



CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

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.

AGENDA

TUESDAY, AUGUST 20, 2019
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 - Members of the audience wishing to address the Committee on business matters may do so at this time.

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

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

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE JULY 16, 2019, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING; (FINANCE)

RECOMMENDATION: Receive and File.

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE; (FINANCE DIRECTOR)

2. FISCAL YEAR 2019/20 BUDGET BRIEF; (FINANCE DIRECTOR)

RECOMMENDATION: Receive Draft FY 2018/19 Budget Brief and provide feedback.

3. DISCUSSION OF MEETING START TIME; (FINANCE DIRECTOR)

RECOMMENDATION: Discussion Item.

4. PRESENTATION AND TRAINING OF OPENGOV TRANSPARENCY PORTAL; (FINANCE DIRECTOR AND SENIOR ACCOUNTING TECHNICIAN)

RECOMMENDATION: Receive presentation.

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

September 17, 2019

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS, OR CALL CITY HALL AT 772-6201 FOR FURTHER INFORMATION.

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

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 72 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

**MINUTES – CITIZENS OVERSIGHT/ FINANCE
ADVISORY COMMITTEE
REGULAR MEETING – JULY 16, 2019
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chair
	John Martin	Vice-Chair
	David Betonte	Member
	Homer Alexander	Member
	Bart Beckman	Member
	Bill Bowes	Member
NOT PRESENT:	Lois Johnson	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Sandra Martin	Budget/Accounting Manager
	Tracy McConnell	Account Clerk III

ESTABLISH A QUORUM AND CALL TO ORDER

Chair Spagnola called the meeting to order at 3:30 p.m., with 6 members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

No announcements were made.

STAFF ANNOUNCEMENTS

No staff announcements were made.

PUBLIC COMMENT PERIOD

No public comments were made

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE MAY 21, 2019 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING.

<https://youtu.be/wYmiroU1WzU?t=86>

MOTION: Member Bowes moved to approve A-1. Member Alexander seconded, and the motion carried 6-0-1 with Member Johnson absent.

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE (Finance Director)

<https://youtu.be/wYmiroU1WzU?t=144>

2. REVIEW OF FY 2018/19 PRELIMINARY YEAR-END BUDGET PERFORMANCE REPORT FOR THE TWELVE-MONTH PERIOD ENDING JUNE 30, 2019 (Finance Director)

<https://youtu.be/wYmiroU1WzU?t=477>

Finance Director Callaway and Public Works Director Livick answered questions from committee members.

MOTION: Member Alexander motioned to make a recommendation that City Council consider adding credit card processing fees for the Recreation Departments recreational activities and facility rental activities, assuming that it is not cost prohibitive to do so. Member Bowes seconded motion. Motion carried 6-0-1 with Member Johnson absent.

3. REVIEW OF WRF CAPITAL PROJECT MONTHLY UPDATE REPORT (Finance Director)

<https://youtu.be/wYmiroU1WzU?t=2957>

WRF Project Manager Cesares presented the Quarterly Report for the WRF and answered committee member questions.

MOTION: Member Bowes moved that the CFAC and City Council receive on a quarterly basis a summarized schedule of significant milestones from the Microsoft project schedule used by the WRF project. Member Beckman seconded motion. Motion carried 6-0-1 with Member Johnson absent.

4. DISCUSS CITIZEN FRIENDLY BUDGET DOCUMENT

<https://youtu.be/wYmiroU1WzU?t=7214>

Finance Director Callaway answered questions from Committee Members.

C. FUTURE AGENDA ITEMS

<https://youtu.be/wYmiroU1WzU?t=7483>

Next fiscal year budget summary update.

Discussion about starting meetings at 3 pm, instead of 3:30pm.

D. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for August 20, 2019 at 3:30 pm.

E. ADJOURNMENT

The meeting adjourned at 5:56 pm

Recorded by:
Tracy McConnell



AGENDA NO: B-2

MEETING DATE: August 20, 2019

Staff Report

TO: Chairman and Committee Members

DATE: August 15, 2019

FROM: Jennifer Callaway, Finance Director

SUBJECT: Fiscal Year 2019/20 Budget Brief

RECOMMENDATION

Receive FY 2019/20 Budget Brief and provide feedback.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for your consideration is the FY 2019/20 Budget Brochure. One of the goals of the Citizen's Finance Advisory Committee (CFAC) has been to develop a citizen friendly budget summary, a brief overview of the City's budget that a citizen can pick-up and easily read. The committee approved a budget brief brochure for the first time in FY 2018/19 and that brochure has been updated with the FY 2019/20 adopted budget figures.

