



# CITY OF MORRO BAY

## Citizens Oversight Committee

### Acting as Citizens Finance Advisory Committee

## AGENDA

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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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### Regular Meeting

#### Tuesday, August 16, 2022 - 3:00 PM

#### Veterans Memorial Hall

#### 209 Surf St., Morro Bay, CA

Courtney Shepler	Chair	Stephen Peck	Vice-Chair
Michael Erin Woody	Member	Homer Alexander	Member

*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=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>

*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](mailto:cfac@morrobayca.gov) prior to the meeting. Agenda Correspondence received at [cfac@morrobayca.gov](mailto:cfac@morrobayca.gov) by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBER ANNOUNCEMENTS & PRESENTATIONS

BRIEF ASSISTANT CITY MANAGER / DIRECTOR UPDATE

PUBLIC COMMENT

Members of the audience wishing to address the CFAC on City business matters not 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.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE MAY 17, 2022 CITIZENS' OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

**Recommendation: Approve as submitted.**

B. BUSINESS ITEMS

1. WATER RECLAMATION FACILITY FINANCING UPDATE (CITY MANAGER, ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR, PUBLIC WORKS DIRECTOR)

**RECOMMENDATION: Support staff's recommendation to City Council to apply for a State Revolving Fund loan amendment in the amount of \$21,172,000 to cover the full Water Reclamation Facility project cost and provide any relevant input to City Council for their consideration.**

2. BUDGET-IN-BRIEF UPDATE (CITY MANAGER, ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

**RECOMMENDATION: Support staff's recommendation to utilize an updated budget-in-brief communication tool, with including emphasis on Measure Q&E funds, and provide input regarding any minor modifications to the content presented.**

C. FUTURE AGENDA ITEMS

- D. SCHEDULE NEXT MEETING  
October 18, 2022

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE CALL CITY HALL AT 805-772-6201 FOR FURTHER INFORMATION.

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 (805) 772-6205. NOTIFICATION 24 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THE MEETING.

MINUTES –CITIZENS OVERSIGHT/FINANCE  
ADVISORY COMMITTEE  
REGULAR MEETING – MAY 17, 2022  
VETERANS MEMORIAL HALL/TELECONFERENCE – 3:00 p.m.

*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.*

MEMBERS PRESENT: Courtney Shepler Chair  
Stephen Peck Vice-Chairperson  
Homer Alexander Committee Member  
Michael Erin Woody Committee Member

ABSENT: None

STAFF PRESENT: Scott Collins City Manager  
Sarah Johnson-Rios Assistant City Manager/Admin Services Dir.  
Kelley Mattos Senior Administrative Services Analyst

ESTABLISH QUORUM AND CALL TO ORDER

[https://youtu.be/UtYrSaMBY\\_E?t=2](https://youtu.be/UtYrSaMBY_E?t=2)

Chair Shepler called the meeting to order at 3:02 p.m. with all Members present.

COMMITTEE ANNOUNCEMENTS & PRESENTATIONS - None

BRIEF ASSISTANT CITY MANAGER/DIRECTOR UPDATE

[https://youtu.be/UtYrSaMBY\\_E?t=137](https://youtu.be/UtYrSaMBY_E?t=137)

PUBLIC COMMENT

Chair Shepler opened public comment, seeing none, the public comment period was closed.

A. CONSENT CALENDAR

[https://youtu.be/UtYrSaMBY\\_E?t=66](https://youtu.be/UtYrSaMBY_E?t=66)

A-1 APPROVAL OF MINUTES FOR FEBRUARY 15, 2022 CITIZENS OVERSIGHT/FINANCE  
ADVISORY COMMITTEE MEETING

[https://youtu.be/UtYrSaMBY\\_E?t=84](https://youtu.be/UtYrSaMBY_E?t=84)

MOTION: Chair Shepler moved to approve minutes from the February 15, 2022 Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Vice Chair Peck and carried 4-0 by roll call vote.

A-2 APPROVAL OF MINUTES FOR APRIL 28, 2022 CITIZENS OVERSIGHT/FINANCE  
ADVISORY COMMITTEE SPECIAL MEETING

[https://youtu.be/UtYrSaMBY\\_E?t=84](https://youtu.be/UtYrSaMBY_E?t=84)

MOTION: Chair Shepler moved to approve minutes from the April 28, 2022 Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Vice Chair Peck and carried 4-0 by roll call vote.

B. BUSINESS ITEMS

- B-1 DISCUSSION AND INPUT ON THE FISCAL YEAR 2022-23 GENERAL FUND DRAFT PROPOSED BUDGET AND SIX ASSOCIATED FUNDS; (CITY MANAGER & ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

[https://youtu.be/UtYrSaMBY\\_E?t=371](https://youtu.be/UtYrSaMBY_E?t=371)

City Manager Collins and Assistant City Manager/Admin Services Director Johnson-Rios presented the report and answered Committee Member questions.

Public Comment: None

Chair Shepler closed public comment.

Motion: Chair Shepler moved that the CFAC committee receive the Fiscal Year 2022-23 Draft Proposed Budget for the General Fund & Six Associated Funds with Committee Member comments. The motion was seconded by Vice Chair Peck and carried 4-0 by roll call vote.

- B-2 APPOINTMENT OF A CFAC LIAISON FOR PENSION TRUST SELECTION; (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

[https://youtu.be/UtYrSaMBY\\_E?t=3961](https://youtu.be/UtYrSaMBY_E?t=3961)

Assistant City Manager/Admin Services Director Johnson-Rios presented the report and answered Board Member questions.

Public Comment: None

Chair Shepler closed public comment.

Motion: Chair Shepler moved that the CFAC committee appoint CFAC Member Alexander to serve as a liaison in the City's selection process for a section 115 pension trust provider. The motion was seconded by Vice Chair Member Peck and carried 4-0 by roll call vote.

- B-3 UPDATE REGARDING THE CITY COUNCIL'S CHANGES TO THE ADVISORY BODY BYLAWS; (CITY MANAGER)

[https://youtu.be/UtYrSaMBY\\_E?t=4213](https://youtu.be/UtYrSaMBY_E?t=4213)

City Manager Collins gave a brief presentation and answered Committee Member questions.

Public comment: None

Chair Shepler closed public comment

Motion: Chair Shepler moved to accept the informational update. The motion was seconded by Vice Chair Peck and carried 4-0 by roll call.

