



CITY OF MORRO BAY CITY COUNCIL AGENDA

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.

NOTICE OF SPECIAL MEETING

Tuesday, May 23, 2017

Veterans Memorial Hall – 3:30 PM to 5:30 PM

209 Surf St., Morro Bay, CA

ESTABLISH QUORUM AND CALL TO ORDER

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

SPECIAL MEETING AGENDA ITEM:

I. FY 2017-18 BUDGET STUDY SESSION

RECOMMENDATION: Council receive staff presentation and provide direction, as necessary.

ADJOURNMENT

DATED: May 19, 2017


Jamie L. Irons, Mayor

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 24 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 772-6205 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 LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

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CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

Memorandum for: City Council

Date: May 19, 2017

Subject: FY2017/18 Supplemental Budget Memo (Study Session #2)

Staff and I are pleased to present Council this structurally balanced FY2017/18 Proposed Budget, for further consideration, following initial presentation on May 9th. Based on feedback from that May 9th presentation, along with comments from Councilmembers from individual meetings the week of May 19, we are presenting supplemental budgetary details/clarifications in the form of this memo, to go along with the Draft "Budget Binder".

Study Session #1 Follow-up

- 1) Contracted Legal Costs – There was some confusion on legal costs, where these costs were budgeted, and if the General Fund was the only fund paying such costs. Below is the breakdown of legal costs, by fund, as included in the Amended FY 2016/17 Budget (current year), FY2016/17 legal costs through April 2017, and FY2017/18 Proposed Budget figures.

Fund	Adopted FY2016/17	Actual Through 4/30/17	Proposed FY17/18
General	\$150,000	\$123,831	\$150,000
Water	\$125,000	\$66,155	\$121,250
Sewer	\$75,000	\$66,155	\$72,750
Harbor	\$75,000	\$58,799	\$69,000
Total	\$425,000	\$314,940	\$413,000

- 2) Accumulation Funds – There was a question regarding adequate cash available in the Sewer and Water Enterprise Accumulation Funds. Below is the current cash balance (i.e. money in the bank), along with current year projected end of year (EOY) FY2016/17 fund balances, and Proposed FY 2017/18 EOY fund balance figures for these accumulation funds.

Fund	Current Cash	Projected EOY 16/17	Proposed EOY 16/17
Water Accum.	\$2,841,341	\$3,264,925	\$3,218,918
Sewer Accum.	\$4,208,483	\$8,330,242*	\$5,113,924

*Primarily related to significantly less Capital expenditures than budgeted, included Water Reclamation Facility (WRF) Costs

- 3) Personnel Costs – General Fund – Personnel costs are increasing slightly from current year figures for two main reasons. First, the City’s portion of CalPERS (California Public Employee’s Retirement System) contributions are increasing due to an increase in Unfunded Accrued Liability (retirement benefit costs outpace employee/employer contributions + CalPERS investment returns). Given the fact that employees cannot be required to contribute more to CalPERS benefit costs, employers must make up the difference. It is important to note that this increase has nothing to do with the “Discount Rate” reduction that will be implemented beginning FY2018/19, which will increase employer contributions fairly significantly. Second, this budget includes an assumed 2% Cost of Living Adjustment (COLA) to all employees, which increases both salaries and retirement costs that are included as “Personnel Costs”.
- 4) Personnel Costs from Proposed Position Revisions - Several positions are proposed to be revised with the Proposed FY2017/18 Budget. These positions have an estimated annual impact as noted below.
 - a. Utility Billing Clerk from PT to FT: \$8K Water Fund, \$8K Sewer Fund
 - b. Recreation Services Coordinator to Manager: \$4K General Fund
 - c. Associate to Senior Planner: \$3.5K General Fund
 - d. Support Services Coordinator to Manager: \$3K to General Fund
 - e. Fire Marshall from PT to FT: \$0 (fee adjustments and other PT reductions, already approved by Council)

Each position noted above is being recommended for revision based solely on the merits of each position’s duties/responsibilities. Staff are happy to discuss each position further, should Council request to do so.

- 5) Public Works Intern – There were comments about the proposed reduction of \$10K from the General Fund, Public Works budget, that would remove one of the budgeted intern positions. The impacts of this proposed cut are not directly related to specific tasks; rather certain smaller projects can be expedited based on each intern’s skillsets, with the inclusion of this position. The impact would be some smaller tasks/projects would be delayed until either staff have adequate time to complete, or other budgeted interns can be utilized.
- 6) SR1 Closure – The question of whether staff considered the closure of State Route 1, when forecasting both Sales and Transient Occupancy Taxes, was presented. Staff did take this road closure into effect with a tempering of revenue increases for both revenue streams (Caltrans projects opening SR1 in September).

Council 2-1-1-1 Meetings Follow-up

Staff met with Councilmembers, in less than quorum settings (i.e. 2 or few Councilmembers at a meeting) during the week of May 19. Council requested a report

out of some of the larger questions/concerns that came out of these meetings.

- 1) Revenue – General Conversation on revenue opportunities the City could explore.
- 2) General Plan Update/Local Coastal Program Timeline – Projecting internal completion in August 2018, then sending to the California Coastal Commission for certification.
- 3) City Works Implementation – Staff anticipates onsite training in July/August 2017, with full implementation following training.
- 4) Tourism Business Improvement District (TBID) – General questions about how the General Fund contribution to TBID work.
- 5) Draft Budget Letter – Some general comments on the length of the letter, and the draft letter possibly having information not needed for the purposes of the FY 2017/18 Budget. If so directed by the Council, staff is happy to revisit the contents of the Draft Budget Letter.
- 6) Dispatch Services – Question on why these costs were included in “Contract Services” versus in individual departments. Given that dispatch costs are primarily for General Fund services, Police and Fire, these costs were compiled in one General Fund budgetary unit to help ensure transparency. If comparisons or benchmarking is done for Police and Fire services, the contracted dispatch services can simply be added to either department budgets, to get an accurate cost-of-service analysis.

Other

- 1) Citizen’s Finance Oversight Committee (CFAC)/Measure Q – At its May 17th meeting, the CFAC was asked to make recommendations on proposed Measure Q expenditures. CFAC unanimously recommended approval of all proposed expenditures, except for funding ½ of the School Resources Officer (SRO) position. This position has historically been funded through a split with the San Luis Coastal Unified School District (SLCUSD) and Measure Q funding (50/50 split in FY 2016/17). CFAC recommended not funding a portion of the SRO position out of Measure Q funding, due to SLCUSD no longer funding a portion of this position. The second ½ of this position is included in the General Fund, Police Department’s Proposed Budget for FY 2017/18
- 2) Draft Capital Improvement Program (CIP) Sheets – Staff are actively working on completing new CIP sheets, with significantly more project details. Included in the Draft Budget Binder is an example project sheet that needs more formatting, but was included to give Council, and the community, an idea of what to expect when staff returns in June for budget adoption (pending Council direction). Also

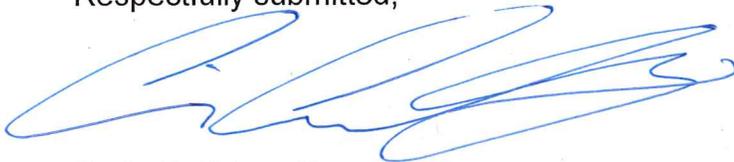
included is the Draft Schedule of Capital Projects, with proposed revenue and expenditure totals for consideration.

- 3) Items not in the Draft Budget Binder – Due to time constraints from producing this binder in 6 working days, coupled with other transitional duties, the complete Draft Budget Binder is not included. The following items are not in the Draft Budget Binder, but will be when staff returns in June for budget adoption: remaining CIP worksheets, Personnel Map (personnel cost splits), and General Fund Forecast.

Conclusion

Staff continue to work to enhance the transparency and accessibility of the budget process and document. Progress is being made, and we look forward to this evolving process. We are encouraged by this structurally balanced Proposed FY 2017/18 Budget, and look forward to dialogue and discussion on specifics of the budget.

Respectfully submitted,



Craig R. Schmollinger
Acting City Manager/Finance Director

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET
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CITY OF MORRO BAY

CITY HALL
595 Harbor Street
Morro Bay, CA 93442

Memorandum for City Council

Date: May 8, 2017

Subject: FY17-18 Budget Letter (Initial Staff Budget Proposal)

THIS DOCUMENT IS A ROUGH DRAFT FISCAL YEAR 2017-2018 (FY18) BUDGET LETTER BEING USED IN THE BUDGET DEVELOPMENT PROCESS. IT IS WRITTEN AS IF THIS BUDGET IS APPROVED, AND WILL BE ADJUSTED DURING THE BUDGET DEVELOPMENT PROCESS UNTIL IT IS APPROVED BY COUNCIL ACTION IN JUNE 2017.

WE LOOK FORWARD TO MAKING CHANGES TO THIS DOCUMENT AS WE GET INPUT BOTH FROM THE COMMUNITY AND THE CITY COUNCIL.

My staff and I are happy to present you this FY17-18 Staff Budget Proposal for consideration, discussion, adjustment and eventual adoption. The General Fund budget is balanced and shows a small surplus of \$12,604.

As usual, this budget covers all of the various funds in the City:

- The General Fund and associated reserve/accumulation funds such as the General Fund Emergency Reserve, and Facility and Vehicle Replacement Funds, etc.
- Special Revenue Funds such as Measure Q, Morro Bay Tourism Business Improvement District and Governmental Impact Fees,
- Enterprise Funds such as Water and Sewer.
- Other funds such as the Wastewater Treatment fund which is a Component Unit fund jointly managed by the City and the Cayucos Sanitary District.

A comprehensive City Funds List is in the attachments.

By law, revenues into the Enterprise Funds must be used only for related expenses. Staff is diligent to ensure, for example, that water fund revenues are only used for expenses directly related to the acquisition, treatment and distribution of water.

The Special Revenue Funds have similar requirements and limitations. Perhaps our most important / visible special revenue fund is the Measure Q fund that receives revenues from the City's ½ cent special sales tax passed in Nov 2006 under Measure Q and intended solely for streets, storm drains and public safety. This year Measure Q is projected to generate revenues of \$1,024,129 to be used for streets and public safety, and this budget does that. The other special revenue funds are in balance and, except as noted below, unremarkable.

The General Fund will likely generate the most interest, as it provides the primary opportunity for discretionary spending, or, discretionary cutting. That said, even in the ~\$13.6M general fund, there are limited discretionary funds available, and thus little capacity to address major city goals. With around

75% of the General Fund committed to labor this year, and much of the balance committed to fairly non-negotiable items such as paying for utilities, the basic license for our accounting software, providing essential training for police and fire personnel, having copy machines in city offices and purchasing fuel for police and fire vehicles, there is little money left to spread between our many various needs and desires. That said, this budget does work to address our adopted FY17-18 work plan objectives.

Council and community are well aware of the medium and long term fiscal challenges the City faces - more on that in the 10-year forecast section below. This budget recognizes and begins to address these challenges. A few observations:

- First, the city's fiscal challenges are longer term structural challenges, not near term cash-flow issues. The City has a healthy emergency reserve (over 30% of projected revenue) and a balanced budget. Our problem is not whether we can afford to continue to provide staff essential training, or even hire employees to replace employees who retire or resign. Our problem is that in the coming seven years our revenues are not sufficient to continue to provide all of the programs and services we currently provide. Put another way, we cannot address our fiscal challenges simply by "tightening our belt" here and there, we either need to increase revenues substantially, or make significant cuts to existing programs and services. More on this concern in the Future Program Cuts section below.
- Second, this budget incorporates the FY18 budget guidance provided by the City Council in March 2017. To balance this budget, following Council direction, we have removed the \$150K contribution to the project accumulation fund, and the \$100K contribution to the capital replacement fund. That \$250K reduction is the first of a total of \$650K that Council directed be made over the next three years. The XXX section below begins some discussion on the additional \$400K of cuts required in FY19 and FY20 - \$200K per year respectively.
 - Third, this budget, to achieve balance, reduces (not eliminates) spending in some service areas. For example:
 - A \$25K reduction in street tree trimming, cutting back to the level of service we provided in 2015.
 - A \$10K reduction in the Public Works intern position account.
 - A \$5K reduction in the Economic Development Opportunity Fund
 - A \$5K reduction in the Police Department internal investigations contract services account.
 - A deferral of around \$15K of important but not critical fire department equipment.
- To balance the budget, staff trimmed around \$100K of spending as noted above.

10-Year Budget Forecast – a Revenue and Expense Problem

The opening section of our FY16-17 budget letter contained this important observation:

Addressing our revenue shortfalls is crucial for the City if we are to remain a full-service City in the decades ahead.

This observation is even more apt this year than last year. Without significantly improving revenue, the City will likely have to cut an additional ~1.1M in services or programs in the 6 years ahead. In a \$13.6M budget, this \$1.1M represents an 8% cut. However, removing much of our essential labor costs and our essentially required expenses (such as utilities, licenses for financial software, etc) That \$1.1M will likely be taken from a “discretionary programs and services” pot of around \$4M. In other words, if we do not take significant action to improve our revenues, we will have to cut more in the range of 25% of the services and programs we offer.

The Council’s recently adopted FY18 Goals and Objectives recognizes this challenge and identifies concrete steps toward improving revenue. Goal #1, adopted by Council, states:

Goal #1 (Essential Goal) – Achieve Economic and Fiscal Sustainability

Description: This essential goal recognizes the City has been living within our means, but is not currently able to fund all basic services and requirements at the level appropriate for a community of our size. It also recognizes the importance of strengthening and maintaining strong financial management practices. Due both to our previous inability to fund important services such as street paving and replacement of key facilities, and the lack of an adequate General Fund capital budget, plus the impact of recent cost concerns - especially escalating CalPERS costs - we are unable to continue living as we have in the past. This goal centers around economic development and fiscal actions (revenue enhancement, public funding measures, cost control, and sound fiscal management practices) that target a 25% increase in projected revenues from the end of FY17 to the end of FY25.

Duration: This is an 8-year goal - the City intends to achieve fiscal sustainability by 2025.

Focus: This goal includes objectives related to revenue enhancement, general economic development, cost control, and assurance of sound financial management practices are in place.

The goal goes on to identify eight specific objectives the City is pursuing this year to begin to address our revenue challenges.

This action is essential based on what we learned in our 10-year budget forecast, initially foreshadowed for the Council on January 10, 2017 and presented in detail on February 28, 2017. That forecast is available to the public online (at <http://www.morro-bay.ca.us/documentcenter/view/10535>) and the council has discussed the forecast and its ramifications multiple times between Jan 10, 2017 to the present. Thus, this section is intended only to summarize the primary concerns identified in that forecast.

Bottomline: due to precipitously increasing required City contributions to fund the California Public Employees Retirement System (CalPERS), City expenses will likely increase around \$1.3M over the next 6 years.

While normal growth in projected revenues will keep up with normal expenditure increases in cost centers, normal revenue growth will not come close to covering the CalPERS spike.

This CalPERS contribution spike is due to CalPERS reducing the projected rate of return on its ~\$300 Billion investment account from 7.5% to 7%. The cost to Morro Bay for this reduction is around \$650K over FY19-FY21. Anticipating that CalPERS will make a further discount rate reduction from 7% to 6.5%, Morro Bay will likely see another ~\$650K expense increase in the FY22-FY24 budget years. This new CalPERS action, taken on Dec 22, 2016 (and a substantial change of direction from the CalPERS board direction given to cities in Nov 2015) is affecting all CalPERS agencies similarly. For example, the City of San Luis Obispo faces a new CalPERS bill of over \$5M (<https://calcoastnews.com/2017/03/calpers-move-leaves-slo-multi-million-dollar-shortfalls/>). Huntington Beach's bill is \$23M over previous projections. (<http://www.latimes.com/socal/daily-pilot/news/tn-dpt-me-hb-pensions-20170502-story.html>)

In short, without significant increases in revenue, the City's new CalPERS contributions will require a cut of around \$1.3M in services and programs over the next 7 years to maintain a balanced budget and appropriate financial reserve.

This budget is based on, and consistent with, the 10-year Budget Forecast prepared for Morro Bay by Management Partners, and presented to the Council on Feb 28, 2016. That forecast included a small (~\$20K) transfer from the General Fund Emergency Reserve to the General Fund. Even so, due in part to stronger than forecasted revenues this year, and good cost control, our General Fund Emergency Reserve level is well above the forecast projection of \$3.59M in last years budget letter. As of today, our GFER is at \$4.11M, \$500K above last year's projection and over 30% of FY18 revenue projection. This nearly \$1M above the Council-directed minimum GFER level of \$3.27M for this year.

Future Program Cuts

As discussed in detail during the budget forecast and guidance discussions with Council, and noted above, the City will have to cut an additional \$400K from the budget in FY19 and FY20. (And, if revenues do not improve substantially, will have to cut a further \$650K in the early 2020's if the CalPERS discount rates is lowered from 7% to 6.5%.) During the budget forecast and budget guidance discussion, Council directed staff to begin to identify some of those possible future program cuts during this budget cycle. For the reader it is imperative to note that the following is provided as a partial list of possible future cuts beginning for council consideration with community significant input over the year ahead. Staff is not recommending these cuts, and they are not required to balance this year's budget. Following is a partial list of services and programs that could be considered for significant reduction or elimination:

- \$550,000 Reduce street paving / preservation by up to \$550K
- \$260,000 Drop to 3 firefighters on duty vs 4 (respond to 1 call at a time vs 2)
- \$209,000 Drop from 3 police officers to 2 officers on duty at night
- \$150,000 25% reduction in cleaning/maintenance/repair of public facilities/parks/streets
- \$95,000 Eliminate Teen Center Program
- \$63,000 Reduce Tree Trimming to once every 10 years.
- \$30,000 Cut all California Conservation Corps labor for beautification / creek cleaning
- \$27,000 50% reduction in pothole repair

- \$15,000 Eliminate Staff Liaison / Program Coordinator to Senior Center
- \$14,000 Eliminate FD Water Rescue Swimmer Program
- \$12,500 Eliminate Mutt-mitt program

The above is an initial sample list of the types of cuts we must make (\$400K in next two years) and will likely have to make in the following 3 years (\$650K additional in years 4 to 6).

The “Budget Gap” - Cash-based vs Requirements-based Budgeting

Like many cities, Morro Bay has consistently practiced “cash-based” budgeting. That is, we project about how much cash (revenues) we expect to receive, and then divvy that up across all the existing cost centers. (expenditures). While this is standard, it does not give us a very good picture of what you are choosing **not** to “buy” and, therefore, it does not allow us to see and adjust priorities very well. For example, what if we learned we were funding the Fire Department at 35% of their requirement and streets at 95% of the requirement? We might choose to increase the Fire budget and reduce the streets budget.

The City’s requirements, just in the General Fund, are depending on priorities, around \$4 - \$5M below our current revenues / budget. Another way to say this is that in order to provide the basic services we believe we should be providing, we would need \$4-5M of additional annual revenue. This is not to say the City is running a \$4-5M deficit, this budget is balanced, and have been for all recent budgets. Following are the major components of the existing budget gap.

- **New CalPERS Requirement.** Emerging CalPERS requirement as noted above is \$1.1M (after the Capital Replacement and Project Accumulation fund cuts.)
- **Streets.** The Pavement Condition Index (PCI) is the accepted measure of street condition / maintenance, and an average of PCI-70 is the California State standard. Our detailed pavement analysis last year determined the we require an average of \$2,200,000/year over the next twenty years to bring our streets up to PCI-70. This budget allocates around \$530K to streets. So, our streets budget gap is around \$1.7M
- **Capital Replacement.** The City now has a capital facility replacement fund into which money should be set aside each year for major maintenance and eventual replacement of City facilities (a.k.a., funded depreciation). We anticipate that Morro Bay should be saving about \$1,000,000/year for major maintenance/funded depreciation. This budget removed last years \$100,000 contribution to this fund so our current gap is around \$1M.
- **Other Needs.** While we are sustaining our existing recreation programs, as minimum wage nearly doubles from 2014 to 2020, the cost of continuing existing programs will increase dramatically. Further, our community values recreation programs, especially for youth and seniors, and expanding opportunities is a legitimate goal. Other needs included a broad and sustained effort to improve the safety and aesthetics of our public spaces – from tree-trimming to sidewalk

replacement to tree-lighting to public restrooms, trash collection and upkeep of public-serving City facilities. Finally, a project accumulation contribution of around \$250K/year would be important to begin to address some of the new capital projects that may be required, such as intersection improvements at Hwy 41 and Main St to replacement of the Surf Street Stairs. Between recreation and general improvement and upkeep of public spaces, we are likely short another \$700,000.

- **Labor Cost.** As reviewed by Council earlier this year, the compensation level of most our employees is 5-20% below the local labor market. A rough estimate of the additional revenue needed to bring staff compensation up to around the level of Grover Beach or Atascadero (both on the lower end of the local market in terms of employee compensation) is around \$300,000.

The list above totals \$4.8M. While there is no way the City will be able to address all of these needs / interests in the near term, defining this gap is important both for “seeing ourselves” and for future goal-setting and possible economic development goals should we want to provide some or all of the services noted above.

City Organization and Full Time Equivalent Employees

With a clear eye on our future budget challenges, it remains important to ensure that our staff organization is set appropriately for the duties they perform, and to ensure fairness across the organization. Following are a few staff changes recommended in this budget:

- Fire Marshall. To be published based on Council guidance at 5/9/17 Council Meeting. A fulltime / FTE fire marshal is included in this budget. If approved this will add one FTE.
- Recreation Services Coordinator/Manager. Several years ago we had a Department Head level position supervising recreation. Last year we hired a well experienced and effective employee into a non-management, supervisory position as our Recreation Services Coordinator with the intention of making that position a management position with this budget. Supervising the Recreation Services Division, with 3 full-time and scores of part-time employees and numerous programs is clearly a management level position and our incumbent is proving very effective. The budget includes around \$8,000 to convert the current Recreation Services Coordinator to a Recreation Services Manager. This is not an FTE increase.
- Senior Planner. The City has an existing Senior Planner position with approved position description but since this position has been vacant for some time it has not been included on the salary schedule. Our associate planner has served the City for around five years and meets (exceeds) the requirements to move to the Senior Planner level. This budget adds the existing Senior Planner position to the salary table and provides the ~\$6,000 to assign our associate planner to this position. This is not an FTE increase and the associate planner position is not intended to be filled, nor could it be without Council approval for an FTE increase.
- Support Services Coordinator. Our support services coordinator position in the Police Department has been codified as a “confidential” position but should be a management position. This position supervises all of the non-sworn employees and programs in the police department (records,

evidence, budget, etc). This budget converts the Support Services Coordinator position to a Support Services Manager and includes the ~\$2,000 required for this change. This is not an FTE increase.

- **FTE Increase – Full-time/partial benefits conversion.** This budget changes the status of our last full-time / partial benefits employee to FTE. This is consistent with Council action and request when we recently did the same thing for positions in Community Development and Recreation. We have been moving away from working employees full-time without providing benefits consistent with other full time employees and this FTE increase of 1, to 97.75, completes that transition. The costs of this conversion is around \$5,000 to the water and sewer fund as this position is the water and sewer billing clerk. Approval of this budget will constitute Council approval to increase FTE to 97.75.

Attachment 1 to this budget letter and included at the beginning of the budget is a detailed city organization chart. This chart(s) is not meant to perfectly describe lines of authority or function within departments / divisions. It does, however, clearly lay out City Organization at the Department and in some cases Division level, and further clearly designates the City's 98.75 FTE positions.

Key Funds and New Actions

Before providing a department-by-department overview of the budget, it is important to highlight some key funds and identify some new actions in this year's budget. The City made good initial progress last year establishing some protected funds for specific purposes, and focusing attention of special funds that had previously existed.

- **General Fund Emergency Reserve (GFER).** The GFER level for end of year 2017 was set by Council resolution at \$3.27M. We anticipate we will end this year at \$4.11M, ~\$850K above requirement. The Council adopted GFER level for EOY 18 is \$2.68M, but this was set based in part on a projected 2017 recession. This budget anticipates ending FY17/18 with \$4.11M in the GFER, well above the council directed minimum and also above the 27.5% pf revenue council goal.
- **Risk Management Fund.** Our minimum reserve in this fund is set at \$100,000 by policy. We anticipate we will end this year with \$280,000 in the risk management fund, and end next year with \$372,000 in that fund. However, there are a number of ongoing activities that could impact this fund and staff does not recommend harvesting any excess from the risk management fund for other priorities until the mid-year 2016-17 budget review.
- **Capital Replacement Fund.** This fund was established last year as "funded depreciation" account for the eventual replacement of City facilities such as the police station, public bathrooms and other public facilities. We put \$100,000 into this fund last year. Based on council guidance to cut \$250K from this year budget, this budget does not include any contribution to the Capital Replacement Fund. This is the fund that requires a \$1M annual contribution for facility major maintenance and replacement.
- **Vehicle Replacement Fund.** This fund was established as a way to regularly save for replacement of city vehicles. We contributed \$75K to this fund in FY16-17. We project this fund actually needs an annual contribution of \$150K to keep our police, fire and maintenance fleet operational. This budget puts \$75,000 into this fund. We anticipate needing to replace the police commander's

vehicle this years which is beyond its useful service life and that expenditure is included in this budget. Other replacements are deferred.

- **Project Accumulation Fund.** This fund was established to protect funds required for new capital projects, be they known or unknown. This may also be a source of matching fund for grants associated with projects. Upcoming projects could be the 41 and Main intersection improvements, or other new projects/facilities approved by Council. We put \$150K into this fund in last year's budget. Based on council guidance to cut \$250K from this year's budget, this budget does not include any contribution to the Project Accumulation Fund. This fund likely should have an annual contribution of around \$300K.
- **General Fund Facility Maintenance Fund.** This fund is for general ongoing maintenance of city facilities. Fixing roofs, repairing toilets, painting public bathrooms, etc. This fund is funded from rents received from the tenant in the city-owned Distasios building. Over the next few years we will need to begin to fund this maintenance fund from general fund revenues directly as we consider possible revitalization of the Market Plaza area including the Distasios restaurant building. Staff is carefully considering this fund due to possible tenancy changes in the Distasios property this budget year.
- **Compensable Leaves Fund.** TBD.

THE GENERAL FUND

With that overview as a preface, the General Fund discussion follows. As you know, the General Fund is the recipient of most of our taxes, and pays for most of our services. This budget appropriately commits the vast majority of our revenues to our most basic services: Public Safety and Infrastructure.

General Fund Revenues

General Fund Revenues come primarily from four sources: property tax, transient occupancy tax (TOT), sales tax and various fees-for-service charged by the city. Sales Tax, TOT and Property Taxes generate well over 70% of projected revenues.

One key component of the City's 10-year budget forecast is a professional analysis of the City's revenue sources and then projecting future revenues considering economic trends and with a benchmarking eye on similar cities. The 10-year forecast is available on the City's website for additional reference. The revenue forecasts in this budget are firmly based on our March 2017 10-year budget forecast.

- The property tax projection is based in part on the most recent County assessor data. We are projecting a ~3.1% increase in property tax this year.
- Sales tax is projected to increase about 4.1%. Morro Bay has maintained consistent sales tax revenue figures, notably through both economic downturns or booming periods.
- The City is projecting long-term growth of TOT at 5%, and are budgeting at a 5% increase for FY 2017/18. We continue to see strong tourism numbers and anticipate the continued effectiveness of Morro Bay Tourism.
- Other fee-based revenues have been adjusted upwards ~9% from last year, primarily affected by appropriate fee schedule changes to better recover the cost of providing services.

Revenues provide the backbone for how a city spends its money. Below is the breakdown for the proposed budget expenditures.

General Fund Expenditures

As with previous budgets, this budget divides expenditures by various departments and sub-departmental sections of accounting. The letter will address expenditures at the Departmental level.

Personnel

Since people are the most expensive part of any governmental budget, they deserve a separate section. This budget spends over 75% on people, and 52% of that is on firefighters and police officers. Indeed, over 44% of the entire General Fund budget goes to pay the police and fire department expenses to protect our community - money well spent.

General Fund Departmental Expenditures

The following sections address the various General Fund Departments / Sections in more detail. Readers may refer the more detailed line-by-line budget reports, for additional information on each section.

City Council

This section covers expenses generated by City Council.

- The personnel line covers personnel costs for five council members.
- The services line includes items such as insurance share, and EVC, LAFCO, League of California Cities and California Coastal Trail Association memberships.
- The services line also includes sufficient meetings and travel funds for City Council attendance at the bi-annual LCC Annual Conference and the LCC Mayors and Councilmembers Academy.
- Under “payment to other agencies”, this budget includes a defined “one-time bequests” line for \$8,000, static from last year. This is the Council’s “benevolence” fund, monies available to support worthy causes, such as SCORE, Community Resource Connections office, and Senior Nutrition. Based on last years contributions, staff recommends the Council consider this distribution:

<u>Activity</u>	<u>2016-17 Contribution</u>	<u>2017-18 Contribution</u>
Senior Nutrition	\$5000	\$5000
SLO Housing Trust	\$1000	\$1000
Community Resource Connections	\$1000	\$1000
SCORE	\$500	\$500
TBD	\$500	\$500
Total	\$8000	\$8000

City Manager

This section covers expenses generated by the City Manager’s office. This is the second year the City Clerk, has been moved entirely to a separate department.

- The personnel line covers personnel costs for the City Manager.
- The services line includes items such as utilities, memberships in appropriate professional organizations, attendance at essential professional training and conferences, staff training events, and volunteer recognition events.
- This budget includes \$20,000 for the City Manager’s Opportunity Fund, a discretionary fund the City Manager may use as appropriate for unidentified projects and items, normally related to improving our economic / fiscal situation. This fund has been utilized for items such as our 10-year economic forecast, provided limited assistance to the Chamber Business Walk, completed the split-rail fence at the bike park, provided flexibility to make an immediate commitment to host the AMGEN Tour of California, and similar activities clearly in line with our City’s Goals and Objectives but not known requirement during the budget process. This fund was budgeted at \$25,000 last year (second year of existence) and reduced to \$20,000 this year.

Contract Services

This “department” was created last year to provide better transparency and cleaner understanding of some significant expenses. Each of the major contracts in this section were previously included in other sections of the budget. They are all now consolidated in this section. Following is a brief description of each of these contracts.

- Fiscal Management Fees. \$7,500. This is the City’s required contract with the Public Agency Retirement System (PARS), to provide social security-like retirement coverage to part time employees not enrolled in CALPERS.

- Aleshire & Wynder. \$150,000. This is the General Fund portion of our legal services contract with Aleshire & Wynder. The City continues to receive excellent, comprehensive service from A&W.
- AGP Video. \$60,000. The cost of providing TV coverage of all public meetings. The City is saving some money in this area using employee hours to post meeting videos on YouTube instead of paying an additional fee for this service.
- Dispatch Services. Dispatch services for Fire (\$123,899) and Sheriff (\$252,076). The transition to regional dispatch has gone quite smoothly and is providing good service to both our first responders and our residents.
- DocuTeam. \$9,500. This is the general fund share for the legally required storage of historic City documents by a contractor. As we improve our record keeping and digitize historic documents, we may be able to wean ourselves off this service; however, there will likely be a short-term uptick in costs to destroy records as appropriate based on an updated Record Retention Schedule.
- Digital Map. \$10,000. This is the general fund share of our current GIS mapping application (likely to be replaced with Cityworks when that is fully operational).
- Ricoh. \$35,000. This is consolidated cost of all general fund departments for our copier services contract. In Feb 2016 staff reviewed this contract, compared it to other alternatives, and determined to continue with this Ricoh contract for this essential service.
- Visitor Center. The City is under contract with the Chamber of Commerce to provide Visitor Center services in the City-owned building at 695 Harbor Street. The contractual expense for this service in FY17-18 is \$50,000.
- Animal Services. This \$70,130 is the City's pro-rata share paid to the County for animal services: animal shelter, etc. The SLO County City Managers are working closely with / against County staff to ensure the new County Animal Shelter project meets basic requirements but does not grow beyond the basic level of service required for public health and expected by the population.

City Clerk Office

City Clerk and Legal Services

This section covers expenses generated by the City Clerk office. This office includes the City Clerk and Legal Assistant / Deputy City Clerk. The Legal Assistant / Deputy City Clerk is our primary Risk Management employee and much of her time is charged to Risk Management. As noted in the last year, we combined Human Resources (HR) into this office last year and so HR is included under the City Clerk Office.

- The personnel line covers personnel costs for the City Clerk and Legal Assistant, with a split between both City Clerk and Risk Management.
- The Contractual Services line includes costs for updating sections of the Municipal Code
- The services line includes resources for appropriate professional development, (including supervisory training), and association memberships for the Clerk and Deputy Clerk.

Elections

This section budgets \$10,350 for local elections, which will provide a “savings” of this amount for either the next election in late 2018, or pay for all/portion of a special election (should the Council call for one).

Human Resources

This section covers Human Resources operations for a ~100 person organization.

- The personnel line is for one full-time employee.
- The Contractual Services line includes costs for labor negotiations.
- The Services line includes items such as retainer for Liebert Cassidy and Whitmore who provide valuable HR training and advising and, background checks, and medical exam costs

Deputy City Manager

This section covers expenses generated by the Deputy / Assistant City Manager’s office.

- The personnel line covers 50% of the personnel costs for the Deputy City Manager. The rest of the DCM’s personal costs are distributed between IT and Rec.
- The services line includes a total of \$5,400 for communication, promotion and advertising requirements such as special utility bill mailers to inform residents of particular important information / events.
- The services line also includes appropriate professional development activities and memberships.

Finance Department (Accounting and Treasury)

This section covers most major general fund revenues, and Finance Department expenses.

- The personnel line covers all or part of several finance employees, including the Finance Director, Budget & Accounting Manager, Senior Accounting Technician and Account Clerk.
- The services line includes items such as annual audit (\$40,750), miscellaneous bank charges (\$20,000), postage, telephone service, etc.
- The services line also includes modest funding for professional development, as three out of the four FTE’s are new to the City since October 2016.
- \$64,500 was moved out of this budget and into the Information Technology Internal Service Fund as a contract expense for the City’s Financial Software (New World).

Police Department

This section covers the Police Department and has two parts: operations and support services.

- The overall PD budget is inline from last year with no major overall changes.
- One exception is that the School Resources Officer (SRO) position is no longer ½ funded through the school district. The Police budget now includes this ½ SRO position in the budget, with the remaining ½ in the Measure Q budget.
- The remaining general increase in expenses is due primarily to the anticipated sharp increase in CALPERS contributions, an increase we forecasted.
- PD Operations.
 - The operations section includes all PD operations – primarily labor for sworn officers.
 - The Supplies and Services section includes items such as vehicle fuel (\$30K), and officer training (\$50K).
- Support Services. The Support services section is very much in line with last year’s budget.

Fire Department

This section covers all fire department operations.

- Overall, the Fire Department is inline from last year.
- The personnel line can be confusing because of overtime pay, part-time pay, Measure Q funding, and mutual aid.
- Overtime pay - Mutual aid responses during fire season from our Fire Department directly impact the overtime pay line. The costs of mutual aid responses are always balanced with mutual aid revenues and adjusted during the mid-year budget process. We are not budgeting for either mutual aid revenues or expenses and will balance them at mid-year after the summer fire season.
- The personnel line includes a new Fire Marshal position contingent upon action at the 5/9 Council meeting. This position is largely offset (75%), by increases to the fee schedule already approved by Council for FY2017/18 forward. Part of the remaining 25% that is not offset by fees, is mostly offset through a reduction in part-time labor costs.

Community Development

The following are some general comments on the Community Development section.

- The budget includes personnel costs for the Community Development Director, two permanent planners, two planners, part time code enforcement offices, the building inspector, Permit Technician, full time Office Assistant and part time Office Assistant.
- The budget includes \$100,000 for the Council directed Goal #4 “Review and Update Significant Land Use Plans”.
- Cityworks related expenses were moved out to the Information Technology Internal Service Fund.

Public Works

This section covers the public works department, minus the water and sewer enterprise funds. There are no significant changes to this department since last year.

- This section can be a little hard to understand, especially the personnel pieces, since we are required to have a number of special budget sections (Public Works, Consolidated Maintenance, Street Maintenance, Street Trees Street Lighting and Storm and Creek Maintenance) and some personnel costs are split between those sections.
- This budget includes a reduction of \$25,000 to tree trimming services, in-line with levels prior to FY 2016/17.
- Street reconstruction and paving monies come primarily from the Measure Q special revenue fund. We will note here also, in the public works section, that available Measure Q funding for street paving was reduced slightly to \$530K (in-line with FY 2015/16 levels).
- Noted in the Streets budget is an increase in Gas Tax revenue, which is the result of the State passage of SB1. This increase from ~\$237K for FY2016/17, to \$305K for FY17/18, will offset around \$68K off General Fund support to this General Fund unit. This new round of Gas Taxes will go into effect November 1, 2017 (only a portion of next FY), so we can safely assume an increase in Gas Tax revenues in future years based on full FY's of Gas Tax enhancements being in place. It is appropriate to note that with CalPERS increases in retirement costs, a decent chunk of this \$68K will go towards the retirement costs of employees working in Street maintenance.
- This budget includes \$54,400 in the Streets Budget for Materials. These materials include:
 - Five tons of asphalt patching per week for eight months of the year for basic street maintenance.
 - Funding is also included to replace 100 residential signs.
- Additional Contract services in the Streets division budget is the \$38,000 street-sweeping contract, and is required by the State, primarily due to storm drain requirements.

Other major public works general fund items include:

- The Regional Water Resources Quality Control Board is requiring a Stormwater Model budgeted at \$15,500
- Contractual services to utilize California Conservations Corps and California Department of Correction and Rehabilitation labor costs for various projects (\$36,000)

Recreation Services Division

This section covers the Recreation Services Division.

We remain committed to delivering the best recreation services, and would like to provide additional services if financial conditions improve. It is critical to note, however, that with minimum wage nearly doubling, from \$8/hour in 2014 to \$15/hour in 2021, it will be very difficult to maintain our current level of service without increasing some program costs or substantially increasing general fund subsidy to rec

programs. So, future general revenue increases may get eaten up by increased part-time labor costs (due to minimum wage hike) instead of going into expanded programs.

- Personnel. This budget includes an increase of ~\$125K in costs to the General Fund, primarily related to the increase in part time wages, couples with CalPERS increased costs for our full-time employees. Additionally, there is an increase cost for lifeguards and aquatic programs for the anticipated pool opening in September. Some of this increase will be offset through fees for lifeguard training and pool service fees.
- Division structure includes a division manager in the office day to day, working in tandem with the Deputy City Manager on long-range recreation planning to further enhance this crucial quality of life initiative for our community.
- This budget includes funding for two City supported events, \$5,000 for 4th of July and \$2,500 for Halloween (partnered with the Chamber of Commerce), and \$2,000 for other smaller events.
- This budget includes funding for two recreation guides (\$2.5K each) depending on number of ads sold.

Enterprise Funds and Select Internal Service Funds and Special Revenue Funds

This section contains comments on our Enterprise Funds, Harbor, Water, Sewer and Wastewater, the Information Technology Internal Service Fund and select Special Revenue Funds. The Enterprise Funds are stand-alone - revenues that can only be used for expenses directly related to the purpose of the fund. Internal Service Funds “collect” revenue from other funds to provide services across City Departments. Special revenue funds include Transit, Government Impact Fees, parking in Lieu and other restricted funds.

Information Technology Internal Service Fund

Information Technology Services is now fully in an Internal Service Fund and all contributions into the fund, and expenses for IT, are covered in that section. The fund receives transfers in from the General Fund and Enterprise funds. These transfers include expenses historically in the IT section of the budget, expenses previously in the various departments for their specific IT needs.

- The personnel line includes costs for our single IT professional and 35% of the DCM.
- The supplies line includes numerous maintenance contracts.
- The services line includes all of our basic licenses, the new Office 365 licenses, New World financial system license, and sufficient funds to begin to provide off-site network and computer support services.
- We anticipate there are sufficient funds in the services line, and the perhaps the ending cash balance if required, to complete the move of our servers from the closet in City Hall (no power backup) to the Fire Station.

Harbor Enterprise Fund

The Harbor Enterprise Fund is balanced. However, there is likely a long-term requirement vs revenues gap, perhaps sizable, like the gap in the General Fund. That is, our future revenues may not match our future requirements for Harbor infrastructure maintenance and replacement (piers, docks, roads).

- The budget includes continuance of the following Goal-specific capital projects funding: \$55,000 for the Marine Services Facility Feasibility Study (Goal 3.d), \$5,000 for an Eelgrass Mitigation Policy (Goal 1.b), and \$5,000 for small infrastructure beautification projects (Goals 3.e).
- \$343,000 in assumed grant funding for several projects.
- \$6,700 additional Harbor Fund revenues above the Cost Allocation to help continue the threefold increase in waterfront restroom cleaning implemented in the past six months to keep pace with demand.

Water and Sewer Enterprise Funds

With the passage of the water and sewer rate increases in summer 2015, the Water and Sewer Funds are appropriately funded for at least the five years ending in July 2020.

Water and Sewer Funds are both balanced. The Water Accumulation fund is adding \$404,368 to reserves. Revenues over expenses in the Sewer Accumulation Fund are \$1.05M. This accumulation will continue to increase as water and sewer rates increase and will then be used for capital projects and debt service on the new WRF project.

The FY2015-2016 audit indicated the City is now very close to covering the required debt service ratio in the Water Fund, and fully anticipates that this coverage ratio will be achieved by the end of FY2016-17.

The Utility Discount Program is continuing with ~120 financially challenged residents taking advantage of a ~10% reduction on tier water / sewer bills.

Water Reclamation Facility (WRF) Capital Project Schedule

Included in the attached packet is the detailed worksheet for the ongoing Water Reclamation Facility (WRF) project. Staff will continue working in the direction provided by Council on the project. Our aim is moving the project forward as expeditious and economic as feasible, while meeting the desires of the Council and community.

Broadly the Water Reclamation Facility project will be funded from sewer rates and grants. State Revolving Funds (SRF) have been secured (\$10.375M), and other funding being pursued to meet immediate cash needs (with sewer rates ultimately paying those finance related debts off over the long-term). A State Water Resources Control Board grant of \$75,000 for recycled water planning has been awarded to the City, as has \$87,361 in Supplemental Environmental Project money from violations and fines at the California Men's Colony.

Expenditures for FY2017-18 are categorized as Program Management, Bridging/Procurement Documents, Planning/CEQA/Permitting, Property Acquisition, and Lift Station/Force Main Design.

- Program Management expenses of \$1,200,000 are primarily for Michael K. Nunley & Associates, Inc. (MKN). MKN is the City's program manager for the entire project, hired on in a consultant role instead of the city hiring additional permanent staff to manage this 5-8 year project. Expenditures MKN services include: public outreach, WRFCAC and Council reports, budget management, schedule management, recycled water planning and Master Water Reclamation Plan, solicitation of design and construction teams, coordination with LAFCO and Coastal Commission, and consultant management. Other program management expenses include Kestrel Consulting for ongoing grant and loan application support, and Procore software for data, contract, budget, and schedule management.
- Preliminary Engineering (\$295K) includes the Facility Master Plan by Black & Veatch. Other expenses include hydrogeologic modeling and analysis by GSI Water; soils investigation; and flow monitoring.
- Planning/CEQA/Permitting includes cultural resources, traffic study, CEQA costs, and permitting fees.
- Property Acquisition of \$337,000
- Lift Station and Force Main Design at \$1,200,000

A detailed update on program budget and schedule is briefed at least quarterly to the Water Reclamation Facility Citizens Advisory Committee (WRFCAC). Regular written updates are provided to the Council, along with quarterly "major" project updates.

District Transaction Tax (Measure Q) Special Revenue Fund

The Measure Q fund anticipates \$1.03M in revenues. This budget commits \$530K to street maintenance / repair, down from \$587K last year. The remainder of Measure Q funds go to specific public safety requirements, including debt service on the new fire station, the "vacation relief firefighter" position, PD School Resource Officer contribution of \$77K, hose replacements for the fire department, and several other public safety items. All Measure Q expenditures are directly related to Streets and Public Safety as required by Council resolution and generally required by the Measure Q campaign. A detailed listing of expenditures is attached for Measure Q behind the relevant budget worksheet.

