



FOR IMMEDIATE RELEASE
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Newport Beach City Council Considers \$4 Million in Budget Reductions

NEWPORT BEACH, Ca. -- On Tuesday, March 23, the Newport Beach City Council will consider budget reduction measures that could ultimately reduce expenditures by more than \$4 million to continue to address the city's \$8 million shortfall in its FY 09-10 General Fund budget.

"The items to be addressed on Tuesday are in accordance with the Council's Fiscal Sustainability Plan," explained Mayor Keith Curry. "We have asked the staff to bring forward solutions that reflect our commitment to reducing expenditures while carefully protecting the quality of service expected by our citizens."

The March 23 Regular Council meeting agenda includes two items related to lowering expenditures in the current budget and in future years. The first item amends the current year's budget (FY 2009-10) to address:

- The results of departmental efforts to cut current operating budgets (salaries, benefits, overtime, travel, printing, and more). Savings = \$2.2 million
- Capturing savings from 13 completed Capital Improvement Projects (in part based on good bidding climates). Savings = \$860,000
- Deferring four, not-yet-started Capital Improvement Projects. Savings = \$325,000
- Right-sizing liability and work compensation charges to reflect a history of fewer lawsuits and claims, allowing the city to return \$618,000 to the General Fund and other funds.

The second item relates to contracting with the private sector. On Tuesday night, city staff will recommend contracting out street sweeping services for the first time in Newport Beach's history. If approved, the agreement would result in a savings of approximately \$250,000 next fiscal year (FY 2010-2011) and between \$450,000 and \$500,000 annually in future years. Additionally, the private contract will allow the city to forgo purchasing up to five new clean-air

street sweepers (the private company will provide these), allowing the \$600,000 set-aside for these purchases to be returned to the General Fund.

“As soon as we learned of the revenue shortfall, we embarked on an aggressive, yet strategic mission to cut costs and decisively correct the budget’s structural problems,” said City Manager Dave Kiff. “The first step was a successful early retirement program. But now that journey takes more steps forward - it will continue until the \$8 million shortage is corrected and until we have successfully remade the city government to meet the short- and long- terms needs of the community. We have more to do, but my sincere thanks go out to the Council and the staff for hard work to identify these critical budget reductions that still ensure our residents, businesses, and visitors get ‘Newport Beach quality’ service.”

FY 09-10 General Fund Budget Deficit & Identified Savings to Date (estimated)

Item	Status	Savings (FY 10)
Early Retirement Incentive Program (ERIP)	Completed	\$ 1,800,000
Departmental Operational Savings	Recommended	\$ 2,200,000
CIP Project Deferrals	Recommended	\$ 325,000
Savings from Completed CIP Projects	Recommended	\$ 860,000
Workers Comp & Gen. Liability Overfunding	Recommended	\$ 618,000
Return of Funds Set-Aside for CNG Sweepers	April 2010	\$ 600,000
<i>Projected Savings</i>		\$ 6,403,000