



# CITY OF MORRO BAY CITY COUNCIL AGENDA

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

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## **NOTICE OF SPECIAL MEETING**

**Tuesday, February 25, 2020 – 3:30 P.M.  
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. Ten-Year Financial Forecast Study Session**

**RECOMMENDATION:** Staff recommends the City Council receive information on the updated ten-year budget forecast and provide direction as appropriate.

ADJOURNMENT

DATED: February 21, 2020

  
\_\_\_\_\_  
John Headding, Mayor

**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: February 25, 2020

# Staff Report

**TO: Mayor and City Council**

**DATE: February 21, 2020**

**FROM: Scott Collins, City Manager  
Jennifer Callaway, Finance Director**

**SUBJECT: Ten-Year Financial Forecast Study Session**

## **RECOMMENDATION**

Staff recommends the City Council receive information on the updated ten-year budget forecast and provide direction as appropriate.

## **DISCUSSION**

In March 2015, the City received the first 10-year budget forecast. As an essential component of the City's annual budget process, the City Council then included a requirement for an annual 10-year forecast in the Strategic Planning Framework. The 2016 budget forecast was expanded to include the Harbor Enterprise Fund and the 2017 forecast was expanded to include the Water and Sewer Enterprise Funds.

The ten-year general fund budget forecast, included as Attachment 1, provides the City Council and community with a better understanding of the City's financial situation in the decade ahead. In light of the changes to the California Public Employee's Retirement System (CalPERS), this forecasting model is even more crucial as the City faces significant expenditure increases due to CalPERS rate increases.

The updated ten-year budget forecast will provide a broad overview of the City's financial projection over the coming ten years and includes the most readily available CalPERS rate increase estimations, as well as other estimated benefit increases. It is important to note these rate increases are estimates only and will fluctuate based on CalPERS actual investment earnings rate as well as any other methodology changes that CalPERS implements. As staff works through the FY 2020/21 budget development processes these estimates will be refined and presented to the Council again in May 2020 with the proposed budget.

With this budget update, staff has reviewed the revenue projections and revised assumptions based on the current economic environment and indications ahead. Based on revenue trends the first half of the fiscal year, the City is on track to meet all budgeted revenue expectations. All assumptions, included as Attachment 2, are conservative but based on known conditions and are meant to provide Council, staff and the public with a solid understanding of the City's financial condition as we begin the FY 2020/21 budget process. As with all cities in California under the CalPERS retirement system, the City's impact of the CalPERS rate increases has substantially outpaced any revenue gains. In addition, health care costs continue to rise at a rate greater than the retirement costs, placing additional strain on the City's existing revenues. This will force the City of Morro Bay to make some

Prepared By:   JC  

Dept Review:   JC  

City Manager Review:   SC  

City Attorney Review:

difficult and challenging decisions not only in the upcoming FY 2020/21 budget but future years budgets as well.

Components of the forecast include the following:

1. No Cost of Living Allowances for employees – only step increases.
2. Projections include minimum wage increases.
3. Estimated pensions costs given Council's approval on February 11, 2020 to payoff of Tier II and Tier III unfunded accrued liabilities.
4. Contribution to TBID of \$60,000 annually through FY 2028/29.
5. No contribution to economic development fund for general plan implementation items (historically budgeted at \$100,000 and FY 2019/20 reduced to \$65,000).
6. Does not include continuation of the Chamber of Commerce Economic Ombudsman Contract as this is not contracted for FY 2020/21 at this time. Continuation of this service would require identification of one-time funds or a funding source outside of the general fund such as the economic development fund.
7. Contributions to replacement funds as detailed below:
  - a. Vehicle Replacement - \$50,000
  - b. Technology Fund - \$25,000
  - c. Facilities Fund - \$100,000
  - d. Fire Equipment Replacement - \$50,000
  - e. Risk Management - \$50,000
  - f. Compensable Leave - \$25,000

Using the assumptions outlined above, the forecast shows that the City is currently facing a budget deficit of \$428,000 for FY 2020/21, with growing deficits in the out years (up to \$1.4M by FY 2028/29). As staff directs efforts at balancing the FY 2020/21 budget we will be focused on Council and Community priorities and analyzing internal structure and opportunities.

### Community Priorities

Last year, the City conducted a community survey to solicit feedback from residents on their City service needs and priorities. 81% of respondents said they preferred maintaining Morro Bay's locally controlled Police and Fire Departments over contracting these services to outside agencies. As public safety is significant part of the budget, the City seeks to prevent significant reduction to service of our local Morro Bay Fire and Police Departments. Results of the community polling are included as Attachment 3.

Other priorities also identified by residents included:

- ✓ Maintaining 24/7 911 emergency response
- ✓ Maintaining 24/7 paramedic services
- ✓ Maintaining 24/7 police services
- ✓ Maintaining fire protection services
- ✓ Keeping beaches, public areas and public restrooms safe and clean
- ✓ Protecting Morro Bay's financial stability
- ✓ Requiring public disclosure of all spending
- ✓ Keeping the harbor and waterfront clean and safe

As part of this year's budget process, the City has launched **Join the Conversation** (provided as Attachment 4) a community engagement effort to solicit feedback from residents Citywide. The City looks forward to hearing resident needs and service priorities and reporting back on the results.

## Council Priorities

The City Council sets goals and priorities every two years, with frequent updates as to progress on each goal. The FY 2019/20 – FY 2020/21 Council goals are as follows:

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

While there are several subcategories to each of the four priorities, staff's work is focused on maintaining day to day operations augmented with a concentration on the four identified Council priorities. As such, the FY 2020/21 budget is developed with these goals in mind.

## Proactive Steps to Achieve Fiscal Sustainability to Date

When facing structural deficits, prudent fiscal management requires that organizational structure and expenditures be analyzed for reduction opportunities. As part of this effort, staff has summarized actions below that have been taken by the City in the past several years to help reduce, mitigate and control costs, understanding that the pension costs would be increasing in future years and overall the cost to provide today's services has outpaced the City's current revenues.

### Expenditure Impacts -

1. From FY 2009/10 to FY 2018/19 staff reductions of 2.5 Full Time Equivalents (FTEs).
2. Eliminated Deputy City Manager Position (FY 2017/18) – savings of \$120,000 annually.
3. Eliminated Capital Projects Manager/Senior Engineer position in Public Works.
4. Harbor Department, through restructuring, eliminated a position and reduced a position from full-time to part-time.
5. Reorganized the Utility Division in Public Works, reduce FTE count from 18 to 16.
6. Recreation Services Office Assistant reduced to a part-time position.
7. Reduced part-time hours and hired two full-time Maintenance Aide's for front-line services (FY 2018/19) – No cost impact.
8. Reinstated School Resource Officer Position (FY 2018/19) funded through the Coastal School District.
9. Outsourced Dispatch service (FY 2014/15). Reduced accrual of long-term pension and compensated absences balances.
10. Contracted City Attorney services reducing accrual of long-term pension and compensated absences balances.
11. Layoffs and reductions in workforce due to economic downturn (FY 2010/11)
12. Early payoff of City's Fire Safety Classic Formula pension side fund (FY 2017/18 – saving \$10,000 and reducing future expenditures by \$163,000.
13. Lump Sum payment of unfunded accrued liability in July (FY 2018/19 and 2019/20) – total interest savings of \$139,908
14. Negotiated Pension participation, i.e. cost sharing, with City's Police Officers Association (FY 2018/19)
15. Negotiated labor agreements that included revenue targets to obtain cost of living allowances. (FY 2017/18 – FY 2019/20).
16. Payoff of Pension Tier II and Tier III unfunded accrued liability – interest savings of \$160,000
17. Purchased new fire engine through donations and Measure Q – no cost impact to general fund.
18. Partnership Policy implementation, which matches community groups and the City to provide services to the community at lower costs.

Revenue Impacts -

1. Comprehensive Fee Study update to determine actual cost to provide services and associated fees to recover those costs.
2. Permitted two medical cannabis shops to open in summer 2020
3. Partnered with Chamber of Commerce to provide economic development stewardship and ombudsman services to assist with enhancing the City's economic development efforts.

Staff has examined staffing levels, citywide, and general fund expenditures over the last several years. From FY 2009/10 through FY 2018/19 the City has cut 2.5 FTE positions (-3%) and reduced operating expenditures in the general fund (non-contract services) by 2%. Salary and benefit costs have increased by 24% over the same period, primarily due to benefit costs that are outside of the City's control.

	2009/10	2018/19	Difference	Percent Change
FTE's	99.25	96.75	-2.5	-3%
Staff Costs (GF)	8,154	10,076	1,922	24%
Operating Expenditures (GF)	1,649	1,615	(34)	-2%

In addition, staff analyzed per capita cost of general fund services, these include services such as police, fire, street and park maintenance. From FY 2008/09 to FY 2018/19, over a ten-year period, per capita cost of general fund services has increased by \$143.30 per resident. That equates to a 12% increase over ten years, which is a modest average increase of 1% per year, as illustrated below, and lower than the average in the county:

<b>Per Capital Cost of GF City Services</b>	
2019 Population	10,439
2018/19 GF Expenditures	\$ 13,916,551
Cost of GF Services per Resident	\$ 1,333.13
2009 Population	10,418
2008/09 GF Expenditures	\$ 12,395,650
Cost of GF Services per Resident	\$ 1,189.83
Per Capita increase over ten years	\$ 143.30
Per Capital Percent Increase over ten years	12%
Average annual increase	1%

Organizational Concerns, Structure and Opportunities

As noted, the budget does not include any cost of living (COLA) increases for employees as the City's current labor agreements expire June 30, 2020. While the City is beginning negotiations with the labor unions now, there are currently no COLA's included in the forecast. This raises concerns from management's perspective given the City's employees are already in the bottom tier of pay within the County of San Luis Obispo (for local governments). County. Given this, and the structural deficit, we remain concerned about the City's ability to provide the same level of full services that are provided today, while retaining and attracting employees.

Going forward, and working collaboratively, every department will be asked to look at the services they provide and ask, "is this a service that needs to continue?" If the answer is yes, then the department will need to follow-up with "does it need to continue in the way that we are doing right

now?” We will be asking if there are better ways to provide the service, newer ways to provide the service in a faster or more efficient manner that will work better for the public. It isn’t just important what we do as a City, but also how we do it, and over the next year City staff will be focusing on the how. Also, it is important to understand people’s perception of the services that the City is providing and service priorities. Do residents and business owners feel the services are valuable and the City is providing them in a way that works for the community? Another important component of this journey, is to find solutions we can say “yes” to, to figure out what we can do, what we can say yes to and what’s a way that we, the City, City staff, and the community can work together so we can figure out a path forward. The City will need to remain innovative and creative, to the extent possible, to achieve efficiencies and service delivery. There are many examples of ways that the City is already doing this, one being the city’s partnerships with the Chamber for economic development.

### Harbor Ten Year Forecast

The City also focuses heavily on the Harbor Fund ten-year forecast (Attachment 3), understanding that the Harbor has fiscal constraints and challenges of its own. The Harbor forecast also does not include cost of living allowances (only step increases) and includes estimations for CalPERS given the recent pay off of the Tier II and Tier III unfunded accrued liabilities.

### **ATTACHMENTS**

1. General Fund Ten Year Forecast
2. General Fund Assumptions included in Forecast
3. Community Polling Results
4. Join the Conversation
5. Harbor Fund Ten Year Forecast

## City of Morro Bay Budget Forecast (\$ in 000)

<b>General Fund</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Property Tax	\$4,419	\$4,473	\$4,630	\$4,913	\$5,105	\$5,265	\$5,429	\$5,483	\$5,539	\$5,595	\$5,651
Sales Tax	1,945	2,004	2,102	2,208	2,191	2,175	2,188	2,208	2,247	2,282	2,328
TOT	3,576	3,567	3,602	3,639	3,675	3,712	3,749	3,786	3,824	3,862	3,901
Other Revenue	3,411	3,396	3,459	3,252	3,288	3,324	3,360	3,375	3,433	3,478	3,523
Transfers	1,329	1,591	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957	2,016
Total Revenue	14,681	15,031	15,386	15,651	15,947	16,214	16,518	16,697	16,944	17,174	17,419
Personnel	10,075	11,234	11,695	12,006	12,286	12,513	12,721	13,014	13,331	13,675	14,048
Other O&M	3,166	3,315	3,463	3,530	3,599	3,669	3,740	3,849	3,923	3,999	4,051
Transfers/Svc Adds	709	481	656	668	681	694	732	746	760	749	764
Future Budget Cuts	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	13,951	15,029	15,813	16,205	16,566	16,876	17,194	17,609	18,014	18,423	18,863
Net Annual	730	2	(428)	(553)	(618)	(662)	(676)	(911)	(1,070)	(1,249)	(1,444)
Beginning Balance	38	768	770	342	(211)	(830)	(1,492)	(2,167)	(3,078)	(4,149)	(5,397)
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	768	770	342	(211)	(830)	(1,492)	(2,167)	(3,078)	(4,149)	(5,397)	(6,842)
<b>Emergency Reserve</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Revenue	\$339	\$95	\$79	\$80	\$80	\$25	\$25	\$25	\$25	\$25	\$25
Transfers Out	225	487	0	0	0	0	0	0	0	0	0
Net Annual	114	(392)	79	80	80	25	25	25	25	25	25
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	2,927	3,041	2,650	2,729	2,808	2,888	2,913	2,938	2,963	2,988	3,013
Ending Balance	3,041	2,650	2,729	2,808	2,888	2,913	2,938	2,963	2,988	3,013	3,038
<b>Total GF+ER Balance</b>	<b>3,809</b>	<b>3,419</b>	<b>3,071</b>	<b>2,597</b>	<b>2,059</b>	<b>1,421</b>	<b>770</b>	<b>(116)</b>	<b>(1,161)</b>	<b>(2,384)</b>	<b>(3,804)</b>
<b>% of GF Exp</b>	<b>26.9%</b>	<b>25.5%</b>	<b>22.1%</b>	<b>18.6%</b>	<b>15.0%</b>	<b>10.9%</b>	<b>6.9%</b>	<b>1.7%</b>	<b>-4.1%</b>	<b>-10.7%</b>	<b>-17.9%</b>

	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>AVG</u>
<b>Revenues</b>											
Property Tax	0.42%	3.52%	3.93%	3.93%	3.13%	3.14%	1.00%	2.98%	3.00%	1.00%	2.60%
Sales Tax	3.94%	4.91%	4.84%	3.07%	3.08%	3.09%	0.00%	3.12%	2.92%	2.00%	3.10%
TOT	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Business License	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Expenditures</b>											
Salary	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Pension	10%	8%	7%	4%	5%	5%	5%	5%	5%	5%	5.90%
Health	2.00%	1.00%	1.00%	1.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.30%
Medicare	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
WC	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Unemployment Insurance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Transfers</b>											
Vehicle	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Technology	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000
Facilities	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fire Equip	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Other (Risk & Comp Leave)	\$ -	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000



# City of Morro Bay Issues Survey

*Survey Conducted:  
October 28-November 7, 2019*



OPINION  
RESEARCH  
& STRATEGY



# Survey Methodology

Conducted a Dual Mode Survey, online, by cell, and landline between October 28- November 7, 2019



Surveys were completed by a random sample of 326 voters registered in the City of Morro Bay who are likely to vote in the November 2020 election



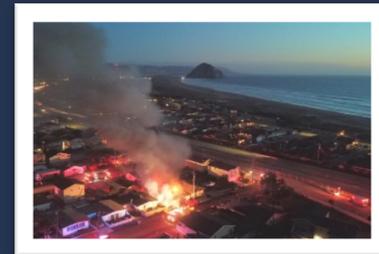
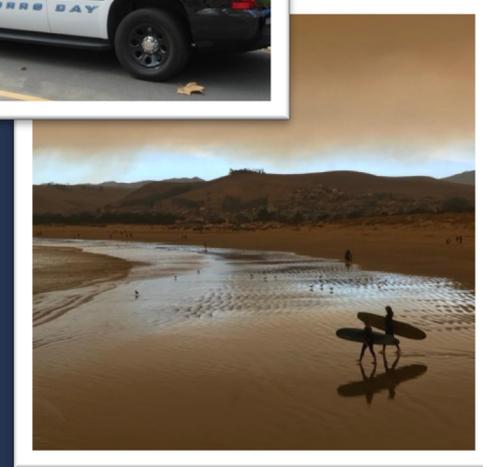
Overall margin of error for whole sample:  $\pm 5.4\%$ ; margin of error for subsamples will be larger



