City of Morro Bay
FY 21-22
Operating and Capital Budgets

Table of Contents

Transmittal Letter A-1
Excellence Award for 2020/21 Operating Budget A-13
History and Culture of Morro Bay A-15
Board, Committees & Commissions A-25
Budget & Financial Policy Information A-27
Gann Appropriation Limit & Budget Resolutions A-39
Organizational Chart A-41

FINANCIAL SUMMARIES

Total Revenues and Expenditures

Summary schedules which provide a high level overview of the entire City budget, in fund-specific and category-specific summary levels.

Total City Revenues and Capital Project Financing – by Fund B-2
Total City Expenditures – by Fund B-6

General Fund Revenues and Expenditures

Summary schedules which identify the City's General Fund operating sources and uses at the department and category levels.

General Fund Revenues – by Department B-8
General Fund Expenditures – by Department B-9
General Fund Revenues – by Category B-10
General Fund Expenditures – by Category B-12

Fund Balance

Fund Balance schedule providing a 5-year trend.

5 Year Comparative Fund Balance – by Fund B-14

Staffing

The labor position schedules provide a summary level view of operational staffing assignments, funding, and trends.

Summary of FTEs – by Department B-16

Debt

Fund schedule providing a summary of long-term debt outstanding.

Summary of Long-Term Debt by Fund B-22

DRAFT

Table of Contents page 2

DEPARTMENTAL GENERAL FUND BUDGETS

City Council C-1

ADMINISTRATIVE SERVICES

City Manager C-5
City Attorney C-15
Contract Services C-23
Deputy City Manager C-25
City Clerk C-27
Elections C-33
Human Resources C-35
Finance C-41
Transfers C-49

POLICE DEPARTMENT

Police Department Overview C-53
Police General Fund C-61
Support Services ..... C - 69

FIRE DEPARTMENT

Fire Department Overview C-73
Fire General Fund C-75
EOC Disaster Preparedness C-97

PUBLIC WORKS

Public Works Department Overview C-101
Administration and Engineering C-105
Consolidated Maintenance-Facilities & Parks C-111
Consolidated Maintenance - Streets C-115
Consolidated Maintenance – Vehicle Maintenance C-119
Consolidated Maintenance – Street Trees C-121
Consolidated Maintenance – Street Lighting C-125
Consolidated Maintenance – Storm Drain/Creek Maint C-127
Curbside Recycling C-131
Electricity C-137

COMMUNITY DEVELOPMENT DEPARTMENT

Community Development Department Overview C-139

DRAFT

DEPARTMENTAL BUDGETS CONT.

RECREATION

Recreation Department Overview C-145
Administration C-149
Sports C-153
Youth Programs C-157
Teen Programs C-161
Community Pool C-165

INTERNAL SERVICES FUND BUDGETS

Risk Management D-1
Information Technology D-5
Facility Maintenance D-9
Schedule of Deferred Infrastructure Maintenance D-11
Vehicle Replacement D-13
Capital Replacement D-15
Project Accumulation D-17
Opportunity Fund D-19
General Government Compensable Leave D-21
General Fund Emergency Reserve D-23

MEASURE Q & E AND AMERICAN RESCUE PLAN ACT (ARPA)

Measure Q & E E-1
American Rescue Plan Act E-9

TOURISM BUSINESS IMPROVEMENT DISTRICT (TBID)

TBID F-1

DRAFT

OTHER FUNDS

Transit G-1
Bike Path G-7
LTF Roads G-9
Community Development Grants G-11
General Plan Maintenance Fee G-13
Housing In-Lieu Special Revenue G-15
Parking In-Lieu G-19
Economic Development Implementation G-21
General Government Impact Fees G-25
Park In-Lieu Fees G-27
Harbor State Park Marina G-29
State Gas Tax G-31
Lower Cost Visitor Accommodations Mitigation Fee G-33
Traffic Safety Fund G-35
Special Safety Grants G-37
Jamaica Joint Defense G-39
County Tourism Marketing Fund G-41
Fire Donation Fund G-43
Community Development Plans G-45
Cloisters Assessment District G-47
Special Assessment Districts G-49
Strategic Investment Spending Plan G-51
PEG Access Fees G-53
Community Benefit G-55
Triangle Lot – Boat Storage Yard G-57

ENTERPRISE FUNDS

Water H-1
Sewer H-19
Morro Bay/Cayucos Wastewater Treatment Facility H-33
Harbor H-39

DRAFT

CAPITAL PROJECTS

Capital Improvement Plan I-1
Project Summary by Program I-5
Streets Program Projects ..... I-7 to I-48
Parks and Creeks Program Projects I-49
Public Facilities Program Projects I-57
Water Capital Projects I-71
Sewer Capital Projects I-83
Harbor Capital Projects I-95
Transit Capital Projects I-109

REFERENCE

List of Funds J-1
Glossary J-5
List of Acronyms J-13
Investment and Financial Policies J-15

DRAFT

CITY OF MORRO BAY
ROCK SOLID TOGETHER
595 HARBOR STREET
MORRO BAY, CA

May 12, 2021

Honorable Mayor and City Council:

On behalf of our dedicated City staff, it is my privilege to present to you and the Morro Bay community the Proposed Operating and Capital Budgets for Fiscal Year (FY) 2021/22. This budget is a true reflection of this Council and previous Council's proactive and conservative approach to the City's budget and finances over the years. The Council established reserves above the Government Finance Officers Association's recommended minimum levels. This helped the City weather the unprecedented and unpredictable COVID-19 pandemic and recover from those impacts.

Before embarking on the discussion about next year's budget, we must first review the extraordinary year we experienced. Our world, country, state, City, and community were forever changed following the onset of the COVID-19 pandemic in March 2020. The public health crisis upended our economy, school and health care systems, our personal schedules…essentially every aspect of lives. We changed how we interacted with our friends, families, co-workers, and the general public. We kept our distance, wore masks, and sacrificed portions of our freedom. Many Morro Bay businesses closed their doors temporarily and re-opened with entirely new ways of receiving their customers. It was a monumental shift in our daily lives. Together we took these painful, but necessary steps to help contain the virus and save lives.

The City of Morro Bay both played a significant role in warding off the virus and suffered like other organizations from reduced revenues and worry about the long-term impacts on our sustainability. The City responded to state and federal emergency declarations early on in the crisis, launching its Emergency Operations Center (EOC). City staff played dual roles in continuing to provide community services – police, fire, code enforcement, water and sewer, park maintenance, plan checks, etc. while serving on the front lines of protecting our community members from COVID-19.

I am extremely proud of how our City team stepped up to support the community, while also contending with the financial fallout from the pandemic. Shortly after the local emergency was declared to fight the pandemic, City Council activated the City's Short-Term Fiscal Emergency Plan in March 2020. The City took quick and drastic action to readjust revenue projections for the remainder of FY 2019/20 and curtail expenditures to ensure the continued solvency of the General Fund. Given the travel restrictions put in place by the Governor, the City's consumer driven revenue sources – Transient Occupancy Tax (TOT) and sales tax – were heavily impacted. In order to make up for these rapidly declining revenues, on the expense side City staff agreed to 5% pay cuts, the Council and Planning Commissioners waived their stipends, the City Attorney and Water Reclamation Facility (WRF) Program Manager reduced their fees, reserves were drawn down in the General Fund and Harbor Fund, training and travel budgets were restricted, capital projects were deferred, vacant positions were frozen and, unfortunately, many members of our City team were let go. The FY 2020/21 budget was developed with the same challenging fiscal realities, and every department and line of service was impacted by these hard decisions. The Council adopted the budget anticipating significantly reduced revenues and expenses and further use of emergency reserves. (The FY 2020/21 adopted budget included a reduction of expenditures of 18% compared to FY 2019/20 and a $1 million drawdown of GF reserves).

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We as a City and community battled together under the "Rock Solid Together" mantra, from front line staff up to the Department Directors and City Council to provide the core services our community members depend upon and worked together to contain the deadly virus. Our community was right there with us, as they did their part to keep each other safe, generously taking care of neighbors, friends, and strangers alike. They further supported our efforts by passing Measure E-20 (1% sales tax increase) at the November 2020 ballot, providing us the ability to recover financially from the pandemic and begin investing in our physical assets that make modern life possible.

I am amazed at the resiliency of our community and City. The past year tested each of our abilities, resolve and commitment to getting the job done. That very resiliency that got us through the tough year has allowed us to the turn the corner financially. The passage of Measure E, the success of the vaccinations locally, and the rebounding economy all point to brighter days ahead and a stronger financial forecast for our City. We have witnessed a very strong rebound of our local economy, far outpacing our original and mid-year revised projections for the current fiscal year. Given the improving conditions, we hope to end FY 2020/21 without having to use any emergency reserves, and potentially being able to restore a significant amount to reserves. This will give us a tremendous boost as we head into next fiscal year.

Vaccinations and use of masks have contained the virus, allowing more of our economy and community to reopen cautiously. As we begin to transition to "normalcy," however, we must never forget those who lost their lives to the awful virus. Nor shall we lose sight of the sacrifices made by our residents and business owners to weather the public health and economic crises triggered by COVID-19.

FISCAL YEAR 2021/22 PROPOSED BUDGET

Presented herewith is a balanced FY 2021/22 Operating Budget for the City of Morro Bay. In keeping with the theme of resiliency and rebounding, our budget picture could not look more different compared to the past 15 months outlined above. Whereas last year we planned for drastically reduced revenues and expenses and large drawdowns of our reserves, we now are rebounding to the point where we can strategically reinstate vacant positions, fund badly needed equipment replacements, reverse staff pay cuts and offer compensation increases, and begin the process of investing in our aging infrastructure. The rebound is dramatic, and it is only made possible by the resiliency of our community, City Council, and our City staff.

The budget for FY 2021/22 reflects total expenditures for the City budget of $121.7 million (including Capital Projects and excluding transfers between funds), this is an increase of $52.3 million or 75% when compared to the FY 2020/21 Amended Budget. This increase is primarily attributed to the planned progression of the City's Water Reclamation Facility (WRF). Without the WRF increase, the Amended Budget for 2021/22 is $32.8 million which is an increase of $6.4 million or 24% when compared to the 2020/21 Amended Budget. The WRF represents an additional expenditure of $88.9 million and $42.9 million for 2021/22 Budget and 2020/21 Amended Budget, respectively.

The City's proposed total General Fund expenditures are $14.2 million, an increase of $1,271,000 or 9.8% when compared to the FY 2020/21 budget. This increase is primarily attributed to increased salaries and benefits resulting from previously negotiated cost of living adjustment (COLA) increases for employees and more significantly increased benefit related costs associated with CalPERS increases, Other Post-Employment Benefits (OPEB) and health cost increases. The General Fund revenues are budgeted at $14.3 million (excluding transfers in), a 24.5% increase over FY 2020/21 budgeted revenues. The General Fund will also receive transfers in from other funds totaling $1.2 million for total General Fund revenues of $15.5 million.

The City is working within the budget to achieve City Council Goals and Objectives, which include:

- Achieving financial and economic sustainability,
- Improving public infrastructure – including implementing the Water Reclamation Facility (WRF) and One Water plan,
- Updating the City's land use plans and addressing affordable housing issues,
- Improving community outreach and engagement, and

- Temporary Council goal of responding to the public health and economic crises related to the COVID-19 pandemic.

These important and aspirational goals are achievable only because the City is able to meet the community's expectations with regard to core services like emergency response, water and wastewater services, streets and sidewalk maintenance, recreation and park services, facility maintenance, permitting processing, tax and service fee collections and code inspection services. Pursuit of these ambitious goals has also been made possible due to the improving local economy and added revenues.

Rebounding and Enhanced Revenues
Traditional Revenue Sources

The chief drivers of the rebound are the improved local economy and new sources of revenue. With regard to traditional revenue sources, the local lodging industry has nearly fully recovered, bringing much needed increases in TOT revenues. Consumer spending has rebounded as well, improving our sales tax projections. The fire hot real estate market has also bumped up projections for property tax. Those three revenue sources account for 69% of the total General Fund revenues (including transfers in). Staff forecasts a return to pre-pandemic revenue levels in most those categories for FY 2021/22.
The tables on the next page included information on the breakout of General Fund revenues for FY 2021/22, as well as comparative information to previous years.

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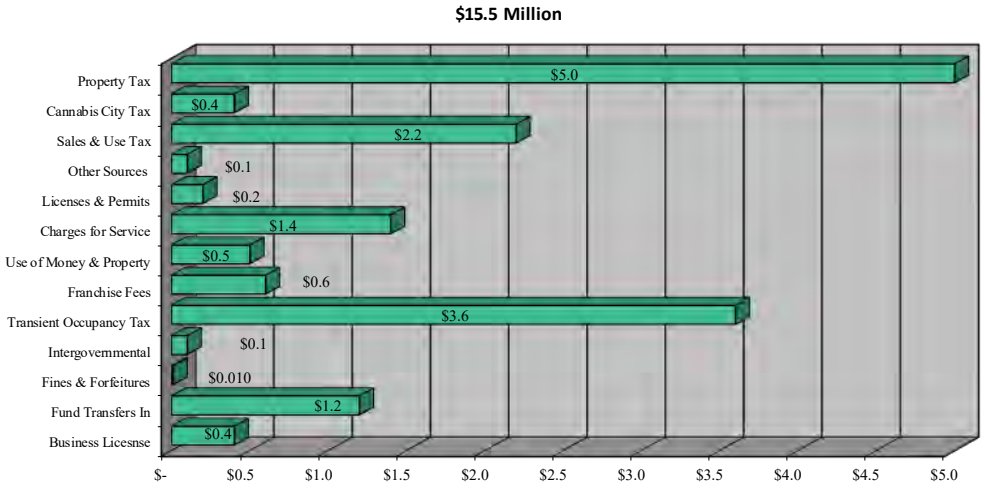
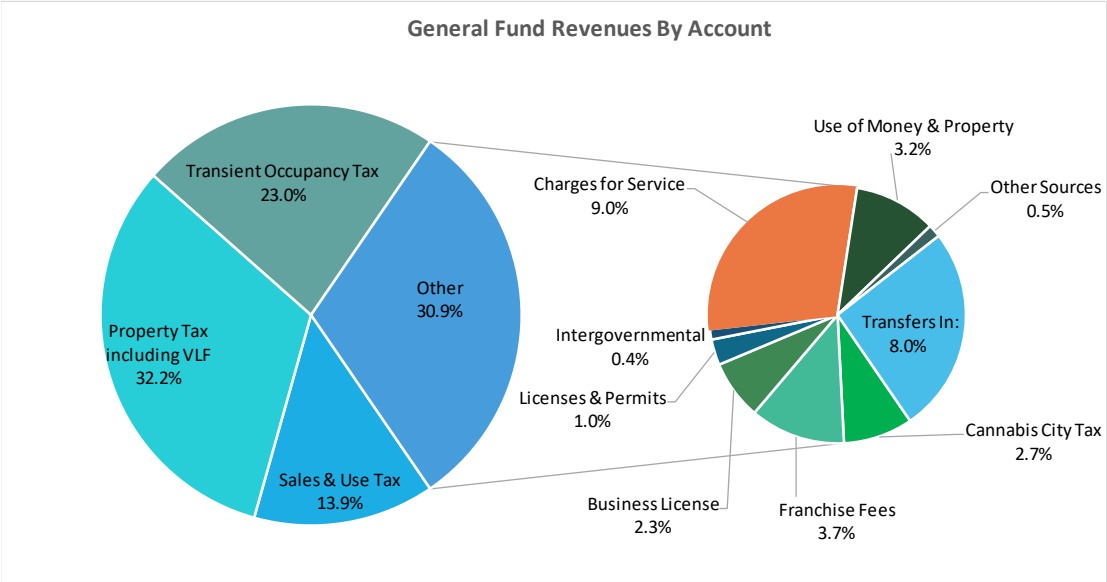
GENERAL FUND REVENUES
By Category



Revenue Category	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Sales & Use Tax	$ 1,971,038	$ 2,114,207	$ 2,186,074	$ 1,913,322	$ 2,150,281	$ 2,164,719	13.9%
Cannabis City Tax	-	-	-	106,000	204,243	426,000	2.7%
Property Tax including VLF	4,309,823	4,526,121	4,619,962	4,223,755	4,556,488	4,992,835	32.1%
Franchise Fees	524,997	528,560	555,644	536,137	542,258	572,259	3.7%
Business License	353,220	347,964	353,413	304,212	359,503	364,173	2.3%
Transient Occupancy Tax	3,429,186	3,576,121	2,892,130	2,402,479	3,490,603	3,577,868	23.0%
Licenses & Permits	133,739	129,054	139,345	95,500	159,371	156,500	1.0%
Intergovernmental	441,140	158,630	41,598	55,114	44,655	59,861	0.4%
Charges for Service	1,402,732	1,531,744	1,493,528	1,036,787	1,315,609	1,403,633	9.0%
Fines & Forfeitures	10,003	4,834	6,880	6,000	6,000	7,000	0.0%
Use of Money & Property	478,405	371,041	323,495	360,802	360,497	499,900	3.2%
Other Sources	46,938	42,246	66,724	456,067	454,460	85,348	0.5%
Total Revenues	**$ 13,101,221**	**$ 13,330,522**	**$ 12,678,793**	**$ 11,496,175**	**$ 13,643,968**	**$ 14,310,096**	
Transfers In:	1,528,702	1,328,801	2,729,784	2,581,062	1,211,862	1,244,577	8.0%
Total Revenues & Transfers In	**$ 14,629,923**	**$ 14,659,323**	**$ 15,408,577**	**$ 14,077,237**	**$ 14,855,830**	**$ 15,554,673**	**100%**
	-	-	-	-	-	-	



Cannabis Revenue
Two cannabis retail shops are now open in Morro Bay. As Council may recall, Morro Bay residents approved a cannabis specific tax of up to 10% in 2018, for sale of cannabis within Morro Bay. Council set the tax rate of 5% for all retail sales locally. After consulting with the two retailers and reviewing their existing monthly revenue numbers, staff anticipates Cannabis tax will bring in another $426,000 to the City in FY 2021/22. This new source of revenue will help support one-time expenses, primarily maintenance, equipment, and capital needs.

Measure Q and E Revenue
Additional positive news for revenues includes the aforementioned passage of Measure E-20 (Measure E). The new sales tax measure will bring in an anticipated $2.2 million annually to invest in public safety, cleanliness and infrastructure. City Council and the Citizen Finance Advisory Committee (CFAC) reviewed and approved recommendations to combine Measure E with Measure Q (the 0.5% sales tax approved by Morro Bay voters in 2006) and provided further guidance to staff with regard to budget preparation.
Following passage of Measure E, City Council adopted principles and priorities for expenditures of those for FY 2021/22 and beyond. The adopted principles are as follows:

1. Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor Department personnel and equipment, in addition to the Fire Headquarter debt service and the Fire engine loan repayment.
2. Maintain or enhance cleanliness and safety of public spaces such as parks, waterfront, and the beach by funding personnel, supplies, and equipment primarily provided by our Public Works Consolidated Maintenance and Harbor Department.
3. Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects.
4. Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

In April 2021, staff presented a draft Measure Q and E expenditure plan to the Citizen's Finance Advisory Committee (CFAC) which aligned the proposed expenditures with these principles. The CFAC made modifications to fund more public safety personnel (Police and Fire sworn staff) and reduce the amount dedicated to storm drain repairs and maintenance. The proposed expenditure plan models the request from CFAC with one minor exception (explained below) and includes the following major categories of expenditures:

- Staffing: To maintain and/or restore positions in the Police Department (3 positions), Fire Department (3 positions and overtime), Public Works – Consolidated Maintenance (2 positions), and the Harbor Department (Lifeguard Program).
- Equipment replacement in the Police Department (Records Management System and Report Dictation System), Public Works – Consolidated Maintenance (truck replacement) and Harbor Department (replace firefighting equipment).
- Services: To maintain and/or enhance public spaces through sidewalk replacement and trash disposal on the waterfront.
- Capital Improvement project implementation support: A pool of Measure Q & E funding is identified so that staff capacity can be enhanced to ensure CIP projects are implemented in a timely fashion.
- Capital Improvement Investments: Street paving, storm drain maintenance and repair as well as intersection improvements at State Route 1/Main Street/State Route 41 are included in this plan.
- Debt Service on Fire Station United States Agriculture Department loan and repayment to the General Fund Emergency Reserve for purchase of a fire engine.
- Restore the General Fund Reserve

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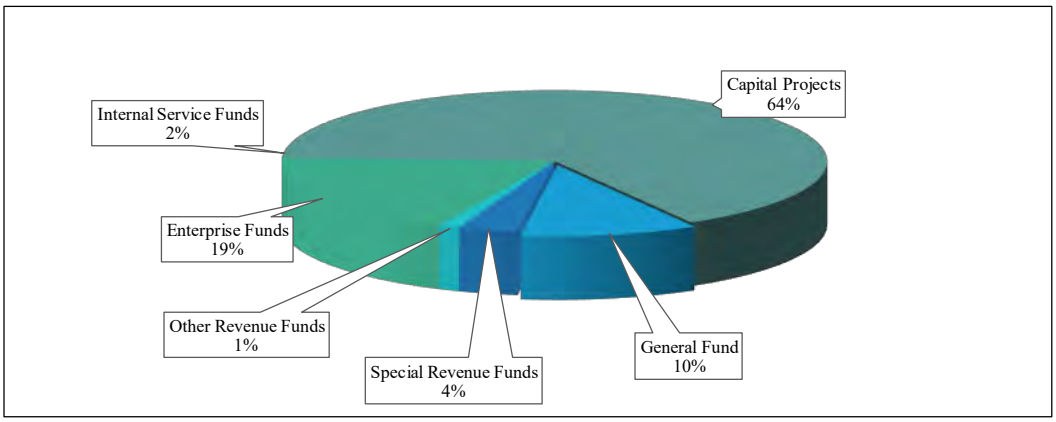
Federal Revenue Support

An unexpected revenue support for the next year comes in the form of the America Rescue Plan Act (ARPA), which provides over $350 billion to states, counties, cities and tribal jurisdictions. Based upon the per capita funding methodology in the act, Morro Bay will receive $990,000 this June and another $990,000 in June 2022. These funds will help the City both invest in needed equipment and rebuild emergency reserves. Federal guidelines were delivered to cities on May 10, 2021. Staff has not had time to review the guidelines closely in time for the issuance of the draft budget. Therefore, several assumptions made by staff regarding allowable usage of these funds in the FY 2021/22 budget may be invalid. This may require staff to make changes to the budget after the draft budget is released. If that is the case, staff will issue a budget supplemental to City Council for review ahead of budget approvals.

The next table is a breakout of all major fund revenues, as a percentage of the total City operations and capital budgets.

TOTAL CITY REVENUES

By Fund



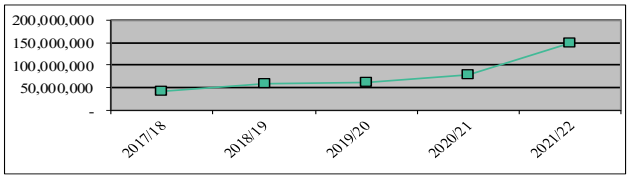
FY 201/22 Revenues By Fund

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	$ 14,629,925	$ 14,662,936	$ 15,409,836	$ 14,077,237	$ 14,855,830	$ 15,554,673	10.0%
Special Revenue Funds	1,998,563	2,582,537	1,791,429	1,819,250	3,140,265	5,218,340	4.0%
Other Revenue Funds	2,199,555	2,456,907	2,677,157	1,469,731	1,732,307	1,825,577	1.0%
Enterprise Funds	17,951,992	24,026,587	25,934,506	30,978,774	30,017,107	27,979,310	19.0%
Internal Service Funds	1,986,166	2,367,406	2,632,586	2,670,188	2,872,061	3,394,730	2.0%
Capital Projects	3,884,711	12,095,661	13,074,184	48,405,176	25,216,964	94,341,664	64.0%
Total Rev & Transfers In	**$ 42,650,912**	**$ 58,192,034**	**$ 61,519,698**	**$ 99,420,356**	**$ 77,834,534**	**$ 148,314,294**	**100.0%**
	-	-	-	-	-	-	

CITY REVENUE HISTORICAL TREND

(Includes Transfers In)

FY	Total	Status
2017/18	42,650,912	Actuals
2018/19	58,192,034	Actuals
2019/20	61,519,698	Actuals
2020/21	77,834,534	Estimated
2021/22	148,314,294	Projected

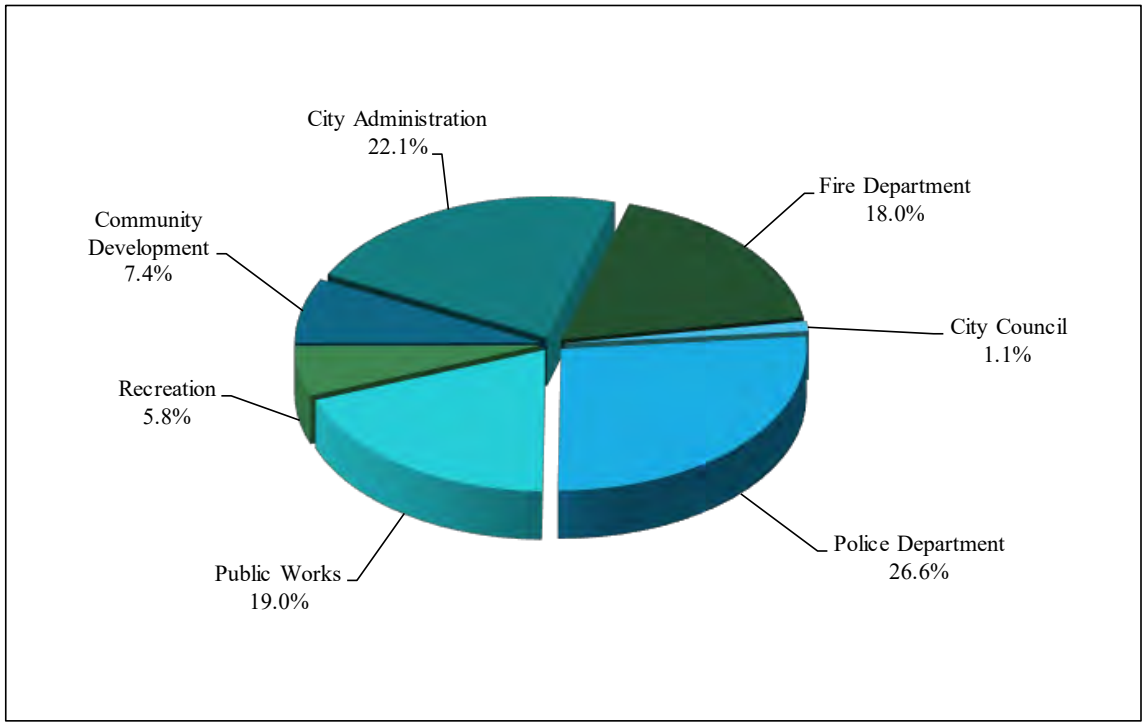


FY 2021/22: A Year of Strategic Investments – People, Equipment, and Capital Improvements

The dramatically improved financial picture in FY 2021/22 affords the City with what has been a rare opportunity in recent years to make strategic investments in our people, the tools that allow them to get the job done, and our physical assets (roads, parks, restrooms, storm drains, harbor facilities, etc.). The table below outlines the percentage of the proposed FY 2021/22 General Fund budget for each of the departments.

GENERAL FUND EXPENDITURES

By Department



Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Police Department	$ 3,521,549	$ 3,359,254	$ 3,871,520	$ 3,537,166	$ 3,535,950	$ 3,775,377	26.6%
Fire Department	3,200,709	2,712,709	3,010,317	2,937,326	3,174,265	2,559,130	18.0%
Public Works	2,428,683	2,418,757	2,621,367	2,366,212	2,167,946	2,697,827	19.0%
Community Development	849,906	919,817	1,024,250	914,511	911,231	1,054,326	7.4%
City Administration	2,118,967	2,295,213	2,431,410	2,365,146	2,430,494	3,133,884	22.1%
Recreation	1,070,905	1,197,289	1,211,857	721,755	721,863	817,328	5.8%
City Council	108,530	123,043	91,185	84,098	56,255	159,298	1.1%
Total General Fund Exp	**$ 13,299,249**	**$ 13,026,082**	**$ 14,261,906**	**$ 12,926,214**	**$ 12,998,004**	**$ 14,197,170**	**100%**
Town Debt Payments:	$ 35,078	$ 35,189	$ 35,277	$ 35,191	$ 35,189	$ 35,190	
Transfers Out:	562,990	855,149	480,970	563,000	363,273	1,289,688	
Net Operating Expenditures	**$ 13,897,317**	**$ 13,916,420**	**$ 14,778,153**	**$ 13,524,405**	**$ 13,396,466**	**$ 15,522,048**	

Portions of the Fire, Police and Public Works Departments are funded from the Measure E/Q Fund. Expenses from these departments charged to Measure E/Q Fund are not reflected in the General Fund table above.

Staffing Considerations

If anything, the pandemic has taught us the need innovate to accomplish our mission. It also reminded us that our most precious resource is our staff.

We had less people and more responsibilities to take on with the pandemic response. Our total compliment of full-time staff (FTE) was reduced by 9 positions from 97.4 FTE in FY 2019/20 to 88.1 FTE in FY 2020/21. We also needed to provide service to our community that were traditionally provided face to face but could not because of social distancing requirements. In addition, employees took on new responsibilities to help inform the public and

businesses about changing pandemic regulations and serve those disproportionately impacted by the public health crisis. This was in addition to them volunteering for compensation reductions to help balance our budget. I am very proud of how our City staff stepped up to fill the gaps, develop new systems on the fly, and respond to this once in a century public health and financial challenge; however, these abrupt changes and added responsibilities, coupled with reductions in positions, stretched our organization thin. In fact, that stretching reached breaking points in several departments. We met the COVID-19 challenge as an organization, but we recognize that we are not on a sustainable path regarding our current staffing levels.

Moving forward, we know that we cannot continue to provide quality core services with the constrained staffing model we adopted in our pandemic response. In developing the draft FY 2021/22 Budget, each department was tasked with evaluating its needs as well as opportunities to do things differently. We are applying the mindset of doing things differently that recognizes and accounts for the breaking points in the organization. Applying that innovation mindset and acknowledging the realities of what it takes to get the job done, we are recommending several key staffing enhancements to the FY 2021/22 budget. We believe we can meet the mission of delivering core services to our community through position modifications and filling several other vacant positions. With the proposed position enhancements in this budget, we will return to near pre-pandemic levels (see table below).

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	FTE Change
Total City FTEs					
Administration	12.00	12.00	10.00	11.00	1.00
Recreation Services	4.00	4.00	2.00	3.75	1.75
Community Development Department	6.00	6.00	5.00	6.00	1.00
Police Department	20.75	21.38	20.38	21.38	1.00
Fire Department	13.75	13.75	13.75	15.00	1.25
Public Works	18.00	18.00	14.00	17.00	3.00
Utilities	18.15	16.27	17.00	18.00	1.00
Harbor Department	7.00	6.00	6.00	6.00	0.00
Total City-wide FTEs	**99.7**	**97.4**	**88.1**	**98.1**	**10.00**

Below is a summary of proposed staffing changes by department:

Administration – The City eliminated two administrative support positions in the FY 2020/21 Budget. Staff recommends restoring one of the support positions, and converting the other into an administrative analyst position. The analytical support will help all functions within the Administrative Services Department (Finance, Human Resources, City Clerk, Information Technology and City Manager). This staff person will further assist the new Administrative Services Director/Assistant City Manager with the annual budget and capital improvement project (CIP) processes.

Recreation – Recreation programming was curtailed significantly by social distancing protocols established by the State and County. In response, the City eliminated administrative support and sports programming positions, in addition to a large number of part-time positions. With restrictions easing, the City is beginning programming for youth and seniors again. Therefore, staff is recommending reinstating a ¾ FTE for sports programming and 1 FTE for administrative support. Staff is also bringing back part-time positions to ensure success of these programs.
Community Development – The City eliminated 1 FTE planner position in the face of declining revenues in FY 2020/21. With conditions improving and demand for community planning services reaching pre-pandemic levels, staff recommends restoring this position.

Police – The City held a police officer position vacant throughout the first half of FY 2020/21. Around mid-year, the Police Department filled the position and expenses were assumed by Measure Q for the remainder of FY 2020/21. Moving forward into FY 2021/22, staff recommends that position be fully restored.

Fire – In FY 2020/21, the City reduced the full-time administrative support position in Fire to ¾ time to account for financial impacts from the pandemic. Moving into FY 2021/22, staff recommends reinstating the ¼ to the position.

In addition, staff recommends converting overtime and part-time expenses that make up the 12th firefighter position into one full-time position. This recommended conversion will have minimal impact on the budget. Staff is also recommending modifications to the Fire Marshal position, raising it from the Captain's rank to that of Division Chief. This will provide much needed administrative and leadership support to the new Fire Chief and will largely be cost neutral.

Public Works – For FY 2020/21, the City eliminated the maintenance superintendent position, a consolidated maintenance position and an engineering position. The City also held the Public Works Director position vacant from March 2020 through May 2021. In order to ensure functionality and leadership in the department, in FY 2021/22 staff recommends fully funding the Public Works Director position and filling the maintenance and engineering positions. Further, staff recognizes there are additional needs in engineering to keep pace with development demands and the need to execute on capital improvement projects. Therefore, the recommended FY 2021/22 budget also includes funding for additional position(s) in engineering. The structure and the specific job duties of position(s) has yet to be determined. Rather, staff believes it is best for the new Public Works Director to conduct an assessment and then develop recommendations for Council consideration on those needs in the coming months.

Utilities – In order to ensure proper start-up and efficient operations at the new Water Reclamation Facility (WRF), staff is recommending the addition of full-time Electrical and Instrumentation Technician whose primary duties will be to support the SCADA system for the WRF. Staff anticipates hiring for this position mid-year FY 2021/22 around the time WRF start-up activities begin.

Employee Compensation
Our success as a City in meeting the needs and desires of our community rest almost entirely on the shoulders of our City employees. They are the heartbeat of our organization. In order to ensure that we attract and retain talented professionals to serve the Morro Bay community, we must provide competitive compensation. Prior to the pandemic the City had struggled to maintain parity with our neighboring jurisdictions. That gap widened during when the pandemic struck. While our employees took pay cuts during the pandemic, many of the other cities in our region either maintained status quo for their workers or provided increases in salaries. Given our improved economic and financial conditions, we are now poised to take needed strides now to catch up with other local cities in terms of employee compensation. The FY 2021/22 proposed budget provides for larger increases than offered in years past to help make up ground lost over the past 15 months.

Non-personnel Expenses
With the addition of Measure E (combining with Measure Q) and the temporary assistance from ARPA, the City is positioned to maintain and enhance public safety and maintenance staffing as well as replace City vehicles, technological equipment, and maintenance equipment. The City also can once again set aside funds for future replacement of these tools that help our employees succeed in their positions.

Capital Improvement Projects

The FY 2021/22 includes a significant amount of investment in our capital needs. In total the City will invest more than $97,246,000 in capital projects citywide.

WRF and One Water Projects
First and foremost is the WRF program. FY 2021/22 will be the peak year in terms of activity for the project, as construction of the treatment facility and conveyance system are in full stride and advance work on the injection well system continues. The total projected expenditures for the WRF program in FY 2021/22 are approximately $88.5 million. The City is anticipated a higher total cost for the overall program (moving from $138.5 million to $144.5 million) to account for the recent soil slip on the treatment facility property, need for more cultural resource investigative work, supporting program management costs, and maintaining a healthy contingency for potential unknown costs. The WRF project is supported by established water and sewer rates which will not change as a result of project increases. The City has already secured a $61 million low-interest loan from the federal government and is close to signing a loan agreement with the state for another $61 million low-interest loan and $5 million grant. At

this time, it is projected the City will finance the remaining portion of the project with water and sewer fund cash reserves. Next year also includes continued investment in other water and sewer infrastructure, as design work progresses on three One Water projects.

General Government Projects
The proposed budget includes $1,150,000 for paving of City streets; $766,000 for the State Route 1/41/Main Street intersection improvement project; $727,000 for stormwater replacement work, $318,000 for the Coleman Beach restroom replacement project; $150,000 for Wayfinding signage; $148,000 for Vets Hall audio and video upgrades; and $57,000 for installation of electric car charging stations, and $29,000 for the bocce court/greenhouse project.

Harbor Fund Projects
The budget also includes investment of Measure E/Q revenues into the Harbor Fund. This proposed investment of trash disposal and lifeguard support will help keep the waterfront clean and our beaches safe. This investment allows the Harbor Fund to set aside funds for upkeep of docks, piers and other infrastructure that supports commercial and recreational fishing in Morro Bay. The Harbor Department's capital project funding for FY 2021/22 includes $600,000 for improvements to the Beach Street Slips (North & South). Also included is $230,000 to replace or repower the engines in the used harbor patrol vessel that was purchased for $85,000 in FY 2020/21 from the San Luis Obispo Harbor District. Each year as a routine item, $10,000 is appropriated for repairs that may arise for the ice machine. All other Harbor capital projects are on hold at this point until more information is known about the impacts of COVID-19 on the Fund's revenues.

Transit Fund Projects
The Transit fund is carrying forward funds to finalize purchase of the replacement trolley as well is proposing new capital projects for the City Park Transit Hub Improvements for $473,000, an automated Fare collection system for $74,000, and a ZEB Implementation Plan for $40,000. All projects are being funded through state highway revenues and or transit fund reserves.

Understanding the Budget Document

The Operating and Capital Budget document includes City-wide information as well as information specific to each fund and each Department. The City receives revenues from different sources, many of which have restrictions on how they can be used. Separate funds are established to account for the different types of revenues and allowable uses of those revenues.

The budget is prepared in accordance with Generally Accepted Accounting Principles. The budget for government funds has been prepared on a modified accrual basis. The modified accrual basis recognizes expenditures when the related fund liability is incurred. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

10-Year Financial Forecast

The 10-Year Financial Forecast was presented to Council on February 23, 2021. An updated version will be issued under separate cover.

State and Federal Budget Impacts

In addition to planning for future financial obligations, such as pensions and infrastructure, the City also faces the challenge of compliance with unfunded mandates from the State and Federal government. Growing State and Federal regulations continue to tax the resources of local governments. The City's growing pension liabilities as well as unfunded infrastructure needs, are two of the largest long-term financial challenges in the coming years for the City.

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Cities like Morro Bay and their respective collective bargaining units are doing what they can to prepare for the increased pension payments. However, the state could undertake efforts to address structural reform to reduce pension obligations. With housing, homelessness and pandemic response being the primary focus of the Governor and Legislature this year, its unlikely that the state will take up the issue of pension liabilities.

Conclusion - Looking Forward to the Future

Given the improving revenue projections, the City will invest in capital needs assessment. This will allow us to understand our true needs in the waterfront, etc., and begin process of prioritization.

The turnaround from March 2020 has been nothing short of breathtaking. In June 2020 we were preparing for the potential of long-lasting economic peril. The great news is that we will enter this next year with renewed optimism. This change of circumstances allows us to seize opportunities for innovation, restored programs beloved by the community, invest in our infrastructure and recommit to our staff such that their pay, tool, equipment, leadership, and work environment match the excellent service they provide to the community. It is important to remember that the business of government is all about serving the community in a manner that makes it more safe, beautiful, and welcoming. The City achieves this through the hard work, dedication and perseverance of our staff, volunteers (like those serving on our boards, commissions, and committees) and all those who love Morro Bay. I am gratified that so many people love the City of Morro Bay. This reinforce my belief that we are Rock Solid Together!

I must take a moment to thank our staff for all they have done to keep our community safe, while taking on additional duties throughout the pandemic. I also want to provide a special callout for the Finance team. They have been tasked to do so much during the pandemic to manage the dynamic financial situation the City has faced over the last year.

Lastly, this budget would not be possible without the City team's extra work, late nights, early mornings, and weekend work! Specifically, I would like to acknowledge all Department Directors and staff who participated in the budget process including Bonnie Johnson, Police Chief Jody Cox, Damaris Hanson, Joe Mueller, Janeen Burlingame, Kirk Carmichael, Cindy Jacinth, Laurie Goforth, Heather Goodwin, Dana Swanson, Fire Chief Steve Knuckles, Matt Vierra, Lori Stilts, Eric Endersby, Rob Livick, Scot Graham and Dawn McLean. A big thank you to the Finance Team—Valerie Webb, Tracy McConnell, Charlee Lowe, Chloe Budd, and Doug Harbottle —all of whom helped with the preparation and distribution of the proposed budget. A special thank you to Sandy Martin for her dedication and professionalism even as she prepared for retirement (enjoy!). I want to express my deep appreciation to Katie Lichtig, Interim Finance Director for joining our team and providing thoughtful leadership and strategic advice as we navigated this complicated budget process. The commitment to excellence by this team inspires me!

The combined efforts of these employees resulted in a comprehensive and balanced proposed budget for FY 2021/22.

Respectfully submitted,

Scott Collins
City Manager

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Morro Bay

California

For the Fiscal Year Beginning

July 1, 2020

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) has presented a Distinguished Budget Presentation Award to the City of Morro Bay, California for its annual budget for the first time in FY 2019/20. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

The Government Finance Officers Association of the United States and Canada

presents this

CERTIFICATE OF RECOGNITION FOR BUDGET PREPARATION

to

Finance Department
City of Morro Bay

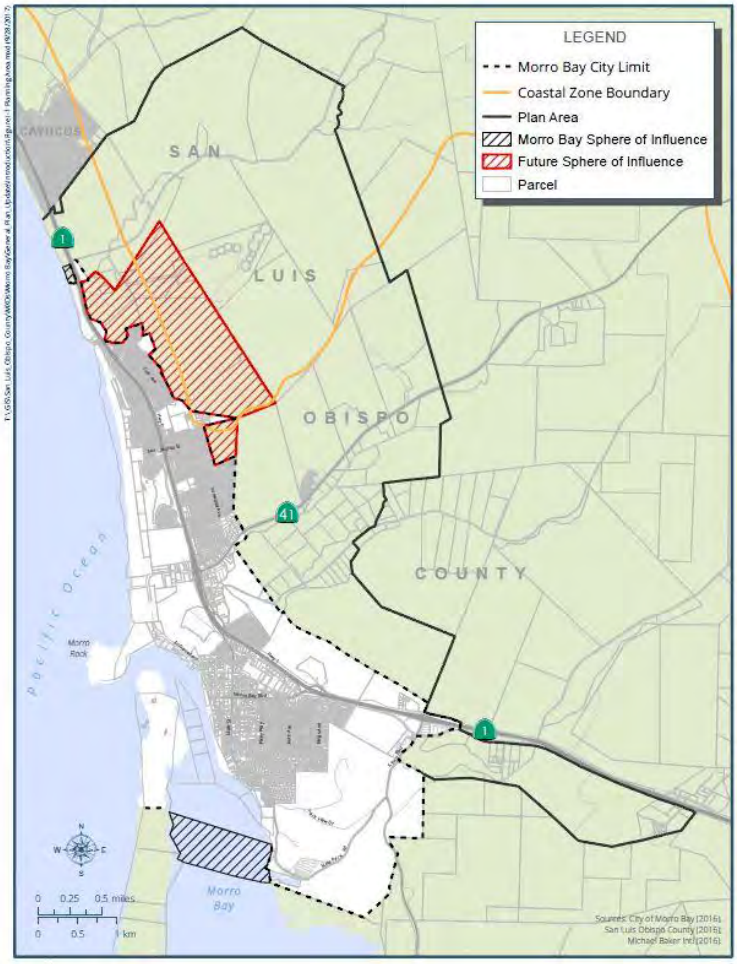
The Certificate of Recognition for Budget Preparation is presented by the Government Finance Officers Association to those individuals who have been instrumental in their government unit achieving a Distinguished Budget Presentation Award. The Distinguished Budget Presentation Award, which is the highest award in governmental budgeting, is presented to those government units whose budgets are judged to adhere to program standards.

Executive Director Christopher P. Morrill

Date **April 26, 2021**

History and Culture of Morro Bay

Morro Bay is a small seaside town and home to people of all ages and a variety of demographics. It is a friendly, safe, and healthy place to live and work. With strong historical roots in the fishing industry, the city is a thriving destination for visitors, offering natural beauty, outdoor recreation, a working waterfront, a creative community, and a welcoming atmosphere. The community prides itself on being a unique location on the Central Coast and appreciates the nautical, eclectic image of a charming waterfront town that it has cultivated over time.



Past

Morro Bay was first named by Portuguese sea exploration navigator Juan Rodriguez Cabrillo in 1542 in his initial exploration of Upper California when he anchored near the rock he called "El Moro" to resupply. After his initial landing, however, Morro Bay did not experience much activity until 1769 when Governor Gaspar de Portola began exploring the region. His time in Morro Bay brought a small population to the area, which cultivated the beginnings of a community.

The Town of Morro was founded in 1870, by which time the wharf along the Embarcadero had already established itself as a prominent location for produce trade with schooners traveling to and from San Francisco. The town's population at the time of its founding was about 200. Over time, Morro Bay evolved from a trading center to a fishing port, tourist destination, and retirement community.

The City of Morro Bay incorporated in 1964 and throughout its development has strived for planning that contributes to the quality of life by providing amenities and services. The City has simultaneously accommodated an influx of residents and visitors to the region.

Present

The population of Morro Bay has grown slowly over the past several decades. Morro Bay is a multigenerational community with a large number of residents over 65, giving it the strength and vitality of diversity, as well as some unique considerations.

Morro Bay's age demographics describe a unique multigenerational community. There is a substantial elderly population, with the community's percentage of seniors at nearly double the state average. By comparison, the community has a relatively smaller share of youth. Despite this imbalance, the working age population has remained constant to support the local economy and community needs.

In 2014, Morro Bay had 6,421 housing units. Approximately 20 percent of these residences were primarily used for vacation accommodations or seasonal uses. This large number of seasonal vacancies is not surprising because of Morro Bay's identity as a tourist destination. In 2015, Morro Bay's estimated total employment was 5,400 jobs. This estimation has remained relatively constant over the past decade, and the community has observed very little change in job growth. This constant employment is balanced by virtually no population change within the city in recent decades. The community values the small-town feel of Morro Bay, and this lack of major job or population growth is consistent with a local sentiment to keep Morro Bay a relatively small community.

Future

While Morro Bay and its residents have always taken pride in maintaining a healthy and resilient city, projected future demographic, economic, and climate change conditions have catalyzed the community's interest in clarifying a vision for a more resilient future and path forward.

Sitting on the coast, Morro Bay is vulnerable to many changes in the next 20 years that could affect the health and well-being of the community, including sea level rise, an aging population, and development pressures. Working with adjacent jurisdictions and participating in the implementation of regional and state plans will be a cohesive approach to long-range planning that addresses the needs of the community in response to changes in the population, economy, and climate.

COMMUNITY VISION

Vision & Values

Community Vision

A community vision is a long-term aspiration describing what a community wants to achieve in the future. Put simply, it describes the ideal condition of Morro Bay in 2040 and outlines the factors that will sustain long-term community character and values over time. The Community Vision was crafted by the General Plan Advisory Committee (GPAC) and City staff, based on input provided by the community during the community engagement process. The Community Vision represents a summary of the future aspirations underlying the City's General Plan.

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In 2040, Morro Bay remains a small oceanfront town and thriving year-round destination, known for its natural beauty, creative people, outdoor recreation, working waterfront, and welcoming community spirit. It is a friendly, safe, resilient, and healthy place where people of all ages and economic levels live, work, play, and visit.

The natural environment and wildlife are cherished and conserved and are essential elements that integrate with and define our urban landscape. Our healthy wetlands, iconic Morro Rock, and bustling harbor are complemented by expansive parks, connected bicycle lanes, safe streets, and pathways that are accessible to people of all ages and abilities.

We have a deep appreciation for nature and honor our native, cultural, and maritime heritage. We maintain and support our working waterfront and carefully preserve our estuary, watershed, natural shoreline, and surrounding open space. We adapt to changes in the climate, economy, and culture without compromising our small-town character.

Our vibrant economy is strengthened by sustainable resource practices, a responsive City government, and leading-edge technology that empowers local business owners and attracts new businesses and investors. We are a diverse, multigenerational community where head-of-household jobs, sustainable living wages, and affordable housing options serve as a foundation that allows people of all ages and income levels to thrive.

Modern, well-maintained public amenities and supportive community services nurture our residents, community organizations, and neighborhood groups. We actively participate in government decisions and take pride in volunteerism. We welcome personal expression and creativity, as reflected in our varied visitor attractions, bustling dining scene, vibrant arts culture, community events, public art, and outdoor activities. Our diverse housing, safe and eclectic neighborhoods, and reliable transit system are enhanced through suitable urban infill and mixed-use development that accommodates modest residential and commercial growth.

Mindful of our rich heritage, we take great pride in our community and work together toward a bright future.

Community Values

The following values, supporting the Community Vision, are intended to guide future City decision-making. These values were created through the GPAC's work and reviewed by the City Council early in the General Plan update process.

Each value describes an aspect of the community Morro Bay wants to be in 2040, while underscoring both challenges and opportunities.

- Natural Environment: Our estuary, shoreline, and open green spaces are sustainably conserved, and our parks and recreation spaces are healthy, resilient, and accessible to all.
- Heritage & Identity: We welcome visitors while maintaining our small-town character and honoring our maritime heritage.
- Jobs & Housing: A range of affordable housing options and living wage jobs provide for a high quality of life.
- Economic Vitality: Our diverse and sustainable economy supports both new and existing locally owned businesses, including community-supporting tourism.
- Infrastructure & Amenities: We have modern, resilient infrastructure and public amenities.
- Mobility & Access: Safe and accessible streets, trails, and multimodal transportation options conveniently connect people and places throughout town and to surrounding destinations.
- Good Governance: Our government is supportive, collaborative, equitable, and responsive to the needs of all segments of the population.
- Resident Services: We provide a range of public services that support a diverse and multigenerational community.

KEY ISSUES

Diverse Mix of Land Uses

Morro Bay is physically defined as a community by a land use pattern, design elements, and overall community form. The balance of uses and ways in which they are arranged dramatically affect the character, sustainability, health, and economy of the city. The uses present in the city and their locations can ensure equitable access to the coast, visitor amenities and services, and housing, employment, retail and services, education, and recreation for residents and employees. Having a diverse mix of land uses also allows for a varied economy that promotes local businesses and a strong jobs/housing balance and is able to adapt to changing markets and economic disruptions. In these ways, the form of the community directly contributes to Morro Bay's sustainability, resiliency, success, and the well-being of residents and visitors.

Housing and Jobs Growth

The community's ability to achieve a desirable jobs/housing balance is dictated by numerous factors, including physical space, regulations, resource availability, and market factors. Morro Bay's current (2017) ratio of jobs to households is approximately 1.07.

Commercial Fishing

Commercial fishing plays significant economic and cultural roles in Morro Bay. Voter approved Measure D ensures that areas on the north Embarcadero are specifically designated for commercial fishing infrastructure and facilities to accommodate both commercial and recreational fishing activities.

The fishing industry is organized by the Morro Bay Commercial Fisherman's Organization (MBCFO), which has over 100 members. The commercial fishing community also has strong ties to local colleges and has engaged in collaborative research with local institutions for decades. The fishing industry serves as an important part of the local economy and has continued to increase in size in recent years and decades.

The Harbor Advisory Committee and Planning Commission have worked to define and establish a Working Waterfront concept and better define Measure D. A mission statement for the Working Waterfront has been created and the Working Waterfront has been divided into three sectors. The sectors from north to south are as follows:

1. Fisheries Sector: The Measure D Zone, north of Beach Street
2. Visitor's Sector: Beach Street south to Tidelands Park launch ramp
3. Southern Sector: South of Tidelands Park launch ramp to the State Park Marina

The marine environment in Morro Bay is highly diverse, and fishing activity is managed in order to meet state and federal regulations for types of gear, species targeting, and quotas. This sustainable management is based on science-driven stock assessments. Over time, these efforts have resulted in healthier populations of species such as thresher shark, swordfish, salmon, and many others.

In 2014, the City completed two reports that contribute to future management of the fishing industry. The Commercial Fisheries Economic Impact Report sought to understand the economic scope of the industry. The Fishing Community Sustainability Plan further studied the industry and provided recommendations to facilitate the sustainability of the fishing community and working waterfront. Each of these findings were tied to their social, economic, and environmental implications. While changes to the industry and declines have occurred in the fishing industry, catch and fishing industry productivity have been increasing in recent years. With the decline in the 1990s, fishing infrastructure suffered, processing facilities closed, and improvements are now needed. While some investment in facilities and equipment has been made in recent years, additional focus is necessary to provide for the needs of the fisheries.

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Recreational Boating and Infrastructure

Recreational boating is another important feature of Morro Bay. Kayaking, paddle boarding, and boat tours are commonly enjoyed activities, and several businesses in the city provide these activities. As these activities increase with the growth of Morro Bay and increasing tourism activities in California, the City will ensure that they do not interfere with the necessary operations of the commercial fishing industry, and, that no potentially dangerous space conflicts arise which would interrupt these recreational activities. Both commercial fishing and recreational boating will be protected and enhanced where possible.

Downtown and Waterfront Areas

Morro Bay's downtown and the waterfront Embarcadero areas are the commercial and cultural core of the community. They are the location of many of Morro Bay's local businesses and are within walking distance of numerous residential neighborhoods. Residents and visitors alike come to spend time in downtown and along the waterfront, which are among the major visitor attractions in the city and the wider region.

ECONOMIC DEVELOPMENT

Morro Bay's economy both shapes and is shaped by its physical development. A strong and resilient economy is crucial to the success and adaptability of the community, and critical to ensuring the City's ability to provide essential and expected municipal services to residents, businesses, and visitors. Factors affecting economic development are diverse, encompassing income and health factors, land use and transportation, the number and diversity of businesses, and resident and visitor spending patterns. City staff and officials take this multitude of factors into account when making planning decisions and balancing the economic health of the city in a way that achieves the vision for Morro Bay.

DEMOGRAPHICS

Morro Bay's demographic makeup influences the economic resiliency and composition of the community by defining the types of businesses attracted, the ability of residents to pay for goods and services, and the jobs and homes provided.

Residents tend to be more formally educated than the general state population, and unemployment is relatively low. As shown in Table ED-1, Morro Bay residents also tend to be older than the California average, with about 23 percent of residents over the age of 65 and a median age of 49. The number of working-age residents in Morro Bay is similar to the state average, however, providing for a workforce that can support economic development. These factors generally mean that residents in Morro Bay have some expendable income and the city has a reasonably sized workforce to fill local jobs.

However, a significant percentage of local residents will be retiring in the next two decades and will have less income available for goods and services.

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Table ED-1:
Age Distribution (2010–2015)

	Morro Bay			California		
	2010	2015	Average Annual Change	2010	2015	Average Annual Change
Total	10,234	10,640	0.8%	37,253,956	38,907,642	0.9%
Under 20	1,341	1,734	5.9%	10,617,377	10,349,433	0.5%
20–34	1,627	2,000	4.6%	8,084,108	8,676,404	1.5%
35–54	2,303	2,426	1.1%	10,580,124	10,582,879	<0.1%
55–64	1,863	2,022	1.7%	3,837,157	4,474,379	3.3%
65 & Over	3,101	2,458	-4.1%	4,135,189	4,824,548	3.3%
Share of Population 25–64	51%	54%		53%	53%	
Population Under 18	12%	15%		25%	24%	
Population Over 65	31%	23%		11%	12%	
Median Age	54.1	49.2		34.9	35.8	

Sources: US Census Bureau, American Community Survey 2010 and 2015 5-year estimates; California Department of Finance, Demographic Research Unit (total population) May 2016 E-4 Population Estimates for 2010 and 2015

TRANSPORTATION NETWORK

Morro Bay's transportation network encompasses infrastructure, facilities and amenities, and transit services. The system reflects the small-town nature of the city, with a connected grid network and pedestrian and bicycle infrastructure on many of the main streets. The streets facilitate travel by a variety of modes, but they must be carefully maintained and managed to accommodate seasonal visitors without impacting local residents and employees.

Transportation Network Diagram

Morro Bay has many roadways that are designed to be complete streets, accommodating multiple travel modes and user needs. A well-designed complete street allows for easy and safe transportation that may include vehicles as well as pedestrians, bicyclists, and public transit, traveled by individuals of all ages with a wide variety of needs, destinations, and abilities.

The Complete Streets Act requires cities and counties to plan for balanced, multimodal streets that can meet the needs of all users. The method by which a street is designed to be complete depends on the location, existing infrastructure, and demand for each mode type, and could include installing or improving sidewalks and crosswalks, adding bike or bus lanes, or other features to improve the safety and flow of transportation. Many of the streets in Morro Bay already exemplify the complete streets approach, especially in downtown, and the City has implemented a number of tactics to improve mobility in other areas.

Active Transportation

The ability to safely and easily walk and bike in a community directly affects individual physical and mental health, community vitality, and citywide traffic and emissions levels. Promoting maximum bicycle and pedestrian accessibility ensures that all members of the community can meet their needs regardless of age, income level, or disability. Having a strong active transportation network improves the overall health, sustainability, and resiliency of the community.

Morro Bay's active transportation network is designed to allow safe and convenient mobility by pedestrians and bicyclists. The City's *Bicycle and Pedestrian Master Plan* was adopted in 2011 and guides the improvement of pedestrian and bicycle facilities in Morro Bay. Pedestrian mobility is generally evaluated by the connectivity of infrastructure such as safe crosswalks and sidewalks, while bicycle mobility is evaluated based on the types of bikeways available in the community and how effectively they serve the needs of bicyclists.

Transit

Morro Bay is served by regional and local bus transit. Regional transit is operated by the San Luis Obispo Regional Transit Authority (RTA) and includes both ADA paratransit services and multiple routes connecting Morro Bay to San Luis Obispo and other nearby cities. RTA ridership has consistently increased each year since 2007.

Local fixed-route service is operated by the City and serves major campgrounds, the high school, the senior center, grocery stores, and neighborhoods throughout Morro Bay. The Morro Bay Trolley also provides access to north Morro Bay, downtown, and the waterfront from Memorial Day weekend through the first weekend in October.

The trolley offers access to the coast at Beachcomber Street and the west end of the Embarcadero, and it has a route that runs along the coast from Morro Rock to Tidelands Park.

CONSERVATION

Morro Bay is known for a wide range of unique natural resources that include but are not limited to the coastline, estuary, wetlands, geologic features, and forests. These natural resources are critical to Morro Bay's economy and community character and offer opportunities for visitors and residents to participate in healthy activities. The City must prioritize these resources when planning for future development in order to ensure that growth does not interfere with the community benefits they provide for local residents and with the coastal access and recreation provided for visitors. At the same time, preserving the integrity of these resources requires the City to conserve energy and water, reduce air pollution and greenhouse gas emissions, and minimize waste.

Morro Bay is a coastal city that prioritizes its natural resources because of their aesthetic, recreational, environmental, and health-related benefits.

OPEN SPACE

Morro Bay is a small city that attracts visitors from across the globe for its unique coastline, rich waterfront history, and local character. The city's natural resources define the local culture, contributing to the community's identity and way of life. The parks, wetlands, agricultural areas, and especially the world-famous bay and coastline are integral parts of Morro Bay, contributing to the health of residents, the local economy, and the quality of life in the community.

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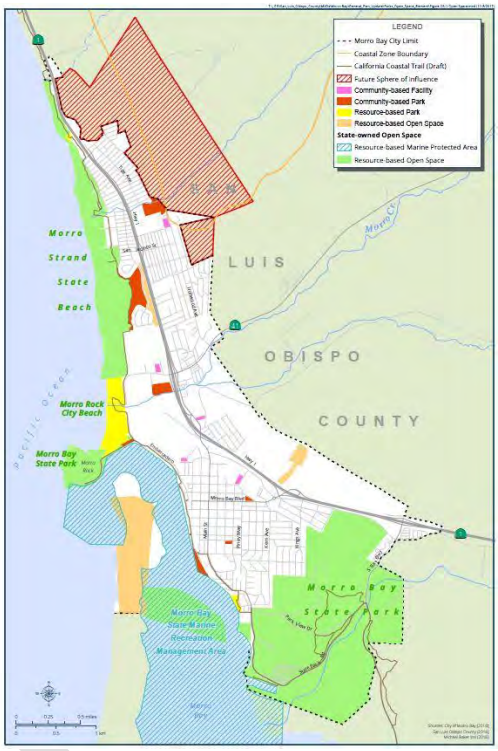
Open Space Resources

The Open Space/Recreation land use designation comprises over 5,100 acres of recreation and open space area in Morro Bay's planning area, including 50 acres of local parkland and 3 linear miles of public beaches. Residents and visitors use these sites for both passive and active recreation, including organized sports, surfing, running, walking, and picnics, and children's play areas. They also serve as buffers between different land uses in Morro Bay and provide habitat for a variety of local species.



Recreation spaces range from neighborhood playgrounds to nature preserves. Assets within and access to these parks may create barriers to use for different groups of residents, such as the elderly and those with physical disabilities. Open spaces in the region are valued resources and directly contribute to the high quality of life in Morro Bay. The City will continue to work to ensure preservation of open spaces and access to them for all segments of the community.

Types of Open Space

Community-Based Open Space in Morro Bay is designated for developed parks located in neighborhoods and commercial areas. These parks and facilities create opportunities for residents and visitors to gather, play, and relax. Community-based open space is provided in approximately 12 parks in the city and includes playgrounds, picnic areas, outdoor shade shelters, playing fields and courts, and other man-made structures. Approximately half of the total community-based parks are City-owned, while the rest are funded from a variety of other sources.

Resource-Based Open Space in Morro Bay is primarily managed to protect and preserve natural resources while providing scenic and passive uses for residents and visitors. These are generally unimproved areas that preserve open space, such as environmentally sensitive habitat areas, coastlines, and wetlands. Maintained trails, benches, and stairways enhance usability, beach access, and views of some of Morro Bay's most prized visual assets, such as Morro Rock.

Resource-based open space areas can be City-owned, State-owned, or privately owned lands. The City manages three resource-based parks in Morro Bay, while the State operates two state parks, a state beach, and a state marine recreation management area. The community benefits from this collection of Morro Bay State Park, Morro Rock, and the various coastal beaches through the balance between recreational activities and untouched open space. These parks play an important role in the community and benefit residents by providing and preserving recreational resources.

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Community-Based Parks, Trails, and Recreation

A number of Morro Bay parks are located in neighborhoods and community areas. Over half of the parks in the city are under 5 acres in size, primarily encompassing small play areas, benches, and barbecues. Larger parks, such as Del Mar Park, offer a broader range of recreation activities, including sport courts, a dog park, and an amphitheater. Of the 11 community-based parks in Morro Bay, about half are located along or near the waterfront.

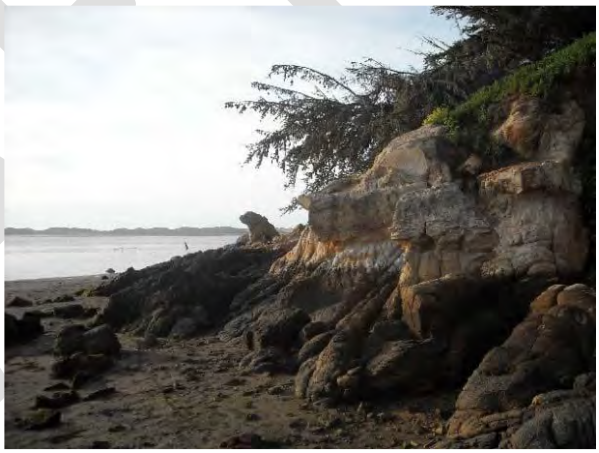
Open space for tribal resources is land designated as open space for a number of reasons. The area may be public land containing a Native American sanctified cemetery, place of worship, religious or ceremonial site, or sacred shrine. It may also include a Native American historic, cultural, or sacred site that is listed or may be eligible for listing in the California Register of Historical Resources pursuant to Public Resources Code Section 5024.1. This open space designation requires tribal consultation to determine the level of confidentiality needed for uses on the site. To date, no tribal resources have been identified in Morro Bay requiring designation of open space for preservation purposes. The City has recently become the owner of Cerrito Peak which has potential for identification of this type of resource.

The City has also provided temporary parklets in the past as a strategy to increase public amenities throughout the community. Parklets typically consist of a small seating area or green space to create places for people to relax or gather in an open, accessible public setting.

Natural Open Space

Resource-Based Parks

The City manages three resource-based parks to preserve and protect natural resources while providing scenic and passive uses for residents and visitors: Bayshore Bluffs Park, Morro Rock City Beach, and North Point Park.



These parks are all located along the shoreline and serve as coastal open spaces for the enjoyment of residents and visitors and the protection of the natural habitat.

Bayshore Bluffs Park is a 3-acre open space with a preserved meadow, a bay and wildlife observation deck, a kayak launch, a connection to the Morro Bay bike path, and a parking lot.

Morro Rock City Beach is a stretch of beach, 1 acre of which is a pedestrian trail across Morro Creek. The beach includes surf access and a parking lot. This beach serves as a connection between Morro Strand State Beach to the north and Morro Rock to the south. The endangered western snowy plover lives along this entire coastline. Passive recreation is promoted in these City parks, as well as state parks, to ensure the coexistence of visitors and the natural environment.

North Point Park, at the very northern end of Morro Bay, is a 1-acre preserved meadow with a beach access stairway and a parking lot. The City recently acquired the undeveloped area at the top of Cerrito Peak and intends to offer the land for sale to local nonprofit open space preservation groups to permanently preserve the area as publicly accessible open space.

The City is home to two resource-based state parks and a state marine recreational management area (in the bay) that total over 5,000 acres. The parks are managed, owned, and operated by the California Department of Parks and Recreation (State Parks). These parks provide coastal access and preserve important estuarine and terrestrial habitats.

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Morro Bay State Park is a 2,800-acre open space in southern Morro Bay, including Morro Rock. The Morro Bay State Park General Plan guides the preservation and restoration of the park's natural and cultural resources while at the same time facilitating day use and overnight recreation by the public. The complex natural resources of the wetland and upland areas within the park provide ample opportunities for recreation activities such as camping, boating, and golfing, in addition to areas more protected for the sake of habitat health.

The State Marine Recreational Management Area is a state park consisting of 2,100 acres of water and aquatic resources in the bay. This area provides aesthetic assets, preserves important marine habitats, and supports recreational pursuits such as kayaking and sailing. While the City does not have direct control over these areas, they are public open spaces that contribute to the city's beauty and sustainability, and the City coordinates with State Parks on any planning and conservation efforts for the preservation of these open spaces.

Morro Rock is an important feature in Morro Bay as an icon of the Central Coast. The Morro Rock parking lot acts to separate the ocean north of Morro Rock from the bay. Connected to the mainland by reclaimed land, the rock and parking lot are vulnerable to flood hazards and sea level rise.

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Boards, Committees & Commissions

Citizens Finance Advisory Committee (CFAC)

CFAC is comprised of seven community members appointed by the city Council and was formed in 2006 to review the semi-annual report of the City relative to the activities funded with the additional general purposes local sales tax monies referred to as Measure Q - ½ cent district sales tax that has no sunset date. CFAC meets monthly to review revenue and expenditures, investment reports, budget reviews, WRF status reports and other assignments.

Harbor Advisory Board (HAB)

The HAB reviews, advises, and makes recommendations to the City Council on items pertaining to use, control, promotion, and operation of vessels and watercraft within the harbor, docks, piers, slips, utilities, and publicly owned harbor facilities and water commerce, navigation, or fishery in the Harbor. The HAB also reviews and recommends rates, tolls, fees, or other payments to be made for use or operation of the Harbor. The HAB make reports and recommendations on these issues to other City Boards and Commissions on Harbor related matters and when requested. The HAB is comprised of seven voting members, 4 of which must be qualified electors of the City of Morro Bay. Members are appointed by the City Council. HAB meets once monthly.

Recreation & Parks Commission

The Recreation & Parks Commission, consisting of five (5) members, advises the Council on all matters that relate to parks and public recreation and to cooperate with other governmental agencies and civic groups in the advancement of sound recreation and parks planning and programming. The Commission formulates policies on recreation services, parks and open space for approval by the City Council, recommends the development of recreational areas, parks, facilities, open spaces, programs and improved recreation services, recommends the adoption of rules, regulations, and standards concerning recreation and parks in respect to organization, personnel, areas and facilities, program and financial support and advises the Recreation Services Manager in preparation of the annual parks maintenance, park improvement and recreation budgets and long-range recreation and parks facilities improvements.

Public Works Advisory Board (PWAB)

PWAB was established to provide advisement and recommendations relative to services, functions and operation of the Public Works Division, the priorities of and future planning for public works, as well as to conduct such studies and other duties and functions as may be requested by various Advisory Boards and to report those findings. PWAB is comprised of seven members, appointed by the City Council and meets on a monthly basis.

Planning Commission

The five-member Planning Commission advises Council on land use matters such as the General Plan and specific plans, zoning and subdivisions. The Commission's function is to develop a general plan and recommend its adoption by the City Council, maintain the general plan after its adoption by the City Council, develop specific plans as may be necessary to implement the general plan, and periodically review the capital improvement program of the City for recommendations to the City Council. Ultimate decisions on land use reside with the City Council. Members are required by State law to file an annual statement of economic interests. The Planning Commission meets twice monthly and members are appointed by the City Council.

Tourism Business Improvement District Advisory Board (TBID Board)

Tourism is essential to the economic health and quality of life of the Morro Bay Community. As such, the mission of this committee is to increase tourism to Morro Bay through marketing and advertising. The TBID Board is comprised of seven members that are appointed by the City Council and meets on a monthly basis. To be transitioned to a non-profit as of July 1, 2021.

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BUDGET & FINANCIAL POLICY INFORMATION

The City of Morro Bay adopts an annual Operating and Capital Budget and, beginning with FY 2019/20 an annual budget update of the five-year Capital Improvement Plan. The budgets are prepared with detail revenue and expenditure appropriations for the fiscal year beginning July 1st and ending June 30th, and is presented as a summary level budget document. Budget schedules are prepared on the same basis as the City's financial statements, and in accordance with generally accepted accounting principles (GAAP).

Budget Purpose

The Operating and Capital Summary Budget and the Capital Improvement Plan serve as the City's financial plan, as well as a policy document, a communications tool, and an operations guide. Developed with an emphasis on long term financial stewardship, sustainability, service delivery, and program management, a fundamental purpose of these documents is to provide a linkage between the services and projects the City intends to accomplish, and the resources committed to get the work done. The format of the budget facilitates this linkage by clearly identifying program purpose, key projects, and workplan goals, in relation to revenue and expenditure appropriations.

Basis of Budgeting and Accounting

Developed on a program basis with fund level authority, the operating budget represents services and functions provided by the City in alignment with the resources allocated during the fiscal year. The Capital Budget is funded and defined by its' approved projects, with ongoing or incomplete projects re-appropriated into the following fiscal year.

Basis of Accounting and Budget refers to the timing factor concept in recognizing transactions. This basis is a key component of the overall financial system because the budget determines the accounting system. For example, if the budget anticipates revenues on a cash basis, the accounting system must record only cash revenues as receipts. If the budget uses an accrual basis, accounting must do likewise. This consistency is also reflected in the City's Comprehensive Annual Financial Report (CAFR), the State Controller's Annual Cities Report, and all other report documents.

Government budgets and accounting uses a mix of accounting methods. A hybrid cash and accrual accounting system known as 'Modified Accrual Basis' recognizes revenues when measurable and available.

The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after fiscal year-end. Licenses, property taxes and taxpayer assessed tax revenues (e.g., franchise taxes, sales taxes, and transient occupancy tax) are all considered susceptible to accrual and so are recognized as revenues in the period earned/collected. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Expenditures are recorded when the liability is incurred. Claims, judgments, compensated absences, and principal and interest on general long-term debt are recognized as expenditures to the extent they have matured.

The Modified Accrual Basis is used for governmental types of funds, while the full accrual basis accounting method is used for proprietary funds. Governmental Funds consist of the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds. Under this basis, revenues are estimated for the period if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period.

Proprietary fund budgets are adopted using the full accrual basis of accounting whereby revenue budget projections are developed recognizing revenues expected to be earned during the period, and expenditures are developed for expenses anticipated to be incurred in the fiscal year. The City maintains one type of proprietary fund: Internal Service Funds.

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The City develops budgets with a team-based budgeting approach. The City Manager and Finance Department guides the process through budget development; however, program budgets and workplans are developed with each department's director, program manager, and department staff who exercise oversight and expertise in their functional areas. This inclusive approach allows for hands-on planning, allows staff from all levels in the organization to engage and be involved, and creates a clear understanding for both management and staff of a program's goals and functions to be accomplished in the next budget year.

Purpose of the City's Annual Budget

The purpose of the City's annual budget is to connect what the City Council wants to accomplish for the community with the human and financial resources necessary to do so. The budget process does this by setting City goals and objectives and establishing reasonable timeframes for achieving them, updates the ten-year budget forecast and allocates resources for programs and projects. To this end, the budget serves four roles:

Policy Document: Sets forth goals and objectives to be accomplished and the fundamental fiscal principles upon which the budget is prepared.

Fiscal Plan: Identifies and appropriates the resources necessary to accomplish objectives and deliver services and ensures that the City's fiscal health is maintained.

Operations Guide: Describes the basic organizational units and activities of the City.

Communications Tool: Provides the public with a blueprint of how public resources are being used and how these allocations were made.

Strategic Planning Framework and the Budget Process

In order to provide an orderly process for strategic planning that includes budget forecasting, adoption of broad City goals and annual fiscal year objectives, and to tie the objectives to the annual budget process, on August 11, 2015, the City Council approved the City's Strategic Planning and Budgeting Framework ("SPF"), which was later formalized by the adoption of Resolution No. 72-15. The City's SPF states the City:

- Will annually produce a 10-year budget forecast.
- In years following a presidential election, the Council will review and update the City's 4-year Goals.
- Every other Jan/Feb following an election, the new Council will approve 2-year fiscal year objectives forming a fiscal year work plan for the City.
- Each year the City Council approves an annual budget that is tied to the fiscal year work plan.

This approach has the benefit of setting a stable long-term vision, backed up short-term goals that are responsive to more immediate concerns and needs in the community. The long-term goals provide the 30,000' overview and vision of where the City is headed and also establishes stability for the City organization, while the review of objectives every other year, provides an opportunity to shape the initiatives and programs more frequently to ensure the City is moving towards realization of their long-term goals.

Annually, in congruently with the budget process, the City Council adopts goals and objectives. This approach has allowed City Council to make considerable efforts to not only link strategic objectives with the budget, but also establish a long-term fiscal sustainability plan with the 10-year budget forecast. As a result, the budget process is informed by community and Council goals and a frank consideration of the City's long-term financial position. This is critical, particularly as the City prepares to address the impending CalPERS increases and looks at economic development opportunities and revenue sources.

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Strategic Planning Budget Calendar

The City Council has adopted an annual calendar that incorporates the strategic planning and budget discussions in a methodical way to link those efforts. Adoption of a calendar by resolution informs the community of the planned dates for important work on the City's goals and objectives, advisory body/staff work plans, joint meetings with advisory bodies, adoption of the budget, and more.

With regard to the budget process, the calendar has typically called for several budget study sessions to provide City Council with an overall financial picture for the City and allow for review of each department's proposed budgets and consideration of adjustments, as necessary, to balance the budget. Council then may have up to two regular meetings in June to formally consider and adopt the annual budget.

2021 Budget Calendar for Fiscal Year (FY) 2020/21

- Feb 16 — Mid-Year Budget Presentation to CFAC
- Feb 23 — 10-Year Forecast Study Session to Council
- Feb 23 — Mid-year Budget Presentation to Council
- Mar 1 — Finance provides labor numbers / outline to Departments
- Mar 1-25 — Departments develop internal budgets
- April 15 — CFAC Review of Measure Q Budget
- May 18 — CFAC Review of General Fund Budget
- May12 — Draft Budget Distributed
- May 25 & 26 — Budget Study Sessions
- Jun 23 — Budget Approved at Council Meeting

Legend

- Council Meetings
- Council Study Sessions
- Joint or Advisory Board Meetings
- Internal Staff Actions

Budget Amendments

During the course of the fiscal year, economic and workplan changes or unanticipated needs may necessitate adjustments to the adopted budgets. The City Manager is authorized to transfer appropriations between categories, departments, projects, and programs within a fund in the adopted Operating Budget, whereas the City Council holds the authority for Operating Budget appropriation increases and decreases, and transfers between funds, and for both scope and funding changes to capital projects in the Capital Budget.

Fund Descriptions

The basic accounting and reporting entity for the City of Morro Bay is a fund. A fund is a fiscal and accounting entity used to record all financial transactions related to the specific purpose for which the fund was created. Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary and fiduciary. Governmental funds include activities usually associated with a typical state or local government's operations (public safety, general government activities, etc.) Proprietary funds are used in governments to account for activities often found in the private sector (utilities, stadiums and golf courses are prime examples). Trust and Agency funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent. The various funds are grouped in fund types and categories as follows:

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GOVERNMENTAL FUNDS

Includes activities usually associated with governmental entity operations, including public safety, planning and building services, parks and public works, and general administrative functions.

General Fund: The General Fund serves as the City's chief operating fund. All general tax revenues and other receipts not allocated by law or some other contractual agreement to other funds are accounted for in the General Fund. Expenditures of this fund include the general operating expenses traditionally associated with governments such as city administration, development services, public works, and public safety.

Special Revenue Funds: Special Revenue Funds are used to account for revenues that are legally restricted to expenditures for specific purposes. By means of example, some of the City of Morro Bay's Special Revenue Funds are as follows:

- Assessment District Funds – Morro Bay currently has 3 assessment districts Cloisters, North Point and Loprena.
- Measure Q – the City's ½ cent add-on sales tax measure to help fund essential services, including police, fire, street and pothole repairs and storm drains.
- TBID – the City's oversight of the Tourism Business Improvement District which began in June 2016 to promote Morro Bay as a destination point.
- Development Impact Funds – accounts for revenues restricted for specific project uses.
- Grant Project Funds – budgets and accounts for projects funded in whole or in part by grant revenues.
- Gas Tax Fund – budgets and accounts for revenues and expenditures pertaining to the maintenance and construction of City Streets.

Debt Service Funds: Debt Service Funds are used to account for the acquisition of resources and the payment of long-term debt on City obligations. The City does not currently have a debt service fund.

PROPRIETARY FUNDS

Proprietary funds are structured to impose fees or charges upon those who use their services. There are two classifications of proprietary funds: Enterprise Funds and Internal Service Funds:

Enterprise Funds – Used to account for activities that are operated in a manner similar to a private business enterprise, where the cost of the goods are to be financed or recovered primarily through external user charges. The City of Morro Bay has five enterprise type activities as follows:

- Water Enterprise – Accounts for activities related to distribution of the City's water supply.
- Sewer Enterprise – Accounts for activities related to the City's wastewater collections system.
- Wastewater Treatment Plant – Represents a joint treatment plant for the City's and Cayucos's wastewater treatment system.
- Harbor Enterprise – Accounts for activities related to activities within the Tidelands Trust Area.
- Transit Enterprise – Accounts for activities in the City's transit system.

Internal Service Funds – represent services provided to internal users and functions as a cost-reimbursement device. Internal Service Funds account for operational support activities for the purpose of recovering the cost from the user, and for the user to identify its full cost of operations.

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FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City acting in a fiduciary capacity for other entities and individuals. Such funds are operated to carry out the specific actions of trust agreements, ordinances and other governing regulations. There are two categories of fiduciary funds, Trust and Agency.

Trust Funds - Trust Funds account for assets held by the City in a trustee capacity where the City oversees the use of resources in accordance with formal trust agreements.

Agency Funds - Agency funds account for assets held in the capacity of an agent for individuals, governmental entities, and non-public organizations

FISCAL MANAGEMENT POLICY STATEMENTS

With both a general management philosophy and Council's primary goal to achieve fiscal sustainability, the City of Morro Bay's conservative and cautious financial management is achieved through responsible, sustainable, and enforceable fiscal policies and internal controls to ensure prudent and efficient use of resources. These policies and controls represent long-standing accounting, budgeting, debt, investment, and reserve principles and practices, and are the foundation upon which the City maintains its fiscal stability.

Morro Bay's general fiscal management policy statements provide a summary overview of financial, operational, and budgetary management, in one comprehensive centralized format to act as guidelines and to assist elected officials and staff with understanding the City's financial practices for fiscal operations. Detail level fiscal policies are administrative in nature and therefore not included in the budget document. However, fiscal policies that rise to Council review and approval standards at a more specific level are incorporated into the budget document for annual adoption by Council. Currently this includes the Fund Balance Reserve Policies, Investment Policy, Debt Management Policy, Revenue and Expenditure Policy, Short-Term Fiscal Emergency Plan, and Utility Discount Policy. These policies are adopted by incorporation annually into the City's budget and provided in the reference section.

