



# 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, February 21, 2023 - 3:00 PM

#### Veterans Memorial Hall

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

Courtney Shepler	Chair	Stephen Peck	Vice-Chair
Michael Erin Woody	Member	Jean Johnson	Member

#### **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=aWZpTzcwTHlRTk9xaTlmVVNWRWFUQT09>  
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

SELECT CHAIR AND VICE-CHAIR

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 JANUARY 31, 2023 CITIZENS' OVERSIGHT/FINANCE ADVISORY COMMITTEE SPECIAL MEETING

**Recommendation: Approve as submitted.**

B. BUSINESS ITEMS

1. CHAIR'S DRAFT PRESENTATION TO CITY COUNCIL

**RECOMMENDATION: Provide input to the Chair on the annual presentation to City Council, scheduled for February 28, 2023 (presentation to be presented at the meeting).**

2. SEMI-ANNUAL REPORT ON MEASURE E/Q FUNDS; (ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR)

**RECOMMENDATION: Receive the Fiscal Year (FY) 2022-23 Semi-Annual Report on Measure E/Q Funds, including recommended TY 2022-23 Midyear Budget Amendments for Measure E/Q, and provide input to City Council as needed.**

3. INPUT ON CITY COUNCIL'S GOALS AND ACTION ITEMS; (CITY MANAGER)

**RECOMMENDATION: Staff recommends the Citizens Finance Advisory Committee (CFAC) provide input on the City Council Goals for Council consideration, with emphasis on items most related to CFAC's scope.**

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

May 16, 2023

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.

*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  
Home Alexander Committee Member  
Michael Erin Woody Committee Member

ABSENT: None

STAFF PRESENT: Scott Collins City Manager  
Amy Watkins Interim Police Chief  
Matt Vierra Fire Marshall  
Becka Kelly Interim Harbor Director  
Greg Kwolek Public Works Director  
Emily Conrad Finance Manager  
Kelley Mattos Senior Administrative Services Analyst  
Liz Douglas Account Clerk III

ESTABLISH QUORUM AND CALL TO ORDER

Chair Shepler established a quorum and called the meeting to order at 3:05 p.m. with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

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

SPECIAL MEETING AGENDA ITEM:

- I. BRIEF ASSISTANT CITY MANAGER/DIRECTOR UPDATE  
<https://youtu.be/3mMDA-6juSI?t=124>
- II. APPROVAL OF MINUTES FOR THE OCTOBER 18, 2022 CITIZENS’ OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING  
<https://youtu.be/3mMDA-6juSI?t=586>

Committee Member Woody stated he would abstain from voting on the approval of the minutes because he was not at the October 18, 2022 CFAC meeting.

MOTION: Member Peck moved to approve minutes from the October 18, 2022 Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Member Alexander and carried 3-0-1 with Member Woody abstaining.

III. REVIEW OF FISCAL YEAR (FY) 2021-22 TRANSACTIONS FROM THE COLLECTION OF THE GENERAL-PURPOSE LOCAL SALES TAX, COMMONLY KNOWN AS MEASURE E (AND PREVIOUSLY MEASURE Q)  
<https://youtu.be/3mMDA-6juSI?t=656>

City Manager Collins provided the report. City Manager Collins and Finance Manager Conrad responded to Committee Member inquiries.

Committee Member Alexander stated he would abstain from voting as he objects on paying administrative salaries with tax dollars.

Motion: Chair Shepler moved that the CFAC committee Receive and approve the presentation of the FY 2021-22 Transactions of the collection of the general purpose local sales taxes. The motion was seconded by Member Peck and carried 3-0-1 with Member Alexander abstaining.

ADJOURNMENT

The meeting adjourned at 3:47 p.m.

Recorded by:

Emily Conrad  
Finance Manager



AGENDA NO: B-2

MEETING DATE: February 21, 2023

# Staff Report

**TO:** CFAC Chair and Committee Members **DATE:** February 16, 2023

**FROM:** Sarah Johnson-Rios, Assistant City Manager/Admin Services Director  
Darci Hafley, Fiscal Analyst

**SUBJECT:** Semi-Annual Report on Measure E/Q Funds

## **RECOMMENDATION**

Receive the Fiscal Year (FY) 2022-23 Semi-Annual Report on Measure E/Q Funds, including recommended FY 2022-23 Midyear Budget Amendments for Measure E/Q, and provide input to City Council as needed.

## **BACKGROUND**

Measure E (like Measure Q before it) requires an independent annual financial audit and the establishment of an independent citizens' advisory committee to review annual expenditures. The Citizens' Finance Advisory Committee (CFAC) serves as that oversight committee and is to receive annual and semi-annual reporting on expenditures from Measure revenues.

Measure E was approved by the voters in November 2020 as a one percent local transaction and use tax, in addition to the half-cent local transaction and use tax from Measure Q, which was approved by the voters in 2006. The taxes are administered by the State as one tax, totaling one and a half percent. This is codified and explained in detail in Chapter 3.26 of Morro Bay's Municipal Code. While Measure E is a General Tax, the City Council has identified areas of priority spending consistent with the ballot measure language in 2020, and consistent with the prior 2006 ballot language used when Measure Q was approved. As directed by City Council on April 13, 2021, the four priority areas of spending for Measure E/Q include:

- 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 personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- 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;
- 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; and
- Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

## DISCUSSION

The attached Semi-Annual FY 2022-23 Report on Measure E/Q revenues and expenditures covers the first six months of the fiscal year beginning July 1, 2022 and ending December 31, 2022. The report outlines line-item detail for the Measure E and Q Fund revenues and expenditures fiscal year-to-date. This report, presented as Attachment 1, serves as CFAC's semi-annual report on Measure E expenditures, as called for in the ordinance that established Measure E.

Summary data regarding citywide revenues and expenditures fiscal year-to-date, including Measure E/Q, will be presented to City Council on February 28, 2022. Any input that CFAC may have regarding Measure E/Q budget and expenditures for FY 2022-23 will be communicated to Council either verbally at that meeting or as part of that agenda packet.

As of December 31, 2022, the Measure Q & E Fund (fund 003) had received 37% of budgeted revenues and expended 51% of budgeted expenditures as outlined in detail in Attachment 1.

### Revenues:

As of December 31, 2022, 37% of budgeted revenues had been received in the Measure E/Q Fund. This is on track or slightly higher than anticipated for that time of year, given that it represents four months of sales tax collected as there is a two-month lag in sales tax collections.

After consultation with HdL, the company whose expertise the City utilizes to track and project sales tax revenues, staff recommends a small increase of \$122,700 to the Measure E revenue budget for the current fiscal year. This would increase the revenue budget from \$4,292,000 to \$4,414,700. That small increase of 2.9% results in a total revenue budget that is roughly 93% of HdL's revised midyear budget projection for current fiscal year Measure E revenue. Staff considers this an appropriately conservative projection given the four months of data received to date.