- B-4 CONSIDERATION OF POTENTIAL NEW WORK PLAN ITEM ON BUDGET-IN-BRIEF COMMUNICATIONS; (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

[https://youtu.be/UtYrSaMBY\\_E?t=5090](https://youtu.be/UtYrSaMBY_E?t=5090)

Assistant City Manager/Admin Services Director Johnson-Rios presented a report and answered Committee Member questions.

Public comment: None

Chair Shepler closed public comment

Motion: Chair Shepler moved to continue this item to the August 16<sup>th</sup> CFAC meeting and evaluate additional alternatives as recommended by staff for further discussion. The motion was seconded by Member Woody and carried 4-0.

C. FUTURE AGENDA ITEMS

None

D. SCHEDULE NEXT MEETING

The next regularly scheduled Citizen's Oversight/Finance Committee meeting will be August 16, 2022, at 3:00 pm at the Veterans Memorial Hall.

E. ADJOURNMENT

The meeting adjourned at 4:40 p.m.

Recorded by:  
Kelley Mattos  
Senior Administrative Services Analyst

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AGENDA NO: B-1

MEETING DATE: August 16, 2022

# Staff Report

**TO:** CFAC Chair and Committee Members **DATE:** August 9, 2022

**FROM:** Scott Collins, City Manager  
Sarah Johnson-Rios, Assistant City Manager/Admin Services Director  
Greg Kwolek, Public Works Director

**SUBJECT:** Water Reclamation Facility Financing Update

## **RECOMMENDATION**

Support staff's recommendation to City Council to apply for a State Revolving Fund loan amendment in the amount of \$21,172,000 to cover the full Water Reclamation Facility project cost and provide any relevant input to City Council for their consideration.

## **ALTERNATIVES**

- Take no action.
- Provide alternative direction for City Council consideration.

## **BACKGROUND**

### WRF Project Background:

The Water Reclamation Facility (WRF) is the largest capital project in the City of Morro Bay's history and is required in order to comply with a time schedule order (TSO) from the Regional Water Quality Control Board (RWQCB) that mandates the City to achieve full operation of the new WRF by February 2023. Two of its three primary project components, the WRF facility itself and the conveyance line to transport wastewater and recycled water between the facility and the City's water and sewer network, are approximately 90% complete. The third project component, recycled water, will be starting design later this year and is estimated to be completed in early 2025.

Due to a variety of challenges including regulatory agency requirements and related long review timelines, sensitive cultural and archaeological deposits in the construction zone, soil slips, sharp increases in rates of inflation in the construction industry, and the COVID-19 pandemic with ensuing complications to labor availability and equipment supply chains, the project budget has increased to approximately \$159.8 million, as approved by City Council in the FY 2022-23 City of Morro Bay Adopted Budget.

### CFAC Scope on the WRF:

CFAC's scope of work, as outlined in the City of Morro Bay Advisory Body Handbook and By-Laws, includes

- "Undertake special financial projects, as directed by the City Council, City Manager or City Treasurer."

At the April 26, 2022 City Council meeting where the City Council updated the Advisory Body Bylaws, the staff report outlined more specifically what CFAC would continue to review for the duration of the

WRF project, which includes the following:

- “Review debt service recommendations from staff including use of cash vs. other funding sources.”

This item is being brought before CFAC under this scope of work.

WRF Financing Prior to Budget Increase:

Prior to the project budget increase reflected in the FY 2022-23 Adopted Budget, the WRF project was projected to be funded as outlined in Table 1, utilizing approximately 93% low-interest debt financing, 3% principal loan forgiveness, and 4% cash funding.

The City’s successful efforts to obtain the low-interest financing outlined below will save ratepayers approximately \$54-\$91 million over the lives of all loans when compared to potential bond issuances or other debt if other debt had been issued at a 3-4% interest rate. While program requirements for the state and federal low-interest financing are significant and do involve staff and project management costs to comply, those costs are far outweighed by the savings of the low-interest financing with this size project.

The Water Infrastructure Finance and Innovation Act (WIFIA) loan was obtained at a 0.83% interest with a 35-year repayment term and requires a debt coverage ratio of 1.3, meaning that net operating revenues (rate revenues minus operating expenditures) must equal at least 130% of the annual debt service payment. The WIFIA funding is comprised of two loans, one secured by the Water Fund for \$36.5 million and one secured by the Sewer Fund for \$21.2 million. These loan amounts and terms are fixed and cannot be modified, per guidance from staff at the Environmental Protection Agency, which administers this funding.

The California State Revolving Fund (SRF) financing is administered by the California State Water Board. The City first secured a planning loan for \$10.3 million, which is currently being amended to align with the terms of the subsequently issued construction loan. The construction loan totals \$66.6 million, including \$5 million in principal forgiveness. The construction loan was secured at a 0.9% interest rate and requires a debt coverage ratio of 1.2. The City may apply for an amendment to the construction loan, likely only once. In June of 2021, Council authorized the City to take out an SRF construction loan of up to \$85 million including the \$5 million in principal forgiveness. To date, the City has utilized \$66.6 million of that authority and anticipates fully exhausting WIFIA and SRF loans.

**Table 1. Water Reclamation Facility Projected Financing Sources with Prior Project Budget**

	Total	Water (29%)	Wastewater (71%)
<b>WRF Total Project Costs</b>	<b>\$144,726,000</b>	<b>\$43,416,000</b>	<b>\$101,310,000</b>
<b>Projected Funding Sources</b>			
WIFIA Financing	61,700,000	36,516,000	25,184,000
SRF Loan (Wastewater)	61,605,000	6,837,000	54,768,000
SRF Grant (Principal Forgiveness)	5,000,000	0	5,000,000
SRF Planning Loan	10,300,000	0	10,300,000
USBR Title XVI Grant	0	0	0
Prop 13 Planning Grant	63,000	63,000	0
Cash Funding	<u>6,006,877</u>	<u>0</u>	<u>6,006,877</u>
<b>Total</b>	<b>\$144,674,877</b>	<b>43,416,000</b>	<b>101,258,877</b>

**DISCUSSION**

Staff has evaluated project financing options to cover the project budget increase and recommends the following approach:

- Continue to apply for grant funding where eligible.
- Maximize the use of low-interest financing through federal and state programs while maintaining required debt coverage.
- Use available cash reserves only where financing options are insufficient, either due to ineligible project expenses and/or limitations on debt financing capacity.
- Evaluate future CPI rate increases for all sewer and water operational and capital needs; no immediate increases.

Each component of the above recommendation is outlined below:

**Continue to Seek Grant Funding:**

To date, the City has applied for approximately \$23 million in grant funding related to WRF program activities as described in Table 2 below.

