

Finance Department

FY 2013-2014 Proposed Budget Overview



Finance Committee
May 13, 2013

Fiscal Year 2013-14 Budget

1. Budget is Balanced
2. Increases our investments in community serving facilities and beautification projects
3. Puts more police officers on the street while still reducing total staffing levels



Budget Requirement

- Charter Requirements:
 - Requires Budget submittal to Council at least 35 days prior to the beginning of the fiscal year – July 1
 - Requires public notice scheduled for May 28th and public hearing scheduled for June 11th
 - After the Public hearing, Council shall make any budget revisions deemed advisable and shall adopt budget on or before June 30

Budget Process

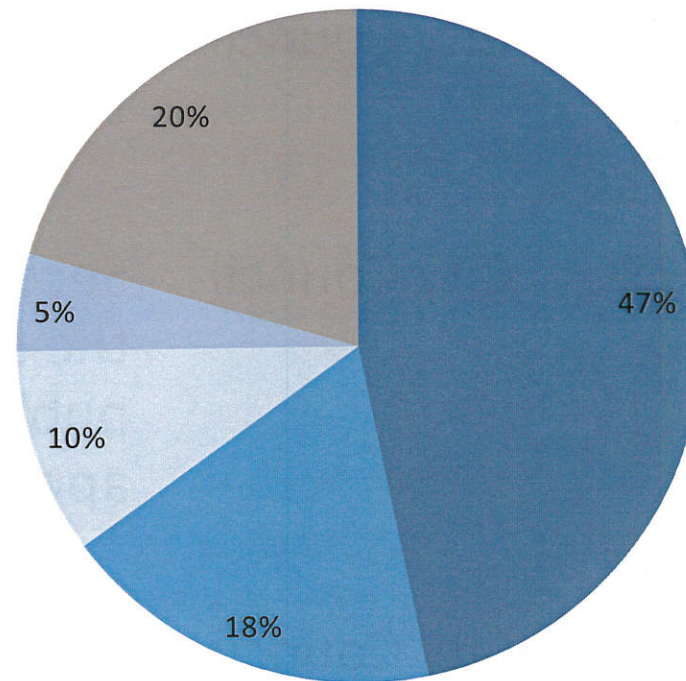
- The budget process:
 - Collaboration by departments on financial forecasts
 - Priorities set by City Manager and Council based on core values and fiscal sustainability plan
 - Budget conferences by City Manager and Department Heads
 - Review of proposed by Finance Committee and Council
 - Public Hearing and adoption of Budget and Appropriation Limit (Gann Limit)

Remaining Budget Calendar

- 5/14/13 City Council First budget review with staff at the study session
- 5/28/13 City Council Second budget review with staff at the study session. Set the date for public hearing on budget and appropriation limit
- 6/11/13 City Council Public hearing and adoption of FY 2013-14 budget and appropriation limit

FY 13-14 Revenues – General Fund

- Property Taxes \$77,560,969 46.8%
- Sales Tax (includes in-Lieu) \$30,166,588 18.2%
- Transient Occupancy Tax \$16,363,510 9.9%
- Other Taxes \$7,725,840 4.6%
- All Other Sources \$34,055,784 20.5%



