AGENDA NO: I

MEETING DATE: May 28, 2019

AGENDA CORRESPONDENCE
RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA IS ATTACHED
FOR PUBLIC REVIEW PRIOR TO THE MEETING

Dana Swanson

From: Jamie Irons [redacted]
Sent: Tuesday, May 28, 2019 12:36 PM
To: Council
Cc: Dana Swanson
Subject: Comments for study session

Dear Council

The following are my comments for the FY 2019/20 Budget Study Session. Thank you Staff for your hard work and Council for your dedication and service.

The staff report lays out options for the Community and Council to consider. My comments address the options presented with additional suggestion for consideration.

In summary without data on all options I would be in support of a parcel tax that would be scaled, as an example $100 for R1 residential, $150 (or some increased quantity) for R2-R4, $200 (or some increased quantity) for commercial and visitor serving, understanding that we own R2 and commercial properties we would pay more under this scenario.

I would support either another 1/2 cent sales tax or 1 cent sales tax that rescinds measure Q.

In both scenarios I would recommend the City adopt a spending plan for both revenue sources with a sunset clause. As an example for the parcel tax a capital spending plan would be developed and for the sales tax dedicated portions could be 25% PERS pay down, 25% for Police, 25% for fire, 25% TBD.

Its imperative that any parcel tax or sales tax have a spending plan proposed and adopted before going to the ballot.

Paid Parking

I would recommend delaying any paid parking analysis. As I understand there are a hand full of projects that will be proposed such as Market Place and other waterfront developments. As those projects move forward through concept and permit process the city would have a better picture of parking demands and perhaps have some additional funds from impact fees that could be utilized for a study and perhaps implementation. Perhaps a parking study could be negotiated into the Market Place project.

RV Camping

I would not support RV Camping out at the Rock. Though we are focused on tourism I would draw the line on utilizing the Rock parking lot for dedicated camping. A couple of years ago the City entertained a conversation about out sourcing Police. Just the thought of the conversation brought about an uproar that caused friction in the community. We ultimately tabled the discussion. I could see the same reaction from our community over this topic.

Adult Cannabis dispensaries

No, Lets get the medical dispensaries off the ground first.

No to assessment districts, let districts form themselves.
No to UUT
No to increased TOT
No to bonds
No to COP

Consider sale of properties.

If we can use the Lower Cost Visitor Accommodation Funds to study RV camping why can't we use it to evaluate the City operating our current RV park the city owns but leases? In addition start redevelop plan for the WWTP site and RV site?

