



CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

Agenda

Mission Statement

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

SPECIAL MEETING
WEDNESDAY, MAY 17, 2017
VETERANS MEMORIAL HALL – 3:15 PM
209 SURF ST., MORRO BAY, CA

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Committee on items listed on the agenda, may do so at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Chairperson, please come forward to the podium, and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to the Committee, as a whole, and not to any individual member thereof.
- The Committee respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commissioner, committee member and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the Committee to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting.
- Your participation in Committee meetings is welcome, and your courtesy will be appreciated.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE APRIL 18, 2017, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

B. BUSINESS ITEMS

1. DISCUSSION ON IMPLEMENTATION OF THE CITY'S PURCHASE ORDER SOFTWARE SYSTEM – CONTINUE FROM APRIL 18 MEETING (15 MINUTES)
2. BROAD LEVEL UPDATE ON THE THIRD QUARTER FY2016/17 BUDGET (VERBAL PRESENTATION – 20 MINUTES)
3. REVIEW OF CFAC FY2017/18 WORK PLAN AS AMENDED BY CITY COUNCIL (15 MINUTES)
4. REVIEW OF CFAC MEMBER COMMENTS RECEIVED ON BWA SEWER/WATER RATE STUDY (15 MINUTES)
5. DISCUSSION AND INPUT ON THE FISCAL YEAR 2017/18 MEASURE Q PROPOSED BUDGET
6. FUTURE AGENDA ITEMS

C. SCHEDULE NEXT MEETING

The next meeting is tentatively scheduled for June 14, 2017.

D. ADJOURNMENT

DATED: May 16, 2017



Barbara Spagnola, Chair

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 24 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS, OR CALL CITY HALL AT 772-6201 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

**MINUTES – CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE
REGULAR MEETING – APRIL 18, 2017
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chairperson
	Bart Beckman	Member
	David Betonte	Member
	John Erwin	Member
	Walter Heath	Member
	Dawn Addis	Member
	John Martin	Member

STAFF PRESENT:	Craig Schmollinger	Finance Director
	Rob Livick	Public Works Director
	Monique Lomeli	Account Clerk

ESTABLISH A QUORUM AND CALL TO ORDER

https://youtu.be/pHx_Cd_4Jo0?t=32s

A quorum was established with 6 members present and the meeting was called to order at 3:33 p.m.

COMMITTEE MEMBERS ANNOUNCEMENTS AND PRESENTATIONS

https://youtu.be/pHx_Cd_4Jo0?t=1m37s

Chairperson Spagnola welcomed new member John Martin and provided a summary of the City Council workshop held on April 11, 2017, specifically regarding the CFAC workplan.

Finance Director Craig Schmollinger provided an update on Council discussion regarding general fund budget reductions.

PUBLIC COMMENT PERIOD

https://youtu.be/pHx_Cd_4Jo0?t=6m28s

Dorothy Cutter, requested information regarding future sewer rates.

There being no others, Chair Spagnola closed the public comment period.

A. CONSENT CALENDAR

https://youtu.be/pHx_Cd_4Jo0?t=11m39s

1. APPROVAL OF MINUTE FOR THE MARCH 21, 2017 REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

MOTION: Member Erwin moved to approve the CFAC meeting minutes of March 21, 2017 as submitted. Member Heath seconded and motion carried 7-0.

B. BUSINESS ITEMS

1. UPDATED DRAFT SEWER/WATER RATE STUDY PRESENTATION (REVIEW & COMMENT)

https://youtu.be/pHx_Cd_4Jo0?t=12m55s

Public Works Director Rob Livick stated the draft sewer/water rate study was not included in the agenda packet because it is pending revisions.

Eileen Shields, Assistant Program Manager, MKN & Associates, presented an overview of the Draft Sewer/Water Rate Study.

Mike Nunley, MKN & Associates, responded to Committee inquiries and stated the detailed Master Reclamation Plan and Facility Master Plan are available on the City website.

Alex Handler, Bartle Wells Associates, continued the Draft Sewer/Water Rate Study presentation and responded to Committee inquiries.

Chairperson Spagnola opened the public comment period.

https://youtu.be/pHx_Cd_4Jo0?t=2h41s

Homer Alexander expressed concerns regarding the potential sewer rate increase and requested the Committee continue the item, pending complete review of the Bartle Wells study.