**Table 2. Grants Applied for to Date for the WRF Project**

Funding Agency	Grant	Grant Scope	Grant Request	Grant Match Requirement	Status
CA SWRCB	Recycled Water Planning Grant	Recycled Water Planning	\$75,000	50%	Approved
CA SWRCB	Urban and Multibenefit Drought Relief Grant	Recycled Water Facility Project	\$10,750,000	0%	Not Selected
USBR	Title XVI WIIN Grant	Indirect Potable Reuse Facilities	\$9,310,095	75%	Application Under Review
CA DWR	IRWM Implementation Grant	Indirect Potable Reuse Facilities	\$2,612,915	50%	Application Under Review

The City will continue to review and apply for future grant opportunities, such as additional rounds of United States Bureau of Reclamation (USBR) Title XVI and Drought Resiliency, and California State Water Resources Control Board (CA SWRB) Drought Relief and other grant opportunities.

In the event significant grant funding is received, the City could reduce debt service payments by reducing loan draw downs.

**Maximize Use of Low-Interest Financing:**

As noted, the WIFIA loan amounts are fixed and cannot be modified. The SRF Planning loan has been almost fully utilized and there are no additional eligible planning costs so therefore no opportunity to increase that loan amount. The SRF construction loan can be modified, likely only once, as indicated by SRF staff. An SRF construction loan amendment requires an arduous process, lengthy review, and an updated credit rating, all of which will likely take up to a year. Approval is not guaranteed, though preliminary discussions with SRF staff regarding a potential amendment have been positive

However, if the proposed amendment is successful, the City would be able to take out additional financing at the same 0.9% interest rate that exists for the current SRF construction loan. That low

interest rate makes the SRF construction loan amendment the preferred option to fund the \$21,172,000 in currently unfinanced project budget. If the City were successful at obtaining a loan amendment in that amount, it would save ratepayers approximately \$12 million in debt service payments over the life of the loan when compared to an alternative debt instrument such as a bond issuance at 4% interest, bringing the total project savings to \$64-\$103 million as compared to traditional financing options.

Staff has worked with and confirmed with a financial consultant that the City could in fact maintain the required debt service coverage with that additional financed amount of \$21,172,000.

This would require Council to approve an updated resolution authorizing a total SRF construction loan amount of \$87,777,000, which is \$2,777,000 higher than the resolution Council adopted in June 2021 authorizing an \$85,000,000 construction loan amount. In all cases, these totals include \$5,000,000 in principal loan forgiveness.

#### Use Cash Reserves Only When Needed:

The Sewer Fund and the Water Fund continue to have robust cash reserves, well in excess of the City's reserve policy for the funds. Though FY 2021-22 year-end numbers are not yet available, the working capital (near-term assets minus near-term liabilities) in the Sewer Fund as of June 30, 2021 was approximately \$14.8 million, and in the Water Fund it was approximately \$14.3 million. If grant funding and low-interest financing are not sufficient to fully fund the WRF, and/or if there are a small amount of project expenditures that are not eligible for loan disbursement under lender requirements, cash funding is available to cover a potential gap. However, staff recommends fully utilizing low-interest financing loan amendment opportunities for the WRF project so that cash reserves can be saved for other high-priority water and sewer capital projects (commonly referred to as "OneWater projects").

If cash reserves were used for the WRF now in lieu of a potential SRF loan amendment, the City would be at risk of potentially not having sufficient cash reserves to cover any unanticipated WRF project costs or other emergent water and sewer needs and may not be able to meet the City's reserve policy or debt reserve requirements of WIFIA and SRF funding. In addition, the City would then need to issue other debt to fund subsequent OneWater projects, which would certainly come at a higher cost than 0.9% interest and may be challenging to achieve while maintaining the debt coverage ratios required by WIFIA and SRF.

#### Evaluate Future CPI Rate Increases; No Immediate Increases:

While the WRF project budget increase alone is not anticipated to require immediate rate increases, routine rate increases in alignment with the Consumer Price Index (CPI) are recommended as a best practice in ensuring effective utility service delivery. This common practice among water and sewer agencies would allow the City to be adequately resourced to keep pace with the increasing costs of delivering water and sewer services to the community without needing to implement larger, dramatic increases after long periods with no CPI increases. CPI increases will be required to pay for increased ongoing operations and the maintenance of broader capital needs in an aging water and sewer infrastructure network. Staff is evaluating the most appropriate time to review CPI rate increases in the future, but that is not an immediate recommended action in conjunction with the recommendation to increase low-interest project financing currently.

#### Resulting WRF Project Financing Plan:

Pending approval of an SRF loan amendment, the WRF project would be projected to be financed as follows in Table 3. To the extent that there are some project expenditures that are not eligible for the grant or loan programs outlined below, there may be small amounts of the project that end up needed

to be cash funded, but the intent would be to maximize low-interest financing opportunities and additional grant funding, if possible, to minimize any cash funding requirement, thereby leaving cash reserves available for other priority water and sewer capital projects.

**Table 3. Updated Water Reclamation Facility Projected Funding Sources**

	Total	Water (29%)	Wastewater (71%)
<b>WRF Total Project Costs</b>	<b>\$159,840,000</b>	<b>\$46,295,000</b>	<b>\$113,545,000</b>
<b>Projected Funding Sources</b>			
WIFIA Financing	61,700,000	36,516,000	25,184,000
SRF Loan (Wastewater)	61,605,000	9,716,000	51,889,000
SRF Grant (Principal Forgiveness)	5,000,000	0	5,000,000
SRF Planning Loan	10,300,000	0	10,300,000
USBR Title XVI Grant	0	0	0
Prop 13 Planning Grant	63,000	63,000	0
<b>Add'l SRF Loan Funding*</b>	<b>21,172,000</b>	<b>0</b>	<b>21,172,000</b>
Cash Funding	0	0	0
<b>Total</b>	<b>159,840,000</b>	<b>46,295,000</b>	<b>113,545,000</b>

\*To be requested; not yet secured.

If a loan amendment is approved by SRF in the amount requested by the City, the revised total construction loan amount, including the \$5 million in principal forgiveness, would be \$87,777,000.

This proposed scenario maintains the previously established split of approximately 71% of total project costs being funded by the Wastewater Fund and wastewater rates, and approximately 29% of total project costs being funded by the Water Fund and water rates. This will be achieved through interfund transfers from the Water Fund to the Sewer Fund to cover the portion of debt service associated with Sewer Fund SRF debt once debt service payments begin.

