

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

The Finance Committee met at 2:00 p.m. on Monday, October 11, 2010, in the Council Chambers, 3300 Newport Blvd., Newport Beach, California 92663.

I. ROLL CALL

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

Staff present: City Manager Dave Kiff, Administrative Services Director Tracy McCraner, Deputy Administrative Services Director Dan Matusiewicz, and Administrative Coordinator Tammie Frederickson

II. APPROVAL OF MINUTES

Without objection, Council Member Daigle requested that item 2A in the minutes for the Finance Committee meeting of September 21, 2010, be amended to reflect her request from the independent financial advisor as to the timing and justification for the financing and Mayor Curry's comment that he had previously requested such a letter. The minutes were approved with the recommended amendment.

III. PUBLIC COMMENTS

There were no public comments at this time.

IV. DISCUSSION/ACTION ITEMS

A. PARKING METER RFQ

Administrative Services Director Tracy McCraner said an RFQ was developed for outsourcing parking meter operations following examples of several other large cities including Las Vegas, Chicago and Atlanta. The RFQ was sent to various vendors and is available online. Responses are due by October 26, 2010. The goal is seeking to maximize parking revenue, streamline parking meter operations and

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enforcement, increase quality of service and modernize our equipment. She noted that a couple of vendors are willing to take over all parking operations, including enforcement, increase revenue for a guaranteed payment stream, hire personnel and replace infrastructure.

Ms. McCraner spoke about the savings in personnel salaries and benefits for parking meter maintenance, operations and enforcement. She said approximately 6-1/2 positions would be impacted.

In response to a question raised by Mayor Curry, Ms. McCraner explained the selection criteria will use a quality based checklist to determine the best overall proposal for maximizing revenue and providing better service to our customers. Extra points could be attained for rehiring City staff and replacement of existing equipment. City Manager Kiff added in terms of the ranking, verifiable tracking record with whatever model that is proposed is important.

Mayor Pro Tem Henn clarified this does not include City staffed parking lots. Mr. Kiff expressed his opinion on the value of the customer service model provided at the Corona del Mar and Balboa parking lots, especially in the summertime.

Ms. McCraner commented that increases to parking rates and the addition of any new parking meters would remain under the City Council's control.

Mayor Pro Tem Henn noted the potential benefits to the City will be a relief in future capital costs, increased revenue and cost savings.

Ms. McCraner said she will report back with the findings when the proposals have been analyzed.

B. INVESTMENT ACTIVITY THROUGH AUGUST 31, 2010

Deputy Administrative Services Director Matusiewicz commented on current economic markers including the unemployment rate which remained unchanged at 9.6% at the end of September. He said the 2-year Treasuries dropped to an all-time low of 0.335% and the 5-year Treasuries fell to 1.07%. He stated that as the portfolio turns over reinvestment opportunities are very low. He pointed out the yield curve in the last year has flattened and he expects to see continued compression compared to last year.

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Mr. Matusiewicz noted enhanced reporting including duration, performance and compliance will be available when the transition to the single custodial bank is completed in early November.

C. MAJOR REVENUE UPDATE

Mr. Matusiewicz reviewed changes in the 2010-11 property tax roll and pointed out an increase in the unsecured roll from the Assessor's Office and Auditor Controller's office. Ms. McCraner pointed out both rolls are higher than the amount projected in the budget. Mr. Kiff noted that 10 cities countywide had slight increases and the rest of the 24 cities had decreases.

The sales tax projections from the consultant were reviewed and Mr. Matusiewicz noted an increase of 7.6% is projected over prior year actual. Total Transient Occupancy Tax (TOT) also shows an increase of receipts at nearly 20%. Ms. McCraner said it is very encouraging and every area reported in the first quarter is higher than expected. She added that the expenditures budget is also tracking very well.

Mr. Matusiewicz discussed a recap of the steps taken to adjust the 2009-10 budget shortfall and the 2010-11 budget outlook on major revenue sources based on first quarter results. His analysis showed possible increases in the projected secured and unsecured property taxes. Based on a downward trend, a possible reduction at mid-year in the supplemental taxes may be recommended. He said an upward revision in TOT may also be recommended at mid-year. Ms. McCraner concluded the first quarter numbers look good but no revisions are proposed at this time.

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

The 2009 PERS Valuation updated numbers will be brought to a future meeting based on the Actuary's availability.

VI. ADJOURNMENT

The Finance Committee adjourned at 2:53 p.m.

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

Attest:

Tracy M. McCraner
Administrative Services Director

Date

DRAFT

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