Looking forward, sales tax revenue growth is anticipated to moderate further in FY 2023-24, with HdL projecting roughly a one-half percent growth from current fiscal year next fiscal year. HdL is currently projecting a return to baseline growth rates of 2-3% in FY 2024-25.

As City expenditures are increasing at a faster rate due to inflation and rising personnel costs, the City will likely face increasing resource constraints in the near to mid-term absent new revenue streams. For Measure E/Q funds, this may mean utilizing fund balance from prior years to meet capital needs associated with Council and community priorities for E/Q funds, as rising operating costs will need to be incurred to maintain existing service levels.

### Expenditures:

Fund-wide, expenditures for the first six months of the year are on track at 51% of budget expended as of December 31, 2022. The table below presents expenditures by Department. The interfund transfers represent the transfers to the Capital Improvement Fund and the fire station loan payoff contribution, with no changes since budget adoption:

<b>Department</b>	<b>Adopted Budget</b>	<b>Expenditures through 12/31/22</b>	<b>% Expended</b>
<b>Police</b>	\$ 788,522	\$ 512,501	65%
<b>Fire</b>	\$ 849,328	\$ 445,581	52%
<b>Public Works</b>	\$ 549,199	\$ 237,519	43%
<b>Harbor</b>	\$ 238,118	\$ 78,560	33%

<b>Interfund Transfers</b>	\$ 2,754,000	\$ 1,377,000	50%
<b>Total</b>	\$ 5,179,167	\$ 2,651,160	51%

The Police Department's total is higher than 50% due to a contract encumbrance for the Records Management System (RMS). The Public Works Department's costs are slightly lower than 50% as sidewalk work has not yet begun. Staff is requesting an additional budget to complete the current scope and expanded scope not identified until after budget development. The Harbor Department's totals are lower than 50% due to the bulk of seasonal expenditures occurring at both the beginning and the end of the fiscal year.

Recommended Budget Amendments:

Staff is recommending a total of \$122,700 in budget increases in the Measure E/Q Fund, equating to an increase of approximately 2% in the Fund's expenditure budget. All but \$11,100 of these increases are one-time increases to improve public safety and cleanliness as outlined in the established Measure E/Q priorities.

The specific recommended increases are outlined below:

<b>Department</b>	<b>Description</b>	<b>Budget Increase</b>	<b>One Time or Ongoing</b>
Police	Server Replacement	\$ 20,000	One Time
Police	Replace AED batteries	\$ 12,000	One Time
Police	RMS Software support	\$ 11,100	Ongoing
PW Consolidated Maintenance	Repair Fire station Cistern	\$ 20,000	One Time
PW Consolidated Maintenance	Encampment Cleanup	\$ 25,000	Ongoing
PW Streets	Sidewalk/curb/gutter services	\$ 34,600	One Time
<b>Total</b>		<b>\$ 122,700</b>	

These expenditure budget increases would be offset entirely by the recommended revenue increases, with potential for revenue to still exceed the amended budget amount and result in fund balance to be appropriated in FY 2023-24. Furthermore, there is remaining fund balance available from FY 2021-22 that would cover current year expenditures if for some reason sales tax revenues moderate more quickly than HdL projects.

Update on Capital Projects Funded by Measure E/Q:

Attachment 2 includes a status update from the City Engineer, as \$2.5 million in Measure E/Q funds for FY 2022-23 were transferred to the General Government Capital Improvement Fund for the following projects:

<b>Capital Project</b>	<b>FY 2022-23 Measure Q &amp; E Budget</b>
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
<b>Total Measure Q &amp; E CIP Budget</b>	<b>\$2,514,000</b>

**CONCLUSION**

The midyear budget report indicates that the Measure E/Q fund is on track at midyear, with small offsetting revenue and expenditure budget increases recommended.

**ATTACHMENTS**

1. Budget Performance Report for Measure Q & E Fund, period ending December 31, 2022
2. Capital Improvement Projects Status Update
3. Staff Presentation