**NEXT STEPS**

This item will go before City Council on August 23<sup>rd</sup> for consideration of increasing their authorization of the maximum SRF construction loan amount from \$85,000,000 to \$87,777,000. If Council directs staff to proceed, staff will complete an extensive process in the fall and SRF review will commence. The City will not likely know whether the loan amendment has been approved until mid-late 2023.

In the meantime, the City will continue to draw down on existing WIFIA and SRF loans and utilize available cash reserves as necessary. Those would be replenished if a loan amendment is approved. In addition, staff will continue to apply for available grants for which the project is eligible.

**ATTACHMENTS**

1. Staff presentation

# Citizens' Finance Advisory Committee Meeting

## B-1: Water Reclamation Facility (WRF) Financing Update

August 16, 2022





# WRF Project Background



## Project Scope:

Replaces City's wastewater treatment plant with an advanced water purification facility that will meet state regulations, protect the environment, and contribute a safe and reliable water source for Morro Bay.

Largest capital project in Morro Bay's history.

Required to comply with State order –  
Regional Water Quality Control Board.



# WRF Project Background

## Project Status:

- 2 of 3 project components are 90% complete (WRF Facility and Conveyance)
- 3<sup>rd</sup> component will start design this year and be complete in 2025 (Recycled Water)

## Project Budget:

- Increased from \$144.7M to \$159.8M in FY 22-23 Budget
- Regulatory timelines, cultural/archaeological deposits, soil slips, inflation, COVID-19 pandemic
- Council discussion on Aug. 23<sup>rd</sup>



# CFAC Scop Re: WRF

## Advisory Body Handbook and By-Laws:

- “Undertake special financial projects, as directed by the City Council, City Manager or City Treasurer.”

## April 26, 2022 Staff Report re: WRF:

- “Review debt service recommendations from staff including use of cash vs. other funding sources.”



# WRF Financing – Prior Budget

	Total	Water (29%)	Wastewater (71%)
<b>WRF Total Project Costs</b>	\$144,726,000	\$43,416,000	\$101,310,000
<b>Projected Funding Sources</b>			
WIFIA Financing	61,700,000	36,516,000	25,184,000
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Cash Funding	<u>6,006,877</u>	<u>0</u>	<u>6,006,877</u>
<b>Total</b>	<b>\$144,674,877</b>	<b>43,416,000</b>	<b>101,258,877</b>

- 93% low-interest debt financing
  - WIFIA – 0.83%
  - SRF – 0.9%
- 3% principal loan forgiveness
- 4% cash

*\$54-91M debt service savings vs. 3-4% interest debt*



# WRF Financing Approach

## Grants

Continue to apply for grant funding where eligible.

## Low-Interest Loans

Maximize the use of low-interest financing through federal and state programs while maintaining required debt coverage.

## Cash Reserves

Use cash reserves only where financing options are insufficient, (e.g. ineligible project expenses / limitations on debt capacity).

## Rate Structure

Evaluate future CPI rate increases for all sewer and water operational and capital needs; no immediate increases.



# WRF Financing - Grants

- Continue to apply for grant funding where eligible.

Funding Agency	Grant	Grant Scope	Grant Request	Grant Match Requirement	Status
CA SWRCB	Recycled Water Planning Grant	Recycled Water Planning	\$75,000	50%	Approved
CA SWRCB	Urban and Multibenefit Drought Relief Grant	Recycled Water Facility Project	\$10,750,000	0%	Not Selected
USBR	Title XVI WIIN Grant	Indirect Potable Reuse Facilities	\$9,310,095	75%	Application Under Review
CA DWR	IRWM Implementation Grant	Indirect Potable Reuse Facilities	\$2,612,915	50%	Application Under Review



# WRF Financing – Low-Interest Financing

- WIFIA debt cannot be increased.
- SRF Planning Loan cannot be increased.
- Recommend **increasing SRF construction loan** to cover previously cash-funded amount plus budget increase amount (\$21.2M loan increase).
  - Can do so and maintain debt coverage ratios required.
  - Savings of appx \$12M in debt service vs. a 4% bond.
  - Lengthy and significant review process with SRF; not guaranteed.



# WRF Financing – Use of Reserves

- Free money **first** (grants).
- Cheap money **second** (federal/state loan programs for this purpose).
- Use of cash reserves **third**.
- Preserves cash reserves for One Water projects, debt coverage reserves, fund reserves, rising operating costs, and unanticipated needs.
  - Working capital balances (near-term assets minus near-term liabilities) as of 6/30/21
    - Sewer Fund - approximately \$14.8 million
    - Water Fund - approximately \$14.3 million



# WRF Financing – Rate Structure

- Evaluate future CPI rate increases; no immediate increases.
- Routine rate increases in alignment with the Consumer Price Index (CPI) are a best practice in ensuring effective utility service delivery.
- Common practice among water and sewer agencies.
- Avoids large increases after long periods with no increases.
- Keeps pace with inflation.
- Addresses aging infrastructure.



# WRF Financing – Proposed

	Total	Water (29%)	Wastewater (71%)
<b>WRF Total Project Costs</b>	\$159,840,000	\$46,295,000	\$113,545,000
<b>Projected Funding Sources</b>			
WIFIA Financing	61,700,000	36,516,000	25,184,000
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<b>Add'l SRF Loan Funding</b>	<b>21,172,000</b>	<b>0</b>	<b>21,172,000</b>
Cash Funding	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>159,840,000</b>	<b>46,295,000</b>	<b>113,545,000</b>

- 97% low-interest debt financing
  - WIFIA – 0.83%
  - SRF – 0.9%
- 3% principal loan forgiveness
- 0% cash

*\$64-103M in debt service savings vs. 3-4% interest debt*



# Next Steps



City Council August 23<sup>rd</sup> to consider authorizing \$87.8M in SRF construction loans instead of \$85M.



If approved, staff to submit application to SRF in September.



SRF review takes up to one year.



Continue to seek grant funding where possible.



# Recommendation

Support staff's recommendation to City Council to apply for a State Revolving Fund loan amendment in the amount of \$21,172,000 to cover the full Water Reclamation Facility project cost and provide any relevant input to City Council for their consideration.



AGENDA NO: B-2

MEETING DATE: August 16, 2022

# Staff Report

**TO:** CFAC Chair and Committee Members **DATE:** August 10, 2022

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

**SUBJECT:** Budget-in-Brief Update

## **RECOMMENDATION**

Support staff's recommendation to utilize an updated budget-in-brief communication tool, with emphasis on Measure Q&E funds, and provide input regarding any minor modifications to the content presented.

