

Council Adopts Fiscal Sustainability Plan

Our current economic crisis gives rise to the question; “What can cities do to protect their economic and fiscal health”? To navigate these difficult waters, I introduced the Fiscal Sustainability Plan. This Plan is a statement of principles and action items, most of which are already underway, that focus our community on the strategies necessary to preserve fiscal stability in Newport Beach.

This Plan begins with the premise that the most important elements are providing a sound underlying economy and a strong business environment. Secondly, it speaks to how we manage our City and articulates the steps necessary to ensure we live within our means. Finally we must protect our community against forces that would seek to divert our revenues or harm our taxpayers. The following are 15 elements, enacted during our first meeting in January, as a Fiscal Sustainability Plan for Newport Beach:

1. The City will proactively seek to protect and expand its tax base by encouraging a healthy underlying local economy.
2. The City will work to protect and enhance the property values of all Newport Beach residents and property owners.
3. The City will encourage shopping, dining and visiting at Newport Beach stores, restaurants and hotels.
4. The City will establish and maintain appropriate cash reserves.
5. The City will manage its Facilities Finance Plan to not exceed the Plan’s 5% of general fund threshold.
6. City revenue performance will be reviewed no less than quarterly and appropriate budget adjustments will be made in advance of the end of a budget year if revenue performance is not meeting projections.
7. The City will initiate a “Results Based Budgeting” approach that allows the public and the city council to prioritize city expenditures strategically rather than simply adjusting legacy expenditures to reflect inflation.
8. The City will implement a Performance Measurement/Management Strategy as part of an ongoing effort to ensure high quality and efficient performance.
9. The City will consider outsourcing of services and equipment when appropriate and where clear, cost effective alternatives exist.
10. The City will make it a priority to be energy efficient in its provision of public services.
11. The City will establish appropriate cost recovery targets for its fee structure and will annually adjust its fees up or down to ensure that the fees continue to reflect cost recovery targets.
12. The City will oppose efforts of the state and county government to divert revenues from the City or to increase the unfunded service mandates on City taxpayers.
13. The City will work in partnership with its employees to ensure fair compensation and that costs related to pension and other benefits are appropriately allocated between employer and employees.
14. The City will vigorously defend itself and its taxpayers against frivolous lawsuits.
15. The City will seek grants and intergovernmental funding assistance to augment city funding.

Taken together, these strategies can help ensure that Newport Beach remains a fiscally strong community with high quality public services. Be assured that the city council is focused on this most important goal.