

# City Update



**Grace Leung**  
**City Manager**  
**City of Newport Beach**

*Wake Up! Newport*

November 3, 2022

City  
Budget

Capital  
Projects

Current  
Issues

Connect

# City Budget

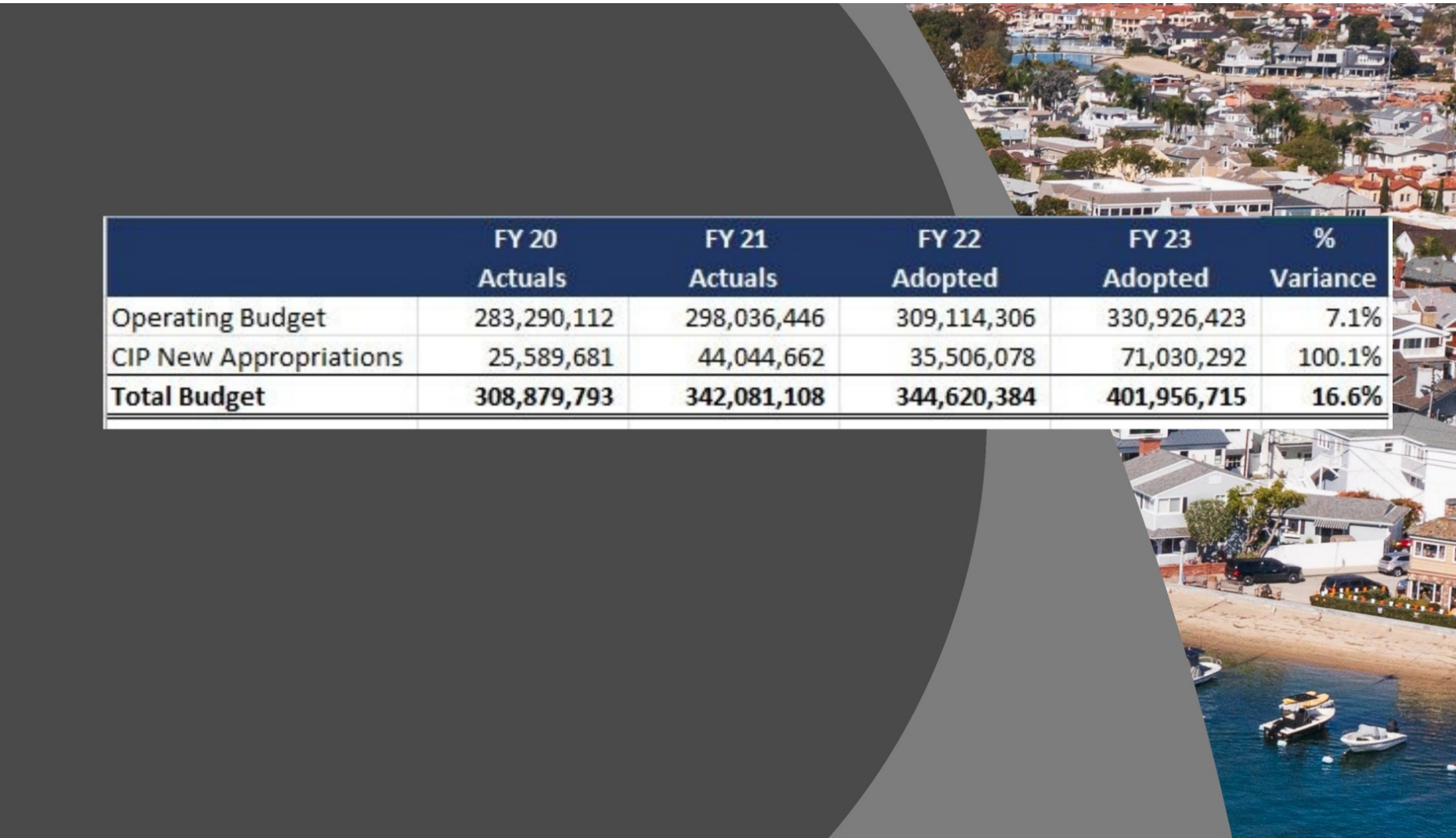
Citywide  
FY 22-23  
Budget

General Fund  
Revenue  
Trends

General Fund  
Expenditures

Annual  
Budget  
Process





	FY 20 Actuals	FY 21 Actuals	FY 22 Adopted	FY 23 Adopted	% Variance
Operating Budget	283,290,112	298,036,446	309,114,306	330,926,423	7.1%
CIP New Appropriations	25,589,681	44,044,662	35,506,078	71,030,292	100.1%
<b>Total Budget</b>	<b>308,879,793</b>	<b>342,081,108</b>	<b>344,620,384</b>	<b>401,956,715</b>	<b>16.6%</b>