Morro Bay Tourism Business Improvement District (MB TBID) Special Revenue Fund

The MB TBID budget is balanced. The budget includes revenues from the TBID assessment, and a \$134,928 contribution from the General Fund directed by Council resolution. The majority of expenditures are for our marketing and public relations contract, previously approved by Council, with Mental Marketing. The budget also includes funds for up to \$60,000 to support enduring community grants, and \$30,000 to support emerging opportunities. Additionally, a transfer out to a TBID accumulation fund of \$35,954 has been including to begin setting aside appropriate levels of fund reserves if/when another recession hits.

Parking-in-Lieu Fund

While there are no planned expenditures from the parking-in-lieu fund projected for FY16/17, this paragraph serves, along with the permanent note on that fund page, to codify some activity in that fund that occurred in FY15/16. Several years ago, the city borrowed \$500,000 from this fund to help purchase certain property in the city. This property included the old “Brannigans Restaurant” and the parking lot on the NE corner of the intersection of Pacific and Market streets. This was an appropriate use of parking-in-lieu as the city acquired a parking lot. In 2011, the city sold the restaurant and parking lot property to a private entity and the \$500,000 of parking-in-lieu funds were to be repaid to the parking-in-lieu fund when the note from that sale, help by the city, was paid off. In December 2015, the city repurchased the property, including the parking lot. In late 2015 a formal appraisal conducted by a licensed appraiser valued the parking lot at \$500,000. Thus, the parking-in-lieu fund is now rebalanced. That is, the \$500,000 originally taken from the fund has now gone to purchase a parking lot appraised for \$500,000. Should the City divest itself of this property in the future, the parking-in-lieu fund should be reimbursed \$500,000.

1-Time Spending and Governmental Impact Fees Accumulation Fund

Governmental Impact fees are collected as part of the planning and permitting fees for all development. While there are certain restrictions, and some are reserved for specific areas (police, fire, streets, administration, etc), these fees can be a source of funds for important City objectives.

Summary of Some Key Funds

The following table summarizes some key funds in the budget document. Numbers rounded to the thousand.

Fund	Current Balance*	FY17-18 Change	EOY 17-18 Balance
General Fund Emergency Reserve ¹	\$4,114,000	(\$585)	\$4,113,415
Risk Management Fund ²	\$280,000	\$92,517	\$372,517
Capital Replacement Fund ³	\$200,000	\$0	\$200,000
Vehicle Replacement Reserve ⁴	\$146,000	\$25,000	\$171,000

Capital Projects Accumulation ⁵	\$260,000	\$0	\$260,000
Facility Maintenance Fund ⁶	\$222	\$0	\$222
General Plan Fund ⁷	\$240,000	\$0	\$240,000
Government Impact Fees ⁸	\$735,000	\$161,731	\$896,731
Compensable Leaves Fund ⁹	\$370,000	\$0	\$370,000

*Estimated End of Year Balance

1. EOY FY17-18 is ~1.4M above Council directed level per Resolution 33-15. This is in line with 10-year forecast figures, as CalPERS significantly increased employer contribution rates will begin starting in FY18-19
2. Council directed minimum balance is \$100K. Staff do not recommend utilizing amounts over \$100K due to some pending potential Risk Management issues.
3. Savings account for replacement of existing facilities. Annual contribution should be around \$1M. Source of \$150K of budget cuts directed by Council to help balance the FY17-18 budget.
4. Includes planned \$50K expense for the replacement of the Police Commander vehicle, that is past it's useful life.
5. Includes capital projects that generally do not have another source of revenue besides the General Fund. Source of \$100K of budget cuts directed by Council to help balance the FY17-18 budget.
6. General facility maintenance fund funding through rent proceeds. Current tenant is likely leaving soon, which staff is accounting for with the presentation of this budget.
7. Sufficient funds remaining to complete GP/LCP rewrite.
8. Balance could be utilized for some projects going forward, with specific restrictions on these funds (cannot be transferred to the General Fund for normal operating costs).
9. Starting to save to pay for compensable leaves – may have ~\$50K to transfer in

FY 2017/18 Adopted Goals and Objectives

The city's FY 2017/18 adopted goals and objectives list is included as Attachment 3. This list highlights the City's 4 Goals and 26 Objectives (including some with sub-objectives), greatly reduced from the FY2016/17 10 Goals and 88 objectives. While budgeted costs are not directly linked to these goals/objectives, several budgeted items that do have costs have been included in the proposed budget with the target of objective achievement.

We are encouraged by this reduction in the amount of goals and objectives, which will enable a more focused approach on goal/objective achievement. This refinement is very important given our smallish staffing levels to meet the needs of our quaint community.

Salary Schedules and MOU Negotiations

This is the second year the City has consolidated numerous separate salary schedules into one Master Salary Schedule. A combined salary schedule reflecting current FY16/17 salaries is included as Attachment 2. Since the budget will likely be approved before MOU negotiations are complete, staff recommends the council approve this combined salary schedule which simply reflects the currently approved FY 16-17 salaries. When negotiations are complete, staff will update the salary schedule based on the new salaries approved by Council when MOUs are approved.

Also attached is draft a FY17-18 salary schedule that assumes a 2.00% across the board cost of living adjustment (COLA) for all employees. This draft FY17-18 schedule is only a draft to demonstrate the effect of a 2.00% COLA adjustment and will not take effect until and if approved by Council as a separate item. That said, this budget includes a 2.00% increase to all employee salaries. Should negotiations result in a lower COLA adjustment, their budget will have a larger surplus. Should negotiations result in a COLA adjustment greater than 2.00% the budget will go into deficit.

Conclusion

Staff continues to work to improve the accessibility and transparency of the budget process and the budget document. There is more work to be done, and staff are confident we are moving in the right direction on improving the budget process and document.

As we get serious about economic diversity and revitalization, we stand a good chance of providing the essential basic service expected of a city. If we don't, our streets will continue to get worse over time, we'll have to borrow money we don't have to finance replacement of facilities we must have, and we'll not meet the fire and police requirements expected of a full-service city. While we may not yet be facing un-incorporation, we are perhaps only 75% of a full service city. Coupling the issue of limited financial resources, with the referenced ever-growing CalPERS payments the city must make, provides some sobering financial realities the city must address.

With that said, the staff and I are quite optimistic about the future. Morro Bay has amazing potential and can reach that potential while maintaining our wonderfully eclectic, colorfully unique, beachy, harbory, small-town feel.

- Unsigned draft -
David W. Buckingham
City Manager

Attachment 1 – Proposed 2017-2018 City Organization Charts
Attachment 2a – Combined, current, FY16-17 Salary Schedule
Attachment 2s – Draft combined 2017-18 Salary Schedule with 2.00% cost of living adjustment
Attachment 3 – Adopted FY2017/18 Goals / Objectives
Attachment 4 – Proposed FY2017/18 Budget Worksheets



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

Memorandum For City Council, Staff and the Public

Date: April 5, 2017

Subject: FY2017-2018 Goals and Objectives

1. **Purpose.** The purpose of this document is to identify City of Morro Bay Goals and Objectives for the Budget Year July 2017 – June 2018.
 - a) The City of Morro Bay strategic planning framework, adopted by the City Council on December 8, 2015, directs the timing for development of City Goals and Objectives.
 - b) In accordance with that policy, the City conducted a goal setting process in January and February 2017 that included Council Study Sessions, a Community Goals Forums, a Council Meeting discussion and a further special Council work session to develop a new set of long term goals and budget year objectives. The 2017-18 Goals and Objectives were approved by Council on April 11, 2017.
 - c) The objectives under each goal identify a number of specific objectives the City intends to accomplish in the July 2017 to June 2018 budget year. Accomplishing these objectives, however, is dependent on adequate resourcing – both staff time and money. Thus, some objectives may not be completed if adequate resources are not allocated during the fiscal year 2016/2017 budget process.
2. **Goals and Objectives.** Following are the City of Morro Bay's four long-term goals and subordinate program objectives for budget year 2017-18:

Goal #1 (Essential Goal) – Achieve Economic and Fiscal Sustainability

Description: This essential goal recognizes the City has been living within our means, but is not currently able to fund all basic services and requirements at the level appropriate for a community of our size. It also recognizes the importance of strengthening and maintaining strong financial management practices. Due both to our previous inability to fund important services such as street paving and replacement of key facilities, and the lack of an adequate General Fund capital budget, plus the impact of recent cost concerns - especially escalating CalPERS costs - we are unable to continue living as we have in the past. This goal centers around economic development and fiscal actions (revenue enhancement, public funding measures, cost control, and sound fiscal management practices) that target a 25% increase in projected revenues from the end of FY17 to the end of FY25.

Duration: This is an 8-year goal - the City intends to achieve fiscal sustainability by 2025.

Focus: This goal includes objectives related to revenue enhancement, general economic development, cost control, and assurance of sound financial management practices are in place.

- a. Consider the proposed strategies in the Economic Development Strategic Plan and act on those most likely to generate revenues in the near term. In considering all the following objectives and working with local and regional businesses and groups: promote a balanced economic development approach that retains, expands, and attracts businesses for a strong, stable, complementary, and diverse business environment that honors the character of our community and is consistent with our Community Vision.
- b. Pursue opportunities and relationships that are likely to result in the revitalization and redevelopment of important properties including the Morro Bay Power Plant, the existing wastewater treatment plant site, Morro Bay Elementary School, and the Morro Bay Aquarium lease site. Take proactive action to facilitate the revitalization of underused and vacant parcels in all commercial districts.
- c. Evaluate and implement opportunities to increase TOT revenues including, but not limited to:
 - 1) Take appropriate action, including implementation of specific programs, to increase shoulder-season and off-season TOT-producing visitor nights by 10% over FY16 levels.
 - 2) Research and bring to Council for decision incentive programs, including a TOT rebate program, that would reasonably result in the renovation of some existing hotel stock and deliver higher average daily rates and thus higher TOT revenues.
 - 3) Facilitate private revitalization / redevelopment activities that will result in planning approval for a 3% increase in number of hotel rooms in the City, with priority placed on 3 and 4-star properties to better balance our hotel stock.
- d. Evaluate opportunities for new or expanded revenue sources, including, but not limited to: paid parking, marijuana associated revenues, other tax measures and a review of City fees.
- e. Considering Council direction to identify no less than \$400K of cost reductions across FY19 and FY20, develop a cost control and reduction plan to achieve these cuts, including a complete review of staffing levels and non-labor costs in all departments.
- f. Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.

Goal #2 (Essential Goal) – Complete WRF Project and “OneWater” Program

Description: This essential City goal centers around completion of the City’s Water Reclamation Facility (WRF) and includes implementation of a fiscally conservative, comprehensive water resource policy, program and infrastructure to ensure a sustainable water future. Key items include building the WRF and associated reclamation system,

developing a “OneWater” policy, and diversifying our water supply toward achieving water independence.

Duration: This is a 6-year goal that we intend to complete by July 2023.

Focus: This goal includes objectives related to the Water Reclamation Facility, and “OneWater” planning and implementation.

- a. Complete water/sewer rate study and bring to Council for Prop 218 process consideration any rate increase requirements to fund the proposed WRF.
- b. Following CEQA guidelines, bring the WRF Environmental Impact Report (EIR) to Council for approval and certification.
- c. Complete and submit the State Revolving Fund loan application with the State Water Control Board for the WRF project, to secure funding for the project.
- d. Complete the acquisition of the preferred site for the WRF project.
- e. Take appropriate selection action and bring to Council for approval, a contract for the design-build construction delivery of the new WRF.
- f. Take all appropriate actions, and bring to Council for information/approval, as required, information that will allow the City to make a decision to achieve water independence. Include an evaluation of future options regarding our existing State Water allocation.
- g. Budget for, select a consultant, complete, and bring to Council for initial consideration, a “OneWater” plan for the City that considers all water resources - from storm water to groundwater to waste water - as a single “water resource.”

Goal #3 (Important Goal) - Improve Infrastructure and Public Spaces

Description: This important goal centers around substantially improving the City’s streets, multi-modal transportation infrastructure, facilities and public spaces. The City does not currently have sufficient revenues to fund the capital improvement program required to make substantial and necessary infrastructure improvements and, therefore, this goal is contingent on making significant progress on Goal #1 – Achieve Fiscal Sustainability.

Duration: This is, at minimum, an 8-year goal.

Focus: This goal includes objectives related to streets, bike / pedestrian / parking improvements, City facilities, and beautification of public spaces.

- a. Bring to Council for decision an item to consider adding a street improvement tax measure to the November 2018 ballot.
- b. Bring to Council for information, consideration and possible implementation a review of circulation and parking management plans and options in the downtown and waterfront districts.
- c. Bring to Council for decision proposals that result in a public/private partnership redevelopment of the City-owned “Market Plaza” property consisting of the DiStasios’s parcel, and, if appropriate to be included in redevelopment, the “Front Street” parking lot (below DiStasio’s), and the parking lot at Pacific and Market.

- d. Complete the approved RFQ process for a marine services facility (boatyard) and bring to Council for information and consideration of next steps prior to any decision on feasibility study.
- e. Inventory, evaluate and refresh existing programs for volunteer groups to assist in providing routine maintenance in the City (such as adopt-a-park programs), while soliciting and facilitating additional volunteer group support for routine maintenance (such as park beautification) and small capital projects (such as park bathroom reconstruction).
- f. Closely monitor the maintenance and cleanliness of public facilities and report to council for reprioritization of resources if maintenance is not keeping up with demand.

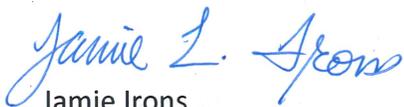
Goal #4 (Important Goal) - Review and Update Significant City Land Use Plans

Description: This important goal centers around completion of the City's General Plan (GP) / Local Coastal Program(LCP) rewrite, and update of other essential land use documents. While the GP is the important task, update of other essential land use plans and master plans is also a priority.

Duration: This is a 2-year goal that should be complete by summer 2019.

Focus: This goal includes objectives related to completion of the GP/ LCP and other important planning documents.

- a. Complete the GP/ LCP rewrite no later than August 2018.
- b. Complete the zoning code update approved and started in FY17.
- c. Ensure affordable housing and vacation rental challenges are addressed in the GP/LCP process and all land use planning.
- d. Bring to Council for consideration the results of Code Enforcement outreach on existing codes related to fences and hedges, and boat, RV and trailer parking / storage on City streets and neighborhoods to determine whether to keep, or modify, related existing ordinances.
- e. Bring to Council for adoption a rewrite of the secondary unit ordinance (updated in FY16) based on changes in State law.
- f. Begin community outreach and Council discussion on future use of the 26-acre Atascadero Road site (location of the existing WWTP) to be prepared to begin master planning that site in FY19.
- g. Explore, in public meetings with city residents, opportunities to protect important scenic, recreational, natural and agricultural resources on the Estero Marine Terminal site and surrounding lands in partnership with land conservation organizations.


 Jamie Irons

Mayor

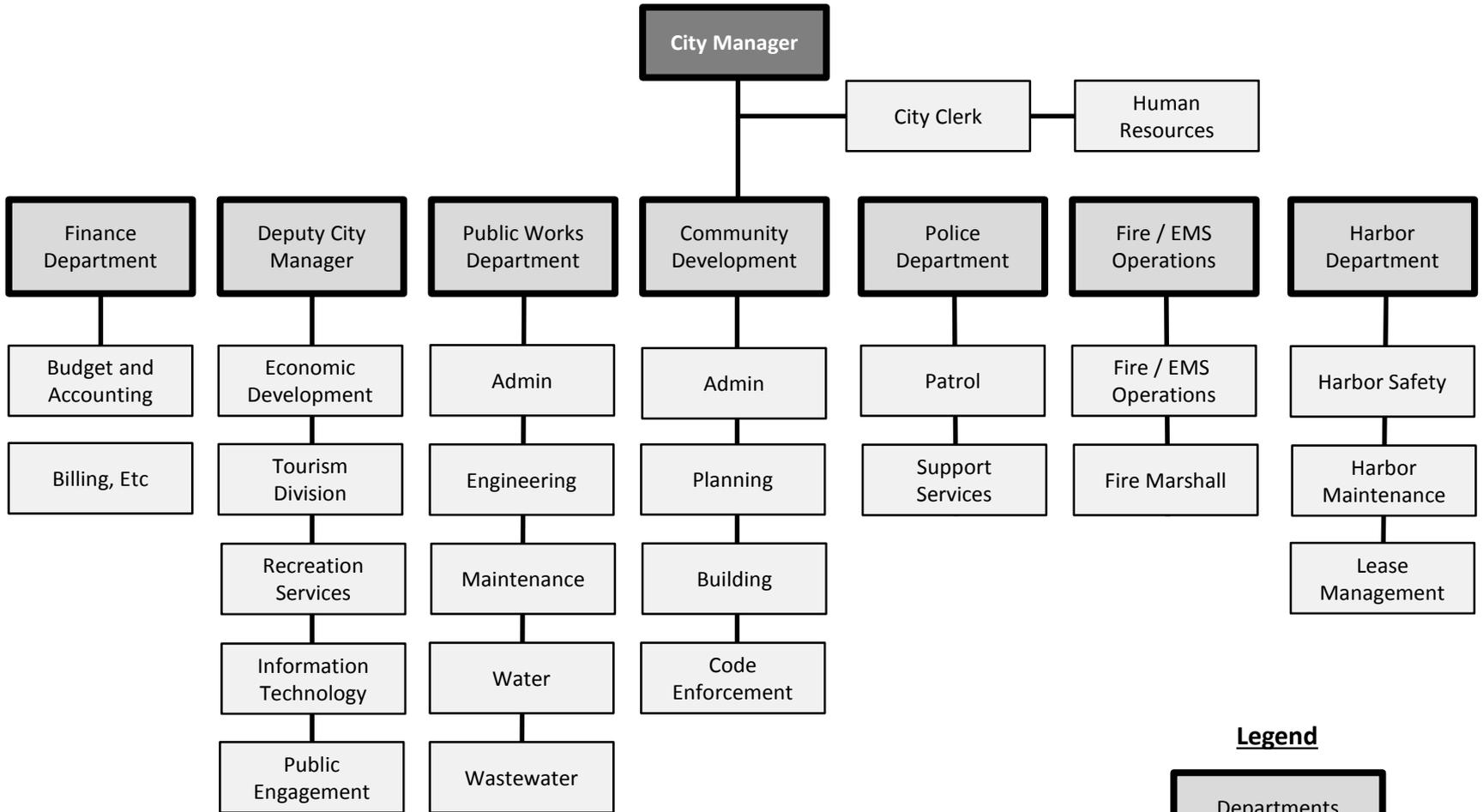

 David Buckingham

City Manager

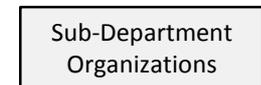
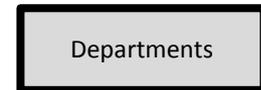


City Staff Organization

Overview by Department



Legend

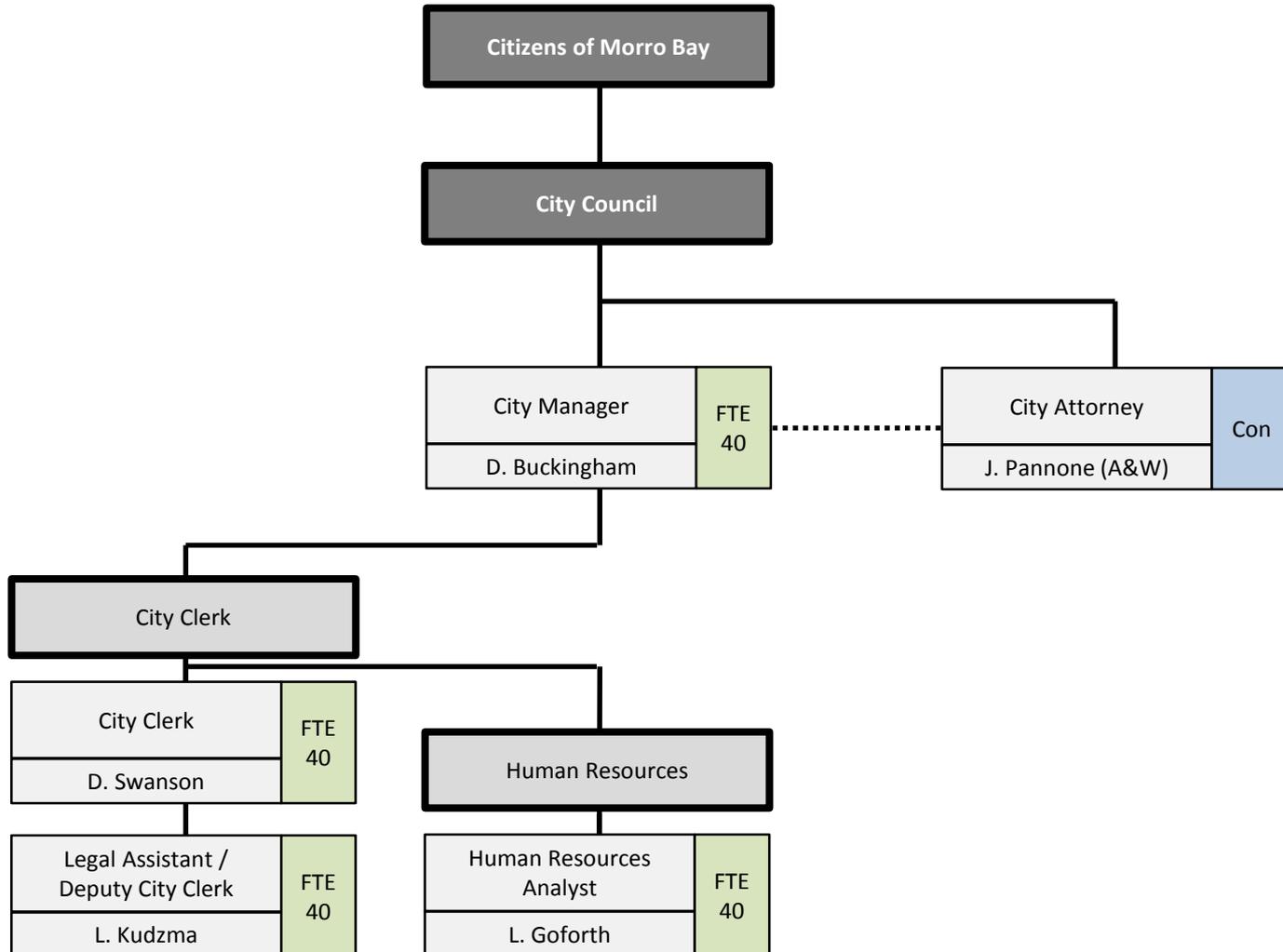




Staff Organization

City Manager's Office

Full Time	4
Part Time 30+	
Part Time 20+	
Part Time Under 20	
Contract / Other	1





Staff Organization

Finance Department

FTE Positions	6
Part Time 30+	
Part Time 20+	
Part Time Under 20	1
Contract / Other	

Finance Director/City Treasurer	FTE 40
C. Schmollinger	

Financial Services

Budget and Accounting Manager	FTE 40
S. Martin	

Senior Account Technician	FTE 40
V. Webb	

Account Clerk III	FTE 40
A. Watterworth	

Account Clerk II	FTE 40
M. Lomelli	

Account Clerk II	FTE 40
K. Patrick	

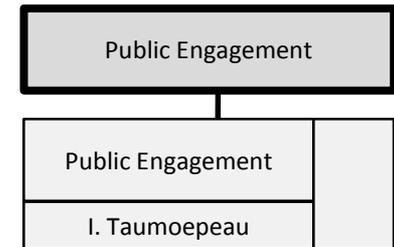
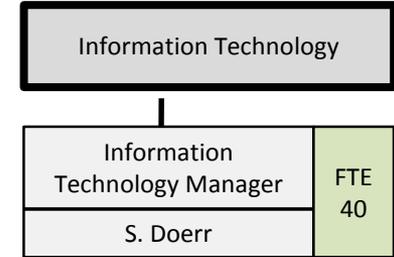
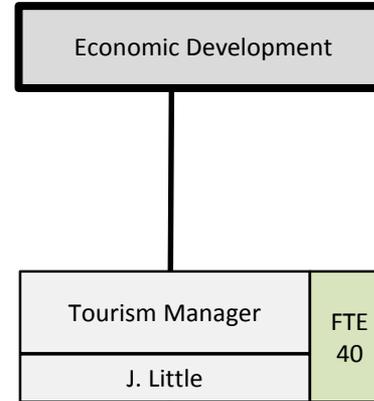
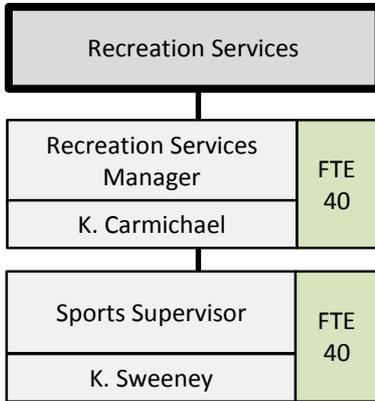


Staff Organization

Deputy City Manager

Full Time	7
Part Time 30+	
Part Time 20+	7
Part Time Under 20	
Contract / Other	

Deputy City Manager	FTE 40
I. Taumoepeau	



Children's Program Coordinator	FTE 40
A. Gallardo	

Admin Assistant	PT 20
Vacant	

Reservation Permits/ Teen Coordinator	FTE 40
E. Gallardo	

Receptionist	PT 20
S. Charette	

Senior Program Coordinator	PT 20
B. Lock	

2 Sports Coordinators	PT 20+
C. Stapley & T. Fetchner	



Staff Organization

Public Works Department (1 of 2)

FTE Positions	15
Part Time 30+	1
Part Time 20+	
Part Time Under 20	
Contract / Other	

Director/City Engineer	FTE 40
R. Livick	

Administration	
Management Analyst	FTE 40
J. Burlingame	
Admin Utilities Tech	FTE 40
G. Gregory	

Engineering Division	
Engineering Manager	FTE 40
R. Sauerwein	
Assoc. Civil Engineer	FTE 40
J. Whelan	
Environmental Programs Manager	FTE 40
D. Hanson	
Engineering Technician III	FTE 40
P. Newman	
Engineering /GIS Technician III	PT 40
Vacant	

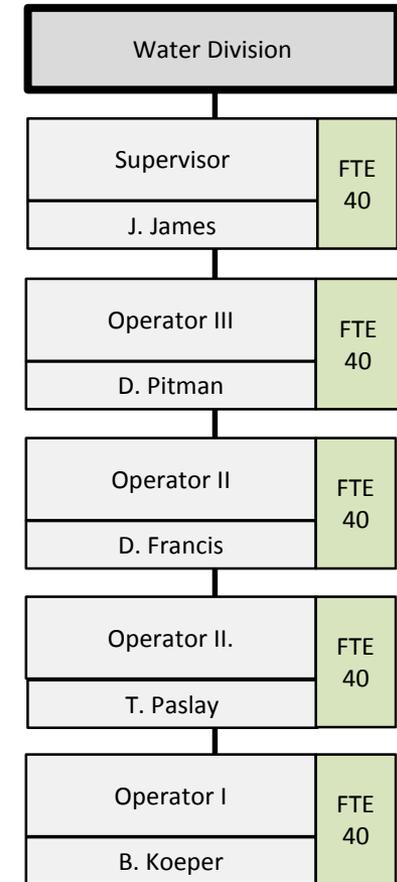
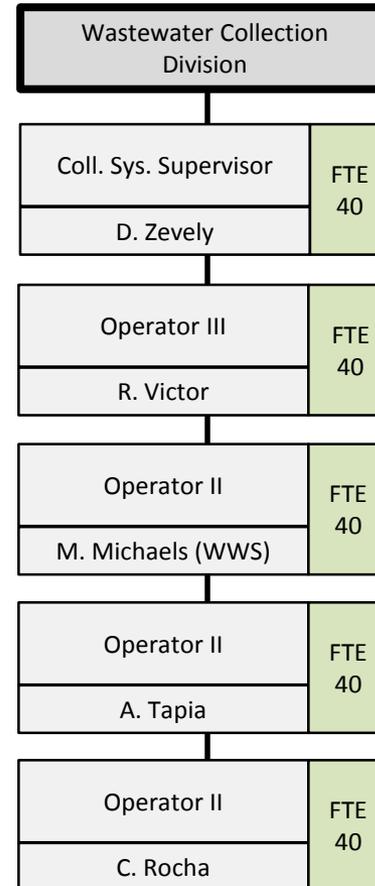
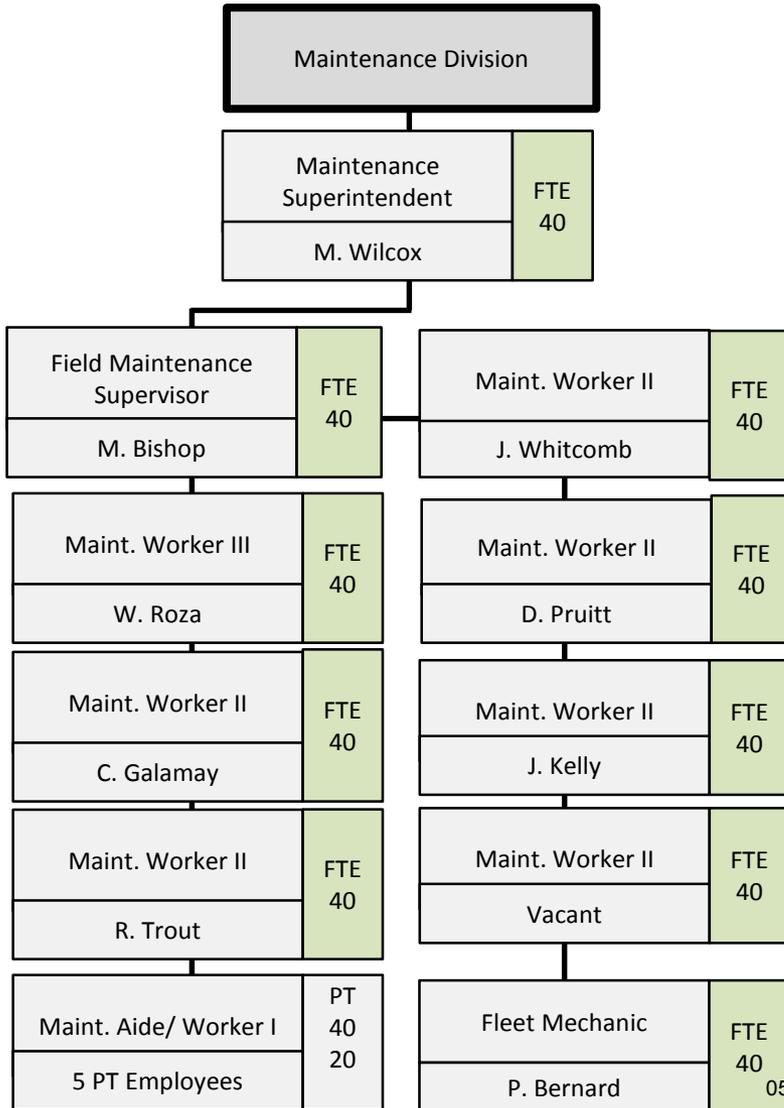
Wastewater	
WW Division Manager (Collections and Treatment)	FTE 40
J. Mueller	
WWTP Supervisor	FTE 40
J. Gunderlock	
Leadworker	FTE 40
R. Fernandez	
Operator OIT (WWS)	FTE 40
A. Hegg	
Operator OIT (WWS)	FTE 40
K. Quaglino	
Operator II / Analyst	FTE 40
S. Aschenbrener	
Operator II (WWS)	FTE 40
L. Mortimer	
Operator II	FTE 40
D. Lundy	



Staff Organization

Public Works Department (2 of 2)

Full Time	20
Part Time 30+	2
Part Time 20+	3
Part Time Under 20	
Contract / Other	0





Staff Organization

Community Development Department

Full Time	6
Part Time 30+	1
Part Time 20+	3
Part Time Under 20	
Contract / Other	1

Community Development Director	FTE 40
S. Graham	

Administration	
Office Asst. III	FTE 40
G. Arias	
Office Assistant	PT 20
P. Zaragosa	

Planning Division	
Senior Planner	FTE 40
C. Jacinth	
Asst./ Associate Planner	FTE 40
J. Gargiulo	
Contract Planner	Con
W. McIlvaine	
Contract/Intern Planner	PT 20
Ryan Russell	

Building Division	
Building Inspector	FTE 40
C. Lockridge	
Building Permit Technician	FTE 40
P. Bruno	

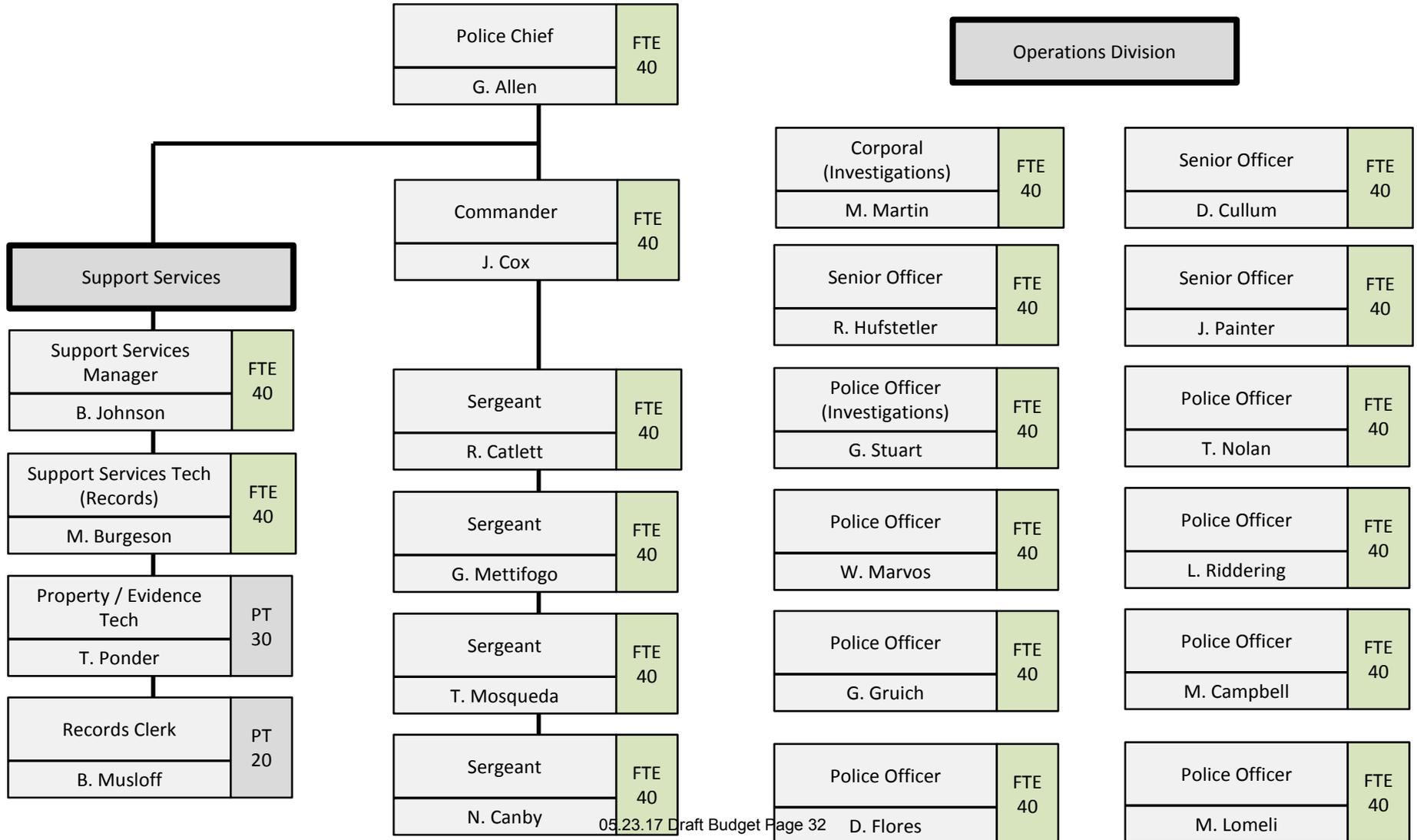
Code Enforcement	
Code Enforcement Officer	PT 20
T. Kristofek	
Code Enforcement Officer	PT 30
D. Crockett	



Staff Organization

Police Department

Full Time	20
Part Time 30+	1
Part Time 20+	1
Part Time Under 20	
Contract / Other	





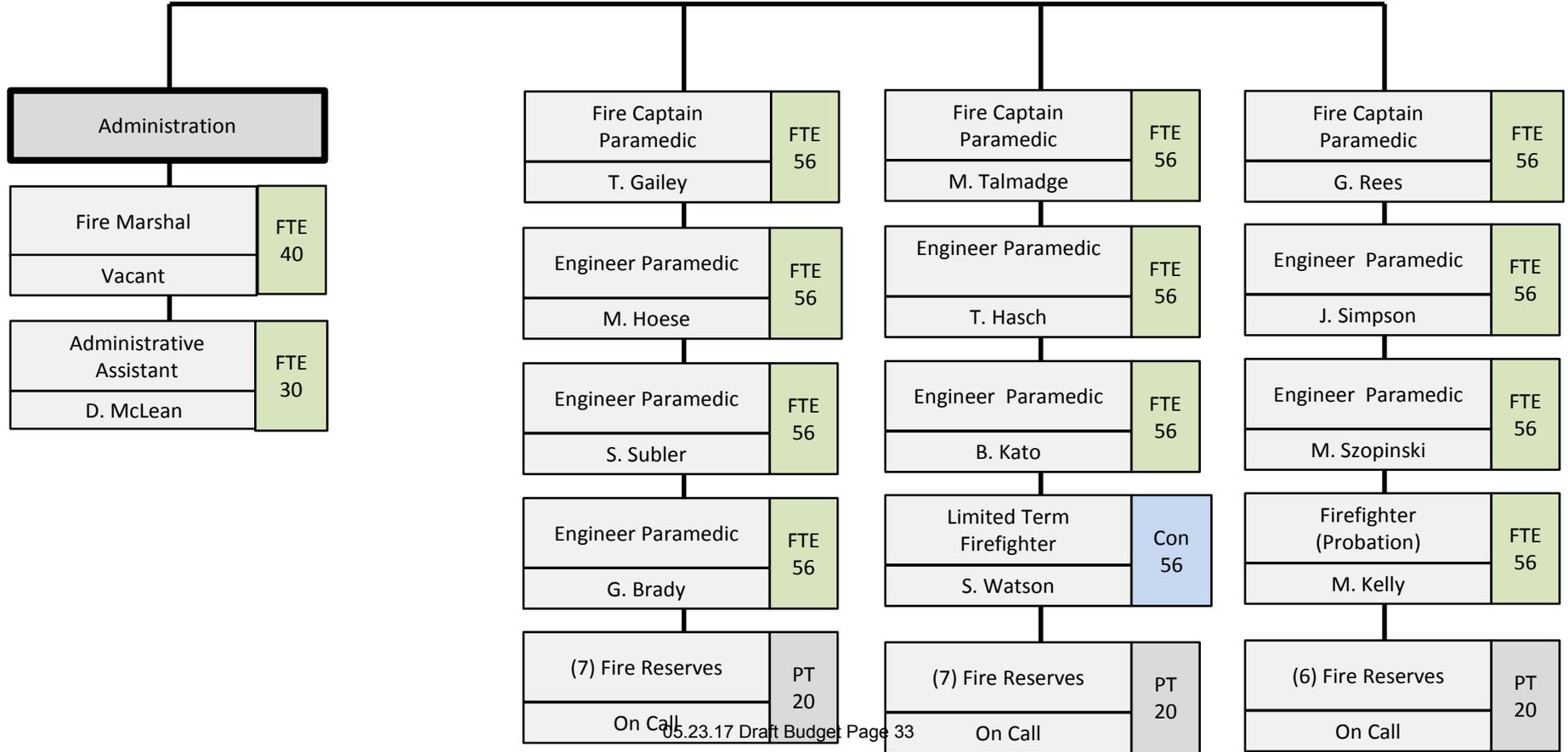
Staff Organization

Fire Department

Full Time	13.75
Part Time 30+	
Part Time 20+	
Part Time Under 20	20
Contract / Other	1

Fire Chief	FTE 40
S. Knuckles	

Fire / EMS Operations





Staff Organization

Harbor Department

Full Time	7
Part Time 30+	
Part Time 20+	
Part Time Under 20	
Contract / Other	0

Harbor Director	FTE 40
E. Endersby	

Business Operations	
Harbor Business Coordinator	FTE 40
L. Stilts	

General Harbor Operations	
Admin Tech	FTE 40
C. Lowe	

Harbor Maintenance	PT 20+
R. Allen	

Harbor Patrol Operations	
Harbor Patrol Supervisor	FTE 40
B. Kelly	

Patrol Officer	FTE 40
J. Jacobs	

Patrol Officer	FTE 40
S. Mather	

Patrol Officer.	FTE 40
D. Stein	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2016-17**

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ACCOUNT CLERK I	S	36,980	38,829	40,770	42,809	44,949	
COLLECTION SYSTEM OPERATOR I	S	36,980	38,829	40,770	42,809	44,949	
OFFICE ASST. III	S	36,980	38,829	40,770	42,809	44,949	
OFFICE ASST. IV	S	39,981	41,980	44,079	46,283	48,597	
ACCOUNT CLERK II	S	41,537	43,614	45,795	48,084	50,489	
COLLECTION SYS OPERATOR II	S	41,537	43,614	45,795	48,084	50,489	
CONSOLIDATED MAINTENANCE WRK II	S	41,537	43,614	45,795	48,084	50,489	
WATER SYSTEM OPERATOR I	S	41,537	43,614	45,795	48,084	50,489	
WASTEWATER SYSTEMS OIT	S	41,537	43,614	45,795	48,084	50,489	
WWTP OIT	S	41,537	43,614	45,795	48,084	50,489	
PERMIT TECHNICIAN	S	42,539	44,666	46,899	49,244	51,707	
ACCOUNT CLK III	S	44,487	46,711	49,047	51,499	54,074	
COLLECTION SYS OPERATOR III	S	44,487	46,711	49,047	51,499	54,074	
CONSOLIDATED MAINTENANCE WRK III	S	44,487	46,711	49,047	51,499	54,074	
WASTEWATER SYSTEM OP I	S	44,487	46,711	49,047	51,499	54,074	
WWTP OPR I	S	44,487	46,711	49,047	51,499	54,074	
ADMINISTRATIVE TECHNICIAN	S	45,273	47,537	49,914	52,409	55,030	
ADMINISTRATIVE UTILITIES TECH	S	45,273	47,537	49,914	52,409	55,030	
PERMIT TECHNICIAN - CERTIFIED	S	45,273	47,537	49,914	52,409	55,030	
SUPPORT SERVICES TECHNICIAN	S	45,273	47,537	49,914	52,409	55,030	
MECHANIC	S	46,721	49,057	51,510	54,086	56,790	
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	49,079	51,533	54,110	56,815	59,656	
WATER SYSTEM OPERATOR II	S	49,488	51,962	54,560	57,289	60,153	
WASTEWATER SYSTEMS OP II	S	49,488	51,962	54,560	57,289	60,153	
WWTP OPERATOR II	S	49,488	51,962	54,560	57,289	60,153	
SUPPORT SERVICES COORDINATOR	C	51,346	53,913	56,609	59,439	62,411	
HARBOR PATROL OFFICER	S	51,618	54,199	56,909	59,754	62,742	
COLLECTIONS SYS LEADWORKER	S	51,767	54,355	57,073	59,927	62,923	
CONSOLIDATED MAINT LW - STS/PARKS/FA	S	51,767	54,355	57,073	59,927	62,923	
ENGINEERING TECHNICIAN III	S	51,767	54,355	57,073	59,927	62,923	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2016-17**

