

# 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, MAY 21, 2019**  
**VETERANS MEMORIAL HALL – 3:30 PM**  
**209 SURF ST., MORRO BAY, CA**

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

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

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

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

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE APRIL 24, 2019, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE SPECIAL MEETING

B. BUSINESS ITEMS

1. DISCUSSION AND INPUT ON THE PROPOSED FY 2019/20 OPERATING AND CAPITAL BUDGET

Recommendation: Staff recommends the Committee discuss and provide input on the proposed FY 2019/20 Operating and Capital Budget.

2. REVIEW OF THIRD QUARTER INVESTMENT REPORT (Period Ending March 31, 2019) FOR FISCAL YEAR 2018/19; (Finance Director)

Recommendation: Staff recommends that the Committee Receive the Third Quarter Investment Report (period ending March 31, 2019) for Fiscal Year 2018/19.

3. REVIEW OF WRF CAPITAL PROJECT MONTHLY UPDATE REPORT

Recommendation: Receive WRF Capital Project Monthly Update Report.

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

June 18, 2019

E. ADJOURNMENT

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

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

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

**MINUTES – CITIZENS OVERSIGHT/ FINANCE  
ADVISORY COMMITTEE  
SPECIAL MEETING – APRIL 24, 2019  
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chair
	John Martin	Vice-Chair
	Lois Johnson	Member
	David Betonte	Member
	Homer Alexander	Member
	Bart Beckman	Member
MEMBERS ABSENT:	Bill Bowes	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Sandra Martin	Budget/Accounting Manager
	Tracy McConnell	Account Clerk III

**ESTABLISH A QUORUM AND CALL TO ORDER**

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

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

STAFF ANNOUNCEMENTS

No staff announcements were made.

PUBLIC COMMENT PERIOD

No public comments

**A. CONSENT CALENDAR**

1. APPROVAL OF MINUTES FOR MARCH 19, 2019 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING.

<https://youtu.be/ZsbW6IDmM14?t=2m20s>

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

**B. BUSINESS ITEMS**

1. DISCUSSION AND INPUT ON THE MEASURE Q FY 2019/20 DRAFT PROPOSED BUDGET

<https://youtu.be/ZsbW6IDmM14?t=3m7s>

Finance Director Callaway gave a brief overview and answered questions from committee members.

2. DISCUSSION AND INPUT ON DRAFT PROPOSED FY 2019/20 OPERATING BUDGET

<https://youtu.be/ZsbW6IDmM14?t=15m26s>

Finance Director Callaway gave a general overview of highlights of the proposed budget and answered questions from committee members.

3. REVIEW OF WRF CAPITAL PROJECT UPDATE REPORT

<https://youtu.be/ZsbW6IDmM14?t=1h4m39s>

WRF Program Manager Casares gave a 3<sup>rd</sup> Quarter 18-19 Water Reclamation Facility report presentation to committee members. WRF Program Manager Casares and Public Works Director Livick answered questions and received Committee recommendations.

4. FUTURE AGENDA ITEMS

<https://youtu.be/ZsbW6IDmM14?t=2h8m1s>

C. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for May 21, 2019.

D. ADJOURNMENT

The meeting adjourned at 5:45 pm

Recorded by:  
Tracy McConnell



AGENDA NO: B-1

MEETING DATE: May 21, 2019

# Staff Report

**TO:** Chairman and Committee Members **DATE:** May 17, 2019

**FROM:** Jennifer Callaway, Finance Director

**SUBJECT:** Discussion and Input on the Proposed FY 2019/20 Operating and Capital Budget

## RECOMMENDATION

Discussion and input on the Proposed FY 2019/20 Operating and Capital Budget

## DISCUSSION

The draft proposed budget was distributed on May 3, 2019, in advance of the scheduled Budget Study Sessions held on May 14, 2019 and May 16, 2019 (Printed copies are available at City Hall for public viewing and Committee Member pick-up and also posted on the City's website at [http://morrobayca.gov/DocumentCenter/View/13292/Proposed-FY-2019\\_20-Operating-and-Capital-Budget](http://morrobayca.gov/DocumentCenter/View/13292/Proposed-FY-2019_20-Operating-and-Capital-Budget)). Attached for the Committee's review are the presentations provided to the Council during those budget study sessions. The Council expressed appreciation for the Committee's thoughtful review and discussion regarding the Measure Q and General Fund budgets.

Attached for the Committee's review are materials presented to the City Council during the two budget study sessions as well as the revised Financial Summaries pages B-4 and B-5, the Triangle Lot – Boat Yard Storage and Morro Creek Restoration capital project pages (previously provided to Council). The Council directed modifications to the budget thus far have been to add capital projects for the Surf Street Stairs and Vet's Hall Facility Upgrades, appropriate a \$75,000 Coast Guard Payment to the Harbor Accumulation Fund and other edits and grammatical corrections.

## ATTACHMENTS

1. May 14, 2019 Council Budget Study Session Presentation
2. May 16, 2019 Council Budget Study Session #2 Presentation
3. Revised Pages B-4 and B-5 (Financial Summaries)
4. Other Funds: Triangle Lot – Boat Yard Storage Budget Page
5. Revised Pages I-54 and I-55 Morro Creek Restoration Capital Project

Prepared By:   JC  

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

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# City of Morro Bay

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## Proposed FY 2019/20 Operating and Capital Budget

May 14, 2019



# BUDGET STUDY SESSIONS

- **May 14<sup>th</sup> – General Overview**
  - Revenues
  - Expenditures
  - Measure Q & Tourism
  - Emergency Reserves
  - Items for Council Direction – GF Contribution to TBID
- **May 16<sup>th</sup> – Budget Detail**
  - Fund Budget Overviews
  - Proposed Capital Budget and Projects
- **May 28<sup>th</sup> –**
  - Ten-Year Forecast Update
  - Revenue Enhancement Options

# BUDGET DEVELOPMENT

## Staff from all Departments

Scott Collins, Dana Swanson, Laurie Goforth, Rob Livick, Damaris Hanson, Mike Wilcox, Joe Mueller, Janeen Burlingame, Scot Graham, Cindy Jacinth, Kirk Carmichael, Jen Little, Bonnie Johnson, Chief Cox, Eric Endersby, Lori Stilts, Chief Knuckles, Matt Vierra, Dawn McLean

Employee Budget Group: Utilized recommendations and past suggestions from the group

All Staff Meeting: Discuss Budget development, challenges and future challenges

## Finance Team

Sandy Martin, Tracy McConnell, Val Webb, Chere Valencia, Carly Hartzell, Chloe Budd

CFAC Review – April 24, 2018

# BUDGET DOCUMENT

- Transmittal Letter: A-1
  - City Manager’s Budget Message
  - Accomplishments
  - Initiatives
  - CSMFO Excellence Award
  - City Profile Section
  - Budget & Financial Policy Information
- Financial Summaries: B-1
  - Summary of Total City Revenues and Expenditures
  - Summary of General Fund Revenues and Expenditures
  - Summary of Fund Balance Reserves
  - Summary of FTEs

# BUDGET DOCUMENT

## • Departmental Budgets: Section C

### Summary of FTEs

	2018/19 Funded	2019/20 Funded
<b><i>City Clerk</i></b>		
<i>City Clerk</i>	0.33	
<i>City Clerk/HR Manager</i>		0.33
<i>Admin/Deputy City Clerk</i>	0.75	
<i>Executive Assistant/Deputy City Clerk</i>		0.75
<b>Total Department FTEs</b>	<b>1.08</b>	<b>1.08</b>

### KEY PROGRAM SERVICES

- Provides public notice of City Council and other Brown Act meetings.
- Prepares and distributes all City Council and certain Advisory Body Agenda packets.
- Preserves and maintains the City's records and legislative history.
- Responds to Public Records Act requests.
- Coordinates recruitment and appointment process for City Advisory Bodies.
- Acts a Filing Official for the City's Conflict of Interest Code (Form 700) in conformance with the requirements of the Fair Political Practices Commission.
- Oversees compliance with legally required Ethics and Harassment Prevention training for appointed and elected officials.
- Provides risk management services and processes and monitors all City contracts.
- Maintains City's Municipal Code.
- Elections Official for Local Municipal Elections.
- Trainings and Coordination for Advisory Boards and Committees

# BUDGET DOCUMENT

- Departmental Budgets:

FY 2018/19

Accomplishments

Objectives	FY 2018/19 Accomplishments
<p><b>Good Governance</b></p>	<ul style="list-style-type: none"> <li>• Compiled and published City Council and other advisory body agendas, minutes and documentation in an efficient manner, within legally prescribed timelines.</li> <li>• Provided open access to information, documents and the legislative process.</li> <li>• Administered the recruitment and selection process for the City's six standing and two special purpose advisory bodies.</li> <li>• Coordinated with San Luis Obispo Clerk-Recorder's Office to conduct the 2018 General Municipal Election, including the passage of Cannabis Tax Measure D-18.</li> <li>• Updated orientation and training materials for new Council and Advisory Body Members</li> <li>• Administered the provisions of various State laws, including the California Elections Code, Political Reform Act, Brown Act, Maddy Act and Public Records Act.</li> <li>• Collected and secured written protests for the 2018 Water &amp; Sewer rate increase Prop 218 process and conducted an informal verification and tabulation of purported written protests received by the City.</li> </ul>
<p><b>Records Management</b></p>	<ul style="list-style-type: none"> <li>• Continued efforts to organize and index City records in accordance with adopted policies.</li> </ul>
<p><b>Risk Management</b></p>	<ul style="list-style-type: none"> <li>• Coordinated semi-annual Risk Management Evaluation conducted on behalf of the California JPIA to examine key area of operations and provide recommendations / action items for best practices to reduce risk exposure.</li> </ul>

# BUDGET DOCUMENT

## Departmental Budgets: FY 2019/20 Goals

### FY 2019/20 KEY PROJECTS

Core Goals	Key Projects
<b>Good Governance</b>	<ul style="list-style-type: none"> <li>• Ensure open access to information, documents and the legislative process</li> <li>• Improve transparency by providing public access to key City documents including ordinances, resolutions and contracts via the City website public portal.</li> <li>• Continue to improve programs to better educate staff, Council and Advisory Body members regarding Political Reform Act, Brown Act, AB 1234 Ethics Laws and Public Records Act compliance.</li> </ul>
<b>Records Management</b>	<ul style="list-style-type: none"> <li>• Continue efforts to implement new employee training / annual training on records management, e-mail management, retention and destruction policies.</li> <li>• Continue efforts to organize and index City records in accordance with adopted policies.</li> </ul>
<b>Elections</b>	<ul style="list-style-type: none"> <li>• Prepare to conduct a fair and impartial November 2020 Municipal Election, meeting Federal / State / local statutes and policies, including responsibilities for Fair Political Practices Commission (FPPC) filings (Campaign Disclosures, Conflict of Interest)</li> </ul>
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>• Evaluate recommendations from 2018 Risk Management Evaluation, prioritize and complete action items.</li> <li>• Continue to update and implement various City policy and inspection programs as recommended by the California JPIA.</li> </ul>

# BUDGET DOCUMENT

## Departmental Budgets: Performance Indicators

<b>ACTIVITY AND WORKLOAD HIGHLIGHTS</b>	<b>2017/18 Actual</b>	<b>2018/19 Estimates</b>	<b>2019/20 Budget</b>
Number of Legislative Records Indexed:			
a. Number of Resolutions Indexed:	61	106	80
b. Number of Ordinances Indexed:	1	8	5
Number of Commission and Committee applications and appointments processed:	18 applications to fill 9 appointments	36 applications to fill 13 appointments	7 terms end January 2020
Number of Commission and Committee seats available:	2	13	TBD
Number of Legal Notices published within established timelines:	11	16	13
Number of Fair Political Practices Commission (FPPC) Form 700s filed:	86	90	85
Number of City Council Agenda Packets processed:	21 regular meetings 30 special meetings	22 regular meetings 32 special meetings	21 regular meetings 25 special meetings
Number of Public Records Act requests processed:	157	120	120
Average response time to Public Record Act requests:	5 days	5 days	4-5 days
Percentage of City Council Minutes prepared within 45 business days.	82%	85%	90%
Number of Contracts/ Agreements/ Purchase Orders reviewed for compliance with City's insurance requirements:	40	100	100
Number of Liability Claims processed:	12	13	12
Number of Workers' Compensation Claims processed:	15	8	10

# BUDGET DOCUMENT

- Internal Service Funds: Section D
- Measure Q: Section E
- Tourism: Section F
- Other Funds: Section G
- Enterprise Funds: Section H
- Capital Budget: Section I
- Reference Section
  - List of Funds
  - List of General Fund Program
  - Glossary
  - List of Acronyms

# BUDGET GOALS

- **Balanced Budget – without impacting core services**
- **Being Mindful to...**
  - Achieve financial and economic sustainability
  - Improving the City's Infrastructure – Including implementing the WRF and OneWater Plan
  - Improving Community Outreach and Engagement
- **Remain Mindful of Future Budget Challenges and Forecasted Shortfalls.**

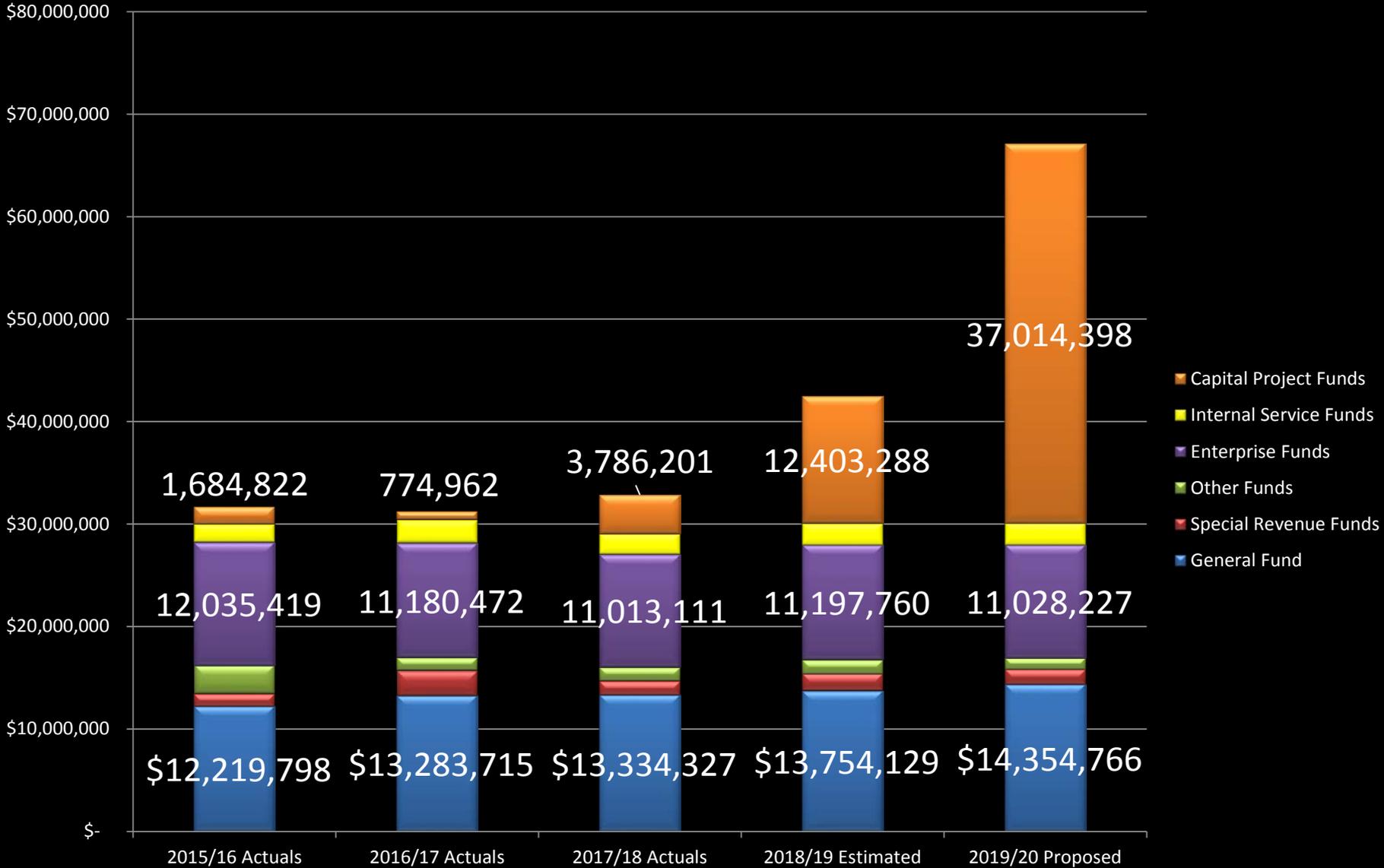
## Budget at a Glance

BUDGET CATEGORIES	PURPOSE	FUNDING SOURCE
<b>GF Operating Budget - \$14.8M</b>	<u>Provide Core Services</u> <ul style="list-style-type: none"> <li>• Police</li> <li>• Public Works</li> <li>• Community Development</li> <li>• Fire</li> <li>• Administrative Services</li> <li>• Recreation</li> </ul>	<ul style="list-style-type: none"> <li>• Sales/Property Tax</li> <li>• Licenses &amp; Permit Fees</li> <li>• Franchise Fees</li> <li>• Business License</li> <li>• Transient Occupancy Tax</li> </ul>
<b>Special Revenue Funds (Measure Q and Tourism) - \$2M</b>	<ul style="list-style-type: none"> <li>• Augment Police, Fire, Streets and Storm Drains</li> <li>• Promote Tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Sales Tax revenue (Measure Q)</li> <li>• Tourism Business Assessments</li> </ul>
<b>Internal Service Funds - \$2.1 M</b>	<ul style="list-style-type: none"> <li>• Risk Management</li> <li>• Information Technology</li> <li>• Project/Capital Accumulation</li> <li>• Vehicle/Facility Replacement/Maintenance</li> </ul>	<ul style="list-style-type: none"> <li>• Interfund transfers</li> </ul>

## Budget at a Glance

BUDGET CATEGORIES	PURPOSE	FUNDING SOURCE
<b>Other Funds - \$2M</b>	<ul style="list-style-type: none"> <li>Account for revenues with restricted use</li> </ul>	<ul style="list-style-type: none"> <li>Assessments</li> <li>LTF</li> <li>Grants</li> <li>Impact and In-Lieu Fees</li> <li>Donations</li> </ul>
<b>Enterprise Funds- \$36 M</b>	<ul style="list-style-type: none"> <li>Water</li> <li>Sewer</li> <li>Wastewater Treatment</li> <li>Harbor Services</li> </ul>	<ul style="list-style-type: none"> <li>User Rates</li> <li>Rents</li> </ul>
<b>Capital Projects - \$37 M</b>	<ul style="list-style-type: none"> <li>Maintain Public Facilities</li> <li>Infrastructure Improvements</li> <li>WRF</li> </ul>	<ul style="list-style-type: none"> <li>General Fund</li> <li>Gas Tax</li> <li>User Rates</li> <li>Loan/Bond/COPS proceeds</li> <li>In-Lieu Fees</li> <li>Measure Q Sales Tax</li> <li>PEG Fees</li> <li>Transit Funds</li> <li>Grants</li> </ul>

