



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.

NOTICE OF SPECIAL MEETING
WEDNESDAY, APRIL 25, 2018
VETERANS MEMORIAL HALL – 3:30 PM
209 SURF ST., MORRO BAY, CA

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD FOR ITEMS ON THE AGENDA

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE March 20, 2018, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

B. BUSINESS ITEMS

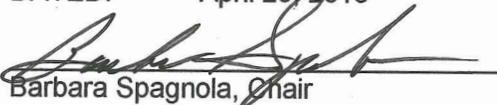
1. BRIEF FINANCE DEPARTMENT UPDATE – OPENGOV (Senior Accounting Tech)
2. DISCUSSION AND INPUT ON THE MEASURE Q FY 2018/19 PROPOSED BUDGET
3. DISCUSSION AND INPUT ON THE GENERAL FUND FY 2018/19 OPERATING BUDGET
4. SUBCOMMITTEE UPDATES
5. FUTURE AGENDA ITEMS

C. SCHEDULE NEXT MEETING

May 15, 2018

ADJOURNMENT

DATED: April 20, 2018


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.

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 72 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

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**MINUTES – CITIZENS OVERSIGHT/ FINANCE
ADVISORY COMMITTEE
REGULAR MEETING – MARCH 20, 2018
VETERANS MEMORIAL HALL – 3:30 P.M.**

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

STAFF PRESENT:	Jennifer Callaway	Finance Director
	Sandy Martin	Budget and Accounting Manager
	Valerie Webb	Senior Accounting Technician
	Chief Knuckles	Fire Chief
	Chief Allen	Police Chief
	Rob Livick	Public Works Director

ESTABLISH A QUORUM AND CALL TO ORDER

A quorum was established with 5 members present and the meeting was called to order at 3:30 p.m. Member John Erwin arrived at 3:33 p.m.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

No committee member announcements or presentations.

PUBLIC COMMENT PERIOD

<https://youtu.be/-yrlpJe3ic0?t=1m37s>

No public comment.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE FEBRUARY 20, 2018, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING
<https://youtu.be/-yrlpJe3ic0?t=2m27s>

MOTION: Member Martin moved to approve the CFAC meeting minutes of February 20, 2018 as presented. Member Betonte seconded and the motion carried 5-0.

Later noted by Member Addis that in section C-3 a correction was needed to read committee member rather than council member.

B. BUSINESS ITEMS

1. BRIEF FINANCE DEPARTMENT UPDATE – OPENGOV, CSMFO
<https://youtu.be/-yrlpJe3ic0?t=3m5s>

Finance Director Jennifer Callaway presented a brief finance department update including OpenGov deployment progress and staff experience at CSMFO conference.

No public comment.

2. PRESENTATION AND DISCUSSION OF THE FY 2016/17 COMPREHENSIVE ANNUAL FINANCIAL REPORT
<https://youtu.be/-yrlpJe3ic0?t=11m42s>

Finance Director Callaway presented the staff report, the Pun Group had a scheduling conflict and was unable to attend.

Finance Director Callaway answered questions regarding the increasing values in pension liability, a budget deficit in administration, and the state water contract. The Committee concurred with auditor and management recommendations to implement a purchase order system and encourages returning to centralized accounts payable.

3. DISCUSSION AND INPUT ON PREPARATION OF MEASURE Q FY 2018/19 BUDGET
<https://youtu.be/-yrlpJe3ic0?t=1h15m17s>

Fire Chief Knuckles presented on the department use of Measure Q funds, particularly staffing, fleet replacement and debt service on the new station. Police Chief Allen presented on the department use of Measure Q funds, highlighting staffing levels and training needs. Public Works Director Livick presented on the department use of Measure Q funds, especially as it relates to pavement management.

4. DISCUSSION AND INPUT ON FY 2018/19 OPERATING BUDGET

Due to lack of time, this agenda item was not covered, scheduled for next meeting.

5. REVIEW OF SECOND QUARTER INVESTMENT REPORT FOR FY 2017/18
<https://youtu.be/-yrlpJe3ic0?t=2h23m20s>

Reviewed and accepted.

6. SUBCOMMITTEE UPDATES

None.

7. FUTURE AGENDA ITEMS

Comprehensive review of proposed FY 2018/19 Measure Q and Operating Budgets.

C. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for Wednesday, April 25, 2018.

D. ADJOURNMENT

<https://youtu.be/-yrlpJe3ic0?t=2h25m36s>

The meeting adjourned at 5:55 p.m.

Recorded by:
Valerie Webb

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AGENDA NO: B-2

MEETING DATE: April 25, 2018

Staff Report

TO: Chairman and Committee Members **DATE:** April 20, 2018
FROM: Jennifer Callaway, Finance Director
SUBJECT: Discussion and Input on the Measure Q FY 2018/19 Proposed Budget

RECOMMENDATION

Discussion and input on the Measure Q FY 2018/19 Proposed Budget.

DISCUSSION

The FY 2018/19 proposed Measure Q budget is attached. Transaction tax estimates for FY 2018/19 are \$1,083,000 and were provided by HDL, the City's sales tax consultant. The proposed expenditures total \$1,083,000 with \$480,213 allocated to the Fire Department, \$101,100 to the Police Department and the remaining \$501,687 to the Pavement Management Plan.

ATTACHMENT

1. FY 2018/19 Proposed Measure Q Budget

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____



MEASURE Q REQUEST

PROGRAM PURPOSE

Measure Q was approved to preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution, and other general city services. Citizens approved increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures.

BUDGET OVERVIEW

The FY 2018/19 Measure Q budget is based on projected transaction tax of \$1,083,000. Of the \$1.1 million in estimated transaction tax, the City proposes to allocate \$501,687 to a new Pavement Management Plan Capital Project, \$101,100 to the Police Department for both personnel and equipment needs, and \$470,213 to the Fire Department for both personnel, equipment and debt service requirements.



In FY 2017/18 the City established a Capital Project for the Pavement Management Plan. This allows for all pavement management work to be accounted for in one fund, making it more efficient to account for the supplemental funding of the pavement management plan through Senate Bill (SB)1 gas tax expenditures and other grant monies. The Measure Q funds of \$501,687 will be supplemented by approximately \$191,000 in SB 1 funds to complete chip and cape seal, as well as type 2 micro surfacing to over 275,000 square feet of roadways in the City.

The Fire Department's Measure Q expenditures consist of Fire Station debt service and salaries and benefits (based off the 2007 standard to maintain our 4-person staffing as per the Emergency Services Ad-Hoc Committee report and Fire Department Strategic Plan), consistent with prior year expenditures. In addition, the department has a need to replace Engine 5391 and is requesting assistance from Measure Q (\$60,000) to do so. The department requests funding to support a 5-year payment schedule in partnership with the Bertha Schultz Trust (\$275,000) and use of impact fees (\$73,000) for the replacement of our 25-year old Engine 5391. Finally, the department requests funding for Personal Protection Equipment (PPE) for our current Firefighters and projected new hires in our full-time and part-time staff that is not supported in our general fund as well as \$14,000 in matching funds for a possible Federal Fire Act Grant award for mobile and handheld radios.



MEASURE Q



The Police Department is requesting total funding of \$101,100 from Measure Q to support operations. This includes funding for standby pay (\$24,000) as well as \$16,500 to support a one-year pilot program to fund the increases salary and benefits to advance a Senior Officer to that of Administrative Sergeant. This Administrative Sergeant position, referred to as a Force Multiplier, will assist the department in a redeployment strategy, designed to maximize the number of Officers available in the field on a 24 hour basis. The Administrative Sergeant will take over many of the administrative duties, including report review, Lexipol daily training bulliten updates, reviews and updates of Department policy, critical incident review, use of force review, managing detective operations, coordinating Volunteer Programs and responding to constituent complaints. The current four Sergeants are unable to patrol the field as proactively as the Department needs due to the amount of Administrative duties being consumed on shift. The new force multiplier position would consolidate many of those administrative duties under the new Administrative Sergeant, allowing for consistency in work and thereby freeing up existing Sergeant time to deploy into the field, supporting Officers, training Officers and providing more proactive community policing to the community. The recommendation is to fund the Administrative Sergeant position for one-year to determine if the described efficiencies are achieved. The request is not to add an additional FTE, rather promote on a temporary, assignment basis for one-year, a Senior Officer. The Measure Q funding request of \$16,500 is the amount of the increased assignment pay and benefits.

The Police Departemnt is also requesting \$22,000 in funds to purchase in unit and body worn cameras. In unit cameras are a dash camera system that record visual and audio police actiity in and around the patrol vehicle. Body cameras are worn on an officer's uniform to capture video and audio activity. These devices represent best practices in Law Enforcement liability and constitutional policing. They have become imperative in internal investigations of Officer conduct issues. The District Attorney often requires these video/audio evidence in court cases and in many instances, have been able to prosecute a case based on the in-unit and body camera footage. The new cameras provide enhanced footage and the Department's current system is becoming obsolete based on storage and retention abilities, as well as being up for contract renewal. The body worn cameras the City currently has are no longer being manufactured, making any repairs difficult. Several of the Department's body worn cameras are being held together with electrical tape and fail on a consistent basis.

Lastly, the Department is requesting \$38,600 in payment to other agency (SLO Sheriff), \$14,600 for bomb/task force and \$24,000 for the Computer Aided Dispatch (CAD)/Data Lines.



∞ MEASURE Q ∞

MEASURE Q

Fund 003

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Sales & Use Tax</i>	\$ 946,448	\$ 980,853	\$ 1,077,488	\$ 1,024,129	\$ 1,024,129	\$ 1,083,000
<i>Intergovernmental</i>	-	-	38,424	-	396,917	-
<i>Interest</i>	1,664	2,989	1,959	-	-	-
<i>Transfers In</i>	203,508	-	-	-	530,000	-
TOTAL REVENUES	\$ 1,151,620	\$ 983,842	\$ 1,117,871	\$ 1,024,129	\$ 1,951,046	\$ 1,083,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 255,833	\$ 497,187	\$ 307,182	\$ 349,588	\$ 349,588	\$ 328,307
<i>Supplies</i>	3,256	3,194	14,247	37,492	28,492	63,600
<i>Services</i>	979,453	34,234	1,126,245	926,917	926,917	501,687
<i>Capital Outlay</i>	-	60,771	-	1,200	-	-
<i>Other</i>	-	-	10,000	14,600	19,253	38,600
<i>Debt Service</i>	124,809	82,538	82,394	91,512	91,512	90,806
<i>Equipment</i>	45,000	-	-	-	-	60,000
TOTAL EXPENDITURES	\$ 1,408,351	\$ 677,924	\$ 1,540,068	\$ 1,421,309	\$ 1,415,762	\$ 1,083,000

The measure Q budget is presented below with departmental detail.

∞ MEASURE Q ∞

**City of Morro Bay
Measure Q
Operating Revenues vs. Operating Expenditures
Proposed FY 2018/19**

	FY18/19 Proposed Budget
Revenues	
Sales Tax	\$ 1,083,000
Charges for Services - Sale of Plans/Specs	-
Interest	-
Grants - CalRecycle	-
Total Revenues	1,083,000
Expenditures	
Fire	
Salaries & Benefits (Relief Firefighter)	167,122
Transfer to General Fund (Remaining balance of Relief Firefighter)	120,685
Fire Station #53 Debt Service	90,806
Equipment (Firefighter Personal Protection Equipment)	27,600
Equipment (Radios)	14,000
Replacement Engine with Type 1 Fire Combination Pumper	60,000
Total Fire	480,213
Police	
Admin Sgt Force Multiplier Assignment Pay (net increase to Salary and Benefits)	16,500
Standby Pay	24,000
Equipment (Body Worn Cameras)	22,000
Payment to Other Agency's - SLO Sheriff	38,600
Total Police	101,100
Public Works	
Pavement Management Plan (transferred out to the new Pavement Mgmt Plan Capital Project)	501,687
Total Public Works	501,687
Gain/Loss on Investment -GASB 31	
Total Operating Expenditures	\$ 1,083,000

∞ MEASURE Q ∞

Object	2018-2019 Measure Q Request
Fire Station #53 debt service + 10% reserve	\$90,806 - The United States Department of Agriculture has loaned the City of Morro Bay \$1.5 million to complete construction of the Harbor Street Fire Station. Completing the construction of the fire station has been a Council priority for several years and we celebrated the grand opening in 2013. Additionally, council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold.
Firefighter Personal Protection Equipment (PPE)	\$27,600 - For current firefighters and projected new hires in fulltime and part-time staff, fund up to 6 new structure PPE, face and neck hoods, gloves, and structure boots. Also includes helmets, wildland boots, wildland gear, fire shelters, signal layer wildland coats, eye protection, hearing protection and hand protection. All PPE replacements and purchases will follow Cal OSHA and National Fire Protection Agency (NFPA) guidelines. All PPE maintenance and repairs are supported in the general fund.
Replacement for Engine 5391 with Type 1 Fire Combination Pumper	\$60,000 - Fund a 5-year payment schedule for a Fire Apparatus that meets Type 1 Fire Combination Pumper standards to replace Engine 5391. Engine 5391 has been in service in Morro Bay since 1994 and was on the Fire Department's replacement schedule in 2014. The service life was extended 5 years to 2019 due to the performance and testing results of Engine 5391. A (\$275,000) down payment is being funded by the Bertha Shultz Trust with a total price of (\$675,000). A five-year financial timeline will be provided by the fire apparatus manufacture.
Matching funds for a possible Federal Fire Act Grant award for mobile and handheld radios	\$14,000 - The Fire Department participated with our regional partners in a Federal Fire Act Grant requesting replacement mobile and handheld radios. The replacement of our communication equipment is currently scheduled on the Fire Department's replacement schedule. For communication inoperability during coastal incident emergencies and the Fire Department management of the emergency communications, the Harbor Department was added to our grant proposal to provide consistencies in emergency communications equipment. The grant total if rewarded totals (\$140,000) requiring a 10% match. If the grant is not awarded, no funds will be expended.
Salaries and benefits	\$287,807 - Continues funding for vacation relief full-time firefighter Salary (\$81,653), Benefits (\$35,917), vacation relief overtime pay (\$15,820), and overtime to maintain staffing of 3 full-time firefighters (\$120,685), and funding the additional reserve part-time firefighter wage (\$30,744) and

	benefit (\$2,988) to maintain the council desired and strategic plan recommended 4 firefighters on duty each day.
Salaries & Benefits – Police	\$40,500 – Standby pay (\$24,000) and one-year pilot of Administrative Sergeant position (\$16,500)
Body Worn Cameras	\$22,000 – replacement of existing in unit and body worn cameras.
Payment to other Agency	\$38,000 – payment to San Luis Obispo (SLO) Sheriff for bomb task force training and CAD/Data lines.
Pavement Management Plan	\$501,687 –supplemented by approximately \$191,000 in SB 1 gas tax money to complete pavement work within the City.
Total Request	\$1,083,000



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AGENDA NO: B-3

MEETING DATE: April 25, 2018

Staff Report

TO: Chairman and Committee Members **DATE:** April 20, 2018
FROM: Jennifer Callaway, Finance Director
SUBJECT: Discussion and Input on the General Fund FY 2018/19 Operating Budget

RECOMMENDATION

Discussion and input on the General Fund FY 2018/19 Operating Budget

DISCUSSION

Staff is continuing to compile the proposed FY 2018/19 operating and capital budgets. Included for the committee's review, discussion and input are the general fund, departmental draft budgets. There may be slight modifications to the provided documents as staff continues to review and complete quality control checks, as well as finalizes the proposed budgets for the special revenue funds, enterprise funds and capital projects. Staff will also be finalizing the financial summaries section and transmittal sections.

Included in supplemental materials is a glossary, governing resolutions, policies and an annual budget process and calendar that was completed by Committee member Betonte.

ATTACHMENT

1. Draft Proposed FY 2018/19 Operating Budget

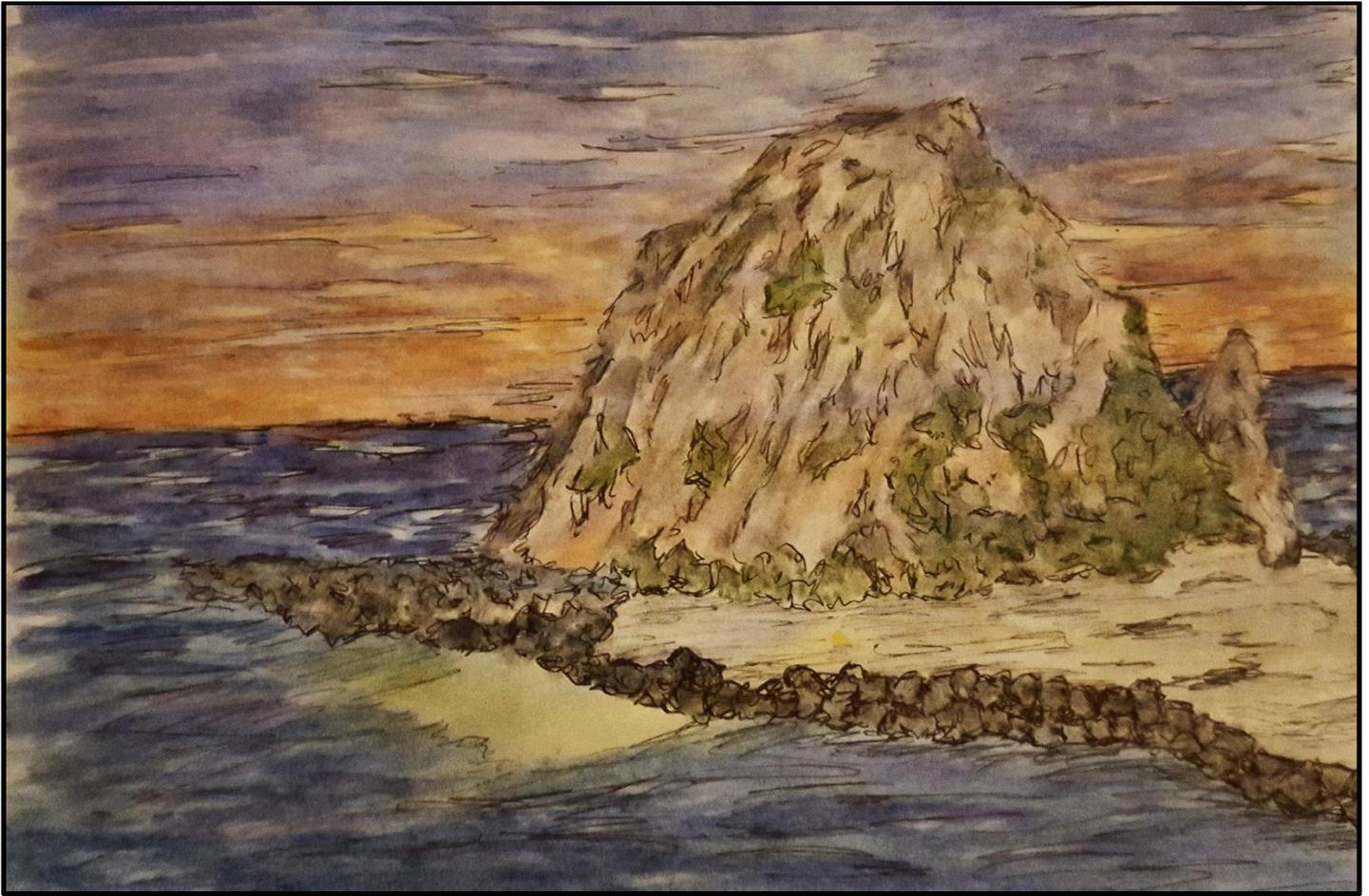
Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

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City of Morro Bay

FY 18 - 19

Operating & Capital Budgets



CITY OF MORRO BAY
OPERATING AND CAPITAL BUDGET
FISCAL YEAR 2018/19

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MEASURE Q

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- Annual Budget Process and Calendar
- City of Morro Bay Investment Policy
- City Ordinances
- Schedule of Unfunded Liabilities
- Glossary of Terms



FINANCIAL SUMMARIES

General Fund Revenues and Expenditures

Summary schedules which identify the City's General Fund operating sources and uses at the department and category levels.

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Staffing

The labor position schedules provide a summary level view of operational staffing assignments, funding, and trends.

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**TOTAL CITY
REVENUE, EXPENDITURE, & FUND BALANCE TREND INFORMATION**

The FY 2018/19 budget focuses on maintaining core service levels and addressing Council identified goals and priorities. The City's priority issues center around maintaining public safety, fire and infrastructure, including streets, parks and public facilities, as well as community development, recreation, harbor and utility services as well as supporting the City's Tourism program. These priorities are coordinated to protect the City's fiscal health and ensure cost efficient and effective delivery of City-wide services.

Reflecting the continued positive economy, FY 2018/19 budget is a balanced budget, however with the rising cost of providing services, the ten-year financial forecast continues to project future shortfalls. The FY 2018/19 budget has been balanced largely due to revenue enhancements, resulting from the positive economy and the City's growth in the economically sensitive revenue sources such as Sales Tax, Property Tax, and Transient Occupancy Tax. In regard to expenditures, the City's employer-paid benefits including obligated pension contributions and the cost of current health plans continue to increase, with expectations that these costs will continue to increase for the foreseeable future. Other key trends affecting the fund balance forecast include:

Salaries and Benefits Increases – As in most municipalities, services are provided directly by employees to the City's residents, businesses, and visitors. As a result, the cost of salaries and benefits are a significant portion of the budget. Salaries and benefits account for 71.6% of General Fund expenditures in FY 2018/19. When fiscal conditions worsened during the recession, the city experienced both layoffs and attrition of staffing that resulted in reorganizations and an overall reduction in Full Time Equivalents (FTEs). In the fall of 2017 the City was successful in negotiation three-year labor agreements with the City's Service Employees International Union (SEIU) and Firefighters Association, with revenue targets that would trigger salary increases. By resolution, the City applied the same cost-of-living increase triggers to the confidential and unrepresented management groups. Based on FY 2017/18 year-end estimates, the revenue triggers are likely to be met within \$71,000 and would thereby trigger a 2% cost-of-living (COLA) increase. The 2% COLA increase has been included in the FY 2018/19 budget for those represented and unrepresented classifications.

The Morro Bay Police Officer's Association (MBPOA) extended the term of their expired contract for one additional year, providing a 2% COLA increase for FY 2017/18. As there is no contracted obligation to the MBPOA for future salary increases the FY 2018/19 budget does not incorporate salary COLAs for those represented positions.

Pension contributions are also a significant portion of the City's budget, as the City is obligated to contribute a mandatory amount established by the California Public Employees Retirement System (CalPERS) as a percent of salary. The rates are established by actuarial formula and are controlled by the policies adopted in the Public Employment Retirement Law (PERL). In FY 2017/18 the City made final payment on both the police safety and fire safety classic pension plans. While payment of these side funds helped the City realize short terms savings for FY 2018/19, pension contributions are expected to continue to rise, reflective of lower than expected CalPERS investment earnings for its pension trust, CalPERS January 2017 action to lower its discount rate over time from 7.5% to 7.0%, and CalPERS most recent action to shorten the amortization period to 20 years for new actuarial basis. FY 2018/19 marks the first year the lower discount rate is effective, however as previously mentioned the final payments of the Police and Fire Safety side funds offset the expected increases. For FY 2018/19, the rate for police employees will decrease from 70.812% to 61.792% in FY 2018/19, for fire employees the rates will increase from 61.283% to 73.966% (this does not account for the early payoff of the side-fund, actual rates in FY 2018/19 will be less), and for all other employees, the rate will increase from 35.371% in FY 2017/18 to 43.256% in FY 2018/19.

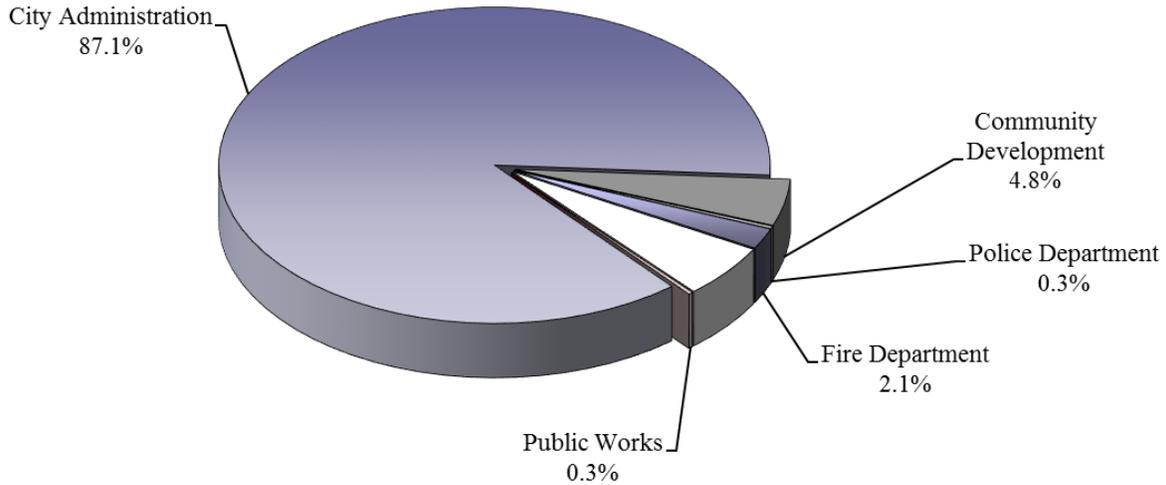
In addition to the classic pension formula for miscellaneous, fire and police employees, the City adopted Tier 2 formulas for all three actuarial classifications. The Tier 2 formulas are for all new hires that were enrolled in CalPERS prior to the effect of PEPRA in January 2013. The Tier 2 formulas do not provide as great of a retirement benefit and thereby less costly for the City. Miscellaneous Tier 2 employees retirement formula is 2% at 60 and the Tier 2 Fire and Police employees benefit formula is 3% at 55, all three based on three-year final average compensation period.

The Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, implemented an even lower pension tier for employees who are new to the PERS pension system. Under PEPRA, the formula is 2% at age 62 for non-sworn and 2.7% at age 57 for sworn employees. As the City's employee base migrates from classic CalPERS members to PEPRA members, the long-term future obligations of the City will begin to lessen as the benefit formula for PEPRA employees is not as great. However, the transition from Classic to Tier 2 to PEPRA employees does not provide immediate cost savings as the City's currently liability is comprised of costs of benefits promised to retired classic employees as well as the benefit promises to existing employees. PEPRA is expected to result in cost savings to cities with respect to salary and benefit expenditures in the next 10 to 15 years.

The City is also expecting to experience slight increases in health coverage costs which has been included in the proposed budget.

Revenue Recovery – On a positive note, all signs indicate that the economy remains strong as the City is experiencing increases in many economically sensitive revenues such as Property Tax, Transient Occupancy Tax (TOT), and Sales Tax for FY 2018/19. General Fund revenues for FY 2018/19 (excluding fund transfers in) are 2.3% greater than budgeted prior year revenues. This increase is largely due to forecasted increases in Property Tax, Sales Tax and Transient Occupancy Tax (TOT) as a result of strong travel and tourism and Morro Bay's destination marketing.

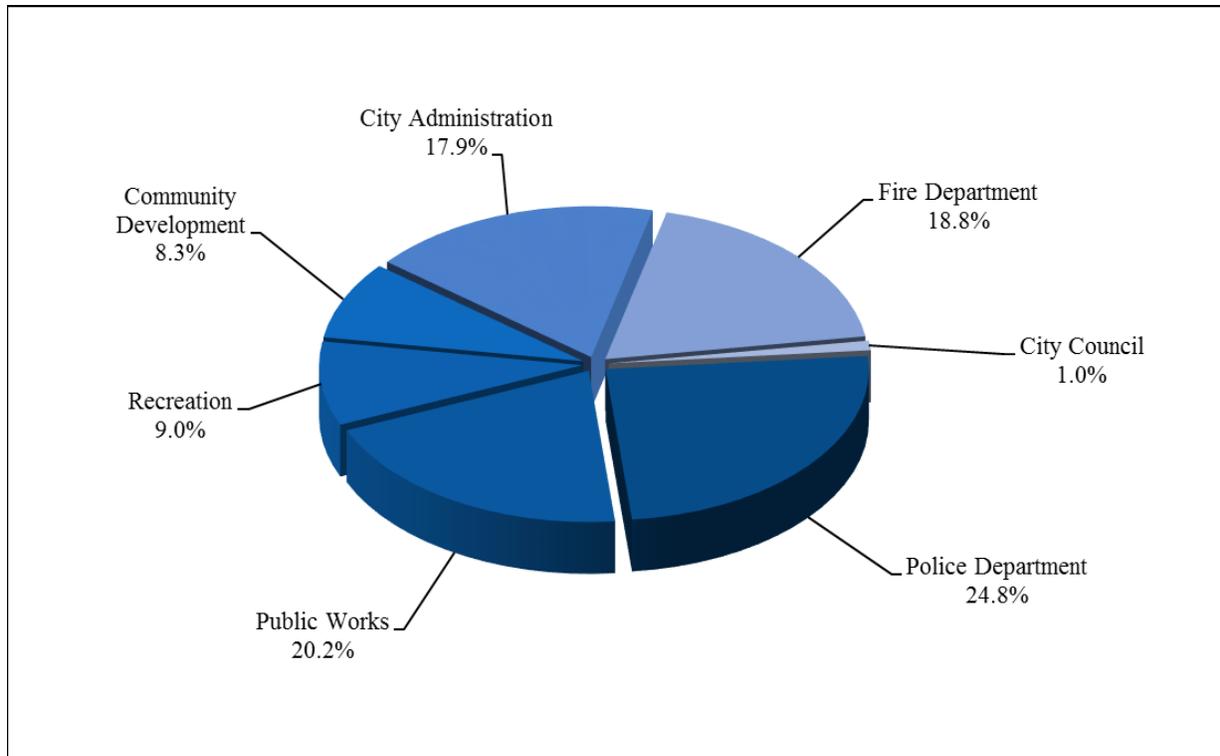
**GENERAL FUND REVENUES
BY DEPARTMENT**



FY 2018/19 Departmental Revenues

Departments	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed	% of Total
City Council	\$ 1,421	\$ 378	\$ 189	\$ -	\$ -	\$ -	0.0%
City Administration	9,028,017	10,339,019	10,946,940	10,569,792	10,685,699	11,061,505	86.9%
Public Works	565,366	33,127	581,122	32,892	33,212	33,300	0.3%
Community Development	264,842	539,715	485,542	548,167	550,000	604,910	4.8%
Police Department	80,408	119,440	84,604	84,427	51,844	60,430	0.5%
Fire Department	225,846	423,352	312,402	679,100	689,268	267,588	2.1%
Recreation	493,166	589,347	563,708	549,800	520,297	697,000	5.5%
Total General Fund Revenues	\$ 10,659,066	\$ 12,044,378	\$ 12,974,507	\$ 12,464,178	\$ 12,530,320	\$ 12,724,733	100%
Transfers In:	1,709,177	1,093,431	1,198,161	1,316,851	1,296,266	1,552,859	
Net Operating Revenues	\$ 12,368,243	\$ 13,137,809	\$ 14,172,668	\$ 13,781,029	\$ 13,826,586	\$ 14,277,592	

**GENERAL FUND EXPENDITURES
BY DEPARTMENT**

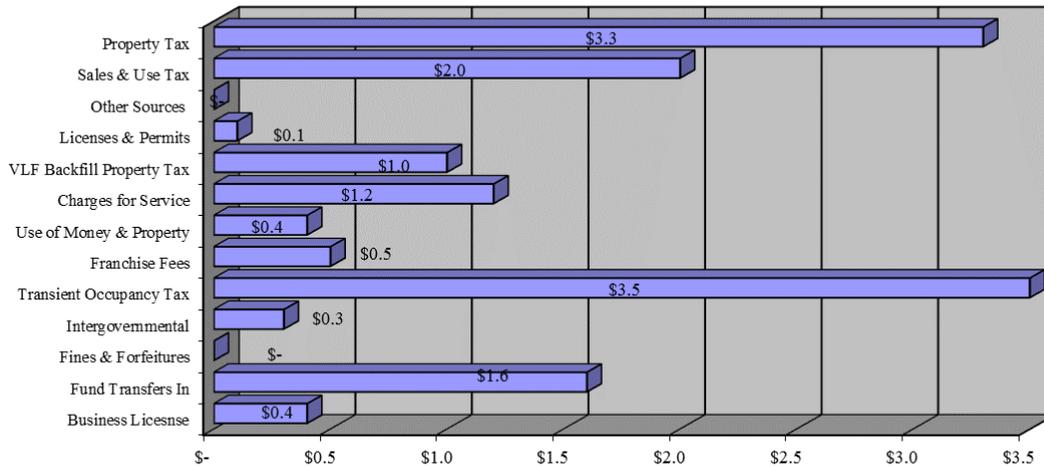


FY 2018/19 Departmental Expenditures

Departments	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed	% of Total
Police Department	\$ 2,880,267	\$ 3,494,378	\$ 3,322,820	\$ 3,566,484	\$ 3,449,440	\$ 3,383,956	24.8%
Fire Department	2,238,320	2,461,252	2,692,468	2,743,252	2,746,711	2,569,479	18.8%
Public Works	1,953,508	2,297,327	2,510,768	2,572,654	2,302,876	2,751,209	20.2%
Community Development	279,226	733,416	809,549	1,053,470	824,563	1,136,633	8.3%
City Administration	1,440,110	1,929,878	2,165,262	2,143,487	2,106,998	2,442,243	17.9%
Recreation	1,092,896	914,215	985,566	1,099,371	938,640	1,225,166	9.0%
City Council	142,734	122,326	117,037	134,575	131,632	140,550	1.0%
Total General Fund Exp	\$ 10,027,061	\$ 11,952,792	\$ 12,603,470	\$ 13,313,293	\$ 12,500,860	\$ 13,649,236	100%
Transfers Out:	232,943	719,489	736,357	522,322	522,322	624,080	
Net Operating Expenditures	\$ 10,260,004	\$ 12,672,281	\$ 13,339,827	\$ 13,835,615	\$ 13,023,182	\$ 14,273,316	

**GENERAL FUND REVENUES
BY CATEGORY**

\$14.3 Million



Revenue Category	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed	% of Total
Sales & Use Tax	\$ 1,371,331	\$ 1,556,334	\$ 1,970,009	\$ 1,905,009	\$ 1,915,009	\$ 1,964,510	13.8%
Property Tax	\$ 3,139,308	\$ 3,225,043	\$ 3,052,324	\$ 3,027,493	\$ 3,024,493	\$ 3,262,077	22.8%
VLF Backfill Property Tax	\$ 877,079	\$ 920,597	\$ 972,150	\$ 1,004,328	\$ 1,004,328	\$ 1,048,184	7.3%
Franchise Fees	\$ 492,572	\$ 513,081	\$ 511,696	\$ 527,484	\$ 527,484	\$ 531,799	3.7%
Business License	\$ (20,544)	\$ 351,055	\$ 346,704	\$ 349,180	\$ 375,000	\$ 376,500	2.6%
Transient Occupancy Tax	\$ 2,888,638	\$ 3,136,366	\$ 3,327,073	\$ 3,343,371	\$ 3,484,192	\$ 3,524,835	24.7%
Licenses & Permits	\$ 416,313	\$ 70,150	\$ 109,615	\$ 102,859	\$ 101,000	\$ 92,859	0.7%
Intergovernmental	\$ 241,328	\$ 529,637	\$ 352,090	\$ 712,396	\$ 703,516	\$ 298,384	2.1%
Charges for Service	\$ 897,157	\$ 1,014,625	\$ 912,511	\$ 967,826	\$ 964,133	\$ 1,187,469	8.3%
Fines & Forfeitures	\$ 6,523	\$ 5,456	\$ 8,420	\$ 5,511	\$ 4,600	\$ 5,511	0.0%
Use of Money & Property	\$ 270,491	\$ 501,791	\$ 392,128	\$ 443,927	\$ 378,240	\$ 389,600	2.7%
Interest	\$ 1,994	\$ 44,506	\$ 45,930	\$ -	\$ -	\$ -	0.0%
Other Sources	\$ 75,455	\$ 175,359	\$ 756,208	\$ 74,794	\$ 48,325	\$ 43,005	0.3%
Total Revenues	\$ 10,657,645	\$ 12,044,000	\$ 12,756,858	\$ 12,464,178	\$ 12,530,320	\$ 12,724,733	
Transfers In:	\$ 1,709,177	\$ 1,093,431	\$ 1,198,161	\$ 1,316,851	\$ 1,296,266	\$ 1,552,859	10.9%
Total Revenues & Transfers In	\$ 12,366,822	\$ 13,137,431	\$ 13,955,019	\$ 13,781,029	\$ 13,826,586	\$ 14,277,592	100%

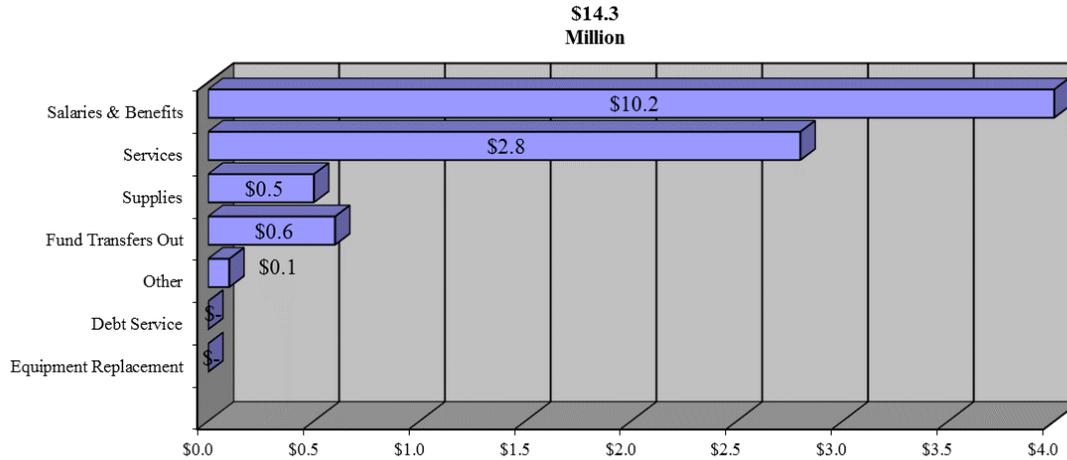
FY 2017/18 General Fund revenues and fund transfers are estimated to increase by 3.6% (\$497,000) from the FY 2017/18 adopted budget. The City's operations are funded through a variety of revenue sources as depicted above. Revenues were estimated by trend analysis and historical data as explained below:

Transient Occupancy Tax (TOT) – The FY 2018/19 budget includes \$3.5 million in TOT revenue, a 5.4% increase from the prior year budgeted amount and a 1% increase from the projected FY 2017/18 year-end estimates.