GENERAL FINANCIAL PRINCIPLES

- The City's fiscal policies are structured to ensure fiscal responsibility, accountability, transparency, and efficient use of resources. Fiscal policies are to be reviewed, updated, and refined as necessary, with general policy level decisions brought to City Council for review and approval, and administrative and operational level functions approved by the City Manager.
- The City's primary long-term financial goals are to maintain the City's fiscal health, preserve essential services, reduce financial risk, and support short and long-term administrative, financial, and operational goals in a financially judicious manner. Long-term financial and infrastructure planning and the annual adoption of a structurally balanced budget provides the foundation to these long-term financial goals. The City shall promote and implement strong internal financial controls to manage risks and monitor the reliability and integrity of financial transactions and operational activities.
- Financial information shall be provided in a relevant, thorough, and timely manner, to effectively communicate the City's financial status to the Council, citizens, employees, and all other interested parties.
- Financial stability goals and judicious responsiveness shall be the foundation upon which proactive and advantageous financial decisions are made, and which guide the City's response to local, regional, and broader economic changes through the years.
- The City shall undertake, adopt, and integrate new initiatives or programs in a cautious, well planned manner to support the City's long-term ability to maintain its essential services at the same level and quality required by its citizens.

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- The City Council's financial and community goals, objectives, and policies are incorporated into and implemented with the development and adoption of the City's Operating and Capital Budgets.
- Efforts will be coordinated with other governmental agencies and joint power associations to achieve common policy objectives, create beneficial opportunities and services for the community, share the cost of providing governmental services, and support legislation favorable to cities at the state and federal level.
- The City will seek out, apply for, and effectively administer federal, state, local, foundation, business, and private grants which address the City's current priorities and policy objectives.

APPROPRIATIONS AND BUDGETARY CONTROL

- The City Council shall adopt an annual balanced operating budget and the first year of an integrated five-year capital improvement plan budget by June 30th of each year, to be effective for the following fiscal year running from July 1st through June 30th. Balanced budgets present budgeted sources in excess of budgeted uses. Budgeted "Sources" include Revenues, Transfers In, and Appropriated Uses of Fund Balance. Budgeted "Uses" include Expenditures and Transfers Out. Operating and Capital Budgets are to align with the City's long-term financial goals.
  - Each year the Finance Department provides a short recap of the prior-year budget, a mid-year budget status report, and an updated Ten-year financial forecast to the City Council. This is meant to assist Council with formulating direction for long-range fiscal planning, Operating Budget development, and capital funding appropriations.
  - Budgets are prepared on the same basis of accounting used for financial reporting: governmental fund types (General, Special Revenue, and Debt Service) are budgeted according to the modified accrual basis of accounting; proprietary funds (Internal Service Funds) and fiduciary funds are budgeted under the accrual basis of accounting.
  - The Operating Budget is primarily funded with current year revenues, unless Council directs otherwise. Council may also approve the use of long-term debt for operational liabilities if they deem it fiscally prudent.
  - The Capital Budget is funded with Measure Q funds and dedicated capital funding resources. Dedicated funding sources include Gas Tax (SB1) revenues, impact fees, enterprise funds where appropriate, project revenues and reimbursements; community benefit assessments; and federal, state, local, and private grants.
  - In practice, budgeted revenues are conservatively stated and budgeted expenditures are comprehensive. With effectively managed revenue streams and efficient use of resources, fiscal year-end operational budget surpluses will be available to fund future capital improvement projects, pay-down unfunded liabilities and contribute to the City's fiscally responsible reserve accounts.
  - The City Council maintains budgetary control at the fund level; any changes in total fund appropriations during the fiscal year must be submitted to the City Council for review and Council majority approval. Operating Budget appropriations lapse at the end of each fiscal year unless specifically carried forward by appropriation in the following fiscal year's budget. Capital Budget appropriations are structured as a multi-year workplan; therefore, project expenditure balances are automatically carried forward to the following fiscal year as part of the annual budget adoption until funding is exhausted, modified, or the project is completed.
  - The City budget shall comply with the annual determination of the City's appropriation limit calculated in accordance with Article XIIIB of the Constitution of the State of California and adopt an annual resolution to this effect.
  - The City Manager is authorized to implement the City's workplan as approved in the adopted budget. Within a specific fund, the City Manager has the discretion to adjust appropriations between categories, departments, programs, and projects as needed to implement the adopted budget, provided no change

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is made to the total appropriation amount provided for any one fund. An example would be to backfill a vacant salaried position with a contract service, therefore shifting funds from wage and benefit appropriations to an operating expense expenditure within the General Fund appropriation. The City Manager also has the authority to withhold filling the position for a time if conditions warrant a delay.

- Generally, recurring expenditures are funded with recurring revenues or revenues specifically designated for operational use. One-time expenditures may be funded with one-time revenues or fund balances reserves. Fund balance reserves are generally to be used for non-recurring one-time expenditures and capital projects.

- In compliance with Council's Fiscal Sustainability goal, fiscal stability and sustainability principles are incorporated into budget planning. Appropriating adequate funds on an annual basis for the replacement and maintenance of assets through Internal Service Funds, prioritizing infrastructure maintenance and repair in the capital budget, and institutionalizing prudent payment strategies for long-term liabilities are foundational strategies of fiscal stability and sustainability.

AUDITING AND FINANCIAL REPORTING

- California State statutes require an annual financial audit of the City's financial records and transactions by independent Certified Public Accountants. The City shall comply with Generally Accepted Accounting Principles (GAAP) and produce annual financial reports pursuant to Governmental Accounting, Auditing, and Financial Reporting (GAAFR) guidelines. The independent auditor will issue an audit opinion to be included in the City's Comprehensive Annual Financial Report (CAFR) testifying to the financial report's conformance with accounting principles.

- Additional financial reports issued by the Auditor's may include: Singe Audit Report (annual report of federal grant expenditures if in excess of the federal single audit limit is expended in a fiscal year), a Transportation Development Act (TDA) report (annual report of TDA fund expenditures), an Appropriations Limit review report (to establish tax revenue appropriation limit), and a Management report on the City's Internal Controls.

- The City shall submit the CAFR to the Governmental Finance Officers Association (GFOA) Financial Reporting Program each year for review, and if in compliance with the program's requirements, to receive an award for meeting GFOA's financial reporting standards.

- Regularly scheduled external Financial Reports include the following:
    - State required Annual Cities Report and Annual Streets Report completed in conjunction with the year-end close
    - SB90 Mandated Cost reports for claims to comply with State regulated legislation

- Regularly scheduled internal Financial Reports include the following:
    - Bi-Weekly check registers and monthly Cash and Investment reconciliations are posted on the City's website for transparency.
    - Quarterly financial reports provide a status update on General Fund revenues and expenditures for the first, second, and third and fourth quarters.
    - A mid-year budget status report is presented to City Council in February each year to provide a comprehensive financial overview of the current year's budget and to propose recommended budget adjustments as appropriate.
    - A year-end financial recap is provided after the City's annual financial audit is completed.

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Expenditures and Purchasing

- All expenditures shall be in accordance with the City's purchasing policy, travel policy, credit card policy, contract policy and public contract code, state or federal law, or any other applicable guidelines or regulations.
- Expenditures are managed at the program level. Program managers are to ensure expenditures do not exceed the budgeted workplan and must take immediate action if at any time during the fiscal year an operating deficit is projected at year-end. Corrective actions may include expenditure reductions, or with Council approval, budget adjustments, or service reductions.
- The City's current purchasing ordinance establishes purchasing authority levels, and procedural requirements, for the procurement of supplies, equipment, and services, in conformance with Federal and State codes and regulations, and City Ordinance.
  - Guidelines established by the City's Purchasing Policy directs the City's departments to purchase the best value obtainable, securing the maximum benefit for funds expended, while providing all qualified vendors an equal opportunity to do business with the City.
  - The City departments shall conduct quarterly program and capital project reviews to determine if projected operating revenues and expenditures meet budgeted expectations. If an operating deficit is projected at year-end, the departments shall evaluate and implement corrective actions as needed and notify Council if services will be impacted.

Fixed Assets and Infrastructure

- Repairs and maintenance of infrastructure assets will generally not be subject to capitalization unless the repair extends the useful life of the asset.
- The City will sustain a long-range fiscal perspective through the use of a five-year Capital Improvement Plan designed to maintain the quality of City infrastructure, including streets, sidewalks, curbs and storm drains, lighting, building, parks, and trees, and through Internal Service Fund programs to both maintain and replace City building infrastructure, fixtures, and equipment, vehicles, and public works and technology equipment on an ongoing basis.
- Information Technology software, hardware, and auxiliary equipment and systems are to be maintained through the Operating Budget's Internal Service Replacement Fund, whereas annual appropriations in the Information Technology Services operating budget or departmental program budgets are to fund ongoing license, maintenance, and security costs.

Internal Service Funds

- Internal Services Funds are established to both equitably allocate operating costs to departments for support and maintenance services, and to stabilize and spread the City's replacement and operational costs over fiscal years for the purpose of providing an accurate and balanced long-range fiscal perspective of the use of services and assets.
- Vehicles, Equipment, and Building asset replacement and maintenance types of Internal Service Funds are structured to provide a consistent level of funding for asset and equipment replacement, and to ensure sufficient funding is available for the regular maintenance, repair, and replacement of the City's vehicles, equipment, and building fixtures in an ongoing manner.
- Technology and Office Equipment replacement and maintenance Internal Service Funds are structured to provide a consistent level of funding for the replacement of assets and projects, and to appropriately distribute support and maintenance costs to departments.
- The Risk Management Internal Service Funds shall maintain adequate reserves to pay all valid self-insured claims and insurance deductibles, including those incurred but not reported, in order to keep the insurance funds actuarially sound.

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- Each Internal Service Fund will set recovery charges at rates sufficient to meet all operating expenses, depreciation, and fund balance reserve policy objectives.

LONG-TERM DEBT

- The City shall seek to maintain a high credit rating through sound financial practices as a foundational financial practice, and to maximize borrowing costs.
- The City does not incur debt for operations or capital improvements except under extraordinary circumstances and with citizen support. Under these circumstances the City will seek voter approval for General Obligation (GO) Bond Debt for major infrastructure rehabilitation.
- Long-term Financing Debt is typically incurred for capital improvements or special projects that cannot be financed from current or dedicated revenues, or for large liabilities resulting in significant financial impacts. In principal, long-term debt is to be used only if the debt service requirements do not negatively impact the City's ability to meet future operating, capital, and cash reserve policy requirements.
- Through City Council approval, the City may function as a bonding conduit for special assessment districts. This may occur when a neighborhood or area is seeking to improve private or cooperatively owned infrastructure, such as private roads or water system cooperatives. The City shall require full liability protection and cost recovery as necessary to protect the City and mitigate the cost associated with such actions.
- The term for repayment of long-term financing shall: not exceed the expected useful life of the project; include financing payment terms at a manageable level; and, does not extend beyond functionally appropriate payment terms.
- The City will monitor all forms of debt in conjunction with budget development throughout the year, and will report concerns and remedies if necessary to the City Council.
- The City will ensure compliance with bond covenants, providing financial information to reporting parties as necessary.
- The City will comply with Government Code Section 43605 limitations on debt, which limits general obligation indebtedness to an aggregate 15% of the assessed value of all real and personal property of the City.

REVENUES

- The City will encourage a stable revenue system to offset short-run fluctuations in any one revenue source, in part through balancing revenue fluctuations to related operational fluctuations. This concept is applied in Community Development as net operational funding is held in reserve and utilized to fund operational expenses as needed.
- Designated and legally restricted tax and revenue funding sources will be accounted for in the appropriate funds. General taxes and revenues not allocated by law or some other contractual agreement to other funds are accounted for in the General Fund. Dedicated Capital Project revenues are to be directly accounted for in the appropriate capital project fund, within a designated project.
- A master schedule of User Fees is reviewed and presented to Council on an annual basis to adjust fees to an appropriate level. Operating departments shall review services and the existing fees to ensure discretionary services (not specifically waived or modified) reflect direct and reasonable indirect costs of providing such services.
- The City typically establishes user charges and fees at levels that recover the direct and indirect activity cost of providing a service or product. The City also considers market rates and charges levied by other municipalities of similar size for like services in establishing rates, fees, and charges. As some

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services have partial cost recovery objectives (such as Recreation classes and facility rentals), cost recovery ratios will vary in accordance with policy objectives.

- The City will follow an aggressive policy of collecting local taxes and revenues due to the City through persistent follow-up procedures, and external resources as necessary.
- Donations may be accepted in accordance with the City of Morro Bay Donation Policy most recently approved by the City Council. Under the current policy, unrestricted donations of $5,000 or less may be accepted or declined by the City Manager. Restricted donations of $500 or less may be accepted or declined by the City Manager. Unrestricted donations of more than $5,000 and restricted donations of more than $500 must be brought to the City Council for consideration. The City Manager may choose to request City Council consideration of any donation, regardless of value.

Treasury Management

- The City's Investment Policy shall be brought to the City Council for adoption at least on an annual basis as part of the proposed budget. California Government Code Section 53600 require the City Council to annually review and approve the City's Investment Policy.
- It is the policy of the City of Morro Bay to invest public funds in a manner which will provide the maximum security with the highest investment return, while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of funds. When possible, the City will prioritize invest in instruments that are active in support of climate change awareness, so long as there is no net impact to the City's earnings.
- Finance staff shall exercise due diligence to comply with the Investment Policy. The City currently practices conservative and cautious investment practices by limiting its investments to the State's Local Agency Investment Fund (LAIF) and Certificates of Deposits. The Finance Department shall prepare a quarterly investment report to the Citizens Finance Advisory Committee (CFAC) and City Council that has sufficient detail to the cash and investments balances.

Fund Balance Reserve Policies

Prudent financial management dictates that the City reserve a portion of its funds for future use to: maintain fiscal stability; ensure the continued orderly operation of government and provision of services to residents; and to mitigate current and future risks.

As a general budget precept, the City Council decides when and whether to appropriate available funds to and from a reserve account. Use of reserve funds must be authorized by either specific direction in the annual budget, or by a separate City Council action – unless specifically directed by policy. Responsible fiscal stewardship also requires adequate reserves be maintained for all known liabilities and established City Council and community directed initiatives.

In the City's adopted Fund Balance/Reserve Policy guidelines, the descriptions include identification of the fund type and classification, the purpose of the reserve, minimum and maximum funding goals if appropriate, appropriate utilization of the reserve and by what authority, and reporting out of the fund balance reserve levels.

Fund Balance and Net Position

In 2009, Governmental Accounting Standards Board ("GASB") Statement No. 54 revised fund balance classifications for "Governmental Funds" into five specific classifications of fund balance with the intent to identify the extent to which a specific fund balance reserve is available for appropriation and therefore spendable, or whether the fund balance reserve is constrained by special restrictions. Government Funds

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for which these new rules apply include: the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds.

For "Non-Governmental Funds", equity classifications are classified as "Net Position" with sub-classifications of Restricted or Unrestricted Net Position. A third component of a Non-Governmental Fund's equity is "Net Investment in Capital Assets," which for Morro Bay refers to the non-monetary portion of equity such as vehicles and equipment, net of depreciation. Non-Governmental Fund types include Proprietary Funds (Enterprise and Internal Service Funds) and Fiduciary Funds.

Restricted Fund Balance
Represents fund balance that is subject to external enforceable legal restrictions.

Committed Fund Balance
Represents fund balance constrained by limitations the government imposes upon itself at its highest level of decision making and remains binding unless removed in the same manner.

Assigned Fund Balance
Represents fund balance identified by Council for an intended use; however, as no legal obligations exist, the funds may be re-designated and utilized for another purpose if Council chooses.

Unassigned Fund Balance
Represents funding which may be held for specific types of uses or operational funding/stabilization purposes but is not yet directed to a specific purpose. Only General Fund reserves can be designated under the "Unassigned" fund balance classification. Other fund types are by nature structured for specific purposes; hence the fund balances are therefore considered "assigned" for that purpose.

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GANN APPROPRIATION LIMIT
&
BUDGET RESOLUTIONS

To be Adopted on June 22, 2021 and then incorporated into the final adopted budget document.

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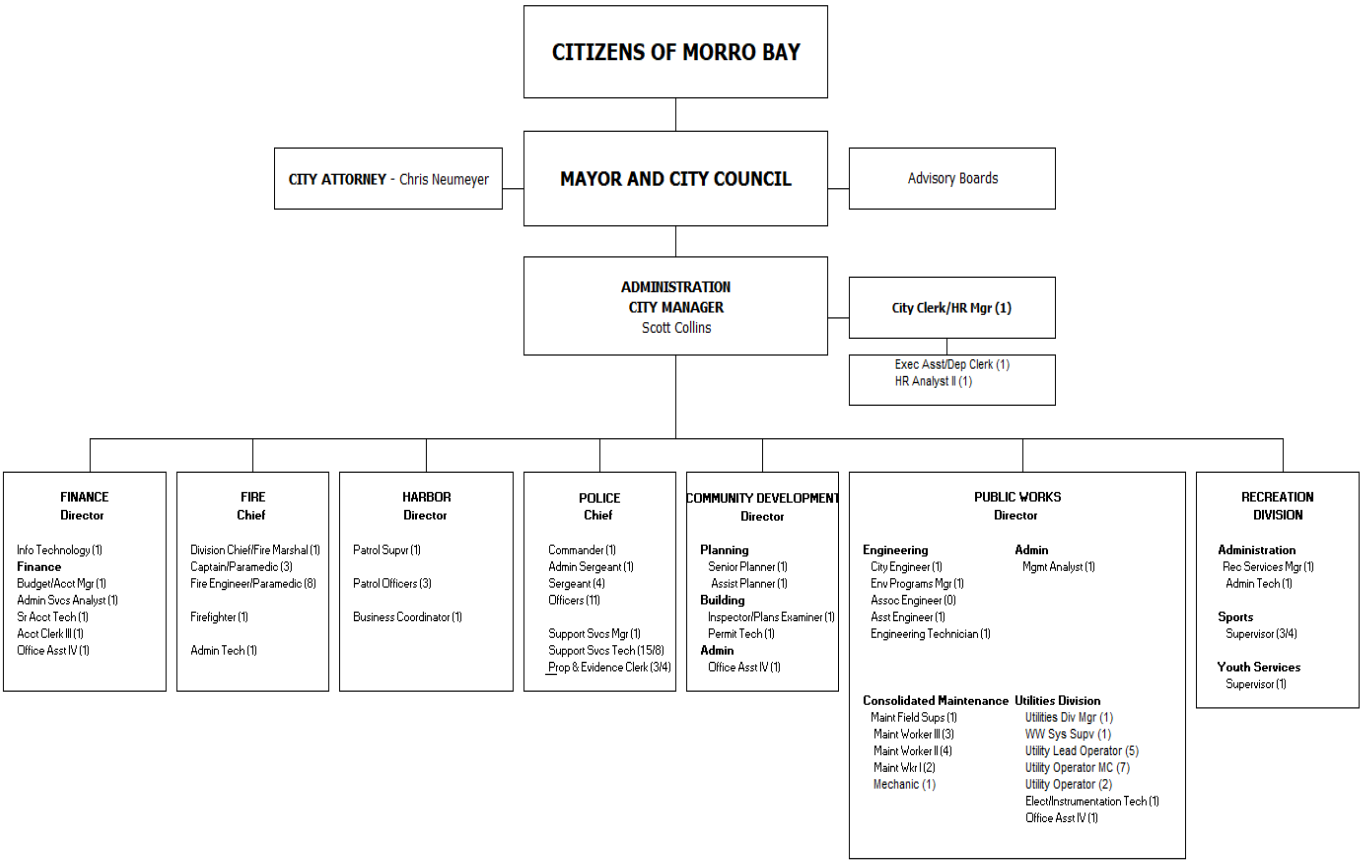
City of Morro Bay Organizational Chart FY 2021/22



FINANCIAL SUMMARIES

Total Revenues and Expenditures

Summary schedules which provide a high level overview of the entire City budget, in fund-specific and category-specific summary levels.

Total City Revenues and Capital Project Financing– by Fund ..... B - 2
Total City Expenditures – by Fund ..... B - 6

General Fund Revenues and Expenditures

Summary schedules which identify the City's General Fund operating sources and uses at the department and category levels.

General Fund Revenues – by Department ..... B – 8
General Fund Expenditures – by Department ..... B – 9
General Fund Revenues – by Category B–10
General Fund Expenditures – by Category B–11

Fund Balance

Fund Balance schedule providing a 5-year trend.

5 Year Comparative Fund Balance – by Fund B–12

Staffing

The labor position schedules provide a summary level view of operational staffing assignments, funding, and trends.

Summary of FTEs – by Department B–14

Debt

Fund schedule providing a summary of long-term debt outstanding.

Summary of Long-Term Debt by Fund ..... B–XX

Note: Some of the charts in this section have very small print because of the number of columns with data. Staff is researching how to improve this issue.

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TOTAL CITY
REVENUE, EXPENDITURE, & FUND BALANCE TREND INFORMATION

The FY 2021/22 budget focuses on restoring staff levels and expenditures reduced to weather the economic downturn resulting from the COVID-19 pandemic health restrictions. This budget strives to restore the many core services as well as services and programs that assist in achieving Council adopted goals and priorities. The City's priority issues center around maintaining public safety, fire, and infrastructure, including streets, parks and public facilities, community development, harbor and utility services as well as limited recreational programs. The City's Tourism efforts will transfer to a non-profit board of directors effective on July 1, 2021. The City's focus and priority continues to be on the health and safety of our community and welcoming visitors in a safe and health-conscious manner. These priorities are coordinated to preserve the City's fiscal health, restore the General Fund Emergency Reserve (GFER) that was depleted during the pandemic to retain employees to provide essential service. used at the beginning of the pandemic in FY 19/20 and return to normal service levels.

The FY 2020/21 estimate in this budget for the General Fund demonstrates a $1.4 million surplus, primarily due to transient occupancy tax revenues higher than budgeted by $600,000, cannabis revenues by $204,000, property tax - in lieu of vehicle license tax (VLF) by $250,000, childcare services offered through the recreation department of $226,000 and Community Development permit activity of $115,000. Expenditure reductions budgeted in FY 2020/21 have been maintained and are trending according to the FY 2020/21 budget, therefore all revenue increases are resulting in an increased year end surplus in FY 2020/21. If this surplus materializes staff will return to Council at year-end with a recommendation for action including transferring additional funds to the GFER.

The FY 2021/22 budget anticipates a General Fund surplus of $32,000 as expenditures were increased $1.2 million to restore staffing and service levels, invest in many deferred operating needs and fund our long-term liabilities such as Other Post Retirement Benefits (OPEB). Regarding expenditures, the City's employer-paid benefits including required pension contributions and the cost of current health plans continue to increase, with expectations that these costs will continue to increase for the foreseeable future. Other key trends affecting the fund balance forecast include:

Salaries and Benefits – As in most municipalities, services are provided directly by employees to the City's residents, businesses, and visitors. As a result, the cost of salaries and benefits are a significant portion of the budget. Salaries and benefits account for 67.6% of General Fund expenditures in FY 2021/22. This is a reduction from the past when it equaled closer to 75%. This reduction is due to the direct charging of Police, Fire and Consolidated Maintenance personnel directly to the Measure Q & E sales tax measures fund. This practice of charging those positions to the Measure Q & E Fund will provide enhanced transparency as exactly how those revenues will be used. The revenue source in this fund was specifically intended for public safety and cleanliness of this city. When fiscal conditions worsened during past two years due to COVID-19 the City experienced both layoffs and attrition of staffing that resulted in reorganizations and an overall reduction in Full Time Equivalents (FTEs). The remaining staff accepted salary concessions, between 8 and 5% through December 31, 2020. Those salary concessions were restored effective January 1, 2021 and this budget recognizes salary range adjustments to bring staff back into line with pre-COVID pandemic wage scales. There is $78,000 programmed for a lump sum amount to be paid staff members who were employed by the City during the pandemic as an acknowledgement the sacrifices made during the response to the pandemic. However, it should be noted that citywide, salaries for City employees are, in almost all classifications, well below those for comparable positions throughout the County. This is of concern, as it will make it difficult to retain the City's highly skilled and dedicated staff.

Pension contributions are a significant portion of the City's budget, as the City is obligated to contribute a mandatory amount established by the California Public Employees Retirement System (CalPERS) as a percent of salary. The rates are established by actuarial formula and are controlled by the policies adopted in the Public Employment Retirement Law (PERL). Pension contributions are expected to continue to rise,

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reflective of lower-than-expected CalPERS investment earnings for its pension trust, CalPERS January 2017 action to lower its discount rate over time from 7.5% to 7.0%, and CalPERS most recent action to shorten the amortization period to 20 years for new actuarial basis. The initial negative impact of COVID-19 on the investment returns has recovered and the city has received no communication that CalPERS intends to lower the discount rate any further than previously mentioned.

In addition to the classic pension formula for miscellaneous, fire and police employees, the City adopted Tier 2 formulas for all three actuarial classifications. The Tier 2 formulas are for all new hires that were enrolled in CalPERS prior to the effect of PEPRA in January 2013. The Tier 2 formulas do not provide as great of a retirement benefit and is thereby less costly for the City. Miscellaneous Tier 2 employees retirement formula is 2% at 60 and the Tier 2 Fire and Police employees benefit formula is 3% at 55, all three based on three-year final average compensation period.

The Public Employees' Pension Reform Act (PEPRA), effective January 1, 2013, implemented an even lower pension tier for employees who are new to the PERS pension system. Under PEPRA, the formula is 2% at age 62 for non-sworn and 2.7% at age 57 for sworn employees. As the City's employee base migrates from classic CalPERS members to PEPRA members, the long-term future obligations of the City will begin to lessen as the benefit formula for PEPRA employees is not as great. However, the transition from Classic to Tier 2 to PEPRA employees does not provide immediate cost savings as the City's currently liability is comprised of costs of benefits promised to retired classic employees as well as the benefit promises to existing employees. PEPRA is expected to result in cost savings to cities with respect to salary and benefit expenditures in the next 10 to 15 years. It should be noted that in FY 2019/20, with FY 2018/19 year-end revenues over expenditures, the City paid off Tier II and Tier III Unfunded Accrued Pension Liabilities, significantly reducing future pension obligations, and saving the City money on an annual basis.

Recovery of Revenues – The FY 2021/22 proposed budget reflects staff's cautious optimism about revenue recover. The budget projects continuingly improved economic conditions. The unprecedented economic impacts associated with the local, national, and global mitigation of COVID-19 resulted in reductions to the City's primary revenues of Transient Occupancy Tax (TOT), Sales Tax, and Charges for Services. Now it appears to be returning to pre-pandemic levels. In close consultation with HDL, the City's Sales Tax consultant, and a review of national and regional hospitality research, the City is expecting significant increases in these revenue sources, with overall General Fund revenues for FY 2021/22 (excluding fund transfers in) increasing by 25% from those budgeted prior year revenues. These increases are largely due to forecasted increases in Transient Occupancy Tax (TOT), Sales Tax, Property Tax and Charges for Service, all returning to FY 19/20 pre-COVID levels. Additionally, a new source of revenue for the city from two cannabis retail businesses which opened during FY 2020/21 is projected to generate $426,000 in cannabis city tax for FY 2021/22.

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PROPOSED

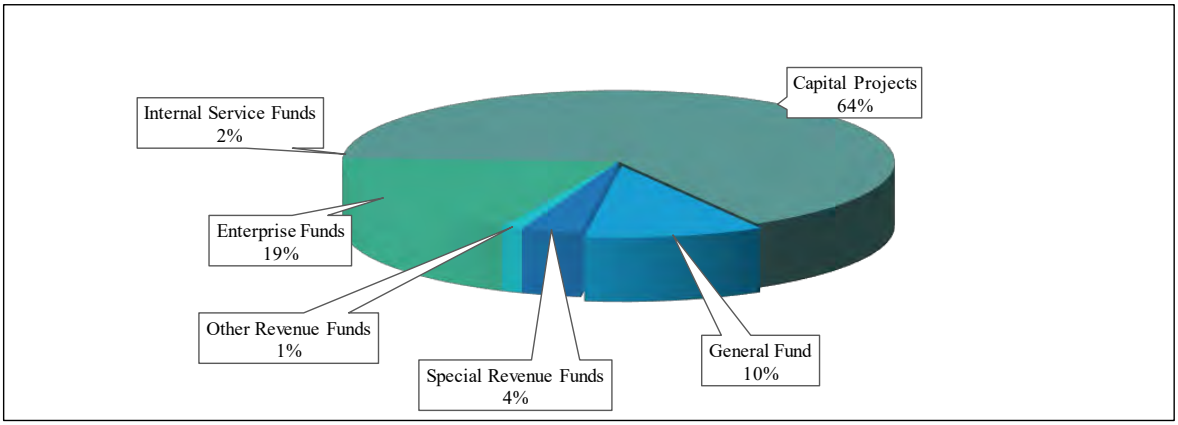
TOTAL CITY REVENUES and CAPITAL PROJECT FINANCING

BY FUND

(Including Transfers In)

Fund	Fund Name	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	2020/21 Proposed - Transfers	2020/21 Total Proposed	Change from PY
General Fund										
	General Fund	$ 14,629,925	$ 14,662,936	$ 15,409,836	$ 14,077,237	$ 14,855,830	$ 14,310,096	$ 1,244,577	$ 15,554,673	0.9%
Special Revenue Funds										
	Measure Q&E	1,062,872	1,226,552	993,647	1,269,250	1,224,250	3,302,325	-	$ 3,302,325	232.3%
	American Rescue Plan Act	-	-	-	-	990,000	990,000	-	990,000.0	0.0%
	Tourism	935,691	1,082,464	797,782	550,000	926,015	926,015	-	926,015	16.1%
	Tourism Accumulation	-	273,521	-	-	-	-	-	-	
Other Funds										
	Transit	353,463	325,906	282,466	280,225	360,916	353,758	-	353,758	25.2%
	Bike Path	8,178	9,782	10,169	8,905	8,905	9,504	-	9,504	-6.5%
	LTF Roads	239	74,283	1,767	-	-	-	-	-	-100.0%
	Opportunity Fund	3	1,044	306	-	-	-	-	-	-100.0%
	Community Development Grants	2,841	302,279	2,812	-	-	93,956	-	93,956	3241.3%
	Economic Development	-	191,388	998,085	117,806	218,107	117,806	117,806	235,612	-76.4%
	Community Benefit	-	-	250,000	-	-	-	-	-	-100.0%
	Triangle Lot - Boat Yard Storage	-	5,082	27,200	25,000	37,036	43,000	-	43,000	58.1%
	General Plan Maintenance Fee	24,343	21,067	18,269	15,500	15,500	15,500	-	15,500	-15.2%
	Housing In-Lieu	177,770	17,083	20,185	10,000	10,000	10,000	-	10,000	-50.5%
	Parking In-Lieu	4,079	9,367	9,127	-	-	-	-	-	-100.0%
	Government Impact Fees	221,325	123,244	234,701	42,650	46,043	42,650	-	42,650	-81.8%
	Park In-Lieu	257,821	6,397	6,054	-	36,626	-	-	-	-100.0%
	Harbor State Park Marina	92,227	87,460	81,077	85,000	91,552	92,000	-	92,000	13.5%
	State Gas Tax	228,157	212,241	238,971	226,455	216,755	243,222	-	243,222	1.8%
	Lower Cost Visitor Accomodations									
	Mitigation Fee	595	1,234	1,343	-	-	-	-	-	-100.0%
	Traffic Safety	11,410	13,364	10,532	10,000	9,069	10,000	-	10,000	-5.1%
	Special Safety Grants	140,512	152,469	166,332	100,000	139,727	100,000	-	100,000	-39.9%
	Fire Donation Fund	25,032	-	21,558	-	-	-	-	-	-100.0%
	Jamaica Joint Defense	15,000	-	2,767	-	1,210	-	-	-	-100.0%
	Strategic Investment Spending Plan	-	30,456	-	-	-	-	-	-	0.0%
	PEG Access Fees	65,000	53,528	44,252	45,000	37,671	38,000	38,000	76,000	71.7%
	Community Development Plans	-	100	-	-	-	-	-	-	0.0%
	County Tourism	412,162	407,324	336,773	345,627	345,627	340,141	-	340,141	1.0%
	Assessment District	8,477	8,477	9,099	8,619	8,619	5,645	5,645	11,290	24.1%
	Cloisters Assessment District	150,921	153,332	153,312	148,944	148,944	148,944	-	148,944	-2.8%
Enterprise Funds									-	
	Harbor Operating	2,129,177	2,095,846	2,029,138	2,017,135	2,029,373	2,150,100	-	2,150,100	6.0%
	Harbor Equipment Replacement	618	28,602	1,078	95,486	10,486	85,000	-	85,000	7785.0%
	Harbor Capital								-	
	Harbor Accumulation	28,080	26,718	27,320	-	-	-	108,000	108,000	295.3%
	Water Revenue	5,533,392	5,747,726	11,139,817	7,590,200	7,198,354	7,540,200	-	7,540,200	-32.3%
	Water Equipment Replacement	2,963	6,144	9,734	56,056	56,056	-	-	-	-100.0%
	Water Capital								-	
	Water Accumulation	149,490	3,213,733	180,518	3,471,386	3,038,625	-	3,141,092	3,141,092	1640.0%
	Utility Discount Program	124,002	174,657	180,276	93,000	93,561	-	93,000	93,000	-48.4%
	Sewer Revenue	6,379,674	6,940,805	9,416,740	9,177,000	9,000,702	7,899,605	-	7,899,605	-16.1%
	Sewer Equipment Replacement	183,480	42,546	11,311	56,056	56,056	-	-	-	-100.0%
	Sewer Capital							-	-	0.0%
	Sewer Accumulation	1,471,132	4,072,591	327,742	5,706,538	6,611,196	-	4,351,481	4,351,481	1227.7%
	MBCSD WWTP	1,949,984	1,677,219	2,610,832	2,715,917	1,922,698	2,610,832	-	2,610,832	0.0%
Internal Service Funds									-	
	Risk Management	1,395,805	1,489,756	1,876,273	1,589,416	1,575,543	1,559,856	21,125	1,580,981	-15.7%
	Information Technology	354,760	585,695	564,837	614,992	569,997	458,166	137,333	595,499	5.4%
	Facility Maintenance	66,660	14,993	29,401	24,000	24,000	24,000	-	24,000	-18.4%
	Vehicle Replacement	77,679	128,763	20,607	103,280	49,891	-	138,000	138,000	569.7%
	Capital Replacement	2,240	4,572	5,115	-	-	-	100,000	100,000	1855.0%
	Project Accumulation	3,184	6,509	7,261	-	-	-	-	-	-100.0%
	Compensable Leave	50,000	30,000	-	-	-	-	25,000	25,000	0.0%
	Emergency Reserve	35,838	107,118	129,092	338,500	652,630	-	931,250	931,250	621.4%
									-	
TOTAL Fund Rev & Transfers In		**$ 38,766,201**	**$ 45,846,373**	**$ 48,695,514**	**$ 51,015,180**	**$ 52,617,570**	**$ 43,520,321**	**$ 10,452,309**	**$ 53,972,630**	10.8%
Capital Projects Funds										
	General Government						-	-	$ -	0.0%
	City Works Implementation	36,718	17,581	-	-	-	-	-	$ -	0.0%
	Morro Creek Restoration	7,315	-	-	-	-	-		$ -	0.0%
	Bocce Ball Court	-	2,423	508	29,069	-	12,000	17,069	$ 29,069	5622.2%
	Facility/Audio Visual Upgrades - Vet's Hall	-	8,707	-	148,200	-	-	148,200	$ 148,200	0.0%
	Public Safety Power Safety & Fiber Optic			16,554	50,000	50,000			$ -	-100.0%
	Security Wall Imprv - City Hall Blds			35,588	-	-				
	Electric Vehicle Charging Station				48,000		26,000	31,809	$ 57,809	0.0%
	Re-Pave Poilce Annex Parking Lot				70,000	70,000				
	Coleman Park Restroom Rebuild						177,000	141,000	$ 318,000	
	Rock Area Improvements			551						
	Tidelands Park Play Structure						-	-	$ -	0.0%
	Tidelands Stormwater Pocket Park			49,129	27,247	6,019	-	-	$ -	-100.0%
	Fire Engine Replacement for #5391 (net after Donation	-	375,981	-	-	-	-	-	$ -	0.0%
	General Plan Updates	358,980	118,837	57,641						
	ADA: Sidewalk Repairs	22,743	-	-	-	-	-	-	$ -	0.0%
	Street Improvements						-	-	$ -	0.0%
	State Route (SR)1/SR 41 Interchange	33,164	5,637	3,258	179,285	6,077	95,987	670,630	$ 766,617	#######
	Pavement Management Plan	843,634	743,520	50,487	767,000	20,000	300,000	850,000	$ 1,150,000	2177.8%
	Directional Signage/Wayfinding				150,000		-	150,000	$ 150,000	
	SD-01A Kern & Anchor Streets				9,900		-	72,600	$ 72,600	0.0%
	SD-01B Kern & Anchr Streets				22,950		-	412,300	$ 412,300	0.0%
	Emergency Storm Drain Repair - Juniper/Elena				125,000	8,000	-	242,000	$ 242,000	0.0%
	Ironwood Storm Drains						-	-	$ -	0.0%
	Assessment Districts						-		$ -	0.0%
	Cloisters Park Landscape			19,057		-				
	Cloisters Park Playstructure									
	Transit Fund		329,555	-	267,191	-	323,787	478,219	$ 802,006	0.0%
	Enterprise Fund						-	-	$ -	0.0%
	Water Capital (Non-WRF)	221,425	98,592	42,178	3,094,700	340,350	-	340,350	$ 340,350	706.9%
	Water - WRF Only		3,005,424	3,709,538	12,451,058	7,111,303	25,781,849		$ 25,781,849	
	Sewer Capital(Non WRF)	98,597	31,296	-	326,950	109,785	-	109,785	$ 109,785	0.0%
	Sewer - WRF Only	2,166,854	7,358,108	9,081,974	30,483,626	17,410,430	63,121,079		$ 63,121,079	595.0%
	Harbor Capital	95,281	-	7,721	155,000	85,000	-	840,000	$ 840,000	#######
TOTAL Capital Projects		**$ 3,884,711**	**$ 12,095,661**	**$ 13,074,184**	**$ 48,405,176**	**$ 25,216,964**	**$ 89,837,702**	**$ 4,503,962**	**$ 94,341,664**	621.6%
Total Fund Revenues, Transfers-In and Capital		**$ 42,650,912**	**$ 57,942,034**	**$ 61,769,698**	**$ 99,420,356**	**$ 77,834,534**	**$ 133,358,023**	**$ 14,956,271**	**$ 148,314,294**	140.1%

TOTAL CITY REVENUES AND CAPITAL PROJECT FINANCING
BY FUND



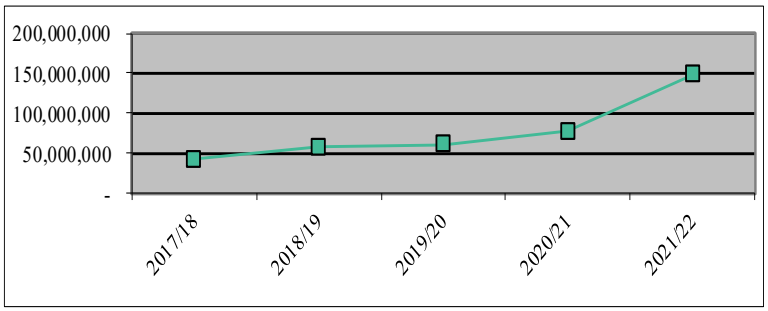
FY 201/22 Revenues By Fund

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	$ 14,629,925	$ 14,662,936	$15,409,836	$ 14,077,237	$14,855,830	$ 15,554,673	10.0%
Special Revenue Funds	1,998,563	2,582,537	1,791,429	1,819,250	3,140,265	5,218,340	4.0%
Other Revenue Funds	2,199,555	2,206,907	2,927,157	1,469,731	1,732,307	1,825,577	1.0%
Enterprise Funds	17,951,992	24,026,587	25,934,506	30,978,774	30,017,107	27,979,310	19.0%
Internal Service Funds	1,986,166	2,367,406	2,632,586	2,670,188	2,872,061	3,394,730	2.0%
Capital Projects	3,884,711	12,095,661	13,074,184	48,405,176	25,216,964	94,341,664	64.0%
Total Rev & Transfers In	**$ 42,650,912**	**$ 57,942,034**	**$61,769,698**	**$ 99,420,356**	**$77,834,534**	**$148,314,294**	**100.0%**

CITY REVENUE HISTORICAL TREND

(Includes Transfers In)

FY	Total	Status
2017/18	42,650,912	Actuals
2018/19	57,942,034	Actuals
2019/20	61,769,698	Actuals
2020/21	77,834,534	Estimated
2021/22	148,314,294	Projected



TOTAL CITY EXPENDITURES

BY FUND

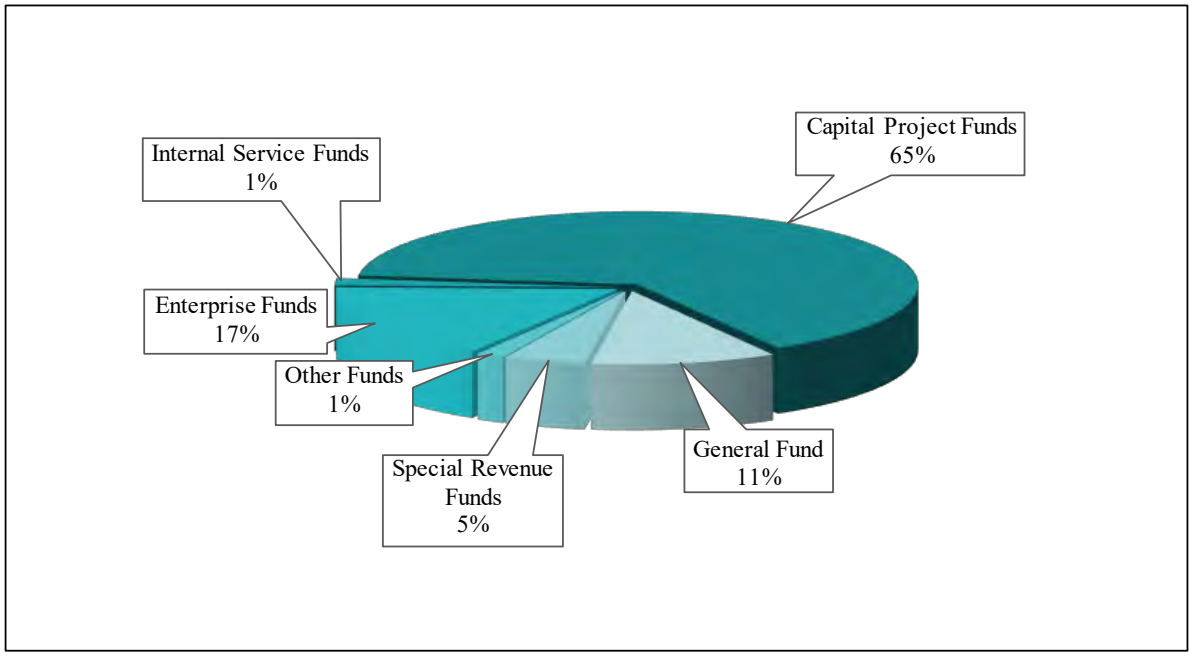
TOTAL CITY EXPENDITURES

BY FUND

(Excludes Transfers Out)

Fund	Fund Name	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed - Expenditures	2021/22 Proposed - Transfers	2021/22 Total Proposed	Change from PY
General Fund										
	General Fund	$ 13,334,327	$ 13,061,271	$ 14,297,183	$ 12,961,405	$ 13,033,193	$ 14,232,360	$ 1,289,688	$ 15,522,048	18.8%
Special Revenue Funds										0.0%
	Measure Q&E	434,804	567,292	691,351	553,779	548,639	1,991,436	2,050,876	4,042,312	612.6%
	American Rescue Plan Act	-	-	-	-	-	484,540	500,000	984,540	0.0%
	Tourism	898,535	1,048,452	769,091	358,780	223,077	1,779,678	25,827	1,805,505	72.2%
	Tourism Accumulation	-	65,000	46,397	-	-	-	-	-	-100.0%
										0.0%
Other Funds										0.0%
	Transit	314,705	274,091	268,519	200,451	185,385	200,595	94,546	$ 295,141	7.7%
	Bike Path	-	-	-	-	-	40,054	3,500	43,554	0.0%
	LTF Roads	46	-	-	-	-	-	70,630	70,630	0.0%
	Opportunity Fund	-	-	198	-	-	-	-	-	0.0%
	Community Development Grants	358,659	-	-	-	-	93,956	-	93,956	0.0%
	Community Benefit	-	-	-	-	-	-	170,000	170,000	0.0%
	Economic Development Fund	-	1,676	82,740	412,750	312,462	159,800	150,000	309,800	#######
	General Plan Maintenance Fee	24,499	20,911	18,269	15,500	15,500	15,500	-	15,500	-25.9%
	Housing In-Lieu	6,427	5,000	62,740	50,000	9,307	75,000	-	75,000	1400.0%
	Parking In-Lieu	1,840	-	-	49,500	49,500	50,000	31,809	81,809	0.0%
	Government Impact Fees	70,011	147,895	36,096	119,919	70,000	9,900	61,557	71,457	-51.7%
	Park In-Lieu	293	-	-	-	-	69,500	-	69,500	0.0%
	Harbor State Park Marina	3,800	4,100	-	5,000	5,000	5,000	-	5,000	22.0%
	Triange Lot - Boat Yard Storage	-	4,909	13,421	26,100	30,858	19,850	-	19,850	304.4%
	State Gas Tax	-	-	-	-	-	-	243,222	243,222	0.0%
	Lower Cost Visitor Accomodations	113	-	-	-	-	-	-	-	0.0%
	Traffic Safety	-	-	-	-	-	-	11,541	11,541	0.0%
	Special Safety Grants	70,356	78,937	79,360	100,046	177,545	100,918	-	100,918	27.8%
	Fire Donation Fund	21,359	301,983	21,558	-	-	-	-	-	-100.0%
	Jamaica Joint Defense	18,977	-	-	-	-	-	-	-	0.0%
	Strategic Investment Spending Plan	26,628	1,626	-	-	-	60,000	-	60,000	3590.0%
	PEG Access Fees	-	1,703	8,861	117,628	-	117,628	-	117,628	6807.1%
	Community Development Plans	-	-	-	-	-	-	-	-	0.0%
	County Tourism	367,388	408,333	378,005	338,714	338,714	344,227	6,803	351,030	-14.0%
	Assessment District	8,464	13,107	14,058	6,462	9,838	4,368	712	5,080	-61.2%
	Cloisters Assessment District	118,548	139,740	152,596	136,928	139,456	122,574	11,476	134,050	-4.1%
										0.0%
Enterprise Funds										0.0%
	Harbor Operating	1,638,218	1,981,419	1,767,274	1,640,959	1,497,983	1,655,364	399,021	$ 2,054,385	3.7%
	Harbor Equipment Replacement	118	27,586	-	85,000	85,000	-	50,000	50,000	81.3%
	Harbor Capital	95,281	-	7,721	155,000	-	-		-	0.0%
	Harbor Accumulation	463	-	6,879	-	-	-	380,000	380,000	0.0%
	Water Operating	3,908,958	3,219,278	4,025,917	3,721,206	3,901,603	4,108,370	3,449,908	7,558,278	134.8%
	Water Equipment Replacement	565	-	134,038	22,412	22,412	60,000	-	60,000	0.0%
	Water Capital	-	-	-	-	-	-		-	0.0%
	Water Accumulation	873,330	1,705,095	3,751,717	3,094,700	340,350	3,502,350	-	3,502,350	105.4%
	Utility Discount Program	18,718	44,361	65,571	100,000	100,000	150,000	-	150,000	238.1%
	Sewer Operating	703,291	(919,365)	(9,559,928)	3,199,068	2,118,112	3,329,825	4,569,780	7,899,605	-959.2%
	Sewer Equipment Replacement	445,581	-	-	-	-	-	-	-	0.0%
	Sewer Capital							-	-	0.0%
	Sewer Accumulation	14,648	-	-	-	-	217,165	-	217,165	0.0%
	MBCSD WWTP	1,928,798	1,647,140	2,404,219	2,503,814	1,710,594	2,404,219	206,613	2,610,832	58.5%
										0.0%
Internal Service Funds										0.0%
	Risk Management	1,465,245	1,530,235	1,648,706	1,564,961	1,542,404	1,460,891	-	$ 1,460,891	-4.5%
	Information Technology	411,329	564,645	511,221	523,060	513,357	712,188	-	712,188	26.1%
	Facility Maintenance	67,273	38,740	55,379	25,000	25,000	24,000	31,500	55,500	43.3%
	Vehicle Replacement	62,051	-	-	103,280	45,947	38,000	-	38,000	0.0%
	Capital Replacement	427	-	-	-	-	-	-	-	0.0%
	Project Accumulation	607	-	1,068	-	-	-	-	-	0.0%
	Compensable Leave	-	85,362	-	19,769	-	-	-	-	-100.0%
	Emergency Reserve	6,834	-	-	-	-	-	-	-	0.0%
									-	0.0%
TOTAL Fund Exp		**$ 27,721,514**	**$ 26,070,522**	**$ 21,760,225**	**$ 32,211,191**	**$ 27,051,236**	**$ 37,639,256**	**$ 13,809,009**	**$ 51,448,265**	97.3%
Capital Projects Funds - Project Detail										0.0%
	General Government						-	-	$ -	0.0%
	City Works Implementation	36,718	17,581				-	-	-	-100.0%
	Morro Creek Restoration	7,315	-	-			-	-	-	0.0%
	Bocce Ball Court	-	2,423	508	29,069	-	29,069	-	29,069	1099.7%
	Facility/Audio Visual Upgrades - Vet's H	-	8,707		148,200	-	148,200	-	148,200	1602.1%
	City Park Play Equipment	-	-	-			-	-	-	0.0%
	ADA: Sidewalk Repairs	22,743	-	-			-	-	-	0.0%
	Fire Engine Replacement for #5391 - Bal after donation	-	375,981	-			-	-	-	-100.0%
	Tidelands Park Play Structure	-	-	-			-	-	-	0.0%
	Tidelands Stormwater Pocket Park	-	-	49,129	27,247	6,019	-		-	0.0%
	Electric Vehicle Charging Station	-	-		48,000		57,809		57,809	
	Public Safety/Power Shutdown & Fiber Optic Portion	-	-	16,554	50,000	50,000			-	
	Security Wall Imprv - Cit Hall Blds	-	-	35,588					-	
	Re-pave Police Annex Parking Lot	-	-		70,000	70,000			-	
	Coleman Park Restroom Rebuild						318,000		318,000	
	Rock Area Improvements	-	-	551			-	-	-	
	Community Development Grants		-				-	-	-	
	General Plan Update	358,980	118,837	57,641					-	
	Street Improvements						-	-	-	0.0%
	State Route (SR)1/SR 41 Interchange	33,164	5,637	3,258	179,285	6,077	766,617	-	766,617	#######
	Pavement Management Plan	843,634	743,520	50,487	767,000	20,000	1,150,000	-	1,150,000	54.7%
	Directional Signage/Wayfinding				150,000	-	150,000		150,000	
	Storm Drains						-	-	-	0.0%
	Kern & Anchor Street Pipeline SD-01A	-	-	-	9,900	-	72,600	-	72,600	0.0%
	Kern & Anchor Street Pipeline SD-01B	-	-	-	22,950	-	412,300	-	412,300	0.0%
	Emergency Storm Drain Repair - Juniper/Elena				125,000	8,000	242,000		242,000	
	Assessment Districts						-	-	-	0.0%
	North Point Parking Lot Improvements	-	-	-			-	-	-	0.0%
	Cloister Park Landscape	-	-	19,057		-	-	-	-	0.0%
	Cloisters Play Structure						-		-	
	Transit Fund	-	329,555	-	267,191	-	802,006	-	802,006	143.4%
	Enterprise Fund						-	-	-	0.0%
	Water Capital - Non WRF	221,425	98,592	42,178	3,094,700	340,350	340,350	-	340,350	245.2%
	Water WRF Only		3,005,424	3,709,538	12,451,058	7,111,303	25,781,849		25,781,849	
	Sewer Capital - NonWRF	98,597	31,296	-	326,950	109,785	109,785	-	109,785	-98.5%
	Sewer WRF Only	2,166,854	7,358,108	9,081,974	30,483,626	17,410,430	63,121,079		63,121,079	
	Harbor Capital	95,281	-	7,721	155,000	85,000	840,000	-	840,000	0.0%
TOTAL Capital Exp		**$ 3,884,711**	**$ 12,095,661**	**$ 13,074,184**	**$ 48,405,176**	**$ 25,216,964**	**$ 94,341,664**	**$ -**	**$ 94,341,664**	680.0%
Plus Transfers Out		2,944,836	7,886,871	5,726,370	11,203,964	11,432,489	10,248,280		10,248,280	29.9%
TOTAL Fund Exp		**$ 31,606,225**	**$ 38,166,183**	**$ 34,834,409**	**$ 80,616,367**	**$ 52,268,200**	**$ 131,980,920**	**$ 13,809,009**	**$145,789,929**	282.0%

TOTAL CITY EXPENDITURES
BY FUND

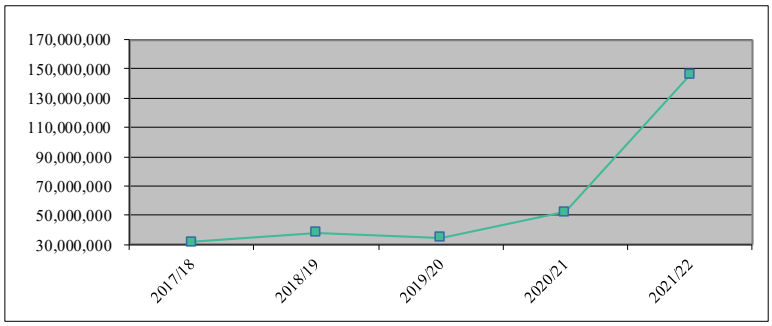


FY 2021/22 Expenditures by Fund

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	$ 13,334,327	$ 13,061,271	$ 14,297,183	$ 12,961,405	$ 13,033,193	$ 15,522,048	10.6%
Special Revenue Funds	1,333,339	1,680,744	1,506,839	912,559	771,716	6,832,357	4.7%
Other Funds	1,412,113	1,404,011	1,136,421	1,578,998	1,343,565	2,344,666	1.6%
Enterprise Funds	9,627,969	7,705,514	2,603,408	14,522,159	9,776,054	24,482,615	16.8%
Internal Service Funds	2,013,766	2,218,982	2,216,374	2,236,070	2,126,708	2,266,579	1.6%
Capital Project Funds	3,884,711	12,095,661	13,074,184	48,405,176	25,216,964	94,341,664	64.7%
Total Exp	**$ 31,606,225**	**$ 38,166,183**	**$ 34,834,409**	**$ 80,616,367**	**$ 52,268,200**	**$ 145,789,929**	**100.0%**

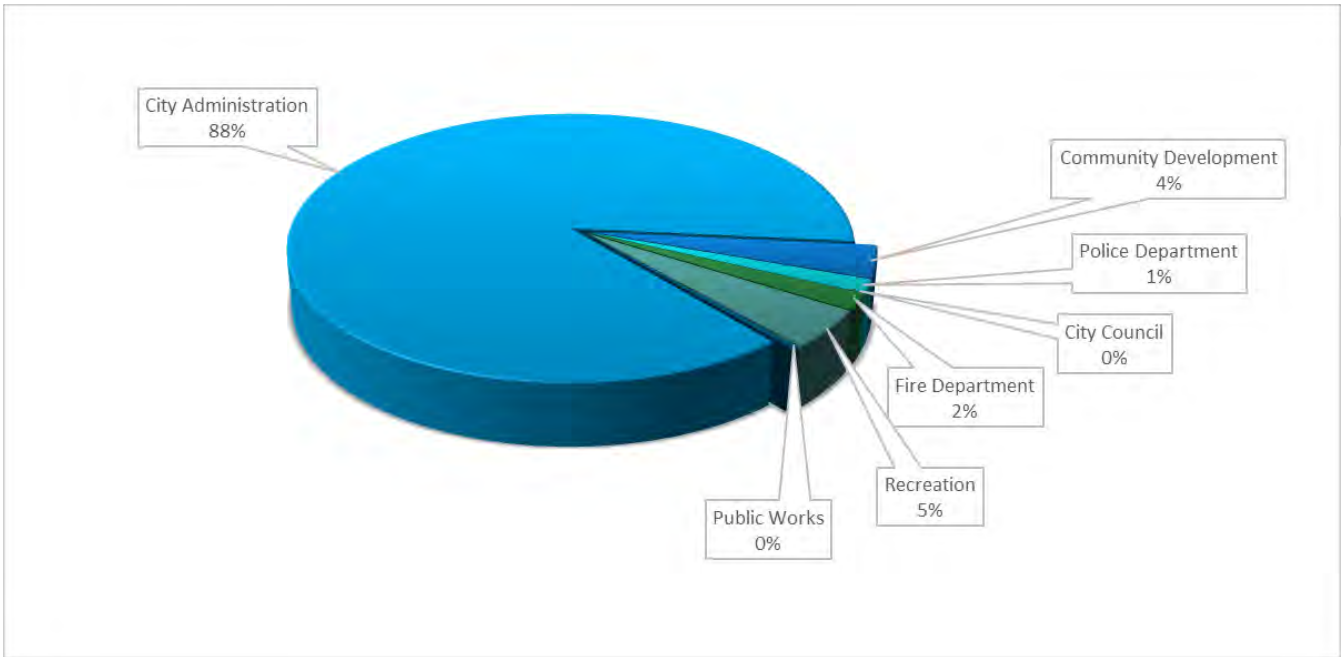
CITY EXPENDITURE HISTORICAL TREND

FY		Total	Status
2017/18	$	31,606,225	Actuals
2018/19	$	38,166,183	Actuals
2019/20	$	34,834,409	Actuals
2020/21	$	52,268,200	Estimated
2021/22	$	145,789,929	Projected



General Fund Revenues

By Department



FY 2021/22 Departmental Revenues

Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
City Council	$ -	$ -	$ -	$ -	$ -	$ -	0.0%
City Administration	11,072,208	11,412,294	10,908,254	9,856,286	11,683,568	12,539,805	87.6%
Public Works	86,543	41,625	37,193	35,190	33,151	57,981	0.4%
Community Development	708,581	687,599	571,001	425,250	540,444	555,033	3.9%
Police Department	82,411	110,536	213,716	240,420	240,420	224,875	1.6%
Fire Department	557,297	396,123	377,088	726,568	568,624	277,402	1.9%
Recreation	594,183	685,958	572,800	212,461	577,761	655,000	4.6%
Total General Fund Revenues	**$13,101,223**	**$ 13,334,135**	**$ 12,680,052**	**$ 11,496,175**	**$ 13,643,968**	**$14,310,096**	**100%**
Transfers In:	1,528,702	1,328,801	2,729,784	2,581,062	1,211,862	1,244,577	
Net Operating Revenues	**$14,629,925**	**$ 14,662,936**	**$ 15,409,836**	**$ 14,077,237**	**$ 14,855,830**	**$15,554,673**	
Net Operating Surplus/(Deficit)	**$ 732,608**	**$ 746,516**	**$ 631,683**	**$ 552,832**	**$ 1,459,364**	**$ 32,625**	

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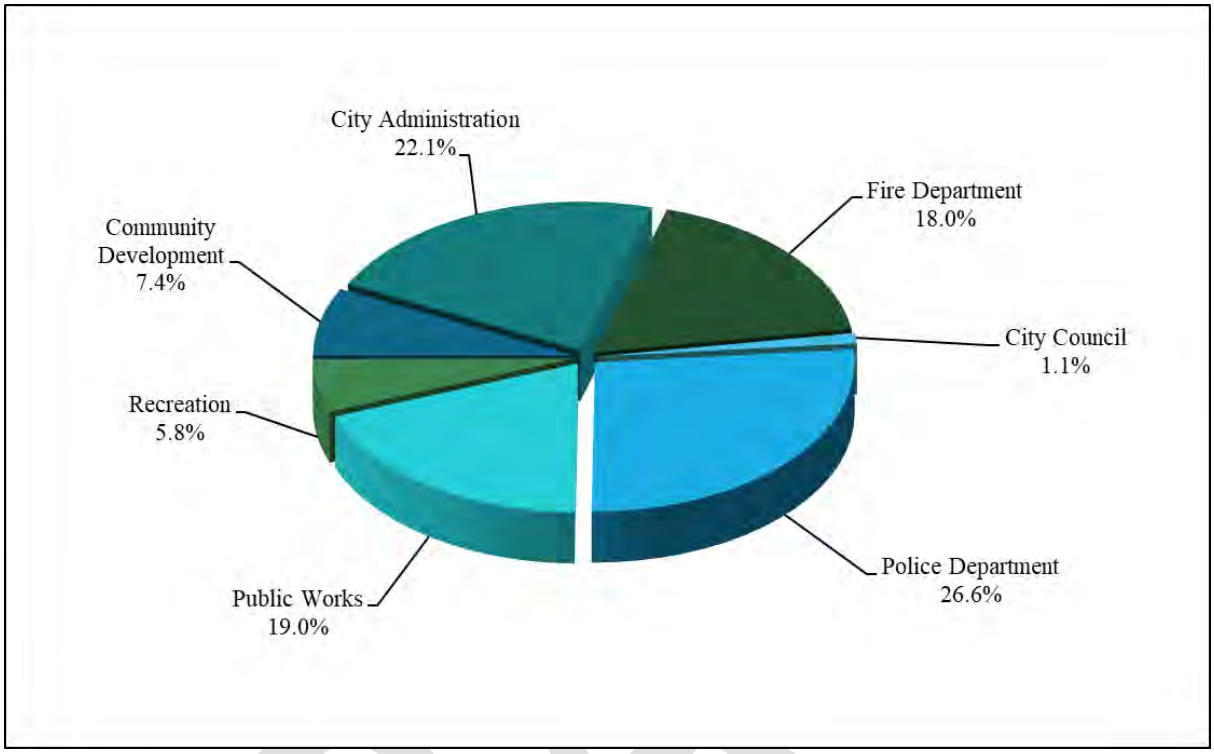
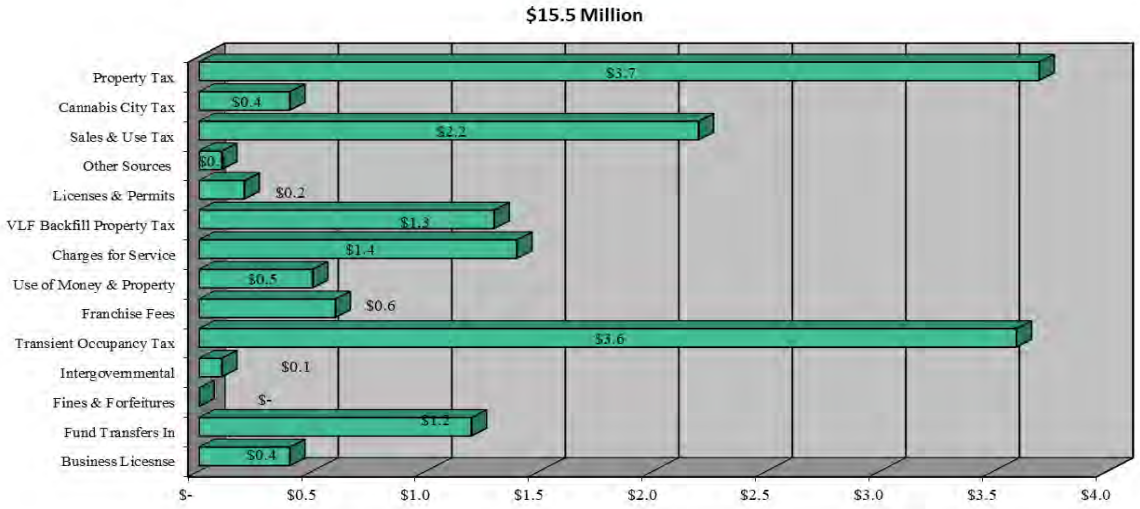
General Fund Expenditures
By Department



FY 2021/22 Departmental Expenditures

Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Police Department	$ 3,521,549	$ 3,359,254	$ 3,871,520	$ 3,537,166	$ 3,535,950	$ 3,775,377	26.6%
Fire Department	3,200,709	2,712,709	3,010,317	2,937,326	3,174,265	2,559,130	18.0%
Public Works	2,428,683	2,418,757	2,621,367	2,366,212	2,167,946	2,697,827	19.0%
Community Development	849,906	919,817	1,024,250	914,511	911,231	1,054,326	7.4%
City Administration	2,118,967	2,295,213	2,431,410	2,365,146	2,430,494	3,133,884	22.1%
Recreation	1,070,905	1,197,289	1,211,857	721,755	721,863	817,328	5.8%
City Council	108,530	123,043	91,185	84,098	56,255	159,298	1.1%
Total General Fund Exp	**$ 13,299,249**	**$ 13,026,082**	**$ 14,261,906**	**$ 12,926,214**	**$ 12,998,004**	**$ 14,197,170**	**100%**
Town Debt Payments:	$ 35,078	$ 35,189	$ 35,277	$ 35,191	$ 35,189	$ 35,190	
Transfers Out:	562,990	855,149	480,970	563,000	363,273	1,289,688	
Net Operating Expenditures	**$ 13,897,317**	**$ 13,916,420**	**$ 14,778,153**	**$ 13,524,405**	**$ 13,396,466**	**$ 15,522,048**	

GENERAL FUND REVENUES
BY CATEGORY



Revenue Category	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Sales & Use Tax	$ 1,971,038	$ 2,114,207	$ 2,186,074	$ 1,913,322	$ 2,150,281	$ 2,164,719	13.9%
Cannabis City Tax	-	-	-	106,000	204,243	426,000	2.7%
Property Tax	3,261,639	3,416,642	3,465,939	3,276,246	3,344,699	3,732,574	24.0%
VLF Backfill Property Tax	1,048,184	1,109,479	1,154,023	947,509	1,211,789	1,260,261	8.1%
Franchise Fees	524,997	528,560	555,644	536,137	542,258	572,259	3.7%
Business License	353,220	347,964	353,413	304,212	359,503	364,173	2.3%
Transient Occupancy Tax	3,429,186	3,576,121	2,892,130	2,402,479	3,490,603	3,577,868	23.0%
Licenses & Permits	133,739	129,054	139,345	95,500	159,371	156,500	1.0%
Intergovernmental	441,140	158,630	41,598	55,114	44,655	59,861	0.4%
Charges for Service	1,402,732	1,531,744	1,493,528	1,036,787	1,315,609	1,403,633	9.0%
Fines & Forfeitures	10,003	4,834	6,880	6,000	6,000	7,000	0.0%
Use of Money & Property	437,834	349,192	323,495	360,802	360,409	499,900	3.2%
Interest	40,571	21,849	-	-	88	-	0.0%
Other Sources	46,938	42,246	66,724	456,067	454,460	85,348	0.5%
Total Revenues	**$ 13,101,221**	**$ 13,330,522**	**$ 12,678,793**	**$ 11,496,175**	**$ 13,643,968**	**$ 14,310,096**	
Transfers In:	1,528,702	1,328,801	2,729,784	2,581,062	1,211,862	1,244,577	8.0%
Total Revenues & Transfers In	**$ 14,629,923**	**$ 14,659,323**	**$ 15,408,577**	**$ 14,077,237**	**$ 14,855,830**	**$ 15,554,673**	**100%**

FY 2021/22 General Fund revenues and fund transfers are estimated to increase by 10.5% ($2.8 million, excluding transfers) from the FY 2020/21 amended budget. The City's operations are funded through a variety of revenue sources as depicted above. Revenues were estimated by trend analysis and historical data, particularly an analysis of recessionary revenue trends as the most relevant data to base estimates on, as explained below:

Transient Occupancy Tax (TOT) – The FY 2021/22 budget includes $3.6 million in TOT revenue, a 48% increase from the prior year budgeted amounts. This is exactly the percentage decrease projected in the FY 2020/21 original budget before amendments. This year's budget amount is based on a the most recent year's actual revenue receipts plus the three-month historical trend of revenue received for the pre-COVID period of April – June. With widespread vaccine administration the City expects to emerge from the COVID-19 pandemic health restrictions in June 2021 and return to normal tourism activity. Recent surveys on travel trend projections, and an expecting resurgence in the summer of 2020/21 and on into FY 2021/22.

Sales Tax –The FY 2021/22 budget reflects a $257,000 increase in sales tax revenue, or a 13% increase compared to the prior year budgeted amount. This estimate is based on data provided by HDL, the City's Sales Tax Consultant and assumes the county will return to normal economic activity by the end of June 2021.

Property Tax – Property Tax receipts are expected to increase from the budgeted FY 2020/21 amount by 13% totaling $3.7 million. This is $388,000 higher than the estimate for FY 2020/21 Property Tax in Lieu of vehicle lice fees is budgeted to be $312,752 higher than FY 2020/21 budget which is 33% higher. It is not clear why the prior year budget has this amount going down. These estimates are based on data provided by the San Luis Obispo County Auditor-Controller and an analysis of recessionary revenue trends.

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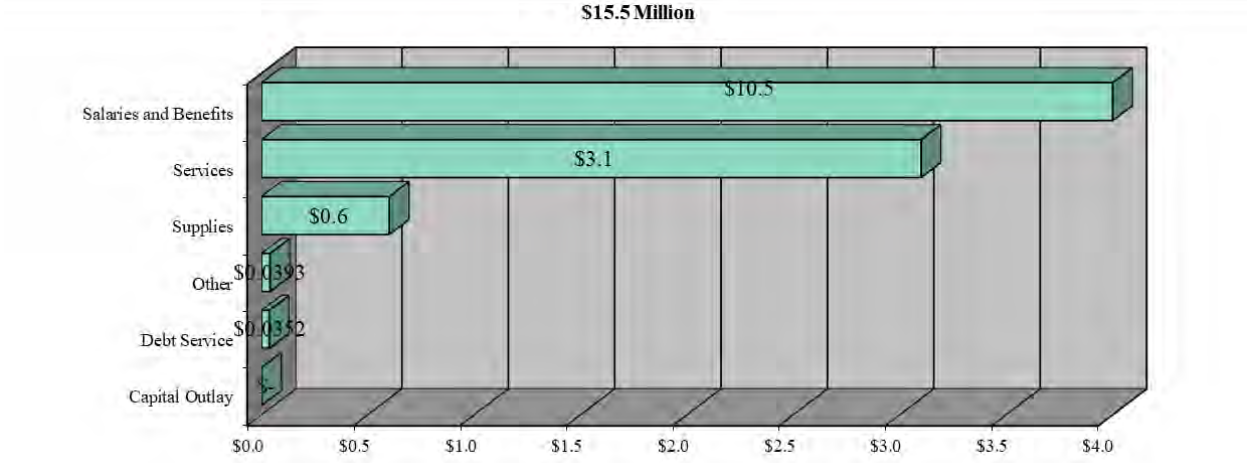
GENERAL FUND EXPENDITURES
BY CATEGORY



Expenditure Category	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Salaries and Benefits	$ 10,400,061	$ 10,075,345	$ 10,864,809	$ 10,115,050	$ 9,792,647	$ 10,489,931	67.6%
Supplies	641,730	542,459	537,424	482,505	427,521	565,916	3.6%
Services	2,208,387	2,376,666	2,822,298	2,310,234	2,763,786	3,101,998	20.0%
Capital Outlay	63	-	8	-	-	-	0.0%
Other	49,008	31,612	37,367	18,425	14,050	39,325	0.3%
Debt Service	35,078	35,189	35,277	35,191	35,189	35,190	0.2%
Total Expenditures Incl Debt Servic	**$ 13,334,327**	**$ 13,061,271**	**$ 14,297,183**	**$ 12,961,405**	**$ 13,033,193**	**$ 14,232,360**	
Transfers Out	$ 562,990	$ 855,149	$ 480,970	$ 563,000	$ 363,273	$ 1,289,688	8.3%
Total Exp & Transfers Out	**$ 13,897,317**	**$ 13,916,420**	**$ 14,778,153**	**$ 13,524,405**	**$ 13,396,466**	**$ 15,522,048**	**100%**

The FY 2021/22 General Fund Operating Budget of $14.2 million (net of transfers) represents an 9.4% increase compared to the net FY 2020/21 amended operating expenditures budget of $13.0 million (net of transfers).

Salaries & Benefits –The delivery of City services is highly dependent on labor which comprises 67.6% of budgeted General Fund expenditures for FY 2021/22. Salaries and benefits continue to be the largest portion of the City's costs. The FY 2021/22 budget reflects a 7.1% increase in salaries and benefits. The increase is due restoring the amount equivalent to the 8 to 5% salary concessions from all employees (city-wide) through December 31, 2020, except those members of the Morro Bay Firefighters Association (October through December 2020), restoring several defunded positions, restoring part-time hours for recreation programing to resume, and reflecting projected negotiated pay and benefits due to agreements with the City's bargaining groups. The proposed budget includes funding for the City's OPEB liability as defined in the actuarial report.

Supplies – The FY 2021/22 supplies budget represents a 17.2% increase when compared to the FY 2020/21 amended budget. Departmental operating budgets restored most travel and training, organizational memberships, and supplies, as there is a city-wide emphasis to their pre-COVID levels.

Services – These expenditures represent the service program costs related to consultant services or other outside services provided by non-city staff. The FY 2021/22 budget reflects a 34.2% increase when compared to the FY 2020/21 amended budget. This increase can be attributed to several components,

including increases in citywide contract services, including services for the City's tree program, sidewalk repairs, as well as moving some contract services from Measure Q to the General Fund.

Equipment and Capital Outlay – There is no budgeted activity for equipment or capital outlay in FY 2021/22. Funds for these purposes are budget in the appropriate fund for the purchase (i.e., vehicle replacement, IT replacement and/or facilities funds).

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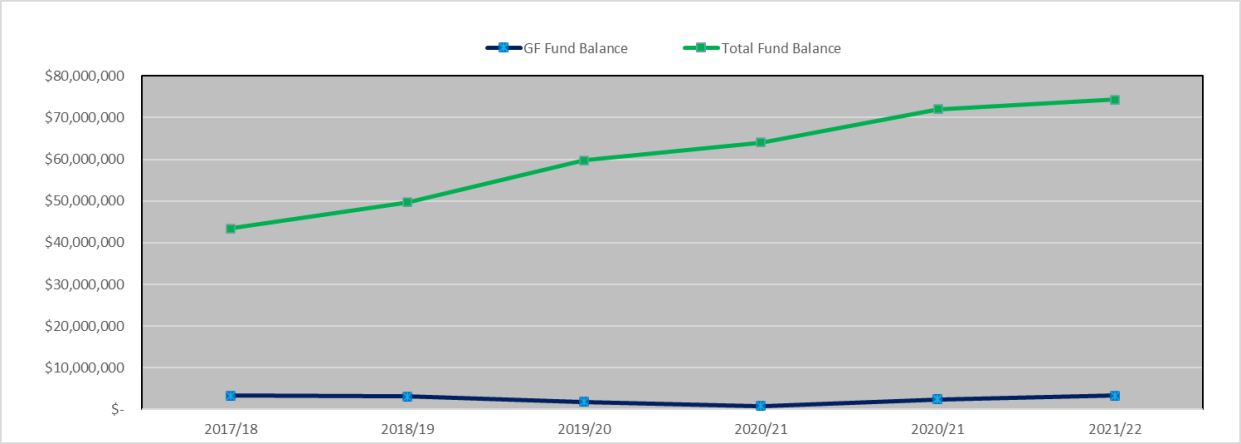
FUND BALANCE RESERVES

5 YEAR COMPARATIVE BALANCES

	2017/18 Actuals YE Balance	2018/19 Actuals YE Balance	2019/20 Actuals YE Balance	2020/21 Amended YE Balance	2020/21 Estimated YE Balance	2021/22 Proposed YE Balance
General Fund						
General Fund Emergency Reserve only	$ 3,276,278	$ 3,140,915	$ 1,766,131	$ 800,459	$ 2,398,561	$ 3,329,811
Total General Fund Reserves	***$ 3,276,278***	***$ 3,140,915***	***$ 1,766,131***	***$ 800,459***	***$ 2,398,561***	***$ 3,329,811***
Special Revenue Funds						
Measure Q/E	$ 184,052	$ 342,964	$ 645,260	$ 394,732	$ 1,018,621	$ 278,634
American Rescue Plan Act	-	-	-	-	990,000	995,460
Tourism	296,699	36,986	36,986	202,379	879,490	-
Tourism Accumulation	-	208,521	162,124	162,124	162,124	162,124
Total Special Revenue Fund Reserves	***$ 480,751***	***$ 588,471***	***$ 844,370***	***$ 759,235***	***$ 3,050,235***	***$ 1,436,218***
Other Funds						
Transit	$ 330,792	$ 222,735	$ 455,920	$ 376,801	$ 517,981	$ 576,598
Bike Path	20,103	29,885	40,054	48,959	48,959	18,409
LTF Roads	21,717	70,630	72,397	72,397	72,397	1,767
Opportunity Fund	48,404	31,448	1,094	411	-	-
Community Development Grants	706,268	1,008,547	1,011,359	1,011,359	1,011,359	1,011,359
Housing In-Lieu	287,812	299,564	257,009	217,009	257,702	192,702
Parking In-Lieu	366,896	376,263	384,839	313,339	313,339	231,530
Government Impact Fees	878,464	853,813	1,036,241	958,972	1,012,284	983,477
Park In-Lieu	267,453	273,850	279,904	279,904	316,530	247,030
Harbor State Park Marina	379,377	462,737	543,814	623,814	630,366	717,366
State Gas Tax	4,552	-	-	-	-	-
Lower Cost Visitor Accomodations Mitigation Fee	54,093	55,327	56,670	(13,442)	14,114	14,114
Community Benefit	-	-	250,000	250,000	250,000	80,000
Triangel Lot - Boat Yard Storage	-	173	13,952	12,852	20,130	43,280
Economic Development	-	189,712	1,105,057	810,113	1,010,702	818,708
Traffic Safety	1,541	1,541	1,541	1,541	1,541	-
Special Safety Grants	132,851	206,383	293,355	293,309	255,537	254,619
Fire Donation Fund	378,163	76,180	76,180	76,180	76,180	76,180
Jamaica Joint Defense	(3,977)	(3,977)	(1,210)	(1,210)	-	-
Strategic Investment Spending Plan	150,909	167,739	167,739	138,592	138,592	78,592
PEG Access Fees	65,000	116,825	152,216	79,588	189,887	110,259
Community Development Plans	262	362	362	362	-	-
County Tourism	67,893	59,576	10,889	10,889	10,889	-
Assessment District	71,395	66,765	61,806	63,963	65,546	66,111
Cloisters Assessment District	188,133	201,725	171,452	172,106	169,578	184,472
Total Other Funds	***$ 4,418,101***	***$ 4,767,803***	***$ 6,442,640***	***$ 5,797,808***	***$ 6,383,613***	***$ 5,706,573***
Enterprise Funds						
Harbor Operating	$ (1,515,443)	$ (1,826,436)	$ (1,890,579)	$ (1,831,037)	$ (1,675,823)	$ (1,580,108)
Harbor Equipment Replacement	56,167	57,183	58,261	68,747	(16,253)	18,747
Harbor Capital	-	-	-	-	-	-
Harbor Accumulation	372,064	388,825	333,760	213,760	273,760	1,760
Water Revenue	9,853,639	10,437,861	17,179,029	17,229,029	17,122,973	17,104,895
Water Equipment Replacement	269,379	275,523	151,219	184,863	184,863	124,863
Water Capital	-	-	-	-	-	-
Water Accumulation	2,155,638	3,664,276	93,077	469,763	2,791,352	2,430,094
Utility Discount Program	411,492	541,788	656,493	649,493	650,054	593,054
Sewer Revenue	16,533,801	20,464,231	35,463,973	35,463,973	35,463,973	35,463,973
Sewer Equipment Replacement	421,956	464,502	475,813	531,869	531,869	531,869
Sewer Capital						
Sewer Accumulation	3,950,923	3,991,754	(4,793,772)	585,816	1,707,639	5,841,955
MBCSD WWTP	-	-	-	-	-	-
Total Enterprise Funds	***$ 32,509,616***	***$ 38,459,507***	***$ 47,727,274***	***$ 53,566,276***	***$ 57,034,407***	***$ 60,531,102***
Internal Service Funds						
Risk Management	$ 1,437,169	$ 1,396,690	$ 1,624,257	$ 1,648,712	$ 1,657,396	$ 1,777,486
Information Technology	156,143	177,193	230,809	322,741	287,449	170,760
Facility Maintenance	134,350	110,603	94,625	93,625	93,625	62,125
Vehicle Replacement	196,985	325,748	346,355	346,355	350,299	450,299
Capital Replacement	203,426	207,998	213,113	213,113	213,113	313,113
Project Accumulation	289,219	295,728	301,921	301,921	301,921	301,921
Compensable Leave	279,130	223,768	223,768	203,999	223,768	248,768
Total Internal Service Funds	***$ 2,696,422***	***$ 2,737,728***	***$ 3,034,848***	***$ 3,130,466***	***$ 3,127,571***	***$ 3,324,472***
TOTAL	**$ 43,381,168**	**$ 49,694,424**	**$ 59,815,263**	**$ 64,054,244**	**$ 71,994,387**	**$ 74,328,176**
Ending Fund Balance	$ 43,381,168	$ 49,694,424	$ 59,815,263	$ 64,054,244	$ 71,994,387	$ 74,328,176

FUND BALANCE RESERVES
5 YEAR COMPARATIVE BALANCES



The above chart depicts the available fund balances (which were updated from cash balances for the current year budget presentation beginning with FY 2017/18 going forward, consistent with the request from advisory committee). The bottom line (blue) line indicates General Fund balance. The green line (top) is all funds. The FY 2021/22 budget includes planned use of existing cash, most notably to offset projected revenue losses for the General Fund because of COVID-19. Planned costs for the City's Water Reclamation Facility (WRF) are budgeted to be expensed from the WIFIA (Water Infrastructure Finance and Innovation Act) loan proceeds totaling $88.8 million. Staff is working diligently with the City's financial advisor on a cashflow analysis to ensure there will be sufficient cash to manage the costs while the State processes loan disbursement requests. Staff will return to the Council with this analysis once complete.

