



CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA - Final

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

Thursday, May 12, 2016 - 4:00 PM

Finance Committee Members:

Tony Petros, Chair / Council Member
Diane Dixon, Mayor
Keith Curry, 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.

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. CURRENT BUSINESS

A. FISCAL YEAR 2016-2017 BUDGET DISCUSSION

Summary:

Continue review of the City Manager's Fiscal Year 2016-2017 Proposed Budget.

Recommended Action:

Staff recommends that the Committee (1) direct staff to bring the Fiscal Year 2016-2017 Proposed Budget for City Council for consideration; (2) continue to review the budget at subsequent Finance Committee meetings; or (3) both of the aforementioned options.

B. SUBCOMMITTEE RECOMMENDATIONS

Summary:

An update will be provided regarding the Finance Subcommittee.

Recommended Action:

Receive and file.

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

VI. ADJOURNMENT

Item No. 4A
 Fiscal Year 2016-2017 Budget Discussion
 Additional Materials Received
 May 12, 2016

Fiscal Year 2016-17 PROPOSED BUDGET
 Object Variance Analysis - All Funds, sorted by expense category

Finance Committee
 May 12, 2016

DESCRIPTION	CATEGORY	FY 16 REVISED	FY 17 PROPOSED	VARIANCE	EXPLANATION
CONTRACT REC INSTRUCTORS	Contracts	1,711,226	2,290,010	578,784	\$380K from Marina Park programming reflecting full year (vs partial year) of operations. Balance from supplemental program changes: contracting out Youth Flag Football; Oasis enhanced senior programs & natural resources contract classes.
CONTRACT SERVICES PRKS/FACIL	Contracts	1,349,000	2,029,103	680,103	New contract approved by Council.
METER READING SERVICES	Contracts	-	310,000	310,000	Based on actual contract. Most of the FY 16 funding was in Services Prof & Tech.
OUTSIDE COUNSEL: SPEC LIT	Contracts	825,000	550,000	(275,000)	Department estimate based on anticipated litigation.
SERVICES PROF & TECH NOC	Contracts	10,678,209	8,562,016	(2,116,193)	Civic Center Audit one-time in FY16 \$357K; Art in the Park & ArtsOC contract concluded \$170K; Inspections contracts moved for tracking \$223K; Harbor Resources encumbrance from FY 16 for Anchor QEA, Moffatt Nichol, Sampson Oil, Swift Slip, South Mooring total value \$240K; PW Engineering Market Pier Study one-time in FY 16 for \$40K, add'l encumbrances from prior year \$116K; Tyler Tech ERP contract from FY16 \$330K; Plan check & Permits temp contract workload increase in FY16 \$290K.
SERVICES PROFESSIONAL	Contracts	1,200,000	-	(1,200,000)	ERP implementation concluding.
SOFTWARE LICENSES	Contracts	2,129,763	550,000	(1,579,763)	FY 16 budget included preliminary estimate for Permit Plus software which is budgeted in its own account in FY 17.
SOFTWARE PERMITS PLUS UPGRADE	Contracts	15,372	1,500,000	1,484,628	One time purchase.
SPECIAL DEPT EXPENSE NOC	Contracts	1,979,060	1,473,277	(505,783)	ERP implementation concluding.
VEHICLE REPLACE ISF	ISF	3,311,069	2,742,381	(568,688)	Result of new vehicle replacement rates (Council Policy F-9).
IT ISF OPERATING CHARGE	ISF	3,811,703	4,074,437	262,734	Calculated annually based on cost of service.
ROLLING EQUIPMENT	Materials & Equip	5,531,026	4,127,000	(1,404,026)	Calculated annually based on vehicles to be replaced.
LIBRARY MATERIALS	Materials & Equip	946,980	625,040	(321,940)	Community Library support funding is not budgeted until received. Budget is City's annual library programming appropriation.
BACKBONE	Materials & Equip	184,291	463,576	279,285	800 MHZ Conversion - City's partnership cost for FY 17
EQUIPMENT N.O.C.	Materials & Equip	1,169,027	1,578,961	409,934	\$500K Replace mobile video system (supplemental), \$360K PD in-car computers (supplemental), <\$273K> Marina Park Equipment all new equipment and <\$75k> replacement pumps for our water disinfection system purchased in FY 16.
PACSET RADIOS	Materials & Equip	112,073	586,496	474,423	PD purchasing \$396K (supplemental).
MOBILE RADIOS	Materials & Equip	703,915	89,722	(614,193)	Purchasing fewer mobile radios in FY 17.
OPEB PAYMENT > ARC TO CERBT	Salary & Benefits	1,000,000	-	(1,000,000)	One time FY 16 Council authorization for additional OPEB funding.
OPEB PAYMENT > ARC DEPT	Salary & Benefits	1,000,000	-	(1,000,000)	Same as above. This is the department expense related to the add'l FY 16 OPEB payment
ANNUAL OPEB COST -OPEB Payment	Salary & Benefits	2,845,895	3,925,087	1,079,192	Based on actuarial valuation.
ANNUAL OPEB COST - Dept Charge	Salary & Benefits	2,845,895	3,925,087	1,079,192	Based on actuarial valuation.This is the department expense related to the add'l FY 16 OPEB payment
PERS EMPLOYER CONTRIB MISC	Salary & Benefits	3,272,678	2,608,313	(664,365)	Tied to pensionable salaries.
PERS EMPLOYER CONTRIB SAFETY	Salary & Benefits	5,549,100	6,012,174	463,074	Tied to pensionable salaries.
PERS MEMBER CONTRIB MISC	Salary & Benefits	3,226,216	4,149,172	922,956	Tied to pensionable salaries.
MISC RETIRE CONTRIB	Salary & Benefits	(4,887,919)	(5,381,914)	(493,995)	Tied to pensionable salaries & MOUs. This is the employee contribution to pension costs.
SAFETY RETIRE CONTRIB	Salary & Benefits	(3,513,679)	(4,083,010)	(569,331)	Tied to pensionable salaries & MOUs. This is the employee contribution to pension costs.
SALARIES SAFETY	Salary & Benefits	29,343,108	29,613,238	270,130	MOU and Merit increases offset by reduction of 4 positions from FY 16.