Attachments:

1. City of Morro Bay, Summary of FY 2019/20 Adopted Budget Brochure

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

Capital Program Budget Financial Summary

The FY 2019/20 Capital budget includes funding for \$36,987,526 in capital improvements through the City as outlined below:

WRF*	\$	33,647,979
Street Improvements		985,036
Public Facilities		148,200
Harbor Projects		682,052
Transit		486,840
Water Projects		382,000
Parks and Creek Program		369,922
Sewer Projects		312,500
Public Facilities		148,200
Total Capital Projects	\$	36,987,526

*Water Reclamation Facility

Significant FY 2019/20 Projects

- Water Reclamation Facility
- Pavement Management Plan
- City Park Play Equipment
- OneWater System Improv—Nutmeg Pressure Zone
- OneWater Project—WasteWater Collections Main st. & Atascadero Rd
- OneWater Project—WasteWater Collections Upstream LSI/Beachcomber
- Audio Visual and Facility upgrades for Council Chambers
- Beach Street Slips—South
- Replacement Trolleys
- Replacement Bus

FY 2019/20–2020/21 Council Goals

1. Fiscal & Economic Sustainability
2. Updates to Land Use Plans & Address Affordable Housing Issues
3. Improve Communication and Engagement
4. Improve Public Infrastructure

GLOSSARY

Balanced Budget: A budget with operating revenues equal to operating expenditures. Generally, it refers to a budget with no deficit, but possibly with surplus.

Capital Projects Funds: Funds that account for financial resources to be used for the acquisition or construction of capital facilities.

Enterprise Fund: Fund-type established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public. Enterprise funds are **Water, Sewer, Harbor and Transit Funds.**

Fund: A set of inter-related accounts to record revenues and expenditures associated with a specific purpose.

General Fund: Primary fund used by the City for which revenues and expenditures are not legally restricted for use.

Government Funds: Funds used to account for all assets and liabilities of a government agency, except those particularly assigned for other purposes in another more specialized fund. There are five different types of governmental funds: the **general fund** (primary operating fund), **special revenue funds, debt service funds, capital project funds, and permanent funds.**

Special Revenue Funds: Revenues received that have specific purposes for which they are earmarked

Internal Service Funds: A fund that collects money from departments/funds to pay for the established purpose of the fund (i.e. Risk Management Fund).

Transfers: Authorized exchanges of money, positions, or other resources between organizational units or funds.

Utility Discount Program: A discount program offered on the City's Water and Sewer utility bills (10% of bill) for eligible customers who are currently enrolled in the Pacific Gas and Electric Company (PG&E) Care Program.

CITY OF MORRO BAY Summary of FY 2019/20 Adopted Budget



PUT LIFE ON COAST

Mayor
John Heading

City Manager
Scott Collins

Mayor Pro-Tem
Red Davis

City Clerk:
Dana Swanson

Council Members
Dawn Addis
Jeff Heller
Marlys McPherson

Department Heads:
Jody Cox, Police
Steve Knuckles, Fire
Rob Livick, PW
Scot Graham, CDD
Eric Endersby, Harbor
Jen Callaway, Finance

595 Harbor St.
Morro Bay, CA
805-772-6222

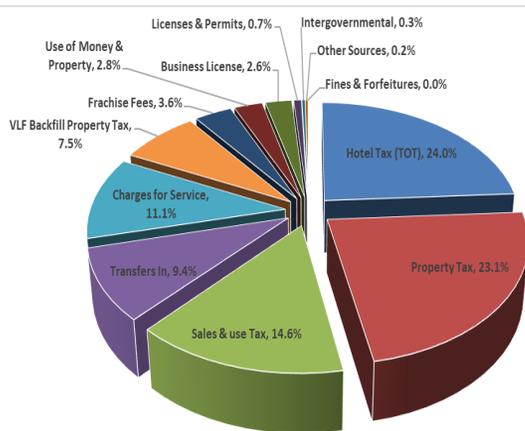
BUDGET SUMMARY

GENERAL FUND

Revenues: (By Category)

Hotel Tax (TOT)	\$	3,566,811
Property Tax		3,421,797
Sales & use Tax		2,165,680
Charges for Service		1,648,395
VLF Backfill Property Tax		1,114,716
Franchise Fees		536,136
Use of Money & Property		410,341
Business License		380,265
Licenses & Permits		109,859
Intergovernmental		44,540
Other Sources		36,237
Fines & Forfeitures		5,000
Total Revenues	\$	13,439,777
Transfers In		1,400,447
Total Revs & Transfers	\$	14,840,224

FY 2019/20 Revenues by Category
\$14.8 Million



Hotel Tax (TOT): Tax that is levied on occupants of hotel and motel rooms in the city for

VLF back-fill property Tax: A state fee charged for the privilege of operating a vehicle on public streets. A VLF is levied annually against the market value of a motor vehicle and is imposed by the state "in lieu" of local property taxes

Licenses & Permits: Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.



