



CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

NOTICE OF REGULAR MEETING

Mission Statement

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

Agenda
Tuesday, October 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 SEPTEMBER 18, 2018, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE, (Finance Director)

2. RECEIVE REPORT REGARDING FISCAL EMERGENCY PLAN MITIGATION MEASURES

RECOMMENDATION: Receive report regarding fiscal emergency plan mitigation measures and provide feedback.

3. CONSIDERATION OF PAYDOWN OF FIRE STATION LOAN

RECOMMENDATION: CFAC recommend to the City Council paydown of the 2011 Fire Station COP in the amount of \$44,440.10.

4. Fiscal Year 2018/19 BUDGET BRIEF; (Finance Director)

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

5. FUTURE AGENDA ITEMS

C. SCHEDULE NEXT MEETING

November 20, 2018

D. ADJOURNMENT

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

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

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

**MINUTES – CITIZENS OVERSIGHT/ FINANCE
ADVISORY COMMITTEE
REGULAR MEETING – SEPTEMBER 18, 2018
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola John Martin Dawn Addis John Erwin Walter Heath	Chair Vice-Chair Member Member Member
MEMBERS ABSENT:	Bart Beckman David Betonte	Member Member
STAFF PRESENT:	Jennifer Callaway Valerie Webb	Finance Director Senior Accounting Technician

ESTABLISH A QUORUM AND CALL TO ORDER

Chair Spagnola called the meeting to order at 3:30 p.m., with 5 members present.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/VG5nXc24OGc?t=1m43s>

None.

PUBLIC COMMENT PERIOD

<https://youtu.be/VG5nXc24OGc?t=1m53s>

None.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE AUGUST 21, 2018, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

<https://youtu.be/VG5nXc24OGc?t=2m16s>

MOTION: Member Martin moved to approve A-1 as submitted. The motion was seconded by Member Heath and carried 5-0.

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE, (Finance Director)
<https://youtu.be/VG5nXc24OGc?t=3m1s>
Staff is working diligently on year end closing to prepare for the audit next month. The purchase order system is partially deployed and working well so far.
2. 4th QUARTER INVESTMENT REPORT PERIOD ENDING JUNE 30, 2018 FOR FISCAL YEAR 2017/18, (Finance Director)
<https://youtu.be/VG5nXc24OGc?t=5m57s>

Committee received the fourth quarter investment report (period ending June 30, 2018) for Fiscal Year 2017/18. An updated investment policy is scheduled to be presented to council on March 26, 2019.

3. RECEIVE REPORT REGARDING FISCAL EMERGENCY PLAN ECONOMIC TRIGGERS

<https://youtu.be/VG5nXc24OGc?t=20m7s>

The fiscal emergency plan is intended to provide short term mitigation strategies in the event of a fiscal emergency in the city. The five economic triggers recommended are as follows: natural disaster, human caused disaster, state takeaway, large unexpected cost, and revenue shortfalls. The committee had a consensus on these economic triggers and the overall intent of the fiscal emergency plan.

4. FY 2018/19 BUDGET BRIEF, (Finance Director)

<https://youtu.be/VG5nXc24OGc?t=1h4m2s>

Continuation of the discussion on the budget brief document. For this draft, Finance Director Callaway took many of the suggestions from the Committee including an added glossary of terms on the back. Will revise again with the additional feedback and return next meeting.

5. FUTURE AGENDA ITEMS

<https://youtu.be/VG5nXc24OGc?t=1h24m26s>

Measure Q Review (November)
Mitigation Measures for Fiscal Emergency Response Plan
Budget Brochure continuation

ANNOUNCEMENT

<https://youtu.be/VG5nXc24OGc?t=1h29m10s>

Dawn Addis mentioned the city council candidate forum on September 24, 2018 from 6-8 p.m. in the Community Center. The public is encouraged to attend and ask questions.

C. SCHEDULE NEXT MEETING

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

D. ADJOURNMENT

The meeting adjourned at 5:00 p.m.