# TOTAL CITY EXPENDITURES BY FUND



# GENERAL FUND

Revenues: \$13.4m + \$1.4m in transfers = \$14.8M

Expense: \$14.3 million + \$480K transfers = \$14.8M

## **Balanced Budget – Overall Theme:** **Cautious**

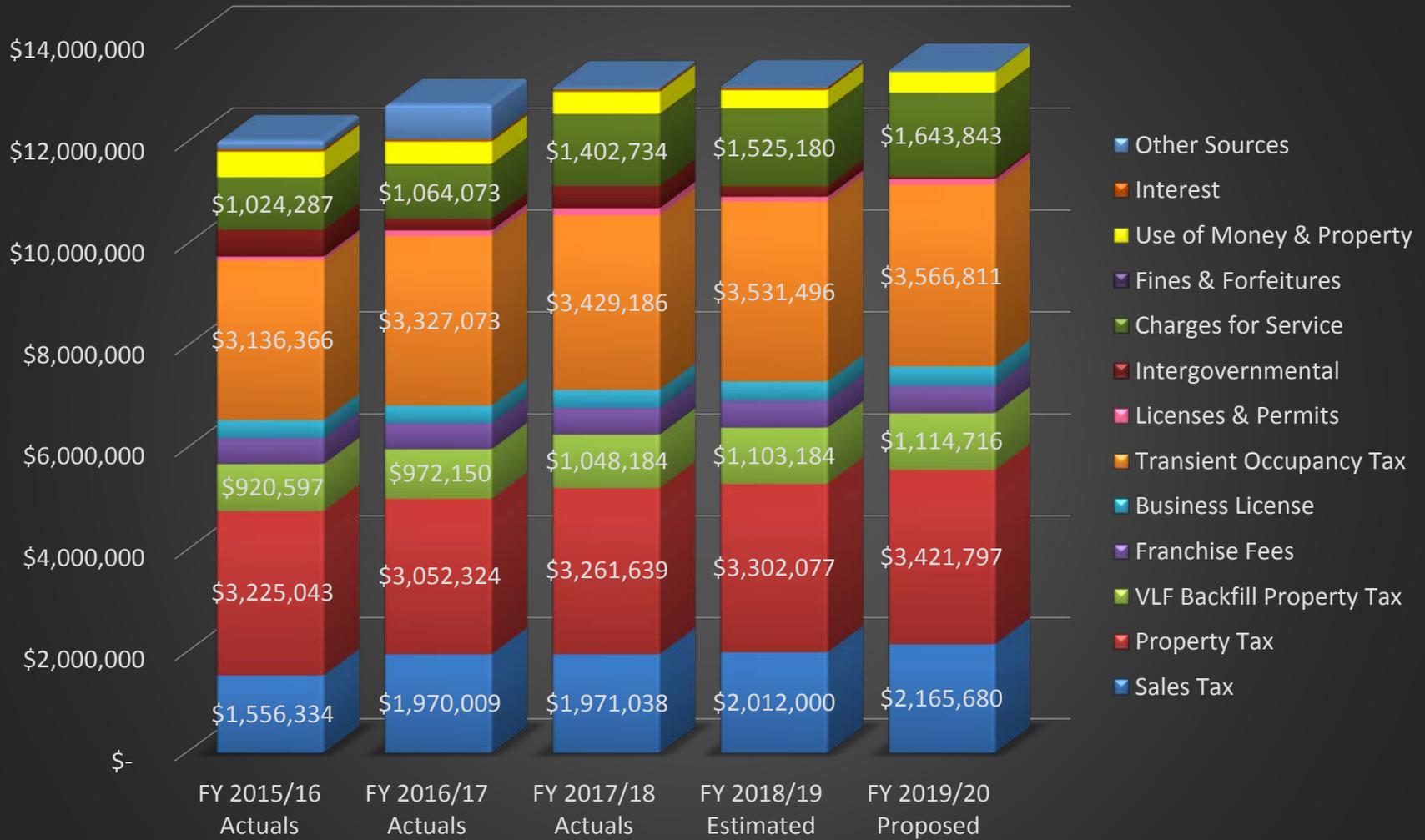
- Generally Status Quo
- No New positions, unless cost neutral
- Focus on Economic Development and Safety/Equipment Needs

# HOW DID WE BALANCE

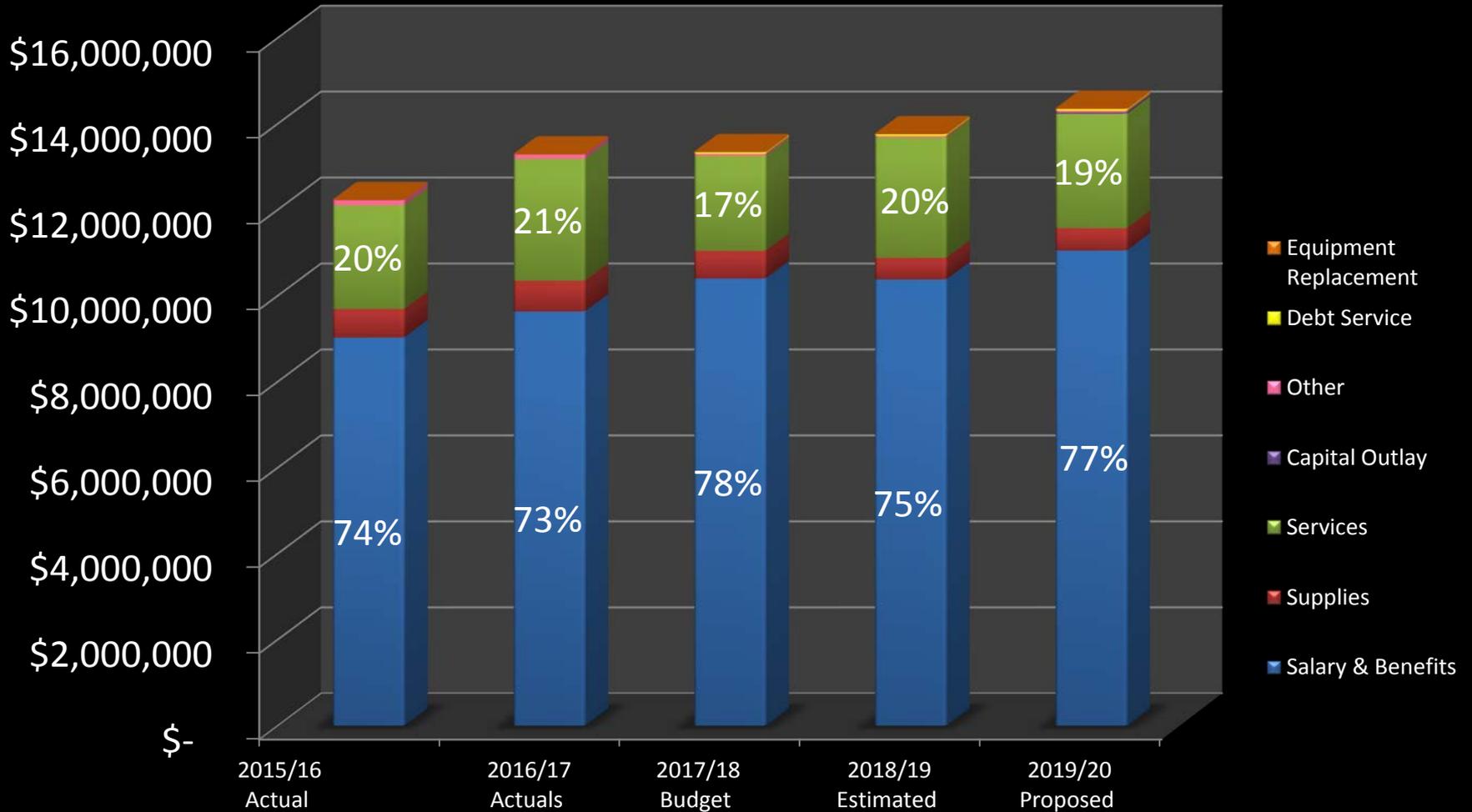
## Projected \$325 Deficit during Mid-Year Budget Update

	<u>Forecast Assumption</u>	<u>Proposed Budget</u>	<u>Difference</u>
<i>Vehicle Replacement Fund</i>	\$ 50,000	\$ -	\$ 50,000
<i>Technology Fund</i>	\$ 427,507	\$ 345,970	\$ 81,537
<i>Facilities Fund</i>	\$ 100,000	\$ 10,000	\$ 90,000
<i>Capital Fund</i>	\$ 100,000	\$ -	\$ 100,000
<i>Fire Equipment</i>	\$ 71,344	\$ -	\$ 71,344
<i>TBID Contribution</i>	\$ 160,000	\$ 60,000	\$ 100,000
<i>Economic Development</i>	\$ 100,000	\$ 65,000	\$ 35,000
<i>Police Staffing Savings</i>			\$ 60,000
<i>Fire Dispatch contract</i>	\$ 123,899	\$ 70,000	\$ 53,899
<i>CAP Contributions</i>	\$ 1,180,888	\$ 936,738	\$ (244,150)
<i>Use of Other Funds</i>	\$ 30,000	\$ 30,462	\$ 462
<i>ED Ombudsman</i>	\$ -	\$ 62,000	\$ (62,000)
<i>One-time</i>	\$ 78,855	\$ 64,000	\$ 14,855
<b>Total</b>	<b>\$ 2,422,493</b>	<b>\$ 1,644,170</b>	<b>\$ -</b>

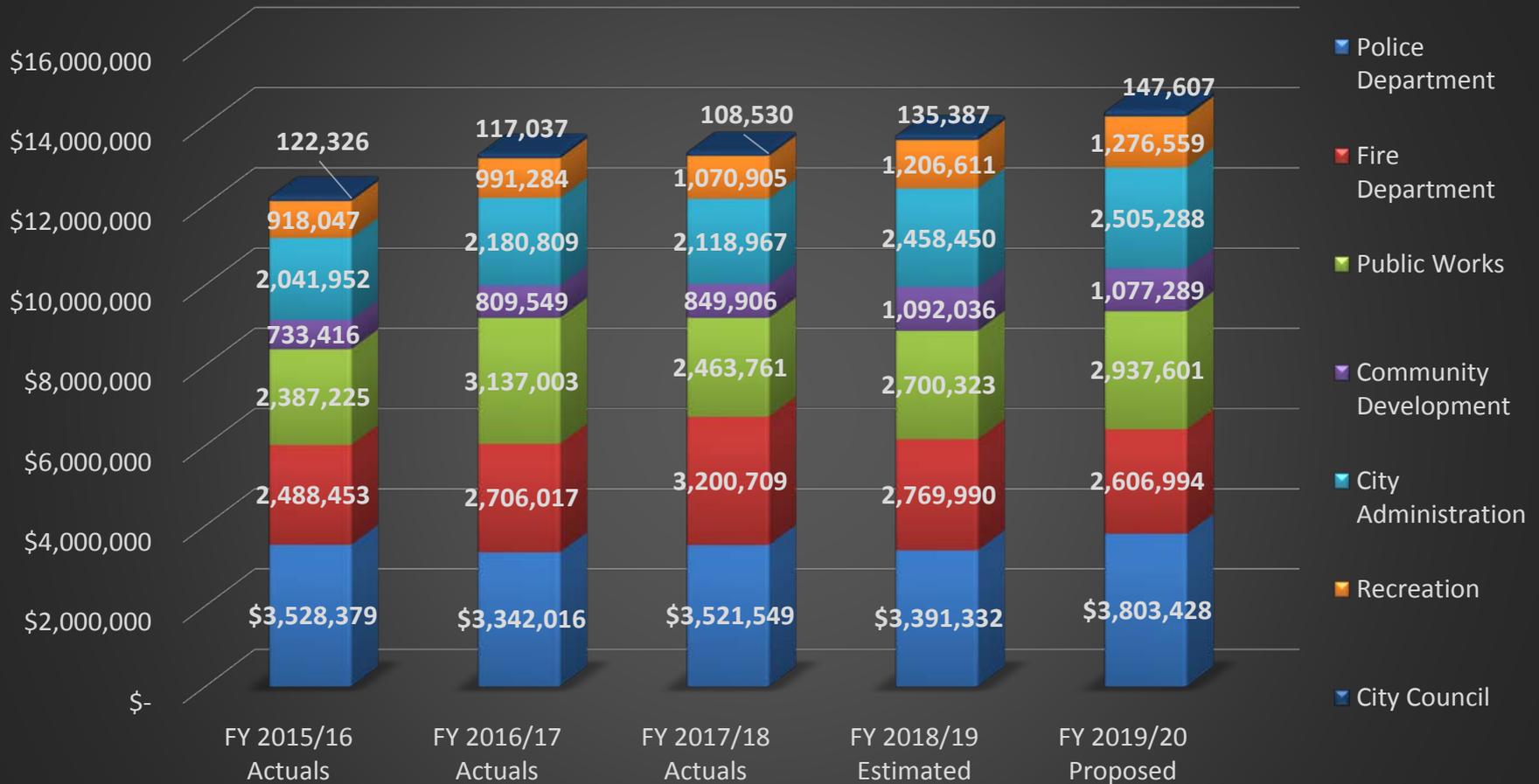
# GENERAL FUND REVENUES BY TYPE



# GENERAL FUND EXPENDITURES BY CATEGORY



# GENERAL FUND EXPENDITURES BY DEPARTMENT



# PROPOSED GF 2018/19 BUDGET

- Increased Revenues
  - Sales Tax Revenue (7.6% over Estimated Year-End Receipts)
  - TOT Revenue (1% Growth Rate over Estimated Year-End Receipts)
  - Property Tax Revenue (3.6% Growth Rate)
- Expenditures
  - GF: decreased Services (\$141K or -5%). Due reduction in one-time expenses (Fee Study), Reduced Fire Dispatch Contract Costs
  - GF: \$62,000 in CM Budget: Support Economic Development
  - GF: \$7 K to support purchase of weapons simulator for Police
  - GF: \$16,500 for Council Bequests, pending approval of Community Grants Policy/process and \$5,000 for Discretionary Beautification
  - GF: \$35,190 for debt service on solar installation loan
  - GF: \$16K Equipment Replacement – Radio Purchase for Fire and Police
  - GF: \$31K Capital Outlay – Black Hill Repeater Repairs
  - GF: Decreased support to Tourism (\$60K – TBID Board Recommends \$75K)
  - GF: New Transfer of \$65k to support Economic Development/General Plan Implementation Items
  - GF: \$346K support for IT

# PROPOSED GF 2018/19 BUDGET

- Salary and Benefit Cost Impacts
  - GF: \$674K Increase (6.5%)
  - Includes organizational Reorganizations/Reclassifications that occurred in FY 2018/19
  - 1.0 School Resource Officer Position
  - 1.0 Admin Sgt Position – Permanently Funded
  - 2% COLA increases for SEIU, MBFFA, Management and Confidential
  - 3% Increase for MBPOA with 1% Cost share towards CalPERS
  - Increased Pension
  - Increase to health rates
  - Budgeted OPEB
  - Maintained defunding of 1.0 FTE DCM
  - Maintained defunding of 1.0 Senior Civil Engineer

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION (17.5%)

## City Manager –

- \$62K economic development (partially funded with transfer in from Opportunity fund \$30k)
- Maintained defunding of Opportunity line item
- Maintained defunding of DCM Program
- 2% COLA Included
- Reduced Contract Services

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION (17.5%)

## City Attorney – \$455K

All legal services consolidated into one program

- GF - \$321K
- Water - \$46k
- Sewer - \$14k
- WRF - \$115k (funded in WRF Capital Budget)
- Harbor - \$50k

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION

## City Clerk—

- Incorporates Reclassifications
- 2% COLA
- Reduced supplies and services

## Human Resources—

- Incorporates Reclassifications
- 2% COLA

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION

## Finance—

- 2% COLA Increases
- Increased Revenues: Property Tax (3.6%), Sales Tax (7.6%) and TOT (1%)
- City Rental Property revenue and expense accounted for in City Owned Property Program

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION

## Transfers In – \$1.4M

- Measure Q Support of Fire OT - \$122K
- TBID - \$20K
- Gas Tax - \$279K
- Enterprise Fund CAP - \$806K
- Enterprise Fund Legal - \$130K

# GENERAL FUND DEPT OVERVIEW: ADMINISTRATION

## Transfers Out – \$481K

- Facility Maintenance - \$10K
- IT Fund - \$346K
- Tourism - \$60K
- Economic Development - \$65K

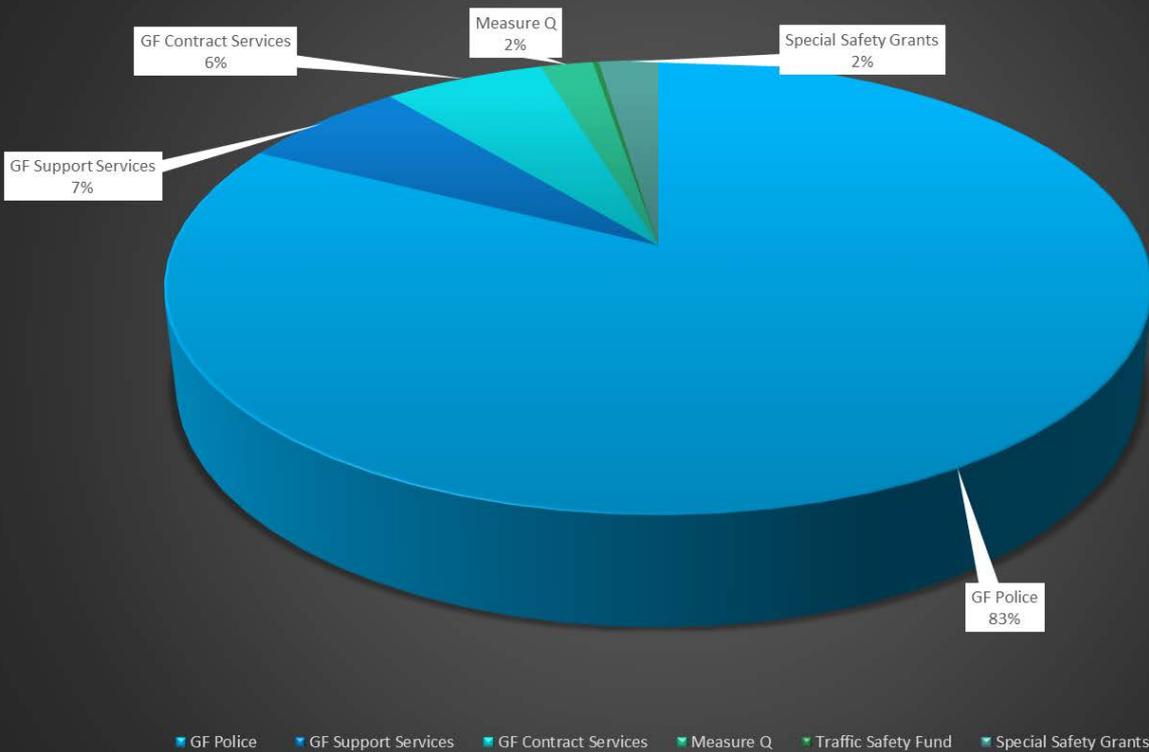
# GENERAL FUND DEPT OVERVIEW: POLICE

## GF Budget - \$3.8M (26.5%)

- Added – 1.0 FTE School Resource Officer
- Permanently Funded Admin Sgt Position
- Reduced FTE allocation for Support Services Technician
- 2% COLA for Non-Sworn Staff
- 3% COLA for Sworn Staff with 1% Give-Back
- Radios and Weapons Simulator Purchase

