



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

An Overview of City Goals, Budget, and Management Partners Report

By Mayor Jamie Irons

Delivered at the November 10, 2015 Morro Bay City Council Meeting

Introduction

Welcome – Tonight’s Council meeting is an opportunity to provide the community with an update on our City’s Goals and our City’s Budget. In addition, we will also receive an update on the Management Partners City Assessment completed this past spring. Discussing all three of these topics at one time is appropriate as they dovetail together.

Tonight’s update will provide us with a way to measure our success and highlight our ongoing challenges.

After my review of these three key documents in preparation for this Council meeting, I believe our City is on a steady path forward to achieve our goals. At the same time, we are developing new opportunities that will ensure the sustainability of our City both in the short term and for the long haul. Yet, in order to continue a steady path forward, we will need to continue to prioritize our efforts and maintain our focus.

My remarks tonight can be considered a modified State of the City report to the community as we reach the mid-point of the City’s fiscal year.

After my remarks, I welcome the remarks of the Council.

Then, our City Manager will present the staff report in greater detail. Following his presentation, we’ll open it up for public comment and then conclude with council discussion.

First, thank you to our citizens and community for your participation in developing these core City goals in 2013. With your continued participation and input, these goals were reaffirmed and refined again for FY 2015/2016.

Thanks to staff for their diligent work within our community in moving forward the City's priorities and my personal thanks to the Council for working collaboratively to distill all the community and staff input into 10 city goals with 73 specific objectives.

In addition, it's important to note that this year's budget was a much more comprehensive document as a result of utilizing the Management Partners 10-year budget forecast process. This long-term fiscal forecasting model allowed the City to take an honest look at our financial future in order to prepare our City for the inevitable highs and lows of our economy over the next 10 years.

Because of this new budgeting tool, residents could see the data and understand the rationale that the City Council and City Staff used to make educated budget decisions to safeguard the ability of the City to provide core citizen services while setting aside funds to ensure a strong reserve.

Fortunately, we were also able to make strategic investments with one-time funds delivered at the end of our relationship with Dynegey. Those one-time funds were prioritized and discussed through a public process as well. Thanks to our City Management Team for digging deeper this year and making tough cuts to ensure our budget could meet current needs as well as allow for strategic investment of funds for the future.

Overview

Tonight, my remarks will address the current climate of the City while forecasting a bit into what the future holds for the City---I thought a weather metaphor might work well for my comments.

We all recognized that this past summer was one of the warmest and sunniest on record – where did our June gloom go? It was just one gorgeous beach day after another. How are we to see the El Nino storm clouds on the horizon with the brilliant sun in our eyes? I have attended meetings on water, sea level rise, and most recently I was invited to attend the Governor's Drought Task Force update at Cal Poly. We can see the deterioration of our infrastructure by taking a look at our streets and our City facilities.

Therefore, we all know that while we may be enjoying the sunshine today, there are storm clouds on the horizon. Will those clouds bring much needed rain to our City? Will those same rain clouds bring more water and more wind than we can safely manage? We have to prepare.

Managing a City may be similar to a career in meteorology. Our expert staff utilize their professional skills to manage the day-to-day needs of our City depending upon if it's sunny or cloudy or rainy. Yet, they also must be skilled at planning for future storms that we know will come but cannot pinpoint their arrival precisely.

Council members and community members can and do work collaboratively with city staff by monitoring the various weather stations in our community and bringing observations, issues, concerns, and many times even solutions to both the day-to-day forecast and long-term predictions.

Therefore, I'm pleased to state that while the overall forecast for our City is warm and pleasant, we are preparing for the inevitable unstable high pressure that will surely come our way.

And the way we do that is by setting clear and measurable goals.

Ten City Goals and 73 objectives is a big undertaking for our small City. Goal setting can bring change, adaptation, uncertainty, and excitement. I would like to highlight a few goals in my overview.

In the last two years, the City has been conducting a serious self-assessment in every area. We are taking an internal look at how we can do things better and finally getting to tasks that we have put off for too long.

One challenge that has been resolved that as citizens we often don't think about until we need it in an emergency is our Public Safety Dispatch Center. Our safety dispatch center was once in-house but now we have contracted that process with the Sheriff's Office and Cal Fire.

This was a change in how we traditionally did things in the City and there were concerns about if the change would be positive. In fact, our public safety staff report that the emergency response service level has improved in all areas and Morro Bay is much more connected to emergency services in the region than when we were going it alone. I saw firsthand the excellent coordinated response by multiple agencies in the county to a recent police officer involved shooting the first in over 10 years. The fine work by our police department was exceptional and the coordinated multi-agency response was equally impressive. Our City remains safe.