Sales Tax –The FY 2018/19 budget reflects \$2.0 million in sales tax revenue, or a 3% increase compared to the prior year budgeted amount. This estimate is based on data provided by HDL, the City's Sales Tax Consultant

Property Tax – Property Tax receipts are expected to increase from the budgeted FY 2017/18 amount by 7.7% totaling \$3.3 million. This estimate is based on data provided by the San Luis Obispo County Auditor-Controller.

**GENERAL FUND EXPENDITURES
BY CATEGORY**



Expenditure Category	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed	% of Total
Salaries and Benefits	\$ 7,929,260	\$ 8,969,214	\$ 9,639,055	\$ 10,458,342	\$ 9,788,983	\$ 10,213,095	71.6%
Supplies	\$ 470,838	\$ 576,197	\$ 663,193	\$ 474,434	\$ 477,783	\$ 499,017	3.5%
Services	\$ 1,582,901	\$ 2,364,013	\$ 2,812,219	\$ 2,315,242	\$ 2,176,406	\$ 2,846,599	19.9%
Capital Outlay	\$ 9,876	\$ -	\$ 2	\$ -	\$ 83	\$ -	0.0%
Other	\$ 34,186	\$ 116,803	\$ 102,120	\$ 65,275	\$ 83,806	\$ 55,335	0.4%
Debt Service	-	-	-	-	35,190	35,190	0.2%
Equipment Replacement	-	-	-	-	-	-	0.0%
Total Expenditures	\$ 10,027,061	\$ 12,026,227	\$ 13,216,589	\$ 13,313,293	\$ 12,562,251	\$ 13,649,236	
Transfers Out	\$ 232,943	\$ 719,489	\$ 736,357	\$ 522,322	\$ 522,322	\$ 624,080	4.4%
Total Exp & Transfers Out	\$ 10,260,004	\$ 12,745,716	\$ 13,952,946	\$ 13,835,615	\$ 13,084,573	\$ 14,273,316	100.0%

The FY 2018/19 General Fund Operating Budget of \$13.6 million (net of transfers) represents a 2.5% increase compared to the net FY 2017/18 adopted operating expenditures budget of \$13.3 million (net of transfers).

Salaries & Benefits – The delivery of City services is highly dependent on labor which comprises 71.6% of budgeted General Fund expenditures for FY 2018/19. Salaries and benefits continue to be the largest portion of the City’s costs and continue to rise. The FY 2018/19 budget reflects a 2.3% decrease in salaries and benefits. While previously negotiated cost of living increases, and general benefit increases for CalPERS pension costs and health coverage rates has been accounted for, the City’s final payment of the Classic Police Safety side fund in FY 2017/18 in the amount of \$225,739 offset salary and benefit growth. In addition, two highly compensated positions were defunded, the Deputy City Manager (DCM) and Senior Civil Engineer and part-time hours were significantly reduced. While a majority of Senior Civil Engineer positions salary and benefits was reclassified to contract services the incremental savings from this position, coupled with the defunding of the DCM and reduction in part-time hours afforded the addition of three front line FTE positions, two in maintenance positions in public works and a records clerk/training coordinator within the Police Department. These three new positions provide much needed front-line support to the departments.

Supplies – The FY 2018/19 supplies budget represents a 5.2% increase (\$24,500) when compared to the FY 2017/18 adopted budget. Departmental operating budgets remain lean with a city-wide emphasis on containing costs.

Services – These expenditures represent the service program costs related to consultant services or other outside services provided by non-city staff. The FY 2018/19 budget reflects a 23% increase when compared to the FY 2017/18 adopted budget. This increase can be attributed to several components, including the defunding of the Senior Civil Engineer position and reallocating those costs to consulting services, as well as the inclusion of all City Attorney legal costs in the general fund budget. The City Attorney department was reactivated and funded with all budgeted legal expenses for the City’s contract Attorney, Aleshire & Wynder, LLP. City Attorney activity includes general fund and enterprise fund support. The enterprise funds will reimburse the general fund for legal costs incurred via a transfer into the general fund of cash from the respective enterprise fund.

**SUMMARY OF POSITIONS
BY DEPARTMENT**

	2018/19 Funded	Comments
<i>City Administration</i>		
City Manager	1.0	
Deputy City Manager	0.0	<i>Defunded position</i>
City Clerk	1.0	
Admin/Deputy City Clerk	1.0	
Human Resources Analyst	1.0	
Finance Director	1.0	
Budget/Accounting Manager	1.0	
Senior Accounting Technician	1.0	
Account Clerk III	1.0	
Account Clerk II	1.0	
Account Clerk In-Training	1.0	
IT Services Manager	1.0	
Total Department FTEs	11.0	
<i>Community Development</i>		
Community Development Director	1.0	
Senior Planner	1.0	
Assistant Planner	1.0	
Permit Technician	1.0	
Office Assistant III/IV	1.0	
Building Inspector	1.0	
Total Department FTEs	6.0	
<i>Police Department</i>		
Chief of Police	1.0	
Police Commander	1.0	
Police Sergeant	4.0	
Administrative Sergeant	1.0	<i>one-year pilot position</i>
Police Corporal	1.0	
Senior Officer	4.0	<i>reduction of 1.0 FTE</i>
Officer	4.0	
Officer -SRO	0.0	<i>Defunded position</i>
Officer - Detective	1.0	
Support Services Manager	1.0	
Support Services Technician	1.0	
Records Aide	1.0	<i>new position and added FTE</i>
Total Department FTEs	20.0	

**SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT**

	2018/19 Funded	Comments
<i>Fire Department</i>		
Fire Chief	1.0	
Fire Marshall	1.0	
Fire Captain	3.0	
Fire Engineer	7.0	
Firefighter	1.0	
Administrative Technician	0.75	
Total Department FTEs	13.75	
<i>Public Works</i>		
Public Works Director	1.0	
Consolidated Maintenance Superintendent	1.0	
Environmental Programs Manager	1.0	
Utilities Manager	1.0	
Senior Civil Engineer	0.0	<i>Defunded position</i>
Assistant Civil Engineer	1.0	
Engineering Technician	1.0	
Consolidated Maintenance Field Supervisor	1.0	
Mechanic	1.0	
Consolidated Maintenance Worker III	1.0	
Consolidated Maintenance Worker II	6.0	<i>new position and added FTE</i>
Consolidated Maintenance Worker I	2.0	
Management Analyst	1.0	
Water System Supervisor	1.0	
Water System Operator I	1.0	
Water System Operator II	2.0	
Water System Operator III	1.0	
Collection System Supervisor	1.0	
Collection Systems Worker II	2.0	
Collection Systems Worker III	1.0	
Wastewater System Supervisor	1.0	
Wastewater System Leadworker	1.0	
Wastewater System Operator II/Lab Analyst	1.0	
Wastewater System Operator II	2.0	
Wastewater Treatment Plant Operator II	1.0	
Wastewater System O-I-T	2.0	
Office Assistant IV	1.0	
Total Department FTEs	36.0	
<i>Recreation</i>		
Recreation Services Manager	1.0	
Recreation Supervisor	1.0	
OA IV	1.0	
OA III	1.0	
Total Department FTEs	4.00	

**SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT**

	2018/19 Funded	Comments
<i>Harbor Department</i>		
Harbor Director	1.0	
Harbor Patrol Supervisor	1.0	
Harbor Patrol Officer	3.0	
Business Manager	1.0	
Office Assistant	1.0	
Total Department FTEs	7.00	

<i>Total City FTEs</i>	97.8
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Elected Officials

	2018/19 Funded
City Council	5.0
Total Department FTEs	5.0



City Council

CITY COUNCIL ADMINISTRATION PROGRAM 2110

DEPARTMENT PURPOSE

The City Council is the elected legislative body that represents the residents and provides policy direction for the delivery of services and capital improvements for the City of Morro Bay. The City Council is comprised of five Council members, with the Mayor elected at large every four years. The City operates under a Council/Manager form of government that combines the policy leadership of elected officials with the managerial responsibility of an appointed City Manager and appointed City Attorney reporting to the Council. With the professional support of City staff, the Mayor and City Council identify and adopt appropriate policy, program, and budget priorities for the City.

As an elected legislature, the Council's priorities reflect, through its regulatory and budgetary enactments, the aspirations of the residents of Morro Bay. These priorities are implicit in the programs adopted and set forth in the annual operating budget for the City of Morro Bay.

BUDGET OVERVIEW

The FY 2018/19 budget is generally consistent with prior years, with slight increases included for projected increases to benefit costs, including insurance coverage. As in prior years, the City Council has \$11,500 to bequeath to local non-profits and agencies.



CITY COUNCIL

City Council

Fund 001-2110

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Other Revenues</i>	1,421	378	189	-	-	-
TOTAL REVENUES	\$ 1,421	\$ 378	\$ 189	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 68,371	\$ 73,191	\$ 62,259	\$ 76,742	\$ 76,742	\$ 85,322
<i>Supplies</i>	1,318	381	784	100	314	100
<i>Services</i>	63,859	41,830	42,449	46,233	43,076	43,628
<i>One-Time Requests</i>	9,186	6,924	11,545	11,500	11,500	11,500
TOTAL EXPENDITURES	\$ 142,734	\$ 122,326	\$ 117,037	\$ 134,575	\$ 131,632	\$ 140,550

Notes: The one-time bequests are detailed below:

	<u>FY 2016/17</u>	<u>FY 2017/18</u>
SLO County Housing Trust Fund*	\$1,000	\$ -
Community Resource Officer	1,000	1,000
SCORE	500	500
Senior Nutrition	5,000	5,000
Open Opportunity	500	
Economic Vitality		<u>5,000</u>
Total	<u>\$8,000</u>	\$11,500

*\$5,000 (SLO) and \$1,000 (HomeShare) from Housing Trust Fund utilized for this bequest.

Council also waived fees to Estero Bay Alliance for Care (EBAC) for use of the Vet's Hall for serving meals on Monday Nights.



☞ CITY COUNCIL ☜

KEY PROGRAM SERVICES

- Represents the residents of Morro Bay.
- Formulates and enacts public policy in response to current and anticipated needs within political, administrative, and fiscal constraints.
- Provides community leadership as the legislative and policy-making body of the municipal government.
- Oversees Advisory Boards and Commissions.
- Represents the City of Morro Bay through coordination and collaboration with other agencies.

Summary of FTEs

CITY COUNCIL STAFFING

	2014/15	2015/16	2016/17	2017/18	2018/19
	Funded	Funded	Funded	Funded	Funded
<i>Elected Officials</i>					
Councilmembers	5.0	5.0	5.0	5.0	5.0
TOTAL ELECTED OFFICIALS	5.0	5.0	5.0	5.0	5.0





City Attorney

PROGRAM 3210

DEPARTMENT PURPOSE

The City Attorney is chief legal advisor for the City Council, City staff and all City Boards, Commissions and Committees. Those services are provided by contract with the law firm of Aleshire & Wynder, LLP, through partners and associates of the firm. Aleshire & Wynder specializes in providing the full range of legal services needed by the City. The City Attorney provides sound, preventative, helpful, timely and ethical legal advice. The City Attorney drafts and reviews contracts, opinions, resolutions, ordinances, all staff reports and agendas. The City Attorney's Office also reviews, and processes claims and supervises special litigation provided to the City by other firms if needed, as well as serves as the City Prosecutor to enforce the Morro Bay Municipal Code.

BUDGET OVERVIEW

For FY 2018/19, City Attorney services have been consolidated under program 3210 rather than grouped under Contract Services. This is to afford greater transparency in total legal expenses for the City. The FY 2018/19 budget includes legal services for the General Fund and enterprise funds of Harbor, Water and Sewer.

∞ CITY ATTORNEY ∞

Objectives	Accomplishments
<p>Good Governance through ethical, timely, responsive, preventative and helpful advice</p>	<ul style="list-style-type: none"> • Consistent and prompt preparation and review of contracts, ordinances and resolutions • Responsive and helpful legal advice to decision makers • Successful labor negotiations with various bargaining groups • Proactive assistance with legal issues regarding the Harbor, Water and Wastewater Enterprises • Streamlining review processes • Took the lead to guide the City through the cannabis regulation complexity, including taxes
<p>Fiscal Sustainability</p>	<ul style="list-style-type: none"> • Developing systems to reduce legal costs • Provide prompt legal advice to avoid litigation • Quickly and competently review litigation to seek to reduce litigation costs • Stay current on changes in the law recommends cost saving opportunities that become available

CITY ATTORNEY

City Attorney

Fund 001-3210

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Supplies</i>	-	-	-	-	-	-
<i>Services</i>	-	-	-	-	-	409,376
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 409,376				

Notes: City Attorney services were previously funded within the contract services program. The FY 2018/19 budget includes \$160,176 for general fund legal services, \$121,250 for water fund legal services, \$72,750 for sewer fund legal services and \$55,200 for harbor fund legal services.

FY 2018/19 KEY PROJECTS

Objectives	Key Projects
Good Governance	<ul style="list-style-type: none">• Attendance at Council meetings• Review and Preparation of necessary legal documents• Wastewater Treatment Plant Relocation & Treatment Alternative (WRF)• Harbor Leases• General Plan/Zoning/Land Use Program• Preventative legal advice• Implementation of cannabis regulations
Fiscal Sustainability	<ul style="list-style-type: none">• Provide comprehensive services while controlling costs• Firm and creative lease negotiations

KEY PROGRAM SERVICES

- Continue prompt, responsive legal advice to the City Council, Staff, Boards, Commission and Committees
- Assist with implementation of the City's cannabis regulations
- Assist the City Clerk with the 2018 municipal election
- Continue actively participating in Harbor lease negotiations and preparation
- Continued involvement with aspects of the WRF
- Legal review for the General Plan/Zoning/Land Use Program for the City
- Address code enforcement issues
- Commence and prosecute civil litigation on behalf of the City when so directed by Council

DRAFT

CITY ATTORNEY

ACTIVITY AND WORKLOAD HIGHLIGHTS	2017/18 ESTIMATED	2018/19 BUDGET
Staff Reports Reviewed	165	165
Public Records Requests	20	20
Contracts Reviewed/Prepared	15	15
Ordinances/Resolutions Reviewed/Prepared	10	10
Personnel Matters	15	15
WRF Issues	15	25
WWTP Issues	5	10
Harbor Leases, etc.	10	15
Phone calls/emails	200	200
Council regular/special meetings attended	30	30
Commission/Board meetings attended	5	5

Administrative Services

City Manager

PROGRAM 3110

DEPARTMENT PURPOSE

The Administration Division is comprised of the City Manager, City Clerk, Elections, Human Resources, Finance, Contract Services, Rental Property and Deputy City Manager.

The City Manager provides overall management, administration, and direction for the entire City organization, reporting to the full City Council. The City Manager's Office also supports Commissions and Committees, interacts with community groups, fosters community relationships and provides public awareness of municipal programs, services, and goals through effective community outreach, using the City's website, media relations and the City Manager's Updates. In addition, the City Manager's office serves as a liaison between other local agencies and jurisdictions to represent the City of Morro Bay.

The City Manager's office is responsible for providing administrative direction and leadership for all City Departments to ensure that the community continually receives high quality services. The City Manager's Office works closely with the clerk's office to oversee the Council agenda process to provide comprehensive information and analysis to the City Council in a timely manner; assures that the Council's policies, programs, and priorities are effectively and efficiently implemented; provides research and information necessary for responsible decision making; fosters public awareness of municipal programs, services, and goals; responds to resident and other constituent inquiries by explaining City services and functions; and investigates problems and provides information and specialized assistance on more complex City issues.

BUDGET OVERVIEW

The FY 2018/19 City Manager budget includes increases related to the hiring of a new city manager, as well as increases for benefit costs, including CalPERS and health benefits. The FY 2018/19 budget also eliminates the \$20,000 "City Manager's Opportunity Fund" that was funded in previous years for the City Manager to use when a quick response to business needs arose. Operating expenditures were realized in all City Departments to present a balanced budget. The defunding of the "City Manager's Opportunity Fund" was part of the budget balancing reductions.

☞ CITY MANAGER ☜

Core Goals	FY2017/2018 Accomplishments
Good Governance	<ul style="list-style-type: none"> • Launched the “City Manager’s Update” bi-weekly online newsletter, which advises City Council, staff and the community of important City information. • Initiated, in conjunction with the new Finance Director, several financial transparency efforts, including development of a Finance records portal online.
Fiscal Sustainability	<ul style="list-style-type: none"> • Addressed FY17/18 Mid-year Budget deficits by eliminating funding for the Deputy City Manager position. • Partnered with the Chamber of Commerce to begin implementation of the Economic Development Roadmap, to help retain and attract new businesses to Morro Bay.

∞ CITY MANAGER ∞

City Manager

Fund 001-3110

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Intergovernmental Revenues</i>	-	-	217,460	-	-	-
<i>Other Revenues</i>	-	-	10,000	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ 227,460	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 374,389	\$ 308,378	\$ 135,433	\$ 216,140	\$ 216,140	\$ 273,410
<i>Supplies</i>	6,592	14,583	10,009	5,287	4,498	5,287
<i>Services</i>	217,171	133,685	36,109	39,014	22,100	33,046
<i>Capital Outlay</i>						
<i>Other</i>		30,000	21,964	15,000	15,000	-
<i>Equipment Replacement</i>	-	-			-	
TOTAL EXPENDITURES	\$ 598,152	\$ 486,646	\$ 203,515	\$ 275,441	\$ 257,738	\$ 311,743

CITY MANAGER

FY 2018/19 KEY PROJECTS

Objective	FY 2018/2019 Key Projects
Communication	<ul style="list-style-type: none"> • Provide regular, effective and comprehensive communication to the City Council, Staff and community, through a variety of methods.
Community Projects	<ul style="list-style-type: none"> • Execute City Council Goals and Objectives established for 2018, including: <ul style="list-style-type: none"> ○ Implement the Economic Development Roadmap and other related plans, to help increase economic vitality. ○ Continue work on developing the Water Reclamation Facility (WRF) Project and OneWater Plan, with particular focus on making the WRF project affordable for the community. ○ Strengthen the City’s volunteer program. ○ Complete the General Plan and Local Coastal Plan rewrite and complete the Zoning Code update.
Fiscal Sustainability	<ul style="list-style-type: none"> • Deliver a structurally balanced budget for FY2018/2019. • Coordinate the development of a Fiscal Emergency Response Plan.

☞ CITY MANAGER ☜

KEY PROGRAM SERVICES

- Provides staff support to the Mayor and City Council.
- Provides administrative direction and leadership over City Departments, programs, and services.
- Oversees the City’s organizational and fiscal management efforts and program development and evaluation processes.
- Oversees the City Council agenda process.
- Addresses resident complaints, inquiries, and requests.
- Oversees continuous improvements in City administrative processes, measurements, and other activities.
- Oversees special projects and new initiatives, particularly during policy development stages.
- Monitors and participates in regional activities to represent the City’s interests.
- Monitors state and federal legislation.

Summary of FTEs

	2014/15	2015/16	2016/17	2017/18	2018/19
	Funded	Funded	Funded	Funded	Funded
<i>City Manager</i>					
City Manager	1.0	1.0	1.0	1.0	1.0
Total Department FTEs	1.0	1.0	1.0	1.0	1.0



Contract Services

PROGRAM 3115

DEPARTMENT PURPOSE

The Contract services program includes general city-wide service agreements, including dispatch services for both police and fire, copier leases, visitor center lease agreement and animal services agreement.

BUDGET OVERVIEW

For FY 2018/19, contract services decreased. This is due to the reassignment of legal services to the City Attorney program 3210 as well as the projected reduction in animal services agreement with San Luis Obispo County. The Animal Services Agreement may change during the fiscal year, depending on surrounding cities participation.

CONTRACT SERVICES

Contract Services

Fund 001-3115

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
EXPENDITURES						
<i>Services</i>						
<i>PARS Mgmt Fee</i>	\$ 7,456	\$ 7,231	\$ 8,196	\$ 7,500	\$ 7,500	\$ 7,500
<i>Contract City Attorney, GF</i>	121,697	242,834	144,503	150,000	160,000	-
<i>AGP Video</i>			60,100	60,000	60,000	60,000
<i>Digital Map GIS Service</i>				10,000	10,000	10,000
<i>DocuTeam Document Storage</i>			10,790	9,500	9,500	9,500
<i>Regional Dispatch - Fire</i>			115,050	123,788	123,788	123,899
<i>Regional Dispatch - Police</i>			252,076	252,076	252,076	267,436
<i>Richo Copier Leases</i>			47,819	35,000	35,000	35,000
<i>Visitors Center</i>	-	-	50,050	50,000	50,000	50,000
<i>Other</i>						86,247
<i>Animal Services</i>	38,858	45,031	45,425	70,130	50,000	44,594
TOTAL EXPENDITURES	\$ 168,011	\$ 295,096	\$ 734,009	\$ 767,994	\$ 757,864	\$ 694,176

Notes:

FY 2016/17 - Budget section was expanded to include services that benefit all General Fund departments.

FY 2018/19 – City Attorney services have been removed and placed into program 3210, City Attorney.

Deputy City Manager

PROGRAM 3125

DEPARTMENT PURPOSE

The Deputy City Manager program was created in 2015 with oversight of economic development, information technology, recreation and support of the Tourism program.

BUDGET OVERVIEW

Effective in December 2017 the Deputy City Manager program was defunded. The FY 2018/19 carries forward the defunding of this program as a cost-reduction measure. The operational functions of this department are being spread among existing positions with the City Manager absorbing direct oversight of the City's recreation program and support of the Tourism program.

DEPUTY CITY MANAGER

Deputy City Manager

Fund 001-3125

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
Revenues						
<i>Other Revenue</i>	-	75,000	-	-	-	-
TOTAL REVENUES	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 24,603	\$ 162,839	\$ 47,567	\$ 36,163	\$ 40,144	\$ -
<i>Supplies</i>	-	424	-	-	-	-
<i>Services</i>	9,999	88,536	30,121	7,709	(1,505)	-
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 34,602	\$ 251,799	\$ 77,688	\$ 43,872	\$ 38,639	\$ -

DRAFT

City Clerk

PROGRAM 3130

DEPARTMENT PURPOSE

The City Clerk's office works with the City Council, City Manager, and City Departments to ensure transparency of city government to the public in an ethical, professional, and impartial manner regarding legislative and advisory body proceedings; maintains a complete and accurate record of City Council proceedings; preserves official legislative records; elections official for local municipal elections; and serves as compliance officer for state and local statutes.

The City Clerk also serves as the City's Risk Manager. The California Joint Powers Insurance Authority (CJPIA) is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. The Clerk's office coordinates activities related to coverage documents; processes all claims related to the City's property, liability and workers' compensation insurance; and implements policies and programs to reduce exposure to risk.

BUDGET OVERVIEW

The FY 2018/19 budget includes the reallocation of staff time, with 1.08 FTE positions funded in this program. Effective with the FY 2018/19 budget the City Clerk is allocated 0.33 FTE to the Clerk Program, 0.33 FTE to Human Resources and 0.34 FTE to Risk Management. This reallocation reflects staff time being allocated to support these functions. Also, effective with the FY 2018/19 budget, the elections program has been consolidated into the Clerk Department, thereby increasing the overall Clerk's program operating budget. The budget reflects previously negotiated salary adjustments of 2% and benefit increases for both CalPERS pension costs and health coverage.

☞ CITY CLERK ☜

Core Goals	Accomplishments
Good Governance	<ul style="list-style-type: none">• Compile and publish City Council and other advisory body agendas, minutes and documentation in an efficient manner, within legally prescribed timelines.• Provide open access to information, documents and the legislative process.• Worked with Council Subcommittee to update Council Policies & Procedures and Advisory Bodies Handbook & By-Laws
Records Management	<ul style="list-style-type: none">• Implementation of the City's Record Retention Schedule and Destruction Policies adopted in May 2017.

CITY CLERK

City Clerk

Fund 001-3130

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
Revenues						
<i>Charges for Service</i>	-	-	98	-	31	-
<i>Other Revenue</i>	-	-	10	-	-	-
TOTAL REVENUES	-	-	108	-	31	-
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ 156,980	\$ 194,463	\$ 194,463	\$ 127,224
<i>Supplies</i>	\$ -	\$ -	\$ 6,349	\$ 4,123	\$ 3,500	\$ 4,473
<i>Services</i>	\$ -	\$ -	\$ 19,280	\$ 21,572	\$ 19,000	\$ 35,686
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Other</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Equipment Replacement</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ -	\$ -	\$ 182,609	\$ 220,158	\$ 216,963	\$ 167,383

Notes:

FY 2016/17 – The City Clerk’s portion of the budget was removed from the City Manager’s budget. This budget is a combined City Clerk, Legal and Elections. The City Attorney’s budget was removed, and costs for the contract City Attorney are presented in the Contract Services Division.

☞ CITY CLERK ☜

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Good Governance	<ul style="list-style-type: none"> • Ensure open access to information, documents and the legislative process • Improve transparency by providing public access to key City documents including ordinances, resolutions and contracts via the City website public portal. • Continue to develop programs to better educate staff, Council and Advisory Body members regarding Political Reform Act, Brown Act, AB 1234 Ethics Laws and Public Records Act compliance.
Records Management	<ul style="list-style-type: none"> • Develop new employee training / annual training on records management, e-mail management, retention and destruction policies. • Continue efforts to organize and index City records in accordance with adopted policies.
Elections	<ul style="list-style-type: none"> • Conduct a fair and impartial November 2018 Municipal Election, meeting Federal / State / local statutes and policies, including responsibilities for Fair Political Practices Commission (FPPC) filings (Campaign Disclosures, Conflict of Interest)
Risk Management	<ul style="list-style-type: none"> • Update the City's Illness and Injury Prevention Policy.

☞ CITY CLERK ☞

KEY PROGRAM SERVICES

- Provides public notice of City Council and other Brown Act meetings.
- Prepares and distributes all City Council and certain Advisory Body Agenda packets.
- Preserves and maintains the City’s records and legislative history.
- Responds to Public Records Act requests.
- Coordinates recruitment and appointment process for City Advisory Bodies.
- Acts a Filing Official for the City’s Conflict of Interest Code (Form 700) in conformance with the requirements of the Fair Political Practices Commission.
- Oversees compliance with legally required Ethics and Harassment Prevention training for appointed and elected officials.
- Provides risk management services and processes and monitors all City contracts.
- Maintains City’s Municipal Code.
- Elections Official for Local Municipal Elections.

Summary of FTEs

	2018/19 Funded
<i>City Clerk</i>	
<i>City Clerk</i>	<i>0.33</i>
<i>Admin/Deputy City Clerk</i>	<i>0.75</i>
Total Department FTEs	1.08

CITY CLERK

ACTIVITY AND WORKLOAD HIGHLIGHTS	2017/18 ESTIMATED	2018/19 BUDGET
Number of Legislative Records Indexed:		
a. Number of Resolutions Indexed:	61	60
b. Number of Agreements Indexed:	40	40
c. Number of Ordinances Indexed:	1	5
Number of Commission and Committee applications and appointments processed:	18 applications to fill 9 appointments	11 terms end in 2018/19
Number of Commission and Committee seats available:	2	TBD
Number of Legal Notices published within established timelines:	11	10
Number of Fair Political Practices Commission (FPPC) Form 700s filed:	86	85
Number of City Council Agenda Packets processed:	21 regular meetings 30 special meetings	21 regular meetings 20 special meetings
Number of Public Records Act requests processed:	120	80
Average response time to Public Record Act requests:	5 days	4-5 days
Percentage of City Council Minutes prepared within 45 business days.	82%	95%
Number of Liability Claims processed:	12	12
Number of Workers' Compensation Claims processed:	15	15

ELECTIONS

Elections

Fund 001-3120

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
Revenues						
<i>Other Revenue</i>	-	-	10	-	-	-
TOTAL REVENUES	\$ -	\$ -	\$ 10	\$ -	\$ -	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	-	-	-	-	-	-
<i>Supplies</i>	-	69	922	350	236	-
<i>Services</i>	9,104	10,241	8,108	10,000	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	(10,241)	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 9,104	\$ 10,310	\$ (1,211)	\$ 10,350	\$ 236	\$ -

Notes:

FY 2015/16 – The decision was made to budget \$10,000 per year, moving the fund into a Trust and Agency account to save/pay for election costs.

FY 2017/18 – Elections was removed from the City Clerk and stated separately.

FY 2018/19 – Elections has been consolidated with the City Clerk.



Human Resources

PROGRAM 3140

DEPARTMENT PURPOSE

The Human Resources Division provides effective services and vital information to employees, retirees and the public with compassion, dignity, and respect in a fair and equitable manner. It is responsible for carrying out all the activities essential to the effective administration of personnel functions, including: assisting departments in the areas of recruitment, selection, placement, professional development and separation of employees; administering benefits program; ensuring compliance with State and Federal employment-related laws and regulations; maintaining centralized personnel records; administering job classifications and compensation plans; and is responsible for the development of Memoranda of Understanding (MOU's) with the City's three bargaining units and discussions with the City's management and confidential employees, all subject to Council direction and approval.

BUDGET OVERVIEW

The FY 2018/19 budget includes the reallocation of 0.33 FTE of the City Clerk's time to appropriately reflect the Clerk's time in managing the Human Resources function. This reallocation resulted in an increase in the Human Resources budget, as well as the inclusion of 2% cost-of-living adjustments that was previously negotiated for employees and the increased benefit costs for CalPERS pension rates and health coverage.

∞ HUMAN RESOURCES ∞

ACCOMPLISHMENTS

Objective	Accomplishments
Good Governance	<ul style="list-style-type: none">• Implementation of key City policies adopted in early 2017, including: Personnel Rules and Regulations, Drug-Free Workplace Policy and Harassment Prevention Policy.
Workforce Development	<ul style="list-style-type: none">• Scheduled legally required employee training as well as professional development opportunities.• Negotiated 3-year Memorandums of Understanding with SEIU Local 620 and Morro Bay Firefighters Association.• Negotiated 1-year Memorandum of Understanding with Morro Bay Police Officers Association.

∞ HUMAN RESOURCES ∞

Human Resources

Fund 001-3140

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 82,585	\$ 88,287	\$ 121,747	\$ 127,950	\$ 127,950	\$ 172,450
<i>Supplies</i>	\$ 2,875	\$ 2,330	\$ 1,648	\$ 1,601	\$ 1,601	\$ 1,601
<i>Services</i>	\$ 26,429	\$ 70,414	\$ 91,912	\$ 79,441	\$ 69,441	\$ 56,441
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Other</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 111,889	\$ 161,031	\$ 215,307	\$ 208,992	\$ 198,992	\$ 230,492

Budget Notes:

FY 2014/15 – Contract for Negotiations services was cancelled; negotiations were conducted by in-house staff.

FY 2015/16 – Services increased due to external legal fees in contract negotiations and recruitment costs.

FY 2016/17 – Amended budget included increased costs in services for Police Chief recruitment.

FY 2017/18 - Amended budget included increased costs in services for City Manager recruitment.

FY 2018/19 – Includes allocation of City Clerk time for oversight.

∞ HUMAN RESOURCES ∞

FY 2018/19 KEY PROJECTS

Objective	Key Projects
Good Governance	<ul style="list-style-type: none"> • Continued review and update of City policies related to employment practices. • Conduct cost/benefit analysis of using human resources software for hiring, onboarding, training new employees.
Workforce Development	<ul style="list-style-type: none"> • Recruit, select, and maintain a qualified and stable workforce; encourage individual career development; enhance core competencies and enrich performance. • Evaluate training needs and formalize training program; including leadership, supervisory and targeted competency training.

∞ HUMAN RESOURCES ∞

KEY PROGRAM SERVICES

- Provides effective administration of employee relations programs.
- Conducts employee training and organizational development assessments.
- Administers employee benefits.
- Administers recruitment and selection programs.
- Administers classification and compensation plans.
- Provides information and interpretation regarding the City’s personnel rules, regulations and procedures, MOUs, and other ordinances.
- Resolves personnel matters.
- Maintains employee personnel files, records, and documentation.
- Develops, implements, and maintains administrative policies and procedures.

Summary of FTEs

	2018/19 Funded
<i>Human Resources</i>	
<i>City Clerk</i>	<i>0.33</i>
<i>Human Resources Analyst</i>	<i>1</i>
Total Department FTEs	1.33

∞ HUMAN RESOURCES ∞

ACTIVITY AND WORKLOAD HIGHLIGHTS	2017/18 ESTIMATED	2018/19 BUDGET
1. Number of full-time (FT), part-time (PT) and temporary employees:	97.75 FT 200 PT	97.75 FT 200 PT
2. Number of recruitments conducted:	14 FT 28 PT	10 FT 25 PT
3. FT Employee Turnover Ratio (employees leaving service / new hires)	22%	18%
4. Number of employment applications processed:	180 FT 120 PT	150 FT 120 PT
5. Percentage of labor agreements ratified prior to expiration of existing contracts:	100%	100%

Finance Department

PROGRAM 3510

DEPARTMENT PURPOSE

The Finance Department assures fiscal accountability to the Council and to the public. To do so, the Finance Department provides financial oversight and administers accounting functions for all of the City's funds and accounts; prepares the City's Annual Operating Budget for fiscal and service accountability; coordinates the annual financial audit and preparation of the Comprehensive Annual Financial Report (CAFR) to verify that proper fiscal practices are maintained; administers the City's Business License, Accounts Payable, Accounts Receivable, Payroll functions. In addition, it operates the Utility billing/collection for the enterprise funds; and oversees the City's purchasing functions, ensuring that proper practices are in place, and that fiscal and operational responsibility is upheld.