## **ALTERNATIVES**

- Take no action.
- Pursue more detailed involvement from CFAC in the development and/or modification of a budget-in-brief tool, which would require a motion to create and define the scope of a new work plan item for CFAC. Staff would evaluate the required time, resources and impacts on and relation to the Council approved goals and work plan and would present the request to Council for consideration.

## **BACKGROUND**

At its April 28, 2022 meeting, as part of its budget review, CFAC requested that staff bring back the discussion of a potential additional work plan item at the May 17, 2022 meeting regarding the recreation of a prior year budget-in-brief document. CFAC suggested that staff and CFAC look at different alternatives in addition to the Budget in Brief that was created by CFAC and staff for the FY 2019-20 Budget. At the May 17, 2022 CFAC meeting, CFAC moved to continue this item to the August 16, 2022 CFAC meeting and evaluate additional alternatives as recommended by staff for further discussion at that time.

In at least one prior fiscal year, CFAC participated in the creation of an online and hard copy budget-in-brief document that was made available in the City Hall lobby and posted to the City's web site. More recently, staff has created budget-in-brief documents and posted them on the City web site and in the City Hall lobby.

Within the last year, the City has begun efforts to move toward more accessible, readable, and visually appealing communications, utilizing a local graphic designer to develop graphics associated with City Council goals, which are an input to the City's budget development.

Consistent with the City Council Policies and Advisory Bodies Handbook & Bylaws, the process for advisory body members to add items to the Council approved work plan is as follows:

- Advisory Body Work Plans - To ensure advisory bodies are assisting the Council on key issues of community concern, the Council and each advisory body establish a work plan. The work

plan is derived from the goals and action items approved by the Council. The City Council will ask each advisory body for input into the work plan as part of the two-year City Goal and Action Item plan process. Once the Action Item plan is adopted by the Council, the advisory body will be informed of the specific topics and issues that the advisory body will be addressing for the given period of time. Other issues may arise during the year that the Council may ask an advisory body to consider and on which to make recommendations. **If the advisory body desires to add an item to its work plan during the year, the scope must be defined in a motion and receive support by a majority of the advisory body members. Staff will evaluate the required time, resources and impacts on and relation to Council approved goals and work plan then present the request and analysis to the City Council for consideration and approval.** Likewise, if it desires to change its meeting times, dates, or location, it must also seek prior approval from the Council.

## **DISCUSSION**

Clearly communicating how taxpayer dollars and public resources are spent is essential. As evidenced by the City's receipt of the Government Finance Officers Association's and the California Society of Municipal Finance Officers' awards for budgeting excellence for the last several years, this is a priority for the City of Morro Bay despite a lean staff team to implement such communications. CFAC has played an integral role in providing additional public review of budget development, particularly around the local tax measures. A budget-in-brief document is one tool among many that Morro Bay and other cities have used to facilitate that communication.

### Updated Digital Budget Format:

The City's Fiscal Year 2022-23 Budget was adopted by City Council on June 28, 2022, using an updated digital format that allows for greater accessibility and more visual budget communications for the public. The new budget platform has several advantages for clearly communicating budget data to the public, for facilitating staff's process to create the budget accurately, and for increasing the City's likelihood of receiving the industry budgeting awards of excellence. The online budget format allows users to navigate to sections of the budget they would like to view without having to download and print a several-hundred-page PDF document. This optimized digital format is also consistent with City Council's climate change goal and the City's efforts to reduce paper use. Members of the public that would like to download and print a PDF version are still able to do so.

As staff capacity permits over time, the system has the capability to display capital improvement project information and to create a fiscal transparency web site that combines City budget data with available demographic data to tell a clearer story about the Morro Bay community and how City services are funded. Peer cities, including the City of Pismo Beach locally, are also using this more modern budget presentation format and have had positive experiences.

### Budget Communications:

The City has taken the following steps to ensure robust communication regarding the FY 2022-23 City Budget:

- Held roughly 10 public meetings of City Council and CFAC to discuss budget development inputs for FY 2022-23.
- Featured a link and home page banner on the City's homepage to the Proposed Budget to encourage participation and public review.
- Sent out a press release and email to subscribers regarding the Proposed Budget to encourage participation in the adoption process.
- Featured a link on the City's homepage to the Adopted Budget

- E-notified subscribers to the City’s website ‘Hot Topics’ list
- Included information about and links to the Proposed and Adopted Budgets in several monthly City Manager email updates to the community.
- Posted to the City’s Facebook page regarding the budget.

These outreach efforts resulted in over 241 unique users visiting the budget web site (590 total pages views) from the time that the Proposed Budget was posted through the end of July. Web site visitors spent an average of six minutes on the site. It is likely that additional community members read summaries in the City Manager updates and press releases without having visited the web sites.

Work on a Budget Transparency Module:

The City’s new budget platform includes a transparency module that staff previewed to CFAC and Council during the budget development process. This module allows for even more interaction and visualization for the public than the annual budget document itself includes. Staff is in the process of review and data validation before making the transparency module live. The timeline of making that live will depend in part on the software vendor as well. Staff is still aiming to proceed with that in the late summer or fall.

Updated Draft Budget-In-Brief Document:

Within the context of these budget communications improvements outlined, staff has reviewed and recommends an updated budget-in-brief format, as proposed in Attachment 1. This document condenses the core information presented in prior Budget-in-Brief documents, and uses more visually compelling tools for communication, in line with how many organizations are communicating in our age of very short attention spans and preference for digital communication. The updated document also focuses more heavily on Measure E, which is appropriate given the increasing significance it plays in the Citywide budget.

Staff plans to place this document on the City’s website and attention will be drawn to it via the City’s array of digital communications tools (web site, press releases, and social media accounts).

In addition, if the City were to distribute this with utility bills as CFAC suggested, that could be done for approximately \$2,000 or less based on preliminary estimates from the utility bill printer. This cost could likely be absorbed into the adopted budget without requiring a Council budget amendment. That would likely go out with the September bill barring significant requested changes to the document from CFAC, as the document would need to be submitted to the printer by approximately August 19<sup>th</sup> to be included in the September bill.

