

**CITY OF MORRO BAY**  
**Citizens Oversight Committee**  
**Acting as Citizens Finance Advisory Committee**  
**NOTICE OF REGULAR MEETING**

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*Mission Statement*

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

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**Agenda**

**TUESDAY, January 16, 2018**  
**VETERANS MEMORIAL HALL – 3:30 PM**  
**209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Committee on business matters may do so at this time.

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

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

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE November 28, 2017, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

B. BUSINESS ITEMS

1. BRIEF FINANCE DEPARTMENT UPDATE – AUDIT AND CAFR (Finance Director)

2. REVIEW OF FY 2017/18 FIRST QUARTER TRANSACTIONS FROM THE COLLECTION OF THE GENERAL PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS "MEASURE Q"; (Finance Director)
3. REVIEW OF CITY COUNCIL PRESENTATION FOR JANUARY 23, 2018 COUNCIL MEETING: (Chair Barbara Spagnola)
4. REVIEW OF FY 18/19 BUDGET DATES; (Finance Director)
5. SUBCOMMITTEE UPDATES
  - a. PUBLIC FRIENDLY BUDGET DOCUMENTS SUBCOMMITTEE; (David Betonte)
6. FUTURE AGENDA ITEMS

C. SCHEDULE NEXT MEETING

February 20, 2018

D. ADJOURNMENT

DATED: January 11, 2018



Barbara Spagnola, Chair

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

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

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

**MINUTES – CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE  
SPECIAL MEETING – NOVEMBER 28, 2017  
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chairperson
	Bart Beckman	Member
	Dawn Addis	Member
	John Martin	Member
	Walter Heath	Member ( <i>arrived at 3:36 p.m.</i> )
MEMBERS ABSENT:	David Betonte	Member
	John Erwin	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Valerie Webb	Senior Account Tech

ESTABLISH A QUORUM AND CALL TO ORDER

<https://youtu.be/m4q3IAGJVqY?t=1m9s>

A quorum was established with 4 members present and the meeting was called to order at 3:30 P.M.

COMMITTEE MEMBERS ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/m4q3IAGJVqY?t=1m57s>

Chairperson Spagnola announced Member Martin would be departing the meeting at 4:15 p.m.

Chairperson Spagnola referenced a written history of Measure Q that she distributed electronically and there was a brief discussion regarding the perceived intent of Measure Q funds.

PUBLIC COMMENT PERIOD

<https://youtu.be/m4q3IAGJVqY?t=13m15s>

No public comment.

A. CONSENT CALENDAR

<https://youtu.be/m4q3IAGJVqY?t=13m29s>

1. APPROVAL OF MINUTES FOR THE OCTOBER 17, 2017, REGULAR CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

MOTION: Chairperson Spagnola moved to approve the CFAC meeting minutes of October 17, 2017. Member Addis seconded, and motion carried 5-0.

Administrative Correction to include John Martin as present.

B. BUSINESS ITEMS

1. BRIEF FINANCE DEPARTMENT UPDATE – AUDIT, STAFFING, BUDGET  
<https://youtu.be/m4q3IAGJVqY?t=14m14s>

No public comment.

Finance Director Jennifer Callaway presented the Finance Department update and stated her intent to present a draft budget calendar in January 2018.

2. REVIEW OF FY 2016/17 UNAUDITED TRANSACTIONS FROM THE COLLECTION OF THE GENERAL PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS “MEASURE Q”  
<https://youtu.be/m4q3IAGJVqY?t=17m7s>

Finance Director Callaway responded to Member inquiries.

In response to inquiry by Chairperson Spagnola, Finance Director Callaway agreed to research and provide information regarding the cost and feasibility of an early lease pay-off of the existing Caterpillar equipment.

3. REVIEW OF FY 2016/17 CARRYOVER AND UNALLOCATED CASH FROM THE COLLECTION OF THE GENERAL PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS “MEASURE Q”  
<https://youtu.be/m4q3IAGJVqY?t=42m11s>

There was a discussion regarding the carryover and unallocated cash from the collection of Measure Q funds.

Chairperson Spagnola opened the public comment period.

Robert Livick, Director of Public Services, provided information regarding water planning efforts and responded to Member inquiries.

*Member Martin left the meeting at 4:19 p.m.*

MOTION: Member Heath moved to approve the FY 16/17 Unaudited Expenditures from Measure Q. Member Addis seconded and motion carried 4-0.

4. SUBCOMMITTEE UPDATES  
<https://youtu.be/m4q3IAGJVqY?t=51m6s>

Member Addis presented a summary of subcommittee recommendations, including a budget calendar, links to budget documents on the City’s homepage, and videos to explain the budget process.

5. FUTURE AGENDA ITEMS

<https://youtu.be/m4q3IAGJVqY?t=58m58s>

Finance Director Callaway stated the implementation of purchasing software is a top priority and an update on the process should be available by February.

C. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for Tuesday, January 16, 2018.

D. ADJOURNMENT

The meeting adjourned at 4:40 p.m.

Recorded by:

Valerie Webb

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AGENDA NO: B-2  
MEETING DATE: January 16, 2018

# Staff Report

**TO:** Chairman and Committee Members      **DATE:** January 9, 2018  
**FROM:** Jennifer Callaway, Finance Director  
**SUBJECT:** Review of FY 2017/18 First Quarter Transactions and Budget Status Report from the Collection of the General Purpose Local Sales Tax, commonly known as “Measure Q”

**RECOMMENDATION:**

1. Staff recommends that the Committee review the FY 2017/18 transactions and Budget Status Report for the Measure Q fund, suggest any amendments deemed necessary, and approve the transactions with those suggestions; and
2. Approve staff’s recommendation to transfer Measure Q funding into a Capital Pavement Management Plan Project, pending City Council approval.

**BACKGROUND:**

In June 2017 the City Council adopted the City of Morro Bay’s FY 2017/18 Operating and Capital Budgets, which included an allocation of \$1,024,129 in Measure Q funds for Fire Station #53 debt service, full-time relief Firefighter position, replacement of fire equipment, a comprehensive rewrite of the Morro Bay Emergency Management Plan, 50% of the School Resource Officer position, Police standby pay, an allocation to the Sheriff’s Department for Bomb Team and Special Operations Unit, and pavement management repair and replacement. Included in this report is an accounting of the first quarter transactions and a first quarter budget update.

**DISCUSSION:**

As part of the Measure Q ballot language, the City was to establish an independent Citizen’s Advisory Committee to review annual expenditures. In accordance with this language, staff has compiled the first quarter revenues and expenditures, with supporting documentation from the City’s Finance system, for the Committee’s review and consideration. FY 2017/18 expenditure detail is provided in the chart below:

Prepared By: JC \_\_\_\_\_      Dept Review: \_\_\_\_  
City Manager Review: \_\_\_\_\_      City Attorney Review: \_\_\_\_

**City of Morro Bay**  
**Schedule of Measure Q - First Quarter Transactions**  
**Operating Revenues vs. Operating Expenditures**  
**Fiscal Year 2017/18 - Period Ending September 30, 2017**