Recorded by:
Valerie Webb



AGENDA NO: B-2

MEETING DATE: October 16, 2018

Staff Report

TO: Chairman and Committee Members **DATE:** October 11, 2018
FROM: Jennifer Callaway, Finance Director
SUBJECT: Receive Report Regarding Fiscal Emergency Plan Mitigation Measures

RECOMMENDATION

Receive report regarding fiscal emergency plan mitigation measures and provide feedback.

BACKGROUND

At the July 10, 2018 City Council meeting, the Council requested the development of a fiscal emergency plan be added to future Council items. In addition, the Council previously requested that financial policies be added to a future Council agenda for review and discussion. On August 28, 2018, staff brought forward an action plan outlining the process to complete both a fiscal resiliency plan and formation of Accounting Policies and Procedures. Council approved staff's recommended plan and as such staff has proceeded with discussion of fiscal emergency plan including economic triggers and mitigation measures to be identified in that plan.

The Citizens Finance Advisory Committee (CFAC) received staff's recommended economic triggers on September 18, 2018 and provided feedback on those triggers. On September 25, 2018 the City Council received staff's report regarding the economic triggers and concurred with the five triggers proposed:

1. Natural disaster
2. Human caused Disaster
3. State take-aways of local revenues
4. Large, unexpected costs
5. Economic downturn: (Defined as below)
 - a. Two consecutive quarters of declining revenues in the major revenue sources identified in the MOUs for COLA increases (sales tax, TOT and Property Tax).

DISCUSSION

On October 4, 2018 the Employee Budget Advisory Group (Group) met to discuss mitigation measures that would be available for the City Manager and City Council should an economic trigger be met. The Group consists of 14 City employees, representing the various departments and work groups within the City. The Group identified and discussed the following mitigation measures:

Prepared By: <u> JC </u>	Dept Review: <u> </u>
City Manager Review: <u> SC </u>	City Attorney Review: <u> </u>

1. Hiring Chill – City Manager approval will be required to fill vacant positions. City Manager will only approve filling vacant position if the Department Director can demonstrate that it is necessary to meet public health, safety or other high priority service needs that cannot be meet on an interim basis through a contract, overtime or temporary staffing. Goal: Short-term savings and preservation of future options should problem be on-going.
2. Travel Chill – City Manager approval for all travel authorizations (at any level). City’s goal is to limit travel and training to achieve short-term savings.
3. CIP Deferrals and or reprioritizations– Department Directors will identify CIP projects that can be presented to Council for possible deferral and/or elimination as well as reprioritizing capital projects that can be supported in funds other than the general fund.
4. One-Time Operating Cost Review – Identify special projects in the operating budget for possible deferral or elimination (to be presented to City Council for consideration).
5. Fund Balance – consider use of fund balance below policy levels – City Manager will make recommendation to City Council for consideration.
6. Other – other curtailments as appropriate.

Identification of triggers and mitigation measures is meant to create a transparent process and formula for short term action when fiscal first aid may be needed. With concurrence on the short-term mitigation measures, staff will begin to draft the complete fiscal emergency plan outlining the mitigation measures and economic triggers as discussed and approved.

CONCLUSION

Having a clear strategy in place for fiscal emergencies that reflects the City of Morro Bay’s values will serve as the foundation for decision-making in tough fiscal times and will aid in preserving the City’s long-term fiscal health and vitality. The City values input and feedback from CFAC regarding these mitigation measures. CFACs input will be shared with the City Council on November 13, 2018.



AGENDA NO: B-3

MEETING DATE: October 16, 2018

Staff Report

TO: Chairman and Committee Members **DATE:** October 11, 2018

FROM: Jennifer Callaway, Finance Director

SUBJECT: Consideration of Pay Down of Fire Station Loan

RECOMMENDATION

Staff recommends that the CFAC Committee recommend to the City Council pay down of the 2011 Fire Station COP in the amount of \$44,440.10.

