



City of Morro Bay
Adopted Operating and
Capital Budgets
Fiscal Year 2016/17

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

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CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

Memorandum for City Council

Date: June 8, 2016

Subject: FY16-17 Budget Letter (Adopted)

My staff and I are happy to present you the FY16-17 Budget for Adoption. The General Fund budget is balanced and shows a small surplus of \$11,235.

As per usual, this budget covers all of the various funds in the City:

- The General Fund and associated reserve/accumulation funds such as the General Fund Emergency Reserve, and Facility and Vehicle Replacement Funds, etc.
- Special Revenue Funds such as Measure Q, Morro Bay Tourism Business Improvement District and Governmental Impact Fees,
- Enterprise Funds such as Water and Sewer.
- Other funds such as the Wastewater Treatment fund which is a Component Unit fund jointly managed by the City and the Cayucos Sanitary District.

A comprehensive City Funds List is in the attachments.

By law, revenues into the Enterprise Funds must be used only for related expenses. Staff is diligent to ensure, for example, that water fund revenues are only used for expenses directly related to the acquisition, treatment and distribution of water.

The Special Revenue Funds have similar requirements and limitations. Perhaps our most important / visible special revenue fund is the Measure Q fund that receives revenues from the City's ½ cent special sales tax passed in Nov 2006 under Measure Q and intended solely for streets, storm drains and public safety. This year Measure Q is projected to generate revenues of over \$1M to be used for streets and public safety, and this budget does that. The other special revenue funds are in balance and, except as noted below, unremarkable.

The General Fund will, as per usual, generate the most interest, as it provides the biggest opportunity for discretionary spending. That said, even in the ~\$12M general fund, there are limited discretionary funds available, and thus little capacity to address major city goals. With around 72% of the General Fund committed to labor, and much of the balance committed to fairly non-negotiable items such as paying for the basic license for our accounting software, providing essential training for police and fire personnel, having copy machines in city offices and purchasing fuel for police and fire vehicles, there is little money left to spread between our many various needs and desires. That said, this budget does work to address many of our

adopted FY16-17 work plan objectives. For example, this budget increases spending on tree trimming by 50% over last year, and sustains the tripling of resources for cleaning bathrooms and emptying trash cans, allowing us to keep up with demand created by visitors and residents, especially on weekends.

Addressing our revenue shortfalls is crucial for the City if we are to remain a full service City in the decades ahead. The following section elaborates a bit more on that tension.

10-Year Budget Forecast

This budget is based on, and consistent with, the 10-year Budget Forecast prepared for Morro Bay by Management Partners, and presented to the Council in March 2016. This was our second-ever 10-year forecast and this year included the Harbor Fund. We intend to include the Water and Sewer Funds in our next 10-year forecast. That budget forecast was quite clear in demonstrating that while Morro Bay is not on the verge of insolvency, we have some significant medium term (5-year) and long-term (30 year) fiscal challenges.

- **Long Term Challenges.** Generalizing, the community of Morro Bay grew up a small but vibrant fishing port and the City of Morro Bay developed around the Morro Bay Power Plant.
 - Nurturing and retaining our working waterfront and wonderful commercial fishing is clearly an important requirement. However, requirements for streets, Police, Fire and Harbor and other City services have grown beyond what our small but vibrant fishing industry can sustain. Much more significant, the revenues the city previously received from the MBPP are gone, and the City has not revitalized in a way that sustainably replaces those lost revenues.
 - While tourism in general, and the transient occupancy tax (TOT) in specific, have been crucial in keeping us afloat, it is very unlikely – and perhaps not completely desirable – that Tourism will grow in a way that will make the City’s finances sustainable for 50 years. To be clear, tourism is absolutely essential (TOT alone comprises fully 25% of the general revenues in this budget) but we would need to double the number of overnight visitors today in order to meet our requirements today. That is not happening, and, as noted, it not desirable. The City must broaden and diversify our economy and take decisive steps to encourage smart investment to revitalize, focused initially on our four primary economic zones: downtown, the Embarcadero, North Main Street, and Quintana Road.
 - The City Manager has written and spoken a lot on economic development and revitalization in the past year and we do not intend to further expand on that

need. Suffice it to say that if Morro Bay does not permit some measured change, we will not be able to pave our streets, replace public facilities, provide the level of police and fire service we believe is appropriate for this community or even think about other needs that might be a bit higher on Maslow's hierarchy – such as improved aesthetics in public spaces and expanded recreation programs. All that said, there are huge opportunities for precisely the kind of small, green, targeted revitalization and economic development actions that could make the City sustainable. Our ongoing Economic Development Strategic Plan, and the City's parallel economic investment engagement program, will tee-up opportunities. The question is, will the City swing, or not? With recent approvals for the new Aquarium project, the Libertine complete remodel, and investment in a business-speed fiber network – we on the right path.

- **Medium Term Challenges.** Two medium-term concerns identified in our 10-year budget forecast are being dealt with appropriately. First, along with the rest of California, our CALPERS contributions began to spike this year, driving our labor costs up measurably. The good news for Morro Bay is, unlike many California cities, those same CALPERS contributions are going to drop back down to current levels quite quickly – in about 3-4 years. So, we have a four to five year problem, not a 20-year CALPERS problem. This budget absorbs the impact of the beginning of that spike and remains in balance, largely because a projected 2017 recession may not be manifesting itself when projected. Our new 10-year budget forecast does project a moderate 5% recession in 2018 instead of 2017. It may come in 2017, 2018, or not at all. The important point is that we are projecting a recession, and have that built into our forecast, so we are prepared for it.

Cash-based vs Requirements-based Budgeting

Like many cities, Morro Bay has consistently practiced “cash-based” budgeting. That is, we project about how much cash (revenues) we expect to receive, and then divvy that up across all the usual suspects (expenditures). While this is standard, it does not give us a very good picture of what you are choosing *not* to “buy” and, therefore, it does not allow us to see and adjust priorities very well. For example, what if we learned we were funding the Fire Department at 35% of their requirement and streets at 95% of the requirement? We might choose to increase the Fire budget and reduce the streets budget.

The City's requirements, just in the General Fund, are likely \$3,000,000 below our current revenues / budget. Another way to say this is that in order to provide the basic services we believe we should be providing, we need revenues of around \$16,000,000 and our revenues this years are projected just short of \$13,000,000. This is not to say the City is running a \$3M

deficit, this budget is balanced. However, this budget does not fully fund some basic services, including:

- **Streets.** The Pavement Condition Index (PCI) is the accepted measure of street condition / maintenance, and an average of PCI-70 is the California State standard. Were our streets currently at PMI-70 (they are not even close to that good), we would need to budget around \$1,500,000/year simply to keep our streets at that average condition. This budget allocates almost \$600,000 to streets. So, we are funding our streets at about 33% of the requirement (an important note here is that since our streets are in quite bad condition, we actually require about 15 years of \$2M/year spending to bring them up to an average of PCI-70). So, that is \$1M of our budget gap.
- **Capital Replacement.** The City now has a capital facility replacement fund into which money should be set aside each year for major maintenance and eventual replacement of City facilities (a.k.a., funded depreciation). We anticipate that Morro Bay should be saving about \$1,000,000/year for major maintenance/funded depreciation. This budget allocates \$100,000 to this purpose, 10% of our requirement. That is another \$1M of our \$3M gap.
- **Police Department.** We believe that having 3 officers on patrol / shift is appropriate for Morro Bay. To maintain three x 3-officer shifts, we require 20 police officers. This budget includes 18 police officers, one of which is the School Resource Officer. If 3 officers/shift is the basic requirement, we are short around \$250K in the PD.
- **Fire Department.** We believe that having four full-time firefighters on duty and ready to respond is appropriate for Morro Bay. To achieve this, we require two additional firefighters in the General Fund. We are short around \$250K for firefighters and associated equipment.
- **Other Needs.** While we are sustaining our existing recreation programs, as minimum wage nearly doubles from 2014 to 2020, the cost of continuing existing programs will increase dramatically. Further, our community values recreation programs, especially for youth and seniors, and expanding opportunities is a legitimate goal. Other needs included a broad and sustained effort to improve the safety and aesthetics of our public spaces – from tree-trimming to sidewalk replacement to tree-lighting to public restrooms, trash collection and upkeep of public-serving City facilities. Between recreation and general improvement and upkeep of public spaces, we are likely short another \$500,000.

Over the upcoming years, we intend to better define the requirements for all City activities and provide these to you in a way that helps you make important budget decisions.

City Organization and Full Time Equivalent Employees

With this budget the City Manager is recommending a number of moderate changes to the city's organization. These changes follow:

- Moves responsibility for Human Resources from Administrative Services to the City Clerk Office. This essentially establishes a City Clerk Office that includes traditional City Clerk operations, Risk Management and Human Resources. The City Clerk position is moved from the Confidential Group to the Management Group. While the salary is higher, this is a zero cost change since as a manager the City Clerk will not receive overtime / compensatory time for working Council meetings. The City Clerks new salary was set in the schedule to equal her previous salary, plus the cost of overtime / comp time paid due to the many meetings she is required to attend.
- With the organization of Human Resources under the City Clerk, the Administrative Services Department will no longer supervise either HR or IT and will only include finance functions. Thus, this budget renames Administrative Services Department to the Finance Department and changes the previous *Administrative Services* Director title to *Finance* Director.
- Identifies the senior employee in the Community Development as the *Director*, instead of the Community Development *Manager*. We established the Community Development *Department* in the budget last year, but waited until this year to formally make the Community Development Manager the Community Development *Director*.
- Refers formally to "Recreation" as the Recreation Services Division instead of the Parks and Recreation Department.
- Increases the level and authority of one of the two previous Recreation Supervisors to a Recreation Coordinator. The Coordinator is not part of the Management Group, but is more senior than a Supervisor. That position is currently vacant and is in the hiring process. This will allow us to hire a supervisory employee who will be responsible for supervising the entire Recreation Services Division while also focusing on particular programs and improvements. The Recreation Services Division Coordinator will report to the Deputy City Manager.
- Changes two Recreation employees from full-time / partial benefits, to FTE. This is consistent with Council action and request when we recently did the same thing for a position in Community Development. We are moving away from working employees full-time without providing benefits consistent with other full time employees.
- With the announced retirement of the Administrative Services Director, and voluntary resignation of the Deputy City Manager, we are in the process of hiring two key

executive-level employees. As we go through the hiring process, we may not find a DCM with the precise skill set as the previous DCM, and may find a finance professional with other key skills. It is possible, perhaps likely, that during this process the City Manager will fill these positions in a way that juggles current responsibilities marginally. To be sure, between the City Manager, City Clerk, new Deputy City Manager and new Finance Director, the City Manager will ensure that the key functions of Finance, Human Resources, Economic Development, Information Technology, and Public Engagement - and also supervision of the Recreation Services Division, are appropriately assigned and aligned.

- Further, depending on the qualifications of the various applicants for these positions, it is possible the City Manager will decide to hire one of these positions as an Assistant City Manager. That is, either an Assistant City Manager instead of a Deputy City Manager, or, an Assistant City Manager / Finance Director. In either case the ACM would have a full portfolio of key responsibilities (see paragraph above) but might also be the designated “second in command” and able to exercise appropriate authority to manage the City, especially when the City Manager is not available.

The changes above, and changes previously approved by Council action, set the City’s Full Time Equivalent (FTE) employee number at 96.75.

Attachment 1 to this budget letter and included at the beginning of the budget is a detailed city organization chart. This chart(s) is not meant to perfectly describe lines of authority or function within departments / divisions. It does, however, clearly lay out City Organization at the Department and in some cases Division level, and further clearly designated the City’s 96.75 FTE positions. It is important to note that FTE is tied to positions / budget and not necessarily to people. In a few cases we have part time employees, or no employees, in FTE positions as we determine the most effective and efficient way to do the City’s business.

Key Funds and New Actions

Before providing a department-by-department overview of the budget, it is important to highlight some key funds and identify some new actions in this year’s budget. The City made good initial progress last year establishing some protected funds for specific purposes, and focusing attention of special funds that had previously existed.

- **General Fund Emergency Reserve (GFER).** The GFER level for end of year 2016 was set by Council resolution at \$3.58M. We anticipate we will end this year at \$3.59M, \$100,000 above requirement. For a number of reasons, we recommend leaving that extra \$100K in the GFER as a buffer. The Council adopted GFER level for EOY 17 is \$3.28M, but this was set based on a project 2017 recession. This budget anticipates ending FY16/17 with \$3.61M in the GFER, around \$330K above the requirement. We do

not recommend spending this “surplus” since the GFER remains below our general 27.5% of revenues GFER target.

- **Risk Management Fund.** Our minimum reserve in this fund is set at \$100,000 by policy. We anticipate we will end this year with \$153K in the risk management fund, and end next year with \$254K in that fund. Thus, there may be some opportunity for 1-time spending from this fund since it is above the minimum reserve level. However, there are a number of ongoing activities that could impact this fund and staff does not recommend harvesting any excess from the risk management fund until the mid-year 2016-17 budget review.
- **Capital Replacement Fund.** This fund was established last year as “funded depreciation” account for the eventual replacement of City facilities such as the police station, public bathrooms and other public facilities. We put \$100,000 into this fund last year, and this year are increasing the contribution to \$100,000. This is the fund that likely requires a \$1M annual contribution for facility major maintenance and replacement. At the end of FY16-17, the City will have \$175K on hand for capital replacement.
- **Vehicle Replacement Fund.** This fund was established as a way to regularly save for replacement of city vehicles. We contributed \$100K to this fund in FY15-16 and did not purchase any vehicles so had no expenditures. This budget puts \$75,000 into this fund. We anticipate needing to replace two maintenance trucks that have reached the end of their lifecycle and thus expenditure of \$70,000 is planned. This coming year he hope to project the ongoing annual requirement for vehicle replacement. At this point we are not positive if the requirement is \$75,000 a year or \$200,000 a year, or somewhere in between.
- **Project Accumulation Fund.** This fund was established to protect funds required for new capital projects, be they known or unknown. This may also be a source of matching fund for grants associated with projects. Upcoming projects could be the 41 and Main intersection improvements, the Embarcadero Promenade concept, or other new projects/facilities approved by Council. We put \$200K into this fund in last year’s budget. This year we were able to contribute \$125K. For good, sustainable fiscal planning and execution, like with the Capital Replacement and Vehicle Replacement Funds, it is important that we continue to save into these fund and not view them as sources for more day-to-day priorities and opportunities.
- **General Fund Facility Maintenance Fund.** This fund is for general ongoing maintenance of city facilities. Fixing roofs, repairing toilets, painting public bathrooms, etc. This fund was historically funded from payments on the Brannigans/Distasios/Salwassar note the city held. This fund will now be funded from rents received from the tenant in the now-city-owned Distasios building. Over the next few years we will need to begin to fund this maintenance fund from general fund revenues directly as we consider possible revitalization of the Market Plaza area including the Distasios restaurant building.

- **Compensable Leaves Fund.** This fund was created last year to save against “retirement payouts.” These payouts are for unused employee leaves that must be paid out when an employee separates from City employment. Since we cannot predict when an employee will retire or resign, those payouts are currently unfunded expenditures from the current year budget – a bad way of doing business. The current required level in this bucket is ~\$686K. That is, if every current employee cashed in all accrued and payable leaves (vacation, compensatory time off, administrative leave, floating holiday bank) today, we’d have a bill of about ~\$686K. New in the budget this year, we are now saving a little each year to put into this fund. This is in the budget as a 1% “tax” on all regular pays. Over the years ahead, we intend to build up an appropriate reserve in this fund to pay for unanticipated compensable leaves. This budget projects \$66,732 to go into this fund this year.
- **Contract Services.** Not a new fund but a new section in the General Fund budget is “Contract Services”. This year we have consolidated some of our largest contracts, especially those that serve multiple departments, into one budget section. Most of these contracts were previously split between various departments and showing them all in one place should improve visibility on them.

THE GENERAL FUND

With that overview as a preface, the General Fund discussion follows. As you know, the General Fund is the recipient of most of our taxes, and pays for most of our services. This budget appropriately commits the vast majority of our revenues to our most basic services: Public Safety and Infrastructure.

General Fund Revenues

General Fund Revenues come primarily from four sources: property tax, transient occupancy tax (TOT), sales tax and various fees-for-service charged by the city. Sales Tax, TOT and Property Taxes generate well over 70% of projected revenues.

One key component of the City’s 10-year budget forecast is a professional analysis of the City’s revenue sources and then projecting future revenues considering economic trends and with a benchmarking eye on similar cities. The 10-year forecast is available on the City’s website for additional reference. The revenue forecasts in this budget are firmly based on our March 2016 10-year budget forecast.

- The property tax projection is based in part on the most recent County assessor data. We are projecting a ~4.5% increase in property tax this year.
- Sales tax is projected to increase about 1.5%. It is important to note, if comparing these budget lines years after year, that the expiration of the “triple flip” (sales-tax-in-lieu, a State-orchestrated accounting modification) skews our year over year property tax and sales tax numbers slightly.

- While the City is projecting long-term growth of TOT at 5%, we are budgeting an increase of 6% this year as we continue to see strong tourism numbers and anticipate the continued effectiveness of Morro Bay Tourism.
- Other fee-based revenues have been adjusted slightly higher from last year, primarily affected by an around 2% adjustment based on the consumer price index and other appropriate indexes.

While projecting revenues might be fun for a few, everyone loves deciding what to spend money on. So, here with go with expenditures.

General Fund Expenditures

As with previous budgets, this budget divides expenditures up by various departments and sub-departmental sections of accounting. The letter will address them all at Departmental level.

Personnel

Since people are the most expensive part of any governmental budget, they deserve a separate section. This budget spends over 72% on people, and 57% of that is on firefighters and police officers. Indeed, over 45% of the entire General Fund budget goes to pay the police officers and firemen on the streets - money well spent.

General Fund Departmental Expenditures

The following sections address the various General Fund Departments / Sections in more detail. Readers may refer to either the one-page budget schedules, or the more detailed line-by-line budget reports, for additional information.

City Council

This section covers expenses generated by City Council.

- The personnel line covers personnel costs for five council members.
- The services line includes items such as insurance share, and EVC, LAFCO, League of California Cities and California Coastal Trail Association memberships.
- The services line also includes sufficient meetings and travel funds for City Council attendance at the bi-annual LCC Annual Conference and the LCC Mayors and Councilmembers Academy.
- Under “payment to other agencies”, this budget includes a defined “one-time bequests” line for \$8,000, up from \$7,500 last year. (6.6% increase) This is the Council’s “benevolence” fund, monies available to support worthy causes, such as SCORE,

Community Resource Connections office, and Senior Nutrition. Based on last years contributions, staff recommends the Council consider this distribution:

Activity	2015-16 Contribution	2016-17 Contribution
Senior Nutrition	\$5000	\$5000
SLO Housing Trust	\$1000	\$1000
Community Resource Connections	\$1000	\$1000
SCORE	\$500	\$500
TBD	0	\$500
Total	\$7500	\$8000

- The city will fulfill a request for \$5000 in assistance from Home Share SLO. Funds will be transferred from the Housing in Lieu fund with no effect on the general fund.

City Manager

This section covers expenses generated by the City Manager’s office. The City Clerk, previously included in this section, has been moved entirely to a separate department.

- The personnel line covers personnel costs for the City Manager.
- The services line includes items such as utilities, memberships in appropriate professional organizations, attendance at essential professional training and conferences, staff training events, and volunteer recognition events.
- This budget includes \$25,000 for the City Manager’s Opportunity Fund, a discretionary fund the City Manager may use as appropriate for unidentified projects and items, normally related to improving our economic / fiscal situation. Last year, this fund paid for our 10-year economic forecast, provided limited assistance to the Chamber Business Walk, completed the split-rail fence at the bike park, provided flexibility to make an immediate commitment to host the AMGEN Tour of California, and similar activities clearly in line with our City’s Goals and Objectives but not known requirement during the budget process. This fund was budgeted at \$30,000 last year (first year of existence) and reduced to \$25,000 this year.

Contract Services

This is a new section of the budget this year, a change made to provide better transparency and cleaner understanding of some significant expenses. Each of the major contracts in this section were previously included in other sections of the budget. They are all now consolidated in this section. Following is a brief description of each of these contracts.

- Fiscal Management Fees. \$7,500. This is the City's required contract with the Public Agency Retirement System (PARS), to provide social security-like retirement coverage to part time employees not enrolled in CALPERS.
- Aleshire & Wynder. \$150,000. This is the General Fund portion of our legal services contract with Aleshire & Wynder. The City continues to receive excellent, comprehensive service from A&W.
- AGP Video. \$60,000. The cost of providing TV coverage of all public meetings. The City is saving some money in this area using employee hours to post meeting videos on YouTube instead of paying an additional fee for this service.
- Dispatch Services. Dispatch services for Fire (\$123,899) and Sheriff (\$252,076). The transition to regional dispatch has gone quite smoothly and is providing good service to both our first responders and our residents.
- DocuTeam. \$9,500. This is the general fund share for the legally required storage of historic City documents by a contractor. As we improve our record keeping and digitize historic documents, we may be able to wean ourselves off of this service; however, there will likely be a short-term uptick in costs to destroy records as appropriate based on an updated Record Retention Schedule.
- Digital Map. \$10,000. This is the general fund share of our current GIS mapping application (likely to be replaced with Cityworks when that is fully operational).
- Ricoh. \$35,000. This is consolidated cost of all general fund departments for our copier services contract. In Feb 2016 staff reviewed this contract, compared it to other alternatives, and determined to continue with this Ricoh contract for this essential service.
- Visitor Center. The City is under contract with the Chamber of Commerce to provide Visitor Center services in the City-owned building at 695 Harbor Street. The contractual expense for this service in FY16-17 is \$50,000.
- Animal Services. This is the City's pro-rata share paid to the County for animal services: animal shelter, etc. Since the County has approved and is moving forward with construction of a new animal shelter, we are budgeting for a substantial increase to Animal Services, from ~\$45,000 to ~\$70,000. The SLO County City Managers are working closely with / against County staff to ensure this project meets basic requirements but does not grow beyond the basic level of service required for public

health and expected by the population. This is budgeted conservatively as the project is in the initial planning phase, budgeting the expense next year should be more precise.

City Clerk Office

City Clerk and Legal Services

This section covers expenses generated by the City Clerk office. This office includes the City Clerk and Legal Assistant / Deputy City Clerk. The Legal Assistant / Deputy City Clerk is our primary Risk Management employee and much of her time is charged to Risk Management. As noted in the reorganization section, we will combine Human Resources (HR) into this office this year and so HR is included under the City Clerk Office.

- The personnel line covers personnel costs for the City Clerk and Legal Assistant, with a split between both City Clerk and Risk Management.
- The services line includes resources to complete the Clerks formal education as a Certified City Clerk, appropriate professional development, (including supervisory training), and association memberships for the Clerk and Deputy Clerk.

Elections

This section budgets \$10,350 for local elections. This will be combined with the \$10,000 allocated in the FY15-16 budget to pay the ~\$20,000 bill for the November 2016 election.

Human Resources

This section covers Human Resources operations for a ~100 person organization.

- The personnel line is for one full-time employee.
- The Services line includes items such as retainer for Liebert Cassidy and Whitmore who provide valuable HR training and advising (\$4,590) and Addiction Medicine who provide our new employee drug testing service (\$3,000).

Deputy / Assistant City Manager

This section covers expenses generated by the Deputy / Assistant City Manager's office.

- The personnel line covers 50% of the personnel costs for the Deputy City Manager. The rest of the DCM's personal costs are distributed between IT and Rec.

- The services line includes a total of \$3,000 for communication, promotion and advertising requirements such as special utility bill mailers to inform residents of particular important information / events.
- The services line also includes appropriate professional development activities and memberships.

Finance Department (Accounting and Treasury)

This section covers most major general fund revenues, and Finance Department expenses. As noted previously, HR was previously organized under this department and has been moved in this budget to the City Clerk Office.

- The personnel line covers all or part of several finance employees, including the Administrative Services Director (to transition to Finance Director), Senior Accounting Technician and Account Clerks. The personnel line also includes \$30,000 for the planned 2-month overlap between our retiring Administrative Services director and our incoming Finance Director.
- The services line includes items such as annual audit (\$40,750), licenses for financial accounting systems and services, \$63,000), miscellaneous bank charges (\$12,000), postage, telephone service, etc.
- The services line also includes \$5,000 for our FY 17-18 10-year Budget Forecast planned for February 2017.

Police Department

This section covers the Police Department and has two parts: operations and support services.

- The overall PD budget is inline from last year with no major overall changes.
- The total expenses are around \$140,000 lower than last year due to moving the Sheriff dispatch contract (~\$250,000) to contract services.
- The remaining general increase in expenses is due primarily to the anticipated sharp increase in CALPERS contributions, an increase we forecasted, and anticipate to continue for about 4 years and then drawing down.
- PD Operations.
 - The operations section includes all PD operations – primarily labor for sworn officers.

- This budget includes a new, part-time position, a training coordinator, who will support the department's strategic plan objectives by enhancing patrol resources through the employ of non-sworn professional staff. The training coordinator will be responsible for planning and scheduling all professional development and required training, crime analysis, social media support, and other duties as assigned. This position is included in the department's COPS budget along with the part-time property and evidence technician.
- The Supplies and Services section includes items such as vehicle fuel (\$35K), weapons training (\$7K), officer training (\$40K), hiring and investigations (\$22K), etc.
- Support Services. The Support services section is very much in line with last year's budget. The movement of sheriff dispatch to contract services is the reason for the significant drop in the services section from last year.

Fire Department

This section covers all fire department operations.

- Overall, the Fire Department is inline from last year. The total expenses show a \$140K reduction from 2016 due primarily to moving the fire dispatch contract (\$123K) to contract services.
- The personnel line can be confusing because of overtime pay, part-time pay, Measure Q funding, and mutual aid.
- The overtime pay line is down sharply from last year because we are not budgeting for mutual aid revenues or expenditures. Mutual aid responses during fire season from our Fire Department directly impact the overtime pay line. The costs of mutual aid responses are always balanced with mutual aid revenues and adjusted during the mid-year budget process. We are not budgeting for either mutual aid revenues or expenses and will balance them at mid-year after the summer fire season.
- The personnel line includes a .25 FTE (10-hour) increase to our .5 FTE admin in the Fire Department. This increase is largely balanced by a decrease in other part time pay. This increase in admin will allow the Fire Chief to focus more time on grant writing and less on routine admin – a move that should pay financial dividend. If it does not, we will not continue this next year.
- This budget does include \$10,000 for professional assistance to complete our Hazard Mitigation Plan – a requirement associated with FY15/16 Goal #4 (Public Safety)-Objectives “b” (Drought Annex) and “e” (Emergency Plan Update).

- The EOC disaster preparedness section is in line with previous years, and has EOC funding associated with FY 15/16 Goal #4 (Public Safety) -Objective “a” (EOC training).

Community Development

This section covers our now enduring Community Development Department. The following are some general comments on the Community Development section.

- The budget includes personnel costs for the Community Development Director, two permanent planners, two part-time contract planners, two part time code enforcement offices, the building inspector, Permit Technician, full time Office Assistant and part time Office Assistant.
- The measurable increase in regular pay is offset by a reduction in part time pay, a result of council approval to make the assistant / associate planner position a FTE. This change increased the Community Development Budget by approximately \$8,200 related to added benefits.
- The budget includes \$100,000 for the Council directed comprehensive update to the Zoning Ordinance as identified in Goal #3, objective b.
- This budget includes \$15K for environmental and consultant services related to Goal #3, Objective d, update of the wireless ordinance and Objective f, implementation of the 2016 Building Code.
- This budget includes a \$15K ongoing amount for the CityWorks planning & building permitting application/ work order system.

Public Works

This section covers the public works department, minus the water and sewer enterprise funds. There are no significant changes to this department since our reorganization that was reflected in the 2016 budget.

- This section can be a little hard to understand, especially the personnel pieces, since we are required to have a number of special budget sections (Public Works, Consolidated Maintenance, Street Maintenance, Street Trees Street Lighting and Storm and Creek Maintenance) and some personnel costs are split between those sections.
- This budget completes what has been a long transition from multiple separate maintenance sections into one truly consolidated maintenance section. As of now, and reflected in this budget, we have a single Field Maintenance Supervisor who supervises and directs all maintenance work, from street repair to facility maintenance to park maintenance. There is not significant budget impact because several previous Lead Worker positions were consolidated into a single Field Maintenance Supervisor position

and the lead workers will be replaced with lower level maintenance workers that results no total increase to the cost of labor.

- Personnel. There are no full-time-equivalent personnel changes. One employee hired into an FTE position in a part time role has been made FTE and is budgeted thereas in a position that was already FTE-approved by Council. Staff is still evaluating the three vacant FTE positions in PW, all which are currently filled with temporary employees, these include one Engineering Technician and two Maintenance workers.\
- This budget includes an additional \$15,000 to increase our tree-trimming by 50% over previous years.
- Street reconstruction and paving monies come primarily from the Measure Q special revenue fund. We will note here also, in the public works section, that we were able to increase street construction and paving by 13% over last year, from around \$520K to around \$587K. Still far off our requirement, but we are working to steadily increase our streets budget.
- This budget includes \$45,000 in the Streets Budget for Materials. These materials include:
 - Five tons of asphalt a week for eight months of the year for basic street maintenance, and to complete Goal #2 (Streets)-Objective “d” (Pavement System).
 - Approximately \$6,500 in materials and another \$15,000 in contract services to replace 20% of non-conforming regulatory signs per Goal #2 (Streets)-Objective “c.ii” (Regulatory Signs).
- Additional Contract services in the Streets division budget is the \$38,000 street-sweeping contract, and is required by the State, primarily due to storm drain requirements along with \$10,000 for the maintenance of the Rock parking lot and \$15,000 for sidewalk maintenance.

Other major public works general fund items include:

- Contract services for engineering and survey support (\$20,000). These services we typically used in the past but did not budget for.
- Support for the GIS server needed for the implementation of CityWorks (\$10,000), this will be supplemented with the Water and Sewer funds share for this requirement (\$20,000)

Recreation Services Division

This section covers the Recreation Services Division. While there has been a fairly moderate change in personnel over the past year with the departure of both a Department Head level

Director, and a full-time admin assistant, it appears that delivery of services has been reasonably consistent.

We remain committed to delivering the best recreation services, and look forward to providing even more as the City's revenues improve. It is critical to note, however, that with minimum wage nearly doubling, from \$8/hour in 2014 to \$15/hour in 2021, it will be very difficult to maintain our current level of service without increasing some program costs or substantially increasing general fund subsidy to rec programs. So, future general revenue increases may get eaten up by increased part-time labor costs (due to minimum wage hike) instead of going into expanded programs.

With the recent departure of the full-time Youth Services Supervisor, we plan to hire a Recreation Services Coordinator - a slightly more senior position who will supervise all Recreation Services Division.

- Personnel. This budget includes the slight (~\$3K) increase in moving from a Youth Services Supervisor to a Recreation Services Coordinator, and also moves two long serving "full time / partial benefits" employees in enduring positions to FTE.
- These changes provide a division manager in the office day to day, working in tandem with the Deputy City Manager on long-range recreation planning to further enhance this crucial quality of life initiative for our community.
- Modifying the Kids Club/Kids Camp Director and Teen Center Director/Facility Permit Specialist to full-time positions recognizes their already lengthy hours in the office and continues our recreation commitment to the community.
- This budget includes funding for two City supported events, \$5,000 for 4th of July and \$2,500 for Halloween (partnered with the Chamber of Commerce)
- This budget include funding for two recreation guides (\$6K each) depending on number of ads sold.

Enterprise Funds and Select Internal Service Funds and Special Revenue Funds

This section contains comments on our Enterprise Funds< Harbor, Water, Sewer and Wastewater, the Information Technology Internal Service Fund and select Special Revenue Funds. The Enterprise Funds are stand-alone - revenues into these funds can only be used for expenses directly related to the purpose of the fund. Internal Service Funds "collect" revenue from the General Fund to provide services across City Departments. Special revenue funds include Transit, Government Impact Fees, parking in Lieu and other restricted funds.

Information Technology Internal Service Fund

Information Technology Services is now fully in an Internal Service Fund and all contributions into the fund, and expenses for IT, are covered in that section. The fund receives transfers in from the General Fund and Enterprise funds. These transfers include expenses historically in the IT section of the budget, expenses previously in the various departments for their specific IT needs and the additional \$50,000 from the general fund we added to IT last year to continue our IT transformation – to be more efficient and provide better customer service.

- The personnel line includes costs for our single IT professional and 35% of the DCM.
- The supplies line includes up to \$80K to begin the life-cycle replacement of IT equipment that will be recommended in the IT master plan we are completing now.
- The services line includes all of our basic licenses, the new Office 365 licenses, and sufficient funds to begin to provide off-site network and computer support services.
- We anticipate there are sufficient funds in the services line, and the perhaps the ending cash balance if required, to complete the move of our servers from the closet in City Hall (no power backup) to the Fire Station where they will be resilient during emergencies as planned in goal 10(b).

Harbor Enterprise Fund

The Harbor Enterprise Fund is balanced. However, there is likely a long term requirement vs revenues gap, perhaps sizable, similar to the gap in the General Fund. That is, our future revenues may not match our future requirements for Harbor infrastructure maintenance and replacement (piers, docks, roads). We intend to complete a long-term requirements (and revenue) assessment this year so we know how large that gap may be.

- Personnel. This budget includes \$15,000 for the additional part-time non-benefitted Administrative Assistant approved at mid-year FY16 to continue with department backlogs, and \$3,700 additional part-time pay for a 3% increase to Harbor Patrol Reserve and Harbor Maintenance Aide pay, last increased in March 2013. There are no further changes to Harbor personnel in this budget and none planned this year.
- The budget includes continuance of the following Goal-specific capital projects funding: \$55,500 for the Marine Services Facility/Boatyard, Goal 6.k (Economic Development) (Projects); and \$25,000 for the Fish Cleaning Station improvements, Goal 6.h.”
- \$3,000 increase in revenues for coin-op showers at the Rock restroom, with concurrent \$3,000 expense for additional water use.
- \$6,300 additional Harbor Fund revenues above the Cost Allocation to help continue the threefold increase in waterfront restroom cleaning implemented in the past six months to keep pace with demand.

Water and Sewer Enterprise Funds

With the passage of the water and sewer rate increases last summer the Water and Sewer Funds funds are appropriately funded for at least the five years ending in July 2020. Further, there are sufficient revenues from the sewer fund to fund the anticipated debt on Phase I (approximately \$75M) of the new Water Reclamation Facility.

Water and Sewer Funds are both balanced. The Water Accumulation fund is adding \$47,061 to reserves. Revenues over expenses in the Sewer Accumulation Fund are \$1.27M. This accumulation will continue to increase as water and sewer rates increase and will then be used for capital projects and debt service on the new WRF when the State Revolving Fund loan is made for construction.

We have budgeted to include these funds in the City's 10-year 2017-2026 Budget Forecast scheduled for February 2017.

We anticipate our FY2015-2016 audit will show that the City is now covering the required debt service ratio in the Water Fund.

