



CITY OF MORRO BAY CITY COUNCIL NOTICE OF SPECIAL MEETINGS

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

SPECIAL MEETING AGENDA

Tuesday, May 8, 2018 @ 4:00 PM

AND

Wednesday, May 9, 2018 @ 4:30 PM

Veterans Memorial Hall

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 2018-19 BUDGET STUDY SESSION

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

II. Morro Bay Police Department Drone Program Announcement and Demonstration

MOTION TO CONTINUE to Wednesday, May 9, 2018 at 4:30 p.m.

III. FY 2018-19 BUDGET STUDY SESSION

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

ADJOURN

DATED: May 4, 2018


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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AGENDA NO: I

MEETING DATE: May 8, 2018

Staff Report

TO: Honorable Mayor and City Council

DATE: May 2, 2018

FROM: Jennifer Callaway, Finance Director

SUBJECT: Consider the City of Morro Bay's Proposed Operating and Capital Budget for Fiscal Year (FY) 2018/19

RECOMMENDATION

Council consider the City of Morro Bay's Proposed Operating and Capital Budget for Fiscal Year (FY) 2018/19 and provide direction, as necessary.

BACKGROUND

The Proposed Operating and Capital Budget for FY 2018/19 (Attachment 1) is the City Manager's recommended comprehensive financial plan to provide the core services to the City of Morro Bay while addressing the City Council identified goals and priorities. Any changes to the Proposed Operating and Capital Budgets directed by Council at the Budget Study Sessions scheduled for May 8th, 9th and 22, 2018 will be incorporated into the implementing documents to be presented for Council review and approval on June 12, 2018.

Compilation of the Proposed FY 2018/19 budget was made possible due to the coordination and input received from all Departments. The City's budget team consisted of staff from all departments and at all levels within the organization. It is only through their efforts that the proposed budget, in the form presented, was possible. Particularly, Tracy McConnell, Account Clerk II in Finance provided the art for the Front Cover of the proposed budget and the entire Finance Team worked tirelessly to help compose and compile the proposed budget, while maintaining smoothly running daily operations. Each Department Director, Departmental Managers and the Employee Budget Advisory Committee (EBAC) worked throughout the past several months to provide data and recommendations that were incorporated into the proposed budget.

DISCUSSION

The Proposed Operating and Capital Budget was prepared with contributions from all City Departments, staff at all levels of the organization and includes feedback and work completed by the Citizen's Finance Advisory Committee (CFAC). CFAC received the proposed Measure Q and General Fund budgets for discussion at their April 25, 2018 meeting. CFAC approved the proposed Measure Q budget and provided recommendations to staff regarding future budgets and purchasing practices. CFAC provided a memorandum to Council and staff regarding their recommendations

Prepared By: JC

Dept Review: _____

City Manager Review: SC

City Attorney Review: _____

which was inserted into the proposed budget. In addition, CFAC asked several questions regarding both the general fund and Measure Q proposed budgets. The Committee recommended that those questions and staff's responses be provided to the Council for review. This was incorporated with the previously provided budget document. Staff appreciates CFAC's work and efforts at reviewing the proposed budget document. In the prior year the Committee worked to complete research and provide recommendations on how best to present a community friendly budget document. Committee Member Betonte completed the Annual Budget Process and Calendar document that is provided in the supplemental information. This is the first step in enhancing the supplemental material that is incorporated into the budget and staff will continue to work with CFAC members and enhancing the budget, and overall financial transparency, further in future years.

For FY 2018/19 the Proposed budget has been restructured to include additional narrative about departmental and program purposes and budget overviews, program accomplishments for FY 2017/18 and program goals for FY 2018/19. In addition, departments have added performance indicators in an effort to provide metrics for the Council and Community to identify work load and output within the departments.

In early 2018, the City Council identified five goals and multiple objectives to guide staff work prioritization throughout the calendar year. Chief among those goals is creating financial sustainability for the City. In that spirit, the proposed budget is based on the following principles:

- Develop a recommended balanced budget without impacting core services
- Be mindful of internal service funds and support of infrastructure, facility and equipment needs
- Identify opportunities to enhance service delivery through technology and open government
- Limited growth being mindful of future budget challenges and forecasted shortfalls.

