

**CITY OF NEWPORT BEACH
CITY COUNCIL FINANCE COMMITTEE
MINUTES**

The Finance Committee met at 2:00 p.m. on Tuesday, July 12, 2011, in the Council Conference Room, 3300 Newport Blvd., Newport Beach, California 92663.

I. ROLL CALL

Present: Council Member Keith Curry (Chair), Council Member Leslie Daigle and Mayor Mike Henn

Staff present: City Manager Dave Kiff, Assistant City Manager Dana Smith, Administrative Services Director Tracy McCraner, Revenue Manager Evelyn Tseng and Administrative Coordinator Tammie Frederickson

Outside entities: Tim Downey and Muhammad Mansoor, Central Parking System

Members of the Public: Jim Mosher

II. APPROVAL OF MINUTES

The minutes for the Finance Committee meeting of June 13, 2011, were approved as submitted.

III. PUBLIC COMMENTS

Mr. Mosher thanked staff for including an explanation of the discussion items on the agenda and for making the staff reports available in advance. He commented on a recent Grand Jury report regarding a compensation study of Orange County cities. He agreed with the finding in the report that transparency in how salaries and benefits are reported for key staff is an area for improvement. He said the report recommends that contracts for key employees be readily accessible on the Web site and he pointed out the City Council has approved contracts with an unlimited term unlike other cities in the County that limit terms to three years. Mr. Mosher commented on the Facilities Financing Plan and questioned the intent to use certificates of participation to finance replacement of facilities instead of saving money for that purpose.

Council Member Curry responded the City makes contributions to the Facilities Financing Plan when it can and he pointed out an additional \$5 million will go to reserves this year. He said the Grand Jury report used a per capita analysis which disadvantages a city like Newport Beach because we're a full service city with a big revenue base and a small population. He explained that in other cities the

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administration office of the Administrative Services Department**

costs to run the city are divided into a larger population such as Costa Mesa and Irvine and those cities don't run their own water departments or have their own library services.

Mayor Henn added that there is nothing wrong with being different and he is not troubled by how contracts with employees are organized.

III. DISCUSSION/ACTION ITEMS

A. Parking Meter Implementation Update

Administrative Services Director McCraner introduced Tim Downey, Director of Operations and Muhammad Mansoor, Orange County General Manager from Central Parking System (CPS). Ms. McCraner said parking meter revenue has increased almost 31% compared to the same period last year, May 1st through July 4th. A detailed breakdown of the credit card, transaction and gateway fees was provided and Ms. McCraner commended CPS for the revenue reports which facilitate real-time analytical review. She noted that credit cards were used about 40% of the time by our customers. In response to a question by Council Member Daigle, Ms. McCraner said cell phone transactions have not yet been incorporated.

Ms. McCraner spoke about the meter upgrade of 1,681 meters. This was about 60 more than originally planned and includes the Superior and 26th Street lots. She commented that meters needing repair are reported by customers on the 24-hour hotline and repairs are made within hours helping with customer satisfaction and revenue generation.

Council Member Daigle observed the Cannery Village and Newport Boulevard lots show increased revenue. Mr. Downey stated better attention to the meters by keeping them in working order attributes to the growth. He noted the McFadden, Newport Business and Oceanfront lots produce about 40% of the entire system revenue. Ms. McCraner commented on the higher level of customer service being provided and added that having the presence of more parking ambassadors on the streets is another way to help customers with proper payment of the meters.

Ms. McCraner explained a full reconciliation will be done at the sixth month mark to determine the revenue split with CPS. Mayor Henn suggested that because last summer was unseasonably cool it would be a truer comparison to compare revenue to two years ago. He encouraged an analysis be done of the lots showing a decline in revenue that did not receive the upgraded credit card meters. Mr. Downey expounded on other metrics used to further analyze volume per meter.

B. Preliminary 6/30/11 Treasurer's Report

Ms. McCraner presented the Treasurer's Report for the quarter ending June 30, 2011, and noted staff is in the process of doing a comparison analysis on the performance of the three investment advisors.

Mr. Mosher questioned if the City Council made the selection of the investment advisors. Ms. McCraner explained following a formal Request for Proposal competitive process, the Administrative Services Department made a recommendation for the Finance Committee's concurrence on the three investment firms selected to enter into contract for Council's approval.

C. Preliminary Year-End Projections for FY 2010-11

Ms. McCraner said the year-end close is in process and final year-end figures will be available in the September timeframe. She previewed the preliminary year-end projections. Sales tax is estimated to exceed budget by about \$1 million higher than original projections, property tax is up about \$200,000 and TOT is coming in strong. She estimated the "Top 3" revenue sources are projected to exceed budget by \$3.1 million.

She pointed out that all City departments have been diligent in monitoring their budgets throughout the year and appropriations savings are estimated at approximately \$3 million. She confirmed those appropriations savings are from operations and not General Fund capital improvements. It includes salary savings and significant contract savings.

Ms. McCraner said the combined total of \$6.1 million will go to the Appropriations Reserve and be available for future Council appropriations and City Manager assignment per Council Policy.

In response to a question raised by Council Member Daigle, Ms. McCraner stated that \$29 million has been expended on the \$123 million Civic Center project year to date.

IV. MATTERS WHICH A COMMITTEE MEMBER MAY WISH TO PLACE ON A FUTURE AGENDA

Council Member Curry requested a report on the impact of VLF cuts or other State diversions.

Mayor Henn requested a review on how the West Newport Facilities Plan will be incorporated into the Facilities Financing Plan.

V. ADJOURNMENT

The Finance Committee adjourned at 2:50 p.m.

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

Attest:

Tracy M. McCraner
Administrative Services Director

Date

DRAFT