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SUMMARY OF PERSONNEL CHANGES
FY 2021/22

The City's total budgeted personnel costs for FY 2021/22 are anticipated to increase. Rising health and pension rates have increased labor costs plus there are 10 full time equivalent positions being restored next year. The following discussion describes some of the staffing expenditures, savings, and budget impacts.

Employee Compensation

Personnel costs represent salaries of full-time and part-time personnel (including vacation, holiday, and sick leave compensation) and benefits, including health coverage, life and disability insurance, and retirement contributions. For represented positions, annual salary increases, and benefit adjustments are negotiated under each bargaining unit's Memorandum of Understanding (MOUs). Salary increases and benefit adjustments for unrepresented positions are determined under the Council's authority and are not subject to bargaining.

Memorandums of Understanding (MOUs)

The status of current or anticipated future labor actions are as follows:

- In compliance with the California Public Employees' Pension Reform Act (PEPRA), an additional pension tier was implemented for all non-sworn and management employees, changing the pension formula to 2% at 62 for employees hired after January 1, 2013 who were not previously in a public pension system.
- For sworn employees, the pension formula under PEPRA changed to 2.7% at 57 for safety employees hired after January 1, 2013 who were not previously in a public pension.
- The SEIU and MBPOA agreements expired on June 30, 2020, however staff in these groups agreed to contract extensions through December 31, 2020 with 5% salary concessions, or reductions through that period. Negotiations are underway.
- The MBFFA agreement expires on June 30, 2020 and MBFFA agreed to a 5% concession from October through December. Negotiations are underway.

Pension Plan

More recently, however, CalPERS has significantly increased contribution rates to cover rising retiree costs and CalPERS investment losses sustained in the down economy.

In April 2013, the CalPERS Pension and Health Benefits Committee adopted recommendations to modify both the smoothing and amortization policies and implement these changes going forward with an impact to employer rates beginning in FY 2015/16. As a result of this change, the smoothing period will change from a 15-year rolling period to a five-year direct smoothing rate. The amortization period changed from a 30-year rolling period to a 30-year fixed rate. These changes require the City to pay significantly more into the system.

In December 2016 the CalPERS Board announced a plan to lower its discount rate from 7.5% to 7.0%. The phase-in of the discount rates change approved by the Board effective beginning in FY 2018/19 is as follows:

Valuation Date	Fiscal Year Required Contribution	Discount Rate
June 30, 2016	FY 2018/19	7.375%
June 30, 2017	FY 2019/20	7.25%

		PROPOSED
June 30, 2018	FY 2021/22	7.00%

The immediate effect of this change is the actuarial reports. The June 30, 2017 actuarial report provides the FY 2019/20 contribution rates and is the first report where the reduced discount rate phase-in takes place. The reduced discount rate leads to increased actuarial accrued liabilities because with lower expected returns there are lower projected assets to meet the expected pension obligations.

Using data issued by CalPERS, the following schedule reflects the City's actual pension rates for FY 2019/20 and the expected rates for the following fiscal years.

Management Strategies to control retirement costs

A number of strategies have been implemented to mitigate rising personnel costs. These include prepayment of the City's CalPERS side fund for the MBFFA, payoff of the City's public safety Tier II and Tier III unfunded accrued liabilities annually, adjusting user fees to recover the cost of staff time to provide City services, and completing an update to the City's user fees, impact fees and cost allocation plan. Some of these efforts are still in progress and will return to Council for consideration as the analytical work is completed. Each year the City pays off the unfunded liability for the police and fire plan tiers II and III. This practice avoids this unfunded liability from growing.

Staff remain cognizant of future budget challenges and will continue to monitor staffing and be proactive in identifying CalPERS unfunded liability strategies to implement, when opportunities arise, to help mitigate the overall long-term implications for the City.

SUMMARY OF POSITIONS
BY DEPARTMENT

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
City Administration					
City Manager	1.00	1.00	1.00	1.00	
Deputy City Manager	0.00	0.00	0.00	0.00	
City Clerk	1.00	0.00	0.00	0.00	
City Clerk/HR Manager	0.00	1.00	1.00	1.00	
Admin/Deputy City Clerk	1.00	0.00	0.00	0.00	
Executive Assistant/Deputy City Clerk	0.00	1.00	1.00	1.00	
Human Resources Analyst	1.00	0.00	0.00	0.00	
Human Resources Analyst II	0.00	1.00	1.00	1.00	
Tourism Manager	1.00	1.00	0.00	0.00	
Finance Director	1.00	1.00	1.00	1.00	
Budget/Accounting Manager	1.00	1.00	1.00	1.00	
Administrative Services Analyst	0.00	0.00	0.00	1.00	Position to support City goals and priorities
Senior Accounting Technician	1.00	1.00	1.00	1.00	
Account Clerk III	0.00	1.00	1.00	1.00	
Account Clerk II	2.00	1.00	0.00	0.00	
Account Clerk I	0.00	0.00	1.00	0.00	
Office Assistant IV	0.00	0.00	0.00	1.00	Position to support public counter and fiscal operations
Account Clerk In-Training	1.00	1.00	0.00	0.00	
IT Service Technician	1.00	1.00	1.00	1.00	
Total Department FTEs	**12.0**	**12.0**	**10.0**	**11.0**	

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comment
Recreation					
Recreation Services Manager	1.0	1.0	1.0	1.0	
Recreation Supervisor	1.0	1.0	0.0	1.75	1 FTE upgraded to match responsibility and .75 FTE restored to match restored programs
Recreation Coordinator	0.0	1.0	1.0	0.0	
Administrative Technician	0.0	1.0	0.0	1.0	Restored position eliminated due to COVID-19
Office Assistant IV	1.0	0.0	0.0	0.0	
Office Assistant III	1.0	0.0	0.0	0.0	
Total Department FTEs	**4.0**	**4.0**	**2.0**	**3.75**	

To be updated with temporary staff hours for adopted budget

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Community Development Department					
Community Development Director	1.0	1.0	1.0	1.0	
Senior Planner	1.0	1.0	1.0	1.0	
Assistant Planner	1.0	1.0	0.0	1.0	Restored position eliminated due to COVID-19
Permit Technician	1.0	1.0	1.0	1.0	
Office Assistant III/IV	1.0	1.0	1.0	1.0	
Building Inspector	1.0	1.0	1.0	1.0	
Total Department FTEs	**6.0**	**6.0**	**5.0**	**6.0**	

To be updated with temporary staff hours for adopted budget

SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Police Department					
Chief of Police	1.0	1.0	1.0	1.0	
Police Commander	1.0	1.0	1.0	1.0	
Police Sergeant	4.0	4.0	4.0	4.0	
Administrative Sergeant	1.0	1.0	1.0	1.0	
Senior Officer	4.0	4.0	4.0	4.0	
Officer	4.0	4.0	5.0	5.0	Restored 1 FTE that was defunded due to COVID-19
Officer - School Resource Officer	0.0	1.0	1.0	1.0	Funded through School District
Officer - Detective	1.0	1.0	1.0	1.0	
Support Service Manager	1.0	1.0	1.0	1.0	
Support Services Technician	1.0	1.0	1.0	1.0	
Support Services Technician	1.0	0.63	0.63	0.63	
Property & Evidence Clerk	0.75	0.75	0.75	0.75	
	19.75	**20.38**	**21.38**	**21.38**	

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2020/21 Funded	Comment
Fire Department					
Fire Chief	1.0	1.0	1.0	1.0	
Division Chief/Fire Marshal	1.0	1.0	1.0	1.0	Revised responsibilities to enhance capacity
Fire Captain	3.0	3.0	3.0	3.0	
Fire Engineer	7.0	7.0	7.0	8.0	Additional sworn position to efficiently respond 24/7/365
Firefighter	1.0	1.0	1.0	1.0	
Administrative Technician	0.75	0.75	0.75	1.0	Enhance administrative capacity
Total Department FTEs	**13.75**	**13.75**	**13.75**	**15.00**	

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/20 Funded	Comments
Harbor Department					
Harbor Director	1.0	1.0	1.0	1.0	
Harbor Business Coordinator	1.0	1.0	1.0	1.0	
Harbor Patrol Supervisor	1.0	1.0	1.0	1.0	
Harbor Patrol Officer	3.0	3.0	3.0	3.0	
Administrative Technican	1.0	0.0	0.0	0.0	
Total Department FTEs	**7.00**	**6.00**	**6.00**	**6.00**	

SUMMARY OF POSITIONS
BUDGETED FTEs BY DEPARTMENT

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Public Works					
Public Works Director	1.0	1.0	0.0	1.0	Restored position defunded due to COVID-19
City Engineer	0.0	0.0	1.0	1.0	
Consolidated Maintenance Superintendent	1.0	1.0	0.0	0.0	
Environmental Programs Manager	1.0	1.0	1.0	1.0	
Senior Civil Engineer	0.0	0.0	0.0	0.0	
Assistant Civil Engineer	1.0	2.0	1.0	1.0	
Engineering Technician	1.0	0.0	0.0	1.0	Restored position
Consolidated Maintenance Field Supervisor	1.0	1.0	1.0	1.0	
Mechanic	1.0	1.0	1.0	1.0	
Consolidated Maintenance Worker III	1.0	1.0	1.0	3.0	Two existing employees promoted
Consolidated Maintenance Worker II	6.0	6.0	5.0	4.0	One restored position
Consolidated Maintenance Worker I	2.0	2.0	2.0	2.0	
Management Analyst	1.0	1.0	1.0	1.0	
Office Assistant IV	1.0	1.0	0.0	0.0	
Total Department FTEs	**18.0**	**18.0**	**14.0**	**17.0**	

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Utilities					
Utilities Manager	1.00	1.00	1.00	1.00	
Waste Water System Supervisor	1.00	1.00	1.00	1.00	
Lead Utility Operator	0.00	5.00	5.00	5.00	
Multi-Cert Utility Operator	0.00	4.00	7.00	7.00	
Utility Operator	0.00	5.00	2.00	2.00	
Office Assistant IV	0.15	0.27	1.00	1.00	
Electrical and Istrumentation Technician	0.00	0.00	0.00	1.00	Required for Water Reclamation Facility operations. Funded for half the year.
Water System Supervisor	1.00	0.00	0.00	0.00	
Water System Operator I	1.00	0.00	0.00	0.00	
Water System Operator II	2.00	0.00	0.00	0.00	
Water System Operator III	1.00	0.00	0.00	0.00	
Collections System Supervisor	1.00	0.00	0.00	0.00	
Collection Systems Worker III	1.00	0.00	0.00	0.00	
Collection Systems Worker II	2.00	0.00	0.00	0.00	
Waste Water Operator In Training	1.00	0.00	0.00	0.00	
Waste Water System Leadworker	1.00	0.00	0.00	0.00	
Waste Water System Operator II/Lab Analyst	1.00	0.00	0.00	0.00	
Waste Water System Operator II	3.00	0.00	0.00	0.00	
Waste Water System Operator In Training	1.00	0.00	0.00	0.00	
Total Utilities Department FTE's	**18.15**	**16.27**	**17.00**	**18.00**	

Summary of Positions
Budgeted FTEs by Department

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	FTE Change
Total City FTEs					
Administration	12.00	12.00	10.00	11.00	1.00
Recreation Services	4.00	4.00	2.00	3.75	1.75
Community Development Department	6.00	6.00	5.00	6.00	1.00
Police Department	20.75	21.38	20.38	21.38	1.00
Fire Department	13.75	13.75	13.75	15.00	1.25
Public Works	18.00	18.00	14.00	17.00	3.00
Utilities	18.15	16.27	17.00	18.00	1.00
Harbor Department	7.00	6.00	6.00	6.00	0.00
Total City-wide FTEs	**99.7**	**97.4**	**88.1**	**98.1**	**10.00**

	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Elected Officials					
Councilmembers	5.0	5.0	5.0	5.0	5.0
Total Elected Officials	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**

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SUMMARY OF LONG-TERM DEBT BY FUND

Tables outline by fund, the current debt, the purpose, the outstanding principal, the annual service cost, and the retirement year of the debt. Long-term liabilities for the year ended June 30, 2022 is as follows:

General Fund

Lender	Purpose	Outstanding Principal As of June 30	Annual Payment	Final Year
US Department of Agriculture	Fire Station Project	$ 1,216,419	$ 38,000	2041
California Energy Resources Conservation and Dev Com	Solar Panels Project - HVAC Replacement	427,954	35,189	2034
Total General Fund Debt		$ 1,644,373	$ 73,189	

Enterprise Funds

Lender	Purpose	Outstanding Principal As of June 30	Annual Payment	Final Year
Department of Boating and Waterways	* Harbor T-Pier Improvements	$ 134,859	$ 134,859	2022
State Water Resources Control Board (SWRCB) / State F	Water Reclamation Facility Project	5,530,189		TBD
US Environmental Protection Agency (EPA)	Water Infrastructue Finance & Innovation Act (WIFIA)			
	** Water portion of WIFIA Project	10,276,858		TBD
	** Sewer portion of WIFIA Project	14,899,178		TBD
Total Enterprise Fund Debt		$ 30,841,084	$ 134,859	

The Contruction Loans (WIFIA) payments will not begin to accrue until the project is completed.

* The Final Habor Loan Payment will be made on June 30, 2022

** 06/30/2021 balances estimated on Construction loan draws

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CITY COUNCIL ADMINISTRATION
PROGRAM 2110

DEPARTMENT PURPOSE

The City Council is the elected legislative body that represents the residents and provides policy direction for the delivery of services and capital improvements for the City of Morro Bay. The City Council is comprised of five Council members, with the Mayor elected at large every two years. The City operates under a Council/Manager form of government that combines the policy leadership of elected officials with the managerial responsibility of an appointed City Manager and appointed City Attorney reporting to the Council. With the professional support of City staff, the Mayor and City Council identify and adopt appropriate policy, program, and budget priorities for the City.

As an elected legislature, the Council's priorities reflect, through its policy, regulatory and budgetary enactments, the aspirations of the residents of Morro Bay. These priorities are implicit in the programs adopted and set forth in the annual operating budget for the City of Morro Bay.

BUDGET OVERVIEW

The FY 2021/22 budget reflects a rebound from the impact of the COVID-19 pandemic. Overall, the budget is $159,258 for FY2020/21 due to the restoration of pay that the Mayor and Council forewent during FY 2020/21, citywide restoration of professional development funds and increased community grant program to $25,000.

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City Council

Fund 001-2110

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	-	-	-	-		-
TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 60,759	$ 52,589	$ 37,116	$ 53,400	$ 29,408	$ 88,545
Supplies	298	1,304	376	200	200	1,500
Services	36,853	48,965	34,878	30,498	26,647	44,253
One-Time Bequests	10,620	16,415	16,497	-		25,000
Discretionary Beautificaiton	-	3,770	2,318	-		
TOTAL EXPENDITURES	**$ 108,530**	**$ 123,043**	**$ 91,185**	**$ 84,098**	**$ 56,255**	**$ 159,298**

Notes: The one-time bequests are detailed below

SLO County Housing Trust Fund*	$ -	$ -	$ -	$ -		$ -
Community Resource Office	1,000	915	-	-		
SCORE	500	500	-	-		
Senior Nutrition	5,000	5,000	4,230	-		
Diversity Coalition			2,115	-		
Ecologists, Inc			4,230	-		
Morro Bay Art Assocation			4,230	-		
By The Sea Productions			1,692	-		
Economic Vitality Corp	5,000	10,000	-	-		
Total	$ 6,500	$ 16,415	$ 16,497	$ -		$ -

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*$5,000 (SLO) and $1,000 (HomeShare) from Housing Trust Fund utilized for this bequest.

Council also waived fees to Estero Bay Alliance for Care (EBAC) for use of the Vet's Hall for serving meals on Monday Nights.

FY 2021/22: FY 2021/22 bequests are funded and will be awarded as a result of a request process implemented after July 1, 2021.

CITY COUNCIL

KEY PROGRAM SERVICES

- Represents the residents of Morro Bay.
- Formulates and enacts public policy in response to current and anticipated needs within political, administrative, and fiscal constraints.
- Provides community leadership as the legislative and policy-making body of the municipal government.
- Oversees Advisory Boards and Commissions.
- Represents the City of Morro Bay through coordination and collaboration with other agencies.

Summary of FTEs

CITY COUNCIL STAFFING

	2015/16 Funded	2016/17 Funded	2017/18 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded
Elected Officials						
Councilmembers	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL ELECTED OFFICIALS	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**	**5.0**

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Administrative Services

DEPARTMENT PURPOSE

The Administration Division is comprised of the City Manager, City Attorney, City Clerk, Elections, Human Resources, Finance, Contract Services, Rental Property, Deputy City Manager and Transfers. This division provides the overall management, oversight and support for the City. The Administrative services are primarily centralized functions, providing citywide administrative management, legal advice and support to all City operational areas.

BUDGET OVERVIEW

In FY 2019/20 the City experienced unprecedented decline in revenues. The reduction was most acutely experienced with transient occupancy tax and sales tax revenue losses, highly economically sensitive revenue sources. In total, the General Fund required an infusion of revenue from the General Fund Emergency Reserve (GFER) totaling $1,438,192 to end FY 2019-20 balanced (revenues equal expenditures). This equaled 45.7 percent of the total available GFER fund balance. The GFER fund balance dropped to $1,766,131 as of June 30, 2020, significantly below Council adopted policy requiring 25 to 28 percent of the expenditure General Fund budget. Based on recent revenue projections for the current fiscal year no GFER funded is needed to balance the budget in FY 2020/21. In fact, staff is cautiously optimistic that a significant transfer (possibly more than $1 million) can be made to the GFER after the books are closed for this year. This is due to improving revenues for Transient Occupancy Tax (TOT), Property Tax in Lieu of Vehicle License Fee and Cannabis exceeding original projections.

The proposed revenues for the FY 2021/22 budget reflect a rebound in tourism, a strong housing market and cannabis tax that has been added to the budget now that both retail outlets have opened. It is worth noting that the estimated cannabis tax is exceeding original projections when this matter was analyzed previously. In total, the FY 2021/22 proposed revenue budget is $2,683,519 more than the FY 2020/21 amended budget and the Ten Year Financial Forecast presented in February 2021. It also appears that the top five revenue sources represented in the chart will be close to or exceed pre-Pandemic levels of FY 2018/19 (see table).

Top Five Revenue Sources FY 2018/19 vs. FY 2021/22				
	FY 2018/19		FY 2021/22	
Property Tax	$	4,526,121	$	4,926,999
Transient Occupancy Tax	$	3,576,121	$	3,577,868
Sales Tax-City Portion	$	2,114,207	$	1,998,189
Cannabis City Tax	$	-	$	426,000
General Business License	$	347,964	$	360,173

The FY 2021/22 budget for the Administrative Services functions' expenditures have increased $970,174 from FY 2020/21. In many cases these increases are associated with strategic investments to achieve Council adopted goals. Those strategic investments include restoration of professional development funding, restoration of the City Attorney's budget after a voluntary fee reduction, increases in salary and benefits consistent with negotiations with the City's bargaining groups, funding for regional efforts to address homelessness in San Luis Obispo County, and enhanced analytic capacity to assist all functions within Administrative Services. In addition, the proposed budget restores spending on association memberships, office supplies and other service and supply amounts to meet the legal demands and best

practices. In addition, the proposed budget restores funding of transfers into the City's internal service funds of vehicle replacement, risk management and compensable leave. In accordance with Resolution No. 19-19 establishing the City of Morro Bay's Revenue and Expenditure Policies, new discretionary revenues are to be treated as one-time revenues for a period of 24 months to establish that they will be permanent, steady and reliable ongoing revenues. The City's revenue policy specifically states that new revenues may be appropriated to replenish internal service funds. Revenues from cannabis tax is projected to equal $426,000. In accordance with Resolution No. 19-19, the new tax revenue generated from the cannabis outlets is being recommended to be used for the following purposes (total is estimated to exceed revenue projections):

General Fund Vehicle Replacement ($50,000)
Fire Small Vehicle Replacement Fund ($50,000)
General Fund Facilities Maintenance Fund ($100,000)
Information Services Internal Service Funds ($25,000)
Lump sum payment to employees consistent with negotiations ($78,000)
General Fund contribution to restore General Fund Emergency Reserve ($250,000)

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ADMINISTRATION

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Property Tax	$ 3,261,639	$ 3,416,642	$ 3,465,939	$ 3,276,246	$ 3,344,699	$ 3,732,574
VLF Backfill Property Tax	1,048,184	1,109,479	1,154,023	947,509	1,211,789	1,260,261
Sales & Use Tax	1,971,038	2,114,207	2,186,074	1,913,322	2,150,281	2,164,719
Cannabis City Tax	-	-	-	106,000	204,243	426,000
Franchise Fees	524,997	528,560	555,644	536,137	542,258	572,259
Business License	353,220	347,964	353,413	323,252	359,503	364,173
Transient Occupancy Tax	3,429,186	3,576,121	2,892,130	2,402,479	3,490,603	3,577,868
Licenses & Permits	-	-	-	-	-	-
Intergovernmental Revenues	9,936	5,042	5,495	-	18,181	18,861
Charges for Services	28,599	39,361	12,065	11,000	8,190	8,190
Use of Money & Property	400,530	238,213	273,495	340,341	340,341	409,900
Interest	40,571	21,849	-	-	88	-
Other Revenue	4,306	14,856	9,976	-	13,392	5,000
TOTAL REVENEUES	**$ 11,072,206**	**$ 11,412,294**	**$ 10,908,254**	**$ 9,856,286**	**$ 11,683,568**	**$ 12,539,805**
Transfers In	**$ 1,528,702**	**$ 1,605,795**	**$ 2,581,062**	**$ 1,199,558**	**$ 1,223,365**	**$ 382,430**
Total Revenues and Transfers I	**$ 12,600,908**	**$ 13,018,089**	**$ 13,489,316**	**$ 11,055,844**	**$ 12,906,933**	**$ 12,922,235**
EXPENDITURES						
Salaries and Benefits	$ 1,037,661	$ 1,048,660	$ 1,100,066	$ 1,166,646	$ 1,110,205	$ 1,492,163
Supplies	25,891	34,221	17,180	10,828	13,627	18,185
Services	1,043,015	1,210,244	1,310,437	1,182,897	1,302,954	1,620,036
Capital Outlay	-	-	-	-	-	-
Other	12,400	2,088	3,727	4,775	4,775	3,500
Equipment Replacement	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 2,118,967**	**$ 2,295,213**	**$ 2,431,410**	**$ 2,365,146**	**$ 2,431,561**	**$ 3,133,884**
Transfers Out	**$ 553,490**	**$ 631,730**	**$ 563,000**	**$ -**	**$ 833,166**	**$ 201,436**
Total Expenditures and Transfers Out	**$ 2,672,457**	**$ 2,926,943**	**$ 2,994,410**	**$ 2,365,146**	**$ 3,264,727**	**$ 3,335,320**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
PROGRAM						
City Manager	$ 257,364	$ 330,668	$ 349,821	$ 338,591	$ 319,055	$ 414,676
Legal Services	(2,184)	335,249	444,812	447,592	447,428	483,823
Deputy City Manager	28,225	-	-	-	-	-
City Clerk	210,954	180,160	158,177	183,415	180,782	195,110
Human Resources	193,850	187,882	210,779	237,855	231,372	257,134
Elections	507	-	-	-	-	-
Finance	619,028	606,733	607,846	612,464	666,029	965,400
Contract Services	788,610	654,521	631,425	518,222	560,426	788,257
City Rental Property	22,613	-	28,550	27,007	26,469	29,484
Transfers	553,490	631,730	563,000	-	833,166	201,436
TOTAL EXPENDITURES	**$ 2,672,457**	**$ 2,926,943**	**$ 2,994,410**	**$ 2,365,146**	**$ 3,264,727**	**$ 3,335,320**

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ADMINISTRATIVE SERRVICES

Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Administrative Services				
City Manager	1.00	1.00	1.00	1.00
City Clerk	1.00	0.00	0.00	0.00
City Clerk/HR Manager	0.00	1.00	1.00	1.00
Admin/Deputy City Clerk	1.00	0.00	0.00	0.00
Executive Assistant/Deputy City Clerk	0.00	1.00	1.00	1.00
Human Resources Analyst	1.00	0.00	0.00	0.00
Human Resources Analyst II	0.00	1.00	1.00	1.00
Tourism Manager	1.00	1.00	0.00	0.00
Finance Director	1.00	1.00	1.00	0.00
Admin Services Dir/Assistant City Mgr	0.00	0.00	0.00	1.00
Budget/Accounting Manager	1.00	1.00	1.00	1.00
Administrative Services Analyst	0.00	0.00	0.00	1.00
Senior Accounting Technician	1.00	1.00	1.00	1.00
Account Clerk III	0.00	1.00	1.00	1.00
Account Clerk II	2.00	1.00	0.00	0.00
Account Clerk I	0.00	0.00	1.00	0.00
Office Assistant IV	0.00	0.00	0.00	1.00
Account Clerk In-Training	1.00	1.00	0.00	0.00
IT Service Technician	1.00	1.00	1.00	1.00
Total Department FTEs	**12.0**	**12.0**	**10.0**	**11.0**

Reflects the allocation of staff's time to the identified functions and department based on a full-time position.

Administrative Services

City Manager

PROGRAM 3110

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DEPARTMENT PURPOSE

The Administration Division is comprised of the City Manager, City Attorney, City Clerk, Elections, Human Resources, Finance, Contract Services, Rental Property, Deputy City Manager and Transfers.

The City Manager provides overall management, administration, and direction for the entire City organization, reporting to the full City Council. The City Manager's Office also supports Commissions and Committees, interacts with community groups, fosters community relationships and provides public awareness of municipal programs, services, and goals through effective community outreach, using the City's website, media relations and the City Manager's Updates. In addition, the City Manager's office serves as a liaison between other local agencies and jurisdictions to represent the City of Morro Bay.

The City Manager's office is responsible for providing administrative direction and leadership for all City Departments to ensure that the community continually receives high quality services. The City Manager's Office works closely with the Clerk's office to oversee the City Council agenda process to provide comprehensive information and analysis to the City Council in a timely manner; assures that the Council's policies, programs, and priorities are effectively and efficiently implemented; provides research and information necessary for responsible decision making; fosters public awareness of municipal programs, services, and goals; responds to resident and other constituent inquiries by explaining City services and functions; and investigates problems and provides information and specialized assistance on more complex City issues.

BUDGET OVERVIEW

The FY 2021/22 City Manager budget is increased by $76,085 than the prior year's adopted budget. Next year the professional development funds for the City Manager and the Executive team of department heads is restored in addition to the restoration of the City Manager's 8% salary concession. Additionally, the "City Manager's Opportunity Fund" that was funded in previous years (prior to FY 2018/19) for the City Manager to use when a quick response to business needs arose will be closed (a year end budget amendment will be required to effectuate this action). The City Manager's budget also eliminated funding for the City's contract with the Chamber of Commerce for economic development ombudsman services. These services are proposed to be funded within the City's economic development fund.

CITY MANAGER

Objectives	FY 2020/2021 Accomplishments
Good Governance	• Responded to COVID-19 Pandemic and Shelter-At Home Ordinance, declaring a local emergency and providing emergency assistance and guidance to residents and business owners. • Worked with Community Development Department to ensure General Plan and Local Coastal Plan was adopted.
Improve Infrastructure	• Monitored construction of the Water Reclamation Facility (WRF) project and was actively involved in securing beneficial financing from the State Revolving Fund (SRF).
Fiscal and Economic Sustainability	• Partnered with Morro Bay Chamber to provide economic ombudsman services and local business support. • Administered the new COVID-19 small business grant program • Morro Bay community approved a 1 cent sales tax measure (Measure E-20) to support maintaining core community services.

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CITY MANAGER

City Manager

Fund 001-3110

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Intergovernmental Revenues	4,271	-	(2,767)	-	2,413	-
Other Revenues	2,771	-	2,040	-	600	-
TOTAL REVENUES	**$ 7,042**	**$ -**	**$ (727)**	**$ -**	**$ 3,013**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 217,141	$ 265,966	$ 293,899	$ 314,427	$ 287,590	$ 342,515
Supplies	5,007	5,784	9,368	5,860	6,892	11,605
Services	23,097	56,918	43,071	13,529	19,798	57,056
Capital Outlay						
Other	12,119	2,000	3,483	4,775	4,775	3,500
Equipment Replacement						
TOTAL EXPENDITURES	**$ 257,364**	**$ 330,668**	**$ 349,821**	**$ 338,591**	**$ 319,055**	**$ 414,676**

Notes:
FY 2016/17 - City Clerk costs were removed from this budget.

Other - represents amount designated as the "City Manager Opportunity Fund" to be used for quick response business expenditure
The "City Manager Opportunity Fund" was defunded in FY 2018/19.

Transaction Detail of the Other Expense:	**FY 2017/18**	**FY 2018/19**	**FY 2019/20**
High School Graduation Ad Sponsorship			250
Community Resource Center Supplies			617
Employee Recognition & Development			610
Central Coast Aquarium - Matching Funds for TAT Grant	10,000		
Advisory Board Recognition	1,871	2,000	2,006
WinterFest	248		
	$ 12,119	**$ 2,000**	**$ 3,483**

FY 2018/19 – Services includes $30,000 to support contract with the Chamber of Commerce for the Economic Development Strategic Plan.

FY 2019/20 – Services includes $62,000 in one-time funding for economic development ombudsman pilot program. This is partially funded by a transfer in from the City's Opportunity Fund in the amount of $30,000.

FY 2021/22 – Services includes increased costs for insurance, training, travel and professional development.

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CITY MANAGER

FY 2021/22 KEY PROJECTS

Objective	FY 2021/2022 Key Projects
Communication	• Provide regular, effective and comprehensive communication to the City Council, Staff and community, through a variety of methods.
Community Projects/Council Policies	• Develop and lead a cohesive and focused Department Heads team. • Execute City Council Goals and Objectives established for 2021, including: o Complete financing for the Water Reclamation Facility (WRF) Project. o Continue construction of the WRF project. o Implement action items for adopted General Plan and Local Coastal Plan and complete the Zoning Code update. o Ensure recovery from the COVID-19 Pandemic
Fiscal and Economic Sustainability	• Pursue revenue enhancement opportunities that will help create structurally balanced General Fund budgets going into the future. • Engage in development review process in partnership with the Morro Bay Chamber to improve process efficiencies. • Assist Harbor Department in identifying more sustainable funding sources. • Lead efforts to securing grants and other funding for high priority projects through Federal, State and local partnerships.

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CITY MANAGER

KEY PROGRAM SERVICES

- Provides staff support to the Mayor and City Council.
- Provides administrative direction and leadership over City Departments, programs, and services.
- Oversees the City's organizational and fiscal management efforts and program development and evaluation processes.
- Oversees the City Council agenda process.
- Addresses resident complaints, inquiries, and requests.
- Oversees continuous improvements in City administrative processes, measurements, and other activities.
- Oversees special projects and new initiatives, particularly during policy development stages.
- Monitors and participates in regional activities to represent the City's interests.
- Monitors state and federal legislation.
- Serve as Director of the City's Emergency Operations Center

Summary of FTEs

City Manager

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
City Manager				
City Manager	1.00	1.00	1.00	1.00
Total Department FTEs	**1.0**	**1.0**	**1.0**	**1.0**

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CITY MANAGER

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Community Engagement Efforts				
Community forums/meetings	10	10	2	10
Business walks/Conference Calls	5	20	20	20
City Manager Updates (monthly newsletter)	12	7	8	12
City Council Support				
Council meetings	30	28	31	30
City Goals – action items completed	10	5	5	10
City Staff Support and Development				
All staff meetings/events	3	4	4	4
Trainings	2	1	0	2
Department/Division Head Evaluations	5	9	9	9

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City Attorney

PROGRAM 3210

DEPARTMENT PURPOSE

The City Attorney is chief legal advisor for the City Council, City staff and all City Boards, Commissions and Committees. The City Attorney provides sound, preventative, helpful, timely and ethical legal advice. The City Attorney drafts and/or reviews contracts, opinions, resolutions, ordinances, all staff reports and agendas. The City Attorney's Office reviews and processes claims, supervises special litigation as needed, and serves as the City Prosecutor to enforce the Morro Bay Municipal Code. City Attorney services are provided by contract with the law firm of Aleshire & Wynder, LLP, through partners and associates of the firm. Aleshire & Wynder specializes in providing the full range of legal services needed by the City and serves clients as they make decisions on behalf of their taxpayer constituents. Aleshire & Wynder is dedicated to the representation of public entities by providing innovative, ethical, and cost-effective legal representation.

BUDGET OVERVIEW

The FY 2021/22 budget includes legal services for the General Fund and Enterprise funds of Harbor, Water and Sewer. From March 2020 through December 2020, understanding the impact of COVID-19 on the City and participating in the Rock Solid Together financial and economic recovery plan, the City Attorney volunteered a rate reduction and write-offs to City totaling a 10% discount on the invoices during that period of time, saving the City over $60,000 in legal fees.

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CITY ATTORNEY

Objectives	FY 2020/21 Accomplishments
Good Governance through ethical, timely, responsive, preventative and helpful advice	• Consistent and prompt preparation and review of contracts, ordinances, resolutions and staff reports • Timely and helpful legal advice to decision makers • Provided prompt legal analysis on City response to COVID-19 pandemic • Legal counsel and assistance with comprehensive regulation and permitting of vacation rentals (short-term rentals) in City though adoption of new ordinance • Working with MBOSA and City staff, secured a conservation easement for Eagle Rock/Cerrito Peak to provide for open space protection in perpetuity • Legal counsel on multiple personnel matters • Advised Council and staff on multiple Water Reclamation Facility projects • Legal counsel on safe and sustainable reuse of shuttered power plant property including potential development of world's largest lithium-ion battery storage system for clean energy • Legal counsel and ordinance addressing unlawful camping and RV parking • Legal assistance on conversion of existing TBID to more efficient and streamlined organization • Working with Harbor Dept and HAB, legal counsel on updating and revising Harbor Department Lease Management Policy • Developed various proposals for firearm safety and regulation for Council consideration with assistance of MBPD • Finalized with City staff the acquisition of Dog Beach • Successful litigation defense against lawsuit seeking to overturn commercial cannabis permit program implementation • Continued work on streamlining review processes • Assisted with multiple public records act responses • Continued to work with City on development of affordable housing • Continued to provide legal counsel on Brown Act and Political Reform Act compliance for agendas, meetings and City business • Provided public ethics training and counsel for City officials • Legal assistance with Coastal Commission issues • Proactive assistance with legal issues regarding the Harbor, Water and Wastewater Enterprises • Legal counsel on cannabis regulatory matters • Assisted Harbor Department with multiple lease and waterfront issues • Provided legal advice for decisions appealed to and from the planning commission

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CITY ATTORNEY

Objectives	FY 2020/21 Accomplishments
Fiscal Sustainability	• Voluntarily provided savings to City of over $60,000 in reduced legal fees by participating in the Rock Solid Together financial and economic recovery plan. • In recognition of impact of COVID-19, City Attorney volunteered a rate reduction and write-offs totaling a 10% discount on legal invoices from March 2020 through December 2020. • Provided legal counsel to assist with securing low-interest government loans for WRF project from both federal and State governments • Legal counsel and assistance with Measure E local sales tax measure approved by voters at November, 2020 local election • Assisted City with securing reimbursement from FEMA and authorities for COVID-19 costs • Worked with City staff on global review and revision to City fees, consistent with State law, to provide for greater cost recovery for City programs • Legal counsel on conversion of existing TBID to more financially efficient organization • Legal assistance with economic opportunities through safe and sustainable reuse of shuttered power plant property and potential battery project development • Provided prompt legal advice to avoid litigation • Continued focus on reduction of legal costs • Quickly and competently reviewed litigation to seek to reduce litigation costs • Stayed current on legal trends and new laws impacting the community • Recommended cost saving opportunities • Worked on reducing exposure to liability

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CITY ATTORNEY

City Attorney

Fund 001-3210

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
EXPENDITURES						
Salaries and Benefits	$ (2,407)	$ -	$ -	$ -	$ -	$ -
Supplies	223	-	-	-	-	-
Services	-	335,249	444,812	447,592	446,361	483,823
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ (2,184)**	**$ 335,249**	**$ 444,812**	**$ 447,592**	**$ 446,361**	**$ 483,823**
General Fund			$ 375,617	$ 352,448	$ 351,217	$ 381,068
Transit/Trolley				2,155	2,155	2,327
Water			17,094	18,078	18,078	19,524
Sewer			4,251	12,152	12,152	13,124
WWTP				21,634	21,634	23,365
Harbor			38,850	40,000	40,000	43,200
Assessment Districts				1,125	1,125	1,215
Subtotal	-	-	435,812	447,592	446,361	483,823
*WRF**			112,535	75,000	221,410	365,000
*Cannabis***	-		8,543	39,000	121,822	-
Total		$ -	$ 556,890	$ 561,592	$ 789,593	$ 848,823

*** Funded in the WRF Capital Project**
**** Funded through Permitee Reimbursements/deposits**

Notes:
FY 2015/16 through FY 2017/18: City Attorney services were funded within the contract services program.

FY 2018/19: Budget included $160,176 for general fund legal services, $121,250 for water fund legal services, $72,750 for sewer fund legal services and $55,200 for harbor fund legal services. There was an additional $25,000 of legal services budgeted in the Water Reclamation Facility capital project (page I-76) of the adopted budget. The Total budget for legal services totaled $434,376.

FY 2019/20: Budget included an additional $115,000 in legal fees funded in the Water Reclamation Facility capital project (page I-76) of the adopted budget and $25,000 for legal fees associated with water rights (funded from the water fund). Total budgeted legal costs total $569,845

CITY ATTORNEY

FY 2021/22 KEY PROJECTS

Objectives	Key Projects
Good Governance	• Attendance at Council meetings • Review and preparation of necessary legal documents • Water Reclamation Facility Project (WRF) • General Plan/Zoning/Land Use Program and Update • Brown Act and Political Reform Act compliance • Draft, revise and finalize City of Morro Bay contracts • Work with City staff on WWTP decommissioning • Legal counsel on safe and sustainable reuse of shuttered power plant property for benefit of City and potential development of battery project for clean energy • Preventative legal advice • Affordable housing for City residents • Legal guidance on commercial cannabis regulation and potential expansion of local commercial program • At direction of Council, continue working with City staff, Council and MBPD on firearm safety and regulation • Legal counsel for compliance with substantial SB 1383 recycling mandates on local governments • Legal advice on responsible and sustainable land use and development
Fiscal Sustainability	• Continue providing comprehensive services while controlling costs • Firm and creative contract negotiations • Assist City with securing maximum opportunities and reimbursement from federal and State authorities for economic recovery and for COVID-19 costs • Legal counsel on potential new business improvement districts and other government mechanisms for sustainable funding of local government activities and needs • Continue working with City staff on partnership

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	agreements with community groups • Legal counsel on new and sustainable revenue sources • Harbor leases, lease policies and financial sustainability • Continue working with City on developing City revenue sources from cannabis commercial activity • Continue working with City staff on updates and revisions to development impact fees consistent with State law • Continued assistance with Market Plaza Project • Economic and revenue opportunities for City through safe and sustainable reuse of shuttered power plant property including through potential development of battery project • Assist with long-term infrastructure improvements • Offshore windfarm opportunity

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KEY PROGRAM SERVICES

- Continue prompt, responsive legal advice to the City Council, Staff, Boards, Commission and Committees
- Review, draft and finalize City contracts, leases and agreements
- Prepare ordinances and regulations at direction of City Council
- Continue actively participating in Harbor lease negotiations and preparation of policies
- Advise on responsible and sustainable land use and development
- Assist City with securing new revenue sources
- Continued involvement with aspects of the WRF and pending WWTP decommissioning
- Continued assistance with Market Plaza Project
- Legal review for the General Plan/Zoning/Land Use Program for the City
- Address code enforcement issues including receiverships when needed
- Commence and prosecute civil litigation on behalf of the City when so directed by Council

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CITY ATTORNEY

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 Actual	2019/20 Actual	2020/21 Estimate	2021/22 Budget
Staff Reports Reviewed	165	185	185	185
Public Records Requests	20	35	40	40
Contracts Reviewed/Prepared	15	25	30	30
Ordinances/Resolutions Reviewed/Prepared	10	20	20	20
Personnel Matters	15	20	20	15
WRF Issues	25	35	40	35
WWTP Issues	10	15	20	20
Harbor Leases, etc.	15	20	20	20
Phone calls/emails (substantive)	200	250	300	300
Council regular/special meetings attended	30	30	30	30
Commission/Board meetings attended	5	5	5	5

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Contract Services

PROGRAM 3115

DEPARTMENT PURPOSE

The Contract services program includes general city-wide service agreements, including dispatch services for both police and fire, copier leases, visitor center lease agreement and animal services agreement.

BUDGET OVERVIEW

For FY 2021/22, contract services program is increasing by approximately $227,800 in the new budget year. A one-time expense is planned for the assessment of city buildings and other assets for $200,000. Additionally, $25,000 has been included to support regional program to address homelessness. A detail of all services purchased follows.

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CONTRACT SERVICES

Contract Services

Fund 001-3115

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Revenues						
Charges for Service	-		31	-	-	-
TOTAL REVENUES	**-**		**31**	**-**	**-**	**-**
EXPENDITURES						
Services						
PARS Mgmt Fee	$ 8,866	$ 7,500	$ 9,901	$ 7,500	$ 7,688	$ 7,976
Contract City Attorney, GF	185,054					
AGP Video	60,000	60,000	60,000	60,000	60,000	60,000
Digital Map GIS Service	16,500	10,000	-	10,000		-
DocuTeam/Vital Records Control	12,921	9,500	12,524	12,000	12,000	11,304
Regional Dispatch - Fire	115,050	123,899	71,466	70,000	76,895	81,752
Regional Dispatch - Police	252,076	267,436	273,611	267,436	290,617	297,855
Richo Copier Leases	38,296	35,000	33,270	36,120	36,120	27,772
Visitors Center	50,000	50,000	50,000	-	-	-
Other		46,592	76,487	11,000	-	35,000
Assessment of Capital Assets						200,000
Animal Services	49,847	44,594	44,166	44,166	77,106	66,598
TOTAL EXPENDITURES	**$ 788,610**	**$ 654,521**	**$ 631,425**	**$ 518,222**	**$ 560,426**	**$ 788,257**

FY 2018/19, Other expense line was for one-time expenditures for fee study that benefits all departments.
FY 2019/20, Other expense line for one-time expenditures for fee study and sales tax ballot Initiative.
FY 2020/21, Visitor Center closed due to Covid-19 restrictions.
FY 2021/22, Other Expense is $25,000 for Homeless Services and $10,000 for Fee Studies if needed.

Deputy City Manager

PROGRAM 3125

DEPARTMENT PURPOSE

The Deputy City Manager program was created in 2015 with oversight of economic development, information technology, recreation and support of the Tourism program.

BUDGET OVERVIEW

Effective in December 2017, the Deputy City Manager program was defunded. The FY 2021/22 carries forward the defunding of this program as a cost-reduction measure. The operational functions of this department are being spread among existing positions with the City Manager absorbing direct oversight of the City's recreation program and support of the Tourism program. This program will be removed from the FY 2022/23 Operating Budget since five full fiscal years will have passed since the program was defunded.

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DEPUTY CITY MANAGER

Deputy City Manager

Fund 001-3125

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Revenues						
Other Revenue	-	-	-	-	-	-
TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 29,261	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-	-	-
Services	(1,036)	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 28,225**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

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City Clerk

PROGRAM 3130

DEPARTMENT PURPOSE

The City Clerk's office works with the City Council, City Manager, and City Departments to ensure transparency of city government to the public in an ethical, professional, and impartial manner regarding legislative and advisory body proceedings; maintains a complete and accurate record of City Council proceedings; preserves official legislative records; serves as elections official for local municipal elections; and serves as compliance officer for state and local statutes.

The City Clerk also serves as the City's Risk Manager. The California Joint Powers Insurance Authority (CJPIA) is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. The Clerk's office coordinates activities related to coverage documents; processes all claims related to the City's property, liability and workers' compensation insurance; and implements policies and programs to reduce exposure to risk.

BUDGET OVERVIEW

The FY 2021/22 includes the restoration of the FY 2020/21 concessions as well as pay and benefit changes consistent with negotiations with the City's bargaining group for the entire FY 21/22. The proposed budget includes a decrease in service costs associated with the cost of the November 2020 election which is not applicable to this budget year.

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CITY CLERK

Objectives	FY 2020/21 Accomplishments
Good Governance	• Compiled and published City Council and other advisory body agendas, minutes, and documentation in an efficient manner, within legally prescribed timelines. • Provided open access to information, documents, and the legislative process. • Administered the recruitment and selection process for the City's six standing advisory bodies. • Conducted November 2020 Municipal Election to fill Mayor and (2) Council Member seats and a ballot measure, meeting Federal / State / local statutes and policies, including responsibilities for Fair Political Practices Commission (FPPC) filings (Campaign Disclosures, Conflict of Interest). • Conducted tele- and web-conferenced Brown Act Meetings in response to the Governor's Executive Order N-29-20 and SLO County Local Emergency Mandatory Order to Shelter at Home. • Administered the provisions of various State laws, including the California Elections Code, Political Reform Act, Brown Act, Maddy Act and Public Records Act.
Records Management	• Continued efforts to organize and index City records in accordance with adopted policies.
Risk Management	• Reviewed City contracts for compliance with the City's indemnification and insurance requirements.

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CITY CLERK

City Clerk

Fund 001-3130

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Revenues						
Charges for Service	$ 404	$ 715	$ -	$ -	$ -	$ -
Other Revenue	-	985	-	-	1,747	-
TOTAL REVENUES	**404**	**1,700**	**-**	**-**	**1,747**	**-**
EXPENDITURES						
Salaries and Benefits	$ 188,941	$ 141,899	$ 139,520	$ 149,982	$ 140,503	$ 162,805
Supplies	5,644	2,092	1911	$ 690	$ 969	850
Services	16,369	36,169	16746	$ 32,743	$ 39,310	31,455
Capital Outlay	-	-	-			-
Other	-	-	-			-
Equipment Replacement	-	-	-			-
TOTAL EXPENDITURES	**$ 210,954**	**$ 180,160**	**$ 158,177**	**$ 183,415**	**$ 180,782**	**$ 195,110**

Notes:
FY 2017/18 Forward – This budget is a combined City Clerk, Legal and Elections.

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CITY CLERK

FY 2020/21 KEY PROJECTS

Core Goals	Key Projects
Good Governance	• Ensure open access to information, City records, and the legislative process. • Improve transparency by providing public access to key City documents including ordinances, resolutions, and contracts via the City website public portal. • Continue to improve programs to better educate staff, Council and Advisory Body members regarding Political Reform Act, Brown Act, AB 1234 Ethics Laws and Public Records Act compliance.
Records Management	• Develop and implement new employee training / annual training on records management, e-mail management, retention and destruction policies. • Continue efforts to organize and index City records in accordance with adopted policies.
Elections	• Begin preparing for November 2022 election.
Risk Management	• Coordinate with City Attorney's office to update contract and insurance requirement templates and develop training for affected departments. • Develop insurance tracking mechanism and notify staff, contractors, and consultants of pending due dates. • Continue to update and implement various City policy and inspection programs as recommended by the California JPIA.

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CITY CLERK

KEY PROGRAM SERVICES

- Provides public notice of City Council and other Brown Act meetings.
- Prepares and distributes all City Council and certain Advisory Body Agenda packets.
- Preserves and maintains the City's records and legislative history.
- Responds to Public Records Act requests.
- Coordinates recruitment and appointment process for City Advisory Bodies.
- Acts a Filing Official for the City's Conflict of Interest Code (Form 700) in conformance with the requirements of the Fair Political Practices Commission.
- Oversees compliance with legally required Ethics and Harassment Prevention training for appointed and elected officials.
- Provides risk management services and processes and monitors all City contracts.
- Maintains City's Municipal Code.
- Elections Official for Local Municipal Elections.
- Trainings and Coordination for Advisory Boards and Committees

Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
City Clerk				
City Clerk	0.33	0.00	0.00	0.00
City Clerk/HR Manager	0.00	0.33	0.33	0.33
Admin/Deputy City Clerk	0.75	0.00	0.00	0.00
Executive Assistant/Deputy City Clerk	0.00	0.75	0.75	0.75
Total Department FTEs	1.08	1.08	1.08	1.08

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CITY CLERK

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Budget
Number of Legislative Records Indexed: a. Number of Resolutions Indexed: b. Number of Ordinances Indexed:	 107 8	 106 10	 106 8	 100 8
Number of Commission and Committee applications and appointments processed:	32 applications to fill 13 appointments	30 applications to fill 14 appointments	15 applications to fill 10 appointments	29 applications to fill 9 appointments
Number of Commission and Committee seats available:	13	14	18	9
Number of Legal Notices published within established timelines:	13	36	17	15
Number of Fair Political Practices Commission (FPPC) Form 700s filed:	104	110	116	115
Number of City Council Agenda Packets processed:	22 regular meetings 35 special meetings	20 regular meetings 32 special meetings	21 regular meetings 30 special meetings	21 regular meetings 26 special meetings
Number of Public Records Act requests processed:	120	201	130	130
Average response time to Public Record Act requests:	5 days	8 days	6 days	4-5 days
Percentage of City Council Minutes prepared within 45 business days.	85%	72%	85%	85%
Number of Contracts/ Agreements/ Purchase Orders reviewed for compliance with City's insurance requirements:	100	114	115	115
Number of Liability Claims processed:	17	17	16	15
Number of Workers' Compensation Claims processed:	9	10	10	10

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ELECTIONS

Elections

Fund 001-3120

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Revenues						
Other Revenue	-	-	-	-	-	-
TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	507	-	-	-	-	-
Services	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 507**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Notes:
FY 2017/18 – Elections was removed from the City Clerk and stated separately.
FY 2018/19 and forward - Elections has been consolidated with the City Clerk.
FY 2021/22 – This program will be removed from the budget in FY 2022/23 since five full fiscal years will have passed since Elections Program was consolidated with the City Clerk

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Human Resources

PROGRAM 3140

DEPARTMENT PURPOSE

The Human Resources Division provides effective services and vital information to employees, retirees and the public with compassion, dignity, and respect in a fair and equitable manner. It is responsible for carrying out all the activities essential to the effective administration of personnel functions, including: assisting departments in the areas of recruitment, selection, placement, professional development and separation of employees; administering benefits program; ensuring compliance with State and Federal employment-related laws and regulations; maintaining centralized personnel records; administering job classifications and compensation plans; and is responsible for the development of Memoranda of Understanding (MOU's) with the City's three bargaining units and discussions with the City's management and confidential employees, all subject to Council direction and approval.

BUDGET OVERVIEW

The FY 2021/22 includes the restoration of the FY 2020/21 concessions as well as pay and benefit changes consistent with negotiations with the City's bargaining group for the entire FY 21/22. The FY 2021/22 is approximately $25,000 more than the prior fiscal year.

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HUMAN RESOURCES

ACCOMPLISHMENTS

Objective	FY 2020/21 Accomplishments
Good Governance	• Continued review and update of City policies related to employment practices. • Prepared administered the City's COVID-19 Exposure Control Plan and updated according to adopted State and Federal statutes. • Implemented personnel policies, processes and forms related to Emergency Paid Sick Leave authorized by the Families First Coronavirus Response Act. • Updated new employee orientation materials with required forms and policies. • Remained abreast of changes in employment law that impact City practices related to employee negotiations, health benefits and training requirements.
Workforce Development	• Scheduled legally required employee training as well as professional development opportunities remotely. • Successfully negotiated contract amendments with the City's bargaining groups providing temporary 5% salary reductions to address revenue shortfalls associated with the COVID-19 health emergency. The same terms were extended to unrepresented Management and Confidential employees. • Maintained an Employee Assistance Program providing counseling, legal and financial consultation, and other resources for employees and their families at no cost to the employee. • Engaged the workforce in a variety of ways to assess organizational culture, improve communication and employee satisfaction.

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HUMAN RESOURCES

Human Resources

Fund 001-3140

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Revenues						
Charges for Service	$ -		$ -	$ -	$ -	$ -
Other Revenue	-		14	-	-	-
TOTAL REVENUES	**-**		**14**	**-**	**-**	**-**
EXPENDITURES						
Salaries and Benefits	$ 129,860	$ 168,943	$ 187,802	$ 199,972	$ 190,494	$ 221,402
Supplies	3,002	2,046	1,232	1,228	599	680
Services	60,988	16,893	21,745	36,655	40,279	35,052
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 193,850**	**$ 187,882**	**$ 210,779**	**$ 237,855**	**$ 231,372**	**$ 257,134**

Budget Notes:

FY 2017/18 - The Amended budget included increased costs in services for City Manager recruitment.

FY 2018/19 and forward – Includes allocation of City Clerk time for oversight.

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HUMAN RESOURCES

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Good Governance	• Continue to review and update of City policies related to employment practices, including Social Media and Vehicle Use Policies. • Continue exploring the use of human resources software to streamline hiring, onboarding, and training new employees. • Develop a paperless office strategy for human resources functions. • Begin bargaining negotiations with Morro Bay Firefighters Association, Morro Bay Peace Officers' Association and SEIU Local 620 for agreements beginning July 1, 2021.
Workforce Development	• Recruit, select, and maintain a qualified and stable workforce; encourage individual career development; enhance core competencies and enrich performance. • Continue to assess and improve training opportunities and formalize training programs, including leadership, supervisory and targeted competency training. • Improve marketing the City to draw well-qualified applicants. • Create a Temporary/Part-time Employee Policy

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HUMAN RESOURCES
KEY PROGRAM SERVICES

- Provides effective administration of employee relations programs.
- Conduct employee training and organizational development assessments.
- Administers employee benefits.
- Administers recruitment and selection programs.
- Administers classification and compensation plans.
- Provides information and interpretation regarding the City's personnel rules, regulations and procedures, MOUs, and other ordinances.
- Resolves personnel matters.
- Maintain employee personnel files, records, and documentation.
- Develops, implements, and maintains administrative policies and procedures, including FMLA and accommodation.

Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded
Human Resources			
City Clerk	***0.33***	***0.00***	***0.00***
City Clerk/HR Manager	***0.00***	***0.33***	***0.33***
Human Resources Analyst	***1.00***	***0.00***	***0.00***
Human Resources Analyst II	***0.00***	***1.00***	***1.00***
Total Department FTEs	**1.33**	**1.33**	**1.33**

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HUMAN RESOURCES

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Number of full-time (FT), part-time (PT) and temporary employees:	99.5 FT 200 PT	99.5 FT 200 PT	89.63 FT 130 PT	91.63FT 100 PT
Number of recruitments conducted:	15 FT 25 PT	15 FT 25 PT	6 FT 6 PT	7 FT 15 PT
FT Employee Turnover Ratio	*8%	*8%	9.8%	10%
Number of employment applications processed:	150 FT 180 PT	150 FT 180 PT	110 FT 65 PT	100 FT 110 PT
Percentage of labor agreements ratified prior to expiration of existing contracts:	100%	100%	0%	100%

* - Change in methodology - 8% represents number of full-time employees that left service / number of full-time employees x 100.

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Finance Department

PROGRAM 3510

DEPARTMENT PURPOSE

The Finance Department assures fiscal accountability to the Council and to the public. To do so, the Finance Department provides financial oversight and administers accounting functions for all City funds and accounts; prepares the City's Annual Operating Budget for fiscal and service accountability; coordinates the annual financial audit and preparation of the Comprehensive Annual Financial Report to verify that proper fiscal practices are maintained; collects and monitors revenues such as Transient Occupancy Tax, Sales Tax, Property Tax, and Cannabis Tax; administers the City's Business License, Accounts Payable, Accounts Receivable, and Payroll functions. In addition, it operates the Utility billing/collection for the enterprise funds; and oversees the City's purchasing functions, ensuring that proper practices are in place, and that fiscal and operational responsibility is upheld.

BUDGET OVERVIEW

The Finance Department's FY 2021/22 reflects an increase of $299,371 in expenditures. There are a number of reasons for this increase including salary and benefit increases for all personnel consistent with agreements with the City's bargaining groups; one-time lump sum payments to all full-time staff members consistent with the agreements with bargaining groups; funding to conduct audits and/or administer Transient Occupancy Tax (TOT); an upgrade to one position to create an Administrative Services Analyst; and the restoration of one position eliminated due to the financial impacts of the COVID-19 pandemic. Many of the General Fund revenues have rebounded and will continue grow during FY 2021/22. Most notably, Transient Occupancy Tax, in spite of being highly dependent on tourist activity, has rebounded more quickly than anticipated. It is also important to remember that the City has a new General Fund revenue stream (Cannabis Tax) that is not fully accounted for in FY 2021/22.

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ADMINISTRATIVE SERVICES
Finance

Objectives	FY 20/21 Accomplishments
Good Governance/Transparency	• Coordinated a successful FY 2019/20 Financial and Compliance Audit. • Submitted for the Government Finance Officers Award for Excellence in Financial Reporting the Financial report for FY 19/20 by due date of February 1, 2021. • Completed before due dates State Controller's "Cities Annual Report," "Streets Report," and "Transit Report." • Received California Society of Municipal Finance Officers (CSMFO) award for excellence in budget for the City's FY 2019/20 Adopted Operating and Capital Budget. • Received FY 2019/20 Government Finance Officers Award for Outstanding Operating and Capital Budgeting. • Completed the new Single Audit requirement for the Wastewater Treatment Plant Relocation Capital Project by due date March 31, 2021.
Fiscal Sustainability	• Managed the coordination and on-time preparation of the FY 2020/21 Operating Budget. • Managed the City's Investments and prepared Quarterly investment reports. • Prepared Quarterly Budget Performance Reports. • Supported the City's Citizen's Finance Advisory Committee (CFAC) in reviewing Measure Q and City Financial Transactions and transparency.

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ADMINISTRATIVE SERVICES

Finance

Fund 001-3510

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Property Tax	$ 3,261,639	$ 3,416,642	$ 3,465,939	$ 3,276,246	$ 3,344,699	$ 3,732,574
VLF Backfill Property Tax	1,048,184	1,109,479	1,154,023	947,509	1,211,789	1,260,261
Sales & Use Tax	1,971,038	2,114,207	2,186,074	1,913,322	2,150,281	2,164,719
Cannabis City Tax				106,000	204,243	426,000
Franchise Fees	524,997	528,560	555,644	536,137	542,258	572,259
Business License	353,220	347,964	353,413	304,212	359,503	364,173
Transient Occupancy Tax	3,429,186	3,576,121	2,892,130	2,402,479	3,490,603	3,577,868
Intergovernmental Revenues	5,665	5,042	8,262	19,040	15,768	18,861
Charges for Services	28,195	38,646	12,034	11,000	8,190	8,190
Use of Money & Property	363,384	238,213	71			
Interest	40,571	21,849	-		88	
Other Sources	418	13,871	6,337		11,045	5,000
TOTAL REVENUES	**$ 11,026,497**	**$ 11,410,594**	**$ 10,633,927**	**$ 9,515,945**	**$ 11,338,467**	**$ 12,129,905**
EXPENDITURES						
Salaries and Benefits	$ 474,865	$ 471,852	$ 478,845	$ 502,265	$ 491,618	$ 765,441
Supplies	11,508	24,299	4,669	3,050	5,167	5,050
Services	132,374	110,494	124,088	107,149	169,244	194,909
Capital Outlay	-	-	-			
Other	281	88	244			-
Equipment Replacement	-	-	-			-
Internal Services						
Transfers Out						
TOTAL EXPENDITURES	**$ 619,028**	**$ 606,733**	**$ 607,846**	**$ 612,464**	**$ 666,029**	**$ 965,400**

FY 21/22 Salaries & Benefits includes lump sum payment for all employees in recoginition of pay concessions during covid shut down.

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City Owned Property

Fund 001-3515

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Revenues						
Use of Money & Property	37,146	-	273,424	340,341	340,341	$ 409,900
Other Revenue	1,117	-	1,599	-		-
TOTAL REVENUES	**38,263**		**275,023**	**340,341**	**340,341**	**409,900**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-	-	-
Services	22,613	-	28,550	27,007	$ 26,469	29,484
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 22,613**	**$ -**	**$ 28,550**	**$ 27,007**	**$ 26,469**	**$ 29,484**

Increase in revenue comes from rental income associated with 570 Dune Street.

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ADMINISTRATIVE SERVICES
Finance

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Good Governance	• Department cross training to be continued. • Develop procedures related to purchasing and the City's purchasing module – continue training departments on use of this model. • Coordinate FY 2021/22 Proposed Operating and Capital Budget development process. • Manage the FY 2020/21 Annual Audit, prepare a Comprehensive Annual Financial Report and submit to GFOA or CSMFO for award consideration.
Fiscal Sustainability	• Long-Range Financial Sustainability Plan including updating the Ten-Year Financial Plan model. • Explore new revenue sources to support the Harbor Department (Embarcadero, et. al) for Council consideration. • Explore CalPERS cost reduction options for Council consideration. • Increase monitoring and audits of Transient Occupancy Tax (TOT) and Business Tax receipts. • Support the departments as they move forward with assessments of capital assets such as facilities, information technology, fleet in all departments. • Explore new way to increase efficiency and serve customers such as on-line bill pay

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ADMINISTRATIVE SERVICES
Finance

KEY PROGRAM SERVICES

- Develops and monitors the City's Annual Operating Budget
- Coordinates the annual audit of the City's Financial Statements and preparation of the Comprehensive Annual Financial Report.
- Maintains the City's financial information system for record-keeping and reporting of all financial transactions.
- Oversees the City's Investment Portfolio.
- Provides Accounts Payable and Payroll disbursement and reporting services; Accounts Receivable invoicing, revenue collection, and cash reconciliation, Business Tax and Transient Occupancy tax processing.

Summary of FTEs

	2018/19 Funded	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Finance Department					
Finance Director	0.75	0.75	0.75	0.75	0.00
Admin Services Dir/Assistant City Mgr	0.00	0.00	0.00	0.00	0.75
Budget/Accounting Manager	1.00	1.00	1.00	1.00	1.00
Administrative Services Analyst	0.00	0.00	0.00	0.00	1.00
Senior Accounting Technician	1.00	1.00	1.00	1.00	1.00
Account Clerk III	0.00	0.00	0.00	0.00	1.00
Account Clerk II	0.70	0.70	0.70	0.00	0.00
Account Clerk I	0.00	0.00	0.00	0.80	0.00
Office Assistant IV	0.00	0.00	0.00	0.00	1.00
Account Clerk In-Training	0.20	0.20	0.20	0.00	0.00
Total Department FTEs	**3.65**	**3.65**	**3.65**	**3.55**	**2.00**

Title of Admin Services Director/Assistant City Manager amended at Mid-Year 2020/21

ADMINISTRATIVE SERVICES
Finance

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates (Covid)	2021/22 Budget
Quarterly Investment Reports to Council	4	4	4	4
TOT payments processed annually	2,112	2,175	2,000	2,200
Accounts Payable checks processed annually	2,995	2,700	2,556	2,750
Payroll checks processed annually	5,100	5,125	4,200	
Business licenses issued annually	2,569	2,600	2,300	2,600
Weighted average rate of return on investments	1.65%	1.75%	0.59%	
Journal entries written per month	12	10	12	10
Bank reconciliations completed within 60 days of end of month (11 accounts/month)	121	132	132	132
Bank Deposits processed annually	334	360	348	350
Utility Billing Metrics:				
Leak Reviews Approved	30	48	35	63
Tag Notices Processed	839	640	0	730
Turn Off Requests Processed	136	126	0	110
Turn On Requests Processed	760	711	567	735
Utility Discount Applications Received	295	320	330	350
Utility Discount Customers Enrolled	270	300	318	330
Utility Rebate Applications Received	0	18	23	25
Utility Rebate Customers Enrolled	0	18	23	25
Audit Metrics:				
Year End Journal Entries- Accrual Conversion	58	58	52	58
Audit Schedules and Document Requests	174	175	603	175
Audit Adjusting Entries	3	3	3	3
Budget Amendment Journal Entries	9	10	13	10

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Transfers

PROGRAM 7710

DEPARTMENT PURPOSE

The Transfers program accounts for interfund transfers in and out. There are annual transfers that occur to compensate the general fund for support to the enterprise funds (cost allocation plan transfers), as well as other revenue and expenditure transfers that occur to support the operations of the City.

BUDGET OVERVIEW

General Fund transfers in, a source of funds to support or reimburse the general fund for operations, decreased by $1.4 million in FY 2020/21 as it is not anticipated the fund will need to draw from the emergency reserve fund as was required in FY 2019/20. Excluding this amount, the transfers for the FY 2021/22 budget year are $20,000 higher due to a 1% consumer price index (CPI) increase to the cost allocation amounts charged to the enterprise funds.

General fund transfers out for the FY 21/22 budget are increasing by $926,714 as compared to FY 20/21 estimated. To make-up for not being able to fund some of the other special funds in FY 2020/21, this year's budget plans to send to the other funds as follows: General Fund Emergency Reserve = $250,000; General Fund Vehicle Replacement = $50,000; Fire small vehicle replacement = $50,000; Compensable Leave = $25,000; General Fund Capital Replacement = $100,000 and Capital Projects = $456,522.

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Transfers

001-7110

STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Transfers In						
Emergency Reserve Fund	$ 311,893		$ 1,438,192	$ 1,283,319	$ -	$ -
Special Revenue Funds						
Measure Q&E - Fire Overtime	116,444	120,685	121,916	121,916	121,916	73,876
County TMD	6,650	-	-	7,090		6,803
TBID - 2% admin	19,429	16,445	13,864	19,958	11,893	19,958
State Gas Tax - Streets	228,157	216,712	238,971	226,455	216,755	243,222
Traffic Safety - Signals	11,113	13,364	10,532	10,000	9,069	11,541
American Rescue Plan						25,000
G Fund Fac Maint. - Security Wall			4,540			
Cost Allocation from Enterprise Funds						
Transit	79,775	79,775	44,945	45,423	45,423	45,877
Water	292,327	302,850	189,539	188,159	188,159	190,041
Sewer	174,228	180,500	189,539	128,691	128,691	129,978
Harbor	276,986	329,168	205,348	221,233	221,233	223,445
WasteWater Treatment			153,575	157,414	157,414	158,988
Cloisters			10,821	11,092	11,092	11,203
North Point			645	661	661	668
Other:						
Harbor - AGP Video; PR Cleani	11,700	5,000	11,700	11,993	11,993	12,113
Harbor - Legal		36,214	38,850	40,000	39,000	40,000
Water - Legal		5,408	17,094	18,078	18,288	18,078
Water - Security Wall		-	2,500			
Sewer - Legal		4,680	4,251	12,152	1,625	12,152
Sewer - Security Wall		-	2,500		-	
WWTP - Legal				21,634		21,634
Opportunity Fund - Wayfinding in FY 19/20		18,000	30,462	683	1,094	
Lower Cost Visitor Accom				55,111	27,556	-
TOTAL SOURCE OF FUNDS	**$ 1,528,702**	**$ 1,328,801**	**$ 2,729,784**	**$ 2,581,062**	**$ 1,211,862**	**$ 1,244,577**
USES OF FUNDS						
Transfers Out						
Facility Maintenance Fund	$ -		$ 10,000	$ -		$ -
Emergency Reserve Fund	40,668	38,194		-		250,000
Vehicle Replacement Fund	75,000	50,000				100,000
Information Technology Fund	262,394	364,730	345,970	354,620	354,620	358,166
Risk Management Fund	-	30,000				
Compensable Leave Fund	50,000	30,000				25,000
Capital Replacement Fund	-	-				100,000
Gen Gov't Cap Imprv Fund	-	5,000		208,380	8,653	456,522
Economic Development Fund		191,388	65,000	-		-
Tourism Fund	134,928	145,837	60,000			
TOTAL USE OF FUNDS	**$ 562,990**	**$ 855,149**	**$ 480,970**	**$ 563,000**	**$ 363,273**	**$ 1,289,688**

Notes:
FY 2018/19 – includes transfers in from the Strategic Spending and Opportunity Fund to support the Economic Development Strategic Plan through contract with the Chamber of Commerce.

FY 2019/20 – includes transfers in from the City's Opportunity fund to support collaboration with the Chamber for Economic Development, a $65,000 transfer out to an Economic Development Fund to support General Plan implementation items, such as wayfinding, and a reduced contribution to TBID.

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Police Department

PROGRAM PURPOSE

This has been a very challenging and difficult year for Law Enforcement across the country. In the midst of a global pandemic, civil unrest leading to prolonged protests, calls for defunding of police services and sweeping national changes in state and federal legislation.

The Morro Bay Police Department (MBPD) continues to provide uninterrupted 24-hour, 7 day a week, Law Enforcement services to our Community. MBPD is a full-service agency which includes 18 sworn positions (which includes a full-time School Resource Officer), 4 non-sworn civilian positions, and a dedicated group of both volunteer and youth explorer staff members who support the mission of the department. Morro Bay Police Department is truly a community-oriented police agency who strives to serve our community with a true partnership in community-policing.

The Morro Bay Police Department consistently performs all police/law enforcement related functions including: responding to all calls for service from our resident and business community members and city guests, proactive patrol activities, detailed and complex investigations, crime prevention and community relations, traffic safety, enforcement and control, enforces local, state and federal laws, evaluates and implements crime reduction strategies and techniques, addresses community safety and quality of life issues and responds to all emergencies and critical incidents. The department maintains and processes all property collected as Evidence, Found and Safekeeping and responds to all Public Records requests in accordance with the State, County and City guidelines.

The Morro Bay Police Department continues to be part of a much larger public safety network of First Responders working closely with Morro Bay Fire and Harbor Departments as well as regional and allied agencies including State Parks, SLO County Sheriff, CHP, SLO County Probation, Cal Trans and surrounding municipal police agencies. Together, we have formed a collaborative network of highly skilled and trained personnel and resources that keep our communities safe every day. Challenges throughout the year including COVID-19, civil unrest, protests, and several active shooter situations have proven how valuable our Regional network and collaborative efforts have been.

BUDGET OVERVIEW

The MBPD FY 2021/22 budget is based on the 2019 service levels as the FY 2020/21 budget was skewed by the global pandemic. With services and travel potentially opening up in this next Fiscal Year we are preparing the budget for a busy and active economy. This budget also includes the opening of the second cannabis dispensary and the fiscal impact that comes with it. The FY 2020/21 budget included the defunding of 1.0 FTE Police Officer position due to needed budgetary reductions resulting from the COVID-19 pandemic. The FY 2021/22 includes the restoration of the FY 2020/21 concessions as well as pay and benefit changes consistent with negotiations with the City's bargaining group for the entire FY 2021/22. The FY2021/22 budget brings us back to the minimum staffing level of 17 sworn officers (plus 1 assigned to SRO and funded by San Luis Coastal Unified School District), maintaining the same staffing levels MBPD had in 1986. The FY 2021/22 budget allows us to maintain basic policing services within budgetary constraints and guidelines. Both Measure Q and SLESF/COP's Grant funding continue to be critical to the Department in maintaining all basic functions (including funding the Property/Evidence Tech.) and operational/equipment needs to supplement general fund support of the Department. New Measure "E" funding resources will be vital to maintain and hopefully improve upon the current staffing levels and equipment needs to meet the increased and growing demands of our law enforcement personnel.

POLICE DEPARTMENT

Objectives	FY 2020/21 Accomplishments
MBPD **Mobile App.**	• In addition to the Neighborhood Cop program MBPD launched a mobile app which has seen approx. 800 downloads and over 130 registered users to create open communication and make information more accessible to our community
Recruitment/ **Hiring**	• Successfully recruited and hired several new officer positions to backfill recent retirements and resignations. (Ongoing)
Chief's Advisory Committee	• Chief's Advisory Committee has been a welcome and valuable addition to the PD team. C.A.C. worked collaboratively with PD Administration to develop and implement several new policies related to External Vest Carriers, tattoos and beards, and a thorough revision of MBPD Use of Force Policy.
Emergency Preparedness & State Mandated Training	• The current pandemic, protests, and local active shooter situations have highlighted the need for emergency equipment/preparedness and having highly qualified and well-trained personnel. • MBPD Continues to meet and exceed all Legislative and P.O.S.T. Mandated Training requirements for Operational Readiness. • Obtained and outfitted all sworn personnel with Active Shooter/Critical Incident Emergency Response Kits. • Replaced outdated Taser systems and conducted Dept. wide training on the new system.

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Objectives	FY 2020/21 Accomplishments
Cannabis	• City partners and MBPD worked collaboratively to develop ordinances and facility security plans for the Cannabis industry operating within Morro Bay. MBPD conducts all cannabis related employee background investigations, performs site security and compliance inspections and monitors business activity through CCTV systems.
Department Annual Report	• Completed a comprehensive and transparent report of MBPD's mission, purpose and accomplishments. This report contains budget information, crime statistics and data to highlight our department personnel and resources.
Electronic Radar/Messaging boards.	• Utilized available COPS Grant funding to purchase two electronic radar/messaging mobile trailers to provide important safety messages to community, conduct traffic/speed surveys and collect data for traffic safety.
Update department vehicles	• Utilize COPS Grant funds to update two department vehicles (2015 Dodge pickup and 2012 Dodge SRO car) to extend vehicle use.

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Objectives	FY 2020/21 Accomplishments
Community Safety and Engagement	• MBPD has continued to focus on community engagement and interaction although limited due to COVID restrictions resulting in virtual meetings and interactions. • MBPD looks forward to returning to our in-person events and activities such as Harbor Festival, Avocado/Margarita Festival, Cruisin' Morro Bay Car Show, City 4th of July event, Special Olympics Tip-a-Cop BBQ and Torch Run. • As COVID restrictions continue to be lifted and the city returns to a sense of normalcy, our personnel will return to our involvement in community events such as Project Surf Camp, Operation Surf, National Night Out, Caroling Cops, Community Thanksgiving Dinner, Annual Haunted House and Coffee w/a Cop. • Added E-bikes to our bicycle patrol fleet to increase community engagement through personal interaction and expand patrol opportunities into neighborhoods and business districts. • Added UAS (Drone) with voice messaging capabilities to increase/expand safety messaging to the public during COVID and other safety details.

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POLICE DEPARTMENT

Police Department						
DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES						
	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Intergovernmental Revenue	$ 29,876	$ 22,495	$ 24,827	$ 26,474	$ 26,474	$ 29,000
Fines & Forfeitures	10,003	4,834	6,880	6,000	6,000	7,000
Charges for Service	38,546	59,908	173,221	201,446	201,446	176,875
Other Revenues	3,986	23,299	8,788	6,500	6,500	12,000
Transfer In	-	-	-	-	-	-
TOTAL REVENUES	**$ 82,411**	**$ 110,536**	**$ 213,716**	**$ 240,420**	**$ 240,420**	**$ 224,875**
EXPENDITURES						
Salaries and Benefits	$ 3,200,243	$ 3,088,708	$ 3,413,240	$ 3,240,878	$ 3,088,295	$ 3,280,225
Supplies	107,726	74,952	110,239	75,200	73,854	74,550
Services	196,839	195,594	348,041	221,088	373,801	420,602
Capital Outlay	-	-	-	-	-	-
Other	16,741	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 3,521,549**	**$ 3,359,254**	**$ 3,871,520**	**$ 3,537,166**	**$ 3,535,950**	**$ 3,775,377**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
Expenditures By Fund						
Police General Fund Operating	$ 3,276,678	$ 3,121,942	$ 3,600,286	$ 3,262,818	$ 3,276,620	$ 3,446,630
Support Services	$ 244,871	$ 237,312	$ 271,234	$ 274,348	$ 259,330	$ 328,747
TOTAL EXPENDITURES	**$ 3,521,549**	**$ 3,359,254**	**$ 3,871,520**	**$ 3,537,166**	**$ 3,535,950**	**$ 3,775,377**

See Measure Q and E Section E for additional department funding

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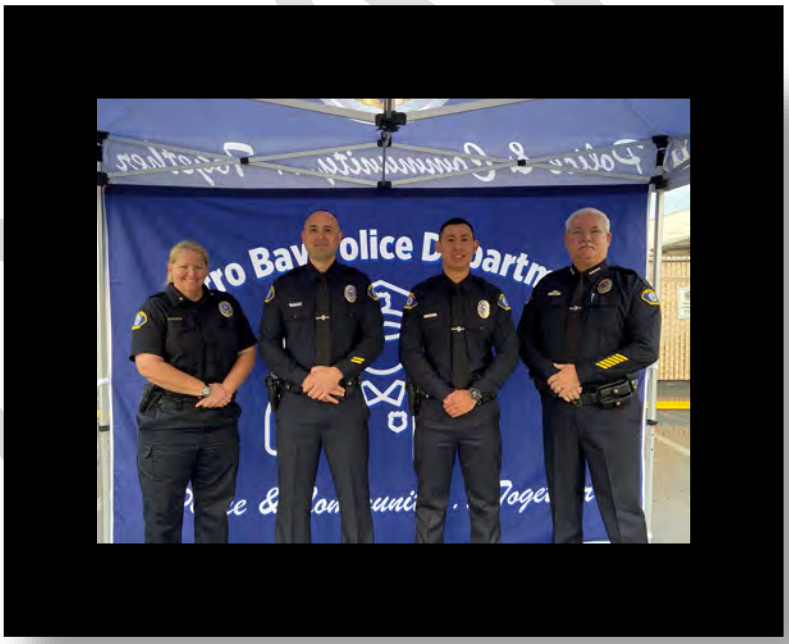
POLICE DEPARTMENT

Summary of Department FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Police Department				
Chief of Police	1.0	1.0	1.0	1.0
Police Commander	1.0	1.0	1.0	1.0
Police Sergeant	4.0	4.0	4.0	4.0
Administrative Sergeant	1.0	1.0	1.0	1.0
Senior Officer	4.0	4.0	4.0	4.0
Officer	4.0	4.0	5.0	5.0
Officer - School Resource Officer	0.0	1.0	1.0	1.0
Officer - Detective	1.0	1.0	1.0	1.0
Support Service Manager	1.0	1.0	1.0	1.0
Support Services Technician	1.0	1.0	1.0	1.0
Support Services Technician	1.0	0.63	0.63	0.63
Property & Evidence Clerk	0.75	0.75	0.75	0.75
	19.75	**20.38**	**21.38**	**21.38**



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Police Department

General Fund
Program 4110

PROGRAM PURPOSE

Morro Bay Police Department continues to experience challenges in officer recruitment and retention and actively pursues recruitment of professional sworn and non-sworn staff to join our mission to provide the highest level of police services in partnership with our community. We are committed to finding those highly qualified individuals that share our Organizational values of accountability, integrity, honesty and professionalism.

Our department vision of "Excellence in Service" is more than a statement. It is a philosophy strived for daily by our dedicated staff of men and women who provide full-time police services. Our department provides a wide range of full-time community-based law enforcement services to address crime, traffic and quality of life issues throughout our community. Our Administration and staff understand the necessity to stay current with relevant, consistent and up to date training and the latest technologically advanced equipment. We are consistently researching and procuring cost-effective training opportunities and specialty equipment for the detection and prevention of criminal behavior, to manage our reports and records systems, recover and process evidence and enhance officer and public safety.

MBPD will continue to research and evaluate additional equipment needs that will enhance our community safety efforts such as Automated License Plate Readers, CCTV systems, SHOT Spotter weapon detection technology and other technologically advanced equipment options. Utilizing these types of advanced systems can prepare officers to better handle real life situations and increase the likelihood of positive outcomes while mitigating or reducing injury to officers and the public.

Our dedicated staff of Police Volunteers continue to supplement our limited police personnel resources by volunteering hundreds of hours each year to perform a variety of police related functions including administrative/clerical support, traffic control and education, community events and outreach, and a variety of other crime prevention strategies. Our continued success relies heavily on this committed group of community volunteers.

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BUDGET OVERVIEW

The Police Department's budget for FY 2021/22 will continue to provide financial challenges in recruiting and retaining highly qualified and skilled employees and obtaining and/or replacing needed equipment and resources. As previously discussed, the FY 2020/21 budget included 5 to 8 percent salary concessions and the defunding of one FTE Police Officer Position. The FY2021/22 budget restores these previous budget setbacks.

