\$ 0	\$ 29,764	\$ 11,609

#### Key Statistics

GF Contribution to FFP (000's)  
Debt Service (000's)  
GF Contributions to FFP as % Rev  
Debt Svc as % of Revenues  
FFP Reserve Balance (000's)  
Project Balance (000's)

#### 30 Year

	Min	Max	Avg
GF Contribution to FFP (000's)	8,000	20,691	14,437
Debt Service (000's)	-	8,194	6,804
GF Contributions to FFP as % Rev	4.43%	5.0%	5.0%
Debt Svc as % of Revenues	0.00%	4.6%	2.6%
FFP Reserve Balance (000's)	\$ 13,513	\$ 238,886	\$ 80,706
Project Balance (000's)	\$ 0	\$ 29,764	\$ 6,205

Debt Service Description	Year	Project Proceeds	COI	Total Issue	Interest Rate	Term	Maturity
2010 Civic Center COPs	2011	123,000,000	1,289,442	124,289,442	4.4%	30	2041
Traunch 2	0	-	-	-	5.0%	30	30
Traunch 3	0	-	-	-	5.0%	30	30

Remaining Debt Capacity (Dbt. Svc < or = 8% of GF Rev):

\$ 95.4 Million

Function	Project	YR Built	Major Remodel	Current Sq Ft	Repl Sq Ft	Est \$ /Sq Ft	Current Age:	Useful Life	Years to Start	Project Estimate	FY	FY	FV	Private Contributions	Net
							2016				Design Start Year	Const Start Year	Cost Est @ 2.5% Growth		Proposed Cost
Gen Gov	Civic Center	2013		100,000	100,000	675	3	60	57	67,500,000	2070	2073	-		-
Gen Gov	Council Chambers	2013		29,000	29,000	675	3	60	57	19,575,000	2070	2073	-		-
Gen Gov	Civic Center Parking Structure	2013		450	450	16,000	3	60	57	7,200,000	2070	2073	-		-
Police	Police Station at Corporate Yard	1973		48,000	60,000	800	43	50	9	48,000,000	2022	2025	59,945,423		59,945,423
Municipal Operations	Utilities/Corporate Yard Merge- Phase I			138,185			**	50	4	4,000,000	2018	2020	4,415,252		4,415,252
Municipal Operations	Big Canyon Aux. Yard	2015		9,000	9,000	575	1	50	51	1,400,000	2062	2065	-		-
Fire	FS 2 - Land Purchase						**			-	2017	2017	-		-
Fire	FS 1 - Peninsula (& Library)	1962		3,423	8,000	763	54	50	4	6,100,000	2018	2020	6,733,259		6,733,259
Fire	FS 2 - Lido	1952		9,953	10,000	800	64	50	1	8,000,000	2016	2017	8,200,000		8,200,000
Fire	FS 3 - Santa Barbara	1971		13,605	10,000	800	45	50	9	8,000,000	2022	2025	9,990,904		9,990,904
Fire	FS 4 - Balboa Island	1994		4,597	4,400	800	22	50	28	3,520,000	2041	2044	7,027,662		7,027,662
Fire	FS 5 - CDM (& Library)	1950		2,495	9,800	761	66	50	0	7,460,000	2015	2016	7,460,000		7,460,000
Fire	FS 6 - Mariners (apparatus bay only)	1957		2,926	1,500	675	59	50	0	1,200,000	2015	2016	1,200,000		1,200,000
Fire	FS 6 - Mariners (Living Area Rebuild)	1957			3,000	800	59		9		2024	2025	-		-
Fire	FS 7 - SAH	2007		11,027	6,500	800	9	50	41	5,200,000	2054	2057	14,311,390		14,311,390
Fire	FS 8 - Npt. Coast	1995		11,027	11,027	800	21	50	29	8,821,600	2042	2045	18,052,587		18,052,587
Fire	Lifeguard HQ Replacement		2015	6,167	5,500	800	**	25	24	4,400,000	2038	2040	7,958,394		7,958,394
Fire	Newport Jr. Guard Building	0	2015		2,225	575	**		8	1,279,375	2022	2024	1,558,794	1,558,794	-
Library	Library-Balboa (Construct w/ FS-1)	1962		5,566	3,000	700	54	50	46	-	2059	2062	-		-
Library	Library-CDM (Construct w/ FS-5)	1958		4,323	3,800	700	58	50	46	-	2059	2062	-		-
Library	Library-Mariners	2006		15,305	15,305	575	10	50	40	-	2053	2056	-		-
Library	Library-Central	1997		50,930	65,000	575	19	50	36	37,375,000	2049	2052	90,916,007		90,916,007
Rec Facility	Marina Park	2015			22,000	575	1	50	-2	37,000,000	2011	2014	37,000,000	4,761,512	32,238,488
Rec Facility	Newport Coast Ctr	2007		16,865	16,865	575	9	50	41	9,697,375	2054	2057	26,689,023		26,689,023
Rec Facility	Newport Theatre Arts Center	1973		8,042	12,000	575	43	50	14	6,900,000	2027	2030	9,749,519	4,874,760	4,874,760
Rec Facility	OASIS Sr. Ctr	2010		36,467	43,232	575	6	60	44	24,858,400	2057	2060	73,675,527		73,675,527
Rec Facility	Sunset Ridge	2014		**	NA		2	∞	-2	8,020,754	2014	2014	8,020,754		8,020,754
Rec Facility	Sunset View Park w/Ped Bridges & Dog Park	0		**	NA		**	∞	2	10,450,000	2016	2018	10,979,031	5,000,000	5,979,031
Rec Facility	West Newport Comm Ctr (incl pool)	2017		11,980	25,000	575	-1	50	2	25,000,000	2015	2018	26,265,625		26,265,625
Rec Facility	Bonita Creek - Artificial Turf	2015		160,000	NA	12	1	15	9	2,000,000	2025	2025	2,497,726		2,497,726
Rec Facility	Community Youth Center (CYC) - Grant Howald	1988		5,146	5,146	575	28	50	16	2,958,950	2029	2032	4,392,578		4,392,578
Rec Facility	Caroll Beek Center	1980		1,555	1,555	575	36	50	17	894,125	2030	2033	1,360,517		1,360,517
Rec Facility	Bonita Creek Community Ctr.	1988		2,876	2,876	575	28	50	22	1,653,700	2035	2038	2,846,963		2,846,963
Rec Facility	Cliff Drive Community Room	1960		750	750	575	56	50	20	431,250	2033	2036	706,653		706,653
Rec Facility	Girls & Boys Club (East Bluff Park)	1965		11,800	11,800	575	51	50	6	6,785,000	2020	2022	7,868,520	7,868,520	-
Rec Facility	Lawn Bowling Facility (San Joaquin Hills Park)	1974		2,750	2,750	575	42	50	23	1,581,250	2036	2039	2,790,291		2,790,291
										383,769,978			456,920,598		432,857,012