	FY17/18 Adopted Budget	FY17/18 First Quarter Transactions	FY17/18 % YTD	G/L Acct Number from Accumulated Transactions Listing Report
<b>Revenues</b>				
Sales Tax	\$ 1,024,129	\$ 178,712	17%	
Charges for Services - Sale of Plans/Specs	-			
Interest	-			
Grants - CalRecycle	-			
<b>Total Revenues</b>	<b>1,024,129</b>	<b>178,712</b>	<b>17%</b>	
<b>Expenditures</b>				
Fire				
Salaries & Benefits (Relief Firefighter)	143,836		0%	
Transfer to General Fund (Remaining balance of Relief Firefighter)	116,443		0%	
Fire Station #53 Debt Service	91,512	58,406	64%	<b>003-4210 8110 + 003-4210-8130</b>
Equipment (Generator and Fire Hose)	5,200		0%	
EOC Emergency Management Plan	15,000	12,500		<b>003-4120 6106</b>
<b>Total Fire</b>	<b>371,991</b>	<b>70,906</b>	<b>19%</b>	
Police				
School Resource Officer Salary and Benefits	77,309		0%	
Standby Pay	13,000		0%	
Payment to Other Agency's - SLO Sheriff	14,600	4,600	32%	<b>003-4110 8721</b>
<b>Total Police</b>	<b>104,909</b>	<b>4,600</b>	<b>4%</b>	
Public Works				
Streets				
Street Maintenance - Computer Operating Supplies				
Street Maintenance - Equipment Rental		10,066		<b>003-5230 6810</b>
Storm Drain/Creek Maint				
Repairs/Maint Materials				
Pavement Management Plan	529,737			
Salaries & Benefits		1,396		<b>003-9614 4110 + 003-9614 4910</b>
Miscellaneous Operating Supplies				
Consulting Services - Rick Engineering		1,199		<b>003-5230 6105</b>
Contractual Services - Pavement Coatings Co.		53,439		<b>003-9611 6106</b>
Postage				
<b>Total Public Works</b>	<b>529,737</b>	<b>66,100</b>	<b>12%</b>	
Equipment - Black Hill Repeater	17,492			
Gain/Loss on Investment -GASB 31				
<b>Total Operating Expenditures</b>	<b>\$ 1,024,129</b>	<b>\$ 141,606</b>	<b>14%</b>	
<b>Use of Carryforward Funds</b>				
<b>Net Operating Revenues over Expenditures &amp; Carryforwards</b>	<b>\$ -</b>	<b>\$ 37,105</b>		

The accumulated transaction report accounting for the detail of the first quarter expenditures is included as Attachment A for review. The detail above includes reference to the G/L Account numbers so figures can be easily traced back to the source data. On the Accumulated transaction report in Attachment 1 the G/L account numbers and expenditure totals have been highlighted for easy reference.

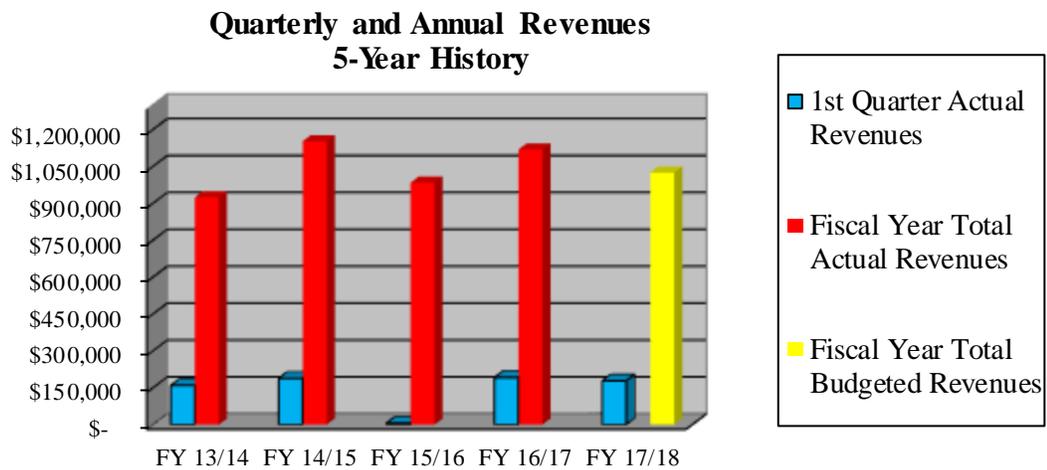
### First Quarter Budget Update

As part of this report, staff has prepared a first quarter budget update, analyzing both revenue and expenditure trends compared to prior year's first quarter results. This analysis is meant to be a high-level review to ensure that revenues are trending well and gage the need for any expenditure adjustments.

#### First Quarter Measure Q Revenues

First quarter FY 2017/18 Measure Q sales tax has generated \$178,712 (17% of budgeted revenues) for the first two months of the quarter (July and August). Measure Q revenues for the first quarter are trending well and consistent with prior year first quarter results as indicated below:

## Measure Q Revenues

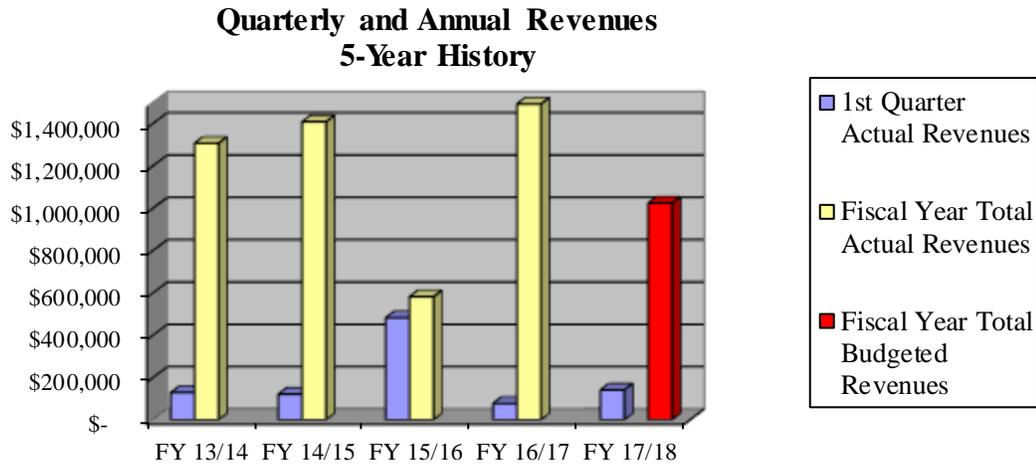


	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>
1st Quarter Actual Revenues	\$ 159,768	\$ 188,183	\$ 6,728	\$ 191,948	\$ 178,712
Fiscal Year Total Actual Revenues	\$ 923,776	\$ 1,151,549	\$ 983,602	\$ 1,118,270	\$ 1,118,270
Fiscal Year Total Budgeted Revenues					\$1,024,129
1st Quarter Percent of Total	17.30%	16.34%	0.68%	17.16%	17.45%

*First Quarter Expenditures*

First quarter expenditures are also trending well at approximately 14% of budgeted revenues as indicated in the chart below:

**Measure Q Expenditures**



	<u>FY 13/14</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>
1st Quarter Actual Revenues	\$ 129,132	\$ 121,707	\$ 482,838	\$ 77,935	\$ 141,606
Fiscal Year Total Actual Revenues	\$ 1,306,450	\$ 1,408,279	\$ 582,073	\$ 1,491,240	
Fiscal Year Total Budgeted Revenues					\$1,024,129
1st Quarter Percent of Total	9.88%	8.64%	82.95%	5.23%	13.83%

Based on these results there are no budget adjustments recommended at this time.

**Budget Recommendations:**

During the June Budget Adoption approximately \$930,000 was incorporated into the budget for the City’s Pavement Management Plan. This \$930,000 consists of approximately \$530,000 in measure Q funds, \$245,000 in Urban State Highway Account (USHA) grant funds, \$61,000 in SB 1 Road Maintenance Rehabilitation Act (new gas tax) funds and \$90,917 in CalRecycle Grant funds. For clear accounting, staff recommends creating a new capital project for Pavement Management and transferring the measure Q contribution of \$530,000 into that project. Creating a new project will assist with reporting out of the grant funds and specifically the SB 1 funds in a more clear and concise manner.

Keeping the role of the committee in mind to review Measure Q expenditures, staff would continue to provide an accounting of the pavement management transactions in the new capital project fund to provide accountability to CFAC on the use of the Measure Q funds.

## **CONCLUSION**

After reviewing the detailed transactions, any recommended changes/findings are to be presented to City Council for its review and final disposition.