Seeing no others, Chairperson Spagnola closed the public comment period.

There was a discussion regarding the timeline of the draft sewer/water rate study in relation to Proposition 218 noticing. The Committee requested staff attempt to schedule a joint meeting with the Water Reclamation Facility Citizen's Advisory Committee.

Committee members will submit written comments to Finance Director Schmollinger once they receive the revised draft study and requested staff schedule the next regular CFAC meeting around the Amgen Tour.

By consensus, the committee continued Items B2-B4 to a date uncertain.

2. DISCUSSION ON IMPLEMENTATION OF THE CITY'S PURCHASE ORDER SOFTWARE SYSTEM

3. DISCUSSION AND INPUT ON CFAC'S MISSION STATEMENT

4. FUTURE AGENDA ITEMS

C. ADJOURNMENT

The meeting adjourned at 6:00 p.m.

Recorded by:
Monique Lomeli

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AGENDA NO: B - 1
MEETING DATE: May 17, 2017

Staff Report

TO: Chairman and Committee Members **DATE:** May 12, 2017
FROM: Craig Schmollinger, Finance Director/City Treasurer
SUBJECT: Discussion on implementation of the City's Purchase Order Software System.

RECOMMENDATION

Staff recommends that the Committee receive and provide input on the update on the implementation of the City's Purchase Order System.

DISCUSSION

The City procured a purchase order module to the existing New World Financial System in the summer of 2015, and installed the system shortly thereafter. There was some staff level training from New World; however complimentary internal policies and procedures for implementing the system were never finalized. Given the shortage in staff in the Finance Department (formally Administrative Services Department), coupled with new staff since October 2016, the system has never been implemented.

Staff are actively working on writing, vetting, and implementing comprehensive financial policies and procedures citywide. These policies will include purchase order system implementation, but given short staffing, this likely will not take place until mid-year FY2017/18 at the earliest. This timing is directly related to staff capacity to complete the annual budget for FY2017/18 in late spring/early summer, and the FY2016/17 annual audit in late summer through the end of the calendar year.

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AGENDA NO: B - 3
MEETING DATE: May 17, 2017

Staff Report

TO: Chairman and Committee Members **DATE:** May 12, 2017
FROM: Craig Schmollinger, Finance Director/City Treasurer
SUBJECT: Discussion and Input on Fiscal Year 2017-18 CFAC Work Plan as Amended by Council.

RECOMMENDATION

Staff recommends that the Committee discuss and provide input on the Fiscal Year (FY) 2017/18 CFAC workplan, as prepared at the March 2017 CFAC meeting, and further amended by Council at a special meeting.

DISCUSSION

Each year, the City's various advisory bodies are tasked with a work plan that details the topics and areas of focus for the individual advisory body. The work plans tie directly to the City's Goals/Objectives, which have been adopted for FY 2017/18 (see attachment 2). For this coming Fiscal Year, Council met with the CFAC Chairwoman Spagnola and me, to go over the draft CFAC workplan, and made some alterations to that workplan. Therefore, CFAC input on the workplan adjustments is appropriate, prior to a separate special Council meeting tentatively scheduled for June 13th, to discuss and finalize work plans.

Attached is the draft FY2017/18 CFAC workplan as amended by Council, and the adopted FY2017/18 City Goals/Objectives for reference and discussion purposes in commenting on Council revisions of the CFAC workplan for the coming fiscal year.

ATTACHMENTS

1. FY2017/18 CFAC workplan as amended by Council.
2. FY2017/18 Adopted Council Goals/Objectives

EXHIBIT A

Item	Description	Expected CFAC Review
Citizens Oversight/Finance Advisory Committee Work Program for City Council 2017/18 Goals & Objectives		
Goal 1	Achieve Economic and Fiscal Sustainability	
a. Measure Q	Review Measure Q Revenues and Expenditures for FY 2016/17 prior to December 31, 2017 for input and recommendations to City Council	Starting Q3 of 2017/18
b. Budget Transparency	Continue progress on creating budget documents that are more easily understood by the general public. Form a subcommittee to research and present ideas to the CFAC on innovative budget presentations and provide to City Manager by Jan 2018 to influence FY2018/19 Budget preparations.	Continue thru Q2 2017/18
c. CFAC Review	Semi-annual reviews of budget performance, investment portfolio performance, and contract expenditures, and prepare comments, if any, to present to the City Council.	Starting Q2 of 2017/18 thru Q4 2017/18
d. General Fund Budget Reductions	Review and make recommendations, in coordination with City Staff, on options to cut \$200K or more from the FY 2018/19 General Fund Budget that are either specific to Finance Department related duties or applicable citywide (such as labor costs as a whole).	Starting Q1 thru Q 3 of FY 2017/18
e. Audit findings	Review and make recommendations on the Audit report of internal controls and managements response to the interal control findings	Starting Q2 thru Q 4 of FY 2017/18