Sources and Uses Proforma				1	2	3	4	5	6	7	8	9	10											
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026											
<b>AFFORDABILITY ASSUMPTIONS</b>																								
General Fund Revenues		180,000,000	191,750,000	197,502,500	203,427,575	209,530,402	215,816,314	222,290,804	228,959,528	235,828,314	242,903,163	250,190,258	257,695,966											
Growth Assumption		3.20%	6.53%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%											
GF Annual Contribution %	●	4.44%	●	4.43%	●	5.00%	●	5.00%	●	5.00%	●	5.00%	●	5.00%										
Debt Service as % of GF Revenues	●	4.55%	●	4.26%	●	4.05%	●	3.93%	●	3.81%	●	3.69%	●	3.38%	●	3.28%	●	3.18%	●	3.08%	●	2.98%	●	2.89%
<b>FFP SOURCES</b>																								
Beginning FFP Balance		11,606,070	13,928,520	13,513,477	33,194,654	44,250,709	36,291,379	28,381,694	28,167,361	30,006,079	35,548,691	41,584,493	41,156,344											
Sources																								
Annual GF Contributions		8,000,000	8,500,000	9,875,125	10,171,379	10,476,520	10,790,816	11,114,540	11,447,976	11,791,416	12,145,158	12,509,513	12,884,798											
Periodic GF or One-time Transfers																								
Private Contributions		34,580,841	4,094,606	22,604,570	11,855,091	669,018	551,701	634,378	651,018	666,939	683,846	701,238	29,864,314											
Interest Earnings		237,935	174,106	202,702	580,906	885,014	725,828	567,634	563,347	600,122	710,974	831,690	823,127											
Total Sources:		42,818,776	12,768,712	32,682,398	22,607,376	12,030,552	12,068,345	12,316,552	12,662,342	13,058,477	13,539,977	14,042,441	43,572,239											
Uses																								
Debt Service		(8,194,455)	(8,172,755)	(7,990,221)	(7,990,321)	(7,978,881)	(7,967,030)	(7,519,886)	(7,511,985)	(7,504,864)	(7,493,175)	(7,459,589)	(7,457,662)											
Other Fiscal Charges		(4,572)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)											
Less: Cash Proj Funding		(32,297,299)	(5,000,000)	(5,000,000)	(3,550,000)	(12,000,000)	(12,000,000)	(5,000,000)	(3,300,640)	-	-	(7,000,001)	(39,057,657)											
Total Uses:		(40,496,326)	(13,183,755)	(13,001,221)	(11,551,321)	(19,989,881)	(19,978,030)	(12,530,886)	(10,823,624)	(7,515,864)	(7,504,175)	(14,470,590)	(46,526,319)											
Projected FFP Balance	●	13,928,520	●	13,513,477	●	33,194,654	●	44,250,709	●	36,291,379	●	28,381,694	●	28,167,361	●	30,006,079	●	35,548,691	●	41,584,493	●	41,156,344	●	38,202,264
<b>PROJECT SOURCES</b>																								
Beginning Balance		21,091,028	29,764,129	24,773,510	24,310,510	17,617,681	9,611,024	11,303,204	10,171,523	9,570,185	9,570,185	9,570,185	9,326,780											
CASH FUNDING FROM FFP		32,297,299	5,000,000	5,000,000	3,550,000	12,000,000	12,000,000	5,000,000	3,300,640	-	-	7,000,001	39,057,657											
PRIVATE CONTRIBUTIONS		-	-	-	-	-	-	-	-	-	-	-	-											
DEBT FUNDING		-	-	-	-	-	-	-	-	-	-	-	-											
2010 Civic Center COPs		-	-	-	-	-	-	-	-	-	-	-	-											
TOTAL DEBT FUNDING		-	-	-	-	-	-	-	-	-	-	-	-											
Interest on Debt Proceeds		-	-	-	-	-	-	-	-	-	-	-	-											
TOTAL PROJECT RESOURCES	●	53,388,327	●	34,764,129	●	29,773,510	●	27,860,510	●	29,617,681	●	21,611,024	●	16,303,204	●	13,472,163	●	9,570,185	●	9,570,185	●	16,570,185	●	48,384,437
<b>PROJECT USES</b>																								
	Future Cost	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026											
Fire	FS 1 - Peninsula & Library	6,733,259	-	-	-	-	(673,326)	(3,703,292)	(2,356,641)	-	-	-	-											
Fire	FS 2 - Lido	8,200,000	(69,137)	-	(820,000)	(4,440,863)	(2,870,000)	-	-	-	-	-	-											
Fire	FS 3 - Santa Barbara	9,990,904	-	-	-	-	-	-	-	-	-	(999,090)	(5,494,997)											
Fire	FS 4 - Balboa Island	7,027,662	-	-	-	-	-	-	-	-	-	-	-											
Fire	FS 5 - CDM & Library	7,460,000	-	(746,000)	(4,103,000)	(2,611,000)	-	-	-	-	-	-	-											
Fire	FS 6 - Mariners (apparatus bay only)	1,200,000	-	(660,000)	(540,000)	-	-	-	-	-	-	-	-											
Fire	FS 6 - Mariners (Living Area Rebuild)	-	-	-	-	-	-	-	-	-	-	-	-											
Fire	FS 7 - SAH	14,311,390	-	-	-	-	-	-	-	-	-	-	-											
Fire	FS 8 - Npt. Coast	18,052,587	-	-	-	-	-	-	-	-	-	-	-											
Fire	Lifeguard HQ Remodel	7,958,394	(154,999)	-	-	-	-	-	-	-	-	-	-											
Fire	Newport Jr. Guard Building	-	-	-	-	-	-	-	-	-	-	-	-											
Library	Library-Mariners	-	-	-	-	-	-	-	-	-	-	-	-											
Library	Library-Central	90,916,007	-	-	-	-	-	-	-	-	-	-	-											
MOD	Utilities/Corporate Yard Merge	4,415,252	(165,394)	-	-	-	(441,525)	(2,428,388)	(1,545,338)	-	-	-	-											
MOD	Big Canyon Aux. Yard	-	-	-	-	-	-	-	-	-	-	-	-											
Police	Police Station @ Current Cite.	59,945,423	-	-	-	-	-	-	-	-	-	(5,994,542)	(32,969,982)											
Rec	Marina Park	32,238,488	(17,414,817)	(8,584,619)	-	-	-	-	-	-	-	-	-											
Rec	Newport Coast Ctr	26,689,023	-	-	-	-	-	-	-	-	-	-	-											
Rec	Newport Theater Arts Center	4,874,760	-	-	-	-	-	-	-	-	-	-	-											
Rec	OASIS Sr. Ctr	73,675,527	-	-	-	-	-	-	-	-	-	-	-											
Rec	Sunset Ridge	8,020,754	(2,996,700)	-	-	-	-	-	-	-	-	-	-											
Rec	Sunset View Park	5,979,031	-	-	(597,903)	(2,690,564)	-	-	-	-	-	-	-											
Rec	West Newport Comm Ctr (incl pool)	26,265,625	(33,500)	-	(2,593,063)	(14,446,094)	(9,192,969)	-	-	-	-	-	-											
Rec	Pedestrian Bridge at Superior/PCH	-	-	-	-	-	-	-	-	-	-	-	-											
	Miscellaneous Projects	(2,520,011)	-	-	-	-	-	-	-	-	-	-	-											
Rec	Parking Structure at Superior/PCH	-	-	-	-	-	-	-	-	-	-	-	-											
Rec	Bonita Creek - Artificial Turf	2,497,726	-	-	-	-	-	-	-	-	-	(249,773)	(1,373,749)											
Rec	Carroll Beek Center	1,360,517	-	-	-	-	-	-	-	-	-	-	-											
Rec	Bonita Creek Community Ctr.	2,846,963	-	-	-	-	-	-	-	-	-	-	-											
Rec	Cliff Drive Community Room	706,653	-	-	-	-	-	-	-	-	-	-	-											
Rec	Girls & Boys Club (East Bluff Park)	-	-	-	-	-	-	-	-	-	-	-	-											
	TOTAL PROJECT EXPENDITURES	432,857,012	(23,624,198)	(9,990,619)	(5,463,000)	(10,242,829)	(20,006,658)	(10,307,820)	(6,131,681)	(3,901,979)	-	(7,243,405)	(39,838,729)											
ENDING BALANCE OF PROJECT RESOURCES	●	29,764,129	●	24,773,510	●	24,310,510	●	17,617,681	●	9,611,024	●	11,303,204	●	10,171,523	●	9,570,185	●	9,570,185	●	9,570,185	●	9,326,780	●	8,545,708

Sources and Uses Proforma		11	12	13	14	15	16	17	18	19	20	21	22
		2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
<b>AFFORDABILITY ASSUMPTIONS</b>													
General Fund Revenues		265,426,845	273,389,650	281,591,340	290,039,080	298,740,252	307,702,460	315,395,021	323,279,897	331,361,894	339,645,941	348,137,090	356,840,517
Growth Assumption		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
GF Annual Contribution %	●	5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%	● 5.00%
Debt Service as % of GF Revenues	●	2.81%	● 2.72%	● 2.64%	● 2.56%	● 2.48%	● 2.41%	● 2.35%	● 2.29%	● 2.23%	● 2.17%	● 2.11%	● 2.06%
<b>FFP SOURCES</b>													
Beginning FFP Balance		38,202,264	28,700,150	36,239,308	44,365,327	52,601,744	59,309,672	67,642,111	75,564,808	85,085,728	95,852,987	108,360,592	121,586,093
Sources													
Annual GF Contributions		13,271,342	13,669,483	14,079,567	14,501,954	14,937,013	15,385,123	15,769,751	16,163,995	16,568,095	16,982,297	17,406,855	17,842,026
Periodic GF or One-time Transfers													
Private Contributions		737,370	756,155	775,437	795,230	1,152,167	1,183,121	1,214,931	1,247,622	890,355	995,113	1,024,966	1,055,715
Interest Earnings		764,045	574,003	724,786	887,307	1,052,035	1,186,193	1,352,842	1,511,296	1,701,715	1,917,060	2,167,212	2,431,722
Total Sources:		14,772,758	14,999,641	15,579,790	16,184,490	17,141,214	17,754,437	18,337,524	18,922,913	19,160,164	19,894,470	20,599,032	21,329,463
Uses													
Debt Service		(7,457,661)	(7,449,483)	(7,442,771)	(7,437,073)	(7,422,286)	(7,410,998)	(7,403,827)	(7,390,993)	(7,381,905)	(7,375,865)	(7,362,532)	(7,356,134)
Other Fiscal Charges		(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)
Less: Cash Proj Funding		(16,806,211)	-	-	(500,000)	(3,000,000)	(2,000,000)	(3,000,000)	(2,000,000)	(1,000,000)	-	-	(500,000)
Total Uses:		(24,274,872)	(7,460,483)	(7,453,771)	(7,948,073)	(10,433,286)	(9,421,998)	(10,414,827)	(9,401,993)	(8,392,905)	(7,386,865)	(7,373,532)	(7,867,134)
Projected FFP Balance	●	28,700,150	● 36,239,308	● 44,365,327	● 52,601,744	● 59,309,672	● 67,642,111	● 75,564,808	● 85,085,728	● 95,852,987	● 108,360,592	● 121,586,093	● 135,048,421
<b>PROJECT SOURCES</b>													
Beginning Balance		8,545,708	0	0	0	12,524	331,406	185,983	634,013	348,326	872,145	801,480	412,821
CASH FUNDING FROM FFP		16,806,211			500,000	3,000,000	2,000,000	3,000,000	2,000,000	1,000,000			500,000
PRIVATE CONTRIBUTIONS		-	-	-	-	-	-	-	-	-	-	-	-
DEBT FUNDING													
2010 Civic Center COPs		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL DEBT FUNDING		-	-	-	-	-	-	-	-	-	-	-	-
Interest on Debt Proceeds		-	-	-	-	-	-	-	-	-	-	-	-
TOTAL PROJECT RESOURCES	●	25,351,919	● 0	● 0	● 500,000	● 3,012,524	● 2,331,406	● 3,185,983	● 2,634,013	● 1,348,326	● 872,145	● 801,480	● 912,821
<b>PROJECT USES</b>													
	Future Cost	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038
Fire	FS 1 - Peninsula & Library	6,733,259	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 2 - Lido	8,200,000	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 3 - Santa Barbara	9,990,904	(3,496,816)	-	-	-	-	-	-	-	-	-	-
Fire	FS 4 - Balboa Island	7,027,662	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 5 - CDM & Library	7,460,000	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 6 - Mariners (apparatus bay only)	1,200,000	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 6 - Mariners (Living Area Rebuild)	-	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 7 - SAH	14,311,390	-	-	-	-	-	-	-	-	-	-	-
Fire	FS 8 - Npt. Coast	18,052,587	-	-	-	-	-	-	-	-	-	-	-
Fire	Lifeguard HQ Remodel	7,958,394	-	-	-	-	-	-	-	-	-	-	-
Fire	Newport Jr. Guard Building	-	-	-	-	-	-	-	-	-	-	-	-
Library	Library-Mariners	-	-	-	-	-	-	-	-	-	-	-	-
Library	Library-Central	90,916,007	-	-	-	-	-	-	-	-	-	-	-
MOD	Utilities/Corporate Yard Merge	4,415,252	-	-	-	-	-	-	-	-	-	-	-
MOD	Big Canyon Aux. Yard	-	-	-	-	-	-	-	-	-	-	-	-
Police	Police Station @ Current Cite.	59,945,423	(20,980,898)	-	-	-	-	-	-	-	-	-	-
Rec	Marina Park	32,238,488	-	-	-	-	-	-	-	-	-	-	-
Rec	Newport Coast Ctr	26,689,023	-	-	-	-	-	-	-	-	-	-	-
Rec	Newport Theater Arts Center	4,874,760	-	-	(487,476)	(2,681,118)	(1,706,166)	-	-	-	-	-	-
Rec	OASIS Sr. Ctr	73,675,527	-	-	-	-	-	-	-	-	-	-	-
Rec	Sunset Ridge	8,020,754	-	-	-	-	-	-	-	-	-	-	-
Rec	Sunset View Park	5,979,031	-	-	-	-	-	-	-	-	-	-	-
Rec	West Newport Comm Ctr (incl pool)	26,265,625	-	-	-	-	-	-	-	-	-	-	-
Rec	Pedestrian Bridge at Superior/PCH	-	-	-	-	-	-	-	-	-	-	-	-
	Miscellaneous Projects												
Rec	Parking Structure at Superior/PCH	-	-	-	-	-	-	-	-	-	-	-	-
Rec	Bonita Creek - Artificial Turf	2,497,726	(874,204)	-	-	-	-	-	-	-	-	-	-
Rec	Carroll Beek Center	1,360,517	-	-	-	-	-	(136,052)	(748,284)	(476,181)	-	-	-
Rec	Bonita Creek Community Ctr.	2,846,963	-	-	-	-	-	-	-	-	-	-	(284,696)
Rec	Cliff Drive Community Room	706,653	-	-	-	-	-	-	-	-	(70,665)	(388,659)	(247,329)
Rec	Girls & Boys Club (East Bluff Park)	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL PROJECT EXPENDITURES	432,857,012	(25,351,918)	-	(487,476)	(2,681,118)	(2,145,424)	(2,551,970)	(2,285,687)	(476,181)	(70,665)	(388,659)	(532,025)
ENDING BALANCE OF PROJECT RESOURCES	●	0	● 0	● 0	● 12,524	● 331,406	● 185,983	● 634,013	● 348,326	● 872,145	● 801,480	● 412,821	● 380,796