## **ATTACHMENT**

1. Accumulated Transactions Listing

# Accumulated Transaction Listing

G/L Date Range 07/01/17 - 09/30/17

Include Sub Ledger Detail

Exclude Accounts with No Activity

G/L Date	Journal	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
<b>G/L Account Number 003-4110 8721 Payment To Other Agency</b>								Balance To Date:	\$0.00
09/07/2017	2018-00000124	JE	AP	A/P Invoice Entry	Accounts Payable		4,600.00		4,600.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
8182017.5	San Luis Obispo County Sheriff			Bomb Task Force	08/18/2017	Check	156589	4,600.00	4,600.00
							Total	\$4,600.00	\$4,600.00
Month <b>September 2017</b> Totals							\$4,600.00	\$0.00	\$4,600.00
Account <b>Payment To Other Agency</b> Totals							\$4,600.00	\$0.00	\$4,600.00
Department <b>Police Department</b> Totals							\$4,600.00	\$0.00	\$4,600.00
<b>G/L Account Number 003-4210 6106 Contractual Services</b>								Balance To Date:	\$0.00
09/21/2017	2018-00000160	JE	AP	A/P Invoice Entry	Accounts Payable		12,500.00		12,500.00
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
2017-1	David L. Mathe			Emergency Mangement Plan	09/15/2017	Check	156641	12,500.00	12,500.00
							Total	\$12,500.00	\$12,500.00
Month <b>September 2017</b> Totals							\$12,500.00	\$0.00	\$12,500.00
Account <b>Contractual Services</b> Totals							\$12,500.00	\$0.00	\$12,500.00
<b>G/L Account Number 003-4210 8110 Interest Expense</b>								Balance To Date:	\$0.00
09/30/2017	2018-00000279	JE	GL	Semi-annual payment on USDA loan	JE 915-18		25,406.25		25,406.25
Month <b>September 2017</b> Totals							\$25,406.25	\$0.00	\$25,406.25
Account <b>Interest Expense</b> Totals							\$25,406.25	\$0.00	\$25,406.25
<b>G/L Account Number 003-4210 8130 Principal Repayment</b>								Balance To Date:	\$0.00
09/30/2017	2018-00000279	JE	GL	Semi-annual payment on USDA loan	JE 915-18		33,000.00		33,000.00
Month <b>September 2017</b> Totals							\$33,000.00	\$0.00	\$33,000.00
Account <b>Principal Repayment</b> Totals							\$33,000.00	\$0.00	\$33,000.00
Department <b>Fire Department</b> Totals							\$70,906.25	\$0.00	\$70,906.25
<b>G/L Account Number 003-5230 6105 Consulting Services</b>								Balance To Date:	\$0.00
09/07/2017	2018-00000124	JE	AP	A/P Invoice Entry	Accounts Payable		1,198.90		1,198.90
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
0056770	Rick Engineering Company			Consulting Services - From July 01- July 28, 2017	08/24/2017	Check	156585	1,198.90	1,198.90
							Total	\$1,198.90	\$1,198.90
Month <b>September 2017</b> Totals							\$1,198.90	\$0.00	\$1,198.90
Account <b>Consulting Services</b> Totals							\$1,198.90	\$0.00	\$1,198.90

# Accumulated Transaction Listing

G/L Date Range 07/01/17 - 09/30/17

Include Sub Ledger Detail

Exclude Accounts with No Activity

G/L Date	Journal	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance
<b>G/L Account Number 003-5230 6810 Equipment Rental</b>								Balance To Date:	\$0.00
07/27/2017	2018-00000037	JE	AP	A/P Invoice Entry	Accounts Payable		4,031.25		4,031.25
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
18087853	Caterpillar Financial Services Corp			Skid Steer/Equip. Lease Jun-Aug 2017	06/30/2017	Check	156132	4,031.25	4,031.25
							Total	\$4,031.25	\$4,031.25
Month <b>July 2017</b> Totals							\$4,031.25	\$0.00	\$4,031.25
08/24/2017	2018-00000099	JE	AP	A/P Invoice Entry	Accounts Payable		4,026.58		8,057.83
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
18158737	Caterpillar Financial Services Corp			SkidSteer/Equip. Lease Aug 15-Sep 15	07/31/2017	Check	156421	4,026.58	4,026.58
							Total	\$4,026.58	\$4,026.58
Month <b>August 2017</b> Totals							\$4,026.58	\$0.00	\$8,057.83
09/21/2017	2018-00000160	JE	AP	A/P Invoice Entry	Accounts Payable		2,008.62		10,066.45
<i>Invoice Number</i>	<i>Vendor</i>			<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>	<i>Amount</i>	<i>Dist. Amount</i>
18231970	Caterpillar Financial Services Corp			Skid Steer Equipment Lease	08/30/2017	Check	156632	2,008.62	2,008.62
							Total	\$2,008.62	\$2,008.62
Month <b>September 2017</b> Totals							\$2,008.62	\$0.00	\$10,066.45
Account <b>Equipment Rental</b> Totals							\$10,066.45	\$0.00	\$10,066.45
Department <b>Street Maintenance</b> Totals							\$11,265.35	\$0.00	
<b>G/L Account Number 003-9614 4110 Regular Pay</b>								Balance To Date:	\$0.00
09/08/2017	2018-00000139	JE	HR	Payroll Post B Bi-Weekly 170908 P0146.FY18 - Pavement Management Plan, MB2018-ST01 Pavement Plan	Payroll Post		440.64		440.64
<i>Payroll Batch</i>		<i>Batch Number</i>		<i>Employee Name</i>				<i>Gross Pay</i>	<i>Dist. Amount</i>
B		170908		Newman, Pamela				2,624.03	440.64
							Total	\$2,624.03	\$440.64
09/22/2017	2018-00000171	JE	HR	Payroll Post B Bi-Weekly 170922 P0146.FY18 - Pavement Management Plan, MB2018-ST01 Pavement Plan	Payroll Post		660.20		1,100.84
<i>Payroll Batch</i>		<i>Batch Number</i>		<i>Employee Name</i>				<i>Gross Pay</i>	<i>Dist. Amount</i>
B		170922		Newman, Pamela				2,710.03	660.20
							Total	\$2,710.03	\$660.20
Month <b>September 2017</b> Totals							\$1,100.84	\$0.00	\$1,100.84
Account <b>Regular Pay</b> Totals							\$1,100.84	\$0.00	\$1,100.84

# Accumulated Transaction Listing

G/L Date Range 07/01/17 - 09/30/17

Include Sub Ledger Detail

Exclude Accounts with No Activity

G/L Date	Journal	Journal Type	Sub Ledger	Description/Project	Source	Reference	Debit Amount	Credit Amount	Actual Balance	
<b>G/L Account Number 003-9614 4910 Employer Paid Benefits</b>								Balance To Date:	\$0.00	
09/08/2017	2018-00000139	JE	HR	Payroll Post B Bi-Weekly 170908 P0146.FY18 - Pavement Management Plan, MB2018-ST01 Pavement Plan	Payroll Post		277.35		277.35	
<i>Payroll Batch</i>		<i>Batch Number</i>		<i>Employee Name</i>				<i>Gross Pay</i>	<i>Dist. Amount</i>	
B		170908		Newman, Pamela				2,624.03	277.35	
							Total	\$2,624.03	\$277.35	
09/22/2017	2018-00000171	JE	HR	Payroll Post B Bi-Weekly 170922 P0146.FY18 - Pavement Management Plan, MB2018-ST01 Pavement Plan	Payroll Post		17.36		294.71	
<i>Payroll Batch</i>		<i>Batch Number</i>		<i>Employee Name</i>				<i>Gross Pay</i>	<i>Dist. Amount</i>	
B		170922		Newman, Pamela				2,710.03	17.36	
							Total	\$2,710.03	\$17.36	
							Month <b>September 2017</b> Totals	\$294.71	\$0.00	\$294.71
							Account <b>Employer Paid Benefits</b> Totals	\$294.71	\$0.00	\$294.71
<b>G/L Account Number 003-9614 6106 Contractual Services</b>								Balance To Date:	\$0.00	
08/10/2017	2018-00000063	JE	AP	A/P Invoice Entry P0161.MB2016ST07 - Bike & Pedestrian Paths, San Jancito	Accounts Payable		53,439.20		53,439.20	
<i>Invoice Number</i>	<i>Vendor</i>	<i>Description</i>	<i>Invoice Date</i>	<i>Payment Type</i>	<i>Payment Number</i>			<i>Amount</i>	<i>Dist. Amount</i>	
Retention	Pavement Coatings Co	MB2017-STO1 RETENTION PAYMENT	07/25/2017	Check	156343			53,439.20	53,439.20	
							Total	\$53,439.20	\$53,439.20	
							Month <b>August 2017</b> Totals	\$53,439.20	\$0.00	\$53,439.20
							Account <b>Contractual Services</b> Totals	\$53,439.20	\$0.00	\$53,439.20
							Department <b>Pavement Management Plan</b> Totals	\$54,834.75	\$0.00	\$54,834.75
							Fund <b>Sales &amp; Use Tax Measure Q</b> Totals	\$141,606.35	\$0.00	\$141,606.35
							Grand Totals	\$141,606.35	\$0.00	\$141,606.35