BUDGET OVERVIEW

The Finance Department's FY 2018/19 budget reflects a decrease in business tax revenue to align with prior year-end actuals. The Department has enhanced efforts to monitor business license and transient occupancy tax receipts internally to improve collections. The FY 2018/19 budget includes previously negotiated salary adjustments of 2% and increased benefit costs attributed to higher CalPERS pension rates and health benefits. The FY 2018/19 budget reflects the reclassification of an Account Clerk position to that of an Account Clerk Trainee. The Account Clerk position was previously fully funded within the Water and Sewer enterprise funds. For FY 2018/19 the new Account Clerk Trainee will be funded primarily within the Water and Sewer Funds, with 0.10 FTE funded in the Finance Department to provide general Office Assistant support to City Hall. The FY 2018/19 budget includes a reduction of a 1.0 FTE Account Clerk III position that was fully funded within the Finance Department to a 0.70 FTE Account Clerk III Position to support Accounts Receivable, including business license and Transient Occupancy Tax collections. The remaining 0.30 FTE of this position is split between the sewer and water funds to provide support for Utility Billing. Finally, the Finance Director position has been allocated as 0.75 FTE to the Finance Department and 0.25 FTE for oversight of the Information Technology (IT) Department.

∞ ADMINISTRATIVE SERVICES ∞
Finance

Core Goals	Accomplishments
Good Governance/Transparency	<ul style="list-style-type: none"> • Coordinated a successful FY 2016/17 Financial and Compliance Audit. • Completed State Controller’s “Cities Annual Report,” “Streets Report,” and “Transit Report.” • Deployed OpenGov, on-line fiscal transparency portal. • Posting biweekly and monthly financial reports on City’s website.
Fiscal Sustainability	<ul style="list-style-type: none"> • Managed the coordination and on-time preparation of the FY 2018/19 Operating Budget. • Managed the City’s Investments and prepared Quarterly investment reports. • Prepared Quarterly Budget Performance Reports. • Supported the City’s Citizen’s Finance Advisory Committee (CFAC) in reviewing Measure Q and City Financial Transactions and transparency.

ADMINISTRATIVE SERVICES
Finance

Finance

Fund 001-3510

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Property Tax</i>	\$ 3,139,308	\$ 3,225,043	\$ 3,052,324	\$ 3,027,493	\$ 3,024,493	\$ 3,262,077
<i>VLF Backfill Property Tax</i>	877,079	920,597	972,150	1,004,328	1,004,328	1,048,184
<i>Sales & Use Tax</i>	1,371,331	1,556,334	1,970,009	1,905,009	1,915,009	1,964,510
<i>Franchise Fees</i>	492,572	513,081	511,696	527,484	527,484	531,799
<i>Business License</i>	(20,544)	351,055	346,704	349,180	375,000	376,500
<i>Transient Occupancy Tax</i>	2,888,638	3,136,366	3,327,073	3,343,371	3,484,192	3,524,835
<i>Intergovernmental Revenues</i>	4,347	25,988	4,803	4,500	6,000	4,500
<i>Charges for Services</i>		1,348	1,298	-	1,235	
<i>Use of Money & Property</i>	260,487	253,691	293,841	388,927	333,927	329,600
<i>Interest</i>	1,994	44,506	45,930	-	-	
<i>Other Sources</i>	11,384	29,573	154,581	19,500	14,000	19,500
TOTAL REVENUES	\$ 9,026,596	\$ 10,057,582	\$ 10,680,409	\$ 10,569,792	\$ 10,685,668	\$ 11,061,505
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 373,349	\$ 516,428	\$ 553,061	\$ 488,860	\$ 488,860	\$ 480,649
<i>Supplies</i>	6,199	12,568	15,218	5,690	25,576	24,890
<i>Services</i>	138,804	191,527	182,710	122,130	122,130	123,534
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 518,352	\$ 720,523	\$ 750,989	\$ 616,680	\$ 636,566	\$ 629,073

∞ ADMINISTRATIVE SERVICES ∞
Finance

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Good Governance	<ul style="list-style-type: none"> • Department cross training. • Stabilize Department staffing with clear delineation of roles and responsibilities. • Develop Comprehensive Accounting Policies and Procedures Manual. • Deploy the City’s Purchase Order module. • Reconciliation of independent receipt systems in Harbor, Recreation and Business Tax. • Manage the FY 2017/18 Annual Audit, prepare a Comprehensive Annual Financial Report and submit to GFOA or CSMFO for award consideration.
Fiscal Sustainability	<ul style="list-style-type: none"> • Financial Sustainability Plan/Emergency Response Plan. • Coordinate and oversee User Fee Study, Cost Allocation Plan Update and Development Impact Fee Study. • Increase monitoring of Transient Occupancy Tax (TOT) and Business Tax receipts.

⌘ ADMINISTRATIVE SERVICES ⌘

Finance

KEY PROGRAM SERVICES

- Develops and monitors the City’s Annual Operating Budget
- Coordinates the annual audit of the City’s Financial Statements and preparation of the Comprehensive Annual Financial Report (CAFR).
- Maintains the City’s financial information system for record-keeping and reporting of all financial transactions.
- Oversees the City’s Investment Portfolio.
- Provides Accounts Payable and Payroll disbursement and reporting services; Accounts Receivable invoicing, revenue collection, and cash reconciliation, and Business Tax and Transient Occupancy tax processing.

Summary of FTEs

	2016/17 Funded	2017/18 Funded	2018/19 Funded
<i>Finance Department</i>			
<i>Finance Director</i>	<i>1</i>	<i>1</i>	<i>0.75</i>
<i>Budget/Accounting Manager</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Senior Accounting Technician</i>	<i>1</i>	<i>1</i>	<i>1</i>
<i>Account Clerk III</i>	<i>1</i>	<i>1</i>	
<i>Account Clerk II</i>			<i>0.70</i>
<i>Account Clerk In-Training</i>			<i>0.20</i>
Total Department FTEs	4.0	4.0	3.65

<i>Temporary Staff Hours</i>			
Account Clerk I	675		
Account Clerk III		675	675
Total Annual Hours	675	675	675

ADMINISTRATIVE SERVICES
Finance

ACTIVITY AND WORKLOAD HIGHLIGHTS	2017/18 ESTIMATED	2018/19 BUDGET
Quarterly Investment Reports to Council	4	4
Number of TOT payments processed annually	1316	1320
Annual number of Accounts Payable checks processed bi-weekly	3264	3200
Average number of regular and temporary employee payroll checks issued bi-weekly	197	200
Number of business licenses issued annually	3340	3440
Weighted average rate of return on investments	0.95%	1.1%
Journal entries written per month	19	18
Year End Journal Entries- Accrual Conversion	52	50
Audit Schedules and Document Requests	130	130

City Owned Property

Fund 100-3515

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
Revenues						
<i>Use of Money & Property</i>	-	204,040	36,599	-		-
<i>Other Revenue</i>	-	2,019	2,165	-	-	-
TOTAL REVENUES	-	206,059	38,764	-	-	-
EXPENDITURES						
<i>Salaries and Benefits</i>						
<i>Supplies</i>						
<i>Services</i>	\$ -	\$ 4,473	\$ 2,356	\$ -	\$ 23,569	\$ -
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Other</i>	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 4,473	\$ 2,356	\$ 10,000	\$ 23,569	\$ -

The City Owned Property Program is shown for historical purposes as it is no-longer a funded program. Program revenues and expenditures have been reallocated within the existing Finance Department.

Transfers

PROGRAM 7710

DEPARTMENT PURPOSE

The Transfers program accounts for interfund transfers in and out. There are annual transfers that occur to compensate the general fund for support to the enterprise funds (cost allocation plan transfers), as well as other revenue and expenditure transfers that occur to support the operations of the City.

BUDGET OVERVIEW

General fund transfers in, source of funds to support or reimburse the general fund for operations, increased by \$236,000 in FY 2018/19. This is primarily due to the consolidation of City Attorney services into one general fund program and the enterprise funds reimbursing the general fund for their respective City Attorney expenditures. General fund transfers out also increased over prior years. The \$102,000 increase to transfers out resulted from an increased contribution to the Tourism program (TBID) in accordance with the TBIDs governing resolution as well as funding of the internal service type funds of vehicle replacement, risk management and compensable leave.

Transfers

STATEMENT OF SOURCE AND USE OF FUNDS

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
Transfers In						
<i>Emergency Reserve Fund</i>	\$ -	\$ -	\$ -	\$ 20,585	\$ -	\$ -
<i>Special Revenue Funds</i>						
<i>Measure Q - Fire Overtime</i>	99,608	9,287	96,122	116,444	116,444	120,685
<i>County TMD</i>	-	5,743	6,619	6,950	6,950	6,950
<i>TBID</i>	-	17,508	19,292	19,564	19,564	19,564
<i>State Gas Tax - Streets</i>	346,088	230,562	237,526	305,292	305,292	272,103
<i>Traffic Safety - Signals</i>	18,771	20,000	13,000	13,000	13,000	10,000
<i>Affordable Housing In-Lieu</i>	10,410	-	-	-	-	-
<i>Capital Improvement Fund</i>	301,187	-	-	-	-	-
<i>Enterprise Funds</i>						
<i>Cost Allocation Plan:</i>						
<i>Transit</i>	79,775	79,775	79,775	79,775	79,775	79,775
<i>Water</i>	279,104	281,058	286,679	292,327	292,327	302,850
<i>Sewer</i>	166,348	167,512	170,862	174,228	174,228	180,500
<i>Harbor</i>	281,986	276,986	276,986	276,986	276,986	306,232
<i>Other:</i>	-	-	-	-	-	-
<i>Harbor - AGP Video; PR</i>	-	-	-	-	-	-
<i>Cleaning</i>	-	5,000	11,300	11,700	11,700	5,000
<i>Harbor - Legal</i>	-	-	-	-	-	55,200
<i>Water - Legal</i>	-	-	-	-	-	121,250
<i>Sewer - Legal</i>	-	-	-	-	-	72,750
<i>Risk Management Accumulation Fund</i>	125,900	-	-	-	-	-
TOTAL SOURCE OF FUNDS	\$ 1,709,177	\$ 1,093,431	\$ 1,198,161	\$ 1,316,851	\$ 1,296,266	\$ 1,552,859
USES OF FUNDS						
Transfers Out						
<i>Facility Maintenance</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Emergency Reserve</i>	-	-	-	-	-	-
<i>Vehicle Replacement</i>	-	75,000	75,000	75,000	75,000	50,000
<i>Information Technology</i>	-	-	-	-	-	357,080
<i>Risk Management</i>	-	-	-	-	-	30,000
<i>Compensable Leave</i>	-	-	-	-	-	30,000
<i>Capital Replacement</i>	191,889	75,000	100,000	-	-	-
<i>Projects Accumulation</i>	-	200,000	125,000	-	-	-
<i>Capital Improvement</i>	-	-	-	-	-	-
<i>Tourism</i>	-	-	-	-	-	157,000
<i>Special Revenue Funds</i>	41,054	369,489	436,357	447,322	447,322	-
TOTAL USE OF FUNDS	\$ 232,943	\$ 719,489	\$ 736,357	\$ 522,322	\$ 522,322	\$ 624,080

Notes:

FY 2015/16 – Transfer out to special revenue funds are \$50,000 to the Visitor’s Center, and \$325,489 to the information services internal service fund.

FY 2017/18 – transfers out to special revenue funds are \$50,000 to the unfunded compensable leaves fund, \$134,928 to TBID, and \$262,394 to the information technology internal service fund.

Police Department

PROGRAM PURPOSE

The Morro Bay Police Department (MBPD) is comprised of outstanding and dedicated sworn and civilian support staff. We are committed to serving our community with pride and professionalism. MBPD performs basic police functions, responds to calls for service, performs patrol duties and crime reduction strategies, responds to emergencies and critical incidents, initiates misdemeanor and felony arrests, conducts investigations, and initiates vehicle and municipal code citations. We respond and assist the Fire and Harbor Departments with emergencies and incidents, support and educate City employees on safety matters, address community safety issues and employ best practices in law enforcement leadership and problem-solving strategies.

The department is supported by the Support Services Program which coordinates training, records processing and management.

BUDGET OVERVIEW

The MBPD FY 2018/19 includes the addition of 1.0 FTE for Records Clerk/Training Coordinator and a one-year pilot advancement opportunity to fill an Administrative Sergeant position. The additional cost of the Records Clerk/Training coordinator has been offset by operational reductions and use of Measure Q funding. The assignment pay for the Administrative Sergeant position is cost neutral to the general fund as it is proposed to be funded through Measure Q. The Department continues to maintain quality policing services with limited operational funds for supplies and materials. Both Measure Q funding and COPs grant funding have been vital to the Department in maintaining operational needs.



POLICE DEPARTMENT

Objectives	Accomplishments
<p>Crime Reduction</p>	<ul style="list-style-type: none"> • Seeking best practices to address crime and drive crime reduction strategies • Continuous training and development of personnel • Leadership role in impacting quality of life and crime reduction issues such as homelessness.
<p>Community Safety and Engagement</p>	<p>Continuous engagement in community education and partnerships to impact crime reductions, build community trust and improve the quality of life such as “Coffee with a Cop”, Halloween Haunted House, Caroling with Cops, Police Volunteer Program, Explorer Program, Clergy Active Shooter training, school active shooter training, city employee safety program</p>
<p>Emergency Preparedness and State-Mandated Training</p>	<p>Performed successfully on employee State-mandated training audit with Commission of California Peace Officers Standards and Training (POST), expanded training to include training partnerships with other law enforcement partners to ensure emergency preparedness on first responder mutual aid, active shooter training and other specialized training in order to protect the community.</p>

POLICE DEPARTMENT

**Police Department
DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES**

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Sales & Use Tax (Measure Q)</i>	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Intergovernmental Revenue</i>	29,719	84,713	41,232	36,880	26,500	36,880
<i>Fines & Forfeitures</i>	6,523	5,456	8,420	5,511	4,600	5,511
<i>Charges for Service</i>	24,913	14,965	17,829	14,059	18,000	14,059
<i>Other Revenues</i>	19,253	14,306	17,123	27,977	2,744	3,980
<i>Transfer In</i>	-	-	-	-	-	-
TOTAL REVENUES	\$ 80,408	\$ 119,440	\$ 84,604	\$ 84,427	\$ 51,844	\$ 60,430
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 2,577,508	\$ 2,863,404	\$ 3,017,682	\$ 3,280,649	\$ 3,159,163	\$ 3,121,875
<i>Supplies</i>	\$ 89,547	\$ 97,915	\$ 85,348	\$ 68,915	\$ 68,230	\$ 67,245
<i>Services</i>	\$ 188,797	508,077	208,535	192,920	198,047	194,836
<i>Capital Outlay</i>	\$ 415	-	2	-	-	-
<i>Other</i>	\$ 24,000	24,982	11,253	24,000	24,000	-
<i>Equipment Replacement</i>	\$ -	-	-	-	-	-
TOTAL EXPENDITURES	\$ 2,880,267	\$ 3,494,378	\$ 3,322,820	\$ 3,566,484	\$ 3,449,440	\$ 3,383,956

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
Expenditures By Fund						
<i>Police General Fund Operating</i>	\$ 2,880,267	\$ 3,041,487	\$ 3,074,843	\$ 3,335,362	\$ 3,213,876	\$ 3,150,857
<i>Support Services</i>	\$ -	\$ 452,891	\$ 247,977	\$ 231,122	\$ 235,564	\$ 233,099
<i>Measure Q</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,100
<i>SLESF Public Safety Grant</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 2,880,267	\$ 3,494,378	\$ 3,322,820	\$ 3,566,484	\$ 3,449,440	\$ 3,485,056



POLICE DEPARTMENT

Summary of Department FTEs

	2018/19 Funded
<i>Police Department</i>	
Chief of Police	1.0
Police Commander	1.0
Police Sergeant	4.0
Administrative Sergeant	1.0
Police Corporal	1.0
Senior Officer	4.0
Officer	4.0
Officer -SRO	0.0
Officer - Detective	1.0
Support Services Manager	1.0
Support Services Technician	1.0
Records Clerk/Training Coordintor	1.0
Total Department FTEs	20.0
<i>Temporary Staff Hours</i>	
Property Technician	1560
Total Annual Hours	1560



Police Department

General Fund Program 4110

PROGRAM PURPOSE

The Morro Bay Police Department proactively enforces laws, facilitates the flow of traffic and investigates traffic collisions. We provide a wide range of proactive community-based law enforcement services that address crime, traffic and quality of life issues. The MBPD has taken a key leadership role in addressing the homelessness issue. We work in partnership with social services, mental health professionals and community-based advocate groups to assist those seeking assistance while addressing community and business quality of life impacts. Improving police efficiencies and enhancing our ability to deliver a higher level of police safety service is crucial. To this end, we are fortunate to have an active and dedicated cadre of community police volunteers. Our volunteers augment our police personnel resources by performing several important functions that include traffic control, administrative support and assisting with crime prevention programs. MBPD is part of the fabric of our community, and as such we have created positive time-honored police-community traditions such as our Holiday “Caroling with Cops” program where we escort Santa throughout the community passing out toys and singing Christmas Carols to our youth. Last Halloween we sponsored our first ever Morro Bay Police Haunted House. We are involved in youth and senior outreach, education and crime prevention strategies. MBPD routinely host events such as “Coffee with a Cop” which enhances positive relationships, and we have a police-community citizen’s academy planned for later this year. MBPD provides police services and support at the many special events and festivals here in Morro Bay by patrolling, walking foot beats and conducting bicycle and Motorcycle patrols. The Morro Bay Police Department has formed effective partnerships with our neighborhood watch groups, chamber businesses, clergy and Elementary and High School administrators. We provide community training and education on such topics as emergency preparedness and school and church safety. The Morro Bay Police Department embraces the leadership philosophy of ‘Quality Through Continuous Improvement’. We are committed to enhancing the safety and quality of life of all who live, work and visit Morro Bay.

BUDGET OVERVIEW

The Police Department’s general fund budget for FY 2018/19 is \$185,000 less than the prior year’s adopted budget. This reduction is due to the City’s payoff of the Classic Safety Police side fund which occurred during FY 2017/18. The payoff of the side fund offset other CalPERS rate increases, allowing for a reduced Classic Safety Police pension rate for FY 2018/19. Furthermore, the Department lost funding for one Police Officer position which was assigned to School Resource Officer status. The position was eliminated when the School and PG&E elected to no longer share in the funding of the position. The Department is now staffed with 17 sworn personnel. Payment to the San Luis Obispo Sheriff’s Department for Computer Aided Dispatch (CAD) Data lines in the amount of \$24,000 is no longer funded in the general fund and is requested to be funded through Measure Q.



☞ POLICE DEPARTMENT ☜
General Fund

Police
Fund 001-4110

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Intergovernmental Revenue</i>	\$ 29,719	\$ 84,713	\$ 41,232	\$ 36,880	\$ 26,500	\$ 36,880
<i>Service Charges</i>	24,913	14,965	17,829	14,059	18,000	14,059
<i>Licenses & Permits</i>						
<i>Fines & Forfeitures</i>	6,523	5,456	8,420	5,511	4,600	5,511
<i>Other Sources</i>	19,253	14,306	17,123	27,977	2,744	3,980
TOTAL REVENUES	\$ 80,408	\$ 119,440	\$ 84,604	\$ 84,427	\$ 51,844	\$ 60,430
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 2,577,508	\$ 2,663,841	\$ 2,781,342	\$ 3,059,585	\$ 2,938,099	\$ 2,899,834
<i>Supplies</i>	89,547	91,930	82,478	67,730	67,730	66,060
<i>Services</i>	188,797	260,734	199,768	184,047	184,047	184,963
<i>Capital Outlay</i>	415		2			
<i>Other</i>	24,000	24,982	11,253	24,000	24,000	-
<i>Equipment Replacement</i>						
TOTAL EXPENDITURES	\$ 2,880,267	\$ 3,041,487	\$ 3,074,843	\$ 3,335,362	\$ 3,213,876	\$ 3,150,857

Notes:

FY 2014/15 – SRO was funded at 37% by the School District and 63% by the City.

FY 2015/16 – SRO was funded at 50% by the School District and City.

FY 2016/17 – SRO was funded at 50% by the School District and City.

FY 2017/18 – The SRO was no longer funded at 50% by PG&E, was incorporated into the City’s budget for 100% for six months (approx. \$77K). The remaining six months were funded in Measure Q. This is an annual allocation that will be reviewed throughout FY 17/18, in anticipation of eliminating the position on or before June 30, 2018, through attrition.



☪ POLICE DEPARTMENT ☪
General Fund

Summary of Department FETs

	2018/19
	Funded
<hr/> <i>Police Department</i> <hr/>	
Chief of Police	1.0
Police Commander	1.0
Police Sergeant	4.0
Administrative Sergeant	1.0
Police Corporal	1.0
Senior Officer	4.0
Officer	4.0
Officer -SRO	0.0
Officer - Detective	1.0
Records Clerk/Training Coordinitor	0.66
<hr/>	
Total Department FTEs	17.66



POLICE DEPARTMENT
General Fund

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
<p align="center">Crime Reduction and Improving the Quality of Life in Morro Bay</p>	<ul style="list-style-type: none"> Comprehensively addressing all crime reduction strategies including impacts relative to the homelessness issue. Continuing key partnerships, community education and engagement with social service providers, advocacy groups, businesses and neighborhood watch groups. Address crime reduction and quality of life issues.
<p align="center">Addressing Police Staffing Levels to Ensure Community Safety</p>	<ul style="list-style-type: none"> Address ongoing staffing and officer deployment challenges by increasing police volunteer cadre, prioritizing and limiting police responses to non-police related incidents, cross-training employees to expand knowledge, skills, knowledge and abilities.



POLICE DEPARTMENT
General Fund

POLICE PERFORMANCE INDICATORS AND MEASURES

Activity and Workload Highlights	2017/18 Estimated	2018/19 Budget
Average hours of training per sworn Officer	93.7	
Average hours of training for non-sworn personnel	48.4	
Total Number of Volunteer Hours	2400	
Response times?	3-5 min avg	
Calls for Service (priority?)	12314	
Reserve Hours?	N/A	
Total Calls Received?	12314	
Total Arrests?	716	
Total number of reports written by CSO Officer?	1520	
Percentage of reported Traffic Collisions involving drugs or Alcohol	22%	
Number of traffic citations issued (excluding courtesy citations)	170	
Criminal citations issued	171	
Courtesy citations issues	530	
DUI Arrests	65	
Traffic collision reports	290	
injury collisions	30	
Percentage of criminal complaints issued by District Attorney with charges filed	DA claims approx. 90% of Misd filed cases	
Percentage of criminal complaints denied by District Attorney	14%	
Number of cases investigated	160	
Number of Parking Citations Issued	280	
Number of parking permits issued	N/A	
Number of abandoned vehicles removed from public streets	21 tows for 72 Hour viol. And 57 for exp reg. (Total 78)	
Revenue received on parking permits issued	N/A	
Revenue received on parking citations issued	\$4000	

Police Department

SUPPORT SERVICES PROGRAM 4150

PROGRAM PURPOSE

For the Morro Bay Police Department (MBPD) to perform the public safety function, adequate support services functions and personnel are crucial. Support services functions are present and extremely crucial in virtually all aspects of the police public safety function. Communications, coordination of resources, police responses, investigations, calls for service, administrative functions, record keeping, systems maintenance, property and evidence, liaisons with courts and other segments of the criminal justice system, equipment, and many other functions too numerous to mention.

BUDGET OVERVIEW

The FY 2018/19 support services program includes the addition of 0.34 FTE in Records Clerk/Training Coordinator. This position was previously funded in part-time hours with the Records clerk working on average 30 hours per week. Due to work load needs, the Department has prioritized the addition of this FTE to provide the administrative support and has funded the remaining 0.66 FTE Records Clerk Training Coordinator position with the Police Department budget. Authorization to fund the position would be followed with association discussions and approval of a classification, pay range and job description.

The tasks and duties required for both a Records Clerk and Training Coordinator are that of a 40-hour work week. POST requires particular training for officers and a violation of these requirements could be costly to the city and department. The Training Coordinator is tasked with keeping up with POST compliance for training along with travel arrangements, class registrations, sending in required documents to POST for class reimbursement, updating Training files, maintaining the training software, maintaining the department training budget, research available courses and keep an open communication with the Training Sergeant and Commander.

The Records clerk position is tasked with processing criminal cases for Court and District Attorney, front lobby traffic, entering/maintaining citations, CLETS inquiries, Restraining order and warrant entries and management.

☞ POLICE DEPARTMENT ☜
SUPPORT SERVICES

Police Support Services
Fund 001-4150

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ 199,563	\$ 236,340	\$ 221,064	\$ 221,064	\$ 222,041
<i>Supplies</i>		5,985	2,870	1,185	500	1,185
<i>Services</i>		247,343	8,767	8,873	14,000	9,873
<i>Capital Outlay</i>						
<i>Other</i>						
<i>Equipment Replacement</i>						
TOTAL EXPENDITURES	\$ -	\$ 452,891	\$ 247,977	\$ 231,122	\$ 235,564	\$ 233,099

Notes:

FY 2014/15 – In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). This division was renamed Support Services to reflect the change from City-Wide Communications. The increase in services category is due to the SLO County Sheriff’s contract for emergency dispatch services, which is offered by the reduction in personnel costs.

FY 2016/17 – The dispatch contract was moved to the Contract Services division.

**POLICE DEPARTMENT
SUPPORT SERVICES**

Summary of Department FTEs

	2018/19 Funded
<i>Support Services Department</i>	
Support Services Manager	1.0
Support Services Technician	1.0
Records Clerk/Training Coordinator	0.34
Total Department FTEs	2.34



**☪ POLICE DEPARTMENT ☪
SUPPORT SERVICES**

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Acquiring Enhanced Public Safety Report Management System	<ul style="list-style-type: none"> • Crucial appropriation of a new enhanced Report Management System (RMS) that is not obsolete. This proposed RMS is compatible with other County-wide law enforcement reporting systems and allows immediate connectivity, crime analysis, crime reporting and arrest information.
Updating/Replacing Equipment	<ul style="list-style-type: none"> • It is essential that the purchase of new enhanced police Body-Cam equipment be explored. Storage space, retention and legal risk management factors necessitate the replacement of the current Body-Cams.

KEY PROGRAM SERVICES

- Process Police reports going to District Attorney, Superior Court, Traffic Court, other Law Enforcement Agencies, other State and Federal Agencies and the public.
- Manage and maintain the Training Files for all staff at the Police Department.
- Process, store, disseminate and purge Found/Safekeeping and Evidence property
- Maintain the restraining orders for citizens that live within the City of Morro Bay
- Process Records Requests and Public Records Requests, subpoenas, Criminal State reports, citations (traffic, criminal, infraction, warnings), Cost Recovery for DUI/TC
- Process Livescan for potential employees and public
- Maintain department budget
- Vehicle Tow and property release
- Provide Administrative Support to Chief, Commander, Sergeants and Officers





Fire Department

PROGRAM 4210

DEPARTMENT PURPOSE

The City of Morro Bay Fire Department provides a full range of all-risk emergency services including structural fire suppression, wildland fire suppression, ocean water rescues, paramedic emergency medical services, hazardous materials responses, vehicle extrication, technical rescue, and confined space response. The Fire Department utilizes 2 engines, 1 aerial ladder truck, 1 rescue, 2 utility vehicles, and 2 command vehicles. Our Fire Department also participates with the Governor's Office of Emergency Services (OES) with an assigned wildland interface engine that participates in larger incidents within our County and State. Our Fire Department members participate regionally in our Country Arson Task Force, Hazardous Material Response Team, Urban Search and Rescue team, Fire Prevention Association, and Fire Chief's Association. In addition, our members participate in local County, State, and Federal Incident Management Teams. It is the mission of the Morro Bay Fire Department, *"To enhance the quality of life by providing exceptional emergency services."* Our mission allows us to protect the community through public education, training, fire prevention, fire suppression, emergency rescue, disaster preparedness, mutual aid support, advances in modern technology and other services to minimize the loss of life and property, damage to the environment, and adverse economic impacts due to natural or man-made emergencies or events.

The members of the Morro Bay Fire Department choose the following values to follow:



Integrity

Professionalism

Sensitivity

Vitality

Cooperation

☞ FIRE DEPARTMENT ☜

**FIRE DEPARTMENT
DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES**

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Sales & Use Tax</i>						
<i>Licenses & Permits</i>	\$ 391	\$ 981	\$ 788	\$ 1,359	\$ 1,000	\$ 1,359
<i>Intergovernmental Revenues</i>	207,262	418,936	306,055	671,016	671,016	257,004
<i>Charges for Service</i>	10,085	1,848	5,369	6,500	6,500	9,000
<i>Other Revenues</i>	8,108	1,587	190	225	10,752	225
<i>Transfer In</i>						
TOTAL REVENUES	\$ 225,846	\$ 423,352	\$ 312,402	\$ 679,100	\$ 689,268	\$ 267,588
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 2,002,026	\$ 2,105,687	\$ 2,311,024	\$ 2,528,463	\$ 2,528,463	\$ 2,332,857
<i>Supplies</i>	115,582	109,684	102,266	93,266	97,608	99,355
<i>Services</i>	116,551	240,881	273,903	116,248	115,365	128,242
<i>Capital Outlay</i>	3,161	-	-	-	-	-
<i>Other</i>	1,000	5,000	5,275	5,275	5,275	9,025
<i>Equipment Replacement</i>						
TOTAL EXPENDITURES	\$ 2,238,320	\$ 2,461,252	\$ 2,692,468	\$ 2,743,252	\$ 2,746,711	\$ 2,569,479
PROGRAM						
<i>General Fund</i>	\$ 2,228,423	\$ 2,456,935	\$ 2,682,213	\$ 2,734,285	\$ 2,743,019	\$ 2,557,512
<i>EOC</i>	9,897	4,317	10,255	8,967	3,692	11,967
<i>Measure Q</i>						
TOTAL EXPENDITURES	\$ 2,238,320	\$ 2,461,252	\$ 2,692,468	\$ 2,743,252	\$ 2,746,711	\$ 2,569,479

Notes:

Years 2014/2015 through 2017/2018 had mid-year adjustments in revenues and expenditures due to Mutual Aid responses reimbursed through the California Fire Assistance Agreement (CFAA) and Governor's Office of Emergency Services (OES).

☞ FIRE DEPARTMENT ☜

BUDGET OVERVIEW

General Fund Program 4210

Revenue:

This 2018/2019 budget is a fluid process that does have opportunities for revenue. We are applying for additional grants to focus on improving our Emergency Operation Center (EOC) but also to enhance our City's EOC facility, supplies, and Information Technology function. Like past budgets, we will not spend the proposed funds in our EOC budget if we do not secure the grant funding. We are forecasting a programmed 2% increase in our Ambulance Performance Operations Committee (APOC) funding to \$92,004. This APOC funding continues to support our Paramedic program nearly 100%. As in the past, we did not forecast any funding for our reimbursable mutual aid responses through our California Fire Assistance Agreement. I will approach you during our mid-year adjustments for any funding we receive to balance out any overtime expenses. We have a slight increase in our Plan Checking Fees, Inspections, and Permit revenues will match our proposed 2018/2019 Fee Schedule that will support our Fire Marshal duties and inspections.

To assist our equipment replacement schedule, we have and will develop FEMA grant proposals for radio equipment, cardiac 12-lead monitors, and health wellness for our Firefighters which will hopefully reduce future hardships on our Risk Management fund. We do plan to continue our partnership with the Alisa Ann Ruch Burn Foundation assisting us with fire prevention material in our Firefighters in School Education program (FISE) and our non-profit Friends of the Morro Bay Fire Department will be instrumental this year raising funds for multiple educational scholarships for fire academy and paramedic school education for our Reserve Firefighters, our "Vial of Life" program, and the purchase of a thermal imagine camera for Truck 5341.

Lastly, we are seeking federal funding through Staffing for Adequate Fire and Emergency Response Grants (SAFER) to assist us maintaining our current staffing and reduce our future CalPERS liability with our Reserve Firefighter program. The primary goal of the SAFER grant is to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments to increase the abilities to comply with staffing, response and operational standards established by the NFPA (NFPA 1710 and/or NFPA 1720). Grant funding awards are scheduled after July 1, 2018, and if we are successful, we will be presenting a proposal to reduce immediate and long-term payroll costs, stabilize our daily staffing, enhancements to our Reserve Firefighter program, and decrease our CalPERS liability.

Expenses:

This budget will show challenges in the general fund as we are struggling with shift augmentation with our Reserve Firefighter component and a year-long Fire Captain Paramedic vacancy due to an industrial injury leading to a retirement process. We currently have available 11 Reserve Firefighters qualified to augment our shift personnel with the loss of 6 Reserve Firefighters in 2017 - 2018 due to fulltime job offers or career changes. We currently have 4 of

☞ FIRE DEPARTMENT ☞

our Reserve Firefighter personnel attending the Fire Academy in Lompoc and are residing in Lompoc to attend the long hours leading to their unavailability for shift coverage and response. We are expecting our Fire Academy Reserves back in June and we are hopeful to have 4 of our new Reserve Firefighters qualified to work shifts by August of 2018.

