



AGENDA NO: I

MEETING DATE: June 3, 2020

**AGENDA CORRESPONDENCE
RECEIVED BY THE CITY COUNCIL
FOLLOWING POSTING OF THE AGENDA IS ATTACHED
FOR PUBLIC REVIEW PRIOR TO THE MEETING**

Dana Swanson

From: Janice Peters [REDACTED]
Sent: Saturday, May 30, 2020 10:48 AM
To: Council; Scott Collins; Eric Endersby; erica@morrochamber.org; Stephen Peck
Subject: Budget comments

Hello, All,

The budget report seems well thought out and reasonable, with a lot of tough choices to be made. I have two comments to add:

Parking - I've already sent comments on paid parking. I didn't realize the Coastal Commission was involved in whether we can charge for parking, and think that is absurd, but in any case...we have an emergency situation NOW for the summer season where we are trying to discourage large numbers of out of area visitors. Paid parking at the Rock and on the Embarcadero might alleviate that problem and as such, I would hope a temporary permit to do that would be approved by the CCC. Pismo has paid parking, so it obviously should be OK for us as well, but the permit process will not help us with this immediate need. I would encourage the Council to seek an emergency temporary permit.

Parks & Rec programs - Full cost recovery is a good goal, but the purpose of many of these programs is to provide for our tax-paying residents. I think there should be an option for those seniors and families who can't afford full fees to still participate. Use the same criteria as for the reduced water/sewer bills to determine eligibility.

Again, thank you for the work you are all doing in this unprecedented situation.

Janice Peters



Virus-free. www.avg.com

Dana Swanson

From: Lynda Merrill [REDACTED]
Sent: Saturday, May 30, 2020 10:49 AM
To: Council
Subject: Recreation and the Budget proposal 100% recovery, troublesome.

Dear Mayor Headding and Councilmembers,

I have read through the extensive Budget Proposal and understand the changes that are suggested. These are tough times and I know we all must adapt, but I am concerned about the Rec & Parks proposal that is asking participants for a 100% return. This will eliminate many people who depend on R&P for recreation. These are people who cannot afford the expensive gyms. I know of the Senior exercise program PACE that uses the Community Center 2 days a week and I am afraid the rent/set up costs will hurt older people who go there not just for the exercise, but also for their social life. Could you please ask Kirk Carmichael to explore having the seniors set up the chairs and oversee the program so the costs can stay low?

*Thank you for all you do for our City,
sincerely, Lynda Merrill, senior, 35 year resident.*

Dana Swanson

From: betty winholtz [REDACTED]
Sent: Monday, June 01, 2020 10:05 AM
To: John Heading; Robert Davis; Marlys McPherson; Jeffrey Heller; Dawn Addis
Cc: Dana Swanson; Jennifer Callaway; Scott Collins
Subject: budget study session

Dear City Council:

The City has to restructure its finances or we will be bankrupt in 24 months! **This Iceberg is coming and all the City Council is being asked to do is rearrange the deck chairs on the Titanic!**

Residents fiscally cannot, and mentally will not, pay more to the City. **The question: How to shift money from where it is currently going to where it is needed the most?**

Most of our money is directed by the City Council into the Sewer/Water Enterprise Funds. Residents pay a minimum of \$156/mo, though the City often states the average household pays \$200/mo. In the time of COVID-19, money is tight for working residents: either because they are still out of work, or if back to work, they are scrambling to back fill previously unpaid bills. The Sewer/Water funds collect around \$9 million annually.

Residents also pay money into the General Fund through City sales tax. The City receives 1 cent/dollar in sales tax and a 1/2 cent/dollar for Measure Q = 1 1/2 cents/dollar. The total sales tax in Morro Bay is 7 3/4 cents/dollar. The City collects around \$2 million annually.

My assumptions:

1. Employees are more important than a beyond-basic project.
2. Keeping Morro Bay incorporated is more important than reverting back to the county as a Community Services District.

MY SOLUTION: Lower base residential sewer/water rates to a \$100/mo. Approximately 5,000 households would save \$56/mo for a total of \$3.3 million/yr. At the same time, raise the sales tax 1.25%, for a total City sales tax of 2.75%. That increases the General Fund \$2.5 million annually, saving all 8 laid off employees their jobs, and then some.

