



CITY OF MORRO BAY
Citizens Oversight Committee
Acting as Citizens Finance Advisory Committee
NOTICE OF SPECIAL 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.

SPECIAL MEETING AGENDA
THURSDAY, APRIL 28, 2022 – 3:30 PM
Veterans Memorial Hall
209 Surf St., Morro Bay, CA

Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.

Public Participation:

Public participation is allowed in the following ways:

- *Community members may attend the meeting in person at the Morro Bay Veterans Hall.*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment.*

Please click the link below to join the webinar:

➤ <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcuTHlRTk9xaTlmWVNWRWFUQT09>

Password: 135692

➤ *Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to "Raise Hand" for Public Comment*

- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the CFAC Committee at cfac@morrobayca.gov prior to the meeting. Agenda Correspondence received at cfac@morrobayca.gov by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Members of the audience wishing to address the CFAC on City business matters on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the CFAC at this time.

Public comment is an opportunity for members of the public to provide input to the governing body. To increase the effectiveness of the Public Comment Period, the City respectfully requests the following guidelines and expectations be followed:

- Those desiring to speak are asked to complete a speaker slip, which are located at the entrance, and submit it to the City Clerk. However, speaker slips are not required to provide public comment.
- When recognized by the Chair, please come forward to the podium to speak. Though not required, it is helpful if you state your name, city of residence and whether you represent a business or group. Unless otherwise established by the Chair, comments are to be limited to three minutes.
- All remarks should be addressed to CFAC, as a whole, and not to any individual member thereof.
- The CFAC respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission 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 CFAC to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in CFAC meetings is welcome and your courtesy will be appreciated.
- The CFAC in turn agrees to abide by its best practices of civility and civil discourse according to Resolution No. 07-19.

SPECIAL MEETING AGENDA ITEM

- I. DISCUSSION AND INPUT ON THE FISCAL YEAR 2022-23 MEASURE Q & E FUND DRAFT PROPOSED BUDGET (CITY MANAGER & ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

RECOMMENDATION: Receive FY 2022-23 Measure Q & E Fund Draft Proposed Budget and provide input for City Council consideration as needed.

SCHEDULE NEXT MEETING

May 17, 2022

ADJOURNMENT

DATED: April 25, 2022

Courtney Shepler

Courtney Shepler (Apr 25, 2022 16:09 PDT)

Courtney Shepler, Chair

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



AGENDA NO: I

MEETING DATE: April 28, 2022

Staff Report

TO: CFAC Chair and Committee Members

DATE: April 14, 2022

FROM: Sarah Johnson-Rios, Assistant City Manager/Admin Services Director

SUBJECT: Discussion and Input on the Fiscal Year 2022-23 Measure Q & E Fund Draft Proposed Budget

RECOMMENDATION

Receive FY 2022-23 Measure Q & E Fund Draft Proposed Budget and provide input for City Council consideration as needed.

BACKGROUND

The Ordinance implementing Measure E requires CFAC to review and report to Council regarding the expenditure of Measure Q & E funds to ensure it is consistent with Council direction, which aims to implement voters' priorities. The City Council also invites CFAC's input on Measure Q & E budget development each year. CFAC's input is provided for Council's consideration at the budget study session on the entire citywide budget, scheduled for May 24-25 this year.

Measure Q & E are legally general-purpose local transaction and use taxes that are not restricted as to use. City Council has set priorities for the expenditure of Measure Q & E funds that are consistent with priorities outlined in the ballot measure language to try to ensure consistency with voters' intended priorities for the expenditure of these funds.

In 2021, Council reviewed each specific clause of the Measure Q and the Measure E ballot measure language, and established the resulting overarching four spending priorities for Measure Q & E Funds. These priorities continue to guide budget development for the Measure Q & E Fund.

1. Maintain public safety services by funding positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include Morro Bay Fire Department, Morro Bay Police Department, and Morro Bay Harbor Department personnel, equipment, and support service in addition to the Fire Headquarters Debt service and the Fire Engine loan repayment;
2. Maintain or enhance cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, operating expenses, and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
3. Invest in infrastructure and equipment such as street paving, storm drains, vehicle replacements that support City services. This may include increasing the City's capacity to implement the current backlog of unfunded infrastructure projects.

Prepared By: SJR

Dept Review: SJR

City Manager Review: _____

City Attorney Review: _____

4. Ensure City's financial health by maintaining appropriate reserves to respond to economic downturns, natural disasters and/or health emergencies as well as other unforeseen challenges or opportunities.

The budgeting and accounting framework for Measure Q & E funds can be summarized as follows:

- Revenues are accounted for the Measure Q & E Fund (Fund 003). Revenues from both Measures Q and E are accounted for in one revenue account and are remitted by the State as one revenue source (consistent with Resolution No. 69-20 in which the voters were asked to increase the City's Sales Tax rate from 0.5% to 1.5%).
- Operating costs are budgeted and posted in the Measure Q & E Fund.
- Capital projects are accounted for in the General Fund Capital Fund (915) with transfers out of Measures Q & E Fund based on budget and carried forward until expended consistent with Council CIP carry forward budget authority.

DISCUSSION

The FY 2022-23 Draft Proposed Measure Q & E Fund Budget is attached (Attachment 1). FY 2022-23 revenues are estimated at \$4.3 million. Expenditures are proposed at approximately \$5.2 million, utilizing the majority of the projected fund balance for one-time capital needs. Approximately 46% of the proposed expenditures are for ongoing operating costs in the Police, Fire, Harbor, and Public Works Departments. These operating costs are presented and outlined in detail in Attachment 1. The remaining 54% is proposed for one-time capital improvement projects (CIP) and a one-time contribution to the repayment of the Fire Station loan. Proposed CIPs to be funded using Measure Q & E funds are presented in detail in Attachment 2.

As noted in the attachment, the personnel costs presented in the attached are anticipated to increase, pending the outcome of labor negotiations. This will utilize a portion of the remaining \$130,000 in projected fund balance. As a reminder, the General Fund Emergency Reserve Policy covers the Measure Q & E Fund in that Measure Q & E operating costs are included in the calculation to establish whether the General Fund Emergency Reserve meets the Council-directed minimum of 33% (or 50% target) of both General Fund and Measure Q & E Fund operating costs.

Retaining a balance of operating and capital expenditures in the Measure Q & E Fund on an ongoing basis is advisable given the somewhat volatile nature of sales tax revenues. The one-time capital costs may continue to be funded at higher levels following years of higher than anticipated revenues, and lower levels following years of lower revenues.

While the draft proposed budget documents are presented in printable PDF form, the final adopted budget will be available in an improved digital format online. While printable PDFs will remain available as an option, the online digital version of the budget document will have interactive features so that members of the public can view budget data depicted visually using several different interactive chart options. This will facilitate an improved understanding of City expenditures of all funds, including the expenditure of proceeds from Measure Q & E tax revenues.

ATTACHMENTS

1. FY 2022-23 Draft Proposed Measures Q & E Budget
2. FY 2022-23 Proposed Measure Q & E-Funded Capital Improvement Projects
3. Staff presentation

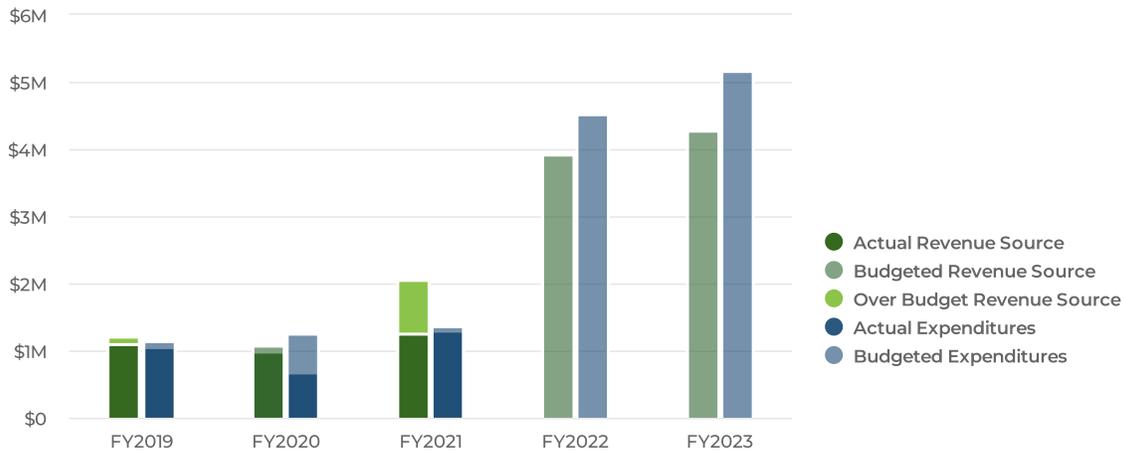
Measure Q & E Fund

The Measure Q & E Fund is a major governmental fund that tracks the receipt and expenditure of the one and one-half cent local transaction and use tax approved by Morro Bay voters. Voters first approved Measure Q in 2006, which was a one-half cent transaction and use tax to preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution, and other general city services. More recently, in 2020, voters approved Measure E, which further increased the transaction and use tax to a total of one and one-half percent and articulated the following priorities: maintain 24/7 911 public safety emergency response, 24/7 police services, 24/7 paramedic services, health emergency/disaster preparedness; keep beaches, public areas, and public restrooms safe and clean (including the Embarcadero and Harbor); invest in infrastructure; and protect Morro Bay's financial stability and City services. Both Measures included provisions that require an independent annual financial audit and an independent citizens' advisory committee to review annual expenditures.