The Utility Discount Program is continuing with ~120 financially challenged residents taking advantage of a ~10% reduction on tier water / sewer bills.

Water Reclamation Facility (WRF) Capital Project Schedule

Page 128 is the budget for the ongoing Water Reclamation Facility (WRF) project. Since site selection is not yet complete, some line items are quite broad, but with a possible site selection decision in the next month and perhaps facility master planning to be complete in early Fall 2016, the project budget will be able to be refined considerably in the first six months of the fiscal year.

Broadly the Water Reclamation Facility project will be funded from sewer rates and grants. State Revolving Funds (SRF) will be pursued for planning, design, and construction loans and debt service will be paid from user rates. A State Water Resources Control Board grant of \$75,000 for recycled water planning has been awarded to the City, as has \$87,361 in Supplemental Environmental Project money from violations and fines at the California Men's Colony. The City has requested a planning and design loan from the SRF program for \$10,375,000 for planning, permitting, program management, and design activities. The loan application is in review and approval is anticipated by late summer.

Expenditures for 2016 are categorized as Program Management, Bridging/Procurement Documents, Planning/CEQA/Permitting, Property Acquisition, and Lift Station/Force Main Design.

- Program Management expenses of \$900,000 are primarily for Michael K. Nunley & Associates, Inc. (MKN). MKN is the City's program manager for the entire project, hired on in a consultant role instead of the city hiring additional permanent staff to manage this 5-8 year project. Expenditures MKN services include: public outreach, WRFCAC and Council reports, budget management, schedule management, recycled water planning and Master Water Reclamation Plan, solicitation of design and construction teams, coordination with LAFCO and Coastal Commission, and consultant management. Other program management expenses include Kestrel Consulting for ongoing grant and loan application support, and Procore software for data, contract, budget, and schedule management.
- Preliminary Engineering includes the Facility Master Plan by Black & Veatch and additional allocation to perform planning at the South Bay Boulevard and HWY 1 vicinity property (Tri-W site to be referred to as SBB&1). Other expenses include hydrogeologic modeling and analysis by GSI Water; soils investigation at the SBB&1 site by Yeh & Associates; and surveying of that site and pipeline alignment by Head Surveys (Joann Head).
- Bridging/Procurement documents includes preliminary design and bid documents for the Phase I WRF by MKN.
- Planning/CEQA/Permitting includes salinity control planning by Larry Walker & Associates; cultural resources evaluation at the Tri-W site by Far Western; payment to Far Western for completed analysis of the Righetti site; and development of an Environmental Impact Report by ESA.
- Property Acquisition includes an allowance for an option on the SBB&1 property (if required) as well as an allowance of \$2.4M for purchase of a site for the WRF. The actual cost of property acquisition will be determined by the appraised value of the land required for the project. By law, the City cannot pay more than the fair market value of the land as determined by a licensed appraiser.
- Lift Station and Force Main Design includes 60% design completion of the new influent lift station and raw wastewater force main from the vicinity of the existing WWTP site. Consultant will be selected after the Facility Master Plan is completed.

A detailed update on program budget and schedule will be briefed at least quarterly to the Water Reclamation Facility Citizens Advisory Committee (WRFCAC) beginning in June 2016. Regular written updates will be provided to the Council.

District Transaction Tax (Measure Q) Special Revenue Fund

The Measure Q fund anticipates \$1.02M in revenues. This budget commits \$587K to street maintenance / repair, up from \$519K last year. This 13% increase is a step toward improving streets more quickly, but is a long long way from the \$1.5M annual requirement. The remainder of Measure Q funds go to specific public safety requirements, including debt service on the new fire station, the “vacation relief firefighter” position, PD School Resource Officer contribution of \$60K, personal protective equipment for fire fighters. All Measure Q expenditures are directly related to Streets and Public Safety as required by Council resolution and generally required by Measure Q campaign.

Morro Bay Tourism Business Improvement District (MB TBID) Special Revenue Fund

The MB TBID budget is balanced. The budget includes revenues from the TBID assessment, and a \$60,000 contribution from the General Fund directed by Council resolution. The entire TBID budget was developed and approved by the TBID Board, and briefed to stakeholders at the Annual Meeting. The new Tourism Manager will manage execution on this section of the budget with oversight from the DCM. The majority of expenditures are for our marketing and public relations contract, previously approved by Council, with Mental Marketing. The budget also includes funds for up to \$50,000 to support multiple events in the city.

Parking-in-Lieu Fund

While there are no planned expenditures from the parking-in-lieu fund projected for FY16/17, this paragraph serves, along with the permanent note on that fund page, to codify some activity in that fund that occurred in FY15/16. In 20XX, the city borrowed \$500,000 from this fund to help purchase certain property in the city. This property included the old “Brannigans Restaurant” and the parking lot on the NE corner of the intersection of Pacific and Market streets. This was an appropriate use of parking-in-lieu as the city acquired a parking lot. In 2011, the city sold the restaurant and parking lot property to a private entity and the \$500,000 of parking-in-lieu funds were to be repaid to the parking-in-lieu fund when the note from that sale, help by the city, was paid off. In December 2015, the city repurchased the property, including the parking lot. In late 2015 a formal appraisal conducted by a licensed appraiser valued the parking lot at \$500,000. Thus, the parking-in-lieu fund is now rebalanced. That is, the \$500,000 originally taken from the fund has now gone to purchase a parking lot appraised

for \$500,000. Should the City divest itself of this property in the future, the parking-in-lieu fund should be reimbursed \$500,000.

1-Time Spending and Governmental Impact Fees Accumulation Fund

Governmental Impact fees are collected as part of the planning and permitting fees for all development. While there are certain restrictions, and some are reserved for specific areas (police, fire, streets, administration, etc), these fees can be a source of funds for important City objectives.

Summary of Some Key Funds

The following table summarizes some key funds in the budget document. Numbers rounded to the thousand.

Fund	Current Balance	FY16-17 Change	EOY 16-17 Balance
General Fund Emergency Reserve ¹	\$3,589,000	\$20,000	\$3,609,000
Risk Management Fund ²	\$153,000	\$101,000	\$254,000
Capital Replacement Fund ³	\$100,000	\$100,000	\$200,000
Vehicle Replacement Reserve ⁴	\$130,000	\$75,000	\$135,000
Capital Projects Accumulation ⁵	\$134,000	\$125,000	\$259,000
Facility Maintenance Fund ⁶	\$64,000	-\$63,500	\$500
General Plan Fund ⁷	\$417,000	\$0	\$417,000
Government Impact Fees ⁸	\$480,000	\$226,000	\$606,000
Compensable Leaves Fund ⁹	\$0	\$66,000	\$66,000

1. EOY FY16-17 is ~\$300K above Council directed level.
2. Council directed minimum balance. Possible source of funds for some objective-related spending.
3. Savings account for replacement of existing facilities. Annual contribution should be around \$1M.
4. Includes planned \$70K expense for replacement of two aging maintenance vehicles if required.
5. Possible source of funds for future Embarcadero sidewalk widening and/or 41&Main intersection improvements.
6. General facility maintenance fund.
7. Sufficient funds remaining to complete GP/LCP rewrite.
8. Included planned \$100K expense for two storm drain projects this year. Balance available for some unfunded requirements, possible source for 41&Main funds.
9. Starting to save to pay for compensable leaves - unfunded Requirement ~\$686K (FY15-16 number)

Goal Related Spending Recommendations

The city's goals and objectives list is at attachment 3. This list shows that 72 of the Council's 88 approved FY16-17 objectives are directly funded in this budget. Three objectives are funded with FY15-16 funds, and one is not funded because it may not be needed.

That leaves 11 objectives that are unfunded. Staff recommends the funding plan show in the remarks section of the table at attachment 3.

Salary Schedules and MOU Negotiations

In past years, the City had seven different salary schedules, each approved separately as part of contract negotiations with various bargaining units. To improve transparency, staff has combined these six schedules into one master salary schedule as is the practice in most other cities. A combined salary schedule reflecting current FY15/16 salaries is included as attachment two. Since the budget will likely be approved before MOU negotiations are complete, staff recommends the council approve this combined salary schedule which simply reflects the currently approved FY 15-16 salaries. When negotiations are complete, staff will update the salary schedule based on the new salaries approved by Council when MOUs are approved.

Also attached is draft a FY16-17 salary schedule that assumes a 2.25% across the board cost of living adjustment (COLA) for all employees. This draft FY16-17 schedule is only a draft to demonstrate the effect of a 2.25% COLA adjustment and will not take effect until and if approved by Council as a separate item. That said, this budget includes a 2.25% increase to all employee salaries. Should negotiations result in a lower COLA adjustment, their budget will have a larger surplus. Should negotiations result in a COLA adjustment greater than 2.25% the budget will go into deficit.

Conclusion

Staff continues to work to improve the accessibility and transparency of the budget process and this budget document. There is more work to be done, and one of our approved FY16-17 objectives, one the Citizens Finance Committee is committed to provide assistance on, is to make this process even better next year.

As we get serious about economic diversity and revitalization, we stand a good chance of providing the essential basic service expected of a city. If we don't, our streets will continue to get worse over time, we'll have to borrow money we don't have to finance replacement of facilities we must have, and we'll not meet the fire and police requirements expected of a full-service city. While we may not yet be facing un-incorporation, we are perhaps only 75% of a full service city.

With that said, the staff and I are quite optimistic about the future. Morro Bay has amazing potential and can reach that potential while maintaining our wonderfully eclectic, colorfully unique, beachy, harbory, small-town feel.

David W. Buckingham
City Manager

Attachment 1 – Proposed 2016-2017 City Organization Charts

Attachment 2a – Combined, current, FY15-16 Salary Schedule

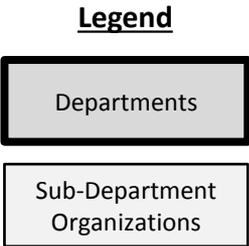
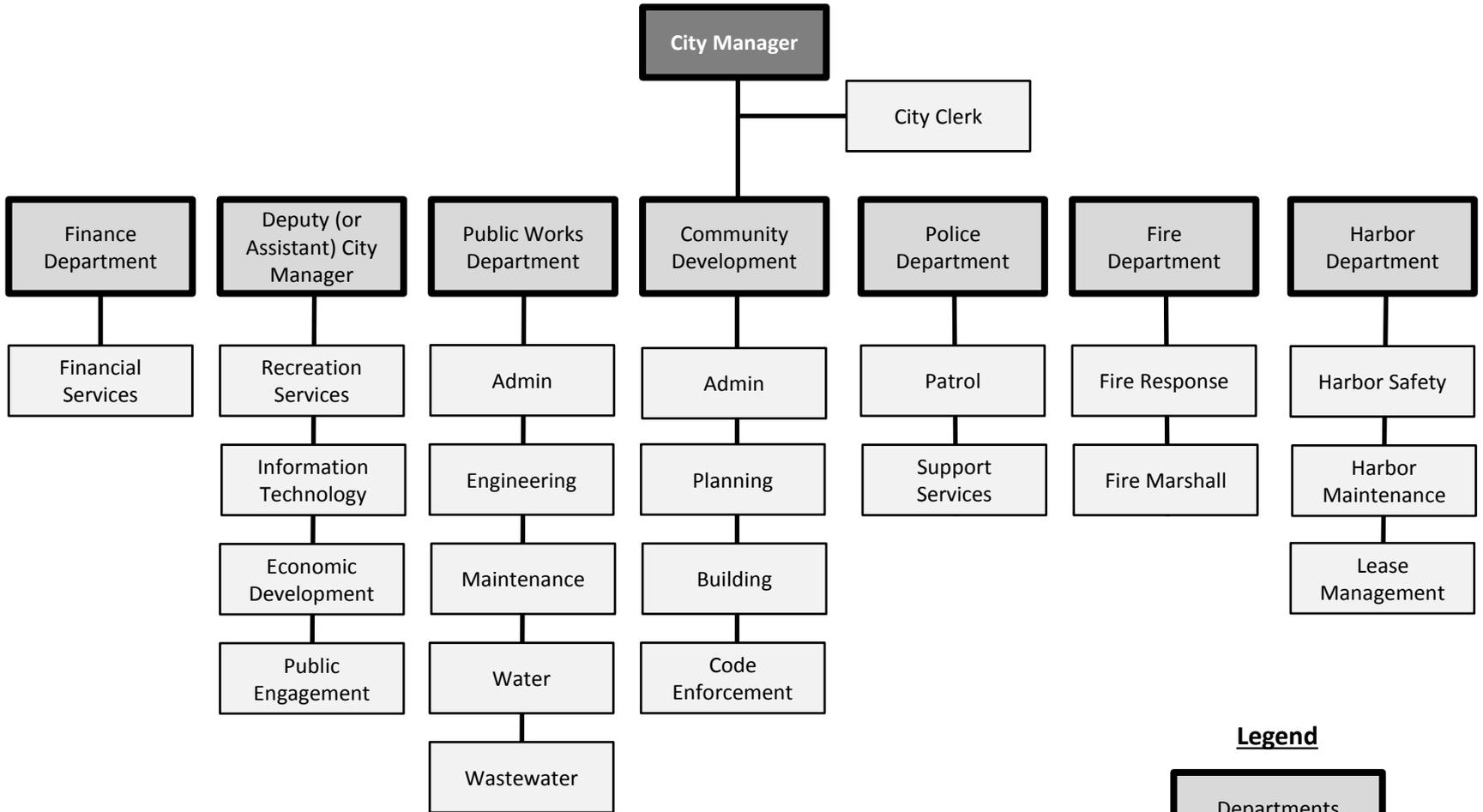
Attachment 2s – Draft combined 2016-17 Salary Schedule with 2.25% cost of living adjustment

Attachment 3 – Goals / Objective based 1-time spending priority list.



City Staff Organization

Overview by Department

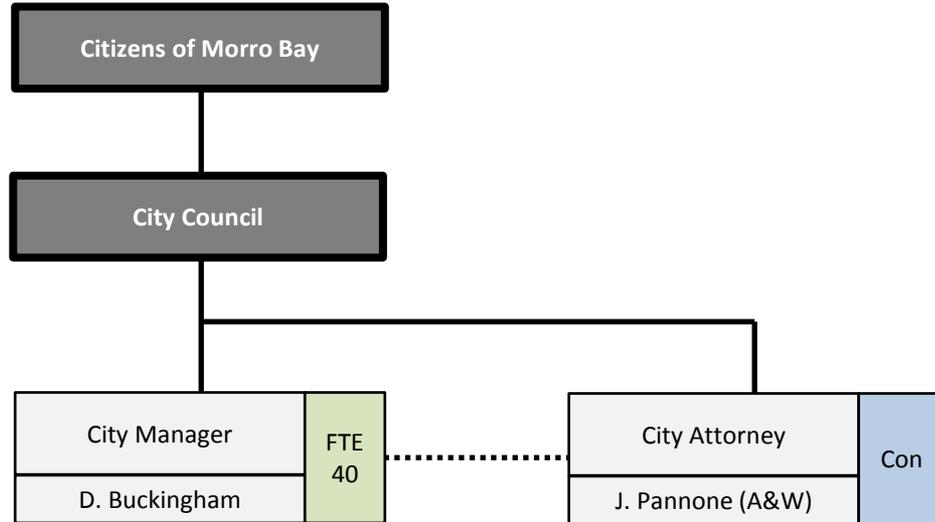




Staff Organization

City Manager's Office

Full Time	1
Part Time 30+	
Part Time 20+	
Part Time Under 20	
Contract / Other	1

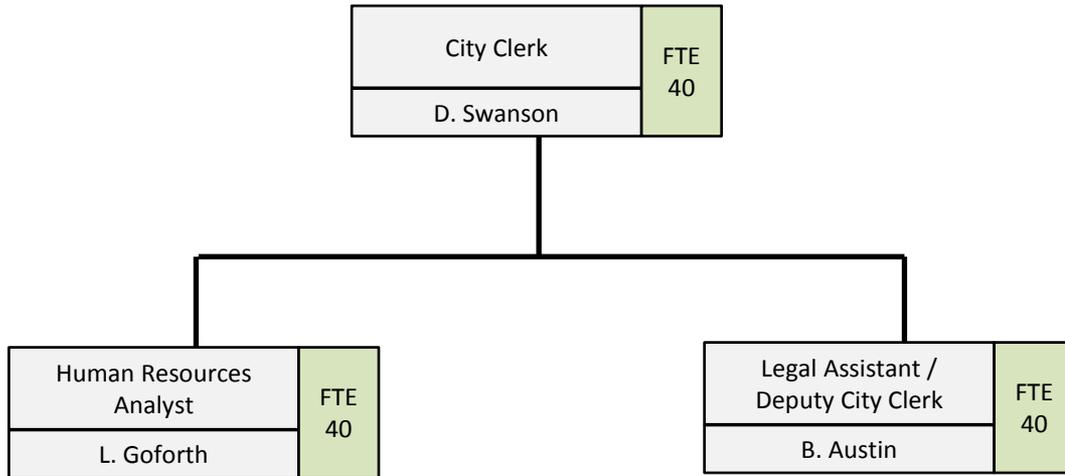




Staff Organization

City Clerk Office

Full Time	3
Part Time 30+	
Part Time 20+	
Part Time Under 20	
Contract / Other	1

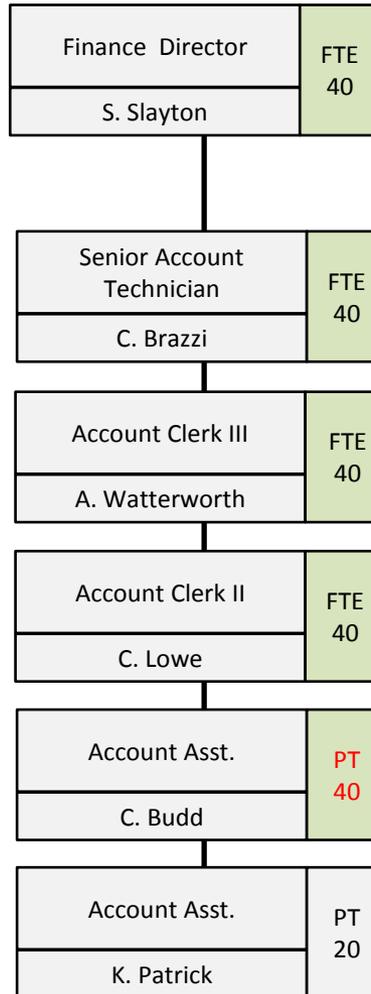




Staff Organization

Finance Department

FTE Positions	5
Part Time 30+	
Part Time 20+	1
Part Time Under 20	
Contract / Other	



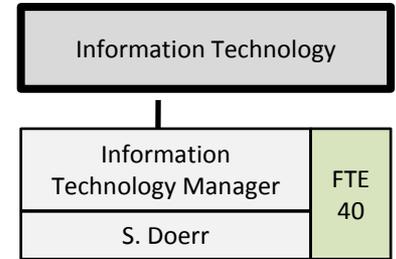
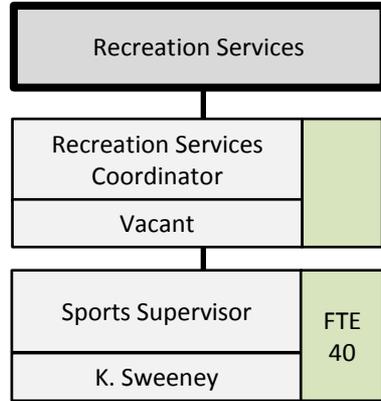
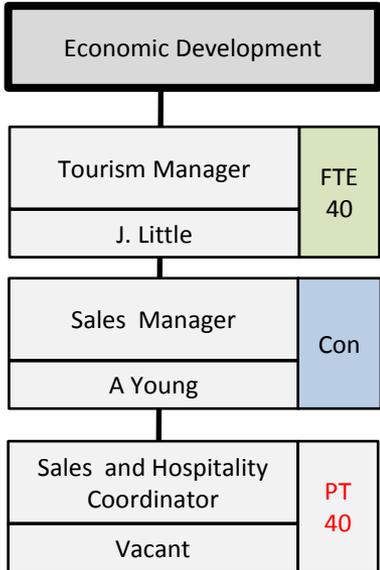


Staff Organization

Deputy / Assistant City Manager

Full Time	7
Part Time 30+	3
Part Time 20+	6
Part Time Under 20	
Contract / Other	1

Deputy/Assistant City Manager	FTE 40
S. Taylor	



Kids Programs	FTE 40
A. Gallardo	

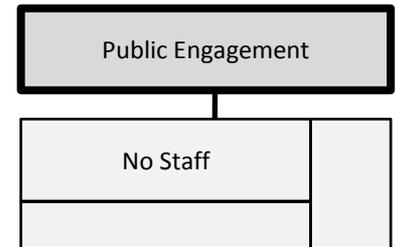
Facility Permits/ Teen Programs	FTE 40
E. Gallardo	

Senior Programs	PT 20+
B. Lock	

Admin Assistant	FTE 20+
T. Porter	

Receptionist	PT 20+
S. Charette	

3 Sports Coordinators	PT 20+
Marquardt/Hashim Stapley	





Staff Organization

Public Works Department (1 of 2)

FTE Positions	15
Part Time 30+	1
Part Time 20+	
Part Time Under 20	1
Contract / Other	

Director/City Engineer	FTE 40
R. Livick	

Administration	
Management Analyst	FTE 40
J. Burlingame	
Admin Utilities Tech	FTE 40
K. Merrill	

Engineering Division	
Engineering Manager	FTE 40
R. Sauerwein	
Assoc. Civil Engineer	FTE 40
J. Whelan	

Wastewater	
WW Division Manager (Collections and Treatment)	FTE 40
B. Keogh	
WWTP Supervisor	FTE 40
L. Girvin	

Engineering Intern	PT 20-
Vacant	

Engineering Technician IV	FTE 40
D. Hanson	
Engineering Technician III	FTE 40
P. Newman	
Engineering Technician III	PT 40
R. Mintz	

Leadworker	FTE 40
J. Gunderlock	
Operator II	FTE 40
D. Bierman	
Operator I	FTE 40
N. Chavira	

Operator II / Analyst	FTE 40
S. Aschenbrener	
Operator II	FTE 40
G. Helms	
Operator I	FTE 40
D. Lundy	

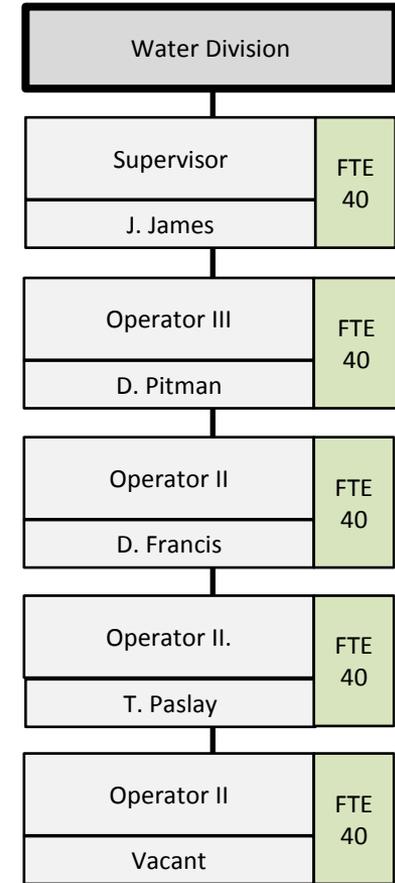
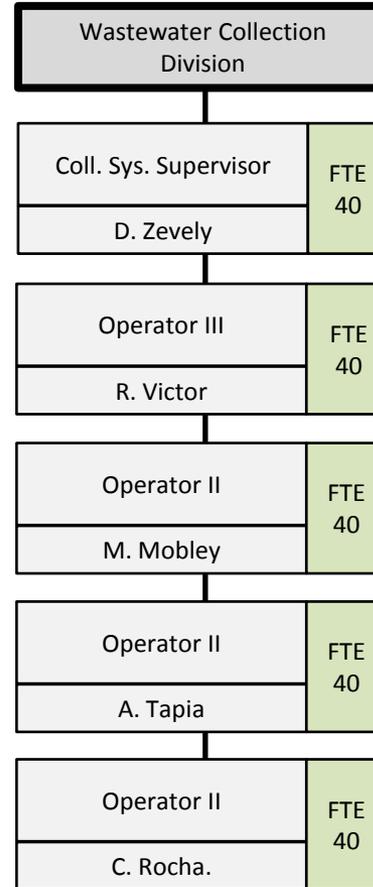
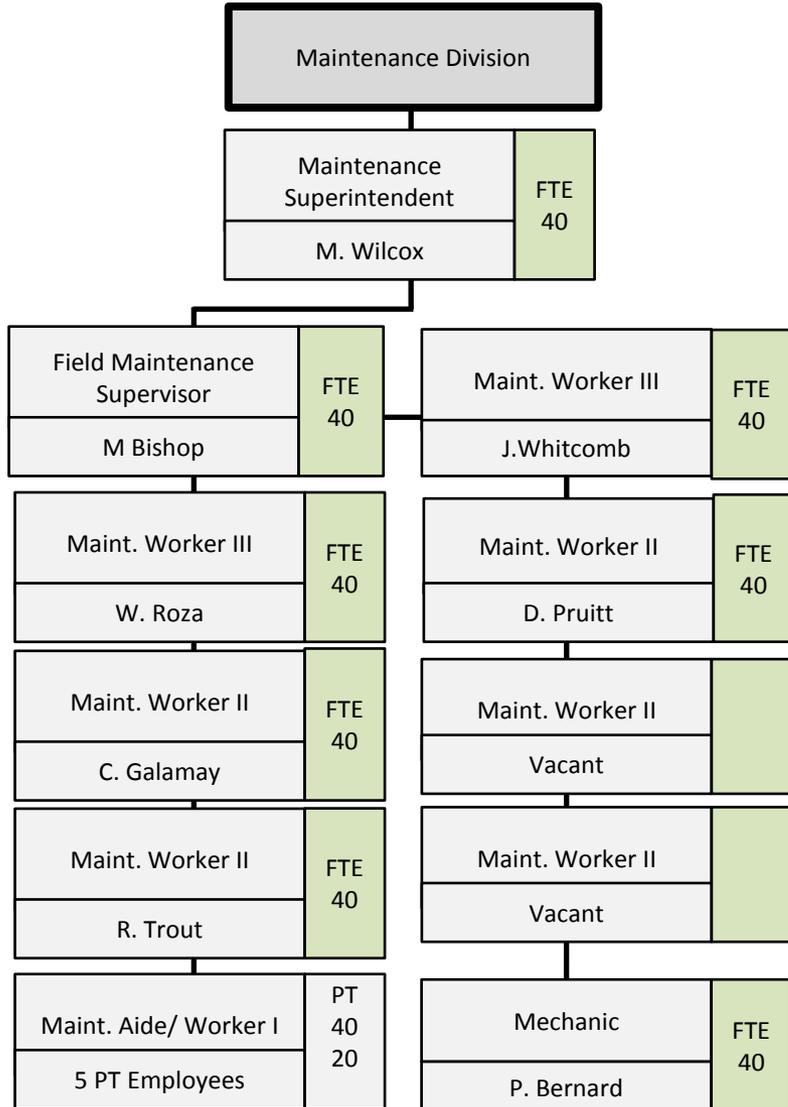
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Staff Organization

Public Works Department (2 of 2)

Full Time	20
Part Time 30+	2
Part Time 20+	3
Part Time Under 20	
Contract / Other	0





Staff Organization

Community Development Department

Full Time	6
Part Time 30+	1
Part Time 20+	2
Part Time Under 20	
Contract / Other	1

Community Development Director	FTE 40
S. Graham	

Administration	
Office Asst. III	FTE 40
G. Arias	
Office Assistant	PT 20
P. Zaragosa	

Planning Division	
Associate Planner	FTE 40
C. Jacinth	
Asst./ Associate Planner	FTE 40
J. Gargiulo	
Contract Planner	Con
W. McIlvaine	
Contract Planner	Con
Vacant	

Building Division	
Building Inspector	FTE 40
C. Lockridge	
Building Permit Technician	FTE 40
P. Bruno	

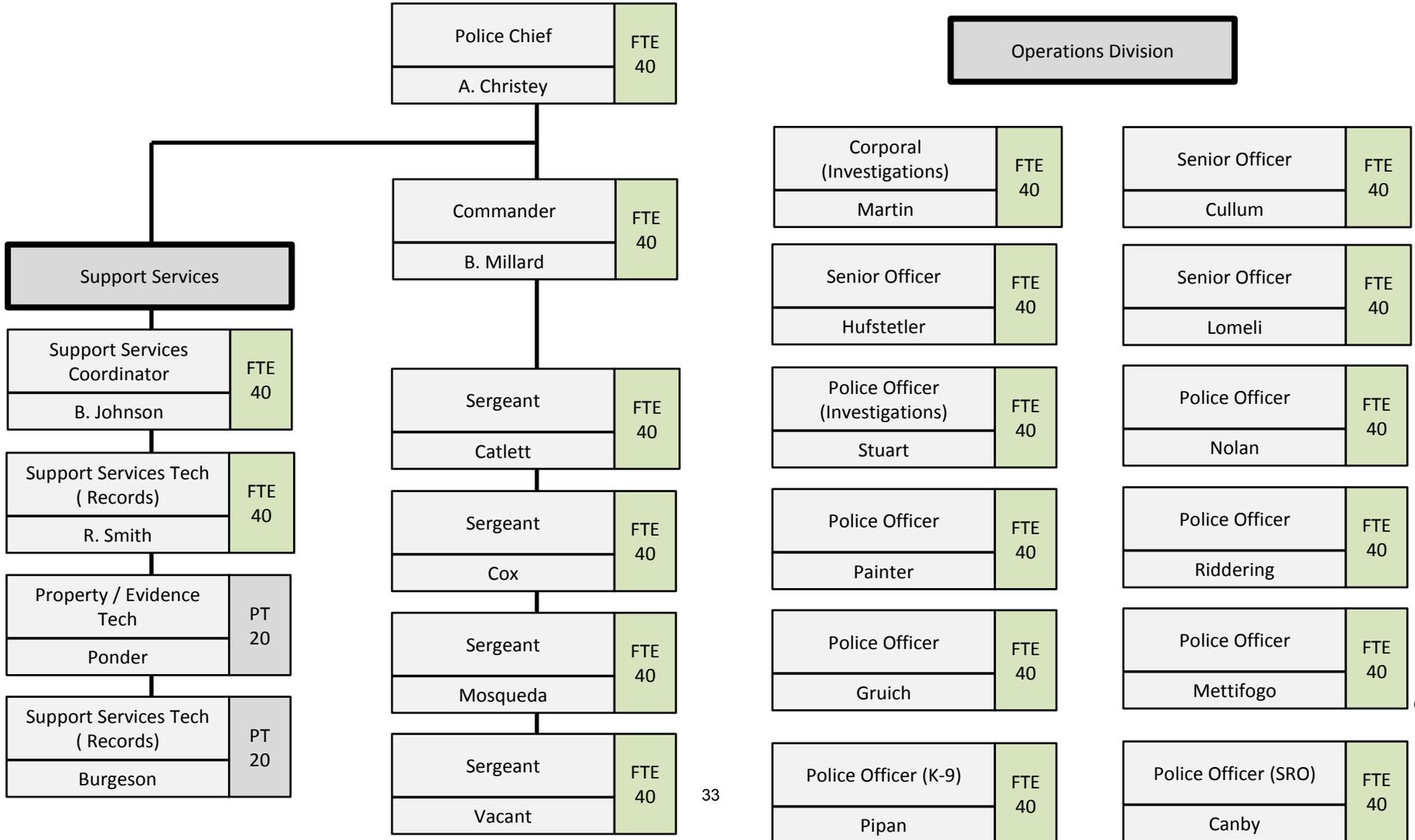
Code Enforcement	
Code Enforcement Officer	PT 20
T. Kristofek	
Code Enforcement Officer	PT 30
D. Crockett	



Staff Organization

Police Department

Full Time	20
Part Time 30+	
Part Time 20+	2
Part Time Under 20	
Contract / Other	





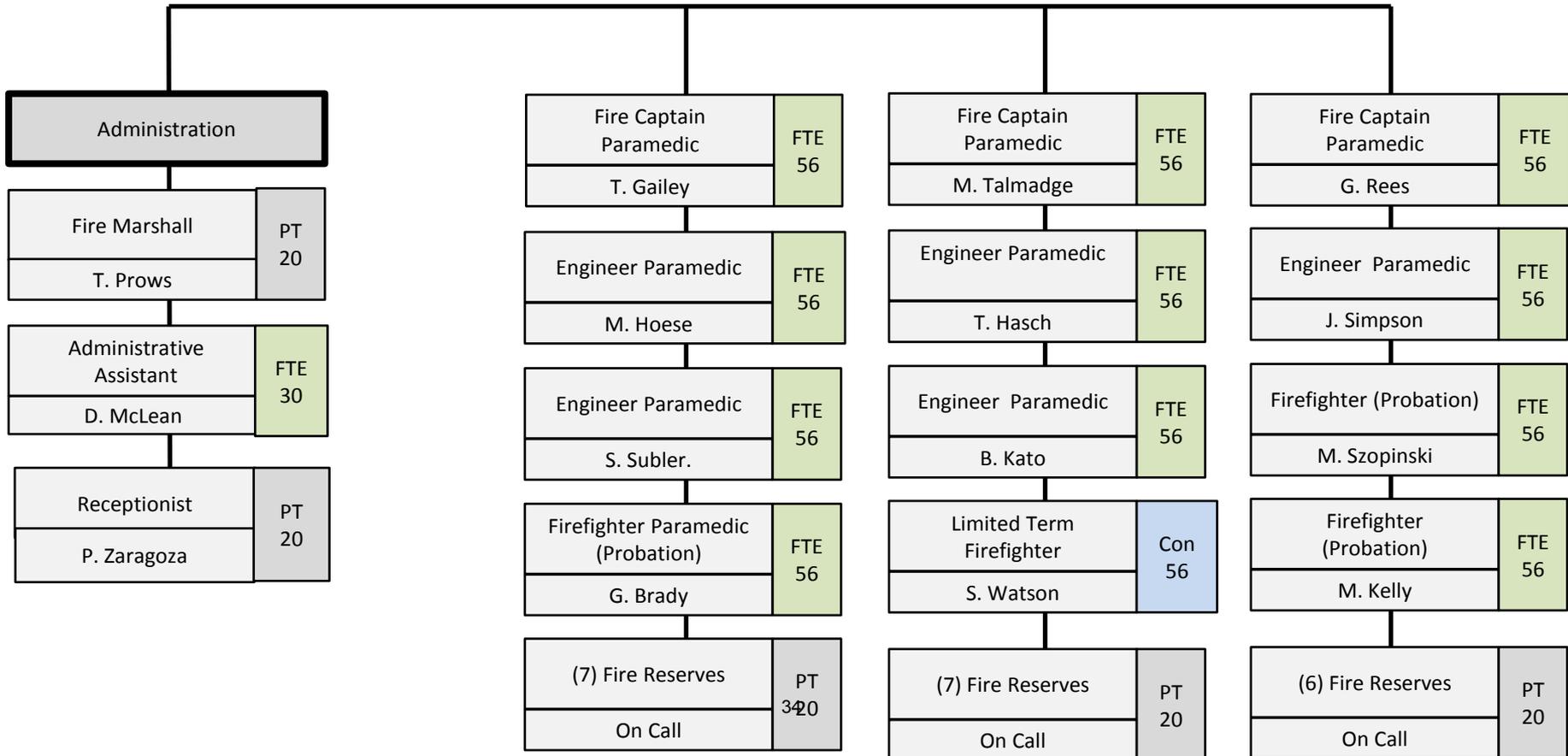
Staff Organization

Fire Department

Full Time	12.75
Part Time 30+	
Part Time 20+	2
Part Time Under 20	20
Contract / Other	1

Fire Chief	FTE 40
S. Knuckles	

Fire Operations





Staff Organization

Harbor Department

Full Time	7
Part Time 30+	
Part Time 20+	
Part Time Under 20	
Contract / Other	0

Harbor Director	FTE 40
E. Endersby	

Business Operations	
Harbor Business Coordinator	FTE 40
L. Stilts	

General Harbor Operations	
Office Assistant	FTE 40
P. Curtis	

Harbor Maintenance	PT 20+
R.	