The Sewer/Water Enterprise Funds cannot afford a \$3 million/yr reduction and build the WRF as scheduled. However, we must get this money transferred because General Fund revenues have eroded:

1. Sales Tax. 3 empty store fronts within 1 block of the corner of Main and Morro Bay Blvd and 3 empty store fronts in just Marina Square alone on the Embarcadero. Other well-established restaurants and stores are rumored to close.
2. Property Tax. Antidotal in nature: in the last 2 weeks, 5 modern, 2-story houses are on the market within 5 blocks of my house; there was only one pre-COVID-19. Not antidotal, real estate offices are listing foreclosures in their windows.
3. TOT. Should the City enforce motel occupancy and vacation rental distancing rules, the dip in TOT will stay low.

SAVING THE GENERAL FUND IS A MUST!

To succeed: residential WRF opponents, Quintana/Main businesses, and other businesses will promote the sales tax increase supporting the City's bid for a higher sales tax base; in exchange the City stops the WRF project and upgrades the current plant to stay within a reduced budget.

Personally, I would support a sales tax rate increase of 1.75% if sewer/water rates are lowered even more.

Why this works:

1. Cayucos goes offline by the end of the year; add a filter and the City still meets state requirements for secondary treatment, no penalties.
2. WIFIA and SRF monies are not expected to arrive until the end of 2020; there is no payback for money not received.
3. Pipeline/lift stations and injection wells have not gone out to bid; again nothing to pay back.
4. Money spent so far will be for naught, but we save tens of millions in reduced capital expense, no debt service, and no higher future O&M expenses, while preserving sales tax by keeping businesses open.
5. The town will be united: putting the health of the whole City first, saving all services across the board, not just one or two above the others.

Prioritize City survival and employees. Let's keep from turning the City upside down.

Mayor Headding and Council Members:

Now that our City is facing steep economic challenges, it would be wise to take a long hard look at the current policy of promoting tourism over and above any other source of revenue. Placing more emphasis on income diversification will allow Morro Bay to weather the COVID-19 storm and the coming recession more easily.

Several times since 2015, I and others have come before the City Council to express concern over the City's single-minded reliance on tourism as the solution to budgetary problems. Those of us with more experience or better long-range vision asked the City to focus on building jobs in industries that are less susceptible to recession. Our concerns were ignored. The City held citizen input meetings and had us write our goals on large pads of paper with big markers. Did you forget that we wanted more growth in high tech, education, health care? If the City had spent half of the budget dollars allocated to tourism on courting some of these other industries, our tax revenue during the sheltering order would likely be higher than it is now.

There is an absolute dearth of light industrial property in this city. We just lost our door shop and there is no place for someone to open another one. A person who wants to open a competing cabinet shop, auto repair business, plumbing supply house, heating & air conditioning supply company or glass shop doesn't stand a chance in Morro Bay. Properties that are zoned for this type of use have been occupied for half a century and any turn-over stays within family or close friends of the owner. There simply are no light industrial properties to buy or rent here. I know this from personal experience, having looked for the last 5 years. A person who wants to manufacture garments, textiles, build furniture, operate a growing web-based business or prepare food products in a commercial kitchen will not find space to rent. Maybe these career choices aren't as glamorous as an innkeeper or restaurant owner, but having more of those types of businesses could be the City's bread & butter during difficult times. Everyone eventually needs these services, and business owners need space to build their businesses. This city does not welcome blue-collar industry.

Morro Bay doesn't welcome white-collar business owners, either. Has there been any suggestion of building a new office complex in town? The 2-story office building on Quintana, near the old Denny's Restaurant, appears to be the most modern building we have here (unless you count new restaurants and hotels for tourists). It is badly in need of an upgrade. The medical and dental offices in Morro Bay are worn out. Instead of selling City property, why not build something new that will serve those outside of the tourism industry? How about the empty Bank of American building, or the old elementary school? Could these properties figure in our future plans to grow other types of business within the City? Ask yourselves, who are you courting? Can you work with individual property owners or the school district to achieve goals?

A stable municipality is not based on CBD oil, marijuana stores and tourists. Vacationing is and always will be the first thing people cut back on when times are tough. A recession is coming. During inflation, if wages don't keep pace with rising costs, vacationing is the first thing people cut back on. As you consider the new City budget, please be mindful of the tenuous nature of putting all those golden eggs in one basket.

KC Caldwell