# TOTAL POLICE FUNDING

FY 2019/20 Proposed Police Funding - \$4.3M



Police Funding	2019/20 Proposed
General Fund	
GF Police	\$ 3,522,330
GF Support Services	281,098
GF Contract Services	267,436
Measure Q	87,600
Traffic Safety Fund	10,000
Special Safety Grants	99,136
<b>Total Police Exp</b>	<b>\$ 4,267,600</b>
Police Revenues	2019/20 Proposed
General Fund	\$ 200,489
Traffic Safety	10,000
Special Safety Grants	100,000
<b>Total Police Exp</b>	<b>\$ 310,489</b>

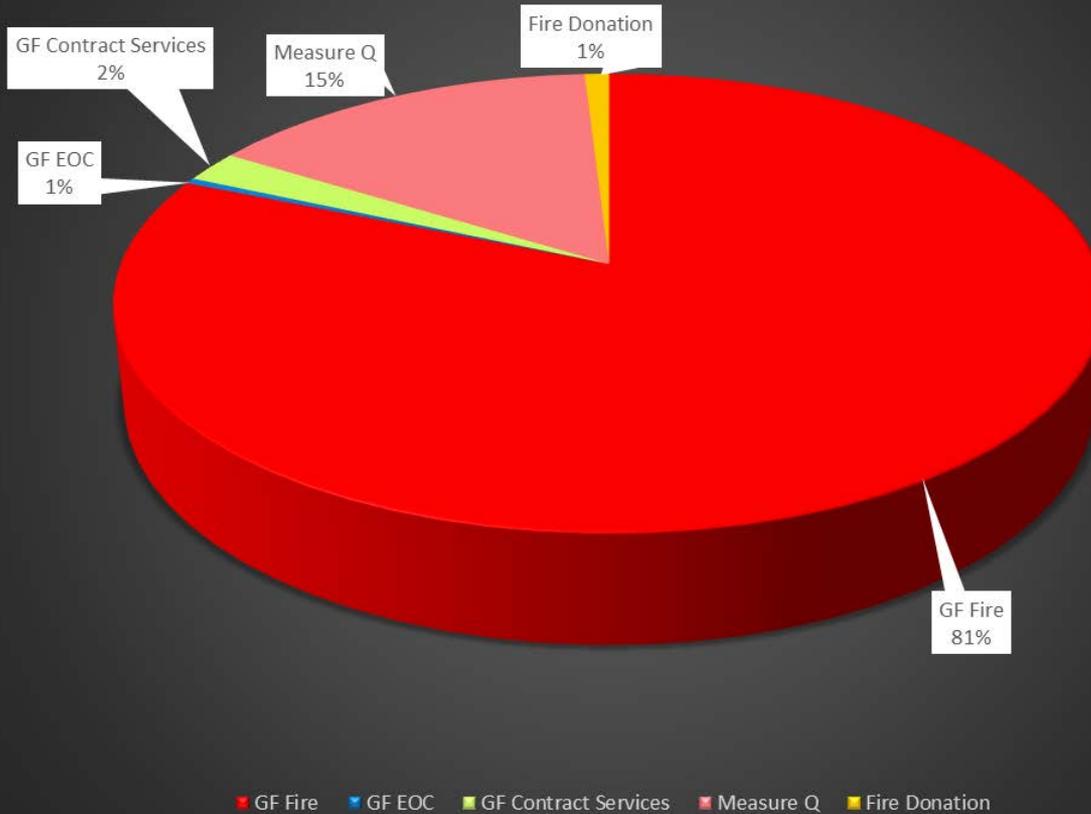
# GENERAL FUND DEPT OVERVIEW: FIRE

## GF Budget - \$2.6M (18%)

- Decreased Supplies
- 2% COLA
- Black Hill Repeater Repair
- Radio Purchase

# TOTAL FIRE FUNDING

FY 2019/20 Proposed Fire Funding \$3.2M



Fire Funding	2019/20 Proposed
General Fund	
GF Fire	\$ 2,594,447
GF EOC	\$ 12,547
GF Contract Services	70,000
Measure Q	482,922
Fire Donation	30,000
<b>Total Fire Exp</b>	<b>\$ 3,189,916</b>
<b>Fire Revenues</b>	
General Fund	\$ 279,203
Fire Donation	-
<b>Total Police Exp</b>	<b>\$ 279,203</b>

# GENERAL FUND DEPT OVERVIEW: PUBLIC WORKS (20.5%)

## Multiple Programs –

- Net budget increase of \$136K

## Administration

- Reallocation of positions – 1.07 FTE increase
- Continued use of contract services to augment in house engineering services–
- 2% COLA

# GENERAL FUND DEPT OVERVIEW: PUBLIC WORKS (20.5%)

## Consolidated Maintenance

- 2% COLA
- Expected increases for supplies and safety
- Reallocated positions – 0.25 FTE increase

# GENERAL FUND DEPT OVERVIEW: PUBLIC WORKS (20.5%)

## Consolidated Maintenance - Streets

- Operational Increases –
  - Fuel and supplies increases
  - Street Sweeping and sidewalk repair increases (\$10K)
- 2% COLA

# GENERAL FUND DEPT OVERVIEW: COMMUNITY DEVELOPMENT (7.5%)

**GF - \$1.14M**

- 2% COLA
- Reduced operating budget of \$100K
- New Economic Development Fund – transfer of \$65,000 for GP Implementation Items.

# GENERAL FUND DEPT OVERVIEW: RECREATION (9%)

## GF Total Budget - \$1.3M

- Net Operational Increase - \$42K
- 2% COLA
- Reclassification of Positions
- Increase Benefit costs
- Flat Revenue Projections

# GENERAL FUND DEPT OVERVIEW: CITY COUNCIL

## Council Bequests - \$16,500 proposed budget

- No recommendation of allocation until Community Grants Process/Policy is adopted

Note: \$5,000 request from HomeShare SLO is not currently funded in the Housing in-lieu fund budget (pg. G-15)

## \$5,000 Discretionary Beautification – Morro Bay Adopt-it Program

## COUNCIL DIRECTION

- Balanced budget as proposed
- No increased revenues assumed due to Fee Study
- Draft Cost Allocation Plan Figures used ... to be updated with Fee Study Completion
- Sales Tax Update Provided May 13<sup>th</sup> – **(\$98,000)** less than currently in proposed budget

Proposed Budget - \$2,165,680

New Estimate - \$2,067,591

**(\$ 98,089)**

## MEASURE Q

### Proposed Budget of \$1.1 million (E-3)

- Fire - \$482,922
  - Fire Station Debt, Equipment (PPE, Replacement Cardiac Monitors, Engine, salary and benefits to remain staffed at 4 firefighters per shift
- Police - \$87,600
  - Body Worn Cameras, First Responder Kits
  - Payment to Other Agency (Bomb/Gang/Drug Task Force)
- Pavement Management - \$505,345
  - Transferred to the pavement management plan CIP
  - Supplemented with approximately \$185K in SB 1 Gas Tax
- Reviewed and Approved, with comment, by CFAC on April 24, 2019

# TOURISM

## Proposed Budget - \$904,281

- \$823,322 in Assessments
- \$75,000 GF Contribution
- \$6,000 Other (Advertising)

- Expenditures:

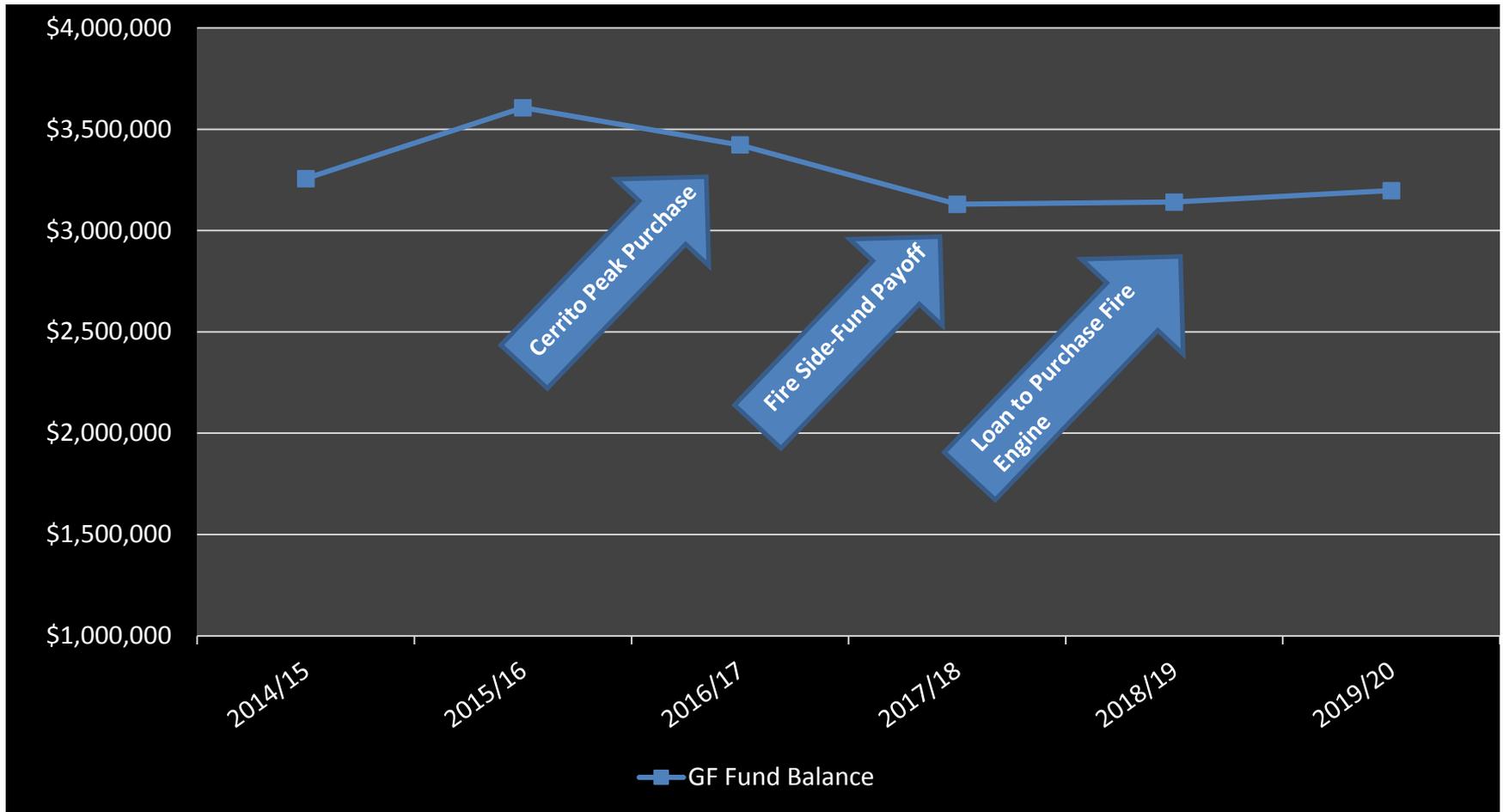
- \$219,087 in Salary and Benefits
- \$653,000 marketing, public relations and community event support
- \$31,394 Admin support (GF and IT)

## COUNCIL DIRECTION NEEDED

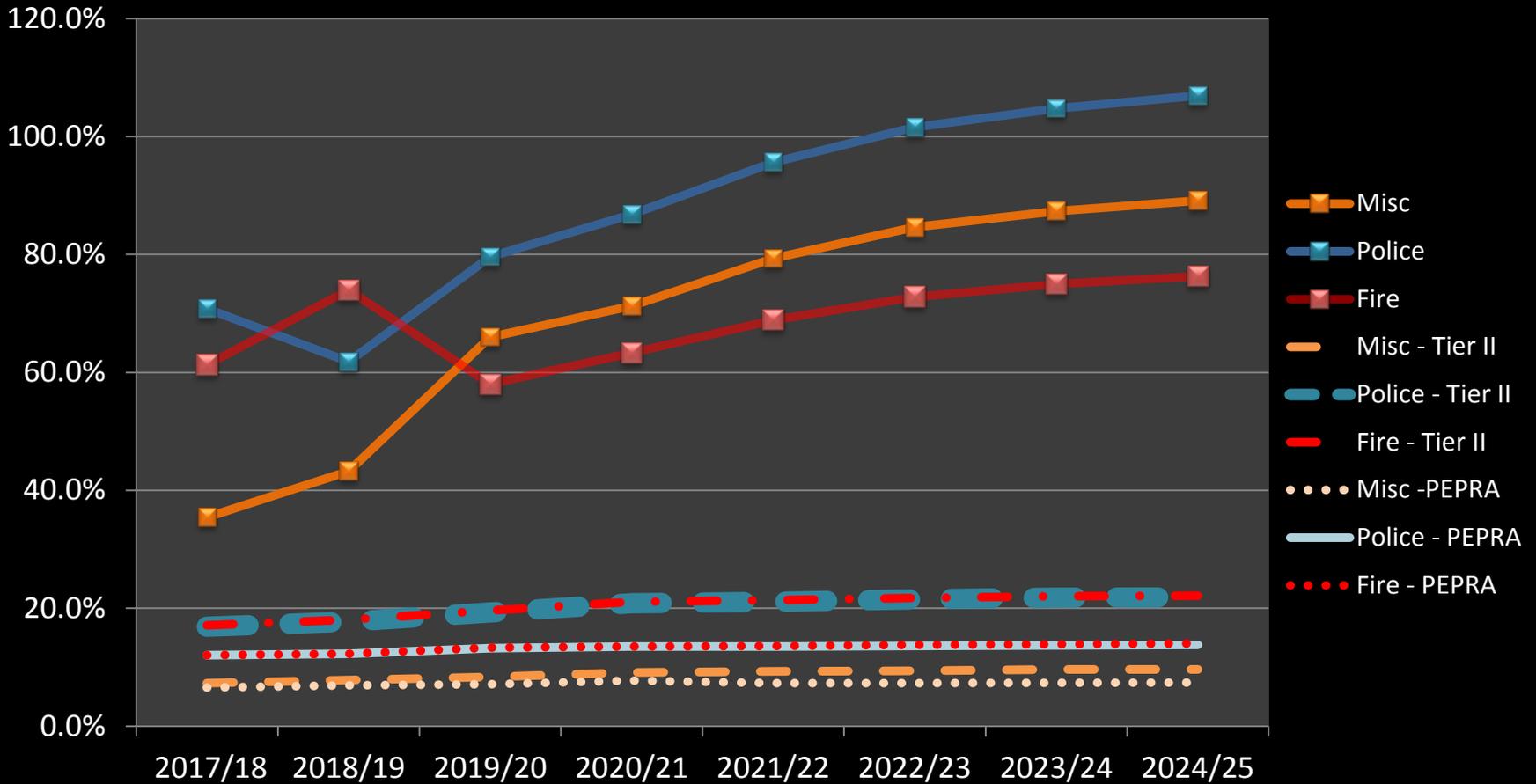
### General Fund Contribution to TBID?

- GF Budgeted at \$60K
- TBID Budget and Board Recommends \$75K

# GF FUND EMERGENCY RESERVES



# CITY'S EMPLOYER CONTRIBUTION RATES



## Noted Corrections to Date

- Financial Summaries – Cash in hand (transfers) and new revenues (grant and loan proceeds) for the Sewer Fund capital projects were included in the transfer section. Staff have corrected this with total sewer capital projects totaling \$33.9 million, \$20.4 million estimated from loan and grant proceeds and \$13.5 million from available cash. Revised pages B-4 and B-5 were provided as Attachment 3. Financial summary pages will adjust accordingly, with total town revenues \$90.4 million (\$58.7 million of revenues and \$31.7 million of transfers in).

# BUDGET STUDY SESSIONS

- **May 14<sup>th</sup> – General Overview**
  - Revenues
  - Expenditures
  - Measure Q & Tourism
  - Emergency Reserves
  - Items for Council Direction – GF Contribution to TBID
- **May 16<sup>th</sup> – Budget Detail**
  - Internal Service Funds Budget Overviews
  - Other Funds Budget Overview
  - Enterprise Funds Budget Overview
  - Proposed Capital Budget and Projects
- **May 28<sup>th</sup> –**
  - Ten-Year Forecast Update
  - Revenue Enhancement Options



# Questions & Answers

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# City of Morro Bay

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## Proposed FY 2019/20 Operating and Capital Budget

May 16, 2019



# BUDGET STUDY SESSIONS

- **May 14<sup>th</sup> – General Overview**
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# INTERNAL SERVICE FUNDS

	2017/18	2018/19	2019/20
Fund Balance Reserves	Actual	Estimated	Budgeted
Internal Service Funds	YE Balance	YE Balance	YE Balance
Risk Management	\$ 285,926	\$ 362,244	\$ 382,438
Information Technology	159,909	215,845	303,273
Facility Maintenance	134,374	77,774	12,274
Vehicle Replacement	181,302	286,530	286,530
Capital Replacement	203,905	206,205	206,205
Project Accumulation	289,244	292,444	292,444
Compensable Leave	279,130	223,768	223,768
<b><i>Total Internal Service Funds</i></b>	<b>\$ 1,533,790</b>	<b>\$ 1,664,810</b>	<b>\$ 1,706,932</b>

# INTERNAL SERVICE FUNDS

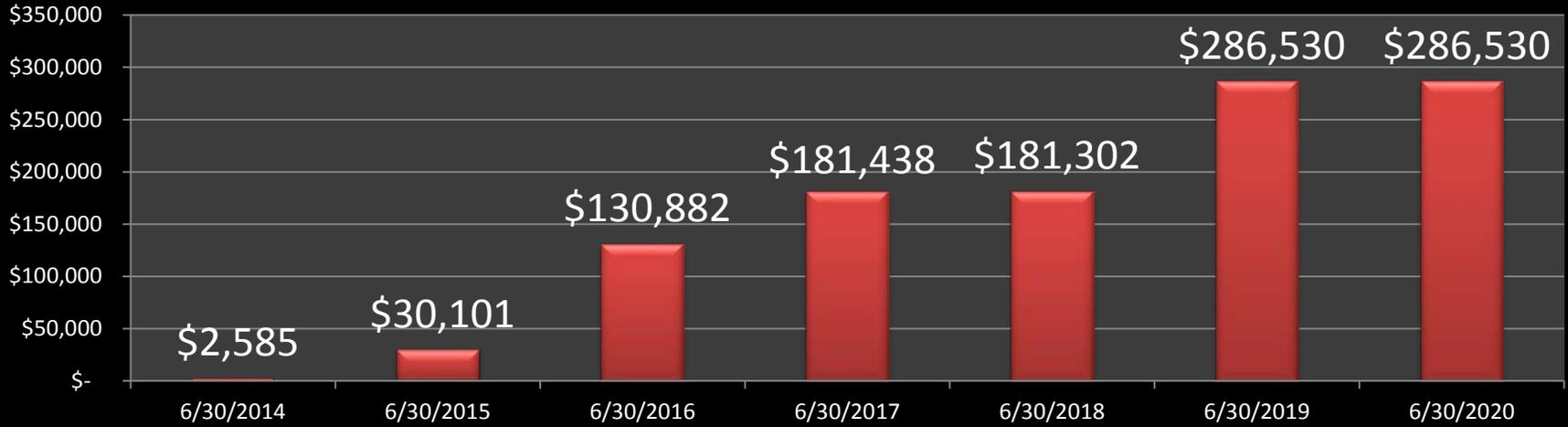
**CITY OF MORRO BAY  
GENERAL FUND FACILITY MAINTENANCE FUND  
SCHEDULE OF DEFERRED INFRASTRUCTURE MAINTENANCE  
AS OF THE 2019/20 FISCAL YEAR**