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
<b>Fund 003 - Sales &amp; Use Tax Measure Q &amp; E</b>										
Department <b>1111 - Undistributed/Non-Dept.</b>										
REVENUE										
3051	Sales Tax City Portion - Burns & Measure Q	.00	.00	.00	1,571.70	.00	2,173.32	(2,173.32)	+++	34,642.83
3053	Sales Tax City Portion - Measure E	4,292,000.00	.00	4,292,000.00	320,915.81	.00	1,590,018.60	2,701,981.40	37	4,668,273.56
3710	Interest Income	.00	.00	.00	.00	.00	.00	.00	+++	3,575.00
3750	Gain On Investment	.00	.00	.00	.00	.00	.00	.00	+++	3,598.00
	<b>REVENUE TOTALS</b>	<b>\$4,292,000.00</b>	<b>\$0.00</b>	<b>\$4,292,000.00</b>	<b>\$322,487.51</b>	<b>\$0.00</b>	<b>\$1,592,191.92</b>	<b>\$2,699,808.08</b>	<b>37%</b>	<b>\$4,710,089.39</b>
EXPENSE										
6106	Contractual Services	.00	.00	.00	.00	.00	.00	.00	+++	2,913.61
	<b>EXPENSE TOTALS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>+++</b>	<b>\$2,913.61</b>
	<b>Department 1111 - Undistributed/Non-Dept. Totals</b>	<b>\$4,292,000.00</b>	<b>\$0.00</b>	<b>\$4,292,000.00</b>	<b>\$322,487.51</b>	<b>\$0.00</b>	<b>\$1,592,191.92</b>	<b>\$2,699,808.08</b>	<b>37%</b>	<b>\$4,707,175.78</b>
Department <b>4110 - Police Department</b>										
EXPENSE										
4110	Regular Pay	340,720.00	.00	340,720.00	28,042.31	.00	156,737.49	183,982.51	46	221,187.79
4120	Overtime Pay	.00	.00	.00	4,408.71	.00	20,223.46	(20,223.46)	+++	5,478.62
4515	Standby Pay	26,000.00	.00	26,000.00	2,964.46	.00	18,207.76	7,792.24	70	.00
4599	Other Pay	8,154.00	.00	8,154.00	10,536.77	.00	14,719.35	(6,565.35)	181	20,714.01
4910	Employer Paid Benefits	115,328.00	.00	115,328.00	13,035.80	.00	65,926.76	49,401.24	57	69,007.70
4911	Pension Normal Cost	43,911.00	.00	43,911.00	3,838.00	.00	23,012.79	20,898.21	52	18,256.75
4912	PERS Unfunded Accrued Liability	82,129.00	.00	82,129.00	.00	.00	82,128.69	.31	100	67,234.00
5504	Machinery/Equip/Supplies	7,000.00	.00	7,000.00	.00	.00	3,121.39	3,878.61	45	.00
6106	Contractual Services	100,000.00	.00	100,000.00	34,700.00	52,050.00	34,700.00	13,250.00	87	86,750.00
6640	Maintenance Contracts	28,560.00	.00	28,560.00	.00	.00	27,073.06	1,486.94	95	27,073.06
8721	Payment To Other Agency	36,720.00	.00	36,720.00	.00	.00	14,600.00	22,120.00	40	8,784.30
	<b>EXPENSE TOTALS</b>	<b>\$788,522.00</b>	<b>\$0.00</b>	<b>\$788,522.00</b>	<b>\$97,526.05</b>	<b>\$52,050.00</b>	<b>\$460,450.75</b>	<b>\$276,021.25</b>	<b>65%</b>	<b>\$524,486.23</b>
	<b>Department 4110 - Police Department Totals</b>	<b>(\$788,522.00)</b>	<b>\$0.00</b>	<b>(\$788,522.00)</b>	<b>(\$97,526.05)</b>	<b>(\$52,050.00)</b>	<b>(\$460,450.75)</b>	<b>(\$276,021.25)</b>	<b>65%</b>	<b>(\$524,486.23)</b>
Department <b>4210 - Fire Department</b>										
EXPENSE										
4110	Regular Pay	314,527.00	.00	314,527.00	24,484.72	.00	152,327.41	162,199.59	48	384,626.28
4120	Overtime Pay	94,445.00	.00	94,445.00	9,072.79	.00	100,225.61	(5,780.61)	106	57,351.94
4310	Part-Time Pay	165,438.00	.00	165,438.00	.00	.00	256.00	165,182.00	0	.00
4599	Other Pay	9,361.00	.00	9,361.00	11,415.78	.00	16,153.74	(6,792.74)	173	45,491.75
4910	Employer Paid Benefits	135,596.00	.00	135,596.00	11,678.05	.00	68,118.46	67,477.54	50	118,334.59
4911	Pension Normal Cost	46,499.00	.00	46,499.00	3,614.54	.00	24,137.26	22,361.74	52	31,893.03
4912	PERS Unfunded Accrued Liability	83,462.00	.00	83,462.00	.00	.00	83,462.07	(.07)	100	79,043.00
6201	Telephone	.00	.00	.00	150.00	.00	900.00	(900.00)	+++	.00
8110	Interest Expense	.00	.00	.00	.00	.00	.00	.00	+++	44,887.50
8130	Principal Repayment	.00	.00	.00	.00	.00	.00	.00	+++	38,000.00
	<b>EXPENSE TOTALS</b>	<b>\$849,328.00</b>	<b>\$0.00</b>	<b>\$849,328.00</b>	<b>\$60,415.88</b>	<b>\$0.00</b>	<b>\$445,580.55</b>	<b>\$403,747.45</b>	<b>52%</b>	<b>\$799,628.09</b>
	<b>Department 4210 - Fire Department Totals</b>	<b>(\$849,328.00)</b>	<b>\$0.00</b>	<b>(\$849,328.00)</b>	<b>(\$60,415.88)</b>	<b>\$0.00</b>	<b>(\$445,580.55)</b>	<b>(\$403,747.45)</b>	<b>52%</b>	<b>(\$799,628.09)</b>

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
<b>Fund 003 - Sales &amp; Use Tax Measure Q &amp; E</b>										
Department <b>5205 - Public Works</b>										
EXPENSE										
4110	Regular Pay	76,642.00	.00	76,642.00	5,283.00	.00	35,605.00	41,037.00	46	22,932.99
4599	Other Pay	1,819.00	.00	1,819.00	110.78	.00	695.49	1,123.51	38	412.31
4910	Employer Paid Benefits	20,722.00	.00	20,722.00	1,576.45	.00	9,403.30	11,318.70	45	4,967.25
4911	Pension Normal Cost	5,653.00	.00	5,653.00	434.92	.00	2,830.47	2,822.53	50	1,669.28
4912	PERS Unfunded Accrued Liability	16,477.00	.00	16,477.00	.00	.00	16,477.19	(.19)	100	.00
6106	Contractual Services	.00	.00	.00	.00	.00	.00	.00	+++	17,235.00
EXPENSE TOTALS		\$121,313.00	\$0.00	\$121,313.00	\$7,405.15	\$0.00	\$65,011.45	\$56,301.55	54%	\$47,216.83
Department <b>5205 - Public Works</b> Totals		(\$121,313.00)	\$0.00	(\$121,313.00)	(\$7,405.15)	\$0.00	(\$65,011.45)	(\$56,301.55)	54%	(\$47,216.83)
Department <b>5215 - Consolidated Maintenance</b>										
EXPENSE										
4110	Regular Pay	198,992.00	.00	198,992.00	14,710.00	.00	91,826.03	107,165.97	46	77,830.19
4120	Overtime Pay	.00	.00	.00	.00	.00	571.02	(571.02)	+++	140.40
4310	Part-Time Pay	87,182.00	.00	87,182.00	.00	.00	1,120.00	86,062.00	1	9,240.00
4599	Other Pay	5,347.00	.00	5,347.00	.00	.00	1,784.92	3,562.08	33	1,547.62
4910	Employer Paid Benefits	51,942.00	.00	51,942.00	4,668.23	.00	27,193.58	24,748.42	52	21,453.04
4911	Pension Normal Cost	15,926.00	.00	15,926.00	1,098.84	.00	7,014.07	8,911.93	44	3,423.01
4912	PERS Unfunded Accrued Liability	42,997.00	.00	42,997.00	.00	.00	42,997.43	(.43)	100	30,240.00
6106	Contractual Services	25,500.00	.00	25,500.00	.00	.00	.00	25,500.00	0	25,000.00
EXPENSE TOTALS		\$427,886.00	\$0.00	\$427,886.00	\$20,477.07	\$0.00	\$172,507.05	\$255,378.95	40%	\$168,874.26
Department <b>5215 - Consolidated Maintenance</b> Totals		(\$427,886.00)	\$0.00	(\$427,886.00)	(\$20,477.07)	\$0.00	(\$172,507.05)	(\$255,378.95)	40%	(\$168,874.26)
Department <b>5230 - Street Maintenance</b>										
EXPENSE										
5199	Miscellaneous Operating Supplies	.00	.00	.00	.00	.00	.00	.00	+++	4.26
EXPENSE TOTALS		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++	\$4.26
Department <b>5230 - Street Maintenance</b> Totals		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	+++	(\$4.26)
Department <b>6510 - Harbor Department</b>										
EXPENSE										
4120	Overtime Pay	.00	.00	.00	313.50	.00	1,153.88	(1,153.88)	+++	.00
4310	Part-Time Pay	59,547.00	.00	59,547.00	2,630.00	.00	36,833.35	22,713.65	62	.00
4910	Employer Paid Benefits	3,700.00	.00	3,700.00	91.44	.00	2,326.44	1,373.56	63	.00
6305	Disposal	87,500.00	.00	87,500.00	5,058.43	.00	37,112.70	50,387.30	42	80,232.00
7302	Equipment Acquisition	.00	.00	.00	.00	.00	.00	.00	+++	48,563.99
EXPENSE TOTALS		\$150,747.00	\$0.00	\$150,747.00	\$8,093.37	\$0.00	\$77,426.37	\$73,320.63	51%	\$128,796.03
Department <b>6510 - Harbor Department</b> Totals		(\$150,747.00)	\$0.00	(\$150,747.00)	(\$8,093.37)	\$0.00	(\$77,426.37)	(\$73,320.63)	51%	(\$128,796.03)
Department <b>6511 - Harbor Lifeguards</b>										
EXPENSE										
4120	Overtime Pay	3,180.00	.00	3,180.00	.00	.00	.00	3,180.00	0	.00