**ATTACHMENTS**

1. Draft FY 2022-23 Budget-In-Brief Document
2. FY 2019-20 Budget-In-Brief Pamphlet
3. Staff Presentation



**FISCAL YEAR 2022-23**

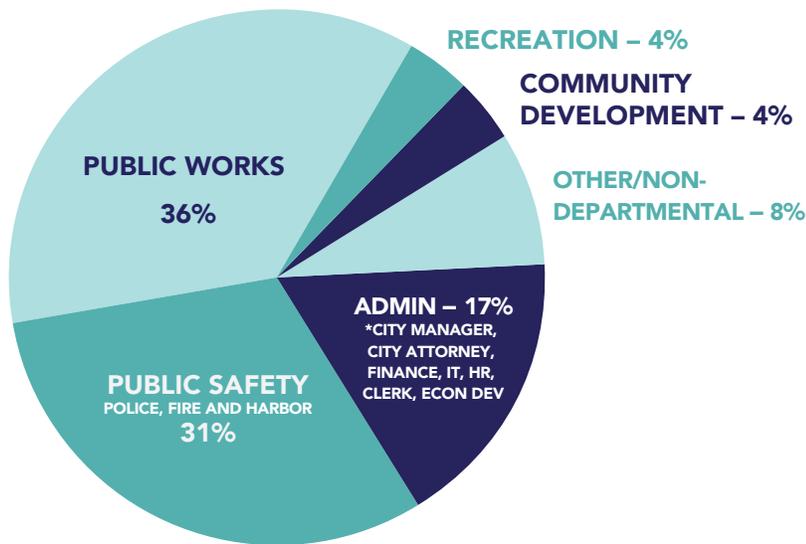
**TOTAL CITYWIDE BUDGET**

**(NOT INCLUDING TRANSFERS): \$54.1 million**

**OPERATING \$34.9 million**

**CAPITAL \$19.2 million**

**OPERATING BUDGET BREAKDOWN**



**CAPITAL BUDGET HIGHLIGHTS**

\$19.2 million

24 projects

Water & Sewer Infrastructure

City Streets & Safety Improvements

Planning Harbor Infrastructure

Vehicles & Equipment

Future Needs Assessment

0.8 Engineer

\$2.5 million in Capital Improvements

**MORE INFO:**



<https://www.morro-bay.ca.us/827/Budget>

**KEY CITY REVENUES**

**\$46.4 MILLION TOTAL**

\$4 million - Intergovernmental revenues

\$4 million - Transient Occupancy Tax

\$4 million - Other

\$5 million - Property Tax

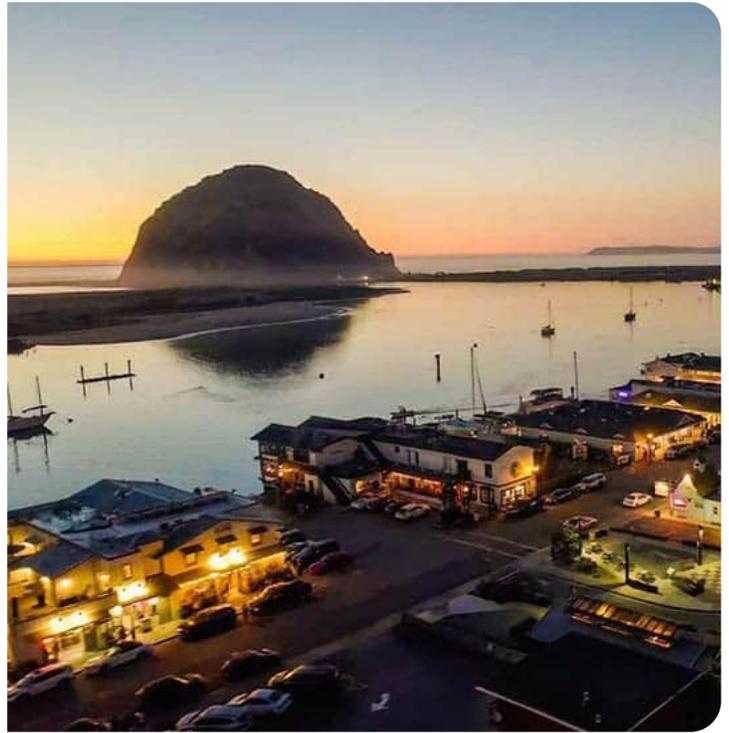
\$7 million - Sales Tax

**\$22 million Service Charges\***

**\*Water & Sewer Service, Planning & Permitting Fees, Recreation Services, Lease Revenues, & Other Services**

# YOUR TAX DOLLARS AT WORK

The Morro Bay community has approved a total 1.5% local transaction and use tax (0.5% in 2006 and 1.0% in 2020). These funds (known as Measure E/Q) are used to keep our community safe and clean, while maintaining the City's fiscal stability. The 1.5% sales tax is projected to generate \$4.3 million in FY 2022-23.



## MEASURE E/Q

FUNDS THE FOLLOWING IN FY22/23

  
**4.0**  
POLICE  
OFFICERS

**7.6**   
FIREFIGHTERS/  
PARAMEDICS

**5.2**   
MAINTENANCE  
WORKERS

  
**2.5**  
LIFEGUARDS

\$2.5 million for the capital budget,  
and 0.8 Engineer FTE to help  
complete capital projects

Note: Staffing numbers represent full-time equivalents and include part-time staffing.

## Capital Program Budget

### Financial Summary

The FY 2019/20 Capital budget includes funding for \$36,987,526 in capital improvements through the City as outlined below:

WRF*	\$	33,647,976
Street Improvements		985,036
Harbor Projects		682,052
Transit		486,840
Water Projects		382,000
Parks and Creek Program		369,922
Sewer Projects		312,500
Public Facilities		148,200
<b>Total Capital Projects</b>	<b>\$</b>	<b>36,987,526</b>

\*Water Reclamation Facility

### Significant FY 2019/20 Projects

- Water Reclamation Facility
- Pavement Management Plan
- City Park Play Equipment
- OneWater System Improv—Nutmeg Pressure Zone
- OneWater Project—WasteWater Collections Main st. & Atascadero Rd
- OneWater Project—WasteWater Collections Upstream LSI/Beachcomber
- Audio Visual and Facility upgrades for Council Chambers
- Beach Street Slips—South
- Replacement Trolleys
- Replacement Bus

### FY 2019/20–2020/21 Council Goals

1. Fiscal & Economic Sustainability
2. Updates to Land Use Plans & Address Affordable Housing Issues
3. Improve Communication and Engagement
4. Improve Public Infrastructure