OVERALL PRIORITY	SITE PRIORITY	SITE	WORK DESCRIPTION	QUARTER	BUDGET ESTIMATE
		Coleman Restrooms	Renovate restroom for ADA compliance and accessibility		25,000.00
		Coleman Restrooms	Install ADA compliant sidewalk for restroom access		6,500.00
		Public Works	Reroof and add gutters with rain water harvesting		32,000.00
		Trash receptades	Replace trash receptades as needed citywide		6,000.00
		Public Works	Repair / replace dry rot in kitchenette		5,000.00
		Public Works	Continue carpet tile replacement		5,000.00
		Public Works	Lobby Security improvemtns		3,500.00
		Corporation Yard	Re-roof sign shop		5,000.00
		Community Center	Upgrade alarms to include security		5,500.00
		City Hall	Upgrade wiring and lighting in lobby workspace		3,500.00
		Community Center	Upgrade and interlock ventilation fans with new HVAC in Auditoriums		2,500.00
					99,500.00

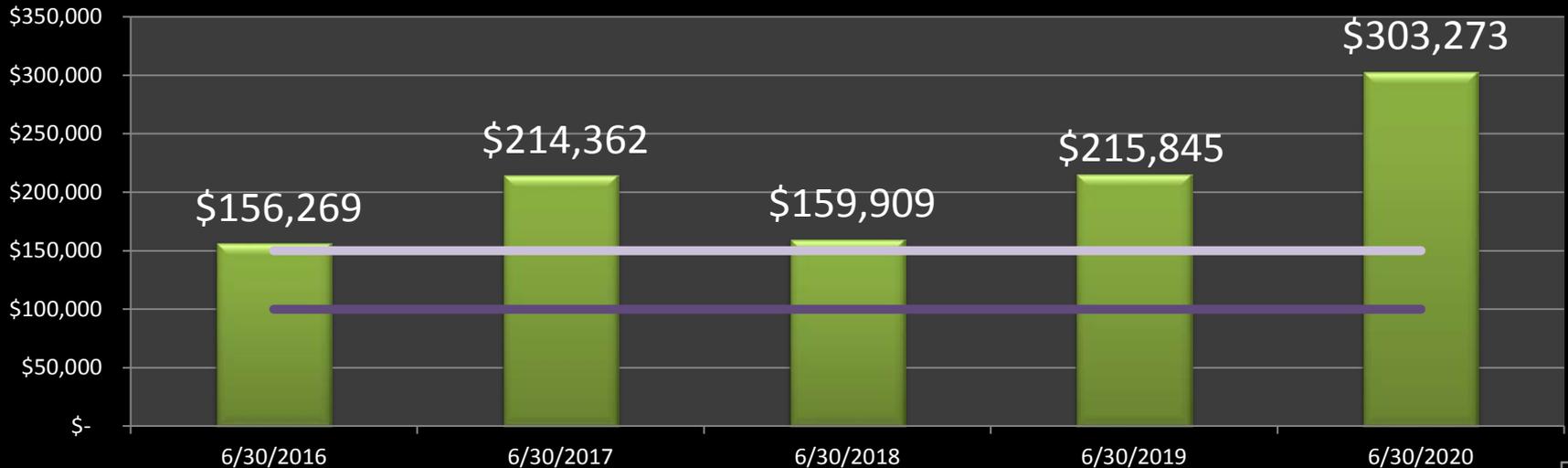
**NOTE: Project completion is based on priority and available funding.**

# INTERNAL SERVICE FUNDS – CONT.

## Vehicle Replacement – Cash Balance

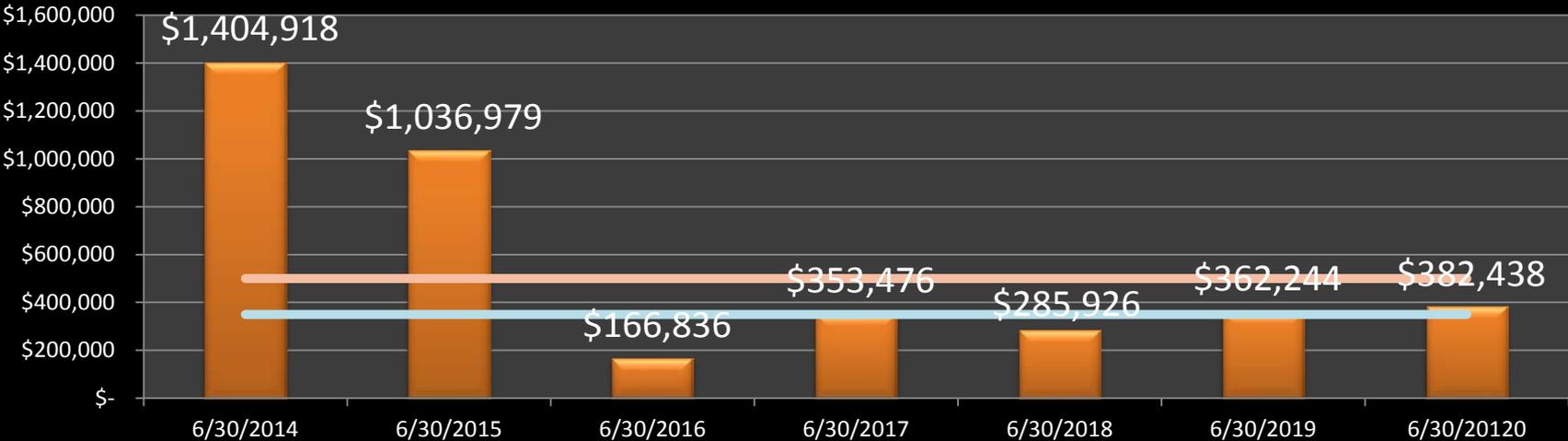


## Information Technology – Cash Balance

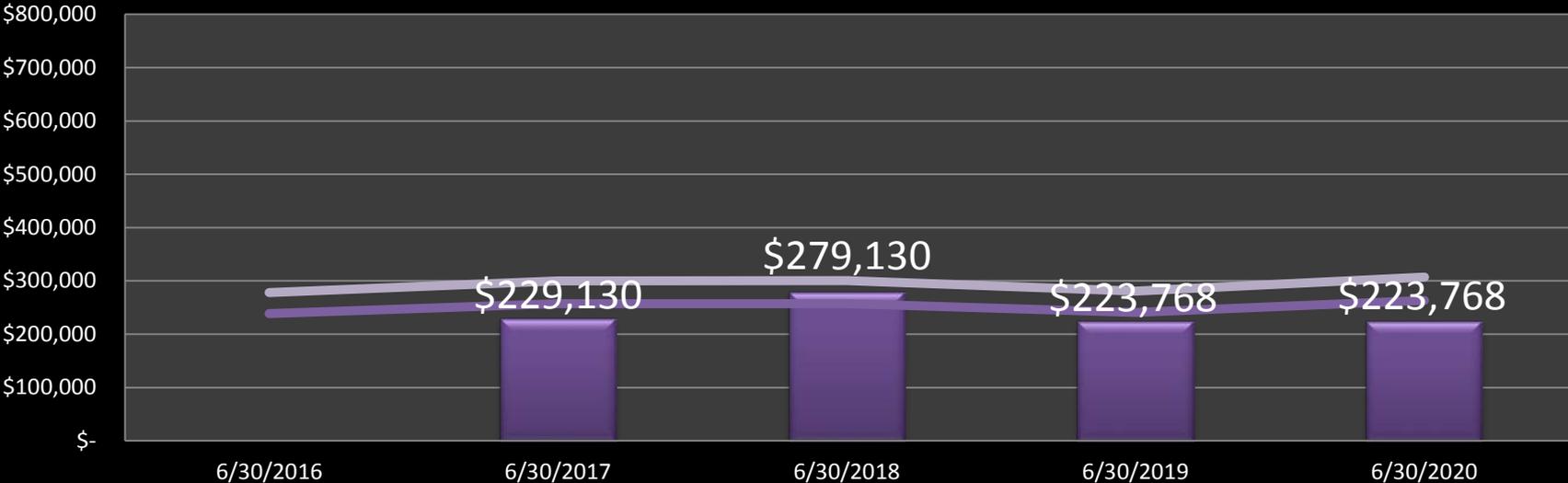


# INTERNAL SERVICE FUNDS

## Risk Management – Cash Balance

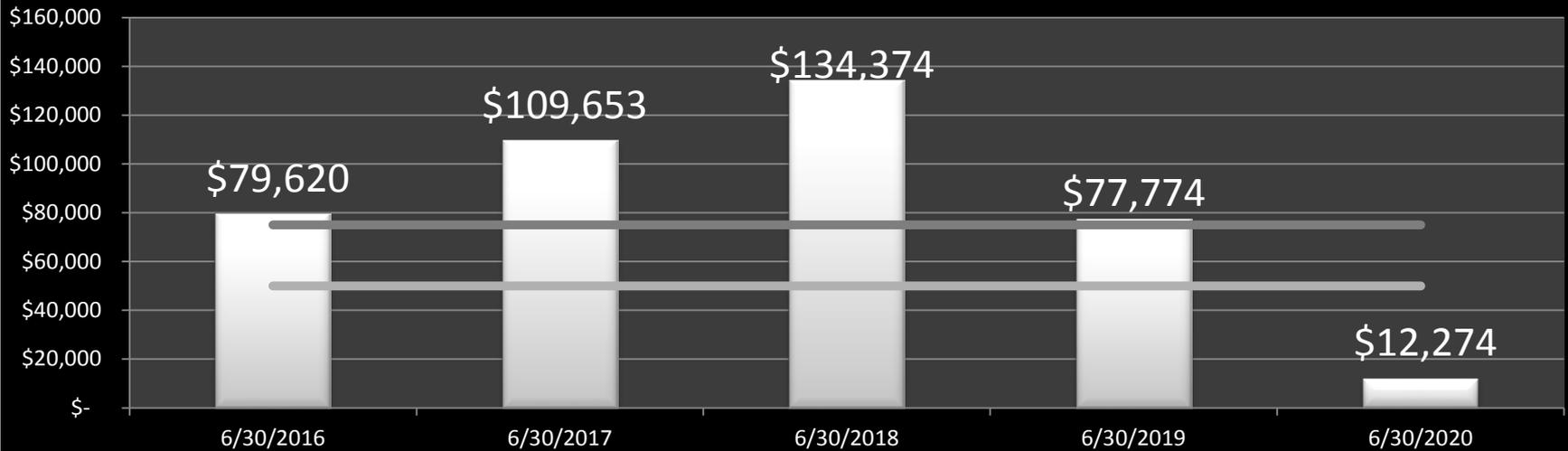


## Compensable Leave – Cash Balance

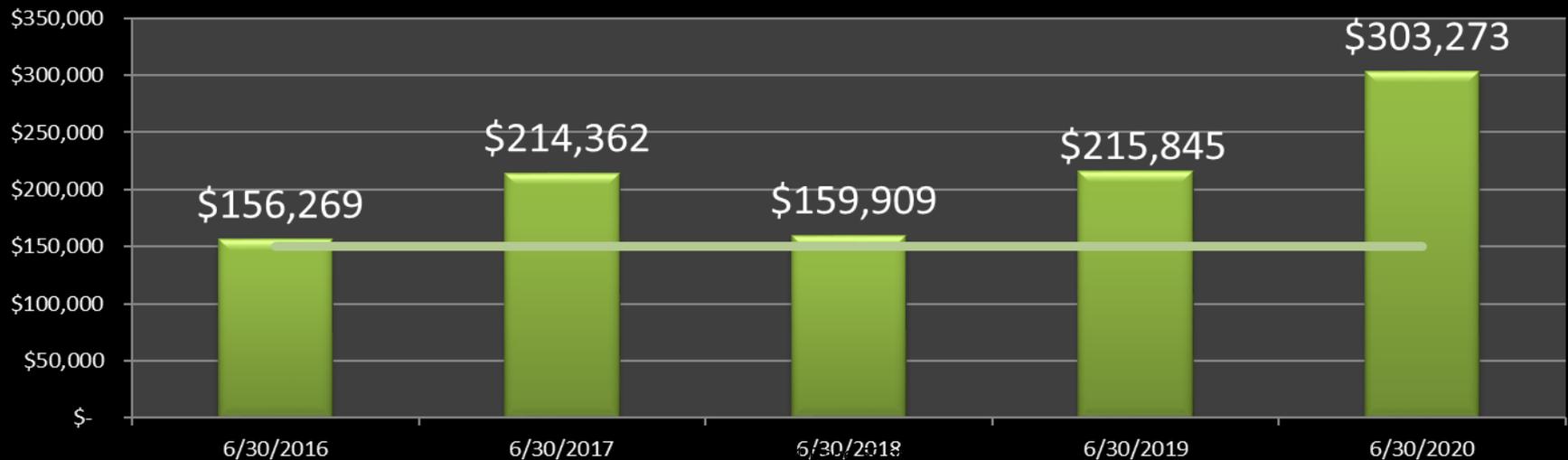


# INTERNAL SERVICE FUNDS – CONT.

## Facilities Maintenance – Cash Balance



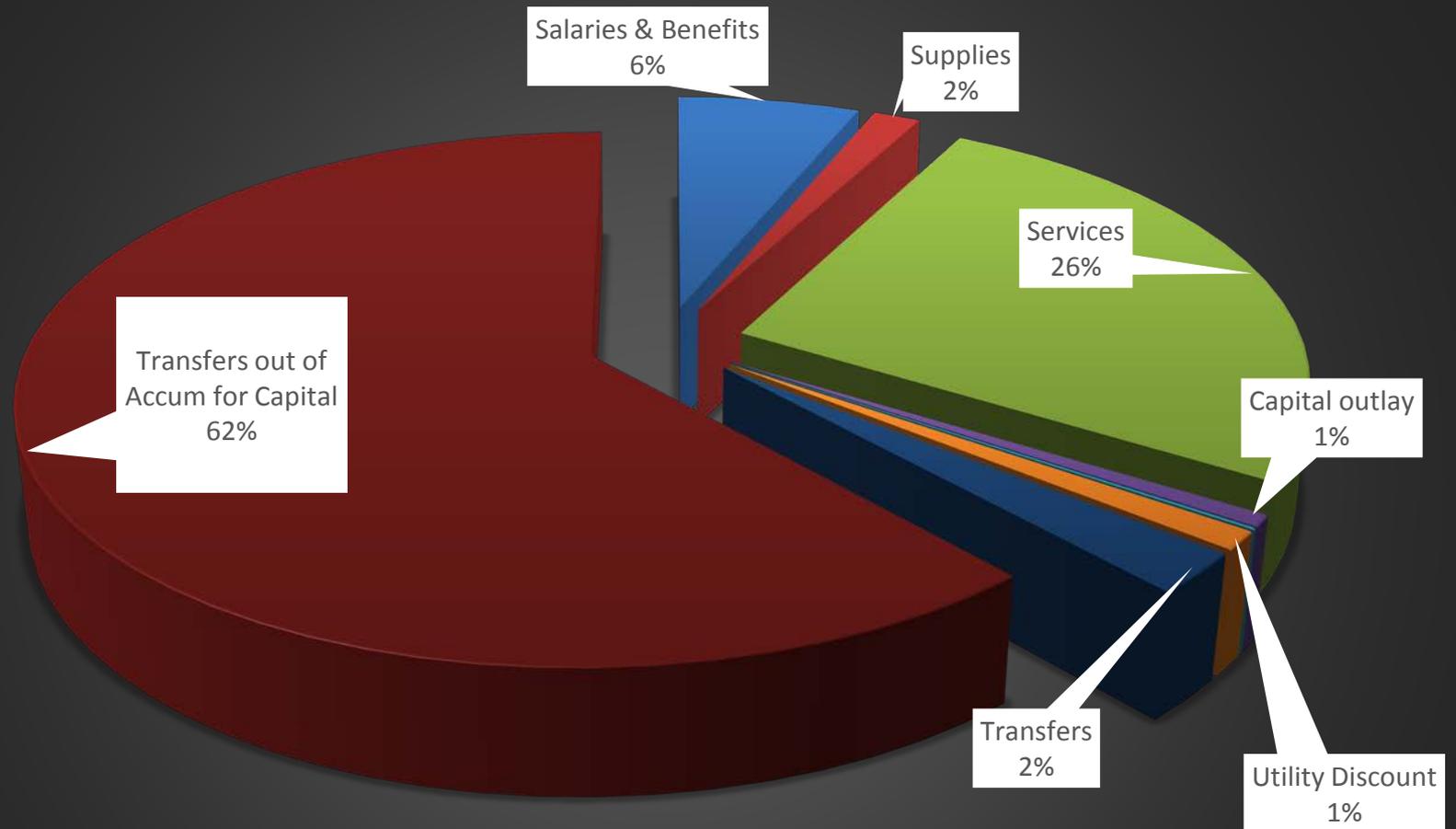
## Information Technology – Cash Balance