POLICE DEPARTMENT
General Fund

Police
Fund 001-4110
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Intergovernmental Revenue	$ 29,876	$ 22,495	$ 24,827	$ 26,474	$ 26,474	$ 29,000
Service Charges	38,546	59,908	173,221	201,446	201,446	176,875
Fines & Forfeitures	10,003	4,834	6,880	6,000	6,000	7,000
Other Sources	3,986	23,299	8,788	6,500	6,500	12,000
TOTAL REVENUES	**$ 82,411**	**$ 110,536**	**$ 213,716**	**$ 240,420**	**$ 240,420**	**$ 224,875**
EXPENDITURES						
Salaries and Benefits	$ 2,974,477	$ 2,866,386	$ 3,154,776	$ 2,978,053	$ 2,840,488	$ 2,964,878
Supplies	104,039	71,782	107,968	74,500	73,154	73,350
*Services **	181,421	183,774	337,542	210,265	362,978	408,402
Capital Outlay	-	-	-	-		-
Other	16,741	-	-	-		-
Equipment Replacement						-
TOTAL EXPENDITURES	**$ 3,276,678**	**$ 3,121,942**	**$ 3,600,286**	**$ 3,262,818**	**$ 3,276,620**	**$ 3,446,630**

Notes:
FY 2019/20- The SRO position was re-negotiated with SLCUSD to be fully funded by the San Luis Coastal Unified School District and is assigned to the School District full-time.
FY 2020/21- During the ongoing COVID pandemic the SRO position has remained fully funded by the San Luis Coastal Unified School District and maintained presence at Morro Bay schools.
FY 2021/22- As we near the potential end of the COVID pandemic the SRO position will continue to address the needs of the SLCUSD at Morro Bay High School and Del Mar Elementary.

POLICE DEPARTMENT
General Fund

Summary of Department FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Police Department				
Chief of Police	1.0	1.0	1.0	1.0
Police Commander	1.0	1.0	1.0	1.0
Police Sergeant	4.0	4.0	4.0	4.0
Administrative Sergeant	1.0	1.0	1.0	1.0
Senior Officer	4.0	4.0	4.0	4.0
Officer	4.0	5.0	4.0	5.0
Officer - School Resource Officer	0.0	1.0	1.0	1.0
Officer - Detective	1.0	1.0	1.0	1.0
Records Clerk/Training Coordinator	0.66	0.0	0.0	0.0
	16.66	**18.00**	**17.00**	**18.00**

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POLICE DEPARTMENT
General Fund

FY 2021/22 KEY PROJECTS

Objectives	Key Projects
Community Safety/Crime Reduction Strategies	• Continue to monitor and evaluate current crime trends and effective crime prevention strategies for enhanced community safety. (ie; ALPR system, CCTV, improved street/park lighting, engage neighborhood watch groups, address issues of homelessness, illegal drugs, alcohol abuse, gun safety, etc)
Recruitment & Retention	• Research new recruitment strategies, identify and understand target candidates, determine the best advertising methods/opportunities, streamline the hiring/background process, engage staff as recruiters, focus on the retention of valuable employees.
Enhanced Critical Incident and Advanced Officer Training And Officer Wellness (ongoing)	• Continue high quality consistent training to prepare officers to effectively deal with any high-risk real-life emergency situations likely to create intense psychological crises or trauma. A professional well-trained response in a crisis situation requires consistent and relevant training to ensure that the intervention is successful. • Continue Peer Support and Officer Wellness Training to address the impacts of high-stress law enforcement work. • Purchase of Range Training system (Moto-Shot) to enhance firearms training with real-life scenario-based training exercises.

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POLICE DEPARTMENT
General Fund

FY 2021/22 KEY PROJECTS

Objectives	Key Projects
Conduct Community Survey of Police Services	• The Chief's Advisory Committee will assist MBPD with a survey to obtain community perspectives, input and opinions of current police services. • Obtain reliable feedback of police performance and expectations of community members to address the following: Community Involvement, Safety, Procedural Justice, Performance, Contact and Satisfaction.
Equipment Updates	• Replace current patrol rifles (most approx. 20 yrs old), repair existing patrol shotguns (15-20 yrs old). (ongoing equipment repairs/replacement)
Update PD Infrastructure	• Update internal infrastructure/internet-based systems to adequately monitor numerous web/internet-based systems ie; BWC/In-car cameras, Cannabis surveillance systems, virtual/on-line training/reporting systems, etc.
Complete PD Annex	• Complete paving/repair project of PD Annex property which houses additional Evidence storage, police and volunteer vehicles, police motorcycles, police bicycles and employee parking.

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POLICE DEPARTMENT
General Fund

FY 2021/22 KEY PROJECTS

Objectives	Key Projects
Develop updated Strategic & Succession Plans **(in process)**	• The Chief's Advisory Committee has been tasked to assist with completing an updated Strategic/Succession Plan. • The strategic planning process sets into motion a process for future planning based on the department's vision, mission and goals. Strategic planning determines where a department is going over a specified amount of time, ie; the next 3-5 years. • Our strategic plan will lay out a plan for the department to move forward while considering the departments mandates. It should define clear and succinct goals for our members and outline what the members should work towards. The strategic plan typically focuses on the major functions of the department, for example investigating and deterring crimes, however the plan should include the entire department's work goals and tasks. • The Succession plan is a process to identify and develop internal people with the potential to fill key leadership positions throughout the organization. Succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available.
City Street/Speed Survey	• Conduct Speed Survey to allow enhanced radar/lidar traffic enforcement/safety.
Develop Vehicle Replacement Policy	• Develop policy/procedure to establish purchasing guidelines outlining a consistent process to replace/maintain fleet of vehicles for police dept.

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POLICE DEPARTMENT
General Fund

POLICE PERFORMANCE INDICATORS AND MEASURES

Activity and Workload Highlights	2018/19 ACTUALS	2019/20 ACTUALS	2020/21 Estimates	2021/22 Budget
Average hours of training per sworn Officer	125	74	114	117
Average hours of training for non-sworn personnel	39	16	28	25
Total Number of Volunteer Hours	2300	1765	1600	
Response times	3-5 min avg	3-5 min avg	3-5 min avg	3-5 min avg
Calls for Service	11706	12166	15500	15000
Total Arrests	495	624	630	625
Total number of reports written	1500	1773	1743	1666
Percentage of reported Traffic Collisions involving drugs or Alcohol	14%	20%	16%	15%
Number of traffic citations issued (excluding courtesy citations)	288	145	309	275
Criminal citations issued	117	165	213	165
Courtesy citations issues	366	284	217	289
DUI Arrests	66	89	72	75
Traffic collision reports	249	76	68	100
injury collisions		13	24	13
Percentage of criminal complaints issued by District Attorney with charges filed	DA claims approx. 90% of Mis-filed cases	DA claims approx. 90% of Mis-filed cases	DA claims approx. 90% of Mis-filed cases	
Percentage of criminal complaints denied by District Attorney	13%	13%	13%	
Number of cases investigated	1300	957	640	965
Number of Parking Citations Issued	272	194	306	316
Number of parking permits issued	N/A	N/A	N/A	N/A
Number of abandoned vehicles removed from public streets	41 tows for 72 Hour viol. And 32 for exp reg. (Total 74)	7 tows for 72 Hour viol. and 21 for exp reg. (Total 209)	11 tows for 72 Hour viol. and 9 for exp reg. (Total 101)	10 tows for 72 Hour viol. and 10 for exp reg. (Total 101)
Revenue received on parking permits issued	N/A	N/A	N/A	N/A
Revenue received on parking citations issued	$2080	$4615	$9400	$9000

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Police Department

SUPPORT SERVICES
PROGRAM 4150

PROGRAM PURPOSE

For the Morro Bay Police Department (MBPD) to perform the public safety function, support services functions and personnel are crucial. Support Services collect, index, process, maintain, retrieve, copy, distribute and update confidential police records, reports and property. We provide information to Local/State and National Databases, legal counsel, law enforcement personnel and the public. Support Services staff are responsible for maintaining the confidentiality of highly sensitive information in strict compliance with established codes, rules and regulations.

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POLICE DEPARTMENT
SUPPORT SERVICES

BUDGET OVERVIEW

The FY 2021/22 Support Services budget is also based on the 2019 service levels with the exception of the impact from the cannabis dispensaries. We rely heavily on MBPD volunteers with daily operations, assisting the public and courier services to the San Luis Superior court and other allied agencies. The Property & Evidence Technician position continues to be fully funded by the SLEFS/COP's grant.

Police Support Services
Fund 001-4150
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
EXPENDITURES						
Salaries and Benefits	$ 225,766	$ 222,322	$ 258,464	$ 262,825	$ 247,807	$ 315,347
Supplies	3,687	3,170	2,271	700	700	1,200
Services	15,418	11,820	10,499	10,823	10,823	12,200
Capital Outlay	-	-	-	-	-	
Other	-	-	-	-	-	
Equipment Replacement	-	-	-	-	-	
TOTAL EXPENDITURES	**$ 244,871**	**$ 237,312**	**$ 271,234**	**$ 274,348**	**$ 259,330**	**$ 328,747**

Notes:
FY 2014/15 – In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). This division was renamed Support Services to reflect the change from City-Wide Communications. The increase in services category is due to the SLO County Sheriff's contract for emergency dispatch services, which is offered by the reduction in personnel costs.
FY 2016/17 – The dispatch contract was moved to the Contract Services division.
FY 2018/19 – The dispatch contract funded through Contract services total $257,821.

Summary of Department FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Support Services				
Support Service Manager	1.0	1.0	1.0	1.0
Support Services Technician	1.0	1.0	1.0	1.0
Support Services Technician	1.0	0.63	0.63	0.63
Property & Evidence Clerk	0.50	0.75	0.75	0.75
	3.50	**3.38**	**3.38**	**3.38**

POLICE DEPARTMENT
SUPPORT SERVICES

FY 2020/21 KEY PROJECTS

Objectives	Key Projects
Acquiring Enhanced Public Safety Report Management System	• Crucial appropriation of a new enhanced Report Management System (RMS) that is compatible with other County-wide law enforcement reporting systems and allows immediate connectivity, crime analysis, crime reporting and arrest information. **This is scheduled for fall 2021
Purge Records & Property	• Work toward obtaining and maintaining compliance with Government Code and the City of Morro Bay retention schedule regarding police reports, body camera footage, In-Unit video and property obtained as evidence, safekeeping & found items.
Cost Recovery/ Restitution	• All future DUI reports include a request for restitution through probation. This is estimated to bring in approx. $25k in additional revenue.
Property Audit	• Conduct a Property & Evidence Audit with an outside agency consulting firm.

KEY PROGRAM SERVICES

- Process Police reports going to District Attorney, Superior Court, Traffic Court, other Law Enforcement Agencies, other State and Federal Agencies and the public
- Manage and maintain the Training Files for all staff at the Police Department
- Process, store, disseminate and purge Found/Safekeeping and Evidence property
- Maintain restraining orders for citizens that live within the City of Morro Bay
- Process Records Requests and Public Records Requests, subpoenas, Criminal State reports, citations (traffic, criminal, infraction, warnings), Cost Recovery for DUI/TC
- Process Live scan for potential employees and the public
- Maintain department budget
- Vehicle Tow and property release
- Provide Administrative Support to Chief, Commander, Sergeants and Officers

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MORRO BAY
CITY OF MORRO BAY
INCORPORATED JULY 11, 1964
POLICE

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Fire Department

PROGRAM 4210

DEPARTMENT PURPOSE

The City of Morro Bay Fire Department provides a full range of all-risk emergency services including structural fire suppression, wildland fire suppression, ocean water rescues, paramedic emergency medical services, hazardous materials responses, vehicle extrication, technical rescue, and confined space response. The Fire Department utilizes 2 fire stations, 2 engines, 1 aerial ladder truck, 1 rescue, 2 utility vehicles, and 2 command vehicles. Our Fire Department also participates with the Governor's Office of Emergency Services (OES) with an assigned wildland interface engine that participates in larger incidents within our County and State. Our Fire Department members participate regionally in our County Arson Task Force, Hazardous Material Response Team, Urban Search and Rescue team, Fire Prevention Association, Emergency Medical Care Committee, Fire Training Officer's Association, SLO Regional Community Emergency Response Team (CERT) and Fire Chief's Association. In addition, our members participate in local County, State, and Federal Incident Management Teams.

"To enhance the quality of life by providing exceptional emergency services."

Our mission allows us to protect the community through public education, training, fire prevention, fire suppression, emergency rescue, disaster preparedness, mutual aid support, advances in modern technology and other services to minimize the loss of life and property, damage to the environment, and adverse economic impacts due to natural or man-made emergencies or events.

The members of the Morro Bay Fire Department choose the following values to follow:

- *Integrity*
- *Professionalism*
- *Sensitivity*
- *Vitality*
- *Cooperation*

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FIRE DEPARTMENT

FIRE DEPARTMENT

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Sales & Use Tax						
Licenses & Permits	$ 976	$ 1,375	$ 809	$ 1,500	$ 179	$ 1,500
Intergovernmental Revenues	349,413	131,093	8,509	9,600	-	12,000
Charges for Service	196,051	257,510	351,254	291,933	172,735	244,518
Other Revenues	10,857	6,145	16,516	423,535	269,917	19,384
Corona Relief Revenues	-	-	-	-	125,793	-
Transfer In	-	-	-	-	-	-
TOTAL REVENUES	**$ 557,297**	**$ 396,123**	**$ 377,088**	**$ 726,568**	**$ 568,624**	**$ 277,402**
EXPENDITURES						
Salaries and Benefits	$ 2,916,047	$ 2,455,861	$ 2,590,239	$ 2,656,889	$ 2,769,887	$ 2,204,887
Supplies	157,403	115,401	127,880	127,434	145,922	170,342
Services	121,984	136,447	285,373	143,353	253,181	177,076
Capital Outlay	-	-	-	-	-	-
Other	5,275	5,000	6,825	9,650	5,275	6,825
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 3,200,709**	**$ 2,712,709**	**$ 3,010,317**	**$ 2,937,326**	**$ 3,174,265**	**$ 2,559,130**

See Measure Q and E Section E for additional department funding

Notes:

Years 2014/2015 through 2020/21 had mid-year adjustments in revenues and expenditures due to Mutual Aid responses reimbursed through the California Fire Assistance Agreement (CFAA) and Governor's Office of Emergency Services (OES).

DRAFT

FIRE DEPARTMENT
General Fund
Program 4210

In 2020, the Fire Department had a decrease in calls for service by (-3.54%). With our current pandemic, most fire departments have experienced a reduction of trauma outdoor type of incidents plus less moving type of injuries due to the "Stay at home" orders given by our Governor. In recent months, we have seen our incidents increase as our public are returning to our normal way of life. The Morro Bay Fire Department (MBFD) participated in a program with our Local Emergency Medical Services Agency (LEMSA) to reduce code two transports from our care facilities to the hospital for routine testing or evaluation. With the use of Emergency Medical Dispatching (EMD), our dispatchers can ask pertinent questions to the caller to determine the response level of our Fire Department. Today, this program is a permanent EMSA policy helping us control our responses to our care facilities. In 2018-2019, Five Cities Fire Authority joined our regional fire dispatch allowing for a new pricing structure giving us a 39% decrease in FY 2019/2020 and FY 2020/21 budgets for Fire and Harbor Department dispatch services. This savings can be found in our Contract Services Program.

In 2019/20, the Friends of the Morro Bay Fire Department assisted four firefighters with scholarships to attend our local Fire Academy. A regional Homeland Security Grant was secured to fund additional Protective Equipment for our personnel for Active Shooter incidents. MBFD continues to update our new patient reporting for California Emergency Services Agency (EMSA), State Fire Marshal (SFM) and National Fire Information Reporting (NFIRS). MBFD continued for a full year a new fire inspection program to comply with new State Fire Marshal standards that is funded completely by fire inspections fee paid through our business license process.

BUDGET OVERVIEW

For FY 2020/21, the Fire Department budget will total $2,539,746 which appears to be a significant reduction from FY 2020-21. In fact, it is not a reduction because Measure Q & E Fund is supporting more operational expenses this year. This budget will show the addition of one Firefighter Paramedic FTE with close to matching reduction in Overtime and Part-time wages. The addition of one more Firefighter Paramedic will stabilize our staffing with qualified personnel in all 12 shift positions, eliminating the need to fill the empty 12th shift position with overtime or Reserve personnel. Another significant change is the creation of the Division Chief/Fire Marshal rank. This position will assist with operational details, be acting Chief when the Chief is away and will continue to oversee the Fire Inspection and permitting function. There is minimal cost associated with this enhancement to the MBFD staffing model because this new position will not be eligible for overtime as the position is a management position. The only exception to overtime is if the Division Chief/Fire Marshal is assigned to an out-of-county incident. Lastly, this budget will restore the Fire Department's Administrative Assistant to fulltime to enhance the Department's ability to manage day to day business, deliveries, payables, mutual aid reimbursement, contracts, phones, and assistance to our Fire Marshal, on duty Fire Captain, and the Fire Chief.

This budget will continue with shift augmentation with our Reserve Firefighter component. Currently, MBFD have 6 Reserve Firefighters qualified to augment our shift personnel with the loss of 9 Reserve Firefighters in 2020/21 due to fulltime job offers, career changes, or unable to perform to the program's expectations. are starting a hiring process and we are hoping to hire up to 13 in July through August. We will host a Reserve Fire Academy this year hoping to get our new recruits fulfilling their badge requirements by January 2022.

Starting in May this year, our Seasonal Firefighters will be extremely helpful in our augmentation, hydrant testing, hose testing, engine pump testing, City's Knox Box maintenance, apparatus yearly routines, and assist our Fire Marshal in mandated fire inspections in our community.

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The City is forecasting purchasing health insurance for 3.0 Reserve Firefighters this year as per Affordable Healthcare Act (AHA) guidelines.

MBFD applied for additional grant revenues to focus on improving our Emergency Operations Center (EOC) but also to enhance our City's EOC facility, supplies, and IT function.

Like past budgets, we will not spend the proposed funds in our EOC budget if we do not secure the grant funding. The budget forecasts a 1.5% increase in our Ambulance Performance Operations Committee (APOC) funding to $97,419. This APOC funding continues to support our Paramedic program nearly 100%. As in the past, no funding for our reimbursable mutual aid responses is budgeted. Staff will present any adjustments for funding received from FEMA or California Governor's Office of Emergency Services (OES) with the Mid-Year Budget. These adjustments balance out any overtime, equipment, and logistical expenses incurred with revenue received. The budget projects that the Fire Prevention function is fully supported by Plan Checking Fees, Inspections and Permit revenues.

To assist with equipment replacement needs, the Department has and will develop additional FEMA grant proposals for assistance in part-time fire inspectors, radio equipment, structure fire personal protection turnouts, and health wellness for Firefighters which will hopefully reduce future hardships on the City's Risk Management fund. In addition, the Fire Department is working with the Friends of the Morro Bay Fire Department this year in raising funds for multiple educational scholarships for fire academy and paramedic school education for our Reserve Firefighters and our "Vial of Life" program. Also, the Fire Department plans to continue our partnership with the Alisa Ann Ruch Burn Foundation assisting with fire prevention material in the Firefighters in School Education program (FISE) providing fire and burn prevention education to 550 school aged children in Morro Bay.

The Fire Department is seeking federal funding through Staffing for Adequate Fire and Emergency Response Grants (SAFER) to assist us maintaining our current staffing and reduce our future CalPERS liability with our Reserve Firefighter program. The primary goal of the SAFER grant is to enhance the safety of the public and firefighters with respect to fire-related hazards by providing direct financial assistance to eligible fire departments to increase the abilities to comply with staffing, response and operational standards established by the National Fire Protection Agency (NFPA 1710 and/or NFPA 1720). Grant funding awards are scheduled well after September 6, 2021, and, if successful, the Department will present a proposal to reduce immediate and long-term payroll costs, stabilize daily staffing, enhance the Reserve Firefighter program, and decrease CalPERS liability.

As in the past the Fire Department's budget is supplemented with Measure Q and now Measure E funding. The support to the MBFD from Measures Q & E is detailed in Section E. Additional one-time funding through the American Rescue Plan Act (ARPA) will be assisting the Fire Department for equipment scheduled for replacement based off the Fire Department's 10- year equipment replacement schedule. ARPA funding is outlined in Section E.

FIRE DEPARTMENT

The FY 2021/22 budget includes the following:

- Mobile Communications upgrades and replacement (#001-4210-5108)
- Uniforms and safety equipment for current and new hire Firefighters (#001-4210-5109)
- An adjusted cost increase in Fuel Oil and Lubricants with on-site fuel distribution (#001-4210-5109)
- An adjusted increase to support our safety PPE yearly replacement (#001-4210-5121)
- Replacement of outdated medical equipment and daily medications (#001-4210-5130)
- Purchase of required narcotics storage system for our responding apparatus (#001-4210-5199)
- Tire replacement on 2 fire engines, 1 ladder truck, 1 rescue, and 4 support vehicles plus Class A and B Foam (#001-4210-5503)
- Yearly Truck 5341 maintenance by certified mechanics in SLO County and yearly OSHA required Self Contained Breathing Apparatus fill machine. (#001-4210-6106)
- Increased professional development to meet required mandates missed during our COVID year (#001-4210-6125)
- Support for our crews non-reimbursable lodging and meals while responding throughout the State (#001-4210-6513)
- Utilize one time funding through ARP for scheduled replacement for one fire command vehicle, mobile data units for responding apparatus, and handheld radios.

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FIRE DEPARTMENT

Objectives	FY 2020-21 Accomplishments

Planning	• Community Emergency Response Training (CERT), 2 complete courses and 2 team meetings
	• Completed our Virtual Firefighters in School Education (VFISE) program educating 550 students in our community
	• Continued our participation in "Fired Up About Reading," with Del Mar Elementary Second Graders
	• Support the Alisa Ann Burn Foundation (MBFFA) sponsoring fire prevention education and child burn survivors to yearly summer camp
	• Developed our Public Safety Power Shutoff and Pandemic Annexes for our City Emergency Plan with Council acceptance.
	• Continued partnership with State Parks on Black Hill and Cerrito Peak Hazardous Fuel Reduction Plan
	• Updated and finalized our 2020 County Mutual Aid Plan
	• Continue ROUK Program with continuous recruitment
	• Smoke alarms and carbon monoxide alarms
	• Trained and utilized Seasonal Firefighters for retail and small business inspections and vacation rentals.
	• Fire Inspection Program in full compliance with California State Fire Marshal's Office as per California SB-1205
	  o 4 Year Business Inspections 305
	  o 4 Year Vacation Rental Inspections 64
	  o Yearly Apartment Inspections 18
	  o Yearly Hotel Inspections 32
	  o Yearly Commercial / Industrial Inspections 16
	  o Yearly Government Buildings 8
	  o Total Inspections 443
	• Performed 4,452 Weed Abatement Inspections
	• Performed 67 Plan Checks

Operations	• 2 Firefighter completed probation and promoted to Fire Engineer Paramedic • 2 Fire Captains completed probation • 6 Reserve Firefighters completed their badge requirements • Updated our performance evolutions for wildland, ocean rescue responses, and everything

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	• Updated Standard Operation Guide for Rescue Tactical Teams in partnership with MBPD • 1 Fire Marshal certified at Fire Safety Filming Officer • Company Officer training continued for 4 Fire Engineers and 3 Captains • Responded personnel and equipment regionally on our local Urban Search & Rescue, SLO County Arson Task Force, and Incident Management Team. • Chief Officer training continued for our Fire Marshal • Executive Officer training continued for our Fire Chief and Fire Marshal • Mutual Aid through California Firefighter Assistance Agreement and Governor's Office of Emergency Services, responded personnel and equipment to incidents throughout California • 13 Incidents throughout California • 2,633 Hours provided • Fully reimbursable • Fire Chief and Fire Marshal assigned to incident management team for Avila and Pond Fire • Fire Chief assigned as Operational Area Coordinator during 2019 and 2020 • Continued collaboration with Harbor Department with updates in our Rescue Water Craft and Fire Boat Operation Training Task Books • Open our City Emergency Operation Center for our Pandemic Emergency on March 16th (Virtual) with 8 Branches and 26 Divisions. Fire Personnel held positions in the Command and General Staff; Open since 3/16/2020 • Development safety and medical plan for City personnel for Pandemic Emergency • Development of Morro Bay Cares program along with our CERT members, Recreation Department, and Finance Department • Provided Paramedic vaccinators to 3 Vaccine Centers in our County • Provided County coverage for Cambria • Ran our own PCF Academy • Assigned (1) additional personnel to County Wide Haz-Mat • Provided (1) Influenza Point of Distribution for City employees and citizens
Logistics	• Hired one new probationary Firefighter • Provided public influenza Point of Distribution • Hydrant testing and streamlined with Water Department for new ISO standards • Updated new mandated patient system as per State EMSA • Hydrostatic testing for 100% Self Contained Breathing Apparatus Air Bottles • Pump Test all pumping apparatus as per National Fire Protection Agency guidelines. • Provided safety barrier for front reception area

DRAFT

	• Training and policy development for new mandated fire and medical reporting as per California Emergency Medical Services Agency • Hire 3.5 Seasonal Firefighters for 9 months • Citywide Knox Box maintenance program • Update the mobile employee scheduling system • Provide COVID PPE for entire City • Reload Radio channels to Statewide Communication frequency load • Provided succession training for four Fire Captains • Provided support for hardening our City for Public Safety Power Shutoff
Finance	• Updated administrative rate for California Firefighter Assistance Agreement • Received grant funding from PG&E for enhancements in our EOC • Completed Fire Act Grant proposal for handheld and mobile radios for Fire Department, EOC, and Harbor Department, unfunded • Review, design, and complete SAFER grant proposal for 2020/21, unfunded

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FIRE DEPARTMENT

Summary of Department FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2020/21 Funded
Fire Department				
Fire Chief	1.0	1.0	1.0	1.0
Division Chief/Fire Marshal	1.0	1.0	1.0	1.0
Fire Captain	3.0	3.0	3.0	3.0
Fire Engineer	7.0	7.0	7.0	8.0
Firefighter	1.0	1.0	1.0	1.0
Administrative Technician	0.75	0.75	0.75	1.0
Total Department FTEs	**13.75**	**13.75**	**13.75**	**15.00**

See Measure Q and E Section E for additional department funding
Adopted Budget document will be supplemented with part-time information

FIRE DEPARTMENT

General Fund Fire

Fund 001 4210

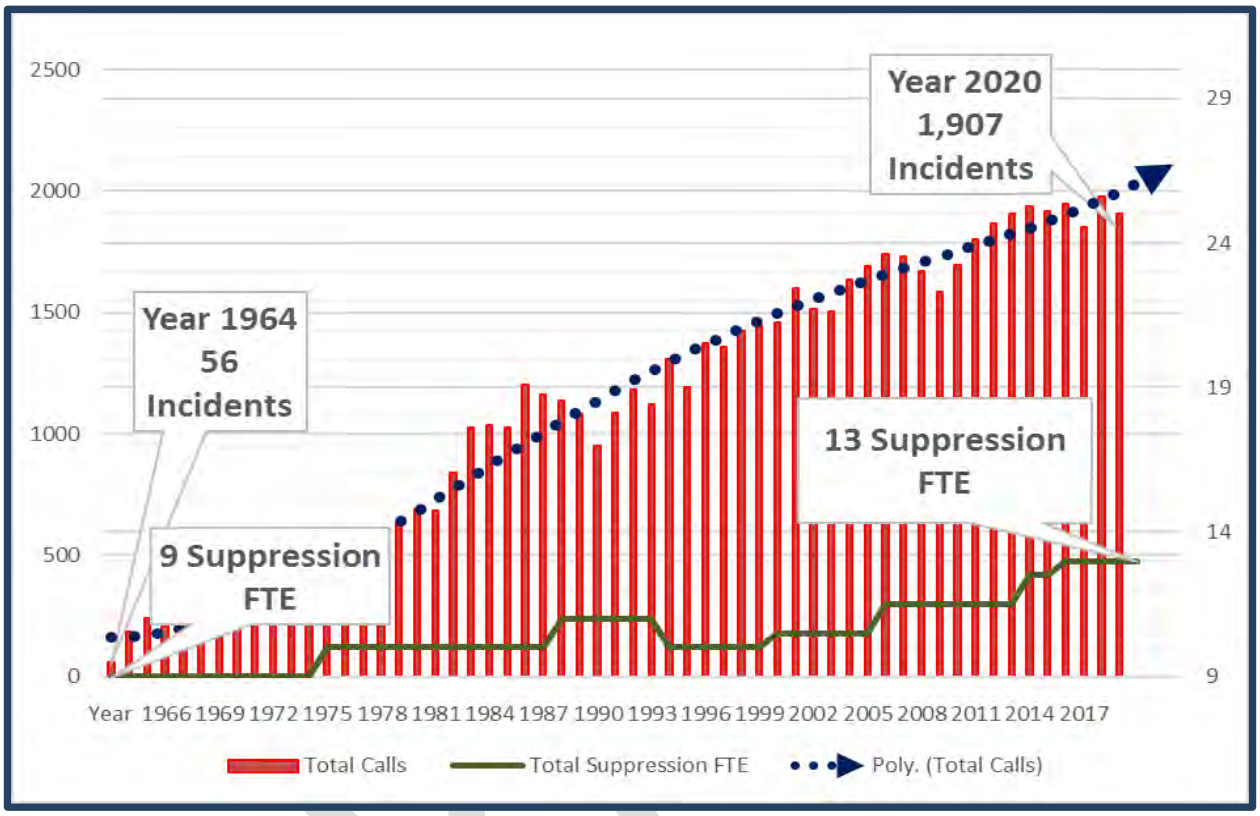
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Licenses & Permits	$ 976.00	$ 1,375.00	$ 809.00	$ 1,500.00	$ 178.52	$ 1,500
Intergovernmental	349,413	131,093	8,509	9,600	-	12,000
Charges for Service	196,051	257,510	351,254	291,933	172,735	244,518
Other Revenues	330	292	7,576	411,113	254,387	
TOTAL REVENUES	**$ 546,770**	**$ 390,270**	**$ 368,148**	**$ 714,146**	**$ 427,301**	**$ 258,018**
Transfers In						
Transfers In from Trust(s)						
Total Transfers In	-	-	-	-	-	-
TOTAL REVENUES & TRANSFE	**$ 546,770**	**$ 390,270**	**$ 368,148**	**$ 714,146**	**$ 427,301**	**$ 258,018**
EXPENDITURES						
Salaries and Benefits	$ 2,916,047	$ 2,455,861	$ 2,590,239	$ 2,656,889	$ 2,769,887	$ 2,204,887
Supplies	155,795	111,850	86,807	118,623	117,922	160,342
Services	118,872	132,809	251,851	139,742	228,566	167,692
Capital Outlay			-	-		-
Other	5,275	5,000	6,825	9,650	5,275	6,825
Equipment Replacement			-	-		-
TOTAL EXPENDITURES	**$ 3,195,989**	**$ 2,705,520**	**$ 2,935,722**	**$ 2,924,904**	**$ 3,121,650**	**$ 2,539,746**

FY 20/21 Includes Budget amendment of $411,113 of Revenue for Other fire services and expenses of $357,733
FY 21/22 Salaries and Benefits declined because of 3 positions being supported by Measures Q and E funding

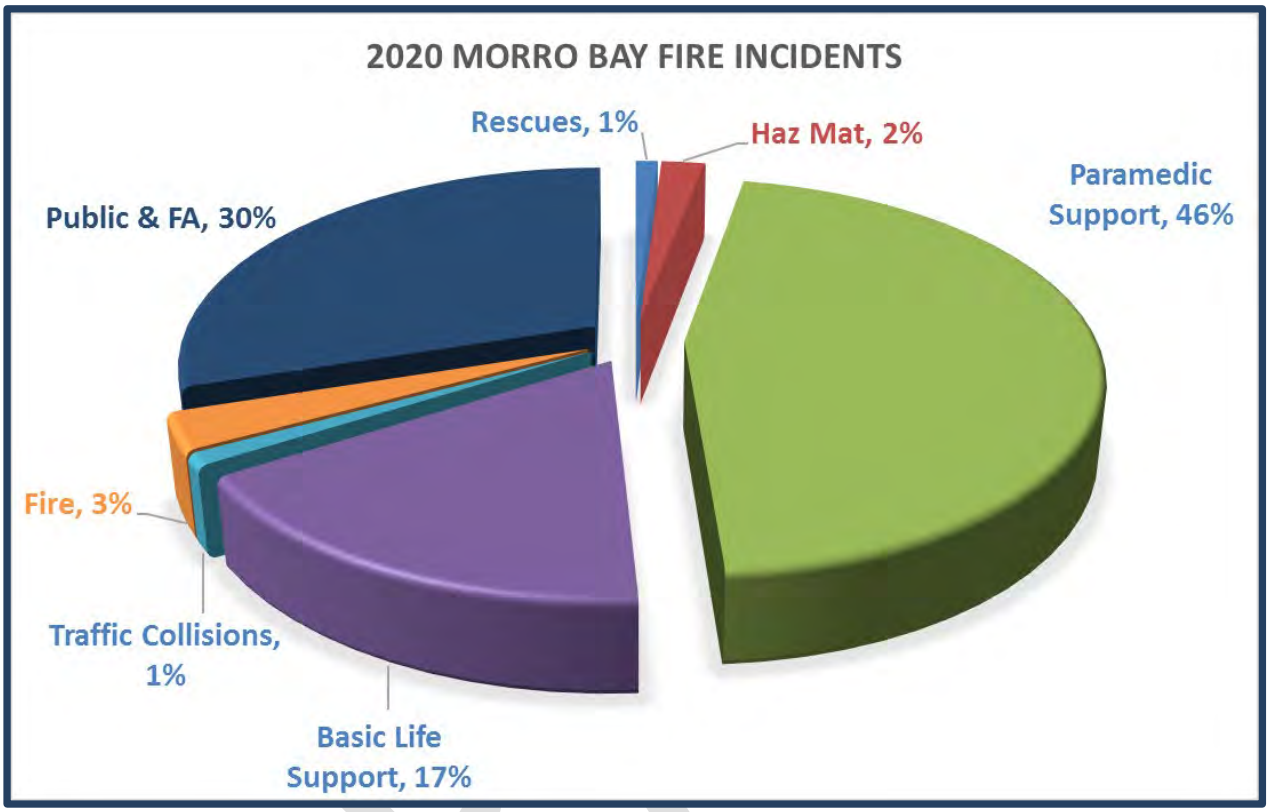
FIRE DEPARTMENT

Incidents and Suppression FTE since Cityhood (1964)



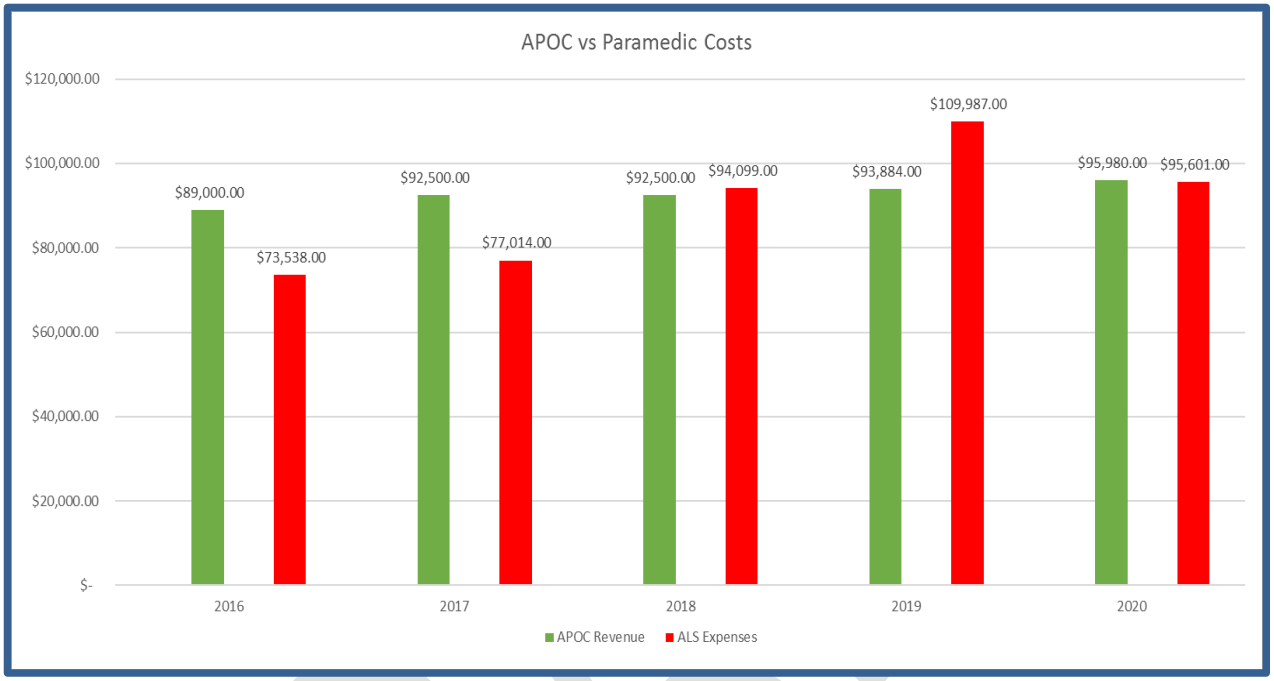
1964 ~ 56 Incidents, 9 Suppression FTE plus Reserves
2020 ~ 1,907 Incidents, 13 Suppression FTE plus Reserves and CERT

2020 Incident Types



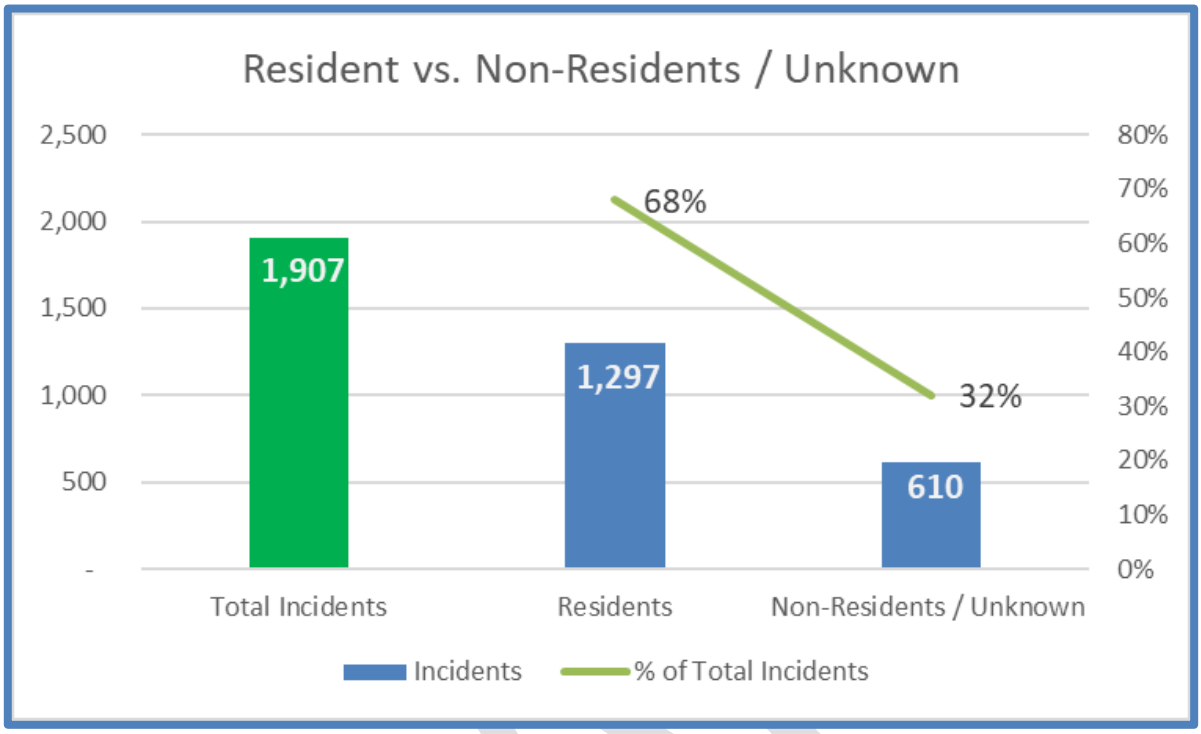
Year	Rescues	Haz Mat	Paramedic Support	Basic Life Support	Vehicle Accidents	Fires	Public & False Alarms	Total
2014	14	16	831	459	59	66	463	1,908
2015	12	21	881	468	50	57	450	1,939
2016	23	21	901	411	46	67	450	1,919
2017	23	10	845	351	47	68	602	1,946
2018	26	12	817	343	28	73	553	1,852
2019	68	18	704	422	29	53	683	1,977
2020	**22**	**44**	**868**	**324**	**28**	**50**	**571**	**1,907**
7-Year Totals	**188**	**142**	**5,847**	**2,778**	**287**	**434**	**3,772**	**13,448**

Ambulance Performance Operations Contract vs. Paramedic Costs

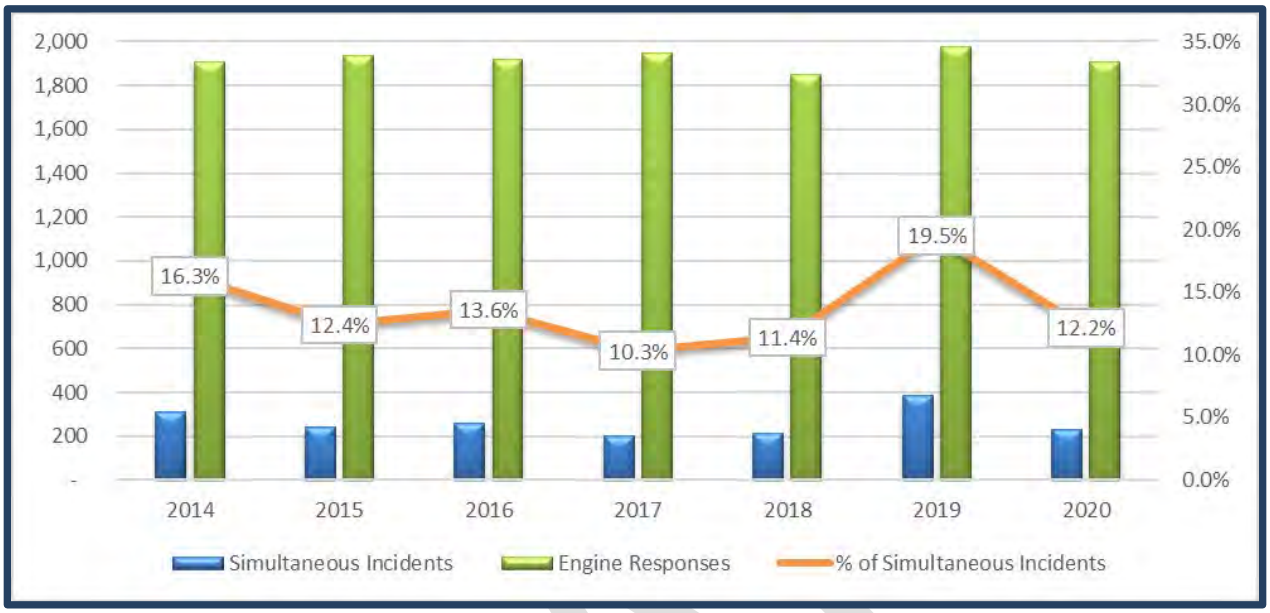


	2016	2017	2018	2019	2020
APOC Revenue	$ 89,000.00	$ 92,500.00	$ 92,500.00	$ 93,884.00	$ 95,980.00
ALS Expenses	$ 73,538.00	$ 77,014.00	$ 94,099.00	$ 109,987.00	$ 95,601.00

FIRE DEPARTMENT



2020 Simultaneous Incidents

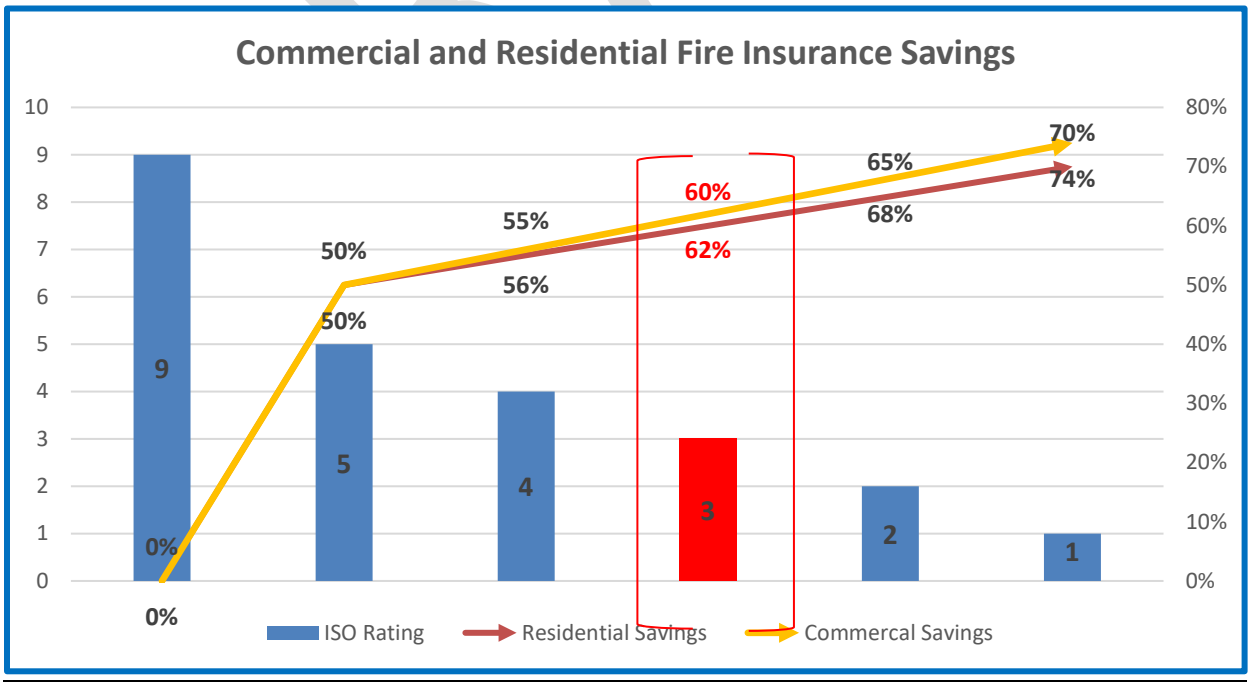


	2014	2015	2016	2017	2018	2019	2020
Simultaneous Incidents	311	241	261	201	211	386	232
Engine Responses	1,908	1,939	1,919	1,946	1,852	1,977	1,907
% of Simultaneous Incidents	16.3%	12.4%	13.6%	10.3%	11.4%	19.5%	12.2%

FIRE DEPARTMENT
Insurance Services Office (ISO) and Morro Bay

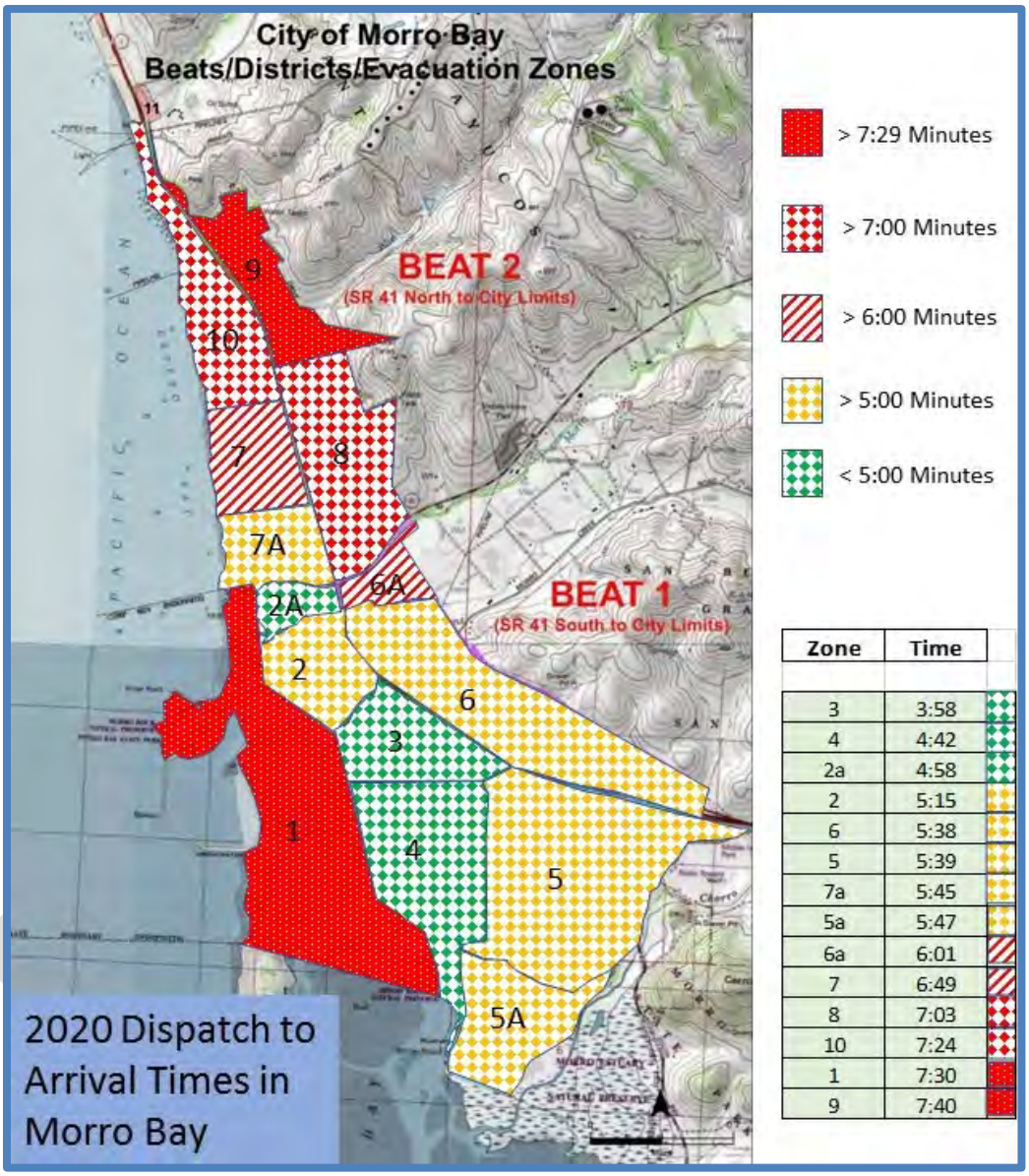
ISO, an organization that tracks property and casualty insurance risk, evaluates, and rates a community's ability to handle fires. Many insurers factor that information into the formulas they use to come up with home and commercial fire insurance premium. The thinking behind using ISO ratings is this: The better equipped a community is to fight fires, the less likely it is that homes and businesses in your area will sustain major fire damage.

- 50 percent of the score looks at your local fire department, including staffing, training, geographic distribution of firehouses and adequacy of the fire equipment.
- 40 percent of the score considers our water supply, including the placement and condition of fire hydrants and the amount of water that is available to put out fires.
- 10 percent of the score measures the efficiency of emergency communications, such as the 911 system and the number of emergency dispatchers.
- With the support for Fire Department staffing, Measure Q funding, replacement of Truck 5341 through the Bertha Shultz Trust donation, participating in our SLO County Regional Dispatch, and improving our auto aid agreements, we have improved our ISO rating to a **"3"** in 2015.
- It is hard to determine the exact amount of savings our citizens will save on their fire insurance, but in general our citizens have saved **50% since 1996** and an additional **10% to 12% since 2015** on their residential and commercial fire insurance.



Mutual Aid Reimbursement

2020 Response Times

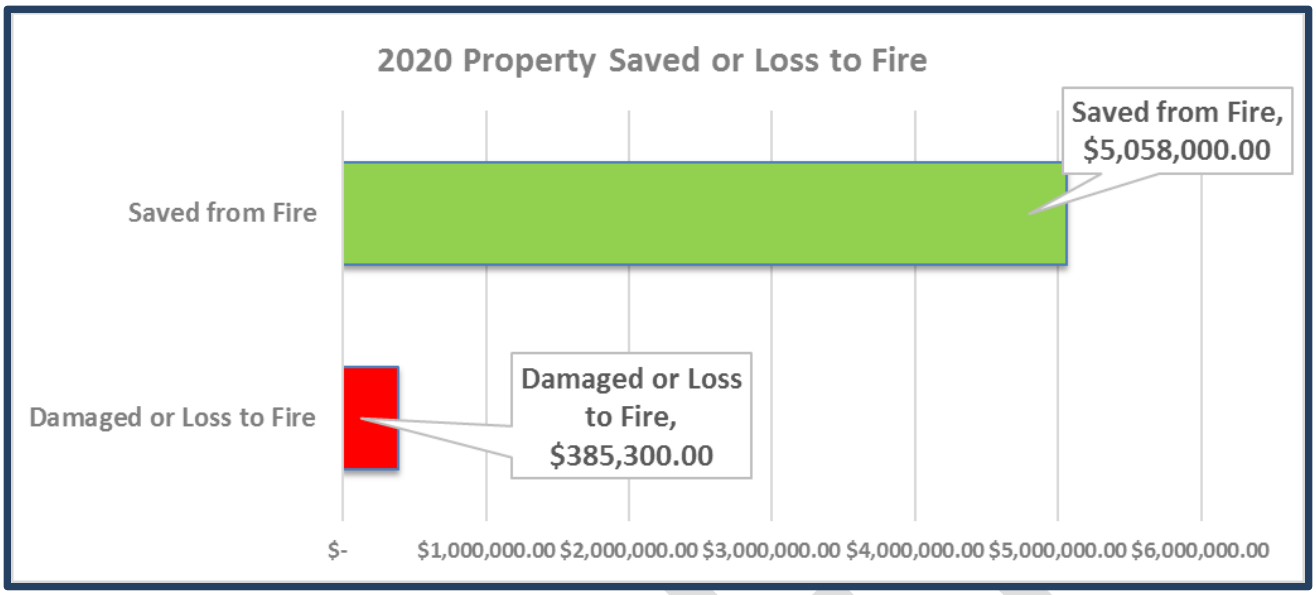


Zone	Time
3	3:58
4	4:42
2a	4:58
2	5:15
6	5:38
5	5:39
7a	5:45
5a	5:47
6a	6:01
7	6:49
8	7:03
10	7:24
1	7:30
9	7:40

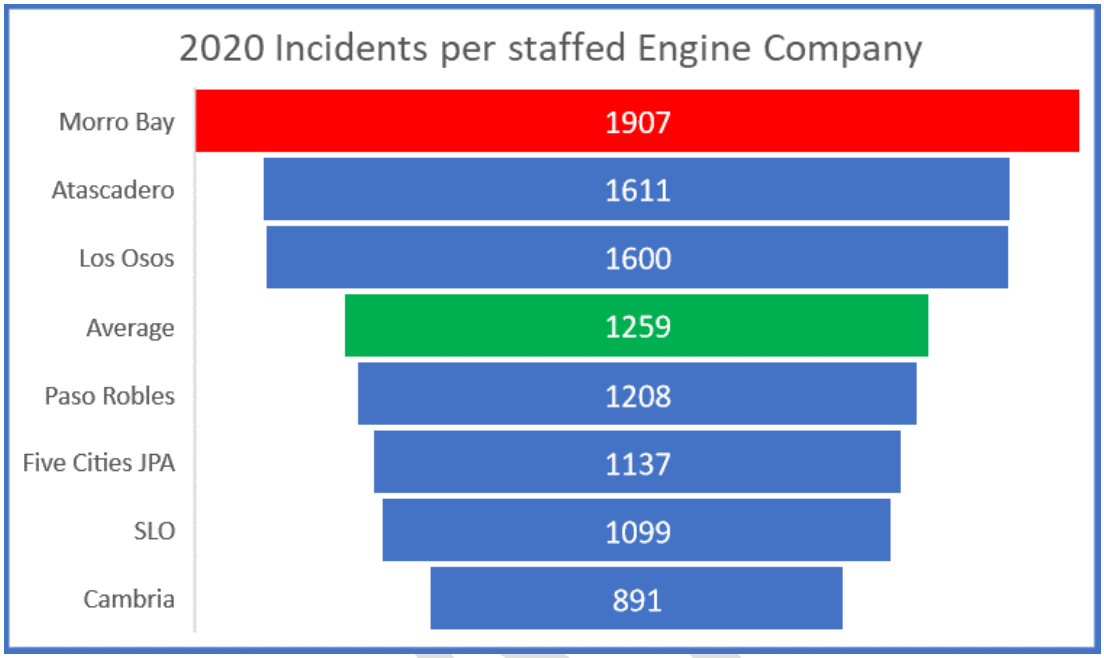
Morro Bay Fire Department 2004 Strategic Plan, updated in 2015

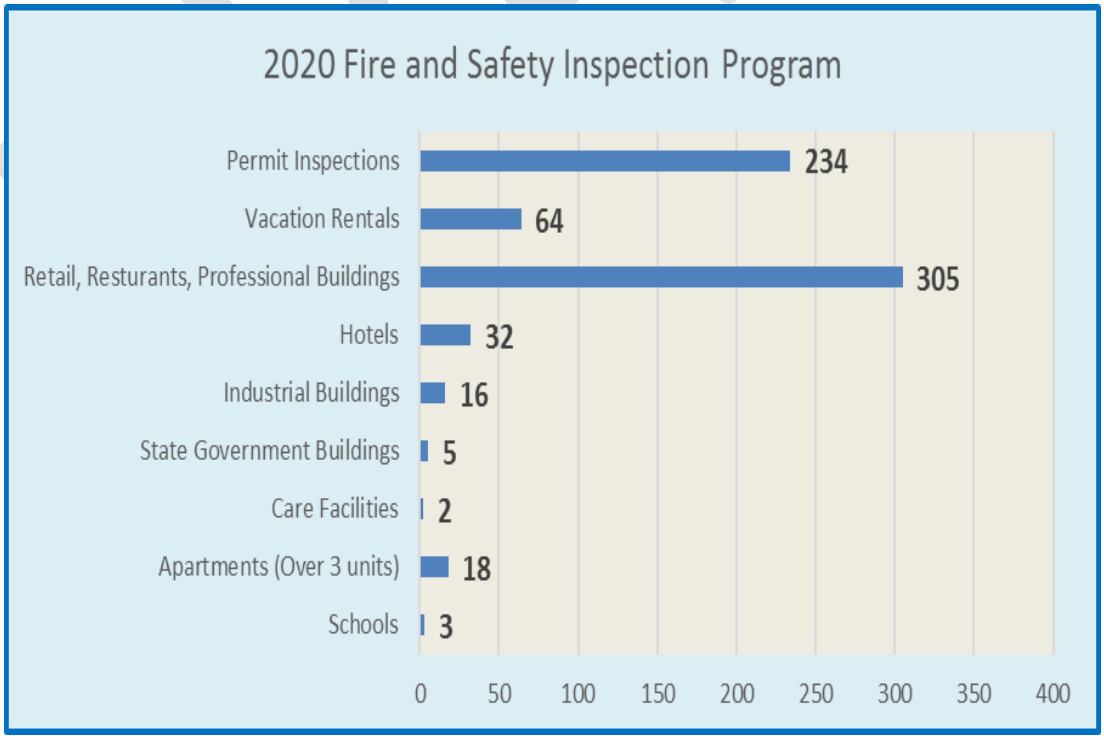
<u>Goal A-1: Minimize the life loss, injury and property damage caused by structure fires</u>

Four on duty firefighters shall arrive on scene <u>within 5 minutes</u> of receipt of call at 911 dispatch center, <u>for 90% of all calls</u>. Firefighters may arrive on more than one apparatus, and from more than one location, if they join as one 4-person company, managed by one company officer, at the scene. Reference Sections 5.2.25.1.1 and 3.1.8.d of NFPA 1710.


2020 Property Saved or Loss to Fire
Saved from Fire
Damaged or Loss to Fire
Saved from Fire, $5,058,000.00
Damaged or Loss to Fire, $385,300.00
$-
$1,000,000.00
$2,000,000.00
$3,000,000.00
$4,000,000.00
$5,000,000.00
$6,000,000.00

2020 Cost per Incident
Atascadero
$1,489.00
Morro Bay
$1,693.00
Five Cities JPA
$1,757.00
Los Osos
$1,861.00
Average
$1,954.00
Paso Robles
$2,014.00
SLO
$2,294.00
Cambria
$2,786.00
$-
$500.00
$1,000.00
$1,500.00
$2,000.00
$2,500.00
$3,000.00


2020 Incidents per staffed Engine Company
Morro Bay
1907
Atascadero
1611
Los Osos
1600
Average
1259
Paso Robles
1208
Five Cities JPA
1137
SLO
1099
Cambria
891


2020 Fire and Safety Inspection Program
Permit Inspections
234
Vacation Rentals
64
Retail, Resturants, Professional Buildings
305
Hotels
32
Industrial Buildings
16
State Government Buildings
5
Care Facilities
2
Apartments (Over 3 units)
18
Schools
3
0
50
100
150
200
250
300
350
400

FIRE DEPARTMENT

Objectives	FY 2021/22 Key Projects
Planning	• Continue to support and enhance CERT • Continue to support our EOC during Pandemic Emergency • Prepare and plan for third phase of Pandemic Emergency • Continue to participate in our Firefighters in School Education (FISE) program • Continue our participation in "Fired Up About Reading," with Del Mar Elementary Second Graders • Provided EOC and Emergency Plan Training to our new City Council, City Staff, CERT members, and volunteers • Initiate Safety Embarcadero Inspection Plan in collaboration with Harbor Department • Schedule our citywide 4-year inspection program to include self-inspection plan • Identified hazards on Embarcadero leading to a future Harbor Safety Plan • Battery Plant (BESS) planning and education • Redevelop Fire Boat operations in collaboration with Harbor Department • Identify Fire Department Operation needs and response for BEES • Continue fuel reduction Plan for State Parks and Cerritos Peak
Logistics	• Probation training for new Reserve hires, one Firefighter Paramedics, and two Fire Engineer Paramedics • Handheld Radio Replacement Plan • Provide 1 to 2 Health Clinics in partnerships with local non-profits • Initiate citywide ID card system for our City Employees, Volunteers and Disaster Service Workers within our community • Hydrant testing and maintenance to meet ISO standards • Update fire inspection mobile data system for business inspections • Continue Active Shooter training and participate in Morro Bay High School drill in collaboration with Police Department • Provide one Point of Distribution Drills (COVID Flu Inoculations for City employees, volunteers, and citizens) • Enhancing our Citywide communications
Operations	• Support our City EOC for current phase and second phase of Pandemic Emergency • Continue to support COVID vaccinators and task force leaders in County Vaccine Centers • Develop and execute alternative vaccine options through public-private

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Operations	partnerships • 1 Probation Firefighter start Paramedic school, probation to lead to Fire Engineer • Utilize Seasonal Firefighters for inspections and supplemental staff during Fire Season • Initiate new standard performance evolutions (SPE) for wildland and ocean rescue responses • Develop training props and guidelines for Trench in concert for Sewer Treatment Plant pipeline construction • Develop Operational SPE's for all fire and explosion hazards for possible future Battery Plant (BEES) in Morro Bay • Completion of (4) Fire Officer SFM Certifications • Completion of (1) Chief Officer SFM Certification • Continue cross-training efforts for succession planning • Support and train for Mutual Aid through CFAA / OES, responses • Review and negotiate possible new North Coast Auto / Mutual Aid agreement with partnering neighbors to improve service delivery and employee safety

DRAFT

FIRE DEPARTMENT

Objectives	FY 2021/22 Key Projects
Finance	• Update administrative rate for California Fire Assistance Agreement to optimize State and Federal reimbursements • Assist City in FEMA reimbursements for the Pandemic Emergency • Continue to review and develop grant opportunities through PG&E, FEMA, and private trusts using our Fire Department Equipment Replacement Schedule as a guide • Continue supportive role with the Friends of the Morro Bay Fire Department • Initiate citywide ID card system for our City Employees, Volunteers and Disaster Service Workers within our community • Review, design, and complete SAFER grant proposal for FY 2021/22

DRAFT

Fire Department

EOC DISASTER PREPAREDNESS
PROGRAM 4220

PROGRAM PURPOSE

Morro Bay's Emergency Operations Center (EOC) is a tool for coordinating on-scene operations during low-frequency and high-risk incidents. The ability of a community to acquire and allocate necessary resources hinges on being prepared. Our EOC is partnered with our community's Emergency Plan that roots our "all-hazard" preparedness program involving intergovernmental relations and a detailed planning process that includes mutual-aid assistance agreements. The purpose of our EOC is to ensure that departmental response capabilities are maintained, and authoritative information is disseminated to the public. As required by State and Federal Law, we use National Incident Management System (NIMS) as our management tool and communications. As per Morro Bay's Municipal Code, the Fire Department is responsible to facilitate our EOC and Emergency Plan. Morro Bay's primary EOC is located our Community Center, 1001 Kennedy Way, and our secondary EOC is located at our Harbor Street Fire Station, 715 Harbor Street.

Our EOC has been in operation since 3/16/2020 in response our City Council's Emergency Declaration to our COVID pandemic emergency. Our City personnel and community volunteers has operated virtually with 8 Branches and 26 Divisions with personnel holding positions in our Command and General Staff. Our current EOC opening is showing an Emergency Plan that works and dedicated workforce and volunteers in our community.

BUDGET OVERVIEW

PG&E has been a great partner with our City providing yearly grant funding to assist with EOC facility equipment and our Emergency Plan development. Each year our budget requests are dependent on our success obtaining funding from PG&E or other sources. We are focusing on improving our communications, training our City staff and community volunteers to our new Emergency Plan, and improving our operational equipment.

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FIRE DEPARTMENT

Emergency Operations Center (EOC) Disaster Preparedness
Fund 001-4220
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	$ 10,527	$ 5,853	$ 8,940	$ 12,422	$ 15,530	$ 19,384
Coronavirus Relief Revenue					125,793	-
TOTAL REVENUES	**$ 10,527**	**$ 5,853**	**$ 8,940**	**$ 12,422**	**$ 141,323**	**$ 19,384**
EXPENDITURES						
Salaries and Benefits						$ -
Supplies	$ 1,608	$ 3,551	$ 41,073	$ 8,811	$ 28,000	10,000
Services	3,112	3,638	33,522	3,611	24,615	9,384
Capital Outlay						-
Other						-
Equipment Replacement						-
TOTAL EXPENDITURES	**$ 4,720**	**$ 7,189**	**$ 74,595**	**$ 12,422**	**$ 52,615**	**$ 19,384**

FY 20/21 revenue and expense variations refect Coronavirus Community efforts to stop the spread.

Objectives	FY 2020/21 Accomplishments
Planning	• Present updated Basic Plan with Public Safety Power Shutoff Annex to City Council • Development of new evacuation plan, recovery plan, and debris removal plan • Developed new Pandemic Hazard Annex for our City's Emergency Plan • Coordinating through SLO County Fire Chief's Association a training cadre to instructed EOC management and NIMS • Utilized Google Docs for Incident Action Plan development and citizen sign up for services.
Logistics	• Redesigned EOC facility footprint, moved Planning Section and Agency Representatives to separate rooms • Enhance Virtual EOC communications for current and future events • Moved all supplies in fixed supply cabinet at both EOC facilities • Nuclear personal dosimeters tested quarterly in cooperation with SLO County

	Office of Emergency Services • Use of Cal Poly intern student to assist with EOC supply upgrade
Operations	• Developed new lesson plan for Council Members • Provided EOC awareness training to CERT members • Lesson plan development through the SLO County Fire Chiefs Association • Regional Training Cadre training
Finance	• Secured grant funding for 2020/21

Notes:
FY 2021/22 – Staff budgeted for a PG&E grant in the amount of $9,600. If the grant is awarded, staff will purchase EOC upgrades in communications and new virtual design.

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FIRE DEPARTMENT
EOC DISASTER PREPAREDNESS

Objective	FY 2021/22 Key Projects
Planning	• Utilize Morro Bay Emergency Plan with the Pandemic Annex. • Coordinate with area partners and provide a streamlined Policy Makers, EOC Manager and Field Workers for County Cities • Review and Evaluate Emergency Management Institute training grant for SLO North Coast for 2022-2023 • Coordinate with PG&E hardening our City Community Center for a partnership assisting our citizens during a planned Public Safety Power Shutoff
Logistics	• Coordinate supplies between both City EOCs • Continue research for new Virtual Design • Provide EOC Field Training and Emergency Plan Courses in our City • Provide EOC and Emergency Plan Training for new City Council • Evaluate current satellite phone operations
Operations	• Support 3 Fire Department and 3 City personnel membership to local SLO County Incident Management Team • Provide Emergency Plan training at CSTI for non-Fire personnel • Participate in November 2021 Countywide drill • Participate in SLO City EOC Training in Fall of 2021
Finance	• Secure grant funding for FY 2021/22

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Public Works

DEPARTMENT PURPOSE

The Public Works Department includes engineering, capital projects, development review, repairs and maintenance of the City's parks, buildings, restrooms, medians, rights-of-way, repairs and maintenance of the City's streets, curbs, sidewalks, one traffic signal, City lighting, and storm drains. The department also provides vehicle maintenance, facilities maintenance, and environmental programs, including water conservation and contract refuse collection and recycling. The Department oversees and includes the utilities divisions of water, sewer and wastewater collections, the transit program, and City's two assessment active districts.

The Department fills operational functions on a regular basis and, General Fund and Enterprise Fund Capital Projects when funding is available, either through grants funding or other identified funding sources. The Department is tasked with overseeing all Capital Projects for all departments where the project cost exceeds $25,000 or as otherwise directed by the City Manager.

General Fund departmental services are provided under nine main operational divisions: Engineering/Administration, Consolidated Maintenance; Street Maintenance; Vehicle Maintenance; Street Lighting; Street Trees; Storm Drains, Curbside Recycling and Electricity.

BUDGET OVERVIEW

The FY 2021/22 Public Works budget reflects the need to invest and improve maintenance of the City's infrastructure, public places including parks, the Embarcadero and waterfront and streetscape such as sidewalks. The budget proposes to restore or add additional FTE in Engineering/Administration as well as in consolidated Maintenance. This investment also includes adding the tools, supplies and technology that the department needs to provide the services to meet the community's expectations and needs. In addition to increased General Fund resources there is proposed investment coming from Measures Q & E that will assist the Department achieve outstanding results related to implementation of capital construction, environmental protection, and maintenance of public assets such as buildings, streets, street trees, storm drains, sidewalks and pavement. Overall, the Department's General Fund budget is increasing to $2,709,604, almost a 23 percent increase over FY 2020/21 budget. It is important to remember that significant funding is coming from Measures Q & E fund which supports to department's ability to achieve these important objectives.

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PUBLIC WORKS

Objective	FY 2020/21 Accomplishments
Maintain Quality Infrastructure	• Oversight of the Water Reclamation Facility Program • Annual Pavement Management Project • Implemented First Phase of OneWater Plan CIP for both Water and Wastewater • Completed stormwater/pocket park project on waterfront. • HWY 1/41 interchange project continued in design phase. • Maintained core street, parks, facility, water and sewer utility, transportation, tree, garbage/recycling and environmental service levels despite significant cuts to the Public Works budget • Received a grant for EV chargers on the waterfront • Launched the "Trash Hero" program to help keep the waterfront and our beaches and parks clean • Completed the installation of the security walls at Public Works, Recreation and Senior Services • Plan Check and Inspection of Public Improvements installed by Private Development • Refreshed several crosswalks around town by installing new white thermal torch down crosswalks • Installed new sensor flush actuators in entire Rock restroom to replace push buttons, 2 low flow urinals, and plumbing upgrades • Painted entire interior of the Dunes rental house • Tear out old landscape throughout entire Cloister's Coral St. median. Plant 700 new plants, installed irrigation and chips • Street Maintenance Hot Mix Asphalt patch truck was converted from using a petroleum-based tach oil to an environmental friendly emulsion material, Tach PHPM 50 by Fastphalt

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PUBLIC WORKS

PUBLIC WORKS DEPARTMENT

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Sales & Use Tax	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	401	(103)	-	104	25,000
Intergovernmental	51,915					
Service Charges	4,369	10,646	6,389	8,158	5,753	-
Other Revenues	30,259	30,578	30,907	27,032	27,294	32,981
TOTAL REVENUES	**$ 86,543**	**$ 41,625**	**$ 37,193**	**$ 35,190**	**$ 33,151**	**$ 57,981**
EXPENDITURES						
Salaries and Benefits	$ 1,652,305	$ 1,673,054	$ 1,849,835	$ 1,676,407	$ 1,414,338	$ 1,853,498
Supplies	223,486	218,389	195,355	166,215	174,334	213,605
Services	552,829	527,314	576,177	523,590	579,274	617,311
Capital Outlay	63	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Service	35,078	35,189	35,277	35,191	35,189	25,190
Transfers						
TOTAL EXPENDITURES	**$ 2,463,761**	**$ 2,453,946**	**$ 2,656,644**	**$ 2,401,403**	**$ 2,203,135**	**$ 2,709,604**

	2017/18 Actuals	2018/19 Amended	2019/20 Estimated	2020/21 Estimated	2020/21 Estimated	2021/22 Estimated
PROGRAM						
Administration	$ 554,914	$ 448,925	$ 571,192	$ 590,298	$ 463,860	$ 873,515
Consolidated Maintenance	1,195,536	965,205	1,059,732	833,093	856,942	850,458
Vehicle Maintenance	120,789	132,062	136,105	119,212	122,015	155,969
Street Maintenance	237,262	427,403	397,088	352,764	315,693	345,086
Street Trees	71,168	160,500	156,498	171,642	133,025	167,364
Street Lighting	111,380	68,095	88,048	79,487	79,487	90,108
Storm Drains	80,232	157,647	152,208	158,615	134,411	147,592
Curbside Recycling	23,920	26,280	26,988	27,012	27,012	28,281
Electricty	68,560	67,829	68,785	69,280	70,690	51,231
TOTAL EXPENDITURES	**$ 2,463,761**	**$ 2,453,946**	**$ 2,656,644**	**$ 2,401,403**	**$ 2,203,135**	**$ 2,709,604**

PUBLIC WORKS
Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works				
Public Works Director	1.0	1.0	0.0	1.0
City Engineer	0.0	0.0	1.0	1.0
Consolidated Maintenance Superintendent	1.0	1.0	0.0	0.0
Environmental Programs Manager	1.0	1.0	1.0	1.0
Senior Civil Engineer	0.0	0.0	0.0	0.0
Assistant Civil Engineer	1.0	2.0	1.0	1.0
Engineering Technician	1.0	0.0	0.0	1.0
Consolidated Maintenance Field Supervisor	1.0	1.0	1.0	1.0
Mechanic	1.0	1.0	1.0	1.0
Consolidated Maintenance Worker III	1.0	1.0	1.0	3.0
Consolidated Maintenance Worker II	6.0	6.0	5.0	4.0
Consolidated Maintenance Worker I	2.0	2.0	2.0	2.0
Management Analyst	1.0	1.0	1.0	1.0
Office Assistant IV	1.0	1.0	0.0	0.0
Total Department FTEs	**18.0**	**18.0**	**14.0**	**17.0**

Part -time hours will be added to the adopted budget.

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Public Works

Administration and Engineering
Program 5205

PROGRAM PURPOSE

The Public Works Administration and Engineering program provides oversight to the City's public works functions, supporting the delivery of services throughout the Department. The administration division is primarily responsible for managing and coordinating the efforts of the Department's programs; overseeing meetings with citizen's, contractor's and other agencies; preparing and developing budget documents; preparing City Council and Commission reports, processing and managing grants, reports to the City Manager. Staff is able to facilitate these efforts through the use of geographic information software (GIS), and for asset management and permitting: CityWorks. CityWorks is in use across all divisions of the Department both in the field and the office. CityWorks also is used by the Engineering staff for the management of the City's land-use, encroachment and building permits.

BUDGET OVERVIEW

The FY 2021/22 budget significant cost increases as compared to the FY 2020/21 estimated totals. The increases reflect the adding of a Public Works Director back to the department (80% allocated to this general fund department with the other 20 percent allocated to enterprise funds under the oversight of the Public Works Director) and restores an engineering tech III and part-time engineering intern that was eliminated in the prior year. In addition, the budget includes pay and benefit increases consistent with negotiations with bargaining groups for all personnel within the division.

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PUBLIC WORKS
Administration

General Fund Public Works

Fund 001-5205

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Licenses and Permits	$ -	$ 401	$ (103)	$ -	$ 104	$ 25,000
Service Charges	4,369	10,646	6,389	8,158	5,753	-
Other Revenues	140	136	-	20	282	-
TOTAL REVENUES	**$ 4,509**	**$ 11,183**	**$ 6,286**	**$ 8,178**	**$ 6,139**	**$ 25,000**
EXPENDITURES						
Salaries and Benefits	$ 501,229	$ 394,825	$ 503,433	$ 546,133	$ 423,635	$ 816,649
Supplies	11,312	4,225	7,195	5,570	2,100	4,050
Services	42,373	49,875	60,564	38,595	38,125	52,816
Capital Outlay	-	-	-	-		-
Other	-	-	-	-		-
Debt Service	-	-	-	-		-
TOTAL EXPENDITURES	**$ 554,914**	**$ 448,925**	**$ 571,192**	**$ 590,298**	**$ 463,860**	**$ 873,515**

FY 21/22 Increases restore staff cutbacks during covid pandemic and 80% of new Public Works Director.

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Engineering/Administration				
Public Works Director	0.41	1.00	0.00	TBU
City Engineer	0.00	0.00	1.00	TBU
Environmental Programs Manager	0.25	0.65	0.50	TBU
Assistant Civil Engineer	0.45	1.60	0.60	TBU
Engineering Technician	1.00	0.00	0.00	TBU
Management Analyst	0.76	0.81	0.69	TBU
Office Assistant IV	0.53	0.41	0.00	TBU
Total Department FTEs	**3.40**	**4.47**	**2.79**	**TBU**

To be updated (TBU) with allocation percentages and part-time hours for adopted budget

PUBLIC WORKS
Administration

FY 2021/22 KEY PROJECTS

- Engineering Development Review
  - Processing Development Review permit applications in accordance with the State's Permit Streamlining Act and City Requirements
  - Residential Construction and Remodel Projects
  - Commercial Construction and Remodel Projects
  - Subdivisions, Encroachments, Abandonments
  - Projects currently being processed through Public Works
    - 405 Atascadero - 35-unit multi-family low income: in Planning plan review
    - 295 Atascadero – Hotel at corner of Hwy 1 and Atascadero: Approved Planning Permit, incoming building plan
    - 1279 Embarcadero – US Coast Guard Addition: inspections as appropriate
    - 595 Embarcadero – "Three Stacks & A Rock Brewing Company" at Former Aquarium building: Building plan review and inspections as appropriate
    - 535 Atascadero - Parcel Map with Public Improvements: in plan and map check
    - 675 Paula – Parcel Map with Public Improvements: in plan and map check
- Project Management
  - OneWater Implementation Projects
    - Water – Nutmeg Pressure Zone Improvements, including new 1MG Storage Tank
    - Wastewater Collection System – Beachcomber and Area Upstream of Lift Station 1
    - Wastewater Collection System – Main Street and Atascadero Road
  - Highway 41/Highway 1/Main Street Intersection Improvements Design
  - Water Reclamation Project Oversight
    - Facility
    - Conveyance System
    - Groundwater Injection
  - Pavement Management Plan Implementation
  - Wayfinding signage implementation
  - Vets Hall Rehab
  - Resolve Permitting for Morro Creek Streambank Erosion Restoration
  - Cloisters Landscaping Rehabilitation
  - Bocce Ball Courts/Greenhouse Area
  - Emergency Storm Drain repairs
  - New partially Grant Funded restroom installation at Coleman Park
  - Partially Grant Funded Electric vehicle charger installations in Embarcadero parking lots

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PUBLIC WORKS
Administration

KEY PROGRAM SERVICES

- Under current COVID-19 protocols, provides email and telephone customer service for departmental programs and services.
- Provides internal clerical and program support for departmental services, including Accounts Payable and Purchase Order functions
- Oversees regulatory and project operations.
- Manages the Department's budget.
- Pursues grant funding.
- Oversees community beautification projects and sponsorship programs – *Adopt Morro Bay*.
- Evaluates, prepares and manages capital construction projects, consultants, and maintenance contracts.
- Facilitates Commission, Committee and Community meetings related to public works issues.
- Provides staff support to the Public Works Advisory Board, Assessment Districts.
- Provides staff support for City-wide Committees, such as the City's Health and Safety Committee, Traffic Safety, and Special Events Committee.
- Participates in the SLOCOG Transportation Technical Advisory Committee, State Water Subcontractor Advisory Committee, Regional Watershed Management Group, Water Conservation Working Group
- Administers the processing of regular encroachment permits and special encroachment permit.
- Provides services as the Floodplain Administrator, City Surveyor, and Traffic Engineer
- Oversees Department employee training and safety programs.
- Provides oversight, management, design services for City's Capital Improvement Program.
- Reviews development applications for compliance with City grading and engineering standards and develops project conditions of approval for land use and building permits
- Reviews and approves public improvement plans and certifies technical correctness of final tract maps and parcel maps as required by state law.
- Conducts inspections of work within right-of-way through the encroachment permit process.