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City of Morro Bay

Proposed FY 2019/20
Operating and Capital Budget

May 28, 2019

BUDGET STUDY SESSIONS

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

TEN-YEAR FORECAST – GENERAL FUND

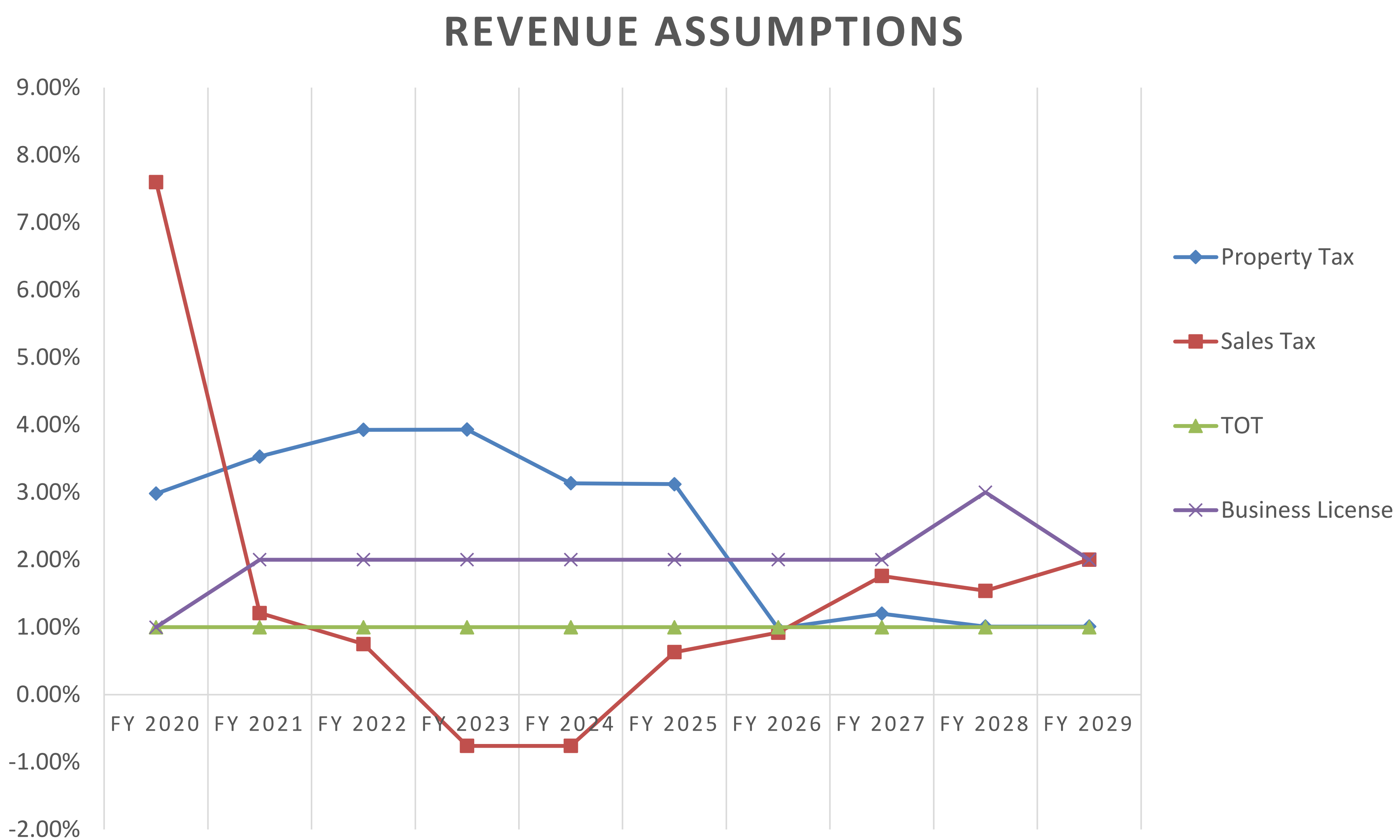
City of Morro Bay Budget Forecast ($ in 000)

General Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Property Tax	$4,405	$4,537	$4,697	$4,881	$5,072	$5,230	$5,394	$5,447	$5,503	$5,558	$5,614
Sales Tax	2,012	2,166	2,192	2,208	2,191	2,175	2,188	2,208	2,247	2,282	2,328
TOT	3,531	3,567	3,602	3,639	3,675	3,712	3,749	3,786	3,824	3,862	3,901
Other Revenue	3,159	3,166	3,014	3,038	3,071	3,106	3,141	3,156	3,213	3,256	3,299
Transfers	1,256	1,405	1,648	1,670	1,692	1,715	1,738	1,738	1,738	1,763	1,789
Total Revenue	14,363	14,840	15,153	15,436	15,702	15,937	16,209	16,336	16,525	16,722	16,931
Personnel	10,376	11,050	11,338	11,657	11,934	12,158	12,363	12,651	12,963	13,301	13,669
Other O&M	3,474	3,349	3,685	3,761	3,839	3,919	4,000	4,117	4,202	4,287	4,353
Transfers/Svc Adds	513	437	634	647	660	674	713	728	743	733	749
Future Budget Cuts	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	14,363	14,836	15,656	16,064	16,433	16,750	17,076	17,496	17,907	18,322	18,771
Net Annual	0	4	(504)	(629)	(731)	(813)	(866)	(1,160)	(1,382)	(1,600)	(1,840)
Beginning Balance	38	39	43	(460)	(1,089)	(1,820)	(2,633)	(3,500)	(4,660)	(6,042)	(7,642)
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	39	43	(460)	(1,089)	(1,820)	(2,633)	(3,500)	(4,660)	(6,042)	(7,642)	(9,482)