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
WATER SYSTEM OPERATOR III	S	51,962	54,561	57,289	60,153	63,161	
WASTEWATER SYSTEMS OP III	S	51,962	54,561	57,289	60,153	63,161	
WWTP OPERATOR II/LAB ANALYST	S	51,962	54,561	57,289	60,153	63,161	
RECREATION SUPERVISOR	S	52,919	55,565	58,344	61,261	64,324	
ASSISTANT PLANNER	S	53,249	55,911	58,707	61,642	64,724	
ASSISTANT CIVIL ENGINEER	S	55,376	58,144	61,052	64,104	67,309	
BUILDING INSPECTOR	S	55,376	58,144	61,052	64,104	67,309	
ENGINEERING TECHNICIAN IV	S	55,376	58,144	61,052	64,104	67,309	
WASTEWATER SYSTEMS LEADWORKER	S	55,376	58,144	61,052	64,104	67,309	
WWTP LEADWORKER	S	55,376	58,144	61,052	64,104	67,309	
FIREFIGHTER	F	55,658	58,441	61,363	64,431	67,652	
HUMAN RESOURCES ANALYST	C	57,564	60,442	63,464	66,637	69,969	
SENIOR ACCOUNTING TECHNICIAN	C	57,564	60,442	63,464	66,637	69,969	
HARBOR BUSINESS COORD	S	57,641	60,523	63,550	66,727	70,063	
RECREATION COORDINATOR	S	57,641	60,523	63,550	66,727	70,063	
POLICE OFFICER	P	59,004	61,955	65,052	68,305	71,720	75,306
HARBOR PATROL SUPERVISOR	S	60,801	63,841	67,033	70,385	73,904	
FIRE ENGINEER	F	60,849	63,891	67,086	70,440	73,962	
ASSOCIATE CIVIL ENGINEER	S	61,972	65,070	68,324	71,740	75,327	
ASSOCIATE PLANNER	S	61,972	65,070	68,324	71,740	75,327	
BUILDING INSPECTOR/PLANS	S	61,972	65,070	68,324	71,740	75,327	
COLLECTION SYSTEM SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
CONSOLIDATED MAINT FIELD SUPV	S	61,972	65,070	68,324	71,740	75,327	
WATER SYSTEM SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
WWTP SUPERVISOR	S	61,972	65,070	68,324	71,740	75,327	
MANAGEMENT ANALYST	M	63,275	66,439	69,761	73,249	76,912	
POLICE DETECTIVE	P	61,955	65,052	68,305	71,720	75,306	79,072
POLICE SCHOOL RESOURCE OFFICER	P	61,955	65,052	68,305	71,720	75,306	79,072
POLICE SENIOR OFFICER	P	61,955	65,052	68,305	71,720	75,306	79,072
POLICE CORPORAL	P	62,530	65,657	68,940	72,387	76,006	79,806

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2016-17**

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
FIRE CAPTAIN	F	69,946	73,443	77,116	80,971	85,020	
WASTEWATER SYSTEMS SUPV	S	71,267	74,831	78,572	82,501	86,626	
BUDGET/ACCOUNTING MANAGER	M	74,002	77,703	81,588	85,667	89,950	
CAPITAL PROJECTS MANAGER	M	74,002	77,703	81,588	85,667	89,950	
CONSOLIDATED MAINTENANCE SUPERINTE	M	74,002	77,703	81,588	85,667	89,950	
ENVIRONMENTAL PROGRAMS MANAGER	M	74,002	77,703	81,588	85,667	89,950	
INFORMATION SERVICES TECHNICIAN	M	74,002	77,703	81,588	85,667	89,950	
TOURISM MANAGER	M	74,002	77,703	81,588	85,667	89,950	
POLICE SERGEANT	P	73,585	77,264	81,127	85,184	89,443	93,915
PLANNING MANAGER	M	81,404	85,475	89,748	94,236	98,947	
CITY CLERK / RISK MANAGER	M	81,800	85,890	90,185	94,694	99,428	
FIRE MARSHAL	F	83,032	87,184	91,543	96,120	100,926	
COMMUNITY DEVELOPMENT MANAGER	M	95,936	100,733	105,770	111,058	116,611	
UTILITY DIVISION MANAGER	M	95,936	100,733	105,770	111,058	116,611	
WASTEWATER DIVISION MANAGER	M	95,936	100,733	105,770	111,058	116,611	
POLICE COMMANDER	M	107,707	113,092	118,747	124,684	130,919	
DEPUTY CITY MANAGER	E	117,588	123,467	129,640	136,122	142,928	
COMMUNITY DEVELOPMENT DIRECTOR	E	117,588	123,467	129,640	136,122	142,928	
FINANCE DIRECTOR	E	117,588	123,467	129,640	136,122	142,928	
PUBLIC WORKS DIRECTOR	E	121,973	128,072	134,475	141,199	148,259	
ADMINISTRATIVE SERVICES DIRECTOR	E	121,973	128,072	134,475	141,199	148,259	
HARBOR DIRECTOR	E	124,248	130,460	136,983	143,833	151,024	sworn
FIRE CHIEF	E	124,248	130,460	136,983	143,833	151,024	sworn
POLICE CHIEF	E	124,248	130,460	136,983	143,833	151,024	sworn
ASSISTANT CITY MANAGER	E	126,790	133,130	139,786	146,775	154,114	
CITY MANAGER	E	160,000	160,000	160,000	160,000	160,000	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2017-18**

Draft July 1, 2017 to June 30, 2018
 This draft shows a not-yet approve 2.00% COLA for FY 2017/18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
ACCOUNT CLERK I	S	37,720	39,606	41,586	43,665	45,848	
COLLECTION SYSTEM OPERATOR I	S	37,720	39,606	41,586	43,665	45,848	
OFFICE ASST. III	S	37,720	39,606	41,586	43,665	45,848	
OFFICE ASST. IV	S	40,781	42,820	44,961	47,209	49,569	
ACCOUNT CLERK II	S	42,368	44,486	46,710	49,046	51,498	
COLLECTION SYS OPERATOR II	S	42,368	44,486	46,710	49,046	51,498	
CONSOLIDATED MAINTENANCE WRK II	S	42,368	44,486	46,710	49,046	51,498	
WATER SYSTEM OPERATOR I	S	42,368	44,486	46,710	49,046	51,498	
WASTEWATER SYSTEMS OIT	S	42,368	44,486	46,710	49,046	51,498	
WWTP OIT	S	42,368	44,486	46,710	49,046	51,498	
PERMIT TECHNICIAN	S	43,390	45,559	47,837	50,229	52,741	
ACCOUNT CLK III	S	45,377	47,646	50,028	52,529	55,156	
COLLECTION SYS OPERATOR III	S	45,377	47,646	50,028	52,529	55,156	
CONSOLIDATED MAINTENANCE WRK III	S	45,377	47,646	50,028	52,529	55,156	
WASTEWATER SYSTEM OP I	S	45,377	47,646	50,028	52,529	55,156	
WWTP OPR I	S	45,377	47,646	50,028	52,529	55,156	
ADMINISTRATIVE TECHNICIAN	S	46,178	48,487	50,912	53,457	56,130	
ADMINISTRATIVE UTILITIES TECH	S	46,178	48,487	50,912	53,457	56,130	
PERMIT TECHNICIAN - CERTIFIED	S	46,178	48,487	50,912	53,457	56,130	
SUPPORT SERVICES TECHNICIAN	S	46,178	48,487	50,912	53,457	56,130	
MECHANIC	S	47,655	50,038	52,540	55,167	57,925	
LEGAL ASSISTANT/DEPUTY CITY CLERK	C	50,061	52,564	55,192	57,951	60,849	
WATER SYSTEM OPERATOR II	S	50,478	53,002	55,652	58,434	61,356	
WASTEWATER SYSTEMS OP II	S	50,478	53,002	55,652	58,434	61,356	
WWTP OPERATOR II	S	50,478	53,002	55,652	58,434	61,356	
SUPPORT SERVICES COORDINATOR	C	52,567	55,195	57,955	60,853	63,895	
HARBOR PATROL OFFICER	S	52,650	55,283	58,047	60,949	63,997	
COLLECTIONS SYS LEADWORKER	S	52,802	55,442	58,215	61,125	64,182	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2017-18**

Draft July 1, 2017 to June 30, 2018
 This draft shows a not-yet approve 2.00% COLA for FY 2017/18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
CONSOLIDATED MAINT LW	S	52,802	55,442	58,215	61,125	64,182	
ENGINEERING TECHNICIAN III	S	52,802	55,442	58,215	61,125	64,182	
WATER SYSTEM OPERATOR III	S	53,001	55,651	58,434	61,356	64,423	
WASTEWATER SYSTEMS OP III	S	53,001	55,651	58,434	61,356	64,423	
WWTP OPERATOR II/LAB ANALYST	S	53,001	55,651	58,434	61,356	64,423	
RECREATION SUPERVISOR	S	53,977	56,676	59,510	62,486	65,610	
ASSISTANT PLANNER	S	54,314	57,030	59,881	62,875	66,019	
ASSISTANT CIVIL ENGINEER	S	56,484	59,308	62,273	65,387	68,656	
BUILDING INSPECTOR	S	56,484	59,308	62,273	65,387	68,656	
ENGINEERING TECHNICIAN IV	S	56,484	59,308	62,273	65,387	68,656	
WASTEWATER SYSTEMS LEADWORKER	S	56,484	59,308	62,273	65,387	68,656	
WWTP LEADWORKER	S	56,484	59,308	62,273	65,387	68,656	
FIREFIGHTER	F	56,771	59,610	62,590	65,720	69,006	
HUMAN RESOURCES ANALYST	C	58,715	61,651	64,734	67,970	71,369	
SENIOR ACCOUNTING TECHNICIAN	C	58,715	61,651	64,734	67,970	71,369	
SUPPORT SERVICES MANAGER	M	58,715	61,651	64,734	67,970	71,369	
HARBOR BUSINESS COORD	S	58,794	61,734	64,820	68,061	71,464	
RECREATION COORDINATOR	S	58,794	61,734	64,820	68,061	71,464	
POLICE OFFICER	P	60,184	63,193	66,353	69,671	73,154	76,812
HARBOR PATROL SUPERVISOR	S	62,017	65,118	68,374	71,792	75,382	
FIRE ENGINEER	F	62,066	65,169	68,428	71,849	75,442	
ASSOCIATE CIVIL ENGINEER	S	63,211	66,372	69,691	73,175	76,834	
ASSOCIATE PLANNER	S	63,211	66,372	69,691	73,175	76,834	
BUILDING INSPECTOR/PLANS	S	63,211	66,372	69,691	73,175	76,834	
COLLECTION SYSTEM SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
CONSOLIDATED MAINT FIELD SUPV	S	63,211	66,372	69,691	73,175	76,834	
WATER SYSTEM SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
WWTP SUPERVISOR	S	63,211	66,372	69,691	73,175	76,834	
MANAGEMENT ANALYST	M	64,541	67,768	71,156	74,714	78,449	

**CITY OF MORRO BAY
 COMBINED SALARY SCHEDULE
 FISCAL YEAR 2017-18**

Draft July 1, 2017 to June 30, 2018
 This draft shows a not-yet approve 2.00% COLA for FY 2017/18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
POLICE DETECTIVE	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE SCHOOL RESOURCE OFFICER	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE SENIOR OFFICER	P	63,194	66,354	69,671	73,155	76,813	80,653
POLICE CORPORAL	P	63,781	66,970	70,318	73,834	77,526	81,402
FIRE CAPTAIN	F	71,345	74,912	78,658	82,591	86,720	
WASTEWATER SYSTEMS SUPV	S	72,692	76,327	80,143	84,150	88,358	
BUDGET/ACCOUNTING MANAGER	M	75,482	79,256	83,219	87,380	91,749	
CAPITAL PROJECTS MANAGER	M	75,482	79,256	83,219	87,380	91,749	
CONSOLIDATED MAINTENANCE SUPERINTE	M	75,482	79,256	83,219	87,380	91,749	
ENVIRONMENTAL PROGRAMS MANAGER	M	75,482	79,256	83,219	87,380	91,749	
INFORMATION SERVICES TECHNICIAN	M	75,482	79,256	83,219	87,380	91,749	
RECREATION SERVICES MANAGER	M	75,482	79,256	83,219	87,380	91,749	
SENIOR PLANNER	M	75,482	79,256	83,219	87,380	91,749	
TOURISM MANAGER	M	75,482	79,256	83,219	87,380	91,749	
POLICE SERGEANT	P	75,057	78,810	82,750	86,888	91,232	95,793
PLANNING MANAGER	M	83,032	87,184	91,543	96,120	100,926	
CITY CLERK / RISK MANAGER	M	81,800	85,890	90,185	94,694	99,428	
FIRE MARSHAL	F	84,693	88,927	93,374	98,042	102,944	
COMMUNITY DEVELOPMENT MANAGER	M	97,855	102,747	107,885	113,279	118,943	
UTILITY DIVISION MANAGER	M	97,855	102,747	107,885	113,279	118,943	
WASTEWATER DIVISION MANAGER	M	97,855	102,747	107,885	113,279	118,943	
POLICE COMMANDER	M	107,707	113,092	118,747	124,684	130,919	
DEPUTY CITY MANAGER	E	119,940	125,937	132,234	138,845	145,788	
COMMUNITY DEVELOPMENT DIRECTOR	E	119,940	125,937	132,234	138,845	145,788	
FINANCE DIRECTOR	E	119,940	125,937	132,234	138,845	145,788	
PUBLIC WORKS DIRECTOR	E	124,412	130,633	137,165	144,023	151,224	
ADMINISTRATIVE SERVICES DIRECTOR	E	124,412	130,633	137,165	144,023	151,224	
HARBOR DIRECTOR	E	126,733	133,070	139,723	146,709	154,045	sworn
FIRE CHIEF	E	126,733	133,070	139,723	146,709	154,045	sworn

**CITY OF MORRO BAY
COMBINED SALARY SCHEDULE
FISCAL YEAR 2017-18**

Draft July 1, 2017 to June 30, 2018
This draft shows a not-yet approve 2.00% COLA for FY 2017/18

TITLE	GROUP	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5	STEP 6
POLICE CHIEF	E	126,733	133,070	139,723	146,709	154,045	sworn
ASSISTANT CITY MANAGER	E	129,326	135,792	142,582	149,711	157,196	
CITY MANAGER	E	160,000	160,000	160,000	160,000	160,000	

**CITY OF MORRO BAY
ELECTED AND CITY OFFICIAL
COMMISSIONS, BOARDS, AND COMMITTEES**

Elected Officials	Title	Term Expires
Jamie Irons	Mayor	November 2018
John Headding	Mayor Pro Tempore	November 2018
Matt Makowetski	Councilmember	November 2018
Robert Davis	Councilmember	November 2020
Marlys McPherson	Councilmember	November 2020

City Officials	Position
Vacant	City Manager
Craig Schmollinger	Acting City Manager
Joseph Pannone	City Attorney
Ikani Taumoepou	Deputy City Manager
Greg Allen	Police Chief
Eric Endersby	Harbor Director
Scot Graham	Community Development Director
Steve Knuckles	Fire Chief
Robert Livick	Public Works Director
Craig Schmollinger	Finance Director
Dana Swanson	City Clerk

Planning Commission (PC)

Robert Tefft	Chair
Gerald Luhr	Commissioner
Michael Lucas	Commissioner
Joseph Ingraffia	Commissioner
Richard Sadowski	Commissioner

Public Works Advisory Board

Ric Deschler	Chair
Stephen Shively	Vice-Chair
Jan Goldman	Commissioner
Chris Parker	Commissioner
Stewart Skiff	Commissioner
John Erwin	Commissioner
Chris Erlendson	Commissioner

Morro Bay Tourism Business Imprvmt Dist

Aaron Graves	Chair
Charlie Yates	Vice-Chair
Margaret Juren	Member
Taylor Newton	Member
Steven Allen	Member
Sean Green	Member
Vacant	Member

Harbor Advisory Board

Ron Reisner	Chair
Lynn Meissen	Vice-Chair
Bill Luffee	Member
Gene Doughty	Member
Neal Maloney	Member
Dana McClish	Member
Jeremiah O'Brien	Member

Recreation and Parks Commission

Drew Sidaris	Chair
Bob Swain	Vice-Chair
Jeffrey Cox	Commissioner
Michelle Morosin	Commissioner
Kevin Carroll	Commissioner
Skip Sorich	Commissioner
Vacant	Commissioner

Citizens Oversight/Finance Advisory Committee

Barbara Spagnola	Chair
Bart Beckman	Member
John Erwin	Member
David Betonte	Member
John Erwin	Member
Dawn Addis	Member
Walter Heath	Member

**CITY OF MORRO BAY
ELECTED AND CITY OFFICIALS
COMMISSIONS, BOARDS, AND COMMITTEES**

**Water Reclamation Facility Citizen
Advisory Committee (WRFCAC)**

John Diodati	Chair
Barbara Spagnola	Vice-Chair
Paul Donnelly	Member
Mary (Ginny) Garelick	Member
Dale Guerra	Member
Valerie Levulett	Member
Barbara Spagnola	Member
Ann Fullerton	Member
Richard Sadowski	PC Appointee
Steven Shively	PWAB Appointee

**General Plan/Local Coastal Program
Advisory Board (GPAC)**

Robert Tefft	Chair
Rich Buquet	Member
Jan Goldman	Member
Jeffrey Heller	Member
Susan Schneider	Member
Glenn Silloway	Member
Melani Smith	Member
Susan Stewart	Member
Vacant	Member

CITY FUNDS LIST

GOVERNMENTAL FUNDS	PROPRIETARY FUNDS	FIDUCIARY FUNDS	COMPONENT UNIT
Used to account for activities primarily supported by taxes, grants, and similar revenue sources, and includes: General Funds, Account Groups, Special Revenue Funds, Debt Service Funds, Capital Projects and Internal Service Funds.	Used to account for activities that receive significant support from user fees, and includes: Enterprise Funds	Used to account for resources that a government holds, as a trustee or agent, on behalf of an outside party that cannot be used to support the government's own programs, and includes: Trust & Agency Funds	Used to account for legally separate organizations that the government must include as part of its financial reporting entity
<p align="center">General Funds</p> <p>001 General Fund 050 Gen. Gov. Vehicle Replacement 051 G/F Emergency Reserve Fund 052 G/F Facility Maint. Fund 470 G/F Projects Accumulation 460 G/F Capital Replacement Accumulation 480 Opportunity</p> <p align="center">Account Groups</p> <p>002 General Fixed Asset Group 011 General Long Term Debt</p> <p align="center">Special Revenue Funds</p> <p>003 District Transaction Tax (Meas Q) 007 MBTBID 200 Comm. Development Grants 201 CDBG Loan Repayment Fund 204 CDBG 04/05 Housing Rehab 205 05/06 Home Partnership 250 State Gas Tax Fund 270 Lower Cost Visitor Accom. Fund 280 Traffic Safety Fund 282 Special Safety Grants 299 Parking In-Lieu Fund 302 LTF - Bike Path 303 LTF - Roads 500 Assessment Districts 570 Cloisters Assessment District 575 Cloisters Reserve 900 Government Impact Fees 904 Park Fee Fund 924 State Park Marina 941 Affordable Housing In-Lieu Fund</p> <p align="center">Capital Project Funds</p> <p>915 Governmental Capital Project Fund</p> <p align="center">Internal Service Funds</p> <p>430 Risk Management 450 Information Technology</p>	<p align="center">Enterprise Funds</p> <p align="center">Local Transportation Funds</p> <p>301 Transit Fund 920 Transit Capital Imprv. Fund</p> <p align="center">Water Funds</p> <p>053 Water Equip. Replacement 311 Water Revenue Fund 921 Water Capital Impv. Fund 951 Water Accumulation Fund</p> <p align="center">Sewer Funds</p> <p>054 Sewer Equip. Replacement 321 Sewer Revenue Fund 922 Sewer Capital Impv. Fund 952 Sewer Accumulation Fund</p> <p align="center">Harbor Funds</p> <p>055 Harbor Equip. Replacement 331 Harbor Operating Fund 923 Harbor Capital Impv. Fund 953 Harbor Accumulation Fund</p>	<p align="center">Trust & Agency Funds</p> <p>512 Other Post Employment Benefits 515 Trust & Agency Fund</p>	<p align="center">Component Unit</p> <p>599 MB/CS Wastewater Treatment Fund 930 MB/CS Wastewater Treatment Projs</p>

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET**

SUMMARY OF ALL BUDGETED FUNDS

NAME OF FUND	BEGINNING CASH	REVENUE ESTIMATES		TRANSFERS		EXPENDITURE ESTIMATES		REVENUES OVER(UNDER) NET TRANSFERS AND EXPENDITURES	ENDING CASH
		OPERATING	CAPITAL	IN	OUT	OPERATING	CAPITAL		
GENERAL	\$ -	\$ 12,321,031	\$ -	\$ 1,316,851	\$ (522,322)	\$ (13,102,956)	\$ -	\$ 12,604	\$ 12,604
DISTRICT TRANSACTION TAX	10,099	1,024,129	-	-	(116,443)	(377,949)	(529,737)	-	10,099
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	237,245	911,863	-	134,928	(58,861)	(987,930)	-	-	237,245
COUNTY TOURISM MARKETING DISTRICT	-	347,512	-	-	(6,950)	(340,562)	-	-	-
GENERAL GOVERNMENT VEHICLE REPLACEMENT	135,888	-	-	75,000	-	-	(50,000)	25,000	160,888
GENERAL FUND EMERGENCY RESERVE	3,956,729	20,000	-	-	(20,585)	-	-	(585)	3,956,144
GENERAL FUND FACILITY MAINTENANCE	47,655	36,000	-	-	-	(83,655)	-	(47,655)	-
CAPITAL REPLACEMENT	200,000	-	-	-	-	-	-	-	200,000
PROJECTS ACCUMULATION	259,415	-	-	-	-	-	-	-	259,415
WATER EQUIPMENT REPLACEMENT	264,885	-	-	-	-	-	-	-	264,885
SEWER EQUIPMENT REPLACEMENT	675,605	-	-	177,371	-	-	(615,000)	(437,629)	237,976
HARBOR EQUIPMENT REPLACEMENT	55,230	-	-	-	-	-	-	-	55,230
COMMUNITY DEVELOPMENT GRANTS	209,969	304,951	-	-	-	-	(304,951)	-	209,969
STATE GAS TAX	-	305,293	-	-	(305,293)	-	-	-	-
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	53,618	-	-	-	-	-	-	-	53,618
TRAFFIC SAFETY	-	13,000	-	-	(13,000)	-	-	-	-
SPECIAL SAFETY GRANTS	109,144	100,000	-	-	-	(51,790)	(40,000)	8,210	117,354
PARKING IN-LIEU	312,140	-	-	-	-	-	-	-	312,140
TRANSIT	132,300	309,349	-	-	(79,775)	(229,574)	-	-	132,300
LTF (BIKE PATHS)	765	8,000	-	-	-	-	(8,000)	-	765
LTF (ROADS)	102,177	-	-	-	-	-	-	-	102,177
WATER REVENUE	-	5,479,700	-	-	(1,087,479)	(4,392,221)	-	-	-
UTILITY DISCOUNT/REBATE	137,883	-	-	123,200	-	(123,200)	-	-	137,883
SEWER REVENUE	-	6,266,000	-	-	(3,292,284)	(2,973,716)	-	-	-
HARBOR OPERATING	246,153	2,384,658	-	-	(323,708)	(2,060,950)	-	-	246,153
RISK MANAGEMENT INTERNAL SERVICE	706,896	1,386,178	-	-	-	(1,293,661)	-	92,517	799,413
INFORMATION TECHNOLOGY INTERNAL SERVICE	112,363	-	-	352,644	-	(463,955)	-	(111,311)	1,052
SPECIAL ASSESSMENT DISTRICTS	66,299	8,619	-	-	-	(4,241)	-	4,378	70,677
CLOISTERS ASSESSMENT DISTRICT	123,337	148,944	-	-	-	(117,759)	-	31,185	154,522
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE	67,553	-	-	-	-	-	-	-	67,553
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	369,973	50,000	-	-	-	-	-	50,000	419,973
MB/CSD WASTEWATER TREATMENT PLANT	-	2,491,530	-	-	(26,741)	(2,464,789)	-	-	-
GOVERNMENTAL IMPACT FEES ACCUMULATION	612,794	-	161,731	-	-	-	(112,000)	49,731	662,525
PARK IN-LIEU FEES	10,214	-	-	-	-	-	-	-	10,214
STATE PARK MARINA SPECIAL REVENUE	191,585	86,500	-	-	-	-	(10,000)	76,500	268,085
HOUSING IN-LIEU	108,636	700	-	-	-	(5,000)	-	(4,300)	104,336
WATER ACCUMULATION	3,264,925	70,700	-	701,568	(75,200)	-	(743,075)	(46,007)	3,218,918
SEWER ACCUMULATION	8,330,242	41,115	-	1,181,142	(177,371)	-	(4,261,204)	(3,216,318)	5,113,924
HARBOR ACCUMULATION	514,668	-	-	11,624	-	-	-	11,624	526,292
TOTAL ALL FUNDS	\$ 21,626,385	\$ 34,115,772	\$ 161,731	\$ 4,074,328	\$ (6,106,012)	\$ (29,073,908)	\$ (6,673,967)	\$ (3,502,056)	\$ 18,124,329

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET**

ALL FUNDS REVENUES BY CATEGORY

<u>Name of Fund</u>	<u>Taxes & Assessments</u>	<u>Charges for Services</u>	<u>Licenses & Permits</u>	<u>Investments & Rent</u>	<u>Fines & Forfeitures</u>	<u>Other Governmental</u>	<u>Other</u>	<u>Interfund Transfers</u>	<u>2017/18 Proposed Budget</u>
GENERAL	\$ 9,997,351	\$ 1,149,348	\$ 618,589	\$ 443,927	\$ 12,000	\$ 60,394	\$ 39,422	\$ 1,316,851	\$ 13,637,882
DISTRICT TRANSACTION TAX	1,024,129	-	-	-	-	-	-	-	1,024,129
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	907,863	-	-	-	-	-	4,000	134,928	1,046,791
COUNTY TOURISM MARKETING DISTRICT	347,512	-	-	-	-	-	-	-	347,512
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	-	-	-	-	75,000	75,000
GENERAL FUND EMERGENCY RESERVE	-	-	-	20,000	-	-	-	-	20,000
GENERAL FUND FACILITY MAINTENANCE	-	-	-	36,000	-	-	-	-	36,000
CAPITAL REPLACEMENT	-	-	-	-	-	-	-	-	-
PROJECTS ACCUMULATION	-	-	-	-	-	-	-	-	-
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	177,371	177,371
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	-	-	304,951	-	-	304,951
STATE GAS TAX	-	-	-	-	-	305,293	-	-	305,293
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	-	-	-	-	-	-
TRAFFIC SAFETY	-	-	-	-	13,000	-	-	-	13,000
SPECIAL SAFETY GRANTS	-	-	-	-	-	100,000	-	-	100,000
PARKING IN-LIEU	-	-	-	-	-	-	-	-	-
TRANSIT	-	44,000	-	-	-	265,349	-	-	309,349
LTF (BIKE PATHS)	-	-	-	-	-	8,000	-	-	8,000
LTF (ROADS)	-	-	-	-	-	-	-	-	-
WATER REVENUE	-	5,479,700	-	-	-	-	-	-	5,479,700
UTILITY DISCOUNT/REBATE	-	-	-	-	-	-	-	123,200	123,200
SEWER REVENUE	-	6,266,000	-	-	-	-	-	-	6,266,000
HARBOR OPERATING	-	2,041,658	-	-	-	343,000	-	-	2,384,658
RISK MANAGEMENT INTERNAL SERVICE	-	1,385,778	-	400	-	-	-	-	1,386,178
INFORMATION TECHNOLOGY INTERNAL SERVICE	-	-	-	-	-	-	-	352,644	352,644
SPECIAL ASSESSMENT DISTRICTS	8,619	-	-	-	-	-	-	-	8,619
CLOISTERS ASSESSMENT DISTRICT	148,944	-	-	-	-	-	-	-	148,944
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE	-	-	-	-	-	-	-	-	-
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	-	-	-	-	-	-	50,000	-	50,000
MB/CSD WASTEWATER TREATMENT PLANT	-	2,491,530	-	-	-	-	-	-	2,491,530
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	161,731	-	-	-	-	-	-	161,731
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	86,500	-	-	-	-	-	-	86,500
HOUSING IN-LIEU	-	-	-	700	-	-	-	-	700
WATER ACCUMULATION	-	63,200	-	7,500	-	-	-	701,568	772,268
SEWER ACCUMULATION	-	41,115	-	-	-	-	-	1,181,142	1,222,257
HARBOR ACCUMULATION	-	-	-	-	-	-	-	11,624	11,624
TOTAL REVENUE/TRANSFER IN ESTIMATES	\$ 12,434,418	\$ 19,210,560	\$ 618,589	\$ 508,527	\$ 25,000	\$ 1,386,987	\$ 93,422	\$ 4,074,328	\$ 38,351,831

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET**

ALL FUNDS EXPENDITURES BY CATEGORY

Name of Fund	Personnel	Supplies	Services	Capital Outlay	Other	Debt Service	Equip Rplcmnt	Transfers	2017/18 Proposed Budget
GENERAL	\$ (10,269,135)	\$ (470,919)	\$ (2,205,627)	\$ -	\$ (157,275)	\$ -	\$ -	\$ (522,322)	\$ (13,625,278)
DISTRICT TRANSACTION TAX	(350,588)	-	(544,337)	(37,692)	-	(91,512)	-	-	(1,024,129)
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	-	-	(987,930)	-	-	-	-	(58,861)	(1,046,791)
COUNTY TOURISM MARKETING DISTRICT	-	(340,562)	-	-	-	-	-	(6,950)	(347,512)
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	(50,000)	-	-	-	-	(50,000)
GENERAL FUND EMERGENCY RESERVE	-	-	-	-	-	-	-	(20,585)	(20,585)
GENERAL FUND FACILITY MAINTENANCE	-	-	(83,655)	-	-	-	-	-	(83,655)
CAPITAL REPLACEMENT	-	-	-	-	-	-	-	-	-
PROJECTS ACCUMULATION	-	-	-	-	-	-	-	-	-
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	(615,000)	-	-	-	-	(615,000)
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	(304,951)	-	-	-	-	(304,951)
STATE GAS TAX	-	-	-	-	-	-	-	(305,293)	(305,293)
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	-	-	-	-	-	-
TRAFFIC SAFETY	-	-	-	-	-	-	-	(13,000)	(13,000)
SPECIAL SAFETY GRANTS	(42,090)	(9,700)	-	(40,000)	-	-	-	-	(91,790)
PARKING IN-LIEU	-	-	-	-	-	-	-	-	-
TRANSIT	(79,775)	-	(229,574)	-	-	-	-	(42,546)	(351,895)
LTF (BIKE PATHS)	-	-	-	-	(8,000)	-	-	-	(8,000)
LTF (ROADS)	-	-	-	-	-	-	-	-	-
WATER REVENUE	(807,177)	(190,242)	(3,380,522)	-	(14,280)	-	-	(1,087,479)	(5,479,700)
UTILITY DISCOUNT/REBATE PROGRAM	-	-	(116,032)	-	-	-	-	-	(116,032)
SEWER REVENUE	(591,989)	(199,760)	(487,693)	-	(1,694,274)	-	-	(3,292,284)	(6,266,000)
HARBOR OPERATING	(1,137,603)	(75,443)	(365,014)	-	(348,031)	(134,859)	-	(323,708)	(2,384,658)
RISK MANAGEMENT INTERNAL SERVICE	(52,990)	-	(1,240,671)	-	-	-	-	-	(1,293,661)
INFORMATION TECHNOLOGY INTERNAL SERVICE	(224,052)	(35,000)	(204,903)	-	-	-	-	-	(463,955)
SPECIAL ASSESSMENT DISTRICTS	-	-	(4,241)	-	-	-	-	-	(4,241)
CLOISTERS ASSESSMENT DISTRICT	(44,459)	(7,000)	(66,300)	-	-	-	-	-	(117,759)
TRUST AND AGENCY - GENERAL PLAN MAINT FEE	-	-	-	-	-	-	-	-	-
TRUST AND AGENCY - UNFUNDED COMPENSABLE LEAVES	-	-	-	-	-	-	-	-	-
MB/CSD WASTEWATER TREATMENT PLANT	(1,018,213)	(347,050)	(1,099,526)	-	-	-	-	(26,741)	(2,491,530)
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	-	-	(112,000)	-	-	-	-	(112,000)
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	-	-	(10,000)	-	-	-	-	(10,000)
HOUSING IN-LIEU	-	-	-	-	(5,000)	-	-	-	(5,000)
WATER ACCUMULATION	-	-	-	(743,075)	-	-	-	(75,200)	(818,275)
SEWER ACCUMULATION	-	-	-	(4,261,204)	-	-	-	(177,371)	(4,438,575)
HARBOR ACCUMULATION	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE/TRANSFER OUT	\$ (14,618,071)	\$ (1,675,676)	\$ (11,016,025)	\$ (6,173,922)	\$ (2,226,860)	\$ (226,371)	\$ -	\$ (5,952,340)	(41,889,265)
TOTAL REVENUE/TRANSFER IN									38,351,831
SOURCE/(USE) OF CASH									\$ (3,537,434)

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CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GENERAL FUND

The General Fund was established on July 17, 1964, by the incorporation of the City. Activities financed from this Fund include legislative, administrative, legal and fiscal functions; police and fire protection services; engineering, planning, inspection, and zoning regulation services; street maintenance; and parks and recreation. The primary sources of revenue for this Fund include property tax, transient occupancy tax, and sales tax.

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET
GENERAL FUND REVENUES BY SOURCE**

	<u>2013/14 Actual</u>	<u>2014/15 Actual</u>	<u>2015/16 Actual</u>	<u>2016/17 Amended Budget</u>	<u>2017/18 Proposed Budget</u>
Property taxes					
Current secured net of admin fee	\$ 2,520,700	\$ 2,679,337	\$ 2,784,194	\$ 2,856,609	\$ 2,944,306
Property tax in-lieu - VLF	837,251	877,079	920,597	972,150	1,004,328
Property tax in-lieu - Sales Tax	447,649	364,931	330,641	-	-
Subtotal	<u>3,805,600</u>	<u>3,921,347</u>	<u>4,035,432</u>	<u>3,828,759</u>	<u>3,948,634</u>
Other taxes					
Sales and use tax	1,189,656	1,207,332	1,394,145	1,704,376	1,777,664
Sales tax Prop 172 Public Safety	156,783	164,000	162,188	124,848	127,345
Property transfer tax	69,485	76,137	91,279	62,424	63,673
Transient occupancy tax	2,527,352	2,888,638	3,136,366	3,374,639	3,552,551
Franchises	505,658	492,572	513,194	517,140	527,484
Subtotal	<u>4,448,934</u>	<u>4,828,679</u>	<u>5,297,172</u>	<u>5,783,427</u>	<u>6,048,717</u>
Licenses and permits					
Business/transient vendor tax	248,181	305,844	351,055	510,520	520,730
Coastal permits	32,336	19,594	19,110	26,000	17,000
Conditional use permits	11,599	59,466	35,416	25,000	65,000
Other licenses and permits	12,906	10,865	15,624	19,800	15,859
Subtotal	<u>305,022</u>	<u>395,769</u>	<u>421,205</u>	<u>581,320</u>	<u>618,589</u>
Intergovernmental					
Homeowners subvention	19,076	18,902	18,929	18,818	19,514
Motor vehicle tax	4,500	4,347	4,168	4,500	4,500
State & Federal grants	64,278	10,085	206,607	26,589	27,479
State reimbursements	21,092	21,890	109,530	5,901	8,901
Subtotal	<u>108,946</u>	<u>55,224</u>	<u>339,234</u>	<u>55,808</u>	<u>60,394</u>
Use of money and property					
Investment income/rents	281,361	331,853	394,252	416,301	443,927
Subtotal	<u>281,361</u>	<u>331,853</u>	<u>394,252</u>	<u>416,301</u>	<u>443,927</u>
Fines & forfeitures					
Parking fines	5,799	4,660	3,926	4,500	5,000
Vehicle code fines	9,843	7,829	9,723	7,000	7,000
Other fines	5,085	2,638	2,929	1,000	-
Subtotal	<u>20,727</u>	<u>15,127</u>	<u>16,579</u>	<u>12,500</u>	<u>12,000</u>
Charges for services					
Community development	279,854	369,407	534,309	442,400	534,906
Fire services	188,549	211,889	365,433	260,281	90,200
Police services	28,164	24,913	13,774	13,000	13,059
Recreation services	534,721	493,076	511,547	459,244	458,100
Other service charges	9,050	11,441	52,040	27,688	53,083
Subtotal	<u>1,040,338</u>	<u>1,110,726</u>	<u>1,477,103</u>	<u>1,202,613</u>	<u>1,149,348</u>
Other revenues	28,624	100,561	308,853	34,388	39,422
Subtotal general fund revenues	<u>10,039,552</u>	<u>10,759,286</u>	<u>12,289,830</u>	<u>11,915,116</u>	<u>12,321,031</u>
Transfers in	<u>2,451,361</u>	<u>1,709,177</u>	<u>2,697,466</u>	<u>2,443,572</u>	<u>1,316,851</u>
TOTAL GENERAL FUND REVENUES AND TRANSFERS IN	<u>\$ 12,490,913</u>	<u>\$ 12,468,463</u>	<u>\$ 14,987,296</u>	<u>\$ 14,358,688</u>	<u>\$ 13,637,882</u>

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET
GENERAL FUND EXPENDITURES BY DEPARTMENT**

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
LEGISLATIVE					
City Council	\$ (206,485)	\$ (142,734)	\$ (122,326)	\$ (152,477)	\$ (131,075)
Subtotal	<u>(206,485)</u>	<u>(142,734)</u>	<u>(122,326)</u>	<u>(152,477)</u>	<u>(131,075)</u>
ADMINISTRATION					
City Manager	(596,479)	(598,152)	(486,646)	(277,852)	(280,441)
Contract Services	(58,058)	(46,314)	(405,781)	(768,105)	(768,105)
City Clerk Office	(364,717)	(309,198)	(174,295)	(429,382)	(419,500)
Deputy City Manager	-	(34,603)	(251,799)	(106,996)	(117,284)
Subtotal	<u>(1,019,254)</u>	<u>(988,267)</u>	<u>(1,318,522)</u>	<u>(1,582,335)</u>	<u>(1,585,330)</u>
FINANCE DEPARTMENT					
Accounting & Treasury	(567,712)	(518,352)	(720,524)	(735,794)	(616,680)
City Rental Property	(29,489)	(18,997)	(4,473)	(10,000)	-
Subtotal	<u>(597,201)</u>	<u>(537,349)</u>	<u>(724,997)</u>	<u>(745,794)</u>	<u>(616,680)</u>
POLICE DEPARTMENT					
Operations	(2,776,683)	(2,882,447)	(3,075,489)	(3,135,986)	(3,336,552)
Support Services	(425,149)	(377,613)	(452,891)	(231,898)	(231,122)
Subtotal	<u>(3,201,832)</u>	<u>(3,260,060)</u>	<u>(3,528,380)</u>	<u>(3,367,884)</u>	<u>(3,567,674)</u>
FIRE DEPARTMENT					
Operations	(2,059,428)	(2,228,423)	(2,484,136)	(2,487,357)	(2,480,935)
Emergency Operations Center (EOC)	(8,238)	(9,897)	(4,317)	(11,519)	(8,967)
Subtotal	<u>(2,067,666)</u>	<u>(2,238,320)</u>	<u>(2,488,453)</u>	<u>(2,498,876)</u>	<u>(2,489,902)</u>
COMMUNITY DEVELOPMENT					
Administration	-	(279,225)	(733,416)	(989,173)	(1,053,470)
Subtotal	<u>-</u>	<u>(279,225)</u>	<u>(733,416)</u>	<u>(989,173)</u>	<u>(1,053,470)</u>
PUBLIC WORKS					
Administration	(934,210)	(860,849)	(612,501)	(516,651)	(626,349)
Consolidated Maintenance	(1,064,878)	(1,007,320)	(1,092,368)	(996,520)	(976,161)
Streets, Street Trees, Storm Drains	(420,694)	(454,631)	(509,612)	(763,267)	(864,144)
Street Lighting	(83,355)	(101,262)	(104,249)	(107,200)	(106,000)
Curbside Recycling	(22,940)	(22,940)	(23,832)	(24,888)	-
Subtotal	<u>(2,526,077)</u>	<u>(2,447,002)</u>	<u>(2,342,562)</u>	<u>(2,408,526)</u>	<u>(2,572,654)</u>
RECREATION SERVICES					
Administration	(311,157)	(381,305)	(192,098)	(472,878)	(329,703)
Sports	(324,596)	(318,356)	(348,794)	(251,148)	(411,856)
Youth and Teen Programs	(373,307)	(394,966)	(373,322)	(235,937)	(344,612)
Subtotal	<u>(1,009,060)</u>	<u>(1,094,627)</u>	<u>(914,214)</u>	<u>(959,963)</u>	<u>(1,086,171)</u>
SUBTOTAL GENERAL FUND ESTIMATES	(10,123,045)	(10,987,584)	(12,172,870)	(12,705,028)	(13,102,956)
Personnel vacancy rate				338,035	-
Reserve for unfunded compensable leaves				(46,831)	-
Transfers out:	(2,486,752)	(232,943)	(719,489)		
Capital improvement	-	-	-	-	-
Tourism Contribution	-	-	-	(60,000)	(134,928)
Information Technology ISF	-	-	-	(376,357)	(262,394)
Vehicle replacement	-	-	-	(75,000)	(75,000)
Capital Replacement	-	-	-	(100,000)	-
Projects Reserve	-	-	-	(125,000)	-
Compensable Leave Fund	-	-	-	-	(50,000)
Fire Equipment Replacement	-	-	-	-	-
TOTAL GENERAL FUND ESTIMATES	\$ (12,609,797)	(11,220,527)	(12,892,359)	(13,150,181)	(13,625,278)
				REVENUES	13,637,882
				SURPLUS(SHORTFALL)	\$ 12,604

¹ With the 2012/13 budget and forward, the Consolidated Maintenance budget pages are presented separately for more clarity.

² The increase in the City Council budget is due to expenditure changes from the City Manager's budget to the City Council plus \$89k Council grants for the 2013/14 fiscal year.

³ The 2014/15 Police budget reflects an offset from the San Luis Coastal Unified School District for 50% funding of the SRO (\$60,000)

⁴ In 2015/16, the Community Development Department was separated out from Public Services, and Public Services has been renamed "Public Works."

Also, the consolidated maintenance divisions have been moved to Public Works. Contract Service includes attorney and visitors center expenses for FY15/16

⁵ In 2017/18, Police Budget reflects the cost of 1/2 of the SRO position as the San Luis Coastal Unified School District is no longer funding 1/2 of this position.