Added



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

Memorandum For City Council, Staff and the Public

Date: April 5, 2017

Subject: FY2017-2018 Goals and Objectives

1. **Purpose.** The purpose of this document is to identify City of Morro Bay Goals and Objectives for the Budget Year July 2017 – June 2018.
 - a) The City of Morro Bay strategic planning framework, adopted by the City Council on December 8, 2015, directs the timing for development of City Goals and Objectives.
 - b) In accordance with that policy, the City conducted a goal setting process in January and February 2017 that included Council Study Sessions, a Community Goals Forums, a Council Meeting discussion and a further special Council work session to develop a new set of long term goals and budget year objectives. The 2017-18 Goals and Objectives were approved by Council on April 11, 2017.
 - c) The objectives under each goal identify a number of specific objectives the City intends to accomplish in the July 2017 to June 2018 budget year. Accomplishing these objectives, however, is dependent on adequate resourcing – both staff time and money. Thus, some objectives may not be completed if adequate resources are not allocated during the fiscal year 2016/2017 budget process.
2. **Goals and Objectives.** Following are the City of Morro Bay's four long-term goals and subordinate program objectives for budget year 2017-18:

Goal #1 (Essential Goal) – Achieve Economic and Fiscal Sustainability

Description: This essential goal recognizes the City has been living within our means, but is not currently able to fund all basic services and requirements at the level appropriate for a community of our size. It also recognizes the importance of strengthening and maintaining strong financial management practices. Due both to our previous inability to fund important services such as street paving and replacement of key facilities, and the lack of an adequate General Fund capital budget, plus the impact of recent cost concerns - especially escalating CalPERS costs - we are unable to continue living as we have in the past. This goal centers around economic development and fiscal actions (revenue enhancement, public funding measures, cost control, and sound fiscal management practices) that target a 25% increase in projected revenues from the end of FY17 to the end of FY25.

Duration: This is an 8-year goal - the City intends to achieve fiscal sustainability by 2025.

Focus: This goal includes objectives related to revenue enhancement, general economic development, cost control, and assurance of sound financial management practices are in place.

- a. Consider the proposed strategies in the Economic Development Strategic Plan and act on those most likely to generate revenues in the near term. In considering all the following objectives and working with local and regional businesses and groups: promote a balanced economic development approach that retains, expands, and attracts businesses for a strong, stable, complementary, and diverse business environment that honors the character of our community and is consistent with our Community Vision.
- b. Pursue opportunities and relationships that are likely to result in the revitalization and redevelopment of important properties including the Morro Bay Power Plant, the existing wastewater treatment plant site, Morro Bay Elementary School, and the Morro Bay Aquarium lease site. Take proactive action to facilitate the revitalization of underused and vacant parcels in all commercial districts.
- c. Evaluate and implement opportunities to increase TOT revenues including, but not limited to:
 - 1) Take appropriate action, including implementation of specific programs, to increase shoulder-season and off-season TOT-producing visitor nights by 10% over FY16 levels.
 - 2) Research and bring to Council for decision incentive programs, including a TOT rebate program, that would reasonably result in the renovation of some existing hotel stock and deliver higher average daily rates and thus higher TOT revenues.
 - 3) Facilitate private revitalization / redevelopment activities that will result in planning approval for a 3% increase in number of hotel rooms in the City, with priority placed on 3 and 4-star properties to better balance our hotel stock.
- d. Evaluate opportunities for new or expanded revenue sources, including, but not limited to: paid parking, marijuana associated revenues, other tax measures and a review of City fees.
- e. Considering Council direction to identify no less than \$400K of cost reductions across FY19 and FY20, develop a cost control and reduction plan to achieve these cuts, including a complete review of staffing levels and non-labor costs in all departments.
- f. Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.