Survey available in English and Spanish

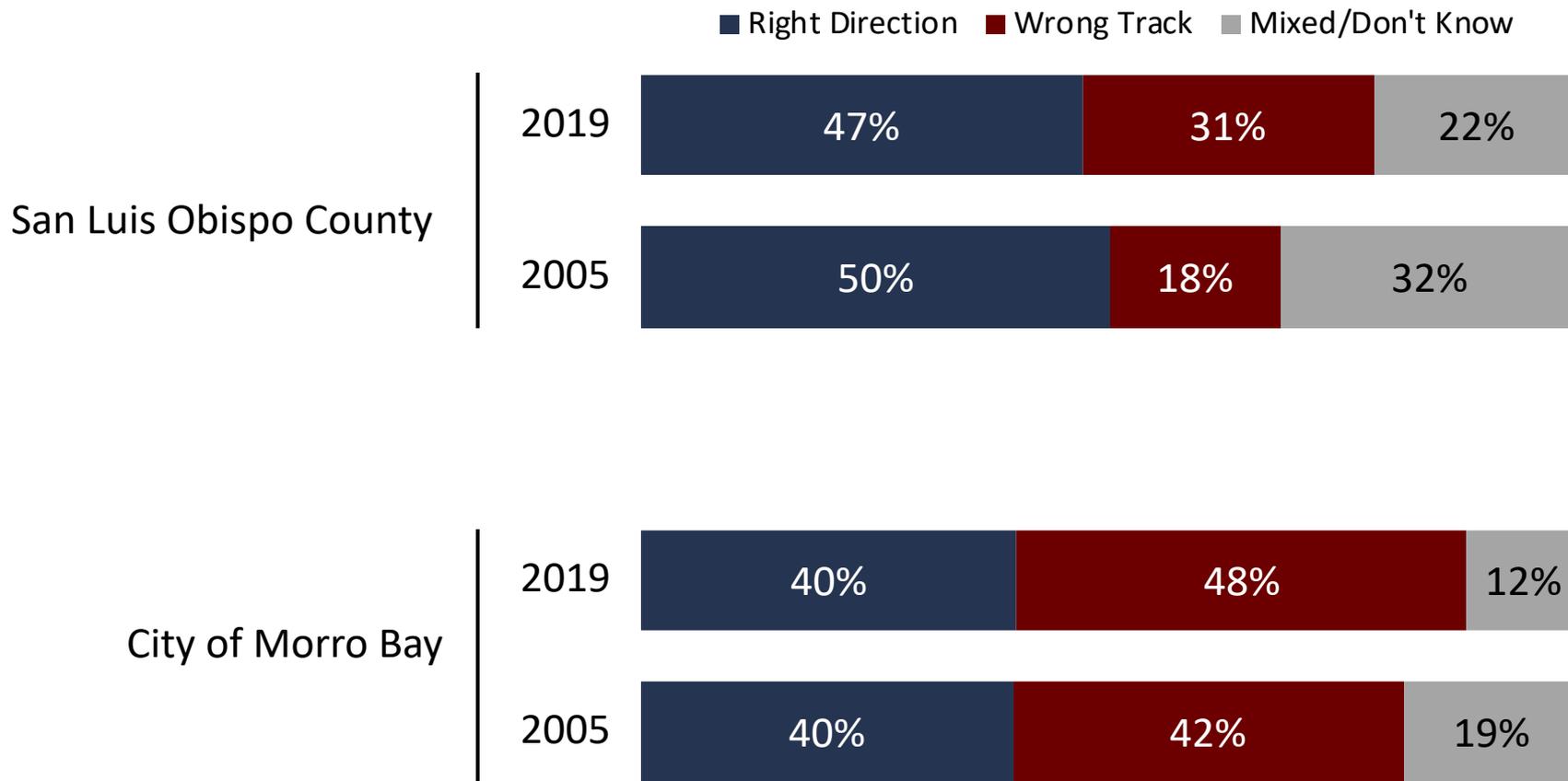


Some percentages may not sum to 100% due to rounding



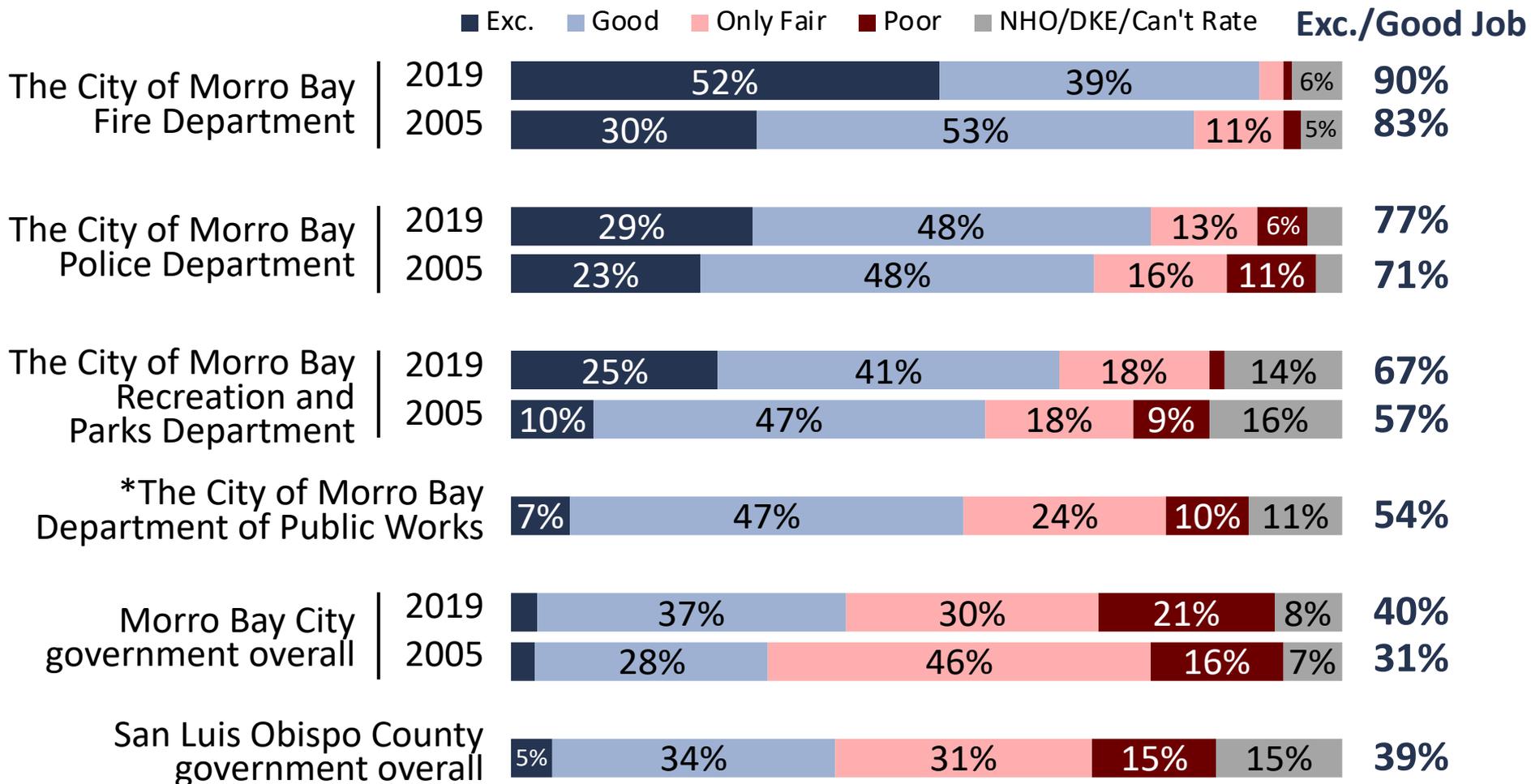
# Community Perceptions

# Opinions on the direction of the City and the County



# Voters have positive impressions of local public safety departments

(Ranked by Excellent/Good Job)



# Perceived issues/problems facing Morro Bay

(Ranked by Extremely/Very Serious Problem)

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not a Prob. ■ Don't Know

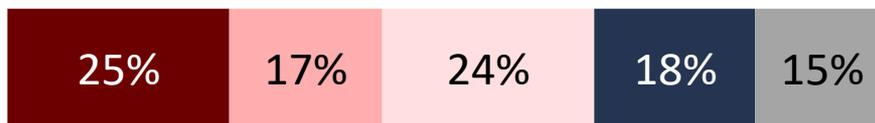
**Ext./Very Serious Problem**

The cost of housing



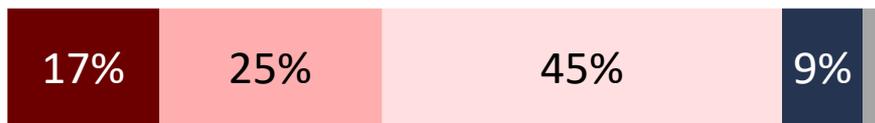
**60%**

^Waste and inefficiency in Morro Bay City government



**43%**

The number of homeless individuals in Morro Bay



**43%**

The amount you have to pay in taxes



**31%**

^The quality of streets and roads in Morro Bay



**30%**

The lack of ability to respond to multiple 911 emergency medical or fire calls simultaneously

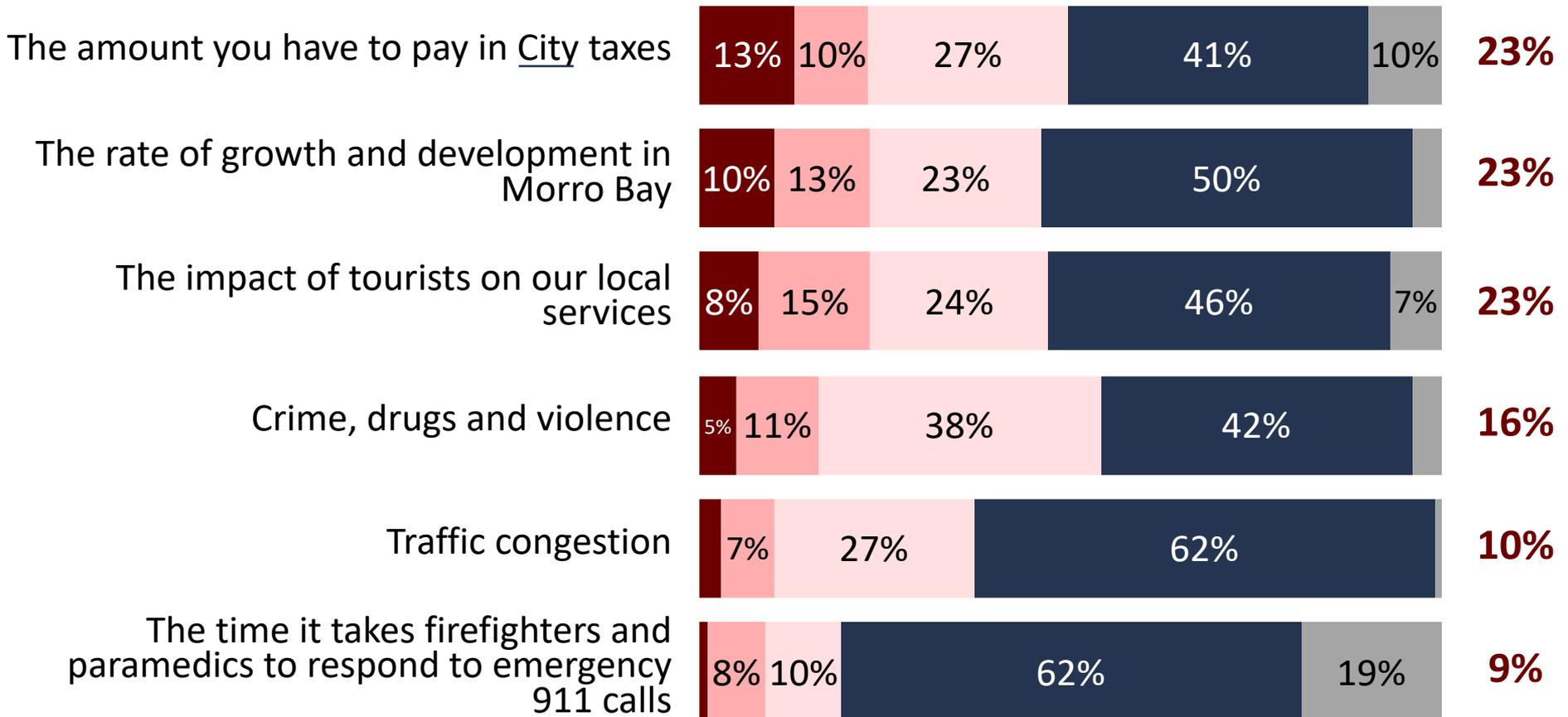


**27%**

# Continued

(Ranked by Extremely/Very Serious Problem)

■ Ext. Ser. Prob. 
 ■ Very Ser. Prob. 
 ■ Smwvt. Ser. Prob. 
 ■ Not a Prob. 
 ■ Don't Know 
 Ext./Very Serious Problem

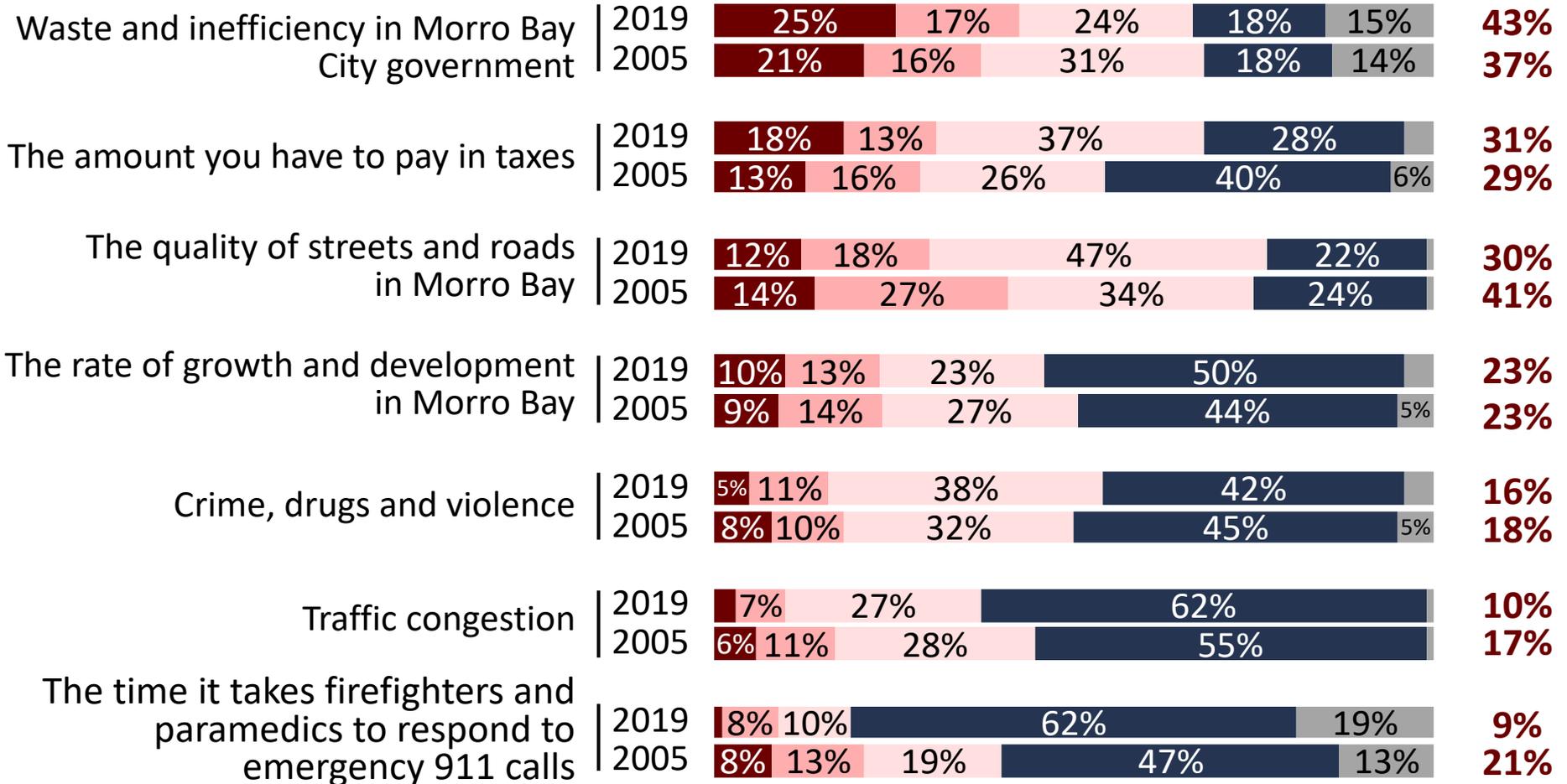


# Comparisons of perceived issues since 2005

(Ranked by Extremely/Very Serious Problem)

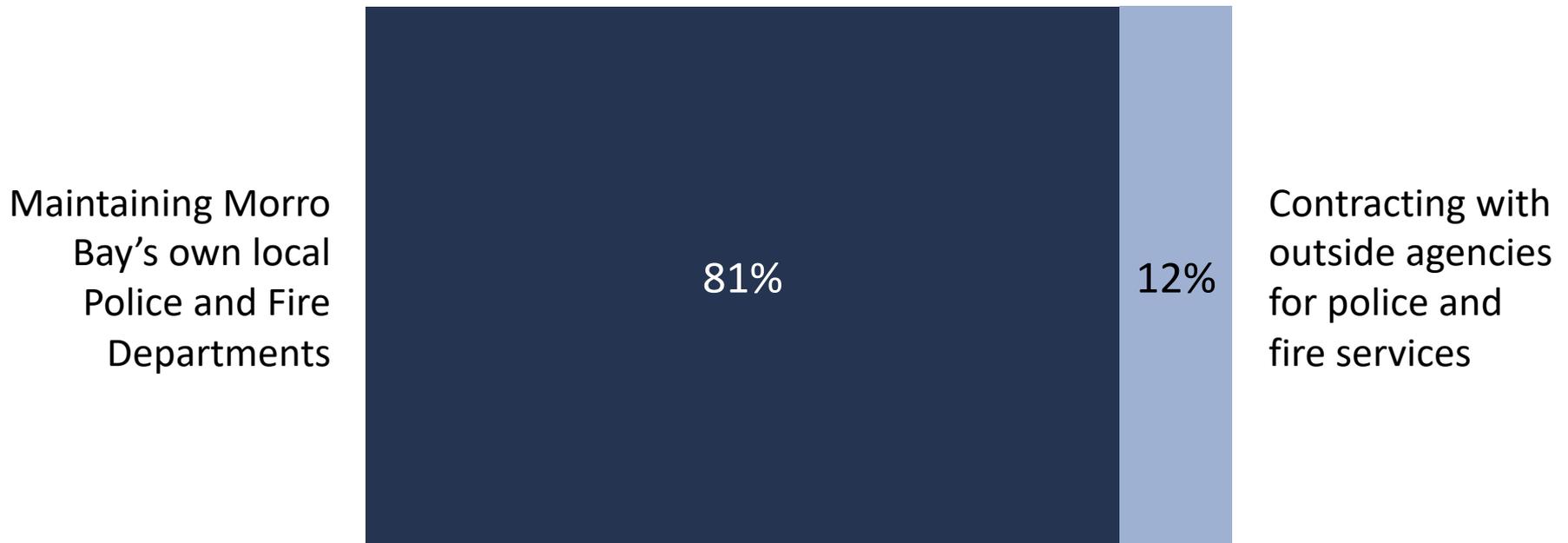
■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not a Prob. ■ Don't Know

**Ext./Very Serious Problem**

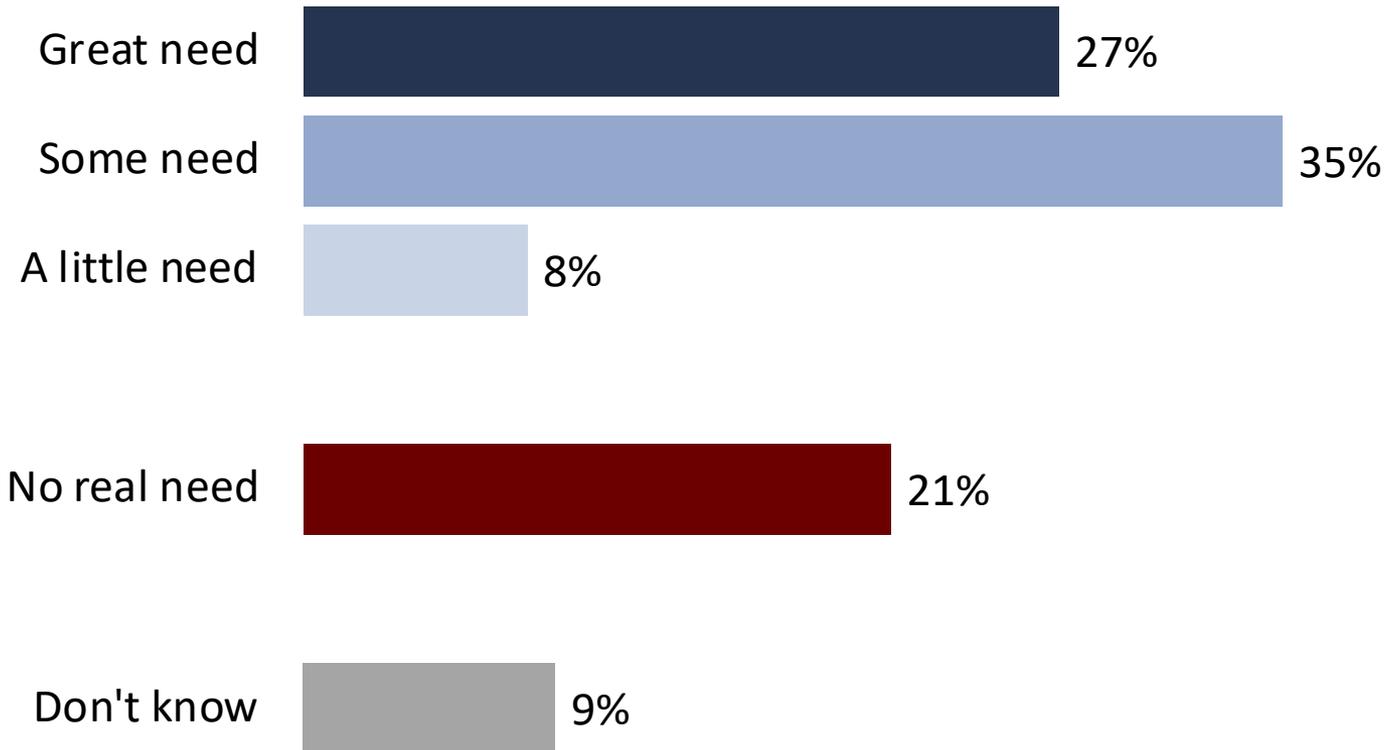


I'd like to switch gears for a moment and read you a brief list of issues that could be problems for people living in Morro Bay. Please tell me whether you personally consider it to be an extremely serious problem, a very serious problem, a somewhat serious problem, or not a problem at all for people living in Morro Bay.