**CITY OF MORRO BAY
2017/18 PROPOSED BUDGET
GENERAL FUND EXPENDITURES BY DIVISION AND CATEGORY**

<u>Department Name</u>	<u>Personnel</u>	<u>Supplies</u>	<u>Services</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Debt Service</u>	<u>Equipment Replacement</u>	<u>Transfers</u>	<u>2017/18 Proposed Budget</u>
City Council	\$ (76,742)	\$ (100)	\$ (46,233)	-	\$ (8,000)	-	-	-	\$ (131,075)
City Manager	(216,140)	(5,287)	(39,014)	-	(20,000)	-	-	-	(280,441)
Contract Services	-	-	(768,105)	-	-	-	-	-	(768,105)
City Clerk Office/HR/Elections	(322,413)	(6,074)	(91,013)	-	-	-	-	-	(419,500)
Deputy City Manager	(99,306)	(485)	(17,493)	-	-	-	-	-	(117,284)
Accounting & Treasury	(488,860)	(5,690)	(122,130)	-	-	-	-	-	(616,680)
City-Owned Rental Property	-	-	-	-	-	-	-	-	-
Police Department	(3,059,585)	(67,730)	(185,237)	-	(24,000)	-	-	-	(3,336,552)
Support Services	(221,064)	(1,185)	(8,873)	-	-	-	-	-	(231,122)
Fire Department	(2,275,113)	(87,266)	(113,281)	-	(5,275)	-	-	-	(2,480,935)
Emergency Operations Center (EOC)	-	(6,000)	(2,967)	-	-	-	-	-	(8,967)
Community Development	(817,023)	(9,800)	(126,647)	-	(100,000)	-	-	-	(1,053,470)
Public Works	(525,040)	(8,131)	(93,178)	-	-	-	-	-	(626,349)
Consolidated Maintenance:									
Vehicles, Parks, Facilities	(681,030)	(94,700)	(200,431)	-	-	-	-	-	(976,161)
Streets, Street Trees, Storm Drains/Creeks	(627,368)	(91,390)	(145,386)	-	-	-	-	-	(864,144)
Street Lighting	(500)	(500)	(105,000)	-	-	-	-	-	(106,000)
Curbside Recycling	-	-	-	-	-	-	-	-	-
Recreation Services - Administration	(277,532)	(4,996)	(47,175)	-	-	-	-	-	(329,703)
Recreation Services - Sports	(271,372)	(66,185)	(74,299)	-	-	-	-	-	(411,856)
Recreation Services - Youth Services	(310,047)	(15,400)	(19,165)	-	-	-	-	-	(344,612)
Vacancy rate	-	-	-	-	-	-	-	-	-
Transfers out:									
Information Technology ISF	-	-	-	-	-	-	-	(262,394)	(262,394)
Economic Development	-	-	-	-	-	-	-	(134,928)	(134,928)
Vehicle Replacement	-	-	-	-	-	-	-	(75,000)	(75,000)
Compensable Leave Fund	-	-	-	-	-	-	-	(50,000)	(50,000)
Capital Replacement	-	-	-	-	-	-	-	-	-
Projects Reserve	-	-	-	-	-	-	-	-	-
Fire Equipment Replacement	-	-	-	-	-	-	-	-	-
General Fund expenditure estimates	\$ (10,269,135)	\$ (470,919)	\$ (2,205,627)	\$ -	\$ (157,275)	\$ -	\$ -	\$ (522,322)	\$ (13,625,278)
General Fund revenue estimates									13,637,882
Surplus (Shortage)									\$ 12,604

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

CITY COUNCIL

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
	Budget	Budget	Budget	Budget	Budget
Personnel services	\$ (70,664)	\$ (68,371)	\$ (73,191)	\$ (73,144)	\$ (76,742)
Supplies	(178)	(1,318)	(381)	(100)	(100)
Services	(47,643)	(63,859)	(41,830)	(46,233)	(46,233)
Contingency	-	-	-	-	-
Capital outlay	-	-	-	-	-
One-time bequests	(88,000)	(9,186)	(6,924)	(33,000)	(8,000)
Equipment replacement	-	-	-	-	-
Total expenditures	(206,485)	(142,734)	(122,326)	(152,477)	(131,075)
Total revenues	1,581	1,421	378	-	-
Revenues over(under) expenditures	\$ (204,904)	\$ (141,313)	\$ (121,948)	\$ (152,477)	\$ (131,075)

NOTES:

With the adoption of the FY 16/17 budget, Council granted the following bequests:

SLO County Housing Trust Fund	\$ 1,000
Community Resource Office	1,000
SCORE	500
Senior Nutrition	5,000
Open Opportunity	500
	<u>8,000</u>
	<u>\$ 8,000</u>

With the proposed FY 17/18 budget, the following bequests have been included:

SLO County Housing Trust Fund*	\$ -
Community Resource Office	1,000
SCORE	500
Senior Nutrition	5,000
Open Opportunity	1,500
	<u>8,000</u>
	<u>\$ 8,000</u>

*\$5,000 from Housing Trust Fund Utilized for this bequest.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

CITY MANAGER

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Personnel services	\$ (491,474)	\$ (374,389)	\$ (308,378)	\$ (204,493)	\$ (216,140)
Supplies	(4,448)	(6,592)	(14,583)	(5,450)	(5,287)
Services	(100,557)	(217,171)	(133,685)	(42,909)	(39,014)
Capital outlay	-	-	-	-	-
Other	-	-	(30,000)	(25,000)	(20,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(596,479)</u>	<u>(598,152)</u>	<u>(486,646)</u>	<u>(277,852)</u>	<u>(280,441)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>227,460</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (596,479)</u>	<u>\$ (598,152)</u>	<u>\$ (259,186)</u>	<u>\$ (277,852)</u>	<u>\$ (280,441)</u>

NOTES:

With the FY 13/14 budget, the LAFCO (\$12,661) and League of California Cities (\$5,607) expenditure were removed from the City Manager's budget, and placed in the "services" category in the City Council's budget.

In FY 13/14, the City Manager was separated from employment, and payout cost is reflected in the increased personnel services category.

In FY 16/17, the City Clerk costs were removed from this budget

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

CONTRACT SERVICES

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Recommended</u>
			-	<u>Budget</u>	<u>Budget</u>
Services:					
PARS management fees	\$ (6,922)	\$ (7,456)	\$ (7,231)	\$ (7,500)	\$ (7,500)
Contract City Attorney, G/F portion	(25,070)	(121,697)		(150,000)	(150,000)
AGP Video				(60,000)	(60,000)
Digital Map GIS service				(10,000)	(10,000)
DocuTeam document storage				(9,500)	(9,500)
Regional dispatch - Fire				(123,899)	(123,899)
Regional dispatch - Police				(252,076)	(252,076)
Ricoh copier leases				(35,000)	(35,000)
Visitors Center				(50,000)	(50,000)
Animal services	<u>(26,066)</u>	<u>(38,858)</u>	<u>(45,031)</u>	<u>(70,130)</u>	<u>(70,130)</u>
Total expenditures	<u>\$ (58,058)</u>	<u>\$ (168,011)</u>	<u>\$ (52,262)</u>	<u>\$ (768,105)</u>	<u>\$ (768,105)</u>

NOTES:

With the FY 13/14 animal services agreement, the County again revisited the methodology for calculating fees, lowering the City's contribution; this is a three year contract that is reevaluated annually.

In FY 16/17, this budget section was expanded to include services that benefit all General Fund departments.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

ELECTIONS

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
Personnel services	\$	\$	\$	\$	\$
Supplies			(69)	(350)	(350)
Services		(9,104)	(10,241)	(10,000)	(10,000)
Capital outlay					-
Other					-
Equipment replacement					-
Total expenditures	-	(9,104)	(10,310)	(10,350)	(10,350)
Total revenues			-	-	-
Revenues over(under) expenditures	\$ -	\$ (9,104)	\$ (10,310)	\$ (10,350)	\$ (10,350)

NOTES:

In FY 16/17, the City Clerk's portion of the budget was removed from the City Manager's budget. This budget is a combined City Clerk, Legal, and Elections. The City Attorney budget page has been removed, and costs for the contract City Attorney are presented in the Contract Services division.

In FY 17/18 Elections has been removed from City Clerk in prior years and stated separately going forward.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

CITY CLERK/LEGAL

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
Personnel services	\$ (283,630)	\$ (24,029)	\$ (49,914)	\$ (165,665)	\$ (194,463)
Supplies	(31,746)	(4,243)	(1,810)	(4,250)	(4,123)
Services	(49,341)	(47,340)	(16,701)	(21,960)	(21,572)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(364,717)</u>	<u>(75,612)</u>	<u>(68,425)</u>	<u>(191,875)</u>	<u>(220,158)</u>
Total revenues	<u>458</u>	<u>14,262</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (364,259)</u>	<u>\$ (61,350)</u>	<u>\$ (68,425)</u>	<u>\$ (191,875)</u>	<u>\$ (220,158)</u>

NOTES:

In FY 16/17, the City Clerk's portion of the budget was removed from the City Manager's budget. This budget is a combined City Clerk, Legal, and Elections. The City Attorney budget page has been removed, and costs for the contract City Attorney are presented in the Contract Services division.

FY 17/18 Personnel Services represents City Clerk at 80% and Legal Assistant at 75%.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

HUMAN RESOURCES

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Personnel services	\$ (84,874)	\$ (82,585)	\$ (88,287)	\$ (119,177)	\$ (127,950)
Supplies	(1,678)	(2,875)	(2,330)	(1,650)	(1,601)
Services	(35,714)	(26,429)	(70,414)	(106,330)	(59,441)
Capital outlay	-	-	-	-	-
Other - recruitment	(17,371)	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(139,637)</u>	<u>(111,889)</u>	<u>(161,031)</u>	<u>(227,157)</u>	<u>(188,992)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(139,637)</u></u>	\$ <u><u>(111,889)</u></u>	\$ <u><u>(161,031)</u></u>	\$ <u><u>(227,157)</u></u>	\$ <u><u>(188,992)</u></u>

NOTES:

For the FY 14/15 fiscal year, the contract for negotiations services was canceled; negotiations were conducted by in house staff.

For the year 15/16 fiscal year, services increased due to external legal fees in contract negotiations and recruitment costs.

For the year 16/17 amended budget included increased costs in services for Police Chief recruitment.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

DEPUTY CITY MANAGER

	2013/14		2014/15		-		2016/17		2017/18
	Actual		Actual		Actual		Amended		Proposed
							Budget		Budget
Personnel services	\$ -		\$ (24,603)		\$ (162,839)		\$ (86,272)		\$ (99,306)
Supplies	-		-		(424)		(500)		(485)
Services	-		(10,000)		(88,536)		(20,224)		(17,493)
Capital outlay	-		-		-		-		-
Other	-		-		-		-		-
Equipment replacement	-		-		-		-		-
Total expenditures	<u>-</u>		<u>(34,603)</u>		<u>(251,799)</u>		<u>(106,996)</u>		<u>(117,284)</u>
Total revenues	<u>-</u>		<u>-</u>		<u>75,000</u>		<u>-</u>		<u>-</u>
Revenues over(under) expenditures	\$ <u>-</u>		\$ <u>(34,603)</u>		\$ <u>(176,799)</u>		\$ <u>(106,996)</u>		\$ <u>(117,284)</u>

NOTES:

Position created and filled June 2015.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

ACCOUNTING & TREASURY

	2013/14	2014/15	2015/16	2016/17	FY2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
Personnel services	\$ (362,304)	\$ (373,349)	\$ (516,428)	\$ (535,489)	\$ (488,860)
Supplies	(6,520)	(6,199)	(12,568)	(15,675)	(5,690)
Services	(188,888)	(138,804)	(191,479)	(184,630)	(122,130)
Capital outlay	(10,000)	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	(567,712)	(518,352)	(720,475)	(735,794)	(616,680)
Total revenues	8,558,420	9,413,625	10,056,182	10,555,825	10,950,522
Revenues over(under) expenditures	\$ 7,990,708	\$ 8,895,273	\$ 9,335,707	\$ 9,820,031	\$ 10,333,842

NOTES:

In FY 12/13, the capital outlay is for remainder of the New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

In FY 13/14, the capital outlay is for a New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

In FY 17/18, the contract service for the New World Financial Systems was moved to the Information Technology Internal Service Fund (\$6

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

CITY-OWNED RENTAL PROPERTY

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	(1,282)	-	(4,500)	(10,000)	-
Services	(28,607)	(18,997)	-	-	-
Capital outlay	-	-	-	-	-
Other - recruitment	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(29,889)</u>	<u>(18,997)</u>	<u>(4,500)</u>	<u>(10,000)</u>	<u>-</u>
Total revenues	<u>21,750</u>	<u>27,250</u>	<u>300,400</u>	<u>381,301</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(8,139)</u></u>	\$ <u><u>8,253</u></u>	\$ <u><u>295,900</u></u>	\$ <u><u>371,301</u></u>	\$ <u><u>-</u></u>

For FY2017/18, this income is being accounted for in the Finance Department budget.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

POLICE DEPARTMENT

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
				Budget	Budget
Personnel services	\$ (2,463,834)	\$ (2,577,508)	\$ (2,663,841)	\$ (2,869,016)	\$ (3,059,585)
Supplies	(99,955)	(89,547)	(91,930)	(75,000)	(67,730)
Services	(195,958)	(189,212)	(260,734)	(191,970)	(185,237)
Capital outlay	-	-	-	-	-
Other	(16,936)	(24,000)	(24,982)	-	(24,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(2,776,683)</u>	<u>(2,880,267)</u>	<u>(3,041,487)</u>	<u>(3,135,986)</u>	<u>(3,336,552)</u>
Total revenues	<u>69,266</u>	<u>80,410</u>	<u>119,441</u>	<u>53,680</u>	<u>84,427</u>
Revenues over(under) expenditures	<u>\$ (2,707,417)</u>	<u>\$ (2,799,857)</u>	<u>\$ (2,922,046)</u>	<u>\$ (3,082,306)</u>	<u>\$ (3,252,125)</u>

NOTES:

In FY 11/12, the City entered into an agreement with the San Luis Coastal Unified School District to employ a School Resources Officer. The SRO is a City employee, and is paid 75% by the School District and 25% by the City with Measure Q funds. This position is funded on a yearly basis.

In FY 12/13, the departmental budget includes funding of \$20,000 for the County Narcotics and Gang Task Force

In FY 13/14, the SRO was funded at 37% by the School District and 63% by the City.

In FY 14/15, the SRO was funded at 50% by the School District and City.

In FY 15/16, the SRO was funded at 50% by the School District and City.

In FY 16/17, the SRO was funded at 50% by the School District and City.

In FY 17/18, the SRO is no longer funded 50% by School District. In City budget for 100% for six months approx \$77K. Other six months is in Measure Q.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

POLICE SUPPORT SERVICES DIVISION

	2013/14		2014/15		2015/16		2016/17		2017/18
	Actual		Actual		Actual		Amended		Proposed
						-	Budget		Budget
Personnel services	\$ (401,098)	\$	(145,079)	\$	(199,563)	\$	(215,148)	\$	(221,064)
Supplies	(5,243)		(3,290)		(5,985)		(1,000)		(1,185)
Services	(12,063)		(149,830)		(247,343)		(15,750)		(8,873)
Capital outlay	-		-		-		-		-
Other	(6,745)		(79,414)				-		-
Equipment replacement	-		-		-		-		-
Total expenditures	(425,149)		(377,613)		(452,891)		(231,898)		(231,122)
Total revenues	-		-		-		-		-
Revenues over(under) expenditures	\$ (425,149)	\$	(377,613)	\$	(452,891)	\$	(231,898)	\$	(231,122)

NOTES:

In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). This division was renamed to Support Services to reflect the change from City-wide Communications. The increase in the Services category is due to the SLO County Sheriff's contract for emergency dispatch services, which is offset by the reduction in personnel costs.

For the FY 16/17 fiscal year budget, the dispatch contract has been moved to Contract Services.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

FIRE DEPARTMENT

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
Personnel services	\$ (1,809,493)	\$ (2,002,026)	\$ (2,105,687)	\$ (2,224,771)	\$ (2,275,113)
Supplies	(110,941)	(109,853)	(109,598)	(101,129)	(87,266)
Services	(97,476)	(112,383)	(236,650)	(156,207)	(113,281)
Capital outlay	(40,518)	(3,161)	-	-	-
Other	(1,000)	(1,000)	(5,000)	(5,250)	(5,275)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(2,059,428)</u>	<u>(2,228,423)</u>	<u>(2,456,935)</u>	<u>(2,487,357)</u>	<u>(2,480,935)</u>
Total revenues	<u>257,199</u>	<u>225,846</u>	<u>423,352</u>	<u>304,891</u>	<u>218,523</u>
Revenues over(under) expenditures	<u>\$ (1,802,229)</u>	<u>\$ (2,002,577)</u>	<u>\$ (2,033,583)</u>	<u>\$ (2,182,466)</u>	<u>\$ (2,262,412)</u>

NOTES:

In FY 14/15, an 11th firefighter position was added.

In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). The increase in services is primarily due to the CalFire emergency dispatch contract.

For the FY 16/17 fiscal year budget, the dispatch contract has been moved to Contract Services.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

EOC DISASTER PREPAREDNESS

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Proposed</u>
			-	<u>Budget</u>	<u>Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	(6,091)	(5,729)	(86)	(8,019)	(6,000)
Services	(2,147)	(4,168)	(4,231)	(3,500)	(2,967)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(8,238)</u>	<u>(9,897)</u>	<u>(4,317)</u>	<u>(11,519)</u>	<u>(8,967)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (8,238)</u>	<u>\$ (9,897)</u>	<u>\$ (4,317)</u>	<u>\$ (11,519)</u>	<u>\$ (8,967)</u>

NOTES:

In FY 13/14, staff budgeted for a nuclear planning grant in the amount of \$9,000. If the grant is awarded, staff will purchase 2 audio/video flat screens for the primary EOC, and supplies/maps for the secondary EOC.

In FY 14/15, staff budgeted for a nuclear planning grant in the amount of \$5,000. If the grant is awarded, staff will purchase secondary EOC supplies.

In FY 17/18, staff budgeted for a PG&E grant in the amount of \$6,000. If the grant is awarded, staff will purchase cellular hotspots for wireless communications, battery replacement for EOC satellite, and laptop upgrades .

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

COMMUNITY DEVELOPMENT

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Personnel services	\$ -	\$ (196,861)	\$ (626,306)	\$ (766,175)	\$ (817,023)
Supplies	-	(995)	(18,482)	(10,300)	(9,800)
Services	-	(81,369)	(88,628)	(112,698)	(126,647)
Capital outlay	-	-	-	-	-
Other	-	-	(100,000)	(100,000)	(100,000)
Equipment replacement	-	-	-	-	-
Total expenditures	-	(279,225)	(833,416)	(989,173)	(1,053,470)
Total revenues	-	482,201	539,715	467,700	503,167
Revenues over(under) expenditures	\$ -	\$ 202,976	\$ (293,701)	\$ (521,473)	\$ (550,303)

NOTES:

This department was created in FY 15/16.

With the FY 15/16 budget, \$100,000 is designated for various studies. This amount will be budgeted annually.

The FY 17/18 budget, includes \$100,000 for various studies. This amount will be budgeted annually.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

PUBLIC WORKS DEPARTMENT

	2013/14		2014/15		-	2015/16		2016/17		2017/18
	Actual		Actual		Actual		Amended		Proposed	
	Actual		Actual		Actual		Budget		Budget	
Personnel services	\$ (719,264)	\$	(683,263)	\$	(523,536)	\$	(368,330)	\$	(525,040)	
Supplies	(22,376)		(17,834)		(13,027)		(25,964)		(8,131)	
Services	(192,570)		(159,752)		(64,573)		(122,357)		(93,178)	
Capital outlay	-		-		-		-		-	
Other	-		-		-		-		-	
Equipment replacement	-		-		-		-		-	
Total expenditures	(934,210)		(860,849)		(601,136)		(516,651)		(626,349)	
Total revenues	567,978		315		4,972		-		7,020	
Revenues over(under) expenditures	\$ (366,232)	\$	(860,534)	\$	(596,164)	\$	(516,651)	\$	(619,329)	

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE DIVISION
VEHICLE, PARKS AND FACILITIES MAINTENANCE**

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Personnel services	\$ (700,288)	\$ (723,149)	\$ (752,612)	\$ (690,620)	\$ (681,030)
Supplies	(97,446)	(96,270)	(70,071)	(92,737)	(94,700)
Services	(267,144)	(181,601)	(269,685)	(213,163)	(200,431)
Capital outlay	-	(6,300)	-	-	-
Other	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Total expenditures	(1,064,878)	(1,007,320)	(1,092,368)	(996,520)	(976,161)
Total revenues	21,750	9,964	-	-	-
Revenues over(under) expenditures	\$ (1,043,128)	\$ (997,356)	\$ (1,092,368)	\$ (996,520)	\$ (976,161)

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STREETS MAINTENANCE DIVISION**

	2013/14	2014/15	- 2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended Budget	Proposed Budget
Personnel services	\$ (119,515)	\$ (147,979)	\$ (135,864)	\$ (254,459)	\$ (324,609)
Supplies	(44,684)	(60,324)	(68,703)	(62,000)	(71,310)
Services	(81,725)	(55,414)	(86,614)	(108,800)	(64,416)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	(245,924)	(263,717)	(291,181)	(425,259)	(460,335)
Total revenues	3,538	4,657	3,256	-	-
Revenues over(under) expenditures	\$ (242,386)	\$ (259,060)	\$ (287,925)	\$ (425,259)	\$ (460,335)

FY 17/18 Personnel Services increase reflects allocations of staff time from public works and consolidated maint anticipated to work on streets maintenance.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STREET TREES MAINTENANCE DIVISION**

	2013/14		2014/15		-		2016/17		2017/18
	Actual		Actual		Actual		Amended		Proposed
	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>		<u>Budget</u>		<u>Budget</u>
Personnel services	\$ (37,605)	\$	(38,841)	\$	(33,340)	\$	(97,447)	\$	(128,294)
Supplies	(1,522)		(1,008)		(2,829)		(5,500)		(6,000)
Services	(35,382)		(25,282)		(72,287)		(70,200)		(46,000)
Capital outlay	-		-		-		-		-
Other	-		-		-		-		-
Equipment replacement	-		-		-		-		-
Total expenditures	<u>(74,509)</u>		<u>(65,131)</u>		<u>(108,456)</u>		<u>(173,147)</u>		<u>(180,294)</u>
Total revenues	<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(74,509)</u></u>	\$	<u><u>(65,131)</u></u>	\$	<u><u>(108,456)</u></u>	\$	<u><u>(173,147)</u></u>	\$	<u><u>(180,294)</u></u>

FY 16/17 Personnel Services and Services increase is allocation of staff time from public works and consolidated maintenance charged removing trees damaged by winter storms.

FY 17/18 Personnel services increase reflects allocation of staff time from public works and consolidated maintenance.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

STREET LIGHTING

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Personnel services	\$ -	\$ (485)	\$ (70)	\$ (1,200)	\$ (500)
Supplies	(7,971)	(103)	(22)	-	(500)
Services	<u>(75,384)</u>	<u>(100,475)</u>	<u>(104,149)</u>	<u>(106,000)</u>	<u>(105,000)</u>
Total expenditures	\$ <u>(83,355)</u>	\$ <u>(101,063)</u>	\$ <u>(104,241)</u>	\$ <u>(107,200)</u>	\$ <u>(106,000)</u>

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE
STORM DRAINS/CREEK CLEARING MAINTENANCE DIVISION**

	<u>2013/14</u>		<u>2014/15</u>		-		<u>2016/17</u>		<u>2017/18</u>
	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>		<u>Amended</u>		<u>Proposed</u>
							<u>Budget</u>		<u>Budget</u>
Personnel services	\$ (78,329)	\$	(76,551)	\$	(61,435)	\$	(124,161)	\$	(174,465)
Supplies	(1,552)		(9,902)		(17,408)		(4,000)		(14,080)
Services	(20,380)		(39,330)		(31,132)		(36,700)		(34,970)
Capital outlay	-		-		-		-		-
Other	-		-		-		-		-
Equipment replacement	-		-		-		-		-
Total expenditures	(100,261)		(125,783)		(109,975)		(164,861)		(223,515)
Total revenues	-		-		-		-		-
Revenues over(under) expenditures	\$ <u>(100,261)</u>	\$	<u>(125,783)</u>	\$	<u>(109,975)</u>	\$	<u>(164,861)</u>	\$	<u>(223,515)</u>

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

CURBSIDE RECYCLING

	2013/14 Actual	2014/15 Actual	- 2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Personnel services	\$ (22,940)	\$ (22,940)	\$ (23,832)	\$ (24,888)	\$ -
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	(22,940)	(22,940)	(23,832)	(24,888)	-
Total revenues	<u>22,983</u>	<u>23,622</u>	<u>24,448</u>	<u>24,888</u>	<u>25,872</u>
Revenues over(under) expenditures	\$ <u>43</u>	\$ <u>682</u>	\$ <u>616</u>	\$ <u>-</u>	\$ <u>25,872</u>

For FY2017/18, personnel services working on Curbside Recycling activities are accounted for in other Public Works Division Budget

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

RECREATION SERVICES - ADMINISTRATION

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (269,576)	\$ (329,729)	\$ (138,126)	\$ (400,068)	\$ (277,532)
Supplies	(6,263)	(6,984)	(4,199)	(5,150)	(4,996)
Services	(35,318)	(44,592)	(49,773)	(60,160)	(47,175)
Capital outlay	-	-	-	-	-
Other	-	-	-	(7,500)	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(311,157)</u>	<u>(381,305)</u>	<u>(192,098)</u>	<u>(472,878)</u>	<u>(329,703)</u>
Total revenues	<u>148,445</u>	<u>73,749</u>	<u>186,378</u>	<u>97,000</u>	<u>129,400</u>
Revenues over(under) expenditures	\$ <u><u>(162,712)</u></u>	\$ <u><u>(307,556)</u></u>	\$ <u><u>(5,720)</u></u>	\$ <u><u>(375,878)</u></u>	\$ <u><u>(200,303)</u></u>

NOTES:

In FY 12/13, the \$6,000 reserve for the Community Center maintenance has not been allocated; costs associated with Community Center maintenance will be directed to the Facility Maintenance fund.

FY 17/18 certain staff charged to administration were moved to Youth and Teen departments.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

RECREATION SERVICES - SPORTS

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (210,971)	\$ (224,668)	\$ (235,319)	\$ (149,300)	\$ (271,372)
Supplies	(64,492)	(76,496)	(65,167)	(78,200)	(66,185)
Services	(49,133)	(17,192)	(48,308)	(23,648)	(74,299)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(324,596)</u>	<u>(318,356)</u>	<u>(348,794)</u>	<u>(251,148)</u>	<u>(411,856)</u>
Total revenues	<u>171,360</u>	<u>221,339</u>	<u>205,032</u>	<u>205,632</u>	<u>200,000</u>
Revenues over(under) expenditures	\$ <u><u>(153,236)</u></u>	\$ <u><u>(97,017)</u></u>	\$ <u><u>(143,762)</u></u>	\$ <u><u>(45,516)</u></u>	\$ <u><u>(211,856)</u></u>

FY 17/18 Proposed Budget increases Personnel services, for part-time help associated with pool opening in September 2017 for aquatic programs and lifeguards.

Increases in Services is due to rentals of High School soccer fields, gyms, etc.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

RECREATION SERVICES - YOUTH AND TEEN PROGRAMS

	2013/14		2014/15		-		2016/17		2017/18
	Actual		Actual		Actual		Amended		Proposed
	Actual		Actual		Actual		Budget		Budget
Personnel services	\$ (323,683)	\$	(340,965)	\$	(336,035)	\$	(184,387)	\$	(310,047)
Supplies	(27,112)		(29,174)		(15,506)		(28,500)		(15,400)
Services	(22,512)		(24,827)		(21,782)		(23,050)		(19,165)
Capital outlay	-		-		-		-		-
Other	-		-		-		-		-
Equipment replacement	-		-		-		-		-
Total expenditures	(373,307)		(394,966)		(373,323)		(235,937)		(344,612)
Total revenues	216,574		198,078		233,047		219,000		202,100
Revenues over(under) expenditures	\$ (156,733)	\$	(196,888)	\$	(140,276)	\$	(16,937)	\$	(142,512)

FY 17.18 Personnel Services increase is due to move of labor expense from Rec Administration, see reductions there.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

TRANSFERS

	<u>2013/14</u>		<u>2014/15</u>		<u>2015/16</u>		<u>2016/17</u>		<u>2017/18</u>
	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>		<u>Amended</u>		<u>Proposed</u>
							<u>Budget</u>		<u>Budget</u>
TRANSFERS OUT:									
General - Facility Maintenance	\$ (1,255,000)	\$	-	\$	-	\$	-		-
General - Emergency Reserve	(38,195)		-		-		-		-
General - Vehicle Replacement	-		-		(75,000)		(75,000)		(75,000)
General - Capital Replacement	-		-		(75,000)		(100,000)		-
General - Projects Accumulation	-		-		(200,000)		(125,000)		-
General - Capital Improvement	(872,894)		(191,889)		-		-		-
Special Revenue Funds	<u>(320,663)</u>		<u>(41,054)</u>		<u>(369,489)</u>		<u>(436,357)</u>		<u>(447,322)</u>
Total Transfers Out	\$ <u>(2,486,752)</u>	\$	\$ <u>(232,943)</u>	\$	\$ <u>(719,489)</u>	\$	\$ <u>(736,357)</u>		\$ <u>(522,322)</u>
TRANSFERS IN:									
Emergency Reserve Fund	\$ -	\$	\$ -	\$	\$ -	\$	\$ -		20,585
Special Revenues Funds:									
Measure Q - Fire overtime	123,340		99,608		92,867		96,122		116,444
County TMD	-		-		5,743		6,619		6,950
TBID	-		-		17,508		19,292		19,564
State Gas Tax - streets	345,434		346,088		230,562		237,562		305,292
Traffic Safety - traffic signals	19,012		18,771		20,000		13,000		13,000
Affordable In-Lieu Housing	63,000		10,410		-		-		-
Capital Improvement fund	845,152		301,187		-		-		-
Enterprise Funds:									
Cost Allocation Plan:									
Transit	79,775		79,775		79,775		79,775		79,775
Water	276,341		279,104		281,058		286,679		292,327
Sewer	164,701		166,348		167,512		170,862		174,228
Harbor	276,986		281,986		276,986		276,986		276,986
Other:									
Harbor - AGP Video, RR cleanin	5,000		-		5,000		11,300		11,700
Risk Management Accum Fund	<u>252,620</u>		<u>125,900</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total Transfers In	\$ <u>2,451,361</u>	\$	\$ <u>1,709,177</u>	\$	\$ <u>1,177,011</u>	\$	\$ <u>1,198,197</u>		\$ <u>1,316,851</u>

NOTES:

In FY 13/14, the transfer out of \$38,195 was to fully fund the G/F Emergency Reserve. The transfer in from Risk Management is for the \$100,000 Dynegy loss, funding TBID's portion of the former CPC funds, backfilling the G/F Emergency Reserve and Council bequests.

In FY 15/16, transfers out to Special Revenue Funds are \$50,000 to the Visitors Center, and \$325,489 to the Information Services Internal Service Fund.

In FY 17/18, transfers out of Special Revenue Funds are \$50,000 to the Unfunded Compensable Leaves Fund, \$134,928 to TBID, and \$262,394 to the Information Services Internal Service Fund

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CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the expenditures on technology, as well as the accumulation of funds for purchasing technology, such as servers and personal computers.

CITY OF MORRO BAY

2017/18 Proposed Budget

INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
				Budget	Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ 143,126	112,363
Revenues from:					
General Fund budget	142,923	197,473	181,859	286,107	262,394
Contributions from other G/F depts	-	-	87,630	40,250	
General Fund contribution	-	-	50,000	50,000	
Transfers in from:					
Water			3,500	2,000	18,384
Sewer			4,000	2,000	18,384
Harbor			2,000	2,000	23,398
Wastewater Treatment	-	-	2,000	2,000	26,741
TBID					3,343
Strategic investment spending	-	-	100,000	-	-
Total revenues	142,923	197,473	430,989	384,357	352,644
Expenses for:					
Personnel	(124,769)	(137,670)	(132,920)	(207,033)	(224,052)
Supplies	(1,824)	(5,729)	-	(91,000)	(35,000)
Services	(16,330)	(54,074)	(118,443)	(158,087)	(204,903)
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
IT	-	-	(20,000)	-	-
Police	-	-	(5,000)	-	-
Fire	-	-	-	-	-
Community Development	-	-	(3,700)	(20,000)	
Public Works	-	-	(4,050)	(7,000)	
Water	-	-	-	-	-
Sewer	-	-	-	-	-
Wastewater Treatment	-	-	-	-	-
Recreation	-	-	(3,750)	-	-
Harbor	-	-	-	-	-
Total expenses	(142,923)	(197,473)	(287,863)	(483,120)	(463,955)
Revenues over(under) expenses	-	-	143,126	(98,763)	(111,311)
Ending cash balance	\$ -	\$ -	\$ 143,126	\$ 44,363	1,052

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

HARBOR FUNDS

HARBOR OPERATIONS:

This Fund was established to account for all revenues and expenses connected with the operation of the Morro Bay Harbor, and in accordance with the Tidelands granting statutes. The principle source of revenue for this Fund is leases on the Embarcadero.

The Harbor Operating Fund is established as a self-supporting enterprise fund.

Also included here are fund spreadsheets for the *Harbor Equipment Replacement*, a savings fund for equipment, vehicle, watercraft and vessel replacements, and *Harbor Accumulation*, a savings fund for capital projects and operational needs.

CITY OF MORRO BAY

2017/18 Proposed Budget

HARBOR OPERATING FUND

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
			-	Budget	Budget
	<u> </u>				
Beginning cash balance	\$ -	\$ -	\$ 76,839	\$ 246,153	\$ 246,153
Revenues from:					
State/Federal grants	51,000	-	-	293,000	343,000
Charges for services:					
Lease sites, including Dynegy	2,002,215	1,875,847	1,949,963	1,957,126	1,999,540
Launch ramp	25,076	30,962	29,250	27,540	28,000
Other	88,382	63,339	31,020	13,000	14,118
Subtotal	<u>2,166,673</u>	<u>1,970,148</u>	<u>2,010,233</u>	<u>2,290,666</u>	<u>2,384,658</u>
Transfers in from:					
Capital improvement	-	-	-	-	-
Accumulation fund	35,298	-	92,660	-	-
Subtotal	<u>35,298</u>	<u>-</u>	<u>92,660</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>2,201,971</u>	<u>1,970,148</u>	<u>2,102,893</u>	<u>2,290,666</u>	<u>2,384,658</u>
Expenses for:					
Personnel	(903,568)	(931,221)	(977,764)	(1,100,973)	(1,137,603)
Supplies	(89,280)	(90,358)	(86,023)	(78,900)	(75,443)
Services	(310,977)	(355,238)	(412,168)	(359,289)	(365,014)
Other (no depreciation)	(111,669)	(50,666)	(93,636)	(293,000)	(344,000)
Launch ramp	(2,681)	(2,181)	(2,295)	(3,800)	(4,031)
Debt service	(134,859)	(40,027)	(35,760)	(134,859)	(134,859)
Subtotal	<u>(1,553,034)</u>	<u>(1,469,691)</u>	<u>(1,607,646)</u>	<u>(1,970,821)</u>	<u>(2,060,950)</u>
Transfers out to:					
General fund for cost allocation	(276,986)	(276,986)	(276,986)	(282,103)	(276,986)
General fund for AGP services	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
IT replacement fund	-	-	(2,000)	(2,000)	(23,398)
General fund for cost allocation	-	-	-	(6,300)	(6,700)
Capital improvement fund	-	-	-	-	-
Accumulation fund - equip repl	(250,000)	-	(16,250)	-	-
Accumulation fund - launch ramp	(21,640)	(27,924)	-	-	-
Accumulation fund - operations	(95,311)	(113,708)	(25,697)	(24,442)	(11,624)
Subtotal	<u>(648,937)</u>	<u>(423,618)</u>	<u>(325,933)</u>	<u>(319,845)</u>	<u>(323,708)</u>
Total expenses and transfers out	<u>(2,201,971)</u>	<u>(1,893,309)</u>	<u>(1,933,579)</u>	<u>(2,290,666)</u>	<u>(2,384,658)</u>
Revenues over(under) expenses and transfers out	<u>-</u>	<u>76,839</u>	<u>169,314</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>	\$ <u>76,839</u>	\$ <u>246,153</u>	\$ <u>246,153</u>	\$ <u>246,153</u>

NOTES:

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

With the FY 14/15 budget, lease site revenues do not include funds previously paid by Dynegy.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

HARBOR EQUIPMENT REPLACEMENT FUND

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ 79,843	\$ 54,312	\$ 54,743	\$ 55,230	\$ 55,230
Revenues from:					
Interest income	423	431	487	-	-
Transfer in from Operating Fund	250,000				
Transfer in from Accumulation Fund	30,000	-	-	-	-
Total revenues	280,423	431	487	-	-
Expenses:					
Equipment/Vehicles	(305,954)	-	-	-	-
Revenues over (under) expenses	(25,531)	431	487	-	-
Ending cash balance	\$ 54,312	\$ 54,743	\$ 55,230	\$ 55,230	\$ 55,230

NOTES:

The 2012/13 requested allocation is for \$200k toward the purchase of a Patrol Boat; the balance is expected to be funded with grants (total cost between \$250 - \$300k).

With the 2013/14 mid-year budget, \$30,000 was authorized for the purchase of a truck.

With 2016/17, new proposed project to start setting aside capital replacement funding for Patrol Vessel #68 replacement in ~3 years. Preliminary cost estimate \$275,000; state and local grants in the amount of ~\$100k to be applied for.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

HARBOR ACCUMULATION FUND

	<u>2013/14</u>	<u>2014/15</u>	<u>-</u> <u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Proposed</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 1,254,690	\$ 900,113	\$ 458,667	\$ 590,802	\$ 514,668
Revenues from:					
Interest income	<u>7,334</u>	<u>6,041</u>	<u>3,922</u>	<u>-</u>	<u>-</u>
Transfers in from:					
Launch ramp	21,639	27,924	25,697	-	-
Operating/Capital fund	<u>95,311</u>	<u>113,708</u>	<u>252,948</u>	<u>24,442</u>	<u>11,624</u>
Subtotal	<u>116,950</u>	<u>141,632</u>	<u>278,645</u>	<u>24,442</u>	<u>11,624</u>
Total revenues and transfers in	<u>124,284</u>	<u>147,673</u>	<u>282,567</u>	<u>24,442</u>	<u>11,624</u>
Capital improvements	<u>(448,861)</u>	<u>(457,199)</u>	<u>(57,772)</u> ¹	<u>(100,576)</u>	
Transfers out to:					
Operating fund	-	(131,920)	(92,660)	-	-
Equipment replacement fund	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(30,000)</u>	<u>(131,920)</u>	<u>(92,660)</u>	<u>-</u>	<u>-</u>
Total capital and transfers out	<u>(478,861)</u>	<u>(589,119)</u>	<u>(150,432)</u>	<u>(100,576)</u>	<u>-</u>
Revenues and transfers over(under)					
capital improvements and transfers out	<u>(354,577)</u>	<u>(441,446)</u>	<u>132,135</u>	<u>(76,134)</u>	<u>11,624</u>
Ending cash balance	<u>\$ 900,113</u>	<u>\$ 458,667</u>	<u>\$ 590,802</u>	<u>\$ 514,668</u>	<u>\$ 526,292</u>

1 Represents anticipated spending through June 30 2017. The majority of appropriations for Capital Projects will go unexpended for FY 2016/17

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

WATER FUNDS

WATER OPERATIONS:

This Fund was established to account for all income and expenses having to do with the City's water utility operation. Its primary revenue source is water sales to residents and businesses. The Water Revenue Fund is established as a self-supporting enterprise fund.

The City participates in the State Water Project through a 1992 agreement with the San Luis Obispo County Flood Control District and Water Conservation District. The agreement established the Central Coast Water Authority, to act as the treatment and distribution facility and bonding agent for the capital costs associated with the facility and local pipeline.

Conservation-based water rates were set in 1996, and since that time, water rates have been reviewed by the City Council, but not adjusted. For several years, the City failed to meet its debt coverage ratio (although all payments were made on time). The biggest issues were the drought and reduced water consumption, due to water conservation combined with the static water rates. These two factors, along with the need to periodically use the City's desalinization facility during times of decreased State Water production, exacerbated the inability to meet the required coverage ratio.

On March 27, 2014, the City of Morro Bay issued a Request for Proposals for Consulting Services, Water and Sewer Rate Study Services, and on May 23rd, Bartle Wells was selected to perform these studies. The City established the following schedule to present, discuss and implement the new rates:

1. Public Works Advisory Board preliminary workshop, January 29, 2015
2. City Council Rate Study Session, February 24, 2015
3. City Council meeting to further discuss and potentially adopt the rate schedule(s), March 24, 2015
4. City Council Prop 218 Public Hearing, May 26, 2015
5. New rates implementation date: July 1, 2015

On May 26, 2015, the City Council adopted Resolution No. 30-15, establishing a new water rate schedule that was implemented with the July water usage (September 1 billing date). Our consultant, Bartle Wells, estimated the 2015/16 coverage ratio would be 1.26%.

The City's new water rate structure was developed to fund the City's ongoing operations, a capital improvement program, and provide for the required debt coverage ratio. Also included in the Proposition 218 rate adoption process were emergency rates that Council may impose should water use be severely restricted and water sales are lower than anticipated, and additional add-on rates that address the operation of its desalinization facility for water production, during long-term State Water Project shutdowns.

Also included here are fund spreadsheets for the ***Water Equipment Replacement***, a savings fund for equipment and vehicle replacements, ***Water Accumulation***, a savings fund for capital projects and operational needs, and the ***Utility Discount/Rebate Program*** for our citizens.

CITY OF MORRO BAY

2017/18 Proposed Budget

WATER REVENUE FUND

	<u>2013/14</u> Actual	<u>2014/15</u> Actual	<u>2015/16</u> Actual	<u>2016/17</u> Amended Budget	<u>2017/18</u> Proposed Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Water sales	3,391,983	3,127,845	4,169,948	5,019,000	5,366,000
Service fees	107,630	119,131	143,999	117,800	111,200
Other revenues	<u>1,786</u>	<u>8,430</u>	<u>1,684</u>	<u>1,000</u>	<u>2,500</u>
Subtotal	3,501,399	3,255,406	4,315,631	5,137,800	5,479,700
Transfers in from:					
Water Capital Projects Fund		194,751			
Accumulation fund	<u>1,728,316</u>	<u>5,488</u>	<u>22,681</u>	-	-
Total revenues and transfers in	<u>5,229,715</u>	<u>3,455,645</u>	<u>4,338,312</u>	<u>5,137,800</u>	<u>5,479,700</u>
Expenses for:					
Personnel	(751,605)	(727,066)	(701,338)	(843,426)	(807,177)
Supplies	(193,330)	(169,262)	(131,727)	(193,615)	(190,242)
Services	(3,499,248)	(2,006,261)	(2,481,500)	(3,246,354)	(3,380,522)
Other (no depreciation)	<u>(509,191)</u>	<u>(197,883)</u>	<u>(19,257)</u>	<u>(7,500)</u>	<u>(14,280)</u>
Subtotal	<u>(4,953,374)</u>	<u>(3,100,472)</u>	<u>(3,333,822)</u>	<u>(4,290,895)</u>	<u>(4,392,221)</u>
Transfers out to:					
General fund for cost allocation	(276,341)	(279,104)	(281,058)	(286,679)	(292,327)
General fund for Capital Projects			(73,960)		
IT replacement fund	-	-	(3,500)	-	(18,384)
Trust & Agency Fund				(5,365)	
Utility discount program	-	(76,069)		(67,800)	(75,200)
Accumulation fund	-	-	<u>(645,972)</u>	<u>(487,061)</u>	<u>(701,568)</u>
Subtotal	<u>(276,341)</u>	<u>(355,173)</u>	<u>(1,004,490)</u>	<u>(846,905)</u>	<u>(1,087,479)</u>
Total expenses and transfers out	<u>(5,229,715)</u>	<u>(3,455,645)</u>	<u>(4,338,312)</u>	<u>(5,137,800)</u>	<u>(5,479,700)</u>
Revenues over(under) expenses and transfers out	-	-	-	-	-
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

NOTES:

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.
 Resolution No. 30-15, adopted on May 26, 2015, established new water and sewer rates.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

WATER EQUIPMENT REPLACEMENT FUND

	2013/14	2014/15	-	2016/17
	Actual	Actual	2015/16	Amended
	<u> </u>	<u> </u>	<u>Actual</u>	<u>Budget</u>
Beginning cash balance	\$ 258,845	\$ 260,481	\$ 262,550	\$ 264,885
Revenues from:				
Interest income	1,636	2,069	2,335	-
Transfers in	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Total revenues	1,636	2,069	2,335	-
Expenses:				
Equipment/Vehicles	<u> -</u>	<u> -</u>	<u> -</u>	<u> -</u>
Revenues over (under) expenses	<u> 1,636</u>	<u> 2,069</u>	<u> 2,335</u>	<u> -</u>
Ending cash balance	\$ <u>260,481</u>	\$ <u>262,550</u>	\$ <u>264,885</u>	\$ <u>264,885</u>

FY 17/18 anticipates purchase of a Hot-line insta-valve machine \$50,000.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

WATER ACCUMULATION FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 4,146,391	\$ 2,366,571	\$ 2,023,701	\$ 2,775,364	\$ 3,264,925
Revenues from:					
Impact fees	28,075	69,551	99,376	40,000	63,200
WEU In-Lieu fees		-	23,200	23,200	-
Interest income	20,990	-	21,364	7,500	7,500
Other income	640	-	-	-	-
Subtotal	<u>49,705</u>	<u>69,551</u>	<u>143,940</u>	<u>70,700</u>	<u>70,700</u>
Transfers in	<u>-</u>	<u>-</u>	<u>645,972</u>	<u>487,061</u>	<u>701,568</u>
Total revenues and transfers in	<u>49,705</u>	<u>69,551</u>	<u>789,912</u>	<u>557,761</u>	<u>772,268</u>
Expenses (Rebates/Refunds)		(26,100)		-	-
Capital Expenditures	(101,209)	(167,881)	(38,249) ¹	(45,000)	(743,075)
Transfer out to Utility Discount/Rebate				(23,200)	(75,200)
Transfer out to operating fund	<u>(1,728,316)</u>	<u>(218,440)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>(1,829,525)</u>	<u>(412,421)</u>	<u>(38,249)</u>	<u>(68,200)</u>	<u>(818,275)</u>
Revenues over(under) expenditures	<u>(1,779,820)</u>	<u>(342,870)</u>	<u>751,663</u>	<u>489,561</u>	<u>(46,007)</u>
Ending cash balance	<u>\$ 2,366,571</u>	<u>\$ 2,023,701</u>	<u>\$ 2,775,364</u>	<u>\$ 3,264,925</u>	<u>\$ 3,218,918</u>

¹ Represents anticipated spending through June 30 2017. The majority of appropriations for Capital Projects will go unexpended for FY 2016/17

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

UTILITY DISCOUNT/REBATE PROGRAM

This program began with the passage of Resolution No. 54-15 on July 14, 2015. Discretionary funds are placed into this account to allow a discount on City Utility bills for residents who are participants in the PG&E Care Program. The money used for funding is Water and Sewer penalties,

Additionally, the Utility Rebate Program is operated out of this fund. Homeowners, who purchase and install water conserving appliances (washers, toilets), may apply for a rebate, based on program requirements.