DESCRIPTION	CATEGORY	FY 16 REVISED	FY 17 PROPOSED	VARIANCE	EXPLANATION
OVERTIME, VACATION RELIEF	Salary & Benefits	1,738,809	1,988,809	250,000	NB Firefighters MOU change.
OVERTIME, PLANNED	Salary & Benefits	960,577	1,274,011	313,434	Supplemental programs, i.e., Basic Fire Academy, Surge Ambulance, PAU.
SALARIES PART TIME	Salary & Benefits	5,221,640	5,544,652	323,012	\$67K from Marina Park; \$35K for City Atty 0.50 FTE Paralegal; \$189K ANBOL MOU Incr; Merit/Pool composition of part-time Library employees; Supplmntl PW Intern pool \$18K.
SALARIES MISCELLANEOUS	Salary & Benefits	38,127,531	40,542,081	2,414,550	MOU and Merit increases offset by position changes.
CAFETERIA ALLOWANCE FULLTIME	Salary & Benefits	14,020,586	15,034,030	1,013,444	MOU changes.
UNFUNDED LIABILITY MISC	Salary & Benefits	7,850,318	9,043,472	1,193,154	Tied to pensionable salaries
UNFUNDED LIABILITY SAFETY	Salary & Benefits	13,674,051	15,556,401	1,882,350	Tied to pensionable salaries.
IMPORTED WATER EXP	Water	5,962,949	4,225,230	(1,737,719)	Variance based on OCWD Basin Pumping Percentage (BPP). FY 17 BPP increases groundwater.
GROUNDWATER EXP	Water	4,909,946	5,241,338	331,392	Variance based on OCWD Basin Pumping Percentage (BPP). FY 17 BPP increases groundwater.
TOTALS		168,805,415	170,770,190	1,964,775	