# General Fund Revenue Trends

Revenue  
Sources

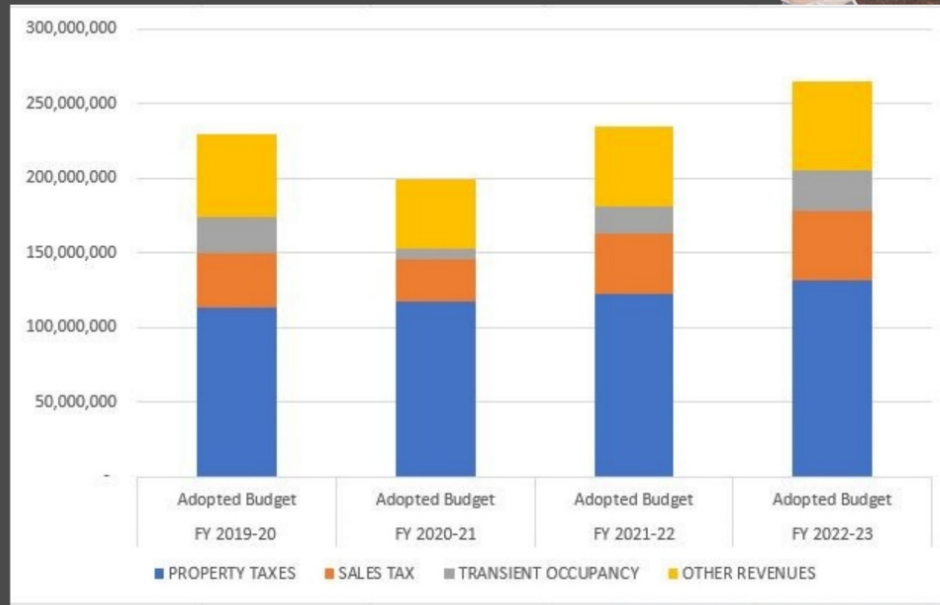
Sales Tax


Transient  
Occupancy  
Tax

Property  
Tax



	FY 2019-20 Adopted Budget	FY 2020-21 Adopted Budget	FY 2021-22 Adopted Budget	FY 2022-23 Adopted Budget
PROPERTY TAXES	113,601,474	117,508,227	122,229,980	131,403,081
SALES TAX	35,697,090	28,690,831	40,275,670	46,526,493
TRANSIENT OCCUPANCY	24,458,131	6,434,115	19,027,493	27,788,728
OTHER REVENUES	55,414,657	46,950,731	52,593,821	59,312,200
<b>Grand Total</b>	<b>229,171,352</b>	<b>199,583,904</b>	<b>234,126,964</b>	<b>265,030,502</b>



An aerial photograph of a coastal town, likely in California, showing a dense residential area with multi-story houses and a sandy beach. The ocean is visible in the foreground with several small boats. Two dark grey circular callouts are overlaid on the right side of the image, containing text. A large dark grey shape on the left side of the image contains the main text.

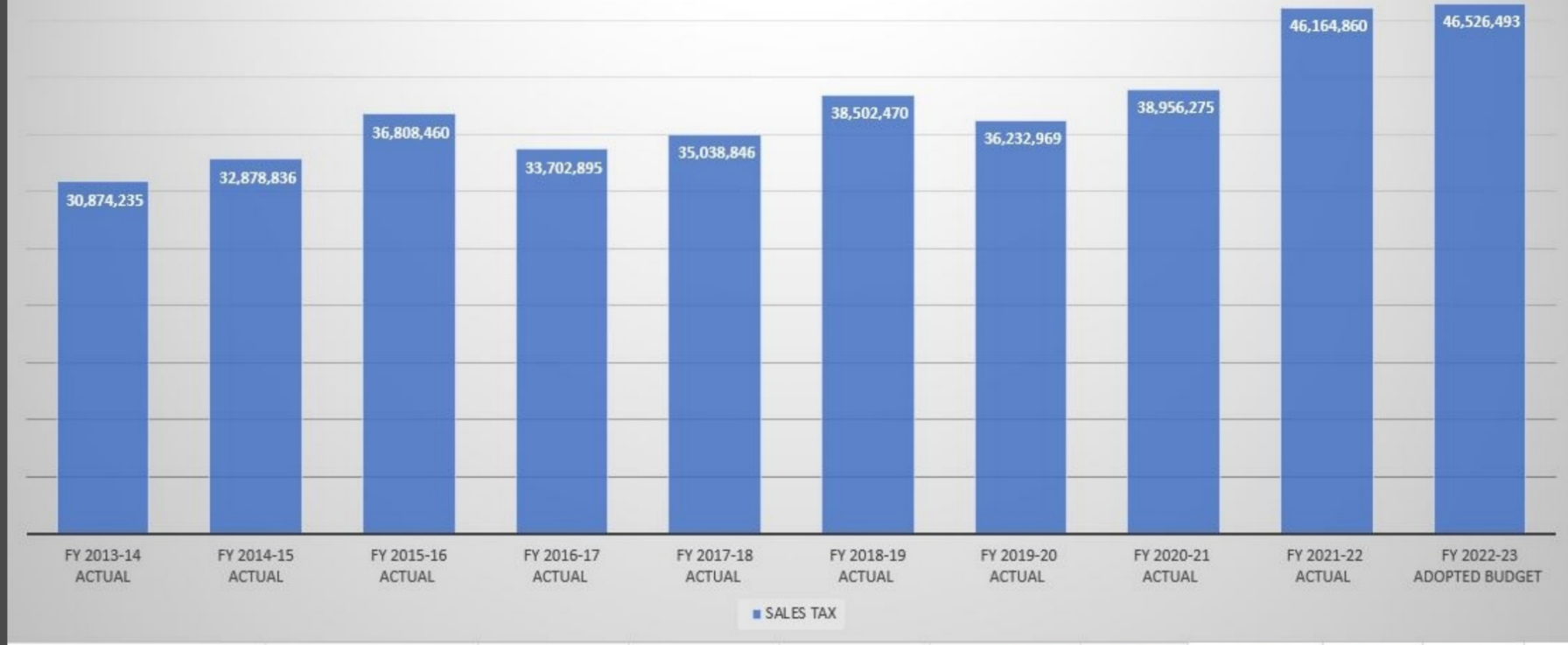
Sales Tax revenue is projected to grow to a record \$46M, driven by strong auto sales, and record revenues from retail stores and restaurants