Summary

The City of Morro Bay is projecting \$4.3M of revenue in FY2023, which represents a 9% increase over the prior year. Budgeted expenditures are projected to increase by 14% or \$644K to \$5.2M in FY2023. Expenditure numbers do not yet include the results of ongoing labor negotiations; personnel costs are anticipated to increase prior to budget adoption pending the outcome of negotiations.

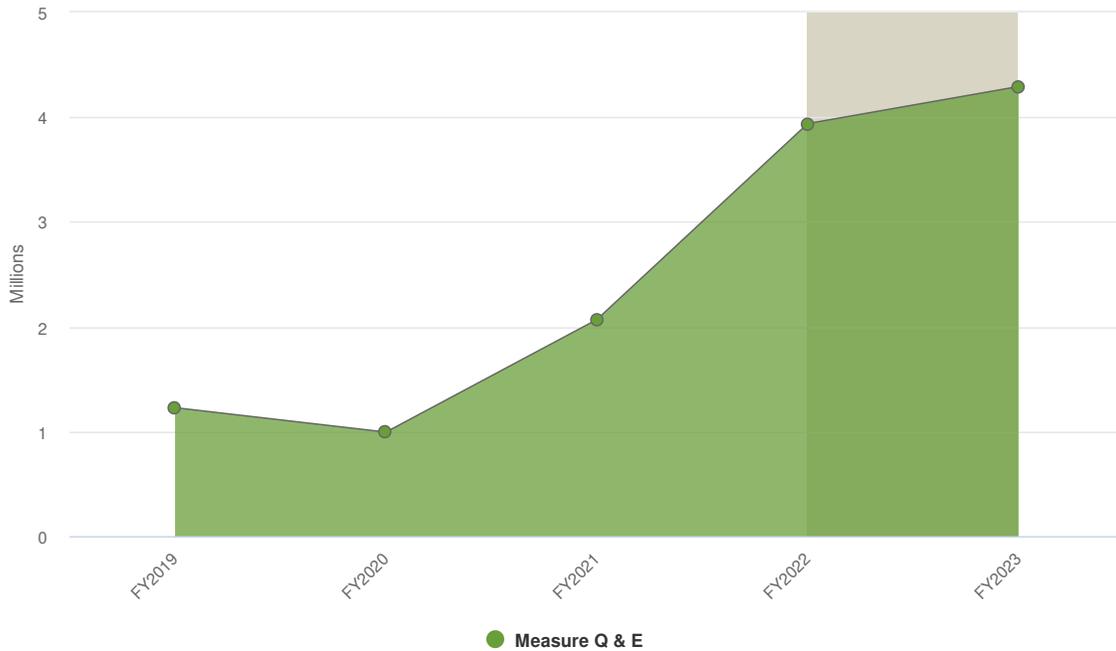
Proposed expenditures exceed projected revenues by approximately \$0.9 million in order to utilize the majority of the FY 2021-22 projected fund balance of \$1 million. Approximately \$0.4 million of the FY 2020-21 year-end fund balance of \$1.4 million was already appropriated in the FY 2021-22 budget for capital improvement projects. The proposed budget leaves a small amount of the projected FY 2021-22 fund balance available due to anticipated personnel cost increases, which are pending resolution of labor negotiations.



Revenue

The City uses HdL Companies, which specializes in tax revenue for municipalities in California, to provide sales tax projections, including Measure E revenue projections. Revenues are now remitted by the State entirely as Measure E revenues, reflecting the increase from one-half percent to a total one and one-half percent local transaction and use tax.

Budgeted and Historical Measure Q & E Revenue



Grey background indicates budgeted figures.

Measure Q & E revenues are projected to increase approximately 9% over the FY 2021-22 Amended Budget in FY 2022-23, based on HdL Companies' projections. This near-term growth reflects a projection for continued recovery from the pandemic. Out-year projections are expected to show much more moderate growth year over year.

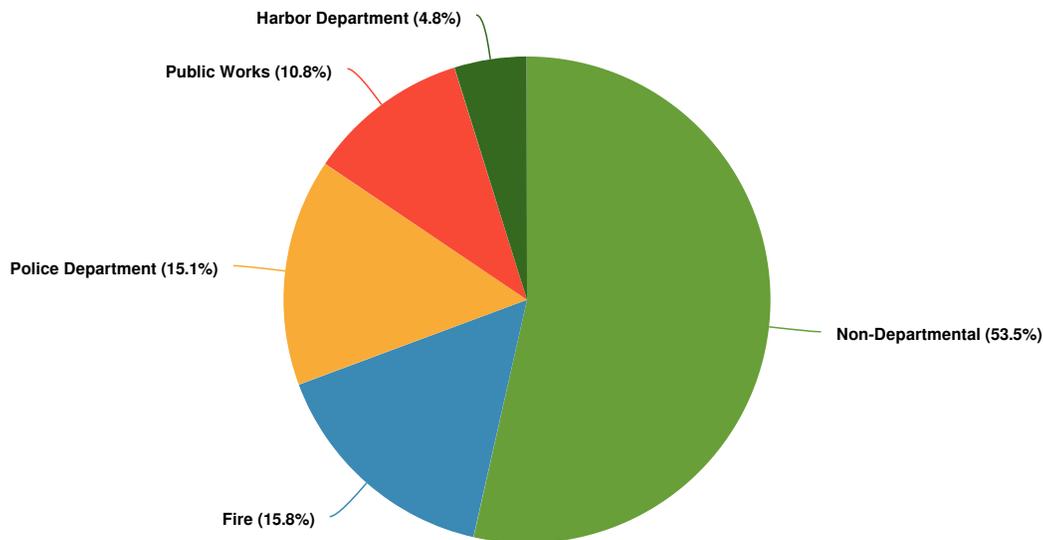
Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Measure Q & E	\$3,938,184	\$3,949,183	\$4,292,000	9%
Total Measure Q & E:	\$3,938,184	\$3,949,183	\$4,292,000	9%

Expenditures by Department

The City Council-adopted principles and priorities for Measure Q & E Fund expenditures are as follows:

1. Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor Department personnel and equipment, in addition to the Fire Headquarter debt service and the Fire engine loan repayment;
2. Maintain or enhances cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses, and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
3. Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects.
4. Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

Budgeted Expenditures by Function



Note that Non-Departmental in the Chart above represents transfers to other funds for capital improvement projects and the Fire Station loan payoff, outlined in more detail below.

Each Department's FY 2022-23 expenditures from Measure Q & E Funds are as follows:

Police Department -

- o **Staffing** - 1 Sergeant, 2 Police Officers, and 1 Community Services Officer Technician, a new non-sworn position that will assist patrol officers with providing non-emergency services to the community of Morro Bay. The Police Department previously employed both a code enforcement officer and community services technician/crime prevention officer; the positions were eliminated due to severe budget cuts in 2005. Past personnel reductions currently have the department operating at the same staffing levels it had in 1986. These positions were never recovered and all non-emergency calls for service (as well as in-progress and priority calls) fell to a then reduced and overburdened sworn patrol staff which has seen a steady and consistent demand for increased services over the past few years. The CSO Technician would assist in appropriate administrative and patrol related matters and assist patrol officers assigned to the Neighborhood Cop Program to address "quality of life" and crime prevention issues within the city. Staff estimates that a full-time CSO Technician could relieve the patrol officers of having to respond to approximately 200 non-emergency calls for service per month.
- o **Supplies & Services** - These include:

Attachment 1-Draft Proposed Measure Q&E Budget

- Equipment for secured evidence/bike storage that is in need of replacement (\$7,000).
- Annual payments to the San Luis Obispo County Sheriff's Department for Morro Bay's contribution to the County Bomb/Drug/Gang task force. This funds staff and required equipment to respond to situations involving bombs, drugs, or gangs (\$15,000).
- Annual regional SWAT team contribution. These funds go to the City of San Luis Obispo for staff and equipment that the SWAT team uses. Each agency has staff that are members of the SWAT team. The contribution amount is based on the number of SWAT members from each agency. Morro Bay has two SWAT team members (\$7,000).
- Annual payment for CLETS/Data lines to the San Luis Obispo Sheriff's Department. This is for access to CLETS and Data lines that the Sheriff's department is the custodian of for the Department of Justice (\$15,000).
- Records Management System funds that are budgeted in FY 2021-22 but will not be expended in that year due to project timing delays (\$100,000).
- Police body camera annual support and maintenance contract costs (\$29,000).

Fire Department -

- **Staffing** - 1 Captain and 2 Engineers, as well as 10 part-time Reserve Firefighters. These costs include regular pay, benefits, and federally mandated overtime. This investment will help to maintain the Council's desired and strategic plan recommending 4 firefighters on duty each day. This investment ensures public safety response capabilities 24 hours a day, 7 days a week, 365 days a year. The Reserve Firefighters are utilized to augment Fire Department staffing, allowing for response to large incidents such as fires, rescues, and disasters. The Reserves participate in public events, perform commercial business inspections, and fill in to cover for leave time when full-time personnel take leave. Reserves also participate in the City's response to mutual aid assignments for wildland fires throughout the State.
- **Supplies & Services** - None. Note that the debt service payments towards the Fire Station loan have been removed from the budget and replaced by a one-time transfer to the General Fund to enable the payoff of the loan, consistent with Council direction in 2016, using the sales proceeds of the Coral Avenue property.