BACKGROUND/DISCUSSION

At the July 12, 2016 The Morro Bay City Council authorized the sale of City owned property located at 2783 Coral Avenue in the amount of \$799,000. The property is comprised of approximately one acre of vacant land located at 2783 Coral Avenue and had been dedicated to the City of Morro Bay for fire station purposes in association with the Cloisters residential subdivision. The City subsequently determined the site was not well suited for a fire station and the City Council directed sale of the property. The sale was approved under Resolution 59-16 (Attachment 1) and executed under the First Amendment to Vacant Land Purchase Agreement and Joint Escrow Instructions agreement (Agreement -Attachment 2).

Under section 2 of the Agreement, the buyer was required to provide the City with a \$50,000, non-refundable deposit. The City received \$44,440.10 (\$50,000 deposit less closing costs of \$5,559.90) on October 6, 2016 which was credited to the general fund.

During the October 11, 2016 Council Meeting, the City Council approved the use of proceeds from the sale of vacant City owned real property, located at 2783 Coral Avenue, in accordance with the Citizens Oversight/Finance Advisory Committee (CFAC) recommendation to pay down the 2011 United States Department of Agriculture (USDA) Certificate of Participation (COP) for the construction of the Fire Administration Building (loan repayment). This recommendation came out of 5-0 vote from CFAC on September 20, 2016. On November 15, 2016, the City Council took affirmative action to accept this recommendation by adopting Resolution 75-16 (Attachment 3) affirming Council's intent to direct principal payments from the sale of the property located at 2783 Coral Avenue to pay down debt related to construction of the fire administration building. Per Resolution 75-16, when proceeds become available to the City, City staff will have CFAC review that use within the context of the then current economic and fiscal conditions, prior to the transmittal of those proceeds to pay down the loan.

During the year-end closing process, staff became aware that the \$44,440.10 deposit money from the sale of the Coral Avenue property was not used to pay down the fire loan and is currently being

Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review:

held in a trust and agency account. The 2011 Fire Station COP is a 30-year COP in the amount of \$1,500,000 at an interest rate of 3.75%. In accordance with Resolution 75-16, staff is bringing forward pay down of the fire station COP by \$44,410.10 for CFAC consideration and recommendation to the City Council. Staff estimates early pay down of the COP by \$44,410.10 would result in annual interest savings of approximately \$1,800 per year and total savings of approximately \$40,000 over the remaining life of the COP. This will be presented to the City Council at an upcoming meeting.

CONCLUSION

Staff recommends that the CFAC Committee recommend to the City Council pay down of the 2011 Fire Station COP in the amount of \$44,440.10 resulting in annual interest savings of approximately \$1,800 and total savings of approximately \$40,000 over the remaining life of the COP.

ATTACHMENTS

1. Resolution No. 59-16
2. First Amendment to Vacant Land Purchase Agreement and Joint Escrow Instructions agreement
3. Resolution No. 75-16

RESOLUTION NO. 59-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING THE SALE OF CITY OWNED PROPERTY LOCATED AT
2783 CORAL AVENUE APN: 065-386-015**

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

WHEREAS, the City of Morro Bay desires to sell certain City-owned property located at 2783 Coral Avenue in the City of Morro Bay, with APN: 065-386-015 (the "Sale Property"), bounded to the West by Coral Avenue, North by San Jacinto and East by State Highway 1; and

WHEREAS, Jeff Mayer has submitted an offer in the amount of \$799,000.00 to the City for purchase of the Sale Property; and

WHEREAS, the Planning Commission, on April 19, 2016, adopted Resolution No. 13-16 finding the sale of the vacant City-owned property consistent with the City of Morro Bay General Plan; and

WHEREAS, the Council finds there is no present or anticipated future use of the Sale Property, for public purposes; and

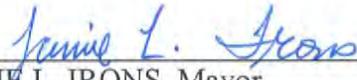
WHEREAS, the sale of the Sale Property is both consistent with the City's General Plan and is for the benefit of the City's citizens;

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

1. The City Council hereby finds the sale of the Sale Property is in the public interest.
2. The City Council hereby finds the sale of the Sale Property for the amount of \$799,000.00 is in the public interest for the common benefit of the City's citizens and is not below the fair market value of the Sale Property.
3. The City Council approves the sale of the Sale Property to Jeff Mayer in the amount of \$799,000.00 less sales commission, escrow and closing costs.
4. The City Manager or his designee is authorized to execute the Purchase Sale Agreement and all other documents to effectuate the sale of the Sale Property.

