

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

The Finance Committee met at 1:30p.m. on Tuesday, October 13, 2009, in the Council Chambers, 3300 Newport Blvd., Newport Beach, CA 92663.

**1. ROLL CALL**

Present: Mayor Pro Tem Keith Curry (Chair), and Council Members Mike Henn and Leslie Daigle (arrived during the discussion of Item 4A)

Staff present: City Manager Dave Kiff, Administrative Services Director Dennis Danner, Deputy Administrative Services Director Dick Kurth, Finance Officer Dan Matusiewicz, General Services Director Mark Harmon and Administrative Assistant Cathy Malkemus

Members of the Public: Laura Curran

**2. APPROVAL OF MINUTES**

The minutes for the Finance Committee meeting of July 10, 2009, were approved as submitted.

**3. PUBLIC COMMENTS**

There were no public comments at this time.

**4. DISCUSSION/ACTION ITEMS**

**A. Street Sweeping RFP**

General Services Director Harmon stated that staff looked into the matter further after it was addressed by the City Council at the September 22, 2009, Study Session, and is now recommending that an extensive RFP be prepared that would cover the entire City. He explained that the proposal is to phase in portions of the City over the period of a year at three-month intervals. He referred to the map included in the handout, which showed the streets that would be included in Phase 1.

In response to Mayor Pro Tem Curry's question, City Manager Kiff confirmed that the approach is expected to save the City money depending upon the bids that are received. General Services Director Harmon stated that the commercial areas in the City would be phased in more slowly and he would advise that the

City retain one or two sweepers for when special sweeping might be needed. He noted the pier areas, in particular, as well as the emergency situations that arise.

Details of the RFP and the eventual contract were discussed. Council Member Daigle stated that she would contact the City of Temecula and find out more about how they've built street sweeping into their trash fees. The Committee members commended the draft RFP. In response to General Services Director Harmon's question, the Committee suggested that both weekly and bi-weekly street sweeping be included in the RFP, and that staff provide a recommendation when the item returns to the full City Council for action.

Ms. Curran supported the matter and agreed that bi-weekly sweeping should be considered. She suggested that the impact on parking also be included in the analysis. Additionally, she suggested that the comparison of the Orange County Cities in the handout identify the size of the networks.

## **B. Discuss Budget Issues**

Administrative Services Director Danner referred to the quarterly budget update agenda for the City Council's evening meeting, and reported that the net revenue shortfall for the current fiscal year is \$5.8 million. He provided background information on the revenue and expenditure figures provided in the five-year resource projection spreadsheets. Property tax projections and historical figures were discussed.

Council Member Henn stated that the projections appear to be too optimistic, which he explained makes it difficult to create an environment where everyone understands why sacrifices are required to balance the budget. Council Member Daigle agreed that the projections should not be overly optimistic. Mayor Pro Tem Curry stated that rather than focusing on the revenue projections, the focus should be on managing the City's expenditures. Deputy Administrative Services Director Kurth stated that the projections are intended to provide a planning tool. Council Member Henn suggested that the analysis include a range of numbers to be considered by the City Council at the Closed Session scheduled for later the same day.

City Manager Kiff outlined the information being presented to the City Council at the evening meeting regarding the early retirement incentive program. He stated that other strategies requiring meet and confer will be discussed in Closed Session. Council Member Daigle requested that the resolution ultimately provided to the City Council for consideration identify the positions in the City that will be permanently eliminated from position control due to the early retirement incentive program and a management plan for restructuring the organization.

Council Member Henn questioned the use of PARS for the early retirement incentive program, noting that there are several companies that provide annuity services. It was explained why PARS was chosen. Council Member Henn stated that he wanted assurance that the agreement with PARS is the best deal available and, if not, he requested that the program be sent out to bid. Additionally, he requested that the total funding cost for the program be provided in Closed Session.

Ms. Curran made several recommendations related to the information in the facilities financing plan, overtime hours, parking meter operations and animal control.

It was the consensus of the Finance Committee to support the early retirement incentive program, with the assurance that it will provide for demonstrable cost savings and a plan to ensure that positions remain vacant and structural changes are achieved.

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

Mayor Pro Tem Curry requested that the comprehensive strategy for reducing expenditures be brought back to the Finance Committee before being presented to the full City Council for consideration.

City Manager Kiff stated that the discussion of the harbor fee process also needs to return to the Finance Committee.

**6. ADJOURNMENT**

The Finance Committee adjourned at 3:10 p.m.

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

Attest:

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Dennis C. Danner  
Administrative Services Director

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Date