



CITY OF NEWPORT BEACH FINANCE COMMITTEE AGENDA

Newport Coast Conference Room, Bay 2E
100 Civic Center Drive, Newport Beach
Monday, May 13, 2013 – 4:00 PM

Finance Committee Members:

Mike Henn, Council Member, Chair
Keith Curry, Mayor
Tony Petros, Council Member

Staff Members:

Dave Kiff, City Manager
Dan Matusiewicz, Finance Director
Steve Montano, Deputy Finance Director

1) CALL MEETING TO ORDER

2) ROLL CALL

3) 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 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.

4) APPROVAL OF MINUTES

Approval of minutes of the Finance Committee meeting of April 22, 2013.

5) CURRENT BUSINESS

A. Budget Review: The Finance Director will provide an overview of the FY 2013-14 Proposed Budget. This will be a preview to the study session presentation scheduled for the Council Meeting on Tuesday, May 14, 2013.

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

7) ADJOURNMENT

This Finance Committee is subject to the Ralph M. Brown Act. Among other things, the Brown Act requires that the Finance Committee's 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 Finance Committee and items not on the agenda but are within the subject matter jurisdiction of the Finance Committee. The Finance Committee may limit public comments to a reasonable amount of time, generally three (3) minutes per person.

It is the intention of the City of Newport Beach 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, the City of Newport Beach will attempt to accommodate you in every reasonable manner. If requested, this agenda will be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Please contact the City Clerk's Office 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) 644-3005 or cityclerk@newportbeachca.gov.

**CITY OF NEWPORT BEACH
CITY COUNCIL FINANCE COMMITTEE
APRIL 22, 2013 MEETING MINUTES**

1. CALL TO ORDER

The meeting was called to order at 4:05 p.m. in the Council Conference Room, 3300 Newport Blvd., Newport Beach, California 92663.

2. ROLL CALL

Present: Council Member Mike Henn (Chair), Mayor Pro Tem Keith Curry and Council Member Tony Petros

Staff present: City Manager Dave Kiff, Finance Director Dan Matusiewicz, Deputy Finance Director Steve Montano, Accounting Manager Rukshana Virany and Administrative Coordinator Tammie Frederickson

Members of the public: Jim Mosher

3. PUBLIC COMMENTS

Council Member Henn noted that written comments received from Mr. Mosher prior to the meeting contained a lot of informational questions and he directed staff to provide answers to Mr. Mosher in a satisfactory way. Mr. Mosher expressed his hope that his written comments will be archived with the minutes and Finance Director Matusiewicz confirmed that the same method used by the City Clerk of adding written comments will be followed.

4. APPROVAL OF MINUTES

Mr. Mosher provided suggested grammatical corrections to the March 25, 2013, minutes. Mayor Curry moved, Council Member Petros seconded to approve the minutes with the grammatical corrections.

5. CURRENT BUSINESS

A. Reserve Policy Review and Update

Mr. Matusiewicz provided an overview of the governmental accounting categorization of funds noting that governmental and proprietary funds have a different measurement focus and basis of accounting. The term fund balance is used for governmental accounting and net working capital is the term used to describe proprietary fund reserves. Accounting standards further break down fund balance restrictions to categories defined as non-spendable, externally restricted, committed, assigned or unassigned.

Mr. Matusiewicz went on to summarize the proposed changes to the Reserve Policy. Council Member Henn confirmed that the only significant change to the

Contingency reserve adds a provision that explicitly states it can be also be used for debt service obligations. Correctly representing requirements within Council Policy B-2 will be reflected by restating how money will be set aside in a Senior Center and Recreation Facilities Rental Reserve for equipment replacement or facility refurbishment as opposed to for a Senior Center site.

Mr. Matusiewicz noted that revised wording for infrastructure replacement funding in the Water and Wastewater Enterprise Funds aligns the contribution level with funding requirements of the Water Master Plan. A revision to the Internal Service Funds section of the Policy will make it incumbent on the Finance Director to recommend realignments when appropriate as part of the annual budget adoption. Council Member Henn suggested revised wording in this section to reflect that the Finance Director makes recommendations to the City Council for approval.

Mr. Matusiewicz confirmed the proposed changes will not result in any net financial effect on the reserve balances.