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
<b>Fund 003 - Sales &amp; Use Tax Measure Q &amp; E</b>										
Department <b>6511 - Harbor Lifeguards</b>										
EXPENSE										
4310	Part-Time Pay	74,977.00	.00	74,977.00	63.00	.00	1,074.00	73,903.00	1	40,499.75
4910	Employer Paid Benefits	5,914.00	.00	5,914.00	4.30	.00	60.01	5,853.99	1	7,860.73
5105	First Aide Supplies	500.00	.00	500.00	.00	.00	.00	500.00	0	.00
5109	Uniforms/Safety Equipment	2,000.00	.00	2,000.00	.00	.00	.00	2,000.00	0	.00
5199	Miscellaneous Operating Supplies	800.00	.00	800.00	.00	.00	.00	800.00	0	.00
EXPENSE TOTALS		\$87,371.00	\$0.00	\$87,371.00	\$67.30	\$0.00	\$1,134.01	\$86,236.99	1%	\$48,360.48
Department <b>6511 - Harbor Lifeguards</b> Totals		(\$87,371.00)	\$0.00	(\$87,371.00)	(\$67.30)	\$0.00	(\$1,134.01)	(\$86,236.99)	1%	(\$48,360.48)
Department <b>7710 - Interfund Transactions</b>										
EXPENSE										
8501	Transfers Out	.00	.00	.00	.00	.00	.00	.00	+++	1,069,250.00
8510	Transfer To General Fund	240,000.00	.00	240,000.00	120,000.00	.00	120,000.00	120,000.00	50	73,876.00
8540	TRFR To Capital Imp Fund	2,514,000.00	.00	2,514,000.00	1,257,000.00	.00	1,257,000.00	1,257,000.00	50	1,264,000.00
EXPENSE TOTALS		\$2,754,000.00	\$0.00	\$2,754,000.00	\$1,377,000.00	\$0.00	\$1,377,000.00	\$1,377,000.00	50%	\$2,407,126.00
Department <b>7710 - Interfund Transactions</b> Totals		(\$2,754,000.00)	\$0.00	(\$2,754,000.00)	(\$1,377,000.00)	\$0.00	(\$1,377,000.00)	(\$1,377,000.00)	50%	(\$2,407,126.00)
Fund <b>003 - Sales &amp; Use Tax Measure Q &amp; E</b> Totals										
REVENUE TOTALS		4,292,000.00	.00	4,292,000.00	322,487.51	.00	1,592,191.92	2,699,808.08	37%	4,710,089.39
EXPENSE TOTALS		5,179,167.00	.00	5,179,167.00	1,570,984.82	52,050.00	2,599,110.18	2,528,006.82	51%	4,127,405.79
Fund <b>003 - Sales &amp; Use Tax Measure Q &amp; E</b> Totals		(\$887,167.00)	\$0.00	(\$887,167.00)	(\$1,248,497.31)	(\$52,050.00)	(\$1,006,918.26)	\$171,801.26		\$582,683.60
Grand Totals										
REVENUE TOTALS		4,292,000.00	.00	4,292,000.00	322,487.51	.00	1,592,191.92	2,699,808.08	37%	4,710,089.39
EXPENSE TOTALS		5,179,167.00	.00	5,179,167.00	1,570,984.82	52,050.00	2,599,110.18	2,528,006.82	51%	4,127,405.79
Grand Totals		(\$887,167.00)	\$0.00	(\$887,167.00)	(\$1,248,497.31)	(\$52,050.00)	(\$1,006,918.26)	\$171,801.26		\$582,683.60

**CITY OF MORRO BAY - PUBLIC WORKS DEPARTMENT  
CAPITAL PROJECTS STATUS UPDATE - UPDATED FEBRUARY 15, 2023  
MEASURE Q & E FUNDED PROJECTS**

Project Number	FY Initiated	Project	Estimated Total Cost	Funding Source	Justification and/or Deadlines	Current Status	Next Steps
<b>HARBOR</b>							
923-9921	17/18	Boat Launching Facility and Float Replacement	\$1,510,000	Harbor, Measure Q&E	Launch ramp severely deteriorated and undermined - conceptual design and estimate needed to be able to pursue funding sources; \$210k approved in FY 22/23 budget from Measure Q&E	In process Partially funded and approved in 22/23 budget. 30% design drawings submitted to Harbor and PW by Shoreline Engineering in Feb and under review.	Submit 30% design drawings with grant application to Department of Boating and Waterways. Marwal Construction under contract to facilitate design consultants and grant app prep. Submit app and find additional funding sources. Submittals will be for 30%, 60%, and 90% drawings.
<b>STREETS</b>							
915-8229	16/17	SR1/SR41/Main St Intersection Improvements	\$8,200,000	GF/CMAQ/Impact/SHA/Measure Q&E Partially funded - 60% \$600k annually from Measure Q&E	Level of Service for intersection is an "F" (failed) with congestion during peak hours, projected to be worse with future buildout of city and new developments Priority Regional project for SLOCOG Supported by Caltrans	Project Approval and Environmental Document (PA&ED) phase Still awaiting Extended Phase 1 Findings from Tribal / Caltrans and report Continued meetings with consultant and Caltrans project team.	Start CEQA / NEPA, Project Approval Document for Caltrans; complete PA&ED by Summer of 2023 Start design concurrent with cultural environmental process Obtain shortfall of funding of approx \$3-4 million through grants
New	22/23	Annual Pavement Management Program (Surface Seal Project) FY 22/23	\$1,737,846	Bike Path Fund/SB1/Measure Q&E/LTF  Measure Q&E is \$1.38 million in funding.	Pavement Condition of City-wide street network has declined rapidly from 66 (2020) to 62 (2022). Arterial roads showing structural failures and need rehab before failures escalate. After digout project, these roads and others in city to be surface sealed (chip seal or slurry seal) based upon condition and functional classification	Initial major street list presented to PWAB in June 2022 and to City Council in August for adopted resolution that was presented to CTC in September 2023. FY 22/23 Project to focus on surface seals of streets in good condition to slow down declining PCI	Design and bid doc prep to start in early 2023. Final street list to be reviewed by PWAB March/April 2023. Advertise for construction in Spring/Summer of 2023.