Goal #2 (Essential Goal) – Complete WRF Project and “OneWater” Program

Description: This essential City goal centers around completion of the City’s Water Reclamation Facility (WRF) and includes implementation of a fiscally conservative, comprehensive water resource policy, program and infrastructure to ensure a sustainable water future. Key items include building the WRF and associated reclamation system,

developing a “OneWater” policy, and diversifying our water supply toward achieving water independence.

Duration: This is a 6-year goal that we intend to complete by July 2023.

Focus: This goal includes objectives related to the Water Reclamation Facility, and “OneWater” planning and implementation.

- a. Complete water/sewer rate study and bring to Council for Prop 218 process consideration any rate increase requirements to fund the proposed WRF.
- b. Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.
- c. Complete and submit the State Revolving Fund loan application with the State Water Control Board for the WRF project, to secure funding for the project.
- d. Complete the acquisition of the preferred site for the WRF project.
- e. Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.
- f. Take all appropriate actions, and bring to Council for information/approval, as required, information that will allow the City to make a decision to achieve water independence. Include an evaluation of future options regarding our existing State Water allocation.
- g. Budget for, select a consultant, complete, and bring to Council for initial consideration, a “OneWater” plan for the City that considers all water resources - from storm water to groundwater to waste water - as a single “water resource.”

Goal #3 (Important Goal) - Improve Infrastructure and Public Spaces

Description: This important goal centers around substantially improving the City’s streets, multi-modal transportation infrastructure, facilities and public spaces. The City does not currently have sufficient revenues to fund the capital improvement program required to make substantial and necessary infrastructure improvements and, therefore, this goal is contingent on making significant progress on Goal #1 – Achieve Fiscal Sustainability.

Duration: This is, at minimum, an 8-year goal.

Focus: This goal includes objectives related to streets, bike / pedestrian / parking improvements, City facilities, and beautification of public spaces.

- a. Bring to Council for decision an item to consider adding a street improvement tax measure to the November 2018 ballot.
- b. Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans and options in the downtown and waterfront districts.
- c. Bring to Council for decision proposals that result in a public/private partnership redevelopment of the City-owned “Market Plaza” property consisting of the DiStasios’s parcel, and, if appropriate to be included in redevelopment, the “Front Street” parking lot (below DiStasio’s), and the parking lot at Pacific and Market.

- d. Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.
- e. Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City (such as adopt-a-park programs), while soliciting and facilitating additional volunteer group support for routine maintenance (such as park beautification) and small capital projects (such as park bathroom reconstruction).
- f. Closely monitor the maintenance and cleanliness of public facilities and report to council for reprioritization of resources if maintenance is not keeping up with demand.

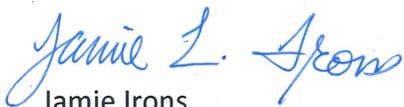
Goal #4 (Important Goal) - Review and Update Significant City Land Use Plans

Description: This important goal centers around completion of the City's General Plan (GP) / Local Coastal Program(LCP) rewrite, and update of other essential land use documents. While the GP is the important task, update of other essential land use plans and master plans is also a priority.

Duration: This is a 2-year goal that should be complete by summer 2019.

Focus: This goal includes objectives related to completion of the GP/ LCP and other important planning documents.

- a. Complete the GP/ LCP rewrite no later than August 2018.
- b. Complete the zoning code update approved and started in FY17.
- c. Ensure affordable housing and vacation rental challenges are addressed in the GP/LCP process and all land use planning.
- d. Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking / storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances.
- e. Bring to Council for adoption a rewrite of the secondary unit ordinance (updated in FY16) based on changes in State law.
- f. Begin community outreach and Council discussion on future use of the 26-acre Atascadero Road site (location of the existing WWTP) to be prepared to begin master planning that site in FY19.
- g. Explore, in public meetings with city residents, opportunities to protect important scenic, recreational, natural and agricultural resources on the Estero Marine Terminal site and surrounding lands in partnership with land conservation organizations.


 Jamie Irons

Mayor


 David Buckingham

City Manager



AGENDA NO: B - 4

MEETING DATE: May 17, 2017

Staff Report

TO: Chairman and Committee Members **DATE:** May 12, 2017
FROM: Craig Schmollinger, Finance Director/City Treasurer
SUBJECT: Review of CFAC Member Comments Submitted on the Bartle Wells Associates Sewer/Water Rate Study

RECOMMENDATION

Staff recommends that the Committee review CFAC member comments submitted on the Bartle Wells Associates Sewer/Water Rate study.