**Sales Tax Revenue**

**Sales Tax Categories**

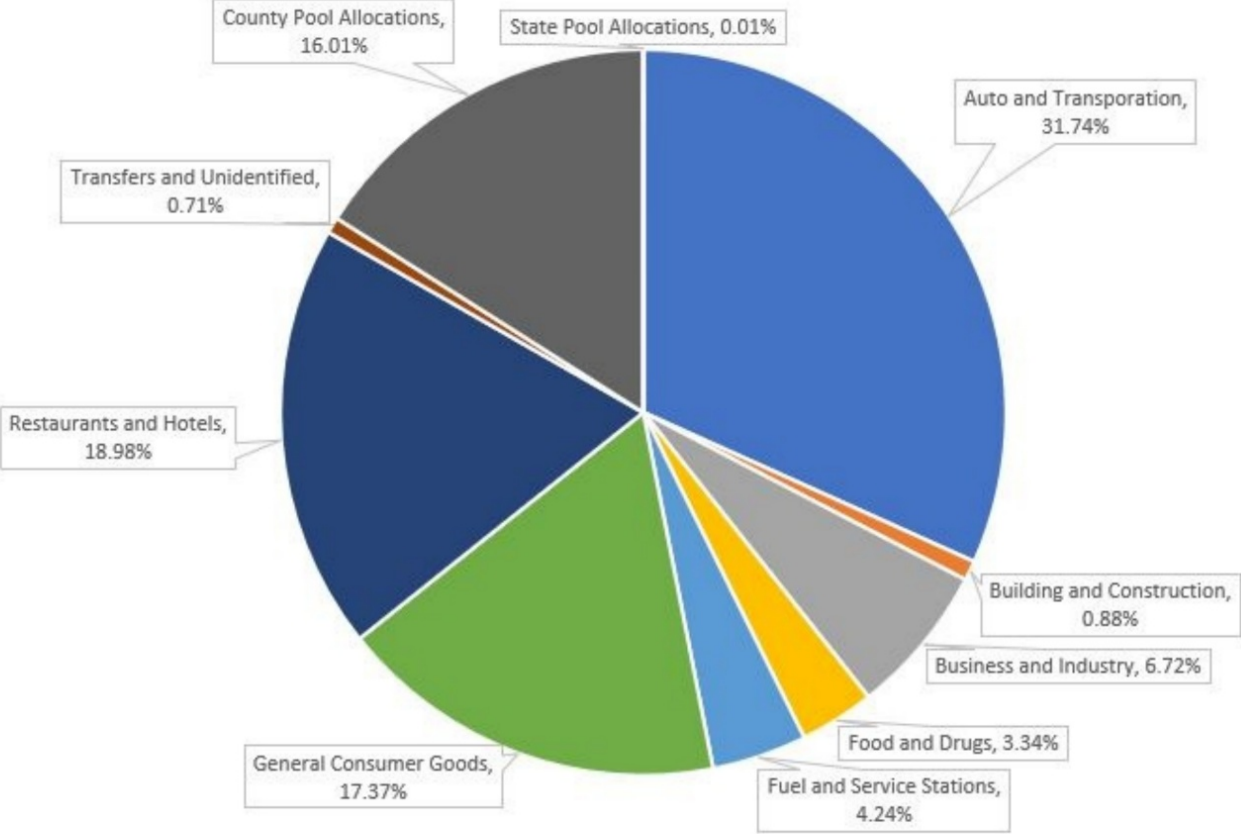


## SALES TAX



Sales Tax Revenues FY 13/14 - FY 22/23

### Sales Tax Categories





TOT revenue is projected to grow to a record \$27.8M, with higher rates and occupancy levels in both hotels and short-term rentals

An aerial photograph of a coastal town, likely in a tropical or subtropical region. The image shows a dense cluster of multi-story houses with light-colored exteriors and dark roofs. In the foreground, there is a sandy beach and clear blue water with several small boats. The overall scene is bright and sunny.