Project Number	FY Initiated	Project	Estimated Total Cost	Funding Source	Justification and/or Deadlines	Current Status	Next Steps
New	22/23	ADA Accessibility Upgrades at Quintana and Main Streets Intersection	\$670,000	CDBG / Measure Q&E / SLOCOG Comm Betterment Grant	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.	Recently approved in 22/23 budget - \$180k \$90k from Measure Q&E \$90k from CDBG  SLOCOG selected this project to receive a grant in the amount of \$490k which was awarded at its 8/3 Board Meeting; cooperative agreement received in Feb 2023	Develop RFP for obtaining consultant services design (PS&E) for this project  Council approval to enter into cooperative agreement for receipt of grant funds from SLOCOG
New	22/23	Citywide Speed Survey	\$75,000	Measure Q&E	The City's current speed survey will be out of date by May 2023. Speed surveys are used to set speed limits for sections of city-controlled roadways. Speed limits provide notice to drivers of the maximum speed limit on a roadway and are an enforcement tool to assist police in addressing violators.	In process with consultant Data gathering is 90% complete	Complete draft survey document for review by staff and presentation at PWAB in March 2023

# Citizens' Finance Advisory Committee Meeting Item B-2

February 21, 2023  
3:00pm



# Measure E Fund

Semi-Annual Report through  
December 31, 2022

Recommended Midyear Changes





# Priority Expenditure Areas

- 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 personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- Maintain or enhances **cleanliness and safety of public spaces** 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;
- 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; &
- Ensure financial health of the City by **maintaining appropriate reserves** to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.



# Midyear Revenues & Expenditures

## FY 2022-23 Measure E Total Revenues and Expenditures

	Adopted Budget	Expenditures through 12/31/22	% Expended
<b>Total Revenues</b>	4,292,000	2,699,808	37%
<b>Total Expenditures</b>	5,179,167	2,528,006	51%
<b>GRAND TOTAL</b>	(887,167)*	171,801	

\*appropriation of fund balance from prior years.

- Sales tax revenues through October (4 of 12 months)
- Revenue slightly higher than anticipated



# Recommended Revenue Budget Change

- Recommend increasing revenue budget by \$122,700, or 2.9% of adopted revenue budget.
- Amend budget from \$4,292,000 to \$4,414,700.
- Offset recommended expenditure budget increases.
- Represents 93% of HdL's updated Midyear Measure E forecast, leaving room for potential acceleration of slowing growth rate for sales tax.



# Midyear Expenditures by Department

Department	Adopted Budget	Expenditures through 12/31/22	% Expended
<b>Police</b>	\$ 788,522	\$ 512,501	65%
<b>Fire</b>	\$ 849,328	\$ 445,581	52%
<b>Public Works</b>	\$ 549,199	\$ 237,519	43%
<b>Harbor</b>	\$ 238,118	\$ 78,560	33%
<b>Interfund Transfers</b>	\$ 2,754,000	\$ 1,377,000	50%
<b>Total Expenditures</b>	\$ 5,179,167	\$ 2,651,160	51%



# Recommended Expenditure Budget Changes

Department	Description	Budget Increase	One Time/Ongoing
Police	Server Replacement	\$ 20,000	One Time
Police	Replace AED batteries	\$ 12,000	One Time
Police	RMS Software support	\$ 11,100	Ongoing
PW Consolidated Maintenance	Repair Fire station Cistern	\$ 20,000	One Time
PW Consolidated Maintenance	Encampment Cleanup	\$ 25,000	Ongoing
PW Streets	Sidewalk/curb/gutter services	\$ 34,600	One Time
<b>Total</b>		<b>\$ 122,700</b>	



# Measure Q&E Capital Improvement Projects

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

CITY OF MORRO BAY - PUBLIC WORKS DEPARTMENT  
 CAPITAL PROJECTS STATUS UPDATE - UPDATED FEBRUARY 15, 2023  
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AGENDA NO: B-3

MEETING DATE: February 21, 2023

# Staff Report

**TO: Citizens Finance Advisory Committee**

**DATE: February 15, 2023**

**FROM: Scott Collins, City Manager**

**SUBJECT: Input on City Council's Goals and Action Items**

## **RECOMMENDATION**

Staff recommends the Citizens Finance Advisory Committee (CFAC) provide input on the City Council Goals for Council consideration, with emphasis on items most related to CFAC's scope.

## **BACKGROUND**

In 2018, City Council revised the Strategic Framework Policy, which sets out the process for how the City adopts its strategic goals and objectives. According to the Policy, every two years, following a general election, City Council is to review (and amend if appropriate) its high-level City goals. The goals are intended to set the direction for the City for the following two years.

To ensure City goals relate back to the community's needs and desires, the Policy further dictates the City conduct outreach to the public to seek input in a variety of methods. Those methods include online survey(s), emails to City Council, community forums and City advisory boards/commissions. In previous years, the City has used an online engagement tool (Polco) whereby members of the community can complete simple surveys about how they feel the City is doing and what it should focus on in the upcoming years. In addition, the City hosted community forums to collect public input. Following the Community Forum, City Council typically works with staff to create a focused set of goals for the next two years and select action items for the City to pursue during that period and inform budget decisions.

In November 2021 City Council both adopted five major goal areas and goal statements for each of the goals, and further approved 35 short-term action items to help achieve those goals and re-emphasized the City's Purpose Statement (see below).

The most recent election was in November 2022, and the new City Council will hold a Community Forum on updated Council Goals in late March/early April. The Council is seeking input from Advisory Boards as they revise Council goals.

## **City Purpose and Related Citywide Efforts**

As a reminder, the City's Purpose Statement (or mission) is as follows:

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

The entire City organization, from Police, Fire, and Harbor to Public Works, Community Development, and Recreation, from the City Attorney and City Manager's Office to Finance, Information Technology, and Human Resources is dedicated to that purpose in all things we do. The City Council goals that are discussed below are also aimed at achieving the City's purpose, but may be more narrowly and strategically focused. It is common for cities to develop goals that are future oriented as has recently been the case for Morro Bay. The City is able to focus on the

future because it has been able to provide those core services to the community consistently, and the community has supported these services through fees and increases in City taxes.

It should be noted that many of the City's core services do not fall under the proposed Council goals, and staff continues to work to develop clearer ways to communicate key elements of broader City work plans and associated objectives that go beyond the five Council goals. The intent is to capture and communicate all of the important day-to-day City functions that our community depends upon. Further, staff continues to analyze our capacity to deliver core services and will bring forward recommendations to Council as part of the (FY) 2023-24 Budget process.