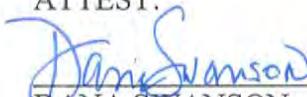
PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 12th day of July, 2016 on the following vote:

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



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

FIRST AMENDMENT TO VACANT LAND
PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS
(2783 Coral Avenue, Morro Bay, CA)

This FIRST AMENDMENT TO VACANT LAND PURCHASE AGREEMENT AND JOINT ESCROW INSTRUCTIONS ("First Amendment"), dated for reference purposes only September 14, 2016, is entered by and between the CITY OF MORRO BAY, a municipal corporation ("Seller"), and JEFF MAYER and/or his assignee ("Buyer").

RECITALS

A. Seller and Buyer entered into that certain Vacant Land Purchase Agreement and Joint Escrow Instructions dated for reference purposes on or about July 1, 2016 (as amended, the "Purchase Agreement"), pursuant to which Seller agreed to sell to Buyer, and Buyer agreed to purchase from Seller, upon the terms and conditions of the Purchase Agreement, certain real property owned by Seller and located at 2783 Coral Avenue, Morro Bay, San Luis Obispo County, California 93442 (Assessor's Parcel No. 065-386-015) and more particularly described in the Purchase Agreement;

B. Buyer's has completed his preliminary study and investigation of the Property and has determined completing the land use entitlement process necessary for the subdivision of the Property into six (6) single-family home sites, as contemplated by Buyer, (the "Project") will require a greater amount of time and the expenditure of a significantly greater amount of money. Accordingly, pursuant to the Purchase Agreement, Buyer notified Seller Buyer is currently unwilling to proceed with the Close of Escrow;

C. The parties have determined it is in their mutual interest to expedite a Close of Escrow by restructuring the financing terms set forth in the Purchase Agreement to provide for, among other things, an additional deposit and increased Seller financing; and

D. The parties now desire to amend the Purchase Agreement as hereinafter set forth.

AMENDMENT

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements in this First Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer hereby agree as follows:

1. Definitions and Recitals. Capitalized terms that are not defined in this First Amendment shall have the meanings given to them in the Purchase Agreement. The parties acknowledge and agree to the truthfulness of the foregoing recitals, which are hereby incorporated into this First Amendment.

2. Increased Deposit. Buyer shall deliver to Escrow Holder an increased deposit in the amount of \$30,000.00, for a total down payment amount of \$50,000.00 ("Down Payment") within five (5) business days after the complete execution and delivery of this First Amendment.

The Down Payment shall be non-refundable and is intended to serve as liquidated damages pursuant to paragraph 27B, except in the event of Seller's default or failure of a material condition to Closing.

3. Seller Financing. Buyer agrees to deliver to Seller through Escrow at Closing Buyer's promissory note ("Note") secured by a deed of trust ("Deed of Trust") encumbering the Property in favor of Seller for the balance of the purchase price (\$749,000.00), bearing interest at the rate of five percent (5%) per annum, compounded monthly, from the Close of Escrow, payable in monthly installments of interest only (in arrears) beginning on October 1, 2016, and continuing until maturity, unless paid sooner. The forms of Note and Deed of Trust shall be as reasonably agreed to by the parties at least three (3) business days prior to the Close of Escrow, but shall contain the following terms and conditions:

(a) Maturity of the Note: Upon the earlier to occur of:

(i) 36 months following the Close of Escrow;

(ii) 30 days following (1) Buyer's receipt of all necessary and final/non-appealable land use entitlements and approvals for the Project (from all governmental agencies, commissions or authorities having jurisdiction over the Project) (collectively the "Entitlements") and (2) the running of any applicable statutes of limitation relating to initiating legal action to challenge the Entitlements or the Project; or

(iii) 30 days following Seller's written notice to Buyer after Seller, acting reasonably and in good faith, determines Buyer has failed to either pursue the Entitlements for the Project or defend any legal action relating to the Entitlements or the Project; provided, that if the latter occurs Seller shall have no obligation to defend that legal action.