# OTHER FUNDS

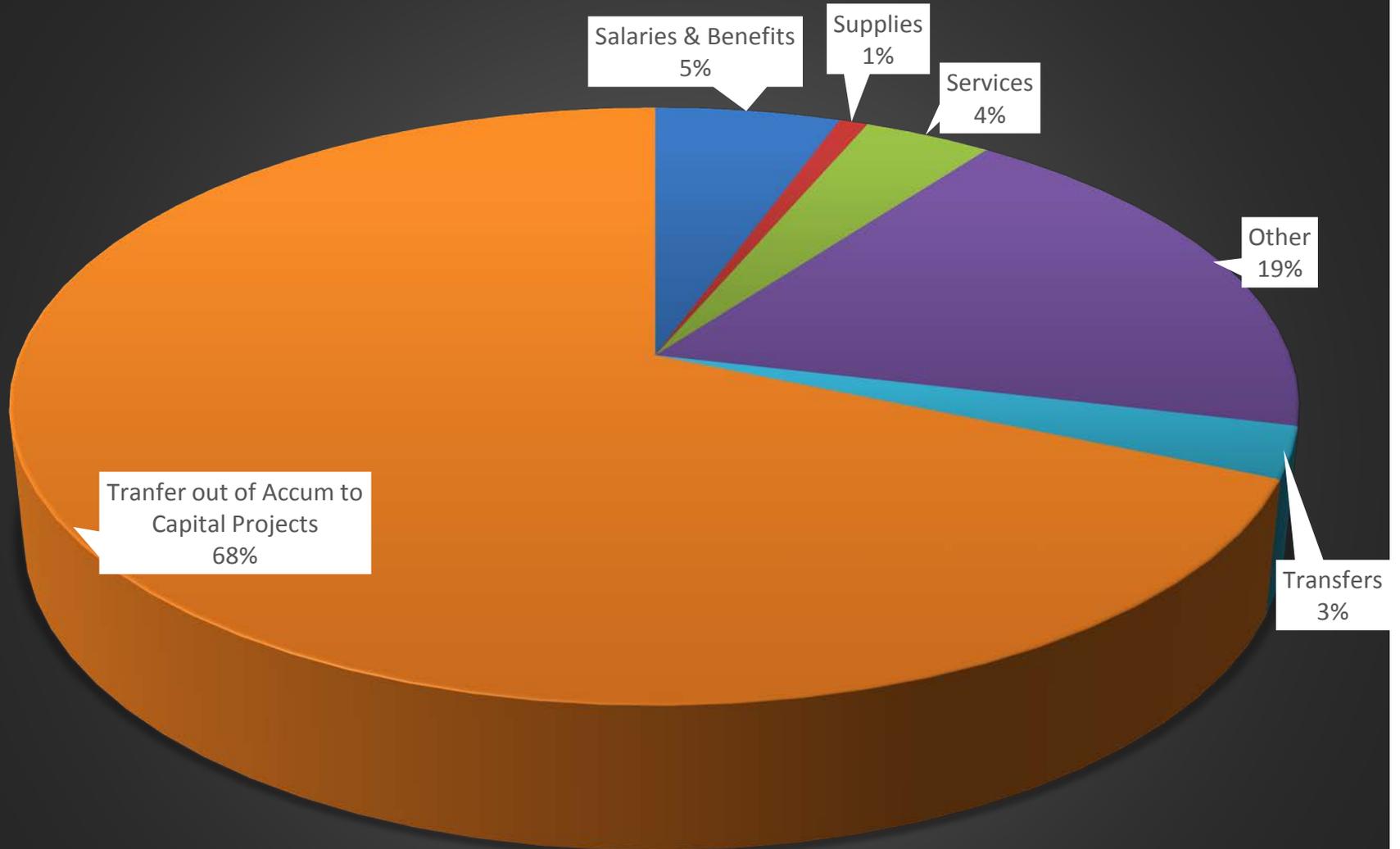
<u>Fund</u>	<u>Fund Name</u>	<u>2019/20 Proposed - Expenditures</u>	<u>2019/20 Proposed - Transfers</u>	<u>2019/20 Total Proposed</u>
<i>Other Funds</i>				
	Transit	248,239	118,060	\$ 366,299
	Bike Path	-	10,000	10,000
	LTF Roads	-	-	-
	Opportunity Fund	30,462	-	30,462
	Community Development Grants	-	-	-
	Economic Development Fund	140,000	-	140,000
	General Plan Maintenance Fee	-	-	-
	Housing In-Lieu	75,000	-	75,000
	Parking In-Lieu	-	-	-
	Government Impact Fees	-	52,850	52,850
	Park In-Lieu	-	150,000	150,000
	Harbor State Park Marina	5,000	-	5,000
	Triange Lot - Boat Yard Storage	13,475	-	13,475
	State Gas Tax	-	279,103	279,103
	Lower Cost Visitor Accomodations	-	-	-
	Traffic Safety	-	10,000	10,000
	Special Safety Grants	99,136	-	99,136
	Fire Donation Fund	30,000	-	30,000
	Jamaica Joint Defense	-	-	-
	Strategic Investment Spending Plan	-	-	-
	PEG Access Fees	-	148,200	148,200
	Community Development Plans	-	-	-
	County Tourism	361,666	7,381	369,047
	Assessment District	4,241	61,645	65,886
	Cloisters Assessment District	30,454	26,981	157,435

# WATER ENTERPRISE FUNDS - \$10.9M

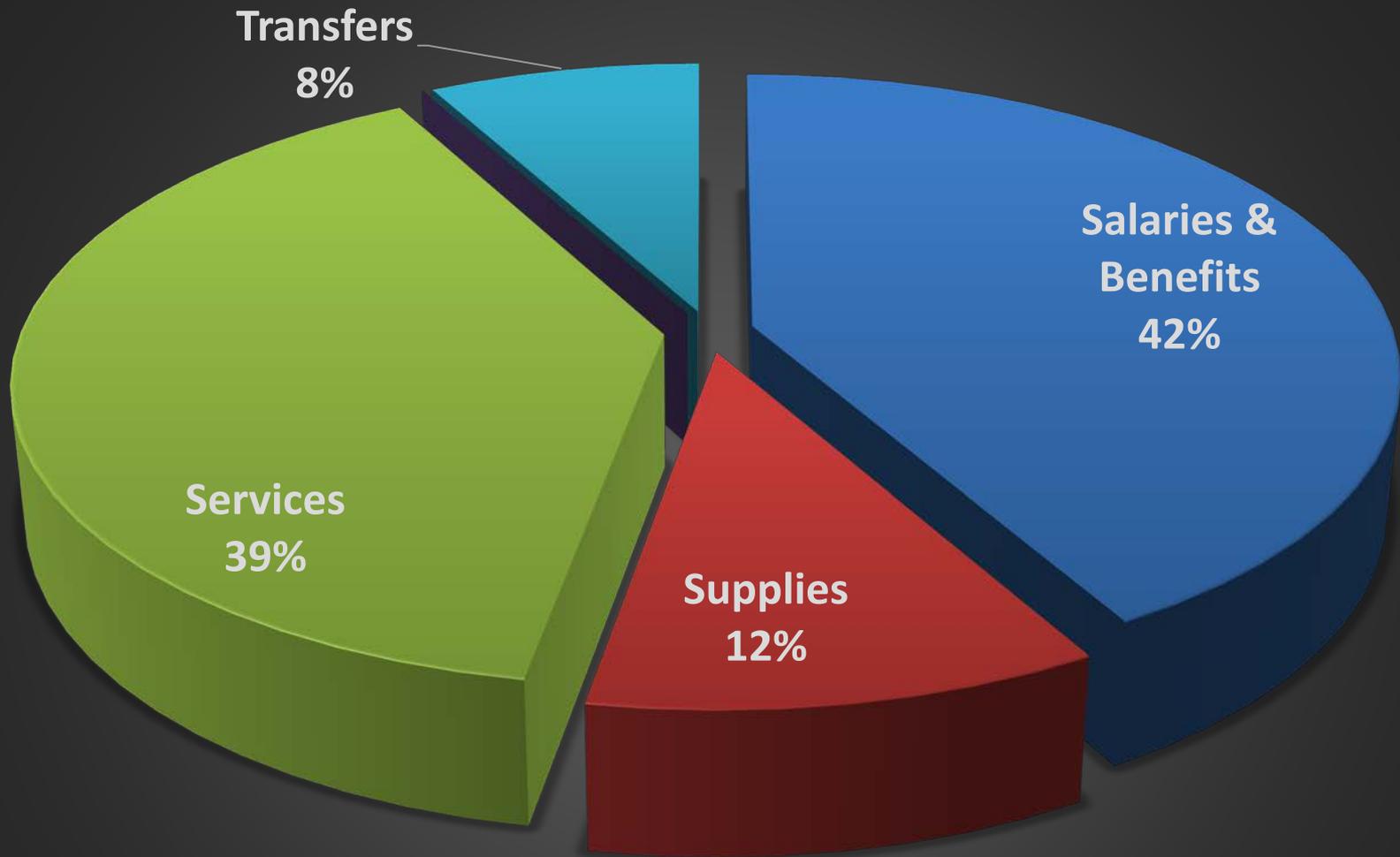


- Salaries & Benefits
- Supplies
- Services
- Capital outlay
- Other
- Utility Discount
- Transfers
- Transfers out of Accum for Capital

# SEWER ENTERPRISE FUNDS - \$10.6M

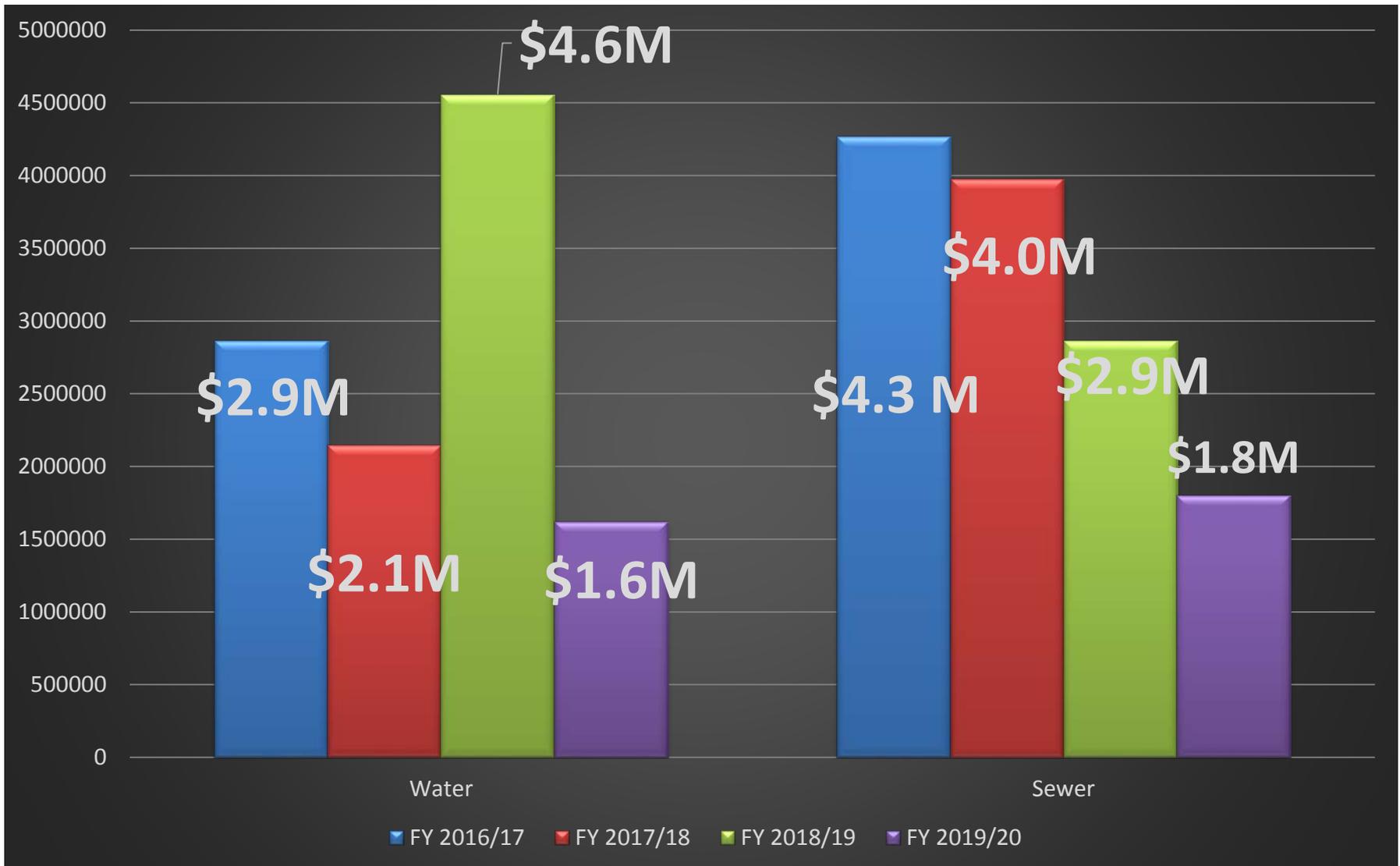


# WWTP FUND - \$2.6M



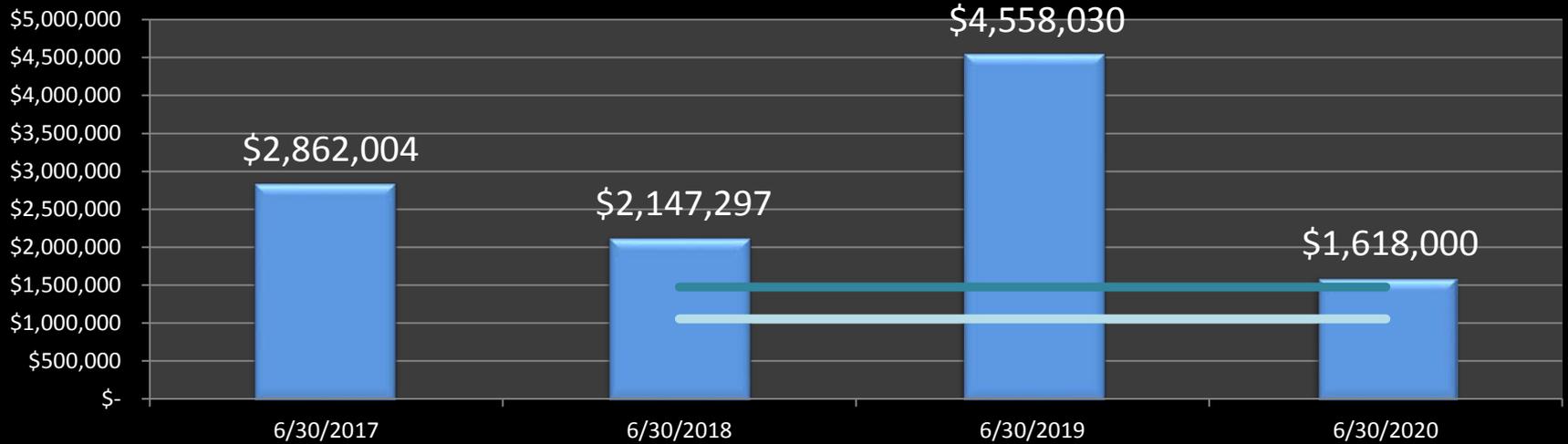
■ Salaries & Benefits ■ Supplies ■ Services ■ Other ■ Transfers ■ Accum