### **City Council Goals (2021-2022)**

City Council developed consensus at the September 29, 2021 Workshop to pursue the following goals for the next 2+ years:

- 1) Improve Public Infrastructure
- 2) Achieve Fiscal Sustainability and Economic Vitality
- 3) Address Housing Needs
- 4) Climate Action
- 5) Improve Community Health

### **City Goals' Statements (2021-2022)**

The approved goal statements help define the goals and focus City actions and initiatives. Below are the statements for each of the goals:

#### Improve Public Infrastructure

- 1) Address cleanliness (while maintaining sensitivity to wildlife) and safety issues in heavy tourism areas and business corridors
- 2) Conduct a capital needs assessment
- 3) Address traffic circulation in Embarcadero

#### Achieve Fiscal Sustainability and Economic Vitality

- 4) Create a plan to address the City's unfunded liabilities while striving to achieve competitive compensation
- 5) Determine potential paths to secure funding for capital needs (Harbor and other needs)
- 6) Support expedient catalyst site development

#### Address Housing Needs

- 7) Educate the Council on new and existing State legislation related to housing
- 8) Identify the opportunities for additional housing options and/or explore partnerships to support these efforts
- 9) Continue the Community Development Department's efforts to expedite the development review process

#### Climate Action

- 10) Participate with other cities in SLO County to support climate action planning efforts
- 11) Educate Council on the technical terms around climate action to support policy advocacy and the identification of critical next steps for Morro Bay
- 12) Consider opportunities to reduce reliance on carbon producing energy sources

#### Improve Community Health

- 13) Create a plan to address immediate need for increasing COVID vaccination rates with an

- emphasis towards target populations with inequitable access or education
- 14) Educate Council and staff about Diversity, Equity, and Inclusion (DEI) and engage in a community conversation

### **Progress on Short-Term Action Items (2021-2022)**

Staff has begun work on many of the 35 short-term action items approved by Council (which was brought to a total of 36 items following Council action to add water resource planning as an action item at the June 28, 2022 Council meeting). Staff has pursued all of the short-term action items over the course of 2022 and into early 2023 to make progress on the City goals. The full list of approved action items can be found in the attachment to this report (the attachment has not yet been updated to include the water action item). Below is a review of progress that has been achieved to date on specific action items, categorized by the five goal areas. There is no progress to report at this time on the action items that are not listed below.

#### Improve Public Infrastructure

- *“Conduct a traffic speed survey.”* Council approved funding to conduct a traffic speed survey during FY 2022-23.
- *“Initiate a capital assessment effort.”* Council approved funding to conduct a capital assessment of the Harbor and other areas of the City during FY 2022-23.
- *“Review options and develop optimal staffing for City maintenance efforts.”* Council approved staffing enhancements at the FY 2021-22 mid-year Budget review in February 2022.
- *“Initiate work on paid parking pilot program and continue work on long-term plan.”* Walker Consultants is under contract for the next phase of the pilot program, which includes seeking further input from the parking stakeholder group. It is expected that Advisory Boards and Council will review results of this next phase on the pilot in the next couple months.
- *“Pursue grant opportunities for the Coleman Beach area.”* The City received a \$600,000 California State Prop 68 grants for improvements at the Coleman Beach park area. Staff will begin the planning process soon.

#### Achieve Fiscal Sustainability and Economic Vitality

- *“Seek state lobbyist contract to assist in obtaining state funding for City projects.”* City Council approved a contract with Townsend Public Affairs to represent the City on important state matters and pursue funding for City projects. Council extended their contract, as well as the contract for the City’s federal lobbyist (The Ferguson Group) through FY 2022-23.
- *“Assess viability for business improvement districts (BID) for Downtown and Embarcadero.”* The City and Chamber are partnered to review this opportunity. A survey of businesses was conducted in those areas to assess needs and potential support for creation of a BID in mid-2022. There appears to be interest in forming a BID, but no further action has been taken.
- *“Review development opportunities for the Market Plaza property.”* The City completed its Notice of Availability timeframe with regard to the State’s surplus land act (AB 1486), and can now pursue redevelopment opportunities on that site.
- *“Complete fee study (development impact fees).”* City staff will need to do an RFP for a new development impact fee study.
- *“Continue review of Vistra proposed battery project (BESS).”* Vistra has submitted a project application for the BESS project and removal of the decommissioned power plant and smoke stacks, and an environmental review for the project and master plan process for the parcel is underway.
- *“Assess cyber security needs.”* City staff conducted an assessment recently and implemented several additional security measures. Assessments of needs will be on-going.

- *“Prepare and review policy options on liabilities (pension and health care).”* City Council approved the City moving forward with the creation of a 115 Trust Fund for pension liabilities and other post-retirement benefits. Council approved creation of a 115 Trust Fund.

#### Address Housing Needs

- *“Complete zoning code update.”* City Council approved the zoning code update in fall 2022. Coastal Commission will review the code update in spring 2023.
- *“Develop stock Accessory Dwelling Unit (ADU) templates to provide to public for free.”* City staff is working with County partners to finalize the ADU templates. Staff anticipates this work to complete soon, and relevant documents will be placed on the City website.
- *“Provide update to Council on new state housing legislation (such as SB 9) and general education on housing.”* Council received an update on housing legislation and a general overview of City efforts to address housing needs in Morro Bay.
- *“Implement Housing Element.”* The City updated zoning code was approved by City Council in November of 2022 and includes new inclusionary housing and density bonus policies. The objective design standards are undergoing final City review and will be complete in February of 2023.
- *“Seashell Estate land use amendment regarding density.”* City Council moved forward the process to upzone these properties, and that work is on-going. Based upon concerns of the Planning Commission and Chamber, The City Manager formed an ad hoc group of Councilmembers, Planning Commissioners, City staff and Chamber representatives on this item. Information from this group will be presented to Council in 2023.
- *“Complete Cityworks online plan check application.”* Cityworks online is fully functioning, and City is now accepting electronic Building and Planning applications. Community Development has also incorporated an online plan check application, Digeplan, into Cityworks which allows for plan check to be completed electronically, eliminating the need for paper plans.
- *“Initiate work with the Planning Commission ad hoc committee for the review of the planning process.”* The committee is formed and will begin meeting once the Cityworks online application is fully implemented and zoning code review is completed. Zoning Code is adopted and the Community Development Director will be discussing this item with the Planning Commission as part of the goals discussion in February.

#### Climate Action

- *“Pursue funding to complete the Climate Action Plan Update.”* City is actively reviewing grant opportunities to update the Climate Action Plan.
- *“Pursue electric vehicle charging station funding.”* The City has received grant funding for several chargers on the waterfront and staff is working through implementation efforts.
- *“Initiate implementation of SB 1383 (organic waste for residents and businesses).”* Staff is coordinating roles and responsibilities for organic waste management with the Integrated Waste Management Authority of SLO County and Morro Bay Garbage, the City's franchise waste hauler. These roles include food recovery program management, business waiver program, implementation of paper and organic procurement requirements, contamination monitoring, education and outreach, and changes in the collection system that ensure residents and business can comply with SB 1383. These local changes will support the State's efforts to realize a 75% reduction in organic waste going to the landfill. This, in turn, will support reduction of greenhouse gases being emitted from decomposing organic material. Trash rate increases were approved following a Proposition 218 process in June 2022, to support this effort.
- *“Promote Central Coast Community Energy (3CE) new construction electrification program.”* City staff published a climate action webpage where this information resides.