(b) Suspension of Monthly Note Payments: In the event Buyer is a party to or is otherwise forced to defend (or commence) legal action related to the Entitlements, monthly payments due pursuant to the terms of the Note shall be suspended for so long as Buyer is involved in such legal action. Notwithstanding the suspension of payments, interest shall continue to accrue on the outstanding balance of the Note.

(c) Indemnification Related to Entitlement Litigation. Buyer shall defend and indemnify Seller from and against any and all claims, demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including without limitation, reasonable attorney's fees, disbursements and court costs) which may arise from the Project and/or the Project's approval, whether based on Seller's CEQA determination or other governmental decision; provided that Buyer's obligation to indemnify does not apply to the extent Seller is found liable for gross negligence or willful misconduct.

4. Close of Escrow. Close of Escrow shall occur on or before September 30, 2016.

5. Commission. Notwithstanding anything to the contrary contained in the Purchase Agreement or any listing or other representation agreement between Seller and Ciano Real Estate Inc. ("Agent") regarding the Property, Agent and Seller agree any commission or compensation otherwise payable by Seller upon the Close of Escrow shall be paid when and only to the extent of cash received by Seller on account of the Purchase Price.

6. Further Assurances; Cooperation. Each of the parties shall execute such other and further documents and do such further acts as may be reasonably required to effectuate the intent of the parties and carry out the terms of this First Amendment. Without limiting the foregoing, the parties shall execute and deliver such instructions as necessary to transfer the escrow and Buyer's deposit to the Escrow Holder designated herein and to cause the Preliminary Report to be issued expeditiously.

7. No Further Amendment. Except as expressly provided in this First Amendment, the Purchase Agreement remains unmodified and in full force and effect. Further, all the terms and provisions of the Purchase Agreement apply to this First Amendment except as modified by this First Amendment.

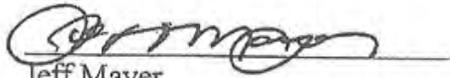
8. Interpretation. The provisions of this First Amendment shall be construed as to the fair meaning and not for or against any party based upon any attribution of such party as the sole source of the language in question. In the event of any inconsistency between this First Amendment and the Purchase Agreement, the terms of this First Amendment shall prevail.

9. Counterparts. This First Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. To facilitate execution of this Agreement, the parties may execute and exchange by electronic mail or telephone facsimile counterparts of the signature pages.

IN WITNESS WHEREOF, the parties have executed this First Amendment on the dates below written.

(SIGNATURES APPEAR ON THE FOLLOWING PAGE)

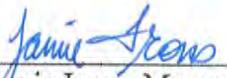
BUYER:


Jeff Mayer

Dated: September 9, 2016.

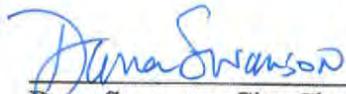
SELLER:

CITY OF MORRO BAY, a
municipal corporation

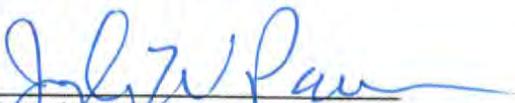
By: 
Jamie Irons, Mayor

Dated: September 14, 2016.

ATTEST:

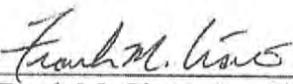

Dana Swanson, City Clerk

APPROVED AS TO FORM:


Joseph W. Pannone,
City Attorney

Agreed as to Paragraph 5:

Ciano Real Estate, Inc., a
California corporation

By: 
Frank M. Ciano, President

RESOLUTION NO. 75-16

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,
AFFIRMING COUNCIL'S INTENT TO DIRECT PRINCIPAL PAYMENTS FROM THE SALE OF
REAL PROPERTY AT 2783 CORAL AVENUE TO PAY DOWN DEBT RELATED TO
CONSTRUCTION OF THE FIRE ADMINISTRATION BUILDING**