FY 2018/19 Operating Budget

The transmittal letter in the Proposed FY 2018/19 Operating budget provides an executive summary of the budget. The proposed budget includes cost-of-living (COLA) increases that were negotiated with the City's SEIU and Morro bay Firefighters Associations, as well as COLA increases for the Confidential and Management employees, as revenue targets within those agreements are likely to be met to allow for the increases. Employees are budgeted at their next projected step within their salary bands. In addition, the proposed budget makes small strides at funding vehicle replacement, risk management and compensable leave funds, incorporates expected employee benefit cost increases, pension payments and other anticipated expenses. Taken as a whole, the FY 2018/19 budget proposes to maintain existing service levels, while providing for the reallocation of funding from management level positions to front-line service level positions.

After issuance of the proposed budget, staff noted three oversights or errors that have since been corrected.

1. Sewer Revenues (pg. H-20) were underestimated for FY 2018/19. Staff have revised the revenue estimates to total \$6.65 million. FY 2017/18 estimated year-end revenues have also been adjusted. This will increase the amount of funds transferred to the accumulation fund and effectively, should these estimates hold true drawdown from the SWR loan will not be necessary to support the \$9.35 million capital expenditures proposed for the WRF project. Supporting schedules will adjust accordingly. A new proposed sewer section is provided to be replaced with those pages distributed previously. Financial summary pages will adjust accordingly, with total City revenues increasing to \$55.5 million.

2. The PEG Access Fund (pg. G-41) should have included \$32,000 in FY 2018/19 expenditures for the capital project to upgrade the audio-visual equipment at the Vet's Hall. Note – the FY 2017/18 service expenditures of \$30,245 represent legal fees accumulated in the action taken against Charter related to PEG Fee remittance.
3. The Police Department General Fund Budget (pg. C-50): Salaries and Benefits increase by \$15,308, for total salary and benefits of \$2,915,141. With this change, the general fund will balance (including transfers in) with excess revenues over expenditures of \$1,905.

FY 2018/19 Capital Budget

The proposed FY 2018/19 Capital budget identifies a series of projects that are funded through non-general fund sources. These projects include facility and audio-visual upgrades at the Vet's Hall, Bocce Ball Court and Greenhouse at Shasta Street Pocket Park, striping for angle parking and the purchase of a new fire engine. In addition, a project concept for the Jack LaLanne Memorial Fitness Stations is included with anticipated funding from donations and in-lieu fees.

Most notably, the proposed capital budget includes \$9.35 million dollars for the new water reclamation facility (WRF). The WRF budget is preliminary in nature and is subject to adjustment when the new project manager, Carollo completes review of the project status to date and anticipated span of work scheduled for FY 2018/19. Budget adjustments will be presented for Council approval should they be deemed necessary.

The proposed budget also includes approximately \$600,000 for Harbor related capital needs. With the DBW Launch Ramp, renovations will be funded through the waterways grant, the remaining \$345,000 in projects are proposed to be funded through the Harbor Accumulation fund. The Harbor Department has over \$2 million in unfunded capital needs. Staff recognizes these needs and will be working towards revenue enhancements, identification of new revenues and/or funding strategies to address these needs throughout the fiscal year for Council consideration and direction.

Council Requests

As in prior years, the City Council is afforded an opportunity to grant award of city funds to non-profits providing a benefit to the community. The FY 2018/19 includes \$16,500 in funds available for the City Council to award. To date the City has received two requests for funding thus far, detailed below:

1. Economic Vitality Corporation (EVC) – annual sponsorship amount of \$10,000. Prior year sponsorship award was \$5,000. Funding Request Attached
2. HomeShareSLO – Funding support request of \$5,000. This request is budgeted for in the Housing In-Lieu Fund (Fund 941 – page. G-15) and does not need to be considered as part of the \$16,500 to be awarded by the Council.