**AGENDA NO:** B-3  
**MEETING DATE:** January 16, 2018

## Staff Report

**TO:** Chairman and Committee Members      **DATE:** January 9, 2018  
**FROM:** Jennifer Callaway, Finance Director  
**SUBJECT:** Review of City Council Presentation for January 23, 2018 Council Meeting

**RECOMMENDATION:**

Review and provide feedback on City Council Presentation for January 23, 2018 Council Meeting

**BACKGROUND:**

During the November 28, 2017 CFAC meeting Committee Members discussed reviewing a draft Council Presentation regarding the Committee's review of the FY 2016/17 Measure Q Transactions, report on Committee Activities during the past 12 months, and the Committee's review and suggestions regarding the City's FY 2015/16 Comprehensive Annual Financial Report (CAFR). As the FY 2017/18 first quarter report is being provided to the CFAC committee as part of this agenda packet, an update to the Council on the FY 2017/18 first quarter transactions could also be included in this discussion. Committee Chair Barbara Spagnola has prepared a draft presentation, included as Attachment A, for the Committee's review and feedback.

**ATTACHMENT**

1. Citizen's Finance Advisory Committee Draft Council Presentation for January 23, 2018 Council Discussion



# Citizens Oversight Committee

(Acting as the Citizens Finance Advisory Committee)

## Agenda

- Summarize Citizen Finance Advisory Committee (CFAC) review of all Measure Q previous fiscal year transactions (2016-2017)
- Report CFAC review of 1<sup>st</sup> quarter current fiscal year (2017-2018) Measure Q transactions
- Report CFAC other activities during past 12 months



# Citizens Oversight Committee

## Measure Q Overview

- Committee met Oct and Nov 2017 to review and discuss all Measure Q fiscal year transactions (2016-2017)
  - Chairperson: Barbara Spagnola
  - Members: Dawn Addis, Bart Beckman, David Betonte, John Erwin, Walter Heath and John Martin
- Measure Q Financial Summary
  - Tax revenue for the fiscal year was \$ 1,118,270
  - Total expenditures for the fiscal year were \$ 1,491,239
  - Ending fund carryover balance June 30, 2017 is \$ 0
  - Balance available to allocate is \$125,993



# Citizens Oversight Committee

## Measure Q Total Spending 2016-2017

- Fire Department - \$ 338,608
  - Vacation relief person and OT to maintain 4 personnel per shift
  - Fire Station debt service
- Police Department - \$ 72,225
  - School Resource Officer (SRO) at Morro Bay High School
  - Canine food and medicine
- Storm Drains/Creek Maintenance - \$ 489
- Street Maintenance - \$ 1,078,679



# Citizens Oversight Committee

## Measure Q Recommendations

- Carryover and unallocated cash
  - CFAC recommends \$ 125,993 Measure Q funds available for allocation from 2016-2017 be incorporated into 2017-18 budget process
- CFAC reviewed and approved unaudited Measure Q transactions during the fiscal year 2016-2017
- Continue progress on the funding categories identified in the 2006 Measure Q ballot initiative



# Citizens Oversight Committee

## 1<sup>st</sup> Quarter Measure Q Review

- Committee met Jan 2018 to review and discuss the 2017-2018 fiscal year 1<sup>st</sup> quarter Measure Q transactions
  - All committee members' questions on specific transactions were answered
  - CFAC accepts 1<sup>st</sup> quarter Measure Q budget reports as presented
- Recommendations
  - Continue to provide summary budget reports



# Citizens Oversight Committee (Acting as CFAC)

- Summary of recent CFAC activities
  - Detailed review and recommendations of the City's 2015-2016 CAFR
  - Continuing progress on public friendly budget documents and creating videos for citizens
  - Initiated subcommittee work on preparation of budget calendar
  - Continue involvement in City budget process
- Any questions for CFAC members ?
- Thank You

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AGENDA NO: B-4  
MEETING DATE: January 16, 2018

# Staff Report

**TO:** Chairman and Committee Members      **DATE:** January 10, 2018  
**FROM:** Jennifer Callaway, Finance Director  
**SUBJECT:** Fiscal Year 2018/19 Budget Calendar Dates

**RECOMMENDATION:**

Staff recommends the Committee receive and file this review of the adopted schedule for the FY 2018/19 budget calendar.

**BACKGROUND:**

Incorporated into the City of Morro Bay Advisory Boards Handbook and By-Laws, updated December 12, 2017 and approved by Resolution 65-17, the Duties of the Committee include the following:

- Review existing budget document to determine long-term financial sustainability, and make recommendations, as appropriate.
- Review and provide comments on the mid-year budget reports prior to presentation to City Manager
- Review annual budget prior to presentation to the City Council, and make recommendations, as appropriate.

**DISCUSSION:**

At the January 9, 2018 Council Meeting, the City Council approved Resolution 02-18 which included the FY 2018/19 Budget Calendar (Attachment A). The calendar lays out the projected schedule for staff development, public briefing, Citizens Finance Advisory Committee consideration, Council modification, and eventual Council approval of the FY 2018/19 City Budget.

The budget calendar consists of the following dates, with CFAC mid-year and budget review dates highlighted in purple.

**Goals and Objectives Calendar**

- Jan 9      Strategic Planning Overview to Council
- Feb 2      Goals Retreat
- Feb 27      Goals Discussion and Approval at Council Meeting

**Budget Calendar**

- Feb 20      Mid-Year Budget Presentation to CFAC
- Feb 27      10-Year Forecast Study Session to Council

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

### **Legend**

- Council Meetings
- Council Study Sessions
- Joint or Advisory Board Meetings
- Internal Staff Actions

Specific to CFAC, staff plans to bring forward the mid-year budget update and 10-year Financial Forecast update at the regularly scheduled February 20, 2018 meeting. At this time the Committee can make recommendations to the Council and City Manager on either or both items as deemed appropriate.

At the regularly scheduled CFAC meeting on March 20, 2018 staff's proposal is for the Committee to receive a budget development update and has an opportunity to review new narratives, goals and accomplishments which will be new additions in the FY 2018/19 budget. The FY 2018/19 budget will include more detailed narratives for each department and program outlining the purpose and goal of the department and what is funded within the proposed budget. In addition, departments and funded programs will be highlighting key accomplishments that were achieved in FY 2017/18 and Goals for FY 2018/19. Included accomplishments and goals assist with establishing the nexus between budgeted funds and work completed or budgeted to be completed in the coming year.

Staff's proposal is to cancel the regularly scheduled meeting on April 17, 2018 and hold a special meeting on April 25, 2018. With the budget calendar as adopted, the Committee will have a more complete and comprehensive draft budget proposal to review and provide comment and recommendations to Council if the meeting were to be rescheduled to April 25, 2018. If the Committee wishes, the regularly scheduled meeting could occur on April 17, 2018 and staff will present an overview of the budget as it is being developed at that point.

### **CONCLUSION:**

Staff recommends that the Committee receive and file this review of the adopted schedule for the FY 2018/19 budget calendar.