## DEBT SERVICE

Debt Service Description	Year	Project Proceeds	COI	Total Issue	Interest Rate	Term	Maturity	Avg	0	1	2	3	4	5	6	7	8
								Debt	2015	2016	2017	2018	2019	2020	2021	2022	2023
								Service (Net)									
2010 Civic Center COPs	2011	123,000,000	1,289,442	124,289,442	4.4%	30	2041	(7,614,280)	(8,194,455)	(8,172,755)	(7,990,221)	(7,990,321)	(7,978,881)	(7,967,030)	(7,519,886)	(7,511,985)	(7,504,864)
Traunch 2	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 3	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 4	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 5	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 6	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 7	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 8	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 9	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-
Traunch 10	0	-	-	-	5.0%	30	30	-	-	-	-	-	-	-	-	-	-

TOTAL DEBT (7,614,280) (8,194,455) (8,172,755) (7,990,221) (7,990,321) (7,978,881) (7,967,030) (7,519,886) (7,511,985) (7,504,864)

**DEVELOPMENT AGREEMENTS AND PRIVATE CONTRIBUTIONS**

Agreement	REF	Description	Trigger	General			TOTAL		CHECK CELLS	
				Public Benefit	Park Benefit	Public Arts & Culture	FFP BENEFIT	Total		
Hoag OASIS Pledge		May 12, 2009 Pledge Letter	Payment Schedule	500,000	-	-	500,000	500,000	500,000	OK
Hoag OASIS Pledge		May 12, 2009 Pledge Letter	Payment Schedule	500,000	-	-	500,000	500,000	500,000	OK
Hoag OASIS Pledge		May 12, 2009 Pledge Letter	Payment Schedule	1,500,000	-	-	1,500,000	1,500,000	1,500,000	OK
				2,500,000	-	-	2,500,000	2,500,000		
Friends of Oasis Pledge		Oasis Construction	Restricted for Oasis Only	2,000,000	-	-	2,000,000	2,000,000	2,000,000	OK
North Newport Center	4.1	In Lieu Park Fees	Paid within 5 Days of Award of OASIS Contract	-	5,600,000		5,600,000	5,600,000	5,600,000	OK
North Newport Center	4.1	In Lieu Park Fees 430 @\$26,046.51	Milestone Pmts	-	5,600,000		5,600,000	5,600,000	5,600,000	OK
North Newport Center T2	4.1	94 Units x \$26,046.51	Milestone Pmts		2,448,372		2,448,372	2,448,372	2,448,372	OK
North Newport Center	4.2		1 Issuance of First Building Permit	13,545,000	-		13,545,000	13,545,000	13,545,000	OK
North Newport Center	4.2	Public Benefit Fee - 430 Units @ \$31,500	Issuance of remaining 430 Residential Building Permits	13,545,000	-	(270,900)	13,274,100	13,274,100	13,545,000	FIX
North Newport Center T2	Amended Agrmt	Public Benefit Fee - 94 Units @ \$63,000	Issuance of 431 st permit - 524 th permit	5,922,000		(118,440)	5,803,560	5,803,560	5,922,000	FIX
North Newport Center	4.4	Street Widening and Traffic Signals	Within 30 Days of Reimbursement Request	-			-	2,500,000	-	OK
North Newport Center	Amended Agrmt	Bayside Drive Walkway Connection	Within 90 Days of written notice after award of contract	200,000			200,000	200,000	200,000	OK
				<b>33,212,000</b>	<b>13,648,372</b>	<b>(389,340)</b>	<b>46,471,032</b>	<b>48,971,032</b>		
The Dart Development (24 units)(PA2012-146)				-	600,875		600,875	600,875	600,875	OK
Newport Bay Marina (27 units) (PA2001-210)				-	186,147		186,147	186,147	186,147	OK
Via Lido Mixed Use(2 units) (PA2010-081)				-	104,500		104,500	104,500	104,500	OK
2218 Channel Rd.Abell John & Helou Carol				-	26,125		26,125	26,125	26,125	OK
Plaza CDM (6 Units) (PA2010-061)				-	104,500		104,500	104,500	104,500	OK
214 Narcissus (1 Units) (PA2011-192)				-			-	-	-	OK
604 Acacia Ave (PA2012-005)				-	26,125		26,125	26,125	26,125	OK
610 Larkspur LLC (NP2013-003)				-	26,125		26,125	26,125	26,125	OK
416 Orchid Ave.				-	26,125		26,125	26,125	26,125	OK
Cohen Galina - 309 Goldenrod				-	26,125		26,125	26,125	26,125	OK
819 W. Balboa NP2012-010					26,125		26,125	26,125	26,125	OK
Friend of the Oasis				35,000			35,000	35,000	35,000	OK
				<b>35,000</b>	<b>1,152,772</b>	<b>-</b>	<b>1,187,772</b>	<b>1,187,772</b>		
Hoag DA # 5	8.2	Semeniuk Slough Study	\$200K Fee Eliminated with with DA amendment in 2008	-	-	-	-	-	-	OK
Hoag DA # 5	8.2	Reimb City related to Superior Ave Medians	Completion of Project Expenditures	-	-	-	-	1,500,000	-	OK
Hoag DA # 5	8.2	Public Benefit (Park or Pub Safety)	Paid June 2009 Xfred to Facilities Reserve	1,500,000	-	-	1,500,000	1,500,000	1,500,000	OK
Hoag DA # 5	8.4	Sunset View Park, Shrub & Groundcover	Pending Improvements	-	150,000	-	150,000	150,000	150,000	OK
				<b>1,500,000</b>	<b>150,000</b>	<b>-</b>	<b>1,650,000</b>	<b>3,150,000</b>		
Santa Barbara Condos										
Santa Barbara Condos	Section 3.3 of MOA	Unrestricted Public Benefit	Concurrent with Certificate of Occupancy	1,645,566	-	(32,911)	1,612,655	1,612,655	1,645,566	FIX
Santa Barbara Condos	Section 3.3 of MOA	Unrestricted Public Benefit	Concurrent with Certificate of Occupancy	3,354,434	-	(67,089)	3,287,345	3,287,345	3,287,345	OK
Santa Barbara Condos (NP2005-014)	Section 3.2 of MOA	79 Units x \$26,046.51	Fee due at building permit issue		2,061,834	-	2,061,834	2,061,834	2,061,834	OK
				<b>5,000,000</b>	<b>2,061,834</b>	<b>(100,000)</b>	<b>6,961,834</b>	<b>6,961,834</b>		
Banning Ranch	Section 3.1	1375 x 30,909 x 80% (Haircut Assumption)	Each Building Permit	27,663,555	-	-	27,663,555	27,663,555	-	UNKNOWN
Uptown Newport		\$32,500/Unit - 1,244 Units			-	-	-	-		
		Phase I - 680 Units a) 455 b) 225	PRIOR TO EACH BUILDING PERMIT	22,100,000		(442,000)	21,658,000	22,624,665	22,624,665	OK
		Phase II - 564 Units	PRIOR TO EACH BUILDING PERMIT	18,330,000		(366,600)	17,963,400	18,594,856	18,594,856	OK
		In Lieu Park Fees - Phase I	PRIOR TO EACH BUILDING PERMIT-Less Park Credits	-	10,143,361		10,143,361	10,143,361	10,143,361	OK
		In Lieu Park Fees - Phase II	PRIOR TO EACH BUILDING PERMIT-Less Park Credits	-	10,550,389		10,550,389	10,550,389	10,550,389	OK
				<b>40,430,000</b>	<b>20,693,750</b>	<b>(808,600)</b>	<b>60,315,150</b>	<b>61,913,271</b>		
NB Country Club	3.1	54,819 x 10.00 Golf Club Clubhouse	Issuance of First Building Permits	562,196	-	(11,244)	550,952	550,952	562,196	FIX
Dunes Settlement	Section C(e)	Restaurant on Parcel B2	Issuance of Building Permit	50,000	-	(1,000)	49,000	49,000	49,000	OK
Dunes Settlement	Section C(f)	Family Inn	Issuance of Building Permit	100,000	-	(2,000)	98,000	98,000	98,000	OK
Dunes Settlement	Section C(g)	Family Inn	Prior to Occupancy	410,402	-	(8,208)	402,194	402,194	402,194	OK
				<b>560,402</b>	<b>-</b>	<b>(11,208)</b>	<b>549,194</b>	<b>549,194</b>		
Golf Reality Fund (GRF)	3.1	Tennis Club Reconstruction 3,725 x \$10.00	Issuance of Building Permit	37,250		(745)	36,505	36,505	36,505	OK
Golf Reality Fund (GRF)	3.1	Single Family Homes \$5 x \$93,000	Single Family Homes	465,000		(9,300)	455,700	455,700	455,700	OK
				<b>502,250</b>	<b>-</b>	<b>(10,045)</b>	<b>492,205</b>	<b>492,205</b>		
Land Re Use Decisions										
Monrovia Property Sale	Actual						5,639,096	5,639,096	5,639,096	OK
Lido House Hotel Lease	Lease	Ground Lease	> of Base Rent or Percent Rents				-	-	Per Lease	Per Lease
Police Facility	Concord	Estimated Annual Financial Benefit	Not Used	1,706,000			1,706,000	1,706,000	-	UNKNOWN
West Newport Gym - Lease	Lease	Ground Lease		289,055			289,055	289,055	5,938,288	Per Lease
				1,995,055	-	-	7,634,151	7,634,151		
				<b>115,960,458</b>	<b>37,706,728</b>	<b>(1,330,437)</b>	<b>157,975,845</b>	<b>163,573,966</b>		<b>181,448,503</b>