As additional requests are received they will be brought forward to Council for consideration.

In addition, as per Council discussion, the proposed budget includes \$5,000 in discretionary beautification to support the "Morro Bay, Adopt-it" program.

Budget Hearings and Items for Consideration

At its May 8, 9, and 22nd, 2018 meetings, Council will have an opportunity to listen to public testimony, ask questions, and direct changes to the Proposed Operating and/or Capital Program Budgets. In particular, staff is seeking Council direction on the following items that have not been included in the proposed budget:

1. Partnership with the Chamber of Commerce to provide Economic Development Support. In lieu of funding the Deputy City Manager, staff would propose entering into a one-year Memorandum of Understanding (MOU) with the Chamber of Commerce to provide economic development support services. This would be a one-year pilot program to determine effectiveness and assess return on cost. Staff proposes to utilize \$18,000 in fund balance from the Opportunity Fund, Fund 480, page D-19 of the proposed budget and an additional \$7,000 from the Strategic Investment Spending Plan Fund (515-2335) for total funding of \$25,000 for a one-year pilot program.
2. A transfer of \$10,000 from the Capital Replacement Fund, Fund 460, to the Facility Maintenance Fund, Fund 052, for unforeseeable and unbudgeted City Facility needs that arise during the year. It was brought to staff's attention after issuance of the proposed budget that facility needs arise throughout the year and there is no budgeted appropriation for those needs, i.e. interior painting of facilities, carpet cleaning, appliance repair or replacement.

Any other changes to the Proposed Operating and Capital Budgets directed by Council or identified by staff (such as "clean-up" items) will be included for Council consideration in the resolution formally adopting the Budgets to be considered by Council in June.

FISCAL IMPACT

The fiscal impact is presented in summary form in the Financial Summaries chapter of the Proposed Operating and Capital Budgets for FY 2018/19 (page B-1). The total proposed budget is \$50.2 million for all City Funds and including transfers, a \$7 million increase from the FY 2017/18 Adopted Budget, notably due to the planned progression of the WRF project.

ATTACHMENTS

1. [FY 2018/19 Proposed Operating and Capital Budget](#) (Previously Submitted)
2. Revised Sewer Enterprise Funds Budget Pages
3. Funding Requests
 - a. EVC
 - b. HomeShare SLO

SEWER

DEPARTMENT PURPOSE

The Sewer Funds consist of the Sewer Revenue Fund, Equipment Replacement Fund and Sewer Accumulation Fund.

BUDGET OVERVIEW

The FY 2018/19 Sewer fund represents a significant increase over prior years. The increase is primarily due to interfund transfers between the three sewer funds, most notably a proposed budget amount for the new water reclamation facility (WRF) of \$9.35 million. The FY 2018/19 budget also includes salary and expenditures for 6.70 FTE positions, including a previously negotiated cost-of-living increase (COLA) and increased benefit costs, specifically related to CalPERS pension rate increases and health benefit increases.