**ATTACHMENT**

1. Resolution 02-18 City of Morro Bay, California Adopting the 2018 City Council Meeting Calendar and Work Plan Development Structure

**RESOLUTION NO. 02-18**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
ADOPTING THE 2018 CITY COUNCIL MEETING CALENDAR  
AND WORK PLAN DEVELOPMENT STRUCTURE**

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

**WHEREAS**, the City Council adopts an annual calendar providing for the orderly course of business and to provide transparency and accountability to the public; and

**WHEREAS**, the City Council adopts a schedule for the development of goals and annual objectives, advisory board work plans, and the annual budget; and

**WHEREAS**, the City Council adopts annual objectives that aim to meet the adopted four-year goals; and

**WHEREAS**, annual objectives inform the work conducted by the City staff; and

**WHEREAS**, in order to provide for a more orderly and functional system for addressing annual objectives, it is appropriate for staff to prepare annual work plans to meet said objectives; and

**WHEREAS**, it is appropriate for the City Council to provide a structure for the adoption of annual work plans.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, the 2018 City Council Meeting Calendar is adopted, as set forth in to Exhibit A, and the Goal, Work Plan and Budget schedule is adopted, as set forth in Exhibit B.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on this 9<sup>th</sup> day of January 2018 on the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

\_\_\_\_\_  
DANA SWANSON, City Clerk

## 2018 Meeting Calendar

### January 9

Closed Session @ 4:15pm  
 Special Meeting @ 5:00pm  
 Regular Meeting

### January 10

Special Meeting @ 4:30pm  
 (Advisory Board Interviews)

### January 17

Special Meeting @ 4:30pm  
 (WRF Design/Build RFP)

### January 23

Study Session (OneWater Plan  
 Update)  
 Regular Meeting

### January 24

Closed Session

### February 2

Goals Retreat @ Noon-6:00pm

### February 13

Regular Meeting

### February 27

Budget Forecast Study Session  
 Regular Meeting

### March 13

Regular Meeting

### March 27

Regular Meeting

### April 10

Regular Meeting

### April 24

Regular Meeting

### May 8

Budget Study Session #1  
 Regular Meeting

### May 9

Budget Study Session #2

### May 22

Budget Study Session #3 (if needed)  
 Regular Meeting

### June 12

Regular Meeting

### June 26

Regular Meeting

### July 10

Regular Meeting

### July 24

BREAK

### August 14

Regular Meeting

### August 28

Closed Session @ 3:00pm  
 Regular Meeting

### September 11

Regular Meeting

### September 25

Regular Meeting

### October 9

Regular Meeting

### October 23

Regular Meeting

### November 13

Regular Meeting

### November 27

BREAK

### December 11

Regular Meeting

### December 25

BREAK

## Goals, Work Plan and Budget Development Schedules

### Goals and Objectives Calendar

- Jan 9 Strategic Planning Overview to Council
- Feb 2 Goals Retreat
- Feb 27 Goals Discussion and Approval at Council Meeting

### Budget Calendar

- Jan 9 FY 2017-18 1<sup>st</sup> Quarter Budget Report
- Feb 20 Mid-Year Budget Presentation to CFAC
- Feb 27 10-Year Forecast Study Session to Council
- Feb 27 Mid-year Budget Presentation to Council
- Feb 28 Finance provides labor numbers / outline to Departments
- Mar 1-23 Departments develop internal budgets
- Mar 20 CFAC Budget Update
- Mar 26 Department budgets due to Finance
- April 2-Apr 6 Budget Team Meetings
- Apr 9-13 City Manager / Executive Team Budget Meetings
- Apr 16-20 City Manager / Finance finalize draft budget letter
- Apr 25 Draft Proposed Budget Presentation to CFAC
- Apr 27 City Manager delivers draft proposed budget to Council
- May 8 FY 2017-18 3<sup>rd</sup> Quarter Report (if needed)
- May 8 Budget Study Session #1
- May 9 Budget Study Session #2
- May 22 Budget Study Session #3 (if required)
- Jun 12 Budget Approved at Council Meeting
- Jun 26 Backup date for Budget Approval

### Legend

- Council Meetings
- Council Study Sessions
- Joint or Advisory Board Meetings
- Internal Staff Actions

DATE: JANUARY 16, 2018

TO: CITIZENS FINANCE ADVISORY COMMITTEE (CFAC)

FROM: PUBLIC FRIENDLY BUDGET DOCUMENTS SUBCOMMITTEE

SUBJECT: SUBCOMMITTEE REPORT AND RECOMMENDATIONS

On November 20, 2017, the subcommittee consisting of CFAC Members Dawn Addis, Walter Heath and David Betonte met to discuss ideas to develop additional public friendly budget documents and information. The subcommittee members agreed to recommend pursuing initiatives focused on the three following areas:

- Production of one or more “webcast” videos with content targeted toward informing community members about the annual budget. One example could be to use information from the “Budget Overview” section of the adopted budget document to create a visual representation using pie charts and narration. These webcasts could be hosted on YouTube with links posted on the City’s main web page and Facebook page. Member Addis suggested public outreach on Nextdoor.com to obtain citizen input on budget related interests and questions to help direct content for the webcasts. Production of the webcasts (scripting, video production, web posting) could be performed by staff or by the subcommittee members (or a combination thereof) with review and input from CFAC Members and City staff.
- Produce a public “Budget Calendar” to inform community members about the process to develop the City’s annual budget including monthly events, milestones and public meetings. The objective of this document is to increase citizen participation and input on budget priorities. Developing this document could be a project for the subcommittee members with help and input from staff or vice versa. Links to the finalized Budget Calendar would be posted on the City’s main webpage and Facebook page, and notifications pushed out via e-mail. Examples of Budget Calendar documents from other public agencies are attached.
- Make budget documents easier for the public to access on the web. Currently links to City budget documents are posted on the Finance Department webpage of the City’s main website. Four steps must be found and followed from the main webpage to access specific budget documents online (Your Government Dropdown > Finance Department Link > Budget Link > Budget Documents Link) or by searching in the Document Center. We propose that staff post links to the current FY Adopted Budget and Budget Overview documents or a link to the Finance Department Budget webpage on the City’s main webpage in the Your Government dropdown and in the blue banner on the left side of the page.

Subcommittee members wish to discuss the above listed recommendations with their fellow Members and City staff at the next scheduled CFAC meeting.

# Budget Process and Calendar

The City of Santa Rosa is on a fiscal year schedule running from July 1 through June 30, and is required by City Charter section 28 (d) to have an adopted budget by June 30 each year. In order to have a finished budget by June, Santa Rosa's budget cycle begins in December.

Every year in December, Budget and Financial Planning staff begins to compile budget assumptions for all expenditure categories. Included are assumptions for salary increases where bargaining units are under contract, estimated benefit costs and assumptions for increases in supplies and other expenses. Revenues are analyzed, and a high-level forecast for the upcoming year is prepared. Expenditure assumptions are compared with proposed revenues, and it is determined if budget reductions are necessary or if additional department needs can be funded. Budget guidelines are prepared based on these assumptions and are forwarded to departments for their use during the budget process.

Early in the process, the City Council holds a public hearing to solicit information from Santa Rosa residents on their budget priorities. The City also conducts an online Budget Priorities Survey that is available to the public from early January through the end of February. The survey results are provided to the departments for use in developing the budget. In February and March, departments prepare their operations and maintenance budgets based on the budget guidelines, public feedback, City Council goals and priorities, and Strategic Planning initiatives. The Capital Improvement Program (CIP) budget process runs parallel with the operations and maintenance budget process. For more information on the CIP, please see that section of this document or the CIP budget document.

In March and April, the Budget and Financial Planning staff reviews each department's budget and prepares the budgets for review by the Chief Financial Officer. The Chief Financial Officer and the City Manager review the requests and makes adjustments as needed. The proposed budget requests are reviewed by the full Council during study sessions in May. Budget and Financial Planning staff prepares a draft budget document that is made available to the public around June 1. The City Council holds public hearings in mid-June and generally adopts the Operations and Maintenance and Capital Improvement Program budgets at the end of the hearings. The final budget document is then printed and distributed.

Throughout the year, Budget and Financial Planning staff presents financial updates to the Council and the public, including the Long Range Financial Plan information. During those updates, it's discussed whether the budget needs to be modified based on changes to revenue sources and other factors. While the budget development process runs from December through June, Budget and Financial Planning staff, the Chief Financial Officer, the City Manager and departments are constantly monitoring the budget throughout the year.