Total Revenue & Transfer – General Fund: \$173,943,947

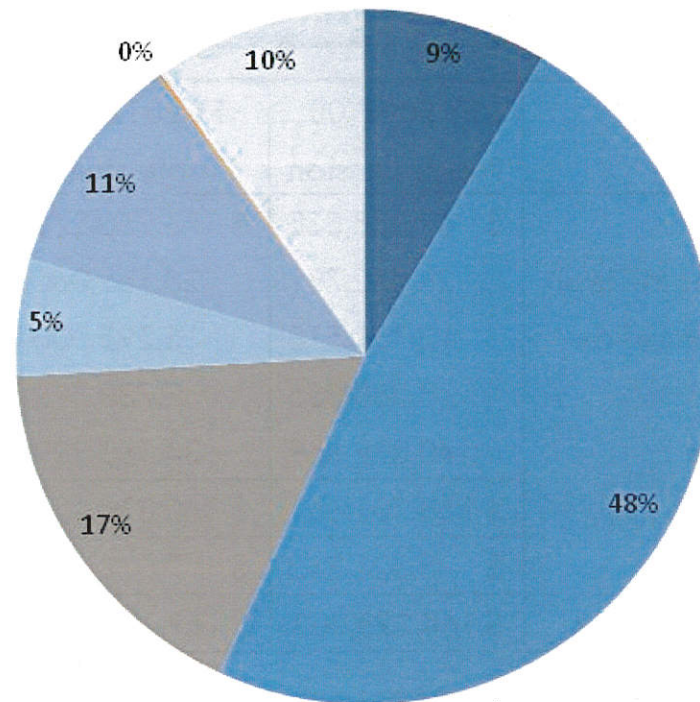
General Fund – Revenue Comparison

General Fund Revenue Comparison					
Revenue Source	FY 2007-08 Pre-recession	FY 2012-13 Projected	FY 2013-14 Proposed	% Change 2013 to 2014	CAGR* (2008 - 2014)
Property Taxes	\$ 67,388,838	\$ 76,950,273	\$ 77,560,969	0.79%	2.37%
Sales Tax (includes In-Lieu)	29,872,781	28,181,060	30,166,588	7.05%	0.16%
Transient Occupancy Tax	12,751,518	15,298,000	16,363,510	6.97%	4.24%
Other Taxes	8,288,855	7,733,792	7,725,840	-0.10%	-1.17%
All Other Revenue	40,399,669	34,160,999	34,055,784	-0.31%	-2.81%
Total Revenue	\$ 158,701,661	\$ 162,324,124	\$ 165,872,691	2.19%	0.74%
Interfund Transfers In	\$ 5,521,342	\$ 7,013,559	\$ 8,071,056	15.08%	6.53%
Total Revenues & Transfers	\$164,223,003	\$169,337,683	\$173,943,747	2.72%	0.96%

* Compounded Annual Growth Rate

FY 13-14 Expenditures by Function – General Fund

- General Government \$14,787,898 8.6%
- Public Safety \$83,450,001 48.3%
- Public Works \$29,757,815 17.2%
- Community Development \$9,403,399 5.4%
- Community Services \$18,043,909 10.5%
- Non-Departmental \$230,000 0.1%
- CIP & Capital Funding Transfers \$17,084,959 9.9%



Total Expenditures and Transfers – General Fund: \$172,757,981

General Fund- Expenditure Comparison

General Fund Expenditures by Function					
Function	FY 2011-12 Budget	FY 2012-13 Projected	FY 2013-14 Proposed	% Change 2013 to 2014	CAGR* (2012 - 2014)
General Government	\$ 14,209,000	\$ 15,142,304	\$ 14,787,898	-2.34%	2.02%
Public Safety	78,948,894	79,716,577	83,450,001	4.68%	2.81%
Public Works	29,776,283	30,524,791	29,757,815	-2.51%	-0.03%
Community Development	9,604,714	10,135,845	9,403,399	-7.23%	-1.05%
Community Services	18,676,136	17,001,069	18,043,909	6.13%	-1.71%
Debt Service/Non-Departmental	1,492,565	785,000	230,000	-70.70%	-60.74%
Operating Expenditures	\$ 152,707,592	\$ 153,305,586	\$ 155,673,022	1.54%	0.97%
CIP - New	2,094,130	5,489,500	5,000,000	-8.92%	54.52%
CIP - Rebudgets & Amendments	1,733,002	991,284	1,667,370	68.20%	-1.91%
Total Operating & CIP	\$ 156,534,724	\$ 159,786,370	\$ 162,340,392	1.60%	1.84%
FFP Interfund Transfers out	4,016,812	13,219,645 **	8,000,000	-39.48%	41.13%
All other Interfund Transfers out	3,378,254	7,412,200 **	2,417,589	-67.38%	-15.40%
Total Operating/CIP/Transfers Out	\$ 163,929,790	\$ 180,418,215 **	\$ 172,757,981	-4.25%	2.66%