Harbor Patrol Operations	
Harbor Patrol Supervisor	FTE 40
B. Kelly	

Patrol Officer	FTE 40
J. Jacobs	

Patrol Officer	FTE 40
S. Mather	

Patrol Officer.	FTE 40
D. Stein	

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ACCOUNT CLERK I	S	36,166	37,974	39,873	41,867	43,960	
COLLECTION SYSTEM WORKER I	S	36,166	37,974	39,873	41,867	43,960	
OFFICE ASST. III	S	36,166	37,974	39,873	41,867	43,960	
OFFICE ASST. IV	S	39,101	41,056	43,109	45,264	47,528	
ACCOUNT CLERK II	S	40,623	42,654	44,787	47,026	49,378	
COLLECTION SYS WORKER II	S	40,623	42,654	44,787	47,026	49,378	
MAINTENANCE WORKER II	S	40,623	42,654	44,787	47,026	49,378	
WATER SYSTEM OPERATOR I	S	40,623	42,654	44,787	47,026	49,378	
WWTP OIT	S	40,623	42,654	44,787	47,026	49,378	
PERMIT TECHNICIAN	S	41,603	43,683	45,867	48,161	50,569	
ACCOUNT CLK III	S	43,508	45,683	47,968	50,366	52,884	
COLLECTION SYS WORKER III	S	43,508	45,683	47,968	50,366	52,884	
MAINTENANCE WORKER III - PARKS	S	43,508	45,683	47,968	50,366	52,884	
WWTP OPR I	S	43,508	45,683	47,968	50,366	52,884	
ADMINISTRATIVE TECHNICIAN	S	44,277	46,491	48,815	51,256	53,819	
ADMINISTRATIVE UTILITIES TECH	S	44,277	46,491	48,815	51,256	53,819	
PERMIT TECHNICIAN - CERTIFIED	S	44,277	46,491	48,815	51,256	53,819	
SUPPORT SERVICES TECHNICIAN	S	44,277	46,491	48,815	51,256	53,819	
MECHANIC	S	45,693	47,978	50,377	52,895	55,540	
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	47,999	50,399	52,919	55,565	58,343	
WATER SYSTEM OPERATOR II	S	48,399	50,819	53,360	56,028	58,829	
WWTP OPERATOR II	S	48,399	50,819	53,360	56,028	58,829	
SUPPORT SERVICES COORDINATOR	C	50,216	52,727	55,363	58,131	61,038	
HARBOR PATROL OFFICER	S	50,482	53,006	55,656	58,439	61,361	
COLLECTIONS SYS LEADWORKER	S	50,628	53,159	55,817	58,608	61,539	
CONSOLIDATED MAINT LW - STS/PARKS/FA	S	50,628	53,159	55,817	58,608	61,539	
ENGINEERING TECHNICIAN III	S	50,628	53,159	55,817	58,608	61,539	
WATER SYSTEM OPERATOR III	S	50,819	53,360	56,028	58,829	61,771	
WWTP OPERATOR II/LAB ANALYST	S	50,819	53,360	56,028	58,829	61,771	
RECREATION SUPERVISOR	S	51,755	54,343	57,060	59,913	62,909	

City of Morro Bay, CA
 Combined Salary Schedule

Effective: July 1, 2015 to Jun 30

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ASSISTANT PLANNER	S	52,077	54,681	57,415	60,286	63,300	
ASSISTANT CIVIL ENGINEER	S	54,157	56,865	59,708	62,693	65,828	
BUILDING INSPECTOR	S	54,157	56,865	59,708	62,693	65,828	
ENGINEERING TECHNICIAN IV	S	54,157	56,865	59,708	62,693	65,828	
WWTP LEADWORKER	S	54,157	56,865	59,708	62,693	65,828	
FIREFIGHTER	F	54,433	57,155	60,012	63,013	66,164	
HUMAN RESOURCES ANALYST	C	56,297	59,112	62,067	65,171	68,429	
SENIOR ACCOUNTING TECHNICIAN	C	56,297	59,112	62,067	65,171	68,429	
HARBOR BUSINESS COORD	S	56,373	59,192	62,151	65,259	68,522	
RECREATION COORDINATOR	S	56,373	59,192	62,151	65,259	68,522	
POLICE OFFICER	P	56,599	59,429	62,400	65,520	68,796	72,236
HARBOR PATROL SUPERVISOR	S	59,463	62,436	65,558	68,836	72,278	
FIRE ENGINEER	F	59,510	62,486	65,610	68,890	72,335	
ASSOCIATE CIVIL ENGINEER	S	60,608	63,638	66,820	70,161	73,669	
ASSOCIATE PLANNER	S	60,608	63,638	66,820	70,161	73,669	
BUILDING INSPECTOR/PLANS	S	60,608	63,638	66,820	70,161	73,669	
COLLECTION SYSTEM SUPERVISOR	S	60,608	63,638	66,820	70,161	73,669	
MAINTENANCE FIELD SUPERVISOR	S	60,608	63,638	66,820	70,161	73,669	
WATER SYSTEM SUPERVISOR	S	60,608	63,638	66,820	70,161	73,669	
WWTP SUPERVISOR	S	60,608	63,638	66,820	70,161	73,669	
MANAGEMENT ANALYST	M	61,883	64,977	68,226	71,637	75,219	
POLICE DETECTIVE	P	59,429	62,400	65,520	68,796	72,236	75,848
POLICE SCHOOL RESOURCE OFFICER	P	59,429	62,400	65,520	68,796	72,236	75,848
POLICE SENIOR OFFICER	P	59,429	62,400	65,520	68,796	72,236	75,848
POLICE CORPORAL	P	59,981	62,980	66,129	69,436	72,907	76,553
FIRE CAPTAIN	F	68,407	71,827	75,419	79,190	83,149	
CAPITAL PROJECTS MANAER	M	72,374	75,993	79,792	83,782	87,971	
CONSOLIDATED MAINTENANCE SUPERINTE	M	72,374	75,993	79,792	83,782	87,971	
INFORMATION SERVICES TECHNICIAN	M	72,374	75,993	79,792	83,782	87,971	
TOURISM MANAGER	M	72,374	75,993	79,792	83,782	87,971	
POLICE SERGEANT	P	70,585	74,114	77,820	81,711	85,797	90,086
PLANNING MANAGER	M	79,613	83,594	87,773	92,162	96,770	

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E³ = Executive

City of Morro Bay, CA
 Combined Salary Schedule

Effective: July 1, 2015 to Jun 30

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
EXECUTIVE SECRETARY/CITY CLERK	M	80,000	84,000	88,200	92,610	97,241	
COMMUNITY DEVELOPMENT MANAGER	M	93,825	98,516	103,442	108,614	114,045	
WASTEWATER DIVISION MANAGER	M	93,825	98,516	103,442	108,614	114,045	
POLICE COMMANDER	M	95,579	100,358	105,376	110,645	116,177	
DEPUTY CITY MANAGER	E	115,000	120,750	126,788	133,127	139,783	
COMMUNITY DEVELOPMENT DIRECTOR	E	115,000	120,750	126,788	133,127	139,783	
FINANCE DIRECTOR	E	115,000	120,750	126,788	133,127	139,783	
PUBLIC WORKS DIRECTOR	E	119,289	125,253	131,516	138,092	144,997	
ADMINISTRATIVE SERVICES DIRECTOR	E	119,289	125,253	131,516	138,092	144,997	
HARBOR DIRECTOR	E	121,514	127,590	133,969	140,668	147,701	sworn
FIRE CHIEF	E	121,514	127,590	133,969	140,668	147,701	sworn
POLICE CHIEF	E	121,514	127,590	133,969	140,668	147,701	sworn
ASSISTANT CITY MANAGER	E	124,000	130,200	136,710	143,546	150,723	
CITY MANAGER	E	160,000	160,000	160,000	160,000	160,000	

S = SEIU; F = Fire; P = Police; C = Confidential; M = Management; E³⁸ Executive

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ACCOUNT CLERK I	S	36,980	38,829	40,770	42,809	44,949	
COLLECTION SYSTEM WORKER I	S	36,980	38,829	40,770	42,809	44,949	
OFFICE ASST. III	S	36,980	38,829	40,770	42,809	44,949	
OFFICE ASST. IV	S	39,981	41,980	44,079	46,283	48,597	
ACCOUNT CLERK II	S	41,537	43,614	45,795	48,084	50,489	
COLLECTION SYS WORKER II	S	41,537	43,614	45,795	48,084	50,489	
MAINTENANCE WORKER II	S	41,537	43,614	45,795	48,084	50,489	
WATER SYSTEM OPERATOR I	S	41,537	43,614	45,795	48,084	50,489	
WWTP OIT	S	41,537	43,614	45,795	48,084	50,489	
PERMIT TECHNICIAN	S	42,539	44,666	46,899	49,244	51,707	
ACCOUNT CLK III	S	44,487	46,711	49,047	51,499	54,074	
COLLECTION SYS WORKER III	S	44,487	46,711	49,047	51,499	54,074	
MAINTENANCE WORKER III - PARKS	S	44,487	46,711	49,047	51,499	54,074	
WWTP OPR I	S	44,487	46,711	49,047	51,499	54,074	
ADMINISTRATIVE TECHNICIAN	S	45,273	47,537	49,914	52,409	55,030	
ADMINISTRATIVE UTILITIES TECH	S	45,273	47,537	49,914	52,409	55,030	
PERMIT TECHNICIAN - CERTIFIED	S	45,273	47,537	49,914	52,409	55,030	
SUPPORT SERVICES TECHNICIAN	S	45,273	47,537	49,914	52,409	55,030	
MECHANIC	S	46,721	49,057	51,510	54,086	56,790	
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	49,079	51,533	54,110	56,815	59,656	
WATER SYSTEM OPERATOR II	S	49,488	51,962	54,560	57,289	60,153	
WWTP OPERATOR II	S	49,488	51,962	54,560	57,289	60,153	
SUPPORT SERVICES COORDINATOR	C	51,346	53,913	56,609	59,439	62,411	
HARBOR PATROL OFFICER	S	51,618	54,199	56,909	59,754	62,742	
COLLECTIONS SYS LEADWORKER	S	51,767	54,355	57,073	59,927	62,923	
CONSOLIDATED MAINT LW - STS/PARKS/FA	S	51,767	54,355	57,073	59,927	62,923	
ENGINEERING TECHNICIAN III	S	51,767	54,355	57,073	59,927	62,923	
WATER SYSTEM OPERATOR III	S	51,962	54,561	57,289	60,153	63,161	
WWTP OPERATOR II/LAB ANALYST	S	51,962	54,561	57,289	60,153	63,161	
RECREATION SUPERVISOR	S	52,919	55,565	58,344	61,261	64,324	

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ASSISTANT PLANNER	S	53,249	55,911	58,707	61,642	64,724	
ASSISTANT CIVIL ENGINEER	S	55,376	58,144	61,052	64,104	67,309	
BUILDING INSPECTOR	S	55,376	58,144	61,052	64,104	67,309	
ENGINEERING TECHNICIAN IV	S	55,376	58,144	61,052	64,104	67,309	
WWTP LEADWORKER	S	55,376	58,144	61,052	64,104	67,309	
FIREFIGHTER	F	55,658	58,441	61,363	64,431	67,652	
HUMAN RESOURCES ANALYST	C	57,564	60,442	63,464	66,637	69,969	
SENIOR ACCOUNTING TECHNICIAN	C	57,564	60,442	63,464	66,637	69,969	
HARBOR BUSINESS COORD	S	57,641	60,523	63,550	66,727	70,063	
RECREATION COORDINATOR	S	57,641	60,523	63,550	66,727	70,063	
POLICE OFFICER	P	57,872	60,766	63,804	66,995	70,344	73,862
HARBOR PATROL SUPERVISOR	S	60,801	63,841	67,033	70,385	73,904	
FIRE ENGINEER	F	60,849	63,891	67,086	70,440	73,962	
ASSOCIATE CIVIL ENGINEER	S	61,972	65,070	68,324	71,740	75,327	
ASSOCIATE PLANNER	S	61,972	65,070	68,324	71,740	75,327	
BUILDING INSPECTOR/PLANS	S	61,972	65,070	68,324	71,740	75,327	
COLLECTION SYSTEM SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
MAINTENANCE FIELD SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
WATER SYSTEM SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
WWTP SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
MANAGEMENT ANALYST	M	63,275	66,439	69,761	73,249	76,912	
POLICE DETECTIVE	P	60,766	63,804	66,995	70,344	73,862	77,555
POLICE SCHOOL RESOURCE OFFICER	P	60,766	63,804	66,995	70,344	73,862	77,555
POLICE SENIOR OFFICER	P	60,766	63,804	66,995	70,344	73,862	77,555
POLICE CORPORAL	P	61,331	64,397	67,617	70,998	74,548	78,275
FIRE CAPTAIN	F	69,946	73,443	77,116	80,971	85,020	
CAPITAL PROJECTS MANAER	M	74,002	77,703	81,588	85,667	89,950	
CONSOLIDATED MAINTENANCE SUPERINTE	M	74,002	77,703	81,588	85,667	89,950	
INFORMATION SERVICES TECHNICIAN	M	74,002	77,703	81,588	85,667	89,950	
TOURISM MANAGER	M	74,002	77,703	81,588	85,667	89,950	
POLICE SERGEANT	P	72,173	75,782	79,571	83,549	87,727	92,113
PLANNING MANAGER	M	81,404	85,475	89,748	94,236	98,947	

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
EXECUTIVE SECRETARY/CITY CLERK	M	81,800	85,890	90,185	94,694	99,428	
COMMUNITY DEVELOPMENT MANAGER	M	95,936	100,733	105,770	111,058	116,611	
WASTEWATER DIVISION MANAGER	M	95,936	100,733	105,770	111,058	116,611	
POLICE COMMANDER	M	97,730	102,616	107,747	113,134	118,791	
DEPUTY CITY MANAGER	E	117,588	123,467	129,640	136,122	142,928	
COMMUNITY DEVELOPMENT DIRECTOR	E	117,588	123,467	129,640	136,122	142,928	
FINANCE DIRECTOR	E	117,588	123,467	129,640	136,122	142,928	
PUBLIC WORKS DIRECTOR	E	121,973	128,072	134,475	141,199	148,259	
ADMINISTRATIVE SERVICES DIRECTOR	E	121,973	128,072	134,475	141,199	148,259	
HARBOR DIRECTOR	E	124,248	130,460	136,983	143,833	151,024	sworn
FIRE CHIEF	E	124,248	130,460	136,983	143,833	151,024	sworn
POLICE CHIEF	E	124,248	130,460	136,983	143,833	151,024	sworn
ASSISTANT CITY MANAGER	E	126,790	133,130	139,786	146,775	154,114	
CITY MANAGER	E	163,600	163,600	163,600	163,600	163,600	

City of Morro Bay
Funding Plan for FY 16-17 Objectives

as of Jun 8, 2016

Priority	Obj #	Goal	Objective	Funding Status	Source of Funds	Remarks	Cost Estimate
1	7.c	Facilities	ADA Compliance Improvements	UFR	GIF	Approved with the adopted budget for execution. Item will be funded from Government Impact Fees and considered approved with the passage of the FY16-17 Budget.	\$40,000
2	2.b	Streets	Traffic Calming	UFR	GIF	Approved with the adopted budget for execution. Item will be funded from Government Impact Fees and considered approved with the passage of the FY16-17 Budget.	\$25,000
3	7.g	Facilities	Community Beautification	UFR	GIF	Approved with the adopted budget for execution. Item will be funded from Government Impact Fees and considered approved with the passage of the FY16-17 Budget. Staff will work with the Community Beautification and Heritage Committee to identify and fund appropriate projects.	\$15,000
4	8.g	QOL	Public Meeting Broadcast Improvements	UFR	GIF	Validated FY16/17 requirement. Not approved for execution without further council action. This item can likely be accomplished with Government Impact Fees. However, staff recommends not execute this before a more thorough assessment of requirements. Staff will return to Council for approval to execute during the fiscal year.	\$75,000
5	7.i	Facilities	City Hall Functional Improvements	UFR	GIF	Validated FY16/17 requirement. Not approved for execution without further council action. This item can likely be accomplished with Government Impact Fees. Staff will return to Council for approval to execute during the fiscal year. Budget approval will constitute approval to spend up to \$10,000 on plans, drawings and other preparation for this project.	\$100,000

City of Morro Bay

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Funding Plan for FY 16-17 Objectives

6	8.f	QOL	Vet's Hall Renovation Planning	UFR	GIF	Validated FY16/17 requirement. Not approved for execution without further council action. This item can likely be accomplished with Government Impact Fees. However, staff recommends not execute this before a more thorough assessment of requirements. Staff will return to Council for approval to execute during the fiscal year.	\$50,000
1	2.f	Streets	Bike Needs	UFR	LTF Bike	Approved with the adopted budget for execution. Item will be funded from existing LTF Bike funds and considered approved with the passage of the FY16-17 Budget. Staff will work with the Citizens Bike Committee to determine appropriate projects.	\$15,000
1	6.b	Econ Dev.	EDSP Implementation	UFR	RM	Validated FY16/17 requirement. Not approved for execution without further council action. This item can likely be accomplished with surplus in the Risk Management Fund (RMF). However, staff recommends we not execute until we have the complete EDSP on hand, can prioritize projects, and before a more thorough assessment of possible unprojected expenses to the RMF.	\$50,000
1	5.b	Fiscal Sustain	Budget Transparency	UFR	TBD	Validated FY16/17 requirement. Not approved for execution without further council action. Staff time for implementation is in the base budget. Should there be additional expenses such as OPEN GOV or similar paid service, they can be considered at mid-year.	\$15,000
2	7.d	Facilities	Signs and Branding	UFR	TBD	Validated FY16/17 requirement. Not approved for execution without further council action. If we are ready to execute this year, we will budget this at mid-year likely using Government Impact Fees.	\$40,000

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Funding Plan for FY 16-17 Objectives

3	7.b	Facilities	Implement Embarcadero sidewalk widening	UFR	TBD	Validated FY16/17 requirement. Not approved for execution without further council action. This item is not budgeted. Should Embarcadero sidewalk widening be approved, staff will determine appropriate source of funds for planning and bring to Council for decision.	\$500,000
	2.d	Streets	Traffic Signs	Funded	BB	This item is in the base budget.	\$5,000
	2.e	Streets	Traffic Markings	Funded	BB	This item is in the base budget.	\$5,000
	2.g	Streets	Bike Lane Painting	Funded	BB	There are sufficient funds in the base budget to complete approximately XXX feet of green bike lane painting.	TBD
	3.b	Land Use Plans	Zoning Option for GP/LCP	Funded	BB	This item is in the base budget.	\$100,000
	3.d	Land Use Plans	Wireless Ordinance	Funded	BB	To be updated as part of the GP/LCP/Zoning update	\$1,000
	5.a	Fiscal Sustain	2017 Budget Forecast	Funded	BB	This item is included in the base budget.	\$5,000
	7.e	Facilities	Trash and Restrooms	Funded	BB	There are sufficient funds in the base budget to continue the 3x increase in restroom cleaning since Fall 2015. The budget includes a 20% increase in the number of trash cans / collection.	\$10,000
	7.f	Facilities	Tree Trimming	Funded	BB	The base budget includes funds for a 50% increase in the amount of tree trimming from past years.	\$45,000
	7.h	Facilities	ESH Fencing	Funded	BB	This objective is covered in base budget.	\$2,500
	8.b	QOL	City Sponsored Events	Funded	BB	This is in the base base budget.	\$7,500
	8.e	QOL	Recreation Guide	Funded	BB	This item is not in the budget. It could be funded from government impact fees.	\$6,000
	9.b	Water	Desal Permit	Funded	BB	In the base budget	\$45,000
	9.d	Water	"One Water Planning"	Funded	BB	In the base budget	\$200,000
	10.a	City Ops	IT Support	Funded	BB	This item is in the budget.	\$40,000

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Funding Plan for FY 16-17 Objectives

	10.b	City Ops	IT Disaster Protection	Funded	BB	There is money in the base budget for this.	\$10,000
	10.c	City Ops	Records Management	Funded	BB	2500 in Base and 3500 to be found in base.	\$6,000
	10.i	City Ops	GIS	Funded	BB	This is in the base base budget.	\$20,000
	3.e	Land Use Plans	DWSP	Funded	FY15-16	This item is in the FY15/16 base budget.	\$100,000
	6.k	Econ Dev.	Marine Services Facility	Funded	FY15-16	This item is in the FY15/16 budget and will carry over to FY 16/17	\$55,000
	10.d	City Ops	Compensation Study	Funded	FY15-16	This item was budgeted in FY15/16 and is ongoing.	\$21,000
	3.c	Land Use Plans	Property Master Plan	Not Funded	NA	This item is on FY16/17 objectives but based on direction / status of WRF we do not believe this will be required this year, if at all. Reevaluate at midyear.	\$50,000
	1.a	WRF	Public Participartion	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	
	1.b	WRF	Property Acquisition	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	
	1.c	WRF	Facility Master Plan	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	
	1.d	WRF	Master Reclamation Plan	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	
	1.e	WRF	EIR	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	
	1.f	WRF	SRF Loan Application	No Funds Req'd	ST	This objective is covered in the base budget primarily through staff time.	

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Funding Plan for FY 16-17 Objectives

	1.g	WRF	Grant Funding	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.h	WRF	Annexation	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.i	WRF	Construction Delivery Decision	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.j	WRF	Construction RFP	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.k	WRF	Construction Contract	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.l	WRF	Cayucos Participation Decision	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.m	WRF	Existing WWTP Site Future	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.n	WRF	City Corp Yard Transition	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	1.o	WRF	Improve Influent Quality	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	2.a	Streets	Street Summitt	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	2.c	Streets	41/Main Funding	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	

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Funding Plan for FY 16-17 Objectives

	2.h	Streets	Construction Timing	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	3.a	Land Use Plans	GP/LCP update	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	Already budgeted
	3.f	Land Use Plans	2016 Building Code	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.a	Public Safety	Speed Survey	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.b	Public Safety	Marijuana Ordinances	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.c	Public Safety	Good Neighbor Campaign	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.d	Public Safety	Public Safety MBMC Scrub	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.e	Public Safety	Strategic Plan Implementation	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	4.f	Public Safety	Public Education	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	5.c	Fiscal Sustain	CFAC Review	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	5.d	Fiscal Sustain	CCA	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	

City of Morro Bay

as of Jun 8, 2016

Funding Plan for FY 16-17 Objectives

	5.e	Fiscal Sustain	Budget Policies	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	5.f	Fiscal Sustain	Vehicle Replacement	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	5.g	Fiscal Sustain	Recreation Programming	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.a	Econ Dev.	Lease Management Policy	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.c	Econ Dev.	MBPP	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.d	Econ Dev.	Biz Info on Website	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.e	Econ Dev.	Biz Incentives	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.f	Econ Dev.	Commercial Real Estate Inventory	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.g	Econ Dev.	Aquarium Project	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.h	Econ Dev.	New BIDs	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.i	Econ Dev.	Economic Development Code Scrub	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	

City of Morro Bay

as of Jun 8, 2016

Funding Plan for FY 16-17 Objectives

	6.j	Econ Dev.	Maritime Museum	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.l	Econ Dev.	Tourism Integration	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	6.m	Econ Dev.	Food Trucks	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	7.a	Facilities	Market Plaza	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	7.j	Facilities	Facility Maintenance Program	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	8.a	QOL	Community Pool Planning	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	8.c	QOL	Sea Otter Awareness	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	8.d	QOL	Pickleball Court Space	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	8.h	QOL	Communiy Paramedicine	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	9.a	Water	State Water Planning	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	9.c	Water	Desal Location	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	

City of Morro Bay

as of Jun 8, 2016

Funding Plan for FY 16-17 Objectives

	9.e	Water	CMC Emergency Exchange Agreement	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	10.e	City Ops	Lease Management Office Reorg	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	10.f	City Ops	MBMC and City Org	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	10.g	City Ops	Succession Planning	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	10.h	City Ops	Harbor Maintenance	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	
	10.j	City Ops	Communty Resource Connections	No Funds Reqd	ST	This objective is covered in the base budget primarily through staff time.	

CITY OFFICIALS
As of June 30, 2016

Elected Officials	Title	Term Expires
Jamie Irons	Mayor	November 2016
Matt Makowetski	Mayor Pro Tempore	November 2018
John Headding	Councilmember	November 2018
Christine Johnson	Councilmember	November 2016
Noah Smukler	Councilmember	November 2016

City Officials	Position
David Buckingham	City Manager
Joseph Pannone	City Attorney
Vacant	Assistant City Manager/Deputy City Manager
Amy Christey	Police Chief
Eric Endersby	Harbor Director
Scot Graham	Community Development Manager
Steve Knuckles	Fire Chief
Robert Livick	Public Works Director
Susan Slayton	Administrative Services Director
Dana Swanson	City Clerk

Planning Commission (PC)	
Robert Tefft	Chair
Gerald Luhr	Vice-Chair
Joseph Ingrassia	Commissioner
Michael Lucas	Commissioner
Richard Sadowski	Commissioner

Public Works Advisory Board	
Marlys McPherson	Chair
Stephen Shively	Vice-Chair
Jan Goldman	Commissioner
Christopher Parker	Commissioner
Stewart Skiff	Commissioner
David Sozinho	Commissioner
Vacant	Commissioner

Morro Bay Tourism Business Improvement District (MBTBID)	
Michele Jacques	Chair
Aaron Graves	Vice-Chair
Jayne Behman	Member
Taylor Newton	Member
Charles Yates	Member
Vacant	Member
Vacant	Member

Harbor Advisory Board	
William Luffee	Chair
Ron Reisner	Vice-Chair
Alan Alward	Member
Gene Doughty	Member
Neal Maloney	Member
Dana McClish	Member
Lynn Meissen	Member

Recreation and Parks Commission		Citizens Oversight/Finance Advisory Committee (CFAC)	
Drew Sidaris	Chair	Barbara Spagnola	Chair
Bob Swain	Vice-Chair	Dave Betonte	Member
Kevin Carroll	Commissioner	Betty Forsythe	Member
Jeffrey Cox	Commissioner	Roscoe Mathieu	Member
Al Romero	Commissioner	Marlys McPherson	Member
Timothy Ross	Commissioner	Vacant	Member
Skip Sorich	Commissioner	Vacant	Member
Water Reclamation Facility Citizen Advisory Committee (WRFAC)		General Plan/Local Coastal Program Advisory Board (GPAC)	
John Diodati	Chair	Robert Tefft	Chair
Bill Woodson	Vice-Chair	Rich Buquet	Member
Paul Donnelly	Member	Robert Davis	Member
Mary (Ginny) Garelick	Member	Jan Goldman	Member
Dale Guerra	Member	Jeffrey Heller	Member
Valerie Levulett	Member	Susan Schneider	Member
Barbara Spagnola	Member	Glenn Silloway	Member
Richard Sadowski	PC Appointee	Melani Smith	Member
Steven Shively	PWAB Appointee	Susan Stewart	Member
		Robert Tefft	Member

CITY OF MORRO BAY
 SCHEDULE OF SALARY & BENEFITS DISTRIBUTION
 2016/17 PROPOSED BUDGET

<u>Division</u>	<u>Total Salary & Benefits to Distribute</u>	<u>City Council</u>	<u>City Manager</u>	<u>City Clerk & Legal</u>	<u>Human Resources</u>	<u>Deputy City Mgr</u>	<u>Accounting & Treasury</u>	<u>Police Operations</u>	<u>Support Services</u>	<u>Fire Operations</u>	<u>Public Works</u>	<u>Consolidated Maintenance</u>	<u>Community Development</u>
City Council	73,144	73,144											
City Manager	206,133		206,133										
City Clerk/Legal/HR	286,580			166,696	119,884								
Deputy City Manager	89,921					89,921							
Accounting & Treasury	498,515						498,515						
Police	3,216,120							2,884,310	216,324				
Fire	2,362,897									2,118,343			
Public Works/Cons Maint	1,575,659										396,188	1,168,471	
Community Development	770,424												770,424
Recreation Services	736,026												
Water	846,791												
Sewer	652,331												
Harbor	1,106,090												
Transit	79,775												
Risk Management	44,531												
Information Technology	207,033												
WWTP	951,773												
	<u>13,703,743</u>	<u>73,144</u>	<u>206,133</u>	<u>166,696</u>	<u>119,884</u>	<u>89,921</u>	<u>498,515</u>	<u>2,884,310</u>	<u>216,324</u>	<u>2,118,343</u>	<u>396,188</u>	<u>1,168,471</u>	<u>770,424</u>

CITY OF MORRO BAY
SCHEDULE OF SALARY & BENEFITS DISTRIBUTION
2016/17 PROPOSED BUDGET

<u>Division</u>	<u>Recreation Admin</u>	<u>Sports & Youth Svcs</u>	<u>Water Operations</u>	<u>Sewer Operations</u>	<u>Harbor Operations</u>	<u>Transit Operations</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Wastewater Treatment</u>	<u>Measure Q FF & SRQ</u>	<u>Safety COPS</u>	<u>Cloisters Assessment</u>	<u>TOTAL</u>
City Council													73,144
City Manager													206,133
City Clerk/Legal/HR													286,580
Deputy City Manager													89,921
Accounting & Treasury													498,515
Police										75,400	40,086		3,216,120
Fire										244,554			2,362,897
Public Works/Cons Maint												11,000	1,575,659
Community Development													770,424
Recreation Services	402,339	333,687											736,026
Water			846,791										846,791
Sewer				652,331									652,331
Harbor					1,106,090								1,106,090
Transit						79,775							79,775
Risk Management							44,531						44,531
Information Technology								207,033					207,033
WWTP									951,773				951,773
	402,339	333,687	846,791	652,331	1,106,090	79,775	44,531	207,033	951,773	319,954	40,086	11,000	13,703,743

CITY FUNDS LIST

GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	FIDUCIARY FUNDS	COMPONENT UNIT
Used to account for activities primarily supported by taxes, grants, and similar revenue sources, and includes: General Funds, Account Groups, Special Revenue Funds, Debt Service Funds, Capital Projects and Internal Service Funds.	Used to account for activities that receive significant support from user fees, and includes: Enterprise Funds	Used to account for resources that a government holds, as a trustee or agent, on behalf of an outside party that cannot be used to support the government's own programs, and includes: Trust & Agency Funds	Used to account for legally separate organizations that the government must include as part of its financial reporting entity
<p align="center">General Funds</p> <p>001 General Fund 050 Gen. Gov. Vehicle Replacement 051 G/F Emergency Reserve Fund 052 G/F Facility Maint. Fund 470 G/F Projects Accumulation 460 G/F Capital Replacement Accumulation 480 Opportunity</p> <p align="center">Account Groups</p> <p>002 General Fixed Asset Group 011 General Long Term Debt</p> <p align="center">Special Revenue Funds</p> <p>003 District Transaction Tax (Meas Q) 007 MBTBID 200 Comm. Development Grants 201 CDBG Loan Repayment Fund 204 CDBG 04/05 Housing Rehab 205 05/06 Home Partnership 250 State Gas Tax Fund 270 Lower Cost Visitor Accom. Fund 280 Traffic Safety Fund 282 Special Safety Grants 299 Parking In-Lieu Fund 302 LTF - Bike Path 303 LTF - Roads 500 Assessment Districts 570 Cloisters Assessment District 575 Cloisters Reserve 900 Government Impact Fees 904 Park Fee Fund 924 State Park Marina 941 Affordable Housing In-Lieu Fund</p> <p align="center">Capital Project Funds</p> <p>915 Governmental Capital Project Fund</p> <p align="center">Internal Service Funds</p> <p>430 Risk Management 450 Information Technology</p>	<p align="center">Enterprise Funds</p> <p align="center">Local Transportation Funds</p> <p>301 Transit Fund 920 Transit Capital Imprv. Fund</p> <p align="center">Water Funds</p> <p>053 Water Equip. Replacement 311 Water Revenue Fund 921 Water Capital Impv. Fund 951 Water Accumulation Fund</p> <p align="center">Sewer Funds</p> <p>054 Sewer Equip. Replacement 321 Sewer Revenue Fund 922 Sewer Capital Impv. Fund 952 Sewer Accumulation Fund</p> <p align="center">Harbor Funds</p> <p>055 Harbor Equip. Replacement 331 Harbor Operating Fund 923 Harbor Capital Impv. Fund 953 Harbor Accumulation Fund</p>	<p align="center">Trust & Agency Funds</p> <p>512 Other Post Employment Benefits 515 Trust & Agency Fund</p>	<p align="center">Component Unit</p> <p>599 MB/CS Wastewater Treatment Fund 930 MB/CS Wastewater Treatment Projs</p>