Public Works Department -

- **Staffing** - 1 Maintenance Superintendent, 2 Maintenance Worker I's, part-time maintenance budget, and 0.8 Associate Engineer. Consistent with Council direction at Midyear in FY 2021-22, this consolidated maintenance staffing will enhance cleanliness of waterfront, embarcadero, public restrooms, and parks. This funding will support daily operations. The Associate Engineer position will implement critical City capital improvement projects that are consistent with Measure Q & E priorities (the remainder of the position will be charged to Water and Sewer funds for support on utilities capital project implementation).
- **Supplies & Services** - Funding for sidewalk and curb repairs (\$26,000).

Harbor Department -

- **Staffing** - Part-time Harbor Reserves program and Part-time Harbor lifeguard program. The reserve and lifeguard programs allow the Harbor Department to maintain current service levels to keep the harbor and beaches safe and clean, and to maintain 911 emergency response.
- **Supplies & Services** -
 - Disposal funding to allow the Harbor Department to enhance trash disposal along the waterfront and Embarcadero. Promotes environmental health of the ocean by preventing trash from overflowing waste receptacles (\$88,000).
 - Lifeguard program supplies (\$3,000).

Non-Departmental -

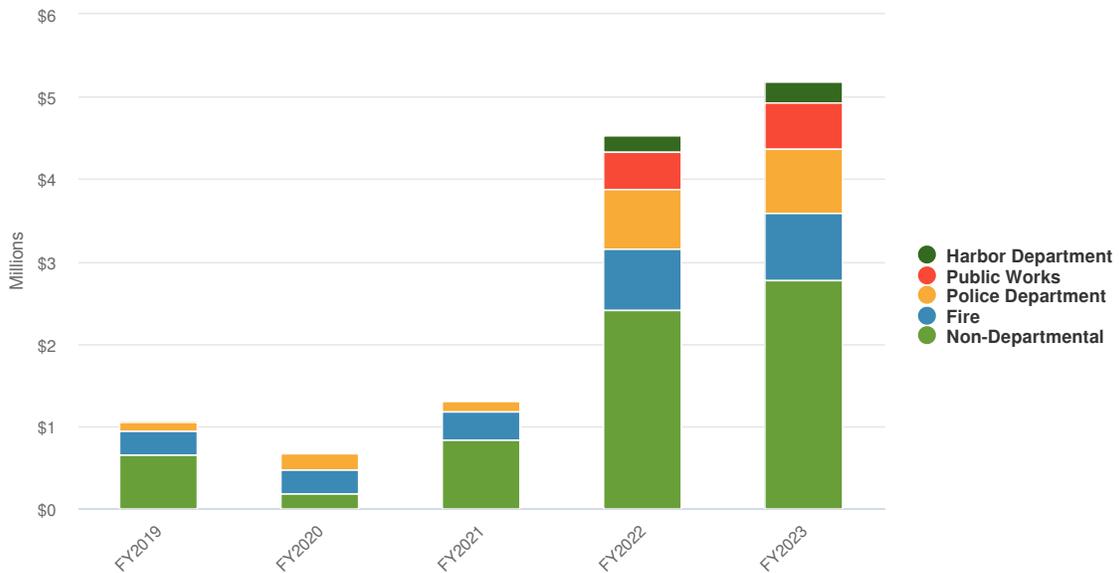
The non-departmental expenditures are comprised of inter-fund transfers to fund six capital improvement projects consistent with Measure Q & E expenditure priorities, and one inter-fund transfer to the General Fund to support payoff of the Fire Station loan.

- **Fire Station Loan Payoff Contribution (\$260,000)** - The remaining principal balance on the Fire Station loan from the USDA is approximately \$1.2 million. Net proceeds from the sale of the Coral Avenue property, including past interest payments received by the General Fund as well as the lump sum payment received in December 2021, will cover the remainder of the anticipated payoff. Given that the Measure Q & E fund is currently making principal and interest payments on the loan, at an interest rate of 3.75%, Measure Q & E Fund would save approximately \$500,000 in interest over the life of the loan by paying the loan off now, consistent with 2016 Council direction.

Capital Improvement Projects (CIP) - These projects are presented in much greater detail in the CIP section of the budget document.

Capital Project	FY 2022-23 Measure Q & E Budget
FY 2022-23 Pavement Management	\$1,380,000
SR1/SR41/Main St Intersection Improvements	\$600,000
Automated License Plate Reader camera system	\$159,000
Citywide Speed Survey	\$75,000
ADA Accessibility Upgrades at Quintana and Main	\$90,000
Boat Launching Facility Ramp Replacement	\$210,000
Total Measure Q & E CIP Budget	\$2,514,000

Budgeted and Historical Expenditures by Department



Note: In the chart above, FY 19 through FY 21 numbers represent actuals and FY 22 and FY 23 represent budget.

Non-Departmental in the Chart above and the table below represents transfers to other funds for capital improvement projects and the Fire Station loan payoff.

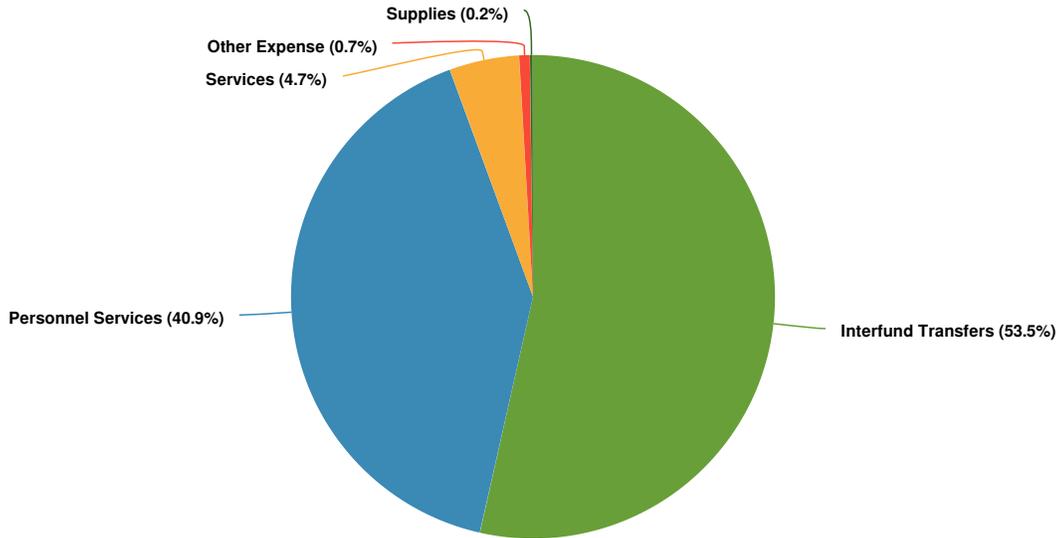
Attachment 1-Draft Proposed Measure Q&E Budget

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted
Expenditures			
Police Department			
Personnel Services	\$491,001	\$497,082	\$610,207
Supplies	\$0		\$7,000
Other Expense	\$36,000	\$36,000	\$36,720
Services	\$202,450	\$80,000	\$128,560
Total Police Department:	\$729,451	\$613,082	\$782,487
Fire			
Personnel Services	\$653,598	\$624,409	\$818,443
Debt Service	\$90,807	\$90,808	\$0
Total Fire:	\$744,405	\$715,217	\$818,443
Public Works			
Personnel Services	\$348,577	\$348,577	\$531,521
Services	\$100,000	\$42,645	\$25,500
Total Public Works:	\$448,577	\$391,222	\$557,021
Harbor Department			
Personnel Services	\$81,000	\$50,200	\$158,320
Supplies	\$0		\$3,300
Services	\$70,000	\$70,000	\$87,500
Capital Outlay	\$50,000	\$50,000	\$0
Total Harbor Department:	\$201,000	\$170,200	\$249,120
Non-Departmental			
Interfund Transfers	\$2,413,376	\$2,413,376	\$2,774,000
Total Non-Departmental:	\$2,413,376	\$2,413,376	\$2,774,000
Total Expenditures:	\$4,536,808	\$4,303,097	\$5,181,071