DEVELOPMENT AGREEMENT	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Agreement	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
Hoag OASIS Pledge																					
Hoag OASIS Pledge																					
Hoag OASIS Pledge																					
Friends of Oasis Pledge																					
North Newport Center																					
North Newport Center	5,600,000																				
North Newport Center T2																					
North Newport Center																					
North Newport Center	13,545,000																				
North Newport Center T2	5,922,000																				
North Newport Center																					
North Newport Center					200,000																
The Dart Development (24 units)(PA2012-2		600,875																			
Newport Bay Marina (27 units) (PA2001-2																					
Via Lido Mixed Use(2 units) (PA2010-081)																					
2218 Channel Rd.Abell John & Helou Carol																					
Plaza CDM (6 Units) (PA2010-061)																					
214 Narcissus (1 Units) (PA2011-192)																					
604 Acacia Ave (PA2012-005)																					
610 Larkspur LLC (NP2013-003)																					
416 Orchid Ave.																					
Cohen Galina - 309 Goldenrod																					
819 W. Balboa NP2012-010																					
Friend of the Oasis																					
Hoag DA # 5																					
Hoag DA # 5																					
Hoag DA # 5																					
Hoag DA # 5	150,000																				
Santa Barbara Condos																					
Santa Barbara Condos	1,645,566																				
Santa Barbara Condos		3,287,345																			
Santa Barbara Condos (NP2005-014)	1,384,625																				
Banning Ranch																					
Uptown Newport																					
			14,491,750	8,132,915																	
														18,594,856							
			6,785,909	3,357,452																	
														10,550,389							
NB Country Club	562,196																				
Dunes Settlement			49,000																		
Dunes Settlement			98,000																		
Dunes Settlement			402,194																		
Golf Reality Fund (GRF)			36,505																		
Golf Reality Fund (GRF)			455,700																		
Land Re Use Decisions																					
Monrovia Property Sale	5,639,096																				
Lido House Hotel Lease			75,000	150,000	250,000	328,303	338,152	348,868	358,746	369,488	380,594	392,011	403,772	415,885	428,361	441,212	791,069	814,801	839,245	864,422	
Police Facility																					
West Newport Gym - Lease	132,358	206,385	210,513	214,723	219,018	223,398	296,226	302,150	308,193	314,357	320,644	327,057	333,598	340,270	347,076	354,017	361,098	368,320	375,686	383,200	
	34,580,841	4,094,606	22,604,570	11,855,091	669,018	551,701	634,378	651,018	666,939	683,846	701,238	29,864,314	737,370	756,155	775,437	795,230	1,152,167	1,183,121	1,214,931	1,247,622	



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

Agenda Item No. 5D  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
(949) 644-3123, [danm@newportbeachca.gov](mailto:danm@newportbeachca.gov)

**SUBJECT: Work Plan Overview**

---

**DISCUSSION:**

Staff will present and seek approval of tentative Finance Committee agenda topics scheduled for the year.

Prepared and submitted by:

/s/Steve Montano

---

Dan Matusiewicz  
Deputy Finance Director

Attachment:

- A. Finance Committee 2016 Work Plan

**ATTACHMENT A**  
**Finance Committee 2016 Work Plan**

## City of Newport Beach Finance Committee Work Plan 2016

Scheduled Date	Agenda Title	Agenda Description
<b>January</b>		
<b>Thursday, January 14, 2016</b>	Bi-Annual Investment Portfolio Review	Staff and/or one or more investment advisors will describe the performance of the City's investment portfolio.
	Implementation of Budget Preparation Framework - Review of Operating Budget, Session 4 (Public Works Department)	The goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Public Works Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.
	Review of Facilities Financial Planning Tool (FFPT)	Staff will present the timing, means of financing, and fiscal impacts associated with funding high-priority capital projects approved by the City Council.
	Work Plan Overview	Staff will present and seek approval of the tentative Finance Committee agenda topics scheduled for the calendar year. The work plan represents the planned topics of discussion; however, is subject to change based on the availability of information and the need to schedule other topics as they arise.
	Issuance of Multi-Family Housing Revenue Bonds for the Uptown Newport Project by the California Statewide Communities Development Authority to TPG/TSG Venture I Acquisition, LLC	The California Statewide Communities Development Authority (CSCDA) is authorized to issue bonds, notes, and other evidences of indebtedness to public entities and private developers in order to promote economic development, including the provisions and maintenance of multi-family housing. TPG/TSG Venture I Acquisition, LLC (the borrower also known as the Shopoff and Picerne Real Estate Joint Venture Investment Group) is seeking financing from CSCDA for the acquisition, construction and development of the multifamily rental housing projects collectively known as the Uptown Newport Village. The law requires a public hearing be held to allow members of the public and the governing board the ability to comment and approve or disapprove the issuance of bonds for the project. Any project not approved by the local jurisdiction will not be financed through CSCDA. As the Program Participant, the City of Newport Beach will not incur any liability of this CSCDA financing.
	Year-End Closing Results	Staff will present the preliminary year-end closing results for Fiscal Year 2014-2015.
	Quarterly ERP Update	Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.
<b>February</b>		
<b>Thursday, February 11, 2016</b>	Implementation of Budget Preparation Framework - Review of Operating Budget, Session 5 (Municipal Operations Department)	The goal of this presentation will be to familiarize members of the Finance Committee with the elements of the Fiscal Year 2015-2016 Municipal Operations Department budget, provide opportunity for questions, and to gain clarity in the funding allocations for departmental programs.
	Review of Public Employees Retirement System (PERS) Valuation	Staff will summarize the results from our latest PERS actuarial valuation and financial options to manage the current obligation.
<b>March</b>		
<b>Thursday, March 10, 2016</b>	Quarterly ERP Update	Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.
	FY 2014-2015 Audit Review (with Auditor)	The City's external audit firm, White Nelson Diehl Evans LLP will meet with the Finance Committee to discuss the audit findings for the fiscal year ending 6/30/2015. The committee will have an opportunity to discuss any potential areas of concern and the auditors can discuss any changes in accounting standards or disclosures that were relevant for the audit year.
	Financial Policy Update (Optional)	Review and discuss any proposed Financial Policy updates as necessary.
	Proposed FY 2016-2017 Budget Overview # 1	Staff will provide an overview of the Proposed FY 2016-2017 Budget Assumptions.
<b>April</b>		
<b>Thursday, April 28, 2016</b> <b>**Special Meeting Date**</b>	Proposed FY 2016-2017 Budget Overview # 2	Staff will provide an overview of the Proposed FY 2016-2017 Operating Budget and or CIP.
<b>May</b>		
<b>Thursday, May 12, 2016</b>	Proposed FY 2016-2017 Budget Overview # 3	Staff will provide an overview of the Proposed FY 2016-2017 Operating Budget and or CIP.
	Review Staff Recommendation on the Selection of a Certified Public Accounting Audit Firm	Staff will recommend the selection of a certified public accountant firm to perform the annual audit. The selection will be based on the evaluation results generated from a Request for Proposals process.

## City of Newport Beach Finance Committee Work Plan 2016

Scheduled Date	Agenda Title	Agenda Description
<b>June</b>		
<b>Tuesday, June 16, 2015</b>	Annual Fee Schedule Update	The purpose of this meeting is to review staff's recommendation to revise the Master Fee Schedule according to CPI and to review the specific changes recommended for departmental related fees.
	Audit Entrance Conference (Optional)	Auditors will contact members of the Finance Committee individually to discuss the work plan for the fiscal year ending 6/30/2016 CAFR audit. Alternatively, the auditor may request an audience with the Finance Committee as a whole, in which case a meeting may be convened during this month. The committee will have an opportunity to discuss any potential areas of concern they wish the auditors to review and the auditors can discuss any changes in accounting standards or disclosures that may be relevant for the audit year.
	Financial Policy Update (Optional)	Review and discuss any proposed Financial Policy updates as necessary.
	Quarterly ERP Update	Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.
<b>July</b>		
<b>Thursday, July 14, 2016</b>	Proposed Committee Recess	
<b>August</b>		
<b>Thursday, August 11, 2016</b>	Proposed Committee Recess	
<b>September</b>		
<b>Tuesday, September 15, 2015</b>	Bi-Annual Investment Performance Review	Staff and/or one or more investment advisors will describe the performance of the City's investment portfolio.
	Investment Policy Review	Annual review of Investment Policy.
	Quarterly ERP Update	Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.
<b>October</b>		
<b>Thursday, October 13, 2016</b>	Review of Post Employment Retiree Insurance Actuarial Valuation (AKA OPEB)	The City's OPEB actuary will review the City's latest OPEB valuation and liability.
	Review of Cloud-Based Business Intelligence Software	Business intelligence software delivers critical financial information and analytics to internal decision makers and members of the community. Staff will demonstrate the functionality of the proposed software solution and seek input from the Committee on its various configuration options.
	Prepare Budget Guidance in preparation for the FY 2017-2018 Budget	Staff will seek guidance and input from the Committee regarding potential areas of budget process improvement prior to the preparation of the 2017-18 annual budget.
<b>November</b>		
<b>Thursday, November 10, 2016</b>	Review of Public Employees Retirement System (PERS) Valuation	Staff will summarize the results from the latest PERS actuarial valuation and financial options to manage the current obligation.
	Finalize Budget Guidance in preparation for the FY 2017-2018 Budget	Staff will seek guidance and input from the Committee regarding potential areas of budget process improvement prior to the preparation of the 2017-18 annual budget.
<b>December</b>		
<b>Tuesday, December 15, 2015</b>	Year-End Closing Results	Staff will present the preliminary year-end closing results for Fiscal Year 2015-2016.
	Quarterly ERP Update	Staff will provide the Committee with a progress report on the Enterprise Resource Plan project to receive and file.



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

Agenda Item No. 5E  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
949-644-3123, [danm@newportbeachca.gov](mailto:danm@newportbeachca.gov)

**SUBJECT: Issuance of Multi-Family Housing Revenue Bonds for the Uptown Newport Project by the California Statewide Communities Development Authority to TPG/TSG Venture I Acquisition, LLC**

---

**SUMMARY:**

The California Statewide Communities Development Authority (CSCDA) is authorized to issue bonds, notes, and other evidences of indebtedness to public entities and private developers in order to promote economic development, including the provisions and maintenance of multi-family housing. TPG/TSG Venture I Acquisition, LLC (the borrower also known as the Shopoff and Picerne Real Estate Joint Venture Investment Group) is seeking financing from CSCDA for the acquisition, construction and development of the multifamily rental housing projects collectively known as the Uptown Newport Village. The law requires a public hearing be held to allow members of the public and the governing board the ability to comment and approve or disapprove the issuance of bonds for the project. Any project not approved by the local jurisdiction will not be financed through CSCDA. As the Program Participant, the City of Newport Beach will not incur any liability of this CSCDA financing.

**RECOMMENDED ACTION:**

Review and recommend a City Council public hearing on the issuance of Multi-Family Housing Revenue Bonds by CSCDA to TPG/TSG Venture I Acquisition, LLC for the development of the Uptown Newport I and II Apartments.

**DISCUSSION:**

The California Statewide Communities Development Authority, known as "CSCDA" or "California Communities", is a joint powers authority sponsored by the League of

California Cities ("League") and the California State Association of Counties ("CSAC"). CSCDA was created by the League and CSAC in 1988 to enable local government and eligible private entities access to low-cost, tax-exempt financing for projects that provide a tangible public benefit, contribute to social and economic growth and improve the overall quality of life in local communities throughout California.