**TOT  
Revenues**

**Avg. Daily  
Room Rate**



TOT Revenues FY 13/14 - FY 22/23



## NEWPORT BEACH SHORT-TERM RENTALS VS. HOTELS 2022 MONTHLY ADR



ADR = Avg. Daily Room Rate

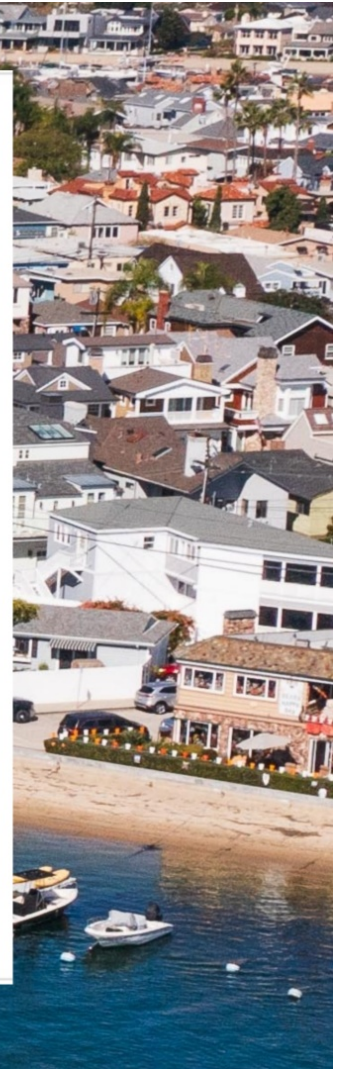
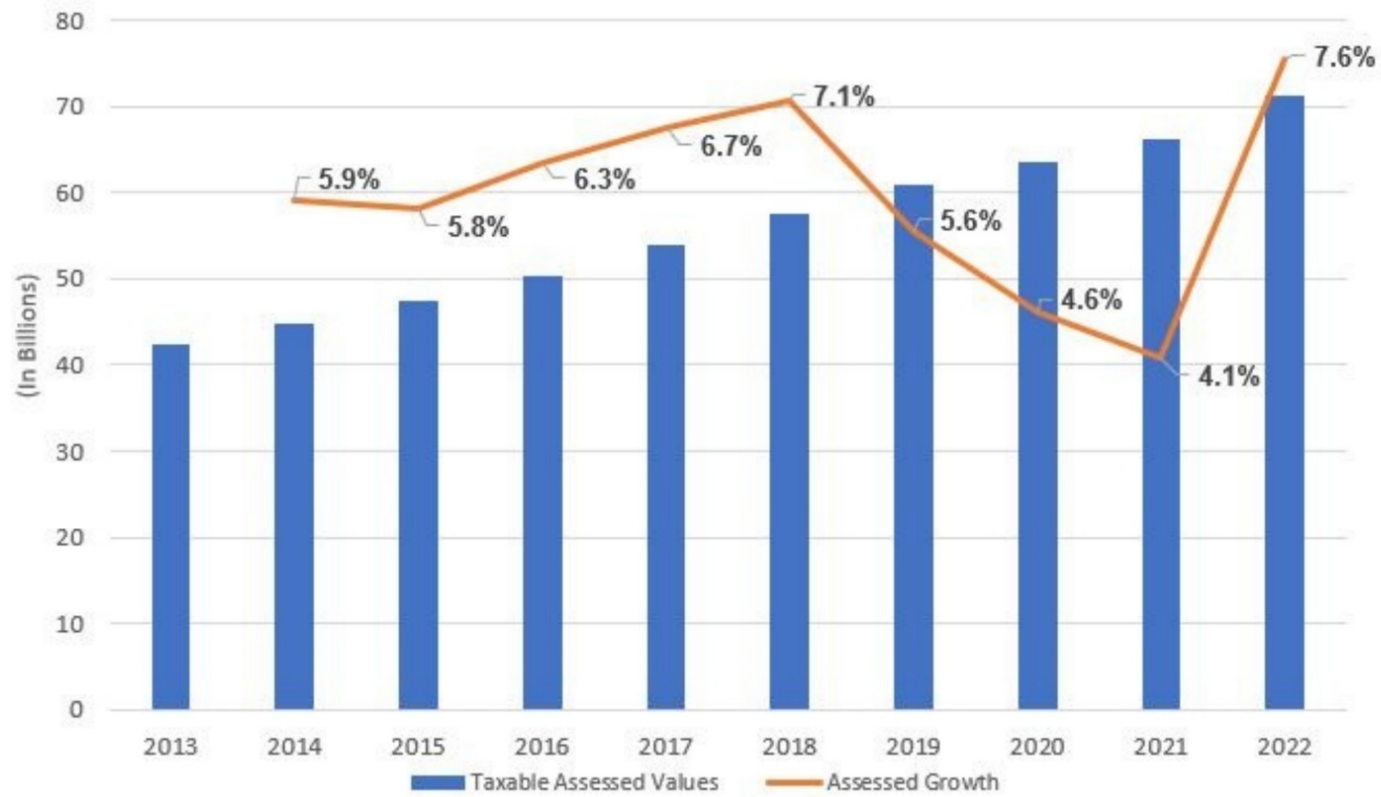
Property Tax Strength -  
Projected to grow to a  
record \$131M, primarily  
driven by median home  
prices now exceeding \$3M  
and higher assessed values  
as homes are sold