Mr. Mosher questioned whether the Off Street Parking fund is categorized correctly to be consistent with provisions in Section 1113 of the Charter. Council Member Petros reviewed the Municipal Code and Charter, and confirmed that the City Council has authority to direct funds to the Off Street Parking fund.

Mayor Curry moved, Council Member Petros seconded to forward the recommended Policy revisions as discussed to the full Council for approval. The motion was unanimously approved.

B. Final Review of Debt Management Policy and Changes to Facilities Replacement Program Policy F-28

Deputy Director Montano commented that the Debt Management Policy has been further refined in response to Finance Committee feedback given at the March 25, 2013, meeting. Additionally, revisions are proposed to Council Policy F-28, Facilities Replacement Program to establish a floor of 3% for the annual General Fund contribution as opposed to a ceiling. A similar change is proposed to align the Fiscal Sustainability Plan with the proposed debt policy.

Committee Members unanimously approved the recommended new policy and proposed that policy revisions be forwarded to the City Council for approval.

C. Second Review of Facilities Finance Plan (FFP)

Mr. Matusiewicz discussed changes made to the FFP to enhance the Plan as directed by the Finance Committee at the previous meeting. The biggest impact was the inclusion of additional developer contributions projected over the next year. He noted there would be very little debt that needs to be issued to complete the Plan. The average General Fund contribution over a 30-year period is sustainable at 4.3%.

Council Member Petros commented a sensitivity analysis on construction costs over time may be warranted as it is a sensitive variable.

Council Member Henn instructed park-in-lieu items should be identified as such in the descriptions and Uptown Newport should be adjusted to reflect the credit for developer contribution.

There was discussion on stylistic consistency on how the planning tool is referred to in various documents and a consensus was reached to name it the Facilities Financial Planning Tool (FFPT). The formerly named Facilities Replacement Plan shall be named the Financial Planning Reserve fund. The next step will involve briefing the City Council on the FFPT as part of the budget discussion.

D. Quarterly Financial Review, FY 2013-14 Budget Update and Review of Long-range Fiscal Forecast

Council Member reviewed the outline proposed for the Quarterly Financial Report (QFR) for the quarter ended March 30, 2013, which will be going to the Council with the Quarterly Business Report on May 28, 2013. Mayor Curry commented that the report should focus on looking at the rate of expenditures relative to the budget. He discussed the items to be included as part of the FY 2013-14 budget discussion which is separate and not part of the QFR.

Council Member Henn pointed out it would be beneficial to communicate that much of projected future infrastructure spending will be cash because of conservative management and thorough planning.

E. 2013 Work Plan Update

The revised Finance Committee Work Plan was presented and includes review of QFRs prior to City Council review. The fourth quarter FY 2013 QFR will be included on the September 23, 2013, Finance Committee agenda for review and will be included in the City Manager's Quarterly Business Report (QBR) on the October 22, 2013, City Council agenda. The first quarter FY 2014 QFR will be scheduled for review by the Finance Committee at the meeting of November 14, 2013, and will be included in the QBR for the City Council agenda of December 10, 2013.

Council Member Petros questioned the last time that traffic fees were reviewed and expressed an interest in updating such fees on a regular basis. City Manager Kiff explained the review process for fees which is on a 3-year cycle for each department.

Council Member Henn directed language added to the work plan that auditors will contact members of the Finance Committee individually to discuss the audit work plan and if auditors determine any potential areas of concern, they will request Finance Director to convene a meeting of the Committee.

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

No future agenda items were discussed other than items that will be revised and brought back as directed.

7. **ADJOURNMENT**

The Finance Committee adjourned at 5:30 p.m.

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

Attest:

Mike Henn, Chair
Finance Committee Chair

Date

DRAFT

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

Agenda Item No. _____
May 13, 2013

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: FINANCE DEPARTMENT
Dan Matusiewicz, Finance Director
(949) 644-3123 or DanM@NewportBeachCA.gov

SUBJECT: FY 2013-14 BUDGET TRANSMITTAL

SUMMARY:

As the result of favorable economic trends, the General Fund's top three revenue sources (Property Tax, Sales Tax and Transient Occupancy Taxes) are performing better than projected in the FY 2012-13 budget and are expected to continue their climb into positive territory in FY 2013-14. The FY 2013-14 budget was developed in furtherance of the following principles: adherence to the Fiscal Sustainability Plan, maintaining or increasing investment in our infrastructure and neighborhood beautification, addressing pension costs comprehensively and aggressively, reinforcing public safety, and balancing the budget in manner that does not rely solely on increased revenues from an expanding economy.