CSCDA has issued more than \$50 billion through 1,300 plus financings since 1988 and consistently ranks in the top 10 of more than 3,000 nationwide public issuers of tax-exempt debt, as measured by annual issuance amount.

TPG/TSG Venture I Acquisition, LLC is seeking financing from CSCDA for the acquisition, construction and development of the following multifamily rental housing projects (collectively known as the Uptown Newport Village) located within the City:

<u>Name</u>	<u>Location</u>	<u>Number of Units</u>	<u>Aggregate Maximum Bond Amount</u>
Uptown Newport I Apartments	4301 Jamboree Road, Newport Beach, California	233	\$92,000,000
Uptown Newport II Apartments	4201 Jamboree Road, Newport Beach, California	222	\$100,000,000

Uptown Newport Village will replace a pair of aging industrial buildings on 25 acres near the airport with a walkable neighborhood of retail shops, restaurants, parks and 1,244 apartment units.

The benefits that accrue to private developers seeking CSCDA financing include:

- Cost effective bond financing for a wide range of public benefit projects.
- In depth knowledge on the issuance and post issuance compliance requirements of private activity bonds, including the state volume cap process when applicable.
- Extensive experience in working with all public finance professionals covering the California marketplace.
- Recognized identity in the tax-exempt marketplace, which is key to marketing the sale of bonds.

CSCDA is authorized by its Agreement to issue bonds, notes, and other evidences of indebtedness or certificates of participation in leases or other agreements in order to promote economic development, including the provisions and maintenance of multi-family housing. However, under the terms of the Agreement, CSCDA may not provide

financing unless the governing body of the Program Participant where the project is located (City of Newport Beach) approves the project and its financing. Federal tax law and Section 9 of the CSCDA joint powers agreement require that a public hearing be held in the jurisdiction where the project is located. This provides members of the public and the governing board the ability to comment and approve or disapprove the issuance of bonds for the project. Any project not approved by the local jurisdiction will not be financed through CSCDA.

As the Program Participant, the City of Newport Beach will not incur any liability of this CSCDA financing. The bonds issued by CSCDA are limited obligations of the borrower, not CSCDA or the Program Participant. The CSCDA joint powers agreement expressly provides that CSCDA is a public entity separate and apart from the Program Participants, and "its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to the joint powers agreement." The Program Participants are not responsible for any repayment of debt by borrowers, nor are they named in any of the bond documents.

The law requires a public hearing for the approval of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) Resolution (See Attachment A), which is currently scheduled for the January 26, 2016, City Council meeting.

Prepared and Submitted by:

/s/ Dan Matusiewicz

---

Dan Matusiewicz  
Finance Director

Attachment:

- A. A Resolution of the City Council of the City of Newport Beach Approving the Issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for the Uptown Newport I Apartments and Uptown Newport II Apartments

## **ATTACHMENT A**

**A Resolution of the City Council of the City of Newport Beach Approving the Issuance by the California Statewide Communities Development Authority of Multifamily Housing Revenue Bonds for the Uptown Newport I Apartments and Uptown Newport II Apartments**

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH APPROVING THE ISSUANCE BY THE CALIFORNIA STATEWIDE COMMUNITIES DEVELOPMENT AUTHORITY OF MULTIFAMILY HOUSING REVENUE BONDS FOR THE UPTOWN NEWPORT I APARTMENTS AND UPTOWN NEWPORT II APARTMENTS**

WHEREAS, the California Statewide Communities Development Authority (the "Authority") is authorized pursuant to the provisions of California Government Code Section 6500 et seq. and the terms of an Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies throughout the State of California, including the City of Newport Beach (the "City"), to issue revenue bonds in accordance with Chapter 7 of Part 5 of Division 31 of the California Health and Safety Code for the purpose of financing multifamily rental housing projects; and

WHEREAS, TPG/TSG Venture I Acquisition, LLC, or related entities, has requested that the Authority adopt a plan of financing providing for the issuance of multifamily housing revenue bonds (the "Bonds") in one or more series issued from time to time, including bonds issued to refund such revenue bonds in one or more series from time to time, to finance the acquisition, construction and development of the following multifamily rental housing projects located within the City:

<b>Name</b>	<b>Location</b>	<b>Number of Units</b>	<b>Aggregate Maximum Bond Amount</b>
Uptown Newport I Apartments	4301 Jamboree Road, Newport Beach, California	233	\$92,000,000
Uptown Newport II Apartments	4201 Jamboree Road, Newport Beach, California	222	\$100,000,000

The facilities are respectively known as Uptown Newport I Apartments and Uptown Newport II Apartments (the "Projects") and operated by Picerne Management Corporation; and

WHEREAS, the Bonds or a portion thereof will be "private activity bonds" for purposes of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, pursuant to Section 147(f) of the Code, prior to their issuance, private activity bonds are required to be approved by the "applicable elected representative" of the governmental units on whose behalf such bonds are expected to be issued and by a governmental unit having jurisdiction over the entire area in which any

facility financed by such bonds is to be located, after a public hearing held following reasonable public notice; and

WHEREAS, the members of this City Council (this "City Council") are the applicable elected representatives of the City of Newport Beach (the "City"); and

WHEREAS, there has been published, at least 14 days prior to the date hereof, in a newspaper of general circulation within the City, a notice that a public hearing regarding the Bonds would be held on a date specified in such notice; and

WHEREAS, such public hearing was conducted on such date, at which time an opportunity was provided to interested parties to present arguments both for and against the issuance of the Bonds; and

WHEREAS, the Authority is also requesting that the City Council approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Project (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council; and

WHEREAS, it is intended that this resolution shall constitute the approval of the issuance of the Bonds required by Section 147(f) of the Code and Section 9 of the Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NEWPORT BEACH AS FOLLOWS:

Section 1. The above recitals are true and correct.

Section 2. The City Council hereby approves the issuance of the Bonds and the Refunding Bonds by the Authority. It is the purpose and intent of the City Council that this resolution constitute approval of the Bonds for the purposes of (a) Section 147(f) of the Code and (b) Section 9 of the Agreement.

Section 3. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents that they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this resolution and the financing approved hereby.

to:            Section 4.    The City Clerk shall forward a certified copy of this Resolution

Justin Cooper, Esq.  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, California 94105

Section 5.    This resolution shall take effect immediately upon its passage.

ADOPTED by the City Council of the City of Newport Beach at a regular meeting of said Council held on the 26<sup>th</sup> day of January, 2016, by the following vote:

AYES:

NOES:

ABSENT:

---

Mayor

ATTEST:

---

City Clerk



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

Agenda Item No. 5F  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Dan Matusiewicz, Finance Director  
(949) 644-3123, [DanM@newportbeachca.gov](mailto:DanM@newportbeachca.gov)

**SUBJECT: Year-End Closing Results**

---

**EXECUTIVE SUMMARY:**

The City of Newport Beach Finance Department has prepared this preliminary year-end update for the Finance Committee to review the status of revenues, expenditures, and fund balance for the City's General Fund and other available and discretionary reserves.

General Fund revenues overall finished the year at \$185.8 million, \$4.4 million (2.4 percent) higher than budgeted and \$11.9 million (6.9 percent) higher than the prior year. General Fund expenditures overall finished the year at \$164.5 million, \$12 million (6.8 percent) lower than budgeted and \$15.5 million (10.4 percent) higher than the prior year. Net income (revenues net of expenditures) prior to transfers and other sources of revenue amounted to \$21.3 million. Of this net income amount, \$16.7 million was transferred out to other funds which include both routine and non-routine transfers associated with the prior year surplus. See Attachment B for an explanation of the transfers. After eliminating capital project carryovers, deferrals, encumbrances, receipt and or use of restricted revenues sources, the General Fund annual operating surplus amounted to \$14.2 million, an increase of \$4.5 million over the prior year.

The positive underlying economic factors in Newport Beach in recent years has allowed for the accumulation of General Fund reserves at the end of Fiscal Year 2014-2015 in the amount of \$90 million, a gross fund balance increase of \$4.6 million from the prior year. See General Fund Reserves, page 7 of this report, for a breakdown of the \$90 million. At the end of Fiscal Year 2014-2015, the sum total of all available and discretionary reserves total \$120 million. See page 8 for a summary of the discretionary reserves.

**DISCUSSION:**

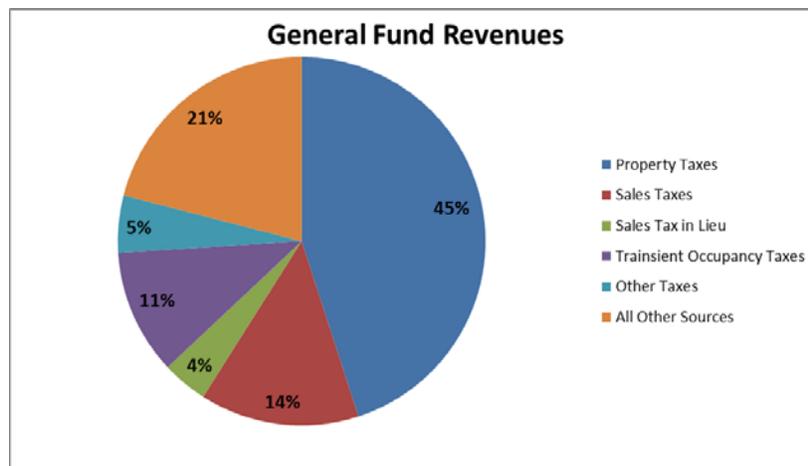
**Revenues**

General Fund revenues overall finished the year \$4.4 million (2.4 percent) higher than the budget and \$11.9 million (6.9 percent) higher than the prior year (see table below). Much of Fiscal Year 2014-2015's increase is the result of higher than expected revenue from the General Fund's top three revenue sources (Property Tax, Sales Tax, and Transient Occupancy Taxes).