DISCUSSION

At the April 18, 2017 CFAC meeting, the updated Draft Sewer and Water Rate Study (Study) update was presented for comment and input. At its May 9th meeting, Council considered this same Study. Council directed staff to do supplemental vetting of the project through a variety of avenues and outreach methods, which will delay further consideration of the Study until an undetermined date.

Attached are the CFAC member comments on this Study received to date. CFAC members are being asked to review the comments received to date.

ATTACHMENTS

1. CFAC Member Comments Received as of 5/12/2017

From: [Walter Heath](#)
To: [Craig Schmollinger](#)
Cc: [Barbara and Chuck Spagnola](#); [Jamie Irons](#)
Subject: Comments/Suggestions on Water-Rate Study
Date: Sunday, April 30, 2017 9:12:18 PM

Hi,

1. The sewer rate portion of the water bill should vary according the number of plumbing fixtures (toilets, sinks, showers and tubs) in a household. The number of fixtures would have a direct effect on the volume of loads to the WRF and would be a fairer method of billing for service.

2. One way to assist ratepayers on limited and fixed incomes without violating cost-of-service provisions would be to offer a rebate program. People who feel they are eligible could file for a rebate to recover an amount equal to up to 100% of the annualized amount of the increased sewer rate at the end of each year, supported by tax return.

Best,
Walter

From: [Spagnola, Barbara S](#)
 To: [Craig Schmollinger](#)
 Subject: Comments on Draft Sewer Rate Study
 Date: Monday, April 24, 2017 9:07:58 PM

Craig,

Below are my comments on the Bartle Wells Associates Sewer Rate Study sent to CFAC members on April 22, 2017. I had already prepared the first suggestion prior to the update to the study being emailed out earlier today. These are in addition to the comments made at our April 18, 2017 CFAC meeting.

- 1) Please consider a summary table such as the following. It would combine maximum rates for SRF vs bond financing, but only for Alternatives 0 (no recycled component) and 4 (IPR). This would summarize and simply what the citizens are interested in seeing (amounts are estimates based on April 22, 2017 BWA draft report):

MONTHLY INCREASE in Sewer & Water Bills from April 2017 Costs (Single Family Residence)	New WRF No Recycling SRF/WIFA	New WRF No Recycling Bond Financing	New WRF with Recycling SRF/WIFA	New WRF with Recycling Bond Financing
SEWER	\$83	\$118	\$86	\$123
WATER	\$0	\$0	\$40	\$40
TOTAL MONTHLY INCREASE in SEWER and WATER BILL	\$83	\$118	\$126	\$163

UPDATE: Table 25 in today's draft report is very similar to what I was suggesting, it indicates the total monthly bills, not just the increase from today's costs as I was proposing. Table 25 is an excellent summary chart; my only suggestion is to indicate somewhere in the notes the year this maximum rate would be effective (not sure if it's 2021 or 2025 based on the previous charts).

- 2) Based on citizen feedback I have received, the citizens of Morro Bay are not going to accept the significantly increased costs associated with the recycled component of this WRF project. Potential cost savings associated with elimination of reliance on the State water contract supply probably cannot be determined with enough certainty to justify the increased cost. As noted in the BWA report Section 3, page 6, the City can evaluate the potential costs and benefits of transitioning its water supply in future year, when better information becomes available. While I recognize one of the community goals is recycled water, that was communicated by citizens well before specific costs were available. Every workshop or community forum I attended, someone mentioned low cost as a concern, which may be getting under-emphasized in the "cost effective" project goal.
- 3) Faster phase-in of the increased cost rates are not recommended in my opinion, due to the minimal effect on overall rates.
- 4) Seriously consider BWA's suggestion to recover the portion of the sewer rates associated with the capital costs of the WRF project via the property tax rolls.

Finally, as a general comment, the CFAC group would be happy to assist with the budget and actuals reporting of this project, specifically refining the current reporting as we progress this project. Thank you for your consideration.