# Voters overwhelmingly prefer to maintain Morro Bay's local public safety departments instead of contracting out.

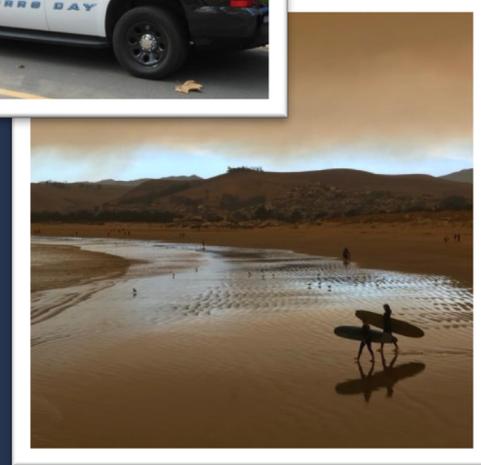


# Seven-in-ten voters believe the City has a need for additional funding.





# Opinions on Potential Local Funding Measure



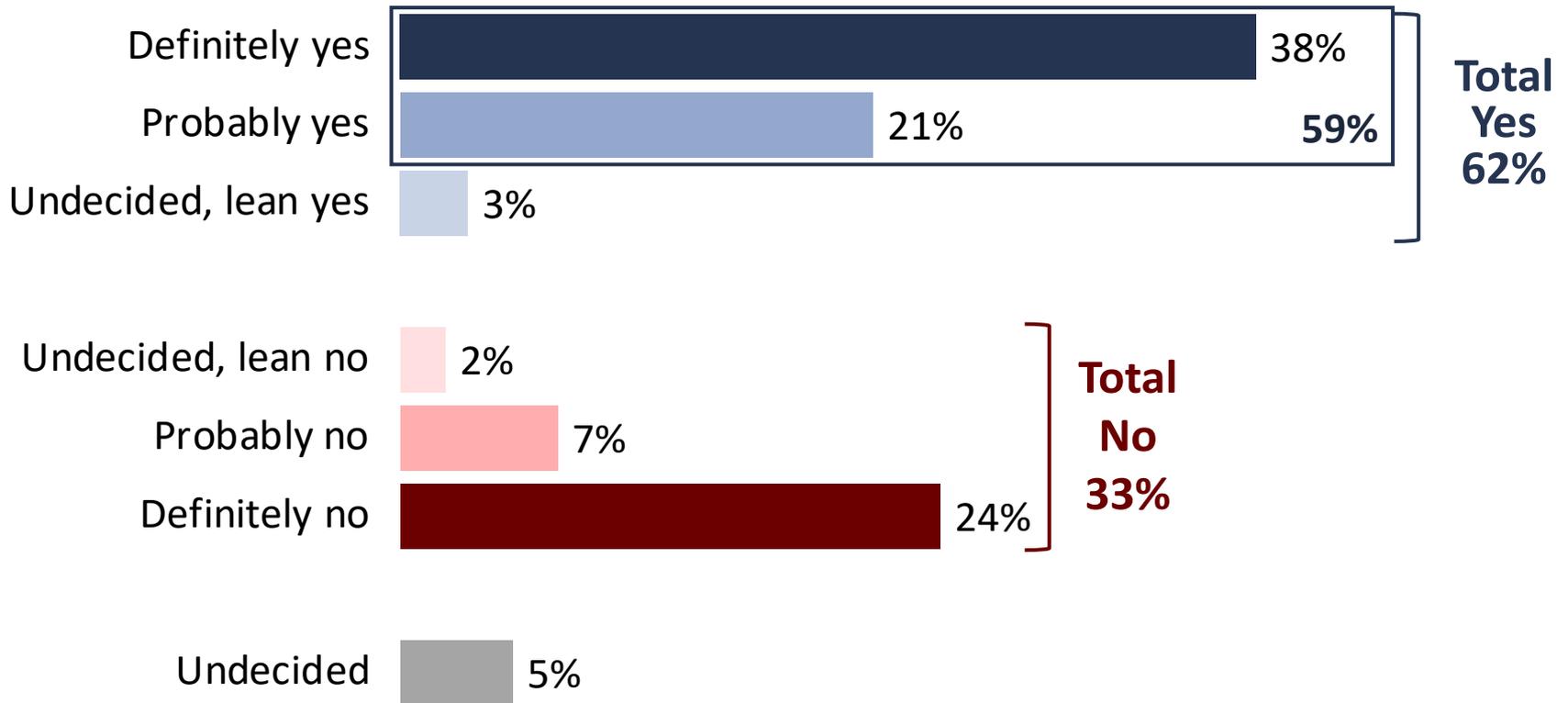
# Potential Ballot Language for a Local Funding Measure

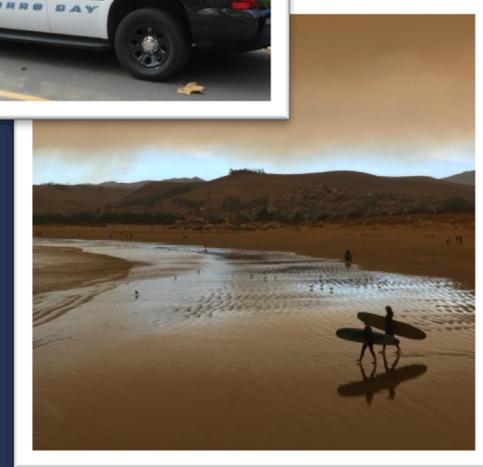
## MORRO BAY PUBLIC SAFETY AND ESSENTIAL SERVICES PROTECTION MEASURE

To protect City of Morro Bay's financial stability, local property values and services, including, preventing elimination of Morro Bay Police and Fire Departments, while maintaining 24/7 paramedics and 911 emergency response, senior, youth and general services; repairing streets and potholes; keeping beaches, public areas safe and clean; retaining and attracting businesses; shall the measure establishing a 1¢ sales tax providing \$2 million annually until ended by voters be adopted, requiring independent audits, public oversight, all funds used locally?



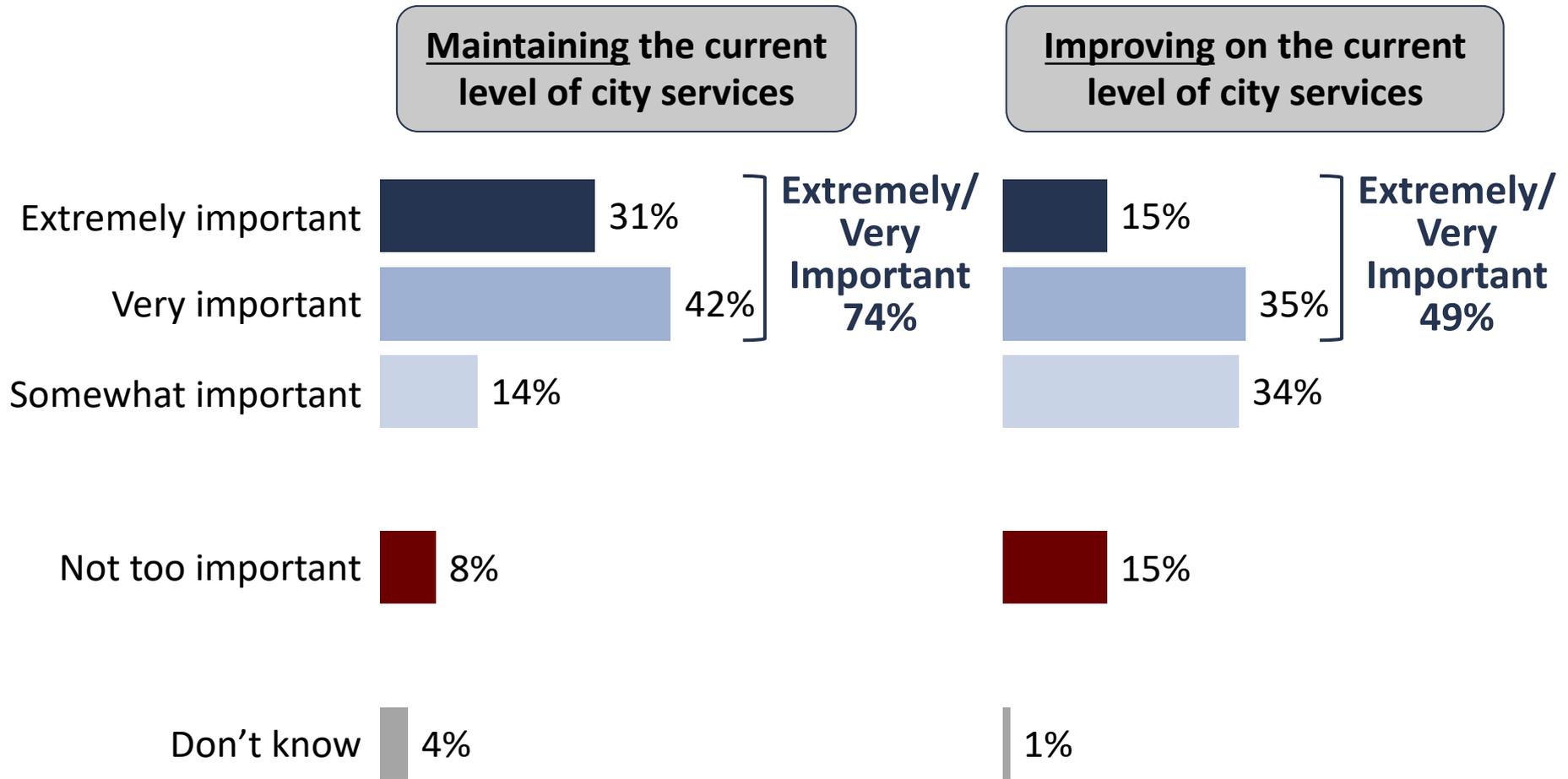
# Slightly more than six-in-ten voters initially support this potential simple majority requirement (50+1%) measure.





# Community Spending Priorities

# Much higher percentages rate the importance of maintaining essential city services over improving them.



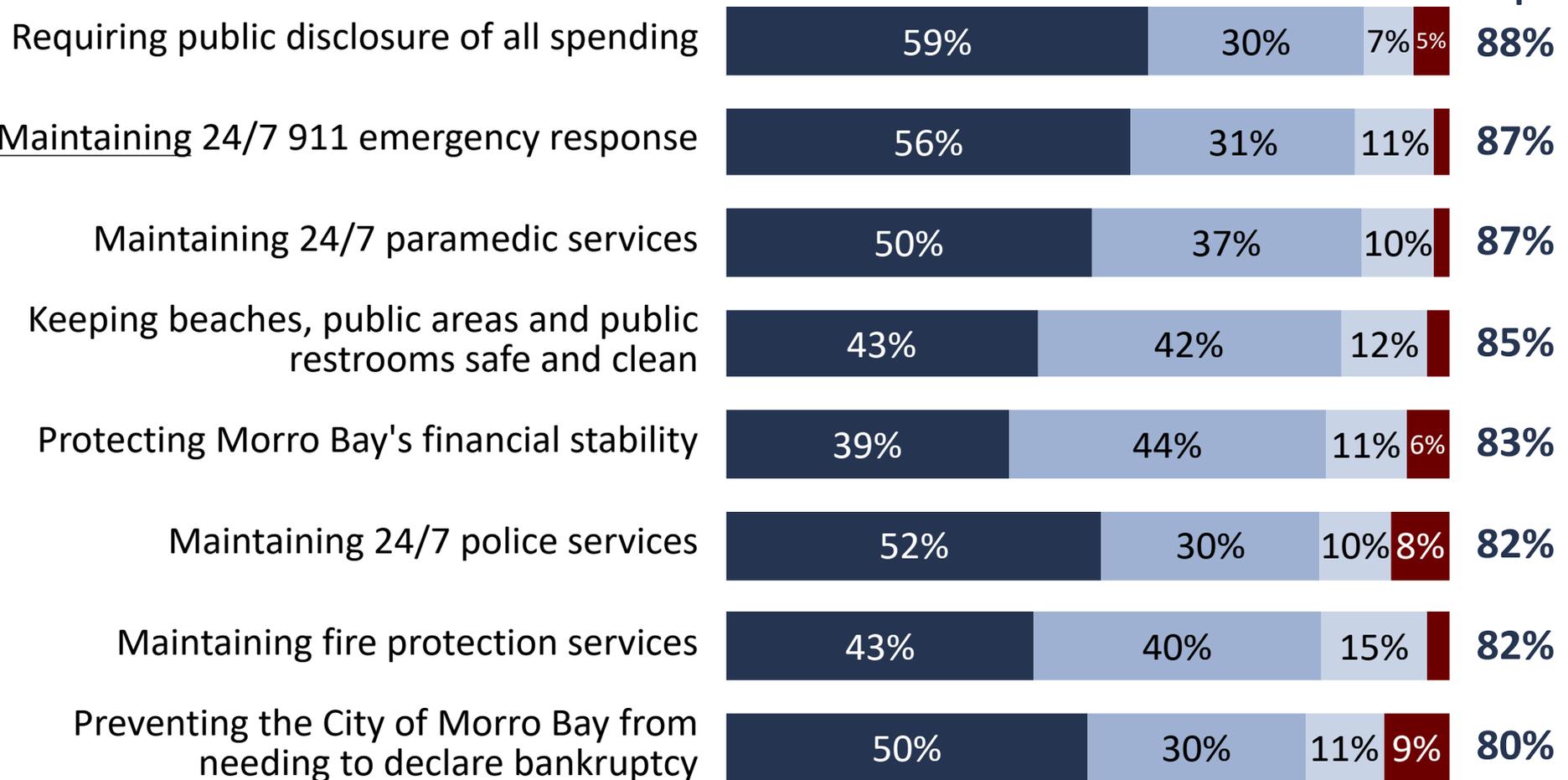
I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample

# Voters rate public disclosure of spending and maintaining 911 emergency response among the top priorities of a potential funding measure.

(Ranked by Extremely/Very Important)

■ Ext. Impt. ■ Very Impt. ■ Smwt. Impt. ■ Not Too Impt./Don't Know

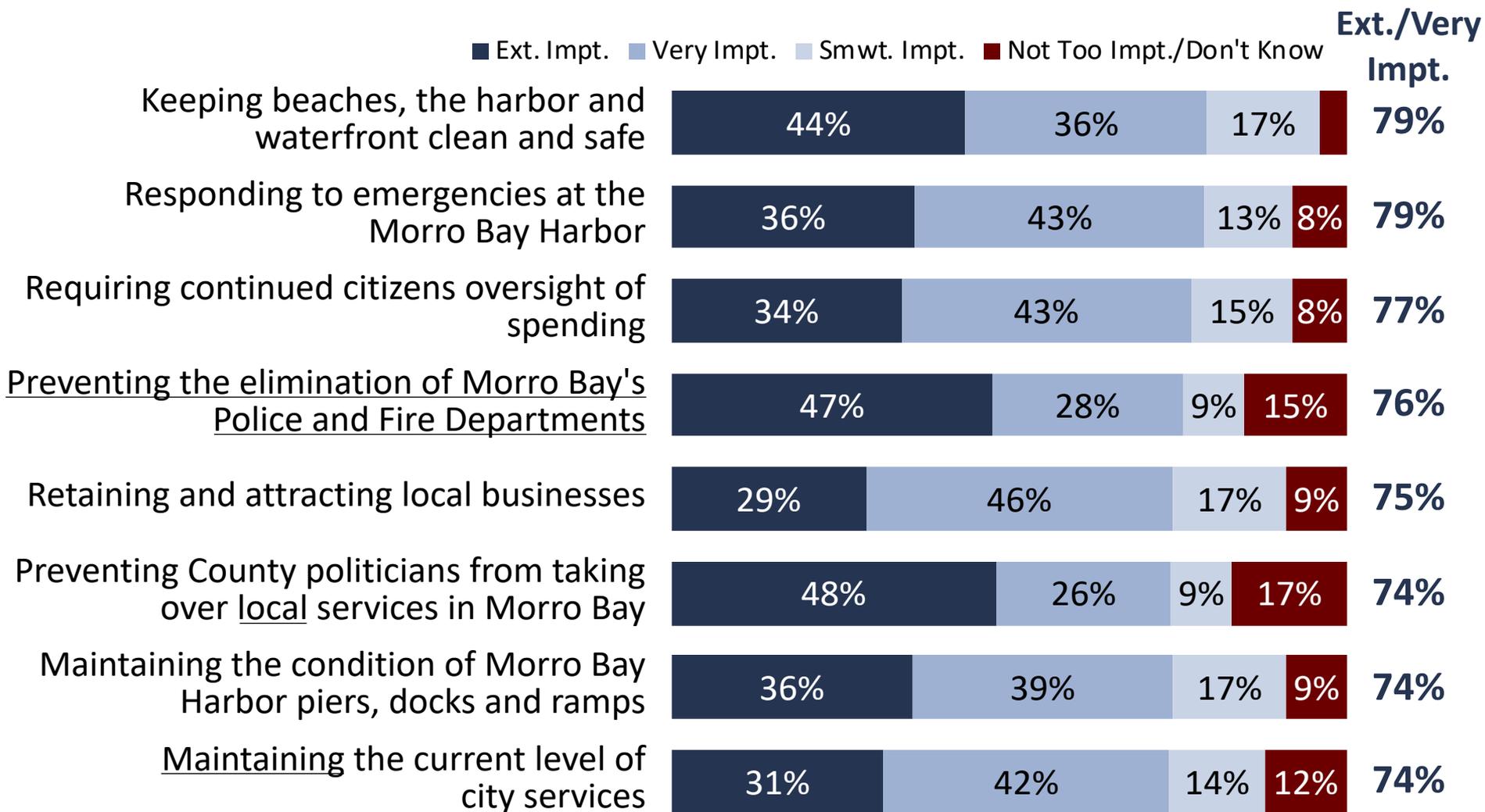
Ext./Very Impt.



I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample

# Continued

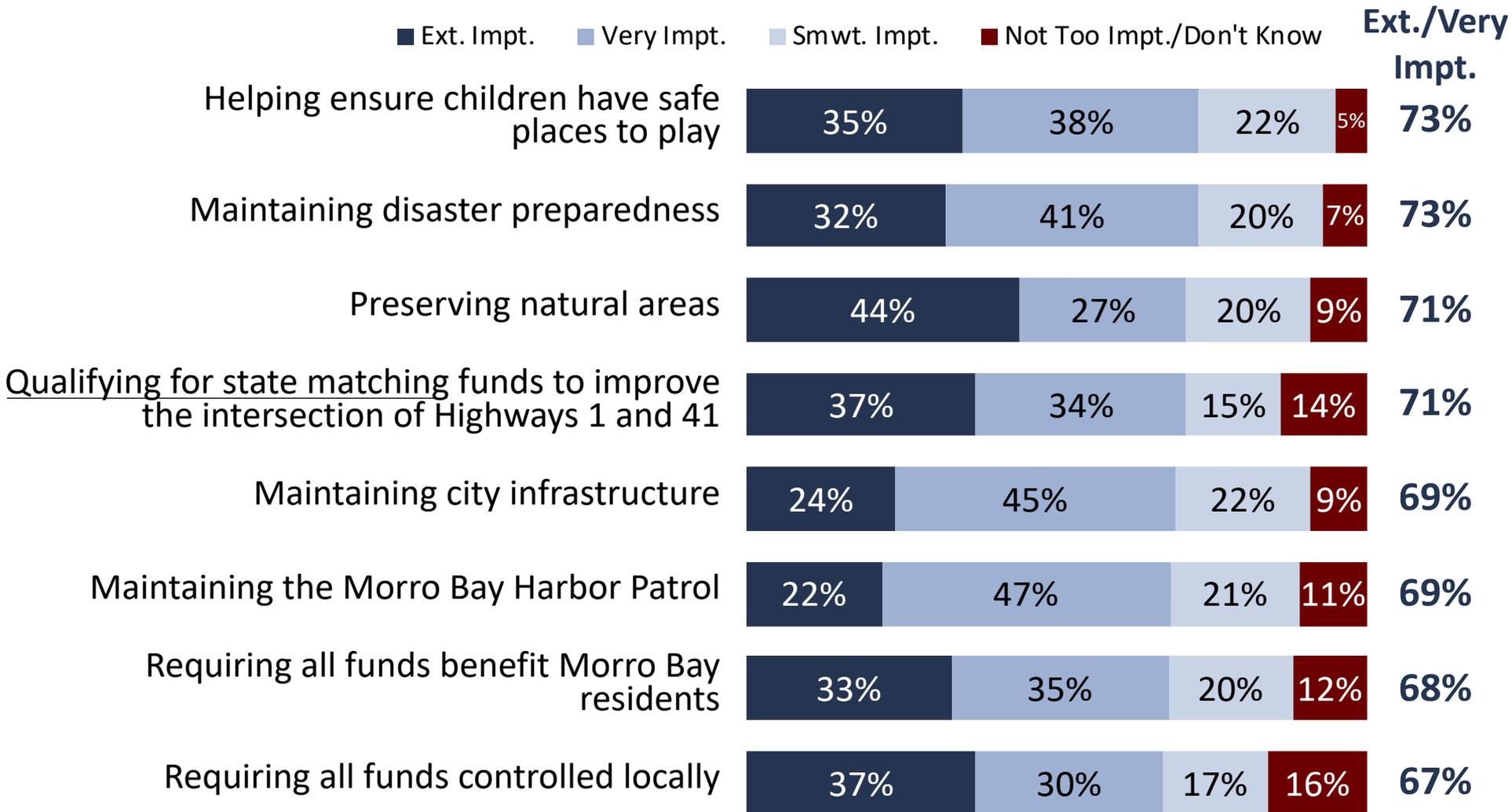
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# Continued