On the service and supply expenditures, we can maintain most of our proposal due to replacement planning established three years ago; We are playing catchup with our Personnel Protection Equipment (PPE) with a Measure Q Request that will be mentioned later. In our budget proposal, we are including:

- A maintenance and repair of our mobile radios and new installation in our new STATE OES Engine #388. (#001-4210-5108)
- A realistic adjustment due to increases in product and taxes in Fuel Oil and Lubricants with on-site fuel distribution (#001-4210-5109)
- An increase in Paramedic Advanced Life Support (ALS) supplies and maintenance due an increase in medical responses. (#001-4210-5130)
- Tire replacement on 3 large fire apparatus and 3 support vehicles (#001-4210-5503)
- In 2016, we were successful in receiving \$5,400 in Hazardous Materials and Emergency Planning training grants, we hope the same in 2018-2019 (#001-4210-6125)
- New emission control systems required in California on Engine 5392, Truck 5341, and Rescue 5351 have shown to have chronic maintenance and repairs. We used a 4-year average on apparatus maintenance and emission system repair forecasts for 2018-2019. (#001-4210-6604)



2017 Northern California Fire Storm, photo in Los Angeles Times of Morro Bay Firefighter

☞ FIRE DEPARTMENT ☜

Core Goals	2017-2018 Accomplishments
Planning	<ul style="list-style-type: none"> • Community Emergency Response Training (CERT) for the community, 2 complete courses and 3 team meetings • Completed our Firefighters in School Education (FISE) program educating 485 students in our community • Continue our participation in “Fired Up About Reading,” with Del Mar Elementary Second Graders • Participated in 2017 Fire Chief’s Burn Relay, educated 7,500 children in one day and raised donations for Alisa Ann Ruch Burn Foundation • Review Process of our new City Emergency Plan and our Local Hazard Mitigation Plan • Provided EOC Training to our City Council, City Manager, City Clerk, and CERT members • Continued partnership with State Parks on Black Hill Hazardous Fuel Reduction Plan • Updated and finalized our 2018 County Mutual Aid Plan • Design and Development of citywide 3-year inspection program • Identify hazards on Embarcadero leading to a future Harbor Safety Plan
Logistics	<ul style="list-style-type: none"> • Hired 7 new Reserve Firefighters • Hired new Fire Marshal, Captain Vierra • Black Hill Repeater repaired and operational • Provided 1 Health Clinic in partnerships with 11 local non-profits that assisted over 300 local citizens • Hydrant testing and maintenance streamlined to meet new ISO standards • Training and policy development for new mandated fire and medical reporting • Hire 1 Limited Term Firefighter for 6 months • Citywide Knox Box maintenance program initiated • Development of mobile employee scheduling system • Older OES engine 274 replaced by the State with OES engine 388 • Provided succession training for 4 Acting Fire Captains • Initiated hiring process for Firefighter Paramedic, Captain Rees retirement • Provided Point of Distribution Drills (Flu Inoculations for City Employees and Volunteers)

<p>Operations</p>	<ul style="list-style-type: none"> • 1 Firefighter completed probation and promoted to Fire Engineer • 1 Probation Firefighter finishing Paramedic didactic and starting his internship and clinical training at Sierra Vista Hospital • Updated our performance evolutions for wildland and ocean rescue responses • Updated Standard Operation Guide for Rescue Tactical Teams in partnership with MBPD • State Fire Marshal Filming and Motion Picture Safety Officer completed by Fire Marshal • Company Officer training continued for 3 Fire Engineers • Responded personnel and equipment regionally on our local USAR, SLOFIST, and IMT. • Chief Officer training continued for our Fire Marshal • Executive Officer training continued for our Fire Chief • Mutual Aid through CFAA / OES, responded personnel and equipment to 9 incidents within our State for 82 days. • Fire Chief assigned as Deputy Operational Area Coordinator • Continued collaboration with Harbor Department with updates in our Rescue Water Craft and Fire Boat Operation Training Task Books
<p>Finance</p>	<ul style="list-style-type: none"> • Updated administrative rate for California Fire Assistance Agreement • Received grant funding from PG&E for enhancements in our EOC • Completed Fire Act Grant proposal for handheld and mobile radios for Fire Department, EOC, and Harbor Department • Completed grant proposal for citywide ID card system for our City Employees, Volunteers and Disaster Service Workers within our community • Review, design and complete SAFER grant proposal for 2018-2019



“Fired Up About Reading” Program at Del Mar Elementary

☞ FIRE DEPARTMENT ☜

Summary of Department FTEs

	2016/17	2017/18	2018/19
	Funded	Funded	Funded
<i>Fire Department</i>			
Fire Chief	1.0	1.0	1.0
Fire Marshall	0.0	1.0	1.0
Fire Captain	3.0	3.0	3.0
Fire Engineer	7.0	7.0	7.0
Firefighter	1.0	1.0	1.0
Administrative Technician	0.50	0.75	0.75
Total Department FTEs	12.50	13.75	13.75



2017 Fire Prevention Week at Del Mar Elementary

∞ FIRE DEPARTMENT ∞

General Fund Fire

Fund 001 4210

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Licenses & Permits</i>	\$ 391	\$ 981	\$ 788	\$ 1,359	\$ 1,000	\$ 1,359
<i>Intergovernmental</i>	207,262	418,936	306,055	671,016	671,016	257,004
<i>Charges for Service</i>	10,085	1,848	5,369	6,500	6,500	9,000
<i>Other Revenues</i>	8,108	1,587	190	225	225	225
TOTAL REVENUES	\$ 225,846	\$ 423,352	\$ 312,402	\$ 679,100	\$ 678,741	\$ 267,588
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 2,002,026	\$ 2,105,687	\$ 2,311,024	\$ 2,528,463	\$ 2,528,463	\$ 2,332,857
<i>Supplies</i>	109,853	109,598	94,845	87,266	96,000	90,355
<i>Services</i>	112,383	236,650	271,069	113,281	113,281	125,275
<i>Capital Outlay</i>	3,161					
<i>Other</i>	1,000	5,000	5,275	5,275	5,275	9,025
<i>Equipment Replacement</i>						
TOTAL EXPENDITURES	\$ 2,228,423	\$ 2,456,935	\$ 2,682,213	\$ 2,734,285	\$ 2,743,019	\$ 2,557,512

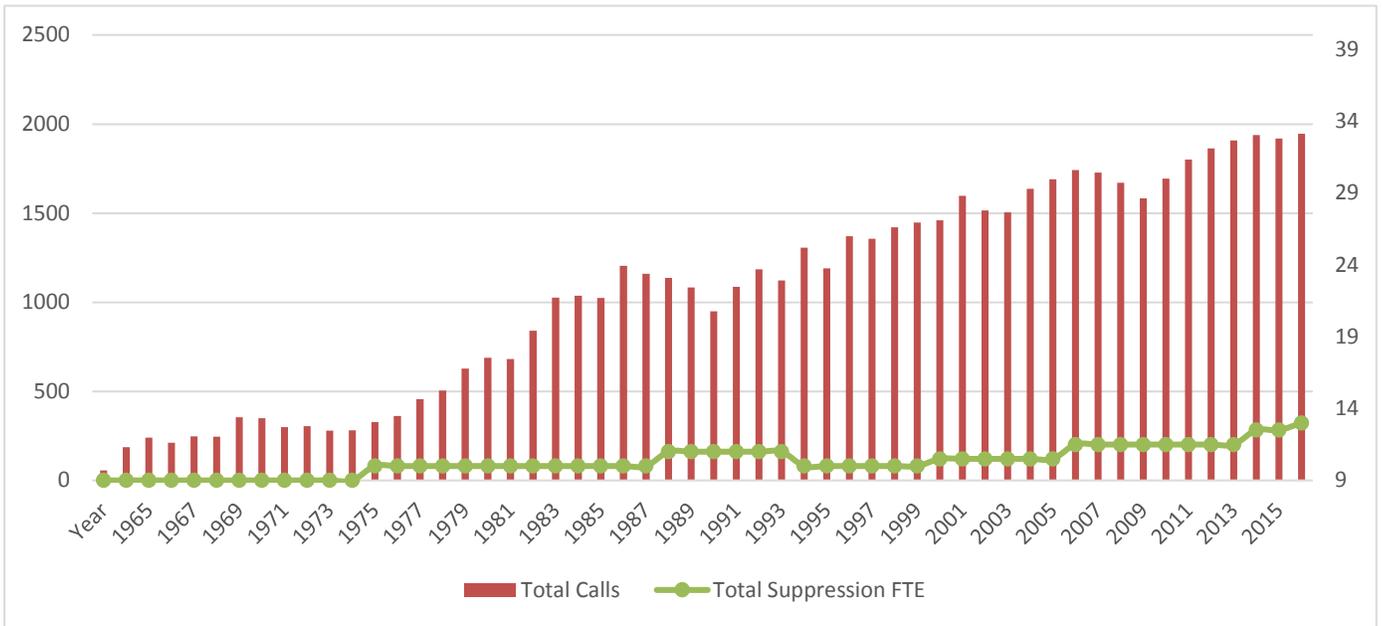
Notes:

FY 2014/15 – An 11th Firefighter position was added.

In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). The increase in services is primarily due to the CalFire emergency dispatch contract.

FY 2016/17 – Dispatch contract was moved to the Contract Services Program.

Incidents and Suppression FTE since Cityhood (1964)



1964 ~ 186 Incidents, 9 Suppression FTE plus Reserves

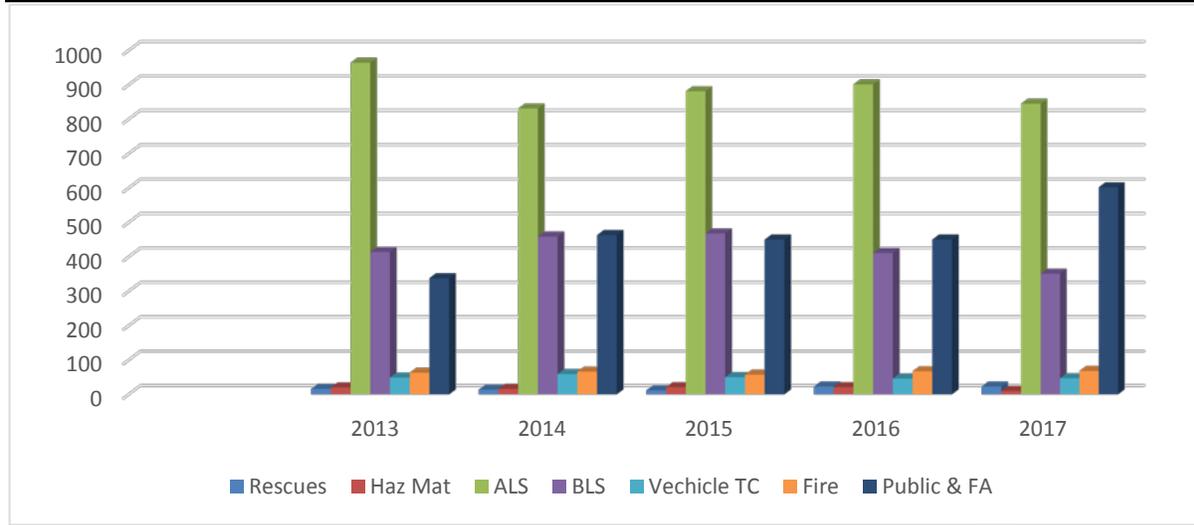
2017 ~ 1,982 Incidents, 13 Suppression FTE plus Reserves and CERT



2017 Northern California Fire Storm, Morro Bay Firefighters as part of local Strike Team

☞ FIRE DEPARTMENT ☜

Types of Responses **2012/13**
2016/17

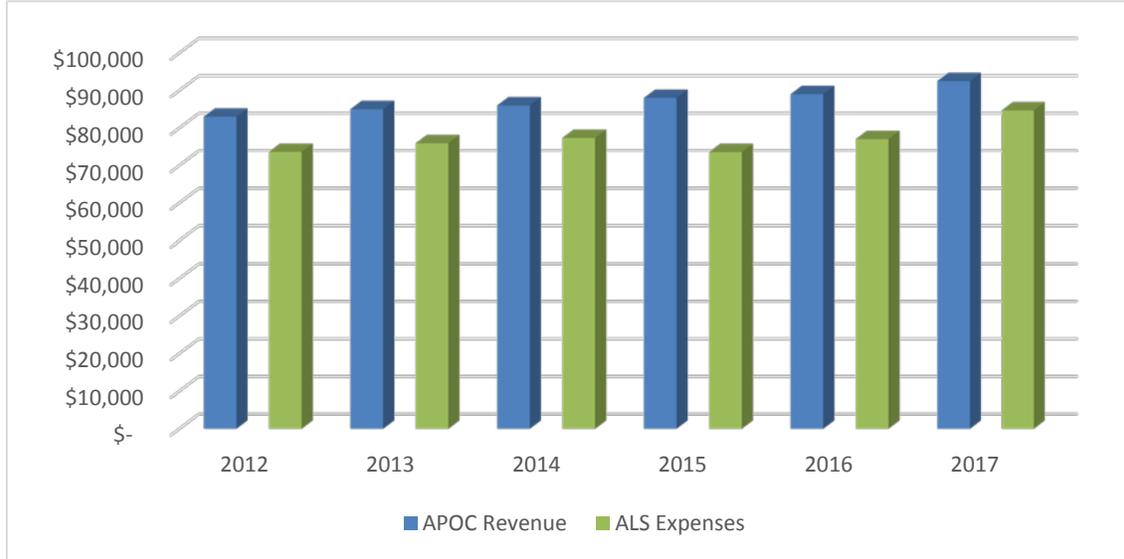


Year	Rescues	Hazardous Materials	Paramedic Support	Basic Life Support	Vehicle Accidents	Fires	Public & False Alarms	Total
2012-13	16	20	964	414	49	63	338	1864
2013-14	14	16	831	459	59	66	463	1908
2014-15	12	21	881	468	50	57	450	1939
2015-16	23	21	901	411	46	67	450	1919
2016-17	23	10	845	351	47	68	602	1946
Totals	88	88	4,422	2,103	251	321	2,303	9,576



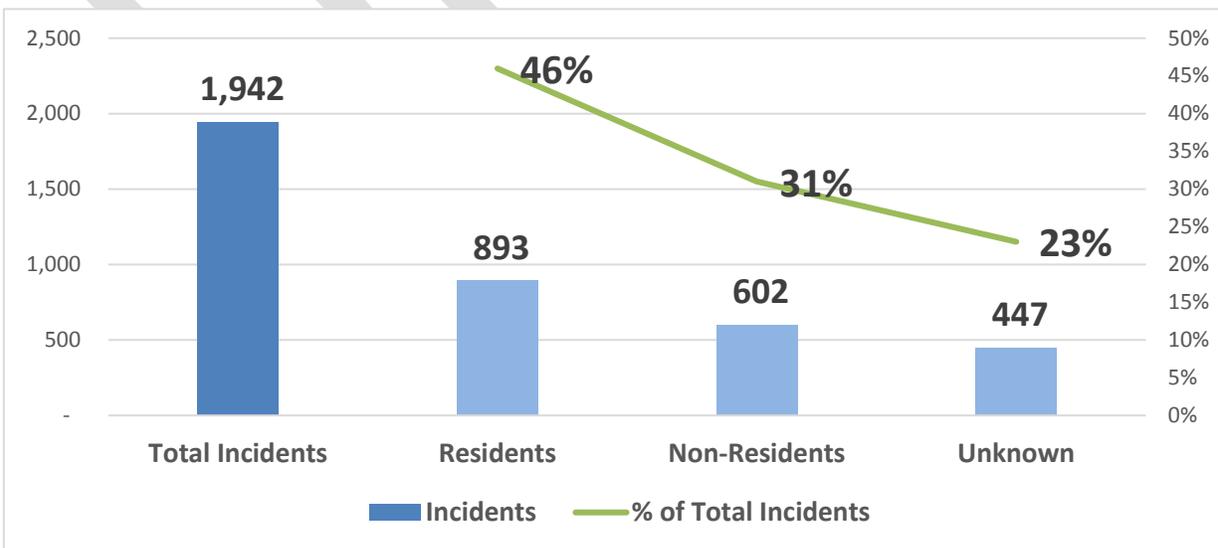
FIRE DEPARTMENT

APOC Revenues vs Paramedic Expenses



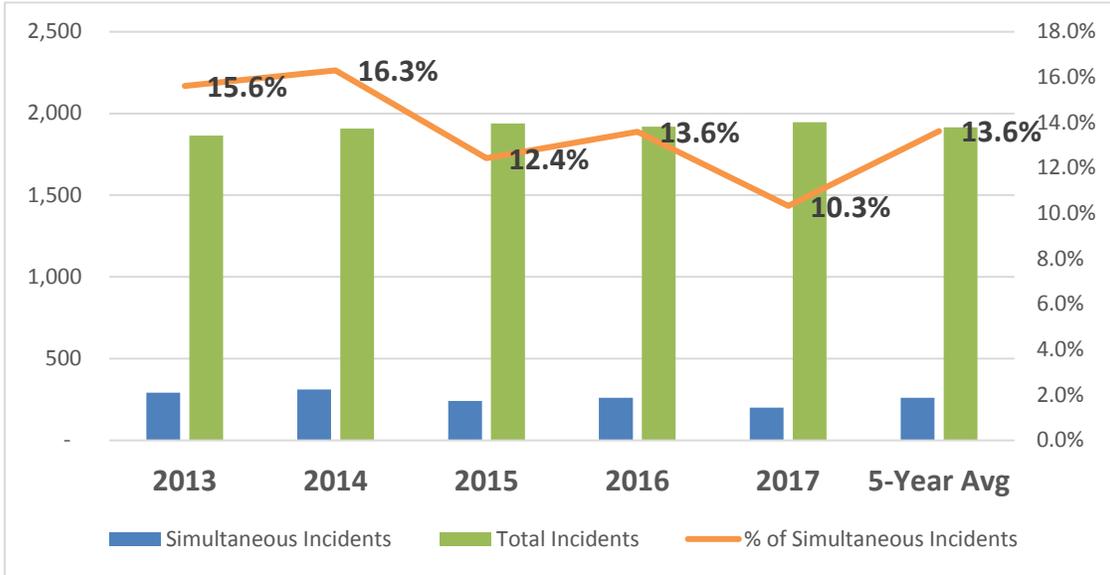
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
APOC Revenue	\$ 83,000	\$85,000	\$ 86,000	\$88,000	\$89,000	\$92,500
ALS Expenses	\$73,600	\$75,893	\$ 77,319	\$73,538	\$ 77,014	\$ 84,663

Responding to Residents vs Non-Residents



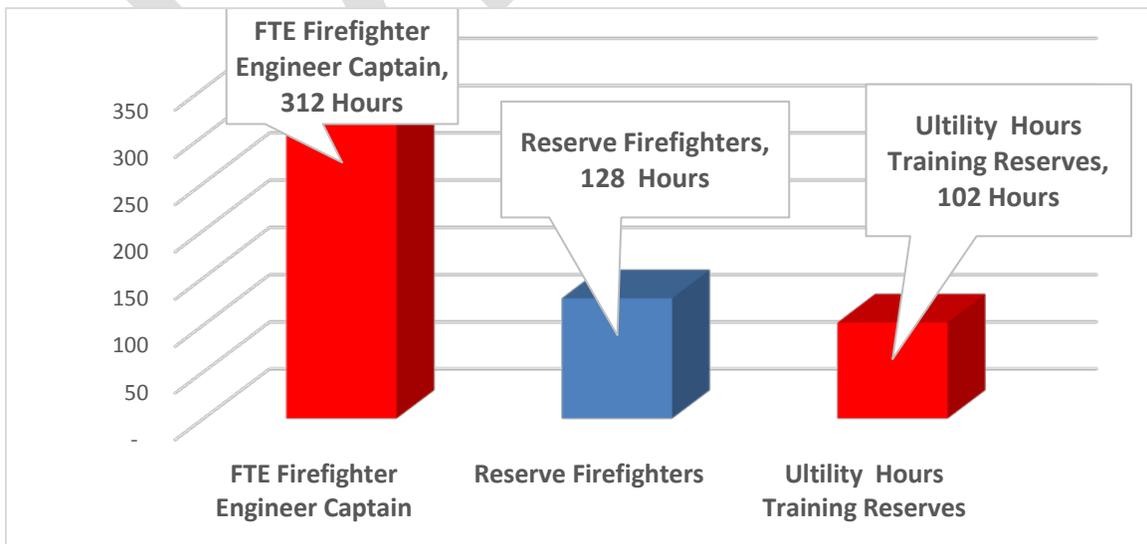
☪ FIRE DEPARTMENT ☪

Simultaneous Incidents



	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Simultaneous Incidents	291	311	241	261	201
Total Incidents	1,864	1,908	1,939	1,919	1,946
% of Simultaneous Incidents	15.6%	16.3%	12.4%	13.6%	10.3%

2016/2017 Average Training Hours

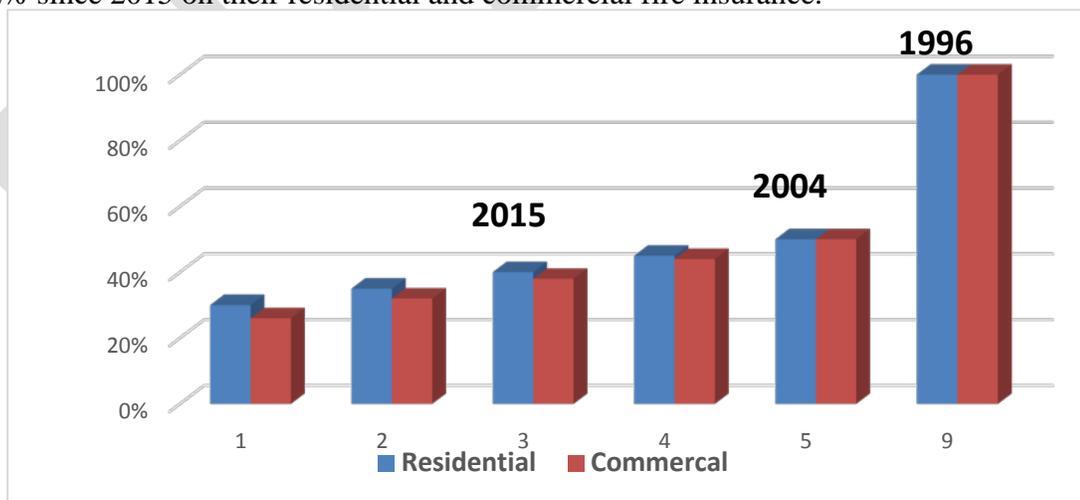


C-68

☞ FIRE DEPARTMENT ☜
Insurance Services Office (ISO) and Morro Bay

ISO, an organization that tracks property and casualty insurance risk, evaluates and rates a community’s ability to handle fires. Many insurers factor that information into the formulas they use to come up with your home and commercial fire insurance premium. The thinking behind using ISO ratings is this: The better equipped a community is to fight fires, the less likely it is that homes and businesses in your area will sustain major fire damage.

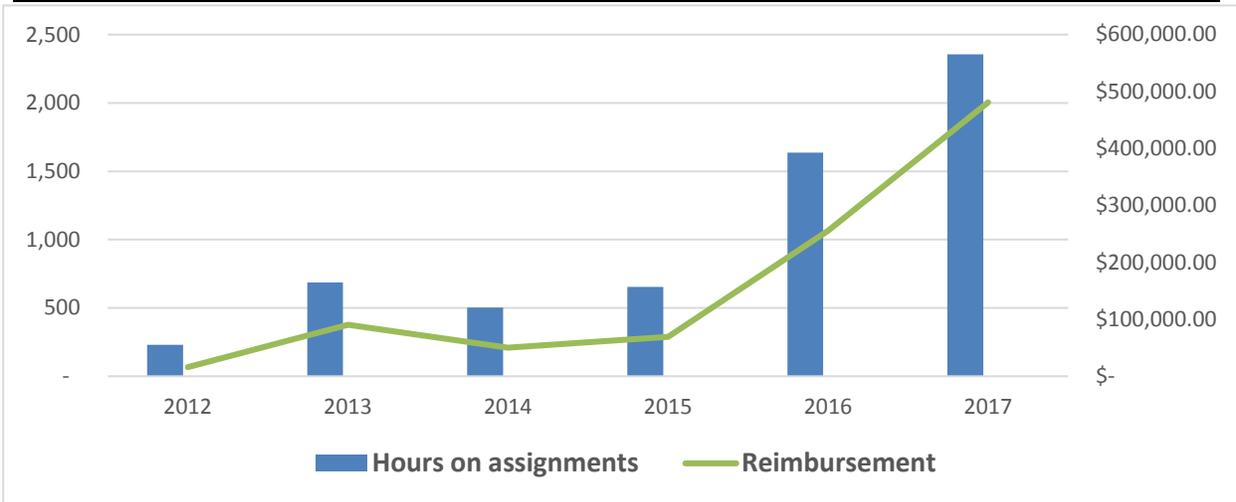
- 50 percent of the score looks at your local fire department, including staffing, training, geographic distribution of firehouses and adequacy of the fire equipment.
- 40 percent of the score considers our water supply, including the placement and condition of fire hydrants and the amount of water that’s available to put out fires.
- 10 percent of the score measures the efficiency of emergency communications, such as the 911 system and the number of emergency dispatchers.
- With the support for Fire Department staffing, Measure Q funding, replacement of Truck 5341 through the Bertha Shultz Trust donation, participating in our regional dispatch, and improving our auto aid agreements, we have improved our ISO rating to a “3” in 2015.
- It is hard to determine the exact amount of savings our citizens will save on their fire insurance, but in general our citizens have saved 60% to 62% since 1996 and 10% to 12% since 2015 on their residential and commercial fire insurance.



ISO Rating	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>9</u>
Residential	30%	35%	40%	45%	50%	100%
Commercial	26%	32%	38%	44%	50%	100%

∞ FIRE DEPARTMENT ∞

Mutual Aid Reimbursement Through California Fire Assistance Agreement



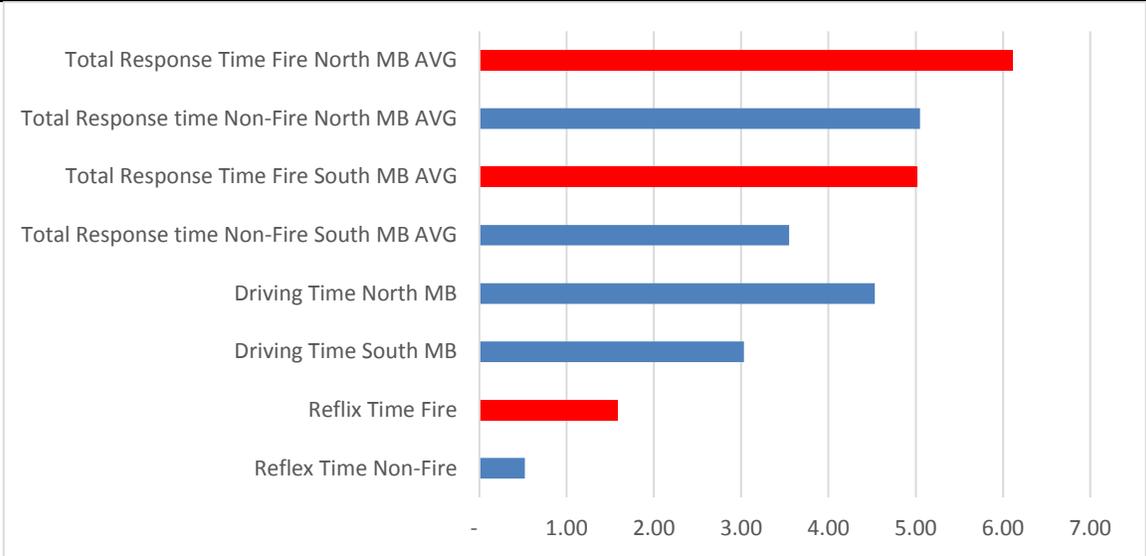
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Hours on assignments	231	686	503	654	1,637	2,356
Reimbursement	\$16,015.00	\$90,551.00	\$50,352.00	\$69,400.00	\$255,785.00	\$481,025.00



2018 Thomas Fire & Montecito Mud Flows

☞ FIRE DEPARTMENT ☜

****Reflex and Driving Time to Incidents**



	<u>Reflex</u> <u>Time</u> <u>Non-Fire</u>	<u>Reflex</u> <u>Time</u> <u>Fire</u>	<u>Driving</u> <u>Time</u> <u>South</u> <u>MB</u>	<u>Driving</u> <u>Time</u> <u>North</u> <u>MB</u>	<u>Total</u> <u>Response</u> <u>Time</u> <u>Non-Fire</u> <u>South MB</u> <u>AVG</u>	<u>Total</u> <u>Response</u> <u>Time</u> <u>Fire</u> <u>South MB</u> <u>AVG</u>	<u>Total</u> <u>Response</u> <u>Time</u> <u>Non-Fire</u> <u>North</u> <u>MB AVG</u>	<u>Total</u> <u>Response</u> <u>Time</u> <u>Fire</u> <u>North</u> <u>MB AVG</u>
Minutes	0.52	1.58	3.03	4.53	3.55	5.02	5.05	6.11

**** 2004 Morro Bay Fire Department Strategic Plan, updated in 2013**

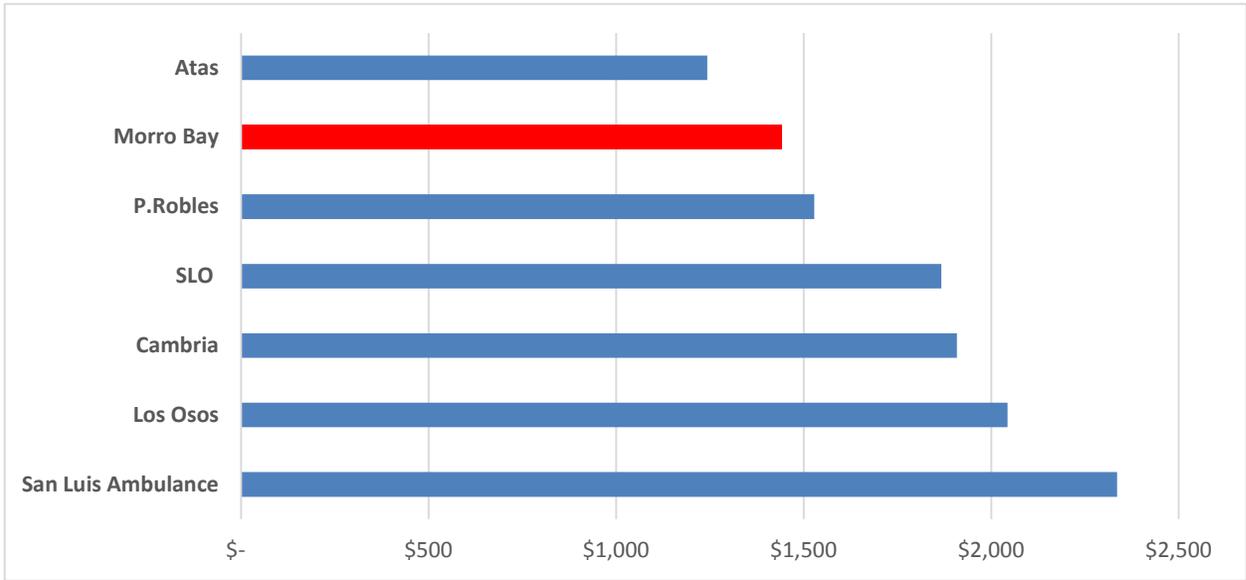
Goal A-1: Minimize the life loss, injury and property damage caused by structure fires

Four on duty firefighters shall arrive on scene within 5 minutes of receipt of call at 911 dispatch center, for 90% of all calls.



☞ FIRE DEPARTMENT ☜

Budget vs. Incidents (Cost per Incident)



	<u>P. Robles</u>	<u>Atas</u>	<u>SLO</u>	<u>Cambria</u>	<u>Los Osos</u>	<u>Morro Bay</u>
Incidents	3,730	3,298	6,750	1,060	1,370	1,942
Community's Budget	\$5.7	\$4.1	\$12.6	\$2.4	\$2.8	\$2.8
Budget vs. Incidents	\$1,528	\$1,243	\$1,867	\$2,264	\$2,044	\$1,442

**San Luis Ambulance = Average base rate to transport by ambulance from Morro Bay



2017 Grass Fire in Morro Bay near Zanzibar Street



2018 Structure Fire on Orcas Street

☞ FIRE DEPARTMENT ☜

Core Goals	2018-2019 Key Projects
Planning	<ul style="list-style-type: none"> • Continue to support and enhance CERT • Continue to participate in our Firefighters in School Education (FISE) program • Continue our participation in “Fired Up About Reading,” with Del Mar Elementary Second Graders • Provided EOC and Emergency Plan Training to our new City Council • Provide EOC and Emergency Plan training for EOC managers and volunteers • Complete and initiate citywide 3-year business inspection program • Initiate Safety Embarcadero Inspection Plan in collaboration with Harbor Department
Logistics	<ul style="list-style-type: none"> • Probation training for new Reserve hires, Firefighter Paramedic, and Fire Captain Paramedic • Construction of enhanced communication repeater for Fire and Harbor • Provided 1 to 2 Health Clinics in partnerships with local non-profits • Initiate citywide ID card system for our City Employees, Volunteers and Disaster Service Workers within our community • Hydrant testing and maintenance to meet ISO standards • Initiate new mandated patient system as per State EMSA • Initiate new fire inspection mobile data system for business inspections • Start design and inspection review for new Engine 5391 expecting delivery in March 2019 • Active Shooter training and participate in MBHS drill in collaboration with MBPD • Provide Point of Distribution Drills (Flu Inoculations for City employees, volunteers, and citizens)
Operations	<ul style="list-style-type: none"> • 1 Probation Firefighter Complete Paramedic school, probation and promoted to Fire Engineer • Initiate new performance evolutions for wildland and ocean rescue responses • Continue Company Officer, Chief Officer, and Executive Officer training for succession planning • Support and train for Mutual Aid through CFAA / OES, responses • Review and negotiate possible new North Coast Auto / Mutual Aid agreement with partnering neighbors • Continued collaboration with Harbor Department with unified emergency response enhancement

Finance

- Update administrative rate for California Fire Assistance Agreement
- Continue to review and develop grant opportunities through PG&E, FEMA, and private trusts using our Fire Department Equipment Replacement Schedule as a guide
- Continue supportive role with the Friends of the Morro Bay Fire Department
- Initiate citywide ID card system for our City Employees, Volunteers and Disaster Service Workers within our community
- Review, design and complete SAFER grant proposal for 2019-2020



OES 274 Crew in Sonoma California



Halloween 2017

C-74



Fire Department

EOC DISASTER PREPAREDNESS PROGRAM 4220

PROGRAM PURPOSE

Morro Bay's Emergency Operations Center (EOC) is a tool for coordinating on-scene operations during low-frequency and high-risk incidents. The ability of a community to acquire and allocate necessary resources hinges on being prepared. Our EOC is partnered with our community's Emergency Plan that roots our "all-hazard" preparedness program involving intergovernmental relations and a detailed planning process that includes mutual-aid assistance agreements. The purpose of our EOC is to ensure that departmental response capabilities are maintained, and authoritative information is disseminated to the public. As required by State and Federal Law, we use National Incident Management System (NIMS) as our management tool and communications. As per Morro Bay's Municipal Code, the Fire Department is responsible to facilitate our EOC and Emergency Plan. Morro Bay's primary EOC is located our Community Center, 1001 Kennedy Way, and our secondary EOC is located at our Harbor Street Fire Station, 715 Harbor Street.

BUDGET OVERVIEW

PG&E has been great partners with our City providing yearly grant funding to assist us EOC facility equipment and our Emergency Plan development. Each year our budget requests are dependent on our success obtaining funding from PG&E or other sources. We are focusing on improving our communications, training our City staff and community volunteers to our new Emergency Plan, and improving our operational equipment.



2018 Orcus Street Fire

☞ EOC DISASTER PREPAREDNESS ☜

Core Goals	2017-2018 Accomplishments
Planning	<ul style="list-style-type: none"> • Development phase of our new Morro Bay Emergency Plan • Final Review of Local Hazardous Mitigation Plan • Coordinating through SLO County Fire Chief's Association a training cadre to instructed EOC management and NIMS
Logistics	<ul style="list-style-type: none"> • Redesign EOC facility footprint, moved Planning Section and Agency Representatives to separate rooms • Moved all supplies in fixed supply cabinet
Operations	<ul style="list-style-type: none"> • Developed new lesson plan for Council Members • Provided an Executive Group training • Provided EOC awareness training to CERT members
Finance	<ul style="list-style-type: none"> • Secure grant funding for 2017-2008

∞ EOC DISASTER PREPAREDNESS ∞

Emergency Operations Center (EOC) Disaster Preparedness						
Fund 001 4210						
SUMMARY OF REVENUES AND EXPENDITURES						
	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Other Revenues</i>					\$ 10,527	\$ -
TOTAL REVENUES	\$ -	\$ -	\$ -	\$ -	\$ 10,527	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>						\$ -
<i>Supplies</i>	\$ 5,729	\$ 86	\$ 7,421	\$ 6,000	\$ 1,608	\$ 9,000
<i>Services</i>	\$ 4,168	\$ 4,231	\$ 2,834	\$ 2,967	\$ 2,084	\$ 2,967
<i>Capital Outlay</i>						
<i>Other</i>						\$ -
<i>Equipment Replacement</i>						-
TOTAL EXPENDITURES	\$ 9,897	\$ 4,317	\$ 10,255	\$ 8,967	\$ 3,692	\$ 11,967

Notes:

FY 2014/15 – Staff budgeted for a Nuclear Planning Grant in the amount of \$5,000 to purchase secondary EOC supplies.

FY 2017/18 – Staff budgeted for a PG&E grant in the amount of \$6,000. If the grant is awarded, staff will purchase cellular hotspots for wireless communications, battery replacement for EOC satellite, and laptop upgrades.

☞ EOC DISASTER PREPAREDNESS ☜

Core Goals	2018-2019 Key Projects
Planning	<ul style="list-style-type: none"> • Finalize new Morro Bay Emergency Plan • Coordinate with area partners and provide a streamlined EOC Manager and Field Workers for County Cities • Review and Evaluate Emergency Management Institute training grant for SLO North Coast for 2019-2020
Logistics	<ul style="list-style-type: none"> • Coordinate supplies between both City EOCs • Provide EOC Field Training and Emergency Plan Courses in our City • Provide EOC and Emergency Plan Training for new City Council • Evaluate current satellite phone operations
Operations	<ul style="list-style-type: none"> • Support 2 Fire Department personnel membership to local SLO County ICT • Provide Emergency Plan training at CSTI for non-Fire personnel • Participate in November 2018 Countywide drill
Finance	<ul style="list-style-type: none"> • Secure grant funding for 2019-2020



2018 Thomas Fire Santa Barbara County Evacuation Plan and fire advancement



DRAFT

Public Works

DEPARTMENT PURPOSE

The Public Works Department oversees engineering, capital projects, reviews development plans, maintains the City's parks, medians, rights-of-way, repairs and maintenance of the City's streets, curbs, sidewalks, signal, lighting, and storm drains. The department also provides vehicle maintenance, facilities maintenance and environmental programs, including recycling. The public works department oversees and includes the utilities divisions of water, sewer and wastewater collections, the transit program, and City's two assessment districts.

The Department fills operational functions on a regular basis and Capital Projects when funding is available, either through grants funding or other identified funding sources.

General Fund departmental services are provided under nine main operational divisions: Administration, Consolidated Maintenance; Street Maintenance; Vehicle Maintenance; Street Lighting; Street Trees; Storm Drains, Transit and Utilities (Water and Wastewater), Curbside Recycling and Electricity.