**AV Growth**

**Transfer  
Tax**

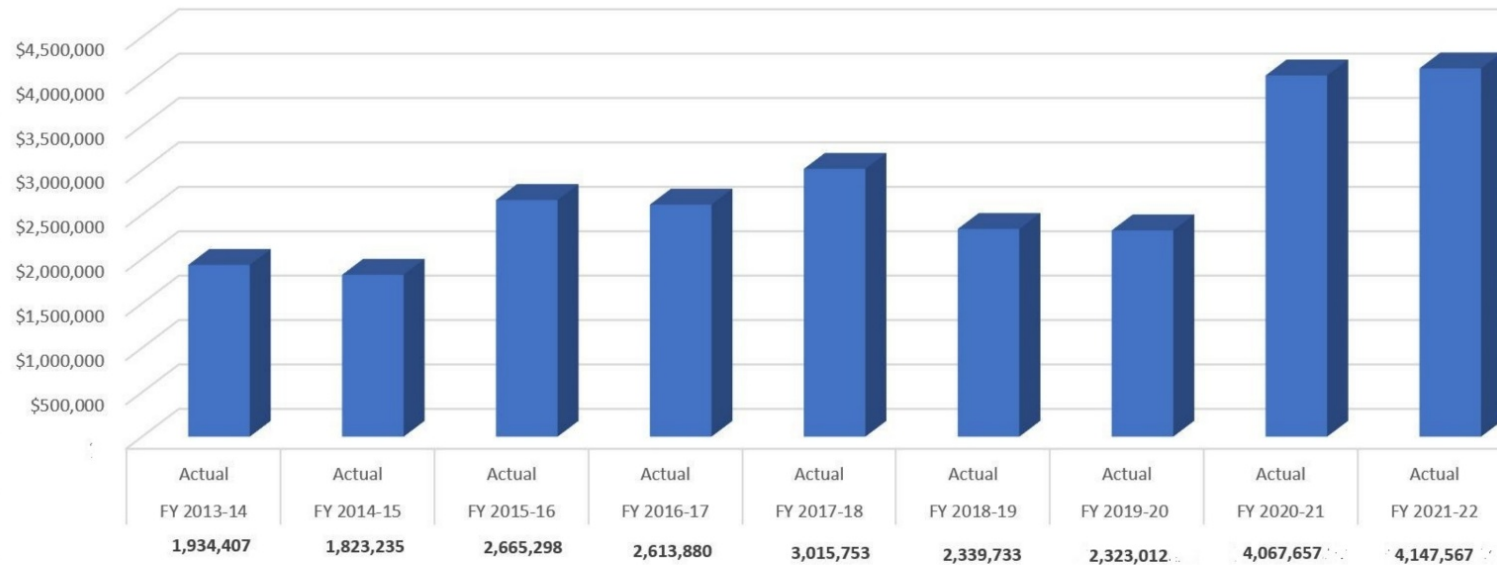
**Building  
Permit  
Revenue**

### Newport Beach Assessed Valuation Growth Tax Year 2022/23

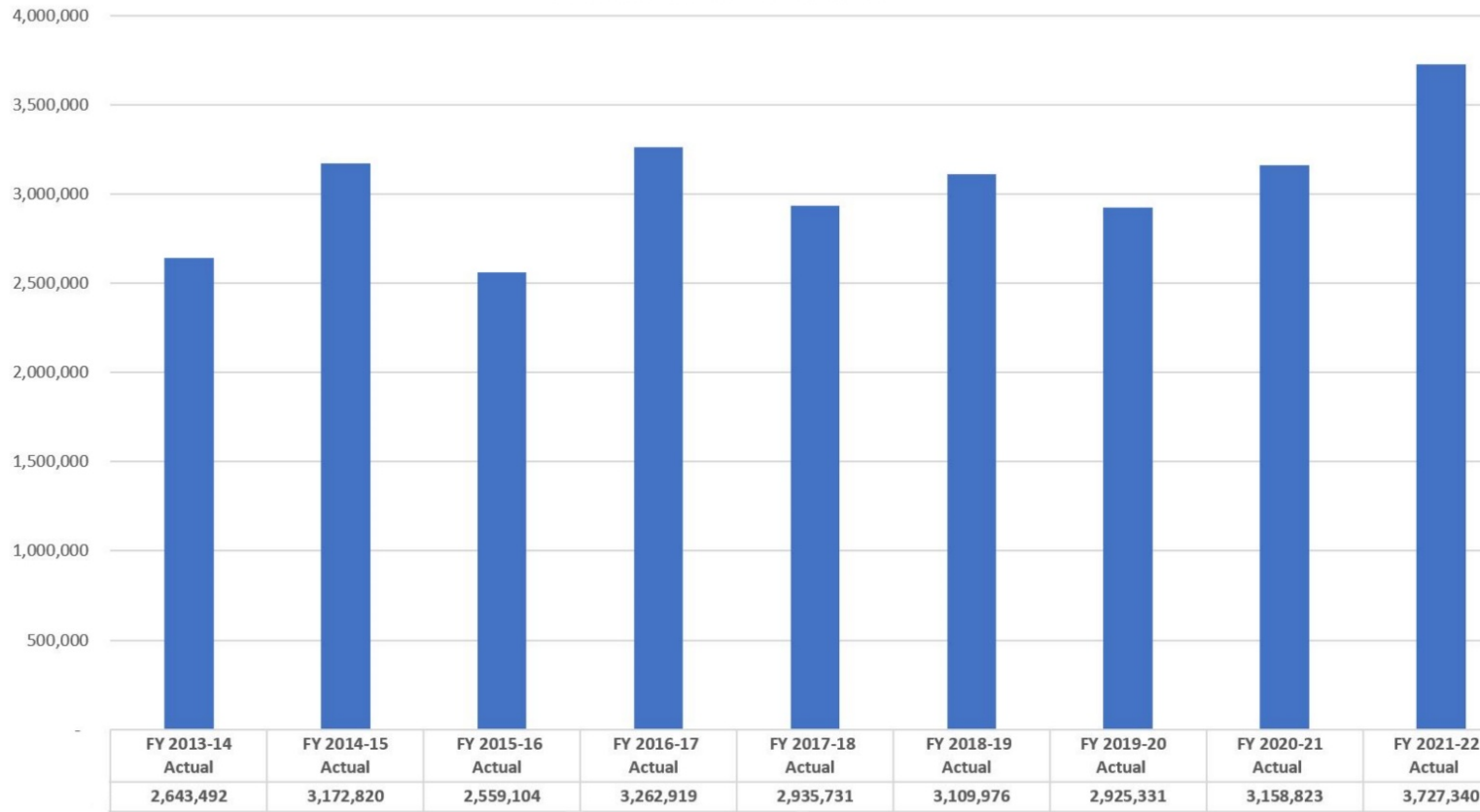




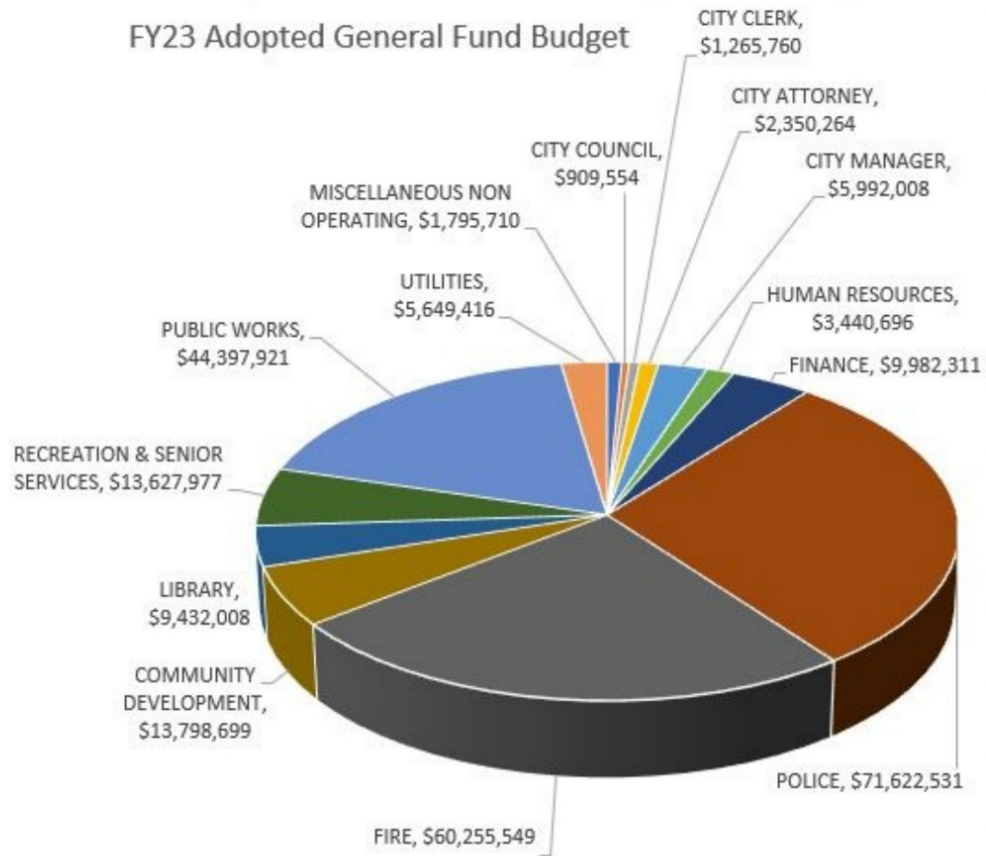
# Property Transfer Tax



### BUILDING PERMIT REVENUE



## FY23 Adopted General Fund Budget



By  
Category

Key  
Enhancements





	2020 Adopted	2021 Adopted	2022 Adopted	2023 Adopted
SALARIES & BENEFITS	147,664,673	149,193,631	151,713,101	163,463,320
CONTRACT SERVICES	24,898,225	24,088,461	24,702,901	26,873,734
GRANT OPERATING	120,000	600,000	600,000	548,485
UTILITIES	3,320,958	2,961,757	3,011,315	3,837,745
SUPPLIES & MATERIALS	4,278,799	3,740,696	3,739,730	3,902,350
MAINTENANCE & REPAIR	8,931,520	8,822,276	12,640,923	13,282,330
TRAVEL & TRAINING	957,383	813,368	814,868	833,758
GENERAL EXPENSES	2,204,206	2,125,501	2,130,552	2,178,896
INTERNAL SVC CHARGE	25,150,611	25,977,295	25,078,890	28,190,206
RISK MANAGEMENT	780,915	750,915	750,915	255,915
CAPITAL EXPENDITURES	804,645	785,138	780,438	1,153,666
<b>Grand Total</b>	<b>219,111,935</b>	<b>219,859,038</b>	<b>225,963,632</b>	<b>244,520,405</b>