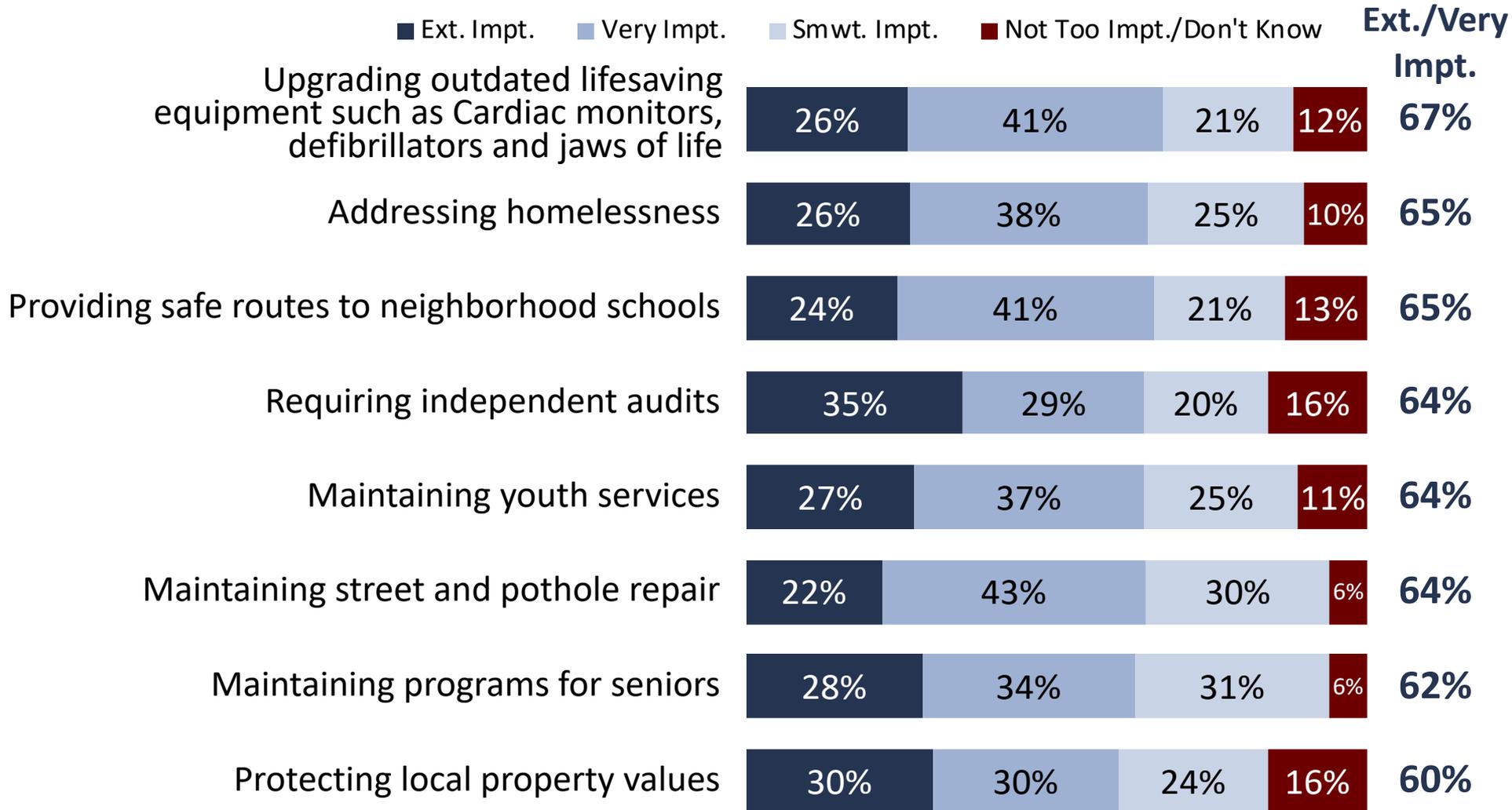
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# Continued

(Ranked by Extremely/Very Important)



I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample

# Continued

(Ranked by Extremely/Very Important)

■ Ext. Impt.   ■ Very Impt.   ■ Smwt. Impt.   ■ Not Too Impt./Don't Know

**Ext./Very  
Impt.**

^Providing more affordable housing



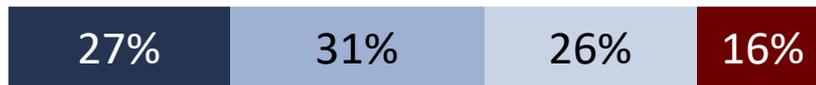
**58%**

Replacing outdated emergency communications systems



**58%**

Maintaining bike and pedestrian paths



**58%**

Increasing training to better prepare for emergencies including active shooter situations and power shut-offs



**56%**

Improving the intersection of Highways 1 and 41



**54%**

Providing emergency funding to address the City's fiscal crisis



**50%**

Improving pedestrian safety



**49%**

Improving the condition of City parks, playing fields and sports courts



**49%**

I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? ^Not Part of Split Sample

# Continued

(Ranked by Extremely/Very Important)

■ Ext. Impt.   ■ Very Impt.   ■ Smwt. Impt.   ■ Not Too Impt./Don't Know

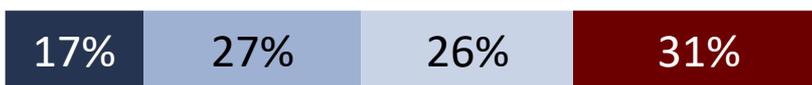
**Ext./Very  
Impt.**

Improving on the current level of city services



**49%**

Increasing enforcement of city laws on vacation rental units



**44%**

Rebuilding and staffing a fire station in North Morro Bay to provide rapid response to 911 calls from all parts of the city



**43%**

Adding new bike and pedestrian paths



**36%**

Rebuilding and staffing a fire station in North Morro Bay



**36%**

Replacing aging playground equipment



**31%**

Rebuilding the Surf Street stairs



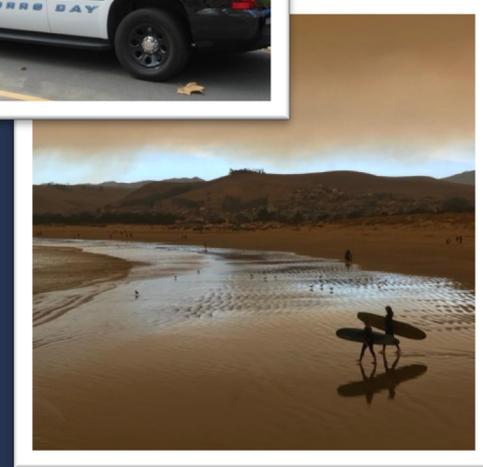
**28%**

Upgrading the Veterans Memorial Building



**26%**

*I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample*



# Opinions on Potential Harbor Parcel Tax

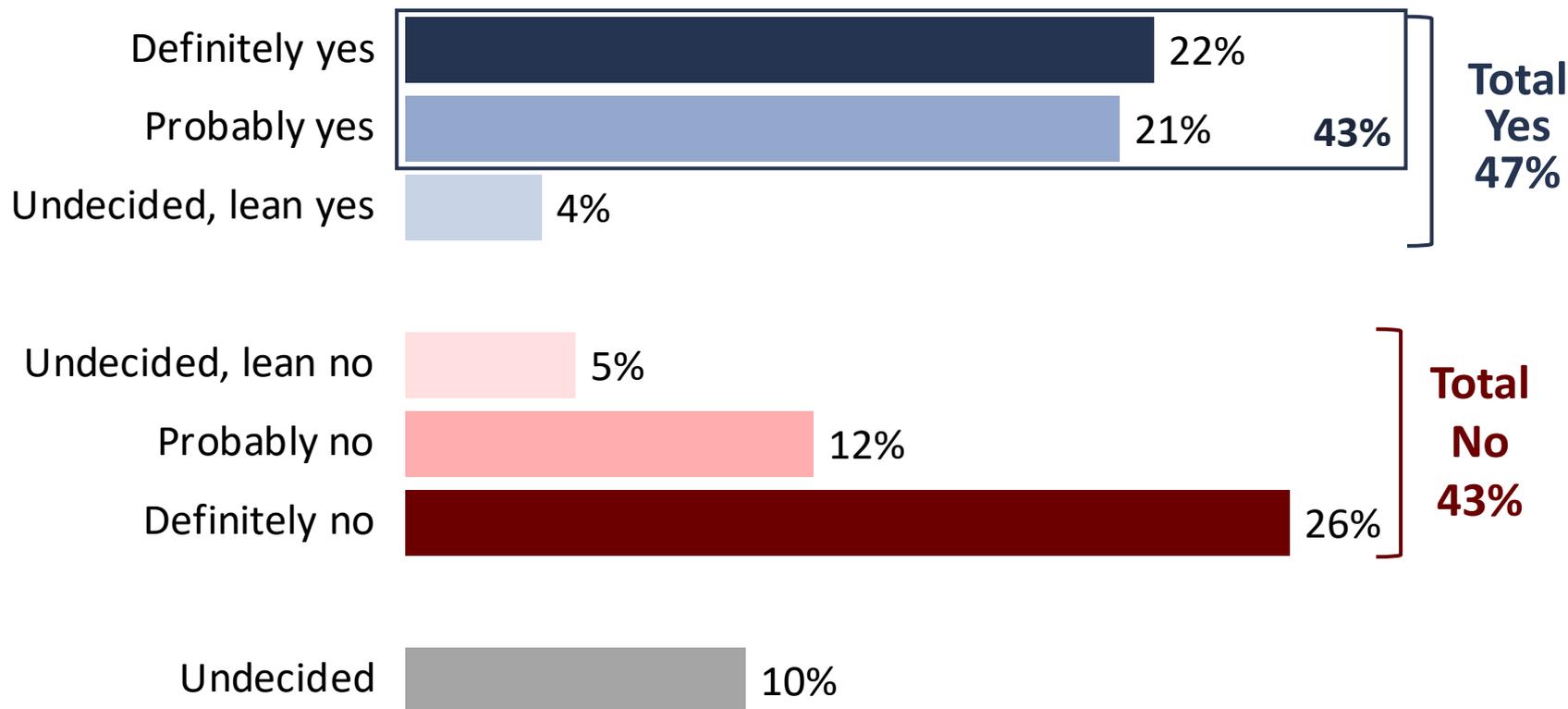
# Potential Ballot Language Tested in Survey

## MORRO BAY CLEAN AND SAFE HARBOR, BEACH AND WATERFRONT MEASURE

To keep Morro Bay's beaches, harbor and waterfront safe; reduce beach/waterfront pollution; maintain Morro Bay's Harbor Patrol, respond to boater emergencies, upgrade safety equipment; upgrade harbor piers, docks and ramps; shall the measure levying \$50 per commercial and residential parcel, providing \$200,000 annually, be adopted, requiring annual independent financial audits, citizens oversight, and all funds used locally to benefit Morro Bay residents?



# There is a lack of community support for this potential measure. Less than half of voters support the measure which requires a 2/3rds vote for passage.



**For more information, contact:**



**Richard Bernard Ph.D.**

Bernard@FM3research.com

**Adam Sonenshein**

Adam@FM3research.com



**The Lew Edwards Group**

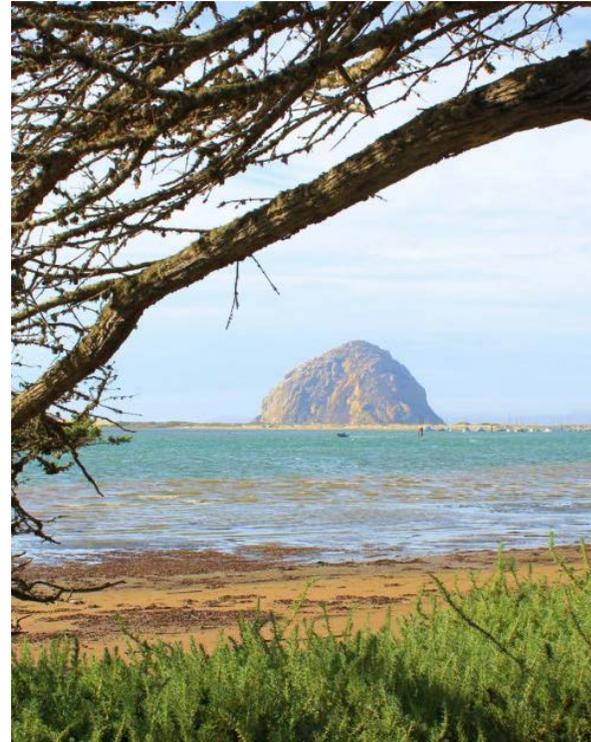
info@lewedwardsgroup.com



Morro Bay  
*California*



**We want to hear from YOU!**  
***Join the Conversation!***



# Maintaining Our Public Safety & Quality of Life Services



**You have a  
voice!**

**We want to  
hear it!**

- The City of Morro Bay continually strives to maintain the quality of life you expect and deserve.
- In a survey conducted last year, residents told us that they highly value our public safety and quality of life services.
- Now we want to expand the conversation and hear from you!



# Maintaining Morro Bay's Charming Character

- Many of our residents live here because Morro Bay has a small harbor town feel.
- Residents and visitors value the open space, natural areas, parks and outdoor recreational opportunities.
- We must protect Morro Bay's character by keeping our streets and waterfront safe and clean.
- Residents have also told us they want to maintain our own local police and fire departments and preserve open space and local property values.



# What are your neighbors saying?

- Recently residents have identified maintaining local public safety services and keeping beaches and public areas safe and clean as top priorities.
- Residents also identified local priorities that they would like the city to continue to address, including:
  - Maintaining 24/7 911 emergency response
  - Maintaining 24/7 paramedic services
  - Maintaining 24/7 police services
  - Maintaining fire protection services
  - Keeping beaches, public areas and public restrooms safe and clean
  - Protecting Morro Bay's financial stability
  - Requiring public disclosure of all spending
  - Keeping the harbor and waterfront clean and safe



# Our Locally Controlled Public Safety Services



# City of Morro Bay Police & Fire Departments



- Morro Bay has our own, locally controlled Police and Fire Departments.
- Last year's Community Survey showed 81% of respondents preferred maintaining our own local Police and Fire Departments than contracting these services to outside agencies.
- The City strives to maintain these locally controlled public safety services.



# Morro Bay's Fire Department Faces Significant Service Reductions

Did you know, nearly 70% of calls to the Morro Bay Fire Department are related to emergency rescue and medical emergencies?

We are actively seeking to prevent significant service reductions of our local Morro Bay Fire Department, so our skilled, local firefighter-paramedics can continue to respond to our local life-threatening emergencies.



# Tourist Impacts

- Of course we encourage visitors to our small hometown community to enjoy our beaches and harbors as much as we do.
- In the past, residents have asked that visitors do their part to pay their fair share for using our services roads and beaches.
- We agree! Visitors are welcome to our community and we will continue to evaluate options to have visitors pay their fair share while visiting our community.



# Join the Conversation!

- Understanding the community's priorities is a critical part of our responsible City budget and future planning process.
- We are engaging residents and stakeholders to continue to hear your priorities.
- The most important input into this process comes from YOU.



How can you  
*Join the  
Conversation?*

Join your neighbors and complete a survey today!

Fill out the form and hand it back to us or complete it online at: <https://www.surveymonkey.com/r/2SGTJMC>

Stay Informed and Follow Us!

Visit us at:

[www.morrobayca.gov](http://www.morrobayca.gov)

And follow us on social media!



## City of Morro Bay Harbor Funds Budget Forecast (\$ in 000)

(\$ in 000)

<b>Operations</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Harbor Leases	\$1,624	\$1,607	\$1,704	\$1,738	\$1,772	\$1,808	\$1,844	\$1,881	\$1,919	\$1,957	\$1,996
Other Fees	439	369	375	382	388	394	401	407	414	421	428
Grants	9	28	29	29	30	30	31	32	32	33	33
Other Revenue	19	7	7	7	8	8	8	8	8	8	9
Transfers In	5	10	10	10	11	11	11	11	11	12	12
Total Revenue	2,096	2,021	2,125	2,166	2,208	2,251	2,295	2,339	2,385	2,431	2,478
Personnel	1,052	1,060	1,052	1,152	1,178	1,196	1,211	1,254	1,261	1,268	1,249
Other O&M	338	516	587	598	610	623	635	648	661	674	687
Debt Service	135	135	135	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0
Transfers Out	425	310	332	338	344	350	356	362	368	374	381
Total Expenditures	1,950	2,021	2,106	2,088	2,132	2,168	2,201	2,263	2,290	2,316	2,317
Net Annual	146	0	19	78	76	83	93	76	95	115	161
Cash Adjustments	(464)	0	0	0	0	0	0	0	0	0	0
Beginning Balance	(5)	(323)	(323)	(304)	(226)	(150)	(67)	27	102	198	312
Ending Balance	(323)	(323)	(304)	(226)	(150)	(67)	27	102	198	312	473
<b>Equipment</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
Revenue	\$3	\$0	\$50	\$51	\$51	\$51	\$52	\$52	\$53	\$53	\$53
Transfers Out	28	0	0	0	0	0	0	0	0	0	0
Net Annual	(25)	0	50	51	51	51	52	52	53	53	53
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	56	32	32	82	133	184	235	287	339	391	444
Ending Balance	32	32	82	133	184	235	287	339	391	444	498

# Ten Year Financial Forecast

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February 25, 2020





# ***Ten Year Financial Forecast***

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- **Update last year's General Fund long-term Budget Forecast**
  - **Updated Revenues**
  - **Updated Expenditures**



# ***Ten Year Financial Forecast***

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- **Assumptions:**

- **No COLA's (step increases only)**
- **Minimum Wage Increases**
- **Estimated Pension Costs given Tier II and Tier III Payoffs**
- **Estimated Health Care Increases**
- **\$60,000 contribution to TBID**



# ***Ten Year Financial Forecast***

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- **Assumptions:**

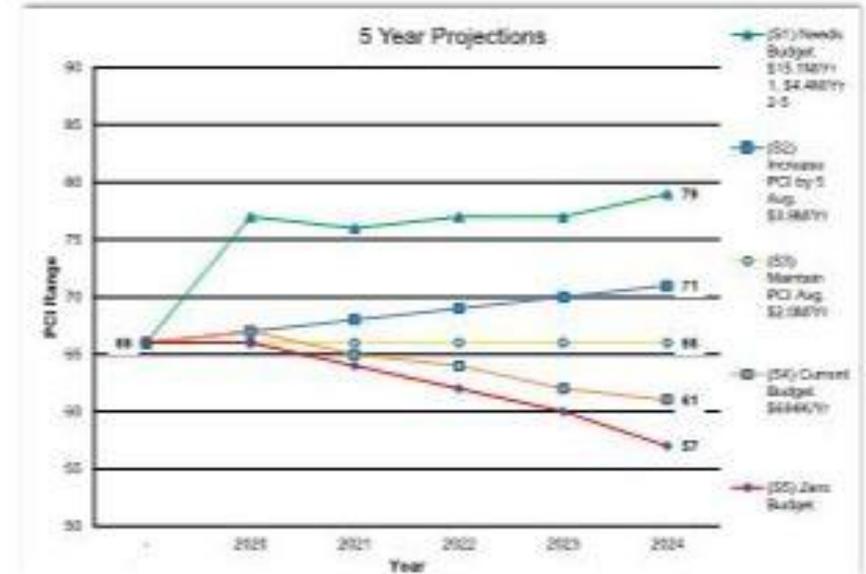
- **No contribution for general plan implementation**
- **Chamber Contract for Economic Ombudsman Contract – would require one-time funds outside of GF**
- **Contributions to Replacement funds**
- **No Capital projects funding**



# Ten Year Financial Forecast

## Example of Capital Funding Needs

- Current pavement funding (approximately \$700,000) – PCI declines from 66 to 61
- Maintain PCI - \$2.0 M/YR
- Funding needed to obtain Optimum PCI - \$4.4M/YR Avg



A summary of each of the scenario projections are as follows:

- Scenario 1: Unconstrained Budget/ Funds Needed to obtain Optimum PCI (\$15.1M for Year 1, \$4.4M/Yr Avg. for Years 2-5.)
- Scenario 2: Amount of funding to increase PCI by 5 (Avg. \$3.9M/Yr.)
- Scenario 3: Amount of funding to maintain PCI of 66 (Avg. \$2.0M/Yr.)
- Scenario 4: Impact of the current funding amount (\$694K/Yr.) the current PCI would decline from 66 to 61, a 5-point overall drop.
- Scenario 5: Represents the impact to the PCI if Zero dollars are spent.