BUDGET OVERVIEW

The FY 2018/19 is holds most operational expenditures at prior year's levels with a few notable changes that are highlighted below. The Department has been unable to hire a Senior Civil Engineer and for FY 2018/19 has decreased salaries and personnel and increased consultant services as the Department will use a consultant in lieu of filling the Senior Civil Engineer. In addition, staff has budgeted salaries and benefits by allocation of staff time to the nine departments discussed above to most accurately reflect the cost of providing these services. The equivalent of one full-time Consolidated Maintenance Worker II will be funded in the Cloisters Assessment District to provide more labor to the district for general landscaping (weed control) and to maintain infrastructure in the district. This reassignment of staffing, coupled with a significant reduction in part-time hours, allowed for the addition of 2.0 FTE of Consolidated Maintenance Worker I position with no net cost impact to the general fund. In prior years the City has utilized part-time or temporary employees working up to 40-hours a week to provide general maintenance services. Reallocation of these part-time and temporary hours will allow for more stable and consistent staffing on a regular basis.

Other expenditure increases are primarily attributable to salary and benefit increases related to CalPERS benefit cost increases, health benefit cost increases and 2% salary increase per previously negotiated Memorandum of Understanding (MOU) commitments.

☞ PUBLIC WORKS ☞

Objective	Accomplishments
Maintain Quality Infrastructure	<ul style="list-style-type: none">• Del Mar Restroom reconstruction• Annual Pavement Management Project• CDBG Sidewalk Gap Closure• Public Restroom upgrades• Solar/HVAC Upgrades• Inspection of Public Improvements installed by Private Development

DRAFT

PUBLIC WORKS

PUBLIC WORKS DEPARTMENT

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Sales & Use Tax</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Licenses and Permits</i>	314,089	-	139	1,500	-	1,500
<i>Service Charges</i>	218,278	2,876	1,127	5,500	5,383	5,500
<i>Other Revenues</i>	32,999	30,251	579,856	25,892	27,829	26,300
TOTAL REVENUES	\$ 565,366	\$ 33,127	\$ 581,122	\$ 32,892	\$ 33,212	\$ 33,300
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 1,334,206	\$ 1,515,214	\$ 1,754,457	\$ 1,833,938	\$ 1,607,140	\$ 1,788,032
<i>Supplies</i>	135,075	234,889	327,685	194,721	181,583	190,981
<i>Services</i>	477,927	570,762	993,085	543,995	514,070	712,196
<i>Capital Outlay</i>	6,300	-	-	-	83	-
<i>Other</i>	-	49,897	48,660	-	26,201	24,810
<i>Equipment Replacement</i>	-	-	-	-	35,190	35,190
TOTAL EXPENDITURES	\$ 1,953,508	\$ 2,370,762	\$ 3,123,887	\$ 2,572,654	\$ 2,364,267	\$ 2,751,209
PROGRAM						
<i>Administration</i>	\$ 860,849	\$ 601,168	\$ 696,042	\$ 626,349	\$ 625,000	\$ 679,146
<i>Consolidated Maintenance</i>	411,003	939,398	1,073,591	855,800	1,001,074	866,162
<i>Vehicle Maintenance</i>	103,022	119,076	122,021	120,361	119,261	127,231
<i>Street Maintenance</i>	263,717	291,181	294,987	460,335	239,962	474,693
<i>Street Trees</i>	65,131	108,456	103,695	180,294	95,500	184,817
<i>Street Lighting</i>	101,063	104,241	108,966	106,000	100,200	122,000
<i>Storm Drains</i>	125,783	109,975	88,078	223,515	99,000	210,880
<i>Curbside Recycling</i>	22,940	23,832	23,388	-	22,879	26,280
<i>Electricity</i>	-	73,435	613,119	-	61,391	60,000
<i>Measure Q</i>						501,687
TOTAL EXPENDITURES	\$ 1,953,508	\$ 2,370,762	\$ 3,123,887	\$ 2,572,654	\$ 2,364,267	\$ 3,252,896

☞ PUBLIC WORKS ☞

Departmental Summary of FTEs

	2018/19 Funded
<i>Public Works</i>	
Public Works Director	1.0
Consolidated Maintenance Superintendent	1.0
Environmental Programs Manager	1.0
Utilities Manager	1.0
Senior Civil Engineer	0.0
Assistant Civil Engineer	1.0
Engineering Technician	1.0
Consolidated Maintenance Field Supervisor	1.0
Mechanic	1.0
Consolidated Maintenance Worker III	1.0
Consolidated Maintenance Worker II	6.0
Consolidated Maintenance Worker I	2.0
Management Analyst	1.0
Water System Supervisor	1.0
Water System Operator I	1.0
Water System Operator II	2.0
Water System Operator III	1.0
Collection System Supervisor	1.0
Collection Systems Worker II	2.0
Collection Systems Worker III	1.0
Wastewater System Supervisor	1.0
Wastewater System Leadworker	1.0
Wastewater System Operator II/Lab Analyst	1.0
Wastewater System Operator II	2.0
Wastewater Treatment Plant Operator II	1.0
Wastewater System O-I-T	2.0
Office Assistant IV	1.0
Total Department FTEs	36.0
<i>Temporary Staff Hours</i>	
Maintenance Worker I	650
Maintenance Aide	700
Total Annual Hours	1350

Public Works

Administration and Engineering Program 5205

PROGRAM PURPOSE

The Public Works Administration and Engineering program provides general oversight to the City's public works functions, supporting the delivery of services throughout the Department. The administration division is primarily responsible for managing and coordinating the efforts of the Department's programs; overseeing meetings with citizen's, contractor's and other agencies; preparing and developing budget documents; preparing City Council and Commission reports, processing and managing grants, reports to the City Manager.

BUDGET OVERVIEW

The FY 2018/19 budget includes decreased salary and benefits and increased service expenditures. The City has been unable to fill the Senior Civil Engineer Position and therefore has defunded the position in FY 2018/19, reallocating approximately \$117,000 to consultant services to provide supplemental general and senior engineering services. The decrease in salary and benefits because of contracting senior engineering services is partially offset by increased CalPERS rates, health rates and previously negotiated 2% cost-of-living adjustments, effective July 2018. In addition, salary and benefits have increased due to the reallocation of positions funded within the administration program, with 3.40 FTE positions funded in Administration. The overall net increase to the Department is \$54,000, inclusive of pavement management plan engineering services and consultant support to provide miscellaneous land surveying.



☞ PUBLIC WORKS ☜
Administration

General Fund Public Works

Fund 001-5205

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
REVENUES						
<i>Licenses and Permits</i>	\$ 314,089	\$ -	\$ 139	\$ 1,500	\$ -	\$ 1,500
<i>Service Charges</i>	218,278	2,876	1,127	5,500	5,383	5,500
<i>Other Revenues</i>	4,720	2,097	-	20	185	20
TOTAL REVENUES	\$ 537,087	\$ 4,973	\$ 1,266	\$ 7,020	\$ 5,568	\$ 7,020
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 683,263	\$ 523,536	\$ 640,610	\$ 525,040	\$ 549,000	\$ 470,929
<i>Supplies</i>	17,834	13,027	9,784	8,131	6,000	8,131
<i>Services</i>	159,752	64,605	45,648	93,178	70,000	200,086
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Debt Service</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 860,849	\$ 601,168	\$ 696,042	\$ 626,349	\$ 625,000	\$ 679,146

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works - Administration</i>	
Public Works Director	0.41
Environmental Programs Manager	0.25
Assistant Civil Engineer	0.45
Engineering Technician	1.00
Management Analyst	0.76
Office Assistant IV	0.53
Total Department FTEs	3.40

☞ PUBLIC WORKS ☜
Administration

FY 2018/19 KEY PROJECTS

- **Engineering Review**
 - **Sonic Restaurant**
 - **Morro Mist Subdivision**
 - **Black Hills Villas Subdivision**
- **Project Management**
 - **Highway 41/Highway 1/Main Street Intersection Improvements**
 - **Water Reclamation Facility**
 - **Pavement Management**
 - **Sidewalk Installation**

KEY PROGRAM SERVICES

- Provides walk-in and telephone customer service for departmental programs and services.
- Provides internal clerical and program support for departmental services.
- Oversees regulatory and project operations.
- Manages the Department's budget.
- Pursues grant funding.
- Oversees community beautification projects and sponsorship programs.
- Prepares and tracks construction, consultant and maintenance contracts.
- Facilitates Commission, Committee and Community meetings related to public works-related issues.
- Provides staff support to the Public Works Advisory Board, Cloister Assessment District, and Water Reclamation Facility Citizen's Advisory Committee.
- Provides staff support for City-wide Committees, such as the City's Health and Safety Committee and Special Events Committee.
- Administers the processing of permits.
- Oversees Department employee training and safety programs.
- Reviews development applications for compliance with City grading and engineering standards and develops project conditions of approval.
- Reviews plans and approves final tract maps and parcel maps as required by state law.
- Conducts inspections of work within right-of-way through the encroachment permit process.

PUBLIC WORKS

Consolidated Maintenance-Facilities & Parks Program 5215

PROGRAM PURPOSE

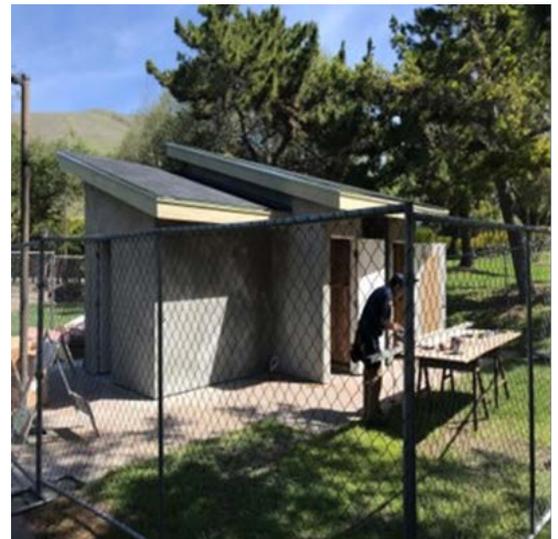
Consolidated Maintenance-Facilities maintains facilities (public, recreational, offices) to provide for public and occupant safety, building security, building maintenance, planned and unplanned repairs, and contract support service for all facilities owned and operated by the City of Morro Bay. Consolidated Maintenance-Facilities is responsible for the performance of all aspects of preventive maintenance on buildings, essential building systems, time critical response to emergency repairs, accomplishment of unscheduled maintenance services, compliance and service quality oversight for contract support.

Consolidated Maintenance-Parks maintains parks, parklands, and natural areas to provide for public and user safety, community needs, recreational enjoyment, and esthetically pleasing enhancements to the cityscape. Consolidated Maintenance-Parks is responsible for the performance of all aspects of preventive maintenance at 14 designated parks covering more than 65 acres, 21 public restrooms, 6 playgrounds, 2 baseball / softball / soccer fields, 2 basketball courts, 4 tennis courts, 6 Pickleball courts, and several miles of walking and bike paths

Consolidated Maintenance service requests include; those requested by citizen's, visitor's, and staff, as well as those determined to be necessary by Consolidated Maintenance to maintain our parks and facilities in a manner that is compliant with the requirements of regulatory agencies, consistent with preventive maintenance benchmarks, deemed necessary to keep the facility in fully functioning condition and operating at the highest level of energy efficiency.

BUDGET OVERVIEW

The FY 2018/19 budget reflects the reallocation of part-time staff hours to full-time benefited staffing for consistency and enhanced service delivery. With the reallocation of staff time to functional areas, salary and benefits are reduced despite the incorporated increased benefit costs and previously negotiated 2% cost-of-living increases that are effective July 1, 2018. Other notable increases include utilities expenditures.



**☞ PUBLIC WORKS ☜
Consolidated Maintenance**

Consolidated Maintenance

Fund 001-5215

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
REVENUES						
<i>Other Revenues</i>	\$ 4,657	\$ 3,256	\$ 9,005	\$ -	\$ (65)	\$ -
TOTAL REVENUES	\$ 4,657	\$ 3,256	\$ 9,005	\$ -	\$ (65)	\$ -
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 271,372	\$ 621,150	\$ 729,898	\$ 571,769	\$ 720,000	\$ 550,454
<i>Supplies</i>	49,512	124,496	115,643	87,200	84,160	86,500
<i>Services</i>	83,819	193,752	228,050	196,831	196,831	229,208
<i>Capital Outlay</i>	6,300	-	-	-	83	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 411,003	\$ 939,398	\$ 1,073,591	\$ 855,800	\$ 1,001,074	\$ 866,162

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works - Consolidated Maintenance</i>	
Public Works Director	0.10
Consolidated Maintenance Superintendent	0.35
Assistant Civil Engineer	0.15
Consolidated Maintenance Field Supervisor	0.40
Consolidated Maintenance Worker III	0.30
Consolidated Maintenance Worker II	2.75
Consolidated Maintenance Worker I	1.00
Management Analyst	0.02
Management Analyst	0.02
Office Assistant IV	0.25
Total Department FTEs	5.34

☞ PUBLIC WORKS ☞
Consolidated Maintenance

KEY PROGRAM SERVICES

- Administers custodial, heating, and ventilation system services and agreements.
- Manages preventative maintenance contracts and services.
- Manages inter-departmental service requests
- Manages facilities improvement, maintenance and repair projects.
- Cleans and maintains public restrooms and facilities.
- Provide support for services for City events.
- Installs City owned banners and flags throughout the city at various times during the year.

DRAFT

Public Works

Consolidated Maintenance-Streets Program 5230

PROGRAM PURPOSE

To provide the highest level of safe traversable streets and sidewalks that the resources provided can support. Consolidated Maintenance-Streets evaluate and repair potholes, sidewalks, public parking lots, bike paths, informational / directional / regulatory signage, curb painting and road striping, tree wells, parkways, medians, line of sight / brush management. Consolidated Maintenance is responsible for the performance of all aspects of preventive and reactive maintenance for these services, and the oversight of contract support.

Contract support includes street sweeping on a regularly scheduled basis. Street sweeping is required as part of the City of Morro Bay's regulatory requirements of the Federal Clean Water Act National Pollution Discharge Elimination System (NPDES), also known as the small Municipal Separate Storm Sewer System (MS4) General Permit. The permit requires the City, among other things, to eliminate trash and pollutants from entering waterways. Street sweeping is one Best Management Practice to meet this regulatory requirement.

Consolidated Maintenance-Streets service requests include; those requested by citizen's, visitor's, and staff, as well as those determined to be necessary by Consolidated Maintenance to maintain the highest level of safety those using our streets.

BUDGET OVERVIEW

The FY 2018/19 budget includes the reallocation of staff time to more accurately reflect staff work throughout the functional areas. The budget includes funding for 2.75 FTE positions, with incorporated benefit increases and previously negotiated 2% cost-of-living increases for employees within this program. Notable increases to the budget include additional cost for the purchase of asphalt, cold patch, base material and gravel (\$5,600) and rental of equipment such as asphalt crack sealing machine, and other paving equipment to make necessary street repairs (\$10,000) and general increased insurance costs.



☞ PUBLIC WORKS ☜
Consolidated Maintenance - Streets

Street Maintenance
Fund 001-5230

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 147,979	\$ 135,864	\$ 160,252	\$ 324,609	\$ 125,000	\$ 321,446
<i>Supplies</i>	60,324	68,703	63,780	71,310	65,723	74,000
<i>Services</i>	55,414	86,614	70,955	64,416	49,239	79,247
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 263,717	\$ 291,181	\$ 294,987	\$ 460,335	\$ 239,962	\$ 474,693

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works - Street Maintenance</i>	
Public Works Director	0.03
Consolidated Maintenance Superintendent	0.25
Consolidated Maintenance Field Supervisor	0.35
Consolidated Maintenance Worker III	0.30
Consolidated Maintenance Worker II	1.28
Consolidated Maintenance Worker I	0.50
Management Analyst	0.02
Office Assistant IV	0.02
Total Department FTEs	2.75

∞ PUBLIC WORKS ∞
Consolidated Maintenance - Streets

FY 2018/19 KEY PROJECTS

Objective	Key Projects
<p style="text-align: center;">Quality Public Infrastructure</p>	<ul style="list-style-type: none"> • On-going maintenance of the City’s infrastructure, including roadway repair and routine maintenance, ensures year-round functionality.

KEY PROGRAM SERVICES

- Maintain visibility of pavement markings, including crosswalks, red curbs, and roadway stripping.
- Maintain and repair over 53 miles of public streets and all City parking lots West of the Embarcadero.
- Facilitate concrete sidewalk, curb and gutter repair and replacement.
- Maintain cleanliness of sidewalks, benches, and waste receptacles.

☪ PUBLIC WORKS ☪
Consolidated Maintenance - Streets

Activity and Workload Highlights	2017/18 Estimated	2018/19 Budget
Number of curb miles swept		
Weekly	10 miles	10 miles
Monthly	42 miles	42 miles
Annually	53 miles	53 miles
Amount of debris removed from streets	245 tons	200 tons
Miles of streets maintained	53 miles	53 miles
Square feet of sidewalk repaired or replaced	1500	1000

DRAFT

Public Works

Consolidated Maintenance-Vehicle Maintenance Program 5220

PROGRAM PURPOSE

Consolidated Maintenance-Vehicle Maintenance provides and maintains safe, reliable, fuel-efficient, and regulatory compliant vehicles for all City of Morro Bay departments, and transportation services.

Vehicle Maintenance service requests include; those requested by staff, as well as those determined to be necessary by DMV, and CHP a manner that is compliant with the requirements of regulatory agencies, consistent with preventive maintenance benchmarks, deemed necessary to keep the vehicles in fully functioning condition and operating at the highest level of fuel efficiency.

BUDGET OVERVIEW

The FY 2018/19 budget is generally consistent with prior years, incorporating the previously negotiated 2% salary adjustment and increased benefit costs. The budget supports 1.11 FTE positions.

☞ PUBLIC WORKS ☜
Consolidated Maintenance – Vehicles Maintenance

Vehicle Maintenance

Fund 001-5220

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 92,775	\$ 93,966	\$ 103,513	\$ 109,261	\$ 109,261	\$ 115,226
<i>Supplies</i>	(3,608)	7,560	7,780	7,500	5,000	6,100
<i>Services</i>	13,855	17,550	10,728	3,600	5,000	5,905
<i>Capital Outlay</i>						
<i>Other</i>						
<i>Equipment Replacement</i>	-	-	-	-	-	
TOTAL EXPENDITURES	\$ 103,022	\$ 119,076	\$ 122,021	\$ 120,361	\$ 119,261	\$ 127,231

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works</i>	
Public Works Director	0.01
Consolidated Maintenance Superinter	0.08
Mechanic	1.00
Management Analyst	0.01
Office Assistant IV	0.01
Total Department FTEs	1.11

∞ PUBLIC WORKS ∞
Consolidated Maintenance – Vehicle Maintenance

FY 2018/19 KEY PROJECTS

Objective	Key Projects
<p style="text-align: center;">Fleet Maintenance: <i>Provide Safe and Functional Vehicles and Equipment</i></p>	<ul style="list-style-type: none">• Staff will continue to actively manage maintenance schedules to maximize vehicle and equipment life cycles.• Staff will continue to analyze fleet usage and repair cost information and adjust the fleet size as appropriate.

KEY PROGRAM SERVICES

- Provide preventative maintenance and repairs for all city-owned vehicles and equipment.

Public Works

Consolidated Maintenance-Street Trees Program 5232

PROGRAM PURPOSE

Consolidated Maintenance-Street Trees allows staff to maintain a healthy urban forest with a thriving, sustainable mix of tree species which are cared for and valued by both the City and citizens of Morro Bay. As an essential environmental, economic and community asset, the urban forest (Street Trees) provides an attractive location for businesses, residents and visitors. The Urban Forest Management Plan seeks to increase age and species diversity in the public tree population and enhance the character and aesthetics of our City for the people who live and work here.

Pruning and Maintaining the Urban Forest:

City maintenance staff prune, replace and care for City street trees, City park trees and trees on City-owned property. The downtown trees are currently trimmed on a 5-year routine maintenance schedule. All other public trees are trimmed on an as needed basis. City trees that are dead, dying or in eminent danger of failure or other emergencies including limbs down, broken cracked or hanging branches as addressed on an as needed basis.

Urban Forest regulations:

City tree regulations MBMC 12.08 regulates all trees within the public right-of-way within the City to be a Public tree. The Director of Public Services has jurisdiction and control over tree care, planting, removing and replacement of these public trees within the public right-of-way. There are approximately 2500 trees within the Public Right of Way in Morro Bay, with approximately located within Morro Bay's Commercial Area.



BUDGET OVERVIEW

The FY 2018/19 Department budget is consistent with prior years. Increased salary and benefits reflects the allocation of 1.35 FTE positions to this program and is inclusive of previously negotiated salary adjustments and benefit increases. There are no other notable budget increases.

☞ PUBLIC WORKS ☜
Consolidated Maintenance – Street Trees

Street Trees
Fund 001-5232

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 38,841	\$ 33,340	\$ 21,884	\$ 128,294	\$ 25,000	\$ 143,692
<i>Supplies</i>	1,008	2,829	1,011	6,000	2,500	3,000
<i>Services</i>	25,282	72,287	80,800	46,000	68,000	38,125
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 65,131	\$ 108,456	\$ 103,695	\$ 180,294	\$ 95,500	\$ 184,817

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works</i>	
Public Works Director	0.01
Consolidated Maintenance Superintendent	0.20
Environmental Programs Manager	0.10
Assistant Civil Engineer	0.10
Consolidated Maintenance Field Supervisor	0.10
Consolidated Maintenance Worker III	0.20
Consolidated Maintenance Worker II	0.30
Management Analyst	0.02
Office Assistant IV	0.02
Total Department FTEs	1.35

☞ PUBLIC WORKS ☜
Consolidated Maintenance – Street Trees

FY 2018/19 KEY PROJECTS

Objective	Key Projects
Quality Infrastructure	<ul style="list-style-type: none">• Staff will continue to work monitor and maintain the City’s tree canopy.• Staff will continue to prune and maintain trees to prevent hazardous tree situations.• Staff will continue to evaluate trees and remove or treat hazardous and dangers trees.

KEY PROGRAM SERVICES

- Oversee Tree Trimming Contract
- Responds to service calls on trees
- Remove hazardous trees
- Plant new trees
- Maintain City’s Tree Canopy
- Manage private tree removal application process and implementation of mitigation measures.



Public Works

Consolidated Maintenance-Street Lighting Program 5234

PROGRAM PURPOSE

The purpose of street lighting is to assist drivers, pedestrians, and cyclists in finding their way in the dark. Many neighborhood groups believe that extra illumination helps prevent crime, and business district lighting also may help create a pleasant environment.

There are 508 street lights and 3 signal-controlled intersections in the City of Morro Bay. Seventeen of the street lights belong to the City, and the remaining 491 belong to PG&E. One of the signal lights belongs to the City and the other 2 belong to Cal Trans. This budget pays for the maintenance and energy to operate these lights.

BUDGET OVERVIEW

The Street Lighting program budget includes the cost to maintain and operate the city's street lights and signal light. There is not staff time allocated to the street lighting program.

☞ PUBLIC WORKS ☜
Consolidated Maintenance – Street Lighting

Street Lighting

Fund 001-5234

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15		2015/16		2016/17		2017/18		2017/18		2018/19
	Actuals		Actuals		Actuals		Amended		Estimated		Proposed
EXPENDITURES											
<i>Salaries and Benefits</i>	\$ 485	\$	70	\$	305	\$	500	\$	-	\$	-
<i>Supplies</i>	103		22		262		500		200		500
<i>Services</i>	100,475		104,149		108,399		105,000		100,000		121,500
<i>Capital Outlay</i>	-		-		-		-		-		-
<i>Other</i>	-		-		-		-		-		-
<i>Equipment Replacement</i>	-		-		-		-		-		-
TOTAL EXPENDITURES	\$ 101,063	\$	104,241	\$	108,966	\$	106,000	\$	100,200	\$	122,000

Public Works

Consolidated Maintenance-Storm Drain/Creek Maint. Program 5235

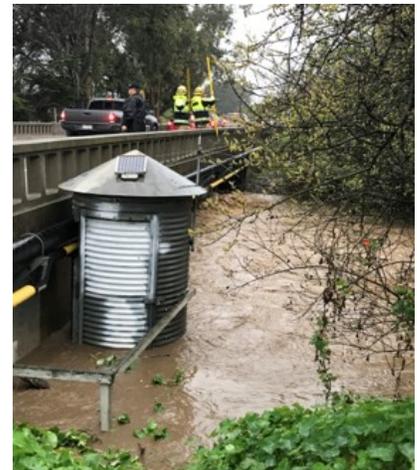
PROGRAM PURPOSE

Consolidated Maintenance-Storm Drain/Creek Maintenance keeps our creeks, and storm drain systems clean and functioning. The City's Storm Water Program focuses on watershed protection to ensure water quality in our creeks, bay and ocean by reducing the potential of flooding, erosion and various types of water pollution. Water and watershed quality can be compromised not only from natural events like flooding but also from activities such as changing the oil in your car, fertilizing your lawn, or painting your house. The quality of the water entering our storm drain system can have an extreme impact on our environment. As water is discharged from our storm drain system into our creeks and ocean we must remember that storm water can have adverse effects on our waterways making them unhealthy for local wildlife, drinking water sources, and recreation.

The storm water program is regulated by the Federal Clean Water Act National Pollution Discharge Elimination System (NPDES), also known as the small Municipal Separate Storm Sewer System (MS4) General Permit. The permit requires the City, among other things, to eliminate trash and pollutants from entering waterways. The City Storm water program has eight main components; Public education, illicit discharge detection and elimination, construction site runoff control, post-construction, good housekeeping of municipal operations, total maximum daily load (TMDL) compliance, trash control and program effectiveness. The City meet these permit requirements providing street sweeping, maintaining the storm drain system, inspecting private development projects for erosion controls and post-construction compliance, among various other services.

BUDGET OVERVIEW

The Storm Drain/Creek Maintenance program budget has increased from prior year, primarily due to the reallocation of staff time from other functions. The program funds 1.29 FTEs, including salary adjustments and previously negotiated benefit increases.



☞ PUBLIC WORKS ☜
Consolidated Maintenance – Storm Drains/Creek Maint.

Storm Drain/Creek Maintenance

Fund 001-5235

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 76,551	\$ 61,435	\$ 56,682	\$ 174,465	\$ 56,000	\$ 160,005
<i>Supplies</i>	9,902	17,408	5,731	14,080	18,000	12,750
<i>Services</i>	39,330	31,132	25,665	34,970	25,000	38,125
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 125,783	\$ 109,975	\$ 88,078	\$ 223,515	\$ 99,000	\$ 210,880

Departmental Summary of FTEs

	2018/19
	Funded
<i>Public Works</i>	
Public Works Director	0.05
Consolidated Maintenance Superintendent	0.05
Environmental Programs Manager	0.25
Assistant Civil Engineer	0.05
Consolidated Maintenance Field Supervisor	0.10
Consolidated Maintenance Worker III	0.20
Consolidated Maintenance Worker II	0.35
Consolidated Maintenance Worker I	0.20
Management Analyst	0.02
Office Assistant IV	0.02
Total Department FTEs	1.29

☞ PUBLIC WORKS ☜
Consolidated Maintenance – Storm Drains/Creek Maint.

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
<p>Water Quality Improve and protect water quality in receiving waters</p>	<ul style="list-style-type: none"> • Pollutant load reduction model Use a catchment scale loading model to quantify average annual storm water discharge and pollutant loading. Determine the pollutant loading estimates for each specific catchment. This will provide the pollutant loading and storm water volume baselines. Inventory and assessment of existing Best Management Practices (BMP). Develop relative ranking of catchments for program priorities. • Statewide Trash provisions Land-use based approach that targets high trash generating areas. Two compliance tracts; Tract 1 install full capture devices in the storm drain system, Tract 2 install partial full capture devices and a combination of other controls to demonstrate full capture equivalency.

KEY PROGRAM SERVICES

- Public Education and Outreach program to educate the public on the importance of reducing pollutant discharges into the storm drain system.
- Illicit discharge detection and elimination program to detect, investigate and eliminate illicit discharges.
- Construction-site runoff control program to prevent construction site discharges of pollutants and impacts on beneficial uses of receiving waters.
- Post-construction program enforces requires source control measures, low impact development and hydromodification measures on new and redevelopment projects.
- Good housekeeping for municipal operations requires implementing appropriate Best Management Practices (BMPs) for preventing or reducing the amount of storm water pollution generated by City operations.
- TMDL compliance requires the City to monitor water quality in Morro Bay to meet the pathogen waste load allocations.
- Trash implementation program requires the City to eliminate all trash within priority land uses in the City.
- Program effectiveness assessment and improvement plan tracks annual and long-term effectiveness of the storm water program



Public Works

CURBSIDE RECYCLING PROGRAM 5270

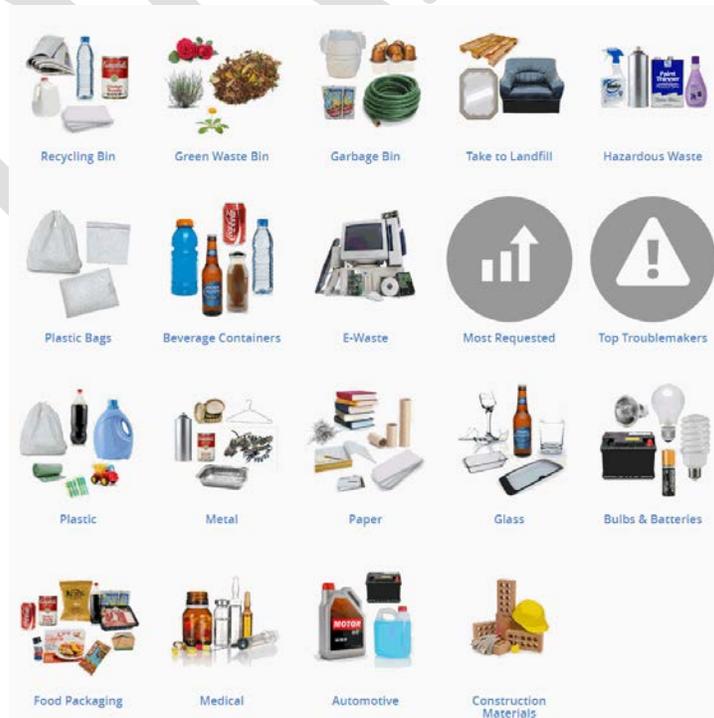
PROGRAM PURPOSE

The Curbside Recycling Program was established to track the Recycling Development Program and Administrative Fee received from Morro Bay Garbage Service each month that is required per the Solid Waste Recycling and Green Waste Agreement. The fee is used to fund administrative support related to execution and monitoring of the agreement for solid waste, recycling and green waste collection services in the City.

BUDGET OVERVIEW

Each month the City receives from Morro Bay Garbage Service a Recycling Development Program and Administrative Fee. This fee is adjusted each year based on any increase Consumers Price Index (CPI) for the month of January.

The Curbside Recycling Program's FY 2018/19 budget reflects an increase in this fee based on the CPI adjustment that took place for the period beginning January 2018.



PUBLIC WORKS
Curbside Recycling

Curbside Recycling

Fund 001-5270

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Adopted	Estimated	Proposed
REVENUES						
<i>Other Revenues</i>	23,622	24,448	23,388	25,872	22,879	26,280
TOTAL REVENUES	\$ 23,622	\$ 24,448	\$ 23,388	\$ 25,872	\$ 22,879	\$ 26,280
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 22,940	\$ 23,832	\$ 23,388	\$ -	\$ -	\$ 26,280
<i>Supplies</i>	-	-	-	-	-	-
<i>Services</i>	-	-	-	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 22,940	\$ 23,832	\$ 23,388	\$ -	\$ -	\$ 26,280

DRAFT

☞ PUBLIC WORKS ☞
Curbside Recycling

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Community Character	<i>Collection Services</i>
	Garbage collection is mandatory, while recycling and green waste collection is voluntary per Municipal Code Section 8.16. The City contracts with Morro Bay Garbage Service for residential and commercial garbage, recycling and green waste collection services.
	<i>Clean Up Week</i>
	There are 2 clean up weeks held every year in the Spring and Fall where customers can put out an additional 2 cubic yards of material to be collected at no additional cost and bulky items can be picked up for a reduced fee.
	<i>Expanded Polystyrene (EPS) Regulations</i>
	Municipal Code Section 8.17 regulates the use and sale of EPS food containers and products in the City. Restaurants and food providers are prohibited from using EPS food and drink containers, and require that a recyclable, compostable or biodegradable product be used instead. Retail sale of any EPS products such as disposable foam coolers, cups, plates, bowls, and packing peanuts are also prohibited.
	<i>Joint Powers Agreement</i>
	The Cities of Morro Bay, Arroyo Grande, Atascadero, Grover Beach, Paso Robles, Pismo Beach and San Luis Obispo, the County of San Luis Obispo, and the Community Service Districts entered into a Joint Powers Agreement and formed a new agency, the San Luis Obispo County Integrated Waste Management Authority (IWMA) to plan and implement solid waste and hazardous waste programs for the region.
	<i>Community Outreach and Awareness</i>
Education and information about various recycling programs and how to get involved is handled through the IWMA. The City's website provides links to the recycling guideline as well as other solid waste and hazardous waste programs: <ul style="list-style-type: none"> • Residents - comprehensive recycling guide and information about service providers, landfills & transfer stations, food waste, home composting, worm farms, grasscycling, shifting to reusable bags, SLO Take Back program, and how to get involved through responsible consuming, donation locations, reuse as well as information for parents with kids. • Business - information about business hazardous waste, retail take back program, recycling in the workplace, mandatory commercial recycling law (AB341), commercial organics recycling law (AB1826), multi-family/apartment recycling, recycling market development zone loans, 	

construction & demolition debris recycling, and recycling at special events.

- School Education - offering free classroom programs for K-12 with assistance for schools and teachers, as well as field trips to learn about recycling, vermicomposting, the natural resources needed to make paper, household hazardous waste, and zero waste.
- Medical Waste - free disposal program for household over-the-counter and prescription medications, inhalers, thermometers, hearing aids, x-rays and needles and sharps.
- Household Hazardous Waste Facility in Morro Bay - free disposal program to provide safe disposal of household hazardous wastes such as bulbs, paint, electronics, pesticides, herbicides, corrosives, flammables, and medical waste.

KEY PROGRAM SERVICES

- Administrative support related to monitoring the agreement between the City and Waste Connections (d.b.a. Morro Bay Garbage Service) for solid waste, recycling and green waste collection services
- Develop informational material and promote Spring and Fall Clean Up Week events on City's website, Facebook and local government channel community calendar
- Coordinate between City staff and Morro Bay Garbage Service on solid waste and recycling collection containers and service in public areas
- Coordinate with Morro Bay Garbage Service on rate adjustment applications and 218 processes for requested rate increases
- Coordinate with Morro Bay Garbage Service in processing tax liens for delinquent accounts
- Review public area use permit applications and develop special events solid waste and recycling conditions

☞ PUBLIC WORKS ☜
Curbside Recycling

Activity and Workload Highlights	2017/18 Estimated	2018/19 Budget
Residential Garbage Tonnage	2752	2862
Commercial Garbage Tonnage	5100	5177
Residuals Tonnage from Materials Recovery Facility	307	311
Recycling Tonnage	2131	2156
Green Waste Tonnage	2213	2053
Construction & Demolition Recycled Tonnage	320	289
Clean Up Week Tonnage	77	71
Household Hazardous Waste Facility Visits by MB Residents	868	868
School Program - # of Presentations and/or Field Trips for MB Schools	22	22

Public Works

ELECTRICITY FUND 001-7250

PROGRAM PURPOSE

This program is designed to track general fund electricity costs in one location rather than assign to individual departments and report debt service requirements for the California Energy Commission (CEC) loan.

BUDGET OVERVIEW

The electricity program houses the new loan issued in June 2017 by the CEC to reimburse the installation costs of the Solar Energy Efficiency Project. Solar energy panels were installed on 5 city owned buildings to generate electricity to power the operational needs of that building and to transfer any excess power to benefit approximately 17 other electrical meters. The projected savings in electricity costs is anticipated to fund the annual debt service. The loan matures in 2034.