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET**

SUMMARY OF ALL BUDGETED FUNDS

NAME OF FUND	BEGINNING CASH	REVENUE ESTIMATES		TRANSFERS		EXPENDITURE ESTIMATES		REVENUES OVER(UNDER) NET	ENDING CASH
		OPERATING	CAPITAL	IN	OUT	OPERATING	CAPITAL	TRANSFERS AND EXPENDITURES	
GENERAL	\$ -	\$ 11,562,661	\$ -	\$ 1,197,537	\$ (736,357)	\$ (12,012,590)	\$ -	\$ 11,251	\$ 11,251
DISTRICT TRANSACTION TAX	10,099	1,019,199	-	-	(96,122)	(335,881)	(587,196)	-	10,099
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	58,832	851,606	-	60,000	(18,632)	(892,974)	-	-	58,832
COUNTY TOURISM MARKETING DISTRICT	-	330,964	-	-	(6,619)	(324,345)	-	-	-
GENERAL GOVERNMENT VEHICLE REPLACEMENT	130,107	-	-	75,000	-	-	(70,000)	5,000	135,107
GENERAL FUND EMERGENCY RESERVE	3,589,623	20,000	-	-	-	-	-	20,000	3,609,623
GENERAL FUND FACILITY MAINTENANCE	63,722	108,000	-	-	-	(171,500)	-	(63,500)	222
CAPITAL REPLACEMENT	100,000	-	-	100,000	-	-	-	100,000	200,000
PROJECTS ACCUMULATION	134,415	-	-	125,000	-	-	-	125,000	259,415
WATER EQUIPMENT REPLACEMENT	262,550	-	-	-	-	-	-	-	262,550
SEWER EQUIPMENT REPLACEMENT	498,234	-	-	177,371	-	-	-	177,371	675,605
HARBOR EQUIPMENT REPLACEMENT	54,743	-	-	-	-	-	-	-	54,743
COMMUNITY DEVELOPMENT GRANTS	70,431	168,530	-	-	-	-	(68,530)	100,000	170,431
STATE GAS TAX	-	237,562	-	-	(237,562)	-	-	-	-
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	53,618	-	-	-	-	-	-	-	53,618
TRAFFIC SAFETY	-	13,000	-	-	(13,000)	-	-	-	-
SPECIAL SAFETY GRANTS	33,021	100,000	-	-	-	-	(100,000)	-	33,021
PARKING IN-LIEU	312,140	-	-	-	-	-	-	-	312,140
TRANSIT	150,156	341,463	127,664	-	(79,775)	(407,208)	-	(17,856)	132,300
LTF (BIKE PATHS)	7,907	7,858	-	-	-	-	(15,000)	(7,142)	765
LTF (ROADS)	28,885	73,292	-	-	-	-	-	73,292	102,177
WATER REVENUE	-	5,137,800	-	-	(843,540)	(4,294,260)	-	-	-
UTILITY DISCOUNT/REBATE	135,915	-	-	118,000	-	(116,032)	-	1,968	137,883
SEWER REVENUE	-	5,608,000	-	-	(2,358,863)	(3,249,137)	-	-	-
HARBOR OPERATING	-	2,290,666	-	-	(314,728)	(1,975,938)	-	-	-
RISK MANAGEMENT INTERNAL SERVICE	153,672	1,386,378	-	-	-	(1,285,448)	-	100,930	254,602
INFORMATION TECHNOLOGY INTERNAL SERVICE	143,126	-	-	384,357	-	(456,120)	(27,000)	(98,763)	44,363
SPECIAL ASSESSMENT DISTRICTS	59,869	8,477	-	-	-	(4,800)	-	3,677	63,546
CLOISTERS ASSESSMENT DISTRICT	90,364	148,944	-	-	-	(140,500)	-	8,444	98,808
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE	417,159	-	-	-	-	-	-	-	417,159
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	-	66,732	-	-	-	-	-	66,732	66,732
MB/CSD WASTEWATER TREATMENT PLANT	-	2,387,051	5,946,605	-	(2,000)	(2,385,051)	(5,946,605)	-	-
GOVERNMENTAL IMPACT FEES ACCUMULATION	479,707	-	226,000	-	-	-	(180,000)	46,000	525,707
PARK IN-LIEU FEES	10,214	-	-	-	-	-	-	-	10,214
STATE PARK MARINA SPECIAL REVENUE	146,585	80,000	-	-	-	-	(35,000)	45,000	191,585
HOUSING IN-LIEU	112,936	700	-	-	-	(5,000)	-	(4,300)	108,636
WATER ACCUMULATION	1,531,099	70,700	-	487,061	(23,200)	-	(487,500)	47,061	1,578,160
SEWER ACCUMULATION	6,334,741	60,000	-	2,159,001	(177,371)	-	(743,600)	1,298,030	7,632,771
HARBOR ACCUMULATION	666,614	-	-	24,442	-	-	(665,576)	(641,134)	25,480
TOTAL ALL FUNDS	\$ 15,840,484	\$ 32,079,583	\$ 6,300,269	\$ 4,907,769	\$ (4,907,769)	\$ (28,056,784)	\$ (8,926,007)	\$ 1,397,061	\$ 17,237,545

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET**

ALL FUNDS REVENUES BY CATEGORY

Name of Fund	Taxes & Assessments	Charges for Services	Licenses & Permits	Investments & Rent	Fines & Forfeitures	Other Governmental	Other	Interfund Transfers	2016/17 Adopted Budget
GENERAL	\$ 9,428,080	\$ 1,087,352	\$ 581,320	\$ 381,301	\$ 12,500	\$ 58,808	\$ 13,300	\$ 1,197,537	\$ 12,760,198
DISTRICT TRANSACTION TAX	1,019,199	-	-	-	-	-	-	-	1,019,199
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	831,606	-	-	-	-	-	20,000	60,000	911,606
COUNTY TOURISM MARKETING DISTRICT	330,964	-	-	-	-	-	-	-	330,964
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	-	-	-	-	75,000	75,000
GENERAL FUND EMERGENCY RESERVE	-	-	-	20,000	-	-	-	-	20,000
GENERAL FUND FACILITY MAINTENANCE	-	-	-	108,000	-	-	-	-	108,000
CAPITAL REPLACEMENT	-	-	-	-	-	-	-	100,000	100,000
PROJECTS ACCUMULATION	-	-	-	-	-	-	-	125,000	125,000
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	177,371	177,371
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	-	-	168,530	-	-	168,530
STATE GAS TAX	-	-	-	-	-	237,562	-	-	237,562
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	-	-	-	-	-	-
TRAFFIC SAFETY	-	-	-	-	13,000	-	-	-	13,000
SPECIAL SAFETY GRANTS	-	-	-	-	-	100,000	-	-	100,000
PARKING IN-LIEU	-	-	-	-	-	-	-	-	-
TRANSIT	-	44,000	-	-	-	425,127	-	-	469,127
LTF (BIKE PATHS)	-	-	-	-	-	7,858	-	-	7,858
LTF (ROADS)	-	-	-	-	-	73,292	-	-	73,292
WATER REVENUE	-	5,137,800	-	-	-	-	-	-	5,137,800
UTILITY DISCOUNT/REBATE	-	-	-	-	-	-	-	118,000	118,000
SEWER REVENUE	-	5,608,000	-	-	-	-	-	-	5,608,000
HARBOR OPERATING	-	2,290,666	-	-	-	-	-	-	2,290,666
RISK MANAGEMENT INTERNAL SERVICE	-	1,385,778	-	600	-	-	-	-	1,386,378
INFORMATION TECHNOLOGY INTERNAL SERVICE	-	-	-	-	-	-	-	384,357	384,357
SPECIAL ASSESSMENT DISTRICTS	8,477	-	-	-	-	-	-	-	8,477
CLOISTERS ASSESSMENT DISTRICT	148,944	-	-	-	-	-	-	-	148,944
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE	-	-	-	-	-	-	-	-	-
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	-	-	-	-	-	-	66,732	-	66,732
MB/CSD WASTEWATER TREATMENT PLANT	-	2,387,051	-	-	-	-	5,946,605	-	8,333,656
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	226,000	-	-	-	-	-	-	226,000
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	80,000	-	-	-	-	-	-	80,000
HOUSING IN-LIEU	-	-	-	700	-	-	-	-	700
WATER ACCUMULATION	-	63,200	-	7,500	-	-	-	487,061	557,761
SEWER ACCUMULATION	-	60,000	-	-	-	-	-	2,159,001	2,219,001
HARBOR ACCUMULATION	-	-	-	-	-	-	-	24,442	24,442
TOTAL REVENUE/TRANSFER IN ESTIMATES	\$ 11,767,270	\$ 18,369,847	\$ 581,320	\$ 518,101	\$ 25,500	\$ 1,071,177	\$ 6,046,637	\$ 4,907,769	\$ 43,287,621

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET**

ALL FUNDS EXPENDITURES BY CATEGORY

Name of Fund	Personnel	Supplies	Services	Capital Outlay	Other	Debt Service	Equip Rplcmnt	Transfers	2016/17 Adopted Budget
GENERAL	\$ (9,106,344)	\$ (509,934)	\$ (2,214,952)	\$ -	\$ (145,750)	\$ (35,610)	\$ -	\$ (736,357)	\$ (12,748,947)
DISTRICT TRANSACTION TAX	(319,954)	-	(601,196)	(7,416)	-	(90,633)	-	-	(1,019,199)
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	-	-	(892,974)	-	-	-	-	(18,632)	(911,606)
COUNTY TOURISM MARKETING DISTRICT	-	(324,345)	-	-	-	-	-	(6,619)	(330,964)
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	(70,000)	-	-	-	-	(70,000)
GENERAL FUND EMERGENCY RESERVE	-	-	-	-	-	-	-	-	-
GENERAL FUND FACILITY MAINTENANCE	-	-	(171,500)	-	-	-	-	-	(171,500)
CAPITAL REPLACEMENT	-	-	-	-	-	-	-	-	-
PROJECTS ACCUMULATION	-	-	-	-	-	-	-	-	-
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	(68,530)	-	-	-	-	(68,530)
STATE GAS TAX	-	-	-	-	-	-	-	(237,562)	(237,562)
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	-	-	-	-	-	-
TRAFFIC SAFETY	-	-	-	-	-	-	-	(13,000)	(13,000)
SPECIAL SAFETY GRANTS	(40,086)	(10,000)	-	(49,914)	-	-	-	-	(100,000)
PARKING IN-LIEU	-	-	-	-	-	-	-	-	-
TRANSIT	(79,775)	-	(407,208)	-	-	-	-	-	(486,983)
LTF (BIKE PATHS)	-	-	-	-	(15,000)	-	-	-	(15,000)
LTF (ROADS)	-	-	-	-	-	-	-	-	-
WATER REVENUE	(846,791)	(193,615)	(3,246,354)	-	(7,500)	-	-	(843,540)	(5,137,800)
UTILITY DISCOUNT/REBATE PROGRAM	-	-	(116,032)	-	-	-	-	-	(116,032)
SEWER REVENUE	(652,331)	(223,750)	(582,768)	-	(1,790,288)	-	-	(2,358,863)	(5,608,000)
HARBOR OPERATING	(1,106,090)	(78,900)	(359,289)	-	(296,800)	(134,859)	-	(314,728)	(2,290,666)
RISK MANAGEMENT INTERNAL SERVICE	(44,531)	-	(1,240,917)	-	-	-	-	-	(1,285,448)
INFORMATION TECHNOLOGY INTERNAL SERVICE	(207,033)	(91,000)	(158,087)	(27,000)	-	-	-	-	(483,120)
SPECIAL ASSESSMENT DISTRICTS	-	-	(4,800)	-	-	-	-	-	(4,800)
CLOISTERS ASSESSMENT DISTRICT	(11,000)	(7,000)	(122,500)	-	-	-	-	-	(140,500)
TRUST AND AGENCY - GENERAL PLAN MAINT FEE	-	-	-	-	-	-	-	-	-
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	-	-	-	-	-	-	-	-	-
MB/CSD WASTEWATER TREATMENT PLANT	(951,773)	(386,600)	(1,016,678)	(5,946,605)	(30,000)	-	-	(2,000)	(8,333,656)
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	-	-	(180,000)	-	-	-	-	(180,000)
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	-	-	(35,000)	-	-	-	-	(35,000)
HOUSING IN-LIEU	-	-	-	-	(5,000)	-	-	-	(5,000)
WATER ACCUMULATION	-	-	-	(487,500)	-	-	-	(23,200)	(510,700)
SEWER ACCUMULATION	-	-	-	(743,600)	-	-	-	(177,371)	(920,971)
HARBOR ACCUMULATION	-	-	-	(665,576)	-	-	-	-	(665,576)
TOTAL EXPENDITURE/TRANSFER OUT	\$ (13,365,708)	\$ (1,825,144)	\$ (11,135,255)	\$ (8,281,141)	\$ (2,290,338)	\$ (261,102)	\$ -	\$ (4,731,872)	(41,890,560)
TOTAL REVENUE/TRANSFER IN									43,287,621
SOURCE/(USE) OF CASH									\$ 1,397,061

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GENERAL FUND

The General Fund was established on July 17, 1964, by the incorporation of the City. Activities financed from this Fund include legislative, administrative, legal and fiscal functions; police and fire protection services; engineering, planning, inspection, and zoning regulation services; street maintenance; and parks and recreation. The primary sources of revenue for this Fund include property tax, transient occupancy tax, and sales tax.

GENERAL FUND FORECAST

General Fund (001)	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:									
Property Tax	2,782,908	2,836,609	2,909,509	2,911,662	3,001,282	3,108,784	3,220,257	3,303,647	3,389,321
Property tax in-lieu (VLFAA)	830,137	853,044	876,567	878,835	907,483	941,613	977,036	1,004,031	1,031,783
Homeowners Exemption	18,535	18,818	18,818	18,348	18,440	18,624	18,810	18,810	18,810
Subtotal Property Tax	3,631,580	3,708,472	3,804,895	3,808,845	3,927,205	4,069,021	4,216,104	4,326,489	4,439,914
Sales Tax (local)	1,398,423	1,704,376	1,697,649	1,774,387	1,864,500	1,960,572	2,027,154	2,096,361	2,168,087
Sales Tax (triple-flip)	328,965	-	-	-	-	-	-	-	-
Sales Tax (Prop 172-Safety)	122,400	124,848	121,103	124,433	129,099	133,940	136,619	139,352	142,139
Subtotal Sales Tax	1,849,788	1,829,224	1,818,752	1,898,820	1,993,599	2,094,512	2,163,773	2,235,712	2,310,225
Property Transfer Tax	61,200	62,424	60,551	62,368	64,863	67,457	68,806	70,182	71,586
Transient Occupancy Tax	3,113,942	3,269,639	3,187,898	3,395,111	3,666,720	3,960,058	4,158,060	4,365,963	4,584,262
Franchises	507,000	517,140	514,554	527,418	543,241	559,538	570,729	582,143	593,786
Business Licenses	556,000	565,120	427,910	440,748	458,378	476,713	486,247	495,972	505,891
Subtotal Other Taxes	4,238,142	4,414,323	4,190,914	4,425,645	4,733,201	5,063,765	5,283,842	5,514,261	5,755,525
Building Permit	285	285	285	285	285	285	285	285	285
Coastal Permits	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000	26,000
Conditional Use Permits	25,000	25,000	23,750	23,988	24,467	24,957	24,957	24,957	24,957
Other Licenses & Permits	10,500	10,500	9,975	10,075	10,276	10,482	10,482	10,482	10,482
Subtotal Licenses & Permits	61,785	61,785	60,010	60,348	61,029	61,724	61,724	61,724	61,724
Motor Vehicle License Fee	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
State & Federal Grants	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400	22,400
State Reimbursements	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Subtotal Intergovernmental	31,900	31,900	31,900	31,900	31,900	31,900	31,900	31,900	31,900
Investment Income	883	6,448	6,653	2,793	-	-	300	670	368
Rents	367,503	374,853	382,350	389,997	397,797	405,753	413,868	422,145	430,588
Subtotal Use of Money & Property	368,386	381,301	389,003	392,790	397,797	405,753	414,168	422,815	430,956
Parking Fines	3,000	3,030	3,060	3,091	3,122	3,153	3,185	3,216	3,249
Vehicle Code Fines	2,000	2,020	2,040	2,061	2,081	2,102	2,123	2,144	2,166
Other Fines	1,036	1,046	1,056	1,067	1,078	1,088	1,099	1,110	1,121
Subtotal Fines & Forfeitures	6,036	6,096	6,157	6,219	6,281	6,343	6,407	6,471	6,536
Planning & Zoning Fees	37,900	37,900	36,953	37,137	37,509	37,884	37,884	37,884	37,884
Engineering & Inspection Fees	326,000	326,000	317,850	319,439	322,634	325,860	325,860	325,860	325,860
Police Services	41,278	41,691	42,108	42,529	42,954	43,384	43,817	44,256	44,698
Fire Services	86,699	87,566	88,442	89,326	90,219	91,122	92,033	92,953	93,883
Recreation Program Fees	519,519	524,714	529,961	535,261	540,614	546,020	551,480	556,995	562,565
Other Service Charges	33,432	33,766	34,104	34,445	34,789	35,137	35,489	35,844	36,202
Subtotal Fees & Charges	1,044,828	1,051,637	1,049,417	1,058,137	1,068,719	1,079,406	1,086,562	1,093,791	1,101,091
Other Revenues	40,388	40,388	40,388	40,388	40,388	40,388	40,388	40,388	40,388
Total Revenues Before Transfers	11,272,832	11,525,126	11,391,436	11,723,091	12,260,118	12,852,813	13,304,869	13,733,551	14,178,259

GENERAL FUND FORECAST

General Fund (001)	2016	2017	2018	2019	2020	2021	2022	2023	2024
Emergency Reserve				218,098	521,605	-	-	-	-
Measure Q (Fire overtime)	92,867	96,117	99,481	102,963	106,567	110,297	114,157	118,153	122,288
Capital Projects	-	-	-	-	-	-	-	-	-
Other Funds	23,251	23,251	23,251	23,251	23,251	23,251	23,251	23,251	23,251
Gas Tax/Traffic Safety	250,562	250,562	250,562	250,562	250,562	250,562	250,562	250,562	250,562
Transit (cost allocation plan)	79,775	79,775	79,775	79,775	79,775	79,775	79,775	79,775	79,775
Water (cost allocation plan)	281,058	286,679	292,413	298,261	304,226	310,311	316,517	322,847	329,304
Sewer (cost allocation plan)	167,512	170,862	174,279	177,765	181,320	184,947	188,646	192,419	196,267
Harbor (cost allocation plan)	281,986	287,626	293,378	299,246	305,231	311,335	317,562	323,913	330,392
Subtotal Transfers In	1,177,011	1,194,872	1,213,140	1,449,921	1,772,538	1,270,478	1,290,470	1,310,920	1,331,839
Total Revenue & Transfers In	12,449,843	12,719,999	12,604,576	13,173,012	14,032,656	14,123,290	14,595,339	15,044,471	15,510,098
Expenses:									
Regular Salaries & Other Pay	5,095,183	4,928,665	5,101,168	5,279,709	5,464,499	5,655,756	5,853,708	6,058,588	6,270,638
Part-time Wages	981,480	1,001,110	1,021,132	1,041,554	1,062,386	1,083,633	1,105,306	1,127,412	1,149,960
Overtime	212,329	219,761	227,452	235,413	243,652	252,180	261,007	270,142	279,597
Employer Paid Benefits (all)									
Pension	1,530,017	1,633,768	1,720,218	1,694,713	1,854,649	1,759,214	1,839,829	1,872,359	1,916,865
Health	868,665	872,261	898,429	925,381	953,143	981,737	1,011,189	1,041,525	1,072,771
Medicare	70,673	71,466	73,967	76,556	79,235	82,008	84,879	87,850	90,924
Workers Comp	467,170	462,759	478,956	495,719	513,069	531,027	549,612	568,849	588,759
Unemployment Insurance	28,068	27,457	28,418	29,413	30,442	31,507	32,610	33,752	34,933
Other	50,281	50,604	52,375	54,208	56,105	58,069	60,101	62,205	64,382
Vacancy Savings Rate	(558,232)	(278,035)	(288,063)	(294,980)	(307,715)	(313,054)	(323,947)	(333,680)	(344,065)
Labor Costs Applied	(410,895)	(60,000)	(61,200)	(62,424)	(63,672)	(64,946)	(66,245)	(67,570)	(68,921)
Subtotal Personnel	8,334,739	8,929,814	9,252,850	9,475,262	9,885,793	10,057,132	10,408,049	10,721,430	11,055,842
Contract Services	1,221,184	1,245,608	1,270,520	1,295,930	1,321,849	1,348,286	1,375,252	1,402,757	1,430,812
Utilities	453,793	462,869	472,126	481,569	491,200	501,024	511,045	521,266	531,691
Insurance	140,914	143,732	146,607	149,539	152,530	155,580	158,692	161,866	165,103
Other Services & Supplies	822,577	839,029	855,809	872,925	890,384	908,191	926,355	944,882	963,780
Other Expense	70,109	71,511	72,941	74,400	75,888	77,406	78,954	80,533	82,144
Contribution to Tourism	-	60,000	97,580	139,022	193,344	252,012	291,612	300,000	300,000
Capital Outlay	-	25,000	25,500	26,010	26,530	27,061	27,602	28,154	28,717
Debt Service	-	35,610	35,610	35,610	35,610	35,610	35,610	35,610	35,610
Transfers Out (all)									
Vehicle Replacement	20,028	276,000	217,700	277,049	180,948	201,296	204,335	270,356	273,899
Technology	319,489	308,524	257,623	211,416	218,204	221,196	227,047	232,307	237,907
Capital Replacement	75,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Projects Accumulation	200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Fire Equipment Replacement	-	19,916	139,375	231,726	285,376	23,471	26,528	110,588	146,520
Other	50,000	-	-	-	-	-	-	-	-
Total Expenses & Transfers Out	11,707,833	12,692,613	13,119,241	13,545,459	14,032,656	14,083,266	14,546,081	15,084,748	15,527,025
Net Surplus (Shortfall)	742,011	27,385	(514,665)	(372,447)	-	40,025	49,258	(40,277)	(16,927)
Beginning Cash Balance	117,716	859,727	887,112	372,447	-	-	40,025	89,283	49,006
Ending Cash Balance	859,727	887,112	372,447	-	-	40,025	89,283	49,006	32,079

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET
GENERAL FUND REVENUES BY SOURCE**

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Property taxes						
Current secured net of admin fee	\$ 2,418,684	\$ 2,520,700	\$ 2,679,337	\$ 2,707,430	\$ 2,728,387	\$ 2,856,609
Property tax in-lieu - VLF	809,214	837,251	877,079	830,137	830,137	853,044
Property tax in-lieu - Sales Tax	364,472	447,649	364,931	221,566	221,566	-
Subtotal	<u>3,592,370</u>	<u>3,805,600</u>	<u>3,921,347</u>	<u>3,759,133</u>	<u>3,780,090</u>	<u>3,709,653</u>
Other taxes						
Sales and use tax	1,154,885	1,189,656	1,207,332	1,460,913	1,460,913	1,704,376
Sales tax Prop 172 Public Safety	131,214	156,783	164,000	122,400	122,400	124,848
Property transfer tax	65,324	69,485	76,137	61,200	61,200	62,424
Transient occupancy tax	2,235,255	2,527,352	2,888,638	2,871,253	3,113,942	3,309,639
Franchises	513,304	505,658	492,572	507,000	507,000	517,140
Subtotal	<u>4,099,982</u>	<u>4,448,934</u>	<u>4,828,679</u>	<u>5,022,766</u>	<u>5,265,455</u>	<u>5,718,427</u>
Licenses and permits						
Business/transient vendor tax	230,145	248,181	305,844	556,000	556,000	519,520
Coastal permits	25,363	32,336	19,594	26,000	26,000	26,000
Conditional use permits	10,781	11,599	59,466	25,000	25,000	25,000
Other licenses and permits	8,079	12,906	10,865	10,500	10,500	10,800
Subtotal	<u>274,368</u>	<u>305,022</u>	<u>395,769</u>	<u>617,500</u>	<u>617,500</u>	<u>581,320</u>
Intergovernmental						
Homeowners subvention	19,148	19,076	18,902	18,535	18,535	18,818
Motor vehicle tax	5,438	4,500	4,347	4,500	4,500	4,500
State & Federal grants	-	64,278	10,085	3,400	124,379	26,589
State reimbursements	18,068	21,092	21,890	17,000	78,800	8,901
Subtotal	<u>42,654</u>	<u>108,946</u>	<u>55,224</u>	<u>43,435</u>	<u>226,214</u>	<u>58,808</u>
Use of money and property						
Investment income/rents	323,595	281,361	331,853	292,400	314,597	381,301
Subtotal	<u>323,595</u>	<u>281,361</u>	<u>331,853</u>	<u>292,400</u>	<u>314,597</u>	<u>381,301</u>
Fines & forfeitures						
Parking fines	6,660	5,799	4,660	3,000	3,000	4,500
Vehicle code fines	6,839	9,843	7,829	7,000	7,000	7,000
Other fines	6,623	5,085	2,638	2,000	2,000	1,000
Subtotal	<u>20,122</u>	<u>20,727</u>	<u>15,127</u>	<u>12,000</u>	<u>12,000</u>	<u>12,500</u>
Charges for services						
Community development	239,739	279,854	369,407	335,300	335,300	402,900
Fire services	116,409	188,549	211,889	114,199	340,756	126,932
Police services	22,312	28,164	24,913	23,600	23,600	11,000
Recreation services	403,589	534,721	493,076	622,000	617,000	521,632
Other service charges	65,575	9,050	11,441	24,932	24,932	24,888
Subtotal	<u>847,624</u>	<u>1,040,338</u>	<u>1,110,726</u>	<u>1,120,031</u>	<u>1,341,588</u>	<u>1,087,352</u>
Other revenues	32,979	28,624	100,561	7,000	7,000	13,300
Subtotal general fund revenues	<u>9,233,694</u>	<u>10,039,552</u>	<u>10,759,286</u>	<u>10,874,265</u>	<u>11,564,444</u>	<u>11,562,661</u>
Transfers in	<u>3,227,099</u>	<u>2,451,361</u>	<u>1,709,177</u>	<u>1,177,011</u>	<u>1,177,011</u>	<u>1,197,537</u>
TOTAL GENERAL FUND REVENUES AND TRANSFERS IN	<u>\$ 12,460,793</u>	<u>\$ 12,490,913</u>	<u>\$ 12,468,463</u>	<u>\$ 12,051,276</u>	<u>\$ 12,741,455</u>	<u>\$ 12,760,198</u>

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET
GENERAL FUND EXPENDITURES BY DEPARTMENT**

	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Actual</u>	<u>2015/16 Adopted Budget</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
LEGISLATIVE						
City Council	\$ (82,695)	\$ (206,485)	\$ (142,734)	\$ (110,312)	\$ (110,812)	\$ (127,477)
Subtotal	<u>(82,695)</u>	<u>(206,485)</u>	<u>(142,734)</u>	<u>(110,312)</u>	<u>(110,812)</u>	<u>(127,477)</u>
ADMINISTRATION						
City Manager	(482,253)	(596,479)	(598,152)	(478,333)	(444,709)	(277,852)
Contract Services	(52,745)	(32,988)	(46,314)	(52,031)	(52,031)	(768,105)
City Clerk Office	(140,364)	(139,637)	(309,198)	(346,628)	(442,789)	(355,342)
Deputy City Manager	-	-	(34,603)	(160,000)	(250,876)	(106,996)
Subtotal	<u>(675,362)</u>	<u>(769,104)</u>	<u>(988,267)</u>	<u>(1,036,992)</u>	<u>(1,190,405)</u>	<u>(1,508,295)</u>
FINANCE DEPARTMENT						
Accounting & Treasury	(527,273)	(567,712)	(518,352)	(622,975)	(679,893)	(683,794)
City Rental Property	(7,413)	(29,489)	(18,997)	-	(4,500)	(10,000)
Subtotal	<u>(534,686)</u>	<u>(597,201)</u>	<u>(537,349)</u>	<u>(622,975)</u>	<u>(684,393)</u>	<u>(693,794)</u>
POLICE DEPARTMENT						
Operations	(2,778,032)	(2,776,683)	(2,882,447)	(3,032,060)	(3,055,005)	(3,135,986)
Support Services	(460,703)	(425,149)	(377,613)	(468,744)	(469,620)	(231,898)
Subtotal	<u>(3,238,735)</u>	<u>(3,201,832)</u>	<u>(3,260,060)</u>	<u>(3,500,804)</u>	<u>(3,524,625)</u>	<u>(3,367,884)</u>
FIRE DEPARTMENT						
Operations	(1,872,727)	(2,059,428)	(2,228,423)	(2,288,069)	(2,469,107)	(2,317,877)
Emergency Operations Center (EOC)	(2,518)	(8,238)	(9,897)	(8,041)	(8,041)	(9,150)
Subtotal	<u>(1,875,245)</u>	<u>(2,067,666)</u>	<u>(2,238,320)</u>	<u>(2,296,110)</u>	<u>(2,477,148)</u>	<u>(2,327,027)</u>
COMMUNITY DEVELOPMENT						
Administration	-	-	(279,225)	(888,928)	(891,184)	(989,173)
Subtotal	<u>-</u>	<u>-</u>	<u>(279,225)</u>	<u>(888,928)</u>	<u>(891,184)</u>	<u>(989,173)</u>
PUBLIC WORKS						
Administration	(835,931)	(934,210)	(860,849)	(377,027)	(383,927)	(466,651)
Consolidated Maintenance	(990,377)	(1,035,389)	(1,009,195)	(1,086,113)	(1,094,968)	(993,175)
Streets, Street Trees, Storm Drains	(422,318)	(420,694)	(454,631)	(521,380)	(537,388)	(738,267)
Street Lighting	(90,975)	(83,355)	(101,262)	(104,000)	(104,000)	(107,200)
Curbside Recycling	(21,000)	(22,940)	(22,940)	(23,832)	(23,832)	(24,888)
Subtotal	<u>(2,360,601)</u>	<u>(2,496,588)</u>	<u>(2,448,877)</u>	<u>(2,112,352)</u>	<u>(2,144,115)</u>	<u>(2,330,181)</u>
RECREATION SERVICES						
Administration	(334,854)	(311,157)	(379,573)	(193,713)	(189,151)	(472,878)
Sports	(319,869)	(324,596)	(318,380)	(351,061)	(370,973)	(251,148)
Youth and Teen Programs	(363,208)	(373,307)	(394,966)	(403,540)	(405,644)	(235,937)
Subtotal	<u>(1,017,931)</u>	<u>(1,009,060)</u>	<u>(1,092,919)</u>	<u>(948,314)</u>	<u>(965,768)</u>	<u>(959,963)</u>
SUBTOTAL GENERAL FUND ESTIMATES	(9,785,255)	(10,347,936)	(10,987,751)	(11,516,787)	(11,988,450)	(12,303,794)
Personnel vacancy rate	-			262,099	262,099	338,035
Reserve for unfunded compensable leaves						(46,831)
Transfers out:						
Capital improvement	(1,492,417)	(2,486,752)	(232,943)	-	-	-
Tourism Contribution	-	-	-	(50,000)	(37,503)	(60,000)
Information Technology ISF	-	-	-	(319,489)	(319,489)	(376,357)
Vehicle replacement	-	-	-	(75,000)	(75,000)	(75,000)
Capital Replacement	-	-	-	(75,000)	(75,000)	(100,000)
Projects Reserve	-	-	-	(200,000)	(200,000)	(125,000)
Fire Equipment Replacement	-	-	-	-	-	-
TOTAL GENERAL FUND ESTIMATES	\$ (11,277,672)	(12,834,688)	(11,220,694)	(11,974,177)	(12,433,343)	(12,748,947)
				REVENUES		12,760,198
				SURPLUS(SHORTFALL)	\$	11,251

**CITY OF MORRO BAY
2016/17 ADOPTED BUDGET
GENERAL FUND EXPENDITURES BY DIVISION AND CATEGORY**

<u>Department Name</u>	<u>Personnel</u>	<u>Supplies</u>	<u>Services</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Debt Service</u>	<u>Equipment Replacement</u>	<u>Transfers</u>	<u>2016/17 Adopted Budget</u>
City Council	\$ (73,144)	\$ (100)	\$ (46,233)	\$ -	\$ (8,000)	\$ -	-	\$ -	(127,477)
City Manager	(206,133)	(5,450)	(42,909)	-	(25,000)	-	-	-	(279,492)
Contract Services	-	-	(768,105)	-	-	-	-	-	(768,105)
City Clerk Office	(286,580)	(6,250)	(64,250)	-	-	-	-	-	(357,080)
Deputy City Manager	(89,921)	(500)	(17,224)	-	-	-	-	-	(107,645)
Accounting & Treasury	(498,515)	(5,675)	(182,630)	-	-	-	-	-	(686,820)
City-Owned Rental Property	-	(10,000)	-	-	-	-	-	-	(10,000)
Police Department	(2,884,310)	(75,000)	(192,069)	-	-	-	-	-	(3,151,379)
Support Services	(216,324)	(1,000)	(15,750)	-	-	-	-	-	(233,074)
Fire Department	(2,118,343)	(87,958)	(116,116)	-	(5,250)	-	-	-	(2,327,667)
Emergency Operations Center (EOC)	-	(5,650)	(3,500)	-	-	-	-	-	(9,150)
Community Development	(770,424)	(10,300)	(112,698)	-	(100,000)	-	-	-	(993,422)
Public Works	(370,100)	(25,964)	(72,357)	-	-	-	-	-	(468,421)
Consolidated Maintenance:									
Vehicles, Parks, Facilities	(690,620)	(92,737)	(177,553)	-	-	(35,610)	-	-	(996,520)
Streets, Street Trees, Storm Drains/Creeks	(477,851)	(71,500)	(190,700)	-	-	-	-	-	(740,051)
Street Lighting	(1,200)	-	(106,000)	-	-	-	-	-	(107,200)
Curbside Recycling	(24,888)	-	-	-	-	-	-	-	(24,888)
Recreation Services - Administration	(402,339)	(5,150)	(60,160)	-	(7,500)	-	-	-	(475,149)
Recreation Services - Sports	(149,300)	(78,200)	(23,648)	-	-	-	-	-	(251,148)
Recreation Services - Youth Services	(184,387)	(28,500)	(23,050)	-	-	-	-	-	(235,937)
Vacancy rate	338,035	-	-	-	-	-	-	-	338,035
Transfers out:									
Information Technology ISF	-	-	-	-	-	-	-	(376,357)	(376,357)
Economic Development	-	-	-	-	-	-	-	(60,000)	(60,000)
Vehicle Replacement	-	-	-	-	-	-	-	(75,000)	(75,000)
Capital Replacement	-	-	-	-	-	-	-	(100,000)	(100,000)
Projects Reserve	-	-	-	-	-	-	-	(125,000)	(125,000)
Fire Equipment Replacement	-	-	-	-	-	-	-	-	-
General Fund expenditure estimates	\$ (9,106,344)	\$ (509,934)	\$ (2,214,952)	\$ -	\$ (145,750)	(35,610)	\$ -	\$ (736,357)	(12,748,947)
General Fund revenue estimates									12,760,198
Surplus (Shortage)									\$ 11,251

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

CITY COUNCIL

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Amended Budget	2016/17 Adopted Budget
Personnel services	\$ (65,426)	\$ (70,664)	\$ (68,371)	\$ (68,821)	\$ (73,144)
Supplies	(1,100)	(178)	(1,318)	(500)	(100)
Services	(16,169)	(47,643)	(63,859)	(33,991)	(46,233)
Contingency	-	-	-	-	-
Capital outlay	-	-	-	-	-
One-time bequests	-	(88,000)	(9,186)	(7,500)	(8,000)
Equipment replacement	-	-	-	-	-
Total expenditures	(82,695)	(206,485)	(142,734)	(110,812)	(127,477)
Total revenues	-	1,581	1,421	-	-
Revenues over(under) expenditures	\$ (82,695)	\$ (204,904)	\$ (141,313)	\$ (110,812)	\$ (127,477)

NOTES:

At the June 12, 2013 budget workshop, the City Council removed \$2,000 from its services budget that had been programmed for a leadership seminar. This money will be added to the funds collected for outside agencies who who submitted requests for funding. Bequests are as follows:

Friends of the Library	\$ 5,000	
Housing Trust Fund	1,000	This amount came out of the Affordable Housing Fund
Morro Bay Tourism Bureau	58,000	
Economic Vitality Bureau (EVC)	5,000	
Downtown restroom	16,000	
Morro Bay 4th of July	4,000	
	\$ 89,000	

With the FY 13/14 budget, the LAFCO (\$12,661) and League of California Cities (\$5,607) expenditure were removed from the City Manager's budget, and placed in the "services" category in the City Council's budget.