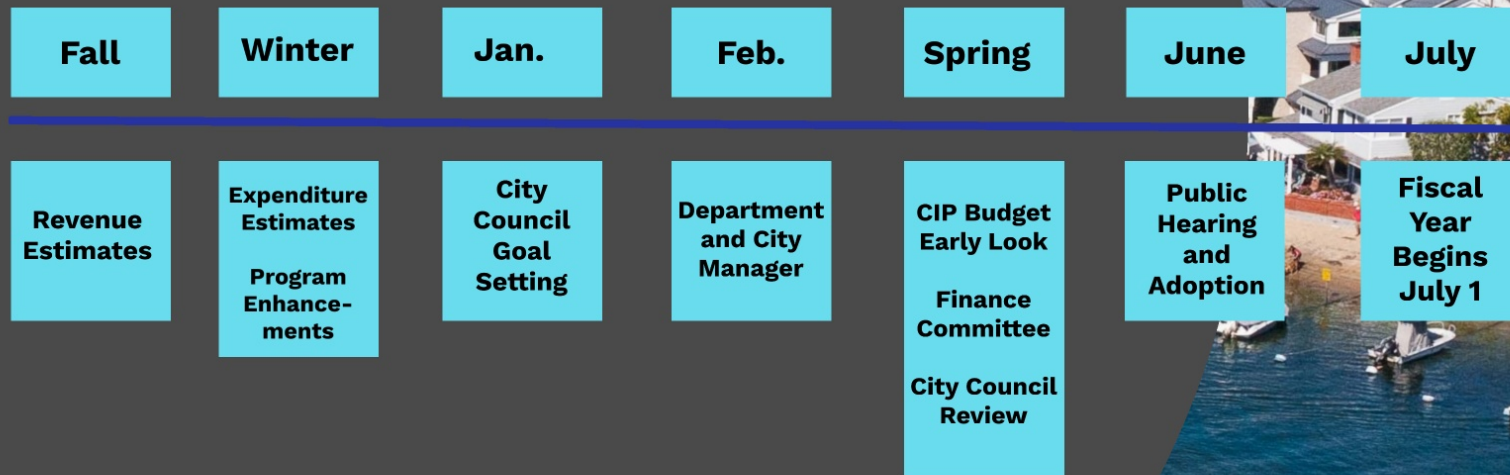
# Key Enhancements

- Increased additional payment to unfunded pension liability to \$40M
- Be Well OC - \$1M
- Additional \$1M to building maintenance
- \$910,000 for fire station alerting system and vehicle ventilation systems
- \$300,000 for CDD contract staffing
- \$290,000 for PD body worn cameras
- \$250,000 for sand management equipment





# Annual Budget Process (Fiscal Year July 1-June 30)





# Capital Improvement Projects

	FY 19 Adopted	FY 20 Adopted	FY 21 Adopted	FY 22 Adopted	FY 23 Adopted
CIP Budget	46,807,906	45,686,890	31,377,224	35,506,078	70,580,292