SEWER

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
REVENUES						
<i>Charges for Service</i>	\$ 4,221,780	\$ 4,857,485	\$ 5,637,980	\$ 6,198,000	\$ 6,095,597	\$ 6,651,876
<i>Fines & Forfeitures</i>	28,409	30,618	34,614	48,000	35,000	48,000
<i>Use of Money & Property</i>	59,036	57,605	61,363	20,000	12,000	20,000
<i>Other Sources</i>	88,369	102,197	628,513	41,115	35,000	41,115
<i>SWR General Loan</i>	-	-	-	-	-	-
<i>Programmed Use of Fund Balance</i>						5,969,292
<i>Interfund Transfers In</i>	562,636	894,654	177,371	1,358,513	5,140,890	3,549,125
TOTAL REVENUES	\$ 4,960,230	\$ 5,942,559	\$ 6,539,841	\$ 7,665,628	\$ 11,318,487	\$ 16,279,408
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 496,546	\$ 580,152	\$ 898,175	\$ 591,989	\$ 351,016	\$ 725,145
<i>Supplies</i>	\$ 116,221	\$ 128,413	\$ 166,848	\$ 199,760	\$ 175,000	\$ 92,710
<i>Services</i>	\$ 341,322	\$ 328,180	\$ 286,258	\$ 487,693	\$ 275,000	\$ 374,042
<i>Capital Outlay</i>	\$ 55,684	\$ 229,700	\$ 1,422,781	\$ 615,000	\$ 444,417	\$ -
<i>Other</i>	\$ 3,204,024	\$ 2,170,900	\$ 2,018,019	\$ 1,694,274	\$ 1,494,538	\$ 1,656,925
<i>Debt Service</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL EXPENDITURES	\$ 4,213,797	\$ 3,437,345	\$ 4,792,081	\$ 3,588,716	\$ 2,739,971	\$ 2,848,822
Transfers Out						
<i>General Fund for CAP</i>	\$ 166,348	\$ 167,512	\$ 170,862	\$ 174,228	\$ 174,228	\$ 180,500
<i>General Fund for Legal</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,750
<i>General Fund for Capital</i>	\$ -	\$ 97,560	\$ -	\$ -	\$ -	\$ -
<i>IT Replacement Fund</i>	\$ -	\$ 4,000	\$ 2,000	\$ 18,384	\$ 18,384	\$ 20,679
<i>Trust & Agency Fund</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Utility Discount Program</i>	\$ 28,409	\$ -	\$ 34,614	\$ 48,000	\$ 48,000	\$ 48,000
<i>Accumulation Fund</i>	\$ 334,872	\$ 316,058	\$ -	\$ 1,181,142	\$ 4,963,519	\$ 3,549,125
<i>WWTP</i>	\$ -	\$ -	\$ -	4,261,204	2,201,204	9,559,532
<i>Equipment Replacement</i>	115,000	140,000	177,371	177,371	-	-
TOTAL TRANSFERS OUT	\$ 644,629	\$ 725,130	\$ 384,847	\$ 5,860,329	\$ 7,405,335	\$ 13,430,586
TOTAL EXPENDITURES AND TRANSFERS OUT	\$ 4,858,426	\$ 4,162,475	\$ 5,176,928	\$ 9,449,045	\$ 10,145,306	\$ 16,279,408
	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Adopted	2017/18 Estimated	2018/19 Proposed
PROGRAM						
<i>Operating</i>	\$ 4,686,180	\$ 3,792,775	\$ 4,999,557	\$ 4,395,470	\$ 7,499,685	\$ 6,719,876
<i>Equipment Replacement</i>	-	-	-	615,000	444,417	-
<i>Accumulation</i>	172,246	369,700	177,371	4,438,575	2,201,204	9,559,532
TOTAL EXPENDITURES & TRANSFERS	\$ 4,858,426	\$ 4,162,475	\$ 5,176,928	\$ 9,449,045	\$ 10,145,306	\$ 16,279,408

SEWER

Departmental Summary of FTEs

	2018/19 Funded
<i>Sewer Fund</i>	
Public Works Director	0.10
Utilities Manager	0.25
Environmental Programs Manager	0.10
Assistant Civil Engineer	0.10
Management Analyst	0.05
Collections System Supervisor	1.00
Collection Systems Worker III	1.00
Collection Systems Worker II	2.00
Waste Water Operator In Training	1.00
Account Clerk II	0.65
Account Clerk In-Training	0.40
Office Assistant IV	0.05
Total Department FTEs	6.70



Sewer Revenue

Fund 321

PROGRAM PURPOSE

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.

BUDGET OVERVIEW

The FY 2018/19 budget includes increased personnel costs related to a previously negotiated cost-of-living increase as well as increased benefit costs related to CalPERS pension rate increases and health cost increases. The budget also includes the allocation of 0.25 FTE Utilities Manager for oversight of the sewer operations. Other notable changes include the reallocation of City Attorney fees to the general fund. The Sewer revenue fund will reimburse the general fund for actual legal fees incurred via a transfer out of cash into the general fund. In addition, the revenue fund includes service expenditures related to one-water and on-call engineering services. Finally, the transfers out to the accumulation fund are significantly higher than in prior years. This is primarily attributed to a correction of prior year transfers and the transfer of cash that remained in the revenue fund at FY 2016/17 year-end. At FY year-end the revenue fund should have a zero-cash balance and all unexpended cash should be transferred to the Accumulation fund for capital needs for the existing infrastructure and the new WRF.