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PUBLIC WORKS
Administration

Activity and Workload Highlights[1]	2018/19 Actuals[2]	2019/20 Actuals[3]	2020/21 Estimates[4]	2021/22 Budget Estimates[5]
Number of Encroachment Permits Processed	114	114	119	100
Special Encroachment Permits	6	6	4	5
Public Works Building Permit Review	170	170	184	175
Public Works Planning Permit Review	95	95	85	90
Final Map Review	0	0	0	0
Parcel Map Review	2	2	1	2
Transportation Permits	6	6	6	5
Misc Permit (Abandonment, Floodplain, etc)	0	0	7	5
Encroachment Permits Issued "at time of application"	90%	90%	85%	85%
Encroachment Permits issued within 2-Working Days	95%	95%	90%	90%
Building/Grading/Improvement Plan Check completed within 30 Days	90%	90%	90%	90%
Number of Planning Reviews				
Planning Review completed within 30 days	95%	95%	95%	95%
Subdivision Final/Parcel Map Review within 30 days	90%	90%	95%	90%
Capital/Major Maintenance Projects, requiring Engineering, completed	4	4	7	4
Purchase Orders Processed	33	33	50	50
Invoices Processed for Payment	3200/$9M	3200/$9M	3500/$30M	
Respond to Customer Phone or email inquire within 48 Hours	95%	95%	95%	95%

[1] To be refined as CityWorks use matures.
[2] Prior to CityWorks permit database implementation
[3] CityWorks implementation began 15 August 2018
[4] To be updated for adopted budget
[5] To be updated for adopted budget

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PUBLIC WORKS

Consolidated Maintenance-Facilities & Parks
Program 5215

PROGRAM PURPOSE

Consolidated Maintenance-Facilities maintains facilities (public, recreational, & offices) to provide for public and occupant safety, building security, building maintenance, planned and unplanned repairs, and contract support service for all facilities owned and operated by the City of Morro Bay. Consolidated Maintenance-Facilities is responsible for the set-up and break-down of all public meetings, the performance of all aspects of preventive maintenance on buildings, building amenities, essential building systems, time critical response to emergency repairs, accomplishment of unscheduled maintenance services, compliance and service quality oversight for contract support. The Consolidated Maintenance team is also responsible for street, street tree, and storm drain maintenance described in following sections.

Consolidated Maintenance-Parks maintains parks, parklands, and natural areas to provide for public and user safety, community needs, recreational enjoyment, and esthetically pleasing enhancements to the cityscape. Consolidated Maintenance-Parks is responsible for the performance of all aspects of preventive maintenance at 14 designated parks covering more than 65 acres, 21 public restrooms, 6 playgrounds, 2 baseball / softball / soccer fields, 2 basketball courts, 4 tennis courts, 6 Pickleball courts, and several miles of walking and bike paths. Consolidated Maintenance service requests include: those requested by citizens, visitors, and staff, as well as those determined to be necessary by Consolidated Maintenance to maintain our parks and facilities in a manner that is compliant with the requirements of regulatory agencies, consistent with preventive maintenance benchmarks, deemed necessary to keep the facility in fully functioning condition and operating at the highest level of energy efficiency.

BUDGET OVERVIEW

The FY 2021/22 budget will restore one position, adds part-time hours to the existing budget and replaces equipment required for Consolidated Maintenance to provide service in an efficient manner. This focus on Consolidated Maintenance is affirmation that there is a need and expectation that the City improve maintenance of public spaces. This includes maintenance parks, restrooms, buildings, walkways, trails and other assets including those on the waterfront and on the Embarcadero. The General Fund budget for Consolidated Maintenance is supplemented with Measure Q & E funding for personnel and equipment.

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PUBLIC WORKS

Consolidated Maintenance

Consolidated Maintenance

Fund 001-5215

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	$ 1,369	$ 549	$ 400	$ -	$ -	$0.00
TOTAL REVENUES	**$ 1,369**	**$ 549**	**$ 400**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 865,807	$ 624,513	$ 666,718	$ 515,529	$ 479,466	$ 476,815
Supplies	115,129	117,269	118,869	76,912	80,098	92,791
Services	214,537	223,423	274,145	240,652	297,378	280,852
Capital Outlay	63	-	-	-		-
Other	-	-	-	-		-
Equipment Replacement	-	-	-	-		-
TOTAL EXPENDITURES	**$ 1,195,536**	**$ 965,205**	**$ 1,059,732**	**$ 833,093**	**$ 856,942**	**$ 850,458**

FY 21/22 Salaries and Benefits unchanged because of 2 positions are being supported by Measures Q and E funding

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Consolidated Maintenance				
Public Works Director	0.10	0.00	0.00	TBU
Consolidated Maintenance Superintendent	0.35	0.35	0.00	0.00
Assistant Civil Engineer	0.15	0.15	0.15	TBU
Consolidated Maintenance Field Supervisor	0.40	0.40	0.40	TBU
Consolidated Maintenance Worker III	0.30	0.30	0.30	TBU
Consolidated Maintenance Worker II	2.75	3.00	2.75	TBU
Consolidated Maintenance Worker I	1.00	1.00	1.00	TBU
Management Analyst	0.02	0.02	0.02	TBU
Office Assistant IV	0.25	0.25	0.00	0.00
Total Department FTEs	**5.32**	**5.47**	**4.62**	**TBU**

To be updated (TBU) with allocation percentages and part-time hours for adopted budget

PUBLIC WORKS
Consolidated Maintenance

KEY PROGRAM SERVICES

- Consolidated maintenance is the labor force for all General Fund maintenance activities involving, parks, facilities, streets, storm drains, street trees, street lighting, and fleet maintenance, assessment districts, and deferred maintenance projects not specifically included in the enterprise fund maintenance obligations.
- Manages the ADA Transitions Plan and the improvements and projects that evolve from the plan with support from Administrative and Engineering staff.
- Develops budgets and manage those budgets to ensure that every General Fund Consolidated Maintenance dollar is spent as intended.
- Instructs, trains and cross-trains staff to highest affordable standards to reduce contract and outside labor expenses.
- Administrates and manages construction contracts and service agreements.
- Manages public, inter-departmental service requests along with core duties to maintain the best deployment of staff labor.
- Manages facilities improvement, maintenance, and repair projects.
- Cleans and maintains all public spaces and city owned properties.
- Manages community beautification projects and sponsorship programs.
- Provides set-up, break-down, and custodial all for City events and meetings both public and private.
- Manages City banner program and flags throughout the city for businesses and special events throughout the year.
- Meet and confer with PG&E representatives about upgrades and rebate programs, rate schedules, and incentive programs as needed.
- Manages Consolidated Maintenance employee training and safety programs.
- Maintains a high level of communication with other Central Coast agencies and affiliated maintenance organizations to ensure that coordination, techniques, training, and funding opportunities are fully realized.

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PUBLIC WORKS
Consolidated Maintenance

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Service request and work orders completed / closed	890	1214	900	1100
Total acres of landscaped park area maintained monthly	51	51	51	51
Total square feet of buildings maintained annually	146,225	146,225	159,000	159,000
Total square feet of facility landscape maintained annually. Thank you MBIB.	41,125	41,125	41,125	41,125
Total acres of natural parkland maintained annually	11	11	11	11

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Public Works

Consolidated Maintenance-Streets
Program 5230

PROGRAM PURPOSE

To provide the highest level of safe traversable streets and sidewalks that the resources provided can support. Consolidated Maintenance-Streets evaluate and repair potholes, HMA skin patch and small dig out and berm repairs, sidewalks, public parking lots, bike paths, informational / directional / regulatory signage, curb painting and road striping, tree wells, parkways, medians, line of sight / brush management. Consolidated Maintenance is responsible for the performance of all aspects of preventive and reactive maintenance for these services, and the oversight of contract support with the exception of the annual or semi-annual Pavement Management Plan activities.

Contract support includes street sweeping on a regularly scheduled basis. Street sweeping is required as part of the City of Morro Bay's regulatory requirements of the Federal Clean Water Act National Pollution Discharge Elimination System (NPDES), also known as the small Municipal Separate Storm Sewer System (MS4) General Permit. The permit requires the City, among other things, to eliminate trash and pollutants from entering waterways. Street sweeping is one Best Management Practice to meet this regulatory requirement.

Consolidated Maintenance-Streets service requests include those requested by citizen's, visitor's, and staff, as well as those determined to be necessary by Consolidated Maintenance to maintain the highest level of safety for those using our streets.

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PUBLIC WORKS
Consolidated Maintenance - Streets

BUDGET OVERVIEW

The FY 2021/22 budget includes the reallocation of staff time to more accurately reflect staff work throughout the functional areas. The budget includes funding for 2.05 FTE positions, consistent with prior year budget. The overall salary and benefits budget is increased by $16,000 consistent with pay and benefits negotiated with bargaining groups for all personnel. This department budget includes contractual services for street sweeping.

Street Maintenance
Fund 001-5230
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	-	3,613	1,228	-	-	-
TOTAL REVENUES	**$ -**	**$ 3,613**	**$ 1,228**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 92,884	$ 262,136	$ 271,940	$ 220,516	$ 183,445	$ 199,880
Supplies	77,069	75,970	55,276	70,962	70,962	77,599
Services	67,309	89,297	69,872	61,286	61,286	67,607
Capital Outlay		-	-	-		-
Other	-	-	-	-		-
Equipment Replacement	-	-	-	-		-
TOTAL EXPENDITURES	**$ 237,262**	**$ 427,403**	**$ 397,088**	**$ 352,764**	**$ 315,693**	**$ 345,086**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Consolidated Maintenance/Streets				
Public Works Director	0.03	0.00	0.00	TBU
Consolidated Maintenance Superintendent	0.25	0.25	0.00	0.00
Consolidated Maintenance Field Supervisor	0.35	0.35	0.35	TBU
Consolidated Maintenance Worker III	0.30	0.30	0.30	TBU
Consolidated Maintenance Worker II	1.28	1.38	0.88	TBU
Consolidated Maintenance Worker I	0.50	0.50	0.50	TBU
Management Analyst	0.02	0.02	0.02	TBU
Office Assistant IV	0.02	0.02	0.00	0.00
Total Department FTEs	**2.75**	**2.82**	**2.05**	**TBU**

To be updated (TBU) with allocation percentages and part-time hours for adopted budget

PUBLIC WORKS
Consolidated Maintenance - Streets

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Quality Public Infrastructure	• On-going maintenance of the City's infrastructure, including roadway repair and routine maintenance, ensures year-round functionality.

KEY PROGRAM SERVICES

- Maintain visibility of pavement markings, including crosswalks, painted curbs, roadway stripping, and signage.
- Maintain and repair over 53 centerline miles of public streets and all City parking lots East of the Embarcadero.
- Facilitate and /or perform concrete sidewalk, curb and gutter repair and replacement.
- Maintain cleanliness of sidewalks, benches, and waste receptacles.

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PUBLIC WORKS
Consolidated Maintenance - Streets

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Number of centerline miles swept				
Weekly	10 miles	10 miles	10 miles	10 miles
Monthly	42 miles	42 miles	42 miles	42 miles
Annually	53 miles	53 miles	53 miles	53 miles
Amount of debris removed from streets	200 tons	200 tons	200 tons	200 ton
Amount of sidewalk repaired or replaced	212 LF	212 LF	100 LF	200 LF
Asphalt placed	112 tons	145 tons	120 tons	130 tons

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Public Works

Consolidated Maintenance-Vehicle Maintenance
Program 5220

PROGRAM PURPOSE

Consolidated Maintenance-Vehicle Maintenance provides and maintains safe, reliable, fuel-efficient, and regulatory compliant vehicles for all City of Morro Bay departments, and transportation services.

Vehicle Maintenance service requests include; those requested by staff, as well as those determined to be necessary by DMV, and CHP a manner that is compliant with the requirements of regulatory agencies, consistent with preventive maintenance benchmarks, deemed necessary to keep the vehicles in fully functioning condition and operating at the highest level of fuel efficiency.

BUDGET OVERVIEW

The FY 2021/22 budget is generally consistent with prior years although supplies are increased to care for an aging fleet and reflects pay and benefits consistent with those negotiated with bargaining groups for all personnel.

PUBLIC WORKS
Consolidated Maintenance – Vehicles Maintenance

Vehicle Maintenance

Fund 001-5220

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
EXPENDITURES						
Salaries and Benefits	$ 105,854	$ 115,538	$ 120,581	$ 106,447	$ 101,470	$ 118,267
Supplies	5,343	9,297	7,894	4,427	12,830	30,150
Services	9,592	7,227	7,630	8,338	7,715	7,552
Capital Outlay						
Other						
Equipment Replacement	-		-	-		
TOTAL EXPENDITURES	**$ 120,789**	**$ 132,062**	**$ 136,105**	**$ 119,212**	**$ 122,015**	**$ 155,969**

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Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Consolidated Maintenance/Vehicle Maintenance				
Public Works Director	0.01	0.00	0.00	TBU
Consolidated Maintenance Superintendent	0.08	0.08	0.00	0.00
Consolidated Maintenance Field Supervisor	0.00	0.00	0.00	TBU
Mechanic	1.00	1.00	1.00	1.00
Management Analyst	0.02	0.02	0.00	TBU
Office Assistant IV	0.02	0.02	0.00	0.00
Total Department FTEs	**1.13**	**1.12**	**1.00**	**TBU**
To be updated (TBU) with allocation percentages for adopted budget				

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Fleet Maintenance: ***Provide Safe and Functional Vehicles and Equipment***	• Staff will continue to actively manage maintenance schedules to maximize vehicle and equipment life cycles. • Staff will continue to analyze fleet usage and repair cost information and adjust the fleet size as appropriate.

KEY PROGRAM SERVICES

- Provide preventative maintenance and repairs for all emergency service vehicles, enterprise fund vehicles, Consolidated Maintenance vehicles, commercial trucks, heavy equipment, and pool vehicles, as well as all self-propelled and motor assisted support equipment.
- Coordinates and facilitates all outside contract and specialized repairs of fleet vehicles.
- Provides staff transportation to and from repair sites as required.
- Maintains repair facility, hazardous waste storage facility, and records for annual inspections from outside regulatory agencies, CHP, & CUPA

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimate	2021/22 Budget
Coordinate the smog inspection of the fleet	½ the smog required fleet	½ the smog required fleet	½ the smog required fleet	½ the smog required fleet

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Public Works

Consolidated Maintenance-Street Trees
Program 5232

PROGRAM PURPOSE

Consolidated Maintenance-Street Trees: There are an estimated 8,460 trees in the City, roughly 2,634 of these trees are located in the public rights-of-way and therefore defined by the Morro Bay municipal code as street trees, whether or not they were planted by the City. These street trees provide for a healthy urban forest with a thriving, sustainable mix of tree species which are cared for and valued by both the City and citizens of Morro Bay. As an essential environmental, economic and community asset, the urban forest provides an attractive location for businesses, residents and visitors. The Urban Forest Management Plan seeks to increase age and species diversity in the public tree population and enhance the character and aesthetics of our City for the people who live and work here.

Pruning and Maintaining the Urban Forest:
City maintenance staff prune replace and care for City street trees, City park trees and trees on City-owned property. The downtown trees are currently trimmed on a 5-year routine maintenance schedule. All other public trees are trimmed on an as needed basis. City trees that are dead, dying or in eminent danger of failure or other emergencies including limbs down, broken cracked or hanging branches as addressed on an as needed basis.

Urban Forest regulations:
City tree regulations MBMC 12.08 regulates all trees within the public right-of-way within the City to be a Public tree. The Director of Public Works has jurisdiction and control over tree care, planting, removing and replacement of these public trees within the public right-of-way.

BUDGET OVERVIEW

The FY 2021/22 Department budget reflects pay and benefits consistent with those negotiated with bargaining groups for all personnel and restoration of tree trimming service expenditure items reduced due to covid, plus an additional $10,000 for arborist services.

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PUBLIC WORKS
Consolidated Maintenance – Street Trees

Street Trees
Fund 001-5232
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Intergovernmental	51,915	-	-	-	-	-
TOTAL REVENUES	**$ 51,915**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ 15,195	$ 125,288	$ 132,828	$ 143,585	$ 95,767	$ 99,864
Supplies	1,858	3,627	(253)	2,407	2,407	2,500
Services	54,115	31,585	23,923	25,650	34,851	65,000
Capital Outlay	-	-	-	-		-
Other	-	-	-	-		-
Equipment Replacement	-	-	-	-		-
TOTAL EXPENDITURES	**$ 71,168**	**$ 160,500**	**$ 156,498**	**$ 171,642**	**$ 133,025**	**$ 167,364**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Consolidated Maintenance/Street Trees				
Public Works Director	0.01	0.00	0.00	TBU
Consolidated Maintenance Superintendent	0.20	0.20	0.00	0.00
Environmental Programs Manager	0.10	0.01	0.10	TBU
Assistant Civil Engineer	0.10	0.01	0.10	TBU
Consolidated Maintenance Field Supervisor	0.10	0.10	0.14	TBU
Consolidated Maintenance Worker III	0.20	0.20	0.20	TBU
Consolidated Maintenance Worker II	0.30	0.30	0.50	TBU
Consolidated Maintenance Worker I	0.30	0.30	0.30	TBU
Management Analyst	0.02	0.02	0.02	TBU
Office Assistant IV	0.02	0.02	0.00	0.00
Total Department FTEs	**1.35**	**1.16**	**1.36**	**0.00**

To be updated (TBU) with allocation percentages for adopted budget

PUBLIC WORKS
Consolidated Maintenance – Street Trees

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Quality Infrastructure	• Staff will continue to monitor and maintain the City's tree canopy. • Staff will continue to prune and maintain trees to prevent hazardous tree situations. • Staff will continue to evaluate trees and remove or treat hazardous and dangers trees. • Staff maintains tree lighting outlets with conduit in the tree canopy for Café style tree lighting in 36 trees downtown.

KEY PROGRAM SERVICES

- Oversee Tree Trimming Contracts
- Responds to service calls on trees
- Cut and haul downed trees and limbs
- Trim hazardous trees
- Remove hazardous trees
- Plant new trees
- Maintain City's Tree Canopy
- Maintain Tree City USA status

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Downtown tree trimming by a contractor	44	44	50	50
New trees planted	10	13	10	10
Trees removed due to disease/dying/hazardous/storm damage	5	14	10	10
Tree related maintenance requests	152	114	150	200

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Public Works

Consolidated Maintenance-Street Lighting
Program 5234

PROGRAM PURPOSE

The purpose of street lighting is to provide intersecting lighting assisting drivers, pedestrians, and cyclists in better navigating the intersections during hours of darkness. Many neighborhood groups erroneously believe that extra illumination helps prevent crime. Business district lighting also may help create a pleasant environment.

There are 508 streetlights and three signal-controlled intersections in the City of Morro Bay. Seventeen of the streetlights belong to the City, and the remaining 491 belong to PG&E. One of the traffic signals is owned and maintained by the City and the other two belong to the State of California and are maintained by CalTrans. This budget pays for 50-percent of the maintenance and energy costs to operate these lights.

BUDGET OVERVIEW

The Street Lighting program budget includes the cost to maintain and operate the city's street lights and signal light. There is no staff time allocated to the street lighting program and the budget reflects an increase to services for street light repairs reduced in prior year due to COVID-19.

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PUBLIC WORKS
Consolidated Maintenance – Street Lighting

Street Lighting

Fund 001-5234

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ 87	$ -		$ -
Supplies	215	64	1,216	937	937	1,215
Services	111,165	68,031	86,745	78,550	78,550	88,893
Capital Outlay	-	-	-	-		-
Other	-	-	-	-		-
Equipment Replacement	-	-	-	-		-
TOTAL EXPENDITURES	**$ 111,380**	**$ 68,095**	**$ 88,048**	**$ 79,487**	**$ 79,487**	**$ 90,108**

KEY PROGRAM SERVICES

- Respond to and coordinate with PG&E all reported street light outages.
- Review and rectify all street lighting bill and expenses monthly.
- Meet and confer with PG&E representatives about lighting upgrades, rate schedules, and various city requirements as needed.

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Public Works

Consolidated Maintenance-Storm Drain/Creek Maintenance
Program 5235

PROGRAM PURPOSE

Consolidated Maintenance-Storm Drain/Creek Maintenance keeps our creeks, and storm drain systems clean and functioning. The City's Storm Water Program focuses on watershed protection to ensure water quality in our creeks, bay and ocean by reducing the potential of flooding, erosion and various types of water pollution. Water and watershed quality can be compromised not only from natural events like flooding but also from activities such as changing the oil in your car, fertilizing your lawn, or painting your house. The quality of the water entering our storm drain system can have an extreme impact on our environment. As water is discharged from our storm drain system into our creeks and ocean, we must remember that storm water can have adverse effects on our waterways making them unhealthy for local wildlife, drinking water sources, and recreation.

The storm water program is regulated by the Federal Clean Water Act's National Pollution Discharge Elimination System (NPDES), also known as the small Municipal Separate Storm Sewer System (MS4) General Permit. The permit requires the City, among other things, to eliminate trash and pollutants from entering waterways. The City Storm water program has eight main components: Public education, illicit discharge detection and elimination, construction site runoff control, post-construction, good housekeeping of municipal operations, total maximum daily load (TMDL) compliance, trash control and program effectiveness. The City meet these permit requirements providing street sweeping, maintaining the storm drain system, inspecting private development projects for erosion controls and post-construction compliance, among various other services.

BUDGET OVERVIEW

The Storm Drain/Creek Maintenance program budget reflects pay and benefits consistent with those negotiated with bargaining groups for all personnel assigned to this program. The program funds 1.24 FTEs. Also incorporated into the FY 2021/22 budget are slight decreases in supplies and services to assist in offsetting cost increases in other programs.

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PUBLIC WORKS
Consolidated Maintenance – Storm Drains/Creek Maint.

Storm Drain/Creek Maintenance

Fund 001-5235

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
EXPENDITURES						
Salaries and Benefits	$ 47,416	$ 124,474	$ 127,260	$ 117,185	$ 103,543	$ 113,742
Supplies	12,560	7,937	5,158	5,000	5,000	5,300
Services	20,256	25,236	19,790	36,430	25,868	28,550
Capital Outlay	-	-	-	-		-
Other	-	-	-	-		-
Equipment Replacement	-	-	-	-		-
TOTAL EXPENDITURES	**$ 80,232**	**$ 157,647**	**$ 152,208**	**$ 158,615**	**$ 134,411**	**$ 147,592**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Public Works - Consolidated Maintenance/Strom Drains&Creek Maintenance				
Public Works Director	0.05	0.00	0.00	TBU
Consolidated Maintenance Superintendent	0.05	0.05	0.00	0.00
Environmental Programs Manager	0.25	0.25	0.25	TBU
Assistant Civil Engineer	0.05	0.05	0.05	TBU
Consolidated Maintenance Field Supervisor	0.10	0.10	0.10	TBU
Consolidated Maintenance Worker III	0.20	0.20	0.20	TBU
Consolidated Maintenance Worker II	0.35	0.35	0.20	TBU
Consolidated Maintenance Worker I	0.20	0.20	0.20	TBU
Management Analyst	0.02	0.02	0.02	TBU
Office Assistant IV	0.02	0.02	0.00	0.00
Total Department FTEs	**1.29**	**1.24**	**1.02**	**0.00**

To be updated (TBU) with allocation percentages for adopted budget

PUBLIC WORKS
Consolidated Maintenance – Storm Drains/Creek Maint.

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Water Quality Improve and protect water quality in receiving waters	• **Pollutant load reduction model** Use a catchment scale loading model to quantify average annual storm water discharge and pollutant loading. Determine the pollutant loading estimates for each specific catchment. This will provide the pollutant loading and storm water volume baselines. Inventory and assessment of existing Best Management Practices (BMP). Develop relative ranking of catchments for program priorities. • **Statewide Trash provisions** Land-use based approach that targets high trash generating areas. the City has chosen Tract 2, install partial full capture devices and a combination of other controls to demonstrate full capture equivalency. Goal is to be 100% trash reduction in priority Land-Uses. The City participates in the Statewide Coastal Cleanup day event along with several other local cleanup event throughout the year. Anti-litter campaign, Central Coast Clean, partners with all Cities in SLO county. • **Education and Outreach** Education and Outreach information on various areas of Stormwater pollution is available on the City website and information signage in various locations throughout the City. Education is provided to construction sites, restaurants and various commercial businesses through face to face interaction and inspections.

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PUBLIC WORKS
Consolidated Maintenance – Storm Drains/Creek Maint.

KEY PROGRAM SERVICES

- Public Education and Outreach program to educate the public on the importance of reducing pollutant discharges into the storm drain system.
- Illicit discharge detection and elimination program to detect, investigate and eliminate illicit discharges.
- Construction-site runoff control program to prevent construction site discharges of pollutants and impacts on beneficial uses of receiving waters.
- Post-construction program requires source control measures, low impact development and hydromodification measures on new and redevelopment projects.
- Good housekeeping for municipal operations requires implementing appropriate Best Management Practices (BMPs) for preventing or reducing the amount of storm water pollution generated by City operations.
- TMDL compliance requires the City to monitor water quality in Morro Bay to meet the pathogen waste load allocations.
- Trash implementation program requires the City to eliminate all trash within priority land uses in the City.
- Antilitter campaign with all cities in San Luis Obispo County. Central Coast Clean
- Program effectiveness assessment and improvement plan tracks annual and long-term effectiveness of the storm water program

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Percent of high priority storm drains cleaned	100%	100%	100%	100%
Percent of high priority construction projects inspected for erosion and sediment controls and/or post-construction stormwater controls	100%	100%	100%	100%
Percent reduction in particulate rate	14%	14%	15%	15%
Percent of priority land-use area trash reduction progress	99%	99%	99%	99%
Violations from Regional Water Quality Control Board	0	0	0	0

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Public Works

CURBSIDE RECYCLING
PROGRAM 5270

PROGRAM PURPOSE

The Curbside Recycling Program was established to track the Recycling Development Program and monthly Administrative Fee received from Morro Bay Garbage Service that is required per the Solid Waste, Recycling and Green Waste Agreement. The fee is used to fund administrative support related to execution and monitoring of the agreement for solid waste, recycling, and green waste collection services in the City.

BUDGET OVERVIEW

Each month the City receives from Morro Bay Garbage Service a Recycling Development Program and Administrative Fee. This fee is adjusted each year based on any increase Consumers Price Index (CPI) for the month of January. The Curbside Recycling Program's FY 2021/22 budget reflects an increase in this fee based on the CPI adjustment that took place for the period beginning January 2021.

Additionally, a new fee will be added to the Solid Waste, Recycling and Green Waste Agreement in FY 2021/2022 to fund administrative support related to the execution and monitoring of SB1383 approved by the State relating to organics material that is to be implemented by January 2022. The Management Analyst in Public Works manages this program. Pay and benefit increases in this budget reflect the increases negotiated by bargaining groups for all personnel. At the end of each fiscal year the revenue collected will be transferred to support staff resources spent on this project.

Anerobic digestion plant where food scraps and green waste collected from curbside bins are sent to be turned into energy and soil amendments used by local farmers and wineries.

PUBLIC WORKS
Curbside Recycling

Curbside Recycling

Fund 001-5270

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	$ 23,920	$ 26,280	$ 29,279	$ 27,012	$ 27,012	$ 32,981
TOTAL REVENUES	**$ 23,920**	**$ 26,280**	**$ 29,279**	**$ 27,012**	**$ 27,012**	**$ 32,981**
EXPENDITURES						
Salaries and Benefits	$ 23,920	$ 26,280	$ 26,988	$ 27,012	$ 27,012	$ 28,281
Supplies	-		-	-	-	-
Services	-		-	-	-	-
Capital Outlay	-		-	-	-	-
Other	-		-	-	-	-
Equipment Replacement	-		-	-	-	-
TOTAL EXPENDITURES	**$ 23,920**	**$ 26,280**	**$ 26,988**	**$ 27,012**	**$ 27,012**	**$ 28,281**

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PUBLIC WORKS
Curbside Recycling

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Community Character	*Collection Services*
	The City contracts with Morro Bay Garbage Service for residential and commercial garbage, recycling and green waste collection services. Due to requirements of SB1383 that are to be enacted by January 1, 2022 relating to organic material not currently collected for recycling, staff will work with the garbage company and San Luis Obispo Integrated Waste Management Authority (IWMA) to amend the franchise agreement for collection services, the City's Municipal Code, establish procurement policies, as well as develop an edible food recovery program, recordkeeping and reporting systems, and establish monitoring and enforcement processes.
	Clean Up Week
	There are 2 clean up weeks held every year in the Spring and Fall where customers can put out an additional 2 cubic yards of material to be collected at no additional cost and bulky items can be picked up for a reduced fee. In 2020, these clean up weeks were suspended due to COVID-19 but have resumed in 2021.
	Expanded Polystyrene (EPS) Regulations
	Municipal Code Section 8.17 regulates the use and sale of EPS food containers and products in the City. Restaurants and food providers are prohibited from using EPS food and drink containers, and require that a recyclable, compostable or biodegradable product be used instead. Retail sale of any EPS products such as disposable foam coolers, cups, plates, bowls, and packing peanuts are also prohibited.
	Joint Powers Agreement
	The Cities of Morro Bay, Arroyo Grande, Atascadero, Grover Beach, Paso Robles, Pismo Beach and San Luis Obispo, the County of San Luis Obispo, and the Community Service Districts entered into a Joint Powers Agreement and formed a new agency, the IWMA, to plan and implement solid waste and hazardous waste programs for the region.
	Community Outreach and Awareness
	Education and information about various recycling programs and how to get involved is provided through the IWMA. The City's website provides links to the recycling guideline as well as other solid waste and hazardous waste programs: • Residents - comprehensive recycling guide and information about service providers, landfills & transfer stations, food waste, home composting, worm farms, grasscycling, shifting to reusable bags, SLO Take Back program, and how to get involved through responsible consuming, donation locations, reuse as well as information for parents with kids.

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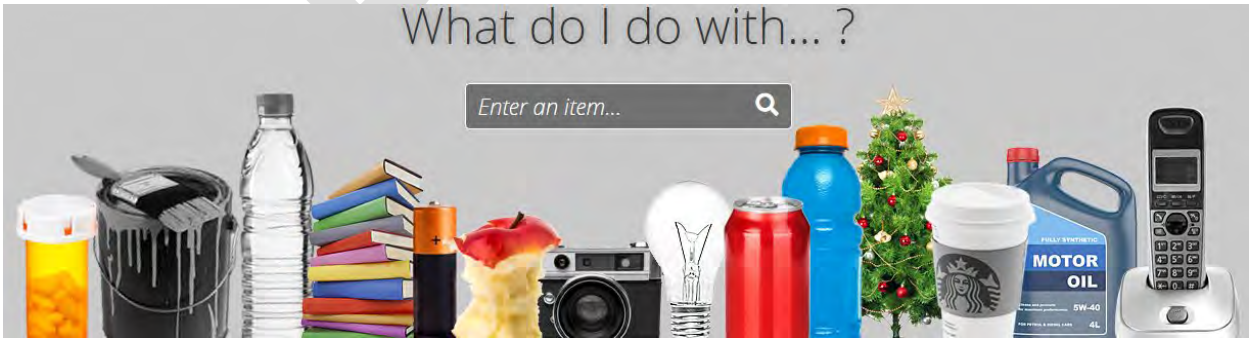
	Business - information about business hazardous waste, retail take back program, recycling in the workplace, mandatory commercial recycling law (AB341), commercial organics recycling law (AB1826), multi-family/apartment recycling, recycling market development zone loans, construction & demolition debris recycling, and recycling at special events. • School Education - offering free classroom programs for K-12 with assistance for schools and teachers, as well as field trips to learn about recycling, vermicomposting, marine debris, the natural resources needed to make paper, household hazardous waste, zero waste, and the Anaerobic Digester facility. • Medical Waste - free disposal program for household over-the-counter and prescription medications, inhalers, and needles and sharps. • Household Hazardous Waste Facility in Morro Bay - free disposal program to provide safe disposal of household hazardous wastes such as bulbs, paint, electronics, pesticides, herbicides, corrosives, flammables, and medical waste.

KEY PROGRAM SERVICES

- Administrative support related to monitoring the agreement between the City and Waste Connections (d.b.a. Morro Bay Garbage Service) for solid waste, recycling and green waste collection services
- Develop informational material and promote Spring and Fall Clean Up Week events on City's website, Facebook and local government channel community calendar
- Coordinate between City staff and Morro Bay Garbage Service on solid waste and recycling collection containers and service in public areas
- Coordinate with Morro Bay Garbage Service on rate adjustment applications and 218 processes for requested rate increases
- Coordinate with Morro Bay Garbage Service in processing tax liens for delinquent accounts
- Coordinate with Morro Bay Garbage Service and the IWMA on implementation of SB1383



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PUBLIC WORKS
Curbside Recycling

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Residential Garbage Tonnage	2700	2732	2800	2800
Commercial Garbage Tonnage	5300	4563	5500	5500
Residuals Tonnage from Materials Recovery Facility	307	574	650	650
Recycling Tonnage	2200	1835	1800	1800
Green Waste Tonnage	1965	2090	2100	2100
Construction & Demolition Recycled Tonnage	410	702	620	620
Clean Up Week Tonnage	87	11	10	25
Household Hazardous Waste Facility Visits by MB Residents	1873	2425	2400	2400
School Program - # of Presentations and/or Field Trips for MB Schools	22	20	20	20

Note: In 2020, due to COVID-19, there were no Spring or Fall Clean Up weeks. Clean Up weeks resumed in 2021. The Household Hazardous Waste drop off facilities were closed for 12 weeks due to COVID-19 and once the facility opened back up, individuals were required to wear a face covering when at the facility. Also, during COVID-19, the school program pivoted and began doing online presentations and virtual landfill and recycling facility tours in lieu of in person visits or field trips.

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Public Works

ELECTRICITY
FUND 001-7250

PROGRAM PURPOSE

This program is designed to track general fund electricity costs in one location rather than assign to individual departments and report debt service requirements for the California Energy Commission (CEC) loan.

BUDGET OVERVIEW

The electricity program houses the new loan issued in June 2017 by the CEC to reimburse the installation costs of the Solar Energy Efficiency Project. Solar energy panels were installed on 5 city owned buildings to generate electricity to power the operational needs of that building and to transfer any excess power to benefit approximately 17 other electrical meters. The projected savings in electricity costs is anticipated to fund the annual debt service. The loan matures in 2034.

Electricity

Fund 001-7250

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Other Revenues	4,830	-	-	-	-	-
TOTAL REVENUES	**$ 4,830**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-	-	-
Services	33,482	32,640	33,508	34,089	35,501	39,454
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Debt Service	35,078	35,189	35,277	35,191	35,189	35,190
TOTAL EXPENDITURES	**$ 68,560**	**$ 67,829**	**$ 68,785**	**$ 69,280**	**$ 70,690**	**$ 74,644**

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Community Development Department

PROGRAM 7105

DEPARTMENT PURPOSE

The Community Development Department (CDD) works with elected and appointed officials, other Departments, and the community to guide the physical growth, development, and preservation of the City. Community Development encompasses many aspects of the City and as such the Department oversees several programs and projects designed to benefit its residents and businesses. Department functions include planning, building, code enforcement, economic development, and grant administration.

BUDGET OVERVIEW

Consistent with City policies, the Department's development related services are supported by fees that are established with the goal of being full cost recovery. Established fee rates include development support services and are generated on both a user fee and development impact fee basis. The FY 2021/22 budget restores a planner position eliminated due to the covid pandemic cutbacks, plus adds pay and benefit costs consistent with negotiations with bargaining groups for all personnel.

Community Development
General Fund 001-7105
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Licenses & Permits	$ 132,763	$ 127,278	$ 138,639	$ 94,000	$ 159,088	$ 130,000
Service Charges	568,318	560,321	408,330	322,250	350,220	394,050
Other Revenues	7,500	-	24,032	9,000	31,136	30,983
TOTAL REVENUES	**$ 708,581**	**$ 687,599**	**$ 571,001**	**$ 425,250**	**$ 540,444**	**$ 555,033**
EXPENDITURES						
Salaries and Benefits	$ 683,596	$ 793,476	$ 888,373	$ 821,532	$ 759,815	$ 953,854
Supplies	20,130	6,610	5,738	4,597	4,597	5,134
Services	146,180	119,731	130,131	88,382	146,819	95,338
Capital Outlay	-		8	-		-
Other	-		-	-		-
Equipment Replacement	-		-	-		-
TOTAL EXPENDITURES	**$ 849,906**	**$ 919,817**	**$ 1,024,250**	**$ 914,511**	**$ 911,231**	**$ 1,054,326**

FY 20-21 Other Revenues reflects due to new vacation rental monitoring fee.
Expenses had higher contract services & insurance allocated.

COMMUNITY DEVELOPMENT DEPARTMENT

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Community Development Department				
Community Development Director	1.0	1.0	1.0	1.0
Senior Planner	1.0	1.0	1.0	1.0
Assistant Planner	1.0	1.0	0.0	1.0
Permit Technician	1.0	1.0	1.0	1.0
Office Assistant III/IV	1.0	1.0	1.0	1.0
Building Inspector	1.0	1.0	1.0	1.0
Total Department FTEs	**6.0**	**6.0**	**5.0**	**6.0**

To be updated with temporary staff hours for adopted budget

COMMUNITY DEVELOPMENT DEPARTMENT

Objectives	FY 20/2021Accomplishments
Fiscal Sustainability	• There are approximately 100-hotel units currently in process for either Planning or Building permits. • City continues to work on identification of a partner to redevelop the 781 Market property as a mixed-use hotel/restaurant/retail project. • City has received $298,000 in grant funds to update its policies and procedures to increase the production of much needed housing in the City. • Wayfinding Sign design is finalized and will soon go to bid. • City has entered into lease agreements for the two commercial tenant spaces in upper floor of the 781 Market building. • City continues to partner with the Chamber on Economic Development. • Staff has opened the Cityworks public portal to allow electronic submittal of building and planning applications. • Staff has conducted demonstrations of several online applications that will connect to Cityworks and allow online plan checking. Staff anticipates implementing an online plan check solution during the summer of 2021. • Two commercial retail cannabis businesses have opened, one on Quintana and a second on Morro Bay Blvd. • City received an application for a 600 megawatt battery energy storage system at the shuttered Vistra power plant site • Multiple waterfront lease sites have received approval for significant remodel/reconstruction.

COMMUNITY DEVELOPMENT DEPARTMENT

Objectives	FY 2020/21 Accomplishments
Review/Update City Land Use Plans	• General Plan/Local Coastal Program Update: The adoption draft of Plan Morro Bay will be reviewed by the Planning Commission in March of 2021 with review and adoption by City Council anticipated in April/May of 2021. • Zoning Code update: The adoption will be reviewed by the Planning Commission in April/May of 2021 with review and adoption anticipated by Council in Summer of 2021. • Staff anticipates taking the purchase agreement for the Dog Beach lots to the Council in March of 2021. • City's 2020 Housing Element was adopted and Certified by the Department of Housing and Community Development.

COMMUNITY DEVELOPMENT DEPARTMENT

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Regulatory Updates	• City approval of GP/LCP/Zoning code update and Certification by the California Coastal Commission for. • Implementation of the Short Term Rental program once certified by the California Coastal Commission • Implementation of the City's Housing Element to increase housing opportunities in the City
Community Engagement	• The Department continues to support the Planning Commission, emphasizing the role of the Commission, communication with applicants, California Environmental Quality Act (CEQA), and various aspects of the City's regulations and procedures. • Engage with and serve as a liaison between local business owners regarding local business opportunities, development and support. • Creation of a stakeholder group to assist with improvement of the City's development review process.

KEY PROGRAM SERVICES

- Manage departmental operations, including preparing and managing the departmental budget.
- Provide support for City Council, & Planning Commission.
- Provide support for City projects and initiatives, including Planning, Building and Code Enforcement.
- Oversee General Plan and LCP update.
- Grant management.

COMMUNITY DEVELOPMENT DEPARTMENT
General Fund

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Budget
Building Permits Issued - New Single Family	30	10	10	9
Building Permits Issued - Residential Addition/Alterations	160	178	145	150
Building Permits Issued - New Commercial	2	0	0	2
Building Permits Issued - Commercial Addition/Alteration	20	27	24	25
Building Permits Issued - Multi-Family	6	2	2	3
Building Permits Issued - Miscellaneous	165	148	166	150
Number of building plan checks completed	225	279	354	285
Number of inspections conducted	500	2410	1951	1500
Number of code complaints responded to	275	325	325	500
Number of Encroachment Permits issued	75	96	88	100
Number of Rezoning Applications	0	0	0	1
Number of General Plan Amendments	0	0	0	2
Number of Sign Permits	15	13	13	20
Number of Conditional Use Permit Applications	30	16	14	10
Number of Variance Applications	0	39	2	2
Coastal Development Permit Applications	20	20	38	30
Number of Subdivision Applications	3	1	1	1
Number of Miscellaneous Planning Applications	12	43	30	30

Recreation Services

DEPARTMENT PURPOSE

Recreation Services is committed to providing quality recreational programming and opportunities in a responsive and courteous manner. Enhancing the quality of life, building a sense of community, providing positive role models to children and youth, improving self-esteem, and contributing to the health and safety of all residents and visitors are the Division's top priorities. Recreation Services is comprised of Administration, Recreational Sports, Youth Services and Community Pool.

BUDGET OVERVIEW

The Recreation Services Division's FY 2020/21 has been significantly impacted by the COVID-19 pandemic, with the limitation of social gatherings and shelter-at-home orders, there is limited ability to provide traditional recreational services. Due to this, the department's budget has been substantially impacted, including the defunding of over 70 part-time temporary staff used to run sports programs, adult and youth programing, and pool programs, as well as the defunding of two full-time positions. With the provision of a distance learning program in partnership with SLCUSD, along with robust pool and Junior lifeguard programs, the Division will exceed projected revenues by approximately 150% while coming in on target with expenses.

With much information still unknown about the reopening of the state and community as well as what activities will be permitted when we are allowed to reopen, the FY 2021/22 budget still looks promising! The Division is moving forward with the rehire of 1.75 FTE to prepare to bring back sports activities as well as help with administrative functions of the office. Additionally, a handful of important part-time staff will return including a youth sports coordinator and senior programs coordinator who will work towards offering our youth soccer program and the reopening our senior center. A 5 percent cost of living adjustment (COLA) has increased salary for all personnel.

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RECREATION SERVICES

Objectives	FY 2020/21 Accomplishments
Improved Communication	• Managed the Morro Bay Cares/Connects Program • Acted as the City's main line of information to the community for COVID-19 and all general inquiries. • Provided distance learning program for 65+ youth TK – 5th grade on behalf of SLCUSD
Improve Public Spaces	• Working with CA Dept of Parks for funding to replace Coleman restroom

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RECREATION SERVICES

Recreation

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Service Charges	566,849	603,998	542,300	202,000	577,265	580,000
Use of Money & Property	37,304	110,979	50,000	20,461	20,068	90,000
Other Revenues	(9,970)	(29,019)	(19,500)	(10,000)	(19,572)	(15,000)
TOTAL REVENUES	**$ 594,183**	**$ 685,958**	**$ 572,800**	**$ 212,461**	**$ 577,761**	**$ 655,000**
EXPENDITURES						
Salaries and Benefits	$ 849,450	$ 962,997	$ 985,940	$ 499,298	$ 620,699	$ 616,759
Supplies	106,796	91,582	80,656	98,031	14,987	82,600
Services	110,687	138,371	137,261	120,426	82,177	113,969
Capital Outlay						
Other	3,972	4,339	8,000	4,000	4,000	4,000
Equipment Replacement						
TOTAL EXPENDITURES	**$ 1,070,905**	**$ 1,197,289**	**$ 1,211,857**	**$ 721,755**	**$ 721,863**	**$ 817,328**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
PROGRAM						
Administration	$ 279,454	$ 302,257	$ 419,109	$ 225,038	$ 206,901	$ 257,809
Dance 39+	12,539	11,278	-	-	-	-
Sports	396,089	441,372	390,640	169,559	82,020	318,793
Teens	45,467	34,456	26,363	46,222	7,167	28,409
Youth	283,005	293,857	276,559	199,615	306,790	102,967
Pool	54,351	114,069	99,186	81,321	118,985	109,350
TOTAL EXPENDITURES	**$ 1,070,905**	**$ 1,197,289**	**$ 1,211,857**	**$ 721,755**	**$ 721,863**	**$ 817,328**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation				
Recreation Services Manager	1.0	1.0	1.0	1.0
Recreation Supervisor	1.0	1.0	0.0	1.75
Recreation Coordinator	0.0	1.0	1.0	0.0
Administrative Technician	0.0	1.0	0.0	1.0
Office Assistant IV	1.0	0.0	0.0	0.0
Office Assistant III	1.0	0.0	0.0	0.0
Total Department FTEs	**4.0**	**4.0**	**2.0**	**3.75**

To be updated with temporary staff hours for adopted budget

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Recreation Services

Administration
Program 6110

PROGRAM PURPOSE

The Administration Division supports all divisions with registration assistance, customer service, numerous reports, billing, budgeting and clerical duties. It oversees the Department's online registration program, manages office functions, works with the Recreation and Parks Commission, acts as liaison to the MB Senior Citizens, Inc., and processes all Film and Use Permits including facility and park reservations both internal to City operations as well as for the public.

BUDGET OVERVIEW

The Administrative Division is comprised of 2.0 FTE – the Recreation Services Manager and the Administrative Technician which is being restored in FY 2021/22, along with numerous part-time staff who provide activity classes, senior services, facility management, and additional office support.

55+ Health and Wellness Faire

RECREATION SERVICES
Administration

Recreation Administration

Fund 001-6110

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 82,182	$ 29,954	$ 95,500	$ 25,000	$ 20,700	$ 50,000
Use of Money & Property	37,304	110,979	50,000	20,461	20,068	90,000
Other Revenues (Credit Card Fees Deducted)	(9,970)	(29,019)	(19,500)	(10,000)	(19,572)	(15,000)
TOTAL REVENUES	**$ 109,516**	**$ 111,914**	**$ 126,000**	**$ 35,461**	**$ 21,196**	**$ 125,000**
EXPENDITURES						
Salaries and Benefits	$ 251,596	$ 264,707	$ 383,475	$ 192,394	$ 175,000	$ 223,456
Supplies	5,642	6,026	2,200	2,710	2,182	3,000
Services	18,244	27,185	25,434	25,934	25,719	27,353
Capital Outlay	-	-				
Other	3,972	4,339	8,000	4,000	4,000	4,000
Equipment Replacement						
TOTAL EXPENDITURES	**$ 279,454**	**$ 302,257**	**$ 419,109**	**$ 225,038**	**$ 206,901**	**$ 257,809**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation - Administration				
Recreation Services Manager	1.00	1.00	1.00	TBU
Recreation Supervisor	0.00	0.10	0.00	TBU
Recreation Coordinator	0.00	0.35	0.00	TBU
Administrative Technician	0.00	1.00	0.00	TBU
Office Assistant IV	0.00	0.00	0.00	TBU
Office Assistant III	0.75	0.00	0.00	TBU
Total Department FTEs	**1.75**	**2.45**	**1.00**	**TBU**

To be updated with staff allocations and temp staff hours for adopted budget

RECREATION SERVICES
Administration

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	• Continue to work with the Community Foundation of Estero Bay to generate funds and receive over $30k in scholarships for youth. • Rebuild recreation class offerings responsibly
Improve Public Spaces	• Work with Morro Bay in Bloom to enhance the landscaping at the Community Center. • Work with the local Pickleball group to plan for additional Pickleball courts.

KEY PROGRAM SERVICES

- Develop and monitor the Department's annual operating budget
- Administer activity classes
- Liaison to MB Senior Citizens, Inc.
- Manage use of City facilities and property through Use Permits
- Manage registration system and processes

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimate	2021/22 Budget
Number of participations in Cuesta College Emeritus Classes	4100	4100	0	2000
Number of permits processed – internal and external	550	310	100	500

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Recreation Services

Sports
Program 6130

PROGRAM PURPOSE

The Recreational Sports Division provides adult and youth sports leagues including their end of season tournaments, the annual Brian Waterbury Rock to Pier Run, a Labor Day Softball Tournament, the Junior Lifeguard programs as well as support staff for the various City Special Events. The Division also works with youth and adult sports advisory boards to provide All-Star opportunities for some youth sports leagues. Additionally, the Division provides administrative oversight of the Aquatics Programs.

BUDGET OVERVIEW

The Recreational Sports Division's FY 2021/22 budget has reduced from prior years with the Recreation Supervisor position dropped to ¾ time and part-time staff funding reduced as well. With these reductions, the Division will still be able to move forward with most standard youth sports programs, limited adult sports and tournaments, as well as some reduction in special event offerings.

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RECREATION SERVICES
Sports

Recreation Sports

Fund 001-6130

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 230,697	$ 242,087	$ 190,779	$ 25,000	$ 112,015	$ 200,000
Use of Money & Property						
Other Revenues						
TOTAL REVENUES	**$ 230,697**	**$ 242,087**	**$ 190,779**	**$ 25,000**	**$ 112,015**	**$ 200,000**
EXPENDITURES						
Salaries and Benefits	$ 274,153	$ 334,566	$ 275,934	$ 49,988	$ 71,230	$ 215,653
Supplies	81,989	62,884	66,303	73,571	7,825	63,000
Services	39,947	43,922	48,403	46,000	2,965	40,140
Capital Outlay	-		-	-		-
Other	-		-	-		-
Equipment Replacement	-		-	-		-
TOTAL EXPENDITURES	**$ 396,089**	**$ 441,372**	**$ 390,640**	**$ 169,559**	**$ 82,020**	**$ 318,793**

FY 20/21 - Covid restrictions on Sports reduced revenue & expenses.

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation - Sports				
Recreation Supervisor	1.00	0.75	0.00	1.00
Office Assistant IV	0.25	0.00	0.00	TBU
Total Department FTEs	**1.25**	**0.75**	**0.00**	**TBU**

To be updated with staff allocations and temp staff hours for adopted budget

RECREATION SERVICES
Sports

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	• Increase participation numbers for established programs • Rebuilding sports programs responsibly.
Improve Public Spaces	• Work with City's Consolidated Maintenance team to maintain athletic facility at Lila Keiser Park

KEY PROGRAM SERVICES

- Provide quality youth and adult sport opportunities
- Offer annual 10k and ½ marathon runs
- Administer summer Junior Lifeguard program
- Work with Community Partners to expand sport offerings
- Liaison with outside sport tournament directors (renters) to ensure smooth events

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	20201/21 Estimate	2021/22 Budget
Youth Basketball Program Registrations	262	278	0	300
Youth Soccer Program Registrations	201	213	0	200
Junior Lifeguard Program Registrations	198	240	240	250

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Recreation Services

YOUTH PROGRAMS

Program 6140

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PROGRAM PURPOSE

The Youth Services Division provides programming to meet the needs and interests of elementary, middle, and high school aged students and families. The division offers a before and after school enrichment program – licensed by the State of California Community Care Licensing – at our local elementary school as well as managing the Morro Bay Teen Center. Youth Services also offers enriching day camps for elementary school aged students as well as being responsible for the coordination and delivery of many City special events. Additionally, it provides and coordinates recreation enrichment classes and youth camps.

BUDGET OVERVIEW

The Youth Services Division is comprised of 1.0 FTE – a reclassified position from Recreation Coordinator to Recreation Supervisor. Additionally, numerous part-time staff are funded to help deliver before and after school childcare, summer camp, various holiday camps, as well as many City special events.

RECREATION SERVICES
Youth Services

Recreation Youth Services

Fund 001 6140

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 204,928	$ 219,331	$ 175,738	$ 100,000	$ 326,668	$ 225,000
Use of Money & Property						
Other Revenues						
TOTAL REVENUES	**$ 204,928**	**$ 219,331**	**$ 175,738**	**$ 100,000**	**$ 326,668**	**$ 225,000**
EXPENDITURES						
Salaries and Benefits	$ 253,039	$ 272,624	$ 241,109	$ 175,545	$ 285,000	$ 80,291
Supplies	12,508	11,473	6,538	11,750	3,929	11,600
Services	17,458	9,760	28,912	12,320	17,861	11,076
Capital Outlay	-		-	-		-
Other	-		-	-		-
Equipment Replacement	-		-	-		-
TOTAL EXPENDITURES	**$ 283,005**	**$ 293,857**	**$ 276,559**	**$ 199,615**	**$ 306,790**	**$ 102,967**

FY 20/21 Child Care Services offerred to community during pandemic. Staff to run program charged in this department.

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation - Youth				
Recreation Coordinator	0.00	0.50	0.95	0.00
Recreation Supervisor	0.00	0.00	0.00	1.00
Office Assistant IV	1.00	0.00	0.00	TBU
Total Department FTEs	**1.00**	**0.50**	**0.95**	**1.00**

To be updated with staff allocations and temp staff hours for adopted budget

RECREATION SERVICES
General Fund – Youth Services

FY 2020/21 KEY PROJECTS

Objective	Key Projects
Fiscal Sustainability	• Increase program offerings to include Holiday (non-school) camps and special day events • Rebuilding the youth programs. • Offer City special events.

KEY PROGRAM SERVICES

- Provide a quality school-age before and after school program, licensed by the State of California
- Work with other City/County agencies to offer Monster Skate Series (youth skateboard contest)
- Coordinate City special events including Holiday Tree Lighting, Halloween Trick or Treat, Mermaid/Pirate Parade, and the City's 4th of July Celebration.
- Provide an enriching day camp program for elementary students during summer and other non-school days

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Kids Club Spring Camp	100	162	50	100
Kids Club Participations (school year care)	14324	11590	10000	15000
Kids Camp Participations (summer care)	2430	860	1600	2000

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Recreation Services

TEEN PROGRAMS
PROGRAM 6143

PROGRAM PURPOSE

As part of the Youth Services Division, Teen Programs' purpose is to provide oversight of the Teen Center while offering age-appropriate opportunities within the Center. The Teen Action Committee (teen volunteers), coordinated by the Youth Services Coordinator, is a program designed to engage high school students in community volunteerism.

BUDGET OVERVIEW

The FY 2021/22 Youth Services Division – Teen Programs is funded with 0.15 FTE Recreation Supervisor overseeing the program and a small placeholder included for some part-time staffing in anticipation of a reopening.

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RECREATION SERVICES

TEEN PROGRAMS

Recreation Teen

Fund 001-6143

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 5,191	$ 6,640	$ 3,712	$ 6,000	$ -	$ 5,000
Use of Money & Property						
Other Revenues	-		-	-		-
TOTAL REVENUES	**$ 5,191**	**$ 6,640**	**$ 3,712**	**$ 6,000**	**$ -**	**$ 5,000**
EXPENDITURES						
Salaries and Benefits	$ 34,870	$ 22,155	$ 17,514	$ 34,550	$ 2,035	$ 20,009
Supplies	4,266	6,279	2,920	6,000	-	3,000
Services	6,331	6,022	5,929	5,672	5,132	5,400
Capital Outlay	-		-	-		-
Other	-		-	-		-
Equipment Replacement	-		-	-		-
TOTAL EXPENDITURES	**$ 45,467**	**$ 34,456**	**$ 26,363**	**$ 46,222**	**$ 7,167**	**$ 28,409**

FY 20/21 - Teen center mostly closed due to covid pandemic. Utilities not disconnected.

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation -Teen				
Recreation Coordinator	0.15	0.15	0.05	TBU
Total Department FTEs	**0.15**	**0.15**	**0.05**	**TBU**

To be updated with staff allocations and temp staff hours for adopted budget

RECREATION SERVICES
Teen Programs

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	• Seek out grant funding to assist with programming efforts • Initiate a scanned membership card system • Rebuilding the program responsibly.
Improve Public Spaces	• Make efforts to create a clean, safe, rentable facility for public use

KEY PROGRAM SERVICES

- Teen Action Committee support to community civic groups, events, adopt a park, and activities
- Provide safe and healthy alternatives to risky behaviors for students in 6th – 12th grades

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Teen Center visits	7530	4120	0	4000

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Recreation Services

COMMUNITY POOL
PROGRAM 6144

PROGRAM PURPOSE

As a part of the Recreational Sports Division, the Community Pool Program provides aquatic opportunities to the residents and visitors of the Estero Bay.

BUDGET OVERVIEW

The Community Pool Program's FY 2021/22 budget has been increased in part-time staffing over the previous year to allow for a robust pool program that includes swim lessons, aqua aerobics, Master's swim, and lap swim.

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RECREATION SERVICES
Community Pool

Recreation Community Pool

Fund 001 6144

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 29,099	$ 92,638	$ 76,571	$ 46,000	$ 117,882	$ 100,000
Use of Money & Property						
Other Revenues						
TOTAL REVENUES	**$ 29,099**	**$ 92,638**	**$ 76,571**	**$ 46,000**	**$ 117,882**	**$ 100,000**
EXPENDITURES						
Salaries and Benefits	$ 35,792	$ 68,945	$ 67,908	$ 46,821	$ 87,434	$ 77,350
Supplies	2,391	4,920	2,695	4,000	1,051	2,000
Services	16,168	40,204	28,583	30,500	30,500	30,000
Capital Outlay	-		-	-		-
Other	-		-	-		-
Equipment Replacement	-		-	-		-
TOTAL EXPENDITURES	**$ 54,351**	**$ 114,069**	**$ 99,186**	**$ 81,321**	**$ 118,985**	**$ 109,350**

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Recreation -Community Pool				
Recreation Supervisor	0.00	0.15	0.00	TBU
Total Department FTEs	**0.00**	**0.15**	**0.00**	**TBU**

To be updated with staff allocations and temp staff hours for adopted budget

RECREATION SERVICES

Community Pool

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Fiscal Sustainability	• Ensure cost recovery of 70 – 79% • Maximize use of rented pool space by providing a mix of programs/activities for various age groups simultaneously • Move forward with LG training class through MBHS curriculum

KEY PROGRAM SERVICES

- Full-service year-round aquatics programming
- Multi-generational programs/activities

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Summer Swim Lessons	400	300		
Year-Round Swim Lessons	0	0	600	1000

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Risk Management

FUND 430

DEPARTMENT PURPOSE

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

BUDGET OVERVIEW

The FY 2020/21 budget includes increased expenditures to account for forecasted increased insurance premiums, the most notable being the anticipated 25% increase in property insurance. The property reinsurance market is continuing to harden with many carriers reducing capacity in California citing concerns over wildfire risk and mudslides. The California JPIA has also experienced multiple high severity claims during the past few years, affecting all members. In addition, the budget includes the allocation of staff time with 0.34 FTE of the City Clerk and 0.25 of the Deputy City Clerk for a total of 0.59 FTE positions being funded within this program. This allocation is to capture true cost of staff time utilized for risk management purposes. The proposed budget reflects salaries and benefits associated with negotiated agreements with the City's bargaining groups.

Risk Management is funded through charges to Departments, including charges for risk administration identified in the Cost Allocation Plan. In 2015, the City Council adopted Resolution No. 32-15 which set the minimum committed balance as $100,000 for the Risk Management Fund. That policy was rescinded in November 2018, with the adoption of Resolution No. 89-18 which established a new minimum fund level of $350,000 and target level of $500,000. At the request of the City Council, ending fund balance is represented on the Summary of Revenues and Expenditures. This is the first budget where this information is presented in this manner, so a comparison to last year's Adopted Budget cash balance is not feasible. The Risk Management fund is projected to end FY 2020/21 and FY 2021/22 fund balance of $1,657,396 and $1,777,486, respectively. These fund balances are substantially higher than the target fund balance level for this fund of $500,000 (per Resolution 89-18). It is prudent to have a significant fund balance for the Risk Management Fund to handle catastrophic incidents. However, staff believes it is prudent to conduct an analysis of appropriate fund balance during FY 2021/22. This work effort will be done in collaboration with the Finance Department (Administrative Services Analyst).

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RISK MANAGEMENT

Risk Management Internal Service Fund
Fund 430
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance*	$ 1,506,609	$ 1,437,169	$ 1,396,690	$ 1,624,257	$ 1,624,257	$ 1,657,396
REVENUES						
Charges for Services	$ 1,387,783	$ 1,428,236	$ 1,815,437	$ 1,574,636	$ 1,559,856	$ 1,559,856
Use of Money & Property	9,912	31,520	40,182	-	-	
Other Sources	(1,890)	-	-		-	-
TOTAL REVENUES	**$ 1,395,805**	**$ 1,459,756**	**$ 1,855,619**	**$ 1,574,636**	**$ 1,559,856**	**$ 1,559,856**
Transfers In						
General Fund Transfer In	$ -	$ 30,000	$ 20,654	$ -	$ 15,687	$ -
Other Transfer In (CAP from				$ 14,780		21,125
TOTAL REVENUES AND TRANSFERS IN	**$ 1,395,805**	**$ 1,489,756**	**$ 1,876,273**	**$ 1,589,416**	**$ 1,575,543**	**$ 1,580,981**
EXPENDITURES						
Salaries and Benefits	$ 55,380	$ 100,782	$ 91,044	$ 94,201	$ 87,886	$ 58,628
Supplies	-	-				
Services	21,536	8,698	124,220	1,000	14,560	16,000
Workers Compensation	465,372	517,357	516,073	575,251	570,078	514,810
Unemployment Insurance	54,413	19,620	57,989	25,894	22,527	25,894
General Liability Insurance	778,340	750,558	727,048	705,516	666,260	661,506
Property Damage Insurance	60,684	89,253	101,524	126,905	130,886	157,693
Vehicle Insurance	17,473	21,459	19,243	24,054	20,627	24,276
Other Insurance	12,047	22,508	11,565	12,140	29,580	2,084
TOTAL EXPENDITURES	**$ 1,465,245**	**$ 1,530,235**	**$ 1,648,706**	**$ 1,564,961**	**$ 1,542,404**	**$ 1,460,891**
Transfers Out						
General Fund	$ -	$ -	$ -	$ -	$ -	$ -
General Fund Vehicle Replacement	-	-	-	-	-	-
TOTAL TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 1,465,245**	**$ 1,530,235**	**$ 1,648,706**	**$ 1,564,961**	**$ 1,542,404**	**$ 1,460,891**
		-	-			
Ending Fund Balance	$ 1,437,169	$ 1,396,690	$ 1,624,257	$ 1,648,712	$ 1,657,396	$ 1,777,486

* Transitioned to Fund Bal for FY 21-22 Budget

Notes:

FY 2105/16 – Reso No. 32-15 was adopted, which set the minimum balance for this fund at $100,000. The Transfer out of $898,643 moves excess cash to strategic investment spending account for specific purposes.

FY 2018/19 - $30,000 transfer in from the general fund to support fund balance. The General Liability category includes boiler, earthquake and flood insurance.

FY 2018/19 – Reso No. 89-18 was adopted, which rescinded Reso No. 32-15 and set the minimum balance for this fund at $350,000 and target level at $500,000.

RISK MANAGEMENT

KEY PROGRAM SERVICES

The California Joint Powers Insurance Authority (CJPIA) is the provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. The City's Risk Manager coordinates with the CJPIA and City Attorney's office to:

- Process all claims related to the City's property, liability and workers' compensation insurance.
- Coordinate activities related to coverage documents.
- Monitor City contracts for compliance with the City's insurance requirements.
- Work with City staff to develop and implement policies and programs to reduce exposure to risk.

Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Risk Management				
City Clerk/HR/Risk Manager	0.34	0.34	0.34	0.34
Executive Asst/Dep City Clerk	0.25	0.25	0.25	0.25
Total Department FTEs	0.59	0.59	0.59	0.59

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Information Technology

FUND 450

DEPARTMENT PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 budget includes increased operational costs due to higher demand for IT needs of all departments and an aging inventory of computers. Service charges incorporated into the budget include Microsoft Office, Azteca Systems for CityWorks, ESRI Enterprise (ArcGIS Support), Tyler Technologies (New World), the City's website domain fee and Laserfiche, City sourced, and virus software among other software services. The fund has previously paid for the license to use OpenGov, the online financial data visualization and transparency platform. This tool has received very limited use by the public (less than 20 users in the last 90 days), staff does not use it at all because of available data in the City's financial management software and due to staffing reductions in Finance other priorities the data is not up to date. Due to the lack of use, the staff time required and the annual cost ($8,348.60) the subscription service will be discontinued. Budget and financial information is available on the City's website. During the coming year there is $75,000 programmed in contractual services to assist with implementation of an IT strategic plan and/or implementation of upgraded technology equipment.

In FY 2021/22, $75,000 in service charges has been included as revenue to support expenditures within this fund. These are revenues estimates based on receipt of user fees to help offset the costs of CityWorks, ArcGIS Support and Laserfiche maintenance. The City will be utilizing Laserfiche in FY 2021/22 to scan documents for retention and efficiency purposes.

Information Technology is funded through charges to Departments, including charges for IT administration and user support identified in the Cost Allocation Plan. The Information Technology fund is estimated to end FY 2021/22 with unassigned fund balance of $170,760 - above the target funding level of $150,000 per Resolution 85-18. The budget includes salary and benefit cost increases consistent with agreements negotiated with the bargaining groups.

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INFORMATION TECHNOLOGY

Information Technology Internal Service Fund
Fund 450
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance*	$ 212,712	$ 156,143	$ 177,193	$ 230,809	$ 230,809	$ 287,449
REVENUES						
Transfer In from General Fund	$ 352,644	$ 357,080	$ 354,970	$ 354,620	$ 354,620	$ 383,166
Contributions from other G/F Depts	-	107,944	65,779	-		-
General Fund Contribution	-	-	-	-		-
Use of Money & Property	2,116	4,812	4,034	-		-
Other Sources	-	14,344	212	111,000	66,005	75,000
TOTAL REVENUES	**$ 354,760**	**$ 484,180**	**$ 424,995**	**$ 465,620**	**$ 420,625**	**$ 458,166**
Transfers In						
Water	$ -	$ 20,679	$ 30,171	$ 24,277	$ 24,277	$ 24,520
Sewer	-	20,679	30,019	32,767	32,767	33,095
Harbor	-	26,318	36,803	48,778	48,778	49,266
Wastewater Treatment	-	30,079	25,095	27,719	27,719	27,996
TBID	-	3,760	14,827	13,399	13,399	-
Trolley/Transit	-		2,066	2,118	2,118	2,139
Assessment Districts	-		861	314	314	317
TOTAL REVENUES AND TRANSFERS IN	**$ 354,760**	**$ 585,695**	**$ 564,837**	**$ 614,992**	**$ 569,997**	**$ 595,499**
EXPENDITURES						
Salaries and Benefits	$ 204,796	$ 229,701	$ 219,779	$ 208,572	$ 197,712	$ 240,674
Supplies	29,962	26,448	16,934	25,500	26,657	25,500
Services	176,571	295,915	274,371	288,988	288,988	446,014
Equipment Purchases	-	12,581	137	-		
TOTAL EXPENDITURES	**$ 411,329**	**$ 564,645**	**$ 511,221**	**$ 523,060**	**$ 513,357**	**$ 712,188**
Ending Fund Balance	$ 156,143	$ 177,193	$ 230,809	$ 322,741	$ 287,449	$ 170,760
Assigned Fund Balance - Laserfische						
Estimated Beginning Year FB				$ 47,000	$ 47,000	$ 113,005
Receipts				111,000	66,005	75,000
Expenditures				(65,000)	-	(65,000)
Estimated Ending FB				$ 93,000	$ 113,005	$ 123,005
Unassigned Fund Balance				**$ 229,741**	**$ 174,444**	**$ 47,755**

FY 2018/19 – Reso No. 85-18 was adopted, which set the minimum balance for this fund at $100,000 and target level at $150,000

INFORMATION TECHNOLOGY

Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Information Technology				
Admin Services Dir/Asst City Mgr	0.25	0.25	0.25	0.25
IT Services Technician	1.00	1.00	1.00	1.00
Total Department FTEs	1.25	1.25	1.25	1.25

KEY PROGRAM SERVICES

- Performs maintenance and upgrades of administrative network system (servers, PCs, notebooks, printers, hardware, and software).
- Make City-wide IT replacement program purchases.
- Provide customer technical support.
- Complete research and planning for new technology solutions.

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General Fund Facility Maintenance
FUND 052

PROGRAM PURPOSE

On January 20, 2011, escrow closed on the City-owned property at 781 Market Avenue, commonly referred to as the at the time Brannigan's Restaurant. The proceeds, less the escrow fees, amounted to $154,418, and were placed into this fund. Resolution No. 10-11 formally dedicated this revenue stream for management of the City's real property assets. The City carried the note and annual loan payments were deposited into this fund, to ensure that ongoing maintenance efforts continue.

On December 31, 2015, the City re-purchased 781 Market Avenue. The prior tenant, DiStasio's Restaurant on the Bay, vacated the property in February 2018. While a tenant of the property, DiStasio's lease payments were placed into this fund. Staff has begun to explore options to maintain facility maintenance activities and obtain new tenants for the property.

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BUDGET OVERVIEW

Since FY 2020/21 this account includes reduced rental income to account for short term tenants for the 781 Market Avenue property while the City assess long-term alternative development options for the site.

The FY 2021/22 budget includes expenditures utilizing existing fund balance. The budget includes funding repairs needed at the public service building, including carpet tiles, kitchenette dry rot repair, and upgraded ventilation fan and HVAC in the auditorium of the community center, upgraded alarms at the community center and new roof at the corporation yard sign shop. Additionally, there is a transfer out to fund a portion of the Coleman Restroom CIP.

The Facilities Maintenance fund is estimated to end FY 2021/22 with unassigned fund balance of $62,125. This fund balance meets minimum fund balance policy set by Council of $50,000 per Resolution 85-18.

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Facility Maintenance

General Fund Facility Maintenance
Fund 052
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Eff FY 17/18)	$ 109,463	$ 134,350	$ 110,603	$ 94,625	$ 94,625	$ 93,625
REVENUES						
Interest	$ 1,410	$ 2,888	$ 2,401	$ -	$ -	$ -
Sale of Property - Principal	-	105	-	-	-	-
Rental Income	65,250	12,000	27,000	24,000	24,000	24,000
TOTAL REVENUES	**$ 66,660**	**$ 14,993**	**$ 29,401**	**$ 24,000**	**$ 24,000**	**$ 24,000**
Transfers In	**25,500**	**-**	**10,000**	**-**	**-**	**-**
TOTAL REVENUES AND TRANSFERS IN	**92,160**	**14,993**	**39,401**	**24,000**	**24,000**	**24,000**
EXPENDITURES						
Supplies	$ 22,154	$ 3,127	$ 19,150	$ 18,000	$ 18,000	$ 24,000
Services	45,119	35,613	36,229	7,000	7,000	-
TOTAL EXPENDITURES	**$ 67,273**	**$ 38,740**	**$ 55,379**	**$ 25,000**	**$ 25,000**	**$ 24,000**
Transfers Out - Coleman Restroom CIP	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	31,500
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 67,273**	**$ 38,740**	**$ 55,379**	**$ 25,000**	**$ 25,000**	**$ 55,500**
Ending Fund Balance	$ 134,350	$ 110,603	$ 94,625	$ 93,625	$ 93,625	$ 62,125

FY 2017/18 – The lease tenant vacated the property in February 2018.

FY 2018/19 – Reso No. 85-18 was adopted, which set the minimum balance for this fund at $50,000 and target level at $75,000.

Facility Maintenance

FY 2021/22: Same projects included for next year because other priorities existed in FY 2020/21.

SCHEDULE OF DEFERRED INFRASTRUCTURE MAINTENANCE
AS OF THE 2020/21 FISCAL YEAR

OVERALL PRIORITY	SITE PRIORITY	SITE	WORK DESCRIPTION	QUARTER	BUDGET ESTIMATE
		Public Works	Repair / replace dry rot in kitchenette		5,000.00
		Public Works	Continue carpet tile replacement		7,000.00
		Corporation Yard	Re-roof sign shop		5,000.00
		Community Center	Upgrade alarms to include security		5,500.00
		Community Center	Upgrade and interlock ventilation fans with new HVAC in Auditoriums		2,500.00
					25,000.00

NOTE: Project completion is based on priority and available funding.

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General Government Vehicle Replacement
FUND 050

PROGRAM PURPOSE

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

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BUDGET OVERVIEW

The Vehicle Maintenance fund is estimated to end FY 2021/22 fund balance of $450,299. Per Resolution 85-18, the Vehicle Maintenance Fund has a minimum funding level equal to twenty percent of the replacement value of the general fund fleet with a target funding level equal to thirty-three percent of the replacement value of the general fund fleet. The development of the vehicle replacement schedule has been delayed but staff will be finalizing a vehicle replacement schedule to determine what fleet replacement value is for future discussion. One truck for Consolidated Maintenance will be purchased in FY 2021/22.

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General Government Vehicle Replacement

General Government Vehicle Replacement
Fund 050
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 181,357	$ 196,985	$ 325,748	$ 346,355	$ 346,355	$ 350,299
REVENUES						
Uses of Money & Property	$ 2,679	$ 5,861	$ 8,203	$ -		$ -
Other Sources	-	72,902	12,404	19,900	19,891	-
TOTAL REVENUES	**$ 2,679**	**$ 78,763**	**$ 20,607**	**$ 19,900**	**$ 19,891**	**$ -**
Transfers In	$ 75,000	$ 50,000	$ -	$ 83,380	$ 30,000	$ 138,000
TOTAL REVENUES AND TRANSFERS IN	**$ 77,679**	**$ 128,763**	**$ 20,607**	**$ 103,280**	**$ 49,891**	**$ 138,000**
EXPENDITURES (Equipment)						
Administration	$ -	$ -	$ -	$ -		$ -
Police	62,051	-	-	49,900	45,947	-
Fire	-	-	-	53,380		-
Public Services	-	-	-	-		-
Consolidated Maintenance	-	-	-	-		38,000
TOTAL EXPENDITURES	**$ 62,051**	**$ -**	**$ -**	**$ 103,280**	**$ 45,947**	**$ 38,000**
Transfers Out	$ -	$ -	$ -	$ -		$ -
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 62,051**	**$ -**	**$ -**	**$ 103,280**	**$ 45,947**	**$ 38,000**
Ending Fund Balance	$ 196,985	$ 325,748	$ 346,355	$ 346,355	$ 350,299	$ 450,299

Notes:

FY 2017/18 – Request from Police Department to replace the Watch Commander vehicle that is past its useful life.

FY 2018/19 – Reso No. 85-18 was adopted, which set the minimum balance for this fund at 20% of the replacement value of the general fund fleet and target level at 33% of the replacement value of the general fund fleet.

FY 2018/19 included contribution to the purchase of a replacement fire engine which will be repaid by Measure Q funds over a five-year period.

FY 2021/22 includes replacement of one truck for Consolidated Maintenance funded by Measures Q & E. Other vehicles are proposed to be purchased using American Rescue Plan Act funding (due to lack of funding due to revenue declines caused by COVID-19). A final decision on the use of ARP funding will be made as soon as US Treasury rules are finalized.

Capital Replacement Fund
FUND 460

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 budget reflects a $100,000 transfer consistent with the financial projection to return to the discipline of setting aside funds for future replacements as economic activity returns post covid pandemic. No expenditures are being requested from this fund however, staff may bring forward future budget adjustments if needed.

Capital Replacement Accumulation Fund
Fund 460
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 201,613	$ 203,426	$ 207,998	$ 213,113	$ 213,113	$ 213,113
REVENUES						
Uses of Money & Property	$ 2,240	$ 4,572	$ 5,115	$ -		$ -
TOTAL REVENUES	**$ 2,240**	**$ 4,572**	**$ 5,115**	**$ -**	**$ -**	**$ -**
Transfers In	$ -		$ -	$ -		$ 100,000
TOTAL REVENUES AND TRANSFERS IN	**$ 2,240**	**$ 4,572**	**$ 5,115**	**$ -**	**$ -**	**$ 100,000**
EXPENDITURES						
City Council	$ -		$ -	$ -		$ -
Administration	427		-	-		-
Administrative Services	-		-	-		-
Police	-		-	-		-
Fire	-		-	-		-
Community Development	-		-	-		-
Public Works	-		-	-		-
TOTAL EXPENDITURES	**$ 427**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Ending Cash Balance	$ 203,426	$ 207,998	$ 213,113	$ 213,113	$ 213,113	$ 313,113

Notes:
FY 2017/18 – Council directed staff to cut $100K in annual funding from the proposed budget thereby providing a balanced budget for Council action. This direction was provided by Council given the CalPERS rate reductions and future impacts resulting from this. FY 2021/22 is the first year there is sufficient funding available to restore this contribution.

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Project Accumulation Fund
FUND 470

PROGRAM PURPOSE

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

BUDGET OVERVIEW

There is no budgeted activity in FY 2021/22 for this fund.

Project Accumulation Fund 470

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 286,642	$ 289,219	$ 295,728	$ 301,921	$ 301,921	$ 301,921
REVENUES						
Uses of Money & Property	$ 3,184	$ 6,509	$ 7,261	$ -	$ -	$ -
TOTAL REVENUES	**$ 3,184**	**$ 6,509**	**$ 7,261**	**$ -**	**$ -**	**$ -**
Transfers In	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL REVENUES AND TRANSFERS IN	**$ 3,184**	**$ 6,509**	**$ 7,261**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
City Council	$ -	$ -	$ -	$ -		$ -
Administration	607	-	-	-		-
Administrative Services	-	-	-	-		-
Police	-	-	-	-		-
Fire	-	-	-	-		-
Community Development	-	-	-	-		-
Public Works (other)	-	-	1,068	-		-
TOTAL EXPENDITURES	**$ 607**	**$ -**	**$ 1,068**	**$ -**	**$ -**	**$ -**
Transfers Out	$ -	$ -	$ -	$ -		$ -
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 607**	**$ -**	**$ 1,068**	**$ -**	**$ -**	**$ -**
Ending Cash Balance	$ 289,219	$ 295,728	$ 301,921	$ 301,921	$ 301,921	$ 301,921

Notes:
FY 2017/18 – Council directed staff to cut $150K in annual funding from the proposed budget thereby presenting a balanced budget for Council action.

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Opportunity Fund
FUND 480

PROGRAM PURPOSE

This Fund was established with the adoption of the FY 2015/16 budget. Its purpose is to set aside funding for future unknown projects.

BUDGET OVERVIEW

FY 2020/21 budget provided for the small balance available in this fund, of approximately $1,000 to the transferred to the General fund as this is undesignated money and can be used for operational purposes. This will close out this fund.

Opportunity Fund

Fund 480

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 48,401	$ 48,404	$ 31,448	$ 1,094	$ 1,094	$ -
REVENUES						
Uses of Money & Property	$ 3	$ 1,044	$ 306	$ -	$ -	$ -
Other Revenues	-	-	-	-		-
TOTAL REVENUES	**$ 3**	**$ 1,044**	**$ 306**	**$ -**	**$ -**	**$ -**
Transfers In	$ -	$ -	$ -	$ -		$ -
TOTAL REVENUES AND TRANSFERS IN	**$ 3**	**$ 1,044**	**$ 306**	**$ -**	**$ -**	**$ -**
EXPENDITURES (Other)						
City Council	$ -	$ -	$ -	$ -	$ -	$ -
Administration	-	-	198	-	-	
Administrative Services	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ 198**	**$ -**	**$ -**	**$ -**
Transfers Out	$ -	$ 18,000	$ 30,462	$ 683	$ 1,094	$ -
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ 18,000**	**$ 30,660**	**$ 683**	**$ 1,094**	**$ -**
Ending Fund Balance	$ 48,404	$ 31,448	$ 1,094	$ 411	$ -	$ -

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General Government Compensable Leave
FUND 005

PROGRAM PURPOSE

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

In the past, funds accumulated in this account were from a 1% charge to regular payroll hours and were used for employee separation payments. The fund will be evaluated for a recommended funding level, generally at 30% to 35% of compensable leave liabilities.

BUDGET OVERVIEW

For FY 2021/22 provides for a $25,000 transfer in to continue to bring the fund up to the 30 percent minimum target funding.

The Compensable Leave fund is estimated to end FY 2021/22 with unassigned fund balance of approximately $248,768. Per Resolution 85-18 the minimum funding level is thirty percent of the compensated absences liability that is established at year-end with a target funding level equal to thirty-five percent of the liability. It is worth noting that for FY 2021/22 staff evaluated the "Other Pay" category for each department to determine a historical funding need. As a result of this analysis the operating departments should have sufficient funding in this line item to pay for departing employees' payouts. Approximately $286,000 was added to the General Fund departmental budgets for this purpose.