Expenditures by Department

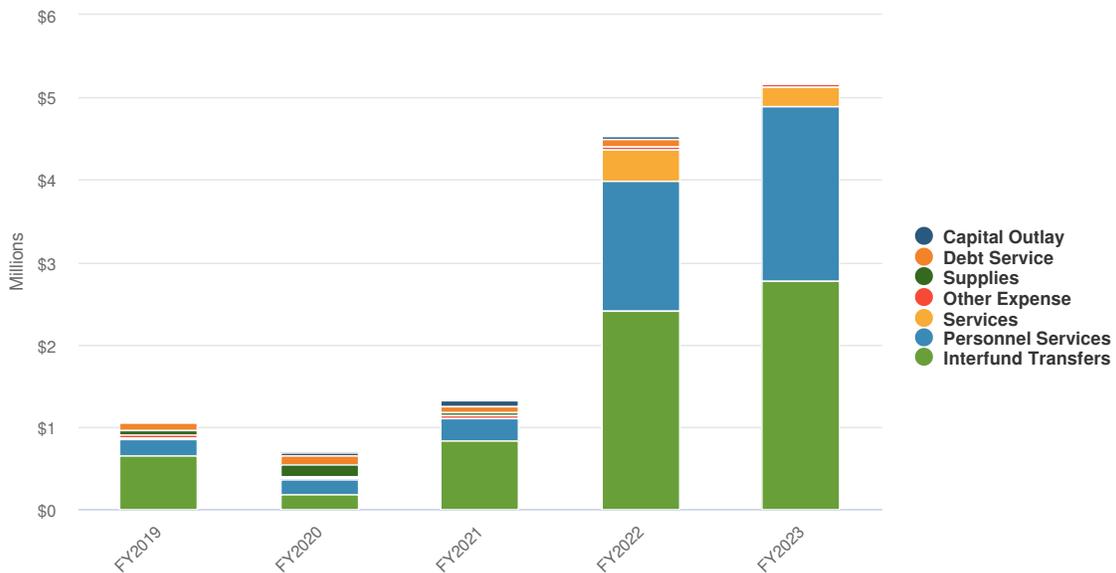
The Proposed Measure Q & E Budget is comprised of 46% ongoing operating costs and 54% one-time costs for capital improvements and the fire station loan payoff. In years where there may not be available fund balance, a higher percentage of the total will be comprised of operating expenditures.

Budgeted Expenditures by Expense Type



Note: Interfund Transfers in the Chart above represents transfers to other funds for capital improvement projects and the Fire Station loan payoff.

Budgeted and Historical Expenditures by Expense Type



Attachment 1-Draft Proposed Measure Q&E Budget

Note: In the chart above, FY 19 through FY 21 numbers represent actuals and FY 22 and FY 23 represent budget.

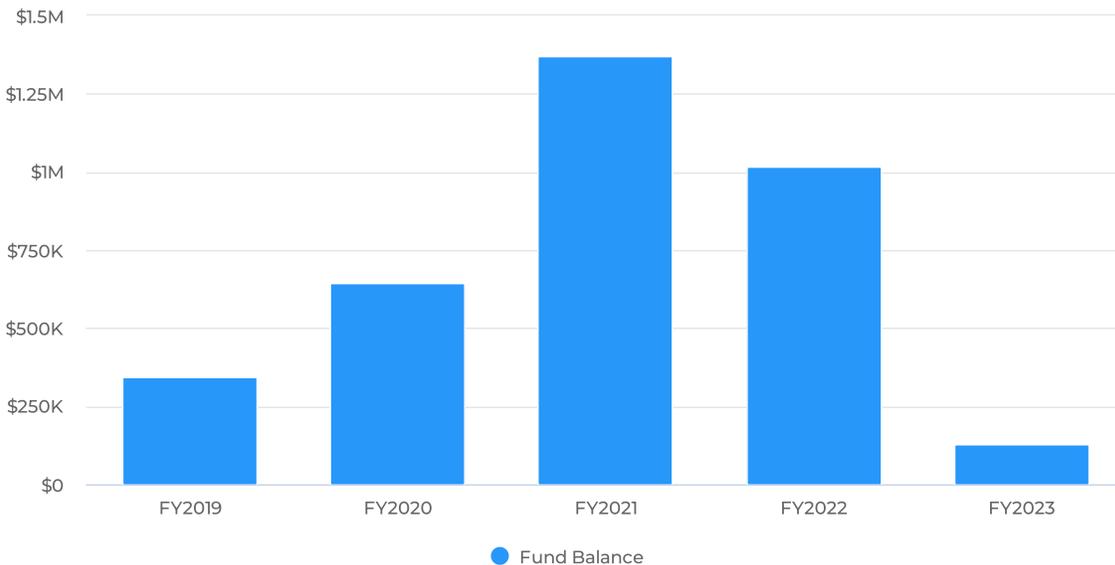
Interfund Transfers in the Chart above and the table below represents transfers to other funds for capital improvement projects and the Fire Station loan payoff.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted
Expense Objects			
Personnel Services	\$1,574,176	\$1,520,268	\$2,118,491
Supplies	\$0	\$0	\$10,300
Other Expense	\$36,000	\$36,000	\$36,720
Services	\$372,450	\$192,645	\$241,560
Capital Outlay	\$50,000	\$50,000	\$0
Debt Service	\$90,807	\$90,808	\$0
Interfund Transfers	\$2,413,376	\$2,413,376	\$2,774,000
Total Expense Objects:	\$4,536,808	\$4,303,097	\$5,181,071

Fund Balance

The fund balance in prior years has been appropriated for one-time capital projects in FY 2021-22 and is proposed to be allocated to additional one-time capital projects in FY 2022-23. The General Fund Emergency Reserve Policy covers the Measure Q & E Fund in that Measure Q & E operating costs are included in the calculation to establish whether the General Fund Emergency Reserve meets the Council-directed minimum of 33% (or 50% target) of both General Fund and Measure Q & E Fund operating costs. Retaining a balance of operating and capital expenditures in the Measure Q & E Fund on an ongoing basis is advisable given the somewhat volatile nature of sales tax revenues. The one-time capital costs may continue to be funded at higher levels following years of higher than anticipated revenues, and lower levels following years of lower revenues.

Fund Balance Projections



The FY 22-23 year-end fund balance is projected to be approximately \$130,000. As noted above, a portion of this will likely be utilized for increasing personnel costs, pending the outcome of labor negotiations.

MEASURE Q & E
FY 2023 PROPOSED
CAPITAL IMPROVEMENT BUDGET

Annual Pavement Management Program-FY 22-23

Overview

Submitted By	Greg Kwolek, Public Works Director
Request Owner	Greg Kwolek, Public Works Director
Est. Start Date	07/01/2022
Est. Completion Date	05/31/2023
Department	Public Works
Type	Capital Improvement
Project Number	NEW (FY 21-22 Project #915-9614)

Description

Employ appropriate pavement preservation and rehabilitation technologies such as asphalt digout repairs, chip seals, slurry seals, and other treatments as required to extend the useful life of the existing asphalt street surface, rehabilitate failing asphalt, maintenance of all appurtenances in the City's road right of way, and reduce the need for more invasive and costly reconstruction of the roadway. These funds also cover the costs of any annual Pavement Management consulting services and Pavement Analyses and Testing services that may be needed to maintain and create the City's Pavement Maintenance Program.

Images



Pacific Street (looking west)

This is one of the streets that will be rehabilitated with the Arterial Digout Project



Surface Seal Treatment Being Placed in Morro Bay

Details

Project Location Description	Various streets
Project Manager	Eric Riddiough
Total Prior Year Budget	N/A
Type of Project	Maintenance/Repair
One-Time or Ongoing	Ongoing
New or Existing Project	In progress
City Council Goal	Public Infrastructure

Project Justification

- The City has an annual need of \$2 million to maintain its network of streets. These funds all contribute to the revenue used for pavement management and overall management of the City right of way.
- Necessary to maintain existing facilities, safety infrastructure and assets for the driving public
- Required to maintain existing service levels
- If not funded, staff will not be able to contract out capital projects for maintenance of the City's highest valued asset, City pavements, valued at approximately \$145 million. The City's pavement condition continues to deteriorate, not funding would accelerate the deterioration of this asset. At 62 PCI, the City is in a Fair / AT RISK condition rating. If the City does not spend at least \$2 million a year, the condition will continue to deteriorate. At current annual funding levels of \$700,000, the PCI is projected to drop to 60 by 2024 (see attached 2020 Pavement Management Plan Update Final Report)

Positive Fiscal Impact

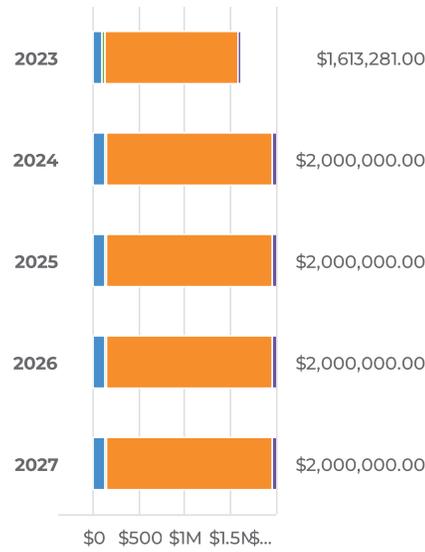
Investing in pavement management does not contribute to operational efficiencies or ROI for the City. However, it does improve the safety and longevity of existing assets. Deferral of maintenance of pavement contributes to safety concerns with roadways, damage to vehicles and other infrastructure, and is a very noticeable concern to the public that the City receives routine complaints about.

Capital Cost

FY2023 Budget
\$1,613,281

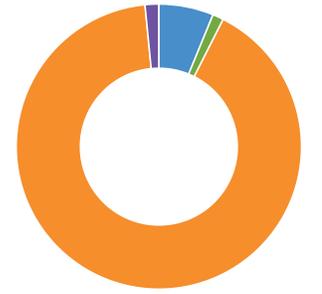
Total Budget *(all years)*
\$9.613M

Capital Cost by Year



● Design ● Engineering
● Construction/Mai... ● Consulting Servic...