General Fund Revenues	Prior Year Q4 Actual 2013-14	Budget 2014-15	YTD Q4 Actual 2014-15	2014-15 Budget to Actual \$ Variance	2014-15 Budget to Actual % Variance	Percent of 2014-15 Budget Realized	Year-Over-Year Q4 \$ Change	Year-Over-Year Q4 % Change
Taxes and assessments:								
Property	\$ 79,889,346	\$ 83,969,239	\$ 84,121,461	\$ 152,222	0.18%	100.18%	\$ 4,232,115	5.30%
Sales	23,142,065	24,754,322	24,832,412	78,090	0.32%	100.32%	1,690,347	7.30%
Sales tax in-lieu	7,727,876	8,046,423	8,046,424	1	0.00%	100.00%	318,548	4.12%
Transient occupancy	18,176,369	19,377,767	20,369,158	991,391	5.12%	105.12%	2,192,789	12.06%
Other taxes	8,434,367	8,443,015	8,727,401	284,386	3.37%	103.37%	293,034	3.47%
Intergovernmental	1,714,445	1,622,725	2,637,452	1,014,727	62.53%	162.53%	923,007	53.84%
Licenses, permits and fees	5,299,166	6,754,406	6,555,699	(198,707)	-2.94%	97.06%	1,256,533	23.71%
Charges for services	16,808,431	15,825,356	16,698,763	873,407	5.52%	105.52%	(109,668)	-0.65%
Fines and forfeitures	3,271,910	3,818,200	3,725,795	(92,405)	-2.42%	97.58%	453,885	13.87%
Investment income	542,915	361,778	437,272	75,494	20.87%	120.87%	(105,643)	-19.46%
Net increase in fair value of invest	53,783	-	61,337	61,337			7,554	14.05%
Property income	7,831,964	7,275,470	7,962,877	687,407	9.45%	109.45%	130,913	1.67%
Donations	208,486	162,250	406,050	243,800	150.26%	250.26%	197,564	94.76%
Other	768,280	1,018,102	1,207,704	189,602	18.62%	118.62%	439,424	57.20%
<b>TOTAL</b>	<b>\$ 173,869,403</b>	<b>\$ 181,429,053</b>	<b>\$ 185,789,805</b>	<b>\$ 4,360,752</b>	<b>2.40%</b>	<b>102.40%</b>	<b>\$ 11,920,402</b>	<b>6.86%</b>

**Top "3" Revenues**

The top three individual revenue sources, Property Taxes, Sales Taxes and Sales Tax in Lieu, and Transient Occupancy Taxes (TOT), represent 74 percent of all General Fund revenues. Tax revenues in total, including business licenses, franchise fees and other taxes represent nearly 79 percent of all General Fund revenues while only 21 percent is generated by other revenue sources.



## Property Tax

Property tax is the top source of revenue for the City of Newport Beach. It represents almost half (45.3 percent) of all General Fund revenues. Property taxes overall finished the year \$152 thousand (0.2 percent) higher than the budget and \$4.2 million (5.3 percent) higher than the prior year (see table below).

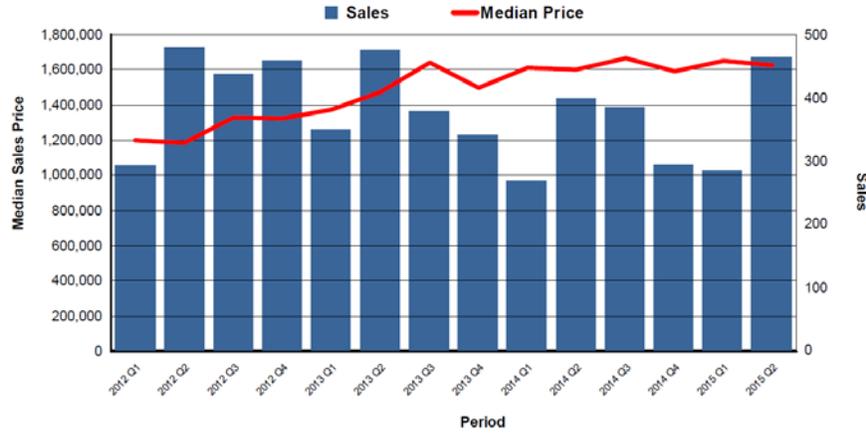
Property Taxes	Prior Year Q4 Actual 2013-14	Budget 2014-15	YTD Q4 Actual 2014-15	2014-15 Budget to Actual \$ Variance	2014-15 Budget to Actual % Variance	Percent of 2014-15 Budget Realized	Year-Over-Year Q4 \$ Change	Year-Over-Year Q4 % Change
Secured	\$ 64,602,202	\$ 68,281,223	\$ 68,236,644	\$ (44,579)	-0.07%	99.93%	\$ 3,634,442	5.63%
Unsecured	2,414,405	2,447,718	2,667,069	219,351	8.96%	108.96%	252,665	10.46%
Prior Year Penalties & Interest	908,053	960,000	783,103	(176,897)	-18.43%	81.57%	(124,950)	-13.76%
Supplemental	1,641,159	1,412,604	1,953,373	540,769	38.28%	138.28%	312,214	19.02%
In Lieu of VLF	7,459,004	7,692,124	7,697,166	5,042	0.07%	100.07%	238,162	3.19%
RDA Dissolution	415,342	650,000	451,957	(198,043)	-30.47%	69.53%	36,614	8.82%
All Other Property Taxes	2,449,181	2,525,570	2,332,149	(193,421)	-7.66%	92.34%	(117,032)	-4.78%
<b>TOTAL</b>	<b>\$ 79,889,347</b>	<b>\$ 83,969,239</b>	<b>\$ 84,121,461</b>	<b>\$ 152,222</b>	<b>0.18%</b>	<b>100.18%</b>	<b>\$ 4,232,114</b>	<b>5.30%</b>

We realized a notable increase in secured and unsecured property tax, coming in at an increase over the prior year of 5.6 percent and 10.5 percent respectively. Reflective of changes in ownership and new construction, supplemental taxes increased 19 percent over the prior year. Prior year penalties and interest receipts are down 13.8 percent from last year due to the improved economic status of homeowners. The Other Property Tax revenue category is 4.78 percent lower than the prior year due to a dip in property tax transfer (transfer of title) revenues.

Continued job growth, low mortgage rates, more confident consumers and other factors have put more wind in the housing market sails. Southern California's June home sales were the highest since summer 2006. The median price paid for all Southern California homes sold in June was up 2.8 percent from May and 5.7 percent from the prior year.

As the chart below indicates, the median sales price in Newport Beach is over \$1.6 million at the end of June 2015 and the number of home sales (464) is up over the prior quarter (Q2) year-over-year.

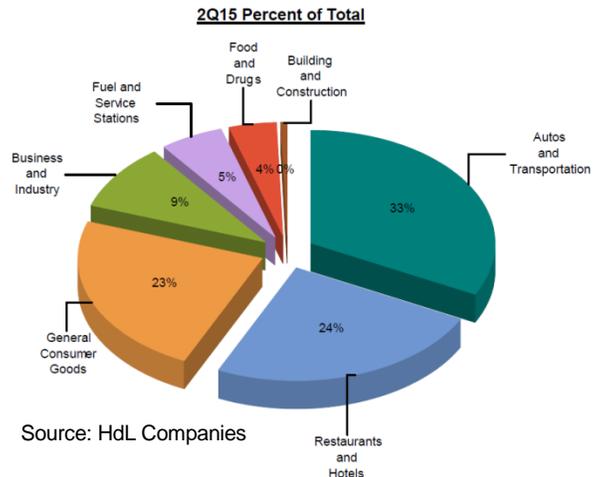
**Newport Beach Single Family Residential Full Value Sales (1/1/12 – 6/30/15)**



Source: HdL Companies

**Sales Tax**

The City's sales tax base is largely generated from three main industry categories including Autos and Transportation, General Consumer Goods, and Restaurants/Hotels as indicated in the adjacent pie chart that depicts the most recent available sales tax statistics. The largest segment, "Autos and Transportation," accounts for 33 percent of total sales taxes and is represented by 178 new and used auto/boat/aircraft dealers, supply stores and repair shops. The next largest segment, "Restaurants and Hotels," accounts for 24 percent of total sales tax and is represented by 462 restaurants, hotels, clubs and other amusement places. The third largest sales tax segment, "General Consumer Goods" accounts for 23 percent of total sales taxes and is represented by a multitude of stores and shops that provide various consumer goods.



Source: HdL Companies

Year-over-year, the Restaurants and Hotels and Business and Industry sales tax categories in Newport Beach are up over the prior year, which suggests improved consumer perception and confidence in our local economy. Sales taxes finished the year \$78 thousand (0.2 percent) higher than the budget and \$2 million (6.5 percent) higher than the prior year (see table below).

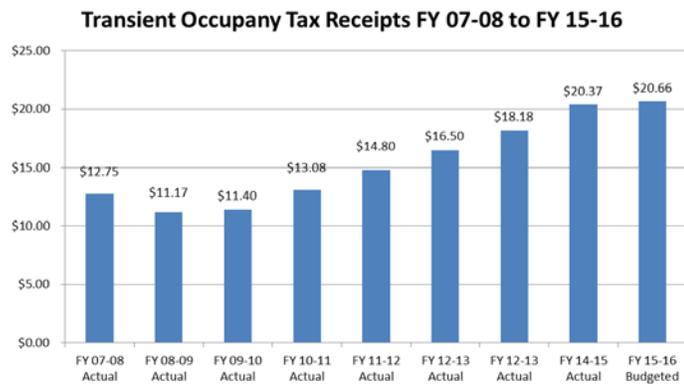
Sales Taxes	Prior Year Q4 Actual 2013-14	Budget 2014-15	YTD Q4 Actual 2014-15	2014-15 Budget to Actual \$ Variance	2014-15 Budget to Actual % Variance	Percent of 2014-15 Budget Realized	Year-Over-Year Q4 \$ Change	Year-Over-Year Q4 % Change
Sales and Use Tax	\$ 23,142,065	\$ 24,754,322	\$ 24,832,412	\$ 78,090	0.32%	100.32%	\$ 1,690,347	7.30%
Property Tax in Lieu of Sales Tax	7,727,876	8,046,423	8,046,424	1	0.00%	100.00%	318,548	4.12%
<b>TOTAL</b>	<b>\$ 30,869,941</b>	<b>\$ 32,800,745</b>	<b>\$ 32,878,836</b>	<b>\$ 78,091</b>	<b>0.24%</b>	<b>100.24%</b>	<b>\$ 2,008,895</b>	<b>6.51%</b>

## Transient Occupancy Taxes

Transient Occupancy Taxes (TOT) finished the year \$991 thousand (5.1 percent) higher than the budget and \$2.2 million (12.1 percent) higher than the prior year (see table below). This increase is due to higher occupancy rates in the City's hotels, motels, cottages, and resorts and a strong travel and tourism business sector.

	Prior Year Q4 Actual 2013-14	Budget 2014-15	YTD Q4 Actual 2014-15	2014-15 Budget to Actual \$ Variance	2014-15 Budget to Actual % Variance	Percent of 2014-15 Budget Realized	Year-Over-Year Q4 \$ Change	Year-Over-Year Q4 % Change
Transient Occupancy Taxes	\$ 18,176,369	\$ 19,377,767	\$20,369,158	\$991,391	5.12%	105.12%	\$2,192,789	12.06%

As can be seen from the adjacent bar chart, TOT revenues have maintained a sustained climb in recent years.



## Expenditures

General Fund expenditures overall finished the year \$12 million (6.8 percent) lower than the budget and \$15.5 million (10.4 percent) higher than the prior year (see table below). The savings were the result of salary and benefit savings in the amount of \$2.5 million; \$5.7 million in operating and maintenance and \$800 thousand in other savings. A substantial portion of the unexpended budget (\$3 million) was attributable to capital improvement projects that were not completed at year end. This amount will be reserved for expenditures in Fiscal Year 2015-2016 and is therefore not counted in the annual operating surplus.