Increased auditing was another change we experienced this year. The business license audit was a stressful situation for some of our business owners. But, no audit is fun. And because audits are so difficult, it is so easy to put them off. Yet, the longer audits are put off the more difficult the process becomes for everyone.

One unintended positive result of getting our business license process back in line is that we have now rewritten our entire business license ordinance to be more fair and equitable to all businesses. We did this rewrite with great amounts of direct business owner and Chamber of Commerce input that now ensures our business code properly reflects our actual business environment.

Further overdue auditing includes the audit of all waterfront leases. It has been 10 years since a comprehensive audit of our waterfront leases has been done. Again, it can be a harrowing process but it is a duty of the City to conduct regular audits.

Speaking of long overdue processes, most of you know by now that our water rate structure had been overlooked for 20 years until finally it was revealed to the public two years ago that we were not meeting our contractual obligation with our State Water Contractor and our rates were not keeping pace with increasing costs of delivering our water – and we had to act to ensure continued service.

Following an extensive water and wastewater rate study, which included a great deal of public input, the result was that the City won voter approval for implementation of our new water and wastewater rate structure.

Therefore, we are now responsibly poised to cover the cost of the purchasing of water, servicing our water and wastewater infrastructure, funding long overdue capital improvement projects for water/wastewater, and ensuring ongoing maintenance of the water/wastewater system.

Another change that resulted after our deeper dive into the budget this year was to finally update our building and planning fees to achieve 100% cost recovery – just like every other city in the county. Now new projects will pay their fair share for the use of city infrastructure and services.

Those were just a few examples of the City's efforts at self-assessment. Taking an honest look at ourselves will ensure we are being responsible in providing the best service we can for our community.

But, this year we did more than just assess. We also made forward progress in many areas.

We have had discussions over the past few years about the need to diversify our city's economy and we began to take action on several initiatives under the banner of the LEAP program which stands for Local Economic Action Plan.

It was a process that encouraged innovation and the action initiatives were borne out of ideas from local stakeholders, business owners and the general public.

The acronym LEAP is appropriate, taking a leap can be risky, exciting, and rewarding. Without taking a leap there is nothing to be gained. The Parklet will be fondly connected to LEAP and though it was ultimately removed that doesn't mean we shouldn't look at refining our technique and timing for projects as we consider taking another LEAP in the future.

We continue to progress toward the construction of our City's largest infrastructure project ever – our new Water Reclamation Facility or WRF. With the project management team now on board, our public works staff is now able to focus on the day-to-day activities of running a city while working in tandem with the project management team to move the WRF process forward. Two key milestones making forward progress are our Facilities Master Plan in the beginning stages of development and the completion of the fatal flaws analysis. The schedule is indeed tight.

These are all necessary steps we must take to complete the project within the five-year goal timeline. Our preferred site location in the Morro Valley remains the same and our dedicated staff is focused on finalizing an MOU to secure the property needed for the new facility.

The condition of our streets continue to be an important issue for our community. While the past few years have seen an increase in street paving and a reprioritization of the streets work, the Council will soon discuss an opportunity to leverage current funds to

finance a large street reconstruction project without the consideration of an increased sales tax measure. The public will be able to weigh in on this discussion.

Thoughtful steps have been taken this year to do street work every two years instead of every year as was done in the past. Paving every two years leverages our dollars to buy more repair work by reducing the contractor's mobilization costs which can be as high as \$70k. That \$70k is better spent on our roads than for paying for a contractor to move his equipment.

City communications has grown its digital presence with a new website, new Facebook page, and a police information app. We have also improved the outreach and notification for building projects.

The City recognizes that digital is not the all-in-one answer to communication and customer service. I do hear from our community that our phone system could be improved and we are working on that. We continue to work to improve our counter services at all of our departments and I do often witness excellent customer service delivered by our staff at City Hall.

Public Services completed its first year as two distinct departments, Community Development, and Public Works. This has been a positive organizational change to better focus our service levels and expertise.

Another strategic investment in Community Development was the City purchase of a new software system called CityWorks that will allow a more efficient management of permitting and asset management and work order tracking. It will also enhance our customer service at all levels for developments both large and small, commercial and residential, as everyone will have real-time access every step of the way through the building process.

I'd like to focus again on our first comprehensive 10-year budget forecast completed this fiscal year. During our budget process, as a result of Management Partners 10-year budget forecast, the City was able to be strategic in funding identified and prioritized City goals and prepare for a predicted recession that would result in revenue shortfalls.