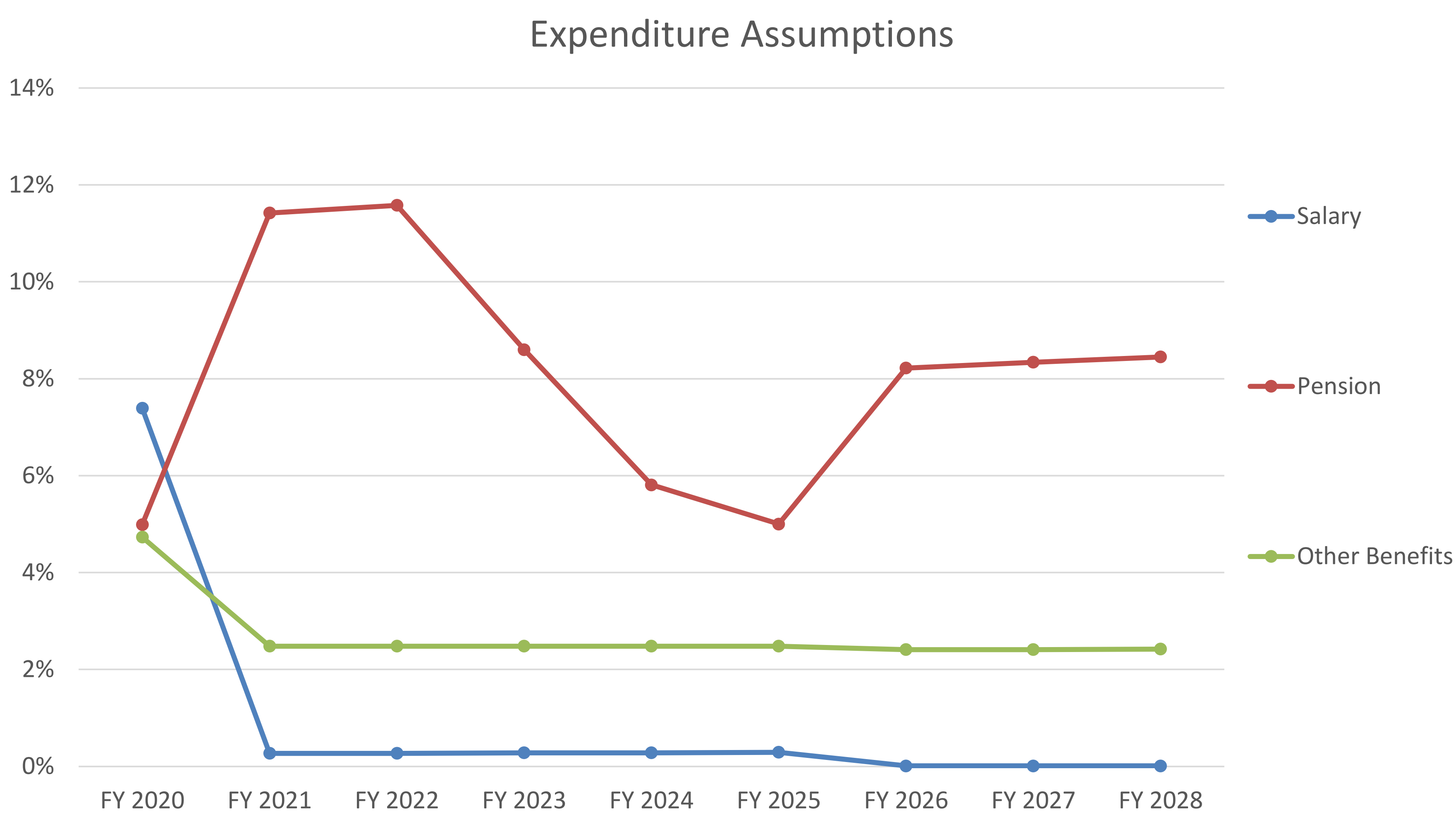
Emergency Reserve	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	$236	$95	$79	$80	$80	$25	$25	$25	$25	$25	$25
Transfers Out	225	0	0	0	0	0	0	0	0	0	0
Net Annual	11	95	79	80	80	25	25	25	25	25	25
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	2,927	2,938	3,034	3,113	3,192	3,272	3,297	3,322	3,347	3,372	3,397
Ending Balance	2,938	3,034	3,113	3,192	3,272	3,297	3,322	3,347	3,372	3,397	3,422

Total GF+ER Balance	**2,977**	**3,077**	**2,652**	**2,103**	**1,452**	**664**	**(178)**	**(1,314)**	**(2,670)**	**(4,245)**	**(6,060)**
% of GF Exp	20.7%	20.7%	16.9%	13.1%	8.8%	4.0%	-1.0%	-7.5%	-14.9%	-23.2%	-32.3%