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

WHEREAS, the City of Morro Bay (City) acquired real property, approximately one acre of vacant land, located at 2783 Coral Avenue, further identified as Assessor's Parcel Number (APN) 065-386-015 (Property); and

WHEREAS, the Property was dedicated to the City for fire station purposes in association with the Cloisters residential subdivision; and

WHEREAS, the City subsequently determined that site was not well suited for a fire station, and the City Council directed sale of the Property; and

WHEREAS, on July 12, 2016, City Council approved a Sale Agreement (Resolution No. 59-16) and subsequently on September 14, 2016, approved the First Amendment to Sale Agreement for the Property; and

WHEREAS, on October 11, 2016, Staff presented a recommendation to City Council for use of the principal payment associated with the subject sale of the Property, in concert with the Citizens Oversight/Finance Advisory Committee (CFAC) recommendation for same, to pay down the 2011 United States Department of Agriculture (USDA) Certificate of Participation (Loan) for the construction of the Fire Administration Building.

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

1. Except as otherwise stated herein, the City Council directs the proceeds of the principal payment from the sale of the Property shall be used to pay down the Fire Administration Building Loan.
2. When those proceeds are available to the City, City staff will have CFAC review that use within the context of the then current economic and fiscal conditions, prior to transmittal of those proceeds to pay down the Loan.
3. If CFAC recommends utilization of those proceeds for purposes other than paying down the Loan, then City staff will bring an agenda item forward for Council consideration.
4. The City Council may, at its pleasure, review the CFAC recommendation and adjust the direction set forth in this Resolution.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 15th day of November, 2016, by the following vote:

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



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

Capital Program Budget Financial Summary

The FY 2018/19 Capital budget includes funding for \$13,194,030 in capital improvements through the City as outlined below:

WRF*	\$	9,378,776
Street Improvements		1,295,715
General Government**		1,185,196
Harbor Projects		595,576
Transit		327,255
Water Projects		205,756
Sewer Projects		<u>205,756</u>
Total Capital Projects	\$	13,194,030

*Water Reclamation Facility

**Capital Projects that are not funded through an enterprise fund or Measure Q funding.

Significant FY 2018/19 Projects

- Water Reclamation Facility
- Fire Engine Replacement
- Pavement Management Plan
- City Park Play Equipment
- ADA Transition Plan Improvement Sidewalks/Crosswalks
- Audio Visual and Facility upgrades for Council Chambers
- Replacement Vehicle—Trolley
- Beach Street Slips—South

2018 Council Goals

1. Achieve Economic and Fiscal Sustainability
2. Complete WRF Project and OneWater Program
3. Improve Infrastructure and Public Spaces
4. Review and Update Significant City Land Use

GLOSSARY

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

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

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

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

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

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

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

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

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

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

CITY OF MORRO BAY Summary of FY 2018/19 Adopted Budget



PUT LIFE ON COAST

Mayor
Jamie Irons

City Manager
Scott Collins

Vice Mayor
Marlys McPherson

City Clerk:
Dana Swanson

Council Members
Red Davis
John Headding
Matt Makowetski

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

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

BUDGET SUMMARY

CITY-WIDE DATA

Personnel	99.5
Authorized Funded Positions	5.0
Elected Officials	
Revenues: (By Fund)	\$ 14,330,528
General Fund	13,169,030
Capital Projects Funds	22,401,299
Enterprise Funds	2,345,430
Internal Service Funds	1,486,211
Other Revenue Funds	2,080,135
Special Revenue Funds	\$ 55,812,633

Expenditures (By Fund)	\$ 14,328,624
General Fund & Transfers	13,194,030
Capital Projects Funds	11,693,754
Enterprise Funds	2,083,631
Internal Service Funds	1,730,851
Other Funds	1,536,632
Special Revenue Funds	7,266,100
Other Transfers Out	\$ 51,209,542

