

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

June 11, 2012

TO: HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE

FROM: Finance Department
Tracy McCraner, Finance Director
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SUBJECT: BUDGET ADOPTION AND BUDGET CHECKLIST FY 2012-13

ABSTRACT:

The City Manager and Finance Department presented a balanced proposed budget for Fiscal Year (FY) 2012-13 to the Finance Committee on Monday, May 7, 2012. This meeting will be an opportunity for the committee to review and comment on the recommended changes to the proposed budget, or budget checklist, which includes all recommendations from the City Council and the City Manager. FY 2012-13 Budget Adoption, including the checklist, is scheduled for City Council approval on Tuesday, June 12, 2012.

BACKGROUND:

Pursuant to Section 1102 of the Newport Beach City Charter, and Council Policy F-3 titled Budget Adoption and Administration, the Proposed Budget for the 2012-13 fiscal year was first submitted to the City Council on May 3, 2012. The City Council held budget study sessions on May 8 and May 22 to review the City Manager's Proposed Budget for the 2012-13 fiscal year. A third budget presentation took place during the regular session of the Council at the meeting of May 22, 2012.

The City Manager's Proposed Budget for Fiscal Year 2012-13 was prepared based on four important values: 1) our desire to maintain a quality, physical environment; 2) support extraordinary public safety; 3) an engaged citizenry; and 4) be a responsive, customer focused, and transparent government. Our core budget principles were to keep the FY 2012-13 budget generally flat when compared to the FY 2011-12 original budget, which included \$8 million in operating department structural reductions. The proposed budget accounts for previously approved increases in contractual obligations, increases the investment in information technology, continues to invest in our workforce to develop a smarter yet smaller organization, and most importantly, does not draw from our reserve funds. We also continue to increase our investment in our infrastructure by increasing our General Fund capital improvement project budget to \$3.6 million, up from \$2 million in original FY 2011-12 appropriations, and by increasing the annual General Fund contribution to our facilities financing plan to \$7.5 million, up from \$5.0 million.

The City Manager's Proposed FY 2012-13 Budget includes funding for 755 full-time and 126.14 full-time equivalent (part-time) positions, a reduction of 8 full-time and an increase of 2.87 full-time equivalent positions from FY 2011-12. This is the result of continued departmental restructuring, realignment of functions, and contracting out. Three additional position eliminations are being submitted for consideration on the Budget Checklist: 1) one groundsworker I and, 2) two utilities specialists (one in water and one in wastewater.)

The City Manager is recommending changes to the Proposed FY 2012-13 Budget released on May 3, 2012. These changes are found in the budget checklist. As stated in City Council Policy F-3, all Council directed changes to the City Manager's Proposed Budget during the final Council meeting will be added to the budget checklist. The Mayor will call for a straw vote on each checklist item during the June 12, 2012, public meeting. Please find Attachment "A" which is an itemized listing of all proposed City Manager budget checklist items.

This year, the Budget Checklist items are summarized as follows:

Proposed Budget Checklist Summary:	General Fund	All Other Funds	Total All Funds
Supplemental Expenditure Budget Requests	\$ 1,408,984	\$ 1,023,479	\$ 2,432,463
CIP Rebudgets/Changes	(73,833)	134,292	60,459
Total FY 12-13 Budget Checklist	\$ 1,335,151	\$ 1,157,771	\$ 2,492,922
	General Fund	All Other Funds	Total All Funds
Supplemental Revenue Budget Requests	\$ 25,000	\$ 1,453,224	\$ 1,478,224
Total FY 12-13 Budget Checklist	\$ 25,000	\$ 1,453,224	\$ 1,478,224

CONCLUSION:

The proposed FY 2012-13 Budget is balanced at \$260,101,781 for all funds. The preliminary checklist, as attached, increases the proposed budget as follows:

- Operating budget increases \$2,432,463
- CIP budget increases \$ 60,459
- Estimated revenue increases \$1,478,224

The operating budget increase is greater than the revenue budget increase due to the planned purchase of a fire pumper, ladder truck and medic unit. All vehicles are funded through the Equipment Maintenance Fund by reserves previously established for these expected replacements. All checklist recommendations were funded by re-prioritizing projects or programs and using restricted revenues. The proposed budget combined with the checklist remains balanced at \$262,594,703 for all funds.