In accordance with Resolution 19-19 establishing the City of Morro Bay's Revenue and Expenditure Policies, new, discretionary revenues are to be treated as one-time revenues for a period of 24 months to establish that they are permanent, steady and reliable ongoing revenues. The City's revenue policy specifically states that new revenues may be appropriated to replenish internal service funds. This is the case in FY 2021/22

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General Government Compensable Leave

General Government Compensable Leaves
Fund 005
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 229,130	$ 279,130	$ 223,768	$ 223,768	$ 223,768	$ 223,768
REVENUES						
Governmental Funds	$ -	$ -	$ -	$ -	$ -	$ -
Water Operations						
Sewer Operations						
Harbor Operations						
Wastewater Operations						
Internal Service - IT & Risk	-		-	-		-
TOTAL REVENUES	**$ -**		**$ -**	**$ -**	**$ -**	**$ -**
Transfers In	$ 50,000	$ 30,000	$ -	$ -		$ 25,000
TOTAL REVENUES AND TRANSFERS IN	**$ 50,000**	**$ 30,000**	**$ -**	**$ -**	**$ -**	**$ 25,000**
EXPENDITURES						
Salary & Beneifts	$ -	$ 85,362	$ -	$ 19,769	$ -	$ -
TOTAL EXPENDITURES	**$ -**	**$ 85,362**	**$ -**	**$ 19,769**	**$ -**	**$ -**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ 85,362**	**$ -**	**$ 19,769**	**$ -**	**$ -**
Ending Cash Balance	$ 279,130	$ 223,768	$ 223,768	$ 203,999	$ 223,768	$ 248,768

FY 2019/20 Compensable Leave (see Comprehensive Annual Financial Report - pg 71 , footnote 7)	**$ 832,557**
(on-going annual expenditures, excluding transfers)	
Minimum Level 30%	**$ 249,767**
Target Level 35%	**$ 291,395**

Notes:
FY 2016/17 – The City began accumulating funds to pay for this liability. As of June 2016, the total unfunded compensable leave liability was $686,000.

As of June 30, 2017, compensable leave liability totaled $798,908.48. The fund balance of $229,130 is approximately 29% of the liability amount. Staff recommends a 25-30% funded balance remain in the 005 fund.

FY 2018/19 – Reso No. 85-18 was adopted, which set the minimum balance for this fund at thirty percent of the compensated absences liability that is established at year-end with a target funding level equal to thirty-five percent of the liability.

General Fund Emergency Reserve
FUND 051

PROGRAM PURPOSE

On October 23, 2018 the Council adopted Resolution No. 85-18 was approved which adopted the General Fund Reserve Policy and rescinded Resolution No. 33-15 establishing the unassigned General Fund Emergency Reserve. The General Fund Reserve Policy establishes the following standards for the General Fund Emergency Fund (GFER):

a. The GFER minimum balance is set at 25%.
b. The GFER target balance is set at 28%.
c. Annually, the GFER balance is calculated by using the most recently adopted operating budget (excluding one-time expenditures and on-going transfers out).
d. Based on the existing balance in the Fund, as compared to the target calculated balance, amounts, greater than the 28% target balance, will be deemed available for spending, during the annual budget adoption process, at the City Council's discretion.
e. Any use of the GFER Fund must be approved by the City Council.
f. Efforts should be made to restore the GFER if it falls below the minimum fund balance.

BUDGET OVERVIEW

As a result of the devastating loss of revenue during FY 2019/20 as a result of COVID-19 Pandemic, the City relied on $1,438,192 from the GFER to fill the deficit. FY 2020/21 budget anticipated using $1,283,319 million in reserve funds to help offset the devastating revenue losses due to COVID-19 Pandemic on the City's General Fund. In spite of layoffs of almost 10% of the City's full-time staff, the City still faced a significant budget deficit. At mid-year (February 23, 2021) Council adopted budget amendment which lowered the transfer from the GFER to the General Fund to $671,000 due to revenues rebounding more quickly than originally budgeted. The estimated revenues are coming in significantly higher than projected at mid-year so there is a possibility that the General Fund will need no contribution from the GFER and a contribution may be possible to restore some of the GFER used in FY 2019/20 to fill the COVID-19 driven deficit. As noted in the next chart the GFER will end FY 2020/21 and FY 2021/22 with a fund balance of $1.75 million and $2.66 million, respectively. Next year several transfers into the GFER including from the American Rescue Plan Act fund (although staff is still reviewing the Interim guidelines from the US Department of Treasury to determine eligibility of this use). This is well below the minimum funding level of $3.4 million minimum reserve policy. Any new revenues received by the City will first be directed to replenish emergency reserves for future use, especially considering there may results at the end of FY 2022/21.

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General Fund Emergency Reserve

Fund 051

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 3,569,106	$ 3,276,278	$ 3,140,915	$ 1,766,131	$ 1,766,131	$ 1,747,761
REVENUES						
Use of Money & Property	$ 35,838	$ 56,082	$ 58,422	$ -	$ -	$ -
Gain On Investment	-	12,842	14,420	-		-
Sale of Property - Open Space Alliance Cerrito Peak	-	-	-	-	265,000	-
Other- Reimb Tidelands Storm Water Pocket Park	-	-	-	-	49,130	-
TOTAL REVENUES	**$ 35,838**	**$ 68,924**	**$ 72,842**	**$ -**	**$ 314,130**	**$ -**
Transfers In:						
From Measure Q & E Fund				$ 282,250	$ 282,250	$ 125,000
From American Rescue Plan Act Fund						500,000
From General Operating Fund						250,000
From GF Excess Revenues over Exp at end of FY 17/18		$ 38,194				
Pmt	$ -		$ 56,250	$ 56,250	$ 56,250	56,250
TOTAL REVENUES AND TRANSFERS IN	**$ 35,838**	**$ 107,118**	**$ 129,092**	**$ 338,500**	**$ 652,630**	**$ 931,250**
EXPENDITURES (Capital)						
Loss On Investment	6,834	-	-	-	-	-
TOTAL EXPENDITURES	**$ 6,834**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Transfers Out						
General Fund - PERS Side fund Liability	$ 301,247	$ -	$ -	$ -		$ -
General Fund - Tidelands Storm water Pocket Park			49,130			
General Fund- Support Operating Deficit	$ 20,585		1,438,192	$ 1,283,319	$ 671,000	$ -
Fire Engine Capital Project Loan to Measure E	-	242,481	-	-		-
Fire- Power Safety /Power Shutdown			16,554	20,853	-	20,200
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 328,666**	**$ 242,481**	**$ 1,503,876**	**$ 1,304,172**	**$ 671,000**	**$ 20,200**
Ending Fund Balance	$ 3,276,278	$ 3,140,915	$ 1,766,131	$ 800,459	$ 1,747,761	$ 2,658,811

Per Reso 85-18 Def:General Fund Budgeted Operating Expenditures (excl Transfers Out & Incl Measure Q)	**$ 13,515,784**
Minimum Level 25%	**$ 3,378,946**
Target Level 28%	**$ 3,784,420**

Fire Engine Loan	**$ 242,481**	**$ 242,481**
Repayment Schedule:		
FY 2019/20	56,250	56,250
FY 2020/21	56,250	56,250
FY 2021/22	56,250	56,250
FY 2022/23	56,250	56,250
FY 2023/24	17,481	17,481
Total	**$ 242,481**	**$ 242,481**

General Fund Emergency Reserve

Notes:
FY 2015/16 – The reserve calculation changed; the average of three-years' trailing actual operating revenues is the basis for the new calculation.

FY 2017/18 – Transfer out to the General Fund includes $321,832 for prepayment of the City's CalPERS Safety Fire Side fund.

GF Revenues Three Year Average (2014/15, 2015/16 and 2016/17) -	$11,819,501
GFER Target (24.5%) of three-year average revenues	x24.5%
Target GFER Min Balance	$2,895,778

FY 2018/19 – Includes one-year of repayment of CalPERS side fund prepayment from FY 2017/18. Resolution No. Reso No. 85-18 was adopted, which set the minimum balance for this fund at twenty-five percent of annual on-going operating expenditures (excluding transfers out) based on the most recent adopted budget. The target funding level is equal to twenty-eight percent of annual on-going operating expenditures (excluding transfers-out) based on the most recent adopted budget.

FY 2019/20 – Transfer to the General Fund of $642,970 included pay off Tier II and Tier III of the CalPERS Unfunded Accrued Liabilities and pre-negotiated lump sum payments to employees.

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MEASURE Q & E REQUESTS

PROGRAM PURPOSE

Measure Q, approved in 2006, authorized a one-half cent increase in the transaction and use tax to preserve Morro Bay's safety and character by funding essential services including upgrading firefighter/paramedic equipment, fire stations, police, street and pothole repairs, improving storm drains to protect the bay from pollution, and other general city services. Measure E, a one cent increase to the transaction and use tax (approved by the Morro Bay voters in November 2020), articulated the following priorities: maintain 24/7 911 public safety emergency response, 24/7 police services, 24/7 paramedic services, health emergency/disaster preparedness; keep beaches, public areas, and public restrooms safe and clean (including the Embarcadero and Harbor); invest in infrastructure; and protect Morro Bay's financial stability and City services. Both Measures (increasing the City sales tax to one and one-half cent) included a provision that required an independent annual financial audit and establishing an independent citizens' advisory committee to review annual expenditures.

BUDGET OVERVIEW

As with many of the City's funds, the city's Measure Q & E fund, funded through an add-on 1 1/2 percent transaction tax, was significantly impacted as a result of the COVID-19 pandemic and corresponding Federal, State and Local shelter-at-home orders, effectively closing businesses and stalling the nation's economy. In FY 2019/20 actual revenues from Measure Q equaled to $987,019. This impact is ten percent below the adopted budget and $238,917 less than the prior year's actual revenues. Staff is currently projecting that Measure Q will be impacted again this year and estimated Measure Q revenues will equal $942,000. It is important to note that expenditures that otherwise would have been made using Measure Q funding could not be funded. Many of these costs are one-time costs and staff is proposing that these requests be funded using American Rescue Plan Act of 2021 (ARPA) funding. There is a separate narrative in Section G of the budget that explains the proposed expenditures using ARPA funds. The City has yet to receive any payments from Measure E increase of 1 cent. In the absence of data specifically related to implementation of this critical funding source staff used historical data from Measure Q receipts and HdL's projections to estimate that the City should receive $282,500 in FY 2020/21.

The FY 2021/22 Measure Q and E budget is based on conservative projections of transaction tax for FY 2019/20 and FY 2020/21, analyzing recession period receipts from 2008 through 2011 and FY 2012/13, combined with the City's sales tax consultant, HDL's projections. In total, the proposed budget recommends revenues of $3,302,325. Expenditures will exceed this amount because there is funding from previous years available to be spent in the coming year and project carry-forward from project balances that will not be spent in the current fiscal year (FY 2020/21).

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Given the passage of Measure E the City Council adopted principles and priorities for expenditures in FY 2021/22. The adopted principles are as follows:

1. Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor Department personnel and equipment, in addition to the Fire Headquarter debt service and the Fire engine loan repayment;
2. Maintain or enhances cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses, and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
3. Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects.
4. Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

In April 2021 staff presented a draft Measure Q and E expenditure plan to the Citizen's Finance Advisory Committee (CFAC) which aligned the proposed expenditures with these principles. The CFAC made modifications to fund more public safety personnel (Police and Fire sworn staff) and reduce the amount dedicated to storm drain repairs and maintenance. The proposed expenditure plan models the request from CFAC with one minor exception (explained below) and includes the following major categories of expenditures:

- Staffing: To maintain and/or restore positions in the Police Department (3 positions), Fire Department (3 positions and overtime), Public Works – Consolidated Maintenance (2 positions) and the Harbor Department (Lifeguard Program).
- Equipment replacement in the Police Department (Records Management System and Report Dictation System), Public Works – Consolidated Maintenance (truck replacement) and Harbor Department (replace firefighting equipment).
- Services: To maintain and/or enhance public spaces through sidewalk replacement and trash disposal on the waterfront.
- Capital Improvement project implementation support: A pool of Measure Q & E funding is identified so that staff capacity can be enhanced to ensure CIP projects are implemented in a timely fashion.
- Capital Improvement Investments: Street paving, Storm drain maintenance and repair as well as intersection improvements at State Route 1/Main Street/State Route 41 are included in this plan.
- Debt Service on Fire Station United States Agriculture Department loan and repayment to the General Fund Emergency Reserve for purchase of a fire engine.
- Restore the General Fund Reserve

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The funding plan contained in this proposed budget mirrors CFAC's desires with one exception. Instead of funding one Fire Engineer/Paramedic and two Fire Captains, the proposal outlined below includes two Fire Engineer/Paramedic and one Fire Captains. This was done to maximize Measure Q and E funds available for storm drain repairs and maintenance and create parity between Morro Bay Police and Fire Departments (2 line sworn personnel and 1 supervisor for each department).

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MEASURE Q & E

Fund 003

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ 73,557**	**$ 184,052**	**$ 342,964**	**$ 645,260**	**$ 645,260**	**$ 1,018,621**
REVENUES						
Sales & Use Tax - Measure Q	1,062,872	1,225,936	987,019	987,000	942,000	1,100,775
Sales & Use Tax - Measure E				282,250	282,250	2,201,550
Intergovernmental	-				-	
Interest	-	616	6,628		-	
Transfers In	-		-	-	-	
TOTAL REVENUES	**$ 1,062,872**	**$ 1,226,552**	**$ 993,647**	**$ 1,269,250**	**$ 1,224,250**	**$ 3,302,325**
EXPENDITURES						
Salaries and Benefits	$ 260,362	$ 317,020	$ 288,217	$ 279,123	$ 279,123	$ 1,464,929
Supplies	34,661	34,058	188,800	77,000	77,000	-
Services	41,987	-	3,023	-	3,023	379,450
Capital Outlay	-	43,139	43,655	-		
Other	14,600	30,137	20,600	20,600	20,600	-
Debt Service	83,194	82,938	90,806	90,806	82,643	90,807
Equipment	-	60,000	56,250	86,250	86,250	56,250
TOTAL EXPENDITURES	**$ 434,804**	**$ 567,292**	**$ 691,351**	**$ 553,779**	**$ 548,639**	**$ 1,991,436**
Transfers Out:						
General Fund for$73,876 Undesignated Over-time Fire and $38,000 to replace Cons Maint. Truck.						111,876
To Harbor Fund to Support firefighting system replacement in New Harbor Patrol Vessel						50,000
General Fund Emergency Reserve				$ 282,250	$ 282,250	125,000
GF CIP: Pavement Management Plan	$ 502,016	$ 500,348	$ -	$ 683,749	$ 20,000	850,000
GF CIP: Storm Drains	$ -	$ -	$ -	$ -	$ -	314,000
GF CIP: Highway 1/41 Interchange						600,000
TOTAL EXPENDITURES AND TRANSFERS OUT	$ 936,820	$ 1,067,640	$ 691,351	$ 1,519,778	$ 850,889	$ 4,042,312
Ending Fund Balance	**$ 184,052**	**$ 342,964**	**$ 645,260**	**$ 394,732**	**$ 1,018,621**	**$ 278,634**
Assigned Fund Balance						
-Fire Station Debt Service Reserve		$ 48,586	56,749	64,912	$ 64,912	$ 73,075
Unassigned Fund Balance		**$ 294,378**	**$ 588,511**	**$ 329,820**	**$ 953,709**	**$ 205,559**

The following chart summarizes proposed expenditures by department.

MEASURE Q & E EXPENSES BY DEPARTMENT			
Department:	**4110 - Police Department**		
Personnel Services			
	Regular Pay	$	257,755.00
	Employer Paid Benefits	$	74,649.06
	Pension Normal Cost	$	61,113.71
	Pension Unfunded Accrued Liab (UAL)	$	67,234.36
	Other Post Employment Benefit (OPEB) Expense	$	30,247.20
	Account Classification Total: Personnel Services Police	$	460,752.13
	Contract Services	$	109,450.00
	Account Classification Total: Services Police	$	109,450.00
	Department Total: 4110 - Police Department	$	570,202.13

Department:	**4210 - Fire Department**		
	Regular Pay	$	272,415.00
	Overtime Pay	$	44,267.44
	Part-Time Pay	$	131,577.12
	Employer Paid Benefits	$	75,635.45
	Pension Normal Cost	$	50,659.94
	PERS Unfunded Accrued Liability	$	79,042.61
	Overtime Transfer to General Fund	$	73,875.56
	Account Classification Total: Personnel Fire Department	$	727,473.12
	Debt Service Interest Expense	$	44,903.22
	Debt Service Principal Repayment	$	45,903.78
	Account Classification Total: Debt Service Fire Station	$	90,807.00
	Department Total: 4210 - Fire Department	$	818,280.12

Department:	**5205 - Public Works - Engineering**		
	Contracted Services	$	175,000.00
	Sub-total Public Works Engineering	$	175,000.00
Department:	**5251 - Public Works Consolidated Maintenance**		
	Regular Pay	$	112,504.00
	Part-Time Pay	$	61,776.00
	Employer Paid Benefits	$	56,508.68
	Pension Normal Cost	$	8,550.30
	PERS Unfunded Accrued Liability	$	30,239.91
	Account Classification Total: Personnel Consolidated Maint	$	269,578.90
	Contracted Services	$	25,000.00
	Sub-total Public Works - Consolidated Maintenance	$	294,578.90
	Department Total: PW Engineering & Consolidated Maintenance	$	469,578.90

Department:	**6510 - Harbor Operating**		
	Part-Time Pay Lifeguard	$	67,730.70
	Employer Paid Benefits Lifeguards	$	13,269.30
	Account Classification Total: Personnel Harbor	$	81,000.00
	Solid Waste Disposal	$	70,000.00
	Equipment Acq - Firefighting for HP boat	$	50,000.00
	Department Total: Harbor Operting & Harbor Lifeguards	$	201,000.00

Totals by Department excluding all Transfers except for Fire OT	**$**	**2,059,061.16**

MEASURE Q & E
Purpose and Description

Purpose	2021-2022 Measure Q & E Request Description
Police Department Staffing	Funding to support 2 Police Officers and 1 Sergeant. These costs include regular pay and all benefits. Maintain current sworn officer strength in MBPD. These police officers and Sergeant support the Police Department's commitment to public safety. This investment supports sworn personnel at 2020-21 level which ensures public safety response capabilities 24 hours a day 7 days a week 365 days a year.
Fire Department Staffing	Funding to support 2 Engineer/Paramedic and one Captain Paramedic. These costs include regular pay, benefits, and Federally mandated overtime. This investment will help to maintain the council desired and strategic plan recommended 4 firefighters on duty each day. This investment supports sworn personnel at 2020-21 level which ensures public safety response capabilities 24 hours a day 7 days a week 365 days a year.
Consolidated Maintenance Staffing	Funding to support one existing and one restored Consolidated Maintenance Workers. position will enhance cleanliness of waterfront, embarcadero, public restrooms, and parks. This funding will support daily operations.
Harbor Department staffing - Lifeguard Program	Funding to support the ocean lifeguard program. This support allows the Harbor Department to maintain 2019 service levels, keep beaches safe and clean, and maintain 911 emergency response.
Public Works Engineering CIP Implementation Resources	Pool of funding to restore capacity in Public Works Engineering to achieve implementation of Capital Improvement Projects. Approach to pursue (such as staffing consultant support or another approach) will be a top priority for the new Public Works Director to assess and propose a pathway forward.
Records Management System	Morro Bay Police Department must update the existing Records Management Systems (RMS) to be compatible with San Luis Obispo County Sheriff's Office dispatch. Updating and upgrading is mandatory to maintain inter-agency operations. This one-time expense will require $19,470 in on-going maintenance once implemented.
Police Report Dictation System	This system would allow officers to dictate their reports instead of typing. This is an efficiency tool and may reduce overtime when a report has to be written at the end of a shift.
Fire Station #53 debt service + 10% reserve	The United States Department of Agriculture has loaned the City of Morro Bay $1.5 million to complete construction of the Harbor Street Fire Station. Completing the construction of the fire station has been a Council priority for several years and we celebrated the grand opening in 2013. Additionally, Council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold.

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MEASURE Q & E
Purpose and Description

Purpose	2021-2022 Measure Q & E Request Description
Replacement for Engine 5391 with Type 1 Fire Combination Pumper	Fund a 5-year payment schedule for a Fire Apparatus that meets Type 1 Fire Combination Pumper standards to replace Engine 5391. Engine 5391 has been in service in Morro Bay since 1994 and was on the Fire Department's replacement schedule in 2014. The service life was extended 5 years to 2019 due to the performance and testing results of Engine 5391. A $275,000 down payment is being funded by the Bertha Shultz Trust with a total price of $675,000.
Consolidated Maintenance Truck Replacement	Truck has racked up more than 150,000 miles, body and components are severely rusted and daily use is required. Existing trust will be removed from the fleet inventory in accordance with fleet disposal procedures. Having a reliable truck will assist the team maintain public spaces, parks, Embarcadero, restrooms, and the waterfront.
Harbor Patrol Firefighting System Replacement	Replace ineffective and old firefighting system in new (surplus) harbor patrol vessel being acquired from Port San Luis. This will allow the Harbor Department to maintain the department's firefighting capability on the waterfront which directly supports keeping beaches, harbor and waterfront safe and clean.
Contribution to the General Fund Emergency Reserve	Due to the impacts of COVID-19 Pandemic the General Fund Emergency Reserve (GFER) was used to support General Fund operations due to the precipitous drop in General Fund Revenues. In FY 2020/21 a total of $1,438,192 of the GFER balance This contribution will assist to restore a portion of the GFER.
Storm Drain Maintenance and Repairs	This project includes the addition of approximately 125 feet of 27-inch diameter pipeline along Kern Street, between Pecho Street and Anchor Street. The flow in this area flows to the northeast and causes flooding in the 10-year storm conditions near the roundabout at Morro Bay Boulevard and Quintana Road. To mitigate flooding it is recommended this 27-inch pipeline is added to convey the flow west.
Pavement Management Program	This project will restore and maintain the City's streets. This funding is supplemented by SB 1 Road Maintenance and Rehabilitation Account (RMRA) Revenues. SB 1 gas tax of $300,000 carry-forward from previous years will supplement the Measure Q & E funds such that a total of $1,150,000 will be dedicated to street paving in FY 2022-22.
State Route (SR) 1/Main Street at SR 46 Intersection Improvements	Replace the existing 4-way stop signs by either constructing a modern roundabout design to eliminate the closely spaced adjoining intersections or install new coordinated traffic signals using the existing intersection configuration. The SR1/Main St.@ SR41 Interchange Improvements will reduce congestion and decrease Greenhouse Gas emissions. The project contributes to two of Council's Adopted Goals by advancing Economic Sustainability and Improving Infrastructure. These funds will be the City's match to SLO Council of Governments funding for continuation of the next phase of design.

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AMERICAN RESCUE PLAN ACT FUND
FUND 019

PROGRAM PURPOSE

Since the first case of Coronavirus disease 2019 (COVID-19) was discovered in the United States in January 2020 a worldwide pandemic has been declared, the State of California declared a State of Emergency as did the County of San Luis Obispo. In Morro bay a local emergency was declared on March 2020 and in accordance with the State and County's public health orders schools, restaurants, hotels, other non-essential businesses, government offices were closed. Over the month's restrictions on our lives continued to change, sometimes relaxing and other times becoming more stringent. The health, economic, fiscal and wellbeing impacts have been unprecedented in Morro Bay. As it relates to revenues the City's General Fund experienced significant drops in revenue due to the early stay at home orders. Because the City is a "tourism-based economy", transient occupancy tax (aka hotel or bed tax), sales tax derived from restaurants and gas stations declined precipitously. In response the City reduced General Fund expenditures by $2.8 million or 18% percent. This was achieved by defunding 3.5 positions, reallocated one General Fund position from the General Fund to an enterprise fund and laid-off 70 part-time employees, implementing a 5% to 8% salary concession by all employees and drastic reductions or elimination of funding in training, travel, services and supplies. The recommended FY 2020/21 staffing levels reflect the following changes from the prior year adopted budget:

- *City Administration* – The FY 2020/21 budget reflects the defunding of 1.0 FTE Account Clerk due to COVID-19 financial impacts.
- *Police* – The FY 2020/21 budget reflects to defunding of 1.0 FTE Police Officer position due to COVID-19 financial impacts.
- *Public Works* – The FY 2020/21 Public Works budget reflects the defunding of 4.0 FTE positions due to COVID-19 financial impacts.
- *Recreation* – The FY 2020/21 budget reflects that COVID-19 is preventing most recreation services at this time, in the traditional sense, from being offered and therefore includes defunding of 2.0 FTE positions.
- *Community Development* – The FY 2020/21 budget includes the defunding of an Associate Planner position and part-time Code Enforcement and Office Assistant due to COVID-19.
- *Fire Department* – The FY 220/21 budget includes less funding for the reserve, seasonal and temporary firefighter programs.
-

In response to these and other impacts of COVID-19, Congress passed, and President Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. Provisions of ARPA provide "Fiscal Recovery Funds" for local governments including cities for "infrastructure and public services" among other things. Interim rules were issued on Monday May 11, 2021 which defines government services to include "…but are not limited to, maintenance or pay-go funded building infrastructure including roads; modernization of cybersecurity…; health services; environmental remediations; school or education services; and provision of police, fire and other public safety service." Replenishment of reserves used to ensure government services continued in the aftermath of revenue losses is prohibited. The expenditure plan presented below was developed before the Interim Rules were published. Staff recognizes that a revised plan will need to be developed and presented to the Council before adoption of the budget in June 2021.

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BUDGET OVERVIEW

The City of Morro Bay is estimated to receive $1,980,000 from ARPA funding as a pass through from the State of California. The following table represents what was being considered for the first installment of $990,000. As mentioned above a revised proposal will be presented to Council after further review of the US Treasury Interim Final Rule.

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FY 2021/22 American Rescue Plan Act

Department	Request	One-time cost	Justification and other city resources needed to implement
Police	Replacement Patrol Vehicle	$ 130,000	Replacement Scheduled in 2020, Current mileage is 95K+ miles and used 365 days a year (avg. 25K miles a year). Onetime costs to replace equipment that isn't reusable. Replace 2 vehicles in 21/22 and 1 vehicle in 22/23
	Police Subtotal	**$ 130,000**	
Harbor	Beach Lifeguard Truck	$ 45,000	Replace 2013 Ford 150 4x4 truck to maintain 2019 service levels for Lifeguard program; keep beaches, harbor and waterfront safe and clean. Department response vehicles used on the beach typically have a ~5-7 year lifespan due to the corrosive environment in which they operate.
	Harbor Subtotal	**$ 45,000**	
Fire	Replacement Command Vehicle	$ 80,990	Replacement of 2007 Ford Expedition 24/7 Code three vehicle for response and Fire Marshal duties This vehicle has been used for more than 135,000 miles. Funding from mutual aid responses in 2019 and 2020 where placed into the vehicle replacement fund to assist with purchase. In 2020-2021, this vehicle was out of service for 3-weeks for repairs. Replace 1 vehicle in 21/22 and 1 vehicle in 22/23
	Mobile Data Units	$ 49,000	Replacement as per replacement schedule Mobile Data Units in 7 apparatustus. The MDUs are required as a second mode of dispatch and sensitive information is transmitted on the MDUs. Our community's ISO rating is tied to our dispatch delivery system.
	Multi-Department Request Handheld Radios	$ 56,550	Multi-Department Request, the Fire and Harbor Department are requesting replacement mobile and handheld radios. The replacement of our communication equipment is currently scheduled on the Fire Department's replacement schedule. For communication inoperability during coastal incident emergencies and the Fire Department management of the emergency communications, the Fire Department manages the programing and repair of the handheld radios for both departments. The Fire and Harbor Departments have an unique partnership in ocean rescue, surf rescue, medical aids, and fire boat operations.
	Fire New Service Subtotal	**$ 186,540**	
Public Works	Equipment Replacement	$ 25,000	Equipment Replacement : Need new ride on lawn mower for parks
	Capital Outlay	$ 8,000	Replace broken aggregate/concrete trash receptacles and tennis nets at parks.
	Equipment Replacement	$ 10,000	Equipment Replacement: Need new walk behind auto scrubber for large wood and vinyl floor areas.
	Facility Capital	$ 20,000	Replace all old horizontal plumbing waste lines under Vets Hall.
	Public Works Subtotal	**$ 63,000**	
Finance	IT Replacements	$ 35,000	Replace 50% of desktops in FY 21-22. Replace some with laptops to enhance off-site working and emergency response
	City Hall Back up generator	$ 25,000	Even though the server room is moving to Fire HQ it is relevant to have redundency. City Hall has no back up power source at this time.
	Restore General Fund Emergency Reserve	$ 500,000	Restore some of the reserve used to compensate for loss of general Fund revenue
	Finance Subtotal	**$ 560,000**	

American Rescue Plan Act

American Rescue Plan Act
Fund 019
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ -	$ -	$ -	$ -	$ -	$ 990,000
REVENUES						
Corona Vgirus Relief Income					990,000	990,000
TOTAL REVENUES	**$ -**	**$ -**	**$ -**	**$ -**	**$ 990,000**	**$ 990,000**
Transfers In	-	-	-	-	-	-
						$ -
TOTAL REVENUES & TRANSFERS IN	**$ -**	**$ -**	**$ -**	**$ -**	**$ 990,000**	**$ 990,000**
Police Patrol Vehicles						$ 130,000
Fire Command Vehicle						80,990
Fire Equip Acquisition	-	-	-	-		105,550
Grounds Maint Supplies	-	-	-	-		8,000
Contractual Services - Cons Maint	-	-	-	-		20,000
Equipment Acquisition-Cons Maint.						35,000
Harbor Truck						45,000
City Hall Back-up Generator	-	-	-	-		25,000
IT Equipment Replacement						35,000
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 484,540**
Transfers out To GFER Emergency Relief Fund 051 (Final determination pending based on Treasury Department guidelines)						$ 500,000
TOTAL TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 500,000**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 984,540**
Ending Fund Balance	$ -	$ -	$ -	$ -	**$ 990,000**	**$ 995,460**

Morro Bay Tourism Business Improvement District

DEPARTMENT PURPOSE

On April 27, 2009, Ordinance No. 546 was enacted, establishing Chapter 3.60 of the Morro Bay Municipal Code, which is entitled Tourism Business Improvement District (MBTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then used to promote tourism in Morro Bay. The overall objective is market Morro Bay as a visitor destination and increase the number of visitors who stay at the City's lodging establishment ("heads in beds"). For the first year, the MBTBID assessment rate was 3%; ensuing years were set at 2%, per the Ordinance. On September 13, 2010, staff introduced Ordinance No. 562, which increased the MBTBID assessment rate back to 3%. The Ordinance was passed on September 27, 2010 and became effective October 28, 2010. In FY 2019-20 MBTBID added Vacation Rentals as equal partners in representation by the Tourism Department adding approximately $160,000 annually to the marketing of Morro Bay.

BUDGET OVERVIEW

During Fiscal Year 2020-21 an assessment of the future structure of the Morro Bay Business Improvement District was completed. As a result of this analysis the Council decided to facilitate the transition to a non-profit in which the City serves as the fiscal agent for the collection and pass-through of the assessments. The City will receive a 2 percent administrative fee for providing this service to the members of the District. As a result, the summary of revenues and expenditures will only show the total revenues to be collected on behalf of the MBTBID and expenditures in the "Other" category which represents the pass-through amount to the new non-profit. The two percent administration fee appears as a "Transfer out" to the General fund. This transition includes amending the ordinance that addresses the structure to remove reference to the Council's appointment authority related to the TBID board. This will occur after the new non-profit is formed in FY 2021/22.

DRAFT

TBID

Fund 007

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ 279,026**	**$ 296,699**	**$ 36,986**	**$ 36,986**	**$ 202,379**	**$ 879,490**
REVENUES						
TOT - Assessments	$ 802,877	$ 829,289	$ 686,881	$ 550,000	$ 926,015	$ 926,015
Interest	$ 3,092	$ 5,056	$ 3,554			
Other	4,294	37,282	950	-		-
Transfers In - GF Contribution	125,428	145,837	60,000	-		-
Intrafund Transfer		65,000	46,397	-		-
TOTAL REVENUES	**$ 935,691**	**$ 1,082,464**	**$ 797,782**	**$ 550,000**	**$ 926,015**	**$ 926,015**
EXPENDITURES						
Salaries and Benefits	$ 173,495	$ 195,467	$ 209,122	$ 24,180	$ 46,088	$ -
Supplies	5,230	4,873	4,854	3,500	-	-
Services	719,810	848,112	555,115	331,100	176,989	-
Capital Outlay	-	-	-	-		-
Other	-	-	-	-		1,779,678
Debt Service	-	-	-	-		-
Equipment	-	-	-	-		-
TOTAL EXPENDITURES	**$ 898,535**	**$ 1,048,452**	**$ 769,091**	**$ 358,780**	**$ 223,077**	**$ 1,779,678**
Transfers Out						
General Fund 2% Admin	$ 16,140	$ 16,403	$ 13,864	$ 25,827	$ 25,827	$ 25,827
General Fund IT Support	3,343	3,760	14,827	-		-
AGP Video	-	-	-	-		-
Accumulation	-	273,562	-	-		-
Total Transfers	**$ 19,483**	**$ 293,725**	**$ 28,691**	**$ 25,827**	**$ 25,827**	**$ 25,827**
Total Expenditures & Transfers	**$ 918,018**	**$ 1,342,177**	**$ 797,782**	**$ 384,607**	**$ 248,904**	**$ 1,805,505**
Ending Fund Balance	**$ 296,699**	**$ 36,986**	**$ 36,986**	**$ 202,379**	**$ 879,490**	**$ -**

Notes:

FY 2018/19 – Accumulation Fund (Fund 954) was created, and monies transferred from fund balance.

FY 2019/20 – Includes a reduced contribution from the General Fund totaling $75,000.

FY 2020/21 - No General Funds will be contributed to MB TBID.

MB TBID

Tourism Business Improvement District

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded
Tourism (TBID)				
Tourism Manager	1.00	1.00	0.00	0.00
Total Department FTEs	**1.0**	**1.0**	**0.0**	**0.0**

MB TBID

Objective	FY 2020/21 Accomplishments
Assess continuation of the current structure of MBTBID	The City hired Civitas to evaluate the most beneficial structure for the MBTBID. The Council approved a transition to a non-profit structure. Transition is underway.

DRAFT

MB TBID
ACCUMULATION FUND

The TBID Accumulation fund is estimated to end FY 2020/21 with unassigned fund balance of $162,124. The budget presented assumes that this balance will be paid out to the successor organization in FY 21-22 after all final FY 2020/21 costs for the city are determined and invoices paid.

TBID ACCUMULATION

Fund 954

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ -**	**$ -**	**$ 208,521**	**$ 162,124**	**$ 162,124**	**$ 162,124**
REVENUES						
TOT - Assessments	$ -	$ -	$ -	$ -	$ -	$ -
Interest						
Other						-
Transfers In - GF Contribution						-
Intrafund Transfer		273,521	-	-	-	-
TOTAL REVENUES	**$ -**	**$ 273,521**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies						-
Services						-
Capital Outlay	-					-
Other	-					-
Debt Service	-					-
Equipment	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Transfers Out						
TBID Operating		65,000	46,397	-	-	-
Total Transfers	**$ -**	**$ 65,000**	**$ 46,397**	**$ -**	**$ -**	**$ -**
Total Expenditures & Transfers	**$ -**	**$ 65,000**	**$ 46,397**	**$ -**	**$ -**	**$ -**
Ending Fund Balance	**$ -**	**$ 208,521**	**$ 162,124**	**$ 162,124**	**$ 162,124**	**$ 162,124**

In FY 2018/19 the City Council adopted Resolution No. 85-18 adopting fund balance reserve minimum and target funding levels. Because the TBID is transitioning to a non-profit model in FY 2021/22 this policy will no longer be applicable.

Public Works

TRANSIT
FUND 301

PROGRAM PURPOSE

The Transit Fund accounts for the operations and activities associated with the City's public transit system, Morro Bay Transit, which operates a year-round deviated fixed route with fixed route and Call-A-Ride services, and a seasonal Trolley service. The deviated fixed route operates one fixed route that flexes, or deviates, off-route to provide limited, advance-scheduled, curb-to-curb service (Call-A-Ride), then returns to the next fixed route stop.

BUDGET OVERVIEW

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

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

LTF and STA revenues to be received by the City reflects a decrease from the prior year due to projections from the State Controller's Office.

The FY 2021/22 budget reflects the continuation of work on three capital projects: 1) purchase of a replacement trolley vehicle, 2) the City Park Transit hub improvements, and 3) the purchase of trolley/transit stop signage and information display cases.

DRAFT

PUBLIC WORKS
TRANSIT

Transit

Fund 301

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Eff 17/18)	**$ 371,809**	**$ 330,792**	**$ 222,735**	**$ 455,920**	**$ 455,920**	**$ 517,981**
REVENUES						
MB Transit						
Intergovernmental	$ 242,266	$ 221,022	$ 182,150	$ 209,024	$ 294,332	$ 297,136
Grants	5,737	-	-			
Charges for Service	18,391	14,123	11,634	15,000	-	4,000
Other		8,057	12,212		4,073	-
MB Trolley						
Intergovernmental	60,526	62,483	67,983	47,201	47,201	44,622
Other	11,654	11,415	7,525	9,000		8,000
Charges for Serivce	5,740	7,128	-	-	728	
Use of Money & Property	9,149	1,678	962	-	14,582	-
TOTAL REVENUES	**$ 353,463**	**$ 325,906**	**$ 282,466**	**$ 280,225**	**$ 360,916**	**$ 353,758**
EXPENDITURES						
MB Transit						
Supplies	$ 22,695	$ 23,429	$ 23,154	$ 18,823	$ 15,430	$ 18,780
Services	182,884	143,929	146,969	145,227	139,164	141,240
Capital Outlay	20,167	20,167	34,082			-
Other						
MB Trolley						
Supplies	8,684	9,764	8,013	9,340	3,730	13,023
Services	49,739	47,019	32,717	27,061	27,061	27,552
Capital Outlay	29,783	29,783	23,584			-
Other	753	-				
TOTAL EXPENDITURES	**$ 314,705**	**$ 274,091**	**$ 268,519**	**$ 200,451**	**$ 185,385**	**$ 200,595**
Transfers Out						
Transfer to LTF Roads		$ -	$ (278,639)	$ -	$ -	$ -
Transfer to Capital Improvement		6,805	12,390	65,283	$ 65,283	-
Vehicle Replacement - CAP				48,187		48,669
IT - CAP				-	$ 2,764	
General Fund - CAP	79,775	153,067	47,011	45,423	45,423	45,877
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 394,480**	**$ 433,963**	**$ 49,281**	**$ 359,344**	**$ 298,855**	**$ 295,141**
Ending Fund Balance	**330,792**	**222,735**	**455,920**	**376,801**	**517,981**	**576,598**

PUBLIC WORKS
Transit

FY 2021/22 KEY PROJECTS

Core Goals	Key Projects
Community Character	*Local Transit Services*
	The City's Transit Division operates for Morro Bay residents and visitors within the City limits a year-round fixed route and Call-A-Ride service (Morro Bay Transit), and a seasonal trolley service (Morro Bay Trolley). The City contracts with MV Transportation Inc., for the day to day operation of the local transit services which will expire at the end of 2020. Due to COVID-19 pandemic that has continued into 2021, City staff will work with MV Transportation to amend the existing operations agreement to provide for a one-year extension, effective January 1, 2022.
	Regional Transit Services
	The City, along with the cities of Arroyo Grande, Atascadero, Grover Beach, Paso Robles, Pismo Beach, San Luis Obispo and the County of San Luis Obispo, entered into a Joint Powers Authority (JPA) that created the San Luis Obispo Regional Transit Authority (RTA) to provide intercommunity public transportation that operates a regional fixed route and Americans with Disabilities (ADA) complementary paratransit (Runabout) services throughout San Luis Obispo County and beyond. City staff is a member on the Regional Transit Advisory Committee (RTAC), an advisory body to the RTA Board, the RTA Paratransit Appeals Board, and is the RTAC representative on the San Luis Obispo Council of Governments' Social Services Transportation Advisory Committee.
Provide Effective and Efficient Service	• Quarterly Reports on Transit operating statistics to San Luis Obispo Council of Governments • Annual State Controller's Report on Transit Financial Transactions for FY2020/21 • Annual Transportation Development Act Audit for FY2020/21 • Monthly Transit Management Reports from operations contractor
Provide Increased Mobility in the Community	• Complete vehicle purchase to replace 2009 Trolley vehicle • Initiate vehicle purchase to replace 2016 Transit bus • Complete development of Construction Plans and Bid Specifications for City Park Transit Hub Improvements Project, initiate planning permit application process, and initiate a construction bid for the project • Monthly Regional Pass & Runabout Rider Report to RTA for fare reimbursement (currently suspended during COVID-19 as transit agencies have not returned to full fare collection)

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PUBLIC WORKS
Transit

KEY PROGRAM SERVICES

- Operates year-round general public fixed route and Call-A-Ride bus services
- Operates seasonal general public fixed route trolley service
- Develops and monitors the Transit Fund annual operating budget
- Provides Administrative support related to monitoring the agreement between the City and MV Transportation, Inc. for operation of local fixed route, Call-A-Ride and Trolley services
- Represents the City on the Transportation Technical Advisory Committee (TTAC) to the San Luis Obispo Council of Governments (SLOCOG) Board
- Represents the City on the Regional Transit Authority (RTA) Advisory Committee (RTAC) to the RTA Board
- Represents the RTAC on the Social Services Transportation Advisory Committee (SSTAC) to the SLOCOG Board
- Represents the City at the Mobility, Operations and Ridership Development (MORD) quarterly meetings of the San Luis Obispo Regional Rideshare
- Represents the RTAC on the Paratransit Appeals Board
- Prepares annual Transportation Development (TDA) claim for funding from the State of California
- Works with auditor to prepare annual State Controller's Report of Financial Transactions for submission to the State of California
- Works with auditor to prepare annual fiscal audit of the Transit Fund for submission to the State of California and SLOCOG
- Prepares quarterly reports to the SLOCOG on key local transit operating statistics
- Prepares monthly reports to the RTA on regional bus pass sales and Runabout riders for fare reimbursement (currently suspended during COVID-19 as transit agencies have not returned to full fare collection)
- Develops informational material and promotes local transit services on City's website, Facebook and local government channel community calendar
- Coordinates with MV Transportation, Inc. staff on operation of local transit services
- Reviews permit applications and develops special events conditions for public area use permits that affect local transit services (currently suspended during COVID-19 and will resume when the City begins processing these permits again)
- Prepares applications for, monitors, and provides reporting on grant funds to purchase replacement vehicles and equipment

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PUBLIC WORKS
Transit

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
MB Transit Ridership	19,400	13,306	5,500	10,000
% Fixed Route Ridership	94%	98%	98%	97%
% Call-A-Ride Ridership	6%	2%	2%	3%
MB Trolley Ridership	16,500	9,925	3000	10,000
% Waterfront Route Ridership	41%	40%	100%	100%
% Downtown Route Ridership	24%	29%		
% North Route Ridership	35%	31%	n/a	

Note: Due to the impacts from COVID-19, Transit and Trolley experienced large decreases in ridership. Ridership began to see improvements in the summer but decreased again with the spike in cases during fall/winter months. For Trolley season in 2020, service was reduced to 1 route operating in the Downtown and Waterfront on Saturday and Sunday for two months during the summer. For 2021 summer season due to impacts from COVID-19, the Trolley will operate the same days and route, but will expand to include Morro Strand and State Park campgrounds since they are now open and operating under the State's reopening criteria.

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Morro Bay Transit
Fixed Route ✯ Call-A-Ride
Trolley

DRAFT

Public Works

BIKE PATH
FUND 302

PROGRAM PURPOSE

The Bike Path Fund accounts for Transportation Development Act (TDA) Local Transportation Fund (LTF) revenue allocated to the City each year from the State of California per TDA law. The City uses these monies for bikeway projects within the City limits.

BUDGET OVERVIEW

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

Two percent of the TDA LTF monies received by the City are specifically set aside for bike path/lane projects, as required by TDA law, $40,000 of which will be used for bike lane striping in FY 2021-22. A $3,500 transfer will be made to the Transit capital project fund to support the City Park Bus Stop renovation.

LTF revenue for the Bike Path Fund to be received by the City reflects a slight increase from the prior year due to projections from the State Controller's Office leading to a increase in the City's LTF allocation from the State.

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PUBLIC WORKS
Bike Path

Bike Path

Fund 302

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	**$ 11,959**	**$ 20,103**	**$ 29,885**	**$ 40,054**	**$ 40,054**	**$ 48,959**
REVENUES						
Intergovernmental	$ 8,000	$ 9,255	$ 9,291	$ 8,905	$ 8,905	$ 9,504
Grants	-	-	-	-		
Charges for Service	-	527	878	-		
Other	178	-	-	-		
TOTAL REVENUES	**$ 8,178**	**$ 9,782**	**$ 10,169**	**$ 8,905**	**$ 8,905**	**$ 9,504**
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -	$ -	$ -
Services	-	-	-	-		40,054
Capital Outlay	-	-	-	-		
Other	-	-	-	-		
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 40,054**
Transfers Out						
Interfund Transfers	$ -	$ -	$ -	$ -	$ -	$ 3,500
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 43,554**
Ending Fund Balance Balance	**$ 20,103**	**$ 29,885**	**$ 40,054**	**$ 48,959**	**$ 48,959**	**$ 18,409**

Public Works

LTF ROADS
FUND 303

PROGRAM PURPOSE

The LTF Roads Fund accounts for Transportation Development Act (TDA) Local Transportation Fund (LTF) revenue that may be allocated and transferred from the Transit Fund should remaining LTF funds after allocations for Morro Bay Transit and Trolley services and the State required set aside for the Bike Path Fund be identified. The City uses these monies for its Pavement Management Program.

BUDGET OVERVIEW

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

LTF revenue for the Transit Fund to be received by the City reflects a slight increase from the prior year due to projections from the State Controller's Office leading to an increase in the City's LTF allocation from the State. Per State law, TDA funds are to be used for transit services first (the fixed route, Call-A-Ride, and Trolley), and then can be used for Roads projects thereafter. A transfer of $70,630 will be made to support the annual street paving capital project in FY 21/22.

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PUBLIC WORKS
LTF Roads

LTF Roads

Fund 303

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (eff FY 17/18)	**$ 21,524**	**$ 21,717**	**$ 70,630**	**$ 72,397**	**$ 72,397**	**$ 72,397**
REVENUES						
Intergovernmental	$ -	$ -	$ -	$ -		$ -
Use of Money & Property	239	857	1,767	-		-
Charges for Service	-	134	-	-		-
Other	-	-	-	-		-
TOTAL REVENUES	**$ 239**	**$ 991**	**$ 1,767**	**$ -**	**$ -**	**$ -**
Transfers In						
Transfers In from transit	$ -	$ 73,292	$ -	$ -	$ -	$ -
TOTAL TRANSFERS IN	**$ -**	**$ 73,292**	**$ -**	**$ -**	**$ -**	**$ -**
TOTAL REVENUES AND TRANSFERS IN	**$ 239**	**$ 74,283**	**$ 1,767**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Supplies	$ -	$ -	$ -	$ -		$ -
Services	-	-	-	-		-
Capital Outlay	-	-	-	-		-
Other	46	-	-	-		-
TOTAL EXPENDITURES	**$ 46**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Transfers Out						
Transfer to Pavement Mgmt CIP	$ -	$ 25,370	$ -	$ -		$ 70,630
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 46**	**$ 25,370**	**$ -**	**$ -**	**$ -**	**$ 70,630**
Ending Fund Balance	**$ 21,717**	**$ 70,630**	**$ 72,397**	**$ 72,397**	**$ 72,397**	**$ 1,767**

Community Development Department

Community Development Grants
Fund 200

PROGRAM PURPOSE

The Fund is used to record the transactions related to the Community Development Block Grant and HOME programs. The CDBG program is a federal entitlement program that the City participates in through an Urban County Consortium with the County of San Luis Obispo, and the cities of Arroyo Grande, Atascadero, Paso Robles, Pismo Beach and San Luis Obispo. The City joined the Urban County program in 2011, and on May 24, 2011, adopted Resolution 36-11, affirming that partnership. The City's current partnership was extended with Council Resolution 45-20 which was adopted by Council on May 26, 2020 to approve a cooperation agreement between the City and County through fiscal year 2023.

The HOME program is a competitive Statewide program administered by the State of California Department of Housing and Community Development. Funds in this program consist of the City's former Citywide housing rehabilitation program for low-income homeowners which was discontinued in 2010.

BUDGET OVERVIEW

The fund will receive a $93,956 federal grant money passed through the County of San Luis Obispo for the purpose of awarding to two local two non-profits $89,766 to assist in low-income housing. The remaining $4,190 will reimburse city staff time for administering the program.

DRAFT

COMMUNITY DEVELOPMENT DEPARTMENT
Community Development Grants

Community Development Block Grant (CDBG) - County
Fund 200-206
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 1,002,865	$ 706,268	$ 1,008,547	$ 1,011,359	$ 1,011,359	$ 1,011,359
REVENUES						
County CDBG	$ -	$ 299,438	$ -	$ -	$ -	$ 93,956
CalHOME	-	-	-	-	-	-
CDBG Loan Repayment	2,841	2,841	2,812	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	**$ 2,841**	**$ 302,279**	**$ 2,812**	**$ -**	**$ -**	**$ 93,956**
Transfers In	$ 59,221	$ -	$ -	-	-	-
Total Revenues and Transfers	**$ 62,062**	**$ 302,279**	**$ 2,812**	**$ -**	**$ -**	**$ 93,956**
EXPENDITURES						
County CDBG						
Salaries and Benefits	$ 1,401	$ -	$ -	$ -	$ -	$ 4,190
Supplies	-	-	-	-	-	-
Services	356,922	-	-	-	-	-
Other	336	-	-	-	-	89,766
CalHOME						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-	-	-
Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
	-		-			-
HOME						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-	-	-
Services	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 358,659**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 93,956**
Ending Cash Balance	$ 706,268	$ 1,008,547	$ 1,011,359	$ 1,011,359	$ 1,011,359	$ 1,011,359

Notes:
FY 2015/16 – Payments received of $62,992 referred to a program income and offset loan amount.
FY 2016/17- Payments received of $60,819 referred to a program income and offset loan amount.
FY 2017/18 – Payments received of $3,000 referred to a program income and offset loan amount.

Community Development Department

TRUST AND AGENCY FUND
GENERAL PLAN MAINTENANCE FEE

FUND 515 2790

PROGRAM PURPOSE

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

DRAFT

COMMUNITY DEVELOPMENT DEPARTMENT

Trust and Agency – General Plan Maintenance Fee

Trust & Agency - General Plan Maintenance Fee
Fund 515-2790
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	**$ -**	**$ (156)**	**$ -**	**$ -**	**$ -**	**$ -**
REVENUES						
Charges for Service	$ 24,343	$ 21,067	$ 18,269	$ 15,500	$ 15,500	$ 15,500
TOTAL REVENUES	**$ 24,343**	**$ 21,067**	**$ 18,269**	**$ 15,500**	**$ 15,500**	**$ 15,500**
EXPENDITURES						
Other	$ 24,499	$ 20,911	$ 18,269	$ 15,500	$ 15,500	$ 15,500
TOTAL EXPENDITURES	**$ 24,499**	**$ 20,911**	**$ 18,269**	**$ 15,500**	**$ 15,500**	**$ 15,500**
Ending Cash Balance	$ (156)	$ -	$ -	$ -	$ -	$ -

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FY 2020/21 KEY PROJECTS

Key Projects
• Continued support of the General Plan/Local Coastal Program update with final adoption Spring 2021. • Continued support of the Zoning Code Update as part of the General Plan/Local Coastal Program Update. Draft Zoning Code was prepared and reviewed by Planning Commission in 2018. Revised Draft to be reviewed by Planning Commission in Spring 2021 with adoption expected by Summer 2021. Final adoption by City Council of the Zoning Code is expected by Summer 2021.

Community Development Department

HOUSING IN-LIEU SPECIAL REVENUE FUND
FUND 941

PROGRAM PURPOSE

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

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

BUDGET OVERVIEW

FY 2021/22 includes funding to support the 35-unit new construction Affordable Multi-family Housing Project at 405 Atascadero Road

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COMMUNITY DEVELOPMENT DEPARTMENT
Housing In-Lieu Fund

Affordable In-Housing In-Lieu Fund
Fund 941
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 116,800	$ 287,812	$ 299,564	$ 257,009	$ 257,009	$ 257,702
REVENUES						
Charges for Servicce	$ 175,200	$ 10,337	$ 13,426	$ 10,000	$ 10,000	$ 10,000
Use of Money and Property	2,570	6,746	6,759	-		-
Other Revenue	-		-	-		-
TOTAL REVENUES	**$ 177,770**	**$ 17,083**	**$ 20,185**	**$ 10,000**	**$ 10,000**	**$ 10,000**
EXPENDITURES						
Other	$ 6,427	$ 5,000	$ 62,740	$ 50,000	$ 9,307	$ 75,000
Transfers Out						
Capital Outlay						
TOTAL EXPENDITURES	**$ 6,427**	**$ 5,000**	**$ 62,740**	**$ 50,000**	**$ 9,307**	**$ 75,000**
Ending Fund Balance	$ 287,812	$ 299,564	$ 257,009	$ 217,009	$ 257,702	$ 192,702

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COMMUNITY DEVELOPMENT DEPARTMENT
Housing In-Lieu Fund

FY 2020/21 KEY PROJECTS

Key Projects
• Anticipate expenditure of $75,000 loan of affordable housing in-lieu funds to support 35-unit Multi-family affordable housing project at 405 Atascadero Road as approved with Council Resolution 46-20.

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Community Development Department

PARKING IN-LIEU
FUND 299

PROGRAM PURPOSE

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

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

BUDGET OVERVIEW

The FY 2021/22 budget includes a $50,000 expenditure to complete the parking study and a transfer out of $31,809 to match grant funds if received to install new electric vehicle charging stations.

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COMMUNITY DEVELOPMENT DEPARTMENT
Parking In-Lieu Fund

Parking In-Lieu Fund
Fund 299
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 365,417	$ 366,896	$ 376,263	$ 384,839	$ 384,839	$ 313,339
REVENUES						
Fees	$ -	$ 1,000	$ 7,309	$ -	$ -	$ -
Use of Money and Property	4,079	8,367	1,818	-		-
Transfer In	-	-	-	-		-
TOTAL REVENUES	**$ 4,079**	**$ 9,367**	**$ 9,127**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Contract Services	$ 1,840	$ -	$ -	$ 49,500	$ 49,500	$ 50,000
Intrafund Expense Transfer	760	-	-	-		-
Transfers Out	-	-	551	22,000	22,000	31,809
TOTAL EXPENDITURES	**$ 2,600**	**$ -**	**$ 551**	**$ 71,500**	**$ 71,500**	**$ 81,809**
Ending Fund Balance	$ 366,896	$ 376,263	$ 384,839	$ 313,339	$ 313,339	$ 231,530

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Community Development Department

ECONOMIC DEVELOPMENT IMPLEMENTATION FUND 907

PROGRAM PURPOSE

The fund is set up to provide financial support for economic development initiatives that contribute positively to the economic health of the City of Morro Bay. Programs/projects may be derived from the implementation sections of Economic Development Strategic Plan, Downtown Waterfront Strategic Plan or may come from other City collaborations.

BUDGET OVERVIEW

The FY 2021/22 budget includes receipt of SB 1090, Diablo Closure settlement money, earmarked for economic development purposes as well as $140,000 in expenses for an enhanced contract with the Chamber of Commerce for economic ombudsman, technical experts to assist the City with the Vistra Energy battery storage project as well as general plan implementation items.

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COMMUNITY DEVELOPMENT DEPARTMENT

Economic Development Implementation Fund

Economic Development

Fund 907

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ -	$ -	$ 189,712	$ 1,105,057	$ 1,105,057	$ 1,010,702
REVENUES						
Fees	$ -	$ -	$ -	$ -	$ -	$ -
Use of Money and Property	-	-	-	-		-
Settlement Revenues		-	733,085	117,806	117,806	117,806
Misc Revenues		-	200,000		100,301	-
Transfer In	-	191,388	65,000	-	-	-
TOTAL REVENUES	**$ -**	**$ 191,388**	**$ 998,085**	**$ 117,806**	**$ 218,107**	**$ 117,806**
EXPENDITURES						
Salaries and Benefits - Cons Maint	$ -	$ -	$ 455	$ -	62,300	$ -
Supplies			397			-
Canabis Community Benefit-Consulting Services			12,346	8,750	5,940	-
Com Dev - Consulting Services		1,676	7,873	45,000	31,054	19,800
Diablo Closure - Contract Services			55,669	75,000	79,168	140,000
Diablo Closure - Small Business Grants - Covid-19 Impacted				134,000	134,000	-
Intrafund Expense Transfer	-		6,000			-
Transfers Out- to Cap Imprv Fund Wayfinding Project	-	-	-	150,000		150,000
TOTAL EXPENDITURES	**$ -**	**$ 1,676**	**$ 82,740**	**$ 412,750**	**$ 312,462**	**$ 309,800**
Ending Fund Balance	$ -	$ 189,712	$ 1,105,057	$ 810,113	$ 1,010,702	$ 818,708

FY 2021/22 KEY PROJECTS

Key Projects
• Implementation of Wayfinding Signage • Support City efforts to process development application for the battery storage project by Vistra • Assist community with economic and financial recovery from the impacts of COVID-19 pandemic

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Government Impact Fees
FUND 900

PROGRAM PURPOSE

Government Impact Fees are collected to ensure that new development pays the cost of infrastructure expansion required to meet the needs of that new development, effectively transferring the cost burden of growth away from the existing rate and taxpayers.

The collected fees are held in fund 900, Government Impact Fees Accumulation Fund, and are permitted to be used for capital projects for new facilities, vehicles, and rehabilitation and/or renovation of existing facilities, so long as the rehabilitation or renovation is needed to serve the new development that has paid the fee. This fund was established in October 2007, when Council adopted Resolution No. 47-07, which implemented the Development Impact Fee program.

BUDGET OVERVIEW

The Proposed FY 2021/22 budget includes allocation of $ $23,069 in dedicated park impact fees towards the renovation of the Shasta Street pocket park, which is coupled with donations to install bocce ball courts and a green house. In addition, the FY 2020/21 budget includes $9,900 in storm drain impact fees funding design for one storm water project and $38,488 to support the design phase of the Highway 1/41 Interchange capital project. If some projects are not completed in the current fiscal year the carryover may be requested in the budget for adoption. This is particularly relevant to the Police Annex parking lot repaving project.

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Government Impact Fees

Government Impact Fees

Fund 900

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 727,150	$ 878,464	$ 853,813	$ 1,036,241	$ 1,036,241	$ 1,012,284
REVENUES						
Administration	$ 71,496	77,798	$ 62,600	$ 25,000	$ 9,560	$ 25,000
Police	2,744	848	14,131	10,500	3,154	10,500
Fire	3,373	933	15,654	500	3,681	500
Streets	14,127	3,902	70,626	1,500	20,043	1,500
Storm Drain Maintenance	614	170	-	150	9,605	150
Parks	120,093	20,812	48,250	5,000		5,000
Interest	8,878	18,781	23,440			-
TOTAL REVENUES	**$ 221,325**	**$ 123,244**	**$ 234,701**	**$ 42,650**	**$ 46,043**	**$ 42,650**
EXPENDITURES						
GF Bldgs Security Walls(Capital)	$ 1,693	$ -	$ 35,588	$ -		$ -
Police Annex Parking Lot Repave (transfer to Capital)	-	-	-	70,000	70,000	
Fire (Capital)	-	-				
Streets -Hwy1/41 Interchange (transfer to Capital)	-	147,895		-		38,488
Storm Drain Maintenance	68,318	-		32,850	-	9,900
Parks (transfer to Capital)	-		508	17,069	-	23,069
Transfers Out	-	-	16,177			
TOTAL EXPENDITURES	**$ 70,011**	**$ 147,895**	**$ 52,273**	**$ 119,919**	**$ 70,000**	**$ 71,457**
Ending Fund Balance	$ 878,464	$ 853,813	$ 1,036,241	$ 958,972	$ 1,012,284	$ 983,477

NOTES:

FY 2017/18 – Funding for Laurel Ave Easement – Storm Drain Portion.

FY 2018/19 - $147,895 for streets to support engineering design fees for Hwy1/41 Interchange

FY 2019/20 - $35,588 towards security wall additions to city buildings and $16,685 towards the renovation of the Shasta Street Pocket Park.

FY 2020/21 - $32,850 towards storm drain project design and $17,069 towards the renovation of the Shasta Street Pocket Park.

Park In-Lieu Fees Fund
FUND 904

PROGRAM PURPOSE

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

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

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BUDGET OVERVIEW

FY 2021/22 budgeted activity is a $69,500 transfer out to the capital projects fund to support a new restroom planned to be built at Coleman Park beside the Rock parking lot walkway estimated to cost $318,000.

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Park In-Lieu Fees

Park In-Lieu Fees

Fund 904

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 9,925	$ 267,453	$ 273,850	$ 279,904	$ 279,904	$ 316,530
REVENUES						
Impact Fees	$ 256,283	$ -	$ -	$ -	$ 36,626	$ -
Use of Money & Property	1,538	6,397	6,054	-		-
Other	-		-	-		-
TOTAL REVENUES	**$ 257,821**	**$ 6,397**	**$ 6,054**	**$ -**	**$ 36,626**	**$ -**
EXPENDITURES						
Maintenance (Services)	$ 293	$ -	$ -	$ -		
Capital Outlay Coleman Park Restroom	-	-	-	-	-	69,500
TOTAL EXPENDITURES	**$ 293**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 69,500**
Ending Fund Balance	$ 267,453	$ 273,850	$ 279,904	$ 279,904	$ 316,530	$ 247,030

Notes:
FY 2014/15 – Parking in-lieu expenditure for Del Mar Parking Lot upgrade.
FY 2018/19 - $150,000 for the City Park Playground
FY 2019/20 - $Carryforward FY 2018/19 City Park Playground Improvement Capital Project.

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Harbor State Park Marina Fund
FUND 924

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 budget includes $92,000 in concession revenues. This is consistent with prior years.

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Harbor State Park Marina Fund

Harbor State Park Marina Fund

Fund 924

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 290,950	$ 379,377	$ 462,737	$ 543,814	$ 543,814	$ 630,366
REVENUES						
Concessions	$ 92,227	$ 87,460	$ 81,077	$ 85,000	$ 91,552	$ 92,000
Use of Money & Property	-		-	-		-
TOTAL REVENUES	**$ 92,227**	**$ 87,460**	**$ 81,077**	**$ 85,000**	**$ 91,552**	**$ 92,000**
EXPENDITURES						
Contract Services	$ 3,800	$ 4,100	$ -	$ 5,000	$ 5,000	$ 5,000
Operating Expenditures	-	-	-	-		-
Fixed Assets	-	-	-	-		-
Internal Service Charges	-	-	-	-		-
TOTAL EXPENDITURES	**$ 3,800**	**$ 4,100**	**$ -**	**$ 5,000**	**$ 5,000**	**$ 5,000**
Ending Fund Balance	$ 379,377	$ 462,737	$ 543,814	$ 623,814	$ 630,366	$ 717,366

Notes:
FY 2016/17 - $10,000 for wetlands monitoring, and $25,000 for dredge permitting.
FY 2017/18 - $10,000 for wetlands monitoring.
FY 2018/19 - $10,000 for wetlands monitoring.
FY 2019/20 - $5,000 for wetlands monitoring.
FY 2020/21 - $5,000 for wetlands monitoring.
FY 2021/22 - $5,000 for wetlands monitoring

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State Gas Tax
FUND 250

PROGRAM PURPOSE

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

BUDGET OVERVIEW

Beginning in FY 2017/18, the City started to receive Senate Bill (SB) 1 money, an additional gas tax to help fund street work throughout the state. Beginning in FY 2018/19 SB 1 monies are recognized in the City's pavement management plan. Gas tax is projected to increase in FY 21/22 as COVID-19 pandemic travel restrictions are being lifted.

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State Gas Tax

State Gas Tax
Fund 250
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 4,552	$ 4,552	$ -	$ -	$ -	$ -
REVENUES						
State Gas Tax, Section 2105	$ 58,402	$ 57,626	$ 53,250	$ 43,431	$ 47,042	$ 53,293
State Gas Tax, Section 2106	48,839	48,608	43,501	46,815	39,199	43,556
State Gas Tax, Section 2107	76,006	67,919	67,239	58,632	63,097	66,566
State Gas Tax, Section 2107.5	3,000	3,000	3,000	3,000	3,000	3,000
State Gas Tax, Section 2103	41,910	35,088	71,981	74,577	64,417	76,807
Other Revenues						
TOTAL REVENUES	**$ 228,157**	**$ 212,241**	**$ 238,971**	**$ 226,455**	**$ 216,755**	**$ 243,222**
Transfers In	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL REVENUES AND TRANSFERS IN	**$ 228,157**	**$ 212,241**	**$ 238,971**	**$ 226,455**	**$ 216,755**	**$ 243,222**
Transfers out						
Street Maintenance	$ 228,157	$ 216,793	$ 238,971	$ 226,455	$ 216,755	$ 243,222
Engineering - Sec 2107.5						
TOTAL TRANSFERS OUT	**$ 228,157**	**$ 216,793**	**$ 238,971**	**$ 226,455**	**$ 216,755**	**$ 243,222**
Ending Fund Balance	$ 4,552	$ -	$ -	$ -	$ -	$ -

Notes:

FY year-end estimates and FY 2021/22 budget amounts are provided by Michael Coleman, Fiscal Policy Advisor for California Society of Municipal Finance Officers, and the League of CA Cities.

Lower Cost Visitor Accommodations Mitigation Fee
FUND 270

PROGRAM PURPOSE

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

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

BUDGET OVERVIEW

FY 2020/21 budget included an appropriation of the lower cost visitor accommodation mitigation funds to support general fund staff time (Recreation Manager), in establishing and administering a coastal RV camping pilot program in the amount of $55,112. Actual transfer was reduced to $27,556 to be more consistent with staff time spent on the project. In addition, a mid-year budget amendment to transfer $15,000 to the Harbor enterprise fund to offset start-up expenses for the same program was made. There is no budget activity planned for the FY 2021/22.

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Lower Cost Visitor Accommodations Mitigation Fee

Lower Cost Visitor Accommodations Mitigation Fees
Fund 270
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 53,611	$ 54,093	$ 55,327	$ 56,670	$ 56,670	$ 14,114
REVENUES						
Mitigation Fees	$ -		$ -	$ -	$ -	$ -
Uses of Money & Property	595	1,234	1,343	-		-
TOTAL REVENUES	**$ 595**	**$ 1,234**	**$ 1,343**	**$ -**	**$ -**	**$ -**
EXPENDITURES (other)						
Lower Cost Visitor Accom	$ 113	$ -	$ -	$ -	$ -	$ -
TOTAL EXPENDITURES	**$ 113**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Transfers out						
Transfer To General Fund	$ -	$ -	$ -	$ 55,112	$ 27,556	$ -
TRFR To Enterprise Fund				15,000	15,000	
TOTAL TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ 70,112**	**$ 42,556**	**$ -**
Ending Fund Balance	$ 54,093	$ 55,327	$ 56,670	$ (13,442)	$ 14,114	$ 14,114

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Traffic Safety Fund
FUND 280

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 estimates revenue receipts of $10,000 with a corresponding transfer of those funds into the General Fund. A residual balance of $1,541 is planned as an additional transfer to bring the fund balance to zero as this is a pass-through fund.

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Traffic Safety Fund

Traffic Safety Fund
Fund 280
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance Eff FY 17/18	$ 1,244	$ 1,541	$ 1,541	$ 1,541	$ 1,541	$ 1,541
REVENUES						
Vehicle Code Fines	$ 11,410	$ 13,364	$ 10,532	$ 10,000	$ 9,069	$ 10,000
TOTAL REVENUES	**$ 11,410**	**$ 13,364**	**$ 10,532**	**$ 10,000**	**$ 9,069**	**$ 10,000**
Transfers In	$ -		$ -	$ -	$ -	$ -
TOTAL REVENUES & TRANSFERS IN	**$ 11,410**	**$ 13,364**	**$ 10,532**	**$ 10,000**	**$ 9,069**	**$ 10,000**
Transfers Out - General Fund	$ 11,113	$ 13,364	$ 10,532	$ 10,000	$ 9,069	$ 11,541
TOTAL TRANSFERS OUT	**$ 11,113**	**$ 13,364**	**$ 10,532**	**$ 10,000**	**$ 9,069**	**$ 11,541**
Ending Fund Balance	$ 1,541	$ 1,541	$ 1,541	$ 1,541	$ 1,541	$ -

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Special Safety Grants
FUND 282

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 budget includes funding for 0.75 FTE Property and Evidence position and increased benefit costs such as pension, health care and OPEB. In addition, the budget includes $43,000 for emergency operations safety equipment supplies. This is consistent with the intent and purpose of the SLESF grant funds.

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Special Safety Grants

Special Safety Grant Funds
Fund 282
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 62,695	$ 132,851	$ 206,383	$ 293,355	$ 293,355	$ 255,537
REVENUES						
Intergovernmental Revenue	$ 139,416	$ 148,747	$ 160,048	$ 100,000	$ 139,727	$ 100,000
Use of Money & Property	1,096	3,722	6,284	-		
TOTAL REVENUES	**$ 140,512**	**$ 152,469**	**$ 166,332**	**$ 100,000**	**$ 139,727**	**$ 100,000**
EXPENDITURES						
Salaries and Benefits	$ 25,367	$ 39,194	$ 49,573	$ 51,918	$ 52,100	$ 51,918
Supplies	40,170	35,209	25,048	43,128	77,285	38,000
Services	4,819	4,534	4,739	5,000	48,160	11,000
Capital Outlay						
Other						
TOTAL EXPENDITURES	**$ 70,356**	**$ 78,937**	**$ 79,360**	**$ 100,046**	**$ 177,545**	**$ 100,918**
Ending Cash Balance	$ 132,851	$ 206,383	$ 293,355	$ 293,309	$ 255,537	$ 254,619

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

Appropriations for the most recent two years:

FY 19-20:

Part-Time Property Technician	$49,815
Drone Supplies	$3,800
Dodge Truck upgrade to patrol	$11,500
Riot Gear	$2,500
Patrol Cell phones	$8,700
Community Outreach	$3,045

FY 20-21 Estimated:

Part-Time Property Technician	$54,000
Emergency Response Kits	$ 4,500
Radar Trailers	$32,000
Mobile App	$5,000
Electric Patrol Bikes	$8,500
SRO Unit update	$6,000
Patrol Cell Phones	$8,700
Patrol Rifles	$22,000
Less Lethal weapon	$2,500
Repair Shotguns	$6,000
Ammo	$7,000
Moto Shot	$4,845
External Vests	$8,500
Range Shed	$7,000
Property Shed	$1,000

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Jamaica Joint Defense
FUND 070

PROGRAM PURPOSE

The Planning Commission approved Conditional Use Permit (UPO-468) to allow for continued operation of an existing auto-body repair and paint shop located at 340 Jamaica. The applicant, as a condition of approval, agreed to indemnify and hold harmless the City, its agents, etc., and agreed the City would have no obligation to defend any legal actions challenging the City's actions with respect to the project. Approval of that permit was appealed to the Council and eventually challenged in court. The City collected attorney fees associated with the defense.

BUDGET OVERVIEW

This fund is planned to close-out in FY 20/21. There is no budgeted activity in FY 2021/22.

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Jamaica Joint Defense

Jamacia Joint Defense
Fund 070
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ -	$ (3,977)	$ (3,977)	$ (1,210)	$ (1,210)	$ -
REVENUES						
Other	$ 15,000	$ -	$ 2,767	$ -	$ 1,210	$ -
TOTAL REVENUES	**$ 15,000**	**$ -**	**$ 2,767**	**$ -**	**$ 1,210**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-		-
Services	18,977	-	-	-		-
Transfers Out	-	-	-	-		-
TOTAL EXPENDITURES	**$ 18,977**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Ending Cash Balance	$ (3,977)	$ (3,977)	$ (1,210)	$ (1,210)	$ -	$ -

DRAFT

County Tourism Marketing District
FUND 515-2340

PROGRAM PURPOSE

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

BUDGET OVERVIEW

FY 2021/22 projected assessments total $340,141, of which $333,338, plus the residual balance of $10,889 will be distributed to the SLOCTMD and the city will retain $6,803 as an administrative fee.

DRAFT

County Tourism Marketing District

County Tourism Marketing District

Fund 515-2340

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 29,769	$ 67,893	$ 59,576	$ 10,889	$ 10,889	$ 10,889
REVENUES						
Assessments	$ 412,162	$ 407,324	$ 336,773	$ 345,627	$ 345,627	$ 340,141
TOTAL REVENUES	**$ 412,162**	**$ 407,324**	**$ 336,773**	**$ 345,627**	**$ 345,627**	**$ 340,141**
EXPENDITURES FOR CAPITAL OUTLAY						
Tourism Promotion (other)	$ 367,388	$ 408,333	$ 378,005	$ 338,714	$ 338,714	$ 344,227
City Administrative Fee (2%) (Transfer)	6,650	7,308	7,455	6,913	6,913	6,803
TOTAL EXPENDITURES	**$ 374,038**	**$ 415,641**	**$ 385,460**	**$ 345,627**	**$ 345,627**	**$ 351,030**
Ending Fund Balance	$ 67,893	$ 59,576	$ 10,889	$ 10,889	$ 10,889	$ -

Notes:
FY 2014/15 – December 9, 2014, Council adopted Resolution No. 82-14, consenting to the inclusion of the City within the San Luis Obispo County Tourism Marketing District.

DRAFT

Fire Donation Fund
FUND 515-2305

PROGRAM PURPOSE

This fund was established in 1994 for the collection of donations from the public, rescue stipends from the past Dynegy (Duke) powerplant and mutual aid reimbursements from the State or Federal government. Funds that only can be used for fire equipment and training that enhances the Morro Bay fire services are placed in this account. Most recently this account was used to purchase Morro Bay's Ladder Truck (T5341) and replacement Self Contained Breathing Apparatus (SCBAs) through a $1.4 million donation from the Bertha Shultz Trust to enhance the equipment and apparatus of the Morro Bay Fire Department. Majority of the remaining balance will assist us in the down payment of Engine 5391 and supplement a Homeland Security Grant for a mandated electronic reporting system.

The powerplant stipends and other donations since 1994 have been utilized to assist with the following:

- Construction of our Harbor Street Fire Station
- Training (Technical, Confined, Rope, and Trench Rescue)
- Our current Mass Causality Trailer for 48 patients
- Heart EKG monitors
- Emergency Operations Center equipment
- Portions of our current Rescue 5351 and its equipment

BUDGET OVERVIEW

There is no budgeted activity in FY 2021/22.

DRAFT

Fire Donation Fund

Fire Donation Fund

Fund 515-2305

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ 374,490**	**$ 378,163**	**$ 76,180**	**$ 76,180**	**$ 76,180**	**$ 76,180**
REVENUES						
Other Revenues	25,032	-	21,558	-	-	-
TOTAL REVENUES	**$ 25,032**	**$ -**	**$ 21,558**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	21,359	-	-	-	-	-
Services	-	-	-	-	-	-
Equipment	-	301,983	21,558	-	-	-
Other	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 21,359**	**$ 301,983**	**$ 21,558**	**$ -**	**$ -**	**$ -**
Ending Fund Balance	**$ 378,163**	**$ 76,180**	**$ 76,180**	**$ 76,180**	**$ 76,180**	**$ 76,180**

DRAFT

Community Development Plans
FUND 298

PROGRAM PURPOSE

The purpose of the fund is to implement parking improvements and construction/maintenance of a view deck at the top of the Surf Street stairs as identified within the 1986 Beach Street Specific Plan. Fees in the amount of 2-dollars per lineal foot of frontage are collected for new development within the Specific Plan Area.

BUDGET OVERVIEW

This fund has a minimal balance in it for the past four years. It will be closed out in FY 2020/21.

DRAFT

Community Development Plans

Community Development Plans
Fund 298
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 262	$ 262	$ 362	$ 362	$ 362	$ -
REVENUES						
Assessments - Beach St. Specific Plan	$ -	$ 100	$ -	$ -		$ -
Use of Money & Property	-	-	-	-		-
Transfer In	-	-	-	-		-
TOTAL REVENUES	**$ -**	**$ 100**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -		$ -
Supplies	-	-	-	-		-
Services	-	-	-	-		-
Transfers Out	-	-	-	-	362	-
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ 362**	**$ -**
Ending Cash Balance	$ 262	$ 362	$ 362	$ 362	$ -	$ -

DRAFT

Cloisters Assessment District
FUND 570 & 575

PROGRAM PURPOSE

Cloisters Landscape/Lighting Maintenance Assessment District (Tract 1996)

This Fund was created to record parcel assessments and expenditures associated with the Tract 1996 and is located within the Morro Bay City limits.

On September 23, 1996, the City Council passed Resolution No. 69-96, which approved the final map for Tract 1996, known as the Cloisters Subdivision, consisting of 124 lots. With that approval, the City Council accepted lots 121 and 122 of the Cloisters subdivision, 34 acres of open space and organized park. Pursuant to the project Conditions of Approval, an assessment district levies an annual assessment for the maintenance of the 34 acres of improved parkland and open space.

The Cloisters Landscape/Lighting Maintenance Assessment District has an annual assessment of $148,944. After the initial formation of the assessment district, each year, for the assessment to continue, the City must adopt a series of three resolutions to confirm the levy of assessment for the upcoming fiscal year.

BUDGET OVERVIEW

The FY 2021/22 budget includes funding for a partial FTE of a Consolidated Maintenance Worker II to provide increased staff support for the maintenance of the district. The expenditures are budgeted at 90 percent of budgeted assessments.

DRAFT

Cloisters Assessment District

Cloisters Assessment District
Fund 570 & 575
SUMMARY OF REVENUES AND EXPENDITURES

	2016/17 Actuals	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS							
Beginning Fund Balance(Eff 17/1	$ 81,641	$ 155,760	$ 188,133	$ 201,725	$ 171,452	$ 171,452	$ 169,578
REVENUES							
Assessments	$ 148,944	$ 148,944	$ 148,944	$ 148,322	$ 148,944	$ 148,944	$ 148,944
Use of Money & Property	971	1,977	4,388	4,990			-
Transfer In	-	-	-	-	-		-
TOTAL REVENUES	**$ 149,915**	**$ 150,921**	**$ 153,332**	**$ 153,312**	**$ 148,944**	**$ 148,944**	**$ 148,944**
EXPENDITURES							
Salaries and Benefits	$ 30,733	$ 48,927	$ 90,434	$ 90,256	$ 92,328	$ 93,426	$ 74,542
Supplies	3,223	7,470	2,349	3,270	4,100	2,618	3,225
Services	41,761	61,774	46,957	59,070	40,500	43,412	44,807
Other	79	377					
Transfers Out							
Capital Projects				896	-		-
Transfers Out - GF CAP	-	-	-	30,093	11,362	11,362	11,476
TOTAL EXPENDITURES & TRANSFERS	**$ 75,796**	**$ 118,548**	**$ 139,740**	**$ 183,585**	**$ 148,290**	**$ 150,818**	**$ 134,050**
Ending Fund Balance	$ 155,760	$ 188,133	$ 201,725	$ 171,452	$ 172,106	$ 169,578	$ 184,472

Notes: FY 2021/22 Supplies and Services and Assessment budgets might be updated once the engineer's report is finished. Salaries and benefits include funding for no more than 1.0 FTE.

DRAFT

Special Assessment Districts
FUND 500

PROGRAM PURPOSE

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

North Point Landscape/Lighting Maintenance Assessment District (Tract 2110)
On December 9, 1996, the City Council adopted Resolution No. 89-96, which ordered the formation of the North Point Landscaping and Lighting Maintenance Assessment District for the ongoing maintenance of the 1.3-acre natural area. The area includes a non-irrigated meadow area, decomposed granite and asphalt walkways, stairway/beach access, parking lot, drip irrigation system, public access signage and parking lot.

The North Point Landscaping and Lighting Maintenance Assessment District has an annual assessment of $5,645. After the initial formation of the assessment district, each year, for the assessment to continue, the City must adopt a series of three resolutions to confirm the levy of assessment for the upcoming fiscal year.

Stormdrain Maintenance Assessment District #1 (Tract 1231, Portions of PM 97-159 and portions of Tract 1529), AKA Loprena Assessment District
On January 14, 1991 City Council adopter Resolution No. 3-91 forming Storm drain Assessment District No. 1 for the maintenance of storm drainage infrastructure serving Tract 1231. Then on September 13, 1999 the City Council adopted Resolution No. 73-99 annexing Parcels 1-4 of PM MB 97-159 and Lot 4 of Tract 1529 into Stormdrain Maintenance District No. 1. Stormdrain Assessment District No. 1 has a total annual assessment of $2,832.48 based on an assessment of $157.36 per parcel.

Unlike Landscape/Lighting Maintenance Assessment Districts, This Storm Drain Maintenance Assessment Districts do not require annual reconfirmation of the levy for the assessment to continue.

BUDGET OVERVIEW

The FY 2021/22 budget has reduced maintenance staff time allocated so total expenses do not exceed 90 percent of estimated assessment.