Cash Balance Reserves*

Est YE	2017/18
Sewer Funds ¹	\$1,268,928
Water Funds	4,092,434
Other Funds	3,733,595
General Fund	3,120,415
Internal Service Funds	1,416,537
Harbor Funds	989,288
Utility Discount	413,829
Tourism	283,022
Measure Q	118,299
Total Cash	\$21,405,639
Bud YE	2018/19
Sewer Funds ¹	\$1,268,928
Water Funds	5,373,916
Other Funds	2,918,528
General Fund	3,291,415
Internal Service Funds	1,507,336
Harbor Funds	682,037
Utility Discount	413,829
Tourism	304,675
Measure Q	118,299
Total Cash	\$15,878,963²

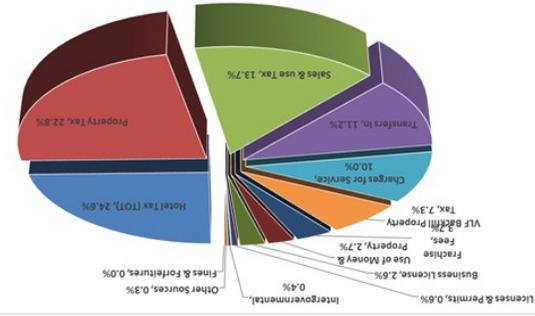
*The "cash balances" presented are a blend of fund balance and cash balance. Future budgets will be revised to provide fund balance for all funds.

¹—Sewer Fund balance decreases year over year due to planned work on the Water Reclamation Facility Capital Project.
²—Decrease in available cash is primarily due to the budgeted expenditures for the City's new Water Reclamation Facility. The City budgeted use of available cash to reduce overall debt service and interest costs.

GENERAL FUND

Revenues: (By Category)	\$	3,524,835
Hotel Tax (TOT)		3,262,077
Property Tax		1,964,510
Sales & use Tax		1,605,795
Transfers In		1,435,473
Charges for Service		1,048,184
VLF Backfill Property Tax		531,799
Franchise Fees		389,600
Use of Money & Property		376,500
Business License		92,859
Licenses & Permits		50,380
Intergovernmental		43,005
Other Sources		5,511
Total	\$	14,330,528

FY 2018/19 Revenues by Category



Hotel Tax (TOT): Tax that is levied on occupants of hotel and motel rooms in the city for stays of less than 30 days.

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

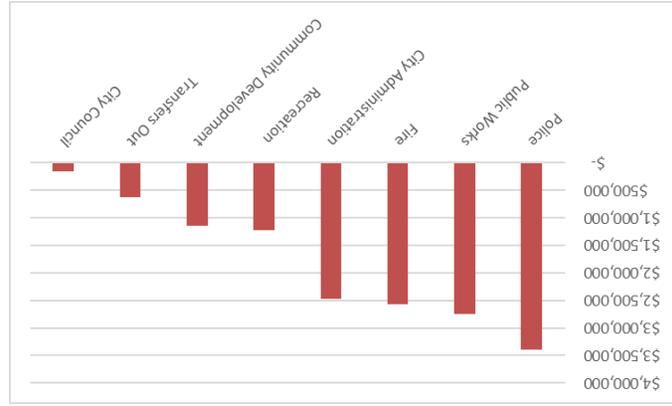
Licenses & Permits: Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.



GENERAL FUND

Expenditures (By Department):	\$	3,399,264
Police		2,751,209
Public Works		2,569,479
Fire		2,472,243
City Administration*		1,225,166
Recreation		1,136,633
Community Development		624,080
Transfers Out		150,550
City Council		14,328,624
Total	\$	14,328,624
% of Bud		
Police		23.7%
Public Works		19.2%
Fire		17.9%
City Administration*		17.3%
Recreation		8.6%
Community Development		7.9%
Transfers Out		4.4%
City Council		1.1%

FY 2018/19 Expenditures by Department



Expenditures (By Category):

Salary & Benefits	\$	10,228,403
Services		2,876,599
Transfers Out		624,080
Supplies		499,017
Other Uses		65,335
Debt Service		35,190
Total	\$	14,328,624
% of Bud		
Salary & Benefits		71.5%
Services		19.9%
Transfers Out		4.4%
Supplies		3.5%
Other Uses		0.5%
Debt Service		0.2%

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