**SEWER
Revenue**

**Sewer Revenue Fund
Fund 321**

SUMMARY OF REVENUES AND EXPENDITURES

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	\$ -	\$ 7,744	\$ (15,389)	\$ 1,357,088	\$ 1,357,088	\$ -
REVENUES						
<i>Charges for Service</i>	\$ 4,221,780	\$ 4,857,485	\$ 5,637,980	\$ 6,198,000	\$ 6,095,597	\$ 6,651,876
<i>Fines & Forfeitures</i>	28,409	30,618	34,614	48,000	35,000	48,000
<i>Use of Money & Property</i>	23,370	15,790	16,011	20,000	12,000	20,000
<i>Other Sources</i>	6,266	(4,925)	2,271	-	-	-
<i>Interfund Transfers In</i>	56,382	219,298				
TOTAL REVENUES	\$ 4,336,207	\$ 5,118,266	\$ 5,690,876	\$ 6,266,000	\$ 6,142,597	\$ 6,719,876
EXPENDITURES						
<i>Salaries and Benefits</i>	\$ 496,546	\$ 580,152	\$ 898,175	\$ 591,989	\$ 351,016	\$ 725,145
<i>Supplies</i>	116,221	128,413	166,848	199,760	175,000	92,710
<i>Services</i>	341,322	328,180	286,258	487,693	275,000	374,042
<i>Capital Outlay</i>	-	-	1,422,781	-	-	-
<i>Other</i>	3,202,462	2,170,900	2,018,019	1,694,274	1,494,538	1,656,925
<i>Debt Service</i>	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 4,156,551	\$ 3,207,645	\$ 4,792,081	\$ 2,973,716	\$ 2,295,554	\$ 2,848,822
Transfers Out						
<i>General Fund for CAP</i>	\$ 166,348	\$ 167,512	\$ 170,862	\$ 174,228	\$ 174,228	\$ 180,500
<i>General Fund for Legal</i>						72,750
<i>General Fund for Capital</i>		97,560		-		
<i>IT Replacement Fund</i>		4,000	2,000	18,384	18,384	20,679
<i>Trust & Agency Fund</i>						
<i>Utility Discount Program</i>	28,409	-	34,614	48,000	48,000	48,000
<i>Accumulation Fund</i>	334,872	316,058		1,181,142	4,963,519	3,549,125
Total Transfers	\$ 529,629	\$ 585,130	\$ 207,476	\$ 1,421,754	\$ 5,204,131	\$ 3,871,054
Total Expenditures & Transfers	\$ 4,686,180	\$ 3,792,775	\$ 4,999,557	\$ 4,395,470	\$ 7,499,685	\$ 6,719,876
Ending Cash Balance	7,744	(15,389)	1,357,088	3,227,618	-	-

SEWER Revenue

Activity and Workload Highlights	2017/18 Estimated	2018/19 Budget
Chemical Root Control	\$40,000	
Lift Station Three Transfer Switch Replacement	\$2,400	
Manhole Raise and Replacement	\$18,000	
Maintenance work orders over 30 days	0	0
Percent of collection system cleaned	50%	50%
Percent of Video Camera inspection of entire system	20%	20%
Reportable sanitary sewer outflows	0	0



DRAFT



SEWER

Equipment Replacement Fund 054

PROGRAM PURPOSE

The Sewer Equipment Replacement is a savings fund for equipment and vehicle replacements.

BUDGET OVERVIEW

No activity is scheduled for the FY 2018/19 budget in the equipment replacement fund. FY 2017/18 budgeted equipment purchases were substantially underbudget (\$170,583). The savings will be held in the equipment replacement fund for future equipment needs although there are no purchases budgeted for FY 2018/19.