DRAFT

Special Assessments District

Special Storm Drain Assessment Districts & North Point Park Funds
Fund 500 & 565
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	$ 71,382	$ 71,395	$ 66,765	$ 61,806	$ 66,765	$ 65,546
REVENUES						
North Point Assessments	$ 5,645	$ 5,645	$ 5,983	$ 5,645	$ 5,645	$ 5,645
Loprena/Mimosa Assessments	2,832	2,832	3,116	2,974	2,974	-
Transfer In						
TOTAL REVENUES	**$ 8,477**	**$ 8,477**	**$ 9,099**	**$ 8,619**	**$ 8,619**	**$ 5,645**
EXPENDITURES						
North Point						
Salaries and Benefits	$ 2,404	$ 9,328	$ 9,647	$ 2,457	$ 5,641	$ 972
Supplies	3,139	97	66	-		-
Services	2,921	3,682	3,700	3,300	3,492	3,396
Loprena	-		-	-		-
Transfers Out						
Capital Projects			-	-	-	
Transfers out - CAP GF			$ 645	$ 705	$ 705	$ 712
TOTAL EXPENDITURES & TRANSFERS	**$ 8,464**	**$ 13,107**	**$ 14,058**	**$ 6,462**	**$ 9,838**	**$ 5,080**
Ending Cash Balance	$ 71,395	$ 66,765	$ 61,806	$ 63,963	$ 65,546	$ 66,111

Strategic Investment Spending Plan
FUND

PROGRAM PURPOSE

This fund was created in FY 2015/16 to designate funding for strategic improvements within the City. These investments should be aligned with Council priorities and goals.

BUDGET OVERVIEW

The FY 2021/22 budget includes $29,000 to complete the power safety shutoff capital project, specifically the installation of high-speed internet to move the City's servers to the fire station. These funds should be used by June 30, 2021. The FY 2021/22 budget includes funding to assess funding options to enhance the Downtown and Embarcadero as well as streetscape improvements with items such as banner, trash receptacles and/or recycling containers.

DRAFT

Strategic Investment Spending Plan

Strategic Investment Spending Plan

Fund 515-2335

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	**$ 177,537**	**$ 150,909**	**$ 167,739**	**$ 167,739**	**$ 167,739**	**$ 138,592**
REVENUES						
Transfers in	-	30,456	-	-		-
TOTAL REVENUES	**$ -**	**$ 30,456**	**$ -**	**$ -**	**$ -**	**$ -**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	1,626	-	-		-
Services	-	-	-	-		10,000
Equipment	26,628	-	-	-		50,000
Other	-	-	-	-		-
Transfers	-	12,000	-	29,147	29,147	
TOTAL EXPENDITURES	**$ 26,628**	**$ 13,626**	**$ -**	**$ 29,147**	**$ 29,147**	**$ 60,000**
Ending Cash Balance	**$ 150,909**	**$ 167,739**	**$ 167,739**	**$ 138,592**	**$ 138,592**	**$ 78,592**

Notes:

Prior year expenditures include traffic calming, ADA transition plan, traffic calming and IT services.

FY 2018/19 - $12,000 transfer to General Fund for to support contract with the Chamber of Commerce for the Economic Strategic Development Plan.

FY 2020/21 – $29,147 transfer to the Power Safety Shutoff Capital Project to install dark fiber and move the City's servers to the Fire station.

FY 2021/22 – Funds for assessment of long-term funding options for Downtown and Embarcadero ($10,000) and investments in streetscape improvements such as banners and replacement trash receptacles/recycling containers ($50,000)

PEG Access Fees
FUND 515-2430

PROGRAM PURPOSE

Pursuant to Section 611 of the Communications Act, cities may require cable operators to set aside channels for Public Educational and Government Channel (PEG) fees. Since the City adopted its PEG ordinance in 2013, Charter Communications has served as the City's PEG channel provider subject to the terms of the Morro Bay Municipal Code (MBMC) provisions governing PEG channels. Pursuant to MBMC, section 5.30.010, a 1% PEG fee is owed to the City which represents 1% of PEG channels provider, Charter Communication.

BUDGET OVERVIEW

The FY 2021/22 budget includes the carryover of the previously approved budget for audio visual upgrades to the Veteran's Hall. These funds will be transferred to the Audio Visual and Facility upgrades to the Veteran's Hall CIP project discussed in the CIP budget.

DRAFT

PEG Access Fees

PEG Access Fees

Fund 515-2430

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Cash Balance	**$ -**	**$ 65,000**	**$ 116,825**	**$ 152,216**	**$ 152,216**	**$ 189,887**
REVENUES						
Fees	65,000	53,528	44,252	45,000	37,671	38,000
TOTAL REVENUES	**$ 65,000**	**$ 53,528**	**$ 44,252**	**$ 45,000**	**$ 37,671**	**$ 38,000**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-		-
Services	-	-	-	-		-
Equipment	-	-	-	117,628		117,628
Other	-	1,703	8,861	-		-
TOTAL EXPENDITURES	**$ -**	**$ 1,703**	**$ 8,861**	**$ 117,628**	**$ -**	**$ 117,628**
Ending Cash Balance	**$ 65,000**	**$ 116,825**	**$ 152,216**	**$ 79,588**	**$ 189,887**	**$ 110,259**

Notes:

FY 2019/20 - $148,200 was budgeted to transfer to the Vet's Hall Facility and Audio-Visual Upgrade Capital Project as carryforward from FY 2018/19 budget. Only 48,861 of audience seating was purchased in that year.

FY 2020/21 - $117,628 transfer (which was residual after purchasing seating) was planned to be transferred to the Vet's Hall Facility and Audio-Visual Upgrade Capital Project as carryforward from FY 2019/20 budget.

FY 2021/22 - $117,628 transfer is carried forward to be transferred to the Vet's Hall Facility and Audio-Visual Upgrade Capital Project from FY 2020/21.

DRAFT

Community Benefit Fund
FUND 906

PROGRAM PURPOSE

On November 29, 2018, the City Council approved a Community Benefit Agreement (CBA) between the City of Morro Bay and Castle Wind, LLC to receive a one-time $250,000 payment to the City in exchange for the City's commitment to an exclusive arrangement with Castle. City benefits include: Subdivision 1(a) - Community Communications. Plan to ensure full and transparent communications with and information to the community. That would be outside the Bureau of Ocean and Energy Management (BOEM) leasing process, which will have its own extensive public process. Subdivision 1(b) – Commercial Fisherman's Agreement. Ensures impacts to the commercial fishing fleet are mitigated by way of an agreement with the Morro Bay Commercial Fishermen's Organization (which also includes the Port San Luis Commercial Fishing Association). A summary of the agreement with the fishermen is included with the CBA as Exhibit C. Subdivision 1(c) – Local Economic Development Activities. The CBA sets the following economic goals: • Promoting local hiring of qualified Morro Bay community residents • Establishing internships/training programs with local schools and universities • Establishing a maintenance and monitoring facility for the project in Morro Bay • Promoting local accommodation during construction • Promoting local supply chains during construction and maintenance activities • Promoting opportunities for "green solutions" and sustainable energy • Assisting Morro Bay with potential formation of Community Choice Aggregation Section 4 –Outfall Conduit Lease Option. City shall receive a one-time $250,000 payment for providing Castle an exclusive option to negotiate the lease of the MBPP outfall conduit for routing the wind farm power cable to the plant and PG&E power grid switch yard adjacent. Although the agreement provides Castle the exclusive option to negotiate with the City to lease the outfall structure, the City has reserved all its authority as a landlord not to agree to a lease, except on terms and conditions acceptable to the City. Benefits to Castle are primarily related to the exclusive, long-term conditional lease option of the Morro Bay Power Plant (MBPP) outfall conduit, as well as potential (BOEM) credit in the lease award process to Castle as the result of having a CBA with a local government entity. Additional benefits to Castle include: • City support of Castle's bid with BOEM to secure the leasing rights from BOEM for the offshore area under consideration • Collaborative approach with Morro Bay community • Exclusivity of agreement with Castle during the BOEM process and longer if Castle is successful in securing the BOEM lease. With execution of the agreement and acceptance of the funds, a community benefit fund was established to receive the monies and hold for future council appropriation.

BUDGET OVERVIEW

FY 2021/22 budget provides for transfers out to the Harbor Enterprise Fund to support renovation of the Beach Street Slips in the amount of $130,000 and a transfer in the amount of $40,000 to the Coleman Park restroom rebuilding capital project. At the end of FY 2021/22 unused fund balance will total $80,000.

DRAFT

Community Benefit Fund

Community Benefit

Fund 906

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ -	$ -	$ -	$ 250,000	$ 250,000	$ 250,000
REVENUES						
Uses of Money & Property	-	-	-	-		-
Other Revenues	-	-	$ 250,000	-	-	-
TOTAL REVENUES	**-**	**-**	**250,000**	**-**	**-**	**-**
Transfers In	-	-	-	-	-	-
TOTAL REVENUES AND TRANSFERS IN	**-**	**-**	**250,000**	**-**	**-**	**-**
EXPENDITURES (Other)						
City Council	-	-	-	-	-	-
Administration	-	-	-	-	-	
Administrative Services	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Transfers Out:						
GF CIP- Coleman Restroom						$ 40,000
Harbor CIP - Beach Street Slips	$ -	$ -	$ -	$ -	$ -	$ 130,000
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 170,000**
Ending Fund Balance	$ -	$ -	$ 250,000	$ 250,000	$ 250,000	$ 80,000

TRIANGLE LOT – BOAT STORAGE YARD
FUND 925

PROGRAM PURPOSE

As currently configured, the Triangle Lot Boat Storage Yard contains 35 spaces that are rented out at $102 per space. The Harbor Department oversees the Triangle Lot, patrolling the area, renting the spaces and managing the operations.

BUDGET OVERVIEW

The FY 2021/22 budget anticipates rental of all 35 spaces, with 25 boaters on the waiting list. Non-permanent chain-link fencing has been installed for added security and to delineate the rental area. This will also facilitate easy expansion of the area or vise-versa.

FY 21-22

Triangle Lot – Boat Storage Yard

Triangle Lot - Boat Storage Yard

Fund 925

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ -	$ -	$ 173	$ 13,952	$ 13,952	$ 20,130
REVENUES						
Uses of Money & Property	$ -	$ 5,082	$ 27,200	$ 25,000	$ 37,036	$ 43,000
Other Revenues	-	-	-	-	-	-
TOTAL REVENUES	**$ -**	**$ 5,082**	**$ 27,200**	**$ 25,000**	**$ 37,036**	**$ 43,000**
Transfers In	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL REVENUES AND TRANSFERS IN	**$ -**	**$ 5,082**	**$ 27,200**	**$ 25,000**	**$ 37,036**	**$ 43,000**
EXPENDITURES (Other)						
Salaries and Benefits	$ -	$ 3,199	$ 11,382	$ 10,850	$ 16,261	$ 14,100
Supplies	-	1,112	1,830	5,250	3,947	5,750
Services	-	598	209	-	650	-
Capital Outlay	-	-	-	-	-	-
Other	-	-	-	-	-	-
Equipment Replacement	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ -**	**$ 4,909**	**$ 13,421**	**$ 16,100**	**$ 20,858**	**$ 19,850**
Transfers Out (To Harbor)	$ -	$ -	$ -	$ 10,000	$ 10,000	$ -
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ -**	**$ 4,909**	**$ 13,421**	**$ 26,100**	**$ 30,858**	**$ 19,850**
Ending Fund Balance	$ -	$ 173	$ 13,952	$ 12,852	$ 20,130	$ 43,280

Upda

Water

DEPARTMENT PURPOSE

The Water Funds consist of the Water Revenue Fund, Equipment Replacement Fund and Water Accumulation Fund. The City of Morro Bay provides quality, clean water for the resident, business owners and visitors.

Water Enterprise Fund

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 5,457,437	$ 5,670,359	$ 5,823,437	$ 5,831,200	$ 5,515,104	$ 5,831,200
WRF Surcharge	-	-	1,553,558	1,654,000	1,559,873	1,654,000
Fines & Forfeitures	72,800	72,752	49,403	55,000	70,623	55,000
Other Sources	104,751	47,683	73,356	-	18,663	-
Interest	54,861	119,437	132,075	-	-	-
TOTAL REVENUES	**$ 5,689,849**	**$ 5,910,231**	**$ 7,631,829**	**$ 7,540,200**	**$ 7,164,263**	**$ 7,540,200**
Transfers In						
Interfund	$ 221,425	$ 3,166,165	$ 3,755,716	$ 6,672,142	$ 3,469,683	$ 6,643,442
Water Penalites	72,800	123,679	127,537	55,000	55,000	55,000
Water Service Charges	-	-	-	-	-	-
WEU In-LIEU Fees	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Sewer Penalties	47,198	40,777	37,441	38,000	38,000	38,000
TOTAL TRANSFERS IN	**$ 341,423**	**$ 3,330,621**	**$ 3,920,694**	**$ 6,765,142**	**$ 3,562,683**	**$ 6,736,442**
TOTAL REVENUES AND TRANSFERS IN	**$ 6,031,272**	**$ 9,240,852**	**$ 11,552,523**	**$ 14,305,342**	**$ 10,726,946**	**$ 14,276,642**
EXPENDITURES						
Salaries and Benefits	$ 929,639	$ 230,328	$ 747,269	$ 598,784	$ 796,424	$ 888,308
Supplies	113,248	123,827	176,148	161,424	159,129	163,600
Services	2,595,865	2,626,697	3,056,584	2,960,998	2,946,050	3,056,462
Capital Outlay	864,197	1,705,095	3,709,539	3,117,112	362,762	3,562,350
Other	270,771	238,426	222,132	-	-	-
Debt Service	-	-	-	-	-	-
Capital Outlay						
Rebates/Refunds (Other)	27,851	44,361	65,571	100,000	100,000	150,000
TOTAL EXPENDITURES	**$ 4,801,571**	**$ 4,968,734**	**$ 7,977,243**	**$ 6,938,318**	**$ 4,364,365**	**$ 7,820,720**
Transfers Out						
General Fund for CAP	$ 440,952	$ 423,177	$ 251,312	$ 3,282,859	$ 528,509	$ 3,710,469
General Fund for Legal	-	5,408	-	18,078	-	18,078
General Fund for Capital	(564,200)	-	5,890	-	-	-
IT Replacement Fund	18,384	20,679	30,171	24,277	24,277	24,521
Risk Management Fund	-	-	-	6,038	6,038	6,098
Bldg Replacement	-	-	-	56,056	56,056	-
ISF Funds						
Trust & Agency Fund	-	-	-	-	-	-
Utility Discount Program	72,800	123,679	127,537	55,000	55,000	52,000
Accumulation Fund	-	1,469,875	-	3,471,386	3,023,277	3,141,092
Transfer out to Operating Fund	-	-	-	-	-	-
TOTAL TRANSFERS OUT	**$ (32,064)**	**$ 2,042,818**	**$ 414,910**	**$ 6,913,694**	**$ 3,693,157**	**$ 6,952,258**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 4,769,507**	**$ 7,011,552**	**$ 8,392,153**	**$ 13,852,012**	**$ 8,057,522**	**$ 14,772,978**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
PROGRAM						
Operating	$ 3,655,469	$ 5,163,504	$ 4,398,649	$ 7,540,200	$ 7,254,410	$ 7,558,278
Equipment Replacement	565	-	134,038	22,412	22,412	60,000
Accumulation	873,330	1,705,095	3,751,717	3,094,700	340,350	3,502,350
Utility Discount	18,718	44,361	65,571	100,000	100,000	150,000
Reskin Desal Plant	-	-	-	-	-	200,000
Nutmeg Pressure Zone	-	-	42,178	344,700	108,903	235,797
OneWater	221,425	98,592	-	-	-	-
Water Tank Rehab (6)	-	-	-	2,200,000	56,848	2,691,152
RO Membrane Filters	-	-	-	250,000	174,599	75,401
RO Piping Tank Modifications	-	-	-	300,000	-	300,000
TOTAL EXPENDITURES & TRANFERS	**$ 4,769,507**	**$ 7,011,552**	**$ 8,392,153**	**$ 13,852,012**	**$ 8,057,522**	**$ 14,772,978**

Core Goals	FY 2020/21 Accomplishments
Water Conservation	• Overall water conservation for 2019* was 19% lower compared to 2013 • Continue rebate program; offer rebates for toilets, washing machines, lawn removal, irrigation retrofits and rain barrels. • Continue to promote conservation as a way of life. • Average gallons per capita per day 87.9 • Residential gallons per capita per day 60.8 *Calendar year
Water Quality	• Performed all required water quality analysis according to Division of Drinking Water. • Monthly and annual water reporting to Division of Drinking Water and State Water Regional Control Board. • Conducted triannual Lead and Copper testing for residents. • Conducted Lead testing for public schools in Morro Bay. • Completed Annual Low Treat Discharge permit. • Completed testing Unregulated Contaminated Monitoring Rule 4.
Water Distribution	• Repair water leaks • Exercise valves • Leak Detection • Install water service • Install meters • Respond to customer complaints • Turn water on/off • Flush dead-end lines/hydrant

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WATER

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Utilities					
Utilities Manager	1.00	1.00	1.00	1.00	
Waste Water System Supervisor	1.00	1.00	1.00	1.00	
Lead Utility Operator	0.00	5.00	5.00	5.00	
Multi-Cert Utility Operator	0.00	4.00	7.00	7.00	
Utility Operator	0.00	5.00	2.00	2.00	
Office Assistant IV	0.15	0.27	1.00	1.00	
Electrical and Instrumentation Technician	0.00	0.00	0.00	1.00	Required for Water Reclamation Facility operations. Funded for half the year.
Water System Supervisor	1.00	0.00	0.00	0.00	
Water System Operator I	1.00	0.00	0.00	0.00	
Water System Operator II	2.00	0.00	0.00	0.00	
Water System Operator III	1.00	0.00	0.00	0.00	
Collections System Supervisor	1.00	0.00	0.00	0.00	
Collection Systems Worker III	1.00	0.00	0.00	0.00	
Collection Systems Worker II	2.00	0.00	0.00	0.00	
Waste Water Operator In Training	1.00	0.00	0.00	0.00	
Waste Water System Leadworker	1.00	0.00	0.00	0.00	
Waste Water System Operator II/Lab Analyst	1.00	0.00	0.00	0.00	
Waste Water System Operator II	3.00	0.00	0.00	0.00	
Waste Water System Operator In Training	1.00	0.00	0.00	0.00	
Total Utilities Department FTE's	**18.15**	**16.27**	**17.00**	**18.00**	

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Water Revenue

Fund 311

PROGRAM PURPOSE

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

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

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

On March 27, 2014, the City of Morro Bay issued a Request for Proposals for Consulting Services, Water and Sewer Rate Study Services, and on May 23rd, Bartle Wells was selected to perform these studies.

Following the 218 process, on May 26, 2015, the City Council adopted Resolution No. 30-15, establishing a new water rate schedule that was implemented with the July water usage (September 1 billing date). The City's expert, Bartle Wells, estimated the 2015/16 coverage ratio would be 1.26%. The FY 2017/18 coverage ratio was 2.09% and the FY 2018/19 coverage ratio was 2.15%.

The City's new water rate structure was developed to fund the City's ongoing operations, a capital improvement program, and provide for the required debt coverage ratio. Also included in the Proposition 218 rate adoption process were emergency rates that Council would only impose should water use be severely restricted and water sales are lower than anticipated, and/or address the operation of its desalinization facility for water production, during long-term State Water Project water service disruptions. Starting July 1, 2019, the City's WRF surcharge went into effect, to fund the debt and operation of the City's Water Reclamation Facility.

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WATER
Revenue Fund

BUDGET OVERVIEW

In FY 2021/22 increased revenues will be sufficient to cover increased expenditures. Costs will increase for salaries and benefits for all staff due to implementing agreements reached with the City's bargaining groups as well as the redistribution of costs associated with the Public Works Director management and oversight of this function. Additionally, there are increases expected for supplies needed to produce and distribution of drinking water. Finally, a more appropriate distribution methodology related to insurance costs was implemented this year which increased the costs of insurance for the Water Fund. The new method distributes costs based on total operating costs of the function instead of full-time equivalent employees assigned to the function. Fund balance at the end of FY 2021/22 is projected to be $17.1 million. This exceeds the target fund balance. These funds will be used to pay debt service when the loans for the WRF become payable. The funds can also be used to manage cashflow on the WRF construction in the coming year. That being said the Water and Sewer Funds do not have sufficient cash to cover the $88.8 million required during next years construction cycle. As a result, staff and the city's expert are conducting a cashflow analysis and will return Council for policy direction.

Another issue facing the Water and Sewer Funds is the issue of accounts in arrears. Due to the COVID-19 Pandemic and due to State of California Executive order N-42-20, penalties have not been assessed since March 4, 2020. The resolution authorizing the suspension of these fees stays in effect until June 30, 2021. In FY 2019/20 the Utility Discount Program was expanded to include a utility rebate program, extending a rebate to income qualifying residents of the Mobile Home Parks who are not individually metered and therefore do not qualify for the discount program. In April 2020, the City also expanded the discount to 25% vs 10% discount and included the discount program to those who could demonstrate that had been laid off or closed a business due to COVID-19. This extension is through June 2021 bill cycle, unless extended further by Council. The Council will need to assess whether to return to previous business practice of charging penalties and shutting off service to delinquent accounts

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WATER
Revenue Fund

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Water Revenue Fund
Fund 311
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd from Cash Bal Eff 17/18)	$ 7,975,716	$ 9,853,639	$10,437,861	$17,179,029	$17,179,029	$17,122,973
REVENUES						
Charges for Service	$ 5,457,437	$ 5,670,359	$ 5,823,437	$ 5,831,200	$ 5,515,104	$ 5,831,200
WRF Surcharge	-	-	1,553,558	1,654,000	$ 1,559,873	1,654,000
Fines & Forfeitures	72,800	72,752	49,403	55,000	70,623	55,000
Other Sources	3,155	4,615	3,881	-	2,754	-
Interfund Transfers In	-		3,709,538	50,000	50,000	-
TOTAL REVENUES	**$ 5,533,392 T**	**$ 5,747,726**	**$ 11,139,817**	**$ 7,590,200**	**$ 7,198,354**	**$ 7,540,200**
EXPENDITURES						
Salaries and Benefits	$ 929,639	$ 230,328	$ 747,269	$ 598,784	$ 796,424	$ 888,308
Supplies	113,248	123,827	176,148	161,424	159,129	163,600
Services	2,595,865	2,626,697	3,056,584	2,960,998	2,946,050	3,056,462
Capital Outlay	-	-	(176,216)	-	-	-
Other	270,206	238,426	222,132	-	-	-
Debt Service	-		-	-	-	-
TOTAL EXPENDITURES	**$ 3,908,958**	**$ 3,219,278**	**$ 4,025,917**	**$ 3,721,206**	**$ 3,901,603**	**$ 4,108,370**
Transfers Out						
General Fund for CAP	$ 219,527	$ 324,585	$ 209,134	$ 188,159	188,159	208,119
General Fund for Legal		5,408		18,078	-	18,078
General Fund for Capital	(564,200)		5,890			
IT Replacement Fund	18,384	20,679	30,171	24,277	24,277	24,521
Risk Management Fund				6,038	6,038	6,098
Bldg Replacement				56,056	56,056	-
Utility Discount Program	72,800	123,679	127,537	55,000	55,000	52,000
Accumulation Fund	-	1,469,875		3,471,386	3,023,277	3,141,092
Total Transfers	**$ (253,489)**	**$ 1,944,226**	**$ 372,732**	**$ 3,818,994**	**$ 3,352,807**	**$ 3,449,908**
Total Expenditures & Transfers	**$ 3,655,469**	**$ 5,163,504**	**$ 4,398,649**	**$ 7,540,200**	**$ 7,254,410**	**$ 7,558,278**
		-	-			
Ending Fund Balance	9,853,639	10,437,861	17,179,029	17,229,029	17,122,973	17,104,895

FY 17/18 - Transfer to Accumlation Fund of $3,067,573 is reduced in the year by auditor reclassification entry of 29% WRF Capital Project spending to balance sheet <$1,597,698>, not recorded here in subsequent years.

Notes: This schedule was updated in for FY 21/22 budget to reflect fund balance rather than cash balance. Fund balance restated starting in FY 2017/18.

WATER
Revenue Fund

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Good Governance	• Remove and salvage the decommissioned water desalination facility by disposing of the outdated and unsafe equipment and surplus any equipment on the open market that may have residual value for cost recovery. • OneWater CIP projects - water line replacements, tank replacement and tank maintenance. • Decommission the Chorro Well field sites and prepare land to be marketed.
Workforce Development	• Prepare staff with the necessary skills and knowledge to run the new advanced potable water reuse facility.

KEY PROGRAM SERVICES

- Coordinate the delivery of state water to meet the community demands.
- Operate and maintain an axillary city water supply system to augment state water.
- Operate and maintain the water treatment and distribution systems in a way that ensures compliance with state and federal requirements.
- Prepare and submit county, state, and federal required reports.
- Track equipment maintenance procedures to ensure timely completion.
- Track, sample, test or prepare for testing all required water laboratory testing.
- Interpret laboratory test results to adjust and maintain water quality objectives.
- Perform the customer service and billing functions associated with customer water service.
- Respond to customer reports of water leaks, outages, odors and low pressure.
- Respond to water mainline leaks throughout the system.

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WATER
Revenue Fund

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Budget
Water Consumption (Sold) in million gallons (MG)	324 (MG)	324(MG)	334(MG)	335(MG)
Maintenance work orders over 30 days	0	0	0	0
Water outages over eight hours	0	0	0	0
Compliance with state reporting requirements	100%	100%	100%	100%
Water quality complaints	28	28	39	30
Leak Reviews Approved30	30	30	48	63
Tag Notices Processed	839	839	640	730
Turn off Requests Processed	136	136	126	110
Turn on Requests Processed	760	760	711	735

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WATER

Equipment Replacement
Fund 053

PROGRAM PURPOSE

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

BUDGET OVERVIEW

The FY 2021/22 budget includes a $60,000 expenditure to replace a service truck.

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WATER
Equipment Replacement

Water Equipment Replacement

Fund 053

STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd eff 17/18)	**$ 266,981**	**$ 269,379**	**$ 275,523**	**$ 151,219**	**$ 151,219**	**$ 184,863**
Revenues						
Interest	$ 2,963	$ 6,144	$ 5,734	$ -	$ -	$ -
Transfer In	-		4,000	56,056	56,056	-
Total Revenues	**2,963**	**6,144**	**9,734**	**56,056**	**56,056**	**-**
USES OF FUNDS						
Expenditures						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Supplies	-	-	-	-		-
Services	-	-	-	-		-
Capital Outlay	-	-	134,038	22,412	22,412	60,000
Other	565	-	-	-		-
Debt Service	-	-	-	-		-
Total Expenditures	**$ 565**	**$ -**	**$ 134,038**	**$ 22,412**	**$ 22,412**	**$ 60,000**
Ending Fund Balance	**$ 269,379**	**$ 275,523**	**$ 151,219**	**$ 184,863**	**$ 184,863**	**$ 124,863**

Notes: This schedule was updated in for FY 21/22 budget to reflect fund balance rather than cash balance. Fund balance restated starting in FY 2017/18.

WATER

ACCUMULATION FUND

FUND 951

PROGRAM PURPOSE

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

BUDGET OVERVIEW

FY 2021/22 budgeted transfers into accumulation fund total $3.1 million and transfers out to fund capital projects, total $3.5 million, includes funding for the Nutmeg pressure zone tanks, rehabilitation of six of the City's water tanks. Inclusive of these transfers, an estimated cash balance of $2.4 million would remain in the accumulation fund – in excess of the $1.5 million target funding level pursuant to Resolution 46-18 adopting the Enterprise Fund Accumulation Reserve Policy. These monies are being held in reserve to ultimately pay debt service payments on low-interest financing (WIFIA and SRF) being secured to fund construction on the Water Reclamation Facility.

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WATER
Accumulation Fund

Water Accumulation Fund

Fund 951

STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance(Chg'd Eff FY 17/18)	**$ 2,879,478**	**$ 2,155,638**	**$ 3,664,276**	**$ 93,077**	**$ 93,077**	**$ 2,791,352**
Revenues						
Interest	47,894	103,144	111,366	-		-
Other Revenue	101,596	43,016	69,152	-	15,348	-
Total Revenues	**$ 149,490**	**$ 146,160**	**$ 180,518**	**$ -**	**$ 15,348**	**$ -**
Transfers In	**-**	**3,067,573**	**-**	**3,471,386**	**3,023,277**	**3,141,092**
Total Revenue and Transfers In	**$ 149,490**	**$ 3,213,733**	**$ 180,518**	**$ 3,471,386**	**$ 3,038,625**	**$ 3,141,092**
USES OF FUNDS						
Expenditures						
Rebates/Refunds (Other)	$ 9,133		$ -	$ -	$ -	$ -
Capital Expenditures	864,197	1,705,095	3,751,717	3,094,700	340,350	3,502,350
Transfers out to Utility Discount Program	-		-	-		-
Transfers out to Operating Fund	-		-	-		-
Total Expenditures	**$ 873,330**	**$ 1,705,095**	**$ 3,751,717**	**$ 3,094,700**	**$ 340,350**	**$ 3,502,350**
Transfers Out	$ -	$ -	$ -	$ -	$ -	$ -
Total Expenditures & Transfers Out	**$ 873,330**	**$ 1,705,095**	**$ 3,751,717**	**$ 3,094,700**	**$ 340,350**	**$ 3,502,350**
Ending Fund Balance	**$ 2,155,638**	**$ 3,664,276**	**$ 93,077**	**$ 469,763**	**$ 2,791,352**	**$ 2,430,094**
FY 2019/20 Water Revenue Fund Expenditures (on-going annual expenditures)			**$ 4,271,112**	**$ 4,068,814**	**$ 4,231,133**	**$ 4,417,186**
Minimum Funding Level (25%)			**$ 1,067,778**	**$ 1,017,204**	**$ 1,057,783**	**$ 1,104,297**
Target Funding Level (35%)			**$ 1,494,889**	**$ 1,424,085**	**$ 1,480,897**	**$ 1,546,015**

Notes: This schedule was updated in for FY 21/22 budget to reflect fund balance rather than cash balance. Fund balance restated starting in FY 2017/18.

WATER

Capital Projects

FUND 921

PROGRAM PURPOSE

The Water Capital fund provides detail on capital projects funded for the fiscal year.

BUDGET OVERVIEW

FY 2021/22 capital budget includes carryover and/ or increased amounts for projects approved in the FY 20/21 capital budget as follows:

- $235,797 to fund the One Water Capital project identified as Nutmeg Pressure Zone.
- $2,691,152 to fund the rehabilitation of six water distribution system storage tanks.
- $200,000 to fund the re-skinning of the RO building.
- $300,000 for RO building tank and piping modifications
- $75,402 for RO membrane replacement.

The Water Fund is cost sharing for the WRF project (29% of the project costs) however funds are not being transferred for this at this time as the City will utilize WIFIA financing first since the City was fortunate to receive a historically low interest rate of 0.83% on the loan. The City is also seeking low interest rate financing (0.9%) from the State Revolving Fund to supplement WIFIA to pay for the WRF project.

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WATER

Water Capital Improvement Fund
Fund 921
STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Interfund Transfers						
One Water	221,425	98,592	-			-
WRF (See footnote)*			-	-		-
Reskin Desal Plant						200,000
Nutmeg Pressure Zone			42,178	344,700	108,903	235,797
Water Tank Rehab (6)	-			2,200,000	56,848	2,691,152
RO Membrane Filters				250,000	174,599	75,401
RO Piping Tank Modifications				300,000	-	300,000
Total Revenues	**$ 221,425**	**$ 98,592**	**$ 42,178**	**$ 3,094,700**	**$ 340,350**	**$ 3,502,350**
USES OF FUNDS						
Expenditures:						
Interfund						
Capital:			-	-		-
WRF (see footnote)*						
Reskin Desal Plant	$ -	$ -	$ -	$ -	$ -	$ 200,000
Nutmeg Pressure Zone	-	-	42,178	344,700	108,903	235,797
OneWater	221,425	98,592	-	-		-
Water Tank Rehab (6)		-		2,200,000	56,848	2,691,152
RO Membrane Filters				250,000	174,599	75,401
RO Piping Tank Modifications	-	-		300,000	-	300,000
Total Expenditures	**$ 221,425**	**$ 98,592**	**$ 42,178**	**$ 3,094,700**	**$ 340,350**	**$ 3,502,350**
Ending Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

WRF & WRF Litigation Expenditures (Water 29% Portion), see foot note on page for Sewer Capital Fund *

** Funded with Financing*

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UTILITY DISCOUNT PROGRAM

REBATE PROGRAM

FUND 315

PROGRAM PURPOSE

This program began with the passage of Council Resolution No. 54-15 on July 14, 2015. Discretionary funds are placed into this account to allow a discount of City Utility bills for income qualifying residents who are participant in the PG&E Care Program. The money used for funding a Water and Sewer penalties. Due to the COVID-19 Pandemic and due to State of California Executive order N-42-20, penalties have not been assessed since March 4, 2020. The resolution authorizing the suspension of these fees stays in effect until June 30, 2021. Another issue facing the Water and Sewer Funds is the issue of accounts in arrears. Due to the COVID-19 Pandemic and due to State of California Executive order N-42-20, penalties have not been assessed since March 4, 2020. The resolution authorizing the suspension of these fees stays in effect until June 30, 2021. In FY 2019/20 the Utility Discount Program was expanded to include a utility rebate program, extending a rebate to income qualifying residents of the Mobile Home Parks who are not individually metered and therefore do not qualify for the discount program. In April 2020, the City also expanded the discount to 25% vs 10% discount and included the discount program to those who could demonstrate that had been laid off or closed a business due to COVID-19. This extension is through June 2021 bill cycle, unless extended further by Council. The Council will need to assess whether and/or when to return to the previous business practice of charging penalties and shutting off service to delinquent accounts.

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

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UTILITY DISCOUNT PROGRAM
Rebate Program

Utility Discount Program

Fund 315

STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd Eff FY 17/18)	$ 306,208	$ 411,492	$ 541,788	$ 656,493	$ 656,493	$ 650,054
REVENUES						
Interest	$ 4,004	$ 10,149	$ 14,975	$ -	$ -	$ -
Donations		52	323	-	561	
TOTAL REVENUES	**$ 4,004**	**$ 10,201**	**$ 15,298**	**$ -**	**$ 561**	**$ -**
Transfers In:						
Water Penalites	$ 72,800	$ 123,679	$ 127,537	$ 55,000	$ 55,000	$ 55,000
Water Service Charges	-			-		-
WEU In-LIEU Fees	-	-				-
Sewer Penalties	47,198	40,777	37,441	38,000	38,000	38,000
Total Revenues and Transfers in	**$ 124,002**	**$ 174,657**	**$ 180,276**	**$ 93,000**	**$ 93,561**	**$ 93,000**
USES OF FUNDS						
Expenditures						
Discounts/Rebates Paid (Other)	$ 18,718	$ 44,361	$ 65,571	$ 100,000	$ 100,000	$150,000
Total Expenditures	**$ 18,718**	**$ 44,361**	**$ 65,571**	**$ 100,000**	**$ 100,000**	**$ 150,000**
Ending Fund Balance	**$ 411,492**	**$ 541,788**	**$ 656,493**	**$ 649,493**	**$ 650,054**	**$ 593,054**

Notes: This schedule was updated in for FY 21/22 budget to reflect fund balance rather than cash balance. Fund balance restated starting in FY 2017/18.

UTILITY DISCOUNT PROGRAM
Rebate Program

ACTIVITY AND WORKLOAD HIGHLIGHTS	2018/19 ACTUALS	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Utility Discount Applications Received	295	295	320	350
Utility Discount Customers Enrolled	270	270	300	330
Utility Rebate Application Received*	0	17	18	25
Utility Rebate Customers Enrolled*	0	17	18	25

*Rebate program started in FY 19/20.

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SEWER

DEPARTMENT PURPOSE

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

Sewer Enterprise Fund

DEPARTMENTAL SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
REVENUES						
Charges for Service	$ 8,276,703	$ 8,568,941	$ 9,805,550	$ 9,661,917	$ 8,730,525	$ 8,531,225
WRF Surcharge	-	-	2,172,277	2,173,000	2,172,875	1,921,212
Fines & Forfeitures	36,568	40,777	37,441	38,000	-	38,000
Use of Money & Property	99,317	218,717	286,792	20,000	20,000	20,000
Other Sources	18,150	43,206	64,565	-	-	-
SWR General Loan	-	-	-	-	-	-
Programmed Use of Fund Balance						
Interfund Transfers In	3,720,473	7,794,683	12,791,511	6,089,544	6,777,037	4,568,646
Transfers In						
TOTAL REVENUES	**$ 12,151,211**	**$ 16,666,324**	**$ 25,158,136**	**$ 17,982,461**	**$ 17,700,437**	**$ 15,079,083**
EXPENDITURES						
Salaries and Benefits	$ 1,098,808	$ 1,551,486	$ 2,145,401	$ 1,689,103	$ 1,303,422	$ 1,714,570
Supplies	353,381	366,742	348,841	369,809	281,652	385,100
Services	938,080	873,972	1,260,860	1,607,032	885,587	1,534,488
Capital Outlay	386,903	98,597	(3,709,539)	-	-	-
Other	2,083,365	1,868,738	1,911,996	2,036,938	1,358,045	2,099,886
Debt Service	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 4,860,537**	**$ 4,759,535**	**$ 1,957,559**	**$ 5,702,882**	**$ 3,828,706**	**$ 5,734,044**
Transfers Out						
General Fund for CAP	$ 163,598	$ 187,723	$ 379,670	$ 313,076	$ 313,076	$ 310,859
General Fund for Legal	-	72,750	13,859	12,152	12,152	12,152
General Fund for Capital	-	-	-	153,900	48,861	105,039
IT Replacement Fund	45,125	50,758	59,006	60,485	60,486	60,136
Utility Discount Program	47,198	40,777	37,441	38,000	38,000	38,000
WRF & WRF Litigation	2,166,941	3,933,163	12,791,511	-	-	-
Accumulation Fund	1,392,825	3,607,811	3,724,859	5,869,372	6,731,904	4,397,372
WWTP	-	-	-	-	-	-
Equipment Replacement	-	98,597	-	396,950	109,785	287,165
TOTAL TRANSFERS OUT	**$ 3,815,687**	**$ 7,991,579**	**$ 17,006,346**	**$ 6,843,935**	**$ 7,314,264**	**$ 5,210,723**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 8,676,224**	**$ 12,751,114**	**$ 18,963,905**	**$ 12,546,817**	**$ 11,142,970**	**$ 10,944,767**

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
PROGRAM						
Operating	$ 2,325,296	$ 3,010,375	$ (5,583,002)	$ 9,177,000	$ 9,000,702	$ 7,899,605
*WRF**	2,166,941	3,933,163	12,791,511	-	-	-
Equipment Replacement	445,581	-	-	-	-	-
OneWater	-	98,597	-	-	-	-
Wastewater Collection - Main st & Atascadero Rd	-	-	-	153,900	48,861	105,039
Wastewater Collection - Upstream LS1/Beachcomber	-	-	31,296	103,050	60,924	42,126
Replacement of LS2 Pumps & Motors	-	-	-	70,000	-	70,000
Accumulation	1,782,867	4,031,760	9,113,268	326,950	109,785	217,165
MB/CS Waste Water WWTP	1,955,539	1,677,219	2,610,832	2,715,917	1,922,698	2,610,832
TOTAL EXPENDITURES & TRANFERS	**$ 8,676,224**	**$ 12,751,114**	**$ 18,963,905**	**$ 12,546,817**	**$ 11,142,970**	**$ 10,944,767**
	-	-	-	-	-	-
WRF & WRF Litigation Expenditures*				**$ 47,387,544**	**$ 24,446,733**	**$ 88,819,028**

** Funded with Financing*

SEWER

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Utilities					
Utilities Manager	1.00	1.00	1.00	1.00	
Waste Water System Supervisor	1.00	1.00	1.00	1.00	
Lead Utility Operator	0.00	5.00	5.00	5.00	
Multi-Cert Utility Operator	0.00	4.00	7.00	7.00	
Utility Operator	0.00	5.00	2.00	2.00	
Office Assistant IV	0.15	0.27	1.00	1.00	
Electrical and Instrumentation Technician	0.00	0.00	0.00	1.00	Required for Water Reclamation Facility operations. Funded for half the year.
Water System Supervisor	1.00	0.00	0.00	0.00	
Water System Operator I	1.00	0.00	0.00	0.00	
Water System Operator II	2.00	0.00	0.00	0.00	
Water System Operator III	1.00	0.00	0.00	0.00	
Collections System Supervisor	1.00	0.00	0.00	0.00	
Collection Systems Worker III	1.00	0.00	0.00	0.00	
Collection Systems Worker II	2.00	0.00	0.00	0.00	
Waste Water Operator In Training	1.00	0.00	0.00	0.00	
Waste Water System Leadworker	1.00	0.00	0.00	0.00	
Waste Water System Operator II/Lab Analyst	1.00	0.00	0.00	0.00	
Waste Water System Operator II	3.00	0.00	0.00	0.00	
Waste Water System Operator In Training	1.00	0.00	0.00	0.00	
Total Utilities Department FTE's	**18.15**	**16.27**	**17.00**	**18.00**	

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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. The current rates were designed to facilitate the on-going going operations as well as the financing of the construction of the new WRF.

BUDGET OVERVIEW

In FY 2021/22 revenues will be sufficient to cover increased expenditures. Costs will increase for salaries and benefits for all staff due to implementing agreements reached with the City's bargaining groups as well as the redistribution of costs associated with the Public Works Director management and oversight of this function. Additionally, there are increases expected for supplies needed to collect and treat wastewater. Finally, a more appropriate distribution methodology related to insurance costs was implemented this year which increased the costs of insurance for the Sewer Fund. The new method distributes costs based on total operating costs of the function instead of full-time equivalent employees assigned to the function.

The estimated fund balance at the end of FY 2021/22 is $35.5 million. This exceeds the target funding level pursuant to Resolution 46-18 adopting the Enterprise Fund Accumulation Reserve Policy. These monies are being held in reserve to ultimately pay debt service payments on low-interest financing (WIFIA and SRF) being secured to fund construction on the Water Reclamation Facility. These funds can also be used to manage cashflow. This amount is insufficient to cover cashflow needs during the year in which $88.8 million in expenditures is anticipated. Staff is conducting a cashflow analysis with the assistance of the City's financial advisor and will return to Council with a recommendation when this analysis is complete.

Another issue facing the Water and Sewer Funds is the issue of accounts in arrears. Due to the COVID-19 Pandemic and due to State of California Executive order N-42-20, penalties have not been assessed since March 4, 2020. The resolution authorizing the suspension of these fees stays in effect until June 30, 2021. In FY 2019/20 the Utility Discount Program the City's utility rebate program, extending a rebate to income qualifying residents of the Mobile Home Parks who are not individually metered and therefore do not qualify for the discount program. In April 2020, the City also expanded the discount to 25% vs 10% discount to those who could demonstrate that had been laid off or closed a business due to COVID-19. This extension is through June 2021 bill cycle, unless extended further by Council. The Council will need to assess whether and/or when to return to previous business practice of charging penalties and shutting off service to delinquent accounts.

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SEWER
Revenue
Sewer Revenue Fund
Fund 321
SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd Eff 17/18)	$ 12,479,423	$ 16,533,801	$ 20,464,231	$ 35,463,973	$ 35,463,973	$ 35,463,973
REVENUES						
Charges for Service	$ 6,326,719	$ 6,891,722	$ 7,194,718	$ 6,946,000	$ 6,807,827	$ 5,920,393
WRF Surcharge	-	-	2,172,277	2,173,000	2,172,875	1,921,212
Fines & Forfeitures	36,568	40,777	37,441	38,000	-	38,000
Use of Money & Property	16,387	8,306	17,245	20,000	20,000	20,000
Other Sources	-		(4,941)	-		-
Interfund Transfers In						
TOTAL REVENUES	**$ 6,379,674**	**$ 6,940,805**	**$ 9,416,740**	**$ 9,177,000**	**$ 9,000,702**	**$ 7,899,605**
EXPENDITURES						
Salaries and Benefits	$ 176,612	$ 756,548	$ 1,053,614	$ 560,222	$ 503,575	$ 622,783
Supplies	57,249	146,147	63,041	96,509	71,394	99,300
Services	247,580	265,012	234,228	505,399	185,098	507,856
Capital Outlay	(1,825,732)	(3,933,163)	(12,822,807)	-		
Other	2,047,582	1,846,091	1,911,996	2,036,938	1,358,045	2,099,886
Debt Service	-		-	-		-
TOTAL EXPENDITURES	**$ 703,291**	**$ (919,365)**	**$ (9,559,928)**	**$ 3,199,068**	**$ 2,118,112**	**$ 3,329,825**
Transfers Out						
General Fund for CAP	$ 163,598	$ 187,723	$ 200,098	$ 128,691	$ 128,691	$ 131,287
General Fund for Legal		72,750	13,859	12,152	12,152	12,152
General Fund for Capital	-			-		
IT Replacement Fund	18,384	20,679	31,965	32,767	32,767	33,095
Risk Management			3,637	3,728	3,728	3,765
Vehicle Replacement				-		
Eq/Bldg Replacement			5,909	56,056	56,056	
Trust & Agency Fund				-		
Utility Discount Program	47,198	40,777	37,441	38,000	38,000	38,000
Accumulation Fund	1,392,825	3,607,811	3,684,017	5,706,538	6,611,196	4,351,481
Total Transfers	**$ 1,622,005**	**$ 3,929,740**	**$ 3,976,926**	**$ 5,977,932**	**$ 6,882,590**	**$ 4,569,780**
Total Expenditures & Transfers	**$ 2,325,296**	**$ 3,010,375**	**$ (5,583,002)**	**$ 9,177,000**	**$ 9,000,702**	**$ 7,899,605**
	-	-	-			
Ending Fund Balance	$ 16,533,801	$ 20,464,231	$ 35,463,973	$ 35,463,973	$ 35,463,973	$ 35,463,973

Notes: Statement changed in FY 21-22 budget presentation to reflect fund balances from cash balances

SEWER
Revenue

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Good Governance	• Maintain equipment to maximize and extend its useful life.
Workforce Development	• Prepare staff with the necessary skills and knowledge to run the new WRF facility and its associated lift stations and advanced conveyance systems

KEY PROGRAM SERVICES

- Operate and maintain the collection system in a way that ensures compliance with state and federal requirements.
- Prepare and submit county, state, and federal required reports.
- Track equipment maintenance procedures to ensure timely completion.
- Operate and maintain sewer cleaning equipment to ensure approximately 50 percent of the system is cleaned every year.
- Operate and maintain sewer line video recording equipment to ensure approximately 25 percent of the system is video inspected each year.
- Operate and maintain smoke testing equipment and perform testing of areas of town that are expected to have high inflow and infiltration rates.
- Operate and maintain the city's three sewage lift stations to provide 24 hour per day seven day per week uninterruptable service.
- Respond to customer reports of slow or stopped sewer flows.
- Perform the customer service and billing functions associated with customer sewer service.

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SEWER
Revenue

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Budget
Chemical Root Control	$39,525	$39,525	$41,624	$45,000
Lift Station two pump Replacement				$70,000
Maintenance work orders over 30 days	0	0	0	0
Percent of collection system cleaned	53%	53%	54%	50%
Percent of Video Camera inspection of entire system	6%	6%	8%	10%
Reportable sanitary sewer outflows	2	2	1	0

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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 2021/22 budget in the equipment replacement fund.

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SEWER
Equipment Replacement

Sewer Equipment Replacement

Fund 054

STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd Eff FY 17/18)	**$ 684,057**	**$ 421,956**	**$ 464,502**	**$ 475,813**	**$ 475,813**	**$ 531,869**
Revenues						
Intergovernmental						
Use of Money	$ 6,109	$ 10,245	$ 11,311		$ -	$0.00
Transfer	177,371	32,301	-	$ 56,056	56,056	$0.00
Total Revenues	**$ 183,480**	**$ 42,546**	**$ 11,311**	**$ 56,056**	**$ 56,056**	**$ -**
USES OF FUNDS						
Expenditures						
Capital Outlay	$ 444,416	$ -	$ -	$ -	$ -	$ -
Operating Expenditures	1,165		-	-	-	-
Charges for Services	-		-	-	-	-
Interest Expense	-		-	-	-	-
Capital Projects - Carryfwd	-		-	-	-	-
Transfer			-	-	-	-
Total Expenditures	**$ 445,581**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Ending Fund Balance	**$ 421,956**	**$ 464,502**	**$ 475,813**	**$ 531,869**	**$ 531,869**	**$ 531,869**

Notes: Statement changed in FY 21-22 budget presentation to reflect fund balances from cash balances.

SEWER

ACCUMULATION FUND

FUND 952

PROGRAM PURPOSE

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

BUDGET OVERVIEW

FY 2021/22 budgeted transfers into the accumulation fund total $4.4 million and transfers to fund capital projects, total $217,165. This is subject to variation and dependent on revenue collections in the operating fund and expenditures, specifically progress made on the new water reclamation/wastewater treatment plant. Inclusive of these transfers, an estimated cash balance of $5.8 million would remain in the accumulation fund – in excess of the $1.2 million target funding level pursuant to Resolution 46-18 adopting the Enterprise Fund Accumulation Reserve Policy. These funds are being held in reserve to ultimately pay debt service payments on low-interest financing (WIFIA and SRF) being secured to fund construction on the Water Reclamation Facility. These funds can also be used to manage cashflow. This amount is insufficient to cover cashflow needs during the year in which $88.8 million in expenditures is anticipated. Staff is conducting a cashflow analysis with the assistance of the City's financial advisor and will return to Council with a recommendation when this analysis is complete.

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SEWER
Accumulation Fund

Sewer Accumulation Fund
Fund 952
STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Eff FY 17/18)	**$ 4,262,658**	**$ 3,950,923**	**$ 3,991,754**	**$ (4,793,772)**	**$ (4,793,772)**	**$ 1,707,639**
Revenues						
Interest	76,821	200,166	258,236	-	-	-
Other Revenue	18,150	43,206	69,506			-
Interfund Transfers	1,376,161	3,829,219	-	5,706,538	6,611,196	4,351,481
SWR General Loan	-		-	-	-	-
Total Revenues	**$ 1,471,132**	**$ 4,072,591**	**$ 327,742**	**$ 5,706,538**	**$ 6,611,196**	**$ 4,351,481**
USES OF FUNDS						
Expenditures						
Sewer Equipment Replacement	$ -	$ -	$ -	$ 326,950	$ 109,785	$ 217,165
Other	14,648	-	-	-	-	-
	-	-	-	-	-	-
Total Expenditures	**$ 14,648**	**$ -**	**$ -**	**$ 326,950**	**$ 109,785**	**$ 217,165**
Capital Improvements (Transfers)	$ 1,768,219	$ 4,031,760	$ 9,113,268	$ -	$ -	$ -
Total Expenditures & Transfers Out	**$ 1,782,867**	**$ 4,031,760**	**$ 9,113,268**	**$ 326,950**	**$ 109,785**	**$ 217,165**
Ending Fund Balance	**$ 3,950,923**	**$ 3,991,754**	**$ (4,793,772)**	**$ 585,816**	**$ 1,707,639**	**$ 5,841,955**

FY 20/21Sewer Revenue Fund Expenditures (on-going annual expenditures)	**$ 2,389,506**	**$ 3,548,124**
Minimum Funding Level (25%)	**$ 597,377**	**$ 887,031**
Target Funding Level (35%)	**$ 836,327**	**$ 1,241,843**

Notes: Statement changed in FY 21-22 budget presentation to reflect fund balances from cash balances.

FY 2017/18 - 2019/20 actuals included funding for WRF project, this is now being funded through WIFIA financing and SRF planning loan.

SEWER

Capital Projects

FUND 922

PROGRAM PURPOSE

The Sewer Capital fund provides detail on capital projects funded for the fiscal year.

BUDGET OVERVIEW

The FY 2021/22 budget includes funding for the City's Water Reclamation Facility (WRF) at $88.8 million – funded with WIFIA loan proceeds at an interest rate of 0.87%. The overall debt service on the WRF project is funded 29% with Water Revenue and 71% Sewer Revenue.

The other sewer capital projects fund also includes:

- $147,165 in capital projects identified through the One Water review – Wastewater Collection at Main Street and Atascadero Rd and Upstream at LS1/Beachcomber.
- $70,000 to fund the replacement of lift station two pumps required by the rerouting of lift station two discharge to the location of a newly constructed lift station "B" as part of the overall WRF project.

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SEWER

Sewer Capital Improvement Fund
Fund 922
STATEMENT OF SOURCE AND USE OF FUNDS

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Interfund Transfers						
Transfers	2,166,941	3,933,163	12,791,511			-
One Water:	-	98,597	-	-		
Wastewater Collection - Main st & Atascadero Rd	-	-	-	153,900	48,861	105,039
Wastewater Collection - Upstream LS1/Beachcomber	-	-	31,296	103,050	60,924	42,126
Replacement of LS2 Pumps & Motors				70,000	-	70,000
Total Revenues	**$ 2,166,941**	**$ 4,031,760**	**$ 12,822,807**	**$ 326,950**	**$ 109,785**	**$ 217,165**
USES OF FUNDS						
Capital Expenditures:						
*WRF & WRF Litigation**	2,166,941	3,933,163	12,791,511			
OneWater:		98,597	-	-		-
Wastewater Collection - Main st & Atascadero Rd		-	-	153,900	48,861	105,039
Wastewater Collection - Upstream LS1/Beachcomber		-	31,296	103,050	60,924	42,126
Replacement of LS2 Pumps & Motors				70,000	-	70,000
Total Expenditures	**$ 2,166,941**	**$ 4,031,760**	**$ 12,822,807**	**$ 326,950**	**$ 109,785**	**$ 217,165**
Ending Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
WRF & WRF Litigation Expenditures*				**$ 47,387,544**	**$ 24,446,733**	**$ 88,819,028**

** Funded with Financing*

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Morro Bay/Cayucos Sanitary District Wastewater Treatment Facility

DEPARTMENT PURPOSE

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

A major upgrade had been planned for the aging facility (built in the 1950s), with the operational target of 2015. In December 2013, the City Council ceased efforts to upgrade the Facility at its current waterfront location and began efforts to secure a new location as a Water Reclamation Facility, away from its current location in the coastal zone. The new project will result in a City-owned Facility, ending the long-standing agreement with the Cayucos Sanitary District.

MB/Cayucos WWTP

MB/CS Waste Water Fund Fund 599 SUMMARY OF REVENUES AND EXPENDITURES	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (eff 17/18)	$ 5,555	$ -	$ -	$ -	$ -	$ -
REVENUES						
Charges for Service	$ 1,949,984	$ 1,677,219	$ 2,610,832	$ 2,715,917	$ 1,922,698	$ 2,610,832
Fines & Forfeitures	-	-	-	-		-
Use of Money & Property	-	-	-	-		-
Other Sources	-	-	-	-		-
Interfund Transfers In	-	-				
TOTAL REVENUES	**$ 1,949,984**	**$ 1,677,219**	**$ 2,610,832**	**$ 2,715,917**	**$ 1,922,698**	**$ 2,610,832**
EXPENDITURES						
Salaries and Benefits	$ 922,196	$ 794,938	$ 1,091,787	$ 1,128,881	$ 799,847	$ 1,091,787
Supplies	296,132	220,595	285,800	273,300	210,258	285,800
Services	690,500	608,960	1,026,632	1,101,633	700,489	1,026,632
Capital Outlay	-	-	-	-		-
Other	19,970	22,647	-	-		-
Debt Service	-	-	-	-		-
TOTAL EXPENDITURES	**$ 1,928,798**	**$ 1,647,140**	**$ 2,404,219**	**$ 2,503,814**	**$ 1,710,594**	**$ 2,404,219**
Transfers Out						
General Fund for CAP	$ -	$ -	$ 174,681	$ 179,371	$ 179,371	$ 174,681
Risk Management - CAP			4,891	5,014	5,014	4,891
IT Replacement Fund	26,741	30,079	27,041	27,718	27,719	27,041
Intrafund Transfers	-	-	-			-
Tranfers out	-	-	-	-		-
Total Transfers	**$ 26,741**	**$ 30,079**	**$ 206,613**	**$ 212,103**	**$ 212,104**	**$ 206,613**
Total Expenditures & Transfers	**$ 1,955,539**	**$ 1,677,219**	**$ 2,610,832**	**$ 2,715,917**	**$ 1,922,698**	**$ 2,610,832**
Ending Fund Balance	$ -	$ -	$ -	$ -	$ -	$ -

Notes: FY 21-22 budget assumptions includes joint venture with Cayucos Sanitary District continuing until notification of water flow diversion to their new wastewater treatment plant under construction.

MB/Cayucos WWTP

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Good Governance	• Operate, Maintain, Repair and Replace plant equipment to ensure useful life though the construction and commissioning of the new treatment facility.
Workforce Development	• Prepare staff with the necessary skills and knowledge to run the new advanced potable water reuse facility.

KEY PROGRAM SERVICES

- Operate and maintain the treatment plant equipment in a way that ensures compliance with state and federal discharge requirements.
- Prepare and submit county, state, and federal required reports.
- Track equipment maintenance procedures to ensure timely completion.
- Run a state certified Laboratory for time sensitive water testing.
- Track, sample, test or prepare for testing all required water laboratory testing.
- Interpreted laboratory test results to make process adjustments to maintain water quality objectives.
- Digest, dry and prepare for composting the facility biosolids.
- Operate the facility to minimalize objectional odors.

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MB/Cayucos WWTP

Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	Comments
Utilities					
Utilities Manager	1.00	1.00	1.00	1.00	
Waste Water System Supervisor	1.00	1.00	1.00	1.00	
Lead Utility Operator	0.00	5.00	5.00	5.00	
Multi-Cert Utility Operator	0.00	4.00	7.00	7.00	
Utility Operator	0.00	5.00	2.00	2.00	
Office Assistant IV	0.15	0.27	1.00	1.00	
Electrical and Instrumentation Technician	0.00	0.00	0.00	1.00	Required for Water Reclamation Facility operations. Funded for half the year.
Water System Supervisor	1.00	0.00	0.00	0.00	
Water System Operator I	1.00	0.00	0.00	0.00	
Water System Operator II	2.00	0.00	0.00	0.00	
Water System Operator III	1.00	0.00	0.00	0.00	
Collections System Supervisor	1.00	0.00	0.00	0.00	
Collection Systems Worker III	1.00	0.00	0.00	0.00	
Collection Systems Worker II	2.00	0.00	0.00	0.00	
Waste Water Operator In Training	1.00	0.00	0.00	0.00	
Waste Water System Leadworker	1.00	0.00	0.00	0.00	
Waste Water System Operator II/Lab Analyst	1.00	0.00	0.00	0.00	
Waste Water System Operator II	3.00	0.00	0.00	0.00	
Waste Water System Operator In Training	1.00	0.00	0.00	0.00	
Total Utilities Department FTE's	**18.15**	**16.27**	**17.00**	**18.00**	

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MB/Cayucos WWTP

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimated	2021/22 Budget
Maintenance work orders over 30 days	0	0	0	0
After hour call outs per month	3.1	3.25	< 3.0	<3.0
Lab QA/QC inspections and samples	Above 90%	Above 90%	Above 90%	Above 90%

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Harbor

DEPARTMENT PURPOSE

The Harbor Department was established to manage the City's Tidelands Trust stewardship of the State-granted tidelands in Morro Bay, providing for public access, waterfront property and lease management, public service, public safety, and municipal code enforcement on the waterfront, waters and beaches of Morro Bay, for facility maintenance, repair and capital improvement and replacement. The department oversees the Harbor Operating Fund, Harbor Equipment Replacement Fund and Harbor Accumulation Fund. The Funds were established to account for all revenues and expenses connected with the operation of the Morro Bay Harbor in accordance with the Tidelands Trust granting statutes from the State of California.

BUDGET OVERVIEW

The sole sources of revenue for the Harbor Department are lease site minimum annual and percent gross of sales rents on the Embarcadero and south Main Street and boating and boating facility-related fees. Lease site revenues represent approximately 94% of the total departmental revenues received. Historically, the department receives no revenues from sales, transient occupancy, TBID or property taxes. In FY 2021/22 the proposed budget contains one-time and ongoing support from Measure Q & E (Section E). The Harbor Operating Fund is established as a self-supporting enterprise fund, and per the stipulations in the Tidelands Trust, all revenues generated in the Trust are to be expended for Trust purposes and on Trust properties and facilities, with a Cost Allocation payment of approximately $250,000 to the General Fund in the last fiscal year for services received from that fund's personnel and related expenses to support the Harbor Department. It should be noted the Cost Allocation is not a subsidy of the Harbor Fund by the General Fund, rather, it is a charge to the Harbor Fund by the General Fund for services rendered by the General Fund.

HARBOR

The Harbor Department generates a balanced budget of recurring expenses met by recurring revenues, with any excess revenues going to the Harbor Accumulation Fund for capital asset and major equipment needs. In addition, grant acquisition from several sources continues to be a consistent method of funding for numerous important departmental needs and initiatives. In the years immediately following the Great Recession of 2008, production of a balanced budget was seriously challenged, however, beginning with FY 2012/13, lease and other revenues significantly rebounded, and, with the possible exception of the "COVID-19 pandemic year," revenues are now generally leveled-off at pre-recession amounts. The cessation of the $275,000 power plant outfall lease payments in ~2012, however, placed an additional financial burden on the department.

In estimating revenues, department staff generally take a very conservative approach, using Management Partner's 10-Year Budget Forecast model, coupled with a "look back" of previous years' actual performance and a look forward to future needs and priorities, and including such factors as CPI, sales, property and transient occupancy tax trends and forecasts.

In FY 2019/20 the Department's Administrative Technician position was defunded and reduced to part-time office assistant hours, which position was further reduced when the part-time person in it moved on and no replacement sought. The position remains unfilled. The FY 2020/21 budget was heavily impacted by the anticipated COVID-19 pandemic's economic and social effects, and department expenditures were reduced by approximately $130,000 in that year. With percent gross revenue reporting for FY 2020/2021 not due until July 2021, it is too early to know what the pandemic's true financial effects on the Harbor Fund will be.

It is significant to realize, however, over the foreseeable future Harbor-related operational service, capital asset/equipment improvement and replacement funding needs cannot be adequately met with current revenue streams, fee structures or lack of economic development or enhancement. Retirement this year after the last of the ~$135,000 payments on the 1991 South T-Pier loan from the Division of Boating and Waterways after that pier burned will have the greatest positive fiscal impact in the near term.

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HARBOR

Objective	FY 2020/21 Accomplishments
Efficient Administration of the Tidelands Trust	• "Libertine" lease site put on three-year interim lease with new lessee while lessee develops site redevelopment plans for City Council consideration. • Major redevelopment projects completed at "Rose's Landing" and "House of JuJu" lease sites. • Lease Site Management Policy update completed and approved by the City Council. Implementation strategies identified and underway. • Coast Guard building expansion project begun and slated to be completed by summer, 2021. • Building modification and structural work begun for local microbrewery to occupy the former Morro Bay Aquarium lease site under an interim lease agreement. • Balanced multiple issues with regard to COVID-19 public health protocols and maintaining viable business operations.
Public Safety	• 1085 calls for service, 139 emergency responses and 345 enforcement actions to date 7/1/20 to 3/10/21. • All full-time Harbor Patrol personnel have obtained Coast Guard Captain's licensing. • Maintained a safe beach and waterfront during the pandemic with extra responsibility in those areas monitoring users and protocols. • Striped the Rock parking lot with chalk twice a week for over 6 months to accommodate for the busiest beach season on the books. • Integrated Harbor and Fire personnel together for fire, medical aid and water rescue response.

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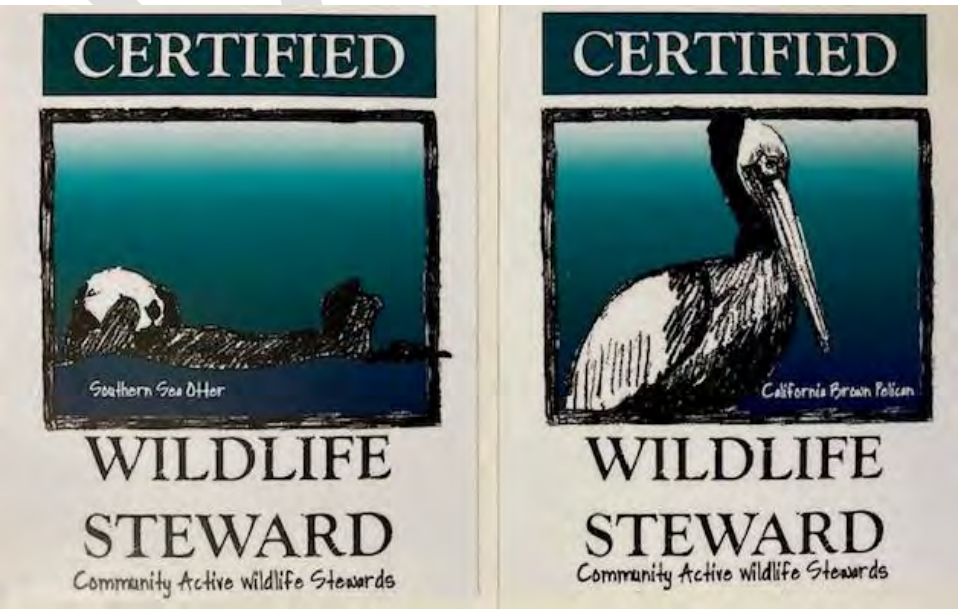
HARBOR

Objective	FY 2020/21 Accomplishments
Providing Necessary Facilities, Services & Public Access to the Commercial & Recreational Boating and General Public	• Beach Street slips replacement project in design and engineering phases. • Assisted Army Corps of Engineers with scope and oversight of annual harbor dredging project. • Trailer boat storage in the Triangle Parking Lot expanded and maintained at full capacity. • Balanced multiple issues with regard to COVID-19 public health protocols and public access.
Resource Management & Environmental Stewardship	• Maintained seat on Morro Bay National Estuary Program Executive Committee to help guide projects to protect Morro Bay waters and resources. • Assisted local marine animal/conservation groups with training and/or logistical support (Sea Life Stewards, Marine Mammal Center, Pacific Wildlife Care, Cal Poly, National Estuary Program). • Awarded the first-ever public agency "Wildlife Steward" certification in the State of California from State Parks' Sea Life Stewards program for support local marine wildlife education and conservation efforts. • Significant hazards to navigation and pollution abated with removal of five derelict vessels using $18,200 in Division of Boating and Waterways grant funding.



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HARBOR
Departmental Summary of FTEs

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/20 Funded
Harbor Department				
Harbor Director	1.0	1.0	1.0	1.0
Harbor Business Coordinator	1.0	1.0	1.0	1.0
Harbor Patrol Supervisor	1.0	1.0	1.0	1.0
Harbor Patrol Officer	3.0	3.0	3.0	3.0
Administrative Technican	1.0	0.0	0.0	0.0
Total Department FTEs	**7.00**	**6.00**	**6.00**	**6.00**

To be updated part-Time Staff Hours in the adopted budget

Harbor

OPERATING FUND

Fund 331

PROGRAM PURPOSE

The Harbor Operating Fund provides for the overall operation of the department's various functions, including general department operations, lease, property and facility management, public access, development and redevelopment, accounts receivable, public safety (Harbor Patrol and Beach Lifeguards) and maintenance and repair.

BUDGET OVERVIEW

Not including grants, this fund's revenues and expenses are approximately $2 million annually. At the bottom on the Great Recession, they were approximately $1.6 million - $1.7 million. Major revenue streams are harbor leases, slip, pier, and mooring fees, liveaboard services, miscellaneous services and boat launch ramp parking. During the 2020/21 fiscal year, a pilot waterfront RV camping program was instituted to augment the department's revenues. Primary expense categories are personnel (full and part time), services, supplies and debt service. Grant acquisition varies from year to year, but generally averages at least $40,000 - $50,000 annually and can be as high as $300,000. The FY 2020/21 budget included expenditure reductions of $130,000 to help offset losses related to COVID-19. These expenditure reductions came almost entirely in the form of staff salary and benefit concessions, leaving the full-time Administrative Technician position unfilled, significant reduction in part-time staff hours and cuts to almost all general spending categories.

HARBOR
Operating

Harbor Operating

Fund 331

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance (Chg'd Eff FY 17/18)	$(1,666,238)	$(1,515,443)	$(1,826,436)	$(1,890,579)	$(1,890,579)	$(1,675,823)
REVENUES						
Intergovernmental	67,376	8,800	24,868	28,000	$ 22,790	$ 26,200
Charges for Service	1,970,290	2,033,174	1,819,169	1,785,800	$ 1,785,800	2,037,300
Charges for Services - RV Camping				90,975	$ 90,975	44,600
Charges for Service - Boat Launch Ramp	30,612	29,590	30,187	24,000	43,001	40,000
Fines & Forfeitures	7,826	2,543	4,540	3,360	1,807	2,000
Use of Money & Property	-	-	-	-		
Other Revenues	8,073	15,289	4,859	-		
Other Revenues - Lifeguards	-	1,150	-	-		
Interfund Transfers	45,000	5,300	145,515	85,000	85,000	
TOTAL REVENUES	**$ 2,129,177**	**$ 2,095,846**	**$ 2,029,138**	**$ 2,017,135**	**$ 2,029,373**	**$ 2,150,100**
	-	-	-			
EXPENDITURES						
Salaries and Benefits	$ 988,269	$ 1,423,174	$ 1,127,829	$ 958,371	$ 930,719	$ 1,107,051
Supplies	88,444	56,379	50,763	94,435	91,494	66,100
Services	368,629	374,906	353,772	444,194	331,811	342,779
Capital Outlay	89,450	(11,131)	4,661			
Other	76,786	116,320	203,169	9,100	9,100	4,600
Debt Service	26,640	21,771	27,080	134,859	134,859	134,834
TOTAL EXPENDITURES	**$ 1,638,218**	**$ 1,981,419**	**$ 1,767,274**	**$ 1,640,959**	**$ 1,497,983**	**$ 1,655,364**
Transfers Out	340,164	425,420	326,007	316,634	316,634	$ 399,021
Transfer to Accum						
Total Expenditures & Transfers	**$ 1,978,382**	**$ 2,406,839**	**$ 2,093,281**	**$ 1,957,593**	**$ 1,814,617**	**$ 2,054,385**
	-	-	-	-		
Ending Fund Balance	(1,515,443)	(1,826,436)	(1,890,579)	(1,831,037)	(1,675,823)	(1,580,108)

Notes: Statement changed in FY 21-22 budget presentation to reflect fund balances from cash balances

HARBOR
Operating

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Efficient Administration of the Tidelands Trust	• Complete cost-benefit analysis of continued in-house management of Tidelands Trust lease sites versus contacting that function out to the private sector and bring to City Council for consideration. • Effectively implement the new Harbor Department lease management policy percent gross payment auditing and site condition and compliance inspection elements for all City lease sites by developing and implementing auditing and inspection procedures. • Assess financial options to ensure Harbor Fund is financially healthy and sustainable • Work with Morro Bay Maritime Museum on museum's planned expansion and establishment of a long-term lease for their continued operations. • Complete harbor rules and regulations and municipal code Ch. 15 updates for Council approval. • Continue marshalling several expired leases on holdover into redevelopment/lease renegotiation phases. • Continue collaboration with Castle Wind on offshore wind farm power generation project. • Establish a long-term lease for local microbrewery to be operating in the old Morro Bay Aquarium lease site and building. • Continue working with Harbor Advisory Board and other stakeholders on new/improved revenue sources for the Harbor Fund to address capital and reserve fund needs. • Support Coast Guard with completion of their building expansion project. • Work with "Libertine" lease site lessee to formulate a redevelopment concept plan of the site for City Council consideration. • Continue development and improvement of the waterfront RV camping program.

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Objective	Key Projects
Public Safety	• With funding acquired from several sources, complete integration of new Harbor Patrol vessel into department fleet, and phase out 34-year-old Patrol Boat #68 being replaced. • Continue refining the management of the seasonal lifeguard program under the purview of a full-time Harbor Patrol Officer. • Resume public education and outreach efforts and events such as National Safe Boating Day that were largely curtailed or hampered by COVID-19 pandemic restrictions.
Providing Necessary Facilities, Services & Public Access to the Commercial & Recreational Boating and General Public	• In conjunction with the Coast Guard building expansion project, externally and internally reconfigure Harbor Department Office to improve access and ADA parking and accessibility. • Complete replacement of the Beach Street commercial fishing vessel slips and complete necessary structural repairs on the North and South T-Piers to the maximum extent feasible with available funds. • Install parking delineation bumpers in the Rock Parking Lot to replace the chalking that was done in 2020 in order to provide better parking organization, order, emergency response corridors and public access.

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HARBOR
Operating

FY 2021/22 KEY PROJECTS

Objective	Key Projects
Resource Management & Environmental Stewardship	• Continue assisting leaseholders to obtain Clean Marina certification. • Apply for and obtain another derelict vessel abatement "SAVE" grant from the Division of Boating and Waterways. • Maintain seat on Morro Bay National Estuary Program Executive Committee to help guide projects to protect Morro Bay waters and resources . • Continue assisting local marine animal/conservation groups with training and/or logistical support (Sea Life Stewards, Marine Mammal Center, Pacific Wildlife Care, Cal Poly, National Estuary Program).

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HARBOR
Operating

KEY PROGRAM SERVICES

- Lease Management
  - Lease oversight
  - Lease marketing, promotion and economic development
  - Lease negotiation
  - Sublease approval
  - Lease/sublease compliance
  - Rent calculation and tracking
  - Insurance tracking and compliance
  - Appraisals and audits

- Harbor Patrol
  - Boater assistance
  - Search & Rescue
  - Lifeguarding/Surf Rescue
  - Law/Code Enforcement
  - Marine/Waterfront Firefighting
  - Medical Aid
  - Pollution Response
  - Slip, mooring, pier and public facility management
  - Assisting various other state and local agencies
  - Animal Rescue/Environmental
  - Education & Prevention

- Administration
  - Public office front counter/public assist
  - General departmental operations and administration
  - Website/Facebook/public outreach
  - Assisting/coordinating with other departments and agencies
  - Liveaboard, slip, mooring and pier administration
  - Weather monitoring and reporting
  - Capital projects; planning, funding, contracting and execution
  - Management of the seven-member Harbor Advisory Board

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HARBOR

Operating

KEY PROGRAM SERVICES

- Finance
  - Accounts Receivable
  - Accounts Payable
  - Departmental budget development and management
  - Grant acquisition and management
  - Capital Expenditures
  - Purchasing
  - Vessel liens and collections

- Maintenance, Repair & Upkeep
  - Vessels
  - Vehicles
  - Equipment
  - Facilities
  - Public spaces/beach
  - Derelict vessel abatement and demolition

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HARBOR
Operating

Activity and Workload Highlights	2018/19 Actuals	2019/20 Actuals	2020/21 Estimates	2021/22 Budget
Major lease actions (new leases, amendments, etc.)	17	17	11-12	4
Lease Site RFP's issued/processed	2	2	2	1
Lease Site redevelopment projects begun	4	4	5-6	1
Lease auditing/inspecting actions	0	0	0	35
Annual Harbor Patrol calls for service	1,084	1478	1628	1,650
Emergency responses	109	149	209	220
Assisting other agencies	287	379	414	450
Training actions	188	292	171	275
Minor maintenance actions	1,368	2067	2085	2,000
Major maintenance actions	2	2	3	2

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HARBOR

EQUIPMENT REPLACEMENT FUND

Fund 055

PROGRAM PURPOSE

The Harbor Equipment Replacement Fund is a savings fund for equipment, vehicle, watercraft and vessel replacement needs.

BUDGET OVERVIEW

The FY 2021/22 budget plans on transferring $50,000 from this fund to the Harbor Capital Improvement Fund to support the engine rebuilding on the used patrol vessel that will be purchased in FY 2020/21 Based on the remaining useful life of the department's various vessels, vehicles and major equipment, projected needs over the next ten years for replacement are approximately $60,000 average per year. However, after this transfer the balance remaining for $18,000 will need to be replenished in future years.

While some grant and donation-based funding will be acquired to help meet the funding needs, a significant shortfall will continue to exist and major replacements will only be completed on an as-needed and as-funding is available basis.

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HARBOR
Equipment Replacement

Harbor Equipment Replacement

Fund 055

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ 55,667	$ 56,167	$ 57,183	$ 58,261	$ 58,261	$ (16,253)
REVENUES						
Other Revenues	-	-	-	-		
Grants		25,584	-	85,000	-	85,000
Interest	618	1,016	1,078	-		
TOTAL REVENUES	**$ 618**	**$ 26,600**	**$ 1,078**	**$ 85,000**	**$ -**	**$ 85,000**
Transfers In						
Intrafund Transfer	$ -	$ 2,002	$ -	$ 10,486	$ 10,486	-
TOTAL TRANSFERS IN	**$ -**	**$ 2,002**	**$ -**	**$ 10,486**	**$ 10,486**	**$ -**
TOTAL REVENUES AND TRANSFERS IN	**$ 618**	**$ 28,602**	**$ 1,078**	**$ 95,486**	**$ 10,486**	**$ 85,000**
EXPENDITURES						
Salaries and Benefits	$ -		$ -	$ -		$ -
Operating Expenditures	118		-	-		-
Fixed Assets	-	27,586	-	85,000	85,000	-
Internal Service Charges	-		-	-		-
TOTAL EXPENDITURES	**$ 118**	**$ 27,586**	**$ -**	**$ 85,000**	**$ 85,000**	**$ -**
Transfers Out						
To Harbor Capital Imprv						**50,000**
TOTAL EXPENDITURES & TRANSFERS OUT	**$ 118**	**$ 27,586**	**$ -**	**$ 85,000**	**$ 85,000**	**$ 50,000**
Ending Fund Balance	$ 56,167	$ 57,183	$ 58,261	$ 68,747	$ (16,253)	$ 18,747

FY 20/21: Due to reimbursement type grant, vessel must be purchased first and reimbursement will come several months late Negative fund balance at 60/30/21 is temporary and will be offest by cash in accumulation fund, as all funds are grouped tog for financial reporting purposes.

HARBOR

Equipment Replacement

FY 2020/21 KEY PROJECTS

Core Goals	Key Projects
Public Safety	• Complete outfitting and phased refurbishment of surplus Port San Luis harbor patrol vessel acquired to replace 34-year-old Patrol Boat #68 and continue seeking funding for the refurbishment. • Retire 1995 22' Patrol Boat #66 and ready vessel for public auction.

Harbor

ACCUMULATION FUND

FUND 953

PROGRAM PURPOSE

The Harbor Accumulation Fund is the department's "catch-all" excess revenue savings fund for capital projects, major maintenance/refurbishment needs and emergency reserves.

Theis fund is projected to have an FY 20/21 ending balance of approximately $273,760. If the $380,000 needed from this fund to support the capital spending is transferred to the Harbor Capital Improvement Fund the balance will be $1,760 taking into considerations increases from the launch ramp parking proceeds and an operating fund contribution. From an amortization standpoint over the projected life of the department's various pieces of infrastructure and facilities, projected needs over the next ten years for capital projects are estimated at approximately $3.6 million, or $362,000 per year if spread evenly over the ten-year period.

While some grant funding has been and will continue to be acquired to help meet the funding needs, a critical shortfall of funding will continue to exist, and capital projects will only be completed on an as-needed and as-funding is available basis. With the department's currently approved Capital Improvement Projects list, this fund's current balance as mentioned before will be completely exhausted. All capital projects, with the exceptions of repairs that may be needed for the ice machine, are on hold at this point, as the accumulation fund may be needed to help offset losses to the fund due to COVID-19 and lower than anticipated revenues being received.

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HARBOR

Harbor Accumulation Fund

Fund 953

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance(Chg'd Eff FY 17/18)	$ 482,303	$ 372,064	$ 388,825	$ 333,760	$ 333,760	$ 273,760
REVENUES						
Interest	$ 2,425	$ 9,750	$ 2,730	$ -	$ -	$ -
Grant Funds		-	75,000	-		-
Transfer from CDBG	-		-	-		-
TOTAL REVENUES	**$ 2,425**	**$ 9,750**	**$ 77,730**	**$ -**	**$ -**	**$ -**
Transfers In						
Launch Ramp	$ 28,080	$ 26,718	$ 27,320	$ -	$ -	$ 38,000
Operating/Capital Fund	-	-	-	-		70,000
TOTAL TRANSFERS IN	**$ 28,080**	**$ 26,718**	**$ 27,320**	**$ -**	**$ -**	**$ 108,000**
TOTAL REVENUES AND TRANSFERS IN	**$ 30,505**	**$ 36,468**	**$ 105,050**	**$ -**	**$ -**	**$ 108,000**
EXPENDITURES						
Capital Improvements (outlay)	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenditures	463		6,879	-		
Fixed Assets	-		-	-		
Internal Service Charges	-		-	-		
TOTAL EXPENDITURES	**$ 463**	**$ -**	**$ 6,879**	**$ -**	**$ -**	**$ -**
Transfers Out						
Operating Fund	$ 140,281	$ 19,707	$ 153,236	$ 110,000	$ 60,000	$ -
Capital Spending	-	-	-	10,000	-	380,000
TOTAL TRANSFERS OUT	**$ 140,281**	**$ 19,707**	**$ 153,236**	**$ 120,000**	**$ 60,000**	**$ 380,000**
TOTAL EXPENDITURES AND TRANSFERS OUT	**$ 140,744**	**$ 19,707**	**$ 160,115**	**$ 120,000**	**$ 60,000**	**$ 380,000**
Ending Fund Balance	$ 372,064	$ 388,825	$ 333,760	$ 213,760	$ 273,760	$ 1,760

HARBOR
Accumulation

FY 2020/21 KEY PROJECTS

Core Goals	Key Projects
Providing Necessary Facilities & Services to the Commercial & Recreational Boating Public	• To the maximum extent financially feasible with available funding, replace the Beach Street commercial fishing vessel slips and complete necessary structural repairs on the North and South T-Piers • Complete concept design and cost estimation to apply for a new Launch Ramp renovation project grant from the Division of Boating and Waterways

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Capital Improvement Fund

FUND 923

PROGRAM PURPOSE

This fund is to detail all capital improvement projects planned for the FY 21/22.