Capital Cost for All Years



● Design (6%) \$596,000.00
● Engineering (1%) \$120,000.00
● Construction/Maintenance (91%) \$1,468,281.00
● Consulting Services (2%) \$149,000.00
TOTAL \$9,613,281.00

Capital Cost Breakdown

Capital Cost	FY2023	FY2024	FY2025	FY2026	FY2027
Design	\$100,000	\$124,000	\$124,000	\$124,000	\$124,000
Engineering	\$20,000	\$25,000	\$25,000	\$25,000	\$25,000
Construction/Maintenance	\$1,468,281	\$1,820,000	\$1,820,000	\$1,820,000	\$1,820,000
Consulting Services	\$25,000	\$31,000	\$31,000	\$31,000	\$31,000
Total	\$1,613,281	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000

Funding Sources

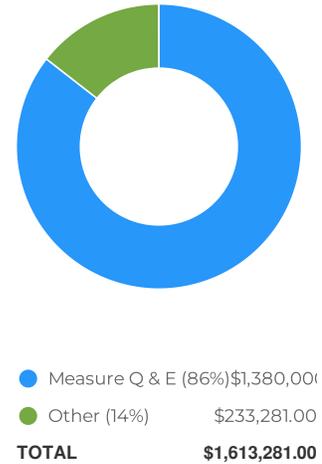
FY2023 Budget
\$1,613,281

Total Budget *(all years)*
\$1.613M

Funding Sources by Year



Funding Sources for All Years



Funding Sources Breakdown

Funding Sources	FY2023	FY2024	FY2025	FY2026	FY2027
Measure Q & E	\$1,380,000	\$0	\$0	\$0	\$0
Other	\$233,281				
Total	\$1,613,281	\$0	\$0	\$0	\$0

Projected Timeline

Jul 1, 2022

Arterial Digout and Pedestrian Improvements Project (Carryover from 2021/22) - start construction

Sep 12, 2022

Surface Seal Street Maintenance Project - construction

SRI/SR41/Main St Intersection Improvements

Overview

Submitted By	Greg Kwolek, Public Works Director
Request Owner	Greg Kwolek, Public Works Director
Est. Start Date	07/01/2022
Est. Completion Date	06/30/2023
Department	Public Works
Type	Capital Improvement
Project Number	915-8229

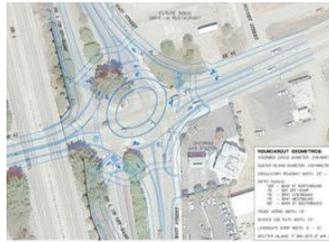
Description

Replace the existing 4-way stop signs by either constructing a modern roundabout design in order to eliminate the closely spaced adjoining intersections or installing new coordinated traffic signals using the existing intersection configuration.

Images



SR 41/Main - Intersection
Traffic Signal Control Alternative

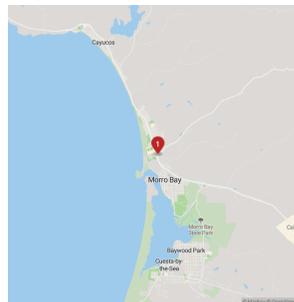


SR 41/Main - Intersection
Roundabout Alternative

Details

Project Location Description	SRI/SR41/Main St Intersection
Project Manager	Eric Riddiough
Total Prior Year Budget	\$714,000
Type of Project	New Construction
One-Time or Ongoing	Ongoing
New or Existing Project	In progress
City Council Goal	Public Infrastructure

Location



Project Justification

The SR1/Main St.@ SR41 Interchange Improvements will reduce congestion and decrease Greenhouse Gas emissions. The project contributes to three of the Council's Adopted Goals by advancing economic sustainability, improving infrastructure, and impacting climate change. The level of service (LOS) is deteriorating steadily as congestion continues to grow with increased tourism in the City. This intersection serves as the principal gateway to Morro Bay from the Central Valley our primary source of tourists. It is also the only route to Morro Bay High School which generates significant vehicle, traffic during the morning, lunch and afternoon peak hours. Pedestrian and bicycle volumes have grown steadily at this intersection with the increased emphasis on Active Transportation modes.

The existing intersection has failing LOS during peak hours and will continue to get worse with projected growth and build-out of the city. Step 1&2 Intersection Control Evaluations (ICE) have been completed and have identified the roundabout as the preferred technical solution. Caltrans and FHWA have authorized a Preliminary Assessment, Environmental Documentation and NEPA/CEQA work is in progress. City funded the ICE studies and SLOCOG has funded PA&ED and PE phases. ROW will be acquired as a condition of adjoining development. Failure to complete PA&ED, project design and ROW acquisition may result in loss of anticipated infrastructure construction funding.

Positive Fiscal Impact

This project will use staff time for design oversight, construction inspection and management. The staff time for this project will be included in the department's Operating Budget. SLOCOG expects the City to contribute 50% of the construction cost. All transportation funding is allocated on a reimbursable basis. The \$603,860 in Revenue is available at SLOCOG for reimbursement once expenditures are made. These funds are available due to underspending on prior year's projects.

Capital Cost

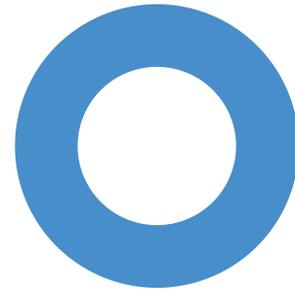
FY2023 Budget
\$600,000

Total Budget *(all years)*
\$8.192M

Capital Cost by Year



Capital Cost for All Years



● Construction/Maintenance (10
TOTAL **\$8,191,766.00**

Capital Cost Breakdown

Capital Cost	FY2023	FY2024	FY2025
Construction/Maintenance	\$600,000	\$1,904,000	\$5,687,766
Total	\$600,000	\$1,904,000	\$5,687,766

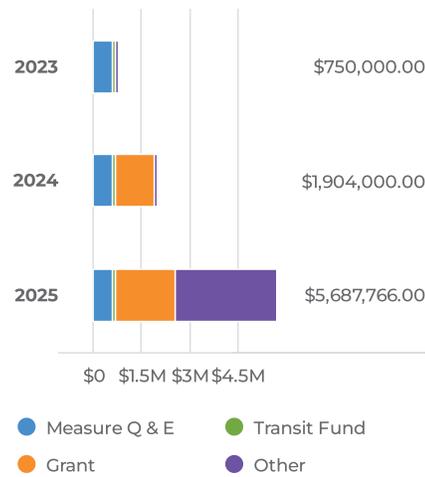
Funding Sources

Total Costs to Date
\$750,000

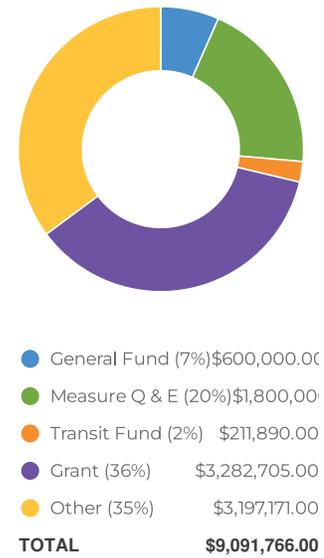
FY2023 Budget
\$750,000

Total Budget (all years)
\$8.342M

Funding Sources by Year



Funding Sources for All Years



Funding Sources Breakdown

Funding Sources	Cost to Date	FY2023	FY2024	FY2025
General Fund	\$600,000			
Measure Q & E		\$600,000	\$600,000	\$600,000
Transit Fund		\$70,630	\$70,630	\$70,630
Grant	\$150,000		\$1,233,370	\$1,899,335
Other		\$79,370		\$3,117,801
Total	\$750,000	\$750,000	\$1,904,000	\$5,687,766

Projected Timeline

Jul 1, 2022

Start CEQA / NEPA process Planning Community Outreach

Jun 30, 2023

Forecast Project Approval from Caltrans to move forward with Plans, Specifications, and Estimates (PS&E)

Attachment 2-FY 2022-23 Proposed Measure Q&E Funded Capital Improvement Projects

Jul 1, 2023

Start Plans, Specifications, and Estimates (PS&E)

Jul 1, 2024

Estimated Start Construction

Automated License Plate Reader camera system

Overview

Submitted By	Jody Cox, Police Chief
Request Owner	
Est. Start Date	08/01/2022
Est. Completion Date	12/31/2022
Department	Police Department
Type	Capital Improvement
Project Number	New

Description

Automated License Plate Reader Camera System:

License Plate Reader cameras have been used to solve various crimes that would have otherwise gone unsolved, such as Homicides, Vehicle Thefts, and hit-& run accidents just to name a few. By installing License Plate Reader cameras, staff would be alerted to vehicles that have been reported as stolen, used in the commission of a crime, or listed as missing/wanted persons. Staff would also be able to review data from the system for investigative purposes concerning local crimes occurring within our city.