* Compounded Annual Growth Rate

** Assumes FY 13 Budget Amendment to reallocate strategic savings is approved.

Priority Based Budgeting

1. Public Safety
 - New Crime Suppression Unit
2. Smarter, Smaller Government
 - Continue to address pension & OPEB costs
 - Maintain Civic engagement
 - Use technology to be smarter, faster & leaner
 - More Contracting Out – where it makes sense
3. High Quality Physical Environment
 - Increase investment in infrastructure
 - Neighborhood beautification
 - Community serving facilities

Priority: Public Safety

- New Crime Suppression Unit

- 3 Officers
- 1 Sergeant



- 800 Mhz Reinvestment

- Maintains inter-agency Communication



Proposed Priority Funding

Priority: Public Safety	Amount
New Crime Suppression Unit	\$ 641,000
800 MHz Public Safety Inter-agency Communication	\$ 2,000,000

Assumes Funding From FY 2012-13 and FY 2013-14 and strategic use of savings.

Priority: Smarter, Smaller Government

• IT Strategic Investments

- Upgrade our ERP
- Upgrade our computer-aided dispatch
- Online permitting system
- Web/phone apps



Tour NBCC

CITY OF NEWPORT BEACH

Tour the Newport Beach Civic Center!
Whether you live, work or visit
Newport ...



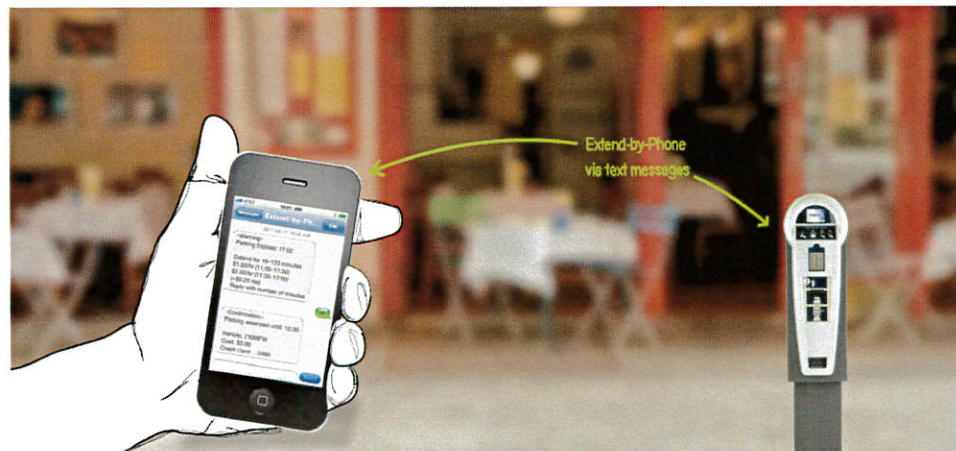
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Priority: Smarter, Smaller Government

- Smarter Faster Smaller Operations

- Parking lot automation
 - CdM and Balboa lots
- Print outsourcing
- Printer Consolidation
 - 130 Fewer printers