Electricity

Fund 001-7250

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Other Revenues</i>	-	450	547,463	-	4,830	-
TOTAL REVENUES	\$ -	\$ 450	\$ 547,463	\$ -	\$ 4,830	
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ 22,021	\$ 17,925	\$ -	\$ -	\$ -
<i>Supplies</i>	-	844	123,694	-	-	-
<i>Services</i>	-	673	422,840	-	-	-
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	49,897	48,660	-	26,201	24,810
<i>Debt Service</i>	-	-	-	-	35,190	35,190
TOTAL EXPENDITURES	\$ -	\$ 73,435	\$ 613,119	\$ -	\$ 61,391	\$ 60,000



Community Development Department

PROGRAM 7105

DEPARTMENT PURPOSE

The Community Development Department (CDD) works with elected and appointed officials, other Departments, and the community to guide the physical growth, development, and preservation of the City. The Department was created in fiscal year 2015/16 when public services was split into two separate departments, Community Development and Public Works. Community development encompasses many aspects of the City and as such the Department oversees several programs and projects designed to benefit its residents and businesses. Department functions include planning, building, code enforcement, economic development, and grants.

BUDGET OVERVIEW

Consistent with City policies, the Department's development related services are supported by fees that are established with the goal of being full cost recovery. Established fee rates include development support services and are generated on both a user fee and development impact fee basis. The City has issued a Request for Proposal (RFP) to solicit consultant proposals to complete an update to user fee and development impact fee studies. Staff's goal is to complete the study for fee updates to be incorporated into the FY 2019/20 budget.

COMMUNITY DEVELOPMENT DEPARTMENT

Goals	Accomplishments
<p align="center">Fiscal Sustainability</p>	<ul style="list-style-type: none"> • Council has approved 10 new hotel units (Rose’s Landing). There are approximately 80-hotel units in the planning stage. • Council has authorized staff to market the 781 Market property for redevelopment of a mixed-use hotel/restaurant/retail project. • Staff is working on implementation of the Economic Development Strategic and recently completed meetings with business owners in the four Economic Districts.
<p align="center">Review/Update City Land Use Plans</p>	<ul style="list-style-type: none"> • Downtown and Waterfront Strategic Plan: completed and adopted by Council. • General Plan/Local Coastal Program Update: Well underway and scheduled for adoption in September of 2018 • Zoning Code update: Underway and scheduled for adoption in September 2018. • Staff continues to work with various land conservation groups on preservation of the Estero Marine Terminal and overall Chevron Property.

COMMUNITY DEVELOPMENT DEPARTMENT

Community Development Department

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Licenses & Permits</i>	\$ 101,833	\$ 69,169	\$ 108,688	\$ 100,000	\$ 100,000	\$ 90,000
<i>Service Charges</i>	179,704	1,209,135	466,544	448,167	485,787	514,910
<i>Other Revenues</i>	11,783	1,028	(462)	-	162,672	-
<i>Intergovernmental</i>	759,329	111,389	5,514	304,951	304,951	-
<i>Use of Money and Property</i>	600	2,841	2,841	-	3,956	-
<i>Interest</i>	6,084	7,466	3,337	700	3,000	700
<i>Transfers In</i>	-	-	2,845	-	-	-
TOTAL REVENUES	\$ 1,059,333	\$ 1,401,028	\$ 589,307	\$ 853,818	\$ 1,060,366	\$ 605,610
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 210,576	\$ 638,055	\$ 713,831	\$ 822,537	\$ 611,507	\$ 874,800
<i>Supplies</i>	\$ 996	\$ 18,482	\$ 18,364	\$ 9,800	\$ 14,940	\$ 9,800
<i>Services</i>	153,796	145,930	98,128	526,084	558,761	252,033
<i>Other Revenues</i>	61	630,281	290,621	5,000	5,156	50,000
<i>Payment to Other Agency</i>	-	-	5,000	9,890	9,890	9,890
<i>Intrafund Expense Transfer</i>	-	83,130	-	-	-	-
<i>Transfers Out</i>	10,410	10,000	-	-	-	-
TOTAL EXPENDITURES	\$ 375,839	\$ 1,525,878	\$ 1,125,944	\$ 1,373,311	\$ 1,200,254	\$ 1,196,523
<hr/>						
	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
PROGRAM						
<i>Community Development - GF</i>	\$ 279,226	\$ 733,416	\$ 809,549	\$ 1,053,470	\$ 824,563	\$ 1,136,633
<i>CDBG Funds</i>	60,913	69,051	7,529	304,951	358,805	-
<i>CDBG Cal Home</i>	-	-	-	-	-	-
<i>General Plan Fees</i>	71	555,281	290,506	-	156	-
<i>Housing In-Lieu</i>	10,400	75,000	5,115	14,890	14,890	59,890
<i>Park In-Lieu</i>	25,229	93,130	13,245	-	1,840	-
TOTAL EXPENDITURES	\$ 375,839	\$ 1,525,878	\$ 1,125,944	\$ 1,373,311	\$ 1,200,254	\$ 1,196,523

☞ COMMUNITY DEVELOPMENT DEPARTMENT ☞

Departmental Summary of FTEs

	2017/18	2018/19
	Funded	Funded
<i>Community Development Department</i>		
Community Development Director	1.0	1.0
Senior Planner	1.0	1.0
Associate Planner	1.0	1.0
Permit Technician	1.0	1.0
Office Assistant III/IV	1.0	1.0
Building Inspector	1.0	1.0
Total Department FTEs	6.0	6.0

<i>Temporary Staff Hours</i>		
Code Enforcement	983	1840
Planning Intern	532	1000
Office Assistant	682	1248
Contract Planner	842	1300
Intern	N/A	1000
Total Annual Hours	3039	6388

BUDGET OVERVIEW

COMMUNITY DEVELOPMENT GENERAL FUND

The FY 2018/19 budget includes no additional staffing; however, salary and benefit costs have increased due to the inclusion of previously negotiated salary adjustments (2% cost-of-living increase) and increased benefit costs, specifically related to CalPERS pension rates and health benefits. The Departments operating budget also includes increased services at a budget level of \$252,033. The services budget includes discretionary spending of \$100,000 for DWSP/EDSP implementation and \$20,000 for environmental consultant services and peer reviews. There are no other notable budget changes.

**Community Development
General Fund 001-7105**

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Licenses & Permits</i>	\$ 101,833	\$ 69,169	\$ 108,688	\$ 100,000	\$ 100,000	\$ 90,000
<i>Service Charges</i>	151,226	469,518	377,316	448,167	450,000	514,910
<i>Other Revenues</i>	11,783	1,028	(462)	-	-	-
TOTAL REVENUES	\$ 264,842	\$ 539,715	\$ 485,542	\$ 548,167	\$ 550,000	\$ 604,910
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 196,861	\$ 626,306	\$ 707,318	\$ 817,023	\$ 610,073	\$ 874,800
<i>Supplies</i>	996	18,482	17,348	9,800	14,490	9,800
<i>Services</i>	81,369	88,628	84,883	226,647	200,000	252,033
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 279,226	\$ 733,416	\$ 809,549	\$ 1,053,470	\$ 824,563	\$ 1,136,633

COMMUNITY DEVELOPMENT DEPARTMENT
General Fund

FY 2018/19 KEY PROJECTS

Objective	Key Projects
<p align="center">Regulatory Updates</p>	<ul style="list-style-type: none"> • The Department will continue to support the General Plan and LCP updates. • The Department will support the DWSP/EDSP development, at Council discretion. • Continue to work with and liaison between the City and Coastal Commission. • Update the City’s vacation rental ordinance
<p align="center">Community Engagement</p>	<ul style="list-style-type: none"> • The Department continues to support the Planning Commission, emphasizing the role of the Commission, communication with applicants, California Environmental Quality Act (CEQA), and various aspects of the City’s regulations and procedures. • Engage with and liaison between local business owners regarding local business opportunities, development and support. • The Department will continue to support the General Plan Advisory Committee throughout the remainder of the GP/LCP/Zoning Code update process.

KEY PROGRAM SERVICES

- Manage departmental operations, including preparing and managing the departmental budget.
- Provide support for City Council, Planning Commission and General Plan Advisory Committee meetings.
- Provide support for City projects and initiatives, including planning and building issues.
- Oversee General Plan and LCP update.
- Manage annual Department work plan.

COMMUNITY DEVELOPMENT DEPARTMENT
General Fund

Activity and Workload Highlights	2017/18 Estimated	2018/19 Budget
Building Permits Issued - New Single Family	22	30
Building Permits Issued - Residential Addition/Alterations	154	160
Building Permits Issued - New Commercial	2	2
Building Permits Issued - Commercial Addition/Alteration	21	20
Building Permits Issued - Multi-Family	9	6
Building Permits Issued - Miscellaneous	167	165
Number of building plan checks completed	227	225
Number of inspections conducted	538	500
Number of code complaints responded to	286	275
Number of Encroachment Permits issued	87	75
Number of Rezoning Applications	0	0
Number of General Plan Amendments	0	0
Number of Sign Permits	11	15
Number of Conditional Use Permit Applications	35	30
Number of Variance Applications	0	0
Coastal Development Permit Applications	19	20
Number of Subdivision Applications	6	3
Number of Miscellaneous Planning Applications	15	12



Recreation Services

DEPARTMENT PURPOSE

Recreation Services is committed to providing quality recreational programming and opportunities in a responsive and courteous manner. Enhancing the quality of life, building a sense of community, providing positive role models to children and youth, improving self-esteem, and contributing to the health and safety of all residents and visitors are the Division's top priorities. Recreation Services is comprised of Administration, Recreational Sports, Youth Services and Community Pool.

BUDGET OVERVIEW

The Recreation Services Division's FY 2018/19 budget reflects both an increase in revenue as well as expenditures over FY 2017/18 both of which can be mainly attributed to the addition of the community swimming pool. Increases in part-time staff salaries overall are due to the increase in the state minimum wage.

The Division is staffed with 4.0 FTE along with over 100 part-time seasonal staff operating with an approximate \$1.2 million budget generating close to \$700,000 in revenues through permit and user fees.

☞ RECREATION SERVICES ☞

Core Goals	Accomplishments
Fiscal Sustainability	<ul style="list-style-type: none"> • Operated within allocated budget • Generated revenues higher than projection.
Improve Public Spaces	<ul style="list-style-type: none"> • Worked with the Historical Society of Morro Bay to name and passively develop an undeveloped City parcel.

☞ RECREATION SERVICES ☞

Recreation

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Service Charges</i>	492,655	524,070	509,474	493,600	482,984	644,000
<i>Use of Money & Property</i>	10,004	44,060	61,688	55,000	44,313	60,000
<i>Other Revenues</i>	(9,493)	21,217	(7,454)	1,200	(7,000)	(7,000)
TOTAL REVENUES	\$ 493,166	\$ 589,347	\$ 563,708	\$ 549,800	\$ 520,297	\$ 697,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 895,362	\$ 709,480	\$ 771,527	\$ 857,951	\$ 739,845	\$ 956,476
<i>Supplies</i>	\$ 112,654	\$ 84,872	\$ 95,616	\$ 90,581	\$ 80,147	\$ 95,285
<i>Services</i>	84,880	119,863	104,759	141,339	116,818	163,405
<i>Capital Outlay</i>						
<i>Other</i>	-	-	13,664	9,500	1,830	10,000
<i>Equipment Replacement</i>						
TOTAL EXPENDITURES	\$ 1,092,896	\$ 914,215	\$ 985,566	\$ 1,099,371	\$ 938,640	\$ 1,225,166

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
PROGRAM						
<i>Administration</i>	\$ 368,704	\$ 181,719	\$ 324,241	\$ 308,403	\$ 235,006	\$ 318,961
<i>Dance 39+</i>	10,870	10,379	12,757	11,500	8,841	10,000
<i>Sports</i>	318,356	348,794	387,422	430,856	400,749	406,811
<i>Teens</i>	75,259	69,622	52,241	64,224	43,876	51,100
<i>Youth</i>	319,707	303,701	208,905	284,388	250,168	290,432
<i>Pool</i>	-	-	-	-	-	147,862
TOTAL EXPENDITURES	\$ 1,092,896	\$ 914,215	\$ 985,566	\$ 1,099,371	\$ 938,640	\$ 1,225,166

Departmental Summary of FTEs

	2018/19 Funded
Recreation	
Recreation Services Manager	1.0
Sports Coordinator	1.0
OA IV	1.0
OA III	1.0
Total Department FTEs	4.0

Recreation Services

Administration Program 6110

PROGRAM PURPOSE

The Administration Division supports all divisions with registration assistance, customer service, numerous reports, billing, budgeting and clerical duties. It provides and coordinates classes, affiliated clubs, and youth sports camps. It oversees the Department's online registration program, manages office functions, works with the Recreation and Parks Commission, acts as liaison to the MB Senior Citizens, Inc., and processes all Use Permits including facility and park reservations both internal to City operations as well as for the public.

BUDGET OVERVIEW

The Administration Division is comprised of 1.75 FTE which includes the Recreation Services Manager and a .75 Office Assistant. Additionally, part-time staff including registration, senior services, contract class instructors, and building attendants comprise the remainder of the budget item.



RECREATION SERVICES
Administration

Recreation Administration

Fund 001-6110

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ 60,334	\$ 73,794	\$ 73,286	\$ 67,000	\$ 67,000	\$ 72,000
<i>Use of Money & Property</i>	10,004	44,060	61,688	55,000	44,313	60,000
<i>Other Revenues</i>	(9,543)	21,217	(7,454)	1,200	(7,000)	(7,000)
TOTAL REVENUES	\$ 60,795	\$ 139,071	\$ 127,520	\$ 123,200	\$ 104,313	\$ 125,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 329,729	\$ 138,126	\$ 281,913	\$ 266,532	\$ 215,330	\$ 282,268
<i>Supplies</i>	6,984	4,199	3,809	4,996	1,404	2,700
<i>Services</i>	31,991	39,394	24,855	27,375	16,442	23,993
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	13,664	9,500	1,830	10,000
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 368,704	\$ 181,719	\$ 324,241	\$ 308,403	\$ 235,006	\$ 318,961

Dance 39+

Fund 001 6125

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ 12,954	\$ 12,197	\$ 15,553	\$ 16,000	\$ 11,815	\$ 12,000
TOTAL REVENUES	\$ 12,954	\$ 12,197	\$ 15,553	\$ 16,000	\$ 11,815	\$ 12,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Supplies</i>	-	-	-	-	-	-
<i>Services</i>	10,870	10,379	12,757	11,500	8,841	10,000
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 10,870	\$ 10,379	\$ 12,757	\$ 11,500	\$ 8,841	\$ 10,000

∞ RECREATION SERVICES ∞
Administration

Departmental Summary of FTEs

	2018/19 Funded
<i>Recreation - Administration</i>	
Recreation Services Manager	1.0
OA III	0.75
Total Department FTEs	1.8

DRAFT

∞ RECREATION SERVICES ∞
Administration

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	<ul style="list-style-type: none"> Continue to work with the Community Foundation of Estero Bay to generate funds and receive over \$30k in scholarships for youth.
Improve Public Spaces	<ul style="list-style-type: none"> Continue to work with the MB Senior Citizens, Inc. and MB in Bloom to develop a City owned parcel from an overgrown pocket park to a greenhouse and bocce ball courts.

KEY PROGRAM SERVICES

- Develop and monitor the Department’s annual operating budget
- Administer activity classes
- Liaison to MB Senior Citizens, Inc.
- Manage use of City property through Use Permits
- Manage registration system and processes

Recreation Services

Sports Program 6130

PROGRAM PURPOSE

The Recreational Sports Division provides adult and youth sports leagues including their end of season tournaments, the annual Brian Waterbury Rock to Pier Run, a Labor Day Softball Tournament, and the Junior Lifeguard programs. The Division also works with youth and adult sports advisory boards to provide All-Star opportunities for some youth sports leagues. Additionally, the Division provides administrative oversight of the Aquatics Programs.

BUDGET OVERVIEW

The Recreational Sports Division is comprised of 1.25 FTE which includes the Recreation Supervisor and a .25 Office Assistant. Additionally, part-time staff including coordinators, instructors, referees, and umpires comprise the remainder of the budget item.



RECREATION SERVICES
Sports

Recreation Sports

Fund 001-6130

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ 221,339	\$ 205,032	\$ 212,986	\$ 200,000	\$ 200,000	\$ 225,000
TOTAL REVENUES	\$ 221,339	\$ 205,032	\$ 212,986	\$ 200,000	\$ 200,000	\$ 225,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 224,668	\$ 235,319	\$ 259,568	\$ 286,372	\$ 264,564	\$ 283,245
<i>Supplies</i>	76,496	65,167	75,865	66,185	66,185	66,185
<i>Services</i>	17,192	48,308	51,989	78,299	70,000	57,381
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 318,356	\$ 348,794	\$ 387,422	\$ 430,856	\$ 400,749	\$ 406,811

Departmental Summary of FTEs

	2018/19 Funded
Recreation - Sports	
Recreation Supervisor	1.0
OA III	0.25
Total Department FTEs	1.3

∞ RECREATION SERVICES ∞
Sports

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	<ul style="list-style-type: none">• Increase participation numbers for established programs
Improve Public Spaces	<ul style="list-style-type: none">• Work with City's Consolidated Maintenance team to maintain athletic facility at Lila Keiser Park

KEY PROGRAM SERVICES

- Provide youth and adult sport opportunities
- Offer annual 10k and ½ marathon runs
- Administer summer Junior Lifeguard program
- Administer Aquatics Programs
- Liaison with outside sport tournament directors (renters) to ensure smooth events

Recreation Services

YOUTH PROGRAMS

Program 6140

PROGRAM PURPOSE

The Youth Services Division provides programming to meet the needs and interests of elementary, middle, and high school aged students and families. The division offers a before and after school enrichment program – licensed by the State of California Community Care Licensing – at our local elementary school as well as managing the Morro Bay Teen Center. Additionally, Youth Services offers enriching day camps for elementary school aged students as well as being responsible for the coordination and delivery of many City special events.

BUDGET OVERVIEW

The Youth Services Division is comprised of 1.00 FTE. Additionally, part-time staff including counselors, teachers, coordinators, and recreation leaders comprise the remainder of the budget item.

Kids' Club



Kids' Camp



RECREATION SERVICES
Youth Services

Recreation Youth Services

Fund 001 6140

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15	2015/16	2016/17	2017/18	2017/18	2018/19
	Actuals	Actuals	Actuals	Amended	Estimated	Proposed
REVENUES						
<i>Charges for Service</i>	\$ 195,111	\$ 229,906	\$ 204,936	\$ 210,000	\$ 200,000	\$ 230,000
TOTAL REVENUES	\$ 195,111	\$ 229,906	\$ 204,936	\$ 210,000	\$ 200,000	\$ 230,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 278,601	\$ 279,875	\$ 191,017	\$ 251,923	\$ 224,910	\$ 257,701
<i>Supplies</i>	22,767	7,535	9,303	13,900	9,205	13,900
<i>Services</i>	18,339	16,291	8,585	18,565	16,053	18,831
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 319,707	\$ 303,701	\$ 208,905	\$ 284,388	\$ 250,168	\$ 290,432

Departmental Summary of FTEs

	2018/19
	Funded
<i>Recreation - Youth</i>	
OA IV	1.0
Total Department FTEs	1.0

∞ RECREATION SERVICES ∞
General Fund – Youth Services

FY 2018/19 KEY PROJECTS

Objective	Key Projects
Fiscal Sustainability	<ul style="list-style-type: none">• Increase program offerings to include Holiday (non-school) camps and special day events

KEY PROGRAM SERVICES

- Provide a quality school-age before and after school program, licensed by the State of California
- Work with other City/County agencies to offer Monster Skate Series (youth skateboard contest)
- Coordinate City special events including Holiday Tree Lighting, Dixon Spaghetti Feed Fundraiser, Halloween Trick or Treat, Mermaid/Pirate Parade, and the City's 4th of July Celebration
- Provide an enriching day camp program for elementary students during summer and other non-school days

Recreation Services

TEEN PROGRAMS PROGRAM 6143

PROGRAM PURPOSE

As part of the Youth Services Division, Teen Programs' purpose is to provide oversight of the Teen Center while offering age appropriate opportunities within the Center. The Teen Action Committee (teen volunteers), coordinated by the Youth Services Coordinator, is a program designed to engage high school students in community volunteerism. Additionally, the Morro Bay Skate Park falls under the management of the Teen Center.

BUDGET OVERVIEW

The Youth Services Division – Teen Programs is comprised of part-time attendant staff.



TAC - Teen Action Committee working the Dixon's Spaghetti Dinner

∞ RECREATION SERVICES ∞

TEEN PROGRAMS

Recreation Teen

Fund 001 6143

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ 2,917	\$ 3,141	\$ 2,713	\$ 2,100	\$ 4,169	\$ 5,000
<i>Other Revenues</i>	50	-	-	-	-	-
TOTAL REVENUES	\$ 2,967	\$ 3,141	\$ 2,713	\$ 2,100	\$ 4,169	\$ 5,000
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 62,364	\$ 56,160	\$ 39,029	\$ 68,124	\$ 35,041	\$ 40,000
<i>Supplies</i>	6,407	7,971	6,639	5,500	3,353	5,500
<i>Services</i>	6,488	5,491	6,573	5,600	5,482	5,600
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 75,259	\$ 69,622	\$ 52,241	\$ 79,224	\$ 43,876	\$ 51,100

∞ RECREATION SERVICES ∞
Teen Programs

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	<ul style="list-style-type: none">• Seek out grant funding to assist with programming efforts• Initiate a scanned membership card system
Improve Public Spaces	<ul style="list-style-type: none">• Make efforts to create a clean, safe, rentable facility for public use

KEY PROGRAM SERVICES

- Oversight of skate park
- Teen Action Committee support to community civic groups, events, adopt a park, and activities
- Provide safe and healthy alternatives to risky behaviors for students in 7th – 12th grades

Recreation Services

COMMUNITY POOL PROGRAM 6144

PROGRAM PURPOSE

As a part of the Recreational Sports Division, the Community Pool Program provides aquatic opportunities to the residents and visitors of the Estero Bay.

BUDGET OVERVIEW

The Community Pool Program is comprised of a part-time aquatics coordinator along with lifeguards, swim instructors, and various aquatics instructors.



**∞ RECREATION SERVICES ∞
Community Pool**

Recreation Community Pool

Fund 001 6144

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
TOTAL REVENUES	\$ -	\$ 100,000				
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,262
<i>Supplies</i>	-	-	-	-	-	7,000
<i>Services</i>	-	-	-	-	-	47,600
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ -	\$ 147,862				

∞ RECREATION SERVICES ∞

Community Pool

FY 2018/19 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	<ul style="list-style-type: none">• Ensure cost recovery of 70 – 79%• Maximize use of rented pool space by providing a mix of programs/activities for various age groups simultaneously

KEY PROGRAM SERVICES

- Full-service year-round aquatics programming
- Multi-generational programs/activities



∞ Annual Budget Process and Calendar ∞

Purpose of the City's Annual Budget

The purpose of the City's annual budget is to connect what the City Council wants to accomplish for the community with the human and financial resources necessary to do so. The budget process does this by setting City goals and objectives and establishing reasonable timeframes for achieving them, updates the ten-year budget forecast and allocates resources for programs and projects. To this end, the budget serves four roles:

Policy Document: Sets forth goals and objectives to be accomplished and the fundamental fiscal principles upon which the budget is prepared.

Fiscal Plan: Identifies and appropriates the resources necessary to accomplish objectives and deliver services and ensures that the City's fiscal health is maintained.

Operations Guide: Describes the basic organizational units and activities of the City.

Communications Tool: Provides the public with a blueprint of how public resources are being used and how these allocations were made.

Strategic Planning Framework and the Budget Process

In order to provide an orderly process for strategic planning that includes budget forecasting, adoption of broad City goals and annual fiscal year objectives, and to tie the objectives to the annual budget process, on August 11, 2015, the City Council approved the City's Strategic Planning and Budgeting Framework ("SPF"), which was later formalized by the adoption of Resolution No. 72-15 (Attachment 3). The City's SPF states the City:

- Will annually produce a 10-year budget forecast.
- In years following a presidential election, the Council will review and update the City's 4-year Goals.
- Every other Jan/Feb following an election, the new Council will approve 2-year fiscal year objectives forming a fiscal year work plan for the City.
- Each year the City Council approves an annual budget that is tied to the fiscal year work plan.

This approach has the benefit of setting a stable long-term vision, backed up short-term goals that are responsive to more immediate concerns and needs in the community. The long-term goals provide the 30,000' overview and vision of where the City is headed and also establishes stability for the City organization, while the review of objectives every other year, provides an opportunity to shape the initiatives and programs more frequently to ensure the City is moving towards realization of their long-term goals.

While the SPF initially envisioned adopting 2-year objectives, instead of 1-year objectives, last year City Council adopted 1-year objectives (as noted above). City Council adopted twenty-six (26) objectives for FY2017/18 on April 11, 2017, under four main goal areas: Achieve Economic and Fiscal Sustainability, Complete WRF Project and "OneWater" Program, Improve Infrastructure and Public Spaces, and Review and Update Significant City Land Use Plans. This approach has allowed City Council to make considerable efforts to not only link strategic objectives with the budget, but also establish a long-term fiscal sustainability plan with the 10-year budget forecast. As a result, the budget process is informed by community and Council goals and a frank consideration of the City's long-term financial position. This is critical, particularly as the City prepares to address the impending CalPERS increases and looks at economic development opportunities and revenue sources.

Strategic Planning and Budget Calendar

The City Council has adopted an annual calendar that incorporates the strategic planning and budget discussions in a methodical way to link those efforts. Adoption of a calendar by resolution informs the community of the planned dates for important work on the City's goals and objectives, advisory body/staff work plans, joint meetings with advisory bodies, adoption of the budget, and more.

With regard to the budget process, the calendar has typically called for several budget study sessions to provide City Council with an overall financial picture for the City and allow for review of each department's proposed budgets and consideration of adjustments, as necessary, to balance the budget. Council then had two regular meetings in June to formally consider and adopt the annual budget.

2018 Budget Calendar for Fiscal Year (FY) 2018/19

- Feb 27 10-Year Forecast Study Session to Council
- Feb 27 Mid-year Budget Presentation to Council
- Feb 28 Finance provides labor numbers / outline to Departments
- Mar 1-23 Departments develop internal budgets
- Mar 26 Department budgets due to Finance
- April 2-Apr 6 Budget Team Meetings
- Apr 9-13 City Manager / Executive Team Budget Meetings
- Apr 16-20 City Manager / Finance finalize draft budget letter
- Apr 25 CFAC review of proposed Measure Q budget and draft proposed operating budget
- Apr 27 City Manager delivers draft proposed budget to Council
- May 8 Budget Study Session #1
- May 9 Budget Study Session #2
- May 22 Budget Study Session #3 (if required)
- Jun 12 Budget Approved at Council Meeting
- Jun 26 Backup date for Budget Approval

CITY OF MORRO BAY INVESTMENT POLICY JULY 2016

PURPOSE

This investment policy establishes the practices and procedures to be used in managing the City of Morro Bay's (City) portfolio in accordance with the requirements of the State of California Government Code and the guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA).

SCOPE OF THE POLICY

This policy governs the investment of money that is not required to meet the immediate needs of the City.

LEGAL AUTHORITY

Government Code Sections: California Government Code Sections 53600 to 53609, 53635, and 16429.1 govern the investment of local agency funds.

Legislative Changes: Any applicable legislative actions will be acted on as of their effective dates and will be incorporated into the policy annually, specifying the California Government Code sections that have been added, deleted or amended.

OBJECTIVES

The City Treasurer will consider the following factors in priority order when assessing investment opportunities:

Safety: The primary objective is the preservation of principal. Capital losses will be avoided, whether from default or erosion of market value, meaning that the City will not sell or trade an investment because of market fluctuation. The two types of risk to be minimized are:

1. Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations; and
2. Interest rate or market risk – the risk that changes in interest rates will adversely affect the fair value of an investment.

Liquidity: The second objective is the liquidity of the portfolio. The portfolio should remain sufficiently flexible to enable the City to meet the operating requirements that are reasonably anticipated. In order to ensure liquidity, the investment policy must recognize that calculating cash flows are the basis of any good investment strategy. Meeting the daily cash flow demand goes hand-in-hand with meeting the City's liquidity needs.

Yield: The third objective, behind safety and liquidity, is attaining a market rate of return throughout the budgetary and economic cycles.

While managing the portfolio, the Treasurer, and designated staff, will strive to maintain public trust by avoiding any transactions that might impair public confidence in the City. When selecting investment instruments, the Treasurer, and designated staff, will remain cognizant of any social and policy considerations that have been established and defined in this policy.

GENERAL STRATEGY

The Treasurer, and designated staff, may follow a passive or active investment strategy. Passive investment policies adhere to the investment goal of holding investments to maturity. Active investment strategy is the buying and selling of investments to achieve a certain benchmark objective. Great care, coupled with the advice of a fiscal agent, should be followed with an active investment policy.

The City follows the passive investment strategy of holding investments to maturity.

STANDARD OF CARE

Prudent Investor Standard: The prudence standard for trust investing traces back to Harvard College v. Amory, 26 Mass. (9 Pick.) 446 (1830). Judge Samuel Putnam stated that trustees should "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of the capital to be invested."

This standard will be followed by the Treasurer, and designated staff.

Ethics and Conflict of Interest: The Treasurer, and designated staff, shall refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions.

Delegation of Authority: The following positions and corresponding City personnel are delegated the power to invest the funds of the City:

City Manager:	Scott Collins
Finance Dir/Treasurer:	Jennifer Callaway
Accounting and Budget Manager:	Sandra Martin
Senior Accounting Technician:	Valarie Webb

These designations may change with the annual affirmation of this policy. Each delegate is required to adhere to the requirements set forth in the investment policy.

SAFEKEEPING AND CUSTODY

Third-party Safekeeping: Ownership of the City's investment securities will be protected through third-party custodial safekeeping. The custodian will provide the City with a safekeeping receipt or monthly, itemized statement. Exceptions to this requirement are made for certificates of deposit, money market funds and investment pools.

Internal Controls: These are designed to ensure that the assets of the City are protected from theft, loss, or misuse. Such internal controls that are in place include:

1. Control of collusion;
2. Separation of duties;
3. Safekeeping of securities; and
4. Written confirmation of telephone transactions and wire transfers.

The City will separate the person who authorizes or performs the transaction from the person or people who ultimately record or otherwise account for the transaction to achieve separation of duties.

Delivery vs. Payment: All investment transactions should be conducted using standard delivery vs. payment procedures. In delivery vs. payment, the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian, and ensures that securities are deposited in an eligible financial institution prior to the release of funds.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City will only conduct business with approved banks, savings and loans, credit unions, and securities brokers/dealers. A list of financial dealers and institutions is to be maintained. Broker/dealers and institutions must meet all requirements established by federal and state law.

SUITABLE AND AUTHORIZED INVESTMENTS

Authorized Investment Types: The City, by virtue of California Government Code Sections 53600 – 09, has the ability to invest in numerous types of instruments. The City has looked

at its goals, objectives, and standards of care in establishing a list of authorized investment types that also meet statutory requirements. Those types of investment instruments that meet the criteria for the City are:

1. Securities of the U. S. Government, or its agencies;
2. California's Local Agency Investment Fund (LAIF) pool;
3. FDIC Insured Certificates of Deposit up to \$250,000;
4. Bankers' Acceptances (not exceeding 40% of the City's portfolio/max maturity 180 days);
5. Money Market funds;
6. Collateralized deposits;
7. Passbook savings accounts; and
8. Repurchase agreements and reverse repurchase agreements (no more than 25% of the City's portfolio).

Prohibited Investment Types: In addition to a listing of authorized investments, California Government Code Section 53601.6 prohibits local agencies from investing in the following instruments:

1. Inverse floaters;
2. Range notes or mortgage-derived, interest-only strips;
3. Any security that could result in zero interest accrual if held to maturity;
4. Stock; and
5. Futures or options.

There may be additional investment instruments in which the City does not want the Treasurer to invest, and those will be defined in future investment policies.

INVESTMENT PARAMETERS

Diversification of Investments: The City may choose to impose more stringent restrictions or further restrictions on other investment instruments, depending on its investment goals and risk tolerances, than those proposed in the California Government Code Sections 53600 - 09. The City has indicated those authorized investments as follows:

1. Money market funds;
2. Collateralized deposits;
3. Securities of any one issuer, not to exceed 5% of the City's portfolio, except those obligations of the U.S. government, U.S. governmental agencies, and U.S. government-sponsored enterprises;
4. Mutual funds; and
5. FDIC insured certificates of deposits.

Maximum Maturity: California Government Code Section 53601 lists the maximum maturity for any instrument as five (5) years. The exception to this time frame is made for investments with LAIF or collateralized deposits.

Minimum Credit Requirements: The City has chosen to follow the California Government Code Section 53601 that sets the minimum credit rating required for certain investment instruments as follows:

1. Short-term debt shall be rated at least "A-1" by Standard & Poor's Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.
2. Long-term debt shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

Maximum Weighted Average Maturity of a Portfolio: As part of the monthly portfolio performance report that is provided to the City Council, a weighted average maturity (WAM) of the portfolio is calculated. While there are no requirements under state law for a maximum WAM of a portfolio, CDIAC's Local Agency Investment Guidelines suggest that local agencies include and monitor WAM to arrive at an acceptable range for future implementation of a maximum benchmark.

PORTFOLIO MANAGEMENT ACTIVITY

Active or Passive Portfolio Management: In active portfolio management, treasurers buy and sell securities based on how to maximize portfolio values over a given timeframe. In passive portfolio management, the goal is to match a market rate of return (usually a benchmark). Weighing the pros and cons of each strategy in light of staff resources and investment, the City has chosen to follow a passive portfolio management strategy.

Competitive Bidding: Investments are purchased in the most cost effective and efficient manner utilizing approved brokers/dealers on all investment transactions.

Reviewing and Monitoring of the Portfolio: The portfolio requires monthly staff review to ensure the investments are being properly tracked and reported, and quarterly reporting to the Citizens Finance Advisory Committee.

Portfolio Adjustments: If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance **only** if the portfolio will not suffer any losses for selling the investment prior to maturity.

Performance Standards: The objective of investing is to obtain a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

REPORTING

Reporting Methods: On a quarterly basis, the investment portfolio will be presented first to the Citizens Finance Advisory Committee for review, then at a City Council meeting, along with the quarterly financial reports, and will list the following components:

1. Types of investment;
2. Issuer names;
3. Dates of maturity;
4. Par amounts;
5. Dollar amounts;
6. Market values;
7. Descriptions of programs under the management of contracted parties;
8. A statement of compliance with the investment policy; and
9. A statement of the ability to meet cash flow needs for six months.

Governmental Accountings Standards Board (GASB) Statement No. 31 - Marking to Market: The City's portfolio is to be marked-to-market for the monthly investment report provided to the City Council and at minimum, annually for the financial statements. Market values are to be obtained from a reputable and independent source and disclosed to the City Council in the monthly written report. The independent source of pricing should not be one of the parties to the transaction being valued. Such an independent source could include a broker or other financial institution that was not counterparty to the transaction, the custodial bank if the bank was not a counterparty to the transaction, publicly available publications such as *The Wall Street Journal*, or other pricing services for which a separate fee would be paid.

This is consistent with GASB Statement No. 31, which requires that governmental entities report investments at fair value, and with the California Governmental Code, which also requires market values of investments be reported.

Calculation of Yield and Costs: All yield rates on investments will be presented at book value.

Investment Policy Adoption, Review, and Amendment: The investment policy will be reviewed, amended, and presented to the City Council annually at the beginning of the calendar year. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the local agency.

Definitions or Glossary of Terms: This investment policy includes a definition section (Appendix A) in order to establish a common vocabulary between the Treasurer, and designated staff, the City Council, and the public.

APPENDIX A – INVESTMENT POLICY TERMINOLOGY

The following are examples of terminology commonly found in California City investment policies. The inclusion of these sections provides clarity to investment policies and better enables readers to understand important concepts.