CITY OF MORRO BAY
2016/17 PROPOSED BUDGET

UTILITY DISCOUNT/REBATE PROGRAM

	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Amended</u> <u>Budget</u>	<u>2016/17</u> <u>Proposed</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ 127,678	\$ 135,915	\$ 137,883
Transfers in:				
Water penalties	68,059	68,059	60,000	65,000
Water service charges	8,010	8,010	7,800	10,200
WEU In-Lieu fees from Water Accum	23,200	23,200	23,200	-
Sewer penalties	28,409	25,000	27,000	48,000
Total revenues	<u>127,678</u>	<u>124,269</u>	<u>118,000</u>	<u>123,200</u>
Expenditures:				
Discounts/rebates paid	<u>-</u>	<u>(116,032)</u>	<u>(116,032)</u>	<u>(123,200)</u>
Revenues over(under) expenditures and transfers out	<u>127,678</u>	<u>8,237</u>	<u>1,968</u>	<u>-</u>
Ending cash balance	\$ <u>127,678</u>	\$ <u>135,915</u>	\$ <u>137,883</u>	\$ <u>137,883</u>

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SEWER FUNDS

SEWER OPERATIONS:

This Fund is used to account for the revenues and expenses associated with the wastewater collection operation. Its primary revenue source is sewer usage fees charged to residents and businesses. Operational funds are transferred to the Morro Bay/Cayucos Sanitary District Wastewater Treatment Fund.

The Sewer Revenue Fund is established as a self-supporting enterprise fund.

Since 2007, rates have been raised annually in preparation for the major upgrade to the existing 1950's wastewater treatment facility. In December 2012, the City Council ceased efforts to upgrade the Facility at its current waterfront location; efforts to secure a new location began soon thereafter and continue.

A new sewer rate structure was implemented with Resolution No. 30-15; see the discussion under Water Revenue Fund.

Also included here are fund spreadsheets for the ***Sewer Equipment Replacement***, a savings fund for equipment and vehicle replacements, and ***Sewer Accumulation***, a savings fund for capital projects and operational needs.

CITY OF MORRO BAY

2017/18 Proposed Budget

SEWER REVENUE FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>-</u> <u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Sewer user fees	4,070,514	4,221,780	4,921,000	5,561,000	6,198,000
Intergovernmental	-	-	-	-	-
Rental income	18,704	23,370	20,000	20,000	20,000
Other revenues (Penalties)	33,330	34,675	25,000	27,000	48,000
Subtotal	<u>4,122,548</u>	<u>4,279,825</u>	<u>4,966,000</u>	<u>5,608,000</u>	<u>6,266,000</u>
Transfers in from:					
Accumulation fund	-	-	-	-	-
Other	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>4,122,548</u>	<u>4,279,825</u>	<u>4,966,000</u>	<u>5,608,000</u>	<u>6,266,000</u>
Expenses for:					
Personnel	(535,091)	(543,849)	(653,618)	(649,167)	(591,989)
Supplies	(127,031)	(116,221)	(156,250)	(223,750)	(199,760)
Services	(236,783)	(341,322)	(424,984)	(582,768)	(487,693)
Other (no depreciation)	(71,690)	(61,396)	-	-	(14,075)
MB/CSD Wastewater Treatment Plant	(2,624,352)	(2,700,186)	-	(1,796,417)	(1,680,199)
Subtotal	<u>(3,594,947)</u>	<u>(3,762,974)</u>	<u>(1,234,852)</u>	<u>(3,252,102)</u>	<u>(2,973,716)</u>
Transfers out to:					
General fund for cost allocation	(164,701)	(166,348)	(167,512)	(170,862)	(174,228)
Utility discount program	-	(28,409)	(25,000)	(27,000)	(48,000)
IT replacement fund	-	-	(4,000)	(5,164)	(18,384)
to Waste Water Treatment Fund					(1,870,530)
Accumulation fund	(362,900)	(322,094)	(3,534,636)	(2,152,872)	(1,181,142)
Subtotal	<u>(527,601)</u>	<u>(516,851)</u>	<u>(3,731,148)</u>	<u>(2,355,898)</u>	<u>(3,292,284)</u>
Total expenses and transfers out	<u>(4,122,548)</u>	<u>(4,279,825)</u>	<u>(4,966,000)</u>	<u>(5,608,000)</u>	<u>(6,266,000)</u>
Revenues over(under) expenses					
and transfers out	-	-	-	-	-
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SEWER EQUIPMENT REPLACEMENT FUND

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Proposed</u>
			-	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 124,710	\$ 240,864	\$ 358,234	\$ 498,234	\$ 675,605
Revenues from:					
Interest income	1,154	2,370	-	-	-
Transfer in	<u>115,000</u>	<u>115,000</u>	<u>140,000</u>	<u>177,371</u>	<u>177,371</u>
Total revenues	116,154	117,370	140,000	177,371	177,371
Expenses:					
Equipment/Vehicles	-	-	-		<u>(615,000)</u>
Revenues over (under) expenses	<u>116,154</u>	<u>117,370</u>	<u>140,000</u>	<u>177,371</u>	<u>(437,629)</u>
Ending cash balance	\$ <u>240,864</u>	\$ <u>358,234</u>	\$ <u>498,234</u>	\$ <u>675,605</u>	\$ <u>237,976</u>

NOTES:

The FY 13/14 allocation is for \$100,000 and \$15,000 to be transferred in to save for the HydroVac and truck replacements.

The FY 14/15 allocation is for \$100,000 to save for the HydroVac; \$15,000 to be added to the accumulation for the truck replacement, which will be purchased this fiscal year.

The FY 15/16 allocation is for \$100,000 to save for the HydroVac; \$40,000 to be added to the accumulation for the truck replacement, that was not purchased in FY 14/15.

The FY 16/17 allocation continues to save for the HydroVac, and other equipment.

The FY 17/18 expenditure is for a truck replacements HydroVac \$540,000 and Utility Truck \$75,000.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SEWER ACCUMULATION FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 3,714,093	\$ 3,964,766	\$ 4,209,495	\$ 6,334,741	\$ 8,330,242
Revenues from:					
Impact fees	54,256	82,103	50,000	60,000	41,115
Interest income	24,209	-	-	-	-
Subtotal	<u>78,465</u>	<u>82,103</u>	<u>50,000</u>	<u>60,000</u>	<u>41,115</u>
Transfers in from:					
Revenue fund	362,900	322,094	3,534,636	2,152,872	1,181,142
Subtotal	<u>362,900</u>	<u>322,094</u>	<u>3,534,636</u>	<u>2,152,872</u>	<u>1,181,142</u>
Total revenues and transfers in	<u>441,365</u>	<u>404,197</u>	<u>3,584,636</u>	<u>2,212,872</u>	<u>1,222,257</u>
Capital improvements	-	(44,468)	(1,319,390) ¹	(40,000)	(4,261,204)
Transfer out to:					
Sewer Equipment Replacement Fund	(115,000)	(115,000)	(140,000)	(177,371)	(177,371)
Sewer Revenue Fund	(75,692)	-	-	-	-
Subtotal	<u>(190,692)</u>	<u>(115,000)</u>	<u>(140,000)</u>	<u>(177,371)</u>	<u>(177,371)</u>
Total capital and transfers out	<u>(190,692)</u>	<u>(159,468)</u>	<u>(1,459,390)</u>	<u>(217,371)</u>	<u>(4,438,575)</u>
Revenues and transfers over(under) capital improvements and transfers out	<u>250,673</u>	<u>244,729</u>	<u>2,125,246</u>	<u>1,995,501</u>	<u>(3,216,318)</u>
Ending cash balance	\$ <u>3,964,766</u>	\$ <u>4,209,495</u>	\$ <u>6,334,741</u>	\$ <u>8,330,242</u>	\$ <u>5,113,924</u>

The FY 17/18 expenditure is for a truck replacements HydroVac \$540,000 and Utility Truck \$75,000 and \$4,261,204 WWTP Relocation and Replacemen

¹ Represents anticipated spending through June 30 2017. The majority of appropriations for Capital Projects will go unexpended for FY 2016/17

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

DISTRICT TRANSACTION TAX FUND

With the November 7, 2006 election, the citizens of Morro Bay voted in a ½ cent district sales tax, commonly known as “Measure Q.” This is a general tax, and has no sunset date.

The ballot measure stated:

“MEASURE Q-06

The Morro Bay Vital Public Services Restoration and Protection Measure. To preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution and other general city services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?”

Ordinance 519 was enacted on August 14, 2006, to establish Chapter 3.22, City of Morro Bay Transactions and Use Tax.

The City Council divides the annual revenue estimate between the departments, based on the language in the Measure, campaign polls, and departmental requests.

**CITY OF MORRO BAY
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES
FOR THE 2017/18 FISCAL YEAR**

Division	Project	Departmental Requests	Justification
RECURRING ALLOCATIONS			
Fire	Fire Station #53 debt service + 10% reserve	\$ 91,512	The United States Department of Agriculture (USDA) loaned the City of Morro Bay \$1.5 million to complete construction of the headquarters fire station project. Completing the construction of the fire station has been a Council priority for several years. Additionally, council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold. This request is for the 2016/17 debt service (\$83,193) + the reserve requirement (\$8,319).
Police	School Resource Officer (SRO)	\$ 77,309	The San Luis Coastal Unified School District is no longer funding the SRO program at Morro Bay High School (MBHS) at 50% of the officer's salary and benefits as they traditionally have. The SRO program provides essential public safety services at MBHS, as well as rapport-building between Morro Bay youth and our Police force. This request represents 50% of the cost for the SRO, with the remaining 50% paid by the Police Department's General Fund unit.
Fire	Salaries and benefits for Vacation Relief Firefighter	\$ 260,279	Continues funding for vacation relief full-time firefighter Salary (\$/4,637), Benefits (\$35,804), vacation relief overtime pay (\$15,393), and overtime to maintain staffing of 3 full-time firefighters (\$118,866), and funding the additional reserve part-time firefighter wage (\$12,600) and benefit (\$2,977) to maintain the council desired and strategic plan recommended 4 firefighters on duty each day.
2017/18 REQUESTS			
Public Works	Pavement Management	\$ 529,737	Accumulation from 2015/16 is \$399k as of 5/3/16; this will add to the amount designated for 2016/17 for street work
Police	Standby pay	\$ 13,000	Allocation request to increase Police readiness, 24/7, through the use of stand-by pay for Police personnel.
Police	Payment to other agencies	\$ 14,600	Allocation request for the Bomb Team and the Sheriff's Special Operations Unit (narcotics/gang task force).
Fire	Fire Hose Replacement	\$ 4,000	Replacement 2,000 feet of 2.5 inch 24 year old hose; structure and wildland fire hose repair and hose maintenance
Fire	Generator for Multiple Casualty Trailer	\$ 1,200	Replacement of 3 kw generator on Morro Bay Fire Department's Multiple Casualty (MCI) Trailer. Morro Bay's MCI Trailer is designed to triage and treat up to 48 patients. Morro Bay's MCI Trailer is stationed at our Harbor Street Station and is a part of our local and county response plan.
Fire, Police, Harbor, Public Works	Black Hill Repeater	\$17,492.00	Repair, and replace operational power supplies at our Black Hill repeater site. Evaluate and relocate public safety antennas to operational effective locations for optimum transmission to the Los Osos repeater site. A professional comprehensive study of our future needs for our public safety repeater and antenna infrastructure. This study will address a regional approach for operational effectiveness and cost efficient partnerships with our local public safety neighbors.
Emergency Operations Center (EOC)	Comprehensive rewrite of our Morro Bay Emergency Management Plan	\$ 15,000	A Comprehensive rewrite of our Morro Bay Emergency Management Plan will be our next step to our completion of our Local Hazard Mitigation Plan. Our Hazard Annex's will be updated to match current FEMA and State OES requirements to include: Earthquakes, Tsunamis, Mass Casualties, Hazardous Materials, Storm / Flood, Major Fires, Civil Disturbance / Terrorism, and Nuclear. With Morro Bay having some uniqueness, two additional Hazard Annex's will be develop to include Droughts and Recovery. Position checklists and an updated emergency resource guide will be developed. Our new plan will be submitted to County
		\$ 494,392	Non-Streets Spending
		<u>1,024,129</u>	Total Revenue Available
		<u>\$ (529,737)</u>	Available balance for streets

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT

On April 27, 2009, Ordinance No. 546 was enacted, establishing Chapter 3.60 of the Morro Bay Municipal Code, which is entitled Tourism Business Improvement District (MTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then returned to the Tourism Bureau for promoting tourism in Morro Bay. For the first year, the MTBID assessment rate was 3%; ensuing years were set at 2%, per the Ordinance.

On September 13, 2010, Staff introduced Ordinance No. 562, which increased the MTBID assessment rate back to 3%. The Ordinance was passed on September 27th, and became effective October 28, 2010.

Annually in May, the MTBID's annual report and budget are presented to the City Council, and a public hearing is set, which allows affected businesses the opportunity to protest the MBBID assessment. A Resolution is brought forward to confirm the results of the public hearing, renew the activities of the MTBID for the upcoming fiscal year, and approve the levy and collection of the 3% assessments from the hoteliers.

In 2013, the MTBID formed a 501c(6) corporation, Morro Bay Tourism Bureau, to carry out the marketing activities of the MTBID, as well as manage the Visitors Center.

As part of the Management Partners' 2015 Organizational Study, the recommendation to *develop a proposal for integrating Tourism Bureau activities with City operations* was explored by staff. City staff held a public workshop on September 22, 2015, to discuss this with stakeholders, presented the concept to the MTBID board at a special meeting on 12/10/15, and ultimately presented the results of the City's outreach and recommendations to the City Council on January 12, 2016, with two management scenarios. The Council adopted Resolution No. 03-16, discontinuing the City's contract with the Morro Bay Tourism Bureau, and merging operations and marketing (via Mental Marketing) efforts into the City, beginning June 2016.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 32,948	\$ 49,272	\$ 58,825	\$ 237,245	\$ 237,245
Revenues from:					
Assessments	643,161	741,435	774,355	864,606	907,863
Interest	468	675	-	-	-
Visitors Center - City Contribution	102,168	100,000	-	-	-
Promotion - City Contribution	58,425	39,996	-	60,000	134,928
Promotion - Council bequest	58,000	-	-	-	-
Other	-	-	64,200	20,000	4,000
Subtotal	<u>862,222</u>	<u>882,106</u>	<u>838,555</u>	<u>944,606</u>	<u>1,046,791</u>
Expenditures:					
Tourism promotion	(843,898)	(870,553)	(640,573)	(925,314)	(987,930)
City administrative fee (2%)	-	-	(17,562)	(17,292)	(19,564)
AGP video	(2,000)	(2,000)	(2,000)	(2,000)	-
Transfers to Accumulation Fund	-	-	-	-	(35,954)
Transfers to Information Technology	-	-	-	-	(3,343)
Subtotal	<u>(845,898)</u>	<u>(872,553)</u>	<u>(660,135)</u>	<u>(944,606)</u>	<u>(1,046,791)</u>
Revenues over (under) expenditures	<u>16,324</u>	<u>9,553</u>	<u>178,420</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 49,272</u>	<u>\$ 58,825</u>	<u>\$ 237,245</u>	<u>\$ 237,245</u>	<u>\$ 237,245</u>

NOTES:

Per Resolution No. 37-13, the City will address reducing the amount of General Fund support to the Morro Bay Tourism Bureau, and other outside funding requests with its 2014/15 budget.

For the FY 14/15 fiscal year, City Council granted \$140,000 to the Morro Bay Tourism Bureau as follows:

Visitors Center	\$ 100,000	Risk Management paid
Events	\$ 40,000	Risk Management paid

Beginning with the FY 15/16 fiscal year, the City will begin collecting a 2% administrative fee. Additionally, the contribution to the Visitors Center was reduced to \$50,000; staff will work on a new plan for delivering that service.

Resolutions No. 03-16 redefined the tourism marketing relationship with the Morro Bay Tourism Bureau. Beginning June 1, 2016, marketing efforts and contract management will be performed by City staff. This budget includes a \$60k General Fund contribution for FY 16/17.

For FY17/18, General Fund Transfer in based on \$60K + 20% above FY16/17 actuals per Resolution 03-16. Will adjust calculations for FY18/19 based on FY2016/17 Actuals

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GOVERNMENTAL IMPACT FEES ACCUMULATION FUND

This Fund was established in October 2007, when Council adopted Resolution No. 47-07, which implemented the Development Impact Fee Program. These fees are collected to ensure that new development pays the cost of infrastructure expansion required to meet the needs of that new development, effectively transferring the cost burden of growth from the existing rate and tax payers. The money collected can be used on capital projects for new facilities, vehicles, and rehabilitation and/or renovation of existing facilities, so long as the rehabilitation or renovation is needed to serve the new development that has paid the fee.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GOVERNMENTAL IMPACT FEES ACCUMULATION FUND

	2013/14 Actual	2014/15 Actual	- 2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Beginning cash balance	\$ 551,465	\$ 653,575	\$ 318,207	\$ 566,794	\$ 612,794
Revenues from impact fees:					
Administration	24,221	50,402	89,410	65,000	43,511
Police	7,813	15,584	24,605	18,000	14,036
Fire	8,594	17,142	30,113	20,000	15,439
Streets	35,940	71,732	108,633	78,000	64,565
Storm drain maintenance	1,562	3,253	4,903	5,000	2,807
Parks	23,980	41,109	56,673	40,000	21,373
Total revenues	<u>102,110</u>	<u>199,222</u>	<u>314,337</u>	<u>226,000</u>	<u>161,731</u>
Expenditures for:					
Administration	-	-	-	(55,000)	
Police	-	-	-	-	-
Fire	-	-	-	-	-
Streets	-	-	-	(25,000)	
Storm drain maintenance	-	-	-	(100,000)	(112,000)
Parks	-	-	-	-	-
Transfers out	-	(534,590)	(65,750)	-	-
Total expenditures	<u>-</u>	<u>(534,590)</u>	<u>(65,750)</u>	<u>(180,000) ¹</u>	<u>(112,000)</u>
Revenues over(under) expenditures	<u>102,110</u>	<u>(335,368)</u>	<u>248,587</u>	<u>46,000</u>	<u>49,731</u>
Ending cash balance	<u>\$ 653,575</u>	<u>\$ 318,207</u>	<u>\$ 566,794</u>	<u>\$ 612,794</u>	<u>\$ 662,525</u>

NOTES:

FY 16/17 reservations are:

ADA Compliance	\$ 40,000
Community Beautification	15,000
Traffic Calming	25,000
Ironwood Storm Drain project	60,000
SR 1/Hwy41	40,000
	<u>\$ 180,000</u>

Note 1 : FY17/18 No planned expenditures are listed for Impact Fees at this point:
Capital Budget contains a request:

Laurel Ave Easement-Storm Drain Portion	112,000
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CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

COUNTY TOURISM MARKETING DISTRICT

On December 9, 2014, the City passed Resolution No. 85-14, consenting to the inclusion of the City within the proposed San Luis Obispo County Tourism Marketing District (SLOCTMD). On June 10, 2015, the San Luis Obispo County Board of Supervisors will be approving this county-wide marketing district. All visitor servicing establishments, offering transient overnight stays, will be required to collect 1% of the cost of each overnight stay, and remit the collections to the City. The monies are sent to the CTMD monthly, less a 2% administrative fee.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

COUNTY TOURISM MARKETING DISTRICT

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Revenues from:					
Assessments	<u>-</u>	<u>-</u>	<u>287,125</u>	<u>330,964</u>	<u>347,512</u>
Expenditures for capital outlay:					
Tourism promotion	<u>-</u>	<u>-</u>	<u>(281,382)</u>	<u>(324,345)</u>	<u>(340,562)</u>
City administrative fee (2%)	<u>-</u>	<u>-</u>	<u>(5,743)</u>	<u>(6,619)</u>	<u>(6,950)</u>
Subtotal expenditures	<u>-</u>	<u>-</u>	<u>(287,125)</u>	<u>(330,964)</u>	<u>(347,512)</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

NOTES:

On 12/9/2014, Council adopted Resolution No. 82-14, consenting to the inclusion of the City within the San Luis Obispo County Tourism Marketing District.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GENERAL GOVERNMENT VEHICLE REPLACEMENT

This Fund was established to accumulate money for the replacement of vehicles that are used by the General Fund's departments. With the passage of the 2015/16 budget, replacement funds, in the amount of \$75,000, are scheduled to be added annually.

CITY OF MORRO BAY

2017/18 PROPOSED BUDGET

GENERAL GOVERNMENT VEHICLE REPLACEMENT FUND

	2014/15	-	2016/17	2017/18
	Actual	2015/16	Amended	Proposed
	<u> </u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 2,588	\$ 30,107	\$ 130,888	\$ 135,888
Revenues from:				
Interest income	129	781	-	-
Other revenues	-	-	38,000	-
Transfer in	<u>115,000</u>	<u>100,000</u>	<u>75,000</u>	<u>75,000</u>
Total revenues	<u>115,129</u>	<u>100,781</u>	<u>113,000</u>	<u>75,000</u>
Expenditures:				
Administration	-	-	-	-
Police Department	(45,000)	-	-	(50,000)
Fire Department	(42,610)	-	-	-
Public Services Administration	-	-	-	-
Consolidated Maintenance	-	-	(108,000)	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(87,610)</u>	<u>-</u>	<u>(108,000)</u>	<u>(50,000)</u>
Revenues over (under) expenditures	<u>27,519</u>	<u>100,781</u>	<u>5,000</u>	<u>25,000</u>
Ending cash balance	\$ <u>30,107</u>	\$ <u>130,888</u>	\$ <u>135,888</u>	\$ <u>160,888</u>

NOTES:

2012/13 allocation: Two marked Police cars, Fire command vehicle

2013/14 request: purchase a 4-door hybrid for Administration, paid for by Risk Management and the cash remaining in this Fund.

2014/15 requests will be paid by a cash transfer from Government Impact Fees: 1) Police = Ford Inceptor; 2) Fire = Ford F250 4x4;
3) Parks = pickup truck

2015/16 transfer in comes from the General Fund, and is the beginning of an annual savings plan.

2016/17 request from Consolidated Maintenance to replace two 3/4 ton trucks with utility boxes

2017/18 request from the Police Department to replace the Watch Commander vehicle that is past it's usefu life.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GENERAL FUND EMERGENCY RESERVE FUND

With the adoption of the 2015/16 budget, Resolution No. 33-15 will be enacted, which rescinds all old Resolutions, related to the General Fund Emergency Reserve, either in part or entirety. Resolution No. 33-15 establishes the following:

1. The General Fund Emergency Reserve ("GFER") Fund is named and established, and the General Fund Emergency Reserve Fund Policy is described herein.
2. The GFER Fund Policy sets the parameters for and use of this Fund as follows:
 - a. The GFER target balance is set at 27.5%.
 - b. Annually, the GFER balance is calculated by using the average of three years' actual General Fund operating revenues (*i.e.*, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 2011/12 are added together, and divided by 3).
 - c. Based on the existing balance in the Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for spending, during the annual budget adoption process, at the City Council's discretion.
 - d. Any use of the GFER Fund must be approved by the City Council.

Resolution No. 33-15 also contains the following assertions, based on the Management Partners' Financial Forecast:

1. The Management Partner's forecast predicts a moderate recession in 2017.
2. The City's CalPERS actuarial assumptions contain increased contribution rates for Fire and Police Safety plans over the next five fiscal years ending in 2020/2021.
3. The continuing drought in California may affect revenues (*i.e.*, TOT).
4. The schedule of year-end minimum reserve levels is set at:
 - a. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
 - b. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
 - c. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
 - d. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
 - e. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
 - f. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
 - g. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
 - h. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
5. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
6. If annual revenues are below forecast, expenditures must be adjusted to meet these targets.
7. These assumptions will be reviewed annually in May for re-adoption in June, based on the current fiscal environment.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GENERAL FUND EMERGENCY RESERVE FUND

	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Beginning cash balance	\$ 2,853,530	\$ 2,909,885	\$ 3,372,696	\$ 3,589,623	3,956,729
Revenues from:					
Interest income	18,160	21,696	16,927	20,000	20,000
Dynergy agreement	-	525,000	-	-	-
Sale of property	-	-	-	-	-
Other	-	-	-	-	-
Subtotal	18,160	546,696	16,927	20,000	20,000
Transfers in	38,195	116,115	200,000	-	-
Total revenues	56,355	662,811	216,927	20,000	20,000
Transfers out:					
General Fund	-	-	-	-	(20,585)
District Transaction Tax (Meas Q)	-	(200,000)	-	-	-
General Fund Facility Maint Fund	-	-	-	-	-
Total transfers out	-	(200,000)	-	-	(20,585)
Revenues over (under) expenditures	56,355	462,811	216,927	20,000	(585)
Ending cash balance	\$ 2,909,885	\$ 3,372,696	\$ 3,589,623	3,609,623	3,956,144
					2,684,000
					Available for budgetary purposes; Council approval required \$ 1,272,144

NOTES:

Resolution No. 33-15, adopted on June 9, 2015, sets the parameters of this fund.

For the 2012/13 budget, no additional funds have been budgeted for the Dynergy agreement. The excess reserves were transferred to the District Transaction Tax (Measure Q) Fund for streets.

At the July 10, 2012 City Council meeting, the Council approved the purchase of 5 Big Belly Solar-Powered Trash Receptacles (\$32,000), and the purchase of iPads for Council Members and Department Heads (\$9,200).

For the 2013/14 budget, no additional funds have been budgeted for the Dynergy agreement. Dynergy has notified the City of its intent to close the power plant. The City will be entitled to one additional payment.

At the June 12, 2013 budget workshop, the Council agreed to fund the deficiency in the Reserve (\$38,195).

In 2014/15, Council authorized a \$200,000 temporary loan to the District Transaction Tax Fund to cover extra expenditures on the

Pavement Management plan. The loan was repaid in July 2015.

With the 2015/16 budget, the reserve calculation has changed; the average of three years' trailing actual operating revenues is the basis for the new calculation. Specific year-end target cash balances were established with Resolution No. 33-15.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

GENERAL FUND FACILITY MAINTENANCE FUND

On January 20, 2011, escrow closed on the City-owned property at 781 Market Avenue, commonly referred to as the Brannigan's Restaurant. The proceeds, less the escrow fees, amounted to \$154,418, and were placed into this Fund. Resolution No. 10-11 formally dedicated this revenue stream for management of the City's real property assets.

Annual loan payments will be deposited into this Fund, to ensure that ongoing maintenance efforts continue.

On December 31, 2015, the City purchased 781 Market Avenue. The current tenant, Distasio's Restaurant on the Bay, remains in place, and lease payments will continue to be placed into this fund. The current tenant has expressed they will be vacating the property in October 2017, leaving four-months' worth rent, along with existing Fund Balance, to pay for facility maintenance costs. Staff will begin exploring addition funding options to maintain facility maintenance activities.

CITY OF MORRO BAY
2015/16 ADOPTED BUDGET

GENERAL FUND FACILITY MAINTENANCE FUND

	2013/14	2014/15	- 2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ 39,960	\$ 81,501	\$ 66,661	\$ 47,655	\$ 47,655
Revenues from:					
Interest income	61,899	66,432	882	-	-
Sale of property agreement - principal	37,491	-	-	-	-
Rental income	-	-	54,000	108,000	36,000
Total revenues	99,390	66,432	54,882	108,000	36,000
Expenditures	(57,849)	(81,272)	(73,888)	(108,000)	(83,655)
Revenues over (under) expenditures	41,541	(14,840)	(19,006)	-	(47,655)
Ending cash balance	\$ 81,501	\$ 66,661	\$ 47,655	\$ 47,655	\$ -

NOTES:

The funding source is from the sale of the Brannigan's restaurant and parking lot that resulted in two loans. All proceeds are deposited into this fund. In 2020, the balances of both loans are due in full, and at that time, \$500,000 must be paid to the Parking In-Lieu Fund, which was used for the original purchase of the parking lot.

On December 31, 2015, the City reacquired 781 Market Avenue and the parking lot. It is currently leased, and the revenue stream is \$9,000 per month.

For FY17/18, the current lease tenant has indicated vacating the premise in October 2017; therefore, 4 months worth of lease revenue has been programmed for use, along with available Fund Balance

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

CAPITAL REPLACEMENT FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the accumulation of funds for capital replacement, such as City Hall.

CITY OF MORRO BAY

2017/18 Proposed Budget

CAPITAL REPLACEMENT ACCUMULATION FUND

	2013/14 Actual	2014/15 Actual	- 2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ 100,000	\$ 200,000
Revenues from:					
Transfers in	-	-	100,000	100,000	-
Total revenues	-	-	100,000	100,000	-
Expenses for:					
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Total expenses	-	-	-	-	-
Revenues over(under) expenses	-	-	100,000	100,000	-
Ending cash balance	\$ -	\$ -	\$ 100,000	\$ 200,000	\$ 200,000

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

For FY2017/18, Council directed staff to cut \$100K in annual funding to reduce expenditures by \$250k.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

PROJECTS ACCUMULATION FUND

This Fund is established with the adoption of the 2015/16 budget. Its purpose is to account for the accumulation of funds for capital projects.

CITY OF MORRO BAY

2017/18 Proposed Budget

PROJECT ACCUMULATION FUND

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Actual	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ 134,415	\$ 259,415
Revenues from:					
Transfers in	-	-	200,000	125,000	-
Total revenues	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>125,000</u>	<u>-</u>
Expenses for:					
Projects:					
City Council	-	-	-	-	-
Administration	-	-	(3,347)	-	-
Administrative Services	-	-	-	-	-
Police	-	-	(12,238)	-	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	(50,000)	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>(65,585)</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenses	<u>-</u>	<u>-</u>	<u>134,415</u>	<u>125,000</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,415</u>	<u>\$ 259,415</u>	<u>\$ 259,415</u>

NOTES:

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

For FY2017/18, Council directed staff to cut \$150K in annual funding to reduce expenditures by \$250k.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

COMMUNITY DEVELOPMENT GRANTS FUND

This Fund is used to record the transactions related to the Community Development Block Grant and HOME programs. These are competitive grants that the City applies for, to rehabilitate buildings and qualifying citizens' homes.

The City was approached by the County to become part of the Urban County program, and on May 24, 2011, adopted Resolution No. 36-11, affirming that partnership.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

COMMUNITY DEVELOPMENT GRANTS FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	- <u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 170,828	\$ 128,824	\$ 67,631	\$ 109,969	\$ 209,969
Revenues from grants:					
CDBG	99,909	-	111,389 ¹	168,530	304,951
HOME	-	-	-	-	-
CalHOME	-	-	-	-	-
Principal repayments	39,025	-	-	-	-
Investment income	600	-	-	-	-
Other revenues	2,350	(280)	-	-	-
Total revenues	<u>141,884</u>	<u>(280)</u>	<u>111,389</u>	<u>168,530</u>	<u>304,951</u>
Expenditures for:					
CDBG	(183,217)	(60,913)	(69,051)	(68,530)	(304,951)
HOME	(537)	-	-	-	-
CalHOME	(134)	-	-	-	-
Other	-	-	-	-	-
Total expenditures	<u>(183,888)</u>	<u>(60,913)</u>	<u>(69,051)</u>	<u>(68,530)</u>	<u>(304,951)</u>
Revenues over(under) transfers out	<u>(42,004)</u>	<u>(61,193)</u>	<u>42,338</u>	<u>100,000</u>	<u>-</u>
Ending cash balance	<u>\$ 128,824</u>	<u>\$ 67,631</u>	<u>\$ 109,969</u>	<u>\$ 209,969</u>	<u>\$ 209,969</u>

NOTES:

With Resolution No. 36-11, adopted on May 24, 2011, the City of Morro Bay is committed to be part of the Urban County program for the allocation of CDBG monies. The City will receive its 2012/13 CDBG allocation through the County in the amount of \$57,533.

The fy 13/14 funding allocation as approved by the City Council on 1/28/14 is allocated as follows:

- City's Pedestrian Accessibility Project
- Senior Nutrition Program
- Program administration

The FY 17/18 grant funding is confirmed based on a signed sub-recipient agreements (3 -way) between the County of SLO , Morro Bay and Atascadero for the years 2010-2016. These funds will be received in the budgeted fiscal year.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

STATE GAS TAX FUND

This Fund is required by the State to account for monies received from gasoline taxes. The majority of this money must be expended for constructing, maintaining and/or improving major City streets and storm drains.

CITY OF MORRO BAY

2017/18 Proposed Budget

STATE GAS TAX FUND

	2013/14 Actual	2014/15 Actual	- 2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	-
Revenues from:					
State Gas Tax, Section 2105	71,495	57,839	57,740	64,230	62,319
State Gas Tax, Section 2106	48,006	49,783	48,733	36,151	42,439
State Gas Tax, Section 2107	76,480	74,154	75,185	89,194	80,507
State Gas Tax, Section 2107.5	3,000	3,000	3,000	3,000	3,000
State Gas Tax, Section 2103	146,453	101,618	52,828	24,256	42,929
Other revenues	-	-	-	20,731	74,099
Total revenues	345,434	286,394	237,486	237,562	305,293
Less transfers to General Fund for:					
Street Maintenance	(342,434)	(283,394)	(234,486)	(234,562)	(302,293)
Engineering - Sec 2107.5	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Total transfers out	(345,434)	(286,394)	(237,486)	(237,562)	(305,293)
Revenues over(under) transfers out	-	-	-	-	-
Ending cash balance	\$ -	\$ -	\$ -	\$ -	-

NOTES:

Budget amounts are provided by Michael Coleman, Fiscal Policy Advisor for CSMFO and the League of CA Cities; for more details, visit his website <http://www.californiacityfinance.com/#TRANSPORTATION>.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEE FUND

This Fund began in 2008 for the purpose of collecting in-lieu mitigation fees for lower cost visitor-serving overnight accommodations, such as hostels and tent campground units, as required by California Coastal Commission actions on coastal development permits, since 1977. Individual fees range from a low of \$27,720, to a high of \$6,000,000.

The entire Fund, and accrued interest, shall be used for creating accommodations, and other potential projects, deemed acceptable by the Coastal Commission. Any funds, remaining after 10 years from their deposit date, shall be donated to an acceptable agency, or organization, to provide lower-cost public access and recreation improvements to and along the shoreline, including improvements to the California Coastal Trail.

CITY OF MORRO BAY

2017/18 Proposed Budget

LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEES FUND

	2013/14	2014/15	2015/16	2016/17	2017/18
	Actual	Actual	Amended	Proposed	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 36,545	\$ 36,776	\$ 37,068	\$ 53,618	\$ 53,618
Revenues from:					
Mitigation fees	-	-	15,735	-	-
Interest	<u>231</u>	<u>292</u>	<u>815</u>	<u>-</u>	<u>-</u>
Total revenues	231	292	16,550	-	-
Expenditures for capital outlay:					
Lower cost visitor accommodations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>231</u>	<u>292</u>	<u>16,550</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u><u>36,776</u></u>	\$ <u><u>37,068</u></u>	\$ <u><u>53,618</u></u>	\$ <u><u>53,618</u></u>	\$ <u><u>53,618</u></u>

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

TRAFFIC SAFETY FUND

This Fund was established based on Section 1463 of the Penal Code, which states that all fines and forfeitures collected from any person charged with a misdemeanor under this code shall be deposited into a special fund known as the "Traffic Safety Fund." The money is to be used exclusively for official traffic control devices and the maintenance thereof, equipment and supplies for traffic law enforcement and traffic accident prevention, and for the maintenance, improvement, or construction of public streets, bridges, and culverts within the city, but not for the compensation of traffic or other police officers. Prior to 1999, this revenue was recorded in the General Fund.

CITY OF MORRO BAY

2017/18 Proposed Budget

TRAFFIC SAFETY FUND

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Vehicle Code Fines	19,012	15,624	8,888	13,000	13,000
Transfers In		3,147	2,659		
Less transfers to General Fund	<u>(19,012)</u>	<u>(18,771)</u>	<u>(11,547)</u>	<u>(13,000)</u>	<u>(13,000)</u>
Revenues over(under) transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>				

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SPECIAL SAFETY GRANTS FUND

This Fund was originally established for the Supplemental Law Enforcement Services Fund (SLESF) grant. Government Code Sections 30061-30065 establish the authority for the SLESF, also known as the State COPS grant. The title of the Fund was changed to allow grants for Fire Services to be managed here as well.

CITY OF MORRO BAY

2017/18 Proposed Budget

SPECIAL SAFETY GRANTS FUND

	<u>2013/14</u>	<u>2014/15</u>	<u>-</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>2015/16</u>	<u>Amended</u>	<u>Proposed</u>
			<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 54,111	\$ 96,985	\$ 33,021	\$ 109,144	\$ 109,144
Revenues from:					
State grant	100,000	106,230	114,618	100,000	100,000
Interest	237	505	-	-	-
Total revenues	<u>100,237</u>	<u>106,735</u>	<u>114,618</u>	<u>100,000</u>	<u>100,000</u>
Expenditures:					
Personnel services	(14,878)	(15,494)	(17,923)	(40,086)	(42,090)
Supplies	(42,485)	(33,208)	(17,977)	(10,000)	(9,700)
Services	-	(2,105)	-	-	-
Capital outlay	-	(119,892)	(2,595)	(49,914)	(40,000)
Other	-	-	-	-	-
Total expenditures	<u>(57,363)</u>	<u>(170,699)</u>	<u>(38,495)</u>	<u>(100,000)</u>	<u>(91,790)</u>
Revenues over(under) expenditures	<u>42,874</u>	<u>(63,964)</u>	<u>76,123</u>	<u>-</u>	<u>8,210</u>
Ending cash balance	\$ <u>96,985</u>	\$ <u>33,021</u>	\$ <u>109,144</u>	\$ <u>109,144</u>	\$ <u>117,354</u>

NOTES:

On August 17, 2012, California State Controller John Chiang issued a letter stating Chapter 43, Statutes of 2012 (SB 1023), amended Government Code Section 30063 related to SLESF/COPS. That amendment removed the reporting requirements to the State Controller, as well as the public hearing requirement that had been necessary in the past to set the budget.

Purchases for last two Fiscal Years:	FY 2016/17	FY2017/18
Part-time property technician	\$ 20,043	\$ 21,045
Part-time training coordinator	20,043	21,045
Electronic citation writers	10,000	9,700
Unmarked fleet vehicle; Watch Commander emergency equipment; high risk response kits; events trailer	<u>49,914</u>	<u>40,000</u>
	\$ <u>100,000</u>	\$ <u>91,790</u>

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

PARKING IN-LIEU FUND

The City has established a formula for calculating the number of parking spaces required to adequately service a new business establishment, or the expansion of an existing one. Developers may choose to pay a fee, instead of dedicating real estate to parking spaces. This Fund has been set up to capture those in-lieu fees.

On October 8, 2013, the City Council adopted Resolution No. 48-13, dedicating \$399,000 to the City-owned *triangle* parking lot adjacent to the Embarcadero.

CITY OF MORRO BAY

2017/18 Proposed Budget

PARKING IN-LIEU FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 399,676	\$ 410,706	\$ 390,281	\$ 312,140	\$ 312,140
Revenues from:					
Parking in-lieu fees/agreements	8,476	4,804	-	-	-
Interest income	2,554	-	859	-	-
Other revenues and transfers	-	-	-	-	-
Total revenues and transfers in	<u>11,030</u>	<u>4,804</u>	<u>859</u>	<u>-</u>	<u>-</u>
Expenditures:					
Contract services	-	-	-	-	-
Transfers out:					
Enterprise	-	-	-	-	-
Capital improvement	-	(25,229)	(79,000)	-	-
Subtotal	-	(25,229)	(79,000)	-	-
Total expenditures, transfers out and reservations	<u>-</u>	<u>(25,229)</u>	<u>(79,000)</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>11,030</u>	<u>(20,425)</u>	<u>(78,141)</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 410,706</u>	<u>\$ 390,281</u>	<u>\$ 312,140</u>	<u>\$ 312,140</u>	<u>\$ 312,140</u>

NOTES:

In January 2011, the City sold the Brannigan's restaurant and the parking lot on Market Avenue. The City entered into a loan agreement with the purchaser that provides for annual payments until 2020, when the balance is due in full.

Current payments are being deposited into the General Fund Maintenance Fund; in 2020, \$500,000 must be deposited into this fund for the sale of the parking lot.

On October 8, 2013, Council passed Resolution No. 48-13, designating \$399,000 for revisions to the parking in-lieu map, and improvements to the City-owned Front Street and Triangle parking lot adjacent to the Dynegy Power Plant.

On December 31, 2015, the City reacquired the restaurant and parking lot properties on Market Avenue. With this acquisition, no funds are due to the Parking In-Lieu Fund, as the \$500k, originally borrowed from this Fund, has been justified by the parcel appraisal of \$500k for the parking lot.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

TRANSIT FUND

The Transit Fund accounts for the operations and activities associated with the City's public transit system, Morro Bay Transit, which provides fixed route, Call-A-Ride, and Trolley functions.

Due to significant decreases in State transportation funds in the 2008/09, 2009/10, and 2010/11 fiscal years, Council approved replacing the Dial-A-Ride service with a flex fixed route system to best utilize transit funds, and still provide service to the citizens. This flex fixed route operates one fixed route that flexes, or deviates, off-route to provide limited, advance-scheduled, curb-to-curb service (Call-A-Ride), then returns to the next fixed route stop.

The primary revenue stream for this Fund is Transportation Development Act (TDA) money. TDA was enacted by the State Legislature in 1971 to make funds available for transit, pedestrian way and bikeway projects, transportation planning, ridesharing and street and road improvements. Funds for the TDA come from 1/4 cent of the retail sales tax, for Local Transportation Funds (LTF), and from sales taxes on diesel fuel, for State Transit Assistance (STA). These funds are allocated annually by the San Luis Obispo Council of Governments (SLOCOG) to eligible claimants, under two funding programs: the Local Transportation Fund (LTF) and the State Transit Assistance (STA).

Two percent of the TDA funds received by the City are specifically set aside for bike path/lane projects, which is accounted for in a separate fund. The remaining TDA funds are used for the fixed route, Call-A-Ride and Trolley services.