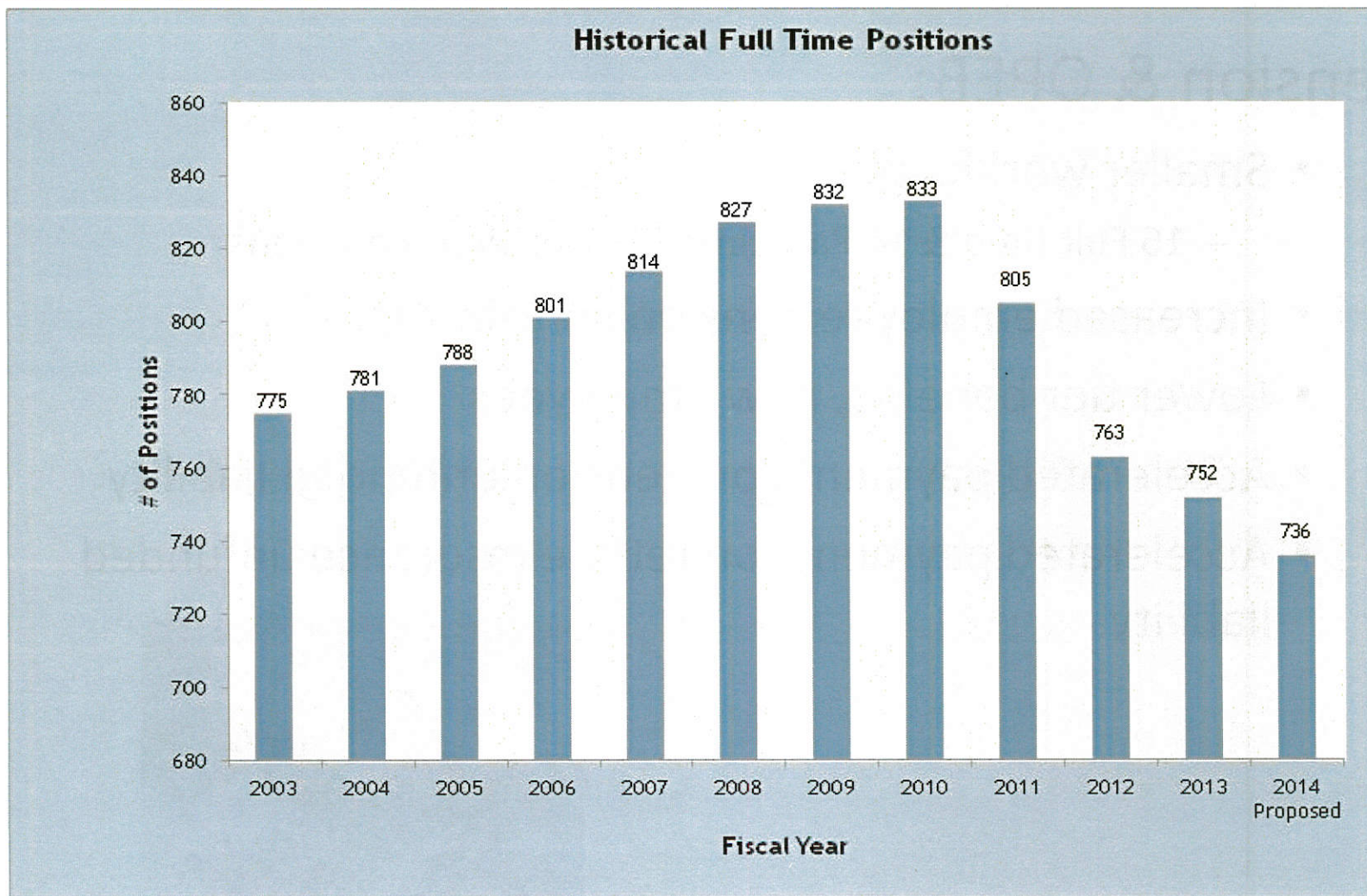


Priority: Smaller Government

- Pension & OPEB:
 - Smaller workforce
 - 16 Full-time & 14 Part-time FTE position reductions
 - Increased employee pension contributions
 - Lower tier benefits, new employees
 - Accelerated payments on pension unfunded liability
 - Accelerated payments on retiree insurance unfunded liability