With the adoption of the FY 14/15 budget, Council granted the following bequests:

SLO County Housing Trust Fund	\$ 1,000	This amount came out of the Affordable Housi
SCORE	1,000	
Senior Nutrition	5,000	
	\$ 7,000	

With the adoption of the FY 15/16 budget, Council granted the following bequests:

SLO County Housing Trust Fund	\$ 1,000
Community Resource Office	1,000
SCORE	500
Senior Nutrition	5,000
	\$ 7,500

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CITY MANAGER

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (329,584)	\$ (491,474)	\$ (374,389)	\$ (288,071)	\$ (206,133)
Supplies	(21,091)	(4,448)	(6,592)	(7,950)	(5,450)
Services	(119,016)	(100,557)	(217,171)	(118,688)	(42,909)
Capital outlay	-	-	-	-	-
Other	(12,562)	-	-	(30,000)	(25,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(482,253)</u>	<u>(596,479)</u>	<u>(598,152)</u>	<u>(444,709)</u>	<u>(279,492)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>106,000</u>	<u>6,000</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (482,253)</u>	<u>\$ (596,479)</u>	<u>\$ (492,152)</u>	<u>\$ (438,709)</u>	<u>\$ (279,492)</u>

NOTES:

With the FY 13/14 budget, the LAFCO (\$12,661) and League of California Cities (\$5,607) expenditure were removed from the City Manager's budget, and placed in the "services" category in the City Council's budget.

In FY 13/14, the City Manager was separated from employment, and payout cost is reflected in the increased personnel services category.

In FY 16/17, the City Clerk costs were removed from this budget

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CONTRACT SERVICES

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Services:					
PARS management fees	\$ (6,744)	\$ (6,922)	\$ (7,456)	\$ (7,000)	\$ (7,500)
Contract City Attorney, G/F portion		(25,070)	(121,697)	(175,000)	(150,000)
AGP Video					(60,000)
Digital Map GIS service					(10,000)
DocuTeam document storage					(9,500)
Regional dispatch - Fire					(123,899)
Regional dispatch - Police					(252,076)
Ricoh copier leases					(35,000)
Visitors Center					(50,000)
Animal services	<u>(46,001)</u>	<u>(26,066)</u>	<u>(38,858)</u>	<u>(45,031)</u>	<u>(70,130)</u>
Total expenditures	\$ <u>(52,745)</u>	\$ <u>(58,058)</u>	\$ <u>(168,011)</u>	\$ <u>(227,031)</u>	\$ <u>(768,105)</u>

NOTES:

With the FY 13/14 animal services agreement, the County again revisited the methodology for calculating fees, lowering the City's contribution; this is a three year contract that is reevaluated annually.

In FY 16/17, this budget section was expanded to include services that benefit all General Fund departments.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CITY CLERK/LEGAL

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ (283,630)	\$ (24,029)	\$ (49,914)	\$ (166,696)
Supplies	-	(31,746)	(4,243)	(1,810)	(4,600)
Services	-	(49,341)	(47,340)	(16,701)	(31,960)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>-</u>	<u>(364,717)</u>	<u>(75,612)</u>	<u>(68,425)</u>	<u>(203,256)</u>
Total revenues	<u>-</u>	<u>458</u>	<u>14,262</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ -</u>	<u>\$ (364,259)</u>	<u>\$ (61,350)</u>	<u>\$ (68,425)</u>	<u>\$ (203,256)</u>

NOTES:

In FY 16/17, 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 budget page has been removed, and costs for the contract City Attorney are presented in the Contract Services division.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HUMAN RESOURCES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (76,198)	\$ (84,874)	\$ (82,585)	\$ (117,891)	\$ (119,884)
Supplies	(2,014)	(1,678)	(2,875)	(2,223)	(1,650)
Services	(36,309)	(35,714)	(26,429)	(54,250)	(32,290)
Capital outlay	-	-	-	-	-
Other - recruitment	(25,843)	(17,371)	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(140,364)</u>	<u>(139,637)</u>	<u>(111,889)</u>	<u>(174,364)</u>	<u>(153,824)</u>
Total revenues	<u>279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (140,085)</u>	<u>\$ (139,637)</u>	<u>\$ (111,889)</u>	<u>\$ (174,364)</u>	<u>\$ (153,824)</u>

NOTES:

For the FY 14/15 fiscal year, the contract for negotiations services was canceled; negotiations were conducted by in house staff.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

DEPUTY CITY MANAGER

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ -	\$ (24,603)	\$ (145,514)	\$ (89,921)
Supplies	-	-	-	(1,000)	(500)
Services	-	-	(10,000)	(104,362)	(17,224)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(34,603)</u>	<u>(250,876)</u>	<u>(107,645)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,603)</u>	<u>\$ (250,876)</u>	<u>\$ (107,645)</u>

NOTES:

Position created and filled June 2015.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

ACCOUNTING & TREASURY

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (355,842)	\$ (362,304)	\$ (373,349)	\$ (494,384)	\$ (498,515)
Supplies	(41,378)	(6,520)	(6,199)	(9,375)	(5,675)
Services	(111,728)	(188,888)	(138,804)	(176,134)	(182,630)
Capital outlay	(18,325)	(10,000)	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(527,273)</u>	<u>(567,712)</u>	<u>(518,352)</u>	<u>(679,893)</u>	<u>(686,820)</u>
Total revenues	<u>7,999,936</u>	<u>8,558,420</u>	<u>9,413,625</u>	<u>9,647,380</u>	<u>9,980,418</u>
Revenues over(under) expenditures	<u>\$ 7,472,663</u>	<u>\$ 7,990,708</u>	<u>\$ 8,895,273</u>	<u>\$ 8,967,487</u>	<u>\$ 9,293,598</u>

NOTES:

In FY 12/13, the capital outlay is for remainder of the New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

In FY 13/14, the capital outlay is for a New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

CITY-OWNED RENTAL PROPERTY

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	(1,282)	-	(4,500)	(10,000)
Services	-	(28,607)	(18,997)	-	-
Capital outlay	-	-	-	-	-
Other - recruitment	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>-</u>	<u>(29,889)</u>	<u>(18,997)</u>	<u>(4,500)</u>	<u>(10,000)</u>
Total revenues	<u>-</u>	<u>21,750</u>	<u>27,250</u>	<u>300,400</u>	<u>381,301</u>
Revenues over(under) expenditures	\$ <u>-</u>	\$ <u>(8,139)</u>	\$ <u>8,253</u>	\$ <u>295,900</u>	\$ <u>371,301</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

POLICE DEPARTMENT

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (2,478,541)	\$ (2,463,834)	\$ (2,577,508)	\$ (2,751,825)	\$ (2,884,310)
Supplies	(127,533)	(99,955)	(91,727)	(104,593)	(75,000)
Services	(146,833)	(195,958)	(189,212)	(177,587)	(192,069)
Capital outlay	(270)	-	-	-	-
Other	(24,855)	(16,936)	(24,000)	(21,000)	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(2,778,032)</u>	<u>(2,776,683)</u>	<u>(2,882,447)</u>	<u>(3,055,005)</u>	<u>(3,151,379)</u>
Total revenues	<u>83,536</u>	<u>69,266</u>	<u>80,410</u>	<u>114,579</u>	<u>53,680</u>
Revenues over(under) expenditures	<u>\$ (2,694,496)</u>	<u>\$ (2,707,417)</u>	<u>\$ (2,802,037)</u>	<u>\$ (2,940,426)</u>	<u>\$ (3,097,699)</u>

NOTES:

In FY 11/12, the City entered into an agreement with the San Luis Coastal Unified School District to employ a School Resources Officer. The SRO is a City employee, and is paid 75% by the School District and 25% by the City with Measure Q funds. This position is funded on a yearly basis.

In FY 12/13, the departmental budget includes funding of \$20,000 for the County Narcotics and Gang Task Force

In FY 13/14, the SRO was funded at 37% by the School District and 63% by the City.

In FY 14/15, the SRO was funded at 50% by the School District and City.

In FY 15/16, the SRO was funded at 50% by the School District and City.

In FY 16/17, the SRO was funded at 50% by the School District and City.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

POLICE SUPPORT SERVICES DIVISION

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (428,048)	\$ (401,098)	\$ (145,079)	\$ (208,242)	\$ (216,324)
Supplies	(6,818)	(5,243)	(3,290)	(750)	(1,000)
Services	(14,528)	(12,063)	(149,830)	(258,019)	(15,750)
Capital outlay	-	-	-	-	-
Other	(11,309)	(6,745)	(79,414)	(2,609)	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(460,703)</u>	<u>(425,149)</u>	<u>(377,613)</u>	<u>(469,620)</u>	<u>(233,074)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(460,703)</u></u>	\$ <u><u>(425,149)</u></u>	\$ <u><u>(377,613)</u></u>	\$ <u><u>(469,620)</u></u>	\$ <u><u>(233,074)</u></u>

NOTES:

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

For the FY 16/17 fiscal year budget, the dispatch contract has been moved to Contract Services.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

FIRE DEPARTMENT

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (1,677,482)	\$ (1,809,493)	\$ (2,002,026)	\$ (2,132,183)	\$ (2,118,343)
Supplies	(107,055)	(110,941)	(109,853)	(103,777)	(87,958)
Services	(87,190)	(97,476)	(112,383)	(228,147)	(116,116)
Capital outlay	-	(40,518)	(3,161)	-	-
Other	(1,000)	(1,000)	(1,000)	(5,000)	(5,250)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(1,872,727)</u>	<u>(2,059,428)</u>	<u>(2,228,423)</u>	<u>(2,469,107)</u>	<u>(2,327,667)</u>
Total revenues	<u>141,441</u>	<u>257,199</u>	<u>235,625</u>	<u>344,756</u>	<u>133,042</u>
Revenues over(under) expenditures	<u>\$ (1,731,286)</u>	<u>\$ (1,802,229)</u>	<u>\$ (1,992,798)</u>	<u>\$ (2,124,351)</u>	<u>\$ (2,194,625)</u>

NOTES:

In FY 14/15, 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.

For the FY 16/17 fiscal year budget, the dispatch contract has been moved to Contract Services.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

EOC DISASTER PREPAREDNESS

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	(170)	(6,091)	(5,729)	(4,150)	(5,650)
Services	(2,348)	(2,147)	(4,168)	(3,891)	(3,500)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(2,518)</u>	<u>(8,238)</u>	<u>(9,897)</u>	<u>(8,041)</u>	<u>(9,150)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (2,518)</u>	<u>\$ (8,238)</u>	<u>\$ (9,897)</u>	<u>\$ (8,041)</u>	<u>\$ (9,150)</u>

NOTES:

In FY 13/14, staff budgeted for a nuclear planning grant in the amount of \$9,000. If the grant is awarded, staff will purchase 2 audio/video flat screens for the primary EOC, and supplies/maps for the secondary EOC.

In FY 14/15, staff budgeted for a nuclear planning grant in the amount of \$5,000. If the grant is awarded, staff will purchase secondary EOC supplies.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

COMMUNITY DEVELOPMENT

	<u>2012/13</u> Actual	<u>2013/14</u> Actual	<u>2014/15</u> Actual	<u>2015/16</u> Amended Budget	<u>2016/17</u> Adopted Budget
Personnel services	\$ -	\$ -	\$ (196,861)	\$ (671,135)	\$ (770,424)
Supplies	-	-	(995)	(12,200)	(10,300)
Services	-	-	(81,369)	(107,849)	(112,698)
Capital outlay	-	-	-	-	-
Other	-	-	-	(100,000)	(100,000)
Equipment replacement	-	-	-	-	-
Total expenditures	-	-	(279,225)	(891,184)	(993,422)
Total revenues	-	-	482,201	396,300	467,700
Revenues over(under) expenditures	\$ <u>-</u>	\$ <u>-</u>	\$ <u>202,976</u>	\$ <u>(494,884)</u>	\$ <u>(525,722)</u>

NOTES:

This department was created in FY 15/16.

With the FY 15/16 budget, \$100,000 is designated for various studies. This amount will be budgeted annually.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PUBLIC WORKS DEPARTMENT

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (703,799)	\$ (719,264)	\$ (683,263)	\$ (301,639)	\$ (370,100)
Supplies	(29,613)	(22,376)	(17,834)	(16,925)	(25,964)
Services	(102,519)	(192,570)	(159,752)	(65,363)	(72,357)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(835,931)</u>	<u>(934,210)</u>	<u>(860,849)</u>	<u>(383,927)</u>	<u>(468,421)</u>
Total revenues	<u>477,433</u>	<u>567,978</u>	<u>315</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (358,498)</u>	<u>\$ (366,232)</u>	<u>\$ (860,534)</u>	<u>\$ (383,927)</u>	<u>\$ (468,421)</u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE DIVISION
VEHICLE, PARKS AND FACILITIES MAINTENANCE**

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (655,268)	\$ (700,288)	\$ (723,149)	\$ (752,612)	\$ (690,620)
Supplies	(100,061)	(97,446)	(96,270)	(70,071)	(92,737)
Services	(206,383)	(267,144)	(181,601)	(269,685)	(213,163)
Capital outlay	(36,078)	-	(6,300)	-	-
Other	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Total expenditures	(997,790)	(1,064,878)	(1,007,320)	(1,092,368)	(996,520)
Total revenues	17,207	21,750	9,964	-	-
Revenues over(under) expenditures	\$ <u>(980,583)</u>	\$ <u>(1,043,128)</u>	\$ <u>(997,356)</u>	\$ <u>(1,092,368)</u>	\$ <u>(996,520)</u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STREETS MAINTENANCE DIVISION**

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (149,825)	\$ (119,515)	\$ (147,979)	\$ (133,902)	\$ (255,421)
Supplies	(32,227)	(44,684)	(60,324)	(47,752)	(62,000)
Services	(80,216)	(81,725)	(55,414)	(87,656)	(108,800)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(262,268)</u>	<u>(245,924)</u>	<u>(263,717)</u>	<u>(269,310)</u>	<u>(426,221)</u>
Total revenues	<u>89</u>	<u>3,538</u>	<u>4,657</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (262,179)</u>	<u>\$ (242,386)</u>	<u>\$ (259,060)</u>	<u>\$ (269,310)</u>	<u>\$ (426,221)</u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STREET TREES MAINTENANCE DIVISION**

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (31,884)	\$ (37,605)	\$ (38,841)	\$ (70,513)	\$ (97,858)
Supplies	(14,803)	(1,522)	(1,008)	(9,050)	(5,500)
Services	(29,364)	(35,382)	(25,282)	(53,649)	(45,200)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(76,051)</u>	<u>(74,509)</u>	<u>(65,131)</u>	<u>(133,212)</u>	<u>(148,558)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(76,051)</u></u>	\$ <u><u>(74,509)</u></u>	\$ <u><u>(65,131)</u></u>	\$ <u><u>(133,212)</u></u>	\$ <u><u>(148,558)</u></u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

STREET LIGHTING

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (133)	\$ -	\$ (684)	\$ -	\$ (1,200)
Supplies	-	(7,971)	(103)	-	-
Services	<u>(90,842)</u>	<u>(75,384)</u>	<u>(100,475)</u>	<u>(104,000)</u>	<u>(106,000)</u>
Total expenditures	<u>\$ (90,975)</u>	<u>\$ (83,355)</u>	<u>\$ (101,262)</u>	<u>\$ (104,000)</u>	<u>\$ (107,200)</u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STORM DRAINS/CREEK CLEARING MAINTENANCE DIVISION**

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (57,776)	\$ (78,329)	\$ (76,551)	\$ (94,588)	\$ (124,572)
Supplies	(1,935)	(1,552)	(9,902)	(15,500)	(4,000)
Services	(24,288)	(20,380)	(39,330)	(24,778)	(36,700)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(83,999)</u>	<u>(100,261)</u>	<u>(125,783)</u>	<u>(134,866)</u>	<u>(165,272)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (83,999)</u>	<u>\$ (100,261)</u>	<u>\$ (125,783)</u>	<u>\$ (134,866)</u>	<u>\$ (165,272)</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CURBSIDE RECYCLING

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (21,000)	\$ (22,940)	\$ (22,940)	\$ (23,832)	\$ (24,888)
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	(21,000)	(22,940)	(22,940)	(23,832)	(24,888)
Total revenues	<u>22,569</u>	<u>22,983</u>	<u>23,622</u>	<u>23,832</u>	<u>24,888</u>
Revenues over(under) expenditures	\$ <u>1,569</u>	\$ <u>43</u>	\$ <u>682</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

RECREATION SERVICES - ADMINISTRATION

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (287,567)	\$ (269,576)	\$ (329,729)	\$ (129,141)	\$ (402,339)
Supplies	(7,458)	(6,263)	(6,984)	(4,200)	(5,150)
Services	(39,829)	(35,318)	(44,592)	(55,810)	(60,160)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	(7,500)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(334,854)</u>	<u>(311,157)</u>	<u>(381,305)</u>	<u>(189,151)</u>	<u>(475,149)</u>
Total revenues	<u>145,821</u>	<u>148,445</u>	<u>73,749</u>	<u>186,378</u>	<u>97,000</u>
Revenues over(under) expenditures	\$ <u><u>(189,033)</u></u>	\$ <u><u>(162,712)</u></u>	\$ <u><u>(307,556)</u></u>	\$ <u><u>(2,773)</u></u>	\$ <u><u>(378,149)</u></u>

NOTES:

In FY 12/13, the \$6,000 reserve for the Community Center maintenance has not been allocated; costs associated with Community Center maintenance will be directed to the Facility Maintenance fund.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

RECREATION SERVICES - SPORTS

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (226,820)	\$ (210,971)	\$ (224,668)	\$ (246,727)	\$ (149,300)
Supplies	(54,591)	(64,492)	(76,520)	(80,600)	(78,200)
Services	(38,458)	(49,133)	(17,192)	(43,646)	(23,648)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(319,869)</u>	<u>(324,596)</u>	<u>(318,380)</u>	<u>(370,973)</u>	<u>(251,148)</u>
Total revenues	<u>176,531</u>	<u>171,360</u>	<u>221,339</u>	<u>205,632</u>	<u>205,632</u>
Revenues over(under) expenditures	\$ <u><u>(143,338)</u></u>	\$ <u><u>(153,236)</u></u>	\$ <u><u>(97,041)</u></u>	\$ <u><u>(165,341)</u></u>	\$ <u><u>(45,516)</u></u>

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

RECREATION SERVICES - YOUTH AND TEEN PROGRAMS

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (330,717)	\$ (323,683)	\$ (340,965)	\$ (355,220)	\$ (184,387)
Supplies	(20,478)	(27,112)	(29,174)	(25,900)	(28,500)
Services	(12,013)	(22,512)	(24,827)	(24,524)	(23,050)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(363,208)</u>	<u>(373,307)</u>	<u>(394,966)</u>	<u>(405,644)</u>	<u>(235,937)</u>
Total revenues	<u>158,855</u>	<u>216,574</u>	<u>198,078</u>	<u>259,887</u>	<u>219,000</u>
Revenues over(under) expenditures	\$ <u><u>(204,353)</u></u>	\$ <u><u>(156,733)</u></u>	\$ <u><u>(196,888)</u></u>	\$ <u><u>(145,757)</u></u>	\$ <u><u>(16,937)</u></u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRANSFERS

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
TRANSFERS OUT:					
General - Facility Maintenance	\$ -	\$ (1,255,000)	\$ -	\$ -	\$ -
General - Emergency Reserve	-	(38,195)	-	-	-
General - Vehicle Replacement	-	-	-	(75,000)	(75,000)
General - Capital Replacement	-	-	-	(75,000)	(100,000)
General - Projects Accumulation	-	-	-	(200,000)	(125,000)
General - Capital Improvement	(1,492,417)	(872,894)	(191,889)	-	-
Special Revenue Funds	-	(320,663)	(41,054)	(369,489)	(436,357)
Total Transfers Out	<u>\$ (1,492,417)</u>	<u>\$ (2,486,752)</u>	<u>\$ (232,943)</u>	<u>\$ (719,489)</u>	<u>\$ (736,357)</u>
TRANSFERS IN:					
Emergency Reserve Fund	\$ 209,700	\$ -	\$ -	\$ -	\$ -
Special Revenues Funds:					
Measure Q - Fire overtime	55,298	123,340	99,608	92,867	96,122
County TMD	-	-	-	5,743	6,619
TBID	31,000	-	-	17,508	18,632
State Gas Tax - streets	252,131	345,434	346,088	230,562	237,562
Traffic Safety - traffic signals	33,648	19,012	18,771	20,000	13,000
Affordable In-Lieu Housing	-	63,000	10,410	-	-
Capital Improvement fund	1,671,143	845,152	301,187	-	-
Enterprise Funds:					
Cost Allocation Plan:					
Transit	79,775	79,775	79,775	79,775	79,775
Water	271,188	276,341	279,104	281,058	286,679
Sewer	161,630	164,701	166,348	167,512	170,862
Harbor	276,986	276,986	281,986	276,986	276,986
Other:					
Harbor - AGP Video, RR cleaning	5,000	5,000	-	5,000	11,300
Risk Management Accum Fund	179,600	252,620	125,900	-	-
Total Transfers In	<u>\$ 3,227,099</u>	<u>\$ 2,451,361</u>	<u>\$ 1,709,177</u>	<u>\$ 1,177,011</u>	<u>\$ 1,197,537</u>

NOTES:

In FY 13/14, the transfer out of \$38,195 was to fully fund the G/F Emergency Reserve. The transfer in from Risk Management is for the \$100,000 Dynegy loss, funding TBID's portion of the former CPC funds, backfilling the G/F Emergency Reserve and Council requests.

In FY 15/16, transfers out to Special Revenue Funds are \$50,000 to the Visitors Center, and \$325,489 to the Information Services Internal Service Fund.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the expenditures on technology, as well as the accumulation of funds for purchasing technology, such as servers and personal computers.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ 143,126
Revenues from:					
General Fund budget	-	142,923	197,473	181,859	286,107
Contributions from other G/F depts	-	-	-	87,630	40,250
General Fund contribution	-	-	-	50,000	50,000
Transfers in from:					
Water				3,500	2,000
Sewer				4,000	2,000
Harbor				2,000	2,000
Wastewater Treatment	-	-	-	2,000	2,000
Strategic investment spending	-	-	-	100,000	-
Total revenues	<u>-</u>	<u>142,923</u>	<u>197,473</u>	<u>430,989</u>	<u>384,357</u>
Expenses for:					
Personnel	-	(124,769)	(137,670)	(132,920)	(207,033)
Supplies	-	(1,824)	(5,729)	-	(91,000)
Services	-	(16,330)	(54,074)	(118,443)	(158,087)
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
IT	-	-	-	(20,000)	-
Police	-	-	-	(5,000)	-
Fire	-	-	-	-	-
Community Development	-	-	-	(3,700)	(20,000)
Public Works	-	-	-	(4,050)	(7,000)
Water	-	-	-	-	-
Sewer	-	-	-	-	-
Wastewater Treatment	-	-	-	-	-
Recreation	-	-	-	(3,750)	-
Harbor	-	-	-	-	-
Total expenses	<u>-</u>	<u>(142,923)</u>	<u>(197,473)</u>	<u>(287,863)</u>	<u>(483,120)</u>
Revenues over(under) expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,126</u>	<u>(98,763)</u>
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>143,126</u>	\$ <u>44,363</u>

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HARBOR FUNDS

HARBOR OPERATIONS:

This Fund was established to account for all revenues and expenses connected with the operation of the Morro Bay Harbor, and in accordance with the Tidelands granting statutes. The principle source of revenue for this Fund is leases on the Embarcadero.

The Harbor Operating Fund is established as a self-supporting enterprise fund.

Also included here are fund spreadsheets for the ***Harbor Equipment Replacement***, a savings fund for equipment, vehicle, watercraft and vessel replacements, and Harbor Accumulation, a savings fund for capital projects and operational needs.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HARBOR OPERATING FUND

	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
State/Federal grants	22,921	51,000	-	-	293,000
Charges for services:					
Lease sites, including Dynegy	1,834,317	2,002,215	1,875,847	1,899,041	1,956,876
Launch ramp	22,285	25,076	30,962	27,000	27,540
Other	74,856	88,382	63,339	6,500	13,250
Subtotal	<u>1,954,379</u>	<u>2,166,673</u>	<u>1,970,148</u>	<u>1,932,541</u>	<u>2,290,666</u>
Transfers in from:					
Capital improvement	-	-	-	-	-
Accumulation fund	31,262	35,298	57,378	-	-
Subtotal	<u>31,262</u>	<u>35,298</u>	<u>57,378</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>1,985,641</u>	<u>2,201,971</u>	<u>2,027,526</u>	<u>1,932,541</u>	<u>2,290,666</u>
Expenses for:					
Personnel	(862,735)	(903,568)	(970,505)	(1,039,860)	(1,106,090)
Supplies	(66,547)	(89,280)	(90,358)	(82,700)	(78,900)
Services	(314,110)	(310,977)	(355,238)	(362,406)	(359,289)
Other (no depreciation)	(633)	(111,669)	(50,666)	(13,000)	(293,000)
Launch ramp	(3,106)	(2,681)	(2,282)	(3,200)	(3,800)
Debt service	(134,859)	(134,859)	(134,859)	(134,859)	(134,859)
Subtotal	<u>(1,381,990)</u>	<u>(1,553,034)</u>	<u>(1,603,908)</u>	<u>(1,636,025)</u>	<u>(1,975,938)</u>
Transfers out to:					
General fund for cost allocation	(276,986)	(276,986)	(276,986)	(276,986)	(276,986)
General fund for AGP services	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
IT replacement fund	-	-	-	(2,000)	(2,000)
General fund for cost allocation	-	-	-	-	(6,300)
Capital improvement fund	(102,196)	-	-	-	-
Accumulation fund - equip repl	(200,880)	(250,000)	-	(10,470)	-
Accumulation fund - launch ramp	(18,589)	(21,640)	(27,924)	-	-
Accumulation fund - operations	-	(95,311)	(113,708)	(2,060)	(24,442)
Subtotal	<u>(603,651)</u>	<u>(648,937)</u>	<u>(423,618)</u>	<u>(296,516)</u>	<u>(314,728)</u>
Total expenses and transfers out	<u>(1,985,641)</u>	<u>(2,201,971)</u>	<u>(2,027,526)</u>	<u>(1,932,541)</u>	<u>(2,290,666)</u>
Revenues over(under) expenses and transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTES:

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

With the FY 14/15 budget, lease site revenues do not include funds previously paid by Dynegy.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

HARBOR EQUIPMENT REPLACEMENT FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 17,692	\$ 79,843	\$ 54,312	\$ 54,743	\$ 54,743
Revenues from:					
Interest income	332	423	431	-	-
Transfer in from Operating Fund	200,880	250,000			
Transfer in from Accumulation Fund	<u>61,000</u>	<u>30,000</u>	-	-	-
Total revenues	262,212	280,423	431	-	-
Expenses:					
Equipment/Vehicles	<u>(200,061)</u>	<u>(305,954)</u>	-	-	-
Revenues over (under) expenses	<u>62,151</u>	<u>(25,531)</u>	<u>431</u>	-	-
Ending cash balance	\$ <u>79,843</u>	\$ <u>54,312</u>	\$ <u>54,743</u>	\$ <u>54,743</u>	\$ <u>54,743</u>

NOTES:

The 2012/13 requested allocation is for \$200k toward the purchase of a Patrol Boat; the balance is expected to be funded with grants (total cost between \$250 - \$300k).

With the 2013/14 mid-year budget, \$30,000 was authorized for the purchase of a truck.

With 2016/17, new proposed project to start setting aside capital replacement funding for Patrol Vessel #68 replacement in ~3 years. Preliminary cost estimate \$275,000; state and local grants in the amount of ~\$100k to be applied for.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HARBOR ACCUMULATION FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,398,385	\$ 1,254,690	\$ 900,113	\$ 458,667	\$ 666,614
Revenues from:					
Interest income	<u>9,039</u>	<u>7,334</u>	<u>6,041</u>	<u>-</u>	<u>-</u>
Transfers in from:					
Launch ramp	18,589	21,639	27,924	10,470	-
Operating/Capital fund	<u>-</u>	<u>95,311</u>	<u>113,708</u>	<u>252,948</u>	<u>24,442</u>
Subtotal	<u>18,589</u>	<u>116,950</u>	<u>141,632</u>	<u>263,418</u>	<u>24,442</u>
Total revenues and transfers in	<u>27,628</u>	<u>124,284</u>	<u>147,673</u>	<u>263,418</u>	<u>24,442</u>
Capital improvements	<u>(79,061)</u>	<u>(448,861)</u>	<u>(457,199)</u>	<u>(55,471)</u>	<u>(665,576)</u>
Transfers out to:					
Operating fund	(31,262)	-	(131,920)	-	-
Equipment replacement fund	<u>(61,000)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(92,262)</u>	<u>(30,000)</u>	<u>(131,920)</u>	<u>-</u>	<u>-</u>
Total capital and transfers out	<u>(171,323)</u>	<u>(478,861)</u>	<u>(589,119)</u>	<u>(55,471)</u>	<u>(665,576)</u>
Revenues and transfers over(under)					
capital improvements and transfers out	<u>(143,695)</u>	<u>(354,577)</u>	<u>(441,446)</u>	<u>207,947</u>	<u>(641,134)</u>
Ending cash balance	<u>\$ 1,254,690</u>	<u>\$ 900,113</u>	<u>\$ 458,667</u>	<u>\$ 666,614</u>	<u>\$ 25,480</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

WATER FUNDS

WATER OPERATIONS:

This Fund was established to account for all income and expenses having to do with the City's water utility operation. Its primary revenue source is water sales to residents and businesses. The Water Revenue Fund is established as a self-supporting enterprise fund.

The City participates in the State Water Project through a 1992 agreement with the San Luis Obispo County Flood Control District and Water Conservation District. The agreement established the Central Coast Water Authority, to act as the treatment and distribution facility and bonding agent for the capital costs associated with the facility and local pipeline.

Conservation-based water rates were set in 1996, and since that time, water rates have been reviewed by the City Council, but not adjusted. For several years, the City failed to meet its debt coverage ratio (although all payments were made on time). The biggest issues were the drought and reduced water consumption, due to water conservation combined with the static water rates. These two factors, along with the need to periodically use the City's desalinization facility during times of decreased State Water production, exacerbated the inability to meet the required coverage ratio.

On March 27, 2014, the City of Morro Bay issued a Request for Proposals for Consulting Services, Water and Sewer Rate Study Services, and on May 23rd, Bartle Wells was selected to perform these studies. The City established the following schedule to present, discuss and implement the new rates:

1. Public Works Advisory Board preliminary workshop, January 29, 2015
2. City Council Rate Study Session, February 24, 2015
3. City Council meeting to further discuss and potentially adopt the rate schedule(s), March 24, 2015
4. City Council Prop 218 Public Hearing, May 26, 2015
5. New rates implementation date: July 1, 2015

On May 26, 2015, the City Council adopted Resolution No. 30-15, establishing a new water rate schedule that was implemented with the July water usage (September 1 billing date). Our consultant, Bartle Wells, has estimated the 2015/16 coverage ratio will be 1.26%.

The City's new water rate structure was developed to fund the City's ongoing operations, a capital improvement program, and provide for the required debt coverage ratio. Also included in the Proposition 218 rate adoption process were emergency rates that Council may impose should water use be severely restricted and water sales are lower than anticipated, and additional add-on rates that address the operation of its desalinization facility for water production, during long-term State Water Project shutdowns.

Also included here are fund spreadsheets for the ***Water Equipment Replacement***, a savings fund for equipment and vehicle replacements, ***Water Accumulation***, a savings fund for capital projects and operational needs, and the ***Utility Discount/Rebate Program*** for our citizens.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

WATER REVENUE FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ (100)	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Water sales	3,273,369	3,391,983	3,127,845	4,489,700	5,019,000
Service fees	105,628	107,630	119,131	104,300	117,800
Other revenues	<u>1,371</u>	<u>1,786</u>	<u>8,430</u>	<u>1,000</u>	<u>1,000</u>
Subtotal	3,380,368	3,501,399	3,255,406	4,595,000	5,137,800
Transfers in from:					
Accumulation fund	<u>101,617</u>	<u>1,728,316</u>	<u>218,440</u>	-	-
Total revenues and transfers in	<u>3,481,985</u>	<u>5,229,715</u>	<u>3,473,846</u>	<u>4,595,000</u>	<u>5,137,800</u>
Expenses for:					
Personnel	(767,758)	(751,605)	(745,267)	(669,226)	(846,791)
Supplies	(174,082)	(193,330)	(169,262)	(226,200)	(193,615)
Services	(1,881,811)	(3,499,248)	(2,006,261)	(2,211,382)	(3,246,354)
Other (no depreciation)	<u>(387,046)</u>	<u>(509,191)</u>	<u>(197,883)</u>	-	<u>(7,500)</u>
Subtotal	<u>(3,210,697)</u>	<u>(4,953,374)</u>	<u>(3,118,673)</u>	<u>(3,106,808)</u>	<u>(4,294,260)</u>
Transfers out to:					
General fund for cost allocation	(271,188)	(276,341)	(279,104)	(281,058)	(286,679)
IT replacement fund	-	-	-	(3,500)	(2,000)
Utility discount program	-	-	(76,069)	(66,000)	(67,800)
Accumulation fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,137,634)</u>	<u>(487,061)</u>
Subtotal	<u>(271,188)</u>	<u>(276,341)</u>	<u>(355,173)</u>	<u>(1,488,192)</u>	<u>(843,540)</u>
Total expenses and transfers out	<u>(3,481,885)</u>	<u>(5,229,715)</u>	<u>(3,473,846)</u>	<u>(4,595,000)</u>	<u>(5,137,800)</u>
Revenues over(under) expenses and transfers out	<u>100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

NOTES:

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.
Resolution No. 30-15, adopted on May 26, 2015, established new water and sewer rates.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

WATER EQUIPMENT REPLACEMENT FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 257,090	\$ 258,845	\$ 260,481	\$ 262,550	\$ 262,550
Revenues from:					
Interest income	1,755	1,636	2,069	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	1,755	1,636	2,069	-	-
Expenses:					
Equipment/Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	<u>1,755</u>	<u>1,636</u>	<u>2,069</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 258,845</u>	<u>\$ 260,481</u>	<u>\$ 262,550</u>	<u>\$ 262,550</u>	<u>\$ 262,550</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

WATER ACCUMULATION FUND

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ 4,380,525	\$ 4,146,391	\$ 2,366,335	\$ 2,023,465	\$ 1,531,099
Revenues from:					
Impact fees	24,471	28,091	69,551	30,000	40,000
WEU In-Lieu fees			-		23,200
Interest income	29,441	20,990	-	-	7,500
Other income	64	388	-	-	-
Subtotal	<u>53,976</u>	<u>49,469</u>	<u>69,551</u>	<u>30,000</u>	<u>70,700</u>
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,137,634</u>	<u>487,061</u>
Total revenues and transfers in	<u>53,976</u>	<u>49,469</u>	<u>69,551</u>	<u>1,167,634</u>	<u>557,761</u>
Expenses (Rebates/Refunds)	(1,581)		(26,100)		-
Capital improvement fund	(184,912)	(101,209)	(167,881)	(1,660,000)	(487,500)
Transfer out to Utility Discount/Rebate					(23,200)
Transfer out to operating fund	<u>(101,617)</u>	<u>(1,728,316)</u>	<u>(218,440)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>(288,110)</u>	<u>(1,829,525)</u>	<u>(412,421)</u>	<u>(1,660,000)</u>	<u>(510,700)</u>
Revenues over(under) expenditures	<u>(234,134)</u>	<u>(1,780,056)</u>	<u>(342,870)</u>	<u>(492,366)</u>	<u>47,061</u>
Ending cash balance	\$ <u>4,146,391</u>	\$ <u>2,366,335</u>	\$ <u>2,023,465</u>	\$ <u>1,531,099</u>	\$ <u>1,578,160</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

UTILITY DISCOUNT/REBATE PROGRAM

This program began with the passage of Resolution No. 54-15 on July 14, 2015. Discretionary funds are placed into this account to allow a discount on City Utility bills for residents who are participants in the PG&E Care Program. The money used for funding is Water and Sewer penalties,

Additionally, the Utility Rebate Program is operated out of this fund. Homeowners, who purchase and install water conserving appliances (washers, toilets), may apply for a rebate, based on program requirements.