CITY OF MORRO BAY
2017/18 Proposed Budget

TRANSIT FUND

	2013/14 Actual	2014/15 Actual	- 2015/16 Actual	2016/17 Amended Budget	2017/18 Proposed Budget
Beginning cash balance	\$ 166,161	\$ 228,030	\$ 150,156	\$ 150,156	\$ 132,300
Revenues:					
MB Transit:					
LTF	256,726	-	217,085	222,185	190,933
STA	17,571	-	18,958	15,423	13,890
Grants	-	-	77,261	127,664	-
Farebox	18,350	-	19,300	24,000	24,000
Other	936	1,901	-	-	-
Subtotal	<u>293,583</u>	<u>1,901</u>	<u>332,604</u>	<u>389,272</u>	<u>228,823</u>
Trolley:					
LTF	60,100	-	57,673	59,855	60,526
Grants	-	-	-	-	-
Farebox	13,041	-	15,200	13,000	13,000
Advertising	5,915	-	5,000	5,000	5,000
Rent	2,687	-	2,000	2,000	2,000
Other	-	-	-	-	-
Subtotal	<u>81,743</u>	<u>-</u>	<u>79,873</u>	<u>79,855</u>	<u>80,526</u>
Total revenues	<u>375,326</u>	<u>1,901</u>	<u>412,477</u>	<u>469,127</u>	<u>309,349</u>
Expenses for:					
MB Transit (no depreciation)	(168,918)	-	(272,629)	(347,153)	(168,848)
Trolley (no depreciation)	(64,764)	-	(60,073)	(60,055)	(60,726)
Other - reservations	-	-	-	-	-
Subtotal	<u>(233,682)</u>	<u>-</u>	<u>(332,702)</u>	<u>(407,208)</u>	<u>(229,574)</u>
Transfers out to:					
General fund for cost allocation	(79,775)	(79,775)	(79,775)	(79,775)	(79,775)
Transit Operating Fund for Capital Purchases	-	-	-	-	(42,546)
Total expenses and transfers out	<u>(313,457)</u>	<u>(79,775)</u>	<u>(412,477)</u>	<u>(486,983)</u>	<u>(351,895)</u>
Revenues and transfers in over(under) expenses and transfers out	<u>61,869</u>	<u>(77,874)</u>	<u>-</u>	<u>(17,856)</u>	<u>(42,546)</u>
Ending cash balance	<u>\$ 228,030</u>	<u>\$ 150,156</u>	<u>\$ 150,156</u>	<u>\$ 132,300</u>	<u>\$ 89,754</u>

NOTES:

- FY 14/15 TDA audit indicated there was \$131,955 in unearned LTF revenue part of which had been reserved for certain items in FY 12/13, 13/14 and 14/15 budgets noted as follows:
- 1 Reserved \$5,000 per year in FY 12/13, 13/14 and 14/15 for performance audit to be completed by end of FY 15/16 (SLOCOG deducted \$9,400 of City's LTF from FY 15/16 allocation for consultant so this reservation can be reallocated in FY 16/17)
 - Reserved \$20,992 in FY 12/13 after reduction for Saturday service and \$23,000 in FY 13/14 for volunteer senior bus program (these funds released to Senior Citizens Inc in FY 15/16 for volunteer senior bus program that began in mid-February 2016)
 - Reserved in FY 15/16 for local match to RTF grant for replacement bus to be ordered in FY 16/17 (FY 16/17 LTF allocation includes funds RTF local match and this reservation can be reallocated)
- 2 LTF Unearned Revenue from FY 14/15 available after reservations and allocations from Notes 1 is \$87,963 to be allocated as follows:
 - \$4,671 Allocate to Transit for portion of Short Range Transit Plan not funded with FY 16/17 LTF transit allocation
 - \$10,000 Allocate to Trolley for local match to RTF grant for FY 18/19 trolley acquisition
 - \$73,292 Allocate to Roads
- FY 14/15 TDA audit indicated there was \$33,000 in restricted LTF revenue which had been reserved as contingencies. This amount will remain as contingencies to address additional cuts to FY 15/16 or FY 16/17 TDA or if the City's RTA contribution is more than the 5% budgeted for

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

LOCAL TRANSPORTATION FUNDS, PEDESTRIAN AND BIKEWAY PROJECTS FUND

The primary revenue stream for this Fund is Transportation Development Act (TDA) money pedestrian way and bikeway projects. Two percent of the TDA funds received by the City are specifically set aside for this purpose, under TDA Article 3, 99260).

CITY OF MORRO BAY

2017/18 Proposed Budget

LOCAL TRANSPORTATION FUNDS, BIKEWAY PATHS, FUND

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ 20,369	\$ 30,248	\$ -	\$ 7,907	\$ 765
Revenues from:					
LTF	9,732	10,721	7,907	7,858	8,000
Interest income	147	-	-	-	-
Total revenues	<u>9,879</u>	<u>10,721</u>	<u>7,907</u>	<u>7,858</u>	<u>8,000</u>
Expenditures:					
Bikeway paths	<u>-</u>	<u>(40,969)</u>	<u>-</u>	<u>(15,000)</u>	<u>(8,000)</u>
Revenues over(under) expenditures and transfers out	<u>9,879</u>	<u>(30,248)</u>	<u>7,907</u>	<u>(7,142)</u>	<u>-</u>
Ending cash balance	\$ <u><u>30,248</u></u>	\$ <u><u>-</u></u>	\$ <u><u>7,907</u></u>	\$ <u><u>765</u></u>	\$ <u><u>765</u></u>

NOTES:

With the FY 16/17 budget, City Council is approving \$15k for bike path improvements.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

LOCAL TRANSPORTATION FUNDS, ROADS, FUND

The primary revenue stream for this Fund is Transportation Development Act (TDA) money for roads projects, under TDA Article 8, 99400(a).

CITY OF MORRO BAY
2017/18 Proposed Budget

LOCAL TRANSPORTATION FUNDS (ROADS) FUND

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ -	\$ 100	\$ 28,885	\$ 28,885	\$ 102,177
Revenues from:					
LTF	43,320	28,785	-	73,292	
Interest income	100	-	-	-	-
Total revenues	<u>43,420</u>	<u>28,785</u>	<u>-</u>	<u>73,292</u>	<u>-</u>
Expenditures:					
Roads	<u>(43,320)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>100</u>	<u>28,785</u>	<u>-</u>	<u>73,292</u>	<u>-</u>
Ending cash balance	<u>\$ 100</u>	<u>\$ 28,885</u>	<u>\$ 28,885</u>	<u>\$ 102,177</u>	<u>\$ 102,177</u>

NOTES:

FY 13/14 funding was for the Morro Creek Bridge.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

RISK MANAGEMENT INTERNAL SERVICE FUND

This Fund collects contributions from all departments, and disburses payments for the City's insurance funds: Worker's Compensation, Unemployment, General Liability, Property Damage, and Vehicle Insurance.

With the adoption of the 2015/16 budget, Resolution No. 32-15 was enacted. This Resolution sets the minimum committed balance as \$100,000; any excess cash may be programmed by City Council.

CITY OF MORRO BAY

2017/18 Proposed Budget

RISK MANAGEMENT INTERNAL SERVICE FUND

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Proposed</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 1,778,403	\$ 1,451,118	\$ 1,460,603	\$ 604,966	\$ 706,896
Revenues from:					
Charges for services	1,341,962	1,380,176	1,424,181	1,385,778	1,385,778
Investment earnings	9,644	9,980	6,714	600	400
Other revenue	-	2,843	-	-	-
Total revenues	<u>1,351,606</u>	<u>1,392,999</u>	<u>1,430,895</u>	<u>1,386,378</u>	<u>1,386,178</u>
Expenses for:					
Personnel	-	-	(25,562)	(44,238)	(52,990)
Supplies	(3,800)	(7,865)	-	-	-
Services	(152,840)	(29,915)	-	(2,000)	(1,940)
Worker's compensation insurance	(300,421)	(353,091)	(613,166)	(456,189)	(456,189)
Unemployment insurance	(19,962)	(4,075)	(33,510)	(25,894)	(25,894)
General liability insurance	(588,417)	(651,062)	(644,416)	(691,899)	(691,899)
Property damage insurance	(300,936)	(24,229)	(23,170)	(24,282)	(24,282)
Vehicle insurance	(15,785)	(15,388)	(17,638)	(18,485)	(18,612)
Other insurance	(24,110)	(31,989)	(30,427)	(21,168)	(21,855)
Total expenses	<u>(1,406,271)</u>	<u>(1,117,614)</u>	<u>(1,387,889)</u>	<u>(1,284,155)</u>	<u>(1,293,661)</u>
Revenues over(under) expenses	<u>(54,665)</u>	<u>275,385</u>	<u>43,006</u>	<u>102,223</u>	<u>92,517</u>
Transfers out:					
General Fund	(252,620)	(125,900)	-	(293)	-
MTBID		(140,000)			
General Fund Vehicle Replacement	(20,000)	-	-	-	-
Strategic investment spending	-	-	(898,643)	-	-
Total transfers	<u>(272,620)</u>	<u>(265,900)</u>	<u>(898,643)</u>	<u>(293)</u>	<u>-</u>
Ending cash balance	\$ <u>1,451,118</u>	\$ <u>1,460,603</u>	\$ <u>604,966</u>	\$ <u>706,896</u>	\$ <u>799,413</u>

NOTES:

In FY 12/13, \$179,600 was transferred to the General Fund: \$100,000 for operations, due to the loss of the Dynegy funding, was initially adopted, and at the FY 12/13 mid-year budget review, \$79,600 for retirement payouts

In FY 13/14, adopted transfers out of \$272,620 are for the following:

General Fund Emergency Reserve - fund d	\$38,195	
General Fund - final year of Dynegy reduct	100,000	
General Fund - contribution to TBID of 50%	58,425	
General Fund - Council bequests	56,000	
General Fund Vehicle Replacement - add to balance of cash		
for the purchase of a 4-door hybrid for	20,000	<u>\$272,620</u>

At the FY 13/14 mid-year budget review, an additional \$416,000 was requested to be transferred to the General Fund to cover the costs of employee separations and the negotiated lowering of vacation banks.

In FY 14/15, adopted transfers out of \$140,000 are for the following:

Visitors Center	\$100,000	
Tourism Bureau Events	40,000	
LEAP program	49,000	
Management Partners	76,900	<u>\$265,900</u>

In FY 15/16, Reso No. 32-15 was adopted, which set the minimum balance for this fund at \$100,000. The transfer out (\$900,000) moves excess cash to a strategic investment spending account for specific projects.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SPECIAL ASSESSMENT DISTRICTS FUND

This Fund was created to record parcel assessments and expenditures associated with certain housing developments within the City limits.

NORTH POINT

The California Coastal Commission and the City of Morro Bay worked with landowners at the northern end of the Morro Bay shoreline bluff top to preserve a natural area, as part of a small housing development plan. This is a landscape and lighting district.

LOPRENA

This is a storm drain assessment district.

CITY OF MORRO BAY

2017/18 Proposed Budget

SPECIAL ASSESSMENT DISTRICTS FUND

	<u>2013/14</u>	<u>2014/15</u>	<u>-</u>	<u>2016/17</u>	<u>2017/18</u>
	<u>Actual</u>	<u>Actual</u>	<u>2015/16</u>	<u>Amended</u>	<u>Proposed</u>
			<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 46,567	\$ 52,975	\$ 58,592	\$ 62,622	\$ 66,299
Revenues:					
Property tax assessments:					
North Point	5,645	5,645	4,796	5,645	5,645
Loprena	2,832	2,832	2,832	2,832	2,974
Total revenues	<u>8,477</u>	<u>8,477</u>	<u>7,628</u>	<u>8,477</u>	<u>8,619</u>
Expenditures:					
North Point					
Personnel		(228)	(1,103)	(800)	(1,841)
Supplies			-	(2,000)	(300)
Services	(2,069)	(2,632)	(2,495)	(2,000)	(2,100)
Loprena			-		
Subtotal expenditures	<u>(2,069)</u>	<u>(2,860)</u>	<u>(3,598)</u>	<u>(4,800)</u>	<u>(4,241)</u>
Revenues over(under) expenditures	<u>6,408</u>	<u>5,617</u>	<u>4,030</u>	<u>3,677</u>	<u>4,378</u>
Ending cash balance	\$ <u>52,975</u>	\$ <u>58,592</u>	\$ <u>62,622</u>	\$ <u>66,299</u>	\$ <u>70,677</u>

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

CLOISTERS SPECIAL ASSESSMENT DISTRICT

This Fund was created to record parcel assessments and expenditures associated with the Cloisters housing developments within the City limits. This is a landscape and lighting district.

CITY OF MORRO BAY

2017/18 Proposed Budget

**CLOISTERS ASSESSMENT DISTRICT
OPERATING AND ACCUMULATION FUNDS**

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	Actual	Actual	Actual	Budget	Budget
Beginning cash balance	\$ (11,335)	\$ 63,549	\$ 85,920	\$ 114,893	\$ 123,337
Revenues from:					
Cloisters assessment	151,429	148,944	149,565	148,944	148,944
Interest income	154	537	-	-	-
Transfer in	49,961	-	13,568	-	-
Total revenues	<u>201,544</u>	<u>149,481</u>	<u>163,133</u>	<u>148,944</u>	<u>148,944</u>
Expenditures					
Personnel	(3,850)	(4,786)	(11,901)	(11,000)	(44,459)
Supplies	(1,931)	(5,094)	(5,869)	(7,000)	(7,000)
Services	(120,879)	(117,230)	(116,390)	(122,500)	(66,300)
Total expenditures	<u>(126,660)</u>	<u>(127,110)</u>	<u>(134,160)</u>	<u>(140,500)</u>	<u>(117,759)</u>
Revenues over (under) expenditures	<u>74,884</u>	<u>22,371</u>	<u>28,973</u>	<u>8,444</u>	<u>31,185</u>
Ending cash balance (reserve)	\$ <u>63,549</u>	\$ <u>85,920</u>	\$ <u>114,893</u>	\$ <u>123,337</u>	\$ <u>154,522</u>

NOTES:

With the FY 12/13 budget, maintenance was outsourced.

On May 13, 2014, City Council took action to return \$87,743.61 to the Cloisters Assessment District, due to expenditures made that exceeded assessment revenues, but occurred without Council approval.

In May 2014, Cloisters was separated into its own fund; this presentation includes the reserve.

In FY 17/18 staff time has been allocated based on time spent in the past and will use less contracted services.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

TRUST AND AGENCY FUND
GENERAL PLAN MAINTENANCE FEE

Funds accumulated in this account are to be used to update the City's General Plan. The fee is part of the building permit.

CITY OF MORRO BAY
2017/18 Proposed Budget

TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Amended	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 79,141	\$ 90,796	\$ 107,159	\$ 272,941	\$ 67,553
Revenues from:					
State Grant Income			58,651	(58,651)	
Maintenance fees	11,655	16,434	23,187	13,487	-
Transfer in	-	-	300,000	-	-
Total revenues	<u>11,655</u>	<u>16,434</u>	<u>381,838</u>	<u>(45,164)</u>	<u>-</u>
Expenditures	<u>-</u>	<u>(71)</u>	<u>(216,056)</u>	<u>(160,224)</u>	<u>-</u>
Revenues over (under) expenditures	<u>11,655</u>	<u>16,363</u>	<u>165,782</u>	<u>(205,388)</u>	<u>-</u>
Ending cash balance	<u>\$ 90,796</u>	<u>\$ 107,159</u>	<u>\$ 272,941</u>	<u>\$ 67,553</u>	<u>\$ 67,553</u>

NOTES:

In FY 06/07, funds began accumulating for this purpose.

FY17/18 Note: The General Plan/Local Coastal Program update is funded partially through General Plan Maintenance fee proceeds, along with several grants and previous year contributions from the Strategic Opportunity Fund.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

TRUST AND AGENCY FUND
COMPENSABLE LEAVES ACCUMULATION

This account is established with the Fiscal Year 2016/17 budget, as a result of a Grand Jury investigation and resulting comments, regarding San Luis Obispo County cities' unfunded liability for employee compensable accumulations. These banks include accruals for vacation, compensation in-lieu of overtime, floating holiday pay, and administrative leave hours, which, upon separation from City service, are payable in full. The City has maximum limits on each of these compensable accumulation banks to control this liability, but has not prefunded in anticipation of separations.

Funds accumulated in this account are from a 1% charge to regular payroll hours, and will be used for employee separation payments. This fund does comingle General Government and Enterprise Funds' money; however, a record of contributions and disbursements, by amount and type, is maintained to ensure proper use.

CITY OF MORRO BAY
2017/18 Proposed Budget

TRUST AND AGENCY - COMPENSABLE LEAVES ACCUMULATION

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	- <u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ 369,973
Revenues from:					
Governmental Funds	-	-	-	47,906	50,000
Water operations	-	-	-	3,365	
Sewer operations	-	-	-	3,164	
Harbor operations	-	-	-	5,117	
Wastewater operations	-	-	-	5,535	
Internal Service - IT & Risk	-	-	-	1,645	
Transfer In:	-	-	-	399,268	
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,000</u>	<u>50,000</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	# (96,027)	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,973</u>	<u>50,000</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 369,973</u>	<u>\$ 419,973</u>

NOTES:

In FY 16/17, the City began accumulating funds to pay for this liability. As of June 2016, the total unfunded compensable leave liability was ~\$686,000.

Actual payouts as of 5/18/2017 (not budgetted appropriations)

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

MORRO BAY/CAYUCOS SANITARY DISTRICT
WASTEWATER TREATMENT FACILITY FUND

This Fund records the revenues and expenses associated with the operation of the Wastewater Treatment Facility. The Plant provides services to the City residents and businesses, as well as the unincorporated community of Cayucos. City of Morro Bay employees operate the Plant, with operations oversight handled through a joint powers agreement between the City and the Cayucos Sanitary District.

A major upgrade had been planned for the aging facility (built in the 1950s), with the operational target of 2015. In December 2012, the City Council ceased efforts to upgrade the Facility at its current waterfront location, and began efforts to secure a new location as a Water Reclamation Facility, away from its current location in the coastal zone. The new project may result in a City-owned Facility, ending the long-standing agreement with the Cayucos Sanitary District.

**2017/18 PROPOSED BUDGET
CITY OF MORRO BAY**

2017/18 Proposed Budget

MORRO BAY/CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT FACILITY FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Charges for services	2,691,389	4,401,712	4,935,063	2,387,051	2,491,530
Other revenue	-	-	-	-	-
Total revenues	<u>2,691,389</u>	<u>4,401,712</u>	<u>4,935,567</u>	<u>2,387,051</u>	<u>2,491,530</u>
Expenses for:					
Personnel	(808,783)	(821,827)	(872,286)	(946,238)	(1,018,213)
Supplies	(328,026)	(377,314)	(343,600)	(386,600)	(347,050)
Services	(813,848)	(773,351)	(988,681)	(1,016,678)	(1,099,526)
Other (no depreciation)	(46,847)	-	-	-	-
Capital improvements	-	(1,111,823)	(465,000)	-	-
Capital improvements (City only)	(686,882)	(1,307,543)	(2,234,000)	-	-
General Fund administration	(7,003)	(9,854)	(30,000)	(30,000)	-
IT Replacement Fund	-	-	(2,000)	(7,535)	(26,741)
Total expenses	<u>(2,691,389)</u>	<u>(4,401,712)</u>	<u>(4,935,567)</u>	<u>(2,387,051)</u>	<u>(2,491,530)</u>
Revenues over(under) expenses	-	-	-	-	-
Ending cash balance	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES:

The FY 16/17 Other Revenue represents the State Revolving Fund loan; this will pay planning and design costs for the City-owned Water Reclamation Facility (WRF).

The FY17/18 Budget includes WRF related costs separately from this fund in a discrete capital project fund. Charges for service include City share of \$1,870,530 (Sewer Operating Fund) and Cayucos share of \$621,000

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

PARK IN-LIEU FEES FUND

Local governments in California provide a critical role in the effort to set aside parkland and open space for recreational purposes. Since the passage of the 1975 Quimby Act (California Government Code §66477), cities and counties have been authorized to pass Ordinances, requiring developers to set aside land, donate conservation easements, or pay fees for park improvements. Revenues generated through the Quimby Act cannot be used for the operation and maintenance of park facilities. The goal of the Quimby Act was to require developers to help mitigate the impacts of property improvements.

To manage the special revenue fees collected, this fund was established.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

PARK IN-LIEU FEES FUND

	2013/14	2014/15	-	2016/17	2017/18
	Actual	Actual	2015/16	Adopted	Proposed
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 65,283	\$ 96,386	\$ 10,214	\$ 10,214	\$ 10,214
Revenues from:					
Impact fees	43,801	17,282	-	-	-
Interest income	510	422	-	-	-
Other	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	44,311	19,704	-	-	-
Capital outlay	<u>(13,208)</u>	<u>(105,876)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 96,386</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>	<u>\$ 10,214</u>

NOTES:

The expenditure in FY 14/15 is for the Del Mar parking lot upgrade.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

STATE PARK MARINA SPECIAL REVENUE FUND

This Fund manages the marina concessions revenues that are received for the planning and environmental review of proposed dredging and renovation of the State Park Marina.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

STATE PARK MARINA SPECIAL REVENUE FUND

	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Actual</u>	<u>-</u> <u>2015/16</u> <u>Actual</u>	<u>2016/17</u> <u>Amended</u> <u>Budget</u>	<u>2017/18</u> <u>Proposed</u> <u>Budget</u>
Beginning cash balance	\$ 19,365	\$ 65,283	\$ 146,585	\$ 146,585	\$ 191,585
Revenues from:					
Concessions	72,667	81,302	70,000	80,000	86,500
Intergovernmental	-	-	-	-	-
Interest income	-	-	-	-	-
Total revenues	<u>72,667</u>	<u>81,302</u>	<u>70,000</u>	<u>80,000</u>	<u>86,500</u>
Expenditures:					
Dredging	<u>(26,749)</u>	<u>-</u>	<u>(70,000)</u>	<u>(35,000)</u>	<u>(10,000)</u>
Revenues over(under) expenditures	<u>45,918</u>	<u>81,302</u>	<u>-</u>	<u>45,000</u>	<u>76,500</u>
Ending cash balance	<u>\$ 65,283</u>	<u>\$ 146,585</u>	<u>\$ 146,585</u>	<u>\$ 191,585</u>	<u>\$ 268,085</u>

NOTES:

For FY 16/17, \$10,000 is for wetlands monitoring, and \$25,000 for dredge permitting
For FY 17/18, \$10,000 is for wetlands monitoring

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

HOUSING IN-LIEU SPECIAL REVENUE FUND

This Fund was set up to collect impact fees for affordable housing. In cases where affordable housing is required, and the developer has substantially demonstrated to the City's satisfaction that the reasonable and practical development of affordable housing, either on-site or off-site is infeasible, the City may permit the developer to satisfy the requirements to provide affordable housing by payment of an in-lieu housing fee. The fee is to be paid prior to the issuance of a building permit (where square footage is added) or a final tract map.

Fees accepted for affordable housing may be used to construct, or assist in the construction of, housing, for rent or sale, to very low and/or low and moderate income families, to purchase land for the purpose of affordable housing, to assist very low and/or low and moderate income families to afford adequate housing, or for other measures to provide housing for very low and/or low and moderate income families. Also, the City may use the money for capital projects, such as the Housing Element or General Plan Update. As an option, the in-lieu fees may be transferred to another public agency, such as a nonprofit housing provider, for the purpose of providing affordable housing in the City.

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

HOUSING IN-LIEU FUND

	<u>2013/14 Actual</u>	<u>2014/15 Actual</u>	<u>2015/16 Actual</u>	<u>2016/17 Amended Budget</u>	<u>2017/18 Proposed Budget</u>
Beginning cash balance	\$ 176,590	\$ 160,502	\$ 162,136	\$ 112,936	\$ 108,636
Revenues from:					
Impact fees	11,471	2,634	-	-	
Interest income	1,031	-	800	700	700
Other	25,000	-	-	-	-
Transfers in	9,410	-	-	-	-
Total revenues	<u>46,912</u>	<u>2,634</u>	<u>800</u>	<u>700</u>	<u>700</u>
Expenditures for:					
Services	-	-	(50,000)	-	-
Other	-	-	-	(5,000)	(5,000)
Transfer out to General Fund	(63,000)	(1,000)	-	-	-
Total expenditures	<u>(63,000)</u>	<u>(1,000)</u>	<u>(50,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>
Revenues over(under) expenditures	<u>(16,088)</u>	<u>1,634</u>	<u>(49,200)</u>	<u>(4,300)</u>	<u>(4,300)</u>
Ending cash balance	\$ <u>160,502</u>	\$ <u>162,136</u>	\$ <u>112,936</u>	\$ <u>108,636</u>	\$ <u>104,336</u>

NOTES:

On 12/29/11, \$600,000 was transferred to PSCDC Morro del Mar for a project at 555 Main St.

The FY 13/14 transfer out to General Fund is for the Housing Element update (\$62,000) and a Council bequeathal to the Housing Trust Fund (\$1,000)

The FY 14/15 transfer out to General Fund is for the Council contribution to the Housing Trust Fund (\$1,000).

The FY 15/16 expenditures is for the 6/23/15 decision to providing funding to Ocean View Manor, 456 Elena St.

The FY 16/17 expenditure is for the Council \$5,000 contribution to Home Share SLO

The FY 17/18 expenditure is for the Council \$5,000 contribution to Home Share SLO

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CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

SCHEDULES

1. Schedules of Proposed General Government and Enterprise Capital Projects
2. Schedule of Deferred Infrastructure Maintenance Completed & Proposed
3. Schedule of Completed Facility Maintenance Projects - Historical Years
4. 2-Year Prospective Street Pavement List
5. Schedule of Completed Pavement Projects

CITY OF MORRO BAY
 SCHEDULE OF CAPITAL PROJECTS
 FOR THE 2017/18 FISCAL YEAR AND FUTURE YEARS

PROJECT	Expenditures					PROJECT FUNDING SOURCES	Revenues				
	Proposed	Projected	Projected	Projected	PROPOSED		Proposed	Projected	Projected	Projected	Projected
	2017/18	2018/19	2019/20	Future Years	TOTAL		2017/18	2018/19	2019/20	Future Years	Total
BUDGET	BUDGET	BUDGET	BUDGET	CAPITAL PROJECTS		BUDGET	BUDGET	BUDGET	BUDGET	Revenues	
GOVERNMENTAL/SPECIAL REVENUE FUNDS											
GENERAL GOVERNMENT											
City Park Play Equipment	35,000	115,000			150,000	Friends of Firefighters \$75K/Measure Q (future Year)\$75K	35,000	115,000			150,000
Laurel Ave easement rehabilitation - Storm Drain Portion	112,000				112,000	Impact Fees earmarked for Storm Drains	112,000				112,000
Morro Creek Restoration	300,000				300,000	FEMA Disaster Response	300,000				300,000
Future - ADA Transition Plan Improvements	-	-		5,800,919	5,800,919	TBD				5,800,919	5,800,919
Future - Surf Street Stair Replacement		41,100	267,200		308,300	General Fund Capital Project Reserve		41,100	267,200		308,300
Future - Del Mar Restrooms				350,000	350,000	TBD				350,000	350,000
TOTAL GENERAL GOVERNMENT	447,000	156,100	267,200	6,150,919	7,021,219		447,000	156,100	267,200	6,150,919	7,021,219
STREET IMPROVEMENTS											
State Route (SR)1/SR41 Interchange Improvem	600,000	50,000	2,185,000	2,188,000	5,023,000	Appr SLOCOG Grants+Amts underspent prior projects/Local Match	792,193	423,000	3,807,807	-	5,023,000
Pavement Management Plan	926,917	750,000	925,000	7,602,000	10,203,917	SB1 - RMRA/MeasureQ/Cal Recycle Grant/UrbanStateHwyAcct	926,917	750,000	925,000	7,602,000	10,203,917
CDBG Sidewalk Accessibility Improvements	347,769				347,769	Signed Sub Recipient Agr w/SLO Co & Impact Fees	347,769				347,769
TOTAL STREET IMPROVEMENTS	1,874,686	800,000	3,110,000	9,790,000	15,574,686		2,066,879	1,173,000	4,732,807	7,602,000	15,574,686
TRANSIT FUND											
Replacement Vehicle - Bus	83,000				83,000	Approved Rural Tranit Grant & PTMISEA/Fund Bal Reserve\$5.9K	83,000				83,000
Short Range Transit Plan	45,000				45,000	Approved LTF Tranist Alloc/Fund Bal Reserves \$42.5K	45,000				45,000
TOTAL TRANSIT FUND	128,000	-	-	-	128,000		128,000	-	-	-	128,000

1 This is carryover of amount from FY 16/17 Budget approved. Revenue source is higher than requested amount, as Project Manager states that the SLOCOG Funds are ready to be drawn on, as soon as expenditures are made, as City under spent on approved projects in prior years.

CITY OF MORRO BAY
 SCHEDULE OF CAPITAL PROJECTS
 FOR THE 2017/18 FISCAL YEAR AND FUTURE YEARS

PROJECT	Expenditures					PROJECT FUNDING SOURCES	Revenues				
	Proposed 2017/18 BUDGET	Projected 2018/19 BUDGET	Projected 2019/20 BUDGET	Projected Future Years BUDGET	PROPOSED		Proposed 2017/18 BUDGET	Projected 2018/19 BUDGET	Projected 2019/20 BUDGET	Projected Future Years BUDGET	Projected Total Revenues
					TOTAL CAPITAL PROJECTS						
ENTERPRISE FUNDS											
<u>WATER CAPITAL IMPROVEMENT</u>											
Nutmeg tank (project being pushed to FY18/19)	-	3,030,000			3,030,000	Water Accum Fund and/or Debt Financing	-	3,030,000			3,030,000
One Water Plan - Water Portion 2	345,575				345,575	Water Accum Fund	345,575				
Laurel Ave - easement -Waterline portion	100,000	-			100,000	Water Accum Fund	100,000				100,000
State Park Water Line	117,500				117,500	Water Accum Fund	117,500				117,500
Chorro Creek stream gauges	-			162,000	162,000	Water Accum Fund	-		162,000		162,000
Water System Emergency Contingency	100,000				100,000	Water Accum Fund	100,000				100,000
Water Tank Exterior Coating	80,000				80,000	Water Accum Fund	80,000				80,000
Water Treatment (Desal)Building Exterior Replacement	-	100,000			100,000	Water Accum Fund	-	100,000			100,000
Kings Tank Cleaning & Inspection	-	50,000			50,000	Water Accum Fund	-	50,000			50,000
TOTAL WATER FUND	743,075	3,180,000	-	162,000	4,085,075		743,075	3,180,000	0	162,000	3,739,500
<u>SEWER (EXISTING) CAPITAL IMPROVEMENT</u>											
Laurel Ave easement rehabilitation - Sewer Portion	100,000	-			100,000	Sewer Accum Fund	100,000				100,000
Embarcadero rehabilitation	80,000	615,600			695,600	Sewer Accum Fund\$301K/ FY18/19 Contributions Leaseholder\$314K	80,000	615,600			695,600
One Water Plan - Sewer Portion 2	345,575					2 Sewer Accum Fund	345,575				
Emergency Replacement Contingency	100,000				100,000	Sewer Accum Fund	100,000				100,000
Subtotal	625,575	615,600	-	-	895,600		625,575	615,600	-	-	895,600
<u>SEWER (EXISTING) CAPITAL EQUIPMENT</u>											
Collections Service Truck Replacement	75,000				75,000	Sewer Equipment Replacement Fund	75,000				75,000
Vactor Replacement	540,000	-			540,000	Sewer Equipment Replacement Fund	540,000				540,000
Subtotal	615,000	-	-	-	615,000		615,000	-	-	-	615,000
WASTE WATER RECLAMATION FACILITY MASTER PLAN (NEW)	4,261,204	Pending	Pending	Pending	4,261,204	Sewer Accum Fund/SR1 Loan Proceeds if needed	4,261,204				4,261,204
TOTAL SEWER FUND	5,501,779	615,600	-	-	5,771,804		5,501,779	615,600	0	0	5,771,804
<u>HARBOR CAPITAL IMPROVEMENT</u>											
Not yet finalized	-	-	-	-	-	Not yet finalized	-	-	-	-	-
TOTAL HARBOR FUND	-	-	-	-	-		-	-	-	-	-

2 Total Project Cost of 711,150. \$20,000 is charged to FY 16/17 Public Works Budget.
 Balance of \$691,150 split 50/50 between Water & Sewer Enterprise Funds.

Example

**CITY OF MORRO BAY
CAPITAL PROJECT SHEET
FOR THE 2017/18 FISCAL YEAR**

Section 1 Project Title		ADA Accessibility Improvements			Budget Unit #	915		
Department(s)		Non-Departmental	Contact	Rick Sauerwein, 805-772-6266	Functional Unit	Street Infrastructure		
Total Project Cost		Total Appropriations to Date	Current Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21	Budget Year 2021/22	Future Years
\$907,624		\$ 257,624	\$ 347,769	\$ -	\$ -	\$ -	\$ -	\$ 302,231

Type of Project	New	Replacement	Land/ROW Acq. Required	Expansion	Renovation	Safety Concern
	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	YES

Completion Date	Annual Recurring	Percentage Complete	0%	Mandate	Historic underfunding and continuous natural deteriorat
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Section 2 Description of Capital Item

This project fills gaps in the existing sidewalk network in areas of high pedestrian volume and provides essential curb ramps and storm drainage to achieve current ADA Accessibility standards.

Justification; Linkage to Council Goals, Plans, or other Objective

Gaps in the existing sidewalk system within the Downtown CBD and other key areas of business activity inhibit access to disabled residents and tourists. The project contributes to two of Council's Goals by advancing Economic Sustainability and Improving Infrastructure.

History and Current Status; Impact if Canceled or Delayed

This work has been proceeding in a phased approach as funds become available since 2013. Successful past performance has resulted in the reallocation of unobligated funds from other cities to augment the 2017/18 effort. Completion of this work no later than December 30, is a required condition of the subrecipient agreement.

Section 3 Project Costs

Activity	Appropriations to Date	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Future Years	Total
Land acquisition	\$ -							\$ -
Environmental & Design	\$ -							\$ -
Construction	\$ 257,624							\$ -
Total Capital Cost Est.	\$ -	347,769						\$ 347,769
Total Operating Cost Est.	\$ -							\$ -
Total Expenditures Est.	\$ -	\$ 347,769	\$ -	\$ 347,769				

Section 4 New or Additional Impact on Operating Budget

Type of Expenditure	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Future Years	Total
Staff Costs (In-Kind Match)	\$ 5,514						\$ 5,514
Total	\$ 5,514	\$ -	\$ 5,514				

Section 5 Method(s) of Financing

Funding Source(s)	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	Future Years	Total
CDBG	304,951						\$ 304,951
Local Funds	\$ 42,818						\$ 42,818
Total	\$ 347,769	\$ -	\$ 347,769				

Section 6 Maps/Charts/Tables/Pictures **Section 7** Comments/Impacts for Other Departments

	
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Section 8 Long Term Savings

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Section 9 Non-Secured Financing/Reimbursements

If additional Local Funds are not budgeted, work will be adjusted based on the actual bid prices received.

**CITY OF MORRO BAY
GENERAL FUND FACILITY MAINTENANCE FUND
SCHEDULE OF DEFERRED INFRASTRUCTURE MAINTENANCE
052-6150**

OVERALL PRIORITY	SITE PRIORITY	SITE	WORK DESCRIPTION	QUARTER	ACTUAL COST	COMMENTS
AS OF THE 2016/17 FISCAL YEAR						
DONE	A	Community Center	Tent for termites	Complete	\$12,970	
DONE	A	Public Works	Tent for termites	Complete	3,952	
DONE	A	Tidelands Restroom	Epoxy seal the restroom floor.	Complete	4,800	
DONE	A	Bayshore Bluffs	Epoxy seal the restroom floor	Complete	1,900	
DONE	A	Lila Keiser Restroom	Epoxy seal the restroom floor	Complete	3,600	
DONE	A	Rock restroom	Install lift station with solids grinder pump	Complete	9,162	By staff
DONE	A	Veterans Memorial Building	Replace gutters	Complete	2,182	
DONE	A	Tidelands Restroom	Replace gutters	Complete	792	
DONE	Added	City Hall Annex	Replace gutters	Complete	391	
DONE	Added	Grandmas Waffles	Repair gutters	Complete	385	
DONE	Added	City Hall	Replace roof	Complete	17,650	
DONE	Added	Community Center	Repair dry rot and parapet cap	Complete	14,564	
DONE	Added	Teen Center	Remove skate park	Complete	7,945	By staff
					\$80,293	

PROPOSED FOR THE 2017/18 FISCAL

					Estimate	
1	A	Centennial Parkway	Raplace handrail for stairs	WIP	5,000	Contract out for signature
1	A	Olive Street Stair	Raplace handrail for stairs	WIP	5,000	Contract out for signature
1	A	City Hall	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	Community Center	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	Public Works	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	Harbor Office	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	City Hall Annex	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	Resource and Outreach	Install new building entry sign with City seal	1	100	WIP-Statewide Traffic Safety
1	A	City Hall Annex	Repair exterior stucco, facia, and paint building	1	500	By staff
1	A	Lila Keiser Restroom	Repair facia and repaint inside and out	1	500	By staff
1	A	Tidelands Restroom	Repaint inside and out	1	500	By staff
2	B	Public Works	Replace carpet	2	7,000	
2	B	City Hall	Replace carpet	2	5,000	
2	B	Bayshore Bluffs	Raplace handrail for stairs	2	5,000	
2	B	City Wide	Install 1.28 gallon per flush toilets and 1 pint flush urinals at all city restrooms	Many	30,000	
2	B	Public Works	Install rainwater harvesting	3	2,000	
2	B	Veterans Memorial Building	Complete the turf removal and finish the Civic Landscape Improvement Program at this location		12,000	
3	C	Community Center	Upgrade and interlock ventilation fans with new HVAC in Auditoriums		2,000	
3	C	Coleman Restroom	Renovation for restroom accessibility and add sidewalk from the boardwalk		25,000	
3	C	Veterans Memorial Building	Recover movable wall		2,500	
					\$102,600	

NOTE:

This fund supports projects related to the City Council's 2016-2017 Goals
Project completion is based on priority and available funding.

Legend:

Green: Completed Projects on FY16/17 list.
Orange: Completed Projects Not Identified for FY16/17.
Blue: Projects on FY 16/17 list to be completed in FY 17/18 pending receipt of \$36K rental income
Pink: Projects on FY 16/17 list to be completed in 17/18 subject to available resources.

CITY OF MORRO BAY

2-Year Prospective Street Pavement List

Street ID	Pavement Condition	Start	End	Region	Street Type	Area	Treatment	Proposed	Full Depth
	Index							Budget	Reclamation
FY 2017-18									
Alder	33	San Joaquin Street	Elena Street	Zone 2	R - Residential/Local	22860	CS	\$14,630.40	\$42,291.00
Alder	41	Sequoia Street	San Jacinto Street	Zone 2	R - Residential/Local	21420	CS	\$13,708.80	\$39,627.00
Alder	44	San Jacinto Street	San Joaquin Street	Zone 2	R - Residential/Local	22680	3CS	\$20,638.80	\$41,958.00
Atascadero	40	Embarcadero	Park Street	Zone 3	C - Collector	40320	3CS	\$36,691.20	\$36,691.20
Barlow	44	Main Street	End	Zone 4	R - Residential/Local	14690	CS	\$9,401.60	\$9,401.60
Bayview	38	Hill Street	Hillview Street	Zone 2	R - Residential/Local	21390	3CS	\$19,464.90	\$19,464.90
Beachcombe	15	Yerba Buena Street	North End	Zone 1	R - Residential/Local	4840	DCS	\$7,211.60	\$7,211.60
Birch	28	San Jacinto Street	San Joaquin Street	Zone 2	R - Residential/Local	22320	3CS	\$20,311.20	\$20,311.20
Birch	38	Sequoia Street	San Jacinto Street	Zone 2	R - Residential/Local	23560	3CS	\$21,439.60	\$43,586.00
Cedar	35	San Jacinto Street	San Joaquin Street	Zone 2	R - Residential/Local	22320	3CS	\$20,311.20	\$41,292.00
Cedar	45	San Joaquin Street	Elena Street	Zone 2	R - Residential/Local	18290	CS	\$11,705.60	\$33,836.50
Cedar	47	Sequoia Street	San Jacinto Street	Zone 2	R - Residential/Local	22500	3CS	\$20,475.00	\$41,625.00
Coral	19	Paul Creek	Java Street	Zone 1	R - Residential/Local	4860	DCS	\$7,241.40	\$7,241.40
Damar	50	Sandalwood Avenue	End	Zone 1	R - Residential/Local	11900	3CS	\$10,829.00	\$22,015.00
Dogwood	37	San Joaquin Street	Elena Street	Zone 2	R - Residential/Local	20700	3CS	\$18,837.00	\$38,295.00
Ironwood	44	Elena Street	Avalon Street	Zone 2	C - Collector	66780	3CS	\$60,769.80	\$60,769.80
Ironwood	45	Avalon Street	Mimosa Street	Zone 2	C - Collector	29580	3FCS	\$29,580.00	\$54,723.00
Island	43	Sandalwood Avenue	Coral Avenue	Zone 1	R - Residential/Local	7000	3CS	\$6,370.00	\$12,950.00
Jamaica	40	Panorama Drive	Main St	Zone 1	R - Residential/Local	21040	3CS	\$19,146.40	\$19,146.40
Juniper	27	Elena St	Avalon St	Zone 2	R - Residential/Local	51030	3CS	\$46,437.30	\$46,437.30
Juniper	43	North End	Elena Street	Zone 2	R - Residential/Local	68080	CS	\$43,571.20	\$43,571.20
Kings	32	Balboa Street	Pacific Street	Zone 4	C - Collector	7200	CS	\$4,608.00	\$4,608.00
Kodiak	39	Beachcomber Drive	End	Zone 1	R - Residential/Local	13755	3CS	\$12,517.05	\$25,446.75
Kodiak	42	Panorama Drive	Main St	Zone 1	R - Residential/Local	19700	3CS	\$17,927.00	\$36,445.00
La Loma	46	Balboa Street	Quintana Road	Zone 4	R - Residential/Local	21450	CS	\$13,728.00	\$13,728.00
LasVegas	47	Elm Avenue	Main Street	Zone 2	R - Residential/Local	16800	CS	\$10,752.00	\$10,752.00
LittleMorr	29	Radcliff Street	City Limits	Zone 3	RL - Rural Local (7)	76000	3CS	\$69,160.00	\$140,600.00
Main	36	Quintana Place	Surf Street	Zone 3	MiA - Minor Arterial (4)	30420	CS	\$19,468.80	\$19,468.80
Main	37	Zanzibar Street	Vashon Street	Zone 1	MiA - Minor Arterial (4)	17150	3CS	\$15,606.50	\$15,606.50
MindoroWay	42	Beachcomber Drive	Mindoro Street	Zone 1	R - Residential/Local	6825	CS	\$4,368.00	\$4,368.00
17/18 Subtotal								\$626,907.35	\$953,468.15

CITY OF MORRO BAY

2-Year Prospective Street Pavement List

Street ID	Pavement Condition		Start	End	Region	Street Type	Area	Treatment	Proposed	Full Depth
	Index								Budget	Reclamation
FY 2018/19										
Allesandro	45	Las Tunas Street	La Loma Avenue	Zone 4	R - Residential/Local	35400	CS	\$22,656.00	\$22,656.00	
Butte	43	Las Tunas Street	End	Zone 4	R - Residential/Local	13300	CS	\$8,512.00	\$8,512.00	
Coral	50	Indigo Cir	San Jacinto St	Zone 1	C - Collector	22275	M2	\$4,009.50	\$4,009.50	
Front	39	Harbor Street	North End (Embarcadero)	Zone 3	R - Residential/Local	18240	M2	\$3,283.20	\$3,283.20	
Front	48	Harbor Street	South End (Embarcadero)	Zone 3	R - Residential/Local	17200	M2	\$3,096.00	\$3,096.00	
Morro	48	Pacific Street	Marina Street	Zone 3	R - Residential/Local	13200	M2	\$2,376.00	\$2,376.00	
Morro	50	Morro Bay Blvd	Pacific Street	Zone 3	R - Residential/Local	13200	M2	\$2,376.00	\$2,376.00	
MorroBayAl	8	Piney Way	Bernardo Ave	Zone 3	R - Residential/Local	8475	CS	\$5,424.00	\$5,424.00	
OrcasST	33	Highway 1	End	Zone 1	R - Residential/Local	10815	3CS	\$9,841.65	\$20,007.75	
OrcasST	34	Panorama Drive	Main St	Zone 1	R - Residential/Local	20400	3CS	\$18,564.00	\$37,740.00	
OrcasWY	46	Orcas Street	End	Zone 1	R - Residential/Local	7560	CS	\$4,838.40	\$13,986.00	
Panay	44	Beachcomber Street	End	Zone 1	R - Residential/Local	9765	3CS	\$8,886.15	\$18,065.25	
Pico	39	East End	Main Street	Zone 2	R - Residential/Local	17325	3CS	\$15,765.75	\$15,765.75	
Preston	17	Main Street	End	Zone 3	R - Residential/Local	15840	DCS	\$23,601.60	\$29,304.00	
Ridgeway	38	Fairview (East End)	Kings Ave	Zone 4	R - Residential/Local	9350	CS	\$5,984.00	\$5,984.00	
Ridgeway	50	Kings Ave	Arbutus Ave	Zone 4	C - Collector	17050	M2	\$3,069.00	\$3,069.00	
SanJacinto	45	Main St	COP at Alder Ave	Zone 2	C - Collector	6900	M2	\$1,242.00	\$1,242.00	
Seaview	32	Hill Street	Avalon Street	Zone 2	R - Residential/Local	22220	3CS	\$20,220.20	\$41,107.00	
Shasta	45	Olive Street	South Street	Zone 4	C - Collector	50050	CS	\$32,032.00	\$32,032.00	
Sicily	32	Beachcomber Drive	End	Zone 1	R - Residential/Local	7350	3CS	\$6,688.50	\$13,597.50	
SouthBay	61	Quintana	Twin Bridges	Zone 4	MiA - Minor Arterial (4)	124845	M2	\$22,472.10	\$22,472.10	
SouthBay	61	Twin Bridges	City Limit	Zone 4	MiA - Minor Arterial (4)	73080	CS	\$46,771.20	\$46,771.20	
Tahiti	32	Beachcomber Drive	End	Zone 1	R - Residential/Local	6000	3CS	\$5,460.00	\$11,100.00	
Terra	34	Sandalwood Avenue	End	Zone 1	R - Residential/Local	14000	3CS	\$12,740.00	\$12,740.00	
Tide	45	Island	Zanzibar	Zone 1	R - Residential/Local	60700	DO	\$42,000.00	\$112,295.00	
Vashon	16	Beachcomber Drive	End	Zone 1	R - Residential/Local	5300	3CS	\$4,823.00	\$9,805.00	
Verdon	32	Sandalwood Avenue	Coral Avenue	Zone 1	R - Residential/Local	8600	3CS	\$7,826.00	\$15,910.00	
West	42	Beach Street	Surf Street	Zone 3	R - Residential/Local	14700	CS	\$9,408.00	\$9,408.00	
18/19 Subtotal								\$353,966.25	\$524,134.25	
Grand total								\$980,873.60	\$1,477,602.40	

1 Need unit prices for dig outs and full depth reclamation.

2 This budget is based on current funding availability. Approval of new funding sources would significantly expedite reconstruction.