Historical Full Time Positions

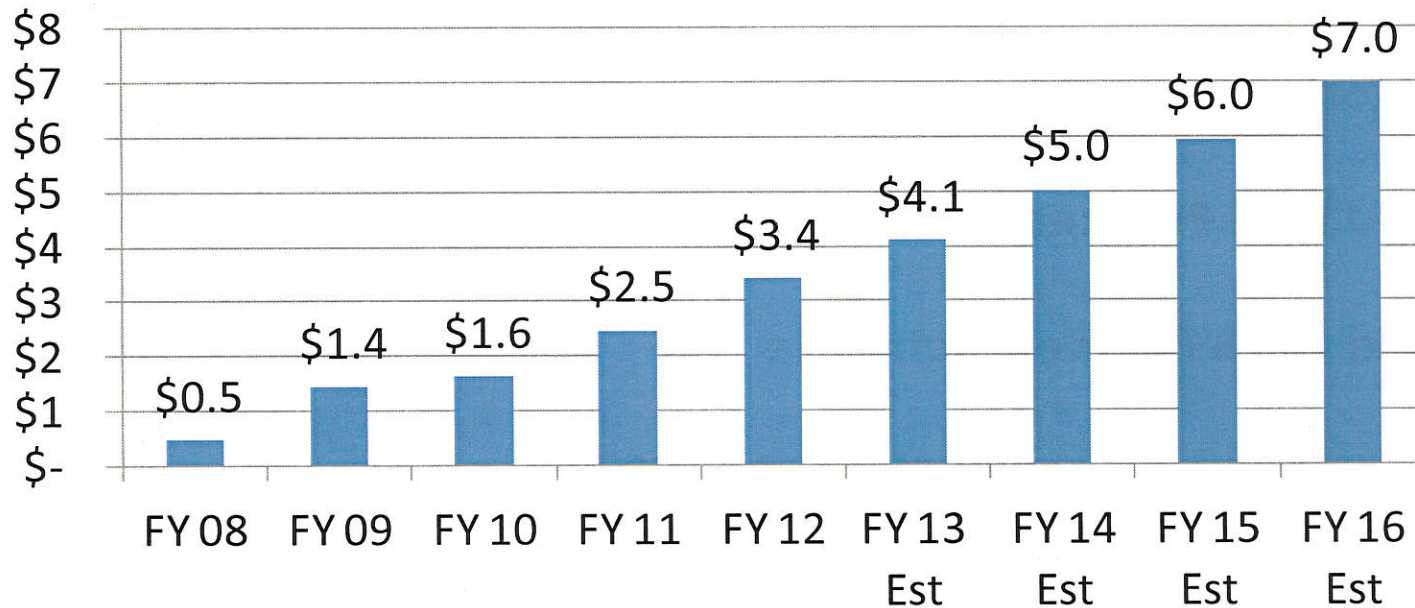


Proposed Priority Funding

Priority: Smarter, Smaller Government	Amount
IT Strategic Fund	\$ 7,551,815
Parking Automation Replacement Rate	\$ 400,664
Accelerated PERS Payment Schedule	\$ 708,655
Accelerated OPEB Payment Schedule	\$ 1,500,000
Voluntary Separation Incentive Program (VSIP)	
One-time VSIP benefit payment	\$ 436,836
One-time leave distribution	\$ 250,000
Ongoing Salary and Benefit Savings	\$ (1,389,289)
Assumes Funding From FY 2012-13 and FY 2013-14 and strategic use of savings.	

Increasing Employee Pension Contributions

Employee Pension Contributions
(\$ Millions)



Estimates based on fiscal year 13 staffing levels.

Priority: High Quality Physical Environment

High Quality Physical Environment

- Neighborhood beautification
- Community Serving Facilities
- General Plan Update
- Airport EIR
- Reforestation Efforts

Priority: High Quality Physical Environment

<u>FFP Projects</u>	<u>Proposed 2013-14</u>	<u>Total Estimated</u>
Gen Fund CIP	\$6.7M	--
Marina Park	\$15.3M	\$30.0M
Sunset Ridge	\$8.8M	\$11.0M
Lifeguard HQ rehab	\$1.4M	\$2.0M
CdM Fire Stn. rebuild	<u>\$0.25M</u>	<u>\$ 4.5M</u>
Total	\$32.45M	\$47.5M



Proposed Priority Funding

Priority: High Quality Environment	Amount
Facilities Financing Plan Reserve Fund	\$ 23,219,645
Facilities Maintenance Fund	\$ 1,500,000
General Plan Update	\$ 500,000
Airport EIR	\$ 350,000
Added Reforestation Efforts	\$ 50,000
Public Arts and Culture Set-aside	\$ 390,000

Assumes Funding From FY 2012-13 and FY 2013-14 and strategic use of savings.