Authorized Financial Dealers and Institutions: A list of financial institutions authorized to provide investment services. May also include a list of approved security broker/dealers with which the City can do business. These institutions and broker/dealers are usually selected by their ability to add value to the investment process. Some criteria to consider when choosing an approved broker/dealer include creditworthiness, expertise, and the products in which the financial dealer or institution is familiar. GFOA suggests that all entities qualifying for investment transactions provide audited financial statements; proof of industry group (National Association of Securities Dealers [NASD]) certification; proof of state registration; completed broker/dealer questionnaire; and certification of having read, understood, and agreeing to comply with the investment policy.

Bankers' Acceptance: A draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Certificate of Deposit: A time deposit with a specific maturity evidenced by a certificate.

Collateralization: Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. California Government Code Section 53601 requires that all repurchase agreements be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. California Government Code requires public deposits to be collateralized at 110%.

Delegation of Authority: The granting of authority to manage the investment program to designated officials. Such authority is usually derived from code sections, ordinance, charters, or statutes. Government Code Section 53607, for example, allows the City Council to delegate, for a one-year period, its authority to invest or reinvest funds or to sell or exchange securities held by the local government.

Delivery vs. Payment: A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts should hold securities.

Diversification: A process of investing assets among a range of security types by sector, maturity, credit rating, and call type or structure. This reduces exposure to risk by combining a variety of investments, which are unlikely to all move in the same direction. GFOA suggests diversifying a city's investment portfolio by limiting investments to avoid exposure to a specific sector, limiting investment in securities with higher credit risks, investing in instruments with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as a local government investment pool, money market funds, or

overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Ethics and Conflicts of Interest: The California Political Reform Act of 1974 requires certain designated public officials at all levels of government to publicly disclose their private economic interests and requires all public officials to disqualify themselves from participating in decisions in which they have a financial interest. As part of this requirement, local agencies are required to adopt and promulgate a Conflict of Interest Code, with certain required sections. To further promulgate this Code, investment policies sometimes include language requiring the ethical conduct of investment officers and statements regarding refraining from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. To avoid conflicts, GFOA recommends that investment officers disclose material interests in financial institutions with which they do business, disclose personal financial interests that could be related to the performance of the investment portfolio, and refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the local government.

Exemption: Language that grandfathers prohibited investments into the investment policy because they may have been held in the portfolio prior to the prohibition. When these investments mature or are liquidated, the money should be reinvested as provided by the policy and the exemption language should be removed from the policy.

FDIC: Federal Deposit Insurance Corporation is a federal agency that insures bank deposits up to \$250,000 per deposit.

General Objectives: The section of an investment policy that illustrates the three main objectives (safety, liquidity, and yield), in order of priority, of a good investment policy. In addition to these commonly included objectives, there are a myriad of other objectives for which an investment policy can strive. Safety is the preservation of principal. Liquidity is how easily an investment may be redeemed for cash. Yield is the current rate of return on a security generally expressed as a percentage of its current price. As per California Government Code Section 53600.5, safeguarding the principal of the funds under its control should be the primary objective of local agencies. Liquidity also should be a principal objective of a portfolio. The portfolio should maintain sufficient liquidity to meet operating requirements. To accomplish this, a local agency can structure a portfolio so that investments mature when cash is needed and also by investing in liquid securities with an active secondary market. Yield should be the last objective an investment portfolio should strive for, behind safety and liquidity. Since there are many different ways for yield to be calculated, the investment policy should specify how it is to be calculated.

Internal Controls: The system used to ensure that the local government assets are protected from loss, theft, or misuse. Such a system should provide a reasonable assurance that such loss, theft, or misuse can be prevented. Examples include separation of duties, delegation of authority, and documentation. GFOA suggests that an internal control system address the following points: control of collusion, separation of transaction authority from

accounting and recordkeeping, custodial safekeeping, avoidance of physical delivery of securities, clear delegation of authority to subordinate staff, written confirmation of transactions for investments and wire transfers, and development of a wire transfer agreement with the lead bank and third-party custodian.

Investment Parameters: Specified restrictions on investments to limit the amount of risk in a portfolio. These parameters may be specified in the California Government Code; however, the local agency may choose to further restrict investment options depending on its risk tolerance. Such parameters may include diversification of investments types, percentages, or dollar limits per issuer and setting maximum maturities.

Investment Types: A recitation of the investment types the local agency has been given authority in which to invest. This may be a list of securities allowable under California Government Code Section 53601 et seq., and may be further restricted by the agency itself. For a description of the allowable California local agency investment instruments, please see CDIAC's latest version of its Local Agency Investment Guidelines, available on its website at www.treasurer.ca.gov/cdiac. GFOA recommends the investment in the following types of securities: U.S. government securities and agency obligations; highly-rated certificates of deposit, bankers' acceptances, commercial paper; investment-grade state and local government obligations; repurchase agreements securitized by the previously-mentioned securities; SEC-regulated, dollar-denominated money market mutual funds; and local government investment pools.

LAIF: Local Agency Investment Fund, the State of California's investment pool in which cities, counties and special districts may participate.

Liquidity: A liquid asset is one that can be quickly and easily converted into cash without loss in value.

Market Value: The price at which a security is trading at a point in time. Selling an investment at market value can result in a gain (\$500,000 investment sold for \$515,000 = \$15,000 gain) or loss (\$500,000 investment sold for \$498,000 = \$2,000 loss). Gains and losses are dependent on changes in the current rate of interest as compared to the interest rate of the investment that is being considered for sale.

Marking-to-Market: The act of recording the price or value of a security to reflect its current market value rather than its book value.

Maximum Maturities: Maturity is the date on which the security or obligation is redeemed by the issuer in exchange for cash. California law states that local governments cannot invest in instruments with terms remaining to maturity in excess of five years unless they receive express authority from their legislative bodies to do so. Local governments should attempt to match investment maturities with anticipated cash flow requirements. There is no requirement under California law for local governments to have a weighted average maturity (WAM) restriction for their portfolio, although CDIAC's Local Agency Investment Guidelines suggests that local agencies consider adopting a WAM restriction.

Performance Standards: The criteria by which a stated goal is measured. An investment portfolio's performance and risk exposure should be evaluated against appropriate benchmarks on a regular basis. One standard that should be strived for should be a market rate of return in a given interest rate environment.

Policy Considerations: The local ordinances or other requirements that place restrictions on the policy. Local governments should consider what should be exempted from the policy and also when, or under what circumstances, the policy should be amended.

Pooling of Funds: A statement in the investment policy that except for certain restricted or special funds, cash balances should be consolidated from all funds to maximize investment earnings.

Portfolio: The collection of investment instruments held.

Prudent Investor Standard: Legal maxim that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Reporting: Presentation of evaluation data or other information to communicate processes, roles, and results. Investment policies should include reporting requirements such as methods of reporting investments, the standards against which investments should be reported, and the requirement for calculating market value.

Reporting Methods: Ways in which investment outcomes are reported including listing of instrument values, dollar value returns, percentage yields, etc. GFOA suggests that local governments prepare investment reports at least quarterly. In California, investment reports are no longer required to be submitted to legislative bodies. This requirement is now permissive. If a local government chooses to submit an investment report in accordance with California Government Code Section 53646 to their legislative bodies, they are still required to submit copies to CDIAC for the second and fourth quarter of every calendar year until January 1, 2007. GFOA goes on to list some suggested components of investment reports including listing of securities, gains and losses, average weighted yield to maturity as compared to benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

Repurchase Agreements: A repurchase agreement is a form of short-term borrowing for dealers in government securities, which are highly valued and thus considered a good source of collateral. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Investments in repurchase agreements may be made when the term of the agreement does not exceed one year.

Risk: Two of the most common risks associated with local government portfolio investing are credit risk and interest rate risk. Credit risk is the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Limiting investment to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and others with which the local agency will do business, and diversifying the number of issuers in an investment portfolio can minimize credit risk. Interest rate risk can be minimized by structuring the portfolio so that investments mature at the same time that cash is required or investing operating funds in highly liquid, shorter-term securities (e.g., U.S. Treasury bills or notes).

Safekeeping and Custody: Rules derived to ensure the safety of an investment and within whose control the investment resides. Some examples include third-party safekeeping, developing lists of authorized financial dealers and institutions, developing internal controls, and using a delivery vs. payment standard for transactions. Local agencies should consider requiring securities to be held by third-party custodians, evidenced by timely statements illustrating the balance held by these custodians.

Scope: The types of funds that the policy covers (e.g., operating funds, bond proceeds, etc.). In general, investment policies cover short-term operating funds. Longer-term funds such as retirement funds are covered by other policies. The investment of bond funds usually is governed by the bond documents such as the trust indenture.

Standards of Care: The degree of care that a reasonably prudent person would exercise in the investment of local agency funds.

ORDINANCE 519

**AN ORDINANCE OF THE CITY OF MORRO BAY
ADDING CHAPTER 3.22 TO TITLE 3 OF THE MORRO BAY
MUNICIPAL CODE ESTABLISHING A TRANSACTIONS
AND USE TAX TO BE ADMINISTERED BY THE
STATE BOARD OF EQUALIZATION**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

The City Council of the City of Morro Bay does ordain as follows:

Section 1. Authority.

The City Council enacts this ordinance in accordance with the authority granted to cities by Article XI, Section 7, of the California Constitution.

Section 2. Addition of Chapter.

Chapter 3.22 is hereby added to Title 3 of the Morro Bay Municipal Code.

3.22.010 Title.

This Chapter shall be known as the City of Morro Bay Transactions and Use Tax Ordinance. The City of Morro Bay hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.22.020 Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the later of the adoption of this ordinance and chapter, the date of such adoption being as set forth below, or the approval of the voters of the City of a measure approving the imposition of the transaction and use tax set forth herein; provided that if the City shall not have entered into a contract with the State Board as required herein prior to such date, the Operative date shall be the first day of the first calendar quarter following execution of such a contract.

3.22.030 Purpose.

The purpose of this chapter is to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the qualified voters of the City voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.040 Contract With State.

Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one half of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of this ordinance.

3.22.060 Place Of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the incorporated territory of the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in the City at the rate of one-half of one percent (0.5%) of the sales price of

the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080 Adoption Of Provisions Of State Law.

Except as otherwise provided in this ordinance and Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance and Chapter as though fully set forth herein.

3.22.090 Limitations On Adoption Of State Law And Collection Of Use Taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.22.110 Exemptions And Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any State-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the

unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease, which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120 Citizens Oversight Committee.

A. Citizens Oversight Committee Established. There shall be a permanent citizens' advisory committee called the "Citizens Oversight Committee" (hereinafter "Committee"), which shall semi-annually review revenues and expenditures from the collection of the tax.

B. Committee Membership. The Committee shall have 5 citizen-members appointed by the City Council for six-year terms with initially 3 members serving 3 years, and 3 members serving 6 years. Appointees shall be residents of the City; however, no member of the Committee shall be an elected official.

C. Committee Organization Procedures. The committee shall select one of its members as Chairperson. The Committee shall follow the rules of procedure of the City unless and until, upon the report and recommendation from the Committee, the City Council adopts a specific set of procedural rules for the Committee.

D. Regular Meeting; Provision of Support Services and Information. The Committee shall be subject to the provisions of the Brown Act (California Government Code sections 54950 et seq.) and shall meet at least once each calendar year. A regular meeting schedule shall be determined in accordance with the Brown Act and thereafter meetings shall be noticed by the City Clerk. The City Manager or his/her designee shall serve as executive staff to the Committee. In addition to receiving materials directly related to the functioning of the Committee, the Committee members shall also receive all agenda material and other primary staff reports (other than those which are confidential) as are provided to the City Council.

E. Citizens Oversight Committee Functions. The Committee shall have the following function:

Semi-Annual Report: The Committee shall review a semi-annual expense report of the City relative to activities funded with the additional general purpose local sales tax monies. Not later than the last day of the sixth month following the end of the each City fiscal year, the Committee will present its findings and conclusions to the City Council for its review.

3.22.130 Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however,

that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

3.22.140 Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.150 Severability.

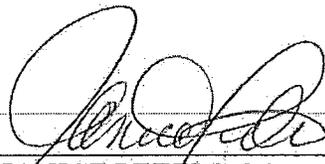
If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

3.22.160 Effective Date.

If this ordinance is approved by a majority of the electors voting on the issue at the November 7, 2006 general municipal election, pursuant to Election Code Section 9217, the tax shall become effective ten (10) after the City Council accepts the certified results of the election.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 14th day of August 2006 by the following vote to wit:

- AYES:** DeMeritt, Peirce, Peters, Winholtz
- NOES:** Baxley
- ABSENT:** None
- ABSTAIN:** None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM:



ROBERT W. SCHULTZ, Esq.
City Attorney

ORDINANCE NO. 546

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY ESTABLISHING THE
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT
(MBTBID), FIXING THE BOUNDARIES THEREOF, AND PROVIDING FOR
THE LEVY OF A BUSINESS ASSESSMENT TO BE PAID BY
THE HOTEL BUSINESSES IN SUCH DISTRICT**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

WHEREAS, on February 23, 2009, the City Council of the City of Morro Bay adopted Resolution No. 08-09 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring Its Intention to Establish the Morro Bay Tourism Business Improvement District (MBTBID), Declaring Its Intention to Levy an Assessment on Lodging Businesses Within Such District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

WHEREAS, as specified in such Resolution, the boundaries of the district encompass the City of Morro Bay and there are no separate benefit zones within the district; and

WHEREAS, said Resolution was published and copies thereof were duly mailed and posted, all as provided by state law and specified in the Resolution; and

WHEREAS, pursuant to Resolution No. 08-09 a public meeting concerning the formation of said district was held before the City Council on March 23, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, pursuant to Resolution No. 08-09 a public hearing concerning the formation of said district was held before the City Council on April 13, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

WHEREAS, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

WHEREAS, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Morro Bay as follows:

SECTION 1. Pursuant to authority granted under the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., the City of Morro Bay Tourism Business Improvement District (MBTBID) is hereby established in the City of Morro Bay as herein set forth and all hotel establishments in the district established by this ordinance shall be subject to any amendments made hereafter to said law or to other applicable laws.

SECTION 2. The City Council of the City of Morro Bay finds that hotel establishments within the Morro Bay Tourism Business Improvement District will be benefited by the improvements and activities funded by assessments to be levied.

SECTION 3. Chapter 3.60 (Tourism Business Improvement District) is hereby added to Title 3 (REVENUE AND FINANCE) of the Morro Bay Municipal Code to read as follows:

3.60.010 Title.

This chapter shall be known as the "City of Morro Bay Tourism Business Improvement District Law."

3.60.020 Definitions.

- A. "City Council" shall mean the City Council of the City of Morro Bay.
- B. "City Advisory Body" shall mean the Advisory Body appointed by the City Council, pursuant to this chapter.
- C. "District" shall mean the City of Morro Bay Tourism Business Improvement District (or "MBTBID") created by this chapter and as delineated in Section 3.60.040.
- D. "Hotel" shall mean any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, motel, or bed and breakfast that pays Transient Occupancy Tax. For purposes of this chapter the definition of "hotel" shall not include RV parks and vacation rentals.
- E. "Law" shall mean the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., as amended.
- F. "Operator" shall mean the person who is the proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator performs his/her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall, however, be considered to be compliance by both.
- G. "Transient" means any person who exercises occupancy or who is entitled to occupancy, by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days.

3.60.030 Authorized Uses.

This ordinance is made and enacted pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 (Sections 36500, et. seq., of the Streets and Highways Code) (the "law"). The purpose of forming the district as a business improvement area under the Parking and

Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination. It is the intent of this chapter to provide a supplemental source of funding for the promotion of tourism in the district. The specific services, activities and programs to be provided by the district are as follows:

- A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually; and
- B. The marketing of conference, group, and film business that benefits local tourism and the local hotel industry in the district; and
- C. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district.

3.60.040 Boundaries.

The boundaries of the MBTBID shall be the boundaries of the City of Morro Bay.

3.60.050 Levy of assessment and exemptions.

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for the purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment.

3.60.060 Annual review of assessment.

All of the assessments imposed pursuant to this chapter shall be reviewed by the Morro Bay City Council annually, based upon the annual report prepared by the Advisory Board appointed pursuant to this chapter and Sections 36530 and 36533 of the law. After approval of the annual report, the Morro Bay City Council shall follow the hearing process as outlined in Section 36534 of the law. At the public hearing the Morro Bay City Council shall hear and consider all protests. If written protests are received from hotel businesses in the district paying fifty percent (50%) percent or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place. The protests shall be weighted based upon the annual assessment for the prior year by each hotel business.

3.60.070 Imposition of assessment.

The Morro Bay City Council hereby levies and imposes and orders the collection of an additional assessment to be imposed upon hotel businesses in the district described above, which shall be calculated pursuant to Section 3.60.050 above. Such levy shall begin on June 1, 2009.

3.60.080 Use of revenue.

The activities to be provided by the MBTBID will be funded by the levy of the assessments and any voluntary contributions. The total revenue from the levy of assessments and any other voluntary contributions within the MBTBID shall not be used to provide improvements or activities outside the MBTBID or for any purpose other than the purposes specified in the resolution of intention. The proceeds of the hotel business assessment and any other voluntary contributions shall be spent to administer marketing and visitor programs to promote the City of Morro Bay as a tourism visitor destination. All funds shall be expended consistent with the purposes of this Section. Funds remaining at the end of any MBTBID term may be used in subsequent years in which MBTBID assessments are levied as long as they are used consistent with the requirements of this Section. The Morro Bay City Council shall consider recommendations made by the Advisory Board created by Section 3.60.100 of this ordinance as to the use of assessment revenue.

3.60.090 Delinquency, penalty and interest.

Any hotel business that fails to remit any assessment imposed by this ordinance within the time required shall pay a penalty of ten percent (10%) of the assessment amount in addition to the assessment. Any and all remedies available to the City of Morro Bay for non-payment of assessment or taxes shall be applicable in the event of non-payment of an assessment under this chapter. Any penalty and interest fees collected from a hotel business due to delinquency shall go to the City of Morro Bay.

3.60.100 Advisory board.

The City Council shall appoint an Advisory Board pursuant to Section 36530 of the California Streets and Highways Code in order to make recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on proposed improvements and activities, and on the method and basis of levying assessments. The City Council may, by resolution, adopt bylaws governing the membership and operations of the Advisory Board.

3.60.110 Severability.

If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The Morro Bay City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases hereof be declared invalid or unconstitutional.

3.60.120 Modification or disestablishment.

The City of Morro Bay, by ordinance, may modify the provisions of this chapter and may disestablish the district or parts of the district, after adopting a resolution of intention to such effect. Such resolution shall describe the proposed change or changes, or indicate that it is proposed to disestablish the district, and shall state the time and place of a hearing to be held by the Morro Bay City Council to consider the proposed action. If the operators of hotels which pay fifty percent (50%) or more of the assessments in the district file a petition with the City Clerk of the City of Morro Bay requesting the Morro Bay City Council to adopt a resolution of intention to modify or disestablish the district, the Morro Bay City Council shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the operators of hotels in the district. In the event the resolution proposes to modify any of the provisions of this chapter, including changes in

the existing assessments or in the existing boundaries of the district, such proceedings shall terminate if protest is made by the operators of hotels which pay fifty percent (50%) or more of the assessments in the district, or in the district as it is proposed to be enlarged.

In the event the resolution proposes disestablishment of the district, the Morro Bay City Council shall disestablish the district, unless at such hearing protest against disestablishment is made by the operators of hotels paying fifty percent (50%) or more of the assessments in the district.

3.60.130 Effective date.

The City Clerk of the City of Morro Bay shall certify to the passage of this ordinance by the Morro Bay City Council and cause it to be posted in three conspicuous places in the City of Morro Bay and it shall take effect on the thirty-first day after it is approved by the Morro Bay City Council.

SECTION 4. The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in a newspaper of general circulation, printed, published and circulated in the city in accordance with Section 36933 of the Government Code.

INTRODUCED at the regular meeting of the City Council of the City of Morro Bay held on the 13th day of April 2009, by motion of Councilmember Borchard and seconded by Councilmember Smukler.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 27th day of April 2009 by the following vote to wit:

- AYES: Borchard, Grantham, Smukler, Winholtz, Peters
- NOES: None
- ABSENT: None
- ABSTAIN: None



 JANICE PETERS, Mayor

ATTEST:



 BRIDGETT BAUER, City Clerk

ORDINANCE NO. 562

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY AMENDING
THE MORRO BAY MUNICIPAL CODE SECTION 3.60.050
REGARDING INCREASING THE ASSESSMENT TO THE
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on July 12, 2010, the City of Morro Bay Council adopted Resolution No. 40-10 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring its Intention to Adopt an Ordinance Increasing the Assessment on Lodging Businesses Within the Morro Bay Tourism Business Improvement District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

WHEREAS, as specified in such Resolution, the City Council declared its intention to consider adopting an ordinance to increase the amount of the Morro Bay Tourism Business Improvement District's assessment from 2% to 3%; and

WHEREAS, said Resolution was published and copies thereof were duly mailed and posted, all as provided by State law and specified in the Resolution; and

WHEREAS, pursuant to Resolution a public meeting concerning the increase in the assessment was held before the City Council on August 9, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, pursuant to Resolution a public hearing concerning the increase in the assessment was held before the City Council on September 13, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

WHEREAS, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

WHEREAS, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Morro Bay that Morro Bay Municipal Code Section 3.60.050 be amended as follows:

3.60.050 Levy of assessment and exemptions.

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, The assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment. Any other exclusion shall be based on benefit and the policies and ordinances of the collecting agency.

A summary of this ordinance, together with the names of Council members voting for and against it, shall be published at least five (5) days prior to its final adoption, in The Tribune, a newspaper published and circulated in the City of Morro Bay. This ordinance shall go into effect on November 1, 2010.

INTRODUCED at the regular meeting of the City Council of the City of Morro Bay held on the 13th day of September 2010, by motion of Councilmember Grantham and seconded by Councilmember Borchard.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 27th day of September, 2010 by the following vote:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters

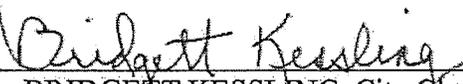
NOES: None

ABSENT: None



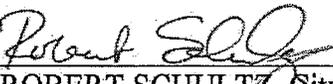
JANICE PETERS, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

APPROVED AS TO FORM:



ROBERT SCHULTZ, City Attorney

RESOLUTION NO. 47-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY
ADOPTING THE DEVELOPMENT IMPACT FEE CALCULATION AND
NEXUS REPORT FOR THE CITY OF MORRO BAY, CALIFORNIA, AND
SUBSEQUENT DOCUMENTATION ACCOMPANYING SUCH REPORT AND
ESTABLISHING DEVELOPMENT IMPACT FEES FOR ALL DEVELOPMENT
WITHIN THE CITY OF MORRO BAY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council decided that it was necessary and desirable to conduct a comprehensive review of the City's development impact fees to determine whether those fees are adequate to defray the cost of public facilities related to development projects; and

WHEREAS, the City contracted with MuniFinancial for a comprehensive evaluation of the City's existing development impact fees; and

WHEREAS, MuniFinancial prepared a report, entitled the *Public Facilities Fee Study* for the City of Morro Bay, California, in September of 2007 (attached hereto as Exhibit A) that recommends an increase to the City's development impact fees and explains the nexus between the imposition of the fee and the estimated reasonable cost of providing the service for which the fee is charged; and

WHEREAS, the *Public Facilities Fee Study* for the City of Morro Bay, California, has been available for public review and comment; and

WHEREAS, following the issuance of *Public Facilities Fee Study* for the City of Morro Bay, California, the City held a public hearing on September 10, and September 24, 2007 and received additional information; and

WHEREAS, the *Public Facilities Fee Study* for the City of Morro Bay, California substantiates the need for an increase in development impact fees amongst different categories of services and facilities provided by the City; and

WHEREAS, the City has been imposing various impact fees, including fees for sewer water and traffic, among others; and

WHEREAS, the City Council desires to adopt new development impact fees, in accordance with the nexus calculations and recommendations in the Report; and

WHEREAS, after conducting another public hearing and taking further testimony, the City Council has determined that these fees shall be reduced by 50 percent to the greatest extent practical without impacting the current fees, and that these revised impact fees are provided in Exhibit B; and

WHEREAS, it is the intent of the City Council to exempt any projects currently submitted for discretionary permits and/or building permits from paying the new impact fees if those projects were submitted for review to the City by September 24, 2007.

WHEREAS, in compliance with the Mitigation Fee Act (Government Code section 66000 *et seq.*), the City Council held a public hearing to solicit public input on the proposed development impact fees on September 10, and September 24, 2007.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Findings Pursuant to Government Code Section 66001.

The City Council finds and determines that the *Public Facilities Fee Study* (hereinafter "Report") complies with California Government Code section 66001 by establishing the basis for the imposition of fees on new development. This finding is based on the fact that the Report:

- (a) Identifies the purpose of the fee;
- (b) Identifies the use to which the fee will be put;
- (c) Shows a reasonable relationship between the use of the fee and the type of development project on which the fee is imposed;
- (d) Demonstrates a reasonable relationship between the need for the public facilities and the type of development projects on which the fee is imposed; and
- (e) Demonstrates a reasonable relationship between the amount of the fee and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

SECTION 2. Fees for Uses Consistent with the Report.

The City Council hereby determines that the fees collected pursuant to this resolution shall be used to finance the public facilities described or identified in the Report, the Master Facilities Plan or such other public facility master plans as may from time to time be adopted by the City Council.

SECTION 3. Approval of Items in Report.

The City Council has considered the specific project descriptions and cost estimates identified in the Report and hereby approves such project descriptions and cost estimates and finds them reasonable as the basis for calculating and imposing certain development impact fees.

SECTION 4. Consistency with General Plan.

The City Council finds that the projects and fee methodology identified in the Report are consistent with the City's General Plan and Local Coastal Plan.

SECTION 5. Differentiation Among Fees.

The City Council finds that the development impact fees recommended in the Report are separate and different from other fees the City may impose as a condition of final map approval, building permit issuance or tentative or parcel map approval pursuant to its authority under the Subdivision Map Act, the Quimby Act, and the City's implementing ordinances, as may be amended from time to time, for, among other projects, the construction of storm drainage, major thoroughfares and bridges and the acquisition of parkland. In no event, however, shall a developer be required to pay for both a fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act and a portion of the development impact fee as that would be used to fund the same type of facility as the fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act. In addition, this resolution shall not be deemed to affect the imposition or collection of the water and sewer connection fees authorized by the Municipal Code.

SECTION 6. CEQA Finding.

The adoption of the Report and the development impact fee are categorically exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act guidelines. The intent of the Report and development impact fee is to provide one way to fund projects and services that have been identified in environmental analyses of other planning efforts, including the General Plan EIR, and various City master plans, among others.

SECTION 7. Adoption of Report.

The *Public Facilities Fee Study* by MuniFinancial for the City of Morro Bay, California, is hereby adopted.

SECTION 8. Timing of Fee.

A development impact fee shall be imposed upon the issuance of any development permit and shall be paid prior to issuance of a certificate of occupancy for the project, or at such earlier time as permitted by law, as set forth in Government Code section 66007. A "development permit" means any permit or approval from the City including, but not limited to, subdivision map, revised final planned development, building permit or other permit for construction, reconstruction, or addition.

SECTION 9. Amount of Fee.

The City Council hereby approves and adopts the development impact fees as set forth in the Report attached to this resolution and incorporated herein. The Report sets forth the aggregate amount imposed as a development impact fee for both residential and non-residential land uses and also sets forth the breakdown of each development impact fee by type of facility or service. The amount of the development impact fee shall be reduced or a credit shall be applied towards the fee in proportion to the monetary cost of any improvements installed that would have been funded by the development impact fee. The amount of the development impact fees shall be modified annually each July 1 based on the change in the Engineering News Record's construction cost index (ENR-CCI) as reported for the twelve month period ending in April of each year (April 2007 ENR-CCI = 7865). Further, the City Council shall formally review the development impact fees once every two years, or whenever the City Council updates a major City Council policy document that could have an impact on development impact fees, such as the General Plan.

SECTION 10. Use of Fee.

The development impact fees shall be solely used for (1) the purposes described in the Report; (2) reimbursing the city for the development's fair share of those capital improvements already constructed by the City; or (3) reimbursing developers who have already constructed public facilities described in the Report or the Master Facilities Plan or other facility master plans adopted from time to time by the City Council, where those facilities exceeded that needed to mitigate the impacts of the developers' project or projects.

SECTION 11. Fee Determination by Square Footage.

Development impact fees for all land uses shall be based upon the square footage of the building. The development impact fee categories are set forth in the Report, which have been further revised in the fee program set forth in Exhibit B. Water and wastewater development impact fees shall be based upon the meter size as set forth in the Report and Master Fee Schedule.

SECTION 12. 500 Square Foot Exemption.

Development impact fees shall not apply to the first 500 square feet of new square footage of any proposed addition for single-family residential projects. Should the addition exceed 500 square feet, the calculation of impact fees shall be based on the total additional new square footage area.

SECTION 13. Current Projects Exempt for New Impact Fees.

Any project submitted for either discretionary and/or building permit approval as of September 24, 2007 shall be exempt from paying these new Development Impact Fees. All other currently existing impact fees in effect on September 24, 2007 shall remain in effect.

SECTION 14. Cumulative additions.

Whenever the cumulative quantity of new additional square footage improvements and all other permitted additions during the preceding five-year period is over 500 square feet, payment of impact fees for the total additional area constructed during the said five year period shall be required.

SECTION 15. Prior Resolutions and Ordinances Superseded.

The development impact fees approved and adopted by this resolution shall take effect in sixty (60) days and shall supersede previously adopted resolutions that set the amounts of development impact fees.

SECTION 16. Severability.

If any action, subsection, sentence, clause or phrase of this resolution or the imposition of a development impact fee for any project described in the Report or the application thereof to any person or circumstance shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution or other fees levied by this resolution that can be given effect without the invalid provisions or application of fees.

SECTION 17. Effective Date.

Consistent with California Government Code section 66017(a), the fees adopted by this resolution shall take effect sixty (60) days following the adoption of this resolution by the City Council.

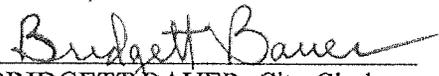
PASSED AND ADOPTED by the City Council of the City of Morro Bay this 8th day of October 2007 by the following vote:

AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters
NOES: None
ABSENT: None



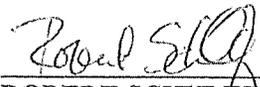
JANICE PETERS, Mayor

ATTEST:



BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM:



ROBERT SCHULTZ, City Attorney

RESOLUTION NO. 48-08

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING THE ANNUAL TRANSFER OF EXCESS
OPERATING CASH TO ACCUMULATION FUNDS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay's operating funds generally have positive cash remaining at the end of each fiscal year; and

WHEREAS, the City of Morro Bay desires to identify that excess operating cash by moving it to an accumulation fund; and

WHEREAS, moving the excess cash to the accumulation fund has the potential to increase interest earnings in that fund.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that all excess operating cash will be moved to an associated accumulation fund including, but not limited, to the following fund list:

OPERATING FUND

General Fund
Water Revenue
Sewer Revenue
Harbor Operations

ACCUMULATION FUND

General Fund Accumulation
Water Accumulation
Sewer Accumulation
Harbor Accumulation

PASSED, APPROVED, AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 11th day of August 2008, by the following vote to wit:

AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters
NOES: None
ABSENT: None



Janice Peters, Mayor



Bridgett Bauer, City Clerk

RESOLUTION NO. 26-10

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, ESTABLISHING A PROCEDURE FOR REQUESTING MEASURE Q
FUNDING DURING THE ANNUAL BUDGET PROCESS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, Measure Q, a ½ cent district sales tax, was approved by the voters in Morro Bay in November 2006; and

WHEREAS, Measure Q was passed as a General Fund tax without a sunset clause; and

WHEREAS, Measure Q, in 2010, is the 4th largest revenue source with which the City of Morro Bay has discretionary spending privileges; and

WHEREAS, the ballot language of the Measure is as follows:

The Morro Bay Vital Public Services Restoration and Protection Measure. To preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution, and other general city services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?

WHEREAS, to date, there have been no formal procedure for the submission of Measure Q funding requests during the annual budget process.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the following procedures are adopted for the request of Measure Q funds during the annual budget process:

1. Department Heads must submit Measure Q funding requests to the City Manager/Administrative Services Director well in advance of the first budget hearing.
2. The City Manager and Administrative Services Director shall initially review and prioritize the requests to an "A" and a "B" list (if needed). The "A" list shall include prioritized projects, and use the total anticipated funding available. The "B" list shall continue from the "A" list with the priority projects that fall outside the available Measure Q funding amounts.

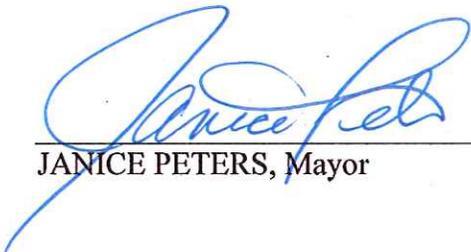
3. The Department Head Team shall meet, review and recommend the "A" and "B" lists to the City Council.
4. The recommendation shall be included in the preliminary annual budget document.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May 2010, by the following vote:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters

NOES: None

ABSENT: None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 10-11

CREATION OF A DEFERRED MAINTENANCE ACCOUNT TO PROVIDE FUNDING SUPPORT FOR THE MANAGEMENT OF REAL PROPERTY ASSETS

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City's management of real property assets has lacked the resources to adequately support a deferred maintenance account for all scheduled real property; and

WHEREAS, the City is in need of a funding source to address the City's infrastructure, and the most ready source of funding at this time is the surplus revenue from the sale of 781 Market Street Morro Bay California; and

WHEREAS, City staff would establish a new fund for General Fund Deferred Maintenance (DMF) and would transfer approximately \$201,000 from the initial payment of said property with future contributions by City Council directive or encumbrance; and

WHEREAS, deferred maintenance is a direct responsibility of the maintenance division of the Recreation and Parks Department which has prepared the included priority list of maintenance tasks to be completed utilizing the allocations from the DMF or other readily available resource; and

WHEREAS, the financial management plan for the DMF would follow current procedures for interest bearing funds managed by the Director of Administrative Services under the direction of the City Manager with City Council approval.