# WATER & SEWER ACCUMULATION FUNDS

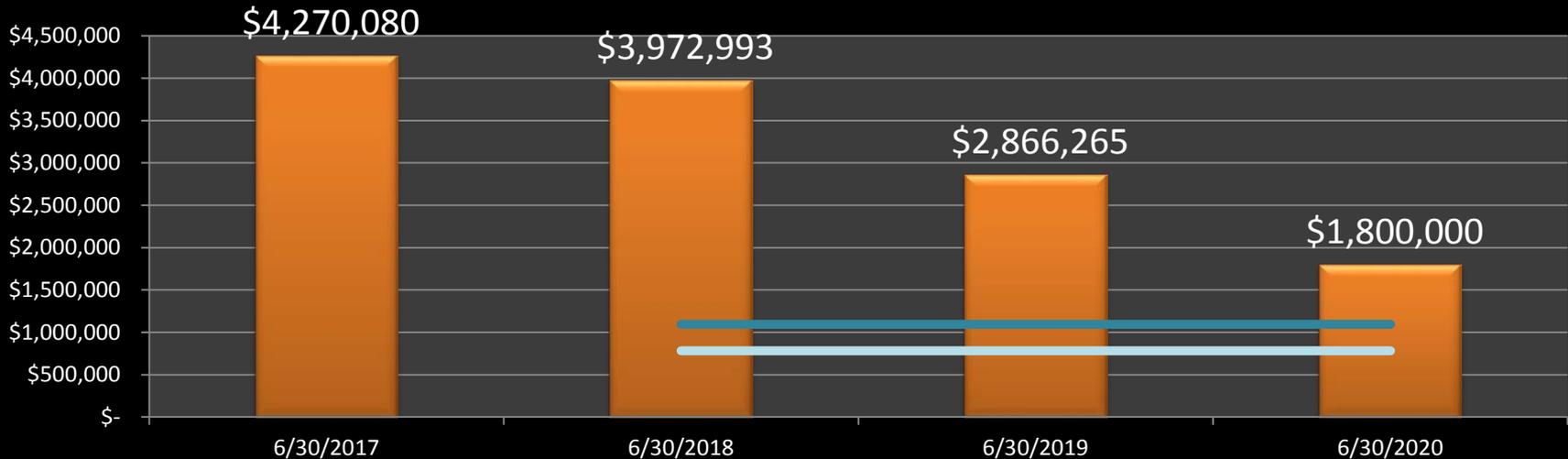


# WATER AND SEWER ACCUMULATION FUNDS

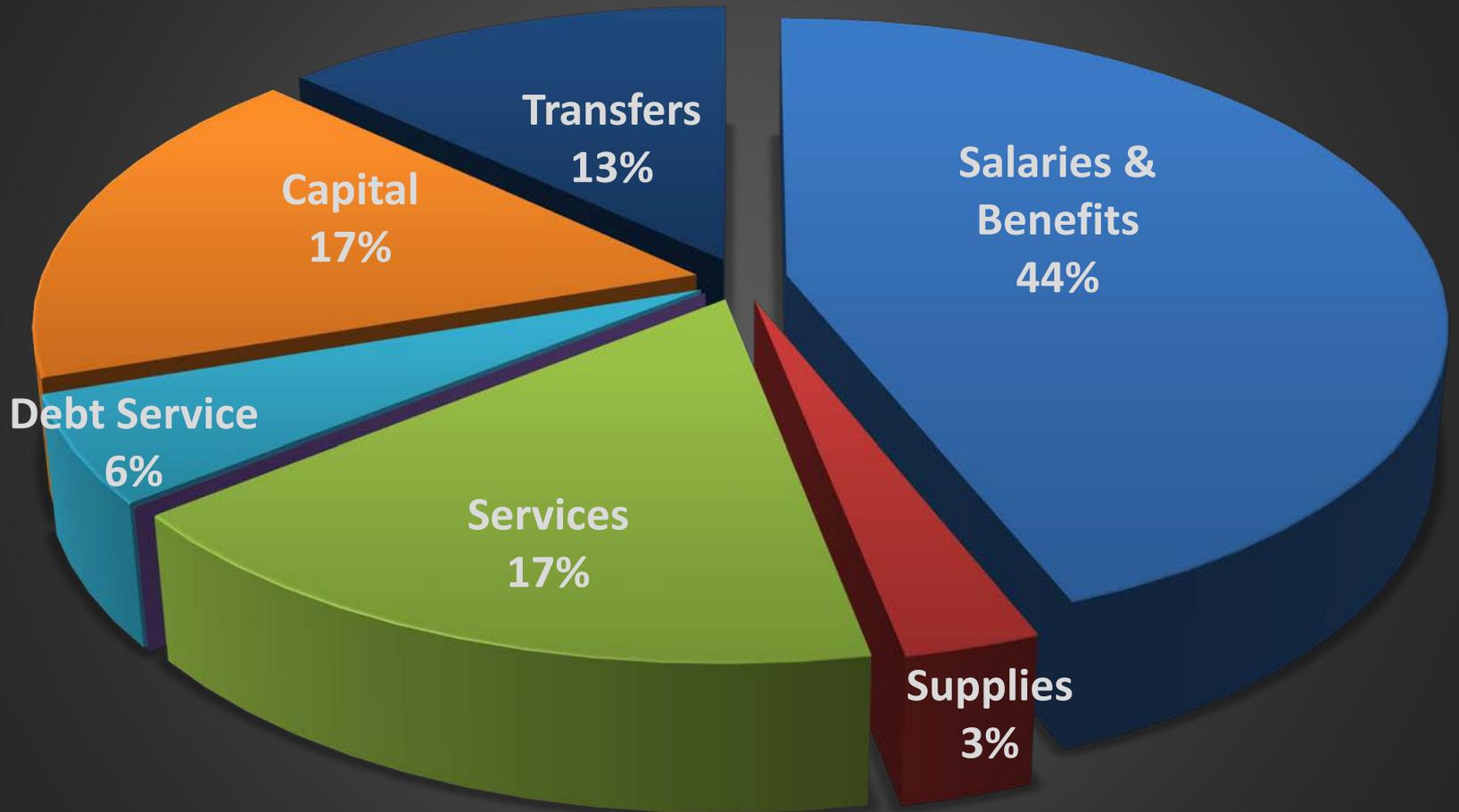
## Water Accumulation – Cash Balance



## Sewer Accumulation – Cash Balance



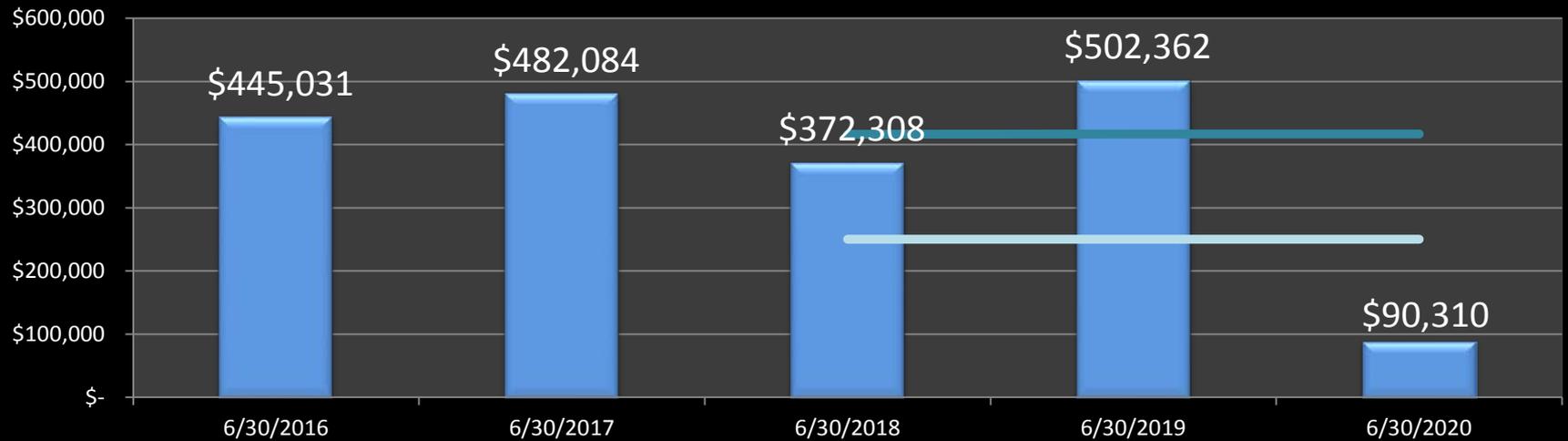
# Harbor Enterprise Fund - \$2.4M



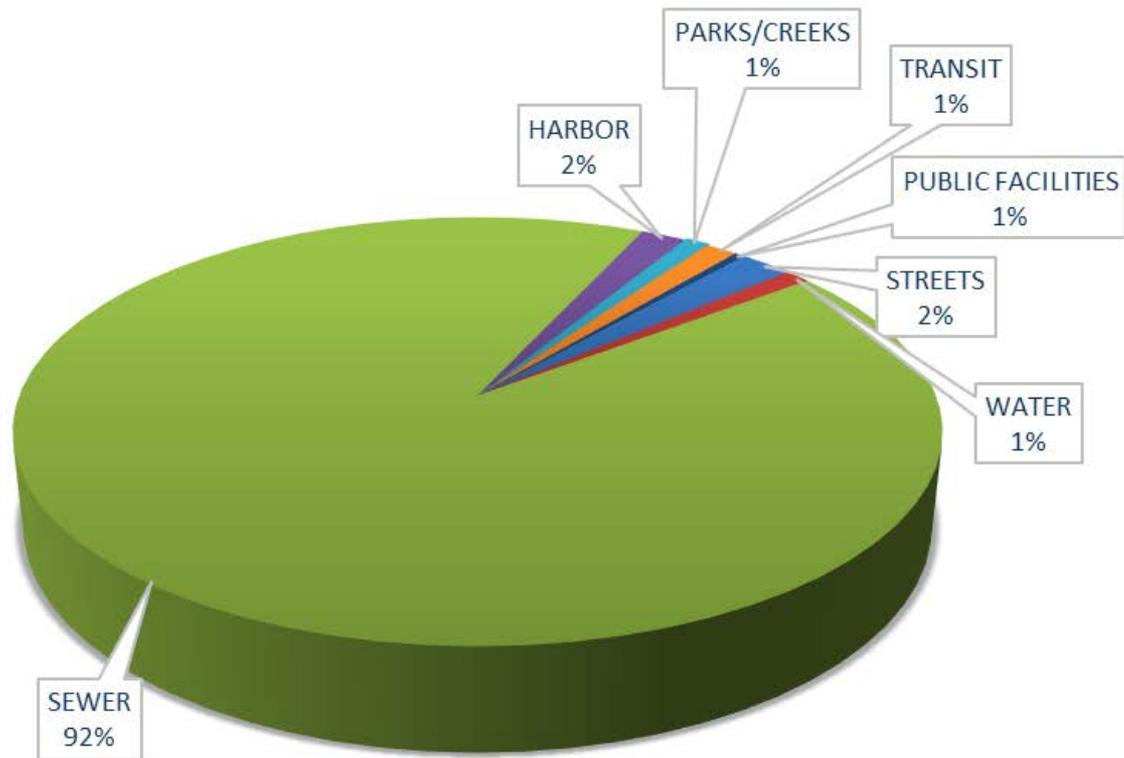
■ Salaries & Benefits ■ Supplies ■ Services ■ Other ■ Debt Service ■ Capital ■ Transfers

# HARBOR ACCUMULTAION FUND

## Harbor Accumulation – Cash Balance



# Capital Projects



■ STREETS ■ WATER ■ SEWER ■ HARBOR ■ PARKS/CREEKS ■ TRANSIT ■ PUBLIC FACILITIES

# CAPITAL IMPROVEMENT PLAN

## Streets Program Summary

- Street Reconstruction & Resurfacing
- Street Maintenance, Repair & Safety
- Storm Drains

## Parks and Creek Summary

- Park Improvements
- Creek Improvements

## Public Facilities Program

- Infrastructure
- Equipment

# CAPITAL IMPROVEMENT PLAN

## Water Capital Projects Summary

- Infrastructure
- Equipment

## Sewer Capital Projects Summary

- Infrastructure
- Equipment

## Harbor Capital Projects Summary

- Infrastructure
- Equipment

## Transit Capital Projects Summary

- Infrastructure
- Equipment

# Capital Projects

## City of Morro Bay Project Summary by Program FY 2019/20- 2023/24

### STREETS PROGRAM SUMMARY

	Expended Through 2017/18	2018/19 Estimated Actuals	Estimated Carryfwd to 2019/20	2019/20 Budget Including Carryforward	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget	Total Budgeted	Total Unfunded
<i>Street Reconstruction &amp; Resurfacing</i>										
9614 Annual Pavement Management Plan		\$ 789,354	\$ -	\$ 762,686	\$ 735,721	\$ 749,435	\$ 763,424	\$ 777,693	\$ 3,788,959	
8229 Highway 1 & 41 Interchange	136,725	4,098	167,000	189,500	441,000	7,167,500	-	-		\$ 7,798,000
<i>Street Maintenance, Repair &amp; Safety</i>										
New Street Signs Refractometer (Unfunded)				15,000						\$ 15,000
<i>Storm Drains (unfunded)</i>										
New Pipeline Along Kern & Anchor Streets SD-01A				9,900	56,100				\$ 9,900	\$ 56,100
New Pipeline Along Kern & Anchor Streets SD-01B				22,950	1,507,050				\$ 22,950	\$ 1,507,050
New Pipeline West of Main Along Hwy 1 SD-06A					170,100	963,900				\$ 1,134,000
New Pipeline West of Main Along Hwy 1 SD-06B					372,450	2,110,550				\$ 2,483,000
New Pipeline at Morro Bay Blvd and Quintana Road SD-04						6,750	38,250			\$ 45,000
New Pipeline Along Main Street SD-07A							16,950	96,050		\$ 113,000
New Pipeline at Beach Stret Btwn Morro Ave & Embarcadero SD-05						70,800	401,200			\$ 472,000
New Pipeline Along Main Street SD-07B							16,350	92,650		\$ 109,000
New Pipeline Along Main Street SD-07C							2,550	14,450		\$ 17,000
New Pipeline Along Laurel Street SD-11							3,450	19,550		\$ 23,000
New Pipeline Along Avalon Street SD-12							14,100	79,900		\$ 94,000
New Pipeline Along Elena Street SD-16							49,200	278,800		\$ 328,000
New Pipeline Along Marina Street SD-02A								15,900		\$ 15,900
New Pipeline Along Marina Street SD-02B								28,350		\$ 28,350
New Pipeline Along Harbor Street SD-03								63,150		\$ 63,150
<b>STREETS</b>	<b>\$ 136,725</b>	<b>\$ 793,452</b>	<b>\$ 167,000</b>	<b>\$ 795,536</b>	<b>\$ 3,282,421</b>	<b>\$ 11,068,935</b>	<b>\$ 1,305,474</b>	<b>\$ 1,466,493</b>	<b>\$ 3,821,809</b>	<b>\$ 14,301,550</b>

# PROPOSED CAPITAL BUDGET

## Streets Program Summary

- Pavement Management Plan (\$762,686)
  - Cal Recycle Grant
  - SB1 Gas Tax
  - Measure Q
- Storm Drains: Pipeline Along Kern & Anchor Streets SD-01A (\$9,900)
  - Government Impact Fees – Storm Drains & Streets
- Storm Drains: Pipeline Along Kern & Anchor Streets SD-01B (\$22,950)
  - Government Impact Fees – Storm Drains & Streets

# PROPOSED CAPITAL BUDGET

## Park Improvements Summary

- Bocce Ball Court/Greenhouse – Shasta Street Pocket Park (\$30,000)
  - Donation
  - Government Impact Fees - Parks
- Cloisters Park Landscape Assessment (\$16,160)
  - Fund Balance – Cloisters Assessment District Accumulation Fund
- North Point Parking Lot Improvements (\$61,000)
  - Fund Balance – Special Assessment Districts Fund
- Tidelands Stormwater Pocket Park (\$47,000)
  - Grant Funds

# PROPOSED CAPITAL BUDGET

## Park Improvements Summary Cont.

- City Park Play Structure (\$150,000)
  - Park In-Lieu Fees
  - Carryforward Project
- Morro Creek Restoration (FEMA) - \$66,185
  - FEMA Grant
  - Carryforward Project

## Public Facilities Program

- Veteran's Hall Refurbishment – Audio/Visual Phase (\$148,200)
  - Project Fund Balance
  - PEG Fees
  - Carryforward Project

# PROPOSED CAPITAL BUDGET

## Water Capital Projects Summary

- New OneWater System Improvement – Nutmeg Pressure Zone (\$382,000)
  - Accumulation Fund

## Sewer Capital Projects Summary

- OneWater Project – Wastewater Collections Main St & Atascadero Rd (\$171,000)
  - Accumulation Fund
- OneWater Project – Wastewater Collections Upstream LS1/Beachcomber (\$114,500)
  - Accumulation Fund
- WRF Project (\$33.6M)
  - Accumulation Funds (water & sewer)
  - SRF Planning Loan
  - WIFI/SRF Loan/COPS

# WRF CAPITAL BUDGET

## Funding Source:

- \$6.9M Sewer Accumulation Funds
- \$6.4M Water Accumulation Funds
- \$14.2M WIFIA Proposed Financing
- \$6.1M SRF Planning Loan

\$33.6 M Project Costs

# WRF CAPITAL BUDGET

## Expenditures:

- \$211.5K Salaries and Benefits
  - \$257 Supplies/Services/Equipment
  - \$4M Construction Soft Costs
  - \$29.2M Construction Costs
- \$33.6 M Project Costs

# PROPOSED CAPITAL BUDGET

## Transit Capital Projects Summary

- MBT – Route Signage & Information Display Cases (\$8,000)
  - Rural Transit Funds
- Replace MTB Trolley (\$395K)
  - FTA \$
  - Rural Transit Funds
  - Accumulation
  - Carryforward
- Replace MBT Bus (\$83,540)
  - FTA \$
  - Rural Transit Funds
  - PTMISEA \$
  - SB1 State of Good Repair Funds
  - Accumulation
  - Carryforward

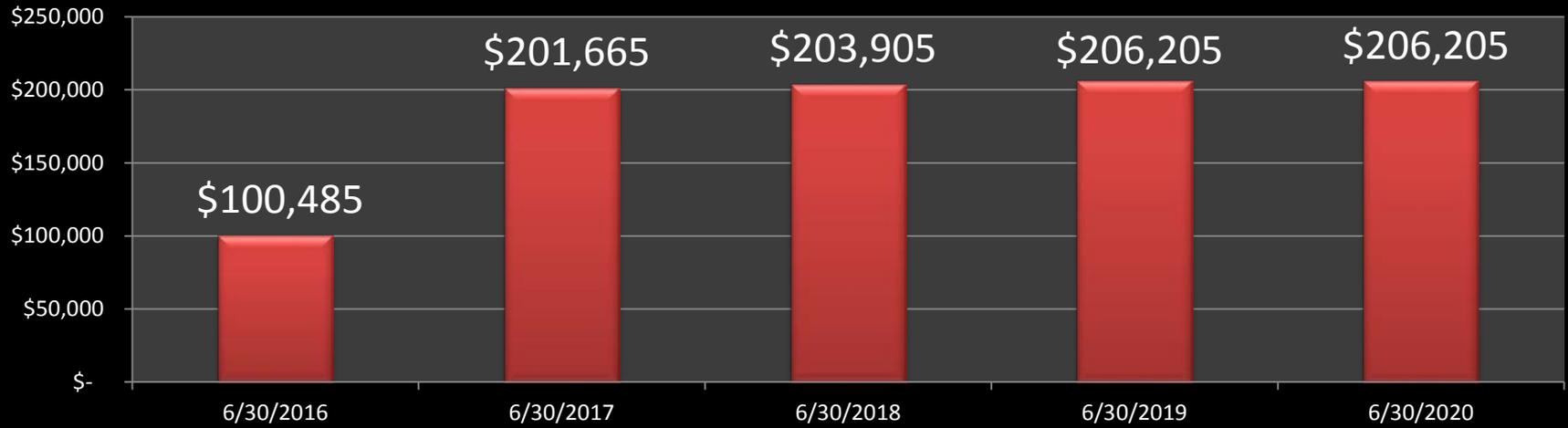
# PROPOSED CAPITAL BUDGET

## Harbor Capital Projects Summary

- Beach Street Slips – North & South (\$370,000)
  - Carryforward
  - Accumulation
- South T-Pier Renovations (\$42,052)
  - Carryforward
  - Accumulation
- North T-Pier Renovations (\$10,000)
  - Carryforward
  - Accumulation
- DBW Boat Launching Facility Rehab (\$250,000)
  - Grant Funds

# FUNDS AVAILABLE FOR CAPITAL

## Capital Replacement – Cash Balance



## Project Accumulation– Cash Balance



# FUNDS AVAILABLE FOR ADDITIONAL PROJECTS

<b>Fund Balance Reserves</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2019/20</b>
<b>Government Impact Fees</b>	<b>YE Balance</b>	<b>Est YE Balance</b>	<b>Proposed Use</b>	<b>Available</b>
Administration	\$ 472,437	\$ 529,937	\$ -	\$ 529,937
Police	60,778	61,380	-	\$ 61,380
Fire	77,008	77,670	-	\$ 77,670
Street	115,748	118,516	22,073	\$ 96,443
Storm Drains	10,777	10,897	10,777	\$ 120
Parks	143,467	159,191	20,000	\$ 139,191
<b>Total Government Impact Fees</b>	<b>\$ 880,215</b>	<b>\$ 957,591</b>	<b>\$ 52,850</b>	<b>\$ 904,741</b>
<b>Parking In-Lieu Fees</b>	<b>\$ 367,685</b>	<b>\$ 372,096</b>	<b>\$ -</b>	<b>\$ 372,096</b>
<b>Park In-Lieu Fees</b>	<b>267,453</b>	<b>267,453</b>	<b>150,000</b>	<b>117,453</b>
<b>Total Available In-Lieu Fees</b>	<b>\$ 635,138</b>	<b>\$ 639,549</b>	<b>\$ 150,000</b>	<b>\$ 489,549</b>
<b>Project Accumulation</b>	<b>\$ 289,244</b>	<b>\$ 292,444</b>	<b>\$ -</b>	<b>\$ 292,444</b>
<b>Capital Accumulation</b>	<b>203,905</b>	<b>206,205</b>	<b>-</b>	<b>206,205</b>
<b>Total Available Funds</b>				<b>\$ 1,892,939</b>

# BUDGET STUDY SESSIONS

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# Questions & Answers

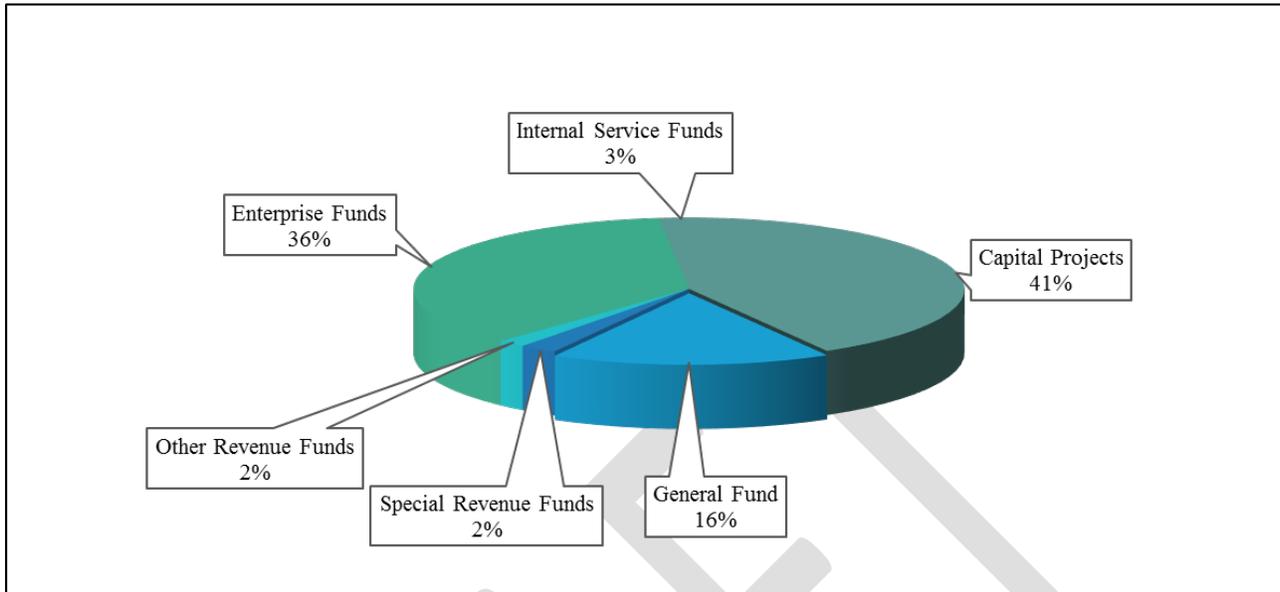
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**TOTAL CITY REVENUES**