Barbara Spagnola
 Chair, Citizens Finance Advisory Committee

Morro Bay, CA

Email: bspagnola@morrobayca.gov

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Dawn Addis

daddis@morrobayca.gov

May 12, 2017

Dear Mr. Schmollinger,

Thank you for considering my comments on the April 19, 2017 Draft Rate Study Update

As a long-time resident of Morro Bay, parent of two children, daughter and daughter in-law of two Morro Bay residents, and CFAC member, the Wastewater Reclamation Facility is a highly important issue to me. As I share these comments with you, they are through the lens of considering the future of *all* city residents.

Community Goals

While expensive, I believe the Community Goals are valuable and should not be set aside due to financial constrictions. Rather, I suggest for the City to be creative in looking for funding and phasing in the project. I am glad to hear that the City Council is reconsidering how it moves forward while maintaining attention to these goals.

Projected Schedule

Given the importance of moving this project forward, both financially, environmentally, and with regard to state mandates; I urge the City to continue forward with staying on schedule.

Recycled Water Project Alternatives/Cost Opinions

I am inclined to support project 4, which is the most costly project. However, as stated above, the City must look for ways to mitigate the costs and this may be feasible through a phasing in of meeting the Community Goals.

I am not in favor of the Agricultural Exchange as, based on the presentation, the risk vs. reward doesn't show enough guaranteed reward.

I urge the City not to ignore the possible increase in State Water. While this is not a guaranteed increase, I would like the City to continue to prepare for this increase. It is doubtful that State Water will decrease in cost or remain static over the long-term.

I would like the City to produce a number of options using a per person model to show how costs might increase to an average user. This should include a variety of scenarios including what the increase would look like if all on the sewer side, if some on the sewer and some on the water, and if some collected with property taxes. I would also like the City to explore how financial aid/support might be allotted to those on a fixed income or on a sliding scale.

Sincerely,

Dawn Addis

From: John Erwin

Sent: Thursday, April 20, 2017 8:33 AM

To: Rob Livick <rlivick@morrobayca.gov>

Cc: Janeen Burlingame <jburlingame@morrobayca.gov>; Craig Schmollinger <cschmollinger@morrobayca.gov>; Barbara Spagnola <bspagnola@morrobayca.gov>

Subject: Sewer Rate Study Comments

Rob, Thinking overnight on the rate study after hearing for the second time I would like to add more comments.

My comments were :

1. Increase authorized sewer rate to the maximum as early as possible.
2. Put Capital Improvement Costs on property tax.
3. See if property owners can prepay their liability associated with SRF/WIFIA bonds or whatever they are called.
4. I am concerned that the high monthly rate would be 6% of the City median income. Council should address this.
5. Verify how the Teeter Plan program is handled by SLO County, per John Martin's statement at the CFAC that Kern County's Teeter program does not guarantee payment of special assessments on the property tax bill.

My new comments are:

6. See if treating the funding as a general fund would allow including the street maintenance in allowable expenditures, especially for the SRF.
7. The repayment will require CIP rates far in excess of what would be required for sewer/WRF maintenance. Those funds should be put in an enterprise account paying investment rates. Then the account should be used to retire the construction loans early.
8. What would be the sewer rate be after payoff of the loan? I am assuming the sewer rates would fall to something resembling current rates.
9. I want to state my agreement with Steve Shively. If sewer and water charges combined is cheaper with the State Water Project, then the City should not build the water reuse facility. If it is cheaper to leave the SWP and build the reuse facility, then do that. Having control over our water supply is probably worth a 10% premium.

John Erwin



AGENDA NO: B - 5
MEETING DATE: May 17, 2017

Staff Report

TO: Chairman and Committee Members **DATE:** May 16, 2017
FROM: Craig Schmollinger, Finance Director/City Treasurer
SUBJECT: Discussion and Input on Fiscal Year 2017-18 Measure Q Proposed Budget

RECOMMENDATION

Staff recommends that the Committee discuss and provide input on the Proposed Fiscal Year (FY) 2017/18 District Transaction Tax Budget, commonly referred to as "Measure Q".

DISCUSSION

At the May 9th City Council meeting, staff presented the Proposed FY 2017/18 Budget for consideration at Budget Study Session #1. This presentation included Measure Q appropriations, with all requests consistent with the intent of Measure Q.