Junior Lifeguard Building

Library Lecture Hall

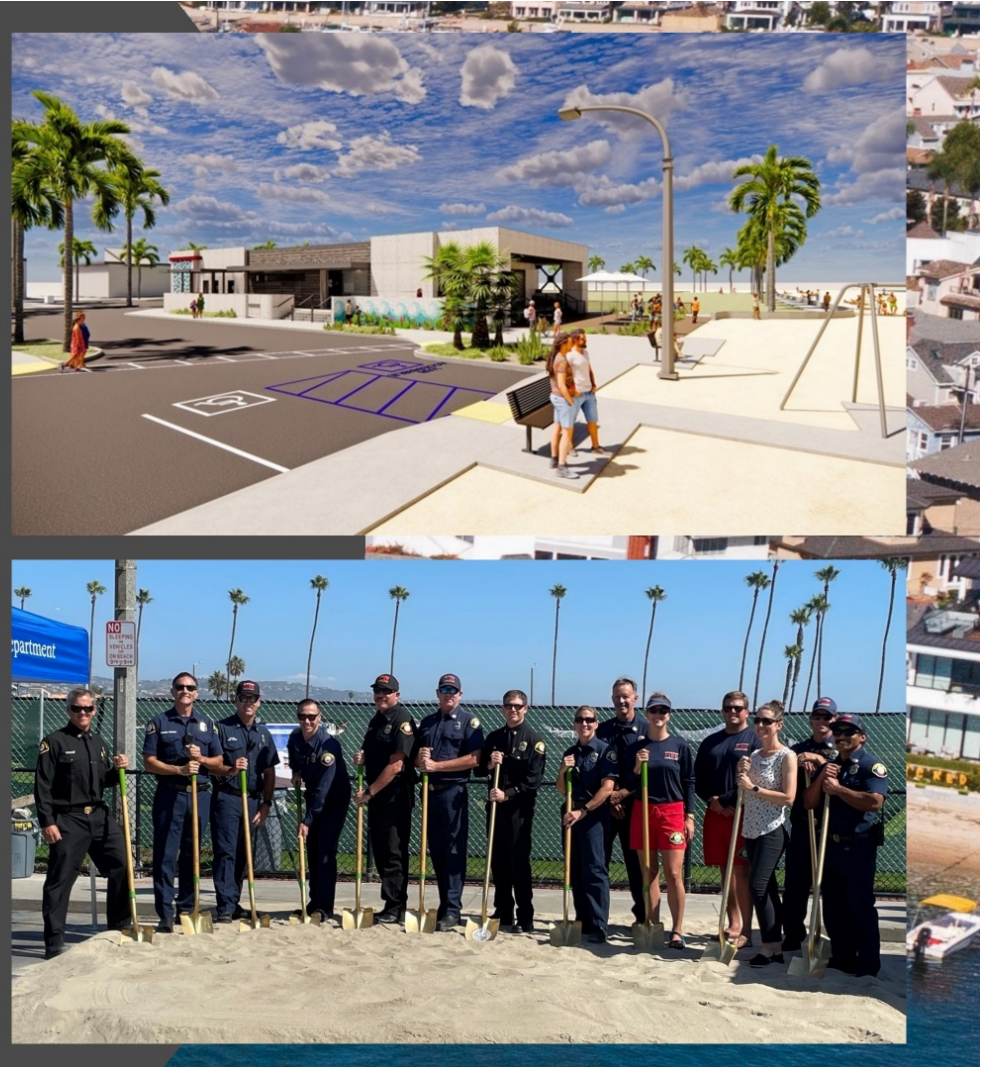
Superior Ave. Bridge

Utilities Infrastructure

Balboa Island Drainage

# Jr. Lifeguard Building

- Broke ground in September
- Construction to be completed Memorial Day 2023
- \$7.8 million total project cost (shared)
  - \$5.2 million from American Rescue Plan Act
  - \$2.05 million from private donations to the Junior Lifeguard Foundation





# Library Lecture Hall

- Approx. \$15.6 million cost shared in public-private partnership
- 9,500 sq. ft.
- Located South side of Central Library
- Design complete
- RFQ to be released this month
- Project award expected March 2023
- Estimated construction 14 months





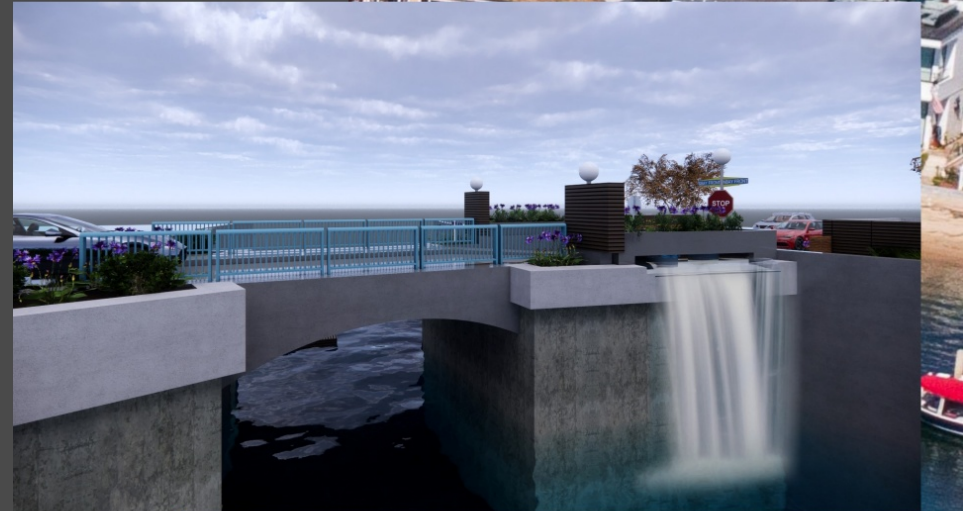
# Superior Avenue Pedestrian Bridge

- Est. \$15.5 million pedestrian bridge at Superior and PCH
- Construction bids received October 27
- Staff is evaluating bids
- Construction proposed to start January 2023 following Council approval



# Balboa Island Drainage System

- New pump and storm drain system to replace aging manual system
- Hydrology and hydraulics studies completed this month
- Plans and permitting expected to be complete in Fall 2023
- Construction expected to begin in 2024





# Utilities Infrastructure

- Underground infrastructure is aging - some systems more than 100 years old
- City maintains:
  - 302 miles of potable water pipes, including underwater pipes
  - 95 miles of storm drain pipes
- City will determine amount of investment needed in coming decades and may adjust rates to finance





# Current Issues

- Employee recruitment and retention
- General Plan update
  - Housing Element implementation
- Climate change resilience
  - Drought response
  - Sea level rise
  - Environmental justice




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**CITY OF NEWPORT BEACH**  
**The Week in Review**  
A Weekly Newsletter from City Manager Grace K. Leung

**Community Members:**



Due to the City's fiscal discipline and stronger recovery than expected from the pandemic, the City has a budget surplus from the past several fiscal years. Together with funds received from the federal American Rescue Plan Act, Newport Beach is able to devote additional resources to new infrastructure projects such as the Jr. Lifeguard Headquarters and Library Lecture Hall, and focus on neighborhood improvements such as park, street and sidewalk upgrades to ensure our existing assets continue to serve our community well for years to come.


Every planned project is outlined in our Five-Year Capital Improvement Program (CIP), which is updated in the first quarter of each year in preparation for the fiscal year budget adoption in June. An important step in this process is the CIP "early look" City Council study session, which will be next week, Tuesday, March 8 at 4 p.m. Staff will review the proposed projects for FY 2022-23.

I encourage you to attend the meeting at the Civic Center Council Chambers, 100 Civic Center Dr., or watch the [live webcast](#). To provide input to the Council as they assess spending priorities and projects, you can speak at the meeting during public comment, or email our City Clerk's office prior to the meeting.

**City Manager, Grace K. Leung**

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**Fire Department Welcomes New Recruits**



The Newport Beach Fire Department's Basic Fire Academy began on Monday, February 28 with eight new recruits, including five firefighters and three paramedics. Following graduation from the academy they will start as probationary firefighters in mid-April. We are very excited to have our new recruits on board and wish them great success in their training.

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**Community Development Releases Latest Activity Report**



The Community Development Department's Activity Report for the 4th Quarter of 2021 is now available to the public. The report compiles operational statistics to illustrate the volume of business activity that the department handles on a quarterly basis.



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