**BY FUND**  
(Including Transfers In)

Fund	Fund Name	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Adopted	2018/19 Estimated	2019/20 Proposed - Revenues	2019/20 Proposed - Transfers	2019/20 Total Proposed	Change from PY
<b>General Fund</b>										
	General Fund	\$ 13,147,471	\$ 13,934,247	\$ 14,578,010	\$ 14,750,150	\$ 14,384,862	\$ 13,435,225	\$ 1,404,999	\$ 14,840,224	0.6%
<b>Special Revenue Funds</b>										
	Measure Q	983,842	1,118,270	1,062,872	1,105,000	1,105,000	1,096,000	-	1,096,000	-0.8%
	Tourism	835,530	935,834	935,691	1,094,135	1,066,497	829,322	75,000	904,322	-17.3%
	Tourism Accumulation	-	-	-	273,521	273,521	-	-	-	-
<b>Other Funds</b>										
	Transit	351,991	379,282	353,463	315,704	315,704	328,014	-	328,014	3.9%
	Bike Path	8,039	7,920	8,178	9,448	9,648	9,395	-	9,395	-0.6%
	LTF Roads	-	170	239	73,292	73,527	-	-	-	-100.0%
	Opportunity Fund	150,745	436	-	-	-	-	-	-	0.0%
	Community Development Grants	51,238	9,030	2,841	-	299,937	-	-	-	0.0%
	Economic Development	-	-	-	75,000	75,000	-	65,000	65,000	0.0%
	Community Benefit	-	-	-	-	250,000	-	-	-	-
	General Plan Maintenance Fee	721,064	17,564	24,343	-	15,500	-	-	-	0.0%
	Housing In-Lieu	19,754	13,754	177,439	-	4,197	10,000	-	10,000	0.0%
	Parking In-Lieu	7,262	58,684	4,080	-	5,200	-	-	-	0.0%
	Government Impact Fees	318,693	201,471	221,325	142,500	39,650	32,650	-	32,650	-77.1%
	Park In-Lieu	103	79	257,821	-	-	-	-	-	0.0%
	Harbor State Park Marina	86,020	84,982	92,227	86,500	86,500	92,000	-	92,000	6.4%
	State Gas Tax	262,781	217,656	228,157	274,103	223,313	274,551	-	274,551	0.2%
	Lower Cost Visitor Accommodations	-	-	-	-	-	-	-	-	-
	Mitigation Fee	16,176	425	595	-	-	-	-	-	0.0%
	Traffic Safety	12,941	10,042	11,410	10,000	10,000	10,000	-	10,000	0.0%
	Special Safety Grants	126,674	130,019	140,512	100,000	121,896	100,000	-	100,000	0.0%
	Fire Donation Fund	269,332	-	25,032	-	-	-	-	-	0.0%
	Jamaica Joint Defense	-	-	15,000	-	-	-	-	-	0.0%
	Strategic Investment Spending Plan	1,318,489	2,010	-	-	-	-	-	-	0.0%
	PEG Access Fees	-	-	65,000	35,830	40,000	45,000	-	45,000	25.6%
	Community Development Plans	-	262	-	-	-	-	-	-	0.0%
	County Tourism	270,585	300,819	412,162	365,393	365,393	369,047	-	369,047	1.0%
	Assessment District	7,628	8,477	8,477	8,619	8,619	8,619	-	8,619	0.0%
	Cloisters Assessment District	163,986	149,915	150,921	148,944	150,444	148,944	-	148,944	0.0%
<b>Enterprise Funds</b>										
	Harbor Operating	2,104,018	1,940,152	2,129,178	1,966,255	1,978,286	2,011,000	-	2,011,000	2.3%
	Harbor Equipment Replacement	918	441	618	26,675	26,675	-	-	-	-100.0%
	Harbor Capital	-	-	-	-	-	-	412,052	412,052	0.0%
	Harbor Accumulation	132,749	34,296	30,505	-	168,002	-	-	-	0.0%
	Water Revenue	4,338,311	4,928,645	5,533,392	5,814,501	5,818,601	7,852,700	-	7,852,700	35.1%
	Water Equipment Replacement	2,335	2,118	2,963	-	-	-	-	-	0.0%
	Water Accumulation	789,912	86,920	149,490	4,554,811	3,680,489	-	3,777,820	3,777,820	-17.1%
	Utility Discount Program	63,853	170,390	124,002	123,200	119,800	-	123,200	123,200	0.0%
	Sewer Revenue	5,118,266	5,690,876	6,379,674	6,719,876	6,719,876	9,487,000	-	9,487,000	41.2%
	Sewer Equipment Replacement	143,814	182,054	183,480	-	32,301	-	-	-	0.0%
	Sewer Accumulation	461,181	103,311	1,471,132	7,419,459	7,393,272	-	6,157,661	6,157,661	-17.0%
	MBCSD WWTP	3,993,056	2,110,458	1,949,984	2,209,233	1,976,741	652,708	1,958,124	2,610,832	18.2%
<b>Internal Service Funds</b>										
	Risk Management	1,431,677	1,452,793	1,397,695	1,582,835	1,592,335	-	1,542,038	1,542,038	-2.6%
	Information Technology	429,817	386,357	354,760	519,245	526,245	111,000	485,812	596,812	14.9%
	Facility Maintenance	54,975	108,745	66,660	9,000	10,400	24,000	10,000	34,000	277.8%
	Vehicle Replacement	100,781	157,035	77,679	121,076	125,602	-	-	-	-100.0%
	Capital Replacement	100,485	101,180	2,240	-	2,300	-	-	-	0.0%
	Project Accumulation	200,000	151,645	3,184	-	3,200	-	-	-	0.0%
	Compensable Leave	-	466,000	50,000	30,000	30,000	-	-	-	-100.0%
	Emergency Reserve	349,599	233,592	35,838	-	236,194	56,250	-	56,250	0.0%
<b>TOTAL Fund Rev &amp; Transfers In</b>										
		\$ 38,946,091	\$ 35,888,356	\$ 38,718,269	\$ 49,964,305	\$ 49,364,727	\$ 36,983,425	\$ 16,393,706	\$ 53,377,131	6.8%
<b>Capital Projects Funds</b>										
	General Government	-	73,600	-	-	-	-	-	-	0.0%
	City Works Implementation	-	139,463	36,718	5,000	-	-	-	-	-100.0%
	Morro Creek Restoration	-	-	7,315	60,894	61,022	292,557	-	292,557	380.4%
	Bocce Ball Court	-	-	-	32,000	-	12,000	17,577	29,577	-7.6%
	Facility/Audio Visual Upgrades - Vet's	-	-	-	65,327	-	-	148,200	148,200	126.9%
	Tidelands Park Play structure	-	30,620	-	-	-	-	-	-	-
	Tidelands Stormwater Pocket Park	-	-	-	-	-	47,000	-	47,000	-
	Fire Engine Replacement for #5391	-	-	-	675,000	-	-	-	-	-100.0%
	Jack LaLanne Memorial Fitness Statio	-	-	-	-	-	-	-	-	0.0%
	San Jacinto Bike Lane	-	25,000	-	-	-	-	-	-	-
	Market and Pacific	-	2,845	-	-	-	-	-	-	-
	Striping for On-Street Angel Parking	-	-	-	83,700	-	-	-	-	-100.0%
	Pickleball Court	-	6,909	-	-	-	-	-	-	-
	City Park	-	-	-	150,000	-	-	150,000	150,000	0.0%
	CDBG Grants	-	300,613	356,484	-	2,496	-	-	-	-
	ADA: Sidewalk Repairs	-	17,300	22,743	143,847	20,508	-	-	-	-100.0%
	Embarcadero Widening	-	43,599	-	-	-	-	-	-	-
	Laurel Ave Easement	-	-	-	-	-	-	-	-	0.0%
	Street Improvements	-	-	-	-	-	-	-	-	0.0%
	State Route (SR)1/SR 41 Interchange	-	98,445	33,164	567,043	45,000	-	-	-	-100.0%
	Pavement Management Plan	-	-	843,634	809,964	809,964	257,341	505,345	762,686	-5.8%
	SD-01A Kern & Anchor Streets	-	-	-	-	-	-	9,900	9,900	-
	SD-01B Kern & Anchr Streets	-	-	-	-	-	-	22,950	22,950	-
	Ironwood Storm Drains	-	14,438	-	-	-	-	-	-	-
	Assessment Districts	-	-	-	-	-	-	77,160	77,160	-
	Transit Fund	-	-	-	329,555	329,555	454,557	32,283	486,840	47.7%
	Enterprise Fund	-	-	-	-	-	-	-	-	0.0%
	Water Capital	22,628	-	221,425	1,269,756	1,269,756	-	382,000	382,000	-69.9%
	Sewer Capital	-	-	2,166,854	10,363,532	9,584,532	20,373,700	13,559,776	33,933,476	227.4%
	Harbor Capital	-	20,330	95,281	345,576	25,000	250,000	422,052	672,052	94.5%
<b>TOTAL Capital Projects</b>										
		\$ 22,628	\$ 773,162	\$ 3,783,618	\$ 14,901,194	\$ 12,147,833	\$ 21,687,155	\$ 15,327,243	\$ 37,014,398	148.4%
<b>Total Fund Revenues, Transfers-In and Capital</b>										
		\$ 38,968,719	\$ 36,661,518	\$ 42,501,887	\$ 64,865,499	\$ 61,512,560	\$ 58,670,580	\$ 31,720,949	\$ 90,391,529	39.4%

### TOTAL CITY REVENUES BY FUND



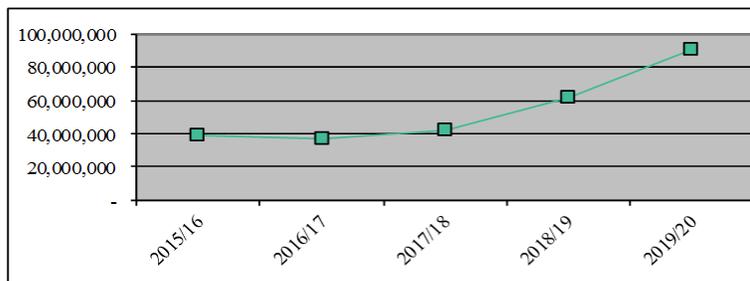
### FY 2019/20 Revenues By Fund

	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Adopted	2018/19 Estimated	2019/20 Proposed	% of Total
General Fund	\$ 13,147,471	\$ 13,934,247	\$ 14,578,010	\$ 14,750,150	\$ 14,384,862	\$ 14,840,224	16.4%
Special Revenue Funds	1,819,372	2,054,104	1,998,563	2,472,656	2,445,018	2,000,322	2.2%
Other Revenue Funds	4,163,501	1,592,997	2,199,222	1,645,333	2,094,528	1,493,220	1.7%
Enterprise Funds	17,171,041	15,249,661	17,954,418	28,834,010	27,914,043	32,814,265	36.3%
Internal Service Funds	2,667,334	3,057,347	1,988,056	2,262,156	2,526,276	2,229,100	2.5%
Capital Projects	22,628	773,162	3,783,618	14,901,194	12,147,833	37,014,398	40.9%
<b>Total Rev &amp; Transfers In</b>	<b>\$ 38,991,347</b>	<b>\$ 36,661,518</b>	<b>\$ 42,501,887</b>	<b>\$ 64,865,499</b>	<b>\$ 61,512,560</b>	<b>\$ 90,391,529</b>	<b>60.0%</b>

### CITY REVENUE HISTORICAL TREND

(Includes Transfers In)

FY	Total	Status
2015/16	38,991,347	Actuals
2016/17	36,661,518	Actuals
2017/18	42,501,887	Actuals
2018/19	61,512,560	Estimated
2019/20	90,391,529	Projected



## **TRIANGLE LOT – BOAT STORAGE YARD FUND 925**

### **PROGRAM PURPOSE**

On August 28, 2018, the City Council approved a fee-based Boat Storage in the Triangle Parking Lot. The lot was approved as part of the FY 2017/18 Council approved objectives to be considered and evaluated by the Harbor Advisory Board. As currently configured, the lot contains approximately 20 spaces that are rented out at \$100 per space. The Harbor Department oversees the Triangle Lot – Boat Storage Yard, patrolling the space, renting the spaces and managing the operations.

### **BUDGET OVERVIEW**

The FY 2019/20 budget anticipates rental of all 20 spaces over time (15 spaces for six months and 20 spaces for six months). Currently 13 spaces are rented. There are minimal operational costs proposed to operate the facility as it is still in a trial basis period to determine feasibility. Temporary rental chain-link fencing has been installed for added security and to delineate the rental area. This could also facilitate easy expansion of the area should demand exceed available space, or vice-versa.

∞ Triangle Lot – Boat Storage Yard ∞

Triangle Lot - Boat Storage Yard

Fund 925

SUMMARY OF REVENUES AND EXPENDITURES

	2015/16 Actuals	2016/17 Actuals	2017/18 Actuals	2018/19 Amended	2018/19 Estimated	2019/20 Proposed
<b>SOURCES OF FUNDS</b>						
Beginning Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,850
<b>REVENUES</b>						
<i>Uses of Money &amp; Property</i>	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 21,000
<i>Other Revenues</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES</b>	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 21,000
<b>Transfers In</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL REVENUES AND TRANSFERS IN</b>	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 21,000
<b>EXPENDITURES (Other)</b>						
<i>Salaries and Benefits</i>	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 10,375
<i>Supplies</i>	-	-	-	-	1,000	500
<i>Services</i>	-	-	-	-	650	2,600
<i>Capital Outlay</i>	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-
<i>Equipment Replacement</i>	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	\$ -	\$ -	\$ -	\$ -	\$ 3,150	\$ 13,475
<b>Transfers Out</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL EXPENDITURES AND TRANSFERS OUT</b>	\$ -	\$ -	\$ -	\$ -	\$ 3,150	\$ 13,475
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ 1,850	\$ 9,375



<b>Project Name</b>	Morro Creek Streambank Restoration	<b>Project Number</b>	MB2018-ST-03
<b>Department</b>	Public Works	<b>Project Manager</b>	Herb Edwards
<b>Description</b>	Restoration of streambank erosion including staff response time for safety fencing and monitoring. Proposed restoration measures require Coastal Development Permit.		
<b>Location</b>	This project is located on the southerly bank of Morro Creek just west of the pedestrian bridge.		
<b>Project Background</b>	Staff has been working with FEMA and the California Coastal Commission to develop an acceptable solution to protect this area from further erosion and loss of the pedestrian pathway which lies at the top of the slope. This project is in line with the City's goal to Improve Infrastructure and Public Spaces and to continue to provide aesthetically pleasing facilities for residents, tourists, and visitors.		
<b>Operating Budget Impacts</b>	Partial Funding for this project is from FEMA. This project will use staff time for the construction inspection and management. The staff time for this project will be included in the department's FY 2019/20 Operating Budget.		

<b>Project Components &amp; Estimated Timeline</b>	Spring 2019	Coastal Development Permit Application Submittal	Slope protection plan will require Coastal Commission Approval
	Summer 2019	CDP Approval	
	Summer 2019	Project Bidding	
	Fall 2019	Construction Complete	

MORRO CREEK RESTORATION (FEMA)											Project 915 - 8030
SOURCE OF FUNDS	Prior Yrs Actuals	2018/19 Amended Budget	2018/19 Estimated Actual	Estimated CF to 2019/20	2019/20 Budget	2019/20 Budget & Carryfwd *	2020/21 Proposed	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total Project
GRANTS - FEMA	7,315	60,894		66,185	-	66,185	-	-	-	-	73,500
<b>TOTAL SOURCE OF FUNDS</b>	<b>7,315</b>	<b>60,894</b>	-	-	-	-	-	-	-	-	<b>73,500</b>
USE OF FUNDS	Prior Yrs Actuals	2018/19 Amended Budget	2018/19 Estimated Actual	Estimated CF to 2019/20	2019/20 Budget	2019/20 Budget & Carryfwd *	2020/21 Proposed	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	Total Project
<b>GRANTS &amp; AWARDS</b>											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	7,315										7,315
6106 Contractual Services	-	-	-	-	-	-	-	-	-	-	-
8999 Capital Project Budget	-	60,894		66,185	-	66,185	-	-	-	-	66,185
<i>Consultant Services</i>	7,315	60,894	-	66,185	-	66,185	-	-	-	-	73,500
											-
<b>TOTAL USE OF FUNDS</b>	<b>7,315</b>	<b>60,894</b>	-	<b>66,185</b>	-	<b>66,185</b>	-	-	-	-	<b>73,500</b>



AGENDA NO: B-2

MEETING DATE: May 21, 2019

# Staff Report

**TO:** Chairman and Committee Members **DATE:** May 17, 2019  
**FROM:** Jennifer Callaway, Finance Director  
**SUBJECT:** Third Quarter Investment Report (Period Ending March 31, 2019) for Fiscal Year 2018/19

## RECOMMENDATION

1. Receive the attached Third Quarter Investment Report (period ending March 31, 2019) for Fiscal Year 2018/19.

## FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

## DISCUSSION

Attached for your consideration is the Third Quarter Investment Report for FY 2018/19.

As of March 31, 2019, the City's weighted portfolio yield of 2.088% was below the Local Agency Investment Fund (LAIF) yield of 2.55%. Staff has consciously decided to keep significant cash in the City's LAIF account in order to ensure cash flow for the pending construction of the Water Reclamation Facility (WRF) project. Once final funding of the project is determined, staff will further analyze cash needs and then determine if longer-term CD purchases should be made.

During the quarter, yields have generally been increasing anticipating continued economic growth. Long-term (four to five year) interest rates are approximately 0.5% higher than the LAIF interest rate. As of March 31, 2019, the City recorded \$249,096 in interest earnings.

The City has received preliminary notice that we are recommended for a State Revolving Fund (SRF) loan for the WRF project. The SRF interest rate is 1.71%, less than the current earnings in the LAIF and OPUS account. Staff will be taking this into consideration if final approval and award of the SRF loan is granted in assessing cash flow and optimizing the City's interest earnings. As such, staff's recommendation is to hold off on purchase of further investments at this time until final award notification is made for SRF and WIFIA financing is secured.

## CONCLUSION

Staff recommends that the Committee receive the Third Quarter Investment Report (period ending March 31, 2019) for Fiscal Year 2019/20.