# Ten Year Financial Forecast

	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>AVG</u>
<b>Revenues</b>										
Property Tax	SLO County Estimate	3.93%	2.70%	2.10%	2.10%	0.50%	0.50%	2.10%	2.10%	1.83%
Sales Tax	4.91%	4.84%	3.07%	3.08%	3.09%	0.00%	3.12%	2.92%	2.00%	3.10%
TOT	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Business License	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Expenditures</b>										
Salary	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.00%
Pension	8%	7%	4%	5%	5%	5%	5%	5%	5%	5.90%
Health	1.00%	1.00%	1.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	2.30%
Medicare	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
WC	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Unemployment Insurance	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Transfers</b>										
Vehicle	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
Technology	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	
Facilities	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	
Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fire Equip	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	
Other (Risk & Comp Leave)	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	



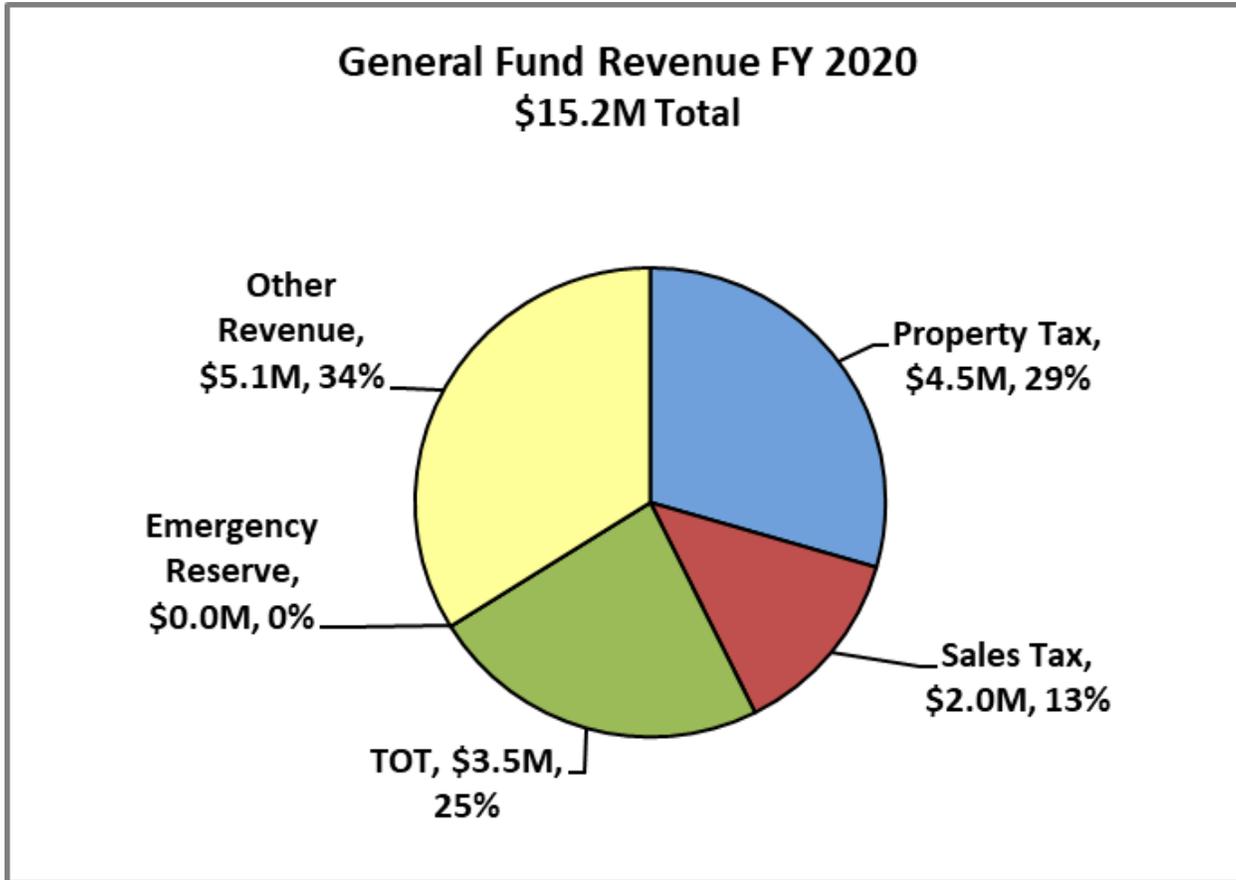
# Ten Year Financial Forecast

## City of Morro Bay Budget Forecast (\$ in 000)

<b>General Fund</b>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Property Tax	\$4,419	\$4,473	\$4,630	\$4,913	\$5,105	\$5,265	\$5,429	\$5,483	\$5,539	\$5,595	\$5,651
Sales Tax	1,945	2,004	2,102	2,208	2,191	2,175	2,188	2,208	2,247	2,282	2,328
TOT	3,576	3,567	3,602	3,639	3,675	3,712	3,749	3,786	3,824	3,862	3,901
Other Revenue	3,411	3,396	3,459	3,252	3,288	3,324	3,360	3,375	3,433	3,478	3,523
Transfers	1,329	1,591	1,591	1,639	1,688	1,739	1,791	1,845	1,900	1,957	2,016
Total Revenue	14,681	15,031	15,386	15,651	15,947	16,214	16,518	16,697	16,944	17,174	17,419
Personnel	10,075	11,234	11,695	12,006	12,286	12,513	12,721	13,014	13,331	13,675	14,048
Other O&M	3,166	3,315	3,463	3,530	3,599	3,669	3,740	3,849	3,923	3,999	4,051
Transfers/Svc Adds	709	481	656	668	681	694	732	746	760	749	764
Future Budget Cuts	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	13,951	15,029	15,813	16,205	16,566	16,876	17,194	17,609	18,014	18,423	18,863
Net Annual	730	2	(428)	(553)	(618)	(662)	(676)	(911)	(1,070)	(1,249)	(1,444)
Beginning Balance	38	768	770	342	(211)	(830)	(1,492)	(2,167)	(3,078)	(4,149)	(5,397)
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	768	770	342	(211)	(830)	(1,492)	(2,167)	(3,078)	(4,149)	(5,397)	(6,842)
<b>Emergency Reserve</b>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Revenue	\$339	\$95	\$79	\$80	\$80	\$25	\$25	\$25	\$25	\$25	\$25
Transfers Out	225	487	0	0	0	0	0	0	0	0	0
Net Annual	114	(392)	79	80	80	25	25	25	25	25	25
Cash Adjustments	0	0	0	0	0	0	0	0	0	0	0
Beginning Balance	2,927	3,041	2,650	2,729	2,808	2,888	2,913	2,938	2,963	2,988	3,013
Ending Balance	3,041	2,650	2,729	2,808	2,888	2,913	2,938	2,963	2,988	3,013	3,038
<b>Total GF+ER Balance</b>	<b>3,809</b>	<b>3,419</b>	<b>3,071</b>	<b>2,597</b>	<b>2,059</b>	<b>1,421</b>	<b>770</b>	<b>(116)</b>	<b>(1,161)</b>	<b>(2,384)</b>	<b>(3,804)</b>
<b>% of GF Exp</b>	<b>26.9%</b>	<b>25.5%</b>	<b>22.1%</b>	<b>18.6%</b>	<b>15.0%</b>	<b>10.9%</b>	<b>6.9%</b>	<b>1.7%</b>	<b>-4.1%</b>	<b>-10.7%</b>	<b>-17.9%</b>



# General Fund Revenues – Estimated YE

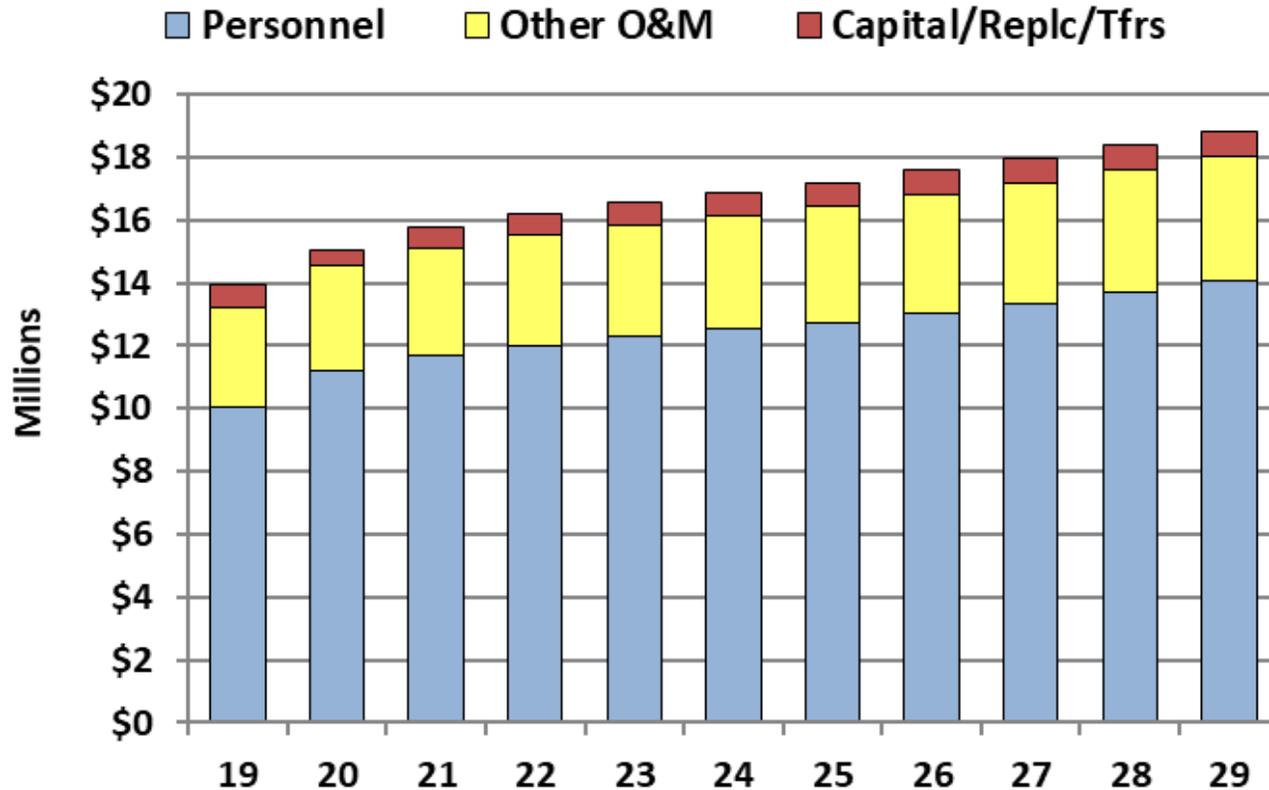


- Top Three Sources – 66% of Total Revenue
  - Property Tax – 29%
  - TOT – 25%
  - Sales Tax – 13%
- Other Revenue – BLT, Property Transfer Tax, Fees, Permits, Fines, Grants, Rental Income
- Continue to be Highly Dependent on TOT



# General Fund Expenditures

General Fund Expenditure Trend by Type



## Personnel Costs

- Defunded DCM
- Positions budgeted one step above current
- Higher Pension Costs
- Includes Estimated Costs given recent Pay-off of Tier II and Tier III UALs

## Operating Costs

- CPI Growth
- Tourism Contribution

## Capital Replacement

### Incorporated ISF Costs:

- \$50,000 Vehicle Replacement
- \$100,000 Capital Replacement
- \$100,000 Facilities Maintenance
- \$50,000 Fire Replacement
- \$100,000 Other



# *Pension Costs*

---

**Forecasted Increase of 68% from  
FY 2020/21 – FY 30/31 = \$1.2M**

- Assumes Discount Rate stays at  
7%**



# Pension Costs

As of June 30, 2018	UAL	Funded Ratio
<b>Miscellaneous</b>		
Classic	\$ 14,512,742	68.6%
Tier 2	\$ -	100.0%
PEPRA	\$ -	100.0%
	\$ 14,512,742	
<b>Fire</b>		
Classic	\$ 4,498,135	71.4%
Tier 2	\$ -	100.0%
PEPRA	\$ -	100.0%
	\$ 4,498,135	
<b>Police</b>		
Classic	\$ 6,820,796	69.5%
Tier 2	\$ -	100.0%
PEPRA	\$ -	100.0%
	\$ 6,820,796	
<b>Total UAL</b>	<b>\$ 25,831,673</b>	

**\$2.3 million increase from June 20, 2017 valuation**



# ***Ten Year Financial Update***

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## **Proactive Steps to Date:**

- **Reduced staff 2.5 FTEs last nine years**
  - **Eliminated DCM (\$120,000 savings)**
  - **Eliminated Capital Projects Manager/Senior Engineer position**
- **Harbor Department eliminated a position and reduced a position to part-time**
- **Reorganized the Utility Division (reduction of 2 FTEs)**
- **Recreation Services Office Assistant reduce to part-time**
- **Reduced part-time hours and hired two full-time maintenance aide positions for front-line services (no GF cost impact)**
- **Reinstated SRO position – funded through Central Coast School District**
- **Outsourced Dispatch (reduced accrual of long-term liabilities)**



# ***Ten Year Financial Update***

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## **Proactive Steps to Date:**

- **Early Payoff of City's Fire Safety Classic Formula (\$10,000 interest savings and \$163,000 reduced future expenditures)**
- **Lump Sum payments of UAL in July (\$140,000 interest savings over two years)**
- **Negotiated Pension Participation**
- **Negotiated labor agreements that included revenue targets to obtain COLAs**
- **Payoff of Pension Tier II and Tier III UALs - \$160,000 interest savings and reduced future costs**



# *Ten Year Financial Update*

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## Proactive Steps to Date:

- Purchased New Fire engine through donations and Measure Q – no GF cost impact
- Partnership policy – matches community groups and the city to provide services at lower costs
- Adopted new Tourism Strategic Plan to encourage more overnight stays in Morro Bay
- Fee Study update to determine actual cost of services and associated fees to recover those costs
- Permitted two medical cannabis shops (opening late spring/summer 2020)
- Partnership with Chamber to provide economic development stewardship and ombudsman services



# Ten Year Financial Update

## Ten Year snapshot of cost of City services:

	2009/10	2018/19	Difference	Percent Change
FTE's	99.25	96.75	-2.5	-3%
Staff Costs (GF)	8,154	10,076	1,922	24%
Operating Expenditures (GF)	1,649	1,615	(34)	-2%

City of Morro Bay Per Capital Cost of GF City Services	
2019 Population	10,439
2018/19 GF Expenditures	\$ 13,916,551
Cost of GF Services per Resident	\$ 1,333.13
2009 Population	10,418
2008/09 GF Expenditures	\$ 12,395,650
Cost of GF Services per Resident	\$ 1,189.83
Per Capita increase over ten years	\$ 143.30
Per Capital Percent Increase over ten years	12%
Average annual increase	1%



# ***Ten Year Financial Update***

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## **FY 2020/21 Budget Development and future Budgets –**

- Structural deficit is a challenge**
- Council priorities identified**
- Identify Community priorities**

# City of Morro Bay Issues Survey

*Survey Conducted:  
October 28-November 7, 2019*



OPINION  
RESEARCH  
& STRATEGY

T H E  
LEW  
EDWARDS  
G R O U P

# Survey Methodology

Conducted a Dual Mode Survey, online, by cell, and landline between October 28- November 7, 2019



Surveys were completed by a random sample of 326 voters registered in the City of Morro Bay who are likely to vote in the November 2020 election



Overall margin of error for whole sample:  $\pm 5.4\%$ ; margin of error for subsamples will be larger



Survey available in English and Spanish

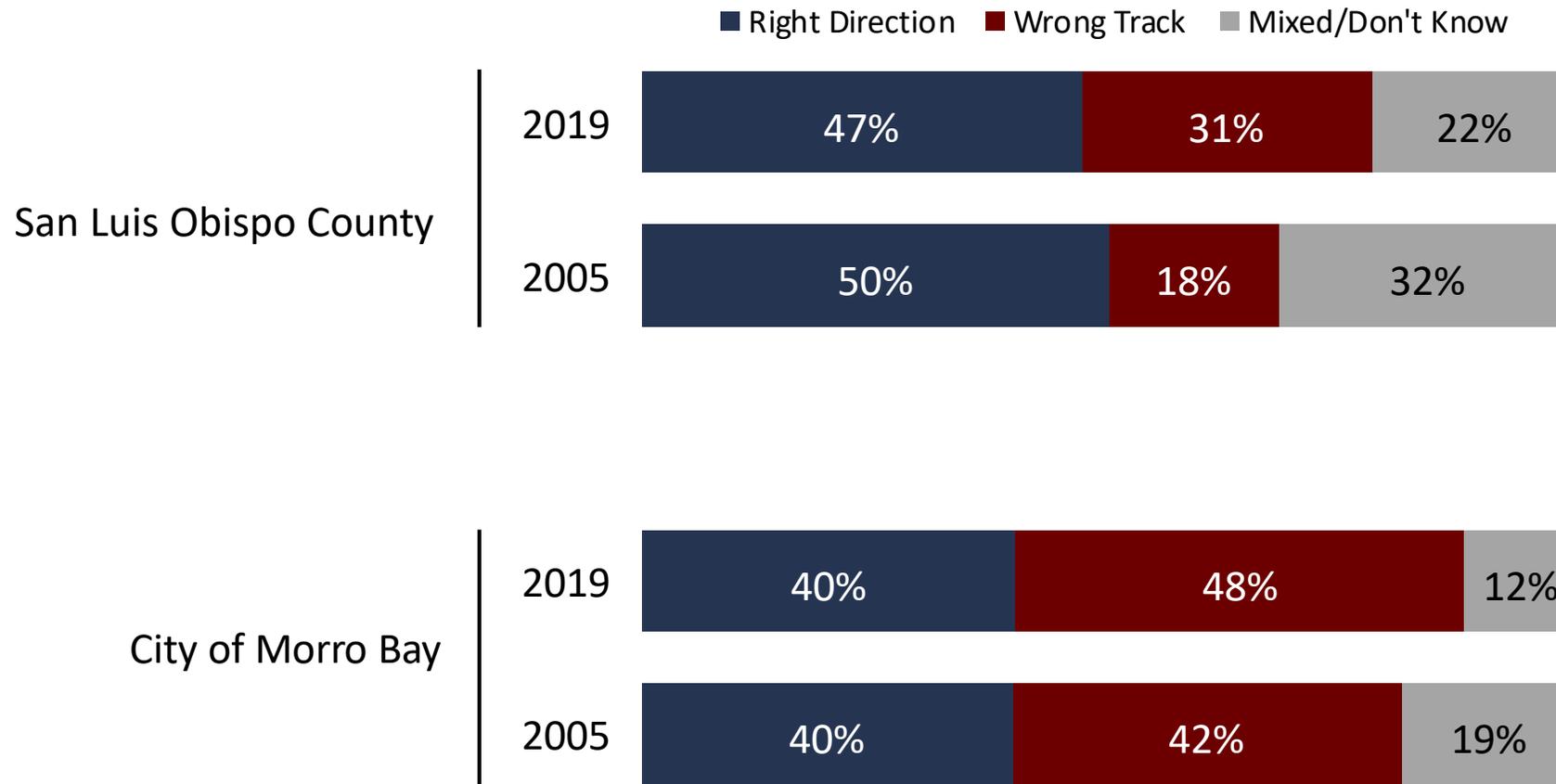


Some percentages may not sum to 100% due to rounding



# Community Perceptions

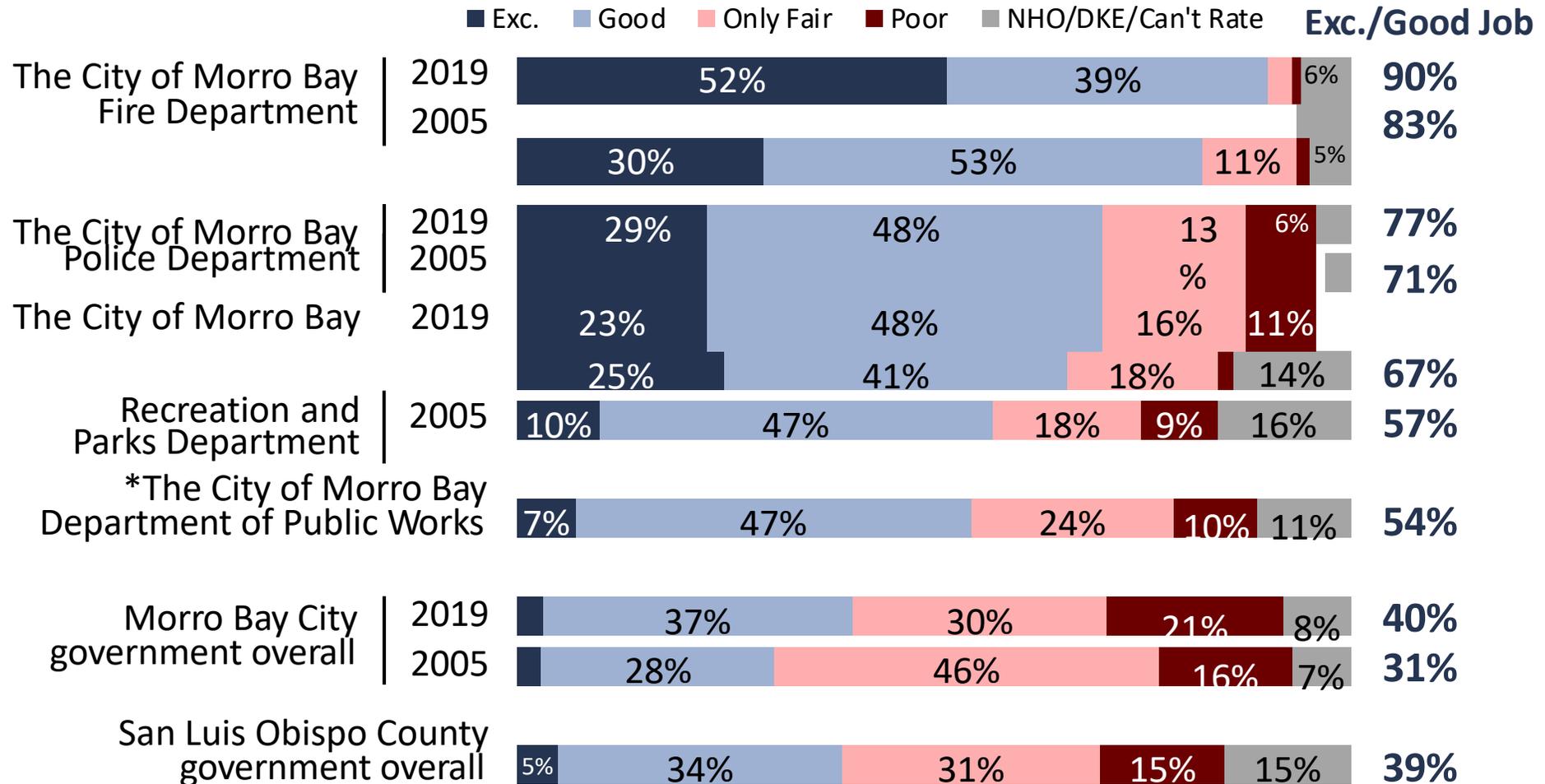
# Opinions on the direction of the City and the County