Management has taken a deliberative and disciplined approach to the programs proposed in this balanced budget. In summary, the City Council will consider the following proposals, among others, as reflected in the Performance Plan and the Detailed Budget:

- **Facilities.** The City continues its financial commitment to the Facilities Financial Planning Reserve in FY 2013-14 with a \$7 million transfer from the General Fund. This represents a \$3 million increase from the prior year that will provide for the following projects in the coming year: Marina Park, Sunset Ridge, Lifeguard Headquarters and the Corona del Mar Fire Station.
- **Basic Infrastructure – \$5M in General Fund CIP.** In FY 2013-14, General Fund contributions in the amount of \$5 million to the CIP will provide for Balboa Boulevard landscape rehabilitation, street and sidewalk maintenance, park structure replacements and other projects. Notable water utility capital investments include the Corona del Mar transmission main project and the replacement of the Big Canyon reservoir cover.

- Less Personnel. A net reduction of 16 full-time and 14 part-time positions which includes increased public safety staffing and enhanced service delivery efficiencies.
- A Vital Support System for Law Enforcement. Initiated funding, recommended at \$1 million each year for FY 2012-13 and for FY 2013-14, for 800 MHz radio replacement that will occur County-wide over the next 15 years. This investment is necessary and critical for public safety and emergency operating services.
- Better and Smarter Technology. Increased funding commitments to technology improvements to provide for the acquisition and implementation of a new Enterprise Resource Program (ERP), a new Computer Aided Dispatch/Records Management System (CAD/RMS) system for the Police Department, community based permits software and other technology enhancements that promise additional service efficiency.
- Careful evaluation of certain city services that a contractor can perform with the same or better efficiency and at lower cost.

DISCUSSION:

General Fund Overview

General Fund revenues for FY 2013-14 are projected at \$166 million. Certain revenues are “set aside” per Council Policy F-2 or other external restrictions. Set asides for FY 2013-14 total \$3.6 million and include \$1.7 million for the affordable housing reserve, \$1.4 million for the contingency reserve and \$0.5 million for other reserve set-asides (see table below). Transfers-in from all sources total \$8.8 million and include resources transferred from other funds, roll-forward of prior year encumbrances and planned use of restricted reserve balances. When General Fund revenues and transfers-in are netted against set asides, the net General Fund revenue total for FY 2013-14 is \$171.1 million.

FY 2013-14 General Fund Budget Summary

<u>Revenues</u>	\$165,872,691
Transfers-In (All Sources)	8,822,921
Adjustment for mandated Set-Asides	(3,603,825)
Net Revenues	<u>\$171,091,787</u>
<u>Expenditures</u>	\$155,673,022
New CIPs	5,000,000
Reappropriated CIPs	1,667,370
Transfers-Out FFP	7,000,000
Transfer-Out Equipment Replacement	1,000,000
Net Expenditures	<u>\$170,340,392</u>
Net General Fund Surplus/(Deficit)	<u><u>\$751,395</u></u>

General Fund expenditures for FY 2013-14 total \$170.3 million. In addition to departmental operating expenditures, this amount includes a \$7 million transfer-out to the Facilities Financial Planning Reserve, \$6.7 million to the Capital Improvement Program and \$1 million to the Equipment Replacement Fund in support of the City's share of the 800 MHz Countywide Coordinated Communications System (CCCS). The CCCS is Orange County's analog/digital trunked public safety radio communications system that provides radio communications services and interoperability among City and County law enforcement, fire services, public works and lifeguard/marine safety departments in Orange County. The net of revenues less expenditures provides a projected budget surplus of \$751,395 for FY 2013-14 as indicated in the table above.