## GLOSSARY

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

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

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

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

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

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

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

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

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

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

# CITY OF MORRO BAY Summary of FY 2019/20 Adopted Budget



## PUT LIFE ON COAST

**Mayor**  
John Headding

**City Manager**  
Scott Collins

**Mayor Pro-Tem**  
Red Davis

**City Clerk:**  
Dana Swanson

**Council Members**  
Dawn Addis  
Jeff Heller  
Marlys McPherson

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

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

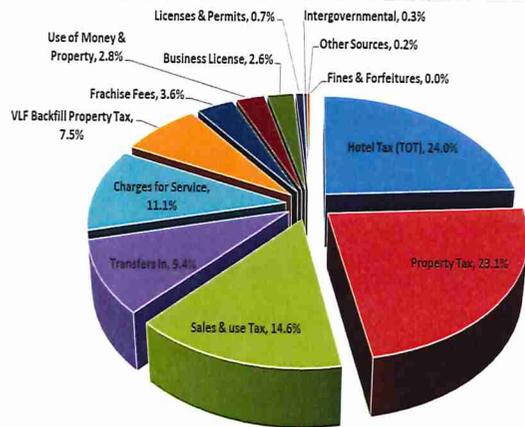
**GENERAL FUND**

**Revenues: (By Category)**

Property Tax (total)*	\$	4,536,513
Hotel Tax (TOT)		3,566,811
Sales & use Tax		2,165,680
Charges for Service		1,648,395
Franchise Fees		536,136
Use of Money & Property		410,341
Business License		380,265
Licenses & Permits		109,859
Intergovernmental		44,540
Other Sources		36,237
Fines & Forfeitures		5,000
<b>Total Revenues</b>	<b>\$</b>	<b>13,439,777</b>
Transfers In		1,400,447
<b>Total Revs &amp; Transfers</b>	<b>\$</b>	<b>14,840,224</b>

\*Property Tax includes property tax and VLF backfill property tax

**FY 2019/20 Revenues by Category**



**Hotel Tax (TOT):** Tax that is levied on occupants of hotel and motel rooms in the city for

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

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

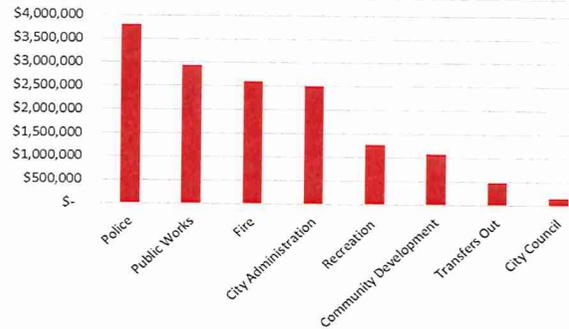


**GENERAL FUND**

**Expenditures (By Department):**

	<u>Total</u>	<u>% of Bud</u>
Police	\$ 3,803,428	25.6%
Public Works	2,937,601	19.8%
Fire	2,606,994	17.6%
City Administration*	2,505,288	16.9%
Recreation	1,276,559	8.6%
Community Development	1,077,289	7.3%
City Council	147,607	1.0%
<b>Total</b>	<b>\$ 14,354,766</b>	
Transfers Out	480,970	3.2%
<b>Total Exp &amp; Transfers</b>	<b>\$ 14,835,736</b>	<b>100%</b>

\*City Manager, Legal Services, Finance, Human Resources, Clerk, Contract Services



**FY 2019/20 Expenditures by Department**

**Expenditures (By Category):**

	<u>Total</u>	<u>% of Bud</u>
<b>Salary &amp; Benefits</b>	<b>\$ 11,049,983</b>	<b>74.5%</b>
Services	2,663,648	18.0%
Supplies	518,353	3.5%
Other Uses	40,250	0.3%
Debt Service	35,189	0.2%
Capital Outlay	31,343	0.2%
Equipment Replacement	16,000	0.1%
<b>Total</b>	<b>\$ 14,354,766</b>	
Transfers Out	480,970	3.2%
<b>Total Exp &amp; Transfers</b>	<b>\$ 14,835,736</b>	<b>100%</b>

City Services are highly dependent on labor—the City's General Fund budget primarily supports personnel costs

**Personnel**

Authorized Funded Positions	97.1
Elected Officials	5.0

**ENTERPRISE FUNDS**

**Water Fund**

**Source of Funds**

Charges for Service	7,975,900
Transfer from Reserves	6,793,850
Proceeds from Loans	-
<b>Total</b>	<b>14,769,750</b>

**Use of Funds**

Operation Expenses	4,165,749
Capital Expenses	6,793,850
Debt Service	-
<b>Total</b>	<b>10,959,599</b>

**Sewer Fund**

**Source of Funds**

Charges for Service	9,487,000
Transfer from Reserves	6,157,661
Proceeds from Loans	-
<b>Total</b>	<b>15,644,661</b>

**Use of Funds**

Operation Expenses	3,329,339
Capital Expenses	7,223,926
Debt Service	-
<b>Total</b>	<b>10,553,265</b>

**Harbor Fund**

**Source of Funds**

Charges for Service	2,011,000
Transfer from Reserves	423,000
Proceeds from Loans	-
<b>Total</b>	<b>2,443,000</b>

**Use of Funds**

Operation Expenses	1,849,387
Capital Expenses	439,052
Debt Service	134,859
<b>Total</b>	<b>2,423,298</b>

	<u>6/30/2019</u>	<u>6/30/2020</u>
<b>Funds Cash Balances (Reserves)</b>	<b>17,788,176</b>	<b>12,981,322</b>

Decrease in available cash is primarily due to the budgeted expenditures for the City's new Water Reclamation Facility. The City budgeted use of available cash to reduce overall debt service and interest costs.

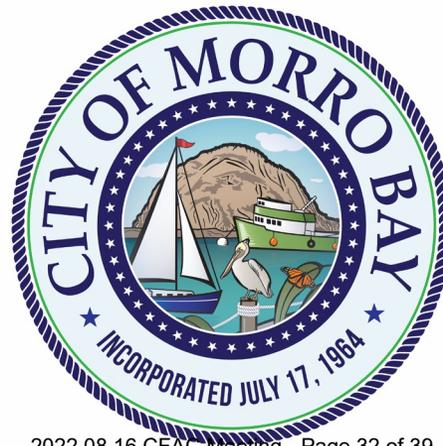
# Citizens' Finance Advisory Committee Meeting

## B-2: Budget-in-Brief Update

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August 16, 2022

3:00pm





# Background

## FY 2019/20 Expenditures by Department

### Expenditures (By Category):

	Total	% of
Personnel & Benefits	\$ 11,049,983	74.1
Services	2,663,648	18.3
Supplies	518,353	3.7
Capital Uses	40,250	0.3
Contract Service	35,189	0.3
Capital Outlay	31,343	0.2
Equipment Replacement	16,000	0.1
Debt	\$ 14,354,766	100.0
Transfers Out	480,970	3.4
Total Exp & Transfers	\$ 14,835,736	100.0

Services are highly dependent on labor—the City General Fund budget primarily supports personnel costs.