3 PMP Street priorities are reevaluated annually during project design to utilize the most appropriate repair method, considering current pavement condition & fund availability.

4 Final street selection will occur after Street Summit with Council approval of award.

5 **Needing full depth reclamation**

**CITY OF MORRO BAY
FIVE YEAR PAVEMENT MANAGEMENT PLAN
COMPLETED PROJECTS BY FISCAL YEAR**

2012	2013	2014	2015	2016/2017	
Bernardo1	Kern1	Alder Avenue	Atascadero Road	Acacia	Panorama
Main8	Beach1	Andros Street	Beachcomber	Avalon	Piney
Kern1	Marina1	Beachcomber Avenue	Blanca	Bali	Ponderosa
Oak1	Pacific1	Bonita Street	Bonita	Bayshore	Prescott
Olive3	Harbor1	Cedar Avenue	Delmar Park Trail & Parking Lot ^{2 3}	Birch	San Juan
Ester01	Mimosa1	Dawson Avenue	Harbor	Bolton	Shasta
Quintana3	"PD Alley"	Dogwood Avenue	Hatteras	Casitas	Sienna
Pecho1		Elm Avenue	Java	Clarabelle	Sunset
Ridgeway1		Fir Avenue	Market	Conejo	Tuscan
Center1		Gilbert Street	Panorama ³	Coral	Vashon
Marengo1		Greenwood Avenue	Quintana Place	Driftwood	Vista
Dana1		Hatteras Street	Quintana Road	Dunes	Walnut
Fresno1		Hemlock Avenue	Radcliffe	Elena	Zanzibar
Marina2		Island Street	Sandalwood	Elm	
Scott1		Java Street	San Jacinto	Fir	
South2		Kings Street	San Joaquin	Greenwood	
Alta1		Nassau Street	Sicily	Harbor	
Tide1 ¹		Nevis Street	South Bay Blvd ³	Hill	
Embarcadero1		Norwich Street	Trinidad	Hillview	
Balboa1		Oahu Street	Whitbey	Kennedy	
Las Tunas		Panay Street	Casitas*	Koa	
Morro2		Quintana Road	Conejo*	Laurel	
		Sequoia Street	Juniper*	Luzon	
		Whidbey Way	Koa*	Mindoro	
		Yerba Buena Street	Laurel*	Monterey	
			Maple*	Napa	
			Nutmeg*	Nutmeg	
			Pacific ²	Pacific	

NOTES:

¹ Work done without charge as compensation for contractor delays; value of work = \$61k

² Storm Drain Repair

³ Pavement Replacement

* Trench Repair

CITY OF MORRO BAY 2017/18

PROPOSED BUDGET

SUPPLEMENTAL INFORMATION

Glossary

Investment Policy

Ordinances

Resolutions

CITY OF MORRO BAY

GLOSSARY OF TERMS

Accrual Basis of Accounting

The basis of accounting by which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

Appropriation

A specific amount of money authorized by the City Council for an approved work program or individual project.

Assessed Valuation

A dollar value placed on real estate or other property by San Luis Obispo County as a basis for levying property taxes.

Balanced Budget

A budget in which planned expenditures do not exceed planned funds available.

Basic Financial Statements

The financial statements that are prepared as of the end of the fiscal year, which is June 30, and provided to our auditor, who reviews them for accurate presentation and issues an opinion on them.

Basis of Budgeting

Budgets are adopted on a basis consistent with accounting principles, generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital projects funds.

Beginning/Ending Cash Balance

Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year expenses.

Bond

A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

Budget

An annual financial spending plan. The budget identifies sources of income (revenues) and uses of money (funds to be spent on personnel, services, etc). The City of Morro Bay's budget encompasses one fiscal year.

Budget Calendar

The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

Budget Message

A general discussion of the preliminary/adopted budget presented in writing as part of, or supplement to, the budget document. Explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

CalPERS (also called PERS)

The California Public Employees Retirement System, which is the agency providing pension benefits to all City employees.

CalPERS member definitions

With the enactment of the 2013 Public Employees Pension Reform Act (PEPRA), new employees to an agency are classified into two groups:

- a. Classic members: these are new employees of the City of Morro Bay that have been CalPERS members, through a former employer, and have **not** had a break in service of more than 6 months.
- b. New members: these are new employees of the City of Morro Bay that have **never been** CalPERS members or have had a break in service of **more than 6 months**.

Further information is presented under **Retirement Formulas (Tiers)**.

Capital Expenditures

Typically are expenditures related to major construction projects such as roads, buildings, and parks. These expenditures are typically capitalized and depreciated over time.

Capital Outlay (Capital Assets)

Equipment (fixed assets) with a value of \$5,000 or more and an estimated useful life of more than one year, such as automobiles and office furniture, which appear in the Operating Budget.

Capital Projects

Projects that purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

Capital Projects Funds

General Capital Project Funds are governmental fund types that contain expenditures for general government (not enterprise) capital improvements, buildings, vehicles, land or equipment. Enterprise Capital Project Funds are proprietary fund types and contain the same expenses as those described above.

Capital Requirements (5 year)

A multi-year financial plan containing proposed capital spending.

Certificates of Deposit (COP)

A debt instrument used to fund capital projects. For the City of Morro Bay, a COP was issued with the USDA to fund a portion of the construction costs for Fire Station No. 53.

Community Development Grants

Funds established to account for revenues from the federal government and expenditures as prescribed under programs such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships.

COPS (SLESF)

Citizens Option for Public Safety, a special safety grant from the State of California.

Contingency

An appropriation of funds to cover unforeseen events that occur during the fiscal year.

Council-Manager Form of Government

An organizational structure in which the Mayor and City Council appoint an independent City Manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the City Manager is responsible for implementing those policies effectively and efficiently.

Continuing Appropriations, or Carryovers

Funding approved in the current budget, but not expended during a particular fiscal year. These appropriations are carried forward into the next fiscal year for their original intended purpose. For the City of Morro Bay, carryover funds are located in Special Revenue Funds (Measure Q, MBTBID) and Capital Project Funds.

Cost Allocation

A method used to charge General Fund overhead costs to other funds, such as enterprise funds.

Debt Service

The payment of principal and interest on borrowed funds, such as COPS.

Department

An organizational unit comprised of programs or divisions. Examples include the Police, Fire, and Recreation Departments.

Enterprise Fund

A fund-type established to account for the total costs of selected governmental facilities and services that are operated similar to private businesses.

Equipment Outlay

A category of expenditures that captures purchases of capital equipment, such as furniture, vehicles, large machinery, and other items.

Estimate

Represents the most recent estimate for current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue experience, and consider the impact of unanticipated price or other economic factors.

Expenditure

The actual spending of funds set aside by appropriation for identified goods and services.

Execute/Execution

This is the performance or implementation of a directive.

Fee

A general term used for any charge levied by government for providing a service or performing an activity.

Fines, Forfeitures, and Penalties

Revenue category that contains monies resulting from violations of various City and state laws, and from damage to City property.

FFA

Firefighters Association, which is the group that represents the sworn fire safety personnel (with the exception of the Chief).

Fiscal Year

A twelve-month period of time designated as the budget year. The City of Morro Bay's fiscal year is July 1 to June 30.

Full-Time Equivalent (FTE)

A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time Clerk working 20 hours per week would be equivalent to one-half of a full-time position, or 0.50 FTE.

Fund

A set of inter-related accounts to record revenues and expenditures (expenses) associated with a specific purpose. For a list of City funds, see the Table of Contents, *City Funds List*.

Fund Balance

The amount of unrestricted financial resources (not necessarily cash) in a given fund. These may be used to fund existing commitments, and may be available for any use permitted for the fund.

GANN Limit (Proposition 4)

Under this article of the California Constitution, the City must compute an annual appropriation limit that states a ceiling on the total amount of tax revenues the City can appropriate annually.

Generally Accepted Accounting Principles (GAAP)

Uniform minimum standards used by state and local governments for financial recording and reporting that have been established by the accounting profession through the Governmental Accounting Standards Board (GASB).

General Fund

The primary fund used by the City for which revenues and expenditures are not legally restricted for use. Examples of departments operating within the General Fund include Fire, Police, and City Manager.

Governmental Accounting Standards Board (GASB)

The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

Grant

Contributions of cash or other assets from another governmental agency or other organization to be used or expended for a specific purpose, activity or facility.

HUD

The United States Department of Housing and Urban Development.

Infrastructure

Facilities that support the daily life and growth of the City, for example, roads, water lines, and sewers.

Interfund Transfers

A transfer of funds between departments/funds for specific purposes, as approved by the appropriate authority.

Internal Service Funds

The City has two Internal Service funds, collecting money from departments/funds to pay for the established purpose of the fund.

- a. Risk Management: this Fund manages the City's insurances, and has a committed minimum balance of \$100,000 as set by Resolution No. 33-15.
- b. Information Technology: this Fund will accumulate money for technology, as well as pay for normal operational items (*i.e.*, desktop computers, keyboard

replacements); establishing this Fund is a Management Partners' recommendation from the 2015 assessment.

Levy

To impose taxes, special assessments, or charges for the support of City activities.

Licenses and Permits

Revenue category that accounts for recovering costs associated with regulating business activity.

Miscellaneous employees

This is the CalPERS retirement group that contains the SEIU-represented, non-sworn Police and Harbor, executive, management and confidential employees.

NPDES

The National Pollution Discharge Elimination System, which is a permitting process with which the City is required to comply to ensure that storm water runoff is not contaminated.

Ordinance

A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, an Ordinance has the full force and effect of law within the boundaries of the municipality to which it applies.

Operating Budget

The annual appropriation of funds for on-going program costs, which include salaries, benefits, maintenance, operation, and capital outlay items.

PARS

The Public Agency Retirement System (PARS) is the City's substitute for participation in Social Security Insurance. Part-time, non-PERS employees are enrolled in PARS and pay a 6% contribution. The City pays 1.5% on behalf of the employee.

PERS – see CalPERS

Personnel Expenditures (Expenses)

An expenditure (expense) category that captures costs related to employee compensation, such as salaries and fringe benefits. Personnel expenditures (expenses) include salaries, pensions, retirement, special pay, and insurance for full-time and part-time employees of the City.

POA

Police Officers Association, which is the group representing the sworn police safety and communications personnel (with the exception of the Chief, Commander and Support Services Coordinator).

Program

Represents major areas or support functions; defined as a service provided to citizens, other departments, or other agencies.

Proposed/Preliminary Budget

A balanced budget presented to the City Council by the City Manager. Any City Council changes to the Proposed/Preliminary Budget are incorporated into the final Adopted Budget.

Request for Proposals (RFP)

A written solicitation issued by the City which generally describes the goods or services sought to be procured, sets forth minimum standards and criteria for evaluating proposals submitted in response to it, generally describes the format and content of proposals to be submitted, provides for negotiation of terms and conditions of the contract and may place emphasis on described factors other than price to be used in evaluating proposals.

Request for Quotes (RFQ)

A written solicitation issued by the City for quotes for goods or services sought to be procured. This is a much less formal process than the RFP.

Retired annuitant

There are specific rules and restrictions with hiring individuals that are retired from the CalPERS retirement system. These affect people retired from **any CalPERS participating agency**. The main rules and restrictions are:

- a. **Fiscal year hours** restricted to 960 hours.
- b. Compensation restriction to **no more than** what the former position incumbent was earning.
- c. No additional benefits or reimbursements to the annuitant.

Retirement Formulas (Tiers)

The various CalPERS retirement formulas in which the City participates:

Non-sworn SEIU, Safety, Executive, Management, Confidential:

Tier 1	2.7% at age 55	Single highest year for final compensation
Tier 2	2% at age 60	Highest consecutive 36 months
Tier 3	2% at age 62	Highest consecutive 36 months

Retirement Formulas (Tiers) - Continued

Sworn Public Safety Fire, Police, Harbor Patrol:

Tier 1	3% at age 50	Single highest year for final compensation
Tier 2	3% at age 55	Highest consecutive 36 months
Tier 3	2.7% at age 57	Highest consecutive 36 months

Revenues

Funds received from the collection of taxes, fees, permits, licenses, interest, and grants during the fiscal year.

Schedule

A summary of expenditures, revenues, positions, or other data that reflects funding sources and spending plans of the budget and capital improvement programs.

SEIU

The Service Employees International Union, which is the union representing the majority of the City's general/miscellaneous employees.

SLESF(COPS)

Supplemental Law Enforcement Services Funds, which is a special Police safety grant from the State of California, currently budgeted at \$100,000 per year. This grant cannot be used to supplant (replace) monies historically budgeted for General Fund programs.

Special Revenue Funds

Revenues received that have specific purposes for which they are earmarked.

Transfers

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

Transient Occupancy Tax (TOT)

A tax that is levied on occupants of hotel and motel rooms in the City for stays of less than 30 days.

CITY OF MORRO BAY INVESTMENT POLICY JULY 2017

PURPOSE

This investment policy establishes the practices and procedures to be used in managing the City of Morro Bay's (City) portfolio in accordance with the requirements of the State of California Government Code and the guidelines provided by the California Debt and Investment Advisory Commission (CDIAC) and the Government Finance Officers Association (GFOA).

SCOPE OF THE POLICY

This policy governs the investment of money that is not required to meet the immediate needs of the City.

LEGAL AUTHORITY

Government Code Sections: California Government Code Sections 53600 to 53609, 53635, and 16429.1 govern the investment of local agency funds.

Legislative Changes: Any applicable legislative actions will be acted on as of their effective dates and will be incorporated into the policy annually, specifying the California Government Code sections that have been added, deleted or amended.

OBJECTIVES

The City Treasurer will consider the following factors in priority order when assessing investment opportunities:

Safety: The primary objective is the preservation of principal. Capital losses will be avoided, whether from default or erosion of market value, meaning that the City will not sell or trade an investment because of market fluctuation. The two types of risk to be minimized are:

1. Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligations; and
2. Interest rate or market risk – the risk that changes in interest rates will adversely affect the fair value of an investment.

Liquidity: The second objective is the liquidity of the portfolio. The portfolio should remain sufficiently flexible to enable the City to meet the operating requirements that are reasonably anticipated. In order to ensure liquidity, the investment policy must recognize that calculating cash flows are the basis of any good investment strategy. Meeting the daily cash flow demand goes hand-in-hand with meeting the City's liquidity needs.

Yield: The third objective, behind safety and liquidity, is attaining a market rate of return throughout the budgetary and economic cycles.

While managing the portfolio, the Treasurer, and designated staff, will strive to maintain public trust by avoiding any transactions that might impair public confidence in the City. When selecting investment instruments, the Treasurer, and designated staff, will remain cognizant of any social and policy considerations that have been established and defined in this policy.

GENERAL STRATEGY

The Treasurer, and designated staff, may follow a passive or active investment strategy. Passive investment policies adhere to the investment goal of holding investments to maturity. Active investment strategy is the buying and selling of investments to achieve a certain benchmark objective. Great care, coupled with the advice of a fiscal agent, should be followed with an active investment policy.

The City follows the passive investment strategy of holding investments to maturity.

STANDARD OF CARE

Prudent Investor Standard: The prudence standard for trust investing traces back to Harvard College v. Amory, 26 Mass. (9 Pick.) 446 (1830). Judge Samuel Putnam stated that trustees should "observe how men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety, of the capital to be invested."

This standard will be followed by the Treasurer, and designated staff.

Ethics and Conflict of Interest: The Treasurer, and designated staff, shall refrain from personal business activities that could conflict with the proper execution of the investment program or which could impair their ability to make impartial decisions.

Delegation of Authority: The following positions and corresponding City personnel are delegated the power to invest the funds of the City:

City Manager:	Vacant (C. Schmollinger Acting)
Finance Dir/Treasurer:	Craig Schmollinger
Budget/Accounting Manager:	Sandra Martin
Senior Accounting Technician:	Valerie Webb

These designations may change with the annual affirmation of this policy. Each delegate is required to adhere to the requirements set forth in the investment policy.

SAFEKEEPING AND CUSTODY

Third-party Safekeeping: Ownership of the City's investment securities will be protected through third-party custodial safekeeping. The custodian will provide the City with a safekeeping receipt or monthly, itemized statement. Exceptions to this requirement are made for certificates of deposit, money market funds and investment pools.

Internal Controls: These are designed to ensure that the assets of the City are protected from theft, loss, or misuse. Such internal controls that are in place include:

1. Control of collusion;
2. Separation of duties;
3. Safekeeping of securities; and
4. Written confirmation of telephone transactions and wire transfers.

The City will separate the person who authorizes or performs the transaction from the person or people who ultimately record or otherwise account for the transaction to achieve separation of duties.

Delivery vs. Payment: All investment transactions should be conducted using standard delivery vs. payment procedures. In delivery vs. payment, the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian, and ensures that securities are deposited in an eligible financial institution prior to the release of funds.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The City will only conduct business with approved banks, savings and loans, credit unions, and securities brokers/dealers. A list of financial dealers and institutions is to be maintained. Broker/dealers and institutions must meet all requirements established by federal and state law.

SUITABLE AND AUTHORIZED INVESTMENTS

Authorized Investment Types: The City, by virtue of California Government Code Sections 53600 – 09, has the ability to invest in numerous types of instruments. The City has looked

at its goals, objectives, and standards of care in establishing a list of authorized investment types that also meet statutory requirements. Those types of investment instruments that meet the criteria for the City are:

1. Securities of the U. S. Government, or its agencies;
2. California's Local Agency Investment Fund (LAIF) pool;
3. FDIC Insured Certificates of Deposit up to \$250,000;
4. Bankers' Acceptances (not exceeding 40% of the City's portfolio/max maturity 180 days);
5. Money Market funds;
6. Collateralized deposits;
7. Passbook savings accounts; and
8. Repurchase agreements and reverse repurchase agreements (no more than 25% of the City's portfolio).

Prohibited Investment Types: In addition to a listing of authorized investments, California Government Code Section 53601.6 prohibits local agencies from investing in the following instruments:

1. Inverse floaters;
2. Range notes or mortgage-derived, interest-only strips;
3. Any security that could result in zero interest accrual if held to maturity;
4. Stock; and
5. Futures or options.

There may be additional investment instruments in which the City does not want the Treasurer to invest, and those will be defined in future investment policies.

INVESTMENT PARAMETERS

Diversification of Investments: The City may choose to impose more stringent restrictions or further restrictions on other investment instruments, depending on its investment goals and risk tolerances, than those proposed in the California Government Code Sections 53600 - 09. The City has indicated those authorized investments as follows:

1. Money market funds;
2. Collateralized deposits;
3. Securities of any one issuer, not to exceed 5% of the City's portfolio, except those obligations of the U.S. government, U.S. governmental agencies, and U.S. government-sponsored enterprises;
4. Mutual funds; and
5. FDIC insured certificates of deposits.

Maximum Maturity: California Government Code Section 53601 lists the maximum maturity for any instrument as five (5) years. The exception to this time frame is made for investments with LAIF or collateralized deposits.

Minimum Credit Requirements: The City has chosen to follow the California Government Code Section 53601 that sets the minimum credit rating required for certain investment instruments as follows:

1. Short-term debt shall be rated at least "A-1" by Standard & Poor's Corporation, "P-1" by Moody's Investors Service, Inc., or "F-1" by Fitch Ratings. If the issuer of short-term debt has also issued long-term debt, this long-term debt rating shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.
2. Long-term debt shall be rated at least "A," without regard to +/- or 1, 2, 3 modifiers, by Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch Ratings.

Maximum Weighted Average Maturity of a Portfolio: As part of the monthly portfolio performance report that is provided to the City Council, a weighted average maturity (WAM) of the portfolio is calculated. While there are no requirements under state law for a maximum WAM of a portfolio, CDIAC's Local Agency Investment Guidelines suggest that local agencies include and monitor WAM to arrive at an acceptable range for future implementation of a maximum benchmark.

PORTFOLIO MANAGEMENT ACTIVITY

Active or Passive Portfolio Management: In active portfolio management, treasurers buy and sell securities based on how to maximize portfolio values over a given timeframe. In passive portfolio management, the goal is to match a market rate of return (usually a benchmark). Weighing the pros and cons of each strategy in light of staff resources and investment, the City has chosen to follow a passive portfolio management strategy.

Competitive Bidding: Investments are purchased in the most cost effective and efficient manner utilizing approved brokers/dealers on all investment transactions.

Reviewing and Monitoring of the Portfolio: The portfolio requires monthly staff review to ensure the investments are being properly tracked and reported, and quarterly reporting to the Citizens Finance Advisory Committee.

Portfolio Adjustments: If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Treasurer may choose to rebalance the portfolio earlier to bring it back into compliance **only** if the portfolio will not suffer any losses for selling the investment prior to maturity.

Performance Standards: The objective of investing is to obtain a rate of return throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

REPORTING

Reporting Methods: On an annual basis, the investment portfolio will be presented first to the Citizens Finance Advisory Committee for review, then at a City Council meeting, along with the annual financial reports, and will list the following components:

1. Types of investment;
2. Issuer names;
3. Dates of maturity;
4. Par amounts;
5. Dollar amounts;
6. Market values;
7. Descriptions of programs under the management of contracted parties;
8. A statement of compliance with the investment policy; and
9. A statement of the ability to meet cash flow needs for six months.

Governmental Accountings Standards Board (GASB) Statement No. 31 - Marking to Market: The City's portfolio is to be marked-to-market for the monthly investment report provided to the City Council and at minimum, annually for the financial statements. Market values are to be obtained from a reputable and independent source and disclosed to the City Council in the monthly written report. The independent source of pricing should not be one of the parties to the transaction being valued. Such an independent source could include a broker or other financial institution that was not counterparty to the transaction, the custodial bank if the bank was not a counterparty to the transaction, publicly available publications such as *The Wall Street Journal*, or other pricing services for which a separate fee would be paid.

This is consistent with GASB Statement No. 31, which requires that governmental entities report investments at fair value, and with the California Governmental Code, which also requires market values of investments be reported.

Calculation of Yield and Costs: All yield rates on investments will be presented at book value.

Investment Policy Adoption, Review, and Amendment: The investment policy will be reviewed, amended, and presented to the City Council annually at the beginning of the calendar year. The review should ensure that the policy is consistent with the overall objectives of preservation of principal, liquidity, and return, and is in conformance with the law, financial and economic trends, and the cash flow needs of the local agency.

Definitions or Glossary of Terms: This investment policy includes a definition section (Appendix A) in order to establish a common vocabulary between the Treasurer, and designated staff, the City Council, and the public.

APPENDIX A – INVESTMENT POLICY TERMINOLOGY

The following are examples of terminology commonly found in California City investment policies. The inclusion of these sections provides clarity to investment policies and better enables readers to understand important concepts.

Authorized Financial Dealers and Institutions: A list of financial institutions authorized to provide investment services. May also include a list of approved security broker/dealers with which the City can do business. These institutions and broker/dealers are usually selected by their ability to add value to the investment process. Some criteria to consider when choosing an approved broker/dealer include creditworthiness, expertise, and the products in which the financial dealer or institution is familiar. GFOA suggests that all entities qualifying for investment transactions provide audited financial statements; proof of industry group (National Association of Securities Dealers [NASD]) certification; proof of state registration; completed broker/dealer questionnaire; and certification of having read, understood, and agreeing to comply with the investment policy.

Bankers' Acceptance: A draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Certificate of Deposit: A time deposit with a specific maturity evidenced by a certificate.

Collateralization: Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. California Government Code Section 53601 requires that all repurchase agreements be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. California Government Code requires public deposits to be collateralized at 110%.

Delegation of Authority: The granting of authority to manage the investment program to designated officials. Such authority is usually derived from code sections, ordinance, charters, or statutes. Government Code Section 53607, for example, allows the City Council to delegate, for a one-year period, its authority to invest or reinvest funds or to sell or exchange securities held by the local government.

Delivery vs. Payment: A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian. It ensures that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts should hold securities.

Diversification: A process of investing assets among a range of security types by sector, maturity, credit rating, and call type or structure. This reduces exposure to risk by combining a variety of investments, which are unlikely to all move in the same direction. GFOA suggests diversifying a city's investment portfolio by limiting investments to avoid exposure to a specific sector, limiting investment in securities with higher credit risks, investing in instruments with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as a local government investment pool, money market funds, or

overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Ethics and Conflicts of Interest: The California Political Reform Act of 1974 requires certain designated public officials at all levels of government to publicly disclose their private economic interests and requires all public officials to disqualify themselves from participating in decisions in which they have a financial interest. As part of this requirement, local agencies are required to adopt and promulgate a Conflict of Interest Code, with certain required sections. To further promulgate this Code, investment policies sometimes include language requiring the ethical conduct of investment officers and statements regarding refraining from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions. To avoid conflicts, GFOA recommends that investment officers disclose material interests in financial institutions with which they do business, disclose personal financial interests that could be related to the performance of the investment portfolio, and refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the local government.

Exemption: Language that grandfathers prohibited investments into the investment policy because they may have been held in the portfolio prior to the prohibition. When these investments mature or are liquidated, the money should be reinvested as provided by the policy and the exemption language should be removed from the policy.

FDIC: Federal Deposit Insurance Corporation is a federal agency that insures bank deposits up to \$250,000 per deposit.

General Objectives: The section of an investment policy that illustrates the three main objectives (safety, liquidity, and yield), in order of priority, of a good investment policy. In addition to these commonly included objectives, there are a myriad of other objectives for which an investment policy can strive. Safety is the preservation of principal. Liquidity is how easily an investment may be redeemed for cash. Yield is the current rate of return on a security generally expressed as a percentage of its current price. As per California Government Code Section 53600.5, safeguarding the principal of the funds under its control should be the primary objective of local agencies. Liquidity also should be a principal objective of a portfolio. The portfolio should maintain sufficient liquidity to meet operating requirements. To accomplish this, a local agency can structure a portfolio so that investments mature when cash is needed and also by investing in liquid securities with an active secondary market. Yield should be the last objective an investment portfolio should strive for, behind safety and liquidity. Since there are many different ways for yield to be calculated, the investment policy should specify how it is to be calculated.

Internal Controls: The system used to ensure that the local government assets are protected from loss, theft, or misuse. Such a system should provide a reasonable assurance that such loss, theft, or misuse can be prevented. Examples include separation of duties, delegation of authority, and documentation. GFOA suggests that an internal control system address the following points: control of collusion, separation of transaction authority from

accounting and recordkeeping, custodial safekeeping, avoidance of physical delivery of securities, clear delegation of authority to subordinate staff, written confirmation of transactions for investments and wire transfers, and development of a wire transfer agreement with the lead bank and third-party custodian.

Investment Parameters: Specified restrictions on investments to limit the amount of risk in a portfolio. These parameters may be specified in the California Government Code; however, the local agency may choose to further restrict investment options depending on its risk tolerance. Such parameters may include diversification of investments types, percentages, or dollar limits per issuer and setting maximum maturities.

Investment Types: A recitation of the investment types the local agency has been given authority in which to invest. This may be a list of securities allowable under California Government Code Section 53601 et seq., and may be further restricted by the agency itself. For a description of the allowable California local agency investment instruments, please see CDIAC's latest version of its Local Agency Investment Guidelines, available on its website at www.treasurer.ca.gov/cdiac. GFOA recommends the investment in the following types of securities: U.S. government securities and agency obligations; highly-rated certificates of deposit, bankers' acceptances, commercial paper; investment-grade state and local government obligations; repurchase agreements securitized by the previously-mentioned securities; SEC-regulated, dollar-denominated money market mutual funds; and local government investment pools.

LAIF: Local Agency Investment Fund, the State of California's investment pool in which cities, counties and special districts may participate.

Liquidity: A liquid asset is one that can be quickly and easily converted into cash without loss in value.

Market Value: The price at which a security is trading at a point in time. Selling an investment at market value can result in a gain (\$500,000 investment sold for \$515,000 = \$15,000 gain) or loss (\$500,000 investment sold for \$498,000 = \$2,000 loss). Gains and losses are dependent on changes in the current rate of interest as compared to the interest rate of the investment that is being considered for sale.

Marking-to-Market: The act of recording the price or value of a security to reflect its current market value rather than its book value.

Maximum Maturities: Maturity is the date on which the security or obligation is redeemed by the issuer in exchange for cash. California law states that local governments cannot invest in instruments with terms remaining to maturity in excess of five years unless they receive express authority from their legislative bodies to do so. Local governments should attempt to match investment maturities with anticipated cash flow requirements. There is no requirement under California law for local governments to have a weighted average maturity (WAM) restriction for their portfolio, although CDIAC's Local Agency Investment Guidelines suggests that local agencies consider adopting a WAM restriction.

Performance Standards: The criteria by which a stated goal is measured. An investment portfolio's performance and risk exposure should be evaluated against appropriate benchmarks on a regular basis. One standard that should be strived for should be a market rate of return in a given interest rate environment.

Policy Considerations: The local ordinances or other requirements that place restrictions on the policy. Local governments should consider what should be exempted from the policy and also when, or under what circumstances, the policy should be amended.

Pooling of Funds: A statement in the investment policy that except for certain restricted or special funds, cash balances should be consolidated from all funds to maximize investment earnings.

Portfolio: The collection of investment instruments held.

Prudent Investor Standard: Legal maxim that all investments should be made with care, skill, prudence and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the professional management of their business affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Reporting: Presentation of evaluation data or other information to communicate processes, roles, and results. Investment policies should include reporting requirements such as methods of reporting investments, the standards against which investments should be reported, and the requirement for calculating market value.

Reporting Methods: Ways in which investment outcomes are reported including listing of instrument values, dollar value returns, percentage yields, etc. GFOA suggests that local governments prepare investment reports at least quarterly. In California, investment reports are no longer required to be submitted to legislative bodies. This requirement is now permissive. If a local government chooses to submit an investment report in accordance with California Government Code Section 53646 to their legislative bodies, they are still required to submit copies to CDIAC for the second and fourth quarter of every calendar year until January 1, 2007. GFOA goes on to list some suggested components of investment reports including listing of securities, gains and losses, average weighted yield to maturity as compared to benchmarks, listing of investment by maturity date, and percentage of the total portfolio which each type of investment represents.

Repurchase Agreements: A repurchase agreement is a form of short-term borrowing for dealers in government securities, which are highly valued and thus considered a good source of collateral. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. Investments in repurchase agreements may be made when the term of the agreement does not exceed one year.

Risk: Two of the most common risks associated with local government portfolio investing are credit risk and interest rate risk. Credit risk is the risk to an investor that an issuer will default in the timely payment of interest and/or principal on a security. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Limiting investment to the safest types of securities, pre-qualifying financial institutions, broker/dealers, and others with which the local agency will do business, and diversifying the number of issuers in an investment portfolio can minimize credit risk. Interest rate risk can be minimized by structuring the portfolio so that investments mature at the same time that cash is required or investing operating funds in highly liquid, shorter-term securities (e.g., U.S. Treasury bills or notes).

Safekeeping and Custody: Rules derived to ensure the safety of an investment and within whose control the investment resides. Some examples include third-party safekeeping, developing lists of authorized financial dealers and institutions, developing internal controls, and using a delivery vs. payment standard for transactions. Local agencies should consider requiring securities to be held by third-party custodians, evidenced by timely statements illustrating the balance held by these custodians.

Scope: The types of funds that the policy covers (e.g., operating funds, bond proceeds, etc.). In general, investment policies cover short-term operating funds. Longer-term funds such as retirement funds are covered by other policies. The investment of bond funds usually is governed by the bond documents such as the trust indenture.

Standards of Care: The degree of care that a reasonably prudent person would exercise in the investment of local agency funds.

ORDINANCE 519

**AN ORDINANCE OF THE CITY OF MORRO BAY
ADDING CHAPTER 3.22 TO TITLE 3 OF THE MORRO BAY
MUNICIPAL CODE ESTABLISHING A TRANSACTIONS
AND USE TAX TO BE ADMINISTERED BY THE
STATE BOARD OF EQUALIZATION**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

The City Council of the City of Morro Bay does ordain as follows:

Section 1. Authority.

The City Council enacts this ordinance in accordance with the authority granted to cities by Article XI, Section 7, of the California Constitution.

Section 2. Addition of Chapter.

Chapter 3.22 is hereby added to Title 3 of the Morro Bay Municipal Code.

3.22.010 Title.

This Chapter shall be known as the City of Morro Bay Transactions and Use Tax Ordinance. The City of Morro Bay hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

3.22.020 Operative Date.

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the later of the adoption of this ordinance and chapter, the date of such adoption being as set forth below, or the approval of the voters of the City of a measure approving the imposition of the transaction and use tax set forth herein; provided that if the City shall not have entered into a contract with the State Board as required herein prior to such date, the Operative date shall be the first day of the first calendar quarter following execution of such a contract.

3.22.030 Purpose.

The purpose of this chapter is to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the qualified voters of the City voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

3.22.040 Contract With State.

Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

3.22.050 Transactions Tax Rate.

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one half of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of this ordinance.

3.22.060 Place Of Sale.

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

3.22.070 Use Tax Rate.

An excise tax is hereby imposed on the storage, use or other consumption in the incorporated territory of the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in the City at the rate of one-half of one percent (0.5%) of the sales price of

the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

3.22.080 Adoption Of Provisions Of State Law.

Except as otherwise provided in this ordinance and Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance and Chapter as though fully set forth herein.

3.22.090 Limitations On Adoption Of State Law And Collection Of Use Taxes.

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

3.22.100 Permit Not Required.

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

3.22.110 Exemptions And Exclusions.

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any State-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the

unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease, which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

3.22.120 Citizens Oversight Committee.

A. Citizens Oversight Committee Established. There shall be a permanent citizens' advisory committee called the "Citizens Oversight Committee" (hereinafter "Committee"), which shall semi-annually review revenues and expenditures from the collection of the tax.

B. Committee Membership. The Committee shall have 5 citizen-members appointed by the City Council for six-year terms with initially 3 members serving 3 years, and 3 members serving 6 years. Appointees shall be residents of the City; however, no member of the Committee shall be an elected official.

C. Committee Organization Procedures. The committee shall select one of its members as Chairperson. The Committee shall follow the rules of procedure of the City unless and until, upon the report and recommendation from the Committee, the City Council adopts a specific set of procedural rules for the Committee.

D. Regular Meeting; Provision of Support Services and Information. The Committee shall be subject to the provisions of the Brown Act (California Government Code sections 54950 et seq.) and shall meet at least once each calendar year. A regular meeting schedule shall be determined in accordance with the Brown Act and thereafter meetings shall be noticed by the City Clerk. The City Manager or his/her designee shall serve as executive staff to the Committee. In addition to receiving materials directly related to the functioning of the Committee, the Committee members shall also receive all agenda material and other primary staff reports (other than those which are confidential) as are provided to the City Council.

E. Citizens Oversight Committee Functions. The Committee shall have the following function:

Semi-Annual Report: The Committee shall review a semi-annual expense report of the City relative to activities funded with the additional general purpose local sales tax monies. Not later than the last day of the sixth month following the end of the each City fiscal year, the Committee will present its findings and conclusions to the City Council for its review.

3.22.130 Amendments.

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however,

that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

3.22.140 Enjoining Collection Forbidden.

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

3.22.150 Severability.

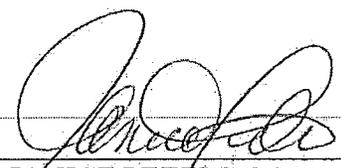
If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

3.22.160 Effective Date.

If this ordinance is approved by a majority of the electors voting on the issue at the November 7, 2006 general municipal election, pursuant to Election Code Section 9217, the tax shall become effective ten (10) after the City Council accepts the certified results of the election.

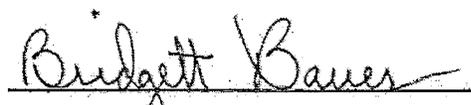
PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 14th day of August 2006 by the following vote to wit:

AYES: DeMeritt, Peirce, Peters, Winholtz
NOES: Baxley
ABSENT: None
ABSTAIN: None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM:



ROBERT W. SCHULTZ, Esq.
City Attorney

ORDINANCE NO. 546

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY ESTABLISHING THE
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT
(MBTBID), FIXING THE BOUNDARIES THEREOF, AND PROVIDING FOR
THE LEVY OF A BUSINESS ASSESSMENT TO BE PAID BY
THE HOTEL BUSINESSES IN SUCH DISTRICT**

**THE CITY COUNCIL
CITY OF MORRO BAY, CALIFORNIA**

WHEREAS, on February 23, 2009, the City Council of the City of Morro Bay adopted Resolution No. 08-09 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring Its Intention to Establish the Morro Bay Tourism Business Improvement District (MBTBID), Declaring Its Intention to Levy an Assessment on Lodging Businesses Within Such District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

WHEREAS, as specified in such Resolution, the boundaries of the district encompass the City of Morro Bay and there are no separate benefit zones within the district; and

WHEREAS, said Resolution was published and copies thereof were duly mailed and posted, all as provided by state law and specified in the Resolution; and

WHEREAS, pursuant to Resolution No. 08-09 a public meeting concerning the formation of said district was held before the City Council on March 23, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, pursuant to Resolution No. 08-09 a public hearing concerning the formation of said district was held before the City Council on April 13, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

WHEREAS, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

WHEREAS, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Morro Bay as follows:

SECTION 1. Pursuant to authority granted under the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., the City of Morro Bay Tourism Business Improvement District (MBTBID) is hereby established in the City of Morro Bay as herein set forth and all hotel establishments in the district established by this ordinance shall be subject to any amendments made hereafter to said law or to other applicable laws.

SECTION 2. The City Council of the City of Morro Bay finds that hotel establishments within the Morro Bay Tourism Business Improvement District will be benefited by the improvements and activities funded by assessments to be levied.

SECTION 3. Chapter 3.60 (Tourism Business Improvement District) is hereby added to Title 3 (REVENUE AND FINANCE) of the Morro Bay Municipal Code to read as follows:

3.60.010 Title.

This chapter shall be known as the "City of Morro Bay Tourism Business Improvement District Law."

3.60.020 Definitions.

- A. "City Council" shall mean the City Council of the City of Morro Bay.
- B. "City Advisory Body" shall mean the Advisory Body appointed by the City Council, pursuant to this chapter.
- C. "District" shall mean the City of Morro Bay Tourism Business Improvement District (or "MBTBID") created by this chapter and as delineated in Section 3.60.040.
- D. "Hotel" shall mean any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, motel, or bed and breakfast that pays Transient Occupancy Tax. For purposes of this chapter the definition of "hotel" shall not include RV parks and vacation rentals.
- E. "Law" shall mean the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., as amended.
- F. "Operator" shall mean the person who is the proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator performs his/her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall, however, be considered to be compliance by both.
- G. "Transient" means any person who exercises occupancy or who is entitled to occupancy, by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days.

3.60.030 Authorized Uses.

This ordinance is made and enacted pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 (Sections 36500, et. seq., of the Streets and Highways Code) (the "law"). The purpose of forming the district as a business improvement area under the Parking and

Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination. It is the intent of this chapter to provide a supplemental source of funding for the promotion of tourism in the district. The specific services, activities and programs to be provided by the district are as follows:

- A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually; and
- B. The marketing of conference, group, and film business that benefits local tourism and the local hotel industry in the district; and
- C. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district.

3.60.040 Boundaries.

The boundaries of the MBTBID shall be the boundaries of the City of Morro Bay.

3.60.050 Levy of assessment and exemptions.

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for the purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment.

3.60.060 Annual review of assessment.

All of the assessments imposed pursuant to this chapter shall be reviewed by the Morro Bay City Council annually, based upon the annual report prepared by the Advisory Board appointed pursuant to this chapter and Sections 36530 and 36533 of the law. After approval of the annual report, the Morro Bay City Council shall follow the hearing process as outlined in Section 36534 of the law. At the public hearing the Morro Bay City Council shall hear and consider all protests. If written protests are received from hotel businesses in the district paying fifty percent (50%) percent or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place. The protests shall be weighted based upon the annual assessment for the prior year by each hotel business.

3.60.070 Imposition of assessment.

The Morro Bay City Council hereby levies and imposes and orders the collection of an additional assessment to be imposed upon hotel businesses in the district described above, which shall be calculated pursuant to Section 3.60.050 above. Such levy shall begin on June 1, 2009.

3.60.080 Use of revenue.

The activities to be provided by the MBTBID will be funded by the levy of the assessments and any voluntary contributions. The total revenue from the levy of assessments and any other voluntary contributions within the MBTBID shall not be used to provide improvements or activities outside the MBTBID or for any purpose other than the purposes specified in the resolution of intention. The proceeds of the hotel business assessment and any other voluntary contributions shall be spent to administer marketing and visitor programs to promote the City of Morro Bay as a tourism visitor destination. All funds shall be expended consistent with the purposes of this Section. Funds remaining at the end of any MBTBID term may be used in subsequent years in which MBTBID assessments are levied as long as they are used consistent with the requirements of this Section. The Morro Bay City Council shall consider recommendations made by the Advisory Board created by Section 3.60.100 of this ordinance as to the use of assessment revenue.

3.60.090 Delinquency, penalty and interest.

Any hotel business that fails to remit any assessment imposed by this ordinance within the time required shall pay a penalty of ten percent (10%) of the assessment amount in addition to the assessment. Any and all remedies available to the City of Morro Bay for non-payment of assessment or taxes shall be applicable in the event of non-payment of an assessment under this chapter. Any penalty and interest fees collected from a hotel business due to delinquency shall go to the City of Morro Bay.

3.60.100 Advisory board.

The City Council shall appoint an Advisory Board pursuant to Section 36530 of the California Streets and Highways Code in order to make recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on proposed improvements and activities, and on the method and basis of levying assessments. The City Council may, by resolution, adopt bylaws governing the membership and operations of the Advisory Board.