Attached is the Proposed FY2017/18 Measure Q Budget for discussion and input from the CFAC. Staff will be presenting the complete FY2017/18 Budget to Council for Budget Study Session #2 on May 23rd. This presentation will conceptually provide input to Council based on tonight's discussion/input, as appropriate.

ATTACHMENTS

1. Proposed FY2017/18 Measure Q Budget Breakdown/Justification

**CITY OF MORRO BAY
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES
FOR THE 2017/18 FISCAL YEAR**

Division	Project	Departmental Requests	Justification
RECURRING ALLOCATIONS			
Fire	Fire Station #53 debt service + 10% reserve	\$ 91,512	The United States Department of Agriculture (USDA) loaned the City of Morro Bay \$1.5 million to complete construction of the headquarters fire station project. Completing the construction of the fire station has been a Council priority for several years. Additionally, council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold. This request is for the 2016/17 debt service (\$83,193) + the reserve requirement (\$8,319).
Police	School Resource Officer (SRO)	\$ 77,309	The San Luis Coastal Unified School District is no longer funding the SRO program at Morro Bay High School (MBHS) at 50% of the officer's salary and benefits as they traditionally have. The SRO program provides essential public safety services at MBHS, as well as rapport-building between Morro Bay youth and our Police force. This request represents 50% of the cost for the SRO, with the remaining 50% paid by the Police Department's General Fund unit.
Fire	Salaries and benefits for Vacation Relief Firefighter	\$ 260,279	Continues funding for vacation relief full-time firefighter Salary (\$14,631), Benefits (\$35,804), vacation relief overtime pay (\$15,393), and overtime to maintain staffing of 3 full-time firefighters (\$118,866), and funding the additional reserve part-time firefighter wage (\$12,600) and benefit (\$2,977) to maintain the council desired and strategic plan recommended 4 firefighters on duty each day.
2017/18 REQUESTS			
Public Works	Pavement Management	\$ 529,737	Accumulation from 2015/16 is \$399k as of 5/3/16; this will add to the amount designated for 2016/17 for street work
Police	Standby pay	\$ 13,000	Allocation request to increase Police readiness, 24/7, through the use of stand-by pay for Police personnel.
Police	Payment to other agencies	\$ 14,600	Allocation request for the Bomb Team and the Sheriff's Special Operations Unit (narcotics/gang task force).

**CITY OF MORRO BAY
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES
FOR THE 2017/18 FISCAL YEAR**

<u>Division</u>	<u>Project</u>	<u>Departmental Requests</u>	<u>Justification</u>
Fire	Fire Hose Replacement	\$ 4,000	Replacement 2,000 feet of 2.5 inch 24 year old hose; structure and wildland fire hose repair and hose maintenance
Fire	Generator for Multiple Casualty Trailer	\$ 1,200	Replacement of 3 kw generator on Morro Bay Fire Department's Multiple Casualty (MCI) Trailer. Morro Bay's MCI Trailer is designed to triage and treat up to 48 patients. Morro Bay's MCI Trailer is stationed at our Harbor Street Station and is a part of our local and county response plan.
Fire, Police, Harbor, Public Works	Black Hill Repeater	\$17,492.00	Repair, and replace operational power supplies at our Black Hill repeater site. Evaluate and relocate public safety antennas to operational effective locations for optimum transmission to the Los Osos repeater site. A professional comprehensive study of our future needs for our public safety repeater and antenna infrastructure. This study will address a regional approach for operational effectiveness and cost efficient partnerships with our local public safety neighbors.
Emergency Operations Center (EOC)	Comprehensive rewrite of our Morro Bay Emergency Management Plan	\$ 15,000	A Comprehensive rewrite of our Morro Bay Emergency Management Plan will be our next step to our completion of our Local Hazard Mitigation Plan. Our Hazard Annex's will be updated to match current FEMA and State OES requirements to include: Earthquakes, Tsunamis, Mass Casualties, Hazardous Materials, Storm / Flood, Major Fires, Civil Disturbance / Terrorism, and Nuclear. With Morro Bay having some uniqueness, two additional Hazard Annex's will be develop to include Droughts and Recovery. Position checklists and an updated emergency resource guide will be developed. Our new plan will be submitted to County
		\$ 494,392	Non-Streets Spending
		<u>1,024,129</u>	Total Revenue Available
		<u><u>\$ (529,737)</u></u>	Available balance for streets

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