FY 19-20 - CFAC participated in creating a budget-in-brief doc.



**BUDGET  
AWARD**

City routinely receives GFOA and CSMFO Awards for budget excellence.



## CLIMATE ACTION

(1) Participate with other cities in SLO County to support climate action planning efforts; (2) educate Council on the technical terms around climate action to support policy advocacy and the identification of critical next steps for Morro Bay; and (3) consider opportunities to reduce reliance on carbon producing energy sources.

### SHORT-TERM ACTIONS

- Pursue funding to complete Climate Action Plan update
- Continue review of Vistra proposed battery project
- Pursue electric vehicle charging station funding
- Initiate implementation of SB 1385 (organic waste for residents and businesses)
- Promote Central Coast Community Energy (CCE) New Construction Electrification Program and include in planning materials and on website
- Designate 1 week a year to conduct a renewable energy outreach campaign targeting a specific group
- Create city webpage with links to energy efficient websites
- Elevate "Climate Crisis" to "Climate Emergency" by way of resolution and seek funding to move forward in this area
- Implement CCE Reach Code Incentive Program electrification of new residential construction with the adoption of 2022 Building Code in Jan 2023



## COMMUNITY HEALTH

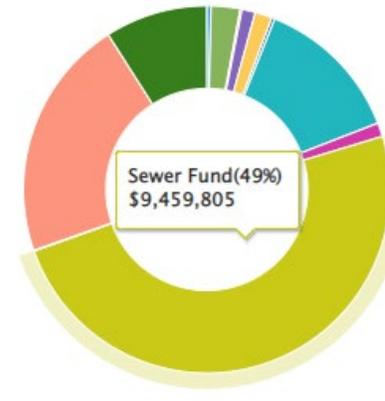
(1) Create plan to address immediate need for increasing COVID vaccination rates with an emphasis towards target populations with inequitable access or education; (2) Educate Council and staff about Diversity, Equity, and Inclusion (DEI) and engage in a community conversation.

### SHORT-TERM ACTIONS

- Provide education to City Council and staff about DEI issues
- Support SLO County Public Health communication efforts to vaccinate members of the Morro Bay community, particularly underrepresented communities
- Inform the County process to update the 10-year plan on homelessness
- Explore opportunities to support County efforts to address homelessness on the North Coast
- Support Filipino-American group (FANA) re-dedication event of their historic monument at Coleman Beach
- Review opportunity for Boys and Girls Club to offer enrichment activities for teens in the Estero Bay region
- Provide community information and resources regarding access to mental health resources to address behavioral health or mental health crises, substance abuse issues, depressive illnesses and exacerbation of previously controlled mental health issues

City moving toward accessible, readable, and visual comms

## Funding Requested by Source



## FY 2022-23 Budget – New Format

- April – CFAC requested Budget-in-Brief discussion.
- May – CFAC continued to 8/16 to evaluate staff recommendations.

## ADVISORY BODIES

HANDBOOK

AND

BY-LAWS

Advisory Body Work Plans are approved by Council.



# FY 22-23 Budget Communications

Held roughly 10 public meetings of City Council & CFAC to discuss budget inputs for FY 2022-23.

Link and banner on City's homepage to the Proposed Budget to encourage participation.

Press release and email to subscribers regarding the Proposed Budget to encourage participation.

Link and banner on the City's homepage to the Adopted Budget.

E-notified subscribers to the City's website 'Hot Topics' list.

Budget information & links in several monthly City Manager email updates to the community.

Posted to the City's Facebook page regarding the budget.



# Web Traffic to Date

- 241 unique page views on budget sites.
  - 590 total page view
  - Avg time spent: 6 minutes
- Likely additional readers of summary content that did not click through to budget web sites.



# Proposed Budget-in-Brief FY 22-23

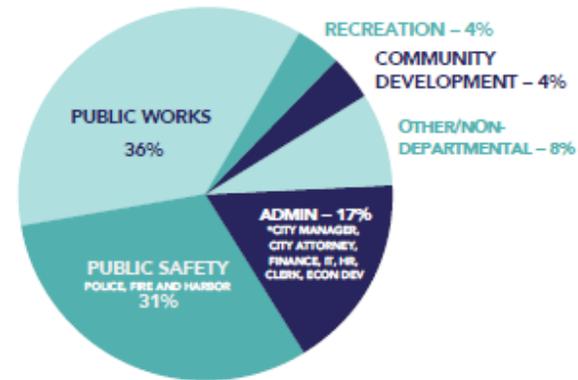
Page 1



FISCAL YEAR 2022-23

**TOTAL CITYWIDE BUDGET**  
(NOT INCLUDING TRANSFERS): \$54.1 million  
**OPERATING** \$34.9 million  
**CAPITAL** \$19.2 million

## OPERATING BUDGET BREAKDOWN



## CAPITAL BUDGET HIGHLIGHTS

\$19.2 million  
24 projects  
Water & Sewer Infrastructure  
City Streets & Safety Improvements  
Planning Harbor Infrastructure  
Vehicles & Equipment  
Future Needs Assessment  
0.8 Engineer  
\$2.5 million in Capital Improvements

## MORE INFO:



<https://www.morro-bay.ca.us/827/Budget>

## KEY CITY REVENUES \$46.4 MILLION TOTAL



**\$22 million Service Charges\***

\*Water & Sewer Service, Planning & Permitting Fees, Recreation Services, Lease Revenues, & Other Services



# Proposed Budget-in-Brief FY 22-23

Page 2

## YOUR TAX DOLLARS AT WORK

The Morro Bay community has approved a total 1.5% local transaction and use tax (0.5% in 2006 and 1.0% in 2020). These funds (known as Measure E/Q) are used to keep our community safe and clean, while maintaining the City's fiscal stability. The 1.5% sales tax is projected to generate \$4.3 million in FY 2022-23.



## MEASURE E/Q

FUNDS THE FOLLOWING IN FY22/23



Note: Staffing numbers represent full-time equivalents and include part-time staffing.



# Next Steps

August 19<sup>th</sup> – deadline to submit mailer to printer for utility bills.

September – Insert in utility bills & post online.

Summer/Fall - Staff to continue work on a Transparency Module with more detailed, interactive budget content.



# Recommendation

Support staff's recommendation to utilize an updated budget-in-brief communication tool, with emphasis on Measure Q&E funds, and provide input regarding any minor modifications to the content presented.