# Budget Calendar

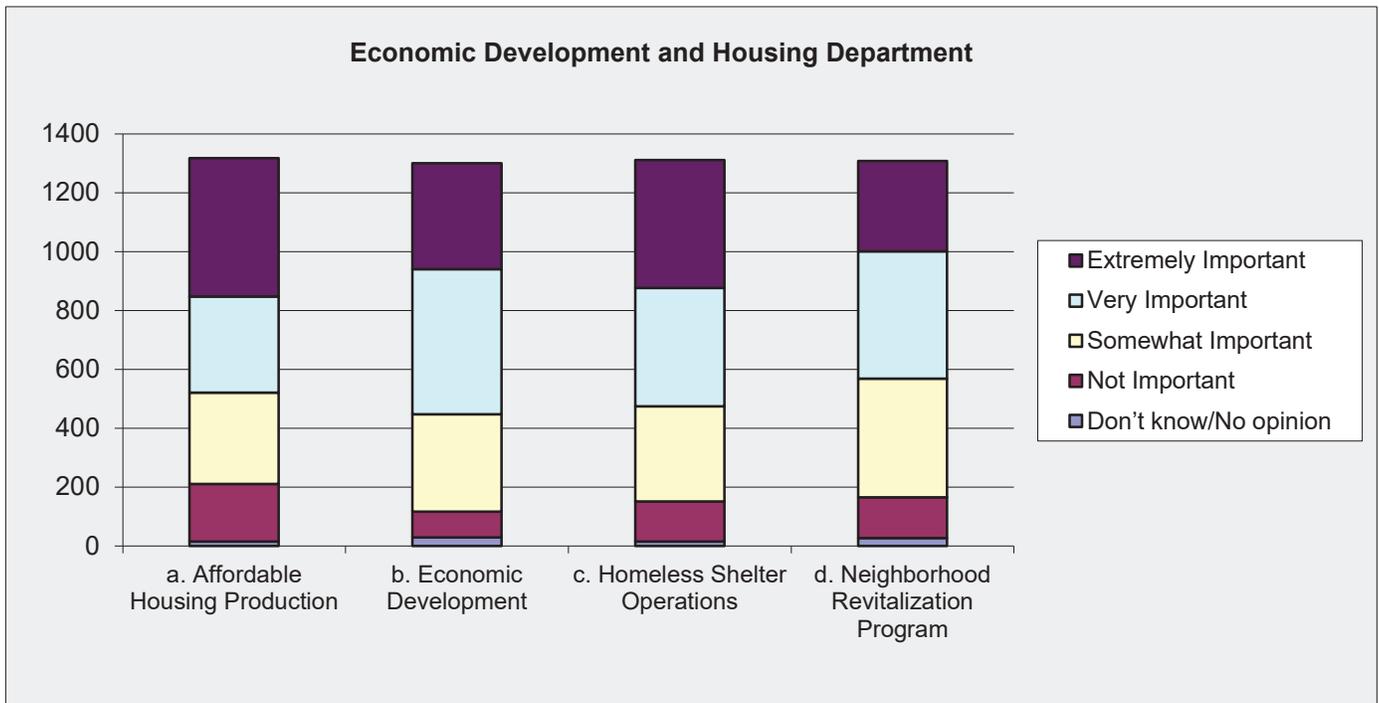
	<b><u>Santa Rosa Residents Participate:</u></b>	<b><u>Mayor and City Council Participate:</u></b>	<b><u>City Administration, Financial Planning staff &amp; Departments Participate:</u></b>
November	<ul style="list-style-type: none"> <li>✓ By giving input through direct contact with the Mayor and Council Members via budget outreach events, Council meetings, Study Sessions, online budget comment form</li> </ul>	<ul style="list-style-type: none"> <li>✓ By receiving information from the public</li> </ul>	<ul style="list-style-type: none"> <li>✓ By gathering assumptions for upcoming year's budget process</li> <li>✓ By receiving information from the public</li> </ul>
December			
January	<ul style="list-style-type: none"> <li>✓ By giving input during annual budget priorities public hearing, participating in an online Budget Priorities Survey and Mid-Year Financial Update</li> </ul>	<ul style="list-style-type: none"> <li>✓ By receiving input at budget priorities public hearing and Budget Priorities Survey</li> <li>✓ By receiving information from Mid-Year Financial Update, and offering guidance and feedback</li> <li>✓ By participating in City Council goal setting session (held once every two years)</li> </ul>	<ul style="list-style-type: none"> <li>✓ By receiving input at public hearing and survey for use in preparation of upcoming FY budget</li> <li>✓ By presenting Mid-Year Financial Update to City Council and public for the General Fund and the Capital Improvement Program.</li> <li>✓ By preparing upcoming FY budget request</li> </ul>
February			
March	<ul style="list-style-type: none"> <li>✓ By continuing to offer feedback to Council and staff via Council meetings, written correspondence and online budget comment form</li> </ul>	<ul style="list-style-type: none"> <li>✓ By continuing to receive feedback from the public and staff via Council meetings, written correspondence and online budget comment form</li> </ul>	<ul style="list-style-type: none"> <li>✓ By reviewing and refining each department's budget request for the upcoming Fiscal Year</li> <li>✓ By analyzing budget balancing strategies and service delivery options within the constraints of the financial outlook</li> </ul>
April			
May	<ul style="list-style-type: none"> <li>✓ By attending City Council Study Sessions to gain information and offer input</li> </ul>	<ul style="list-style-type: none"> <li>✓ By attending City Council Study Sessions to review each department's budget with department representatives and Budget staff</li> </ul>	<ul style="list-style-type: none"> <li>✓ By preparing materials to be reviewed with the Council and public</li> <li>✓ By reviewing budgets with the City Council at Study Sessions and then refining as necessary based on feedback</li> </ul>
June			
July	<ul style="list-style-type: none"> <li>✓ By attending Budget Public Hearings (last chance to offer feedback on proposed budget)</li> </ul>	<ul style="list-style-type: none"> <li>✓ By leading Budget Public Hearings, and ultimately adopting the final fiscal year budget</li> </ul>	<ul style="list-style-type: none"> <li>✓ By preparing draft budget documents for review by Council and public at public counters and online</li> <li>✓ By preparing materials to be reviewed at Budget Public Hearings</li> <li>✓ By participating in Budget Public Hearings and presenting final information to Council and the public</li> </ul>
August			

# City Budget Outreach

Each year, the City routinely holds public hearings and study sessions that the public is encouraged to attend. As part of the 2015-16 budget process, the City Council held a public hearing on January 27, 2015, for the purpose of soliciting oral and written comments on budget priorities for fiscal year 2015-16. The input from this public hearing provided Council members and City staff input prior to the Council Goal setting process in February, and subsequent development of the City’s budget.

In addition, for FY 2015-16, the City solicited additional public input by launching a Budget Priorities Online Survey. Each department identified their programs. In order educate the survey respondents, program descriptions included relevant information on the various City programs and services. The public was asked to prioritize in terms of importance, with the option of providing written comments. The budget survey was provided in English and Spanish and available online for eight weeks, January 1 – March 1, 2015. The survey results were summarized and provided to City departments for use in developing their budgets as well as to City Council members. [www.srcity.org/BudgetComments](http://www.srcity.org/BudgetComments).

Survey results from two departments are shown below:



Answer Options	Extremely Important	Very Important	Somewhat Important	Not Important	Don't know/No opinion	Response Count
a. Affordable Housing Production	470	327	310	196	15	1318
b. Economic Development	360	493	331	88	29	1301
c. Homeless Shelter Operations	435	402	324	136	15	1312
d. Neighborhood Revitalization Program	307	432	403	139	27	1308

# FINANCIAL STRUCTURE, POLICY AND PROCESS

## BUDGET AND FISCAL POLICIES

- Will require written documentation of the above conditions and subject to the approval of the City Manager for management employees or the Mayor for the City Manager.

### C. Independent Contractors

Independent contractors are not Town employees and may be used in the following situations:

1. Short-term, peak workload assignments to be accomplished using personnel contracted through an outside temporary employment agency. In this situation, Town staff will closely monitor the work of these employees and minimal training will be required. However, they will always be considered the employees of the employment agency and not the Town. All placements will be coordinated with the City Manager's Office and subject to the approval of the City Manager or designee.
  2. Construction of public works projects and delivery of operating, maintenance or specialized professional services not routinely performed by Town employees. Such services will be provided without close supervision by Town staff, and the required methods, skills and equipment will generally be determined and provided by the contractor. Contract awards will be guided by the Town's purchasing policies and procedures.
- A. Evaluating the ability of new technologies and related capital investments to improve productivity.
  - B. Developing the skills and abilities of all Town employees.
  - C. Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.
  - D. Evaluating the ability of the private sector to perform the same level of service at a lower cost.
  - E. Periodic formal reviews of operations on a systematic, ongoing basis.