*Would you say that things in San Luis Obispo County are generally headed in the right direction, or do you feel that things are off on the wrong track?  
Would you say that things in the City of Morro Bay are generally headed in the right direction, or do you feel that things are off on the wrong track?*

# Voters have positive impressions of local public safety departments

(Ranked by Excellent/Good Job)



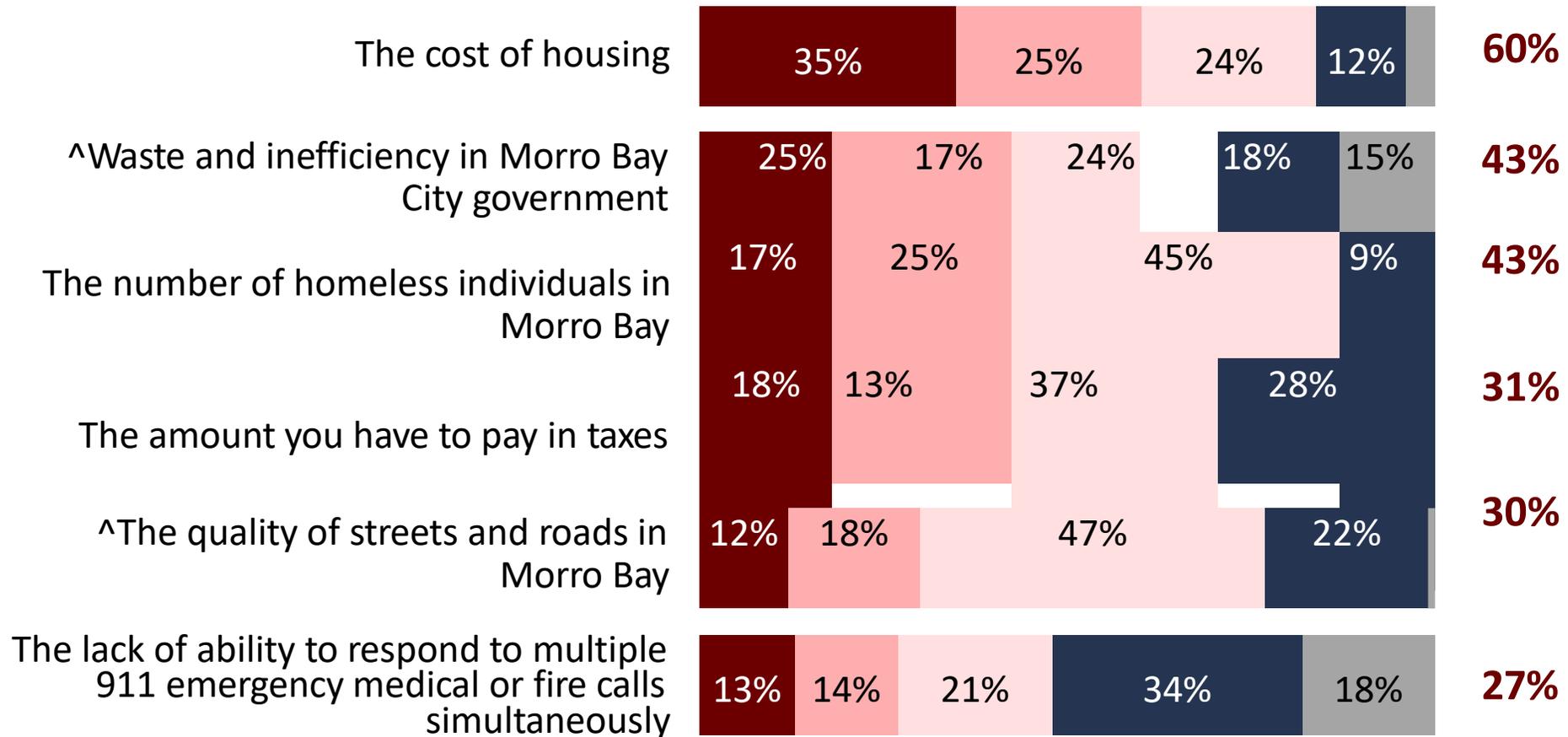
I am now going to read you a list of organizations and departments that provide services in the City of Morro Bay. Please tell me if you think the organization is doing an excellent job, a good job, only a fair job, or a poor job. \*Split Sample

# Perceived issues/problems facing Morro Bay

(Ranked by Extremely/Very Serious Problem)

Ext./Very Serious Problem

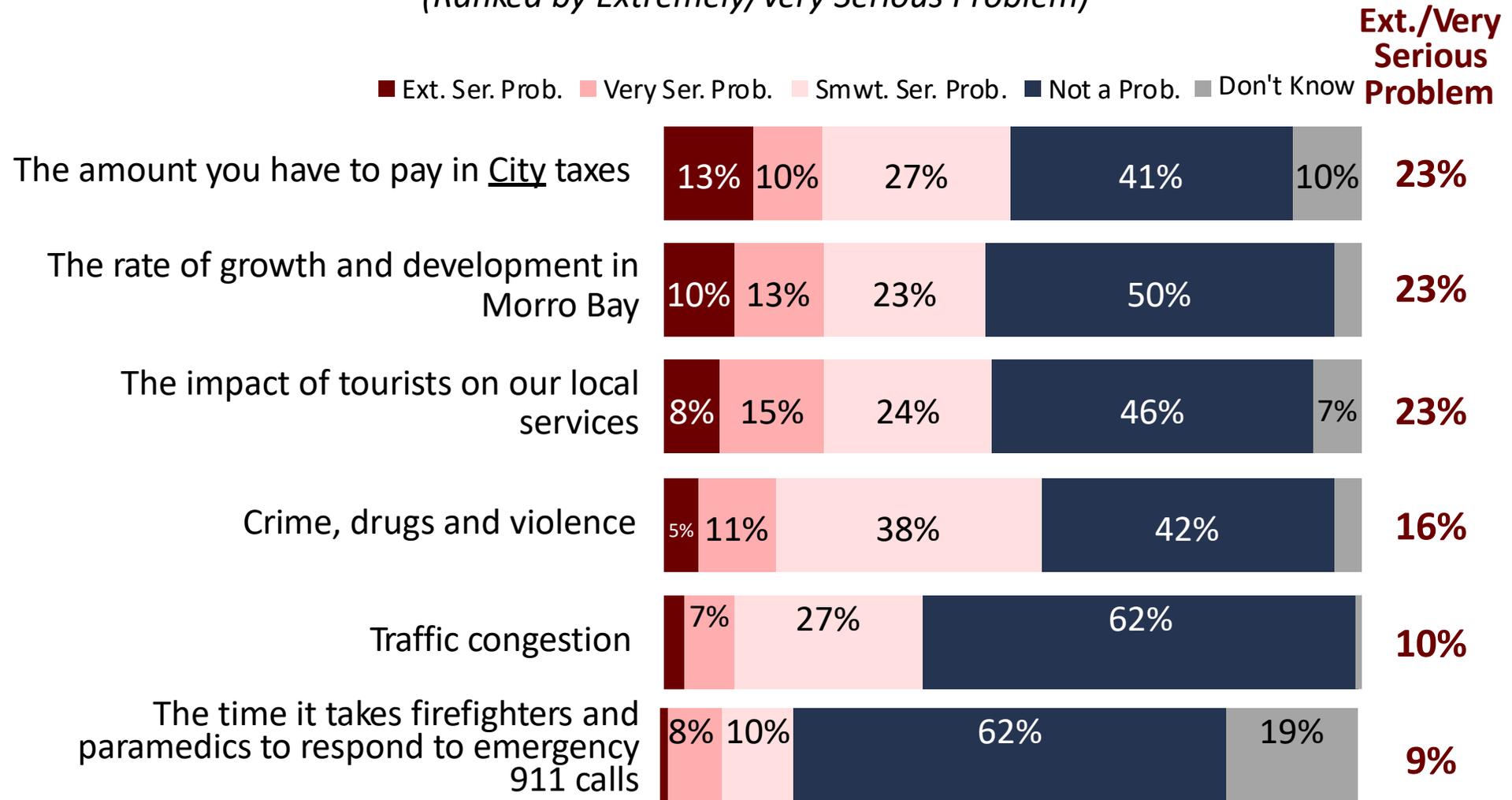
■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not a Prob. ■ Don't Know



I'd like to switch gears for a moment and read you a brief list of issues that could be problems for people living in Morro Bay. Please tell me whether you personally consider it to be an extremely serious problem, a very serious problem, a somewhat serious problem, or not a problem at all for people living in Morro Bay. ^Not Part of Split Sample

# Continued

(Ranked by Extremely/Very Serious Problem)



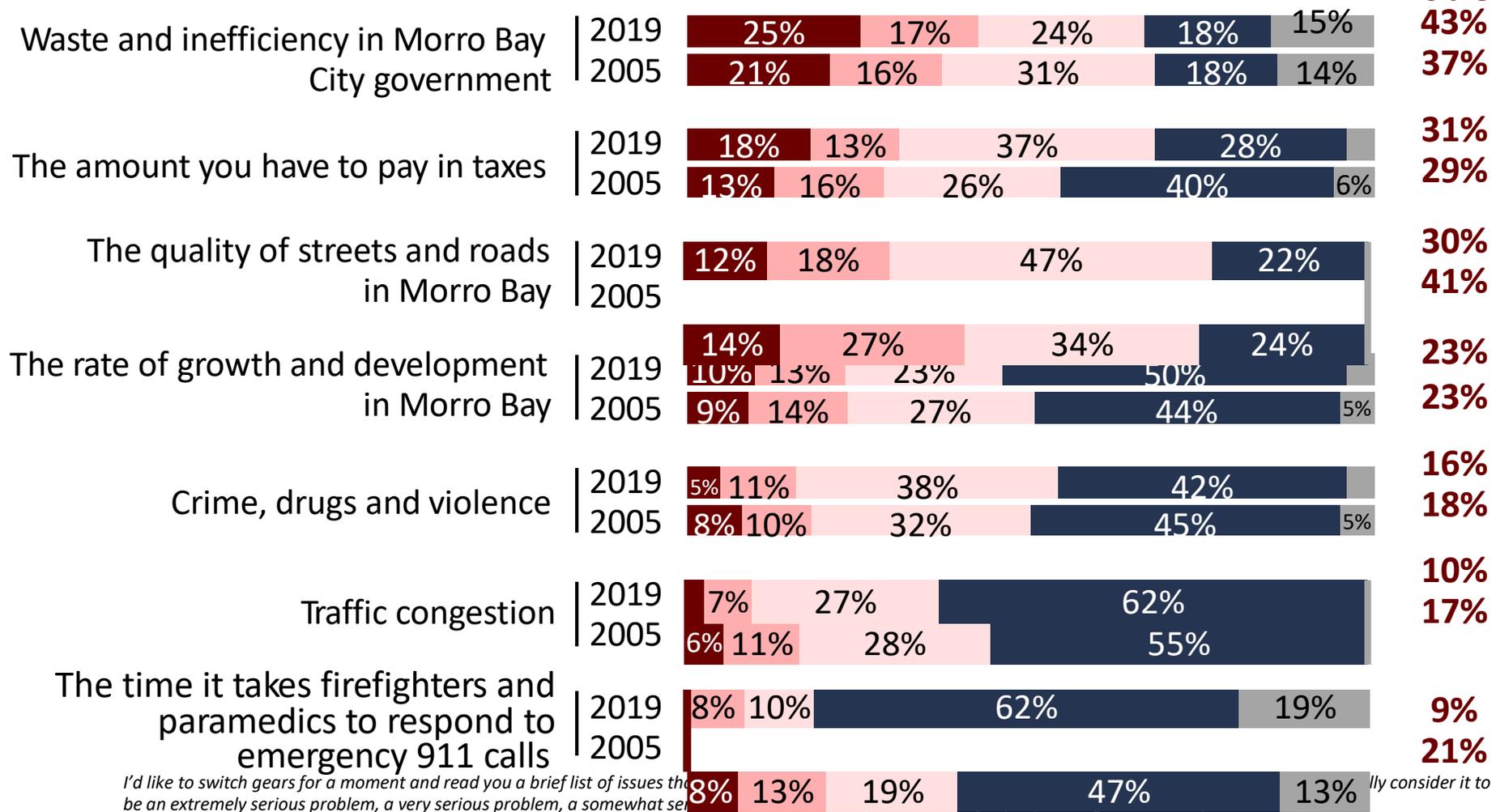
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# Comparisons of perceived issues since 2005

(Ranked by Extremely/Very Serious Problem)

■ Ext. Ser. Prob. ■ Very Ser. Prob. ■ Smwt. Ser. Prob. ■ Not a Prob. ■ Don't Know

Ext./Very Serious Problem

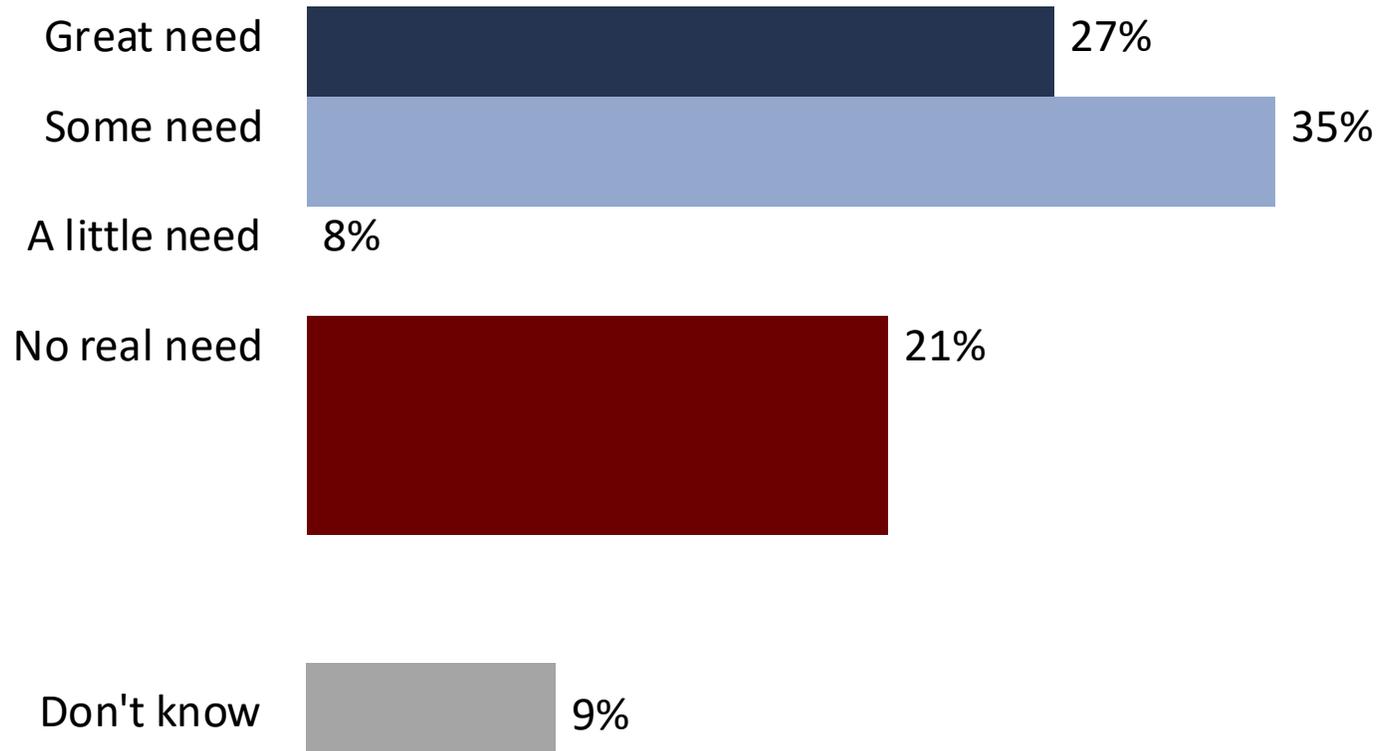


*I'd like to switch gears for a moment and read you a brief list of issues that you consider to be an extremely serious problem, a very serious problem, a somewhat serious problem, or not a serious problem.*

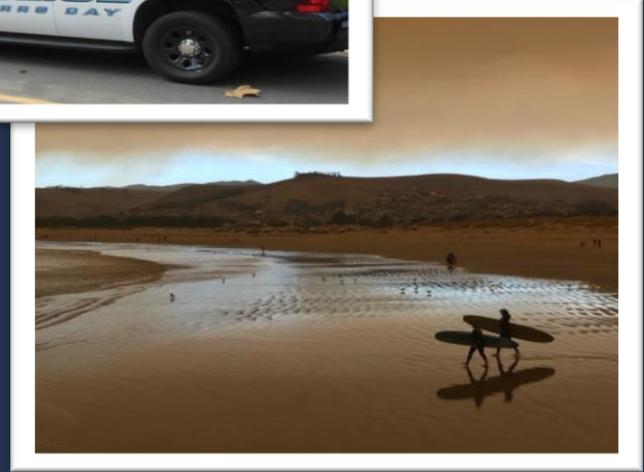
# Voters overwhelmingly prefer to maintain Morro Bay's local public safety departments instead of contracting out.



# Seven-in-ten voters believe the City has a need for additional funding.



*Do you think the City of Morro Bay has a great need for additional funding, some need, a little need or no real need for additional funding to provide the level of City services that local residents need and want?*



# Opinions on Potential Local Funding Measure



# Potential Ballot Language for a Local Funding Measure

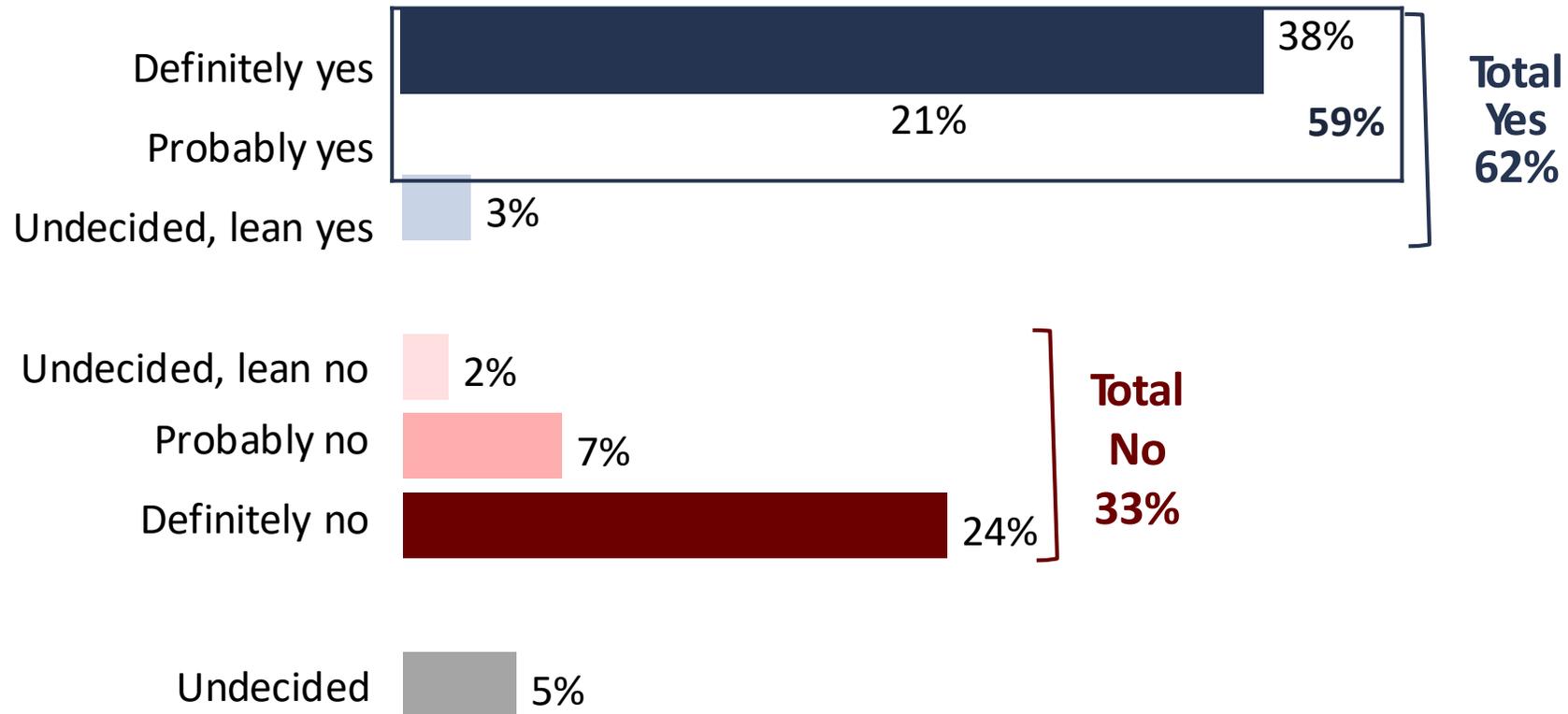
## MORRO BAY PUBLIC SAFETY AND ESSENTIAL SERVICES PROTECTION MEASURE

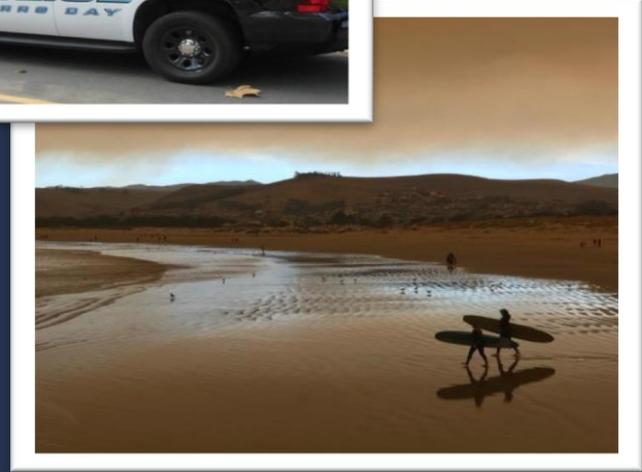
To protect City of Morro Bay's financial stability, local property values and services, including, preventing elimination of Morro Bay Police and Fire Departments, while maintaining 24/7 paramedics and 911 emergency response, senior, youth and general services; repairing streets and potholes; keeping beaches, public areas safe and clean; retaining and attracting businesses; shall the measure establishing a 1¢ sales tax providing \$2 million annually until ended by voters be adopted, requiring independent audits, public oversight, all funds used locally?