Details

Project Location	Various locations
Description	
Project Manager	Commander Watkins
Total Prior Year Budget	\$0
Type of Project	New Construction
One-Time or Ongoing	One-Time
New or Existing Project	New
City Council Goal	Community Health

Location



Project Justification

Federal, state, and local law enforcement use historical and real-time license plate recognition (LPR) data every day to investigate amber alerts, stolen vehicles, murder, rape, child sexual exploitation, violent fugitives, human trafficking, drug trafficking, serial robberies, identity theft, and more as vehicles are used in an estimated 70% of crimes committed. Vehicles are used to travel to and from crime scenes and cross numerous jurisdictional boundaries to avoid detection. License Plate Reader cameras would alert staff to vehicles that have been used in the commission of a crime and entered into the LPR database, which is only accessed by law enforcement personnel who have met the minimum training, certification and background checks required for access to criminal justice data. This type of technology acts as a force-multiplier by collecting and storing data needed and used by law enforcement agencies without having additional patrol personnel available at multiple locations at the same time. Numerous case studies have proven that this technology has resulted in thousands of criminal cases being solved and billions of dollars in stolen property/vehicles recovered.

Positive Fiscal Impact

Attachment 2-FY 2022-23 Proposed Measure Q&E Funded Capital Improvement Projects

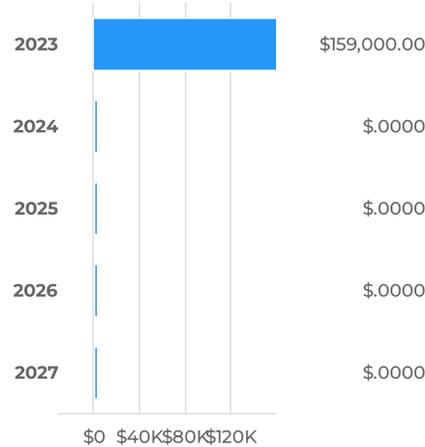
LPR technology has helped law enforcement solve thousands of crimes by acting as a force-multiplier, capturing information even when a uniformed officer is not present. It has also been used to help locate criminal fugitives, human traffickers, solve cold-case murders, rapes, and serial burglaries and thefts. It has enabled financial service companies to recover billions of dollars in defaulted/stolen assets and investigate insurance fraud and other financial crimes. License plate readers are used on patrol cars, tow trucks, highway overpasses, street lights, airports and other locations to capture license plate photos of passing cars. The data is stored with a date, time and location stamp, and is compared against databases of vehicles of interest in criminal investigations, missing persons, wanted subjects, etc. This historical license plate data is immensely valuable to law enforcement investigators to provide real-time data in the daily protection of their communities.

Capital Cost

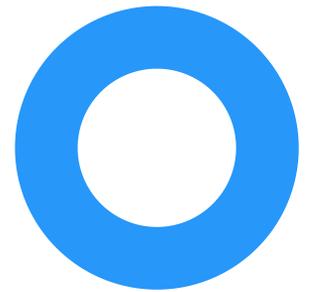
FY2023 Budget
\$159,000

Total Budget *(all years)*
\$159K

Capital Cost by Year



Capital Cost for All Years



● Construction/Maintenance (10
TOTAL **\$159,000.00**

Capital Cost Breakdown

Capital Cost	FY2023	FY2024	FY2025	FY2026	FY2027
Construction/Maintenance	\$159,000	\$0	\$0	\$0	\$0
Total	\$159,000	\$0	\$0	\$0	\$0

Funding Sources

FY2023 Budget
\$159,000

Total Budget *(all years)*
\$207.56K

Funding Sources by Year



Funding Sources for All Years



Funding Sources Breakdown

Funding Sources	FY2023	FY2024	FY2025	FY2026	FY2027
Measure Q & E	\$159,000	\$12,140	\$12,140	\$12,140	\$12,140
Total	\$159,000	\$12,140	\$12,140	\$12,140	\$12,140

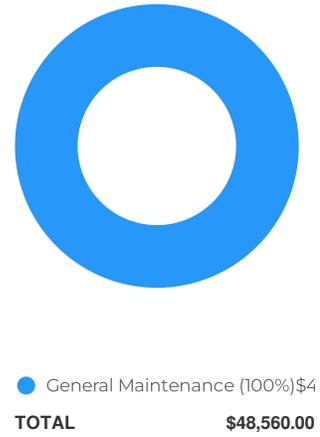
Operational Costs

Total Budget *(all years)*
\$48.56K

Operational Costs by Year



Operational Costs for All Years



Operational Costs Breakdown

Operational Costs	FY2023	FY2024	FY2025	FY2026	FY2027
General Maintenance	\$0	\$12,140	\$12,140	\$12,140	\$12,140
Total	\$0	\$12,140	\$12,140	\$12,140	\$12,140

Citywide Speed Survey

Overview

Submitted By	Greg Kwolek, Public Works Director
Request Owner	Greg Kwolek, Public Works Director
Est. Start Date	08/01/2022
Est. Completion Date	12/30/2022
Department	Public Works
Type	Capital Improvement
Project Number	New

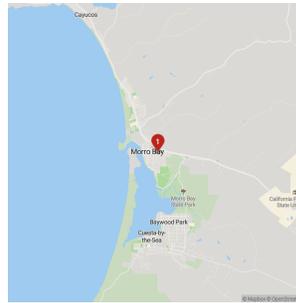
Description

The City's current speed survey will be out of date in May of 2023. Speed surveys are used to determine what the speed limit should be for sections of roadways. Speed limits provide notice to drivers of the maximum speed limit on a roadway and are an enforcement tool to assist police in separating violators from the reasonable majority. In order to make decisions about speed limits when raised by the public or City staff, a speed survey should be referenced as a tool for guiding those decisions before action is taken to establish or change a speed limit.

Details

Project Location	Citywide
Description	
Project Manager	Eric Riddiough
Total Prior Year Budget	New
Type of Project	Other
One-Time or Ongoing	One-Time
New or Existing Project	New
City Council Goal	Public Infrastructure

Location



Project Justification

The existing survey is out of date and the California Vehicle Code requires that a speed survey be conducted in order to facilitate speed enforcement and changes to speed limits on street sections.

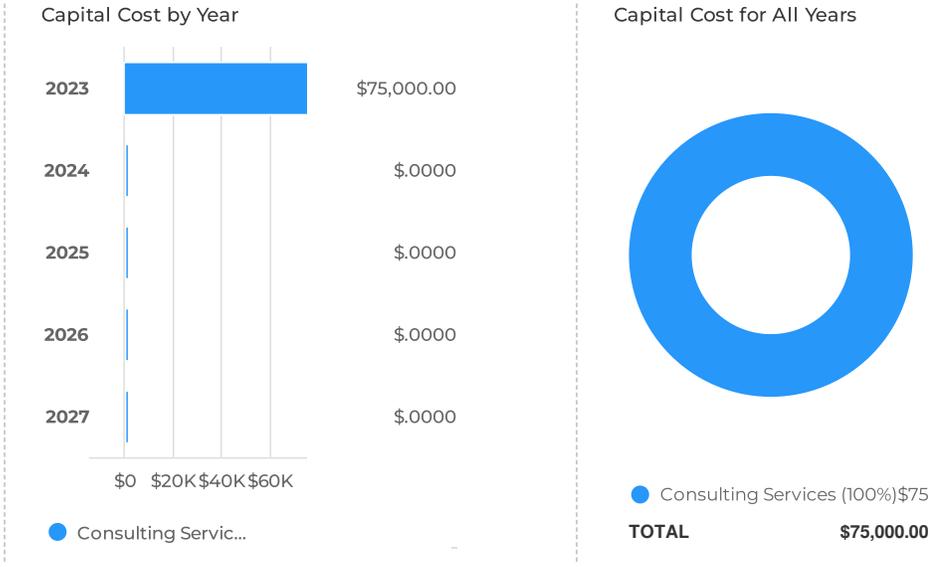
Positive Fiscal Impact

No positive fiscal impact identified.

Capital Cost

FY2023 Budget
\$75,000

Total Budget *(all years)*
\$75K



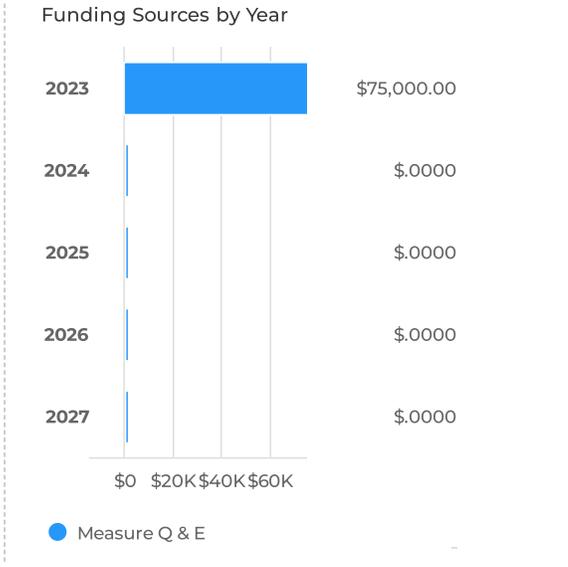
Capital Cost Breakdown

Capital Cost	Cost to Date	FY2023	FY2024	FY2025	FY2026	FY2027
Consulting Services	\$0	\$75,000	\$0	\$0	\$0	\$0
Total	\$0	\$75,000	\$0	\$0	\$0	\$0