## PRODUCTIVITY

The Town will constantly monitor and review its methods of operation to ensure that services continue to be delivered in the most cost-effective manner possible. This review process encompasses a wide range of productivity issues, including:

- A. Analyzing systems and procedures to identify and remove unnecessary review requirements.

## CONTRACTING FOR SERVICES

### General Policy Guidelines

1. Contracting with the private sector for the delivery of services provides the Town with a significant opportunity for cost containment and productivity enhancements. As such, The Town is committed to using private sector resources in delivering municipal services as a key element in our continuing efforts to provide cost-effective programs.
2. Private sector contracting approaches under this policy include construction projects, professional services, outside employment agencies and ongoing operating and maintenance services.
3. In evaluating the costs of private sector contracts compared with in-house performance of the service, indirect, direct and contract, administration costs of the Town will be identified and considered.
4. For programs and activities currently provided by Town employees, conversions to contract services will generally be made through attrition, reassignment or absorption by the contractor.

# FINANCIAL STRUCTURE, POLICY AND PROCESS

## BUDGET PROCESS OVERVIEW

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The Town's budget and fiscal policy integrates a three-year extended financial outlook emphasizing long-range planning and effective program management. Budget appropriations continue to be adopted on an annual basis; but the preliminary budget for the next two years out presented in the budget document, serves as the foundation for preparing the subsequent budgets.

### **Purpose of the Budget**

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The fundamental purpose of the Town's budget is to link what we want to accomplish for the community with the resources necessary to do so. The budget process does this by setting Town goals and objectives; establishing reasonable timeframes and organizational responsibility for achieving them and allocating resources for programs and projects. To this end, the budget serves four roles:

- **Policy Document.** Sets forth goals and objectives to be accomplished and the fundamental fiscal principles upon which the budget is prepared.
- **Fiscal Plan.** Identifies and appropriates the resources necessary to accomplish objectives and deliver services and ensures that the Town's fiscal health is maintained.
- **Operations Guide.** Describes the basic organizational units and activities of the Town.
- **Communications Tool.** Provides the public with a blueprint of how public resources are being used and how these allocations were made.

### **Major Town Goals**

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Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The Town begins this process with key management staff holding a series of budget meetings to discuss current year's goals that guide the departments in their budget preparation. The status of prior goals is discussed and departments present their individual goals. Thereafter, priorities and work programs are set. Every other year, in-depth workshops are held to further review the Town's extended fiscal outlook and discuss Council's values, goals and short-term objectives. Town staff then prepares the proposed budget based on the Council's policy guidance.

### **Financial Plan Policies**

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Formally articulated budget and fiscal policies provide the foundation for preparing and implementing the budget while assuring the Town's long-term fiscal health. Included in this budget document, these policies cover a broad range of areas such as user fee cost recovery goals, enterprise fund rates, investments, capital improvement management, debt management, capital financing, fund balance and reserves, human resource management and productivity.

# FINANCIAL STRUCTURE, POLICY AND PROCESS

## BUDGET PROCESS OVERVIEW

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### Preparation and Review Process

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The budget development is headed by the City Manager and the Finance Director together with the Town's department heads. The following discusses the general approach under the Town's budget process:

The budget process begins with Finance sending out budget instructions to the operating departments. Concurrently, Finance prepares revenue projections utilizing sources that include economic trends as reported in the national media, economic and fiscal information developed by the State and materials prepared by various governments. Similarly, personnel costs are projected based on factors such as the consumer price index (CPI) and related information from vendors providing these services. A summary of key revenue assumptions are fully discussed in the *Financial Summaries* section of this budget document.

At the workshop as discussed above, departments present their goals and their initial budget proposals. Together with revenue forecasts, these proposals are comprehensively reviewed and priorities and allocations determined. A detailed budget is then prepared and the City Manager issues the preliminary budget for public comment. A series of workshops is held with both the Financial Advisory Committee and the City Council leading to a public hearing and Council adoption of the budget by June 30.

**Mid-Year Reviews.** The Council formally reviews the Town's financial conditions and amends appropriations, if necessary, six months after the beginning of each fiscal year.

**Interim Financial and Project Status Reports.** On-line access to "up-to-date" financial information is provided to staff throughout the organization. Additionally, comprehensive financial reports are prepared monthly to monitor the Town's fiscal condition, and more formal reports are issued to the Council on a quarterly basis. The status of major program objectives, including Capital Improvement Program (CIP) projects, is also periodically reported to the Council on a formal basis.

### Administration

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As set forth in the Town policies, the department heads may make transfers of appropriations within the department. The City Manager may transfer budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

Capital project expenditures are controlled at the fund, department and project levels and may not exceed appropriations at any of these levels.

### Budget Calendar

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A calendar is prepared for the annual budget development. This budget year's budget calendar is presented on the next page.

# FINANCIAL STRUCTURE, POLICY AND PROCESS

## DETAIL BUDGET CALENDAR – FISCAL YEAR 2014-15

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<u>Date</u>	<u>Tasks Description</u>
December 2013	<p>Budget calendar distributed to departments</p> <p>Budget Forms distributed:</p> <ul style="list-style-type: none"><li>• Fees and Charges</li><li>• Departmental budget worksheets</li><li>• Forms to request capital equipment</li><li>• Capital projects</li><li>• New personnel or change of program</li><li>• Performance or Workload Measures</li></ul>
January 2014	<p>City Council Goal Setting Meeting</p> <p>Management Workshop/Budget Discussion</p> <p>Departments submit the following budget documents to Finance:</p> <ul style="list-style-type: none"><li>• Completed departmental budget worksheets</li><li>• Request for Capital Equipment</li><li>• Capital Improvement Request</li><li>• Request for New Position or Program Change</li></ul>
February 2014	<p>Departments to meet with Finance/City Manager to review budgets and discuss any changes.</p> <p>Finance completes detailed budget and projections for all funds.</p>
March 2014	<p>Mid-Year Budget review with Financial Advisory Committee and City Council; any budget amendments reviewed for the current fiscal year</p> <p>Department Head meeting to prioritize City-Wide budget requests</p> <p>City Council study session</p>
April 2014	<p>Proposed Budget Document prepared by Finance and reviewed by management</p> <p>Financial Advisory Committee Review of Proposed Budget</p> <p>Budget finalized, incorporating FAC feedback</p> <p>Public notice for fees and charges</p>