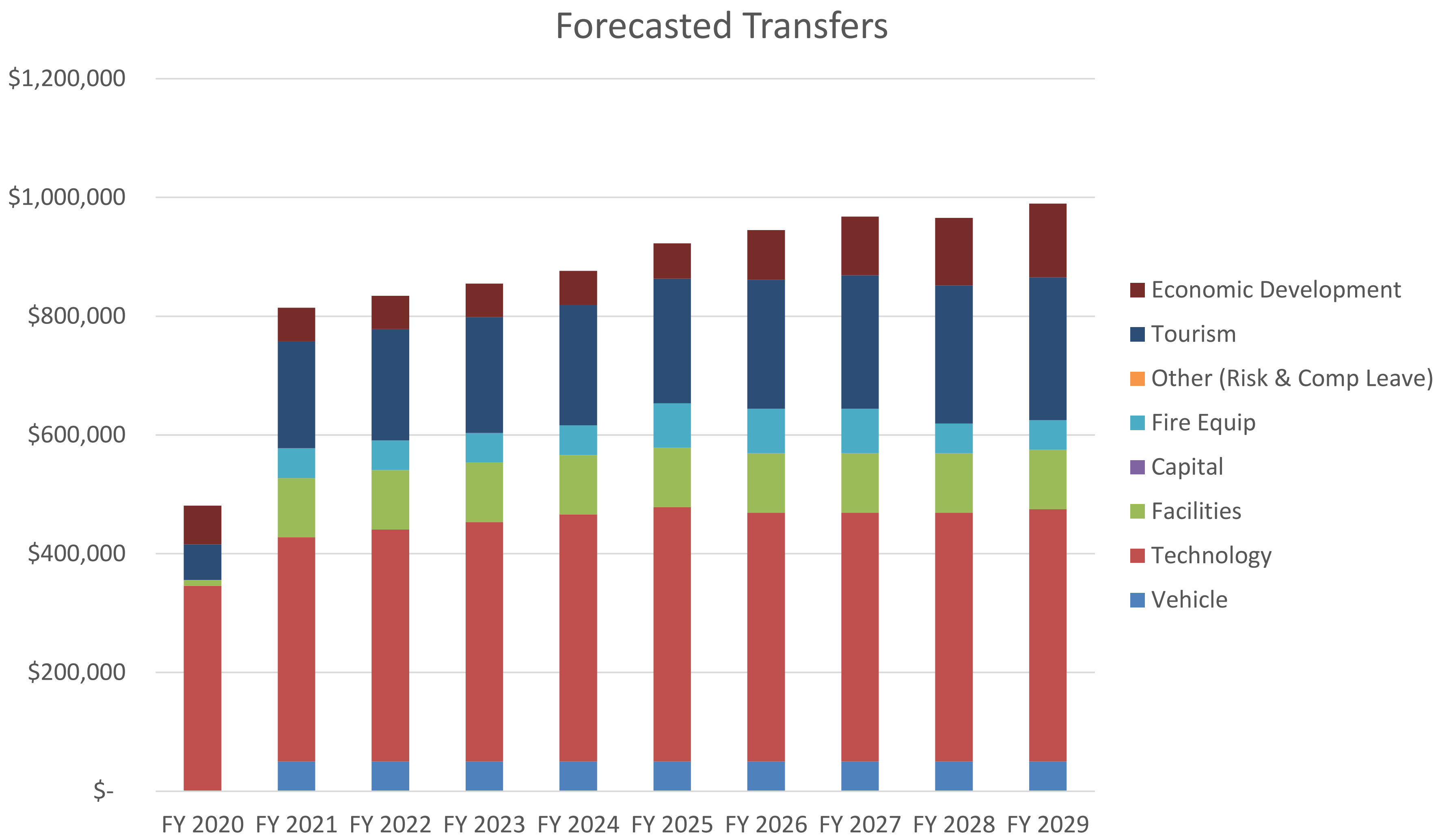
TEN-YEAR FORECAST



EXPENDITURE ASSUMPTIONS



TEN-YEAR FORECAST ASSUMPTIONS



TEN-YEAR FORECAST – HARBOR FUND

City of Morro Bay Harbor Funds Budget Forecast ($ in 000)

($ in 000)

Operations	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Harbor Leases	$1,532	$1,615	$1,647	$1,680	$1,713	$1,748	$1,783	$1,818	$1,855	$1,892	$1,929
Other Fees	373	336	342	349	355	361	368	374	381	388	395
Grants	22	28	29	29	30	30	31	32	32	33	33
Other Revenue	46	32	33	34	34	35	36	36	37	38	38
Transfers In	5	0	0	0	0	0	0	0	0	0	0
Total Revenue	1,978	2,011	2,051	2,091	2,132	2,174	2,217	2,260	2,305	2,350	2,397
Personnel	1,052	1,060	1,116	1,151	1,178	1,197	1,213	1,257	1,265	1,274	1,255
Other O&M	377	487	496	506	516	527	537	548	559	570	582
Debt Service	135	135	135	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	497	310	316	322	329	335	342	349	356	363	370
Total Expenditures	2,062	1,991	2,063	1,980	2,023	2,059	2,092	2,154	2,180	2,207	2,207
Net Annual	(83)	20	(13)	111	109	115	124	106	125	144	190
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	(5)	(89)	(69)	(81)	30	138	253	377	484	609	752
Ending Balance	(89)	(69)	(81)	30	138	253	377	484	609	752	942