<b>General Fund Expenditures</b>	<b>Prior Year Q4 Actual 2013-14</b>	<b>Budget 2014-15</b>	<b>YTD Q4 Actual 2014-15</b>	<b>2014-15 Budget to Actual \$ Variance</b>	<b>2014-15 Budget to Actual % Variance</b>	<b>Year-Over- Year Q4 \$ Change</b>	<b>Year-Over- Year Q4 % Change</b>
<b>Expenditures:</b>							
General Government:							
City Council	\$ 1,509,395	\$ 1,444,929	\$ 971,969	\$ (472,960)	-32.73%	\$ (537,426)	-35.61%
City Clerk	682,840	847,647	762,425	(85,222)	-10.05%	79,585	11.65%
City Attorney	2,090,616	2,292,777	1,984,866	(307,911)	-13.43%	(105,750)	-5.06%
City Manager	2,370,605	2,772,182	2,202,975	(569,207)	-20.53%	(167,630)	-7.07%
Finance	4,855,955	5,560,696	5,031,531	(529,165)	-9.52%	175,576	3.62%
Human Resources	2,564,916	2,695,136	2,352,959	(342,177)	-12.70%	(211,957)	-8.26%
<b>Total General Government</b>	<b>14,074,327</b>	<b>15,613,367</b>	<b>13,306,725</b>	<b>(2,306,642)</b>	<b>-14.77%</b>	<b>(767,602)</b>	<b>-5.45%</b>
Public Safety:							
Police	42,312,233	49,007,977	47,805,772	(1,202,205)	-2.45%	5,493,539	12.98%
Fire	31,759,652	37,299,076	36,556,108	(742,968)	-1.99%	4,796,456	15.10%
<b>Total Public Safety</b>	<b>74,071,885</b>	<b>86,307,053</b>	<b>84,361,880</b>	<b>(1,945,173)</b>	<b>-2.25%</b>	<b>10,289,995</b>	<b>13.89%</b>
Public Works:							
MOD- General services	22,169,419	24,620,857	22,867,826	(1,753,031)	-7.12%	698,407	3.15%
Public Works	5,551,312	6,491,259	6,272,426	(218,833)	-3.37%	721,114	12.99%
MOD - Utilities	884,385	1,043,616	972,263	(71,353)	-6.84%	87,878	9.94%
<b>Total Public Works</b>	<b>28,605,116</b>	<b>32,155,732</b>	<b>30,112,515</b>	<b>(2,043,217)</b>	<b>-6.35%</b>	<b>1,507,399</b>	<b>5.27%</b>
Community Development:							
Community Development	8,665,648	9,834,172	8,657,129	(1,177,043)	-11.97%	(8,519)	-0.10%
Code and Water Quality Enforcement	975,060	1,283,918	1,089,402	(194,516)	-15.15%	114,342	11.73%
<b>Total Community Development</b>	<b>9,640,708</b>	<b>11,118,090</b>	<b>9,780,487</b>	<b>(1,337,603)</b>	<b>-12.03%</b>	<b>139,779</b>	<b>1.45%</b>
Community services:							
Parking Operations	741,187	1,235,671	1,086,559	(149,112)	-12.07%	345,372	46.60%
Library Services	7,139,584	8,106,013	7,388,951	(717,062)	-8.85%	249,367	3.49%
Recreation and Senior Services	8,960,948	10,501,918	9,873,970	(627,948)	-5.98%	913,022	10.19%
<b>Total Community Services</b>	<b>16,841,719</b>	<b>19,843,602</b>	<b>18,349,480</b>	<b>(1,494,122)</b>	<b>-7.53%</b>	<b>1,507,761</b>	<b>8.95%</b>
<b>Capital Outlay</b>	<b>5,587,015</b>	<b>11,340,915</b>	<b>8,469,632</b>	<b>(2,871,283)</b>	<b>-25.32%</b>	<b>2,882,617</b>	<b>51.59%</b>
Debt Service:							
Interest and Fiscal Charges	175,611	170,000	175,812	5,812	3.42%	201	0.11%
<b>Total Debt Service</b>							
<b>Total Expenditures</b>	<b>\$ 148,996,381</b>	<b>\$ 176,548,759</b>	<b>\$ 164,522,575</b>	<b>\$(12,026,184)</b>	<b>-6.81%</b>	<b>\$ 15,526,194</b>	<b>10.42%</b>

Net income (revenues net of expenditures) prior to transfers and other sources of revenue amounted to \$21.3 million. Of this net income amount, \$16.7 million was transferred out to other funds. Transfers out include \$12.2 million for routine purposes including the annual funding of the Facilities Financial Planning Reserve (FFPR) (\$8 million) and the annual subsidy of the Tidelands Fund (\$4.2 million). A total of \$1.8 million was transferred out to other funds in furtherance of Council priorities including \$1.0 million for information technology and emergency communications, \$350 thousand for the Facilities Maintenance Reserve and \$450 thousand to the Equipment Fund. The remaining transfers out of \$2.6 million were made to projects and program activity in the City's General Liability Insurance and Retiree Medical Funds.

Expenditures in Fiscal Year 2014-2015 increased from the prior year as the result of a focus on programs and activities that support a high quality physical environment, community safety and investments in information technology. With the improving economy and the associated uptick in revenues, the City continues its ongoing commitment to improve the quality of streets, sidewalks, alleys, and other infrastructure through the increase in Public Works expenditures and capital outlay. Increased

expenditures from the prior year were also the result of negotiated bargaining unit increases in salary and benefits.

A high-level summary of Fiscal Year 2014-2015 revenues and expenditures can be found in the Comparative Income Statement in Attachment A.

## General Fund Reserves

This section provides balances of the City's General Fund Reserves at the end of Fiscal Year 2014-2015. This information is useful in assessing the City's net resources available for spending at the end of the fiscal year. Contributions to the reserve are established by prudent fiscal policies and as part of the annual budget process, or as conditions change. The positive underlying economic factors in Newport Beach in recent years has allowed for the accumulation of General Fund reserves at the end of Fiscal Year 2014-2015 in the amount of \$90.0 million, an increase of \$4.6 million from the prior year.

### General Fund Reserves

	Audited 2014	Preliminary & Unaudited 2015	Change
<b>Non-spendable</b>	\$ 16,316,499	\$ 15,784,396	\$ (532,103)
<b>Restricted</b>	3,939,751	5,389,810	1,450,059
<b>Committed</b>			
Parking Reserves	517,592	719,997	202,405
Cable Franchise	476,616	627,889	151,273
Other Miscellaneous	5,761,917	4,142,871	(1,619,046)
<b>Subtotal Committed</b>	<b>6,756,125</b>	<b>5,490,757</b>	<b>(1,265,368)</b>
<b>Assigned</b>			
Capital Reappropriations	6,026,110	6,357,095	330,985
Other	1,326,170	1,421,225	95,055
<b>Subtotal Assigned</b>	<b>7,352,280</b>	<b>7,778,320</b>	<b>426,040</b>
<b>Unassigned</b>			
Contingency Reserve	41,321,103	41,314,870	(6,233)
Residual Unassigned Fund Balance (Surplus)	9,694,717	14,194,388	4,499,671
<b>Subtotal Unassigned</b>	<b>51,015,820</b>	<b>55,509,258</b>	<b>4,493,438</b>
<b>General Fund Balance</b>	<b>\$ 85,380,475</b>	<b>\$ 89,952,541</b>	<b>\$ 4,572,066</b>

The non-spendable and restricted categories of fund balance are for resources that are not in spendable form or are legally or contractually required to remain intact. The committed and assigned portion of fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are still within the City's full

discretion. The unassigned category is the residual portion of available fund balance that is not otherwise restricted, committed or assigned.

There are a myriad of “moving parts” that impact and change the level of the fund balance from one year to the next. Factors that contribute to the increase in fund balance include the net income (higher revenue/lower expenditures than budgeted) described in the previous section, the amount needed to be set aside for capital projects that did not get completed in the prior (reserve for reappropriations), the reserve levels for restricted or non-spendable funds that result from various activities that can occur in any given year such. Factors that contribute to decreases in fund balance include transfers out to other funds, such as the FFPR and accelerating the payment to the City’s pension unfunded liability – examples of recent transactions resulting from Council priorities. The confluence of the various financial transactions resulting from both policy decisions and the unique circumstances that arise in any given year determine the General Fund balance. Ultimately, the increase in our unassigned fund balance (surplus) is the best measure of annual operating surplus which increased \$4.5 million to \$14.2 million during the year.

### Summary of Available and Discretionary Reserves

In summary, the City’s ability to set aside resources for future projects, acquisitions, and other allowable purposes is the result of maintaining a focus on the City Council’s priorities, including responsible, yet difficult, spending decisions, adherence to a Fiscal Sustainability Plan, strong revenue monitoring, analysis and reporting. The City’s reserve funds provide a mechanism for saving money to finance all or part of future infrastructure, equipment, and other requirements and provide a degree of financial stability. The strategic reserves also normalize departmental budgeting for programs that have life-cycles greater than one year, act as a strategic savings plan for long-term assets and liabilities, and enable appropriate distribution of city-wide costs to individual departments. During both strong and uncertain economic times, reserve funds provide the City with a welcomed budgetary option that can help mitigate the need to cut services. At the end of Fiscal Year 2014-2015, the sum total of all available and discretionary reserves total \$120 million.

	Preliminary & Unaudited 2015
<b>Miscellaneous</b>	
Council Commitments	\$ 13,207,740
<b>Strategic Savings</b>	
Facilities Financing Planning Reserve	10,387,218
Sunset Ridge Park	2,869,349
Marina Park Fund <sup>2</sup>	(2,891,089)
Facilities Maintenance	1,934,066
Lifeguard Headquarter <sup>2</sup>	(121,076)
Misc. Facilities Financing <sup>2</sup>	(502,205)
Parks & Community Centers	1,951,745
West Community Center <sup>2</sup>	(33,500)
Corp. Yard Consolidation <sup>2</sup>	(165,394)
Public Arts & Culture	408,180
Equipment Replacement	15,308,255
Information Technology	5,230,690
<b>Risk Management <sup>3</sup></b>	<b>16,887,571</b>
<b>Contingency Reserves</b>	<b>41,314,870</b>
<b>Unassigned Reserves (Surplus)</b>	<b>14,194,388</b>
<b>Total Reserves</b>	<b>\$ 119,980,808</b>

<sup>1</sup> Excludes non-spendable and restricted reserve funds.

<sup>2</sup> Expenditures relating to facilities are tracked in these funds. When projects are completed, a positive fund balance will be rendered after funds are transferred from the FFPR.

<sup>3</sup> Includes General Liability, Compensated Absences and Workers Comp reserves.