CITY OF MORRO BAY
2016/17 PROPOSED BUDGET

UTILITY DISCOUNT/REBATE PROGRAM

	<u>2014/15 Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Proposed Budget</u>
Beginning cash balance	\$ -	\$ 127,678	\$ 135,915
Transfers in:			
Water penalties	68,059	68,059	60,000
Water service charges	8,010	8,010	7,800
WEU In-Lieu fees from Water Accum	23,200	23,200	23,200
Sewer penalties	<u>28,409</u>	<u>25,000</u>	<u>27,000</u>
Total revenues	<u>127,678</u>	<u>124,269</u>	<u>118,000</u>
Expenditures:			
Discounts/rebates paid	<u>-</u>	<u>(116,032)</u>	<u>(116,032)</u>
Revenues over(under) expenditures and transfers out	<u>127,678</u>	<u>8,237</u>	<u>1,968</u>
Ending cash balance	\$ <u><u>127,678</u></u>	\$ <u><u>135,915</u></u>	\$ <u><u>137,883</u></u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SEWER FUNDS

SEWER OPERATIONS:

This Fund is used to account for the revenues and expenses associated with the wastewater collection operation. Its primary revenue source is sewer usage fees charged to residents and businesses. Operational funds are transferred to the Morro Bay/Cayucos Sanitary District Wastewater Treatment Fund.

The Sewer Revenue Fund is established as a self-supporting enterprise fund.

Since 2007, rates have been raised annually in preparation for the major upgrade to the existing 1950's wastewater treatment facility. In December 2012, the City Council ceased efforts to upgrade the Facility at its current waterfront location; efforts to secure a new location began soon thereafter and continue.

A new sewer rate structure was implemented with Resolution No. 30-15; see the discussion under Water Revenue Fund.

Also included here are fund spreadsheets for the ***Sewer Equipment Replacement***, a savings fund for equipment and vehicle replacements, and ***Sewer Accumulation***, a savings fund for capital projects and operational needs.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SEWER REVENUE FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Sewer user fees	3,767,815	4,070,514	4,221,780	4,921,000	5,561,000
Intergovernmental	42,534	-	-	-	-
Rental income	20,078	18,704	23,370	20,000	20,000
Other revenues	<u>25,368</u>	<u>33,330</u>	<u>34,675</u>	<u>25,000</u>	<u>27,000</u>
Subtotal	<u>3,855,795</u>	<u>4,122,548</u>	<u>4,279,825</u>	<u>4,966,000</u>	<u>5,608,000</u>
Transfers in from:					
Accumulation fund	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>3,855,795</u>	<u>4,122,548</u>	<u>4,279,825</u>	<u>4,966,000</u>	<u>5,608,000</u>
Expenses for:					
Personnel	(507,848)	(535,091)	(543,849)	(653,618)	(652,331)
Supplies	(106,366)	(127,031)	(116,221)	(156,250)	(223,750)
Services	(191,149)	(236,783)	(341,322)	(424,984)	(582,768)
Other (no depreciation)	(15,720)	(71,690)	(61,396)	-	-
MB/CSD Wastewater Treatment Plant	<u>(1,054,714)</u>	<u>(2,624,352)</u>	<u>(2,700,186)</u>	<u>-</u>	<u>(1,790,288)</u>
Subtotal	<u>(1,875,797)</u>	<u>(3,594,947)</u>	<u>(3,762,974)</u>	<u>(1,234,852)</u>	<u>(3,249,137)</u>
Transfers out to:					
General fund for cost allocation	(161,630)	(164,701)	(166,348)	(167,512)	(170,862)
Utility discount program	-	-	(28,409)	(25,000)	(27,000)
IT replacement fund	-	-	-	(4,000)	(2,000)
Accumulation fund	<u>(1,818,368)</u>	<u>(362,900)</u>	<u>(322,094)</u>	<u>(3,534,636)</u>	<u>(2,159,001)</u>
Subtotal	<u>(1,979,998)</u>	<u>(527,601)</u>	<u>(516,851)</u>	<u>(3,731,148)</u>	<u>(2,358,863)</u>
Total expenses and transfers out	<u>(3,855,795)</u>	<u>(4,122,548)</u>	<u>(4,279,825)</u>	<u>(4,966,000)</u>	<u>(5,608,000)</u>
Revenues over(under) expenses					
and transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

In fy 14/15, the payment to WWTP includes 75% of the WWTP operating budget plus 100% of the City-only contracts related to the WRF.

Resolution No. 30-15, adopted on May 26, 2015, established new water and sewer rates.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SEWER EQUIPMENT REPLACEMENT FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 79,017	\$ 124,710	\$ 240,864	\$ 358,234	\$ 498,234
Revenues from:					
Interest income	693	1,154	2,370	-	-
Transfer in	<u>45,000</u>	<u>115,000</u>	<u>115,000</u>	<u>140,000</u>	<u>177,371</u>
Total revenues	45,693	116,154	117,370	140,000	177,371
Expenses:					
Equipment/Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	<u>45,693</u>	<u>116,154</u>	<u>117,370</u>	<u>140,000</u>	<u>177,371</u>
Ending cash balance	\$ <u>124,710</u>	\$ <u>240,864</u>	\$ <u>358,234</u>	\$ <u>498,234</u>	\$ <u>675,605</u>

NOTES:

The FY 13/14 allocation is for \$100,000 and \$15,000 to be transferred in to save for the HydroVac and truck replacements.

The FY 14/15 allocation is for \$100,000 to save for the HydroVac; \$15,000 to be added to the accumulation for the truck replacement, which will be purchased this fiscal year.

The FY 15/16 allocation is for \$100,000 to save for the HydroVac; \$40,000 to be added to the accumulation for the truck replacement, that was not purchased in FY 14/15.

The FY 16/17 allocation continues to save for the HydroVac, and other equipment.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SEWER ACCUMULATION FUND

	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ 3,860,059	\$ 3,714,093	\$ 3,964,766	\$ 4,209,495	\$ 6,334,741
Revenues from:					
Impact fees	73,497	54,256	82,103	50,000	60,000
Interest income	25,765	24,209	-	-	-
Subtotal	<u>99,262</u>	<u>78,465</u>	<u>82,103</u>	<u>50,000</u>	<u>60,000</u>
Transfers in from:					
Revenue fund	1,818,368	362,900	322,094	3,534,636	2,159,001
Subtotal	<u>1,818,368</u>	<u>362,900</u>	<u>322,094</u>	<u>3,534,636</u>	<u>2,159,001</u>
Total revenues and transfers in	<u>1,917,630</u>	<u>441,365</u>	<u>404,197</u>	<u>3,584,636</u>	<u>2,219,001</u>
Capital improvements	<u>(2,018,596)</u>	-	<u>(44,468)</u>	<u>(1,319,390)</u>	<u>(743,600)</u>
Transfer out to:					
Sewer Equipment Replacement Fund	(45,000)	(115,000)	(115,000)	(140,000)	(177,371)
Sewer Revenue Fund	-	(75,692)	-	-	-
Subtotal	<u>(45,000)</u>	<u>(190,692)</u>	<u>(115,000)</u>	<u>(140,000)</u>	<u>(177,371)</u>
Total capital and transfers out	<u>(2,063,596)</u>	<u>(190,692)</u>	<u>(159,468)</u>	<u>(1,459,390)</u>	<u>(920,971)</u>
Revenues and transfers over(under) capital improvements and transfers out	<u>(145,966)</u>	250,673	244,729	2,125,246	1,298,030
Ending cash balance	<u>\$ 3,714,093</u>	<u>\$ 3,964,766</u>	<u>\$ 4,209,495</u>	<u>\$ 6,334,741</u>	<u>\$ 7,632,771</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

DISTRICT TRANSACTION TAX FUND

With the November 7, 2006 election, the citizens of Morro Bay voted in a ½ cent district sales tax, commonly known as "Measure Q." This is a general tax, and has no sunset date.

The ballot measure stated:

"MEASURE Q-06

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?"

Ordinance 519 was enacted on August 14, 2006, to establish Chapter 3.22, City of Morro Bay Transactions and Use Tax.

The City Council divides the annual revenue estimate between the departments, based on the language in the Measure, campaign polls, and departmental requests.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

DISTRICT TRANSACTION TAX FUND (MEASURE Q)

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,502,636	\$ 698,635	\$ 316,031	\$ 59,230	\$ 10,099
Revenues from:					
1/2 cent sales tax	909,791	920,713	946,448	923,360	1,019,199
Interest income	7,429	3,063	1,593	-	-
Transfers in	126,803	-	203,508	-	-
Total revenues	<u>1,044,023</u>	<u>923,776</u>	<u>1,151,549</u>	<u>923,360</u>	<u>1,019,199</u>
Expenditures:					
Fire	(105,833)	(51,646)	-	-	-
Fire - Fire Station #53 D/S	(35,225)	(41,483)	(124,809)	(90,806)	(90,633)
Fire - Firefighter	(147,098)	(112,707)	(107,856)	(93,340)	(148,432)
Fire/EOC	-	-	-	(25,773)	(7,416)
Streets	(1,216,905)	(700,636)	(916,119)	-	(587,196)
Streets-curb/gutter/potholes/sidewalks	(228,481)	(22,841)	(16,329)	-	-
Storm drains	(5,120)	(18,772)	(39,612)	-	-
Police	(1,406)	(8,627)	(52,738)	(10,000)	(27,000)
Police - SRO	(27,112)	(74,208)	(51,279)	(60,000)	(62,400)
Public safety	(25,546)	(77,620)	-	-	-
Transfers Out:					
General Fund	(55,298)	(123,340)	(99,608)	(292,867)	(96,122)
Capital projects	-	(74,500)	-	-	-
Total expenditures	<u>(1,848,024)</u>	<u>(1,306,380)</u>	<u>(1,408,350)</u>	<u>(572,786)</u>	<u>(1,019,199)</u>
Revenues over (under) expenditures	<u>(804,001)</u>	<u>(382,604)</u>	<u>(256,801)</u>	<u>350,574</u>	<u>-</u>
Reservations for:					
Fire	-	-	-	-	-
Firefighter	-	-	-	-	-
Streets	-	-	-	(399,705)	-
Storm drain	-	-	-	-	-
Police	-	-	-	-	-
Communications	-	-	-	-	-
Total reservations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,705)</u>	<u>-</u>
Ending cash, available for distribution	<u>\$ 698,635</u>	<u>\$ 316,031</u>	<u>\$ 59,230</u>	<u>\$ 10,099</u>	<u>\$ 10,099</u>

NOTES:

Resolution No. 26-10, adopted on May 24, 2010, established the procedures for requesting Measure Q funding.

Resolution No. 46-12, adopted on September 11, 2012, formally dedicated Measure Q funds to the following purposes: 1) improve the Fire Department; 2) enhance public safety; 3) street maintenance; and 4) storm drain maintenance and prevention of toxic runoff into the bay.

With the FY 13/14 mid-year budget review, \$74,500 was allocated to the Morro Creek Bridge project. Additionally, the Fire Department carryover, related to the firefighter, is allowed to be carried over for one year only; carryover of \$66,075 was added to FY 13/14 budget.

With the FY 14/15 budget, \$277,233 of carryover was added to the streets budget; all Storm Drain carryover was added to streets, and the Oversight Committee suggested that Storm Drain expenditures only be budgeted in the year they need to be spent.

With the FY 15/16 budget, streets funding will be carried over to FY 2016/17.

**CITY OF MORRO BAY
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES
FOR THE 2016/17 FISCAL YEAR**

Division	Project	Departmental Requests	Justification
RECURRING ALLOCATIONS			
Fire	Fire Station #53 debt service + 10% reserve	\$ 90,633	The United States Department of Agriculture (USDA) loaned the City of Morro Bay \$1.5 million to complete construction of the headquarters fire station project. Completing the construction of the fire station has been a Council priority for several years. Additionally, council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold. This request is for the 2016/17 debt service (\$82,394) + the reserve requirement (\$8,239).
Police	School Resource Officer (SRO)	\$ 62,400	The San Luis Coastal Unified School District is continuing to fund the SRO program at Morro Bay High School (MBHS) at 50% of the officer's salary and benefits. The SRO program provides essential public safety services at MBHS, as well as rapport-building between Morro Bay youth and our Police force. This request represents 50% of the cost for the SRO, with the remaining 50% paid by the School District.
Fire	Salaries and benefits for Vacation Relief Firefighter	\$ 244,554	Continues funding for vacation relief full-time firefighter Salary (\$67,915), Benefits (\$28,193), vacation relief overtime pay (\$14,161), and overtime to maintain staffing of 3 full-time firefighters (\$123,693), and funding the additional reserve part-time firefighter wage (\$8,568) and benefit (\$2,024) to maintain the council desired and strategic plan recommended 4 firefighters on duty each day.
2016/17 REQUESTS			
Public Works	Pavement Management	\$ 587,196	Accumulation from 2015/16 is \$399k as of 5/3/16; this will add to the amount designated for 2016/17 for street work
Police	Standby pay	\$ 13,000	Allocation request to increase Police readiness, 24/7, through the use of stand-by pay for Police personnel.

**CITY OF MORRO BAY
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES
FOR THE 2016/17 FISCAL YEAR**

<u>Division</u>	<u>Project</u>	<u>Departmental Requests</u>	<u>Justification</u>
Police	Payment to other agencies	\$ 14,000	Allocation request for the Bomb Team and the Sheriff's Special Operations Unit (narcotics/gang task force).
Fire	Replacement of Emergency Medical Services PPE	\$ 7,416	Replacement of our department's EMS Personal Protection Equipment (PPE) will provide our Paramedics and EMTs the best protection against blood borne pathogens during our medical aids, trauma incidents, and vehicle traffic collisions. In addition, the EMS PPE will provide the required ANSI F1671 requirements for blood borne pathogens and high-visibility safety standards of ANSI 107 for incidents in our Morro Bay streets and highways. This purchase will replace our current inventory that is 1 year past its expiration date (scheduled on Equipment Replacement Plan).
		\$ 1,019,199	
		<u>1,019,199</u>	
		<u>\$ -</u>	

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GOVERNMENTAL IMPACT FEES ACCUMULATION FUND

This Fund was established in October 2007, when Council adopted Resolution No. 47-07, which implemented the Development Impact Fee Program. These fees are collected to ensure that new development pays the cost of infrastructure expansion required to meet the needs of that new development, effectively transferring the cost burden of growth from the existing rate and tax payers. The money collected can be used on capital projects for new facilities, vehicles, and rehabilitation and/or renovation of existing facilities, so long as the rehabilitation or renovation is needed to serve the new development that has paid the fee.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

GOVERNMENTAL IMPACT FEES ACCUMULATION FUND

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 401,422	\$ 551,465	\$ 653,575	\$ 318,207	\$ 479,707
Revenues from impact fees:					
Administration	40,935	24,221	50,402	40,000	65,000
Police	13,370	7,813	15,584	12,000	18,000
Fire	14,707	8,594	17,142	14,000	20,000
Streets	61,501	35,940	71,732	60,000	78,000
Storm drain maintenance	6,436	1,562	3,253	2,500	5,000
Parks	13,094	23,980	41,109	33,000	40,000
Total revenues	<u>150,043</u>	<u>102,110</u>	<u>199,222</u>	<u>161,500</u>	<u>226,000</u>
Expenditures for:					
Administration	-	-	-	-	(55,000)
Police	-	-	-	-	-
Fire	-	-	-	-	-
Streets	-	-	-	-	(25,000)
Storm drain maintenance	-	-	-	-	(100,000)
Parks	-	-	-	-	-
Transfers out	-	-	(534,590)	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(534,590)</u>	<u>-</u>	<u>(180,000)</u>
Revenues over(under) expenditures	<u>150,043</u>	<u>102,110</u>	<u>(335,368)</u>	<u>161,500</u>	<u>46,000</u>
Ending cash balance	\$ <u>551,465</u>	\$ <u>653,575</u>	\$ <u>318,207</u>	\$ <u>479,707</u>	\$ <u>525,707</u>

NOTES:

Actual collections to date:

	<u>Inception to</u>		<u>2013/14</u>		<u>2014/15</u>		<u>Adopted</u>		<u>Total</u>
	<u>2012/13</u>						<u>2015/16</u>		
Administration	\$ 136,479	\$	24,221	\$	50,402	\$	40,000	\$	251,102
Police	44,566		7,813		(29,416)		12,000		34,963
Fire	48,825		8,594		(27,858)		14,000		43,561
Streets	207,435		35,940		(213,828)		60,000		89,547
Storm drain maintenance	12,808		1,562		3,253		2,500		20,123
Parks	101,352		23,980		(117,921)		33,000		40,411
	\$ <u>551,465</u>	\$	<u>102,110</u>	\$	<u>(335,368)</u>	\$	<u>161,500</u>	\$	<u>479,707</u>

For the FY 14/15 budget, the transfer out is adopted for Police (\$45k), Fire (\$45k) and Parks (\$25k) vehicles to be purchased through the General Fund Vehicle Replacement Fund, a transfer for the Morro Creek Bridge (\$240,413), and funding for the Tidelands Park playground (\$50k). Additional funding was provided for South Bay Blvd repairs (\$8,238), Del Mar Tennis Courts & pathway (\$84,030) and the bike path (Morro Bay to Cayucos, \$36,909)

FY 16/17 reservations are:

ADA Compliance	\$ 40,000
Community Beautification	15,000
Traffic Calming	25,000
Ironwood Storm Drain project	60,000
SR 1/Hwy41	40,000
	<u>\$ 180,000</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT

On April 27, 2009, Ordinance No. 546 was enacted, establishing Chapter 3.60 of the Morro Bay Municipal Code, which is entitled Tourism Business Improvement District (MTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then returned to the Tourism Bureau for promoting tourism in Morro Bay. For the first year, the MTBID assessment rate was 3%; ensuing years were set at 2%, per the Ordinance.

On September 13, 2010, Staff introduced Ordinance No. 562, which increased the MTBID assessment rate back to 3%. The Ordinance was passed on September 27th, and became effective October 28, 2010.

Annually in May, the MTBID's annual report and budget are presented to the City Council, and a public hearing is set, which allows affected businesses the opportunity to protest the MBBID assessment. A Resolution is brought forward to confirm the results of the public hearing, renew the activities of the MTBID for the upcoming fiscal year, and approve the levy and collection of the 3% assessments from the hoteliers.

In 2013, the MTBID formed a 501c(6) corporation, Morro Bay Tourism Bureau, to carry out the marketing activities of the MTBID, as well as manage the Visitors Center.

As part of the Management Partners' 2015 Organizational Study, the recommendation to *develop a proposal for integrating Tourism Bureau activities with City operations* was explored by staff. City staff held a public workshop on September 22, 2015, to discuss this with stakeholders, presented the concept to the MTBID board at a special meeting on 12/10/15, and ultimately presented the results of the City's outreach and recommendations to the City Council on January 12, 2016, with two management scenarios. The Council adopted Resolution No. 03-16, discontinuing the City's contract with the Morro Bay Tourism Bureau, and merging operations and marketing (via Mental Marketing) efforts into the City, beginning June 2016.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT

	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ 31,590	\$ 32,948	\$ 49,272	\$ 58,832	\$ 58,832
Revenues from:					
Assessments	567,434	643,161	741,435	775,406	831,606
Interest	276	468	678	-	-
Visitors Center - City Contribution	-	102,168	100,000	50,000	-
Promotion - City Contribution	58,425	58,425	40,000	-	60,000
Promotion - Council bequest	68,500	58,000	-	-	-
Other	-	-	-	-	20,000
Subtotal	694,635	862,222	882,113	825,406	911,606
Expenditures:					
Tourism promotion	(662,277)	(843,898)	(870,553)	(807,898)	(892,974)
City administrative fee (2%)	-	-	-	(15,508)	(16,632)
AGP video	(6,000)	(2,000)	(2,000)	(2,000)	(2,000)
Transfers to General Fund	(25,000)	-	-	-	-
Subtotal	(693,277)	(845,898)	(872,553)	(825,406)	(911,606)
Revenues over (under) expenditures	1,358	16,324	9,560	-	-
Ending cash balance	\$ 32,948	\$ 49,272	\$ 58,832	\$ 58,832	\$ 58,832

NOTES:

In FY 12/13, the Board approved a transfer to the General Fund of \$25,000 for Visitors Center funding, and \$6,000 for AGP Video.

For the FY 12/13 fiscal year, City Council granted \$126,925 to TBID that was made up as follows:

50% of former CPC money	\$ 58,425	General Fund paid
Contribution to improvements for the new Visitors Center	\$ 10,000	Reserves paid
Contribution for marketing	\$ 58,500	Reserves paid

For the FY 13/14 fiscal year, City Council granted \$218,593 to TBID that was made up as follows:

50% of former CPC money	\$ 58,425	Risk Management paid
Visitors Center	\$ 102,168	General Fund paid
Contribution for marketing	\$ 58,000	Risk Mgmt paid \$56,000; General Fund City Council budget paid \$2,000

Per Resolution No. 37-13, the City will address reducing the amount of General Fund support to the Morro Bay Tourism Bureau, and other outside funding requests with its 2014/15 budget.

For the FY 14/15 fiscal year, City Council granted \$140,000 to the Morro Bay Tourism Bureau as follows:

Visitors Center	\$ 100,000	Risk Management paid
Events	\$ 40,000	Risk Management paid

Beginning with the FY 15/16 fiscal year, the City will begin collecting a 2% administrative fee. Additionally, the contribution to the Visitors Center was reduced to \$50,000; staff will work on a new plan for delivering that service.

Resolutions No. 03-16 redefined the tourism marketing relationship with the Morro Bay Tourism Bureau. Beginning June 1, 2016, marketing efforts and contract management will be performed by City staff. This budget includes a \$60k General Fund contribution for FY 16/17.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

COUNTY TOURISM MARKETING DISTRICT

On December 9, 2014, the City passed Resolution No. 85-14, consenting to the inclusion of the City within the proposed San Luis Obispo County Tourism Marketing District (SLOCTMD). On June 10, 2015, the San Luis Obispo County Board of Supervisors will be approving this county-wide marketing district. All visitor servicing establishments, offering transient overnight stays, will be required to collect 1% of the cost of each overnight stay, and remit the collections to the City. The monies will be sent to the CTMD monthly, less a 2% administrative fee.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

COUNTY TOURISM MARKETING DISTRICT

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	-	-	-	\$ -
Revenues from:					
Assessments	-	-	-	287,125	330,964
Expenditures for capital outlay:					
Tourism promotion	-	-	-	(281,382)	(324,345)
City administrative fee (2%)	-	-	-	(5,743)	(6,619)
Subtotal expenditures	-	-	-	(287,125)	(330,964)
Revenues over (under) expenditures	-	-	-	-	-
Ending cash balance	\$ -	-	-	-	\$ -

NOTES:

On 12/9/2014, Council adopted Resolution No. 82-14, consenting to the inclusion of the City within the San Luis Obispo County Tourism Marketing District.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GENERAL GOVERNMENT VEHICLE REPLACEMENT

This Fund was established to accumulate money for the replacement of vehicles that are used by the General Fund's departments. With the passage of the 2015/16 budget, replacement funds, in the amount of \$75,000, are scheduled to be added annually.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

GENERAL GOVERNMENT VEHICLE REPLACEMENT FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ <u>129,719</u>	\$ <u>9,178</u>	\$ <u>2,588</u>	\$ <u>30,107</u>	\$ <u>130,107</u>
Revenues from:					
Interest income	128	37	129	-	-
Other revenues	-	345	-	-	-
Transfer in	<u>-</u>	<u>20,000</u>	<u>115,000</u>	<u>100,000</u>	<u>75,000</u>
Total revenues	<u>128</u>	<u>20,382</u>	<u>115,129</u>	<u>100,000</u>	<u>75,000</u>
Expenditures:					
Administration	-	(26,972)	-	-	-
Police Department	(67,527)	-	(45,000)	-	-
Fire Department	(50,560)	-	(42,610)	-	-
Public Services Administration	-	-	-	-	-
Consolidated Maintenance	(2,582)	-	-	-	(70,000)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(120,669)</u>	<u>(26,972)</u>	<u>(87,610)</u>	<u>-</u>	<u>(70,000)</u>
Revenues over (under) expenditures	<u>(120,541)</u>	<u>(6,590)</u>	<u>27,519</u>	<u>100,000</u>	<u>5,000</u>
Ending cash balance	\$ <u><u>9,178</u></u>	\$ <u><u>2,588</u></u>	\$ <u><u>30,107</u></u>	\$ <u><u>130,107</u></u>	\$ <u><u>135,107</u></u>

NOTES:

2012/13 allocation: Two marked Police cars, Fire command vehicle

2013/14 request: purchase a 4-door hybrid for Administration, paid for by Risk Management and the cash remaining in this Fund.

2014/15 requests will be paid by a cash transfer from Government Impact Fees: 1) Police = Ford Inceptor; 2) Fire = Ford F250 4x3) Parks = pickup truck

2015/16 transfer in comes from the General Fund, and is the beginning of an annual savings plan.

2016/17 request from Consolidated Maintenance to replace two 3/4 ton trucks with utility boxes

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GENERAL FUND EMERGENCY RESERVE FUND

With the adoption of the 2015/16 budget, Resolution No. 33-15 will be enacted, which rescinds all old Resolutions, related to the General Fund Emergency Reserve, either in part or entirety. Resolution No. 33-15 establishes the following:

1. The General Fund Emergency Reserve ("GFER") Fund is named and established, and the General Fund Emergency Reserve Fund Policy is described herein.
2. The GFER Fund Policy sets the parameters for and use of this Fund as follows:
 - a. The GFER target balance is set at 27.5%.
 - b. Annually, the GFER balance is calculated by using the average of three years' actual General Fund operating revenues (*i.e.*, 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 Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for spending, during the annual budget adoption process, at the City Council's discretion.
 - d. Any use of the GFER Fund must be approved by the City Council.

Resolution No. 33-15 also contains the following assertions, based on the Management Partners' Financial Forecast:

1. The Management Partner's forecast predicts a moderate recession in 2017.
2. 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.
3. The continuing drought in California may affect revenues (*i.e.*, TOT).
4. The schedule of year-end minimum reserve levels is set at:
 - a. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
 - b. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
 - c. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
 - d. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
 - e. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
 - f. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
 - g. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
 - h. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
5. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
6. If annual revenues are below forecast, expenditures must be adjusted to meet these targets.
7. These assumptions will be reviewed annually in May for re-adoption in June, based on the current fiscal environment.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GENERAL FUND EMERGENCY RESERVE FUND

	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual	Actual	Actual	Amended	Adopted
				Budget	Budget
Beginning cash balance	\$ 3,051,359	\$ 2,853,530	\$ 2,909,885	\$ 3,372,696	\$ 3,589,623
Revenues from:					
Interest income	20,086	18,160	21,696	16,927	20,000
Dynegy agreement	-	-	525,000	-	-
Sale of property	118,588	-	-	-	-
Other	-	-	-	-	-
Subtotal	138,674	18,160	546,696	16,927	20,000
Transfers in	-	38,195	116,115	200,000	-
Total revenues	138,674	56,355	662,811	216,927	20,000
Transfers out:					
General Fund	(209,700)	-	-	-	-
District Transaction Tax (Meas Q)	(126,803)	-	(200,000)	-	-
General Fund Facility Maint Fund	-	-	-	-	-
Total transfers out	(336,503)	-	(200,000)	-	-
Revenues over (under) expenditures	(197,829)	56,355	462,811	216,927	20,000
Ending cash balance	\$ 2,853,530	\$ 2,909,885	\$ 3,372,696	\$ 3,589,623	3,609,623
					Target balance for FY 2016/17 per Reso No. 33-15 3,272,000
					Available for budgetary purposes; Council approval required \$ 337,623

NOTES:

Resolution No. 33-15, adopted on June 9, 2015, sets the parameters of this fund.

For the 2012/13 budget, no additional funds have been budgeted for the Dynegy agreement. The excess reserves were transferred to the District Transaction Tax (Measure Q) Fund for streets.

At the July 10, 2012 City Council meeting, the Council approved the purchase of 5 Big Belly Solar-Powered Trash Receptacles (\$32,000), and the purchase of iPads for Council Members and Department Heads (\$9,200).

For the 2013/14 budget, no additional funds have been budgeted for the Dynegy agreement. Dynegy has notified the City of its intent to close the power plant. The City will be entitled to one additional payment.

At the June 12, 2013 budget workshop, the Council agreed to fund the deficiency in the Reserve (\$38,195).

In 2014/15, Council authorized a \$200,000 temporary loan to the District Transaction Tax Fund to cover extra expenditures on the Pavement Management plan. The loan was repaid in July 2015.

With the 2015/16 budget, the reserve calculation has changed; the average of three years' trailing actual operating revenues is the basis for the new calculation. Specific year-end target cash balances were established with Resolution No. 33-15.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

GENERAL FUND FACILITY MAINTENANCE FUND

On January 20, 2011, escrow closed on the City-owned property at 781 Market Avenue, commonly referred to as the Brannigan's Restaurant. The proceeds, less the escrow fees, amounted to \$154,418, and were placed into this Fund. Resolution No. 10-11 formally dedicated this revenue stream for management of the City's real property assets.

Annual loan payments will be deposited into this Fund, to ensure that ongoing maintenance efforts continue.

On December 31, 2015, the City purchased 781 Market Avenue. The current tenant, Distasio's Restaurant on the Bay, remains in place, and lease payments will continue to be placed into this fund.

CITY OF MORRO BAY
2015/16 ADOPTED BUDGET

GENERAL FUND FACILITY MAINTENANCE FUND

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 30,958	\$ 39,960	\$ 81,501	\$ 118,926	\$ 63,722
Revenues from:					
Interest income	50,439	61,899	65,731	796	-
Sale of property agreement - principal	-	37,491	33,658	-	-
Rental income	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,000</u>	<u>108,000</u>
Total revenues	50,439	99,390	99,389	54,796	108,000
Expenditures	<u>(41,437)</u>	<u>(57,849)</u>	<u>(61,964)</u>	<u>(110,000)</u>	<u>(171,500)</u>
Revenues over (under) expenditures	<u>9,002</u>	<u>41,541</u>	<u>37,425</u>	<u>(55,204)</u>	<u>(63,500)</u>
Ending cash balance	<u>\$ 39,960</u>	<u>\$ 81,501</u>	<u>\$ 118,926</u>	<u>\$ 63,722</u>	<u>\$ 222</u>

NOTES:

The funding source is from the sale of the Brannigan's restaurant and parking lot that resulted in two loans. All proceeds are deposited into this fund. In 2020, the balances of both loans are due in full, and at that time, \$500,000 must be paid to the Parking In-Lieu Fund, which was used for the original purchase of the parking lot.

On December 31, 2015, the City required 781 Market Avenue and the parking lot. It is currently leased, and the revenue stream is \$9,000 per month.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CAPITAL REPLACEMENT FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the accumulation of funds for capital replacement, such as City Hall.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

CAPITAL REPLACEMENT ACCUMULATION FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Revenues from:					
Transfers in	-	-	-	100,000	100,000
Total revenues	-	-	-	100,000	100,000
Expenses for:					
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Total expenses	-	-	-	-	-
Revenues over(under) expenses	-	-	-	100,000	100,000
Ending cash balance	\$ -	\$ -	\$ -	\$ 100,000	\$ 200,000

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PROJECTS ACCUMULATION FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the accumulation of funds for capital projects.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

PROJECT ACCUMULATION FUND

	<u>2012/13</u> Actual	<u>2013/14</u> Actual	<u>2014/15</u> Actual	<u>2015/16</u> Amended Budget	<u>2016/17</u> Adopted Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ 134,415
Revenues from:					
Transfers in	-	-	-	200,000	125,000
Total revenues	-	-	-	200,000	125,000
Expenses for:					
Projects:					
City Council	-	-	-	-	-
Administration	-	-	-	(3,347)	-
Administrative Services	-	-	-	-	-
Police	-	-	-	(12,238)	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	(50,000)	-
Total expenses	-	-	-	(65,585)	-
Revenues over(under) expenses	-	-	-	134,415	125,000
Ending cash balance	\$ -	\$ -	\$ -	\$ 134,415	\$ 259,415

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

COMMUNITY DEVELOPMENT GRANTS FUND

This Fund is used to record the transactions related to the Community Development Block Grant and HOME programs. These are competitive grants that the City applies for, to rehabilitate buildings and qualifying citizens' homes.

The City was approached by the County to become part of the Urban County program, and on May 24, 2011, adopted Resolution No. 36-11, affirming that partnership.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

COMMUNITY DEVELOPMENT GRANTS FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 162,282	\$ 170,828	\$ 128,824	\$ 70,431	\$ 70,431
Revenues from grants:					
CDBG	15,630	99,909	-	62,992 ¹	168,530
HOME	-	-	-	-	-
CalHOME	-	-	-	-	-
Principal repayments	11,584	39,025	-	-	-
Investment income	1,544	600	600	-	-
Other revenues	-	2,350	1,920	-	-
Total revenues	<u>28,758</u>	<u>141,884</u>	<u>2,520</u>	<u>62,992</u>	<u>168,530</u>
Expenditures for:					
CDBG	(14,276)	(183,217)	(60,913)	(62,992)	(68,530)
HOME	(5,936)	(537)	-	-	-
CalHOME	-	(134)	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>(20,212)</u>	<u>(183,888)</u>	<u>(60,913)</u>	<u>(62,992)</u>	<u>(68,530)</u>
Revenues over(under) transfers out	<u>8,546</u>	<u>(42,004)</u>	<u>(58,393)</u>	<u>-</u>	<u>100,000</u>
Ending cash balance	<u>\$ 170,828</u>	<u>\$ 128,824</u>	<u>\$ 70,431</u>	<u>\$ 70,431</u>	<u>\$ 170,431</u>

NOTES:

With Resolution No. 36-11, adopted on May 24, 2011, the City of Morro Bay is committed to be part of the Urban County program for the allocation of CDBG monies. The City will receive its 2012/13 CDBG allocation through the County in the amount of \$57,533.