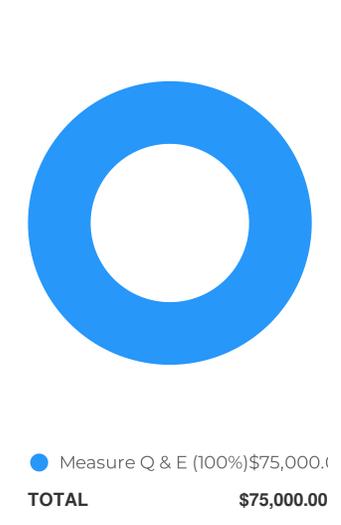
Funding Sources

FY2023 Budget
\$75,000

Total Budget *(all years)*
\$75K



Funding Sources for All Years



Funding Sources Breakdown

Funding Sources	Cost to Date	FY2023	FY2024	FY2025	FY2026	FY2027
Measure Q & E	\$0	\$75,000	\$0	\$0	\$0	\$0
Total	\$0	\$75,000	\$0	\$0	\$0	\$0

ADA Accessibility Upgrades at Quintana and Main Streets Intersection

Overview

Submitted By	Greg Kwolek, Public Works Director
Request Owner	Greg Kwolek, Public Works Director
Est. Start Date	12/12/2022
Est. Completion Date	09/30/2023
Department	Public Works
Type	Capital Improvement
Project Number	New

Description

A request for an audible signal crossing was received by a visually impaired resident. Disabled residents are presumed a benefit group per the U.S. Department of Housing and Urban Development (HUD) regulations. The proposed project will also facilitate improved accessibility for elderly residents, also a presumed benefit group. In addition to improved pedestrian push buttons, the intersection is in need of ADA upgrades to curb ramps. The City was awarded a Community Development Block Grant (CDBG) award in FY 2021/22 in the amount of \$37,477 to cover a portion of the pedestrian push button costs. The City plans to apply again for additional allocation of CDBG funding of \$57,000 which will cover approximately 50% of the total project costs.

Images



Looking North on Main Street



Audible and ADA Complaint Pedestrian Push Button

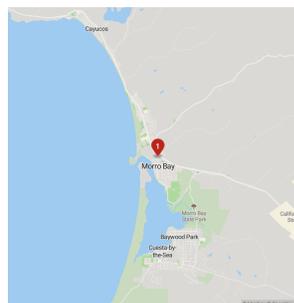


ADA Curb Ramp With Detectable Surface

Details

Project Location Description	Intersection of Main and Quintana Streets
Project Manager	Eric Riddiough
Total Prior Year Budget	0
Type of Project	New Construction
One-Time or Ongoing	One-Time
New or Existing Project	New
City Council Goal	Public Infrastructure

Location



Project Justification

The nexus of the project was from requests from citizens that have disabilities for safety features at the City's sole traffic signal. The city has received partial funds for completing the project. If those funds are not used in a timely manner, the funds may be rescinded. This project contributes to the City's goals of improving infrastructure and promoting safe, active transportation for vulnerable populations.

Positive Fiscal Impact

This project's impact is not financial. It provides safety upgrades to this highly traveled intersection.

Capital Cost

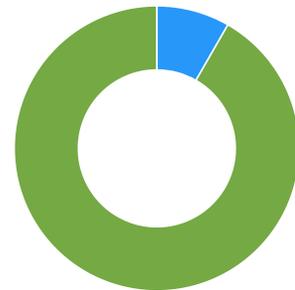
FY2023 Budget
\$180,500

Total Budget *(all years)*
\$180.5K

Capital Cost by Year



Capital Cost for All Years



● Design (8%) \$15,000.00
 ● Construction/Maintenance (92%)
TOTAL \$180,500.00

Capital Cost Breakdown

Capital Cost	FY2023
Design	\$15,000
Construction/Maintenance	\$165,500
Total	\$180,500

Funding Sources

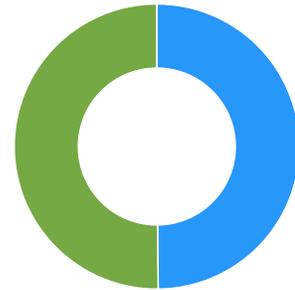
FY2023 Budget
\$180,500

Total Budget *(all years)*
\$180.5K

Funding Sources by Year



Funding Sources for All Years



Measure Q & E (50%)	\$90,000.00
Grant (50%)	\$90,500.00
TOTAL	\$180,500.00

Funding Sources Breakdown

Funding Sources	FY2023
Measure Q & E	\$90,000
Grant	\$90,500
Total	\$180,500

Projected Timeline

Nov 1, 2022

Apply for additional CDBG funds in 2022/23 Cycle

Jan 2, 2023

Start Project Design

May 1, 2023

Advertise for Construction

Public Boat Launching Facility Ramp Replacement

Overview

Submitted By	Eric Endersby, Harbor Director
Request Owner	Eric Endersby, Harbor Director
Est. Start Date	09/01/2022
Est. Completion Date	03/31/2023
Department	Harbor Department
Type	Capital Improvement
Project Number	New

Description

This project is for replacement of the concrete public boat launching facility ramp, the ramp apron, and boarding float abutments, and these infrastructure elements will contribute to, and maintain the safety of the launch ramp for all who use it. Funding for FY 22-23 is for planning and permitting only. Preliminary construction costs are estimated to be 1.3M. The funding source for construction will be determined in upcoming years.

Images



Boat Launch Ramp

Details

Project Location Description	Southern end terminus of Embarcadero Road
Project Manager	Eric Endersby, Harbor Director
Total Prior Year Budget	New project
Type of Project	Replacement
One-Time or Ongoing	One-Time
New or Existing Project	New
City Council Goal	Public Infrastructure

Project Justification

The concrete ramp, apron and float abutments for the public boat launching facility, built in the 1980's, are degraded with potholing and concrete deterioration to the point of being safety hazards.

Capital Cost

FY2023 Budget
\$210,000

Total Budget *(all years)*
\$1.51M

Capital Cost by Year



Capital Cost for All Years



Capital Cost Breakdown

Capital Cost	FY2023	FY2024	FY2025	FY2026	FY2027
Planning	\$210,000	\$0	\$0	\$0	\$0
Construction/Maintenance	\$0	\$1,000,000	\$300,000	\$0	\$0
Total	\$210,000	\$1,000,000	\$300,000	\$0	\$0

Funding Sources

FY2023 Budget
\$210,000

Total Budget *(all years)*
\$210K

Funding Sources by Year



Funding Sources for All Years



Funding Sources Breakdown

Funding Sources	FY2023	FY2024	FY2025	FY2026	FY2027
Measure Q & E	\$210,000	\$0	\$0	\$0	\$0
Total	\$210,000	\$0	\$0	\$0	\$0

Citizens' Finance Advisory Committee Meeting Item I

April 28, 2022
3:30pm



Measure Q & E Budget Background





CFAC Review

- Ordinance requires review of expenditures (Municipal Code Chapter 3.26).
- Council invites input on budget and spending priorities.
- Input provided is for Council consideration during Budget Study Session (May 24-25)
- Proposed Budget currently in Draft form.



Measures Q & E Budget Framework

1. Revenues are accounted for the Measure Q & E Fund (Fund 003). Revenues from both Measures Q and E are accounted for in one revenue account and are remitted by the State as one revenue source (consistent with Resolution No. 69-20 in which the voters were asked to increase the City's Sales Tax rate from 0.5% to 1.5%).
2. Operating costs will be budgeted and posted in the Measure Q & E Fund.
3. Capital projects will be accounted for in the General Fund Capital Fund (915) with transfers out of Measures Q & E Fund based on budget and carried forward until expended consistent with Council CIP carry forward budget authority.



Council Priorities for Q & E Funds

1. Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor Department personnel and equipment, in addition to the Fire Headquarter debt service and the Fire engine loan repayment.
2. Maintain or enhance cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department.



Council Priorities for Q & E Funds

3. Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects.
4. Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

Draft Proposed Measure Q & E Fund Budget for FY 2022-23





Proposed Budget Summary

- **Revenues: \$4.3 million**
- **Expenditures: \$5.2 million***
- **Use of fund balance for CIPs: \$0.9 million**

*anticipated to increase pending labor negotiations



Revenues

- **Revenues: \$4.3 million**
- **9% increase** from FY 21-22
- Based on HdL projections
- Projections in the out years show slower growth