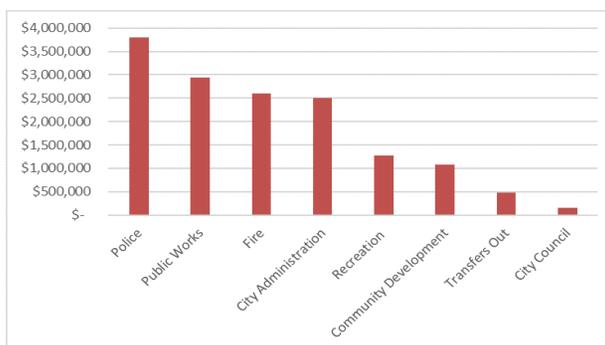
GENERAL FUND

Expenditures (By Department):

	<u>Total</u>	<u>% of Bud</u>
Police	\$ 3,803,428	25.6%
Public Works	2,937,601	19.8%
Fire	2,606,994	17.6%
City Administration*	2,505,288	16.9%
Recreation	1,276,559	8.6%
Community Development	1,136,633	7.3%
Transfers Out	480,970	3.2%
City Council	147,607	1.0%
Total	\$ 14,328,624	100%

*City Manager, Legal Services, Finance, Human Resources, Clerk, Contract Services

FY 2019/20 Expenditures by Department



Expenditures (By Category):

	<u>Total</u>	<u>% of Bud</u>
Salary & Benefits	\$ 11,049,983	74.5%
Services	2,663,648	18.0%
Supplies	518,353	3.5%
Transfers Out	480,970	3.2%
Other Uses	40,250	0.3%
Debt Service	35,189	0.2%
Equipment Replacement	16,000	0.1%
Total	\$ 14,835,736	100%

City Services are highly dependent on labor—the City's General Fund budget primarily supports personnel costs and the City's team that provides services to the community.

CITY-WIDE DATA

Personnel

Authorized Funded Positions	97.1
Elected Officials	5.0

Source of Funds:	Revenues	Transfers In	Total
General Fund	\$ 13,439,777	\$ 1,400,447	\$14,840,224
Capital Projects	21,483,283	15,504,243	36,987,526
Enterprise Funds	20,003,408	12,830,857	32,834,265
Special Revenue	1,925,644	60,000	1,985,644
Other Revenue	1,449,220	65,000	1,493,220
Internal Service	191,250	2,037,850	2,229,100
Totals	\$ 58,492,582	\$31,898,397	\$90,369,979

Expenditures (By Fund—Excluding Transfers)

General Fund	\$ 14,354,766
Capital Projects Funds	36,987,526
Transfers In	26,889,673
Enterprise Funds	11,028,227
Internal Service Funds	2,138,978
Special Revenue Funds	1,448,342
Other Funds	1,137,673
Total Expend & Transfers	\$ 93,985,185

Cash Balance Reserves*

	<u>2018/19</u>	<u>2019/20</u>
	<u>Est YE</u>	<u>Bud YE</u>
Other Funds	\$3,527,404	\$3,054,283
Water Funds	4,836,071	1,849,172
Sewer Funds ¹	3,408,860	2,342,595
General Fund	3,140,613	3,196,863
Internal Service Funds	1,736,114	1,769,986
Harbor Funds	593,706	219,252
Utility Discount	384,383	387,583
Tourism	222,383	222,946
Measure Q	147,163	147,163
Total Cash	\$17,788,176	\$12,981,322²

*The "cash balances" presented are a blend of fund balance and cash balance. Future budgets will be revised to provide fund balance for all funds.

1—Sewer Fund balance decreases year over year due to planned work on the Water Reclamation Facility Capital Project.

2—Decrease in available cash is primarily due to the budgeted expenditures for the City's new Water Reclamation Facility. The City budgeted use of available cash to reduce overall debt service and interest costs.

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