# FINANCIAL STRUCTURE, POLICY AND PROCESS

## DETAIL BUDGET CALENDAR – FISCAL YEAR 2014-15

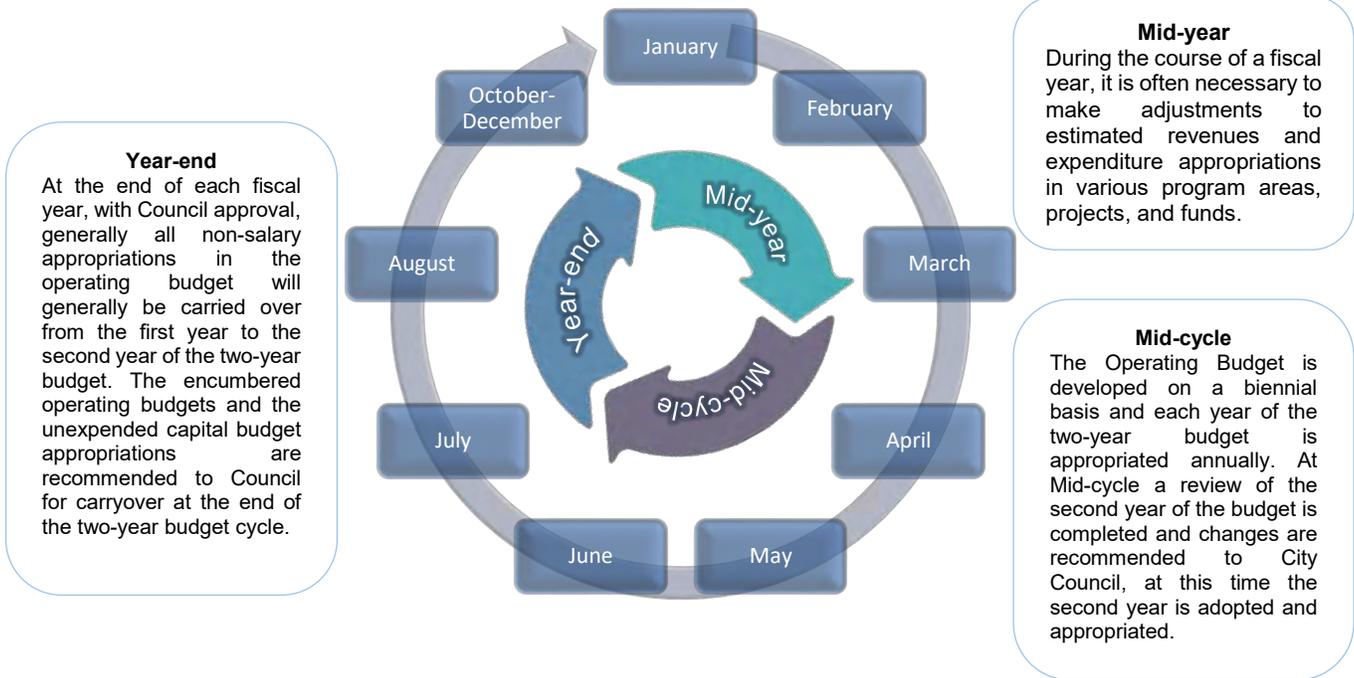
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May 2014	<p>Council holds public hearing (if necessary, continues to 2<sup>nd</sup> meeting) and adopts the following:</p> <ul style="list-style-type: none"><li>• Budget including Cost of Allocation Plan [requires public hearing]</li><li>• Resolution to adopt sewer charges for Fiscal Year 2014/15</li><li>• Fees and charges [requires public notice and public hearing]</li><li>• Public safety special tax</li><li>• Interim Modifications to Business License Tax</li><li>• Documentation for the calculation of the Appropriations Limit made available to the public [at least 15 days prior to the June 10, 2014 meeting] – Government Code § 7910.</li></ul>
June 2014	<p>Council adopts the following: Appropriations limit [Consent calendar but should be approved by a roll call vote]</p> <p>Public notice on collection of sewer charges [once a week for 2 successive weeks with at least 5 days between publications] – Government Code § 6062a</p>
Late June/July 2014	<p>Adopted fees and charges take effect</p>
July 2014	<p>Council holds public hearing and adopts the following:</p> <ul style="list-style-type: none"><li>• Collection of sewer charges on the county tax roll [requires 2-week public notice] – Government Code § 5473.1 and § 6066.</li></ul> <p>Collection of storm drainage charge and the public safety special tax on the county roll</p> <p>Production and Distribution of the Adopted Budget Document</p>



## CITY OF MISSION VIEJO 2017-19 Budget Development Calendar

The City's biennial budget development cycle began in October 2016 and concludes in June 2017 with the adoption of the FY 2017-19 budget.



### OCTOBER-DECEMBER

- Budget workshop discussion (Staff)
- Determine payroll allocations and hourly, seasonal & overtime budgets
- Prepare agenda and materials for pre-budget workshop

### JANUARY

- Detailed budget planning timeline developed and provided to departments
- Finance issues budget instructions and operating budget spending targets to departments
- Finance creates departmental payroll and operating budget working projections for both FY 2017/18 and 2018/19

### FEBRUARY

- Pre-budget workshop with City Council
- Departments submit staffing requests
- Departments prepare and submit capital project budget requests
- Departments complete Munis entry of revenue and expenditure requests for both FY 2017-18 and FY 2018-19
- Prioritized wish lists sent to Administrative Services
- Treasury establishes assumptions for Master Financial Plan (MFP)
- Treasury completes revenue projections

### MARCH

- City Manager conducts meetings with departments to review objectives, performance measures, and operating budget requests
- Departments submit 2017-2019 program objectives and performance measures, addressing as many of the strategic goals and objectives as appropriate
- City Manager meets with Capital Improvement Program (CIP) staff managers to review CIP requests

### APRIL

- Budget detail reports available for Council members to review
- Proposed CIP budget presented to City Council
- 2017-19 revenue projections presented to City Council
- Final budget balancing completed
- Financial Planning and Budget completes entry of budget line items into City's financial accounting system

### MAY

- Draft MFP updated to match final 2017-19 budget numbers
- Budget document assembled
- Proposed 2017-19 budget formally received by Council; budget workshop date(s) set

### JUNE

- Council holds budget workshop(s)
- City Council adopts 2017-19 operating budget and capital improvement program

# OVERVIEW OF THE BUDGET PROCESS

## Independent Budget Analyst

The Office of the Independent Budget Analyst assists the City Council throughout the budget process by providing research, objective analysis, and recommendations on the Annual Budget. The IBA performs the following functions:

- Prepare preliminary and final reports on the Mayor’s Proposed Annual Budget for consideration by the City Council
- Provide reports year-round on any legislative items that bear financial and policy impacts to the City of San Diego
- Review and make recommendations on the Office of Financial Management’s periodic Budget Monitoring Reports

## Citizens of San Diego

In order for the Mayor and City Council to discern which programs and issues are of the highest priority to the Citizens of San Diego, it is important for the residents of San Diego to play an active role in the budget process.

- Provide input to the Mayor and his staff as the Budget is being developed
- Provide input to the City Council as Budget discussions are being held
- Participate in public hearings

In order to fully understand what is important to the citizens, the Mayor, City Council, and City Staff need input from citizens like yourself. Writing, calling, or emailing any of these officials is the first step in solving problems that are important to you.

## KEY DATES

February	Feb/March	April	April –May	June	July 1
Council adopts Budget Priorities Resolution and transmits to Mayor	COO/Mayor/ CFO develop Annual Budget working with City Departments	Mayor releases Proposed Annual Budget	Council holds public hearings and Committee meetings to deliberate the Budget	Council/ Mayor action periods Including: Council final decisions, budget adoption, and veto periods if necessary	New Fiscal year begins

# TYPICAL BUDGET CALENDAR

DATE	ACTION	COMMENT
February 1	Council adopts Budget Priorities Resolution and sends to Mayor	Adopted February 1st each year
February/March	Mayor/COO/CFO develop Annual Budget working with City Departments	
April 15	Mayor Releases Proposed Annual Budget	City Charter [265(b)(15)] requires the Mayor to propose a budget to Council/ Public by April 15
April 29	Independent Budget Analyst's Preliminary Report on the Proposed Budget	IBA report is issued two weeks after Mayor's Proposed Budget is released
April/May	<ul style="list-style-type: none"> <li>• Budget &amp; Finance Committee Meetings/publicly held Council Hearings</li> <li>• Full Council deliberations</li> <li>• IBA analysis</li> <li>• IBA releases Final Report</li> </ul>	} While City Charter [290(b)] requires Council to hold at least two public hearings before June 15, they generally hold many more
Early June	<ul style="list-style-type: none"> <li>• Budget &amp; Finance Committee consider final modifications</li> <li>• Full Council decisions on final Budget modifications</li> </ul>	
June 15	Council must adopt or modify Budget	City Charter [290(b)] requires Council to either adopt or modify a Proposed Budget by June 15
June	<ul style="list-style-type: none"> <li>• Mayor's veto period, if necessary</li> <li>• Council action period, if necessary</li> </ul>	Mayor/Council have 5 business days from receipt of changes to approve, veto, or modify
July 1	New Fiscal Year begins	
July 9	Budget & Finance Committee review of Appropriation Ordinance	The Appropriation Ordinance is the official enactment by the City Council to establish legal authority for City officials to obligate and expend resources
July 21 July 28	<ul style="list-style-type: none"> <li>• First public hearing of Appropriation Ordinance at Council</li> <li>• Second public hearing and adoption of Appropriation Ordinance</li> </ul>	} According to the City Charter [71], two public hearings and adoption of the Appropriation Ordinance must be completed during the month of July