**SEWER
Equipment Replacement**

**Sewer Equipment Replacement
Fund 054**

STATEMENT OF SOURCE AND USE OF FUNDS

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	\$ 240,871	\$ 358,041	\$ 501,855	\$ 501,855	\$ 501,855	\$ 234,809
Revenues						
<i>Interest</i>	\$ 2,170	\$ 3,814	\$ 4,683	\$ -	\$ -	\$ -
<i>Transfer</i>	115,000	140,000	177,371	177,371	177,371	-
Total Revenues	\$ 117,170	\$ 143,814	\$ 182,054	\$ 177,371	\$ 177,371	\$ -
USES OF FUNDS						
Expenditures						
<i>Capital Outlay</i>	\$ -	\$ -	\$ -	\$ 615,000	\$ 444,417	\$ -
Total Expenditures	\$ -	\$ -	\$ -	\$ 615,000	\$ 444,417	\$ -
Ending Cash Balance	\$ 358,041	\$ 501,855	\$ 683,909	\$ 64,226	\$ 234,809	\$ 234,809

SEWER

ACCUMULATION FUND

FUND 952

PROGRAM PURPOSE

The Sewer Accumulation fund is a savings fund for capital projects and operational needs.

BUDGET OVERVIEW

The FY 2018/19 budget highlights a significant increase to both interfund transfers and transfers out for capital needs. The interfund revenue transfer into the accumulation fund reflects the increases revenue received from the sewer revenue fund, partially due to prior year accumulations not previously transferred, and limited operating expenditures within the revenue fund. Conservative spending within the revenue fund was afforded an increased transfer of revenues over expenditures into the accumulation fund for capital needs for the existing infrastructure as well as the new Water Reclamation Facility (WRF) project. The projected budget for the WRF project for FY 2018/19 is \$9.35, million which is illustrated as a capital expense within the 952 fund along with \$205,000 in other capital items such as One Water and Water System Emergency Contingency, all of which are discussed in detail in the CIP section o .

**SEWER
Accumulation Fund**

Sewer Accumulation Fund

Fund 952

STATEMENT OF SOURCE AND USE OF FUNDS

	2014/15 Actuals	2015/16 Actuals	2016/17 Actuals	2017/18 Amended	2017/18 Estimated	2018/19 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	\$ 3,964,765	\$ 4,209,495	\$ 4,337,164	\$ 4,270,080	\$ 4,270,080	\$ 7,067,395
Revenues						
<i>Interest</i>	33,496	38,001	40,669	-	-	-
<i>Other Revenue</i>	82,103	107,122	626,242	41,115	35,000	41,115
<i>Interfund Transfers</i>	334,872	316,058	-	1,181,142	4,963,519	3,549,125
<i>SWR General Loan</i>	-	-	-	-	-	-
Total Revenues	\$ 450,471	\$ 461,181	\$ 666,911	\$ 1,222,257	\$ 4,998,519	\$ 3,590,240
USES OF FUNDS						
Expenditures						
<i>Sewer Equipment Replacement</i>	\$ 115,000	\$ 140,000	\$ 177,371	\$ 177,371	\$ -	\$ -
<i>Other</i>	1,562	-	-	-	-	-
Total Expenditures	\$ 116,562	\$ 140,000	\$ 177,371	\$ 177,371	\$ -	\$ -
Capital Improvements (Transfers)	\$ 55,684	\$ 229,700		\$ 4,261,204	\$ 2,201,204	\$ 9,559,532
Total Expenditures & Transfers Out	\$ 172,246	\$ 369,700	\$ 177,371	\$ 4,438,575	\$ 2,201,204	\$ 9,559,532
Ending Cash Balance	\$ 4,242,990	\$ 4,337,164	\$ 4,270,080	\$ 1,053,762	\$ 7,067,395	\$ 1,098,103



Economic Vitality Corporation
735 Tank Farm Road, Suite 264
San Luis Obispo, CA 93401
TEL (805) 788-2012 FAX (805) 781-6293
www.sloevc.org
Non-profit 501(c)(3)

April 18, 2018

Direct: (805) 788-2013
mmanchak@sloevc.org

Scott Collins
City Manager
City of Morro Bay
595 Harbor Street
Morro Bay, CA 93442

Re: **Request for annual funding renewal**

Dear Scott:

On behalf of the Board of Directors and staff of the Economic Vitality Corporation, I wish to thank you, your City Council, and the team at the City of Morro Bay for its long-standing support of the EVC.