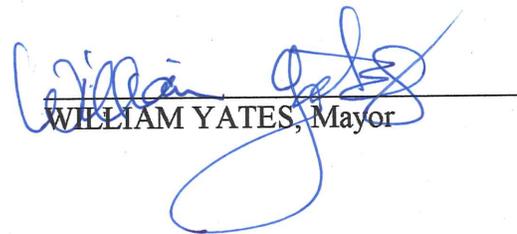
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Administrative Services Director set up s new fund for General Fund deferred maintenance and transfer approximately \$201,000 in said account from the proceeds of the sale of 781 Market Street, Morro Bay California 93442.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 25th day of January, 2011 on the following vote:

AYES: Borchard, Johnson, Leage, Smukler, Yates

NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 36-11

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA APPROVING A COOPERATION AGREEMENT BETWEEN
THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY
FOR JOINT PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM, THE EMERGENCY SOLUTIONS GRANT PROGRAM, AND
THE HOUSING OPPORTUNITIES FOR PERSONS
WITH AIDS (HOPWA) PROGRAM FOR FISCAL YEARS 2012-2014**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS,; and the County of San Luis Obispo (“County”), a political subdivision of the State of California, and the City of Morro Bay (“City”) a municipal corporation, desire to participate in the Community Development Block Grant (CDBG) program administered by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, said program will promote the public health, safety and welfare by providing grant funds to be used by the City and County to improve housing opportunities for low and moderate-income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities, or services; and

WHEREAS, the City desires to participate jointly with the County in said program; and

WHEREAS, HUD requires that the parties enter into a cooperation agreement to define their rights and obligations as a prerequisite of participation in the CDBG program; and

WHEREAS, the proposed cooperation agreement is consistent with the General Plan and with City and County policies encouraging cooperation between agencies on issues of regional significance such as affordable housing; and

WHEREAS, the proposed cooperation agreement will promote the public health, safety and welfare by enabling the City and County to participate in the U.S. Department of Housing and Urban Development’s CDBG program under an “urban county” entitlement; thus making available funds for a variety of housing, economic development, and public services programs not otherwise available; and

WHEREAS, the City and County enter into yearly subrecipient agreements which establish administrative policies and procedures, performance standards, and guidelines for funding specific CDBG programs and projects; and

WHEREAS, the proposed cooperation agreement is not a “project” for purposes of compliance with the provisions of the California Environmental Quality Act (CEQA) and the City’s CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

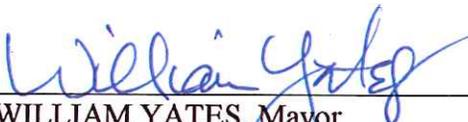
1. The City Council hereby approves and authorizes the Mayor to enter into a cooperation agreement with the County to enable joint participation in HUD’s CDBG program.
2. The City Manager or her designee is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, ongoing operation of the CDBG program, and other activities necessary to carry out the intent of the cooperation agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May, 2011 on the following vote:

AYES: Borchard, Leage, Johnson, Smukler, Yates

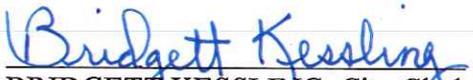
NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 46-12

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,
AFFIRMING THE INTENDED USE OF THE CITY'S ONE-HALF CENT DISTRICT
TRANSACTION TAX, COMMONLY KNOWN AS MEASURE Q**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, as of 2006, the City of Morro Bay had lost more than \$7 million dollars as a result of the State's efforts to balance its own budget; and

WHEREAS, in order for the City to increase its revenues to compensate for the loss, the City hired the Lew Edwards Group to evaluate voter-approved revenue options; and

WHEREAS, based on the Lew Edwards Group's recommendation, the City placed a ballot measure (Measure Q) on the November 2006 ballot, asking voters to approve a one-half cent district transaction tax; and

WHEREAS, a volunteer community group formed a campaign committee to promote the approval of the Measure Q, stressing to the public that the money would be used to replace the earthquake-damaged Fire Station, provide equipment for public safety, maintain streets and repair storm drains; and

WHEREAS, although the ballot measure language covered a wider scope of services than those promoted to the citizens, it passed based on the campaign committee's efforts; and

WHEREAS, a Citizens Oversight Committee was established to ensure the proper use of the Measure Q funds; and

WHEREAS, there is concern that future City Councils might not be aware of the intended purpose of the district transaction, and may authorize spending those funds in areas other than those promoted by the campaign committee and authorized by the voters.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Measure Q funds be formally dedicated to the following purposes:

- 1) Improve the Fire Department
- 2) Enhance public safety
- 3) Street Maintenance
- 4) Storm drain maintenance and prevention of toxic runoff into the bay

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th of September 2012, by the following vote:

AYES: Borchard, Johnson, Leage, Smukler, Yates

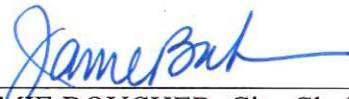
NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



JAMIE BOUCHER, City Clerk

RESOLUTION NO. 48-13

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
DESIGNATING \$399,000 IN PARKING IN-LIEU FUNDS
FOR REVISIONS TO THE PARKING IN-LIEU MAP AND IMPROVEMENTS
TO THE CITY-OWNED FRONT STREET AND TRIANGLE
PARKING LOT ADJACENT TO THE EMBARCADERO**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, In-Lieu Parking Fees were established, codified as Morro Bay Municipal Code Section 17.44.020 A7, as a means through which public parking can be provided where it is unfeasible to provide such parking as part of on-site development projects; and

WHEREAS, Morro Bay Municipal Code Section 17.44.020A.7.b states that monies accumulated in the Parking In-Lieu Fund shall be used for planning, design, acquisition or lease of land and development/redevelopment of public parking facilities; and

WHEREAS, on December 5, 2012, as part of the Amendments to the November 15, 2004 Agreement to Lease and Agreement Regarding Power Plant Modernization, Dynegy Morro Bay LLC agreed to dedicate to the City the triangle-shaped property adjacent to the Embarcadero; and

WHEREAS, on August 13, 2013, City Council directed staff to proceed with an interim use permit, revisions to the parking in lieu map, and minor temporary improvements to the triangle parking lot adjacent to the Embarcadero; and

WHEREAS, monies accumulated in said Parking In-Lieu Fund are to be used for designated public parking tasks, and revisions to the Parking In-Lieu map and improvements to the City-owned triangle parking lot adjacent to the Embarcadero is a good and valuable use of Parking In-Lieu Funds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council, City of Morro Bay, California that improvements to the City-owned triangle parking lot adjacent to the Embarcadero are hereby designated as a Parking In-Lieu Fund project in the amount of \$399,000.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 8th day of October, 2013 by the following vote:

AYES: Irons, C. Johnson, N. Johnson, Smukler
NOES: None
ABSTAIN: Leage



JAMIE L. IRONS, MAYOR

ATTEST:



JAMIE BOUCHER, CITY CLERK

RESOLUTION NO. 82-14

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY
CONSENTING TO THE INCLUSION OF THE CITY WITHIN THE PROPOSED
SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT (SLOCTMD)**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, tourism is an important contributor to the economy of the City and the promotion of the City's tourist lodging establishments serves an important public purpose; and

WHEREAS, Visit San Luis Obispo County (VSLOC), is a non-profit organization that promotes San Luis Obispo County through advertising, marketing, public relations and group sales and wishes to establish a sustainable funding source to further those efforts; and

WHEREAS, the County of San Luis Obispo has initiated the formation of the proposed SLOCTMD pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code sections 36600 *et seq.*, to promote lodging businesses in San Luis Obispo County; and

WHEREAS, Streets and Highways Code section 36620.5 provides a county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city; and

WHEREAS, the proposed SLOCTMD is an assessment district designed to provide specific benefits directly to those entities being assessed; and

WHEREAS, marketing, advertising, promotions and sales efforts for assessed businesses will increase overnight tourism which will then increase the demand for hotel/motel rooms, RV spaces and vacation rentals; and

WHEREAS, the proposed SLOCTMD would include all lodging businesses located within the boundaries of San Luis Obispo County that currently also pay transit occupancy taxes, and

WHEREAS, the Morro Bay hotel/motel/B&B owners, RV park owners and vacation rental owners that (i) would be levied through the SLOCTMD and (ii) account for 53.6% of the total gross receipts reported in 2013 by those lodging properties support the formation of the proposed SLOCTMD, as providing a means to collectively market the San Luis Obispo County area and remain competitive with comparable markets; and

WHEREAS, at its meeting of November 17, 2014, the Morro Bay Tourism Bureau passed a motion of support for the SLOCTMD.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

1. The recitals set forth herein are true and correct.

2. Pursuant to Streets and Highways Code section 36620.5, the City Council consents to the inclusion of the City of Morro Bay within the proposed San Luis Obispo County Tourism Marketing District, and as set forth in the attached SLOCTMD Management Plan (Exhibit A).

3. The City Clerk is hereby directed to transmit a certified copy of this Resolution to the Clerk of the SLO County Board of Supervisors.

4. This Resolution is effective upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of December 2014 on the following vote:

AYES: Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None
RECUSED: Irons



JAMIE L. IRONS, Mayor

ATTEST:



JAMIE BOUCHER, City Clerk

RESOLUTION NO. 30-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ESTABLISHING USER RATES FOR
WATER AND SEWER (WASTEWATER) SERVICE**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay undertook a water and sewer rate study to determine whether the current rate structures adequately provided for the maintenance, operation and replacement/rehabilitation of its water and sewer systems; and

WHEREAS, the community of Morro Bay seeks to replace its 62-year-old wastewater treatment plant with a new water reclamation facility and to provide for a properly functioning wastewater collection system, complying with the State Water Resources Control Board requirements and the City of Morro Bay Sewer Collection System Master Plan; and

WHEREAS, after review of relevant financial data, it has been determined existing Water and Sewer (Wastewater) System rates and charges presently generate insufficient revenue for prudent operation of the systems for the adequate health, safety, and welfare of the community as well as to meet its contractual financing-related obligations; and

WHEREAS, the City is required, by State law and City policy, to collect sufficient revenues to cover the costs of operating the water and sewer systems. Those revenues allow the City to safely and reliably provide water to the residents and businesses of Morro Bay and to convey and treat wastewater, generated by the homes and businesses of the City, to protect human health and ensure the environment is safe from the accidental release of effluent into the natural ecosystem. Costs that must be recovered through rate revenue include utilities, equipment, supplies, as well as salaries and benefits of the City staff and financing required reserves. In addition, revenue generated from those rates is used to pay for capital improvements, such as a new water reclamation facility, sewer lift stations and the rehabilitation and replacement of water pipes, sewer pipes, water meters, fire hydrants and other associated equipment. Revenues are also used to pay off debt incurred in the process of installing or constructing significant capital improvements; and

WHEREAS, the proposed rates reflect the cost of providing service to all customers through the apportionment of costs based on customer, capacity, and demand characteristics; and

WHEREAS, it has been determined the recommended rates do not exceed the reasonable cost of providing water or sewer services and, as such, the proposed rates are not levied for general revenue purposes; and

WHEREAS, in accordance with Government Code section 50076, "As used in this article, "special tax" shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is not levied for general revenue purposes;" and

WHEREAS, a notice of the public hearing regarding the proposed changes to the wastewater rates was mailed to each rate payer not less than forty-five days prior to the public hearing, in compliance with Section 6 of Article XIII-D of the Constitution of the State of California; and

WHEREAS, that public hearing was held before the City Council on May 26, 2015; and

WHEREAS, at the public hearing on May 26, 2015, eleven (11) persons were present and spoke in opposition to the proposal; and one (1) person was present and spoke in support of the proposal; and

WHEREAS, on May 26, 2015, the City Clerk advised the Council that 932 written protests of the proposal were received prior to the hearing; and

WHEREAS, on May 26, 2015, the City Council received one (1) written rate increase protest that was submitted at the time of the public hearing; and

WHEREAS, at the conclusion of the public hearing, the City Clerk tabulated the number of written protests received and reported there was not a majority protest of the proposed water or sewer rate increase by owners or authorized representatives of identified parcels receiving such services; and

WHEREAS, based on the information presented, including the staff reports and comments from the members of the public, the City Council of the City of Morro Bay finds the following:

- A. The purposes of the updated water rates established pursuant to this Resolution are to:
 - Recover the reasonable estimate cost of services for which the rates are charged
 - Provide such costs allocated among City customers so as to bear a fair and reasonable relationship to customers' burdens on and benefit from City water or sewer services
 - Secure the financial stability of the water and sewer systems
 - Ensure high quality services
 - Provide a sound financial plan that meets existing ongoing operations and maintenance and debt service obligations which will assist in funding capital improvement projects.
- B. The updated water service rates established pursuant to this Resolution are not levied for general revenue purposes.

C. The rates set forth in this Resolution are intended to meet operating expenses, meet financial reserve needs and requirements, secure funding for capital improvement projects necessary to maintain service with existing service areas, and recover costs necessary to maintain the current level of City-water services. As such, adoption of the rates proposed in the staff reports and resolution as they relate to water and sewer services to City customers, is not a "project" within the meaning of the California Environmental Quality Act (CEQA), Public Resources Code subsections 21080 (b) (8) (A) (C) and (D)", which state: meeting operating expenses, including employee wage rates and fringe benefits"; "meeting financial reserve needs and requirements" and "obtaining funds for capital projects necessary to maintain service within existing service areas."

WHEREAS, in adopting the rates set forth in this Resolution, the City Council of the City of Morro Bay is exercising its powers under California Constitution Article XI, Section 7, which states: "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws"; and

WHEREAS, the procedures followed and the rates adopted are in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges"; and

WHEREAS, there is not a protest of the proposed water or sewer service rate increases by a majority of the owners, or authorized representatives, of identified parcels receiving such services; and

WHEREAS, rates shall apply to and be paid by the City customers at the times, and in the amounts and otherwise apply and be administered with the rates as prescribed in this Resolution to be effective July 1, 2015 and the July 1 of each fiscal year through and including July 1, 2019, and those rates and schedule are hereby incorporated into this Resolution; and

WHEREAS, the rates and all portions of this Resolution are severable and should any of the rates or any portion of this Resolution be proven to be invalid and unenforceable by a body of competent jurisdiction, then the remaining rates and/or Resolution portions shall be and continue in full force and effect except for those rates and/or Resolution that have been judged to be invalid; and

WHEREAS, this Resolution will become effective immediately upon adoption.

NOW, THEREFORE, the City Council of the City of Morro Bay hereby resolves the following:

SECTION 1: FINDINGS. The City Council hereby adopts all the above recitations as findings and conclusions, which are based on substantial evidence presented to the City Council through staff reports, professional studies and oral and written testimony received and considered by the

City Council during the process of considering the rates and issues regarding the subject matter of this Resolution (the "Record of Proceedings").

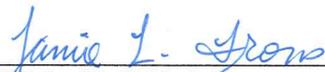
SECTION 2: DETERMINATION. Based upon then findings and conclusions set forth above, the City Council determines: the Record of Proceedings establishes the costs listed Exhibit A, as those incurred by the City in providing water and sewer services to City customers are reasonable estimates of the costs of providing such services, and the revisions recommended in previous and current staff reports for existing water and sewer rates are necessary to recover the reasonable, estimated cost of providing such services for which the rates are charged, to allocate such costs among City customers so that they bear a fair and reasonable relationship to customers and to secure the financial stability of the City of Morro Bay water or sewer systems in accordance with the analysis conducted in current and prior staff reports. There was no majority protest of the proposed water or sewer rate increases. Therefore, the rates as set forth in Exhibit A are approved and adopted and, effective July 1, 2015 and the July 1 of each fiscal year through and including July 1, 2019, those rates shall, as and when applicable, supersede and replace the existing rates established and repealing resolutions in conflict thereto.

SECTION 3: COLLECTION. The City Council hereby directs the rates and charges established by this Resolution shall be billed and collected together with charges for other utility services rendered by the City of Morro Bay.

SECTION 4: ENFORCEMENT. In the enforcement of the collection of the rates and charges established herein, the City of Morro Bay may use any available remedy at law or in equity; provided, however, that said rates and charges shall not be collected by means of the San Luis Obispo County Assessor's roll of real property taxes, nor shall any delinquent rates or charges be enforced by means of a lien on real property.

PASSED AND ADOPTED by the Morro Bay City Council at a regular meeting thereof held on the 26th day of May, 2015 by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None
ABSTAIN: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 32-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 13-10, AND ESTABLISHING
THE RISK MANAGEMENT INTERNAL SERVICE FUND
AND COMMITTED FUND BALANCE**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on February 22, 2010, the City Council of the City of Morro Bay adopted Resolution No. 13-10, which established the parameters and a \$500,000 minimum balance for the Risk Management Internal Service Fund (Risk Management ISF); and

WHEREAS, with this Resolution, the City Council of the City of Morro Bay is rescinding Resolution No. 13-10 in its entirety; and

WHEREAS, the City continues to purchase insurance from the California Joint Powers Insurance Authority (CJPIA), and pays for this insurance through the Risk Management ISF by collecting money, on a monthly basis, from the benefitting City departments/funds, to reimburse for the cost of the insurance; and

WHEREAS, the cash requirements for this Fund have been reassessed, and estimated at \$100,000 as sufficient to pay for any uncovered lawsuits, such as land-use, personnel issues, etc.; and

WHEREAS, the CJPIA does not require the City to maintain a Risk Management Fund; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

RISK MANAGEMENT INTERNAL SERVICE FUND (RMISF)

1. The Risk Management Fund is established as an Internal Service Fund, whose purpose is to manage the insurance purchased from the CJPIA, and to pay for any claims not covered by CJPIA.
2. The RMISF, while not required by CJPIA, has been determined, by the City, to be necessary to account for the covered and uncovered insurance expenses.
3. The RMISF's fund balance has been designated as follows:
 - a. Committed – \$100,000 in reserve, as set by the City Council;
 - b. Assigned – amounts required, within 30 days after the beginning of a new fiscal year, to pay insurance bills; and

- c. Unassigned – any remaining balance available for spending, based on City Council-directed strategic investments in the areas of risk reduction (*i.e.*, American with Disabilities Act renovations), economic development, City planning, City operations.
4. The City Council is committed to ADA compliance, based on the nexus with Risk Management, and will endeavor to spend a measurable portion of one-time monies on ADA projects.
5. Risk management cash needs will be annually evaluated through the budget, and the RMISF cash balance adjusted, as necessary.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 33-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING SECTION 5 OF RESOLUTION NO. 55-93,
RESCINDING RESOLUTIONS NO. 27-10 AND 42-11 IN THEIR ENTIRETY,
AND ESTABLISHING THE GENERAL FUND EMERGENCY RESERVE FUND
POLICY AND ACCEPTING MANAGEMENT PARTNERS' FINANCIAL FORECAST
ASSUMPTIONS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on June 28, 1993, the Morro Bay City Council adopted Resolution No. 55-93, which adopted the Fiscal Year 1993-94 Budget and Appropriations Limit; and

WHEREAS, Section 5 of Resolution No. 55-93 states "*A reserve for emergencies of \$800,000 shall be established out of the City's General Fund. This amount will be reported in the General Fund's Equity section of the balance sheet. The City Administrator must receive prior approval from the City Council for any use of these reserve funds;*" and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Section 5 of Resolution No. 55-93; and

WHEREAS, on May 24, 2010, the Morro Bay City Council adopted Resolution No. 27-10, which established the parameters for use of the General Fund (Accumulation) Reserve; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 27-10 in its entirety; and

WHEREAS, on June 28, 2011, the Morro Bay City Council adopted Resolution No. 42-11, which amended the parameters of Resolution No. 27-10; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 42-11 in its entirety; and

WHEREAS, the City Council desires to establish the GENERAL FUND EMERGENCY RESERVE FUND POLICY to identify the parameters and use of this Fund.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

- A. The General Fund Emergency Reserve ("GFER") Fund is named and established, and the GFER Fund Policy is described, below, sets the parameters for and use of the GFER Fund as follows:

- a. The GFER Fund target balance is set at 27.5%.
 - b. Annually, the GFER Fund balance is calculated by using the average of three-years' actual General Fund operating revenues (for example, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 2011/12 are added together, and divided by 3).
 - c. Based on the existing balance in the General Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for use, as determined by the City Council, during the annual budget adoption process or budget amendments as may be approved by the Council.
 - d. Each use of GFER Fund must be approved by the City Council.
- B. Based on the Management Partners' Financial Forecast, a copy of which is attached to this Resolution, the following assertions are accepted:
- a. The Management Partner's Financial Forecast predicts a moderate recession in 2017.
 - b. The City's CalPERS actuarial assumptions contain increased contribution rates for Fire and Police Safety plans over the next five fiscal years ending in 2020/2021.
 - c. The continuing drought in California may affect revenues (*i.e.*, TOT).
 - d. The schedule of year-end minimum reserve levels is set at:
 1. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
 2. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
 3. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
 4. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
 5. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
 6. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
 7. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
 8. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
 - e. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
 - f. If annual revenues are below forecast, then expenditures must be adjusted to meet these targets.
 - g. Those assumptions will be reviewed annually, as established by the budget calendar, based on the current fiscal environment.

Resolution No. 33-15

Page 3

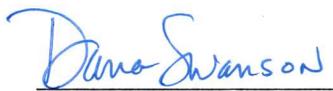
PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 34-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING A STRATEGIC INVESTMENT SPENDING PLAN**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on May 20, 2015 at the Budget Workshop, the City Council of the City of Morro Bay was presented with the Proposed Budget for the Fiscal Year 2015/16; and

WHEREAS, in the Budget Workshop presentation, the City Council was shown a Strategic Investment Spending Plan, the intent of which is for prioritized spending of one-time monies, the details of which are attached to this Resolution; and

WHEREAS, the City Council desires to establish the practice of spending one-time and surplus monies on strategically-identified projects in the areas of risk reduction, economic development, City planning and City operations; and

WHEREAS, this Resolution ratifies and establishes the City's Strategic Investment Spending Plan for future use of one-time and surplus monies; and

WHEREAS, for the Fiscal Year 2015/16, surplus funds have been identified in the Risk Management Internal Service Fund, which are not committed or assigned for insurance purposes, per the definitions contained in Resolution No. 32-15; and

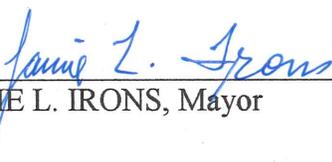
WHEREAS, these surplus funds are targeted for the elements of the Strategic Investment Spending Plan, attached to this Resolution:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

1. The Strategic Investment Spending Plan (Plan), a copy of which is attached to this Resolution, is adopted; and
2. The Plan is the City's official priority list for spending one-time and surplus funds; and
3. The Plan will, at minimum, be presented to the City Council, for revision, on an annual basis; and
4. The Fiscal Year 2015/16 priority list, contained in this Resolution, is authorized and shall remain in effect unless modified or rescinded by the City Council.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

Strategic Investment Spending Plan
(With Approximate Dollar Amount)

1. Americans with Disabilities Act (ADA) compliance - \$100,000
2. Land Use Plans for the General Plan and Local Coastal Plan - \$300,000
3. Morro Bay Economic Development Strategic Plan - \$75,000
4. Information Technology Program - \$100,000
5. Web-Based Planning, Permitting and Licensing Software - \$85,000
6. High-Speed Fiber Investment - \$150,000
7. Additional Projects approved by City Council - TBD

RESOLUTION NO. 03-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
DEFINING THE MANAGEMENT OF
TOURISM PROMOTIONS AND MARKETING**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council adopted the Tourism Business Improvement District (“TBID”) Law – Chapter 3.6 MBMC – via Ordinance 546 in 2009; and

WHEREAS, pursuant to MBMC 3.60.030, creation of the TBID is intended to provide a stream of revenue to the City to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination; and

WHEREAS, the City has managed its tourism promotions and marketing operations both internally in the past, though with no specific tourism staff, as well as contracted for said services with the Morro Bay Tourism Bureau (“MBTB”); and

WHEREAS, since the inception of the TBID assessment, tourism has increased tremendously in the City, and Transient Occupancy Taxes collected from hotel stays has increased by more than \$1 Million annually; and

WHEREAS, the City has greatly enhanced its focus on communitywide economic development, which includes tourism as Morro Bay’s major economic engine; and

WHEREAS, it is imperative the City strategically align all economic development operations to ensure efficiency, strong coordination, and enhanced long-term operations; and

WHEREAS, the City recognizes the important commitment to the hotelier stakeholder community when managing the community’s TBID assessment funds; and

WHEREAS, the City Council intends for the City to directly manage its tourism promotions and marketing, and provide for a structure of said management both as a way to outline the program and provide continued commitment to the hotelier stakeholder community;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

The City Council finds it appropriate for the City to manage its tourism promotions and marketing directly. To that end, the following structure for management of the community's TBID assessment funds shall be as follows:

- 1) The City shall directly manage its tourism promotions and marketing, including expenditure of the community's TBID assessment funds. Expenditures shall be made pursuant to City and State law. A State-required annual report and work plan, recommended by the TBID Advisory Board and approved by the City Council, shall guide the expenditure of these funds.
- 2) Expert tourism professionals, reporting to the City Manager or his/her designee, will manage the City's tourism promotions and marketing. They shall be contractors, and will be required to follow all rules related to contracted services including, but not limited to, acquiring a Morro Bay business license, unless on further study the City Manager recommends an employee relationship and that position is approved and budgeted for in the FY 16/17 budget process. The existing MBTB staff will be offered those positions. The City may modify those contracted, or employee, relationship in the future if the City determines there is a more cost-effective approach to management of tourism marketing and promotions. Changes shall be reviewed by the TBID Advisory Board, which will make a recommendation to the City Council prior to operational changes.
- 3) The TBID Advisory Board shall participate in the annual review of the City's tourism manager and will assist in setting goals and metrics to measure the success of the community's tourism promotions and marketing undertaken by this contracted professional. The Advisory Board shall review and make recommendations for the selection of any future tourism manager.
- 4) The TBID Advisory Board shall have enhanced duties that include, not only the general tourism marketing and promotions, but any efforts to enhance the destination of Morro Bay as it relates to tourism. That can include Citywide brand management, destination-promoting community event management or review, and more. The Advisory Board shall assist staff in developing the overall duties of the Board, and will make a recommendation to City Council in order to update the Advisory Body's bylaws as appropriate.
- 5) The City shall commit \$300,000 in Transient Occupancy Taxes to the City's tourism operations. It is intended the budget shall provide for that amount incrementally, with 20 percent of annual TOT increases being set aside for these purposes, until the maximum is reached. The TBID Advisory Board will provide recommendations through its annual report and work plan on the appropriate expenditure of this funding to City Council.
- 6) The City's professional tourism professionals shall be provided office space in a City facility.

- 7) In order to focus as much of the TBID assessment as possible on directly promoting and marketing Morro Bay, the City shall provide for accounting, legal advice, IT support, as well as the aforementioned office space.
- 8) In order to transition to direct management of tourism operations, the City does not intend to extend its current contract with the MBTB past the May 2016 expiration of the existing contract. The City will coordinate a transition plan to direct management with MBTB input.
- 9) The City shall support any efforts within the local business community on the formation of an additional Business Improvement District that could include retail and restaurant businesses for the purposes of enhanced marketing of those businesses that help make Morro Bay the destination it is.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 12th day of January, 2016 on the following vote:

AYES: IRONS, HEADDING, JOHNSON, MAKOWETSKI, SMUKLER
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

**CITY OF MORRO BAY
SCHEDULE OF UNFUNDED LIABILITITES (ALL FUNDS)
AS OF 6/22/2017**

<u>Department</u>	<u>Sick Leave</u>		<u>Compensable Hours</u>	
	<u>Hours</u>	<u>Dollars</u>	<u>Hours</u>	<u>Dollars</u>
City Manager	0	\$0	0	\$0
Deputy City Manager	103	6,098	187	11,091
City Clerk/Human Resources	1802	64,753	757	28,550
Finance	232	9,410	581	25,649
Police/Support Services	6308	243,003	4662	173,757
Fire	8053	210,364	4610	129,471
Public Works	1433	81,972	1357	65,996
Consolidated Maint/Vehicles/Streets	3731	104,662	1595	44,645
Water	2736	85,044	1089	33,940
Sewer	1360	37,154	592	15,344
Waste Water Treatment Plant	544	16,467	993	31,270
Information Systems	1227	53,054	353	15,250
Recreation - Admin/Youth/Teens	1457	67,968	1457	43,646
Harbor	3423	126,292	1785	65,590
Tourism/Business Improv District	95	3,128	83	3,107
Totals	<u>32506</u>	<u>\$1,109,368</u>	<u>20,100</u>	<u>\$687,304</u>

CITY OF MORRO BAY

GLOSSARY OF TERMS

Accrual Basis of Accounting

The basis of accounting by which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

Appropriation

A specific amount of money authorized by the City Council for an approved work program or individual project.

Assessed Valuation

A dollar value placed on real estate or other property by San Luis Obispo County as a basis for levying property taxes.

Balanced Budget

A budget in which planned expenditures do not exceed planned funds available.

Basic Financial Statements

The financial statements that are prepared as of the end of the fiscal year, which is June 30, and provided to our auditor, who reviews them for accurate presentation and issues an opinion on them.

Basis of Budgeting

Budgets are adopted on a basis consistent with accounting principles, generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital projects funds.

Beginning/Ending Cash Balance

Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year expenses.

Bond

A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

Budget

An annual financial spending plan. The budget identifies sources of income (revenues) and uses of money (funds to be spent on personnel, services, etc). The City of Morro Bay's budget encompasses one fiscal year.

Budget Calendar

The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

Budget Message

A general discussion of the preliminary/adopted budget presented in writing as part of, or supplement to, the budget document. Explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

CalPERS (also called PERS)

The California Public Employees Retirement System, which is the agency providing pension benefits to all City employees.

CalPERS member definitions

With the enactment of the 2013 Public Employees Pension Reform Act (PEPRA), new employees to an agency are classified into two groups:

- a. Classic members: these are new employees of the City of Morro Bay that have been CalPERS members, through a former employer, and have **not** had a break in service of more than 6 months.
- b. New members: these are new employees of the City of Morro Bay that have **never been** CalPERS members or have had a break in service of **more than 6 months**.

Further information is presented under **Retirement Formulas (Tiers)**.

Capital Expenditures

Typically are expenditures related to major construction projects such as roads, buildings, and parks. These expenditures are typically capitalized and depreciated over time.

Capital Outlay (Capital Assets)

Equipment (fixed assets) with a value of \$5,000 or more and an estimated useful life of more than one year, such as automobiles and office furniture, which appear in the Operating Budget.

Capital Projects

Projects that purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

Capital Projects Funds

General Capital Project Funds are governmental fund types that contain expenditures for general government (not enterprise) capital improvements, buildings, vehicles, land or equipment. Enterprise Capital Project Funds are proprietary fund types and contain the same expenses as those described above.

Capital Requirements (5 year)

A multi-year financial plan containing proposed capital spending.

Certificates of Deposit (COP)

A debt instrument used to fund capital projects. For the City of Morro Bay, a COP was issued with the USDA to fund a portion of the construction costs for Fire Station No. 53.

Community Development Grants

Funds established to account for revenues from the federal government and expenditures as prescribed under programs such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships.

COPS (SLESF)

Citizens Option for Public Safety, a special safety grant from the State of California.

Contingency

An appropriation of funds to cover unforeseen events that occur during the fiscal year.

Council-Manager Form of Government

An organizational structure in which the Mayor and City Council appoint an independent City Manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the City Manager is responsible for implementing those policies effectively and efficiently.

Continuing Appropriations, or Carryovers

Funding approved in the current budget, but not expended during a particular fiscal year. These appropriations are carried forward into the next fiscal year for their original intended purpose. For the City of Morro Bay, carryover funds are located in Special Revenue Funds (Measure Q, MBTBID) and Capital Project Funds.

Cost Allocation

A method used to charge General Fund overhead costs to other funds, such as enterprise funds.

Debt Service

The payment of principal and interest on borrowed funds, such as COPS.

Department

An organizational unit comprised of programs or divisions. Examples include the Police, Fire, and Recreation Departments.

Enterprise Fund

A fund-type established to account for the total costs of selected governmental facilities and services that are operated similar to private businesses.

Equipment Outlay

A category of expenditures that captures purchases of capital equipment, such as furniture, vehicles, large machinery, and other items.

Estimate

Represents the most recent estimate for current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue experience, and consider the impact of unanticipated price or other economic factors.

Expenditure

The actual spending of funds set aside by appropriation for identified goods and services.

Execute/Execution

This is the performance or implementation of a directive.

Fee

A general term used for any charge levied by government for providing a service or performing an activity.

Fines, Forfeitures, and Penalties

Revenue category that contains monies resulting from violations of various City and state laws, and from damage to City property.

FFA

Firefighters Association, which is the group that represents the sworn fire safety personnel (with the exception of the Chief).

Fiscal Year

A twelve-month period of time designated as the budget year. The City of Morro Bay's fiscal year is July 1 to June 30.

Full-Time Equivalent (FTE)

A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time Clerk working 20 hours per week would be equivalent to one-half of a full-time position, or 0.50 FTE.

Fund

A set of inter-related accounts to record revenues and expenditures (expenses) associated with a specific purpose. For a list of City funds, see the Table of Contents, *City Funds List*.

Fund Balance

The amount of unrestricted financial resources (not necessarily cash) in a given fund. These may be used to fund existing commitments, and may be available for any use permitted for the fund.

GANN Limit (Proposition 4)

Under this article of the California Constitution, the City must compute an annual appropriation limit that states a ceiling on the total amount of tax revenues the City can appropriate annually.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards used by state and local governments for financial recording and reporting that have been established by the accounting profession through the Governmental Accounting Standards Board (GASB).

General Fund

The primary fund used by the City for which revenues and expenditures are not legally restricted for use. Examples of departments operating within the General Fund include Fire, Police, and City Manager.

Governmental Accounting Standards Board (GASB)

The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

Grant

Contributions of cash or other assets from another governmental agency or other organization to be used or expended for a specific purpose, activity or facility.

HUD

The United States Department of Housing and Urban Development.

Infrastructure

Facilities that support the daily life and growth of the City, for example, roads, water lines, and sewers.

Interfund Transfers

A transfer of funds between departments/funds for specific purposes, as approved by the appropriate authority.

Internal Service Funds

The City has two Internal Service funds, collecting money from departments/funds to pay for the established purpose of the fund.

- a. Risk Management: this Fund manages the City's insurances, and has a committed minimum balance of \$100,000 as set by Resolution No. 33-15.
- b. Information Technology: this Fund will accumulate money for technology, as well as pay for normal operational items (*i.e.*, desktop computers, keyboard

replacements); establishing this Fund is a Management Partners' recommendation from the 2015 assessment.

Levy

To impose taxes, special assessments, or charges for the support of City activities.

Licenses and Permits

Revenue category that accounts for recovering costs associated with regulating business activity.

Miscellaneous employees

This is the CalPERS retirement group that contains the SEIU-represented, non-sworn Police and Harbor, executive, management and confidential employees.

NPDES

The National Pollution Discharge Elimination System, which is a permitting process with which the City is required to comply to ensure that storm water runoff is not contaminated.

Ordinance

A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, an Ordinance has the full force and effect of law within the boundaries of the municipality to which it applies.

Operating Budget

The annual appropriation of funds for on-going program costs, which include salaries, benefits, maintenance, operation, and capital outlay items.

PARS

The Public Agency Retirement System (PARS) is the City's substitute for participation in Social Security Insurance. Part-time, non-PERS employees are enrolled in PARS and pay a 6% contribution. The City pays 1.5% on behalf of the employee.

PERS – see CalPERS

Personnel Expenditures (Expenses)

An expenditure (expense) category that captures costs related to employee compensation, such as salaries and fringe benefits. Personnel expenditures (expenses) include salaries, pensions, retirement, special pay, and insurance for full-time and part-time employees of the City.

POA

Police Officers Association, which is the group representing the sworn police safety and communications personnel (with the exception of the Chief, Commander and Support Services Coordinator).

Program

Represents major areas or support functions; defined as a service provided to citizens, other departments, or other agencies.

Proposed/Preliminary Budget

A balanced budget presented to the City Council by the City Manager. Any City Council changes to the Proposed/Preliminary Budget are incorporated into the final Adopted Budget.

Request for Proposals (RFP)

A written solicitation issued by the City which generally describes the goods or services sought to be procured, sets forth minimum standards and criteria for evaluating proposals submitted in response to it, generally describes the format and content of proposals to be submitted, provides for negotiation of terms and conditions of the contract and may place emphasis on described factors other than price to be used in evaluating proposals.

Request for Quotes (RFQ)

A written solicitation issued by the City for quotes for goods or services sought to be procured. This is a much less formal process than the RFP.

Retired annuitant

There are specific rules and restrictions with hiring individuals that are retired from the CalPERS retirement system. These affect people retired from **any CalPERS participating agency**. The main rules and restrictions are:

- a. **Fiscal year hours** restricted to 960 hours.
- b. Compensation restriction to **no more than** what the former position incumbent was earning.
- c. No additional benefits or reimbursements to the annuitant.

Retirement Formulas (Tiers)

The various CalPERS retirement formulas in which the City participates:

Non-sworn SEIU, Safety, Executive, Management, Confidential:

Tier 1	2.7% at age 55	Single highest year for final compensation
Tier 2	2% at age 60	Highest consecutive 36 months
Tier 3	2% at age 62	Highest consecutive 36 months

Retirement Formulas (Tiers) - Continued

Sworn Public Safety Fire, Police, Harbor Patrol:

Tier 1	3% at age 50	Single highest year for final compensation
Tier 2	3% at age 55	Highest consecutive 36 months
Tier 3	2.7% at age 57	Highest consecutive 36 months

Revenues

Funds received from the collection of taxes, fees, permits, licenses, interest, and grants during the fiscal year.

Schedule

A summary of expenditures, revenues, positions, or other data that reflects funding sources and spending plans of the budget and capital improvement programs.

SEIU

The Service Employees International Union, which is the union representing the majority of the City’s general/miscellaneous employees.

SLESF(COPS)

Supplemental Law Enforcement Services Funds, which is a special Police safety grant from the State of California, currently budgeted at \$100,000 per year. This grant cannot be used to supplant (replace) monies historically budgeted for General Fund programs.

Special Revenue Funds

Revenues received that have specific purposes for which they are earmarked.

Transfers

Authorized exchanges of money, positions, or other resources between organizational units or funds.

Transient Occupancy Tax (TOT)

A tax that is levied on occupants of hotel and motel rooms in the City for stays of less than 30 days.