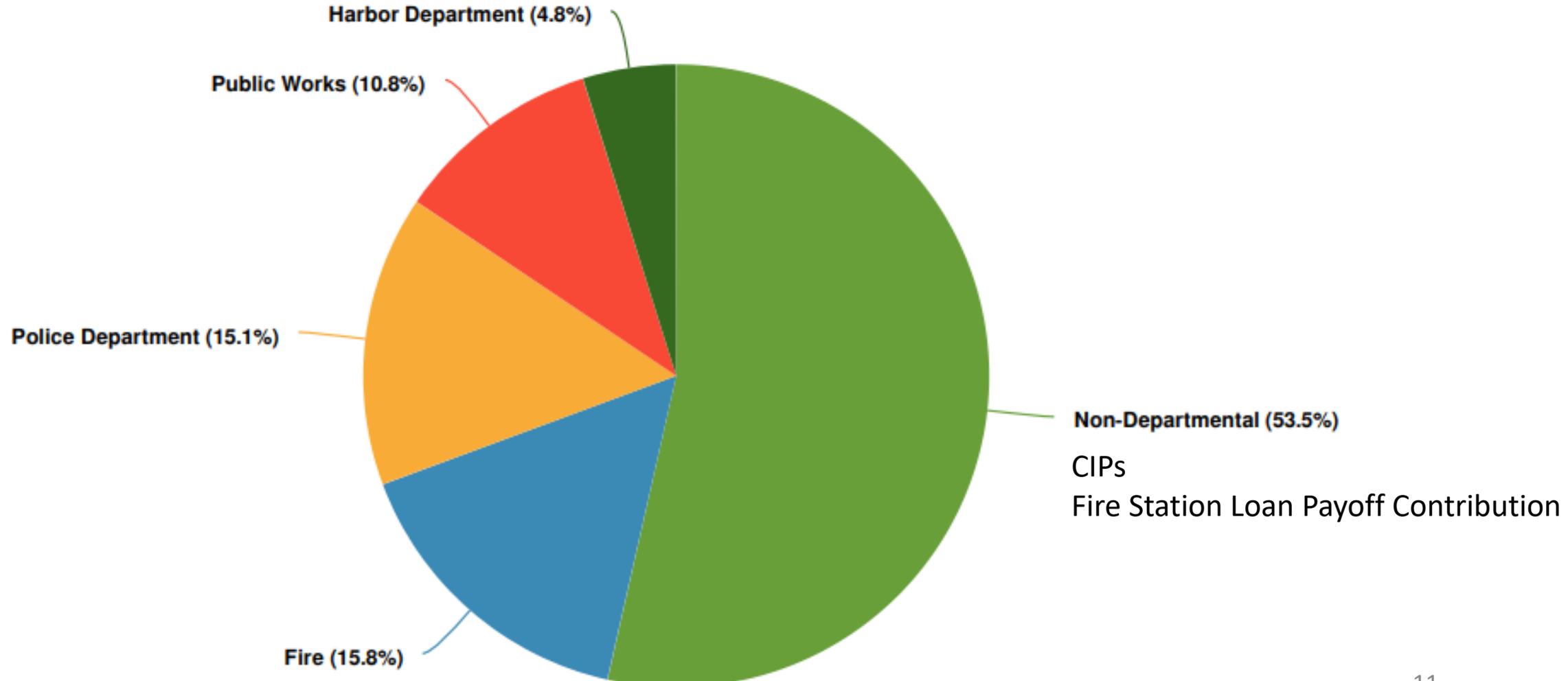


Expenditures

- **Total: \$5.2 million***
 - **Ongoing Costs: \$2.4 million (46%)**
 - Police: \$0.8 million
 - Fire: \$0.8 million
 - Public Works: \$0.4 million
 - Harbor: \$0.2 million
 - **One-time Costs: \$2.8 million (54%)**
- *anticipated to increase pending labor negotiations



Expenditures by Department





Operating Expenditures - Police

Staffing - 1 Sergeant, 2 Police Officers, and 1 Community Services Officer Technician (\$610,000)

Supplies & Services -

- Equipment for secured evidence/bike storage (\$7,000)
- Contribution to the County Bomb/Drug/Gang task force (\$15,000)
- Regional SWAT team contribution (\$7,000)
- Payment for CLETS/Data lines to the San Luis Obispo Sheriff's Department (\$15,000)
- Records Management System - project continuance (\$100,000).
- Police body camera annual support and maintenance contract costs (\$29,000).



Operating Expenditures - Fire

Staffing - 1 Captain and 2 Engineers, as well as 10 part-time Reserve Firefighters (\$818,000)

Supplies & Services - None.

- Debt service payments towards the Fire Station loan have been removed and replaced by a one-time transfer to the General Fund to enable the payoff of the loan, consistent with Council direction in 2016, using the sales proceeds of the Coral Avenue property.



Operating Expenditures – Public Works

Staffing - 1 Maintenance Superintendent, 2 Maintenance Worker I's, and 0.8 Associate Engineer, and part-time consolidated maintenance budget (\$531,000)

Supplies & Services -

- Sidewalk and curb repair (\$26,000)



Operating Expenditures – Harbor

Staffing - Part-time Harbor Reserves program and Part-time Harbor lifeguard program (\$158,000)

Supplies & Services -

- Disposal funding to allow the Harbor Department to enhance trash disposal along the waterfront and Embarcadero (\$88,000)
- Lifeguard program supplies (\$3,000)



Capital Expenditures

Capital Project	FY 22-23 Measure Q & E Budget
FY 2022-23 Pavement Management	\$1,380,000
SR1/SR41/Main St Intersection Improvements	\$600,000
Automated License Plate Reader camera system	\$159,000
Citywide Speed Survey	\$75,000
ADA Accessibility Upgrades at Quintana and Main	\$90,000
Boat Launching Facility Ramp Replacement	\$210,000
Total Measure Q & E CIP Budget	\$2,514,000



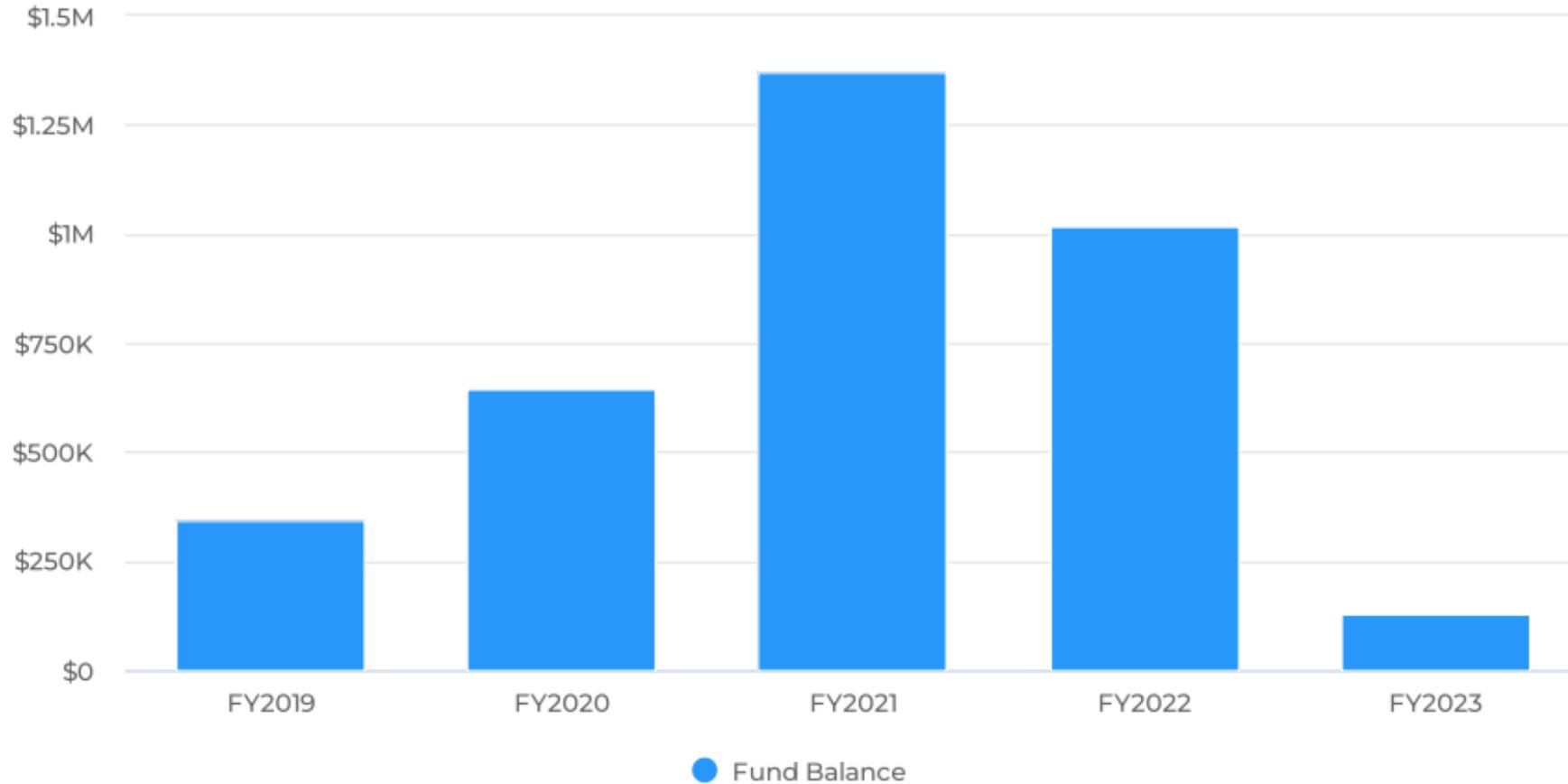
One-Time Loan Expenditures

Fire Station Loan Payoff Contribution (\$260,000) –

- Remaining principal balance on the Fire Station – appx \$1.2 million.
- Net proceeds from the sale of the Coral Avenue property, including past interest payments received by the General Fund will cover the remainder of the anticipated payoff.
- Measure Q & E fund is making principal and interest payments on the loan, at an interest rate of 3.75%, Measure Q & E Fund would save approximately \$500,000 in interest over the life of the loan by paying the loan off now.
- Consistent with 2016 Council direction.



Fund Balance Projections



Projected FY 23 balance will be partially used for personnel cost increases.



Key Question for CFAC

Does CFAC have any input or feedback on the proposed Measure Q and Measure E uses for Council consideration?



I: Recommendation

Receive FY 2022-23 Measure Q & E Fund Draft Proposed Budget and provide input for City Council consideration as needed.