## ATTACHMENT

Third Quarter Investment Report for FY 2019/20 (period ending March 31, 2019)

Prepared By:   JC  

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

**CITY OF MORRO BAY  
 QUARTERLY PORTFOLIO PERFORMANCE  
 3/31/2019**

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	MARKET VALUE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 13,431,430	\$ 13,431,430	2.55%	DAILY	DAILY	1
<b>MONEY MARKET ACCOUNT:</b>							
MM	RABOBANK - MONEY MARKET	2,321,692	2,321,692	0.20%	DAILY	DAILY	1
SWEEP	RABOBANK - SWEEP	2,349,815	2,349,815	0.05%	DAILY	DAILY	1
MM	OPUS BANK	5,143,171	5,143,171	2.48%	DAILY	DAILY	1
<b>Government Agency</b>							
3134G8PD5	FHLM Corp	500,003	497,548	1.350%	3/30/2016	9/30/2019	
<b>CERTIFICATES OF DEPOSIT:</b>							
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	252,772	2.400%	4/12/2017	4/12/2022	1,108
949763XU5	Wells Fargo	249,000	249,000	2.800%	2/27/2019	2/28/2022	1,065
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	245,243	1.550%	8/3/2016	8/3/2021	856
3090683803	STATE FARM BANK	250,000	250,000	3.050%	10/21/2013	10/24/2023	1,668
1731202F5	Citibank	246,000	246,000	3.200%	1/25/2019	1/25/2024	1,761
61690UDL1	Morgan Stanley N/A	246,000	246,000	3.100%	1/24/2019	1/24/2024	1,760
61760AUU1	Morgan Stanley Private Bank	246,000	246,000	3.000%	1/24/2019	1/24/2023	1,395
02007GHD8	Ally Bank UT	246,000	246,000	2.900%	1/24/2019	1/24/2022	1,030
		<u>\$ 25,729,118</u>	<u>\$ 25,724,670</u>				
					<b>% OF LIQUID PORTFOLIO HOLDINGS</b>	<b>WEIGHTED AVERAGE RATE OF EARNINGS</b>	<b>WEIGHTED AVERAGE MATURITY</b>
					<u>90.349%</u>	<u>2.088%</u>	<u>103</u>

Portfolio holdings as of the third quarter ended March 31, 2018, are in compliance with the current Investment Policy. With 90.349%

of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.



AGENDA NO: B-3

MEETING DATE: May 21, 2019

## Staff Report

**TO:** Chairman and Committee Members **DATE:** May 17, 2019  
**FROM:** Jennifer Callaway, Finance Director  
**SUBJECT:** Review WRF Capital Project Monthly Update Report

### **RECOMMENDATION**

Receive WRF Capital Project Monthly Update Report.

### **DISCUSSION**

Provided as Attachment 1 & 2 is the Monthly Water Reclamation Facility Project Report for April 2019 (for electronic viewing and a print version). This report is scheduled to be presented to the City Council on May 28, 2019 and as such is being presented to the CFAC committee for review in advance.

### **ATTACHMENT**

1. City of Morro Bay Water Reclamation Facility Project Monthly Report April 2019 (Draft May 2019)

Prepared By:   JC  

Dept Review: \_\_\_\_\_

City Manager Review: \_\_\_\_\_

City Attorney Review: \_\_\_\_\_

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City of Morro Bay  
Water Reclamation Facility Project

## MONTHLY REPORT APRIL 2019

DRAFT | May 2019





City of Morro Bay  
Water Reclamation Facility Project

## MONTHLY REPORT APRIL 2019

DRAFT | May 2019

This document is released for the  
purpose of information exchange review  
and planning only under the authority of  
Eric T. Casares  
May 2019  
State of California PE 73351

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## Section 1

# PROJECT OVERVIEW

### 1.1 General Project Status Update Normal

All components of the Water Reclamation Facility Project (Project) are currently in progress. City staff and the Program Manager (Carollo) are actively working with the design-build team and the pipeline designer to advance the design of the Water Reclamation Facility (WRF) and Conveyance Facilities, respectively. City staff and Carollo are also actively working with the hydrogeologist to better characterize the Lower Morro Groundwater Basin and identify the preferred injection location. The hydrogeologist (GSI) recently completed the Draft Phase 1 Groundwater Modeling Technical Memorandum (TM). The TM evaluated the impacts of injection and extraction on the nitrate concentration in the groundwater and the basin's susceptibility to seawater intrusion during period of sustained pumping. The Once the final injection location is confirmed, design of the Recycled Water Facilities (i.e., injection wells) can begin. Table 1 below summarizes the accomplishments and challenges experienced during the month of April 2019.

Table 1 Project Accomplishments and Challenges

Project Component	Key accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Project identified in the State Water Resources Control Board's (SWRCB's) fundability list for the Clean Water State Revolving Fund (CWSRF) Program in the Draft Intended Use Plan (IUP) for \$105 million			
	Continued development of the Final Environmental Impact Report (EIR) Addendum			
	Continued development of the Coastal Development Permit (CDP) with California Coastal Commission (CCC) staff			
	San Luis Obispo County Board of Supervisors votes to consolidate the CDP			
Water Reclamation Facility	Negotiated seventeen (17) potential change orders (PCOs) for presentation to WRFCAC and City Council			
Conveyance Facilities	Continued development of the 60 Percent Design Submittal			
		Ability to gain access to the Vistra and PG&E properties	Continue coordination with Vistra and PG&E	Without the ability to complete the surveying and geotechnical work, the completion of the 60 Percent Design Deliverable could be delayed
Recycled Water Facilities	Completed the Draft Phase 1 Groundwater Modeling Technical Memorandum (TM)			
		Ability to gain access to the Vistra and PG&E properties	Continue coordination with Vistra and PG&E	Without the ability to complete the pilot injection wells, the completion of the Phase 2 groundwater modeling could be delayed

## Section 2

# PROJECT COSTS

### 2.1 Performance Measures

A set of five Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by Carollo and City of Morro Bay staff and are summarized as Table 1. The Project's performance is also illustrated graphically in Figure 1 and Figure 2.

Table 2 WRF Project Performance Measures

1	Data	Target	Current	Delta	Status			
<b>1: Total Project Costs</b>	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$125.9 M	\$124.5 M	-1.2%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.1: WRF Costs</b>	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$77.1 M	\$77.9 M	1.0%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.2: Conveyance Facilities Costs</b>	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$26.3 M	\$29.5 M	11.8%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.3: Recycled Water Facilities Costs</b>	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$12.1 M	\$5.7 M	-52.9%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>1.4: General Project Costs</b>	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 3/31/19)	\$10.5 M	\$11.5 M	9.5%		Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
<b>2: Program Manager Earned Value</b>	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 4/30/19)	1.00	1.06	0.06		>= 1.00	0.99 to 0.90	< 0.90
<b>3: Conveyance Pipeline Installed</b>	Feet of conveyance pipeline installed (thru 4/30/19)	18,500 LF	0.0 LF	0.0%		<= 5%	> 5% and <=7.5%	> 7.5%
<b>4: Compliance Date Countdown</b>	Days Remaining to Compliance Date (as of 4/30/19)	1,400 days	926 days	-474 days		<= 365 days	364 days and 180 days	> -179 days



## Section 3

# PROJECT COSTS

### 3.1 Project Budget

The overall budget status for the Project is summarized in Table 2. The top half of the Table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 3 shows the total amount of work currently under contract and provides a summary of current and total charges.

Table 3 WRF Project Overall Budget Status (thru April 2019)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget <sup>(1)</sup>	\$125,938,000
Current WRF Project Budget (as of 3/31/19)	\$124,438,000
Budget Percent Change (Current versus Original)	-1.2%
Total Expenditures for April 2019	\$785,677
Total Expenditures to Date (thru 4/30/19 invoices)	\$9,242,128
Percent of Current WRF Project Budget Expended	7.4%
Summary of Contracted Work	
Total Contracted Amount	\$75,294,895
Percent of Current WRF Project Budget Contracted	60.5%
Total Contracted Amount Expended	\$8,002,288
Percent of Contracted Amount Expended	10.6%
Remaining WRF Project Contracted Amount	\$67,292,607

Notes:

(1) Developed in the spring of 2018 as the basis of the approved rate surcharge that will take effect in July 2019.

### 3.2 Project Cash Flow

Presented in Figure 1 are the projected and actual expenditures for the Project through April 2019 compared to the baseline budget developed in 2018 as the basis for the rate surcharge. The line graph shows the cumulative values for the project and the bars show the discrete monthly values. For the time period before January 2019, the bars show annual values. Because the forecasted cash flows are based on anticipated project delivery schedules, the relationship of projected cash flows to actual expenditures provides an indication of schedule status.

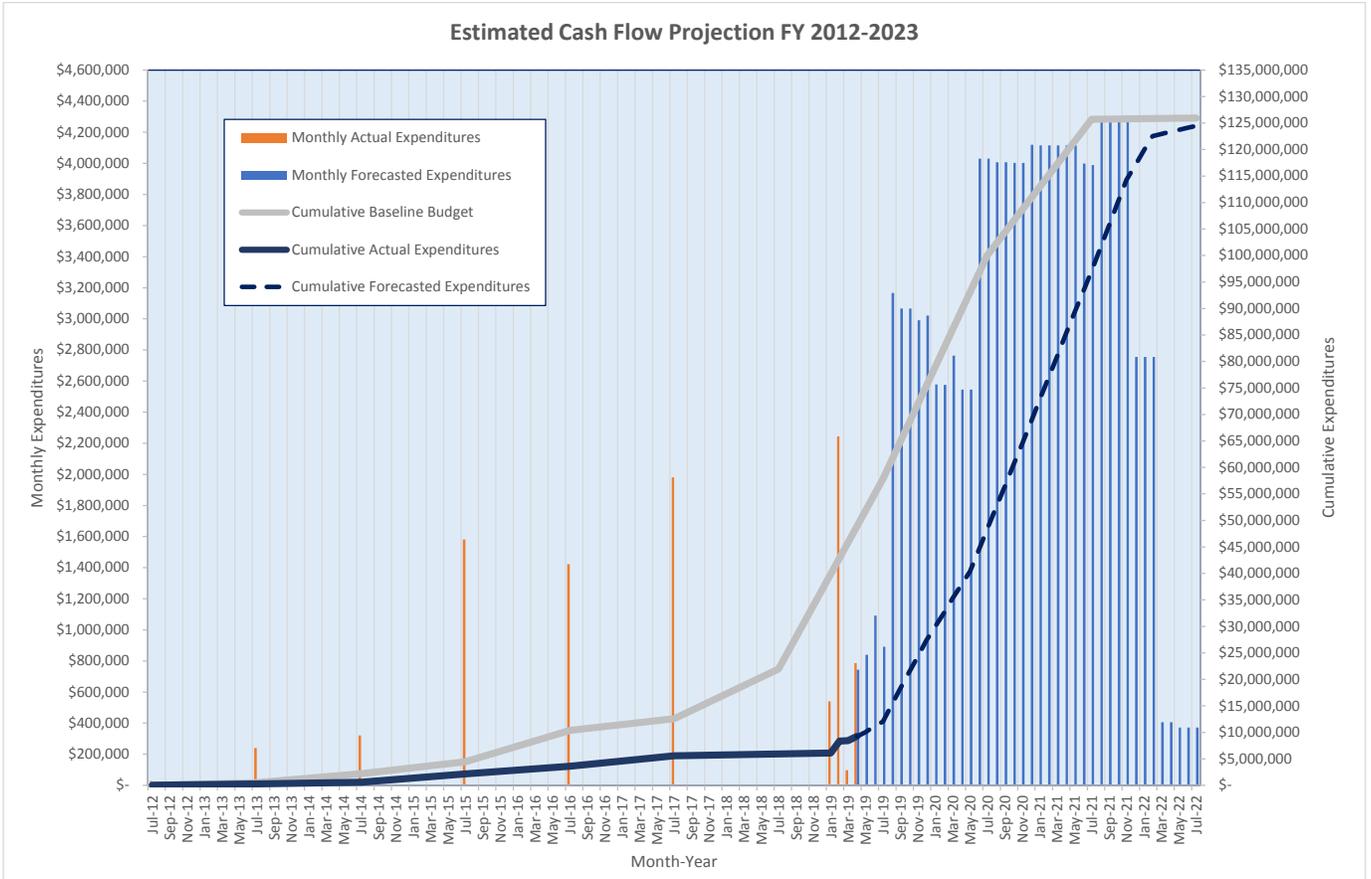


Figure 1 Project Cash Flow Projections and Actual Expenditures

## Section 4

# PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2.

### 4.1 Project Construction Milestones

Presented in Table 4 are the construction milestones for each element of the Project.

Table 4 Project Construction Milestones

Project Name	Start of Construction		End of Construction		Permit Compliance Date	
	Planned	Actual	Planned	Actual	Planned	Actual
WRF	Aug 09, 2019		Jun 09, 2022		Feb 28, 2023	
Conveyance Facilities	May 11, 2020		Nov 19, 2021		NA	NA
Recycled Water Facilities	Jul 21, 2021		Jun 21, 2022		NA	NA



## Jennifer Callaway

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**From:** Jennifer Callaway  
**Sent:** Tuesday, May 21, 2019 1:50 PM  
**To:** CFAC  
**Cc:** Rob Livick; Scott Collins; Sandra Martin; Eric Casares; Joe Mueller  
**Subject:** Agenda Questions Regarding Item B-3

Hello CFAC Members, please see the questions and staff's response to item B-3 on today's agenda. Also, there was one additional budget question.

1. In the 7/5/18 rate study there is Capital Improvement funding allocated in 2019/20 to spend \$1M on Water projects and \$1M on non-WRF Sewer projects. The proposed capital expenses for Water (I-65) are \$382K and non-WRF Sewer capital expenses (I-71 + I-73) are \$286K. Is there a reason that the City is not planning to spend the full amount that has been funded?

**Answer:** The Rate Study made several assumptions regarding revenue and expenditures. Estimates were made regarding the funding that would be available to fund the WRF Project/Program along with projects identified in the OneWater Plan. The Capital Programs outlined in the budget document propose to deliver \$6.28M of water system capital projects in five years and \$4.9 M of wastewater collections system in five years. These uneven expenditures are due to planning, permitting and design must be performed prior to construction. It also ensures that there is sufficient cash on hand for the primary directive, the WRF project.

### **WRF Monthly Update Report for April 2019**

1. Why does the Carollo contract not have financial incentives and penalties for not meeting budget and schedule targets? How can the contract be modified to include incentives?

**Answer:** The contract has been exercised and approved by Council. We will keep this in mind for future negotiations.

2. Phase 1 of the Carollo contract has been completed. Please provide the CFAC with the phase 1 deliverable: The roadmap for the next 3 years of the project.

**Response:** The deliverables for Phase 1 and their relevance has been discussed at City Council. A technical memorandum has been developed for the procurement of the design-build team, but the others have not. Below is a summary:

- i. Program Assessment TM: Not needed as the WRF Project did not require major changes (e.g., re-advertisement of the design-build procurement documents) after Carollo came onboard.
- ii. Technical Evaluation TM: Not needed as the WRF Project did not require major changes (e.g., re-advertisement of the design-build procurement documents) after Carollo came onboard.
- iii. DB Procurement TM: Draft RM has been developed that can completed to document the steps taken to bring the design-build team onboard.
- iv. Controls Plan TM: No formal TM was developed as the program controls were developed with City staff over several workshops and culminated in presentations to WRFCAC, CFAC, and City Council.
- v. Integration Plan TM: Not needed as the Program Management role increased to include all aspects of the WRF Project with MKN no longer being involved. The purpose of the TM was to determine the responsibilities between Carollo and MKN to avoid any duplication of efforts.

3. Performance measures. The KPIs are a good start, but should be more measurable parameters based on actual progress not just dollars spent.

**Response:** Noted. The best measure is the comparison of the baseline (\$126 million) budget vs. the current (\$124.5 million) budget. As described below, performance measures such as CPI cannot be developed for the overall WRF Project, but have been included for the Program Manager.

4. KPI 1.1. WRF costs. Would be more useful for measuring progress to have this be solely the design build contract costs.

**Response:** The larger quarterly report provides detailed information on the design-build cost for the WRF only. This will be updated for the next quarterly report (i.e., June 2019, which will be available approximately the third week of July 2019).

5. A foot note for this CPI states: budget as of 3/31/19. This makes it sound as if budget was revised on 3/31/19. CFAC would like to see the 3/31/19 budget as well as the previous budget/s. If the budget has been revised how are revisions created and approved?

**Response:** That is correct. Per the Program Manager's scope of work, discussions with CFAC and City Council, the budget for the WRF Project is reassessed on a quarterly basis. This was most recently done at the end of March 2019 and is reflected in the quarterly report. The current budget is \$124.5 million.

6. KPI 1.3. Recycled Water Facility Costs. Seems unreasonable that cost estimate of \$12.1 Million has been reduced to only \$5.7 Million

**Response:** This was discussed at the previous CFAC meeting. Costs components of the overall WRF Project were shifted between the Recycled Water Facilities and Conveyance Facilities. By doing so, cost overall cost efficiencies were gained (i.e., more pipes running in a common trench reduced the overall cost of the individual projects).

7. KPI 1.4. General Project Costs. This should be broken into three parts: Carollo, City Staff, and Consultants. These are measurable and more easily controlled costs. A roll up gives no visibility of which are spending more than budget.

**Response:** Council has approved the format and contents of the report to date. Any changes to the report would need to be recommended by a majority of CFAC and reviewed and approved by Council.

8. Page 106 of 106. Explain the light and darker blue lines on the Gant chart.

**Response:** The light blue bars represent the baseline schedule (schedule is re-baselined annually at the end of Q3 of each fiscal year) and the dark blue represents progress. The schedule is used to develop the SPI, which will be included in the next monthly report.

9. KPI 2. Program Manager Earned Value. Good start, but this should be the earned value for the entire project. The program needs measurable schedules and costs in order to verify that CPI and SPI are presenting an accurate assessment of program progress.

**Response:** This is a good point, but there is not a good way to track overall WRF Project CPI. For example, the budget being tracked includes City costs. Also, since the design-build project is a guaranteed maximum price, the CPI will always be equal to 1.0

10. When is borrowing on WRF project triggered? The staff report on investment said the rate was now expected to be 1.71% less than LAIF and OPUS. Subtracting 1.71% from LAIF at 2.55% I get 0.84%. Please confirm if that was the recommended rate. When will the final rate be determined?

Answer: We will not know final interest rates on the Financing of the WRF project until loan agreements are signed. Currently, the SRF interest rate is about 1.71% which is less than what we are earning in our LAIF account.

1. Are you producing the full report on a monthly bases for internal uses? If so, if the rest of the Committee agrees, I think the Committee should review the full report each month. If it is not practical to produce the full report monthly can the monthly report be expanded to include tables 2.3 Project Cost Summary and 2.4 Detailed Project Cost Summary? Again, if the rest of the Committee agrees.

**Response:** This information is currently being generated on a monthly basis so the larger report (or additional information from the quarterly report) could be included in the monthly report at the request of majority of of CFAC and reviewed and approved by City Council.

2. In the March Report in Table 5 Overland Contracting the estimated total cost (column 4) for this portion of the project is \$67.7M or \$2.5M above the total contracted cost (column 2). Since on the next page it stated that no change orders have been accepted can it be assumed that the \$2.5M increase was reduced by \$1.8M when the City Council approved the change orders on the 14th ?Are there are an additional \$700K in change orders coming that the Project Team is aware of? Similar question for Water Works Engineering and GSI.

**Response:** Your question regarding Overland is correct. The budget is re-assessed on a quarterly basis. When this was done through 3/31/19, the Program Manager included an additional \$2.5 million for Overland to cover anticipated changes orders, which at the time, were still being negotiated. When the budget is re-assessed after 6/30/19, the \$2.5 million will be adjusted down to reflect the roughly \$1.8 million represented by the seventeen (17) change order approved by City Council on 5/14/19 and an additional amount to cover other change orders that are currently anticipated. While the amount is not finalized, it will be less than the \$2.5 million included in the FY 18/19 Q3 budget.

For Water Works Engineers, our FY 18/19 Q3 budget (current budget of \$124.5 million) includes an anticipated amendment of \$250,000 to cover out of scope work being performed to support the design effort.

For GSI, we are forecasting an additional \$100,000 for work to support Phase 3, which includes development of the design criteria for the wells. This phase of work has not yet been contracted (i.e., not included in their original proposal).

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