The fy 13/14 funding allocation as approved by the City Council on 1/28/14 is allocated as follows:

City's Pedestrian Accessibility Project	\$ 36,796
Senior Nutrition Program	8,491
Program administration	11,321
	<u>\$ 56,608</u>

¹ Potential reallocation of funding from another SLO County City (\$100k)

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

STATE GAS TAX FUND

This Fund is required by the State to account for monies received from gasoline taxes. The majority of this money must be expended for constructing, maintaining and/or improving major City streets and storm drains.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

STATE GAS TAX FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
State Gas Tax, Section 2105	45,898	71,495	-	60,606	64,230
State Gas Tax, Section 2106	46,924	48,006	-	36,046	36,151
State Gas Tax, Section 2107	75,210	76,480	-	82,860	89,194
State Gas Tax, Section 2107.5	3,000	3,000	-	3,000	3,000
State Gas Tax, Section 2103	83,339	146,453	-	48,050	24,256
Other revenues	-	-	-	-	20,731
Total revenues	<u>254,371</u>	<u>345,434</u>	<u>-</u>	<u>230,562</u>	<u>237,562</u>
Less transfers to General Fund for:					
Street Maintenance	(251,371)	(342,434)	3,000	(227,562)	(234,562)
Engineering - Sec 2107.5	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>
Total transfers out	<u>(254,371)</u>	<u>(345,434)</u>	<u>-</u>	<u>(230,562)</u>	<u>(237,562)</u>
Revenues over(under) transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

Budget amounts are provided by Michael Coleman, Fiscal Policy Advisor for CSMFO and the League of CA Cities; for more details, visit his website <http://www.californiacityfinance.com/#TRANSPORTATION>.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEE FUND

This Fund began in 2008 for the purpose of collecting in-lieu mitigation fees for lower cost visitor-serving overnight accommodations, such as hostels and tent campground units, as required by California Coastal Commission actions on coastal development permits, since 1977. Individual fees range from a low of \$27,720, to a high of \$6,000,000.

The entire Fund, and accrued interest, shall be used for creating accommodations, and other potential projects, deemed acceptable by the Coastal Commission. Any funds, remaining after 10 years from their deposit date, shall be donated to an acceptable agency, or organization, to provide lower-cost public access and recreation improvements to and along the shoreline, including improvements to the California Coastal Trail.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEES FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 35,485	\$ 36,545	\$ 36,776	\$ 37,068	\$ 53,618
Revenues from:					
Mitigation fees	815	-	-	15,735	-
Interest	245	231	292	815	-
Total revenues	1,060	231	292	16,550	-
Expenditures for capital outlay:					
Lower cost visitor accommodations	-	-	-	-	-
Revenues over (under) expenditures	1,060	231	292	16,550	-
Ending cash balance	\$ <u>36,545</u>	\$ <u>36,776</u>	\$ <u>37,068</u>	\$ <u>53,618</u>	\$ <u>53,618</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRAFFIC SAFETY FUND

This Fund was established based on Section 1463 of the Penal Code, which states that all fines and forfeitures collected from any person charged with a misdemeanor under this code shall be deposited into a special fund known as the "Traffic Safety Fund." The money is to be used exclusively for official traffic control devices and the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the city, but not for the compensation of traffic or other police officers. Prior to 1999, this revenue was recorded in the General Fund.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRAFFIC SAFETY FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Vehicle Code Fines	33,648	19,012	-	20,000	13,000
Less transfers to General Fund	<u>(33,648)</u>	<u>(19,012)</u>	<u>-</u>	<u>(20,000)</u>	<u>(13,000)</u>
Revenues over(under) transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SPECIAL SAFETY GRANTS FUND

This Fund was originally established for the Supplemental Law Enforcement Services Fund (SLESF) grant. Government Code Sections 30061-30065 establish the authority for the SLESF, also known as the State COPS grant. The title of the Fund was changed to allow grants for Fire Services to be managed here as well.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SPECIAL SAFETY GRANTS FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ <u>18,297</u>	\$ <u>54,111</u>	\$ <u>96,985</u>	\$ <u>33,021</u>	\$ <u>33,021</u>
Revenues from:					
State grant	100,000	100,000	106,230	100,000	100,000
Interest	<u>-</u>	<u>237</u>	<u>505</u>	<u>-</u>	<u>-</u>
Total revenues	<u>100,000</u>	<u>100,237</u>	<u>106,735</u>	<u>100,000</u>	<u>100,000</u>
Expenditures:					
Personnel services	-	(14,878)	(15,494)	(18,295)	(40,086)
Supplies	(43,565)	(42,485)	(33,208)	(6,000)	(10,000)
Services	(401)	-	(2,105)	(15,705)	-
Capital outlay	(20,220)	-	(119,892)	(60,000)	(49,914)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(64,186)</u>	<u>(57,363)</u>	<u>(170,699)</u>	<u>(100,000)</u>	<u>(100,000)</u>
Revenues over(under) expenditures	<u>35,814</u>	<u>42,874</u>	<u>(63,964)</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u><u>54,111</u></u>	\$ <u><u>96,985</u></u>	\$ <u><u>33,021</u></u>	\$ <u><u>33,021</u></u>	\$ <u><u>33,021</u></u>

NOTES:

On August 17, 2012, California State Controller John Chiang issued a letter stating Chapter 43, Statutes of 2012 (SB 1023), amended Government Code Section 30063 related to SLESF/COPS. That amendment removed the reporting requirements to the State Controller, as well as the public hearing requirement that had been necessary in the past to set the budget.

Purchases for FY 2016/17 are for the following:

Part-time property technician	\$ 20,043
Part-time training coordinator	20,043
Electronic citation writers	10,000
Unmarked fleet vehicle; Watch Commander emergency equipment; high risk response kits; events trailer	<u>49,914</u>
	<u>\$ 100,000</u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PARKING IN-LIEU FUND

The City has established a formula for calculating the number of parking spaces required to adequately service a new business establishment, or the expansion of an existing one. Developers may choose to pay a fee, instead of dedicating real estate to parking spaces. This Fund has been set up to capture those in-lieu fees.

On October 8, 2013, the City Council adopted Resolution No. 48-13, dedicating \$399,000 to the City-owned *triangle* parking lot adjacent to the Embarcadero.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PARKING IN-LIEU FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 387,612	\$ 399,676	\$ 410,706	\$ 390,281	\$ 312,140
Revenues from:					
Parking in-lieu fees/agreements	9,386	8,476	4,804	-	-
Interest income	2,678	2,554	-	859	-
Other revenues and transfers	-	-	-	-	-
Total revenues and transfers in	<u>12,064</u>	<u>11,030</u>	<u>4,804</u>	<u>859</u>	<u>-</u>
Expenditures:					
Contract services	-	-	-	-	-
Transfers out:					
Enterprise	-	-	-	-	-
Capital improvement	-	-	(25,229)	(79,000)	-
Subtotal	-	-	(25,229)	(79,000)	-
Total expenditures, transfers out and reservations	<u>-</u>	<u>-</u>	<u>(25,229)</u>	<u>(79,000)</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>12,064</u>	<u>11,030</u>	<u>(20,425)</u>	<u>(78,141)</u>	<u>-</u>
Ending cash balance	<u>\$ 399,676</u>	<u>\$ 410,706</u>	<u>\$ 390,281</u>	<u>\$ 312,140</u>	<u>\$ 312,140</u>

NOTES:

In January 2011, the City sold the Brannigan's restaurant and the parking lot on Market Avenue. The City entered into a loan agreement with the purchaser that provides for annual payments until 2020, when the balance is due in full.

Current payments are being deposited into the General Fund Maintenance Fund; in 2020, \$500,000 must be deposited into this fund for the sale of the parking lot.

On October 8, 2013, Council passed Resolution No. 48-13, designating \$399,000 for revisions to the parking in-lieu map, and improvements to the City-owned Front Street and Triangle parking lot adjacent to the Dynegy Power Plant.

On December 31, 2015, the City reacquired the restaurant and parking lot properties on Market Avenue. With this acquisition, no funds are due to the Parking In-Lieu Fund, as the \$500k, originally borrowed from this Fund, has been justified by the parcel appraisal of \$500k for the parking lot.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRANSIT FUND

The Transit Fund accounts for the operations and activities associated with the City's public transit system, Morro Bay Transit, which provides fixed route, Call-A-Ride, and Trolley functions.

Due to significant decreases in State transportation funds in the 2008/09, 2009/10, and 2010/11 fiscal years, Council approved replacing the Dial-A-Ride service with a flex fixed route system to best utilize transit funds, and still provide service to the citizens. This flex fixed route operates one fixed route that flexes, or deviates, off-route to provide limited, advance-scheduled, curb-to-curb service (Call-A-Ride), then returns to the next fixed route stop.

The primary revenue stream for this Fund is Transportation Development Act (TDA) money. TDA was enacted by the State Legislature in 1971 to make funds available for transit, pedestrian way and bikeway projects, transportation planning, ridesharing and street and road improvements. Funds for the TDA come from 1/4 cent of the retail sales tax, for Local Transportation Funds (LTF), and from sales taxes on diesel fuel, for State Transit Assistance (STA). These funds are allocated annually by the San Luis Obispo Council of Governments (SLOCOG) to eligible claimants, under two funding programs: the Local Transportation Fund (LTF) and the State Transit Assistance (STA).

Two percent of the TDA funds received by the City are specifically set aside for bike path/lane projects, which is accounted for in a separate fund. The remaining TDA funds are used for the fixed route, Call-A-Ride and Trolley services.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRANSIT FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 125,039	\$ 166,161	\$ 228,030	\$ 150,156	\$ 150,156
Revenues:					
MB Transit:					
LTF	200,497	256,726	-	217,085	222,185
STA	32,172	17,571	-	18,958	15,423
Grants	13,021	-	-	77,261	127,664
Farebox	18,575	18,350	-	19,300	24,000
Other	1,958	936	1,901	-	-
Subtotal	<u>266,223</u>	<u>293,583</u>	<u>1,901</u>	<u>332,604</u>	<u>389,272</u>
Trolley:					
LTF	54,110	60,100	-	57,673	59,855
Grants	-	-	-	-	-
Farebox	12,973	13,041	-	15,200	13,000
Advertising	5,927	5,915	-	5,000	5,000
Rent	2,530	2,687	-	2,000	2,000
Other	-	-	-	-	-
Subtotal	<u>75,540</u>	<u>81,743</u>	<u>-</u>	<u>79,873</u>	<u>79,855</u>
Total revenues	<u>341,763</u>	<u>375,326</u>	<u>1,901</u>	<u>412,477</u>	<u>469,127</u>
Expenses for:					
MB Transit (no depreciation)	(171,254)	(168,918)	-	(272,629)	(347,153)
Trolley (no depreciation)	(49,612)	(64,764)	-	(60,073)	(60,055)
Other - reservations	-	-	-	-	-
Subtotal	<u>(220,866)</u>	<u>(233,682)</u>	<u>-</u>	<u>(332,702)</u>	<u>(407,208)</u>
Transfers out to:					
General fund for cost allocation	(79,775)	(79,775)	(79,775)	(79,775)	(79,775)
Other	-	-	-	-	-
Total expenses and transfers out	<u>(300,641)</u>	<u>(313,457)</u>	<u>(79,775)</u>	<u>(412,477)</u>	<u>(486,983)</u>
Revenues and transfers in over(under) expenses and transfers out	<u>41,122</u>	<u>61,869</u>	<u>(77,874)</u>	<u>-</u>	<u>(17,856)</u>
Ending cash balance	<u>\$ 166,161</u>	<u>\$ 228,030</u>	<u>\$ 150,156</u>	<u>\$ 150,156</u>	<u>\$ 132,300</u>

NOTES:

- FY 14/15 TDA audit indicated there was \$131,955 in unearned LTF revenue part of which had been reserved for certain items in FY 12/13, 13/14 and 14/15 budgets noted as follows:
- 1 Reserved \$5,000 per year in FY 12/13, 13/14 and 14/15 for performance audit to be completed by end of FY 15/16 (SLOCOG \$15,000 deducted \$9,400 of City's LTF from FY 15/16 allocation for consultant so this reservation can be reallocated in FY 16/17)
 - Reserved \$20,992 in FY 12/13 after reduction for Saturday service and \$23,000 in FY 13/14 for volunteer senior bus program (these funds released to Senior Citizens Inc in FY 15/16 for volunteer senior bus program that began in mid-February 2016)
 - Reserved in FY 15/16 for local match to RTF grant for replacement bus to be ordered in FY 16/17 (FY 16/17 LTF allocation includes funds RTF local match and this reservation can be reallocated)
 - 2 LTF Unearned Revenue from FY 14/15 available after reservations and allocations from Notes 1 is \$87,963 to be allocated as follows:
 - \$4,671 Allocate to Transit for portion of Short Range Transit Plan not funded with FY 16/17 LTF transit allocation
 - \$10,000 Allocate to Trolley for local match to RTF grant for FY 18/19 trolley acquisition
 - \$73,292 Allocate to Roads
 - 3 FY 14/15 TDA audit indicated there was \$33,000 in restricted LTF revenue which had been reserved as contingencies. This amount will remain as contingencies to address additional cuts to FY 15/16 or FY 16/17 TDA or if the City's RTA contribution is more than the 5% budgeted for

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

LOCAL TRANSPORTATION FUNDS, PEDESTRIAN AND BIKEWAY PROJECTS FUND

The primary revenue stream for this Fund is Transportation Development Act (TDA) money pedestrian way and bikeway projects. Two percent of the TDA funds received by the City are specifically set aside for this purpose, under TDA Article 3, 99260).

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

LOCAL TRANSPORTATION FUNDS, BIKEWAY PATHS, FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 12,655	\$ 20,369	\$ 30,248	\$ -	\$ 7,907
Revenues from:					
LTF	7,622	9,732	10,721	7,907	7,858
Interest income	92	147	-	-	-
Total revenues	<u>7,714</u>	<u>9,879</u>	<u>10,721</u>	<u>7,907</u>	<u>7,858</u>
Expenditures:					
Bikeway paths	<u>-</u>	<u>-</u>	<u>(40,969)</u>	<u>-</u>	<u>(15,000)</u>
Revenues over(under) expenditures and transfers out	<u>7,714</u>	<u>9,879</u>	<u>(30,248)</u>	<u>7,907</u>	<u>(7,142)</u>
Ending cash balance	<u>\$ 20,369</u>	<u>\$ 30,248</u>	<u>\$ -</u>	<u>\$ 7,907</u>	<u>\$ 765</u>

NOTES:

With the FY 16/17 budget, City Council is approving \$15k for bike path improvements.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

LOCAL TRANSPORTATION FUNDS, ROADS, FUND

The primary revenue stream for this Fund is Transportation Development Act (TDA) money for roads projects, under TDA Article 8, 99400(a)).

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

LOCAL TRANSPORTATION FUNDS (ROADS) FUND

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ 100	\$ 28,885	\$ 28,885
Revenues from:					
LTF	-	43,320	28,785	-	73,292
Interest income	-	100	-	-	-
Total revenues	<u>-</u>	<u>43,420</u>	<u>28,785</u>	<u>-</u>	<u>73,292</u>
Expenditures:					
Roads	<u>-</u>	<u>(43,320)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>-</u>	<u>100</u>	<u>28,785</u>	<u>-</u>	<u>73,292</u>
Ending cash balance	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 28,885</u>	<u>\$ 28,885</u>	<u>\$ 102,177</u>

NOTES:

FY 13/14 funding was for the Morro Creek Bridge.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

RISK MANAGEMENT INTERNAL SERVICE FUND

This Fund collects contributions from all departments, and disburses payments for the City's insurance funds: Worker's Compensation, Unemployment, General Liability, Property Damage, and Vehicle Insurance.

With the adoption of the 2015/16 budget, Resolution No. 32-15 was enacted. This Resolution sets the minimum committed balance as \$100,000; any excess cash may be programmed by City Council.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

RISK MANAGEMENT INTERNAL SERVICE FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,629,831	\$ 1,778,403	\$ 1,451,118	\$ 1,221,049	\$ 153,672
Revenues from:					
Charges for services	1,285,003	1,341,962	1,380,176	1,317,869	1,385,778
Investment earnings	12,606	9,644	9,980	5,000	600
Other revenue	-	-	2,843	-	-
Total revenues	<u>1,297,609</u>	<u>1,351,606</u>	<u>1,392,999</u>	<u>1,322,869</u>	<u>1,386,378</u>
Expenses for:					
Personnel	-	-	-	(41,448)	(44,531)
Supplies	-	(3,800)	(7,865)	(500)	-
Services	(31,344)	(152,840)	(29,915)	(650)	(2,000)
Worker's compensation insurance	(232,470)	(300,421)	(580,778)	(613,167)	(456,189)
Unemployment insurance	(33,585)	(19,962)	(14,075)	(25,000)	(25,894)
General liability insurance	(609,156)	(588,417)	(652,924)	(749,267)	(691,899)
Property damage insurance	(31,265)	(300,936)	(24,229)	(43,080)	(44,596)
Vehicle insurance	(15,983)	(15,785)	(15,388)	(15,394)	(18,485)
Other insurance	<u>(15,634)</u>	<u>(24,110)</u>	<u>(31,994)</u>	<u>(1,740)</u>	<u>(1,854)</u>
Total expenses	<u>(969,437)</u>	<u>(1,406,271)</u>	<u>(1,357,168)</u>	<u>(1,490,246)</u>	<u>(1,285,448)</u>
Revenues over(under) expenses	<u>328,172</u>	<u>(54,665)</u>	<u>35,831</u>	<u>(167,377)</u>	<u>100,930</u>
Transfers out:					
General Fund	(179,600)	(252,620)	(125,900)	-	-
MBTBID			(140,000)		
General Fund Vehicle Replacement	-	(20,000)	-	-	-
Strategic investment spending	-	-	-	(900,000)	-
Total transfers	<u>(179,600)</u>	<u>(272,620)</u>	<u>(265,900)</u>	<u>(900,000)</u>	<u>-</u>
Ending cash balance	<u>\$ 1,778,403</u>	<u>\$ 1,451,118</u>	<u>\$ 1,221,049</u>	<u>\$ 153,672</u>	<u>\$ 254,602</u>

NOTES:

In FY 12/13, \$179,600 was transferred to the General Fund: \$100,000 for operations, due to the loss of the Dynegy funding, was initially adopted, and at the FY 12/13 mid-year budget review, \$79,600 for retirement payouts

In FY 13/14, adopted transfers out of \$272,620 are for the following:

General Fund Emergency Reserve - fund deficit	\$38,195
General Fund - final year of Dynegy reduction	100,000
General Fund - contribution to TBID of 50% of CPC funds	58,425
General Fund - Council bequests	56,000
General Fund Vehicle Replacement - add to balance of cash for the purchase of a 4-door hybrid for Admin	<u>20,000</u>
	<u>\$272,620</u>

At the FY 13/14 mid-year budget review, an additional \$416,000 was requested to be transferred to the General Fund to cover the costs of employee separations and the negotiated lowering of vacation banks.

In FY 14/15, adopted transfers out of \$140,000 are for the following:

Visitors Center	\$100,000
Tourism Bureau Events	40,000
LEAP program	49,000
Management Partners	<u>76,900</u>
	<u>\$265,900</u>

In FY 15/16, Reso No. 32-15 was adopted, which set the minimum balance for this fund at \$100,000. The transfer out (\$900,000) moves excess cash to a strategic investment spending account for specific projects.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SPECIAL ASSESSMENT DISTRICTS FUND

This Fund was created to record parcel assessments and expenditures associated with certain housing developments within the City limits.

NORTH POINT

The California Coastal Commission and the City of Morro Bay worked with landowners at the northern end of the Morro Bay shoreline bluff top to preserve a natural area, as part of a small housing development plan. This is a landscape and lighting district.

LOPRENA

This is a storm drain assessment district.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

SPECIAL ASSESSMENT DISTRICTS FUND

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 48,310	\$ 46,567	\$ 52,975	\$ 58,592	\$ 59,869
Revenues:					
Property tax assessments:					
North Point	5,645	5,645	5,645	5,645	5,645
Loprena	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>
Total revenues	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>
Expenditures:					
North Point					
Personnel	(227)		(228)		(800)
Supplies	(80)			(2,200)	(2,000)
Services	(9,913)	(2,069)	(2,632)		(2,000)
Loprena				<u>(5,000)</u>	
Subtotal expenditures	<u>(10,220)</u>	<u>(2,069)</u>	<u>(2,860)</u>	<u>(7,200)</u>	<u>(4,800)</u>
Revenues over(under) expenditures	<u>(1,743)</u>	<u>6,408</u>	<u>5,617</u>	<u>1,277</u>	<u>3,677</u>
Ending cash balance	\$ <u><u>46,567</u></u>	\$ <u><u>52,975</u></u>	\$ <u><u>58,592</u></u>	\$ <u><u>59,869</u></u>	\$ <u><u>63,546</u></u>

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

CLOISTERS SPECIAL ASSESSMENT DISTRICT

This Fund was created to record parcel assessments and expenditures associated with the Cloisters housing developments within the City limits. This is a landscape and lighting district.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

**CLOISTERS ASSESSMENT DISTRICT
OPERATING AND ACCUMULATION FUNDS**

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ (42,318)	\$ (11,335)	\$ 63,549	\$ 85,920	\$ 90,364
Revenues from:					
Cloisters assessment	145,375	151,429	148,944	148,944	148,944
Interest income	-	154	537	-	-
Transfer in	<u>5,712</u>	<u>49,961</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>151,087</u>	<u>201,544</u>	<u>149,481</u>	<u>148,944</u>	<u>148,944</u>
Expenditures					
Personnel	(2,396)	(3,850)	(4,786)	(2,500)	(11,000)
Supplies	(2,406)	(1,931)	(5,094)	(3,000)	(7,000)
Services	<u>(115,302)</u>	<u>(120,879)</u>	<u>(117,230)</u>	<u>(139,000)</u>	<u>(122,500)</u>
Total expenditures	<u>(120,104)</u>	<u>(126,660)</u>	<u>(127,110)</u>	<u>(144,500)</u>	<u>(140,500)</u>
Revenues over (under) expenditures	<u>30,983</u>	<u>74,884</u>	<u>22,371</u>	<u>4,444</u>	<u>8,444</u>
Ending cash balance (reserve)	\$ <u><u>(11,335)</u></u>	\$ <u><u>63,549</u></u>	\$ <u><u>85,920</u></u>	\$ <u><u>90,364</u></u>	\$ <u><u>98,808</u></u>

NOTES:

With the FY 12/13 budget, maintenance was outsourced.

On May 13, 2014, City Council took action to return \$87,743.61 to the Cloisters Assessment District, due to expenditures made that exceeded assessment revenues, but occurred without Council approval.

In May 2014, Cloisters was separated into its own fund; this presentation includes the reserve.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRUST AND AGENCY FUND
GENERAL PLAN MAINTENANCE FEE

Funds accumulated in this account are to be used to update the City's General Plan. The fee is part of the building permit.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 71,255	\$ 79,141	\$ 90,796	\$ 107,159	\$ 417,159
Revenues from:					
Maintenance fees	7,886	11,655	16,434	10,000	-
Transfer in	-	-	-	300,000	-
Total revenues	7,886	11,655	16,434	310,000	-
Expenditures	-	-	(71)	-	-
Revenues over (under) expenditures	7,886	11,655	16,363	310,000	-
Ending cash balance	\$ <u>79,141</u>	\$ <u>90,796</u>	\$ <u>107,159</u>	\$ <u>417,159</u>	\$ <u>417,159</u>

NOTES:

In FY 06/07, funds began accumulating for this purpose.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRUST AND AGENCY FUND
COMPENSABLE LEAVES ACCUMULATION

This account is established with the Fiscal Year 2016/17 budget, as a result of a Grand Jury investigation and resulting comments, regarding San Luis Obispo County cities' unfunded liability for employee compensable accumulations. These banks include accruals for vacation, compensation in-lieu of overtime, floating holiday pay, and administrative leave hours, which, upon separation from City service, are payable in full. The City has maximum limits on each of these compensable accumulation banks to control this liability, but has not prefunded in anticipation of separations.

Funds accumulated in this account are from a 1% charge to regular payroll hours, and will be used for employee separation payments. This fund does comingle General Government and Enterprise Funds' money; however, a record of contributions and disbursements, by amount and type, is maintained to ensure proper use.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

TRUST AND AGENCY - COMPENSABLE LEAVES ACCUMULATION

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Governmental Funds	-	-	-	-	47,906
Water operations	-	-	-	-	3,365
Sewer operations	-	-	-	-	3,164
Harbor operations	-	-	-	-	5,117
Wastewater operations	-	-	-	-	5,535
Internal Service - IT & Risk	-	-	-	-	1,645
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,732</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,732</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,732</u>

NOTES:

In FY 16/17, the City began accumulating funds to pay for this liability. As of June 2016, the total unfunded compensable leave liability was ~\$686,000.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

MORRO BAY/CAYUCOS SANITARY DISTRICT
WASTEWATER TREATMENT FACILITY FUND

This Fund records the revenues and expenses associated with the operation of the Wastewater Treatment Facility. The Plant provides services to the City residents and businesses, as well as the unincorporated community of Cayucos. City of Morro Bay employees operate the Plant, with operations oversight handled through a joint powers agreement between the City and the Cayucos Sanitary District.

A major upgrade had been planned for the aging facility (built in the 1950s), with the operational target of 2015. In December 2012, the City Council ceased efforts to upgrade the Facility at its current waterfront location, and began efforts to secure a new location as a Water Reclamation Facility, away from its current location in the coastal zone. The new project may result in a City-owned Facility, ending the long-standing agreement with the Cayucos Sanitary District.

CITY OF MORRO BAY

2016/17 ADOPTED BUDGET

MORRO BAY/CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT FACILITY FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Charges for services	1,940,611	2,691,389	4,401,712	4,935,063	2,387,051
Other revenue	<u>6,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,946,605</u>
Total revenues	<u>1,947,445</u>	<u>2,691,389</u>	<u>4,401,712</u>	<u>4,935,567</u>	<u>8,333,656</u>
Expenses for:					
Personnel	(787,838)	(808,783)	(821,827)	(872,286)	(951,773)
Supplies	(318,853)	(328,026)	(377,314)	(343,600)	(386,600)
Services	(793,308)	(813,848)	(773,351)	(988,681)	(1,016,678)
Other (no depreciation)	-	(46,847)	-	-	-
Capital improvements	-	-	(1,111,823)	(465,000)	-
Capital improvements (City only)	(28,267)	(686,882)	(1,307,543)	(2,234,000)	(5,946,605)
General Fund administration	(19,179)	(7,003)	(9,854)	(30,000)	(30,000)
IT Replacement Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>	<u>(2,000)</u>
Total expenses	<u>(1,947,445)</u>	<u>(2,691,389)</u>	<u>(4,401,712)</u>	<u>(4,935,567)</u>	<u>(8,333,656)</u>
Revenues over(under) expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTES:

The FY 16/17 Other Revenue represents the State Revolving Fund loan; this will pay planning and design costs for the City-owned Water Reclamation Facility (WRF).

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PARK IN-LIEU FEES FUND

Local governments in California provide a critical role in the effort to set aside parkland and open space for recreational purposes. Since the passage of the 1975 Quimby Act (California Government Code §66477), cities and counties have been authorized to pass Ordinances, requiring developers to set aside land, donate conservation easements, or pay fees for park improvements. Revenues generated through the Quimby Act cannot be used for the operation and maintenance of park facilities. The goal of the Quimby Act was to require developers to help mitigate the impacts of property improvements.

To manage the special revenue fees collected, this fund was established.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

PARK IN-LIEU FEES FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 20,630	\$ 65,283	\$ 96,386	\$ 10,214	\$ 10,214
Revenues from:					
Impact fees	63,881	43,801	17,282	-	-
Interest income	292	510	422	-	-
Other	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>
Total revenues	64,173	44,311	19,704	-	-
Capital outlay	<u>(19,520)</u>	<u>(13,208)</u>	<u>(105,876)</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 65,283</u>	<u>\$ 96,386</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>

NOTES:

The expenditure in FY 14/15 is for the Del Mar parking lot upgrade.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

STATE PARK MARINA SPECIAL REVENUE FUND

This Fund manages the marina concessions revenues that are received for the planning and environmental review of proposed dredging and renovation of the State Park Marina.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

STATE PARK MARINA SPECIAL REVENUE FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 408,192	\$ 19,365	\$ 65,283	\$ 146,585	\$ 146,585
Revenues from:					
Concessions	67,184	72,667	81,302	70,000	80,000
Intergovernmental	1,004,570	-	-	-	-
Interest income	-	-	-	-	-
Total revenues	<u>1,071,754</u>	<u>72,667</u>	<u>81,302</u>	<u>70,000</u>	<u>80,000</u>
Expenditures:					
Dredging	<u>(1,460,581)</u>	<u>(26,749)</u>	<u>-</u>	<u>(70,000)</u>	<u>(35,000)</u>
Revenues over(under) expenditures	<u>(388,827)</u>	<u>45,918</u>	<u>81,302</u>	<u>-</u>	<u>45,000</u>
Ending cash balance	<u>\$ 19,365</u>	<u>\$ 65,283</u>	<u>\$ 146,585</u>	<u>\$ 146,585</u>	<u>\$ 191,585</u>

NOTES:

For FY 16/17, \$10,000 is for wetlands monitoring, and \$25,000 for dredge permitting

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HOUSING IN-LIEU SPECIAL REVENUE FUND

This Fund was set up to collect impact fees for affordable housing. In cases where affordable housing is required, and the developer has substantially demonstrated to the City's satisfaction that the reasonable and practical development of affordable housing, either on-site or off-site is infeasible, the City may permit the developer to satisfy the requirements to provide affordable housing by payment of an in-lieu housing fee. The fee is to be paid prior to the issuance of a building permit (where square footage is added) or a final tract map.

Fees accepted for affordable housing may be used to construct, or assist in the construction of, housing, for rent or sale, to very low and/or low and moderate income families, to purchase land for the purpose of affordable housing, to assist very low and/or low and moderate income families to afford adequate housing, or for other measures to provide housing for very low and/or low and moderate income families. Also, the City may use the money for capital projects, such as the Housing Element or General Plan Update. As an option, the in-lieu fees may be transferred to another public agency, such as a nonprofit housing provider, for the purpose of providing affordable housing in the City.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

HOUSING IN-LIEU FUND

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 120,183	\$ 176,590	\$ 160,502	\$ 162,136	\$ 112,936
Revenues from:					
Impact fees	56,278	11,471	2,634	-	-
Interest income	129	1,031	-	800	700
Other	-	25,000	-	-	-
Transfers in	-	9,410	-	-	-
Total revenues	<u>56,407</u>	<u>46,912</u>	<u>2,634</u>	<u>800</u>	<u>700</u>
Expenditures for:					
Services	-	-	-	(50,000)	-
Other	-	-	-	-	(5,000)
Transfer out to General Fund	-	(63,000)	(1,000)	-	-
Total expenditures	<u>-</u>	<u>(63,000)</u>	<u>(1,000)</u>	<u>(50,000)</u>	<u>(5,000)</u>
Revenues over(under) expenditures	<u>56,407</u>	<u>(16,088)</u>	<u>1,634</u>	<u>(49,200)</u>	<u>(4,300)</u>
Ending cash balance	\$ <u>176,590</u>	\$ <u>160,502</u>	\$ <u>162,136</u>	\$ <u>112,936</u>	\$ <u>108,636</u>

NOTES:

On 12/29/11, \$600,000 was transferred to PSCDC Morro del Mar for a project at 555 Main St.

The FY 13/14 transfer out to General Fund is for the Housing Element update (\$62,000) and a Council bequeathal to the Housing Trust Fund (\$1,000)

The FY 14/15 transfer out to General Fund is for the Council contribution to the Housing Trust Fund (\$1,000).

The FY 15/16 expenditures is for the 6/23/15 decision to providing funding to Ocean View Manor, 456 Elena St.

The FY 16/17 expenditure is for the Council \$5,000 contribution to Home Share SLO

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

SCHEDULES

1. Schedules of Proposed General Government and Enterprise Capital Projects (recap and individual project schedules)
2. Schedule of Proposed Facility Maintenance Projects
3. Schedule of Completed Facility Maintenance Projects
4. Schedule for the Pavement Management Proposed
5. Schedule of Completed Pavement Projects

**CITY OF MORRO BAY
SCHEDULE OF CAPITAL PROJECTS
FOR THE 2016/17 FISCAL YEAR**

DESCRIPTION	2016/17	FUNDING SOURCES		UNDESIGNATED FUNDING
	ADOPTED BUDGET	DESCRIPTION	AMOUNT	
<u>GENERAL GOVERNMENT</u>				
State Route (SR) 1/SR41 interchange improvements	\$ 650,000	Federal/State grants; Government Impact Fees	\$ 613,800	\$ (36,200)
Americans with Disabilities (ADA) Transition Plan	127,700	City strategic investment funds	100,000	(27,700)
California Energy Commission loan projects	529,500	California Energy Commission (CEC) loan	529,500	-
Pavement Management Plan	1,036,037	District Transaction Tax (Meas Q)	986,196	(49,841)
Ironwood Storm Drain	60,000	Government Impact Fees	60,000	-
Piney Way Bus Turnout	65,000	CalTrans grant	65,000	-
CDBG Sidewalk Gap Closure	79,017	Community Development Block Grant (CDBG); City match	79,017	-
	<u>\$ 2,547,254</u>		<u>\$ 2,433,513</u>	<u>\$ (113,741)</u>
<u>WATER CAPITAL IMPROVEMENT</u>				
Nutmeg Tank	\$ 150,000	SRF loan; Water Accumulation Fund	\$ 150,000	
Desalination upgrade	120,000	Water Accumulation Fund	120,000	
State Park Waterline Interconnect	117,500	Water Accumulation Fund	117,500	
Chorro Creek stream gauges	100,000	Water Accumulation Fund	100,000	
	<u>\$ 487,500</u>		<u>\$ 487,500</u>	
<u>SEWER CAPITAL IMPROVEMENT</u>				
Laurel Ave Easement Utility Line Rehabilitation	\$ 48,000	Sewer Accumulation Fund; Water Accumulation; Government Impact Fees	\$ 48,000	
Embarcadero rehabilitation	695,600	Sewer Accumulation Fund; Harbor leaseholders	695,600	
	<u>\$ 743,600</u>		<u>\$ 743,600</u>	
<u>HARBOR CAPITAL IMPROVEMENT</u>				
Beach Street slips - North	\$ 340,000	Harbor Accumulation Fund	\$ 340,000	
Beach Street slips - South	225,000	Harbor Accumulation Fund	225,000	
Boat repair/storage yard	55,576	Harbor Accumulation Fund	55,576	
Fish cleaning station	25,000	Harbor Accumulation Fund	25,000	
Ice Machine	60,000	Cable Committee grant	60,000	
South T-Pier structural inspection/assessment	20,000	Harbor Accumulation Fund	20,000	
	<u>\$ 725,576</u>		<u>\$ 725,576</u>	
<u>WASTEWATER RECLAMATION FACILITY</u>				
Planning phase to include land purchase	\$ <u>5,946,605</u>	SRF loan; Sewer Accumulation Fund	\$ <u>5,946,605</u>	

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

SR1/SR41 Interchange Improvements, Project 05-5391

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>	<u>Future Need 2018/19</u>
Beginning cash balance	\$ -	\$ 413,000	\$ 413,000	\$ (237,000)
Revenues from:				
Federal grants:				
CMAQ	300,000		-	
Programmed				1,890,000
State grants:				590,000
RSTP-RSHA	113,000			
City Funds				
City match - Development Impact Fees ¹	-		-	40,000
Total revenues	<u>413,000</u>	<u>-</u>	<u>-</u>	<u>2,520,000</u>
UNDESIGNATED FUNDING SOURCE			36,200	1,540,000
Expenditures:				
PM Staff	-			
Preliminary Engineering	-	-	(600,000)	
Right-of-way	-	-	(50,000)	
Base construction estimate	-	-		(3,850,000)
Construction management	-	-		(370,000)
Total expenditures	<u>-</u>	<u>-</u>	<u>(650,000)</u>	<u>(4,220,000)</u>
Revenues over (under) expenditures	<u>413,000</u>	<u>-</u>	<u>(650,000)</u>	<u>(1,700,000)</u>
Ending cash balance	<u>\$ 413,000</u>	<u>\$ 413,000</u>	<u>\$ (237,000)</u>	<u>\$ (1,937,000)</u>

NOTES:

¹ FY 16/17 - reserve Governmental Impact Fees for City Match total \$40,000 for Storm Drain.