- *“Create city webpage with links to energy efficient websites.”* City staff published a climate action webpage where this information resides.
- *“Elevate ‘Climate Crisis’ to ‘Climate Emergency’ by way of resolution and seek funding to move forward in this area.”* City Council approved a resolution to that effect in February 2022.
- *“Implement 3CE Reach Code Incentive Program for new residential development.”* City developed a draft electrification code and sent out a survey to gather input from the public on the draft ordinance. Once the input was reviewed, it was clear the additional education was necessary before the electrification code could be brought back for City adoption. The City is working with 3C-REN on an educational campaign for the electrification code.

### Improve Community Health

- *“Provide education to City Council and Staff about Diversity, Equity and Inclusion issues.”* Council has discussed these issues throughout 2022, and adopted different policies to support inclusion and belonging in the Morro Bay community and within the City.
- *“Support SLO County Public Health communication efforts to vaccinate members of the Morro Bay community, particularly underrepresented communities.”* The City continues to supplement County communications to the public regarding COVID-19 and vaccines/boosters through the City website, social media, local media, and at City Council meetings.
- *“Inform the County process to update the 10-year plan on homelessness.”* The City Manager is represented Morro Bay on the countywide group charged with updating the long-term plan to reduce homelessness. The new plan was adopted by the SLO County Board of Supervisors in August 2022, and implementation is underway.
- *“Explore opportunities to support countywide efforts to address homeless issues on the North Coast.”* The City applied for state funding to create a warming center, but was not funded. Work continues to bring mental health resources to our homeless population, joining efforts that have been in place for years through the Estero Bay Alliance of Care and Los Osos Cares and Community Connections. The City continues to evaluate opportunities to lend its support to this important issue.
- *“Support Filipino-American group (FANHS) rededication event of their historic monument at Coleman Beach.”* City hosted the rededication event with FANHS in October 2022 (at Coleman Beach) and coordination efforts are underway to help improve the monument area.
- *“Review opportunity for Boy and Girls Club to offer teen services.”* The City Council approved a 5-year agreement with the Central Coast Boys and Girls Club to provide teen services to Morro Bay residents out the Morro Bay Teen Center. They will open their doors in coordination with the beginning of the next school year.

### **Organizational Capacity**

Through the Council Goals process, staff will advise Council on staffing and other needs to achieve the Council’s desired goals and action items while carrying out the remainder of staff duties. As members of Council acknowledged in the 2021/2022 Goals Workshop, the City has limited staffing and very ambitious goals and workplans. Adjustments may need to be made to staffing, training and equipment moving forward to ensure Council goals can be achieved and workplans completed. Resource allocation modifications will be dependent upon available financial resources.

### **Finance Division Duties, Activities, & Council Goal Action Items**

The Finance Division, which consists of 6.6 full-time equivalent staff positions (plus a portion of the Administrative Services Director/Assistant City Manager’s time) ensures fiscal accountability to the

Council and to the public by providing financial oversight and administering accounting functions for all City funds and accounts, as well as providing utility billing for the City's Water and Sewer services (appx 5,500 accounts), and oversees the City's purchasing functions, ensuring that proper practices are in place and that fiscal and operational responsibility is upheld. Finally, finance staff operates as City Hall reception for various types of questions and calls that come into the City and must be handled or routed as appropriate.

The details below provide information about the scale and scope of these activities, which are robust for a small staff team. This information is being provided for context to the Council goals discussion, particularly given that there are CFAC members with relatively recent appointments that have not yet participated in a Council Goals input discussion.

Council goals and action items specific to Admin Services and CFAC will need to be considered along with the staff capacity that is allocated to the activities outlined below.

### *Key Finance Division Ongoing Programs & Services*

- Develop and monitor the City's Annual Operating & Capital Budget
- Maintain accurate financial reporting, coordinate the annual audit of the City's financial statements, and prepare the Annual Comprehensive Financial Report
- Oversee the City's investment portfolio
- Provide accounts payable (2,800 checks per year), accounts receivable (400 bank deposits per year), and payroll services (4,900 payroll checks per year)
- Perform Utility Billing function for all City Water and Sewer customers
- Oversee Business Tax and Transient Occupancy tax processing (appx 2,500 license renewals per year)
- Support the Citizens Finance Advisory Committee and Measure Q&E expenditures and reporting

### *Current Council Goals and FY 2022-23 Action Items for Finance Staff, Relevant to CFAC*

- **Create a Plan to Address the City's Unfunded Liabilities while Striving to Achieve Competitive Compensation**
  - **City Council Goal: Fiscal Sustainability & Economic Vitality**
  - Establish and begin funding a Section 115 Pension Trust to address the City's unfunded pension liability - *complete*
  - Continue to evaluate the Other Post-Employment Benefits Trust, which is largely fully funded - *completed*
  - Support City efforts to complete labor negotiations with employee groups within the context of available funding - *complete*
- **Determine Potential Paths to Secure Funding for Capital Needs**
  - **City Council Goal: Fiscal Sustainability & Economic Vitality**
  - Continue to evaluate financing options for the Water Reclamation Facility until completion - *ongoing*
  - Pending completion of Citywide Capital Needs Assessment, evaluate broader capital funding options – *pending assessment completion*
- **Complete Fee Study – Development Impact Fees**
  - **City Council Goal: Fiscal Sustainability & Economic Vitality**
  - As required by State law, updated Development Impact Fee Study – *pending*

## **DISCUSSION**

The City is currently in the process of collecting community input, including asking each of the advisory boards and commissions for their thoughts and priorities. That input will be shared with City Council during a community forum, likely in late March 2023. Below is a summary of current City Goals and Action Items have bearing on the Citizens Finance Advisory Committee (for progress updates on the Action Items, please see above).

In summary, if City Council were to continue existing goals and action items, the primary items for CFAC's Work Plan for calendar year 2023 would include input on a development impact fee study and/or on capital infrastructure financing options, depending on the timing that each of those items moves forward. The completion of an updated development impact fee study is also required by state law.

The August and October CFAC meetings would be the target for those discussions, and special meetings could be scheduled if needed at other time(s) of year.

If alternative goals and action items are considered, staff would seek guidance from Council on prioritization given capacity constraints.

## **CONCLUSION**

Staff recommends that CFAC members receive and review all the information above, ask questions of staff for any clarifications, and provide input to City Council to inform Council's efforts to update the City Goals and Action Items. The following questions may be helpful in framing input for City Council consideration.