Proposed Special Event Support

Event	Organization	Date of Event	FY 14 Sponsorship Request	FY 12-13 Approved Support	FY 13-14 Proposed Support
Art in the Park	Newport Beach Arts Foundation	October 12, 2013	434	-	434
Balboa Island Artwalk	Balboa Island Artwalk	May 19, 2013	2,000	-	2,000
CdM Christmas Walk	Corona del Mar Chamber	December 8, 2013	10,000	6,000	6,000
Cdm Scenic 5K	Corona del Mar Chamber		17,000	-	17,000
Field of Honor	Exchange Club of Newport Beach	May 16-18, 2013	2,500	-	-
Independence Day Parade & Celebration	Mariners Elementary School Foundation	July 4, 2013	1,000	-	1,000
KOCI Summer Concert	101.5, KOCI-FM	June 22, 2014	27,000	-	-
NB Christmas Boat Parade	Newport Beach Chamber	December 18-22, 2013	50,000	35,000	50,000
Newport Beach Film Festival	Newport Beach Film Festival	April 24-May 1, 2014	150,000	125,000	125,000
Newport Beach Restaurant Week	NB Restaurant Association BID		50,000	6,000	6,000
NB Summer Concert Series	Omega Events / Hyatt Regency Newport Beach	July-October 2013	25,000	-	-
Newport-Mesa Spirit Run	Newport-Mesa Spirit Run, Inc.	Sunday in March 2014	40,000	14,000	14,000
Newport to Ensenada Yacht Race	NOSA	April 25-27, 2014	15,000	10,000	10,000
Pacific Coast Triathlon	Pelican Coast Events, LLC	September 8, 2013	5,000	-	-
Race for the Cure	OC Affiliate of Susan G. Komen	September 23, 2013	20,000	10,000	10,000
Science Saturdays & Sundays at the Back Bay	ExplorOcean	Saturdays & Sundays	7,500	-	7,500
		Total	422,000	206,000	248,934

Budget Presentation

SUMMARY & CONCLUSION



FY 13-14 General Fund Budget Surplus

FY 2013-14 General Fund Budget Surplus	
Net General Fund Surplus/(Deficit) - As Printed	\$751,395
Subsequent expenditure adjustment	1,846,675
Adjusted Surplus	\$2,598,070
Checklist Recommendations	
Transfers-Out (FFP)	\$1,000,000
Transfers-Out Facilities Maintenance Plan (FMI)	500,000
	\$1,500,000
Net General Fund Surplus/(Deficit)	\$1,098,070

General Fund Reserves Comparative

General & Facilities Financial Planning Reserve Funds				
	Actual	Projected	Proposed	Change
General Fund	2012	2013	2014	2012-2014
Non-spendable	\$ 7,706,708	\$ 10,032,413	\$ 10,032,413	\$ 2,325,705
Restricted	3,180,638	3,796,151	4,581,387	1,400,749
Committed:				
Contingency Reserve	21,582,798	22,134,775	23,526,966	1,944,168
Other Miscellaneous	7,060,434	4,056,273	3,551,882	(3,508,552)
Assigned:				
City Manager	13,582,180	350,000	350,000	(13,232,180)
PERS	5,000,000	5,000,000	4,291,335	(708,665)
Other Miscellaneous	246,118	-	-	(246,118)
Unassigned	21,433,482	22,631,792	23,383,187	1,949,705
General Fund Balance	\$ 79,792,358	\$ 68,001,404	\$ 69,717,170	\$ (10,075,188)
FFP Reserve Fund	\$ 33,149,725	\$ 23,316,236	\$ 17,577,505	(15,572,220)
Total General & FFP Reserve Fund Balance	\$ 112,942,083	\$ 91,317,640	\$ 87,294,675	\$ (25,647,408)

Conclusion

- Proposed budget is **balanced**; there is no use of reserves for operating purposes and it:
 - Increases our investment in community serving facilities and beautification projects
 - Adds police officers while reducing overall staffing levels (16 full-time and 14 part-time FTEs)
 - Pension & OPEB costs will continue to be addressed aggressively and comprehensively
 - Outsourcing and staff reductions will continue

Questions & Comments



City's budget documents can be accessed at:

www.newportbeachca.gov/budget