Revenue Forecast

The General Fund's top three revenue sources (Property Tax, Sales Tax and Transient Occupancy Taxes) are performing better than projected in the FY 2012-13 budget and are expected to continue their climb into positive territory in FY 2013-14. We are projecting FY 2013-14 General Fund revenues at \$165.8 million, an increase of approximately \$3.5 million or 2.2% from our FY 2012-13 revised revenue forecast. The projected increase over FY 2012-13 appears to be fairly modest due to certain one-time revenue sources received in FY 2012-13, which are not expected to reoccur in FY 2013-14 including the distribution of our equity interest in the Airborne Law Enforcement joint powers authority of \$2.5 million, the distribution of unencumbered proceeds from a County redevelopment agency (RDA) of \$1.9 million and certain other revenue. If it were not for the one-time revenues, the 2013-14 revenue forecast would be 4.2% higher than our revised 2012-13 forecast. While secured property taxes are anticipated to increase 4% over our FY 2012-13 forecast, the Property tax category as a whole is only expected to increase by 0.8%, or \$610,700, from FY 2012-13 due to the one-time tax distribution of RDA proceeds. Demand for housing nationwide and especially within Orange County is increasing, as are housing median prices. With interest rates still hovering near historic lows and an improving job market, strong demand and higher assessed valuation is expected for FY 2013-14.

Taxes Other than Property is the next largest revenue category and is projected to increase 5.94%, or over \$3 million in FY 2013-14 from the FY 2012-13 revenue estimate. Within this category, sales tax and transient occupancy tax (TOT) are expected to increase 5.53% and 7.00% respectively over the prior year. FY 2013-14 sales tax is estimated at \$22.7 million, an increase of almost \$1.2 million. The transportation (new and leased autos), consumer goods and restaurant business sectors in particular have seen the largest gains and are indicative of growing consumer confidence. TOT is estimated to increase \$1.1 million from the prior year due largely to higher occupancy in city hotels, motels, cottages and resorts and a generally improving travel and tourism business sector. The largest year-over-year transient occupancy tax increases derived from the Fairmont Hotel, Marriot Resort and Resort at Pelican Hill.

Licenses and Permits revenue is projected to be about \$1.3 million over the FY 2012-13 revenue estimate, due to one-time affordable housing contributions from developers. The

Other Revenue category is dropping significantly due to the one-time receipt of \$2.5 million in FY 2012-13 from the sale of helicopter equipment following the dissolution of the Joint Powers Airborne Law Enforcement program. Total FY 2013-14 City revenues, excluding internal charges, are expected to increase 9.8%, or \$22.6 million, from FY 2012-13. For the purposes of this overview, enterprise activity, special revenue sources and major capital improvement funds are segregated from General Fund activity and are summarized as "All Other Funds."

The table below indicates the changes from the FY 2011-13 budget to the FY 2013-14 proposed budget in the General and the aggregate of all other funds.

<u>Revenue</u>	<u>2012-13 Original</u>	<u>2012-13 Amended Budget</u>	<u>2013-14 Proposed Budget</u>	<u>Change from Amended</u>
Total Property Taxes	\$72,975,146	\$76,950,273	\$77,560,969	0.79%
Taxes Other than Property	48,895,236	51,212,852	54,255,938	5.94%
Licenses and Permits	4,163,212	4,114,811	5,382,970	30.82%
Intergovernmental	1,209,809	1,380,685	1,443,521	4.55%
Charges for Services	14,468,595	14,851,681	15,191,626	2.29%
Fines, Forfeitures & Penalties	3,539,847	3,814,847	3,776,000	-1.02%
Use of Money and Property	7,715,351	7,584,006	7,946,866	4.78%
Other Revenue	2,859,200	2,414,969	314,800	-86.96%
Total General Fund Revenue	155,826,396	162,324,124	165,872,691	2.19%
All Other Revenue	81,868,842	86,709,043	105,851,916	22.08%
Total City Revenue	237,695,238	249,033,168	271,724,607	9.11%
Less Internal Premiums	(18,709,213)	(17,936,758)	(18,020,266)	0.47%
Total City Revenue Net of Internal Charges	<u>\$218,986,025</u>	<u>\$231,096,410</u>	<u>\$253,704,341</u>	9.78%

Expenditure Forecast

The General Fund contains expenditures for all operating City departments except for the Harbor Resources Division within the Public Works Department and the Oil and Gas Division of the Municipal Operations Department which are funded through Tidelands, and the Water and Wastewater Divisions within the Municipal Operations Department respectively. The General Fund is the main operating fund for the City and is generally of most interest to residents as it is funded predominantly (79%) by tax revenues.