We are strategically increasing our General Fund Emergency Reserve above our set policy reserve level for the next 3 years. Should a predicted recession take place, we will be well positioned to draw on those reserves to maintain City services for our community.

This is one step in planning for fiscal sustainability and ensuring the City maintains a healthy General Fund Emergency Reserve.

Also, recognizing the importance of fiscal oversight, City Council expanded the duties of the Measure Q committee's responsibilities.

A newly formed Citizens Finance Advisory Committee will continue the work of the Measure Q Committee to provide oversight of expenditures of the half-cent sales tax measure while expanding their focus to include input to the City Council on the preparation and oversight

of the entire City budget including enhancing the budget process to make it easier to understand by all citizens.

I'd like to acknowledge that the City of Morro Bay was one of three cities identified in this month's issue of Western City magazine published by the League of California Cities. The City was mentioned in an article entitled "Forecasting for an Uncertain Fiscal Future".

The City of Morro Bay was highlighted under "Modeling for the Future" as one of the California cities that is using budget forecasting tools to work toward long term financial stability. Congratulations to Morro Bay for taking an innovative approach to city budgeting.

This year's Fiscal Year budget outlook is strong. We have seen growth in our Sales Tax, Property Tax, and Transient Occupancy Tax (commonly known as TOT). These are three key indicators of our city's economic health and when they are all up, it's a positive sign.

Tourism continues to be strong for the city, as it is for our county as a whole, and we applaud the efforts of our Tourism Business Improvement District stakeholders for spending our marketing dollars well to increase our TOT revenue.

Yet, as we know, tourism is one component of the city's overall economic development therefore we are investing in the development of a Strategic Economic Development Plan to kick off in a few months.

Our land use documents also affect Economic Development. Management Partners identified this in their 2008 City Assessment. Our General Plan/Local Coastal Plan is 30 years out of date.

In this year's adopted budget, we have budgeted to update the GP/LCP, create a Strategic Economic Development Plan and a Downtown Specific Plan.

These are critical investments in our city's future and with robust citizen input, a committed and collaborative City Council and our professional staff, these completed and adopted plans will be part of the necessary tools to chart our path for a sustainable future.

I am also encouraged by the highly engaged citizens who have been appointed to our new General Plan Advisory Committee, or GPAC. This committee will ensure the community's voice will be heard as we move through the General Plan update process.

While the future looks bright, I'd like to take some time to celebrate some successes this year:

- We celebrated a new Ladder Fire Truck, compliments of a generous gift from the Shultz Family Trust.
- Our Planning Commission worked to recommend Neighborhood Compatibility Guidelines the Council adopted.
- Council Members Christine Johnson, Noah Smukler, and city staff coordinated a City-sponsored 4th of July celebration.

- The City funded and continued the “fill in gap” program adding sidewalks in the business districts.
- We partnered with the Chamber for the operation of the City’s Visitor Center and saved \$50,000 with the partnership.
- We landed a pilot parklet on Main Street that launched a vibrant community discussion about public spaces, parking and innovation.
- The Del Mar Park parking lot was reconstructed and the park’s pathways were repaved.
- The Triangle Parking Lot at the Power Plant was fully transferred to the City, and converted into a fully functioning parking lot.
- We partnered with our volunteer beautification groups in Morro Bay earning a national award from America in Bloom, hosted by Morro Bay in Bloom this summer.
- The long awaited Morro Creek Bike/Pedestrian bridge was officially open on July 4 with 700 bikers crossing the bridge after the ribbon cutting.
- We partnered with Morro Bay TBID, and the County’s Tourism Marketing District, Visit SLO County, to bring the Amgen Tour of California bicycle race to the City of Morro Bay in 2016.
- The Harbor Festival was reinvented as a one-day free family fun event that received rave reviews.
- We partnered with the Morro Bay Bike Park and Central Coast Concerned Mountain Bikers to build a bike park on City Property that will be a new facility for our city’s youth.
- And if you noticed, we are trimming the street trees in the downtown district.

Thanks to our staff and our city employees for the incredible amount of work in accomplishing the goals so far. And thanks to this council for maintaining focus on priorities and showing restraint and thoughtfulness on future agenda items. We have had some lofty City Council agenda’s and we have engaged citizens and public input. It takes focusing on our prioritized city goals to be successful at accomplishing them. We have had some requests for new projects during the year and as a city we have to be able to adapt, but, as I said at the beginning, to continue on a steady path forward we have to focus and prioritize. And, tonight, you can see us doing both.

We are coming up into the holiday season and it’s a great time to say thanks to our community and advisory boards and say thanks to our City employees for keeping us safe and for providing great service. All the best to you and your families.