### Questions

- 1) If you had to pick one major fiscal priority for the City to focus on, what would it be?
- 2) Do you believe the current five city goals reflect the priorities for City finances? Yes/No
- 3) If you answered no to question number 2, please elaborate.
- 4) What action items should the City pursue related to City finances?
- 5) Provide any other input you think would be helpful regarding City Goals and Action Items.

## **ATTACHMENTS**

1. City Council Goals – Current
2. Staff presentation

# CITY OF MORRO BAY 2022

## GOALS AND SHORT TERM ACTIONS



### CITY PURPOSE

In order to preserve the high quality of life in Morro Bay, the City's purpose is to provide essential public service and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play. To achieve that purpose, the City invests the vast majority of its resources in services such as public safety, public utilities, recreation services, city planning, infrastructure maintenance and improvement, and the internal financial, human resources, and technology to support these public services.

### CITY GOALS, GOAL STATEMENTS, AND SHORT-TERM ACTION ITEMS

The City is able to successfully provide these core services thanks to community support and

volunteerism that resource and supplement the City's talented professional staff. As a result of this success, the City is also able to dedicate some resources to address emerging challenges and future-facing opportunities. In late 2021, the City Council adopted five (5) City goals and thirty-five (35) corresponding short-term action Items to meet emerging needs and opportunities. The City goals each have goal statements that outline what the City aims to achieve. The short-term action items are the areas of focus related to the goals that the City will work on in 2022 and into early 2023 (all listed below).

Combining the City's work on core services with future oriented goals will help ensure our community remains a great place to live, work and play for current and future generations.



## PUBLIC INFRASTRUCTURE

**GOAL STATEMENT:** Address (1) cleanliness (while maintaining sensitivity to wildlife) and safety issues in heavy tourism areas, (2) conduct a capital needs assessment, and (3) traffic circulation in Embarcadero.

### SHORT-TERM ACTIONS

- Conduct a traffic speed survey
- Initiate a capital assessment effort (Harbor, facilities, stormwater, etc.)
- Review options and develop optimal staffing for City maintenance efforts
- Continue work to implement paid parking program and continue work on long-term plan
- Pursue grant opportunities for the Coleman Beach area improvements



# FISCAL SUSTAINABILITY & ECONOMIC VITALITY

**GOAL STATEMENT:** (1) Create plan to address the City’s unfunded liabilities while striving to achieve competitive compensation, (2) determine potential paths to secure funding for capital needs (Harbor and other needs), and (3) support expedient catalyst site development.

## SHORT-TERM ACTIONS

- Seek state lobbyist contract to assist in obtaining state funding for City projects
- Assess viability for business improvement districts for Downtown and Embarcadero
- Review development opportunities for the Market Plaza property
- Complete fee study (development impact fees)
- Continue review of Vistra proposed battery project
- Assess cyber security needs
- Prepare and review policy options on liabilities (pension and health care)



# HOUSING

**GOAL STATEMENT:** (1) Educate the Council on new and existing State legislation related to housing, (2) identify the opportunities for additional housing options and/or explore partnerships to support these efforts, and (3) continue the Community Development Department’s efforts to expedite the development review process.

## SHORT-TERM ACTIONS

- Complete Zoning Code update
- Development of stock Accessory Dwelling Units (ADU) to provide to public for free
- Provide update to Council on new state housing legislation (such as SB 9) and general education on housing
- Implement Housing element, including reviewing housing by right, objective design guidelines, ADU ordinance update with incentives, update Density Bonus and inclusionary housing requirements
- Bring land use amendment forward for the Seashell estates property to increase density to 7 – 15 units per acre for a future multifamily housing project
- Complete Cityworks online plan check application
- Initiate work with the Planning Commission ad hoc committee for the review of the planning process



# CLIMATE ACTION

**GOAL STATEMENT:** (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 1383 (organic waste for residents and businesses)
- Promote Central Coast Community Energy (3CE) 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 3CE Reach Code Incentive Program electrification of new residential construction with the adoption of 2022 Building Code in Jan 2023



# COMMUNITY HEALTH

**GOAL STATEMENT:** (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 homeless issues on the North Coast
- Support Filipino-American group (FANHNS) rededication 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 Goals Progress Update - CFAC

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FEBRUARY 21, 2023

# AGENDA

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- Review Goals process
- Update on City Goals and Short-term Action Items (2021-2022)
- CFAC – current action items
- Information on Finance Division ongoing duties and work plan
- CFAC input for Council's Goals process

# City Goals Process

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- From January 2023 – March 2023, City will seek input from community on priorities (community survey, advisory boards, community forums, and business groups)
- City Council will review community input in late March/early April.
- Council will review goals and corresponding action items for approval in April/May.
- Advisory Board/Commission work plans will incorporate action items where relevant to scopes.

# Our Purpose

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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.

**\*\*Capacity to maintain this purpose**



# 2021-2022 Goals

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- Improve Public Infrastructure
- Achieve Economic and Fiscal Sustainability
- Address Housing Needs
- Climate Action
- Improve Community Health



# PUBLIC INFRASTRUCTURE

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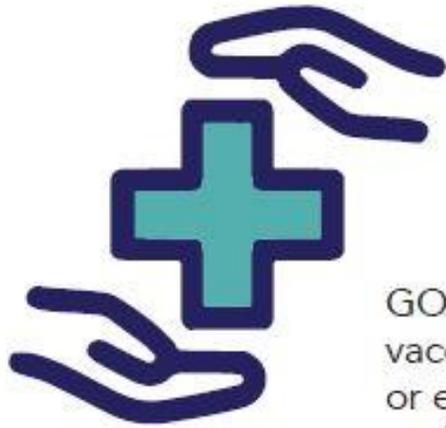
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# 2021-2022 Goals Update

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- Progress made on most of the short-term action items
- Staff currently reviewing staffing/resource levels to maintain core services and meet emerging issues and opportunities. Discussion at FY 2022/23 mid-year and FY2023/24 Budget.

# Key Ongoing Finance Programs & Services

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## Finance Division: 6.6 FTEs

- Develop and monitor the City's Annual Operating & Capital Budget
- Maintain accurate financial reporting, coordinate the annual audit, and prepare the Annual Comprehensive Financial Report
- Oversee the City's investment portfolio
- Provide accounts payable (2,800 checks per year), accounts receivable (400 bank deposits per year), and payroll services (4,900 payroll checks per year)

# Key Ongoing Finance Programs & Services

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- Oversee Business Tax & Transient Occupancy Tax processing (appx 2,500 license renewals/yr)
- Support the Citizens Finance Advisory Committee and Measure Q&E expenditures and reporting

# CFAC Specific Pending Action Items

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- (Fiscal Goal) - Pending completion of Citywide Capital Needs Assessment, evaluate broader capital funding options
- (Fiscal Goal) - Development Impact Fee Study

# Recommendation

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- Provide input on the City Council Goals for Council consideration, with emphasis on items most related to CFAC's scope.