Prepared by:

Submitted by:

/s/ Steve Montano

/s/ Dan Matusiewicz

---

Steve Montano  
Deputy Finance Director

---

Dan Matusiewicz  
Finance Director

Attachments:

- A. Comparative Income Statement
- B. Interfund Transfers

**ATTACHMENT A**  
**Comparative Income Statement**

## General Fund Comparative Income Statement

	2012	2013	2014	2015	\$ Change	% Change
<b>General Fund Revenues:</b>						
Property Taxes	\$ 71,546,249	\$ 81,603,194	\$ 79,889,346	\$ 84,121,461	\$ 4,232,115	5.30%
Sales Taxes	20,107,597	20,764,204	23,142,065	24,832,412	1,690,347	7.30%
Sales Taxes In Lieu	6,523,492	7,078,517	7,727,876	8,046,424	318,548	4.12%
TOT Taxes	14,798,191	16,500,285	18,176,369	20,369,158	2,192,789	12.06%
All other Revenues	43,124,928	44,461,987	44,933,747	48,420,350	3,486,603	7.76%
<b>Total Revenues</b>	<b>156,100,457</b>	<b>170,408,187</b>	<b>173,869,403</b>	<b>185,789,805</b>	<b>11,920,402</b>	<b>6.86%</b>
<b>General Fund Expenditures:</b>						
General Government	11,817,861	13,276,718	14,074,327	13,306,725	(767,602)	-5.45%
Public Safety	67,415,971	72,714,586	74,071,885	84,361,880	10,289,995	13.89%
Public Works	25,953,473	26,977,969	28,605,116	30,112,515	1,507,399	5.27%
Community Development	8,798,193	8,878,665	9,640,708	9,746,531	105,823	1.10%
Community Services	17,731,921	16,570,787	16,841,719	18,349,480	1,507,761	8.95%
Capital outlay	3,827,132	5,235,786	5,587,015	8,469,632	2,882,617	51.59%
Debt Service	979,590	180,426	175,611	175,812	201	0.11%
<b>Total Expenditures</b>	<b>136,524,141</b>	<b>143,834,937</b>	<b>148,996,381</b>	<b>164,522,575</b>	<b>15,526,194</b>	<b>10.42%</b>
Income before transfers & other sources	19,576,316	26,573,250	24,873,022	21,267,230	(3,605,792)	-14.50%
<b>Other Financing Sources (Uses)</b>						
Transfers in	4,842,263	89,297	563,552	38,802	(524,750)	-93.11%
Transfers out	(7,395,066)	(25,324,747)	(21,186,257)	(16,733,966)	4,452,291	-21.01%
Total other financing sources (uses)	(2,552,803)	(25,235,450)	(20,622,705)	(16,695,164)	3,927,541	-19.04%
Net Change in Fund Balance	17,023,513	1,337,800	4,250,317	4,572,066	321,749	7.57%
Fund Balance, beginning	62,768,845	79,792,358	81,130,158	85,380,475	4,250,317	5.24%
Fund Balance, ending	<b>\$ 79,792,358</b>	<b>\$ 81,130,158</b>	<b>\$ 85,380,475</b>	<b>\$ 89,952,541</b>	<b>\$ 4,572,066</b>	<b>5.35%</b>

**ATTACHMENT B**  
Interfund Transfers

## Interfund Transfers

Interfund transfers at June 30, 2015, consisted of the following:

		Transfers In						
		General Fund	Tide and Submerged Land - Operating	Facilities Financial Planning Reserve	Civic Center COP	Internal Service Fund	Non-Major Funds	Total
Transfers Out	General Fund	\$ -	\$ 4,233,966	\$ 8,000,000	\$ -	\$ 4,150,000	\$ 350,000	\$ 16,733,966
	Facilities Financial Planning Reserve	-	-	-	8,199,027	-	32,297,299	40,496,326
	Internal Service Fund	-	-	-	-	6,283,631	-	6,283,631
	Non-Major Funds	38,802	-	-	-	-	162,862	201,664
	<b>Total</b>	<u>\$ 38,802</u>	<u>\$ 4,233,966</u>	<u>\$ 8,000,000</u>	<u>\$ 8,199,027</u>	<u>\$ 10,433,631</u>	<u>\$ 32,810,161</u>	<u>\$ 63,715,587</u>

The City typically uses transfers to fund ongoing subsidies. The General Fund transferred \$4,233,966 to subsidize the maintenance and operation of the Tide and Submerged Land-Operating Fund; \$8,000,000 to the Facilities Financial Planning Reserve Fund to cash fund construction projects for General Fund supported facilities; \$2,500,000 to the General Liability Fund and \$1,000,000 to the Compensated Absences Fund to mitigate certain liabilities; \$450,000 to the Equipment Maintenance Fund to fund for cardiac monitors; \$350,000 to Facilities Maintenance Fund and \$200,000 to the Retiree Insurance Fund.

The Facilities Financial Planning Reserve Fund transferred \$8,199,027 to the Civic Center COP Fund for the debt service payments related to the Civic Center Certificates of Participation; \$20,682,848 to the Marina Park Fund and \$1,855,956 to the Sunset Ridge Park Fund to cash fund design and construction of the two parks; \$6,025,000 to the Fire Station Fund for projects related to Fire Stations; \$2,550,000 to the Parks and Community Centers Fund for projects related to various other parks and community centers; \$750,000 to the Miscellaneous Facilities Financing Fund to cash fund design and construction of miscellaneous facilities and \$433,495 to the Public Arts and Cultural Facilities Fund to fund for art in public places.

The Circulation and Transportation Fund transferred \$157,701 to the CIOSA Construction Fund for debt service. As required by the pre-annexation agreement, \$24,337 of interest accrued in the Newport Coast Annexation fund was transferred to the General Fund. The Contributions fund transferred \$14,465 to the General Fund and \$3,357 to the State Gas Tax Fund to reimburse these funds for expenditures inadvertently charged to the these funds. The Gas Tax Fund transferred \$1,804 to the Contribution Fund to reimburse the fund for expenditures inadvertently charged to the Contribution Fund.

The Equipment Maintenance Fund transferred \$3,902,903 to the Insurance Reserve Fund and \$1,380,728 to the Compensated Absence Fund to mitigate certain liabilities, and \$1,000,000 to Information Technology Fund to fund for 800 MHz radios and infrastructure.



## CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 5G  
January 14, 2016

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
Steve Montano, Deputy Finance Director  
(949) 644-3240 or [Smontano@NewportBeachCA.gov](mailto:Smontano@NewportBeachCA.gov)

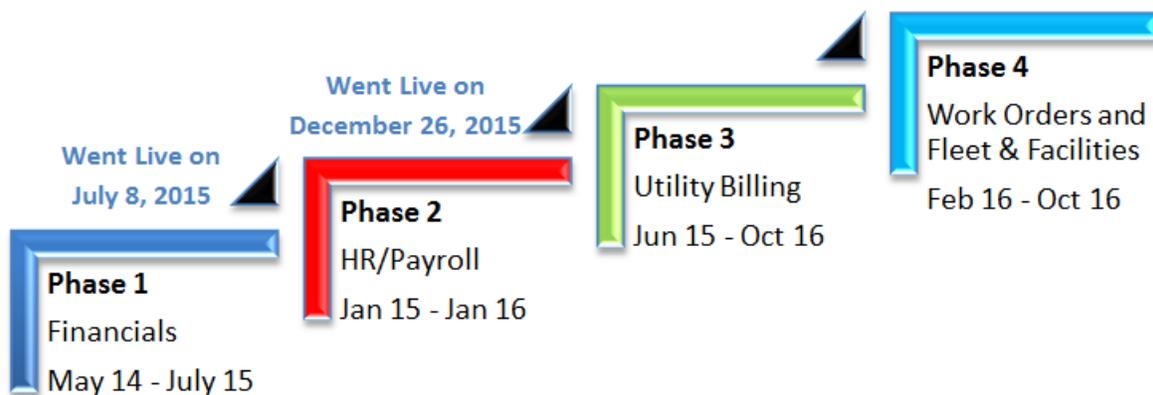
**SUBJECT: Quarterly ERP Update**

---

### **SUMMARY:**

ERP (Enterprise Resource Planning) software is a business management software system that integrates all of the City's core functional requirements for financials, human capital management, citizen services, and revenues. Implementation of the Enterprise Resource Planning (ERP) software implementation project continues. The software provider of the City's ERP or business management software system that integrates all of the City's core functional requirements for financials, human capital management, citizen services, and revenues is Tyler Technologies Inc. The Tyler system known as "Munis" will replace the current FinancePlus system.

The ERP implementation consists of 4 major overlapping phases. The graphic below depicts the current project phase start and planned go live dates (MMM-YY). We have completed Phases 1 and 2 and are currently working on Phase 3. Phase 4 will begin next month.



Here is an update of recent and planned activities pertaining to each project phase:

### **Financials – Phase 1**

The financials portion of the project (including such modules as General Ledger, Purchasing, Budget, Projects and Grants and Accounts Payable) became operational on July 8, 2015. Since this time, staff has grown accustomed to the new functionality and is still fine-tuning the system. Recent outreach to department heads and their staff revealed that additional training on how to run reports, understanding the online user dashboard, and learning how to access “cube” reports in Excel is desirable. We will have a Tyler consultant on site January 20-21 to provide such training to key department representatives.

### **HR/Payroll – Phase 2**

The Human Resources and Payroll module became operational on December 26, 2015. An important functionality of the module known as the Employee Self Service (ESS) allows employees to access and update their own personal information through a secure online web portal. ESS allows employees to: view payroll information such as paycheck history and W-4 election details, view current benefits, request time off, enter timecards to record time worked and/or absences and see flex, vacation and sick leave balances up to date online. The module also allows for a paperless payroll process, streamlines timesheet entry and ensures all local, state and federal requirements are met with Munis Payroll. Standard payroll functions include, but are not limited to, payroll and expense reimbursement processing; reconciliation of employee insurance reports to monthly premium statements; manual or automatic check reconciliation and support of electronic timesheet entry.

### **Utility Billing – Phase 3**

Phase 3 consists of implementing new General Billing, Accounts Receivable, and Utility Billing software. These modules will improve how we create invoices and bills for miscellaneous charges, and maintain accounts for our water and wastewater customers. Staff has been participating in Tyler led business processing consulting sessions to configure the software in conformance with the City’s business needs and industry best business practices. Work on the conversion of data from the old system to the new will begin shortly. The phase is scheduled to be completed in October of 2016.

### **Work Orders and Fleet Management – Phase 4**

The modules in Phase 4 will provide work order solutions for preventive maintenance schedules, maintenance department inspections, departmental service requests, and citizen service requests. As a result of their integration with the Financial, Human Resources and Revenue suites, the modules will eliminate duplicate entry of labor time,

journal entries and billings. Information will be up-to-date and data input errors or missing information will be reduced. Phase 4 work will begin in February of 2016.

**RECOMMENDED ACTION:**

Receive and file.

/s/ Steve Montano

---

Steve Montano  
Deputy Director, Finance