Prepared by:

/s/Tracy McCraner

Tracy McCraner
Finance Director

Attached: Budget Checklist – Attachment “A”

**Budget Checklist - Amendments to the Proposed Budget
Fiscal Year 2012-13**

Department/Account Number/Description	Budget Increase (Decrease)	Approved
CHANGES TO THE PROPOSED BUDGET AS PRINTED - EXPENDITURES		
City Council		
0110-8250 Increased Special Event Funding	\$ 12,200	
0110-8250 Balboa Island Historical Society	\$ 15,000	
Finance		
0643-8080c CPS Contract - Parking Lot Meters	\$ (436,617)	
Library		
4002-8012 Programming - Museum & Cultural Tours	\$ 5,000	
Municipal Operations		
3170-7#### Eliminate Groundworker I	\$ (81,649)	
5500-7#### Eliminate Utilities Specialist - Water	\$ (75,588)	
5600-7#### Eliminate Utilities Specialist - Wastewater	\$ (91,933)	
6120-9100 Fire Pumper, Ladder Truck, Medic Unit	\$ 1,793,000	
Public Works Department		
741x-C1002### City Hall Interim Use Plan - Remove from Major Facilities Master Plan Fund	\$ (500,000)	
7011-C1002040 City Hall Interim Use Plan - New Amount for General Fund Appropriation	\$ 100,000	
7013-C2201000 Streetlight Replacement Program	\$ 150,000	
7014-C8002022 SCE Rule 20A Credits Purchase	\$ 974,000	
7414-C1002037 Lifeguard HG Rehabilitation - Postpone construction 1 yr	\$ (1,350,000)	
7014-C8002031 Local Coastal Program Plan Implementation	\$ 75,000	
7014-C3002020 Bayside Cove Public Walkway	\$ 40,000	
7013-C3002021 Eastbluff Bicycle Lane at Jamboree Road	\$ 35,500	
7251-C3002021 Eastbluff Bicycle Lane at Jamboree Road	\$ 236,000	
7014-C3002022 Newport Coast Drive Monument Signs	\$ 50,000	
7013-C2002063 Balboa Boulevard Landscaping	\$ 265,000	
7013-C2002064 Bristol Street S. Median Landscaping (grant match)	\$ 125,000	
7251-C2002064 Bristol Street S. Median Landscaping (grant)	\$ 375,000	
7013-C2002065 Corona del Mar Entry Improvements	\$ 25,000	
7013-C2002066 Old Newport Boulevard Streetscape	\$ 50,000	
7513-C5500637 Irrigation-Citywide Central Computer System - Delete project	\$ (90,000)	
5070-8080 Irvine Ranch Conservancy - Transfer contract funds	\$ (185,000)	
7231-C4801003 Bay Beach Sand Management - Increase budget	\$ 200,000	
7253-C2002047 Major Arterial Street Repair Program	\$ 327,000	
7181-C2002048 Newport Boulevard and 32nd Street Modification	\$ 50,000	
7181-C2002058 Balboa Boulevard Channel Road Pavement Reconstruction	\$ (300,000)	
7281-C2002058 Balboa Boulevard Channel Road Pavement Reconstruction	\$ (392,224)	
7185-C2002058 Balboa Boulevard Channel Road Pavement Reconstruction	\$ 692,224	
7251-C2002067 Park Avenue Over Grand Canal Bridge Replacement	\$ 150,000	
Recreation		
4510-8080 Irvine Ranch Conservancy Contract	\$ 190,550	
TOTAL CHANGES TO THE PROPOSED OPERATING BUDGET	\$ 2,432,463	