Please accept this request for the City to renew its annual sponsorship in the amount of \$10,000 (Ten Thousand Dollars) for the upcoming fiscal year. Attached is an invoice.

The EVC’s role in providing economic development resources and services to the city and its businesses and entrepreneurs is most important. This year we are excited to be working directly with the City to help create a more vibrant and diverse local economy in the City.

Since 1994, the EVC as a 501C3 non-profit corporation helps to create a more vital local economy by providing resources to create jobs and foster the startup, growth and retention of businesses. Through the countywide economic strategy project and high priorities such as the economic planning of Diablo Canyon closure, we are addressing long-term, strategic efforts to help our local economy become more diverse, vital and resilient. This effort leverages our other services and resources that include: business connections and counseling; business retention, expansion and attraction; access to bank and investor capital; continue to implement the countywide economic strategy; collaborating with local government and industry clusters to advocate for regional infrastructure; and air service development for more flights at our airport;

A healthy community requires a healthy business community and our economic development efforts will continue to have a direct, positive impact on the City, its businesses and its citizens.

Please do not hesitate to contact me for questions or comments.

Again, thank you for your support.

Sincerely,

Michael E. Manchak
President & CEO

Creating jobs, fostering investment, and promoting business



Board of Directors:

Marcia Alter
Chair

Marianne Kennedy
Vice Chair

Lisa Gonzalez, EA, MBA
Treasurer

Tim Waag
Secretary

Grace Crittenden, MD

Kevin Hauber

Jo Oliver, RN

Joanne Peters

Tom Potter

Alan Prince

Maggie Watson

Staff:

Anne Wyatt
Executive Director

Celeste Goyer
Operations Director

Stephanie Teaford
Outreach Director



HomeShareSLO is a tax-exempt, 501(c)(3) nonprofit public benefit corporation. Our Federal tax I.D. is 82-3151265. Your donation is tax-deductible.

HomeShareSLO is dedicated to sustainable operation and respectful use of resources. HomeShareSLO abides by the Fair Housing laws and accepts all applicants, regardless of race, religion, color, national origin, age, sex, sexual orientation, marital status, disability, the presence of minor children, receipt of public assistance or gender identity.

April 16, 2018

Morro Bay City Council
Attn: City Manager Scott Collins
City of Morro Bay
595 Harbor St.
Morro Bay, CA 93442

RE: Funding request for provision of housing services in Morro Bay

Dear Mr. Collins, Mayor Irons and Council Members Davis, McPherson, Makowetski & Heading:

HomeShareSLO is grateful for the funding support from the City of Morro Bay and respectfully requests \$5000 in support of continuing provision of housing services in Morro Bay in fiscal year 2018/19 .

Benefits and services provided: HomeShareSLO creates affordable housing by facilitating homeshare matches between persons with extra rooms and persons seeking housing. By providing training and outreach, a high level of security screening, introductions and ongoing monitoring and support, the program creates housing units out of existing extra rooms. HomeShareSLO clients, for the most part, have never shared housing with non-family members, so the process can be daunting. Similarly, a small number of clients have shared housing and have had bad experiences, often due to lack of training, screening and other support services and inability to make clear, detailed written agreements, much needed support provided by the program.