Equipment	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	$28	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Transfers Out	28	0	0	0	0	0	0	0	0	0	0
Net Annual	0	0	0	0	0	0	0	0	0	0	0
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	56	56	57	57	58	58	58	59	59	60	60
Ending Balance	56	57	57	58	58	58	59	59	60	60	61

City of Morro Bay Harbor Funds Budget Forecast ($ in 000)

($ in 000)

Accumulation	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Other Revenue	$75	$3	$1	$1	$1	$1	$1	$1	$1	$1	$1
Transfers In-Harbor	168	0	0	0	0	0	0	0	0	0	0
Total Revenue	243	3	1	1	1	1	1	(0)	1	1	1
Expenditures/Tfr Out	43	412	0	0	0	0	0	0	0	0	0
Net Annual	200	(409)	1	1	1	1	1	1	1	1	1
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	367	567	158	159	159	160	161	162	163	163	164
Ending Balance	567	158	159	159	160	161	162	163	163	164	165

WHAT THE CITY HAS DONE SO FAR

– Defunded DCM position
– Underfilled Senior Engineer Position
– Consolidated and Reorganized Utilities Division
– Sought and obtained full funding for SRO position
– Pre-paid Side Fund
– Lump Sum Payment of Annual PERs Contribution
– Medical Cannabis Permits in Process – ETA June
– Fee Study Update – Coming to Council Soon
– Authorized Marketing of PG&E Credits for Sale
– Adopted Fiscal Emergency Plan

GOING FORWARD – REVENUE OPTIONS

Smaller Revenue Options Under Council Authority

- RV Camping
- Paid Parking Options
- Adult Use Cannabis Dispensaries

GOING FORWARD – REVENUE OPTIONS

Paid Parking Options

- –Analyze Options & Idea Locations
- –Implementation Costs
- –Estimated Revenues
- –Potential Enforcement Plans
- –Benefit: General Fund and/or Harbor Enterprise Fund
- –Reviewed by HAB

GOING FORWARD – REVENUE OPTIONS

RV Camping

- At the Rock and/or other locations
- Analyze when offered
- Utilize $54,000 Lower Cost Visitor Accommodation Mitigation Fee funds
- Benefit Harbor Enterprise Fund and/or General Fund

GOING FORWARD – REVENUE OPTIONS

Adult Use Cannabis Dispensaries

– Unrestricted revenues
– Staff could analyze potential revenues and recommend number of permits to issue

Revenues Within Council Authority

COUNCIL AUTHORITY

Sale or Lease of Property

- Provide List of Properties – Potential Market Value for Sale or Lease
- One-time Funds
- Generally Unrestricted

COUNCIL AUTHORITY

Certificates of Participation

- On-Going Funding Source Needs to Be Identified
- Not Recommended By Staff at this time

COUNCIL AUTHORITY

Council Authority	One-Time Funding	On-Going Funding	Specific Purpose	General Purpose
Property				
Sale	x		x	x
Lease		x	x	x
Certificates of Participation	x		x	

Revenues Requiring Voter Approval

VOTER APPROVAL

General Tax –

- Unrestricted
- Majority Vote Required
- During General Election

Special Tax –

- Specific Purpose
- 2/3rds Majority vote
- Accounted for in Separate Fund
- General or Special Election

VOTER APPROVAL REQUIRED

Voter Approval	Mailed Ballot	Ballot Measure	Votes to Pass	Special Purpose	Direct Benefit Requirement	General Purpose
Assessment Districts	x		Protest Ballot Measure	x	x	
Utility User Tax (UUT)		x	Majority or 2/3	x		x
Transient Occupancy Tax (TOT)		x	Majority or 2/3	x		x
Increased Sales Tax		x	Majority or 2/3	x		x
Parecel Tax/ Community Financing Districts		x	2/3rds	x		
General Obligation Bond		x	2/3rds	x		

Questions & Answers Council Discussion & Direction