3.60.110 Severability.

If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The Morro Bay City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases hereof be declared invalid or unconstitutional.

3.60.120 Modification or disestablishment.

The City of Morro Bay, by ordinance, may modify the provisions of this chapter and may disestablish the district or parts of the district, after adopting a resolution of intention to such effect. Such resolution shall describe the proposed change or changes, or indicate that it is proposed to disestablish the district, and shall state the time and place of a hearing to be held by the Morro Bay City Council to consider the proposed action. If the operators of hotels which pay fifty percent (50%) or more of the assessments in the district file a petition with the City Clerk of the City of Morro Bay requesting the Morro Bay City Council to adopt a resolution of intention to modify or disestablish the district, the Morro Bay City Council shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the operators of hotels in the district. In the event the resolution proposes to modify any of the provisions of this chapter, including changes in

the existing assessments or in the existing boundaries of the district, such proceedings shall terminate if protest is made by the operators of hotels which pay fifty percent (50%) or more of the assessments in the district, or in the district as it is proposed to be enlarged.

In the event the resolution proposes disestablishment of the district, the Morro Bay City Council shall disestablish the district, unless at such hearing protest against disestablishment is made by the operators of hotels paying fifty percent (50%) or more of the assessments in the district.

3.60.130 Effective date.

The City Clerk of the City of Morro Bay shall certify to the passage of this ordinance by the Morro Bay City Council and cause it to be posted in three conspicuous places in the City of Morro Bay and it shall take effect on the thirty-first day after it is approved by the Morro Bay City Council.

SECTION 4. The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in a newspaper of general circulation, printed, published and circulated in the city in accordance with Section 36933 of the Government Code.

INTRODUCED at the regular meeting of the City Council of the City of Morro Bay held on the 13th day of April 2009, by motion of Councilmember Borchard and seconded by Councilmember Smukler.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 27th day of April 2009 by the following vote to wit:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters
NOES: None
ABSENT: None
ABSTAIN: None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT BAUER, City Clerk

ORDINANCE NO. 562

**AN ORDINANCE OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY AMENDING
THE MORRO BAY MUNICIPAL CODE SECTION 3.60.050
REGARDING INCREASING THE ASSESSMENT TO THE
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on July 12, 2010, the City of Morro Bay Council adopted Resolution No. 40-10 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring its Intention to Adopt an Ordinance Increasing the Assessment on Lodging Businesses Within the Morro Bay Tourism Business Improvement District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

WHEREAS, as specified in such Resolution, the City Council declared its intention to consider adopting an ordinance to increase the amount of the Morro Bay Tourism Business Improvement District's assessment from 2% to 3%; and

WHEREAS, said Resolution was published and copies thereof were duly mailed and posted, all as provided by State law and specified in the Resolution; and

WHEREAS, pursuant to Resolution a public meeting concerning the increase in the assessment was held before the City Council on August 9, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, pursuant to Resolution a public hearing concerning the increase in the assessment was held before the City Council on September 13, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

WHEREAS, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

WHEREAS, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

WHEREAS, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Morro Bay that Morro Bay Municipal Code Section 3.60.050 be amended as follows:

3.60.050 Levy of assessment and exemptions.

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, The assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment. Any other exclusion shall be based on benefit and the policies and ordinances of the collecting agency.

A summary of this ordinance, together with the names of Council members voting for and against it, shall be published at least five (5) days prior to its final adoption, in The Tribune, a newspaper published and circulated in the City of Morro Bay. This ordinance shall go into effect on November 1, 2010.

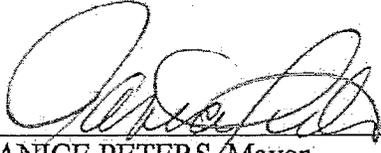
INTRODUCED at the regular meeting of the City Council of the City of Morro Bay held on the 13th day of September 2010, by motion of Councilmember Grantham and seconded by Councilmember Borchard.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Morro Bay on the 27th day of September, 2010 by the following vote:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters

NOES: None

ABSENT: None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

APPROVED AS TO FORM:



ROBERT SCHULTZ, City Attorney

RESOLUTION NO. 47-07

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY
ADOPTING THE DEVELOPMENT IMPACT FEE CALCULATION AND
NEXUS REPORT FOR THE CITY OF MORRO BAY, CALIFORNIA, AND
SUBSEQUENT DOCUMENTATION ACCOMPANYING SUCH REPORT AND
ESTABLISHING DEVELOPMENT IMPACT FEES FOR ALL DEVELOPMENT
WITHIN THE CITY OF MORRO BAY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council decided that it was necessary and desirable to conduct a comprehensive review of the City's development impact fees to determine whether those fees are adequate to defray the cost of public facilities related to development projects; and

WHEREAS, the City contracted with MuniFinancial for a comprehensive evaluation of the City's existing development impact fees; and

WHEREAS, MuniFinancial prepared a report, entitled the *Public Facilities Fee Study* for the City of Morro Bay, California, in September of 2007 (attached hereto as Exhibit A) that recommends an increase to the City's development impact fees and explains the nexus between the imposition of the fee and the estimated reasonable cost of providing the service for which the fee is charged; and

WHEREAS, the *Public Facilities Fee Study* for the City of Morro Bay, California, has been available for public review and comment; and

WHEREAS, following the issuance of *Public Facilities Fee Study* for the City of Morro Bay, California, the City held a public hearing on September 10, and September 24, 2007 and received additional information; and

WHEREAS, the *Public Facilities Fee Study* for the City of Morro Bay, California substantiates the need for an increase in development impact fees amongst different categories of services and facilities provided by the City; and

WHEREAS, the City has been imposing various impact fees, including fees for sewer water and traffic, among others; and

WHEREAS, the City Council desires to adopt new development impact fees, in accordance with the nexus calculations and recommendations in the Report; and

WHEREAS, after conducting another public hearing and taking further testimony, the City Council has determined that these fees shall be reduced by 50 percent to the greatest extent practical without impacting the current fees, and that these revised impact fees are provided in Exhibit B; and

WHEREAS, it is the intent of the City Council to exempt any projects currently submitted for discretionary permits and/or building permits from paying the new impact fees if those projects were submitted for review to the City by September 24, 2007.

WHEREAS, in compliance with the Mitigation Fee Act (Government Code section 66000 *et seq.*), the City Council held a public hearing to solicit public input on the proposed development impact fees on September 10, and September 24, 2007.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Findings Pursuant to Government Code Section 66001.

The City Council finds and determines that the *Public Facilities Fee Study* (hereinafter "Report") complies with California Government Code section 66001 by establishing the basis for the imposition of fees on new development. This finding is based on the fact that the Report:

- (a) Identifies the purpose of the fee;
- (b) Identifies the use to which the fee will be put;
- (c) Shows a reasonable relationship between the use of the fee and the type of development project on which the fee is imposed;
- (d) Demonstrates a reasonable relationship between the need for the public facilities and the type of development projects on which the fee is imposed; and
- (e) Demonstrates a reasonable relationship between the amount of the fee and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

SECTION 2. Fees for Uses Consistent with the Report.

The City Council hereby determines that the fees collected pursuant to this resolution shall be used to finance the public facilities described or identified in the Report, the Master Facilities Plan or such other public facility master plans as may from time to time be adopted by the City Council.

SECTION 3. Approval of Items in Report.

The City Council has considered the specific project descriptions and cost estimates identified in the Report and hereby approves such project descriptions and cost estimates and finds them reasonable as the basis for calculating and imposing certain development impact fees.

SECTION 4. Consistency with General Plan.

The City Council finds that the projects and fee methodology identified in the Report are consistent with the City's General Plan and Local Coastal Plan.

SECTION 5. Differentiation Among Fees.

The City Council finds that the development impact fees recommended in the Report are separate and different from other fees the City may impose as a condition of final map approval, building permit issuance or tentative or parcel map approval pursuant to its authority under the Subdivision Map Act, the Quimby Act, and the City's implementing ordinances, as may be amended from time to time, for, among other projects, the construction of storm drainage, major thoroughfares and bridges and the acquisition of parkland. In no event, however, shall a developer be required to pay for both a fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act and a portion of the development impact fee as that would be used to fund the same type of facility as the fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act. In addition, this resolution shall not be deemed to affect the imposition or collection of the water and sewer connection fees authorized by the Municipal Code.

SECTION 6. CEQA Finding.

The adoption of the Report and the development impact fee are categorically exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act guidelines. The intent of the Report and development impact fee is to provide one way to fund projects and services that have been identified in environmental analyses of other planning efforts, including the General Plan EIR, and various City master plans, among others.

SECTION 7. Adoption of Report.

The *Public Facilities Fee Study* by MuniFinancial for the City of Morro Bay, California, is hereby adopted.

SECTION 8. Timing of Fee.

A development impact fee shall be imposed upon the issuance of any development permit and shall be paid prior to issuance of a certificate of occupancy for the project, or at such earlier time as permitted by law, as set forth in Government Code section 66007. A "development permit" means any permit or approval from the City including, but not limited to, subdivision map, revised final planned development, building permit or other permit for construction, reconstruction, or addition.

SECTION 9. Amount of Fee.

The City Council hereby approves and adopts the development impact fees as set forth in the Report attached to this resolution and incorporated herein. The Report sets forth the aggregate amount imposed as a development impact fee for both residential and non-residential land uses and also sets forth the breakdown of each development impact fee by type of facility or service. The amount of the development impact fee shall be reduced or a credit shall be applied towards the fee in proportion to the monetary cost of any improvements installed that would have been funded by the development impact fee. The amount of the development impact fees shall be modified annually each July 1 based on the change in the Engineering News Record's construction cost index (ENR-CCI) as reported for the twelve month period ending in April of each year (April 2007 ENR-CCI = 7865). Further, the City Council shall formally review the development impact fees once every two years, or whenever the City Council updates a major City Council policy document that could have an impact on development impact fees, such as the General Plan.

SECTION 10. Use of Fee.

The development impact fees shall be solely used for (1) the purposes described in the Report; (2) reimbursing the city for the development's fair share of those capital improvements already constructed by the City; or (3) reimbursing developers who have already constructed public facilities described in the Report or the Master Facilities Plan or other facility master plans adopted from time to time by the City Council, where those facilities exceeded that needed to mitigate the impacts of the developers' project or projects.

SECTION 11. Fee Determination by Square Footage.

Development impact fees for all land uses shall be based upon the square footage of the building. The development impact fee categories are set forth in the Report, which have been further revised in the fee program set forth in Exhibit B. Water and wastewater development impact fees shall be based upon the meter size as set forth in the Report and Master Fee Schedule.

SECTION 12. 500 Square Foot Exemption.

Development impact fees shall not apply to the first 500 square feet of new square footage of any proposed addition for single-family residential projects. Should the addition exceed 500 square feet, the calculation of impact fees shall be based on the total additional new square footage area.

SECTION 13. Current Projects Exempt for New Impact Fees.

Any project submitted for either discretionary and/or building permit approval as of September 24, 2007 shall be exempt from paying these new Development Impact Fees. All other currently existing impact fees in effect on September 24, 2007 shall remain in effect.

SECTION 14. Cumulative additions.

Whenever the cumulative quantity of new additional square footage improvements and all other permitted additions during the preceding five-year period is over 500 square feet, payment of impact fees for the total additional area constructed during the said five year period shall be required.

SECTION 15. Prior Resolutions and Ordinances Superseded.

The development impact fees approved and adopted by this resolution shall take effect in sixty (60) days and shall supersede previously adopted resolutions that set the amounts of development impact fees.

SECTION 16. Severability.

If any action, subsection, sentence, clause or phrase of this resolution or the imposition of a development impact fee for any project described in the Report or the application thereof to any person or circumstance shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution or other fees levied by this resolution that can be given effect without the invalid provisions or application of fees.

SECTION 17. Effective Date.

Consistent with California Government Code section 66017(a), the fees adopted by this resolution shall take effect sixty (60) days following the adoption of this resolution by the City Council.

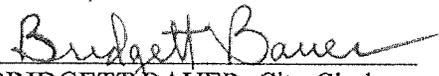
PASSED AND ADOPTED by the City Council of the City of Morro Bay this 8th day of October 2007 by the following vote:

AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters
NOES: None
ABSENT: None



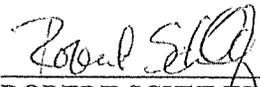
JANICE PETERS, Mayor

ATTEST:



BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM:



ROBERT SCHULTZ, City Attorney

RESOLUTION NO. 48-08

**A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF MORRO BAY, CALIFORNIA
AUTHORIZING THE ANNUAL TRANSFER OF EXCESS
OPERATING CASH TO ACCUMULATION FUNDS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay's operating funds generally have positive cash remaining at the end of each fiscal year; and

WHEREAS, the City of Morro Bay desires to identify that excess operating cash by moving it to an accumulation fund; and

WHEREAS, moving the excess cash to the accumulation fund has the potential to increase interest earnings in that fund.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that all excess operating cash will be moved to an associated accumulation fund including, but not limited, to the following fund list:

OPERATING FUND

General Fund
Water Revenue
Sewer Revenue
Harbor Operations

ACCUMULATION FUND

General Fund Accumulation
Water Accumulation
Sewer Accumulation
Harbor Accumulation

PASSED, APPROVED, AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 11th day of August 2008, by the following vote to wit:

AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters
NOES: None
ABSENT: None



Janice Peters, Mayor



Bridgett Bauer, City Clerk

RESOLUTION NO. 26-10

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA, ESTABLISHING A PROCEDURE FOR REQUESTING MEASURE Q
FUNDING DURING THE ANNUAL BUDGET PROCESS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, Measure Q, a ½ cent district sales tax, was approved by the voters in Morro Bay in November 2006; and

WHEREAS, Measure Q was passed as a General Fund tax without a sunset clause; and

WHEREAS, Measure Q, in 2010, is the 4th largest revenue source with which the City of Morro Bay has discretionary spending privileges; and

WHEREAS, the ballot language of the Measure is as follows:

The Morro Bay Vital Public Services Restoration and Protection Measure. To preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution, and other general city services, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?

WHEREAS, to date, there have been no formal procedure for the submission of Measure Q funding requests during the annual budget process.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the following procedures are adopted for the request of Measure Q funds during the annual budget process:

1. Department Heads must submit Measure Q funding requests to the City Manager/Administrative Services Director well in advance of the first budget hearing.
2. The City Manager and Administrative Services Director shall initially review and prioritize the requests to an "A" and a "B" list (if needed). The "A" list shall include prioritized projects, and use the total anticipated funding available. The "B" list shall continue from the "A" list with the priority projects that fall outside the available Measure Q funding amounts.

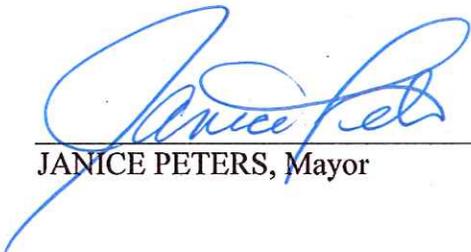
3. The Department Head Team shall meet, review and recommend the "A" and "B" lists to the City Council.
4. The recommendation shall be included in the preliminary annual budget document.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May 2010, by the following vote:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters

NOES: None

ABSENT: None



JANICE PETERS, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 10-11

CREATION OF A DEFERRED MAINTENANCE ACCOUNT TO PROVIDE FUNDING SUPPORT FOR THE MANAGEMENT OF REAL PROPERTY ASSETS

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City's management of real property assets has lacked the resources to adequately support a deferred maintenance account for all scheduled real property; and

WHEREAS, the City is in need of a funding source to address the City's infrastructure, and the most ready source of funding at this time is the surplus revenue from the sale of 781 Market Street Morro Bay California; and

WHEREAS, City staff would establish a new fund for General Fund Deferred Maintenance (DMF) and would transfer approximately \$201,000 from the initial payment of said property with future contributions by City Council directive or encumbrance; and

WHEREAS, deferred maintenance is a direct responsibility of the maintenance division of the Recreation and Parks Department which has prepared the included priority list of maintenance tasks to be completed utilizing the allocations from the DMF or other readily available resource; and

WHEREAS, the financial management plan for the DMF would follow current procedures for interest bearing funds managed by the Director of Administrative Services under the direction of the City Manager with City Council approval.

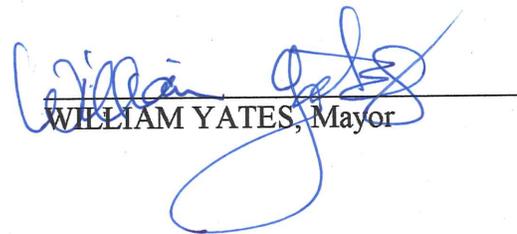
NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Administrative Services Director set up s new fund for General Fund deferred maintenance and transfer approximately \$201,000 in said account from the proceeds of the sale of 781 Market Street, Morro Bay California 93442.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 25th day of January, 2011 on the following vote:

AYES: Borchard, Johnson, Leage, Smukler, Yates

NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 36-11

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,
CALIFORNIA APPROVING A COOPERATION AGREEMENT BETWEEN
THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY
FOR JOINT PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK
GRANT PROGRAM, THE EMERGENCY SOLUTIONS GRANT PROGRAM, AND
THE HOUSING OPPORTUNITIES FOR PERSONS
WITH AIDS (HOPWA) PROGRAM FOR FISCAL YEARS 2012-2014**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS,; and the County of San Luis Obispo (“County”), a political subdivision of the State of California, and the City of Morro Bay (“City”) a municipal corporation, desire to participate in the Community Development Block Grant (CDBG) program administered by the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, said program will promote the public health, safety and welfare by providing grant funds to be used by the City and County to improve housing opportunities for low and moderate-income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities, or services; and

WHEREAS, the City desires to participate jointly with the County in said program;
and

WHEREAS, HUD requires that the parties enter into a cooperation agreement to define their rights and obligations as a prerequisite of participation in the CDBG program; and

WHEREAS, the proposed cooperation agreement is consistent with the General Plan and with City and County policies encouraging cooperation between agencies on issues of regional significance such as affordable housing; and

WHEREAS, the proposed cooperation agreement will promote the public health, safety and welfare by enabling the City and County to participate in the U.S. Department of Housing and Urban Development’s CDBG program under an “urban county” entitlement; thus making available funds for a variety of housing, economic development, and public services programs not otherwise available; and

WHEREAS, the City and County enter into yearly subrecipient agreements which establish administrative policies and procedures, performance standards, and guidelines for funding specific CDBG programs and projects; and

WHEREAS, the proposed cooperation agreement is not a “project” for purposes of compliance with the provisions of the California Environmental Quality Act (CEQA) and the City’s CEQA Guidelines.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

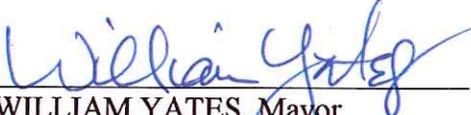
1. The City Council hereby approves and authorizes the Mayor to enter into a cooperation agreement with the County to enable joint participation in HUD’s CDBG program.
2. The City Manager or her designee is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, ongoing operation of the CDBG program, and other activities necessary to carry out the intent of the cooperation agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May, 2011 on the following vote:

AYES: Borchard, Leage, Johnson, Smukler, Yates

NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



BRIDGETT KESSLING, City Clerk

RESOLUTION NO. 46-12

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,
AFFIRMING THE INTENDED USE OF THE CITY'S ONE-HALF CENT DISTRICT
TRANSACTION TAX, COMMONLY KNOWN AS MEASURE Q**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, as of 2006, the City of Morro Bay had lost more than \$7 million dollars as a result of the State's efforts to balance its own budget; and

WHEREAS, in order for the City to increase its revenues to compensate for the loss, the City hired the Lew Edwards Group to evaluate voter-approved revenue options; and

WHEREAS, based on the Lew Edwards Group's recommendation, the City placed a ballot measure (Measure Q) on the November 2006 ballot, asking voters to approve a one-half cent district transaction tax; and

WHEREAS, a volunteer community group formed a campaign committee to promote the approval of the Measure Q, stressing to the public that the money would be used to replace the earthquake-damaged Fire Station, provide equipment for public safety, maintain streets and repair storm drains; and

WHEREAS, although the ballot measure language covered a wider scope of services than those promoted to the citizens, it passed based on the campaign committee's efforts; and

WHEREAS, a Citizens Oversight Committee was established to ensure the proper use of the Measure Q funds; and

WHEREAS, there is concern that future City Councils might not be aware of the intended purpose of the district transaction, and may authorize spending those funds in areas other than those promoted by the campaign committee and authorized by the voters.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the Measure Q funds be formally dedicated to the following purposes:

- 1) Improve the Fire Department
- 2) Enhance public safety
- 3) Street Maintenance
- 4) Storm drain maintenance and prevention of toxic runoff into the bay

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11th of September 2012, by the following vote:

AYES: Borchard, Johnson, Leage, Smukler, Yates

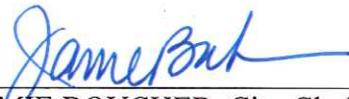
NOES: None

ABSENT: None



WILLIAM YATES, Mayor

ATTEST:



JAMIE BOUCHER, City Clerk

RESOLUTION NO. 48-13

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
DESIGNATING \$399,000 IN PARKING IN-LIEU FUNDS
FOR REVISIONS TO THE PARKING IN-LIEU MAP AND IMPROVEMENTS
TO THE CITY-OWNED FRONT STREET AND TRIANGLE
PARKING LOT ADJACENT TO THE EMBARCADERO**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, In-Lieu Parking Fees were established, codified as Morro Bay Municipal Code Section 17.44.020 A7, as a means through which public parking can be provided where it is unfeasible to provide such parking as part of on-site development projects; and

WHEREAS, Morro Bay Municipal Code Section 17.44.020A.7.b states that monies accumulated in the Parking In-Lieu Fund shall be used for planning, design, acquisition or lease of land and development/redevelopment of public parking facilities; and

WHEREAS, on December 5, 2012, as part of the Amendments to the November 15, 2004 Agreement to Lease and Agreement Regarding Power Plant Modernization, Dynegy Morro Bay LLC agreed to dedicate to the City the triangle-shaped property adjacent to the Embarcadero; and

WHEREAS, on August 13, 2013, City Council directed staff to proceed with an interim use permit, revisions to the parking in lieu map, and minor temporary improvements to the triangle parking lot adjacent to the Embarcadero; and

WHEREAS, monies accumulated in said Parking In-Lieu Fund are to be used for designated public parking tasks, and revisions to the Parking In-Lieu map and improvements to the City-owned triangle parking lot adjacent to the Embarcadero is a good and valuable use of Parking In-Lieu Funds.

NOW, THEREFORE, BE IT RESOLVED, by the City Council, City of Morro Bay, California that improvements to the City-owned triangle parking lot adjacent to the Embarcadero are hereby designated as a Parking In-Lieu Fund project in the amount of \$399,000.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 8th day of October, 2013 by the following vote:

AYES: Irons, C. Johnson, N. Johnson, Smukler
NOES: None
ABSTAIN: Leage



JAMIE L. IRONS, MAYOR

ATTEST:



JAMIE BOUCHER, CITY CLERK

RESOLUTION NO. 82-14

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY
CONSENTING TO THE INCLUSION OF THE CITY WITHIN THE PROPOSED
SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT (SLOCTMD)**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, tourism is an important contributor to the economy of the City and the promotion of the City's tourist lodging establishments serves an important public purpose; and

WHEREAS, Visit San Luis Obispo County (VSLOC), is a non-profit organization that promotes San Luis Obispo County through advertising, marketing, public relations and group sales and wishes to establish a sustainable funding source to further those efforts; and

WHEREAS, the County of San Luis Obispo has initiated the formation of the proposed SLOCTMD pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code sections 36600 *et seq.*, to promote lodging businesses in San Luis Obispo County; and

WHEREAS, Streets and Highways Code section 36620.5 provides a county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city; and

WHEREAS, the proposed SLOCTMD is an assessment district designed to provide specific benefits directly to those entities being assessed; and

WHEREAS, marketing, advertising, promotions and sales efforts for assessed businesses will increase overnight tourism which will then increase the demand for hotel/motel rooms, RV spaces and vacation rentals; and

WHEREAS, the proposed SLOCTMD would include all lodging businesses located within the boundaries of San Luis Obispo County that currently also pay transit occupancy taxes, and

WHEREAS, the Morro Bay hotel/motel/B&B owners, RV park owners and vacation rental owners that (i) would be levied through the SLOCTMD and (ii) account for 53.6% of the total gross receipts reported in 2013 by those lodging properties support the formation of the proposed SLOCTMD, as providing a means to collectively market the San Luis Obispo County area and remain competitive with comparable markets; and

WHEREAS, at its meeting of November 17, 2014, the Morro Bay Tourism Bureau passed a motion of support for the SLOCTMD.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

1. The recitals set forth herein are true and correct.

2. Pursuant to Streets and Highways Code section 36620.5, the City Council consents to the inclusion of the City of Morro Bay within the proposed San Luis Obispo County Tourism Marketing District, and as set forth in the attached SLOCTMD Management Plan (Exhibit A).

3. The City Clerk is hereby directed to transmit a certified copy of this Resolution to the Clerk of the SLO County Board of Supervisors.

4. This Resolution is effective upon its adoption.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of December 2014 on the following vote:

AYES: Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None
RECUSED: Irons



JAMIE L. IRONS, Mayor

ATTEST:



JAMIE BOUCHER, City Clerk

RESOLUTION NO. 30-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
ESTABLISHING USER RATES FOR
WATER AND SEWER (WASTEWATER) SERVICE**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay undertook a water and sewer rate study to determine whether the current rate structures adequately provided for the maintenance, operation and replacement/rehabilitation of its water and sewer systems; and

WHEREAS, the community of Morro Bay seeks to replace its 62-year-old wastewater treatment plant with a new water reclamation facility and to provide for a properly functioning wastewater collection system, complying with the State Water Resources Control Board requirements and the City of Morro Bay Sewer Collection System Master Plan; and

WHEREAS, after review of relevant financial data, it has been determined existing Water and Sewer (Wastewater) System rates and charges presently generate insufficient revenue for prudent operation of the systems for the adequate health, safety, and welfare of the community as well as to meet its contractual financing-related obligations; and

WHEREAS, the City is required, by State law and City policy, to collect sufficient revenues to cover the costs of operating the water and sewer systems. Those revenues allow the City to safely and reliably provide water to the residents and businesses of Morro Bay and to convey and treat wastewater, generated by the homes and businesses of the City, to protect human health and ensure the environment is safe from the accidental release of effluent into the natural ecosystem. Costs that must be recovered through rate revenue include utilities, equipment, supplies, as well as salaries and benefits of the City staff and financing required reserves. In addition, revenue generated from those rates is used to pay for capital improvements, such as a new water reclamation facility, sewer lift stations and the rehabilitation and replacement of water pipes, sewer pipes, water meters, fire hydrants and other associated equipment. Revenues are also used to pay off debt incurred in the process of installing or constructing significant capital improvements; and

WHEREAS, the proposed rates reflect the cost of providing service to all customers through the apportionment of costs based on customer, capacity, and demand characteristics; and

WHEREAS, it has been determined the recommended rates do not exceed the reasonable cost of providing water or sewer services and, as such, the proposed rates are not levied for general revenue purposes; and

WHEREAS, in accordance with Government Code section 50076, "As used in this article, "special tax" shall not include any fee which does not exceed the reasonable cost of providing the service or regulatory activity for which the fee is charged and which is not levied for general revenue purposes;" and

WHEREAS, a notice of the public hearing regarding the proposed changes to the wastewater rates was mailed to each rate payer not less than forty-five days prior to the public hearing, in compliance with Section 6 of Article XIII-D of the Constitution of the State of California; and

WHEREAS, that public hearing was held before the City Council on May 26, 2015; and

WHEREAS, at the public hearing on May 26, 2015, eleven (11) persons were present and spoke in opposition to the proposal; and one (1) person was present and spoke in support of the proposal; and

WHEREAS, on May 26, 2015, the City Clerk advised the Council that 932 written protests of the proposal were received prior to the hearing; and

WHEREAS, on May 26, 2015, the City Council received one (1) written rate increase protest that was submitted at the time of the public hearing; and

WHEREAS, at the conclusion of the public hearing, the City Clerk tabulated the number of written protests received and reported there was not a majority protest of the proposed water or sewer rate increase by owners or authorized representatives of identified parcels receiving such services; and

WHEREAS, based on the information presented, including the staff reports and comments from the members of the public, the City Council of the City of Morro Bay finds the following:

- A. The purposes of the updated water rates established pursuant to this Resolution are to:
 - Recover the reasonable estimate cost of services for which the rates are charged
 - Provide such costs allocated among City customers so as to bear a fair and reasonable relationship to customers' burdens on and benefit from City water or sewer services
 - Secure the financial stability of the water and sewer systems
 - Ensure high quality services
 - Provide a sound financial plan that meets existing ongoing operations and maintenance and debt service obligations which will assist in funding capital improvement projects.
- B. The updated water service rates established pursuant to this Resolution are not levied for general revenue purposes.

C. The rates set forth in this Resolution are intended to meet operating expenses, meet financial reserve needs and requirements, secure funding for capital improvement projects necessary to maintain service with existing service areas, and recover costs necessary to maintain the current level of City-water services. As such, adoption of the rates proposed in the staff reports and resolution as they relate to water and sewer services to City customers, is not a "project" within the meaning of the California Environmental Quality Act (CEQA), Public Resources Code subsections 21080 (b) (8) (A) (C) and (D)", which state: meeting operating expenses, including employee wage rates and fringe benefits"; "meeting financial reserve needs and requirements" and "obtaining funds for capital projects necessary to maintain service within existing service areas."

WHEREAS, in adopting the rates set forth in this Resolution, the City Council of the City of Morro Bay is exercising its powers under California Constitution Article XI, Section 7, which states: "A county or city may make and enforce within its limits all local, police, sanitary, and other ordinances and regulations not in conflict with general laws"; and

WHEREAS, the procedures followed and the rates adopted are in compliance with California Constitution Article XIII D, "Property-Related Fees and Charges"; and

WHEREAS, there is not a protest of the proposed water or sewer service rate increases by a majority of the owners, or authorized representatives, of identified parcels receiving such services; and

WHEREAS, rates shall apply to and be paid by the City customers at the times, and in the amounts and otherwise apply and be administered with the rates as prescribed in this Resolution to be effective July 1, 2015 and the July 1 of each fiscal year through and including July 1, 2019, and those rates and schedule are hereby incorporated into this Resolution; and

WHEREAS, the rates and all portions of this Resolution are severable and should any of the rates or any portion of this Resolution be proven to be invalid and unenforceable by a body of competent jurisdiction, then the remaining rates and/or Resolution portions shall be and continue in full force and effect except for those rates and/or Resolution that have been judged to be invalid; and

WHEREAS, this Resolution will become effective immediately upon adoption.

NOW, THEREFORE, the City Council of the City of Morro Bay hereby resolves the following:

SECTION 1: FINDINGS. The City Council hereby adopts all the above recitations as findings and conclusions, which are based on substantial evidence presented to the City Council through staff reports, professional studies and oral and written testimony received and considered by the

City Council during the process of considering the rates and issues regarding the subject matter of this Resolution (the "Record of Proceedings").

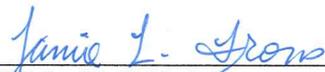
SECTION 2: DETERMINATION. Based upon then findings and conclusions set forth above, the City Council determines: the Record of Proceedings establishes the costs listed Exhibit A, as those incurred by the City in providing water and sewer services to City customers are reasonable estimates of the costs of providing such services, and the revisions recommended in previous and current staff reports for existing water and sewer rates are necessary to recover the reasonable, estimated cost of providing such services for which the rates are charged, to allocate such costs among City customers so that they bear a fair and reasonable relationship to customers and to secure the financial stability of the City of Morro Bay water or sewer systems in accordance with the analysis conducted in current and prior staff reports. There was no majority protest of the proposed water or sewer rate increases. Therefore, the rates as set forth in Exhibit A are approved and adopted and, effective July 1, 2015 and the July 1 of each fiscal year through and including July 1, 2019, those rates shall, as and when applicable, supersede and replace the existing rates established and repealing resolutions in conflict thereto.

SECTION 3: COLLECTION. The City Council hereby directs the rates and charges established by this Resolution shall be billed and collected together with charges for other utility services rendered by the City of Morro Bay.

SECTION 4: ENFORCEMENT. In the enforcement of the collection of the rates and charges established herein, the City of Morro Bay may use any available remedy at law or in equity; provided, however, that said rates and charges shall not be collected by means of the San Luis Obispo County Assessor's roll of real property taxes, nor shall any delinquent rates or charges be enforced by means of a lien on real property.

PASSED AND ADOPTED by the Morro Bay City Council at a regular meeting thereof held on the 26th day of May, 2015 by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None
ABSTAIN: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 32-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING RESOLUTION NO. 13-10, AND ESTABLISHING
THE RISK MANAGEMENT INTERNALSERVICE FUND
AND COMMITTED FUND BALANCE**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on February 22, 2010, the City Council of the City of Morro Bay adopted Resolution No. 13-10, which established the parameters and a \$500,000 minimum balance for the Risk Management Internal Service Fund (Risk Management ISF); and

WHEREAS, with this Resolution, the City Council of the City of Morro Bay is rescinding Resolution No. 13-10 in its entirety; and

WHEREAS, the City continues to purchase insurance from the California Joint Powers Insurance Authority (CJPIA), and pays for this insurance through the Risk Management ISF by collecting money, on a monthly basis, from the benefitting City departments/funds, to reimburse for the cost of the insurance; and

WHEREAS, the cash requirements for this Fund have been reassessed, and estimated at \$100,000 as sufficient to pay for any uncovered lawsuits, such as land-use, personnel issues, etc.; and

WHEREAS, the CJPIA does not require the City to maintain a Risk Management Fund; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

RISK MANAGEMENT INTERNAL SERVICE FUND (RMISF)

1. The Risk Management Fund is established as an Internal Service Fund, whose purpose is to manage the insurance purchased from the CJPIA, and to pay for any claims not covered by CJPIA.
2. The RMISF, while not required by CJPIA, has been determined, by the City, to be necessary to account for the covered and uncovered insurance expenses.
3. The RMISF's fund balance has been designated as follows:
 - a. Committed – \$100,000 in reserve, as set by the City Council;
 - b. Assigned – amounts required, within 30 days after the beginning of a new fiscal year, to pay insurance bills; and

- c. Unassigned – any remaining balance available for spending, based on City Council-directed strategic investments in the areas of risk reduction (*i.e.*, American with Disabilities Act renovations), economic development, City planning, City operations.
4. The City Council is committed to ADA compliance, based on the nexus with Risk Management, and will endeavor to spend a measurable portion of one-time monies on ADA projects.
5. Risk management cash needs will be annually evaluated through the budget, and the RMISF cash balance adjusted, as necessary.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 33-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
RESCINDING SECTION 5 OF RESOLUTION NO. 55-93,
RESCINDING RESOLUTIONS NO. 27-10 AND 42-11 IN THEIR ENTIRETY,
AND ESTABLISHING THE GENERAL FUND EMERGENCY RESERVE FUND
POLICY AND ACCEPTING MANAGEMENT PARTNERS' FINANCIAL FORECAST
ASSUMPTIONS**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on June 28, 1993, the Morro Bay City Council adopted Resolution No. 55-93, which adopted the Fiscal Year 1993-94 Budget and Appropriations Limit; and

WHEREAS, Section 5 of Resolution No. 55-93 states *“A reserve for emergencies of \$800,000 shall be established out of the City’s General Fund. This amount will be reported in the General Fund’s Equity section of the balance sheet. The City Administrator must receive prior approval from the City Council for any use of these reserve funds;”* and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Section 5 of Resolution No. 55-93; and

WHEREAS, on May 24, 2010, the Morro Bay City Council adopted Resolution No. 27-10, which established the parameters for use of the General Fund (Accumulation) Reserve; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 27-10 in its entirety; and

WHEREAS, on June 28, 2011, the Morro Bay City Council adopted Resolution No. 42-11, which amended the parameters of Resolution No. 27-10; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 42-11 in its entirety; and

WHEREAS, the City Council desires to establish the GENERAL FUND EMERGENCY RESERVE FUND POLICY to identify the parameters and use of this Fund.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

- A. The General Fund Emergency Reserve (“GFER”) Fund is named and established, and the GFER Fund Policy is described, below, sets the parameters for and use of the GFER Fund as follows:

- a. The GFER Fund target balance is set at 27.5%.
 - b. Annually, the GFER Fund balance is calculated by using the average of three-years' actual General Fund operating revenues (for example, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 2011/12 are added together, and divided by 3).
 - c. Based on the existing balance in the General Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for use, as determined by the City Council, during the annual budget adoption process or budget amendments as may be approved by the Council.
 - d. Each use of GFER Fund must be approved by the City Council.
- B. Based on the Management Partners' Financial Forecast, a copy of which is attached to this Resolution, the following assertions are accepted:
- a. The Management Partner's Financial Forecast predicts a moderate recession in 2017.
 - b. The City's CalPERS actuarial assumptions contain increased contribution rates for Fire and Police Safety plans over the next five fiscal years ending in 2020/2021.
 - c. The continuing drought in California may affect revenues (*i.e.*, TOT).
 - d. The schedule of year-end minimum reserve levels is set at:
 - 1. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
 - 2. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
 - 3. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
 - 4. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
 - 5. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
 - 6. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
 - 7. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
 - 8. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
 - e. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
 - f. If annual revenues are below forecast, then expenditures must be adjusted to meet these targets.
 - g. Those assumptions will be reviewed annually, as established by the budget calendar, based on the current fiscal environment.

Resolution No. 33-15

Page 3

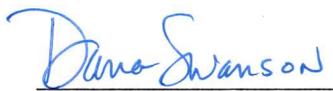
PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

RESOLUTION NO. 34-15

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING A STRATEGIC INVESTMENT SPENDING PLAN**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, on May 20, 2015 at the Budget Workshop, the City Council of the City of Morro Bay was presented with the Proposed Budget for the Fiscal Year 2015/16; and

WHEREAS, in the Budget Workshop presentation, the City Council was shown a Strategic Investment Spending Plan, the intent of which is for prioritized spending of one-time monies, the details of which are attached to this Resolution; and

WHEREAS, the City Council desires to establish the practice of spending one-time and surplus monies on strategically-identified projects in the areas of risk reduction, economic development, City planning and City operations; and

WHEREAS, this Resolution ratifies and establishes the City's Strategic Investment Spending Plan for future use of one-time and surplus monies; and

WHEREAS, for the Fiscal Year 2015/16, surplus funds have been identified in the Risk Management Internal Service Fund, which are not committed or assigned for insurance purposes, per the definitions contained in Resolution No. 32-15; and

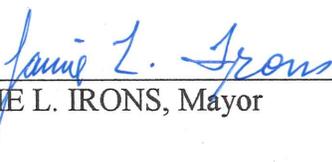
WHEREAS, these surplus funds are targeted for the elements of the Strategic Investment Spending Plan, attached to this Resolution:

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

1. The Strategic Investment Spending Plan (Plan), a copy of which is attached to this Resolution, is adopted; and
2. The Plan is the City's official priority list for spending one-time and surplus funds; and
3. The Plan will, at minimum, be presented to the City Council, for revision, on an annual basis; and
4. The Fiscal Year 2015/16 priority list, contained in this Resolution, is authorized and shall remain in effect unless modified or rescinded by the City Council.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9th day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler
NOES: None
ABSENT: None



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

Strategic Investment Spending Plan
(With Approximate Dollar Amount)

1. Americans with Disabilities Act (ADA) compliance - \$100,000
2. Land Use Plans for the General Plan and Local Coastal Plan - \$300,000
3. Morro Bay Economic Development Strategic Plan - \$75,000
4. Information Technology Program - \$100,000
5. Web-Based Planning, Permitting and Licensing Software - \$85,000
6. High-Speed Fiber Investment - \$150,000
7. Additional Projects approved by City Council - TBD

RESOLUTION NO. 03-16

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
DEFINING THE MANAGEMENT OF
TOURISM PROMOTIONS AND MARKETING**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City Council adopted the Tourism Business Improvement District (“TBID”) Law – Chapter 3.6 MBMC – via Ordinance 546 in 2009; and

WHEREAS, pursuant to MBMC 3.60.030, creation of the TBID is intended to provide a stream of revenue to the City to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination; and

WHEREAS, the City has managed its tourism promotions and marketing operations both internally in the past, though with no specific tourism staff, as well as contracted for said services with the Morro Bay Tourism Bureau (“MBTB”); and

WHEREAS, since the inception of the TBID assessment, tourism has increased tremendously in the City, and Transient Occupancy Taxes collected from hotel stays has increased by more than \$1 Million annually; and

WHEREAS, the City has greatly enhanced its focus on communitywide economic development, which includes tourism as Morro Bay’s major economic engine; and

WHEREAS, it is imperative the City strategically align all economic development operations to ensure efficiency, strong coordination, and enhanced long-term operations; and

WHEREAS, the City recognizes the important commitment to the hotelier stakeholder community when managing the community’s TBID assessment funds; and

WHEREAS, the City Council intends for the City to directly manage its tourism promotions and marketing, and provide for a structure of said management both as a way to outline the program and provide continued commitment to the hotelier stakeholder community;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

The City Council finds it appropriate for the City to manage its tourism promotions and marketing directly. To that end, the following structure for management of the community's TBID assessment funds shall be as follows:

- 1) The City shall directly manage its tourism promotions and marketing, including expenditure of the community's TBID assessment funds. Expenditures shall be made pursuant to City and State law. A State-required annual report and work plan, recommended by the TBID Advisory Board and approved by the City Council, shall guide the expenditure of these funds.
- 2) Expert tourism professionals, reporting to the City Manager or his/her designee, will manage the City's tourism promotions and marketing. They shall be contractors, and will be required to follow all rules related to contracted services including, but not limited to, acquiring a Morro Bay business license, unless on further study the City Manager recommends an employee relationship and that position is approved and budgeted for in the FY 16/17 budget process. The existing MBTB staff will be offered those positions. The City may modify those contracted, or employee, relationship in the future if the City determines there is a more cost-effective approach to management of tourism marketing and promotions. Changes shall be reviewed by the TBID Advisory Board, which will make a recommendation to the City Council prior to operational changes.
- 3) The TBID Advisory Board shall participate in the annual review of the City's tourism manager and will assist in setting goals and metrics to measure the success of the community's tourism promotions and marketing undertaken by this contracted professional. The Advisory Board shall review and make recommendations for the selection of any future tourism manager.
- 4) The TBID Advisory Board shall have enhanced duties that include, not only the general tourism marketing and promotions, but any efforts to enhance the destination of Morro Bay as it relates to tourism. That can include Citywide brand management, destination-promoting community event management or review, and more. The Advisory Board shall assist staff in developing the overall duties of the Board, and will make a recommendation to City Council in order to update the Advisory Body's bylaws as appropriate.
- 5) The City shall commit \$300,000 in Transient Occupancy Taxes to the City's tourism operations. It is intended the budget shall provide for that amount incrementally, with 20 percent of annual TOT increases being set aside for these purposes, until the maximum is reached. The TBID Advisory Board will provide recommendations through its annual report and work plan on the appropriate expenditure of this funding to City Council.
- 6) The City's professional tourism professionals shall be provided office space in a City facility.

- 7) In order to focus as much of the TBID assessment as possible on directly promoting and marketing Morro Bay, the City shall provide for accounting, legal advice, IT support, as well as the aforementioned office space.
- 8) In order to transition to direct management of tourism operations, the City does not intend to extend its current contract with the MBTB past the May 2016 expiration of the existing contract. The City will coordinate a transition plan to direct management with MBTB input.
- 9) The City shall support any efforts within the local business community on the formation of an additional Business Improvement District that could include retail and restaurant businesses for the purposes of enhanced marketing of those businesses that help make Morro Bay the destination it is.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on this 12th day of January, 2016 on the following vote:

AYES: IRONS, HEADDING, JOHNSON, MAKOWETSKI, SMUKLER
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE



JAMIE L. IRONS, Mayor

ATTEST:



DANA SWANSON, City Clerk

CITY OF MORRO BAY
2017/18 PROPOSED BUDGET

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