CHANGES TO THE PROPOSED BUDGET AS PRINTED - REVENUE

Department/Account Number/Description	Budget Increase (Decrease)	Approved
5100-5918 Corona del Mar Entry Improvements	\$ 25,000	
250-OCTA bicycle Bristol Street South Median Landscaping	\$ 375,000	
250-OCTA bicycle Eastbluff Bicycle Lane at Jamboree Road	\$ 236,000	
185-4803 Balboa Boulevard Channel Road Pavement Reconstruction	\$ 692,224	
250-4863 Park Avenue Over Grand Canal Bridge Replacement	\$ 150,000	
TOTAL CHANGES TO THE PROPOSED REVENUE BUDGET	\$ 1,478,224	

TOTAL CHANGES TO THE PROPOSED BUDGET BY FUND

General Fund	\$ 1,433,984
Equipment Maintenance Fund	\$ 1,793,000
Major Facilities Master Plan Fund	\$ (500,000)
Lifeguard Headquarters Fund	\$ (1,350,000)
Tidelands Fund	\$ 200,000

Gas Tax Fund	\$	(250,000)
Measure M Fund Turnback Fund	\$	(392,224)
Prop 1B Transportation Fund	\$	1,384,448
Bristol Street Relinquishment Fund	\$	327,000
Contributions Fund	\$	1,522,000
Water Enterprise Fund	\$	(165,588)
Wastewater Enterprise Fund	\$	(91,933)
Total Changes to the Proposed Budget	\$	<u>3,910,687</u>

CAPITAL IMPROVEMENT PROGRAM - REBUDGETS

<u>Department/Account Number/Description</u>	<u>Budget Increase (Decrease)</u>	<u>Approved</u>
Public Works		
7012-C2502010 Storm Drain Interceptors	\$ (6,200)	
7231-C4402010 Eelgrass Mapping	\$ (25,000)	
7281-C2002043 Abalone and Crystal Pavement Rehabilitation	\$ (373,200)	
7521-C2002043 Abalone and Crystal Pavement Rehabilitation	\$ (2,000)	
7281-C2002043 Bay Avenue Pavement Rehabilitation	\$ (488,948)	
7284-C2002019 Jamboree Road Widening	\$ (586,758)	
7414-C1002037 Lifeguard HQ Rehabilitation	\$ (66,000)	
7231-C1002036 Balboa Yacht Basin Facility Improvements	\$ 14,585	
7281-C2002045 Dover Drive Peninsula Point Pavement Rehab. Design	\$ 200,000	
7012-C2502011 Bayside Dr Riverside Ave Storm Drain Improvements	\$ 49,792	
7410-C1002009 Civic Center and Park	\$ 577,844	
7410-C1002030 Civic Center and Park - Construction	\$ 204,349	
7410-C1002035 Civic Center and Park - Loss Claims	\$ 734,524	
7415-C1002038 Master Facilities Plan - Planning Efforts	\$ 187,601	
7412-C5100515 Sunset Ridge Park	\$ (78,150)	
7511-C6002008 Corona del Mar Water Transmission Main	\$ (34,234)	
7411-C4002002 Marina Park	\$ (37,870)	
7012-C2502006 19th Street Tidegate Retrofit	\$ (117,425)	
7231-C2502006 19th Street Tidegate Retrofit	\$ (92,451)	

TOTAL CAPITAL PROJECT REBUDGETS **\$ 60,459**

CAPITAL IMPROVEMENT PROGRAM REBUDGET BY FUND

General Fund	\$	(73,833)
Tidelands Fund	\$	(102,866)
Measure M Turnback Fund	\$	(662,148)
Measure M Competitive Fund	\$	(586,758)
Water Capital Fund	\$	(36,234)
Master Facilities Fund	\$	1,522,298
Total CIP Rebudgets/Changes	\$	<u>60,459</u>