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

**AMERICANS WITH DISABILITIES ACT (ADA)
TRANSITION PLAN (915-8500)**

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ (27,700)	\$ (27,700)
Revenues from:			
City Funds - Strategic Investment Spending		100,000	-
Total revenues	-	100,000	-
UNDESIGNATED FUNDING SOURCE		27,700	100,000
Expenditures:			
Staff PM	-	-	-
Preliminary Engineering	-	-	(10,000)
Disability Access Consultants:			
Phase I	(27,700)	(27,700)	-
Phase II		(17,300)	-
Corrective Action:			
Facility Repair	-	-	(45,000)
Staff	-	(25,000)	-
RoW Repair	-	-	(45,000)
Precision Concrete	-	(30,000)	-
Williams Concrete	-	-	-
Base construction estimate	-	-	-
Construction management	-	-	-
Total expenditures	(27,700)	(100,000)	(100,000)
Revenues over (under) expenditures	(27,700)	-	(100,000)
Ending cash balance	\$ (27,700)	\$ (27,700)	\$ (127,700)

NOTES:

Unfunded requirement:

ADA Facilities Backlog amount	\$ 4,079,559
RoW Backlog estimate	\$ 1,861,360

ADA improvements are documented by the DACTrak ADA Transition Plan.

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

ENERGY EFFICIENCY LOAN

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
State loan:			
CA Energy Commission	-		529,500
City Funds:			
City match	32,500		
Total revenues	<u>32,500</u>	<u>-</u>	<u>529,500</u>
Expenditures:			
HVAC UPGRADES	-		
Staff PM	-		(8,500)
Preliminary Engineering	(32,500)	-	-
Equipment	-		(130,000)
Installation	-		(40,000)
Construction management	-		(5,000)
SOLAR PANELS	-		
Staff PM	-		(16,000)
Preliminary Engineering	-	-	-
Equipment	-		(230,000)
Installation	-		(70,000)
Electrical Upgrades	-		(20,000)
Construction management	-		(10,000)
Additions:			
Monthly Installments	-	-	-
Total expenditures	<u>(32,500)</u>	<u>-</u>	<u>(529,500)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

2016/17 PAVEMENT MANAGEMENT

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ 399,000
Revenues from:			
State grants	73,972	-	-
City Funds: Measure Q	2,928,248	399,000	587,196
General Fund	29,260	-	-
Other revenues	1,925	-	-
Total revenues	<u>3,033,405</u>	<u>399,000</u>	<u>587,196</u>
UNDESIGNATED FUNDING SOURCE			49,841
Expenditures:			
Preliminary Engineering	-	-	(25,000)
Right-of-way	-	-	-
Base construction estimate	-	-	(986,037)
Construction management	<u>(3,033,405)</u>	<u>-</u>	<u>(25,000)</u>
Total expenditures	<u>(3,033,405)</u>	<u>-</u>	<u>(1,036,037)</u>
Revenues over (under) expenditures	<u>-</u>	<u>399,000</u>	<u>(448,841)</u>
Ending cash balance	<u>\$ -</u>	<u>\$ 399,000</u>	<u>\$ (49,841)</u>

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

IRONWOOD SD REPLACEMENT PROJECT

	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ -	\$ -
Revenues from:		
City Funds: Storm Drains Impact Fees	-	60,000
Expenditures:		
Staff Resources		
Project Management	-	(3,000)
Preliminary Engineering	-	(3,500)
Construction management	-	(3,500)
Right-of-way	-	-
Base construction estimate	-	(50,000)
Total expenditures	-	(60,000)
Revenues over (under) expenditures	-	-
Ending cash balance	\$ -	\$ -

**CITY OF MORRO BAY
SCHEDULE OF GENERAL CAPITAL PROJECT**

PINEY BUS TURNOUT

	2015/16 Amended Budget	2016/17 Adopted Budget
	<u> </u>	<u> </u>
Beginning cash balance	\$ -	\$ -
Revenues from:		
State grants:		
CalTrans --Transit Grant	-	65,000
Total revenues	<u>-</u>	<u>65,000</u>
Expenditures:		
Staff PM	-	(2,100)
Preliminary Engineering		(6,500)
Right-of-way Construction	-	-
Base Construction Cost		(50,000)
Construction Management		(6,000)
Other	-	(400)
Total expenditures	<u>-</u>	<u>(65,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK
GRANT (CDBG) PROJECT**

SIDEWALK GAP CLOSURE PROJECT

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
Federal grants:			
CDBG/HUD ¹	111,897	57,924	63,017
City Funds ² - DEPROGRAMMED CDBG	72,986	-	16,000
Total revenues	<u>184,883</u>	<u>57,924</u>	<u>79,017</u>
Expenditures:			
Staff Resources			
Project Management	-	-	(5,000)
Preliminary Engineering	-	-	(6,000)
Construction management	-	(622)	(5,000)
Construction costs ³	(184,883)	(57,302)	-
Base construction estimate	<u>-</u>	<u>-</u>	<u>(63,017)</u>
Total expenditures ⁴	<u>(184,883)</u>	<u>(57,924)</u>	<u>(79,017)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

¹ CDBG funds (FY12/13) \$37,397, (FY 13/14) \$37,704, (FY 14/15) \$36,796

² City funds (FY 13/14) \$63,380.81, (FY 14/15) \$9,604.85

³ Construction Costs (FY 13/14) \$138,481.81, (FY 14/15) \$46,400.85

⁴ FY 15/16 reimbursement requested 3/21/2016

**CITY OF MORRO BAY
SCHEDULE OF WATER CAPITAL PROJECTS**

NUTMEG TANK REPLACEMENT (921-8437)

	<u>2014/15 Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>	<u>Future Year Budget</u>
Beginning cash	\$ -	\$ -	\$ -	\$ -
Revenues from:				
City Funds: Water Accumulation	165,403	6,292	150,000	690,500
iBank Loan	-	-	-	2,169,500
Total revenues	<u>165,403</u>	<u>6,292</u>	<u>150,000</u>	<u>2,860,000</u>
Expenditures:				
City Staff Project Management	(23,452)	(3,085)	(55,000)	
Preliminary Engineering (Enviro & Permits)	(141,951)	(3,207)		
Right-of-Way	-	-	-	
Plans, Specifications, and Estimate (PS&E)	-	-	(95,000)	
Base Construction Estimate	-	-		(2,600,000)
Construction Management	-	-		(260,000)
Total expenditures	<u>(165,403)</u>	<u>(6,292)</u>	<u>(150,000)</u>	<u>(2,860,000)</u>
Revenues over (under) expenditures	-	-	-	-
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF WATER CAPITAL PROJECTS**

DESALINATION UPGRADES

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>	<u>Future Year Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -
Revenues from:				
City Funds: Water Accumulation	-	-	120,000	230,000
Expenditures:				
Preliminary Engineering				
Desal CCC Permitting	-	-	(45,000)	-
SWRO Emergency Operation Plan	-	-	(45,000)	-
Desal Phase 2 Upgrade Bid Package	-	-	(30,000)	-
Right-of-way	-	-	-	-
Base construction estimate	-	-	-	(200,000)
Construction management	-	-	-	(30,000)
Total expenditures	-	-	(120,000)	(230,000)
Revenues over (under) expenditures	-	-	-	-
Ending cash balance	\$ -	\$ -	\$ -	\$ -

**CITY OF MORRO BAY
SCHEDULE OF WATER CAPITAL PROJECTS**

STATE PARK WATERLINE INTERCONNECT PROJECT

	Prior Years Actual	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
City Funds: Water Accumulation	<u>6,150</u>	<u>-</u>	<u>117,500</u>
Expenditures:			
Staff Resources :			
Project Management			(5,000)
Preliminary Engineering			(7,500)
Construction management			(4,500)
Utility Easement	-	-	(15,500)
Preliminary Engineering:			
Environmental	(6,150)	-	-
Base construction estimate	<u>-</u>	<u>-</u>	<u>(85,000)</u>
Total expenditures	<u>(6,150)</u>	<u>-</u>	<u>(117,500)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF WATER CAPITAL PROJECTS**

CHORRO STREAM GAUGE

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>	<u>Future Year Budget</u>
Beginning cash balance	\$ _____	\$ _____ -	\$ _____ -	\$ _____ -
Revenues from:				
City Funds: Water Accumulation	<u>74,140</u>	<u> </u>	<u>100,000</u>	<u>440,000</u>
Expenditures:				
Preliminary Engineering	(34,140)	-	(25,000)	
CEQA/Permitting	(40,000)		(50,000)	
Right-of-way	-	-	(25,000)	
Base construction estimate	-	-	-	(400,000)
Construction management	-	-	-	(40,000)
Total expenditures	<u>(74,140)</u>	<u> </u>	<u>(100,000)</u>	<u>(440,000)</u>
Revenues over (under) expenditures	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Ending cash balance	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -	\$ <u> </u> -

**CITY OF MORRO BAY
SCHEDULE OF SEWER CAPITAL PROJECTS**

LAUREL EASEMENT UTILITY LINE REHABILITATION

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>	<u>Future Year Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -
Revenues from:				
City Funds: Sewer Accumulation	6,044		48,000	67,000
Water Accumulation				100,000
Storm Drain Impact Fees				100,000
Total revenues	<u>6,044</u>	<u>-</u>	<u>48,000</u>	<u>267,000</u>
Expenditures:				
City Staff Project Management (10%)			(30,000)	
Preliminary Engineering (Enviro, Survey, & Permits)	(6,044)	-	(8,000)	
Right-of-Way (Unknown Cost for Add'l Easement)	-	-	-	
Plans, Specifications, and Estimate (PS&E)			(10,000)	
Base Construction Estimate	-	-		(232,000)
Construction Management (15%)	-	-		(35,000)
Total expenditures	<u>(6,044)</u>	<u>-</u>	<u>(48,000)</u>	<u>(267,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

This project will rehabilitate the existing sewer, and replace the water pumping/water distribution lines at the newly-adopted municipal water storage tank (Nutmeg Tank) location and along the City's utility easement. In order to meet the fire flow requirements, as listed in the Master Plan Update, the 6-inch water distribution line will be upgraded to a 10-inch line.

To minimize impacts to the neighborhood, the water and sewer pipeline work will be done concurrently with the work on the Nutmeg storage tank.

**CITY OF MORRO BAY
SCHEDULE OF SEWER CAPITAL PROJECTS**

EMBARCADERO SEWER PROJECT

	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ -	\$ -
Revenues from:		
City Funds: Sewer Accumulation	-	381,000
Other - Harbor leaseholders	-	314,600
Total revenues	<u>-</u>	<u>695,600</u>
Expenditures:		
Staff Resources		
Project Management		(40,000)
Preliminary Engineering		(65,000)
Right-of-way	-	-
Construction Management		(25,000)
Base construction estimate	-	
¹ Lateral repairs (Leaseholders)		(314,600)
Main Sliplining		(251,000)
Total expenditures	<u>-</u>	<u>(695,600)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>

NOTES:

¹ Approximately 55% of project to be reimbursed by leaseholders (lateral repairs

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

BEACH STREET SLIPS - NORTH

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
City funds: Harbor Accumulation	-	-	340,000
Total revenues	<u>-</u>	<u>-</u>	<u>340,000</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
Base construction estimate	-	-	-
Major maintenace	-	-	(340,000)
Other	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(340,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

BEACH STREET SLIPS - SOUTH

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
City funds: Harbor Accumulation	-	-	225,000
Total revenues	<u>-</u>	<u>-</u>	<u>225,000</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
Base construction estimate	-	-	-
Major maintenace	-	-	(225,000)
Other	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(225,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

BOAT REPAIR/STORAGE YARD

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
City funds: Harbor Accumulation	-	9,786	55,576
Total revenues	<u>-</u>	<u>9,786</u>	<u>55,576</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
RRM "mini-master" plan	-	(9,786)	-
Major maintenace	-	-	(55,576)
Other	-	-	-
Total expenditures	<u>-</u>	<u>(9,786)</u>	<u>(55,576)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

FISH CLEANING STATION

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ 25,000
Revenues from:			
Federal grants ¹	-	-	-
State grants ¹	-	-	-
City funds: Harbor Accumulation	-	25,000	-
Total revenues	<u>-</u>	<u>25,000</u>	<u>-</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
RRM "mini-master" plan	-	-	-
Major maintenace	-	-	(25,000)
Other	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(25,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
Ending cash balance	\$ <u>-</u>	\$ <u>25,000</u>	\$ <u>-</u>

NOTES:

¹ This project may be augmented by \$1.7M total launch ramp grant funding from DBW in Governor's FY17 proposed budget (TBD).

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

ICE MACHINE

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ 40,000
Revenues from:			
Other grants: Cable Committee ^{1 2}	-	40,000	20,000
City funds: Harbor Accumulation	-	-	-
Total revenues	<u>-</u>	<u>40,000</u>	<u>20,000</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
RRM "mini-master" plan	-	-	-
Major maintenace	-	-	(60,000)
Other	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(60,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>40,000</u>	<u>(40,000)</u>
Ending cash balance	\$ <u>-</u>	\$ <u>40,000</u>	\$ <u>-</u>

NOTES:

This is a new project, funded by the Cable Committee, to upgrade the Ice Machine.

¹ \$40K Cable grant already obtained FY16

² \$20K Cable grant being applied-for FY17

**CITY OF MORRO BAY
SCHEDULE OF HARBOR CAPITAL PROJECTS**

SOUTH T-PIER REPAIR

	<u>Prior Years Actual</u>	<u>2015/16 Amended Budget</u>	<u>2016/17 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -
Revenues from:			
City funds: Harbor Accumulation	-	-	20,000
Total revenues	<u>-</u>	<u>-</u>	<u>20,000</u>
Expenditures:			
Personnel costs	-	-	-
Preliminary Engineering	-	-	-
Right-of-way	-	-	-
Major maintenance	-	-	(20,000)
Other	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>(20,000)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES:

For FY 16/17, this project will make initial recommended repairs based on previous structural inspection/assessment.

**CITY OF MORRO BAY
SCHEDULE OF WASTEWATER TREATMENT CAPITAL PROJECT**

WATER RECLAMATION FACILITY (WRF)

	Prior Years Actual	2015/16 Amended Budget	2016/17 Adopted Budget
Beginning cash balance	\$ -	\$ (1,621,976)	\$ (4,111,174)
Revenues from:			
State grants:			
RWQCB State Energy Program award	-	87,361	-
Recycled Water Planning Grant	-	-	75,000
SRF Planning Loan	-	-	10,375,000
Total revenues	<u>-</u>	<u>87,361</u>	<u>10,450,000</u>
Expenditures:			
Program Management	(292,165)	(920,808)	(900,000)
Staff Support	-	(200,000)	(200,000)
Kestrel (Grant Spt)	(33,823)	(65,752)	(31,929)
Procore Software	(42,204)	(42,204)	(42,204)
Preliminary Engineering:			
Carollo	(101,945)	-	-
Facility Master Plan	(521,631)	(710,123)	(288,492)
Cleath-Harris	(18,348)	-	-
GSI Water	(10,000)	(10,000)	(165,000)
Yeh and Associates	(17,000)	(17,000)	(53,902)
Fugro	(86,365)	(86,400)	-
J.Head Surveying	(60,323)	(60,694)	(60,000)
Bridging/ Procurement Docs	-	-	(300,000)
Planning/CEQA/Permitting:			
JFR	(352,288)	-	-
LWA	(31,535)	(60,720)	(29,185)
KMA	(11,240)	(12,835)	-
Far Western Archeo	(9,979)	(12,000)	(6,000)
Far Western Archeo - Righetti	-	(6,485)	(6,485)
ESA	(8,130)	(346,538)	(338,408)
Property Acquisition	-	-	(2,400,000)
Righetti Option	(25,000)	(25,000)	-
Tri-W Option	-	-	(25,000)
Lift Station & Force Main Design (60%)	-	-	(1,100,000)
Total expenditures	<u>(1,621,976)</u>	<u>(2,576,559)</u>	<u>(5,946,605)</u>
Revenues over (under) expenditures	<u>(1,621,976)</u>	<u>(2,489,198)</u>	<u>4,503,395</u>
Ending cash balance	\$ <u>(1,621,976)</u>	\$ <u>(4,111,174)</u>	\$ <u>392,221</u>

WATER RECLAMATION FACILITY (WRF) NOTES:

1. Staff support budget (\$200,000) includes outside counsel, sampling, analysis, staff time, reproduction, and other City support
2. Procore Software is program management software; budget is for the annual fee (\$42,204)
3. All consultant budgets (including Project Management) include carryover from FY 16/17
4. Preliminary Engineering
 - a. Prior year cost for Carollo are for the California Mens Colony (CMC) evaluation and cost option
 - b. Black & Veatch contract - FY 16/17 budget (\$205,018) includes scope amendment
 - c. Prior year cost of Cleath-Harris is for the water supply benefit study of Chorro and Morro Valley for Site Options Report and CMC Evaluation
 - d. GSI Water Solutions: 2015/16 and 2016/17 budgets are for groundwater recharge evaluation and alternatives
 - e. Yeh and Associates: 2015/16 and 2016/17 budgets are for geotechnical constraints study for Madonna and South Bay Blvd sites
 - f. Prior year and 2015/16 costs for Fugro Consultants Geotechnical are for constraints of MacElvaine property and initial hydrogeologic evaluation of Morro Valley
 - g. J. Head Surveying (\$60,000) is for the topographic survey and base mapping for sites and pipeline alignments
5. Bridging and procurement documents (\$300,000): bid documents for procuring design/construction team for Phase I WRF
6. Planning/CEQA/Permitting
 - a. Prior year cost of John F. Rickenbach (JFR) Consulting (\$352,229) for site options report and project management support prior to procuring Project Management team
 - b. Larry Walker Associates (LWA) costs are for salinity identification and control plan
 - c. Kevin Merk Associates (KMA) prior year and 2015/16 costs are for biological studies at potential sites
 - d. Far Western Archeo costs are for archeological studies at MacElvaine and along pipeline alignment
 - e. Far Western Archeo – Righetti are specific archeological studies at Righetti property
 - f. Environmental Science Associates (ESA) 2015/16 and 2016/17 costs are for CEQA/NEPA services including EIR

**CITY OF MORRO BAY
GENERAL FUND FACILITY MAINTENANCE FUND - SCHEDULE OF PROJECTS
FOR THE 2016/17 FISCAL YEAR**

<u>PRIORITY</u>		<u>DESCRIPTION</u>	<u>WORK</u>	<u>ESTIMATED COST</u>
<u>OVERALL</u>	<u>SITE</u>			
A	1	City Wide	Install 1.28. GPF toilets and 1 pint flush urinals at all city property-partially subsidized	\$ 25,000
A	1	City Wide	Re-paint all city restrooms except Del Mar	6,000
A	1	Community Center	Upgrade and interlock ventilation fans with occupancy sensors	4,000
A	1	Community Center	Install department ID entry signs	2,500
A	1	Public Works Bldg.	Install department ID entry signs	2,500
A	1	Veterans Memorial Building	Turf removal and CLIP site improvements	12,000
A	1	Coleman Restroom	parking & path	35,000
A	1	City Hall	Replace roof prior to solar installation	18,500
A	1	Keiser	Repair dry rot, re-surface floors, upgrade lighting	6,000
A	1	Public Restrooms-Tidelands	Repair dry rot & gutters, re-surface floors, upgrade lighting	6,500
A	1	Public Stairway - Bayshore	Replace handrails	7,000
A	1	Public Stairway - Olive Street	Replace handrails	7,000
A	1	Public Stairway - Centennial	Replace handrails	7,000
A	2	Tidelands Park	Add power pedestals for special events	4,500
B	1	Veterans Memorial Building	Replace gutters	2,500
B	1	Corp. Yard Streets	Replace C-Tran container for paint, signs, and safety equipment	4,500
B	1	City wide restrooms	Community Center	5,000
B	2	City Hall	Continue carpet replacement	5,000
B	2	Public Works	Carpet replacement	7,000
B	3	Community Center	Purchase table dollies for existing and new tables to preserve floor surfacing	1,500
B	3	Veterans Memorial Building	Recover movable wall	2,500
				\$ 171,500

NOTE:

This fund supports projects related to the City Council's 2013 - 2015 Goals, Goal #7, Improve City Infrastructure. Project completion is based on priority and available funding.

**CITY OF MORRO BAY
GENERAL FUND FACILITY MAINTENANCE FUND
COMPLETED FACILITY MAINTENANCE PROJECTS BY FISCAL YEAR**

<u>SITE</u>	<u>WORK</u>	<u>ACTUAL COST</u>
FY 2013/14:		
Centennial Park	Repair dry rot, re-roof and paint restrooms	\$ 6,500
City Hall	Replace flooring throughout, except restrooms	6,542
City Park	Clean and seal floor in restrooms	2,179
City-wide	Civic Landscape Improvement Program (CLIP)	451
Community Center	Treat for termites	685
Community Center	Refinish auditorium floors	10,650
Fire Department	Replace fence along rear of property	2,600
Lila Keiser Park	Repair dry rot, replace doors, fumigate - restrooms and score booths	2,225
Police Department	Replace sewer lateral and planter repair	10,309
Teen center	Replace front doors and repair dry rot around windows	1,620
Various restrooms	Replace flush valves with low-flow	2,500
Veterans Memorial Building	Renovate barbeque	88
Veterans Memorial Building	Update water heater to tankless	3,470
Veterans Memorial Building	Paint interior	500
	Total	<u>\$ 50,319</u>
FY 2014/15:		
Bayshore Bluffs restroom	Repair dry rot & re-roof	\$ 1,200
City Hall	Upgrade fire & security system	4,954
City Hall	Replace carpet in offices	1,738
City Park restroom	Repair dry rot & re-roof	1,200
Corp. Yard	Heater replacement	1,090
Morro Rock restroom	Seal floors, upgrade lighting, add hand	5,440
Public Restrooms-Del Mar	Lift Station replacement	13,362
Public wash sinks	Install ultra low flow faucets at all wash sinks	8,630
Teen Center	Treat for termites	2,195
Teen Center	Upgrade fire & security system	3,427
Veterans Memorial Building	Encapsulate closet floors and storage areas	4,198
Veterans Memorial Building	Replace picnic tables	4,498
Veterans Memorial Building	Update kitchen cabinetry to washable shelves	1,950
	Total	<u>\$ 53,882</u>

**CITY OF MORRO BAY
SCHEDULE OF FIVE-YEAR PAVEMENT MANAGEMENT PLAN**

Five Year Plan @ \$974,000 in 2016/17 & BIENNIALLY THOUGH 2020

2015-16		2016-17		2017-18		2018-19		2019-20	
Street	Cost	Street	Cost	Street	Cost	Street	Cost	Street	Cost
Acacia1	9,065	Clarabelle1	\$ 31,724	Avalon 1	\$ 33,150	Bay1	\$ 3,242	Beachcomber3	\$ 29,700
Bayshore1	9,716	Driftwood1	9,485	Avalon 2	6,630	Bradley1	10,345	Bolton	81,000
BellaVist1	8,166	Napa1	123,285	Barlow1	10,680	Carmel1	12,963	Coral	220,000
Driftwood2	18,700	Pacific1	50,125	Beach1	22,724	Embarcadr3	54,910	Panorama1	2,250
Dunes1	20,997	Piney 1 & 2	305,970	Butte1	14,050	Formosa1	7,200	Surf 1-3	202,650
Dunes2	24,468	Prescott	43,200	Capri1	7,805	Kennedy	87,890		
Harbor	59,220	Shasta1	72,770	Downing1	12,900	Kings (Pac-Quin)	27,500		
Hill	84,000	Sienna	21,419	Fairview1	13,171	Little Morro Crk	183,535		
Monterey1	9,600	SurfAlley1	4,556	Luzon1&2	135,000	Main8	110,000		
Monterey2	10,893	Tuscan	13,631	Luista1	6,915	Main9	12,465		
Monterey3	14,950	Zanzibar	17,525	Madera1	11,420	Main12	7,000		
Monterey4	10,530			Main10	31,078	Main13	30,449		
Scott2	3,840			Morro1	6,045	Olive2	9,255		
Vista1	3,882			Morro5	25,850	Palm1	2,345		
Walnut1	4,320			PineyLn1	3,240	Toro1	7,525		
				Seaview	33,000				
	<u>\$ 292,347</u>		<u>\$ 693,690</u>		<u>\$ 373,658</u>		<u>\$ 566,624</u>		<u>\$ 535,600</u>
	Total 2015/16 & 2016/17		<u>\$ 986,037</u>		Total 2017/18 & 2018/19		<u>\$ 940,282</u>		

FY 16 work plan will be executed with a combined contract in FY17

FY18 work plan will be executed with a combined contract in FY19

This budget is based on current funding availability. Approval of new funding sources would significantly expedite reconstruction

Greenwood (CS) \$1,772,000 Ironwood (ATP) \$635,250 Juniper(CS) \$319,200
Complete Streets (CS) or Active Transportation Program (ATP) projects are dependent on the award of separate grant funding

PMP Street priorities are reevaluated annually during project design to utilize the most appropriate repair method considering current pavement condition & fund availability

2015/17 Needs	
High Priority	= \$ 750,099
Med Priority	= \$ 90,624
Recur Maint	= \$ 145,314
Total	= \$ 986,037
Measure Q \$ Available	
2015/16	~ \$ 399,000
2016/17	~ \$ 587,000
Total	\$ 986,000

**CITY OF MORRO BAY
FIVE YEAR PAVEMENT MANAGEMENT PLAN
COMPLETED PROJECTS BY FISCAL YEAR**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Bernardo1	Kern1	Alder Avenue	Atascadero Road
Main8	Beach1	Andros Street	Beachcomber
Kern1	Marina1	Beachcomber Avenue	Blanca
Oak1	Pacific1	Bonita Street	Bonita
Olive3	Harbor1	Cedar Avenue	Delmar Park Trail& Parking Lot ^{2 3}
Estero1	Mimosa1	Dawson Avenue	Harbor
Quintana3	"PD Alley"	Dogwood Avenue	Hatteras
Pecho1		Elm Avenue	Java
Ridgeway1		Fir Avenue	Market
Center1		Gilbert Street	Panorama ³
Marengo1		Greenwood Avenue	Quintana Place
Dana1		Hatteras Street	Quintana Road
Fresno1		Hemlock Avenue	Radcliffe
Marina2		Island Street	Sandalwood
Scott1		Java Street	San Jacinto
South2		Kings Street	San Joaquin
Alta1		Kodiak Street	Sicily
Tide1 ¹		Nassau Street	South Bay Blvd ³
Embarcadero1		Nevis Street	Trinidad
Balboa1		Norwich Street	Whitbey
Las Tunas		Oahu Street	Casitas*
Morro2		Panay Street	Conejo*
		Quintana Road	Juniper*
		Sequoia Street	Koa*
		Whidbey Way	Laurel*
		Yerba Buena Street	Maple*
			Nutmeg*
			Pacific ²

NOTES:

- ¹ Work done without charge as compensation for contractor delays; value of work = \$61k
- ² Storm Drain Repair
- ³ Pavement Replacement
- * Trench Repair

In 2014/15, the decision was made to perform major pavement construction/repair/maintenance on 2 year cycles; 2015/16 Measure Q allocation will be carried over for work to be performed in 2016/17.

CITY OF MORRO BAY
2016/17 ADOPTED BUDGET

OTHER INFORMATION

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Investment Policy

Unfunded Compensable Leaves

Ordinances

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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.

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:	David Buckingham
Admin Services Dir/Treasurer:	Susan Slayton
Human Resources Analyst:	Laurie Goforth
Senior Accounting Technician:	Cristie Brazzi

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.

**CITY OF MORRO BAY
SCHEDULE OF UNFUNDED LIABILITIES
AS OF 05/20/2016**

DEPT	HOURS	SICK		COMPENSABLE HOURS ¹	
		HOURS	DOLLARS	HOURS	DOLLARS
City Manager	234.98	\$	18,074.66	222.04	\$ 17,079.32
City Clerk Office ²	1,593.99		52,641.93	832.01	27,129.41
Deputy City Manager	56.25		3,061.69	205.75	11,198.97
Finance	2,040.34		92,320.20	659.04	24,802.48
Police ³	6,866.92		276,760.55	4,307.92	171,359.83
Fire	7,188.29		175,612.87	5,007.37	138,405.23
Public Works	1,283.09		72,234.43	1,228.85	60,450.38
Consolidated Maintenance ⁵	3,149.91		86,230.25	1,606.43	43,597.71
Community Development	683.38		24,238.82	509.52	17,735.62
Recreation Services ⁴	3,313.96		50,542.86	450.46	12,584.83
Information Systems	1,119.68		47,355.52	395.95	16,746.23
Water	2,294.50		70,232.86	1,219.09	37,082.15
Sewer Collections	1,937.48		49,463.57	737.45	18,884.40
Wastewater Treatment	1,084.99		37,831.84	873.00	29,460.46
Harbor	<u>2,792.78</u>		<u>104,691.10</u>	<u>1,673.89</u>	<u>59,831.25</u>
Totals	<u>35,640.54</u>	\$	<u>1,161,293.15</u>	<u>19,928.77</u>	\$ <u>686,348.27</u>

¹ Compensable hours includes vacation, floating holiday, compensatory time in-lieu of overtime, and administrative leave

² Departments included: City Clerk, Legal, and Human Resources

³ Departments included: Police Operations and Support Services

⁴ Departments included: Administration, Sports, Youth and Teens

⁵ Departments included: Consolidated Maintenance (Parks and Facilities), Vehicle Maintenance, Streets

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

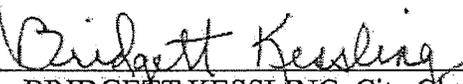
NOES: None

ABSENT: None



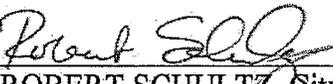
JANICE PETERS, Mayor

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.

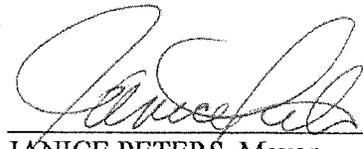
Consistent with California Government Code section 66017(a), the fees adopted by this resolution shall take effect sixty (60) days following the adoption of this resolution by the City Council.

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

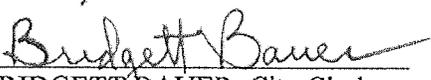
NOES: None

ABSENT: None



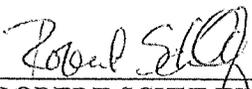
JANICE PETERS, Mayor

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.

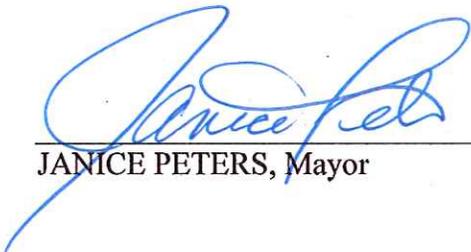
3. The Department Head Team shall meet, review and recommend the "A" and "B" lists to the City Council.
4. The recommendation shall be included in the preliminary annual budget document.

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.

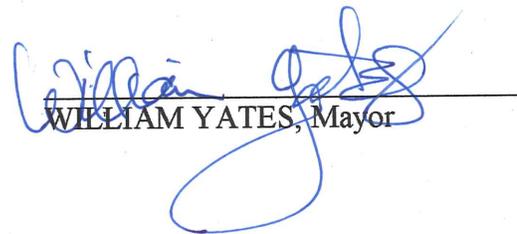
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Administrative Services Director set up s new fund for General Fund deferred maintenance and transfer approximately \$201,000 in said account from the proceeds of the sale of 781 Market Street, Morro Bay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

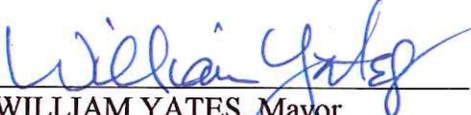
1. The City Council hereby approves and authorizes the Mayor to enter into a cooperation agreement with the County to enable joint participation in HUD's CDBG program.
2. The City Manager or her designee is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, 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").

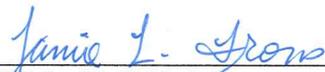
SECTION 2: DETERMINATION. Based upon then findings and conclusions set forth above, the City Council determines: the Record of Proceedings establishes the costs listed Exhibit A, as those incurred by the City in providing water and sewer services to City customers are reasonable estimates of the costs 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:

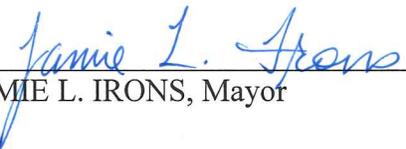
- a. The GFER Fund target balance is set at 27.5%.
 - b. Annually, the GFER Fund balance is calculated by using the average of three-years' actual General Fund operating revenues (for example, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 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

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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

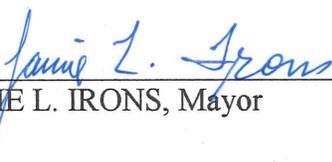
WHEREAS, these surplus funds are targeted for the elements of the Strategic Investment Spending Plan, attached to this Resolution:

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.

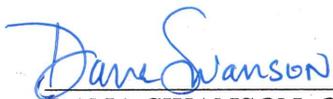
PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

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