*If there were an election today, do you think you would vote "yes" in favor of this measure, or "no" to oppose it?*

# Slightly more than six-in-ten voters initially support this potential simple majority requirement (50+1%) measure.

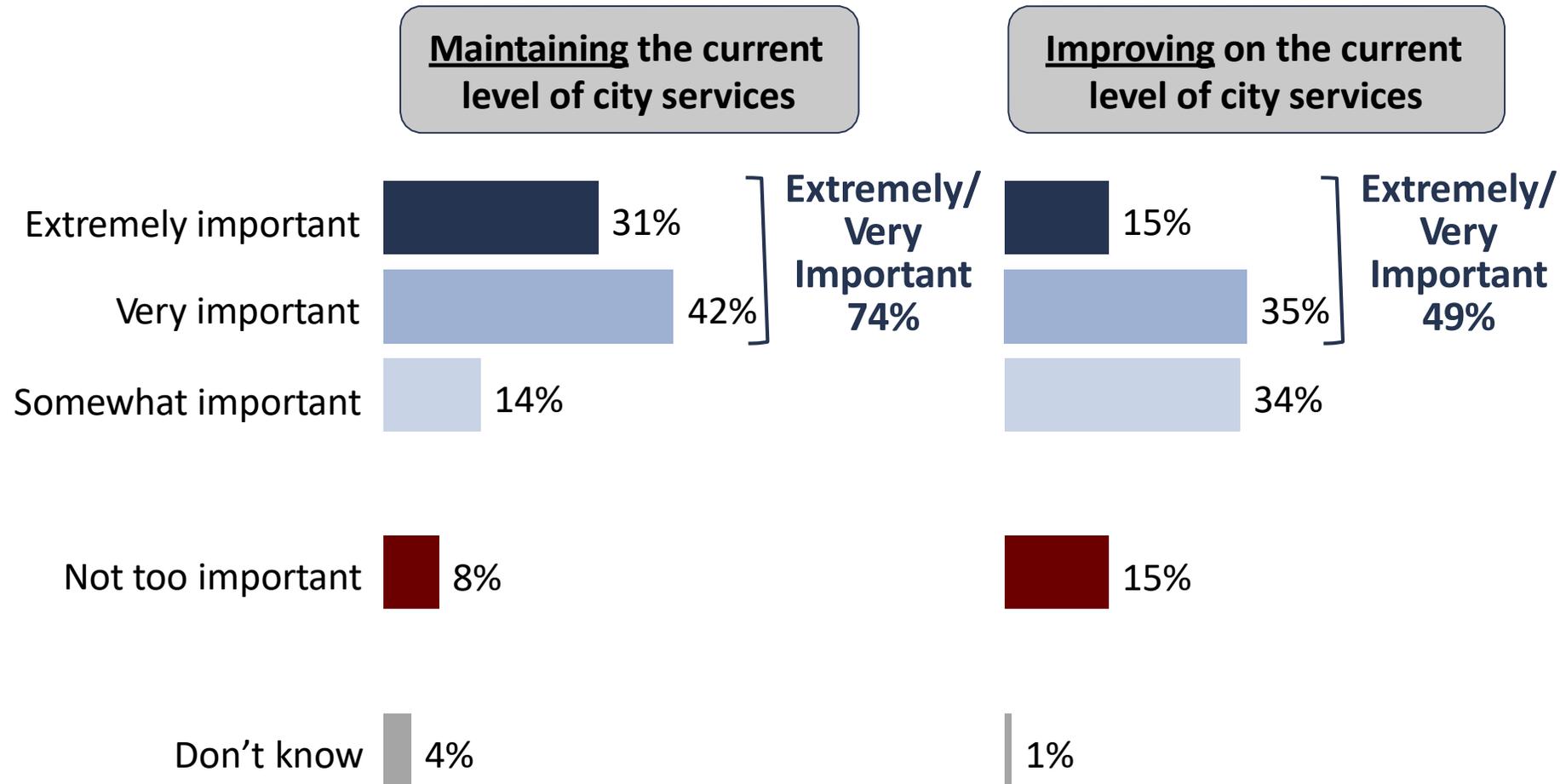




# Community Spending Priorities



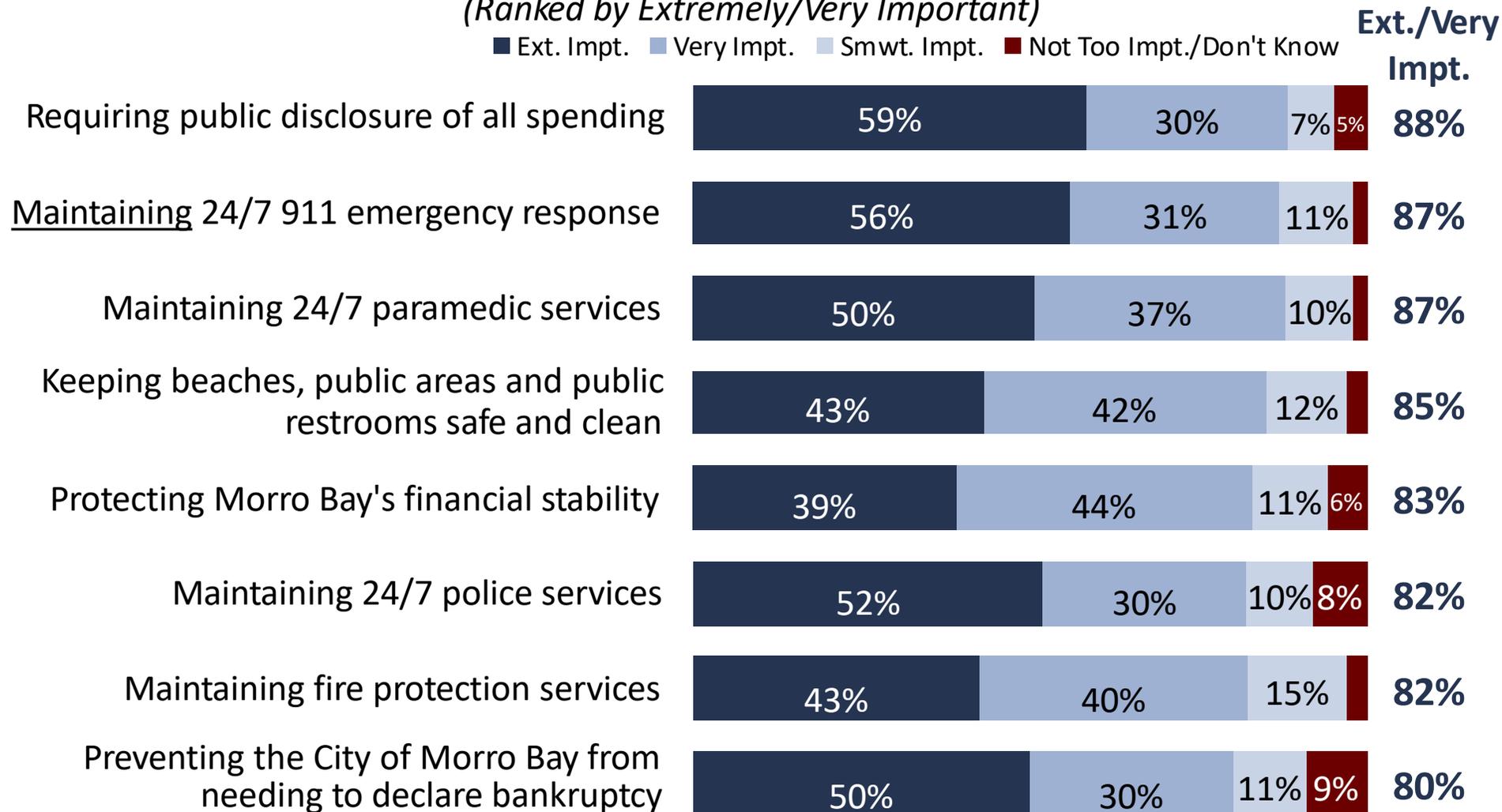
# Much higher percentages rate the importance of maintaining essential city services over improving them.



*I am going to read you a list of possible programs and projects that might be funded by the local ballot measure we were discussing earlier, as well as accountability provisions that could be included. Regardless of your opinion of the measure, after I mention each one, please tell me how important that provision or use of funds is to you personally: is it extremely important, very important, somewhat important, or not too important? Split Sample*

# Voters rate public disclosure of spending and maintaining 911 emergency response among the top priorities of a potential funding measure.

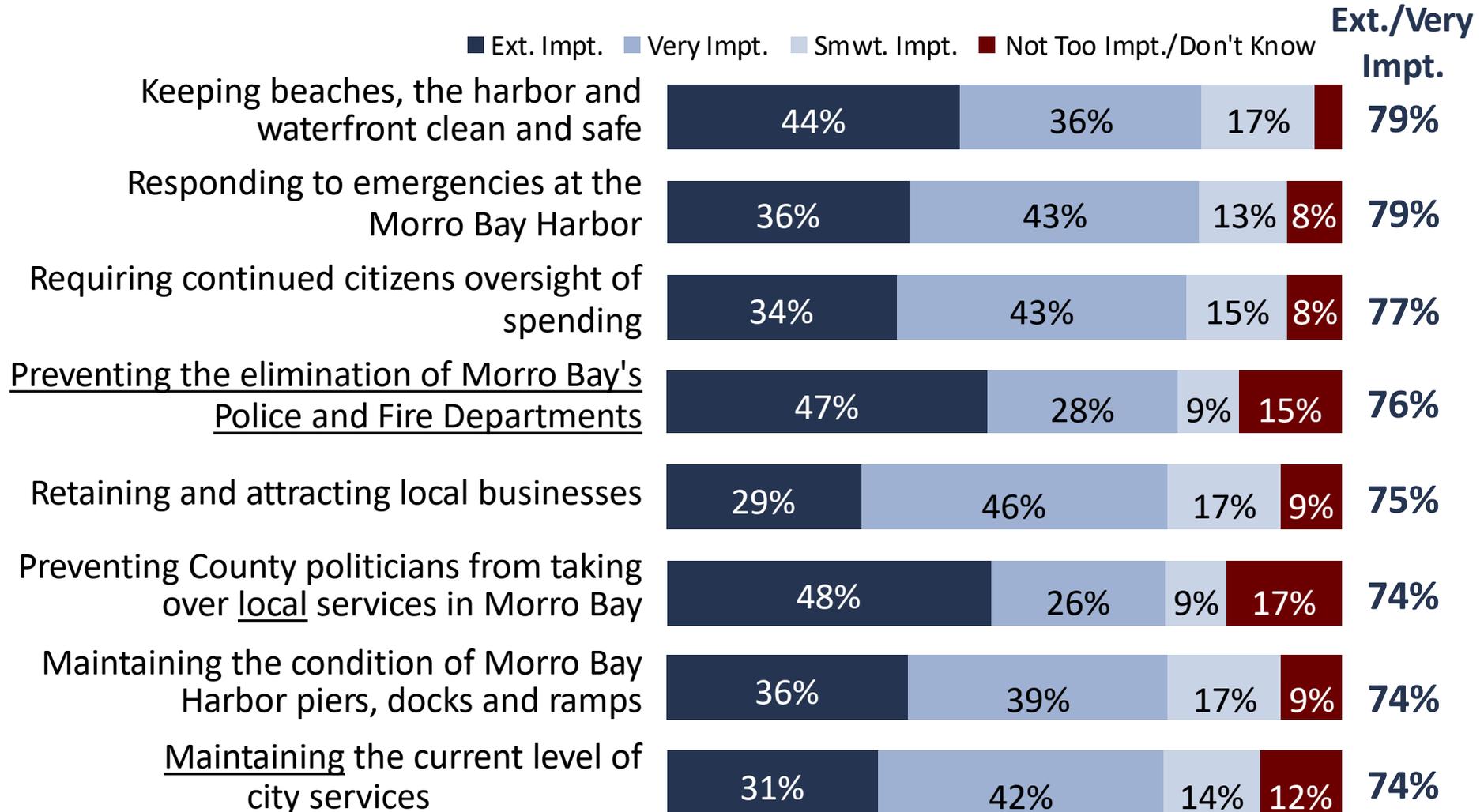
(Ranked by Extremely/Very Important)