This budget focuses on programs and activities that support four core qualities that make Newport Beach special: a high quality physical environment; a sense of community enjoyment and safety; civic engagement within the community and with City government; and an accountable and responsive City government. Departments continue to review all programs to ensure they support these core values and at the same time continue to look for department operating reductions or increased revenue opportunities, where appropriate.

In FY 2013-14, the proposed General Fund expenditures, including General Fund capital improvements, total \$162.3 million, an increase of 3.2%, or \$5 million, from the amended

FY 2012-13 General Fund budget. New General Fund capital improvement project funding for FY 2013-14 is proposed to be \$5 million, a decrease of \$500,000 over the previous year. When combined with the anticipated carry-over budget of \$1,667,370 that will be re-budgeted from FY 2012-13 to FY 2013-14, the total CIP budget will be approximately \$6.7 million in FY 2013-14. Our goal is to maintain the funding for new General Fund capital improvement projects at \$5 million, which is the level we believe, is in keeping with our goal of maintaining our physical environment. The proposed budget also includes a General Fund transfer of \$7 million to the Facilities Financial Planning Reserve Fund, up nearly \$3 million from the previous year.

The FY 2013-14 General Fund operating budget is \$155.6 million. This represents an increase of 3.2%, or \$4.8 million, from the FY 2012-13 estimated final budget. The City Manager required all directors to maintain existing budget levels so that resources could be allocated to other priority projects that support our core values (see table below). The increases to operating department budgets were primarily limited to contractually obligated CPI adjustments within contracts and merit salary increases.

Function and Activities	2012-13 Original Budget	2012-13 Estimated Budget	2013-14 Proposed Budget	Change from Revised
GENERAL FUND BUDGET				
General Government	\$14,861,603	\$14,895,704	\$14,787,898	-0.72%
Public Safety	77,724,272	78,335,617	83,450,001	6.53%
Community Development	9,217,053	9,913,905	9,403,399	-5.15%
Public Works	29,800,873	30,105,571	29,757,815	-1.16%
Community Services	16,781,992	16,803,789	18,043,909	7.38%
Debt Service/Non Departmental	750,000	785,000	230,000	-70.70%
Operating Budget Savings	-	-	-	n/a
Total General Fund Operating Budget	149,135,793	150,839,586	155,673,022	3.20%
General Fund CIPs	8,037,381	6,480,784	6,667,370	2.88%
Total General Fund Budget	<u>\$157,173,174</u>	<u>\$157,320,370</u>	<u>\$162,340,392</u>	3.19%
TOTAL CITY BUDGET				
Total Operating Budget	\$212,338,561	\$215,086,091	\$217,631,300	1.18%
Total CIP Budget	<u>110,140,289</u>	<u>96,607,778</u>	<u>61,286,576</u>	-36.56%
Total City Budget	322,478,850	311,693,869	278,917,876	-10.52%
Less Internal Charges	<u>(18,709,213)</u>	<u>(17,936,758)</u>	<u>(18,020,266)</u>	0.47%
Total City Budget Net of Internal Charges	<u>\$303,769,637</u>	<u>\$293,757,111</u>	<u>\$260,897,610</u>	-11.19%

Total proposed City expenditures in FY 2013-14, including debt service and capital projects, is \$278.9 million. Excluding internal service charges to fund insurance reserves, equipment maintenance and replacement, and post employment medical benefits, total expenditures are proposed to be approximately \$260.9 million.

The City's Workforce

The FY 2013-14 budget includes personnel changes that result in the net reduction of 16 full-time and 14.3 part-time (or full-time equivalent) positions for a total workforce reduction of 30.3 full-time equivalent personnel. These personnel reductions were largely the result of a Voluntary Separation Incentive Program and other workforce reductions resulting from the outsourcing of parking lot operations and business license enforcement.

The approval of these changes reduced our total full-time position count to 736 full-time and 111.88 part-time (full-time equivalents) personnel. To review historical staffing trends, please refer to the Three-Year Comparison of Full-Time and FTE Positions in the Appendix Section of the Performance Plan.