Clients served: Since operational inception in January 2017, the program provided services to approximately 900 persons, including:

- Outreach and Training: 800 persons countywide/appx. 40 Morro Bay residents
- Housing/mentoring counseling: 370 countywide=appx. 10 Morro Bay residents
- Enrolled over 100 home seekers and home provider clients=14 Morro Bay residents
- Matched 40 persons (20 home providers and 20 home seekers)=8 Morro Bay residents; 3 home providers and 5 home seekers, 2 outside Morro Bay

The program provides approximately \$190,000-\$460,000 of financial benefit to these 40 matched clients in their first year in the program, including \$6,500-\$12,000 per year of income to the home providers and \$3,000-\$11,000 savings per year to the home seeker. **In addition to creation of much needed housing units, this equates to a first year direct financial benefit to 8 matched Morro Bay residents of approximately \$54,000 (in combined rental income and rental savings).** Since 2016 inception, HomeShareSLO has leveraged \$6,000 in City contributions into over \$54,000 of direct resident benefit, a nine to one return on investment.

The homeshare match brings a number of benefits to both parties, financial and qualitative:

- **Income to the home provider** (over 80% of who are senior women and 70% lower income: With an average rent per month of matched clients in 2017 at \$727 (including utilities), income to provider approximately \$8,000/yr.
- **Security to home provider and ability to age in place:** A majority of seniors want to age in place, and homesharing is a tool for maintaining the income, security and companionship to extend safe in-home living.
- **Companionship to home provider and home seeker:** With limited mobility, particularly challenges and/or inability to drive, isolation is an increasing challenge for older seniors which can be minimized by homeshares. Reducing isolation has been shown to improve health and quality of life.
- **Safe, affordable place to stay for home seeker,** including a rent savings of approximately \$400-900/month (compared to renting a solo studio or one bedroom apartment).

Community benefit: Beyond client benefit, community benefit is derived from: affordable places for working people to live in their communities, multigenerational neighborhoods, cutting down on travel stress and vehicle miles traveled; less resources and environmental impacts than building new housing; lower healthcare and emergency service calls, with extended security network; provision of services to social service agency clients. (Program served clients referred to Adult Protective Services, RISE and multiple others in 2017). As interest in homesharing grows and information about the program, we have seen an average of 4,000 hits on our informational website, HomeShareSLO.org, giving thousands of county residents information about the possibilities of sharing homes.

HUD estimates that 20% of American senior households have extra bedrooms. If just 10% of Morro Bay's 783 single seniors would consider homesharing in order to meet goals of extra income, companionship, security or helping others, HomeShareSLO could effectively generate over 78 affordable homes in the city at relatively low cost. With your support and a solid start, the program has opportunity ahead and aims to continue outreach efforts, including showing matching success, in order to build on first year operational success. Because outreach activities, screening, matching and monitoring is labor intensive, and client fees-for-service are expected to cover only approximately 30% of operating costs, continuing success of the program is dependent upon ongoing support from all 7 cities and the County of San Luis Obispo.

Anticipated Morro Bay clients served by program in 2018/19: Housing training, outreach and mentoring services: 50 and housing provision: 8-10.

Projected Program Income and Expense 2018/19

\$149,000 Total; City of Morro Bay portion \$5,000

Contributions and income: fees-for-service (\$31,000); individual and business donors (\$36,000); government--cities and County SLO (\$40,000); foundation grants (\$42,000)

Program Expenses:

Program--Direct	\$
Background check-screen fees	12,000
Intake processing--interview, application, review, introductions, agreement, matching*	77,000
Outreach and training costs/materials/ events*	26,000
Program review, compliance, monitoring and reporting*	11,000
Program supplies	3,000
Indirect/overhead	
Insurance	3,000
Planning/budgeting/admin/general*	9,000
Fundraising/grant writing*	6,000
Contingency/reserve	2,000
Total	\$149,000

*3 part-time staff (Executive Director; Operation Director; Outreach Director)
20-32 hours/wk. @ \$20/hr. No benefits

We look forward to continued service to Morro Bay residents and inviting our Morro Bay clients-- Diann and Betty, Mary and Anahata, Dennis and Wild Bill, Laura, Dianne and James--to share their homeshare success stories directly with your Council. Please let us know if there is more information we can provide. Thank you.

Sincerely,

Anne R. Wyatt

Anne Wyatt, Executive Director
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