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# Continued

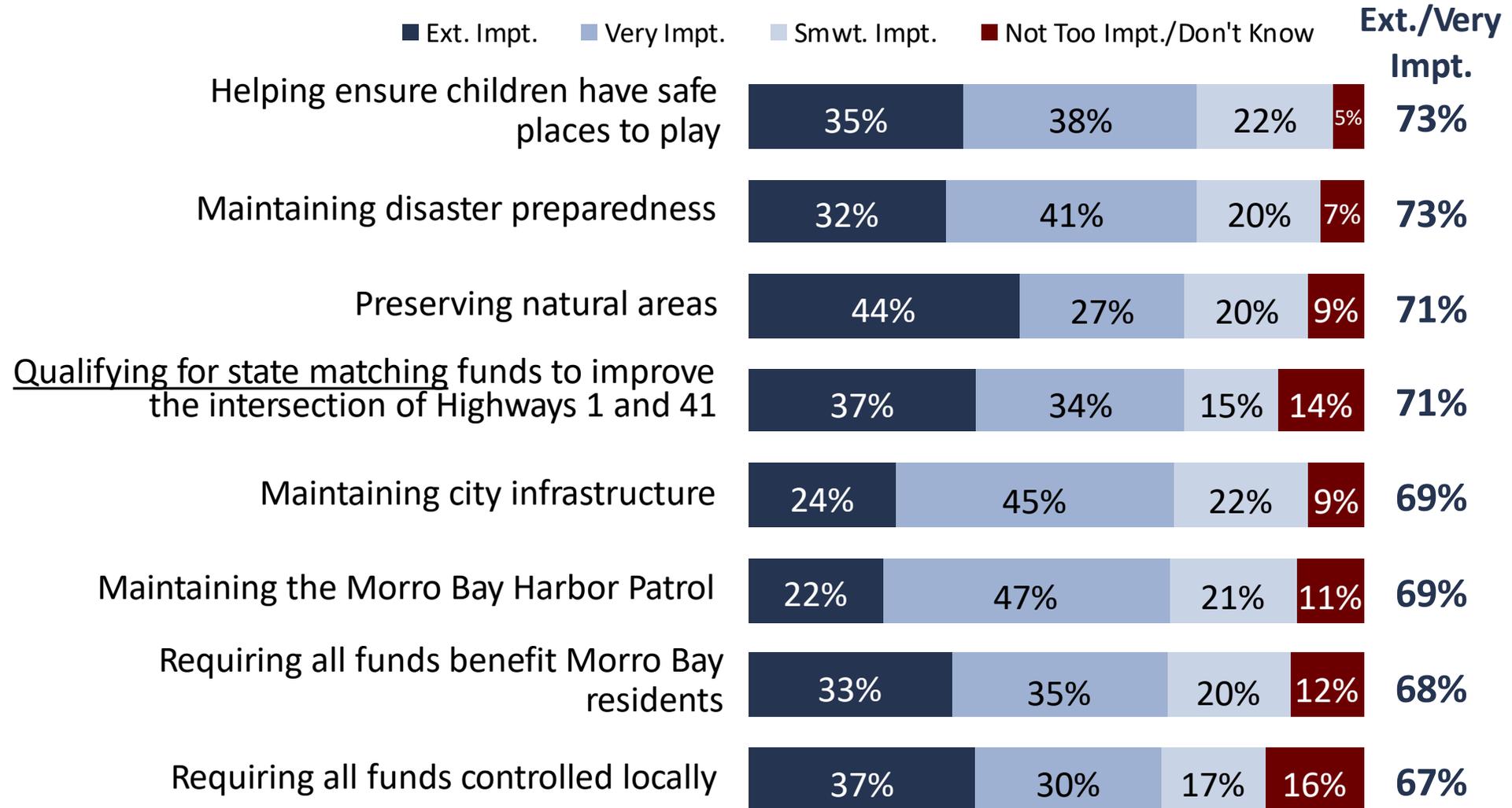
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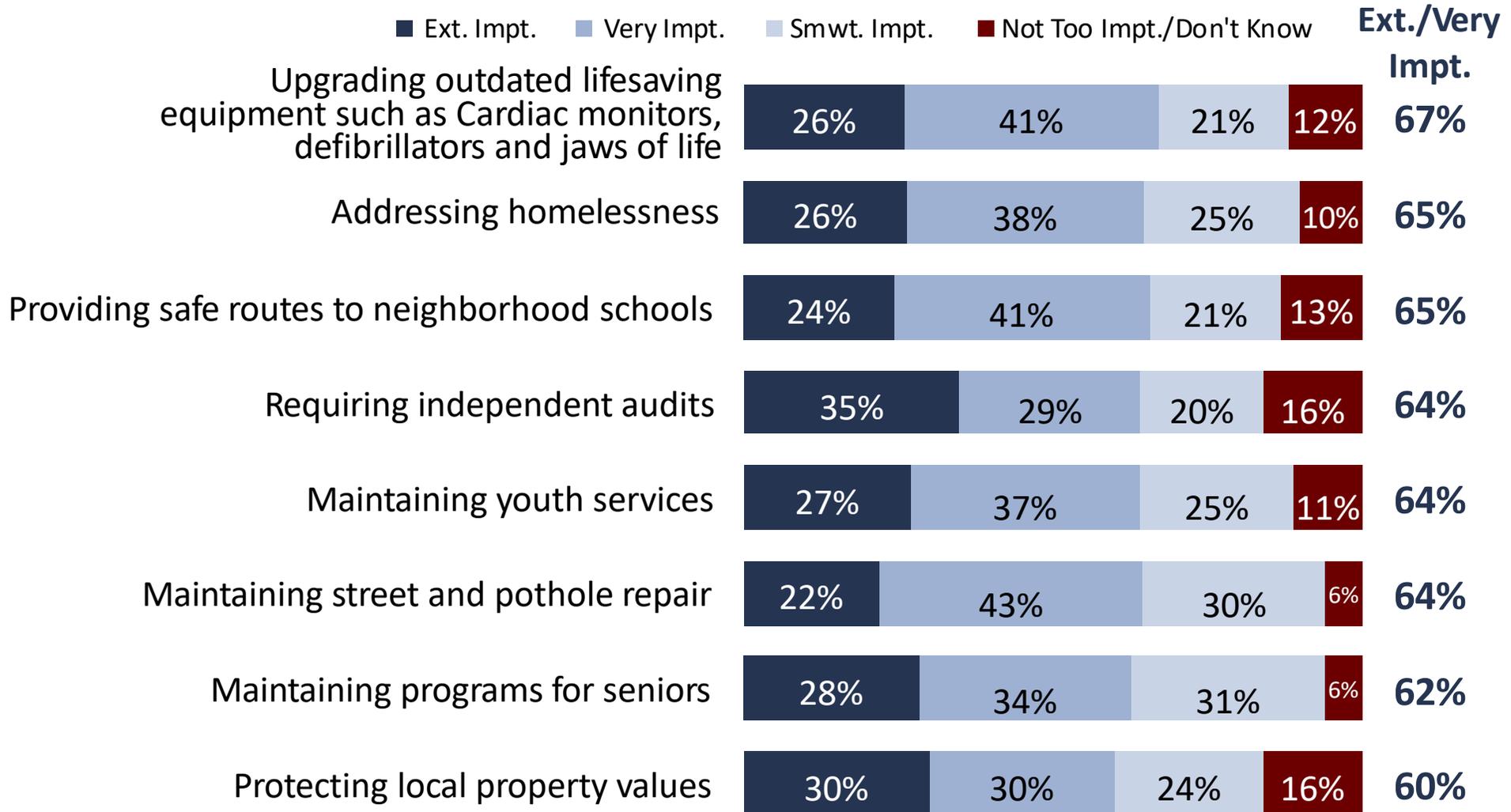
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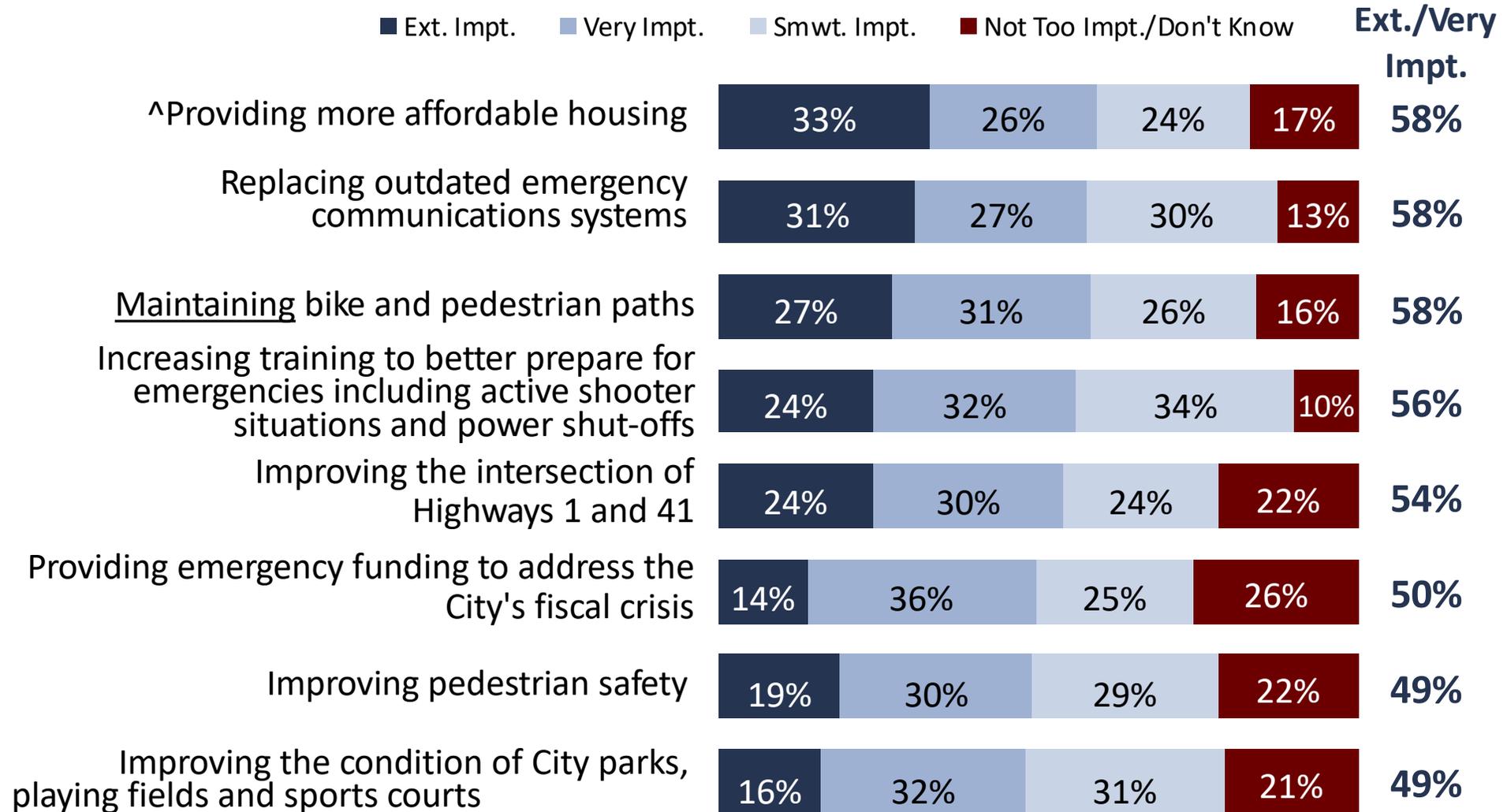
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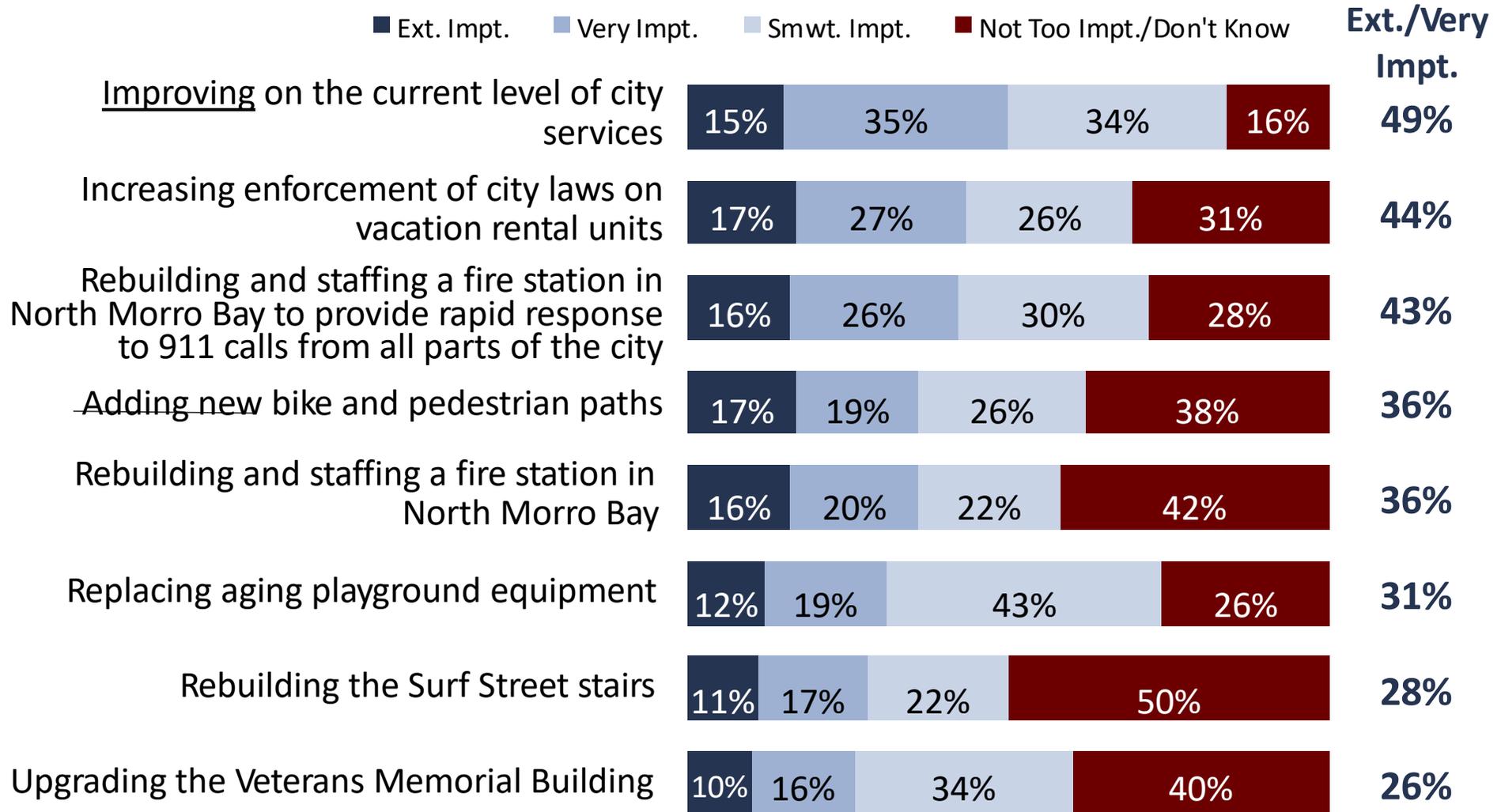
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# Continued

(Ranked by Extremely/Very Important)



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# Opinions on Potential Harbor Parcel Tax

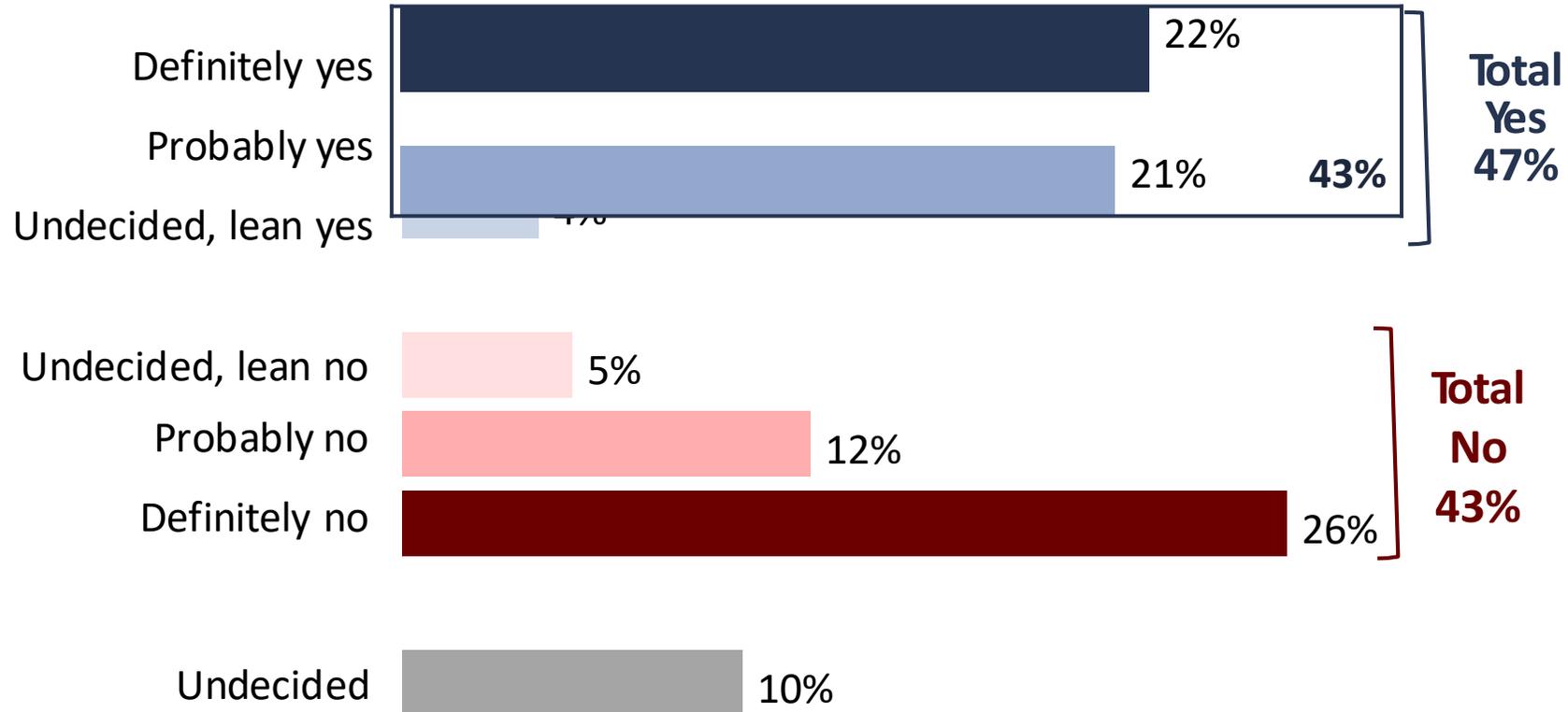
# Potential Ballot Language Tested in Survey

## MORRO BAY CLEAN AND SAFE HARBOR, BEACH AND WATERFRONT MEASURE

To keep Morro Bay's beaches, harbor and waterfront safe; reduce beach/waterfront pollution; maintain Morro Bay's Harbor Patrol, respond to boater emergencies, upgrade safety equipment; upgrade harbor piers, docks and ramps; shall the measure levying \$50 per commercial and residential parcel, providing \$200,000 annually, be adopted, requiring annual independent financial audits, citizens oversight, and all funds used locally to benefit Morro Bay residents?



# There is a lack of community support for this potential measure. Less than half of voters support the measure which requires a 2/3rds vote for passage.



**For more information, contact:**

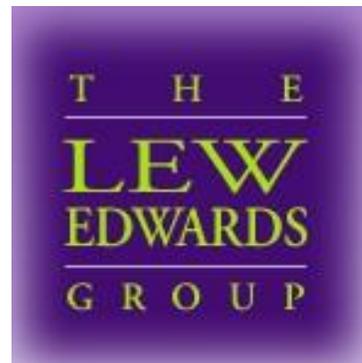


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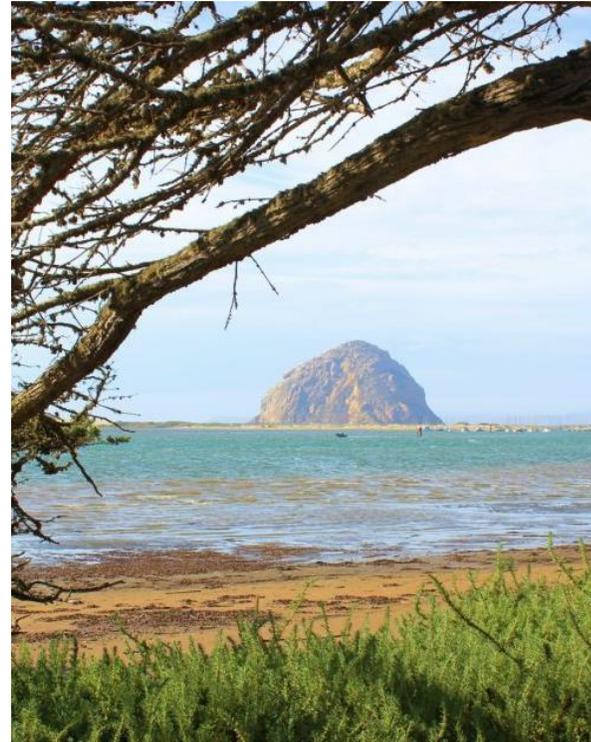


Morro Bay  
*California*



**We want to hear from YOU!**  
***Join the Conversation!***

Winter/Spring 2020



Maintaining Our Public Safety & Quality of Life Services



**You have a  
voice!**

**We want to  
hear it!**

- The City of Morro Bay continually strives to maintain the quality of life you expect and deserve.
- In a survey conducted last year, residents told us that they highly value our public safety and quality of life services.
- Now we want to expand the conversation and hear from you!



# Maintaining Morro Bay's Charming Character

- Many of our residents live here because Morro Bay has a small harbor town feel.
- Residents and visitors value the open space, natural areas, parks and outdoor recreational opportunities.
- We must protect Morro Bay's character by keeping our streets and waterfront safe and clean.
- Residents have also told us they want to maintain our own local police and fire departments and preserve open space and local property values.



# What are your neighbors saying?

- Recently residents have identified maintaining local public safety services and keeping beaches and public areas safe and clean as top priorities.
- Residents also identified local priorities that they would like the city to continue to address, including:
  - Maintaining 24/7 911 emergency response
  - Maintaining 24/7 paramedic services
  - Maintaining 24/7 police services
  - Maintaining fire protection services
  - Keeping beaches, public areas and public restrooms safe and clean
  - Protecting Morro Bay's financial stability
  - Requiring public disclosure of all spending
  - Keeping the harbor and waterfront clean and safe



# Our Locally Controlled Public Safety Services



# City of Morro Bay Police & Fire Departments



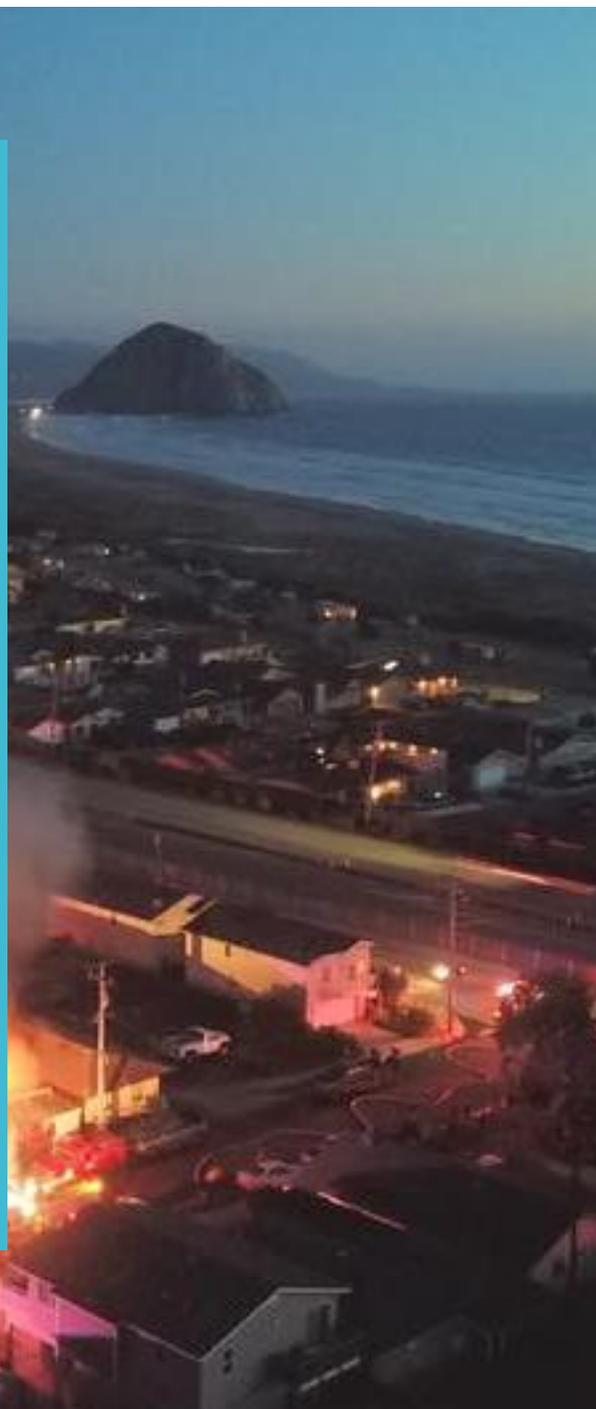
- Morro Bay has our own, locally controlled Police and Fire Departments.
- Last year's Community Survey showed 81% of respondents preferred maintaining our own local Police and Fire Departments than contracting these services to outside agencies.
- The City strives to maintain these locally controlled public safety services.



# Morro Bay's Fire Department Faces Significant Service Reductions

Did you know, nearly 70% of calls to the Morro Bay Fire Department are related to emergency rescue and medical emergencies?

We are actively seeking to prevent significant service reductions of our local Morro Bay Fire Department, so our skilled, local firefighter-paramedics can continue to respond to our local life-threatening emergencies and, avoid similar impacts to other departments.



# Tourist Impacts

- Of course we encourage visitors to our small hometown community to enjoy our beaches and harbors as much as we do.
- In the past, residents have asked that visitors do their part to pay their fair share for using our services roads and beaches.
- We agree! Visitors are welcome to our community and we will continue to evaluate options to have visitors pay their fair share while visiting our community.



## Join the Conversation!

- Understanding the community's priorities is a critical part of our responsible City budget and future planning process.
- We are engaging residents and stakeholders to continue to hear your priorities.
- The most important input into this process comes from YOU.



How can you  
*Join the  
Conversation?*

Join your neighbors and complete a survey today!

Fill out the form and hand it back to us or complete it online at: <https://www.surveymonkey.com/r/2SGTJMC>

Stay Informed and Follow Us!

Visit us at:

[www.morrobayca.gov](http://www.morrobayca.gov)

And follow us on social media!





# *Ten Year Financial Update*

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Questions???