Position Changes

Department	Add/(Delete)	Position
CDD	(2.0)	Assistant Planners
CDD	(1.0)	Chief Building Official
City Attorney	(1.0)	Deputy City Attorney
City Manager	(1.0)	Assistant to City Manager
City Manager	0.5	IT Manager
City Manager	0.5	Deputy City Manager
Finance	(1.0)	Graphics & Printing Specialist
Finance	(1.0)	Printing Services Supervisor
Finance	(1.0)	Parking Lot Supervisor
Finance	(3.0)	Fiscal Clerk
Finance	(1.0)	License Clerk
Finance	1.0	Senior Accountant
Fire	1.0	Lifeguard Officer (was 0.40 FTE)
Human Resources	(1.0)	Human Resources Director
Human Resources	0.5	Deputy City Manager
Info Tech	(1.0)	Personal Comp/Network Coordinator (transferred to PD)
Info Tech	(2.0)	Applications Coordinator PD (transferred to PD)
Info Tech	(1.0)	Police Computer System Manager (transferred to PD)
Info Tech	(1.0)	Police MIS Specialist (transferred to PD)
Info Tech	(1.0)	Chief Information Officer
Info Tech	0.5	IT Manager
Info Tech	(1.0)	Library Information Systems Administrator
Info Tech	1.0	IT Technician
Info Tech	(1.0)	Telecommunication Specialist
MOD-General Services	(1.0)	Groundworker I
MOD-General Services	(1.0)	Traffic Painter
MOD-General Services	(3.0)	Refuse Worker II
MOD-General Services	(3.0)	Refuse Worker I
MOD-Wastewater	(1.0)	Utilities Crew Chief
MOD-Wastewater	(1.0)	Senior Equipment Mechanic
Police	1.0	Personal Comp/Network Coordinator (transferred from IT)
Police	2.0	Applications Coordinator PD (transferred from IT)
Police	1.0	Police Computer System Manager (transferred from IT)
Police	1.0	Police MIS Specialist (transferred from IT)
Police	3.0	Police Officer
Police	1.0	Police Sergeant
Police	(1.0)	Custody Officer
Public Works	(1.0)	City Surveyor
Public Works	(1.0)	Senior Traffic Engineer Tech
Public Works	(1.0)	Junior Civil Engineer + 5%
Public Works	1.0	Associate Civic Engineer + 5%
Recreation	2.0	Office Assistants (was 1.69 FTE)
Recreation	2.0	Recreation Coordinators (was 1.76 FTE Assistant Recreation Coordinators)
	(16.0)	
Part-time FTEs	(14.3)	
Net FTE Reductions	(30.3)	

Capital Improvement Program (CIP)

The CIP serves as a funding plan for public improvements, special projects and many ongoing maintenance programs. Projects in the CIP include construction and rehabilitation of arterial highways, local streets, storm drains, bay and beach improvements, parks and buildings, and water and wastewater improvements. The FY 2013-14 CIP budget is approximately \$61.3 million, representing more than \$34.9 million in new project funding and approximately \$26.3 million in projects that will be re-budgeted or carried forward from FY 2012-13 to FY 2013-14.

<u>Category</u>	<u>FY 2013-14 Budget</u>
Facilities	\$4,211,601
Streets and Drainage	17,953,420
Traffic	3,129,695
Parks, Harbors and Beaches	27,655,000
Water Quality and Environmental	4,934,480
Water	2,630,000
Wastewater	454,980
Miscellaneous	317,400
	<u>\$61,286,576</u>

Specific project plans for this budget year are discussed in more detail in the CIP section of the Budget documents. There is also a summary of Historical Capital Projects Spending in the Appendix Section of this document.

Acknowledgement

In conclusion, the development of the City's annual budget takes an enormous amount of staff time and effort. I am proud of how management staff continues to work collaboratively to allocate resources in support of the City Council directed priorities and in support of the core qualities that make Newport Beach special. I also want to thank my finance team for their professionalism, dedication, and technical abilities. My sincere appreciation is extended to the City Council and City Manager for their leadership and support; and, to all department directors, division managers and departmental budget liaisons for their contributions.

RECOMMENDATIONS:

Staff welcomes input on the proposed budget and recommends that the Committee forward the budget to the City Council for approval.

Submitted and Prepared by:

/s/ Dan Matusiewicz

Dan Matusiewicz
Finance Director