BUDGET OVERVIEW

FY 21/22 budgeted capital improvements total $840,000 of which $380,000 will be funded from a transfer from the Harbor Accumulation Fund, other sources of revenue will be grants from the State Cable Committee, donations from the Friends of the Morro Bay Harbor Departments and transfers from the Harbor operating fund, Harbor equipment replacement fund, and two special transfers from Measure E sales Tax, and the Community Benefit fund established when the monies were received from the Castlewind offshore wind project were received several years ago.

The projects planned are:

- Beach Street Slips Improvements - $600,000
- Harbor Patrol Vessel Engine Repower/Replacement - $230,000
- Harbor Ice Machine Annual Maintenance - $10,000

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Harbor Capital Improvement Fund

Fund 923

SUMMARY OF REVENUES AND EXPENDITURES

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed
SOURCES OF FUNDS						
Beginning Fund Balance	$ -	$ -	$ -	$ -	$ -	$ -
REVENUES						
Other Revenues - Donations	$ -	$ -	$ -	$ 10,000	$ -	$ 60,000
Grant - State Cable Committee				85,000	-	100,000
Grant - Fed/Congressional Focus Committee						-
Transfers In:						
From Accumulation	95,281	-	7,721	60,000		380,000
From Operating						70,000
From Eq Replacement						50,000
From Special Revenue - Q&E						50,000
From Com Ben-Castle Wind						130,000
TOTAL REVENUES	**$ 95,281**	**$ -**	**$ 7,721**	**$ 155,000**	**$ -**	**$ 840,000**
EXPENDITURES						
Salaries and Benefits	$ -	$ -	$ -	$ -	$ -	$ -
Operating Expenditures	95,281	-	7,721	70,000		-
Fixed Assets	-	-	-	85,000	-	840,000
Internal Service Charges	-	-	-	-		
TOTAL EXPENDITURES	**$ 95,281**	**$ -**	**$ 7,721**	**$ 155,000**	**$ -**	**$ 840,000**
Ending Fund Balance	-	-	-	-	-	-

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Capital Improvement Plan
FUNDs 915 - 923

PROGRAM PURPOSE

The Capital Improvement Plan (CIP) enables the City to plan, schedule, and finance capital projects to ensure cost effectiveness and conformance with established plans and policies. The City's budget process guides the priorities through community input, Council goal setting, Measure Q & E priorities, and the Major City Goal work programs as defined by the City Council.

The City's CIP includes infrastructure projects over the next five years. The projects identified in black as "funded" during the first year of the five-year CIP are, if approved by Council, funded, and scheduled for completion. The projects identified in red as "unfunded" are not funded during the FY 2021/22 fiscal year and would require Council appropriation at a future point should funds be identified.

Capital project construction and purchases represent one of the fundamental functions of local government. Many of these projects extend the life of existing city assets like streets, parks, bridges, and water and sewer pipelines and plants. Other projects replace aging facilities and equipment. Finally, some projects, representing community desires and council priorities, are new projects intended to enhance the overall quality of life of residents and visitors.

The City's construction projects of $15,000 or more are included.

BUDGET OVERVIEW

The proposed FY 2021/22 capital budget totals $97.2 million dollars with 97% of the capital projects being funded through the water, sewer, harbor, and transit enterprise funds. The City's Wastewater Reclamation facility (WRF) project is budgeted at $88.6 million for FY 2021/22 and is being funded with the WIFIA low interest financing loan and other financing sources. The FY 21/22 budgeted expenditures represents the majority of the construction costs that is now well underway.

Beginning in FY 2019/20 the City initiated a five-year capital plan, identifying projects that are both funded and unfunded. Due to COVID-19, staff did not make further progress during FY 2020/21 on refining the five-year capital plan, however total identified projects through FY 2024/25 total $138.1 million, inclusive of $15.4 million in unfunded projects.

The City is currently tasked with completing an ADA transition plan in which identified ADA improvements are prioritized for completion. There are no funded ADA implementation projects included in the FY 2021/22 budget until the transition plan is finalized – at which point staff will bring forward proposed projects and budget adjustments for Council consideration. This may be delayed as the City was forced to reduce workforce due to financial impacts of COVID-19.

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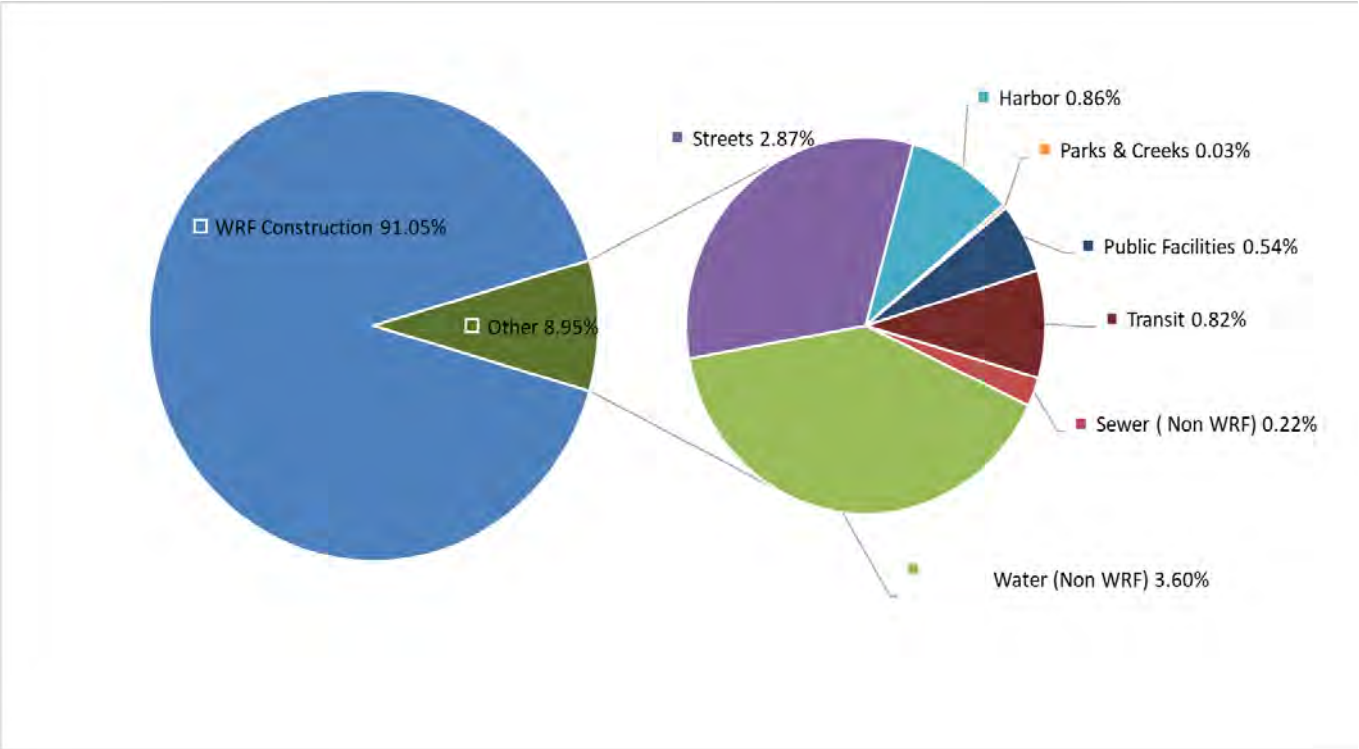
Capital Improvement Plan
FY 21/22 (Includes carryforward projects)



Notable general government projects include $1,050,000 dedicated to the annual pavement management plan (funded through Measures Q & E and Senate Bill 1 Gas Tax monies), Highway 1/41 Interchange engineering design phase in the amount of $767 thousand with $600 thousand coming from Measure Q & E prior year balances, and the beginning of man storm drain repairs and improvements totaling $727 thousand of which $314 thousand will come from Measures Q & E. The city is also completing a directional signage/wayfinding project for $150 thousand funded from the Econ Development fund and utilizing grant and impact fee funding to install new electric vehicle charging stations for $57.8 thousand. The Veteran's Hall Facility renovations and audio-visual equipment improvements is being carried over from the prior year capital budget in the amount of $148,200 which will be funded from PEG access fees, and a general fund contribution. The complete demolition and rebuilding of the Coleman Park restroom building is planned for FY 21/22 in the amount of $318 thousand and is being funded from grants for $177 thousand, and transfers from the Park-In-Lieu Fee Fund $69.5 thousand , Community Benefit/Castlewind Fund $40 thousand, and the Facility Maintenance Fund for $31.5 thousand.

As a result of the one water study completed in FY 2018/19, three water, wastewater projects were partially completed in FY 2020/21 with the remained being carried over to the FY 2021/22 capital budget . Those being the nutmeg pressure zone, wastewater collections at Main St/Atascadero Rd. and Upstream LS1/Beachcomber. In addition, the City has maintenance projects to complete, including rehabilitation of six water tanks and various piping and lift station upgrades. These projects are in addition to the City's major capital project, construction of the WRF.

The Harbor Department's capital project for improvements to the Beach Street Slips (North & South) is included in the FY 21/22 budget for $600 thousand, $370 thousand is a carryover from the FY 20/21 budget. New in this capital budget is $230 thousand to replace or repower the engines in the used harbor patrol vessel that will be purchased for $85 thousand in FY 20/21 from the San Luis Obispo Harbor District. Each year as a routine item $10 thousand is appropriated for repairs that may arise for the ice machine. All other capital projects are on hold at this point until more information is known about the impacts of COVID-19 on the Funds revenues.

The Transit fund is carrying forward funds to finalize purchase of the replacement trolley as well is proposing new capital projects for the City Park Transit Hub Improvements for $473 thousand, an automated Fare collection system for $74 thousand, and a ZEB Implementation Plan for $40 thousand also funded. All projects are being funded through state highway revenues and or transit fund reserves.

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City of Morro Bay
Project Summary by Program
FY 2021/22- 2025/26

STREETS PROGRAM SUMMARY

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Street Reconstruction & Resurfacing											
915-9614	Annual Pavement Management Plan		$ 20,000		$ 1,150,000	$ 735,686	$ 749,400	$ 763,388	$ 777,655	$ 4,176,129	
915-8229	Highway 1 & 41 Interchange	215,800	6,077	18,999	766,617	1,903,501	5,608,999			$ 766,617	$ 7,512,500
Street Maintenance, Repair & Safety											
915-8423	Directional Signage & Wayfinding			150,000	150,000					$ 150,000	
New	Street Signs Refractometer (Unfunded)								15,000		$ 15,000
Storm Drains (unfunded)											
915-9949	Emergency Storm Drain Repair - Juniper & Elena		8,000	117,000	242,000					$ 242,000	
915-9933	Pipeline Along Kern & Anchor Streets SD-01A			9,900	72,600	56,100				$ 72,600	$ 56,100
915-9934	Pipeline Along Kern & Anchor Streets SD-01B			22,950	412,300	622,728	622,728			$ 412,300	$ 1,245,455
New	Pipeline West of Main Along Hwy 1 SD-06A					170,100	963,900				$ 1,134,000
New	Pipeline West of Main Along Hwy 1 SD-06B					372,450	2,110,550				$ 2,483,000
New	Pipeline at Morro Bay Blvd and Quintana Road SD-04					6,750	38,250	-			$ 45,000
New	Pipeline Along Main Street SD-07A							16,950	96,050		$ 113,000
New	Pipeline at Beach Str Btwn Morro Ave & Embar SD-05							70,800	401,200		$ 472,000
New	Pipeline Along Main Street SD-07B							16,350	92,650		$ 109,000
New	Pipeline Along Main Street SD-07C							2,550	14,450		$ 17,000
New	Pipeline Along Laurel Street SD-11							3,450	19,550		$ 23,000
New	Pipeline Along Avalon Street SD-12							14,100	79,900		$ 94,000
New	Pipeline Along Elena Street SD-16							49,200	278,800		$ 328,000
New	Pipeline Along Marina Street SD-02A								15,900		$ 15,900
New	Pipeline Along Marina Street SD-02B								28,350		$ 28,350
New	Pipeline Along Harbor Street SD-03								63,150		$ 63,150
STREETS		**$ 215,800**	**$ 34,077**	**$ 318,849**	**$ 2,793,517**	**$ 3,867,314**	**$ 10,093,827**	**$ 936,788**	**$ 1,882,655**	**$ 5,819,646**	**$ 13,754,455**

PARKS AND CREEK PROGRAM SUMMARY

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Park Improvements											
915-8029	Bocce Ball Court (Dunes & Shasta)		-	23,069	29,069					$ 29,069	
915-New	Cloisters Park Play Equipment							150,000			$ 150,000
915-8028	City Park Play Equipment				-			150,000		$ 150,000	
Creek Improvements											
915-8030	Morro Creek Restoration -FEMA (removed in FY 20-21 due to lack of coastal permit approvals)	7,315	-		-					$ -	
PARKS/CREEKS		**$ 7,315**	**$ -**	**$ 23,069**	**$ 29,069**	**$ -**	**$ -**	**$ 300,000**	**$ -**	**$ 179,069**	**$ 150,000**

PUBLIC FACILITIES PROGRAM

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Infrastructure											
915-9508	Veteran's Hall 209 Surf -Reno-Major Maint. & Audio Visual	$ 8,708		$ 148,200	$ 148,200					$ 148,200	
915-9942	New Electric Vehicle Charging Station			48,000	57,809					57,809	
915-9510	Public Safety - Power Shutdown & Fiber		50,000	-	-					-	
915-Future	Surf Street Stair Replacement								$ 807,783		$ 1,190,283
915-New	Coleman Park Restroom Renovation				318,000					318,000	
915-New	Monte Young Park Restroom ADA Renovation (Unfunded)							64,500			$ 147,500
915-New	North T-Pier Restroom ADA Renovation (Unfunded)							83,000			$ 83,000
PUBLIC FACILITIES		**$ 8,708**	**$ 50,000**	**$ 196,200**	**$ 524,009**	**$ -**	**$ -**	**$ 147,500**	**$ 807,783**	**$ 524,009**	**$ 1,420,783**
GENERAL GOV'T & OTHER		**$ 231,823**	**$ 84,077**	**$ 538,118**	**$ 3,346,595**	**$ 3,867,314**	**$ 10,093,827**	**$ 1,384,288**	**$ 2,690,438**	**$ 6,522,724**	**$ 15,325,238**

Projects Identified in Red are Unfunded

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City of Morro Bay
Project Summary by Program
FY 2021/22- 2025/26

Water Capital Projects

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Infrastructure											
921-9932	OneWater System Imprv - Nutmeg Pressure Zone		$ 108,903	$ 235,797	$ 235,797	$ 664,000	$ 3,422,000	$ 1,808,000		$ 6,129,797	
921-9944	Water Tank Rehabilitation (6)		56,848	1,943,152	2,691,152					2,691,152	
921-9927	Reskin Desal Building			200,000	200,000					200,000	
921-9946	Replace RO Membrane Filters		174,599	75,401	75,401					75,401	
921-9945	RO Piping Tank Modifications			300,000	300,000					300,000	
Total Facilities Projects		**$ -**	**$ 340,350**	**$ 2,754,350**	**$ 3,502,350**	**$ 664,000**	**$ 3,422,000**	**$ 1,808,000**	**$ -**	**$ 9,396,350**	**$ -**
WATER		**$ -**	**$ 340,350**	**$ 2,754,350**	**$ 3,502,350**	**$ 664,000**	**$ 3,422,000**	**$ 1,808,000**	**$ -**	**$ 9,396,350**	**$ -**

Sewer Capital Projects

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Infrastructure											
922-8312	Waste Water Treatment Plant Relocation & Treatment Alternatives (WRF)	$ 23,871,392	$ 24,446,733	$ 22,865,811	$ 88,537,928	$ 4,320,500	$ 3,183,750	$ 397,964		$ 96,440,142	
922-9928	OneWater Project -WasteWater Collections Main St & Atascadero Road		48,861	105,039	105,039	159,000	2,111,100	66,500		2,441,639	
922-9929	OneWater Project - Waste Water Collections Upstream LS1/Beachcomber		60,924	42,126	42,126	42,500	66,500	143,500	2,033,000	2,327,626	
922-9948	Upgrade Lift Station #2			70,000	70,000					70,000	
Total Facilities Projects		**$ 23,871,392**	**$ 24,556,518**	**$ 23,082,976**	**$ 88,755,093**	**$ 4,522,000**	**$ 5,361,350**	**$ 607,964**	**$ 2,033,000**	**$ 101,279,407**	**$ -**
SEWER		**$ 23,871,392**	**$ 24,556,518**	**$ 23,082,976**	**$ 88,755,093**	**$ 4,522,000**	**$ 5,361,350**	**$ 607,964**	**$ 2,033,000**	**$ 101,279,407**	**$ -**

Harbor Capital Projects

		Expended Through 2019/20	2020/21 Estimated Actuals	Estimated Carryfwd to 2021/22 or Beyond	2021/22 Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Infrastructure											
923-8175	Beach Street Slips (North & South)	62,004		370,000	600,000					$ 600,000	
923-8351	South T-Pier Renovations	2,948			-	52,052				$ 52,052	
923-8465	Harbor Patrol Vessel Engines Replacement/Repowering		85,000		230,000					$ 230,000	
923-9930	North T-Pier Renovations								3,810,000	$ 3,810,000	
923-8421	Harbor Ice Machine Annual Maintenance				10,000					$ 10,000	
923-9921	DBW Boat Launching Facility Rehab			60,000	-	60,000		-	-	-	$ 60,000
Total Facilities Projects		**$ 64,952**	**$ 85,000**	**$ 430,000**	**$ 840,000**	**$ 112,052**	**$ -**	**$ -**	**$ 3,810,000**	**$ 4,702,052**	**$ 60,000**
HARBOR		**$ 64,952**	**$ 85,000**	**$ 430,000**	**$ 840,000**	**$ 112,052**	**$ -**	**$ -**	**$ 3,810,000**	**$ 4,702,052**	**$ 60,000**

Transit Capital Projects

		Expended Through 2019/20	2020/21 Estimated Actuals	Carryfwd to 2021/22 or Beyond	Budget Including Carryforward	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget & Future	Total Budgeted	Total Unfunded
Infrastructure											
920-9931	MBT - Route Signage & Information Display Cases (Completed)		8,000							$ -	
920-9947	City Park Transit Hub Improvements		6,528	59,191	473,006		-	-	-	473,006	
Equipment											
920-9922	Replace One MBT Trolley (2009)			200,000	215,000		215,000			215,000	
920-New	Automated Fare Collection System				74,000					74,000	
Other											
920-New	ZEB Implementation Plan				$ 40,000					40,000	
Total Facilities Projects		**$ -**	**$ 14,528**	**$ 259,191**	**$ 802,006**	**$ -**	**$ 215,000**	**$ -**	**$ -**	**$ 802,006**	**$ -**
TRANSIT		**$ -**	**$ 14,528**	**$ 259,191**	**$ 802,006**	**$ -**	**$ 215,000**	**$ -**	**$ -**	**$ 802,006**	**$ -**
ENTERPRISE FUNDS		**$ 23,936,344**	**$ 24,996,396**	**$ 26,526,517**	**$ 93,899,449**	**$ 5,298,052**	**$ 8,998,350**	**$ 2,415,964**	**$ 5,843,000**	**$ 116,179,815**	**$ 60,000**
GRAND TOTAL CAPITAL PROJECTS		**$ 24,168,167**	**$ 25,080,473**	**$ 27,064,635**	**$ 97,246,044**	**$ 9,165,366**	**$ 19,092,177**	**$ 3,800,252**	**$ 8,533,438**	**$ 122,702,539**	**$ 15,385,238**

Projects Identified in Red are Unfunded

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Streets Program

Project Name	Pavement Management Program	**Project Number**	915-9614
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS

Description

This project provides pavement preservation and renovation to achieve and maintain an average Pavement Condition Index of 70 or higher.

Location

This project is located on City Streets throughout the City limits.

Project Background

The City streets are an important investment to offer access and mobility to both residents and visitors. In order to maintain this investment, a formal long-term plan is needed to document road conditions, forecast needed improvements and manage pavement conditions to prevent the system from deteriorating below acceptable standards. The City of Morro Bay currently has 53 centerline miles of streets and roads, with approximately 21% categorized as Arterial or Collector streets and 79% as local streets. In 2009, the City implemented Micro-Paver software to develop a plan for future street improvements. In conjunction with the implementation of the PMP, the City conducted a comprehensive field survey of pavement conditions for all City streets. In June 2011, the City adopted the 2012 Pavement Management Plan which set a goal to achieve a Pavement Condition Index (PCI) of 70 for the next 5 years. As of FY 2019/20 the PCI Index is estimated at 67. An updated Pavement Management Plan was prepared in FY2019/20 to outline the steps needed to both rehabilitate and preserve the pavement condition in order to effectively utilize the City's limited street maintenance budget and evaluate the overall street system.

Individual streets are selected based on the Pavement Management Plan (PMP), pavement inspections and current pavement assessment using the StreetSaver software. The general maintenance and rehabilitation categories are chosen for streets: reconstruction, overlays, sealing or no action. The overall goal is to rehabilitate and preserve the pavement condition, using primarily sealing techniques, while effectively utilizing the City's limited street maintenance budget, including a portion of the City's local sales tax, the State's Road Maintenance and Rehabilitation Account (RMRA)-Local Streets and Roads (aka SB1) funding. These pavement preservation techniques are generally preceded with crack sealing, and repair of structural failures using City staff with purchased materials.

Due to anticipated reductions in sales tax revenues due to the COVID-19, the Citizens Finance Committee and staff recommend suspending any contracted street rehabilitation construction activities

for FY2019/20 and FY 2020/21. Street construction activities would commence in FY 2021/22 using accumulated Measure Q and SB1 funds as allocated by Council. This delay in street construction activities is not without drawbacks. By not performing street rehabilitation the average PCI will decline from 66 to approximately 64 or less and the total deferred maintenance cost will increase. Based on the estimates in the revised pavement management plan, the City will need to spend, on average, $4M per year to achieve a PCI of 70 within five years. By spending what has been typically spent per year, approximately $0.7M, the PCI declines by six points. To maintain existing PCI of 66 approximately $2M of pavement work per year needs to be performed.

Operating Budget Impacts

This project uses funds from Measure Q, SB1, Grant funds, and other local funds, as available. This project will use an Engineering consultant firm for the update of the pavement management planning document, construction management and inspections, as well as staff time for project coordination. Non-safety personnel staff time is forbidden to be charged to Measure Q. Staff time is included in the department's FY 2020/21 Operating Budget.

Project Components & Estimated Timeline	FY 2019/20	Construction	No construction is proposed due to COVID-19 revenue constraints.
	Late Q4 FY 2020/21	Design	Design is moving forward and should allow construction to move forward in Q1 or Q2 in FY 2021-22.
	FY 2021/22	Construction	Construction using any funds accumulated from previous fiscal years from Measure Q and SB1 revenues, as allocated by Council

ANNUAL PAVEMENT MANAGEMENT PLAN — **Project 915 - 9614**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANT- CAL RECYCLE	-						50,000	50,000	50,000	50,000	200,000
SB1 GAS TAX	-	300,000			300,000	300,000	185,686	189,400	193,188	197,051	1,065,325
LTF				-		-					-
LTF BIKE				-		-					-
MEASURE Q	-	767,000	20,000	-	850,000	850,000	500,000	510,000	520,200	530,604	2,930,804
TOTAL SOURCE OF FUNDS	**-**	**1,067,000**	**20,000**	**-**	**1,150,000**	**1,150,000**	**735,686**	**749,400**	**763,388**	**777,655**	**4,196,129**
Site Acquisition & Preparation	-	-	-	-	-	-	-	-	-	-	-
5199 Supplies											-
6104 Engineering Services	-	20,000	20,000	-		-			-	-	20,000
6105 Consultation Services	-				118,518	118,518	50,000	52,000	54,000	56,000	330,518
6106 Contractural Services	-	747,000	-	-	1,031,482	1,031,482	685,686	697,400	709,388	721,655	3,845,611
TOTAL GF & MEASURE Q	-	767,000	20,000	-	1,150,000	1,150,000	735,686	749,400	763,388	777,655	4,196,129
TOTAL GAS TAX FUND	-	-	-	-	-		-	-	-	-	-
TOTAL USE OF FUNDS	**-**	**767,000**	**20,000**	**-**	**1,150,000**	**1,150,000**	**735,686**	**749,400**	**763,388**	**777,655**	**4,196,129**

Project Name	SR1/SR41/Main St Intersection Improvements – **Partially Funded**	**Project Number**	MB2016-ST09/915-8229
Department	Public Works	**Project Manager**	Livick

Description

Replace the existing 4-way stop signs by either constructing a modern roundabout design to eliminate the closely spaced adjoining intersections or install new coordinated traffic signals using the existing intersection configuration.

Location

Main Street at Highways 41 and 1

Project Background

The SR1/Main St.@ SR41 Interchange Improvements will reduce congestion and decrease Greenhouse Gas emissions. The project contributes to two of Council's Adopted Goals by advancing Economic Sustainability and Improving Infrastructure. Level of Service is deteriorating steadily as congestion continues to grow with increased tourism in the City. This intersection serves as the principal gateway to Morro Bay from the Central Valley our primary source of tourists. It is also the only route to Morro Bay High School which generates significant vehicle, traffic during the morning, lunch and afternoon peak hours. Pedestrian and bicycle volumes have grown steadily at this intersection with the increased emphasis on Active Transportation modes.

Step 1&2 Intersection Control Evaluations (ICE) have been completed and have identified the roundabout as the preferred technical solution. Caltrans and FHWA have authorized a Preliminary Assessment, Environmental Documentation and NEPA/CEQA work is in progress. City funded the ICE studies and SLOCOG has funded PA&ED and PE phases. ROW will be acquired as a condition of adjoining development. Failure to complete PA&ED, project design and ROW acquisition may result in loss of anticipated infrastructure construction funding.

Operating Budget Impacts

This project will use staff time for the design oversight, construction inspection and management. The staff time for this project will be included in the department's Operating Budget.

SLOCOG expects the City to contribute 50% of construction cost. All transportation funding is allocated on a reimbursable basis. The $603,860 in Revenue is available at SLOCOG for reimbursement once expenditures are made. These funds are available due to underspending on prior year's projects.

Project Components & Estimated Timeline	Fall 2019	Environmental	Complete Environmental Review (PA&ED)
	Winter 2021	Design	Project development
	Spring 2022	Bid process	Project bidding and contract award
	Summer 2022	Construction	Project begin construction
	Summer 2023	Completion	Project completion

HIGHWAY 1 & 41 INTERCHANGE — **Project 915 - 8229**

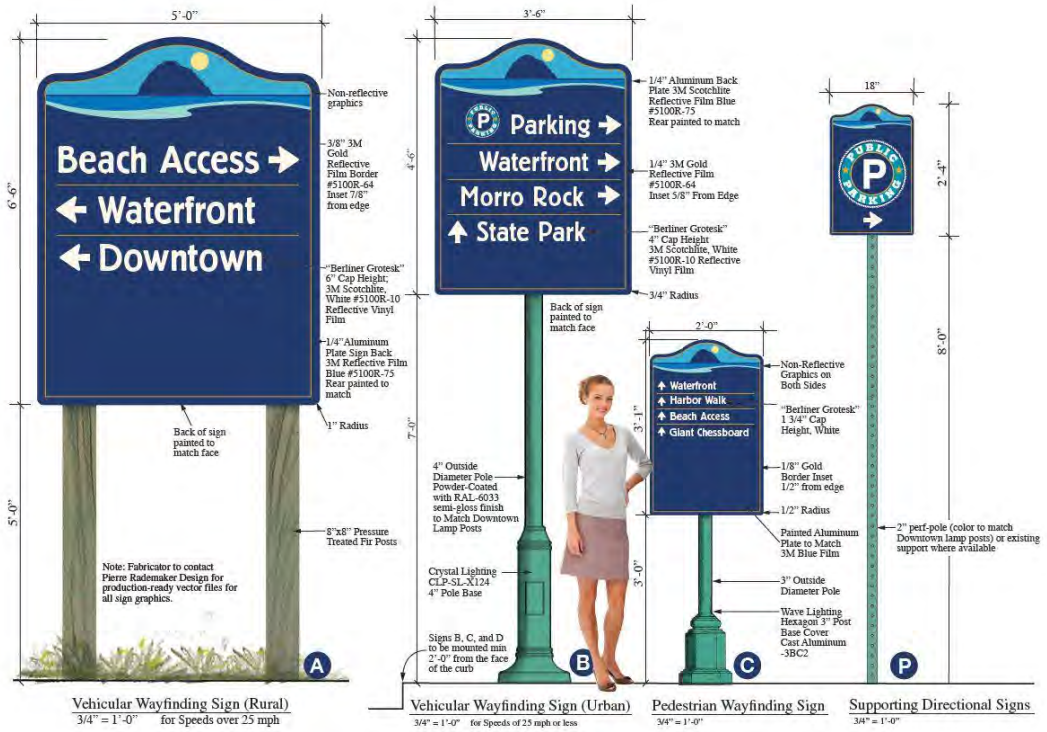
SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed*	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED			-			-		**4,100,000**			4,100,000
Traffic/Streets Impact Fees	210,465		4,177		35,988	35,988					250,630
LTF Roads	70,630		-		70,630	70,630					141,260
Local USHA (SLOCOG)	151,000	179,285	1,900	16,499	41,000	57,499	41,000	41,000			292,399
Federal CMAQ (CT Local Assistance)	300,000		-			-					300,000
RSTP-RSHA Previously Unriembursed (SLOCOG)	266,000		-			-					266,000
STIP - RIP AC (SLOCOG)							2,362,501	688,204			3,050,705
TOTAL SOURCE OF FUNDS	**998,095**	**179,285**	**6,077**	**16,499**	**147,618**	**164,117**	**2,403,501**	**4,829,204**	**-**	**-**	**8,400,994**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed*	2024/25 Proposed	2025/26 Proposed	Total Project
GF RESERVES, GRANTS, IMPACT FEES											
4110 Staff Salaries	12,887	15,000	2,953	12,047		12,047	2,953	12,047			42,887
Total Salaries	12,887	15,000	2,953	12,047		12,047	2,953	12,047			42,887
Fringe Benefits	1,867	7,500	548	6,952		6,952	548	6,952			16,867
Salaries and Benefits	**14,754**	**22,500**	**3,501**	**18,999**	**-**	**18,999**	**3,501**	**18,999**			**59,754**
5199 Supplies & Equipment	500	-	76	-	-	-	-	-			576
Services/Supplies/Equipment	500	-	76	-	-	-	-	-			576
6104 Engineering Services	200,546	-	2,500	(2,500)	147,618	145,118	500,000	-			850,664
6105 Consultation Services				-	-			-			-
6106 Contractural Services		156,785				-	1,900,000	**5,590,000**			**7,490,000**
6106 Contractural Services - Reimb Portion	-	-	-	-	-	-	-				-
Consultant Services	200,546	156,785	2,500	(2,500)	147,618	145,118	2,400,000	5,590,000	-	-	8,340,664
TOTAL GF, GRANTS, IMPACT FEES	215,800	179,285	6,077	16,499	147,618	164,117	2,403,501	5,608,999	-	-	8,400,994
TOTAL USE OF FUNDS	**215,800**	**179,285**	**6,077**	**16,499**	**147,618**	**164,117**	**2,403,501**	**5,608,999**	**-**	**-**	**8,400,994**

$603,860 in Revenue is available at SLOCOG for Reimbursement. See Comments in Budget Operating Impacts. $3.8 million in future years through Grants.

*** Expenditures exceed revenue in 23/24 column to balance out total project column.**

Unfunded Portions of Project are in Red.



Project Name	Directional Sign/Wayfinding Project	**Project Number**	915- XXXX
Department	Public Works	**Project Manager**	Rob Livick

Description This project is to update wayfinding signage in the City's business districts.

Location This project is located on City streets and sidewalks and key entrance points into the City.

Project Background The City's directional sign/wayfinding is outdated. The City initiated a process to update signage following the adoption of the Economic Development Strategic Plan, where it was identified as a top priority.

Operating Budget Impacts This project will use a combination of Contractor and staff time for design, fabrication and installation of signage. The City Council approved economic development funds to support this first phase of the project, in the amount of $150,000. Secondary phases will be brought back to City Council for funding in FY2021/2022.

Project Components & Estimated Timeline	May/June 2021	Design & bidding	Project development & bidding
	August/September 2021	Construction	Project construction
	September/October 2021	Completion	Project completion

DIRECTIONAL SIGN PROGRAM/WAYFINDING											Project 915 - 8423
SOURCE OF FUNDS	**Prior Yrs Actuals**	**2020/21 Amended Budget**	**2020/21 Estimated Actual**	**Estimated CF to 21/22**	**2021/22 Budget**	**2021/22 Budget & Carryfwd ***	**2022/23 Proposed**	**2023/24 Proposed**	**2024/25 Proposed**	**2025/26 Proposed**	**Total Project**
ECON DEVELOPMENT (907)	-	150,000		150,000	-	150,000	-	-	-	-	150,000
	-			-	-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**	**150,000**	**-**	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**150,000**
USE OF FUNDS	**Prior Yrs Actuals**	**2020/21 Amended Budget**	**2020/21 Estimated Actual**	**Estimated CF to 21/22 0**	**2021/22 Budget**	**2021/22 Budget & Carryfwd ***	**2022/23 Proposed**	**2023/24 Proposed**	**2024/25 Proposed**	**2025/26 Proposed**	**Total Project**
GENERAL FUND											
4910 Staff Time & Benefits											
5199 Supplies	-			-	-	-	-	-	-	-	-
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-	150,000	-	150,000	-	150,000	-	-	-	-	150,000
Total Contractural Services	-	150,000	-	150,000	-	150,000	-	-	-	-	150,000
TOTAL GF	-	150,000	-	150,000	-	150,000	-	-	-	-	150,000
TOTAL USE OF FUNDS	**-**	**150,000**	**-**	**150,000**	**-**	**150,000**	**-**	**-**	**-**	**-**	**150,000**

Project Name	5230 Retro Reflectivity Compliance - **Unfunded**	**Project Number**	915- Future
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description

The refractometer will be used to measure the compliance of reflectivity of control devices (signs) and document compliance per the Federal Highway Administration (FHWA) and the Manual on Uniform Traffic Control Devices (MUTCD) standards.

Location

The signs are located throughout the city limits.

Project Background

The functions of signs are to provide regulations, warnings, and guidance information for road users. The basic requirements of a sign are that it be legible to those for whom it is intended and that it be understandable in time to permit a proper response. Desirable attributes include:

A. High visibility by day and night; and
B. High legibility (adequately sized letters, symbols, or arrows, and a short legend for quick comprehension by a road user approaching a sign).

The compliance date of June 13, 2014 applies only to the implementation and continued use of an assessment or management method that is designed to maintain regulatory and warning sign retro reflectivity at or above the minimum retro reflectivity levels. Agencies are expected to add signs other than regulatory or warning to their method as resources allow.

Operating Budget Impacts

This project will use a combination of Contractor and staff time for the construction inspection and management. When authorized, staff time for this project will be included in the department's Operating Budget.

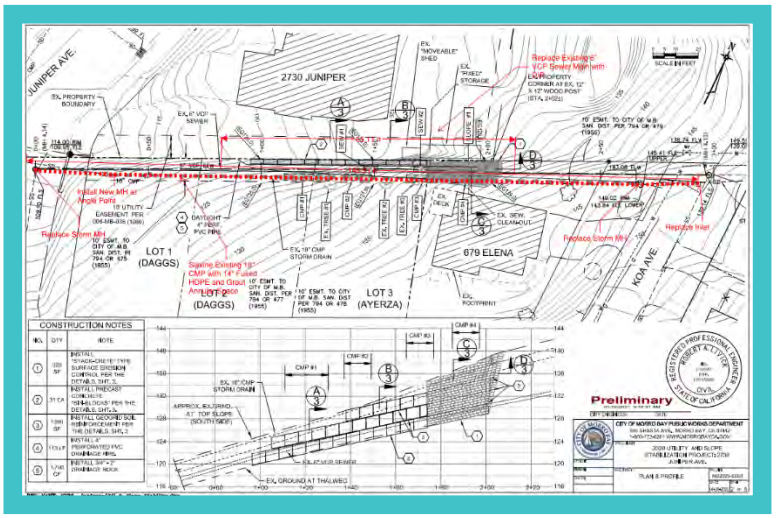
Project Components & Estimated Timeline	Pending Authorization	Quotes & Procurement	Purchase the refractometer
	Pending Authorization	Audit & Document	
	Pending Authorization	Audit & Document	
	Pending Authorization	Audit & Document	

5230 STREETS SIGN REFRACTOMETER — **Project 915 - xxxx**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED	-	-		-		-	-	-	-	15,000	15,000
TOTAL SOURCE OF FUNDS	-	-	-	-	-	-	-	-	-	15,000	15,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED											
5530 Small Tools	-			-	-	-	-	-	-	15,000 -	15,000 -
TOTAL UNFUNDED	-	-	-	-	-		-	-	-	15,000	15,000
TOTAL USE OF FUNDS	-	-	-	-	-		-	-	-	15,000	15,000

Unfunded Project



Project Name	Emergency Storm Drain Repair Juniper/Elena	**Project Number**	915- 9949
Department	Public Works	**Project Manager**	Rob Livick

Description Repair of Failed Corrugated Metal Pipe (CMP) Storm drain

Location This project is in a utility easement North of Elena Street between Juniper and Koa Avenues.

Project Background A leaking storm drain line has caused damage to an already steep slope and is threatening the foundation of an upslope structure.

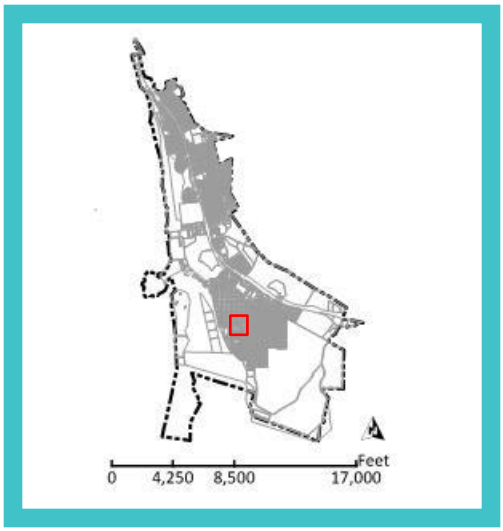
Operating Budget Impacts This project will use a combination of Consultant and Contractor time for the design, construction, and inspection. The staff time for project management will be included in the department's Operating Budget once funded.

Project Components & Estimated Timeline	Q4 2020/21	Design	Project development
	Q1 2021/2022	Design	Preparation of PS&E/Listing Project
	Q2 2021/2022	Construction	Project construction
	Q3 2021/2022	Completion	Project completion

EMERGENCY STORMDRAIN REPAIR/Juniper & Elena — **Project 915 - 9949**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	125,000	8,000	117,000	125,000	242,000	-	-	-	-	250,000
	-			-		-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**	**125,000**	**8,000**	**117,000**	**125,000**	**242,000**	**-**	**-**	**-**	**-**	**250,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
4910 Staff Time & Benefits											
5199 Supplies	-			-	-	-	-	-	-	-	-
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-	12,000	8,000	4,000	25,000	29,000	-	-	-	-	37,000
6106 Contractural Services	-	113,000	-	113,000	100,000	213,000	-	-	-	-	213,000
Total Contractural Services	-	125,000	8,000	117,000	125,000	242,000	-	-	-	-	250,000
TOTAL GF	-	125,000	8,000	117,000	125,000	242,000	-	-	-	-	250,000
TOTAL USE OF FUNDS	**-**	**125,000**	**8,000**	**117,000**	**125,000**	**242,000**	**-**	**-**	**-**	**-**	



Project Name	Storm Drain System Install – SD-01A	**Project Number**	SD-01A/ 915-9933
Department	Public Works	**Project Manager**	

Description This project will install 125 feet of 27-inch storm drain pipeline.

Location Kern Street, between Pecho Street and Anchor Street.

Project Background This project includes the addition of approximately 125 feet of 27-inch diameter pipeline along Kern Street, between Pecho Street and Anchor Street. The flow in this area flows to the northeast and causes flooding in the 10-year storm conditions near the roundabout at Morro Bay Boulevard and Quintana Road. To mitigate flooding it is recommended this 27-inch pipeline is added to convey the flow west.

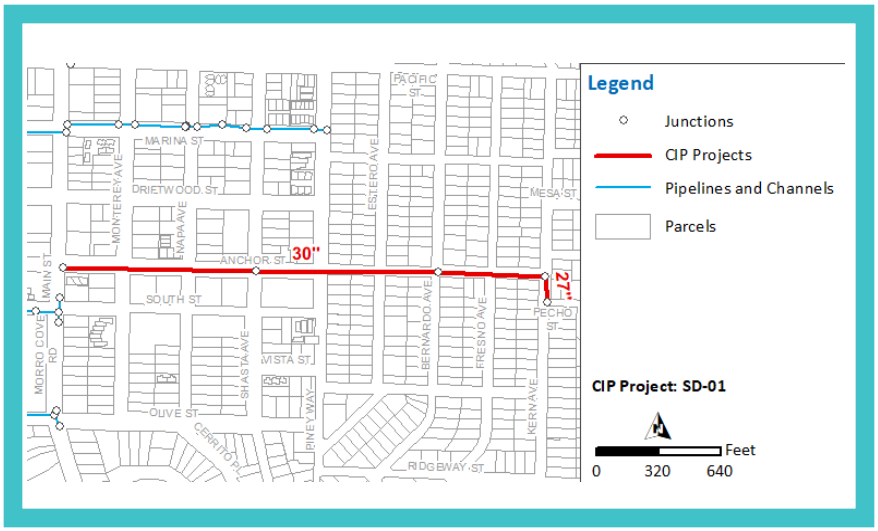
Operating Budget Impacts This project will use staff time for the design oversight, construction inspection and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	Fall 2021	Design	Project development
	Spring 2022	Bid process	Project bidding and contract award
	Summer 2022	Construction	Project construction
	Fall 2022	Completion	Project completion

Pipeline along Kern and Anchor Street SD-01A — **Project 915-9933**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
Storm Water Impact Fees	-	9,900	-	9,900		9,900		-	-	-	9,900
General Fund	-	-	-		62,700	62,700	-	-	-	-	62,700
TOTAL SOURCE OF FUNDS	**-**	**9,900**	**-**	**9,900**	**62,700**	**72,600**	**-**	**-**	**-**	**-**	**9,900**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2024/25 Proposed	Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-	9,900	-	9,900		9,900	-	-	-	-	9,900
6106 Contractural Services	-		-		62,700	62,700		-	-	-	125,400
TOTAL GENERAL FUND	-	9,900	-	9,900	62,700	72,600	-	-	-	-	135,300
TOTAL USE OF FUNDS	**-**	**9,900**	**-**	**9,900**	**62,700**	**72,600**	**-**	**-**	**-**	**-**	**135,300**



Project Name	Storm Drain System Install – SD-01B	**Project Number**	SD-01B/ 915-9934
Department	Public Works	**Project Manager**	

Description This project will install 2,600 feet of 30-inch storm drain pipeline.

Location Along Anchor Street, between Kern Avenue and Main Street

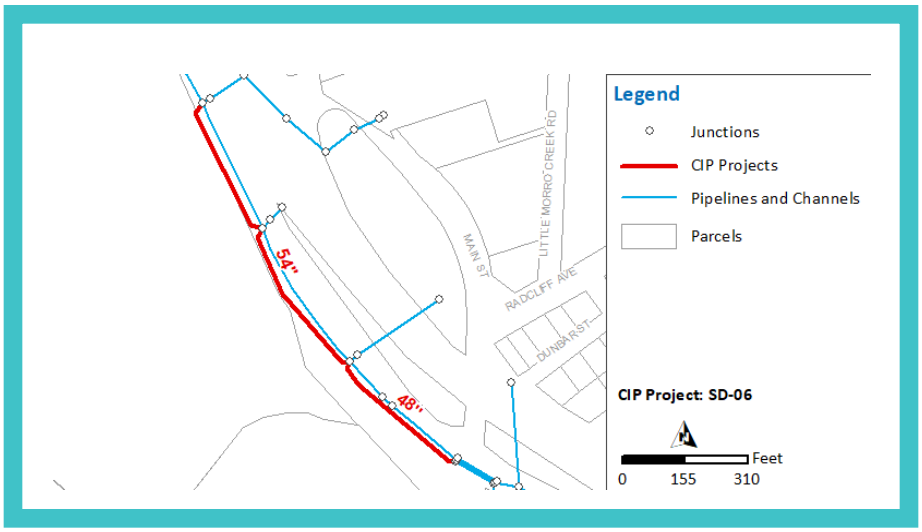
Project Background This project includes the addition of approximately 2,600 feet of 30-inch diameter pipeline along Anchor Street, between Kern Avenue and Main Street. Construction is proposed to be phased over three years due to the availability of funding. Stormwater in this area flows to the northeast and causes flooding in the 10-year and 100-year storm conditions near the roundabout at Morro Bay Boulevard and Quintana Road. To mitigate flooding it is recommended this 30-inch pipeline is added to convey the flow west.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	Fall 2021	Design	Project development
	Spring 2022	Bid process	Project bidding and contract award
	Summer 2022	Construction Phase 1	Project construction
	Summer 2023	Construction Phase 2	
	Summer 2024	Construction Phase 3	
	Summer 2024	Completion	Project Completion

Pipeline along Kern and Anchor Street SD-01B											Project 915-9934
SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	22,950	-	22,950	75,350	98,300	622,728	622,728	-	-	1,419,106
General Fund (Measure E)	-	-	-		314,000	314,000	-	-	-	-	314,000
TOTAL SOURCE OF FUNDS	**-**	**22,950**	**-**	**22,950**	**389,350**	**412,300**	**622,728**	**622,728**	**-**	**-**	**1,733,106**
USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-	22,950		22,950		22,950	-	-	-	-	22,950
6106 Contractural Services	-		-		389,350	389,350	622,728	622,728	-	-	2,024,155
TOTAL GENERAL FUND	-	22,950	-	22,950	389,350	412,300	622,728	622,728	-	-	2,047,105
TOTAL USE OF FUNDS	**-**	**22,950**	**-**	**22,950**	**389,350**	**412,300**	**622,728**	**622,728**	**-**	**-**	**2,047,105**

Portions in Red are Unfunded in future years.



Project Name	Storm Drain System Repair – SD-06A **Unfunded**	**Project Number**	SD-06A
Department	Public Works	**Project Manager**	

Description	This project will replace 380 feet of open channel with 48-inch pipeline.
Location	West of Main street, along Highway 1
Project Background	This project includes the replacement approximately 380 feet of open channel along Highway 1, west of Main Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing open channel be replaced with a triple barrel 48-inch diameter pipeline.
Operating Budget Impacts	This project will use staff time for the design oversight, construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

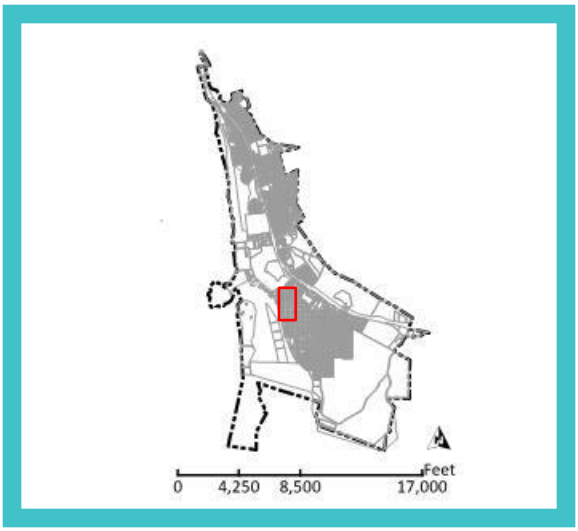
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

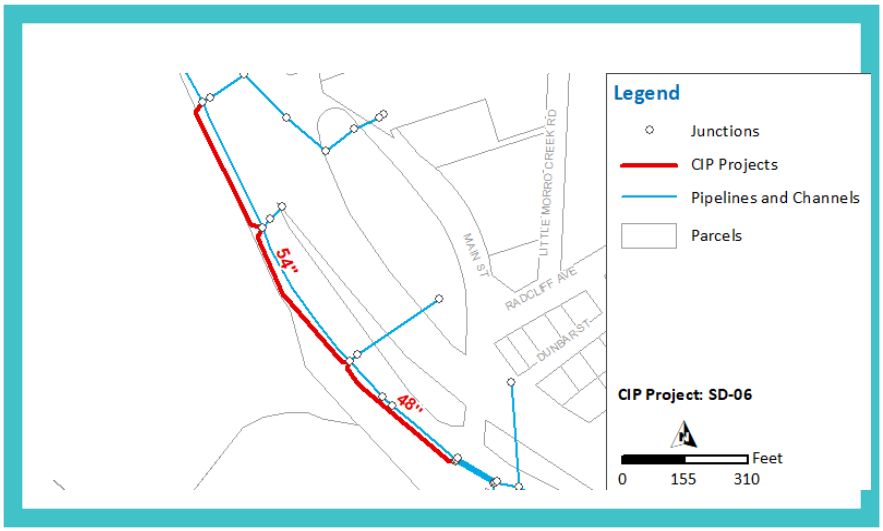
Pipeline west of Main St along Hwy 1 SD-06A — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-	170,100	963,900	-	-	1,134,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	170,100	963,900	-	-	1,134,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-	170,100	-	-	-	170,100
6106 Contractural Services	-		-		-	-		963,900	-	-	963,900
TOTAL GENERAL FUND	-		-	-	-	-	170,100	963,900	-	-	1,134,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	170,100	963,900	-	-	1,134,000

Unfunded Project





Project Name	Storm Drain System Repair – SD-06B **Unfunded**	**Project Number**	SD-06B
Department	Public Works	**Project Manager**	

Description This project will replace 780 feet of open channel with 54-inch pipeline.

Location West of Main street, along Highway 1

Project Background This project includes the replacement approximately 780 feet of open channel along Highway 1, west of Main Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing open channel be replaced with a triple barrel 54-inch diameter pipeline.

Operating Budget Impacts This project will use staff time for the design oversight, construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

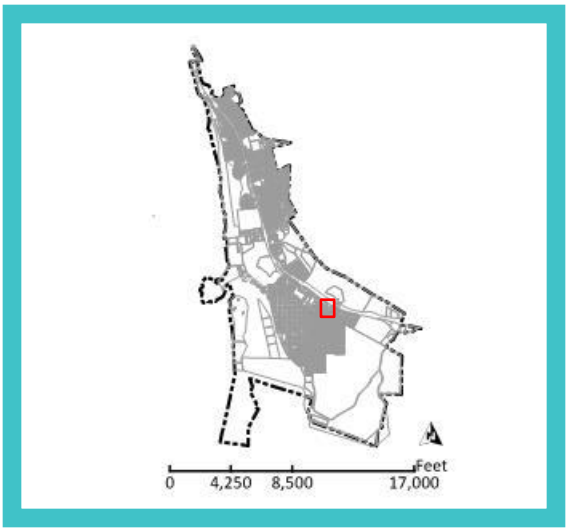
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

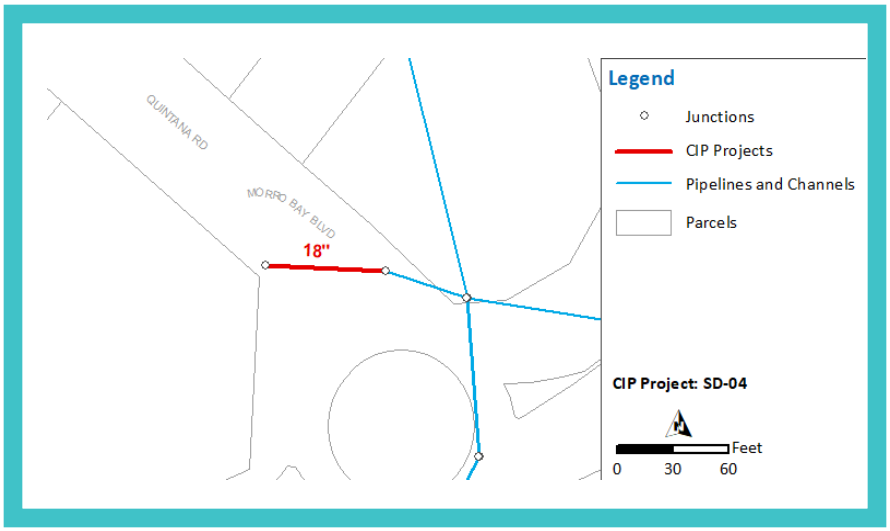
Pipeline west of Main St along Hwy 1 SD-06B — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-	372,450	2,110,550	-	-	2,483,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**		**-**		**-**	**-**	**372,450**	**2,110,550**	**-**	**-**	**2,483,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-	372,450	-	-	-	372,450
6106 Contractural Services	-		-		-	-		2,110,550	-	-	2,110,550
TOTAL GENERAL FUND	-		-	-	-	-	372,450	2,110,550	-	-	2,483,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**372,450**	**2,110,550**	**-**	**-**	**2,483,000**

Unfunded Project





Project Name	Storm Drain System Repair – SD-04 **Unfunded**	**Project Number**	SD-04
Department	Public Works	**Project Manager**	

Description This project will replace 130 feet of 12-inch pipeline with 18-inch pipeline.

Location Morro Bay Blvd and Quintana Road

Project Background This project includes the replacement of approximately 130 feet of 12-inch diameter pipelines along the north side of the roundabout at Morro Bay Boulevard and Quintana Road. The flow levels within the pipeline cause flooding under 10-year storm conditions. To mitigate the flooding, it is recommended that the existing pipeline be replaced with 18-inch diameter pipelines.

Operating Budget Impacts This project will use staff time for the design oversight, construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

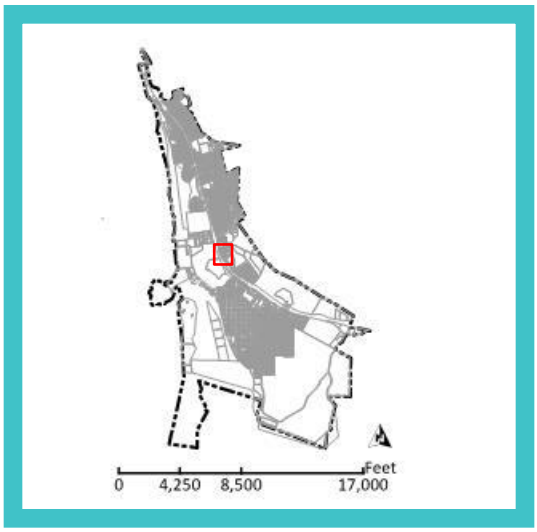
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

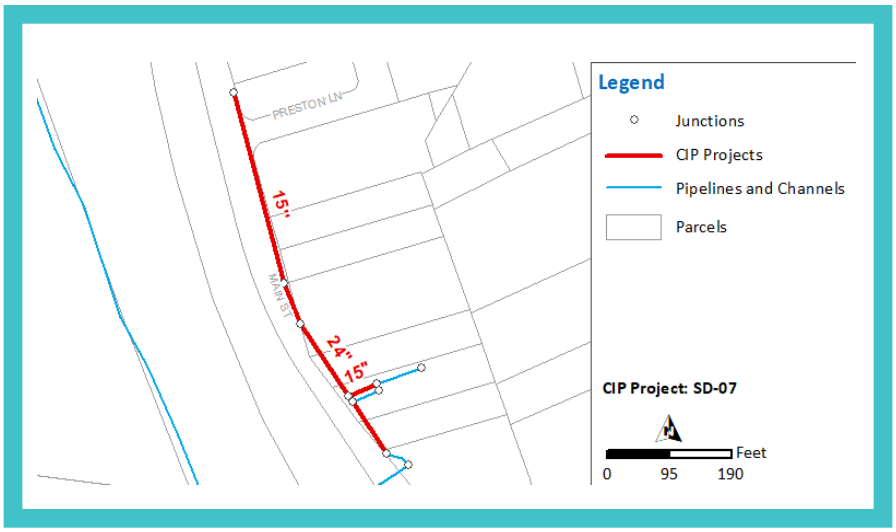
Pipeline at Morro Bay Blvd and Quintana Rd SD-04 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-	6,750	38,250	-	-	45,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**		**-**		**-**	**-**	**6,750**	**38,250**	**-**	**-**	**45,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-	6,750	-	-	-	6,750
6106 Contractural Services	-		-		-	-		38,250	-	-	38,250
TOTAL GENERAL FUND	-		-	-	-	-	6,750	38,250	-	-	45,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**6,750**	**38,250**	**-**	**-**	**45,000**

Unfunded Project





Project Name	Storm Drain System Repair – SD-07A **Unfunded**	**Project Number**	SD-07A
Department	Public Works	**Project Manager**	

Description	This project will replace 360 feet of 12-inch pipeline with 15-inch pipeline.
Location	Along Main Street, between Preston Lane and Azure Street
Project Background	This project includes the replacement of approximately 360 feet of 12-inch diameter pipeline along Main Street, between Preston Lane and Azure Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 15-inch diameter pipeline.
Operating Budget Impacts	This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

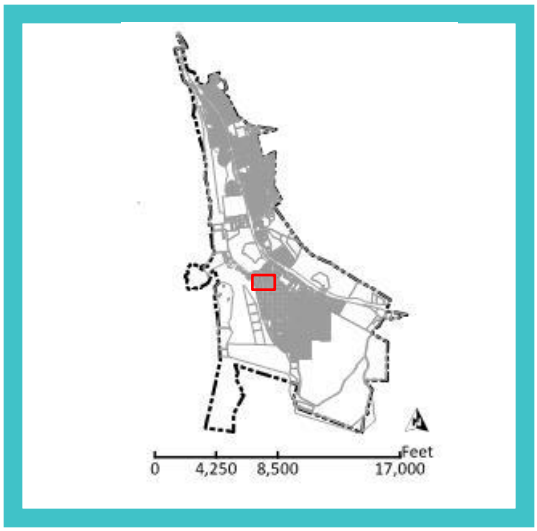
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline along Main Street SD-07A — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-			16,950	96,050	113,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	16,950	96,050	113,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			16,950	-	16,950
6106 Contractural Services	-		-		-	-				96,050	96,050
TOTAL GENERAL FUND	-		-	-	-	-	-	-	16,950	96,050	113,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	16,950	96,050	113,000

Unfunded Project



Project Name	Storm Drain System Install – SD-05 **Unfunded**	**Project Number**	SD-05
Department	Public Works	**Project Manager**	

Description This project will install 1,000 feet of 24-inch pipeline.

Location Along Beach Street, between Morro Avenue and Embarcadero Road.

Project Background This project includes the addition of approximately 1,000 feet of 24-inch diameter pipeline along Beach Street, between Morro Avenue and Embarcadero Road. In this area, the storm water flows through storm drains to the intersection at Morro Avenue and Beach Street, and then resurfaces and flows along the street. To reduce overland flow, it is recommended a 24-inch diameter pipeline be added.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

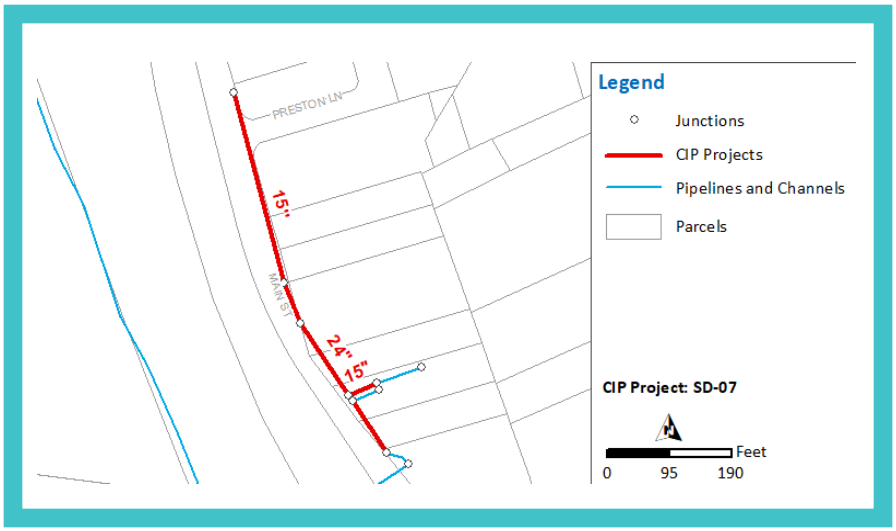
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline at Beach Street Btwn Morro Ave & Embarcadero Road SD-05 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-			70,800	401,200	472,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	70,800	401,200	472,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			70,800	-	70,800
6106 Contractural Services	-		-		-	-				401,200	401,200
TOTAL GENERAL FUND	-		-	-	-	-	-	-	70,800	401,200	472,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	70,800	401,200	472,000

Unfunded Project



Project Name	Storm Drain System Repair – SD-07B **Unfunded**	**Project Number**	SD-07B
Department	Public Works	**Project Manager**	

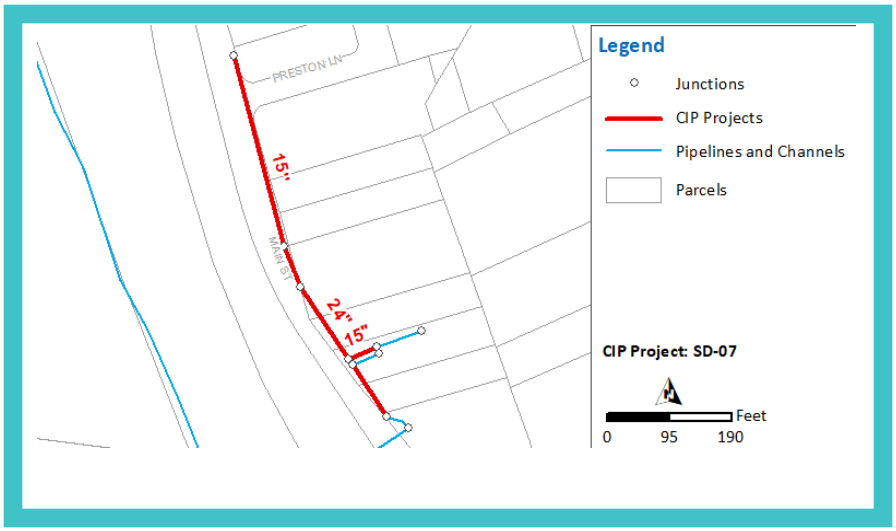
Description	This project will replace 230 feet of 12-inch pipeline with 24-inch pipeline.
Location	Along Main Street, between Preston Lane and Azure Street
Project Background	This project includes the replacement of approximately 230 feet of 12-inch diameter pipeline along Main Street, between Preston Lane and Azure Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 24-inch diameter pipeline.
Operating Budget Impacts	This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline along Main Street SD-07B — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2019/20 Amended Budget	2019/20 Estimated Actual	Estimated CF to 2020/21	2020/21 Budget	2020/21 Budget & Carryfwd *	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	Total Project
GENERAL FUND	-	-			-	-			16,350	92,650	109,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	16,350	92,650	109,000

USE OF FUNDS	Prior Yrs Actuals	2019/20 Amended Budget	2019/20 Estimated Actual	Estimated CF to 2020/21	2020/21 Budget	2020/21 Budget & Carryfwd *	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			16,350	-	16,350
6106 Contractural Services	-		-		-	-				92,650	92,650
TOTAL GENERAL FUND	-		-	-	-	-	-	-	16,350	92,650	109,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	16,350	92,650	109,000
Unfunded Project											



Project Name	Storm Drain System Repair – SD-07C **Unfunded**	**Project Number**	SD-07C
Department	Public Works	**Project Manager**	

Description This project will replace 50 feet of 12-inch pipeline with 15-inch pipeline.

Location Along Main Street, between Preston Lane and Azure Street

Project Background This project includes the replacement of approximately 50 feet of 12-inch diameter pipeline along Main Street, between Preston Lane and Azure Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 15-inch diameter pipeline.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. . The staff time for this project will be included in the department's operating budget for the year it is funded.

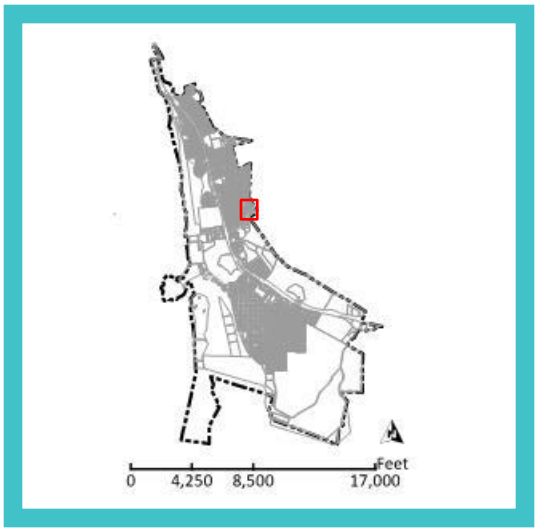
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

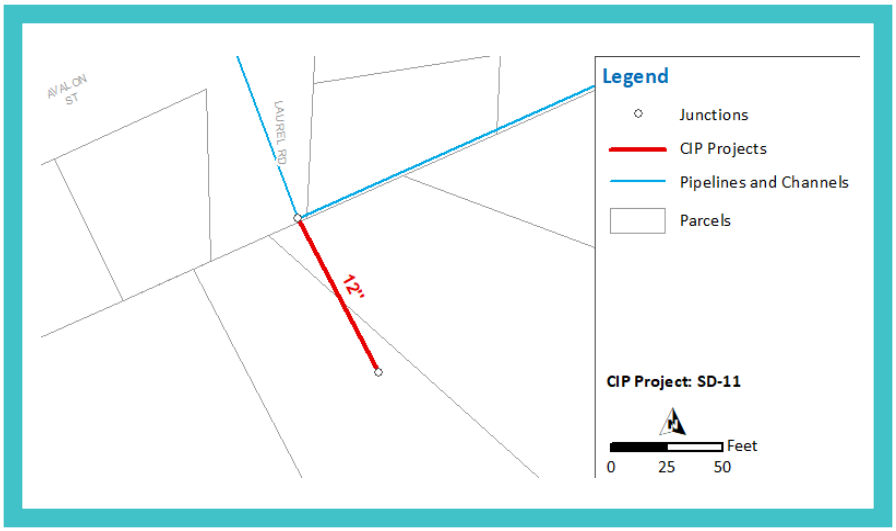
Pipeline along Main Street SD-07C — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-			2,550	14,450	17,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	2,550	14,450	17,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			2,550	-	2,550
6106 Contractural Services	-		-		-	-				14,450	14,450
TOTAL GENERAL FUND	-		-	-	-	-	-	-	2,550	14,450	17,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	2,550	14,450	17,000

Unfunded Project





Project Name	Storm Drain System Repair – SD-11 **Unfunded**	**Project Number**	SD-11
Department	Public Works	**Project Manager**	

Description This project will replace 80 feet of 6-inch pipeline with 12-inch pipeline.

Location Along Laurel Street, south of Avalon Street

Project Background This project includes the replacement of approximately 80 feet of 6-inch diameter pipeline along Laurel Street, south of Avalon Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 12-inch diameter pipeline.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

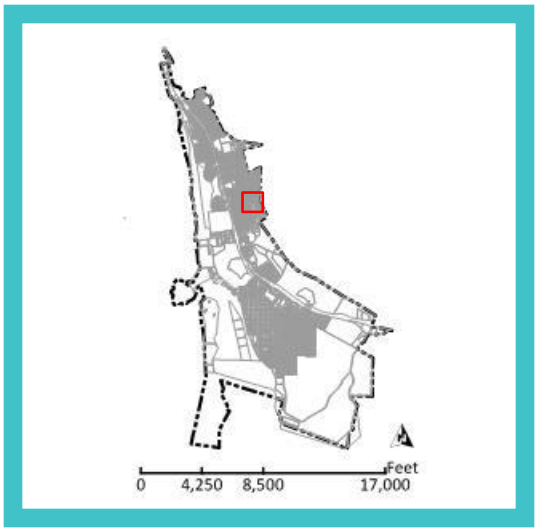
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

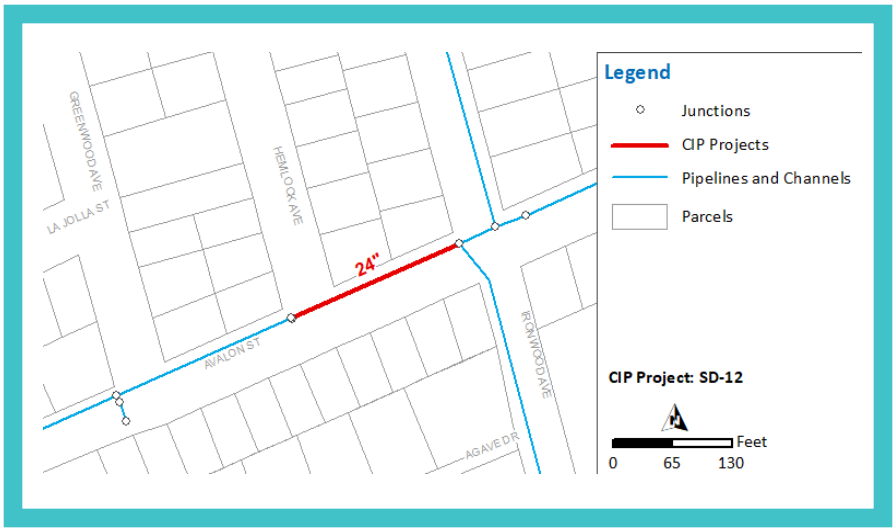
Pipeline along Laurel Street SD-11 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-			3,450	19,550	23,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**		**-**		**-**	**-**	**-**	**-**	**3,450**	**19,550**	**23,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			3,450	-	3,450
6106 Contractural Services	-		-		-	-				19,550	19,550
TOTAL GENERAL FUND	-		-	-	-	-	-	-	3,450	19,550	23,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,450**	**19,550**	**23,000**

Unfunded Project





Project Name	Storm Drain System Repair – SD-12 **Unfunded**	**Project Number**	SD-12
Department	Public Works	**Project Manager**	

Description This project will replace 200 feet of 16-inch pipeline with 24-inch pipeline.

Location Along Avalon Street, between Ironwood Avenue and Hemlock Avenue.

Project Background This project includes the replacement of approximately 200 feet of 16-inch diameter pipeline along Avalon Street, between Ironwood Avenue and Hemlock Avenue. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 24-inch diameter pipeline.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline along Avalon Street SD-12 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-	-		14,100	79,900	94,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	14,100	79,900	94,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			14,100	-	14,100
6106 Contractural Services	-		-		-	-				79,900	79,900
TOTAL GENERAL FUND	-		-	-	-	-	-	-	14,100	79,900	94,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	14,100	79,900	94,000

Unfunded Project

Project Name	Storm Drain System Repair – SD-16 **Unfunded**	**Project Number**	SD-16
Department	Public Works	**Project Manager**	

Description This project will replace 450 feet of 24-inch pipeline with 36-inch pipeline.

Location Along Elena Street, between Cedar Avenue and Main Street.

Project Background This project includes the replacement of approximately 450 feet of 24-inch diameter pipeline along Elena Street, between Cedar Avenue and Main Street. The flow caused flooding to occur under 10-year storm conditions. To mitigate the risk of flooding, it is recommended that the existing pipeline be replaced with a 36-inch diameter pipeline.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

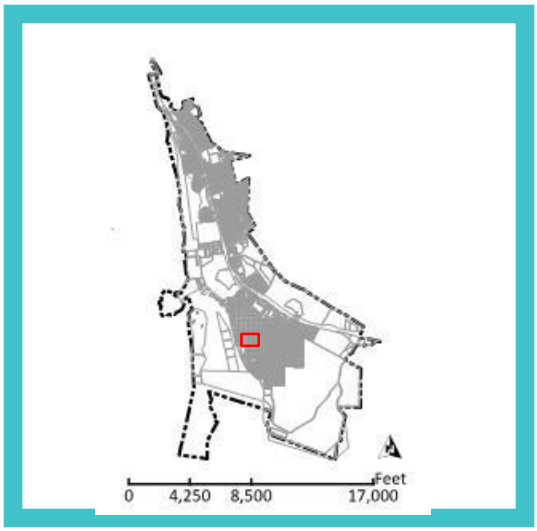
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

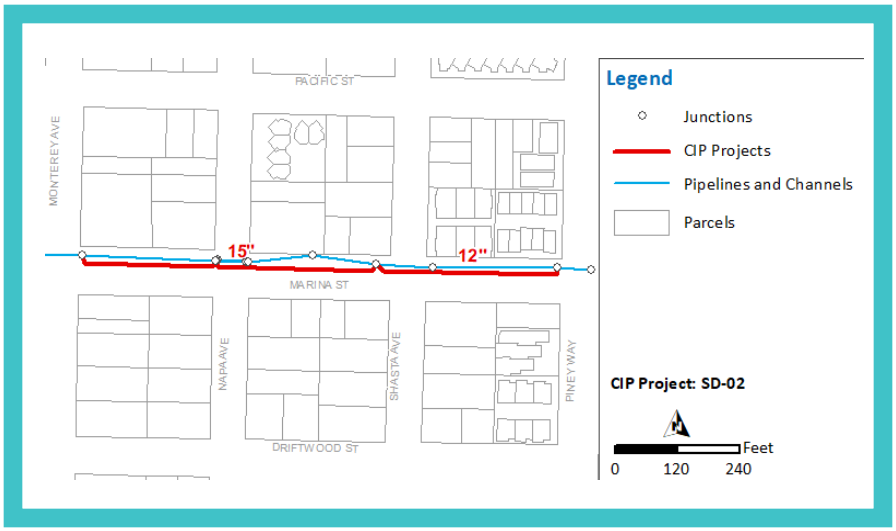
Pipeline along Elena Street SD-16 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-	-		49,200	278,800	328,000
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	49,200	278,800	328,000

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-	-		49,200	-	49,200
6106 Contractural Services	-		-		-	-	-			278,800	278,800
TOTAL GENERAL FUND	-		-	-	-	-	-	-	49,200	278,800	328,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	49,200	278,800	328,000

Unfunded Project





Project Name	Storm Drain System Repair – SD-02A **Unfunded**	**Project Number**	SD-02A
Department	Public Works	**Project Manager**	

Description This project will install 365 feet of 12-inch pipeline.

Location Along Marina Street, between Piney Way and Shasta Avenue.

Project Background This project includes the addition of approximately 365 feet of 12-inch diameter pipeline along Marina Street, between Piney Way and Shasta Avenue. The flow in this area flows to the northeast and causes flooding in the 10-year and 100-year storm conditions near the roundabout at Morro Bay Boulevard and Quintana Road. To mitigate flooding it is recommended this 12-inch pipeline is added to convey the flow west.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

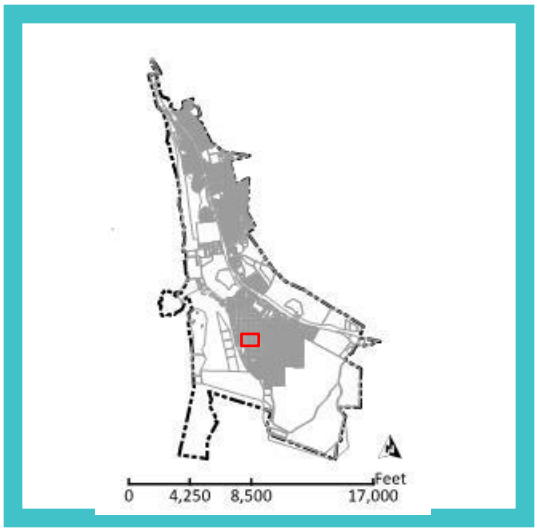
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

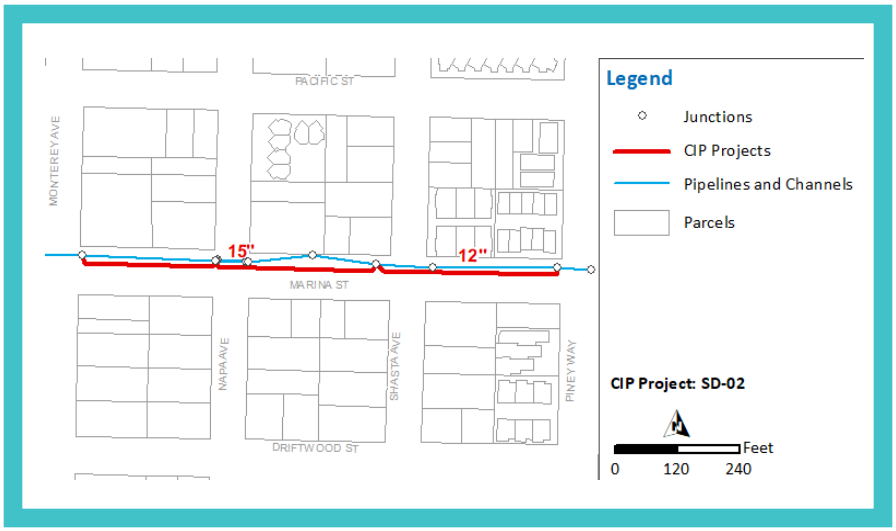
Pipeline along Marina Street SD-02A — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-				15,900	15,900
	-	-	-		-	-	-	-	-		-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	-	15,900	15,900

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-		-
6105 Consultation Services	-			-		-				15,900	15,900
6106 Contractural Services	-		-		-	-					-
TOTAL GENERAL FUND	-		-	-	-	-	-	-	-	15,900	15,900
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	-	15,900	15,900

Unfunded Project





Project Name	Storm Drain System Repair – SD-02B **Unfunded**	**Project Number**	SD-02B
Department	Public Works	**Project Manager**	

Description This project will install 600 feet of 15-inch pipeline.

Location Along Marina Street, between Shasta Avenue and Monterey Avenue.

Project Background This project includes the addition of approximately 600 feet of 15-inch diameter pipeline along Marina Street, between Shasta Avenue and Monterey Avenue. The flow in this area flows to the northeast and causes flooding in the 10-year and 100-year storm conditions near the roundabout at Morro Bay Boulevard and Quintana Road. To mitigate flooding it is recommended this 15-inch pipeline is added to convey the flow west.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

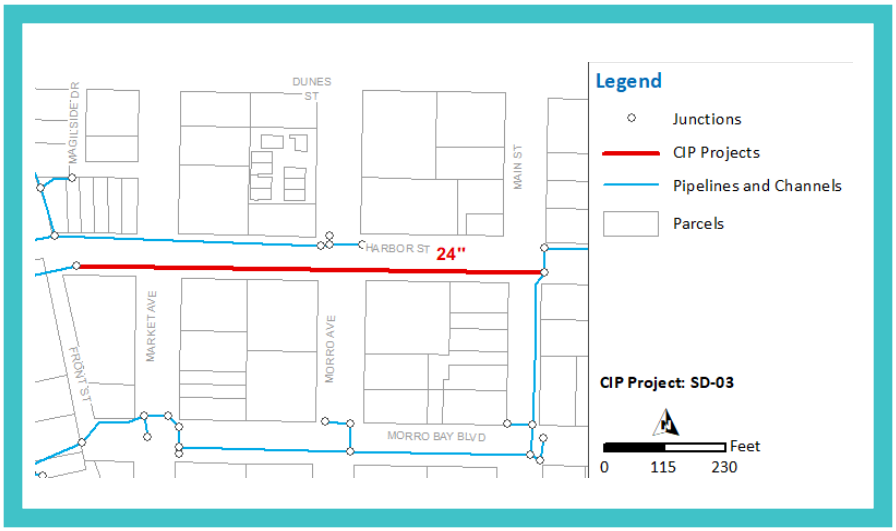
Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline along Marina Street SD-02B — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-				28,350	28,350
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	-		-		-	-	-	-	-	28,350	28,350

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-			-		-
6106 Contractural Services	-		-		-	-				28,350	28,350
TOTAL GENERAL FUND	-		-	-	-	-	-	-	-	28,350	28,350
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	-	28,350	28,350

Unfunded Project



Project Name	Storm Drain System Repair – SD-03 **Unfunded**	**Project Number**	SD-03
Department	Public Works	**Project Manager**	

Description This project will install 890 feet of 24-inch pipeline.

Location Along Harbor Street, between Main Street and Front Street.

Project Background This project includes abandoning the existing 24-inch diameter pipeline along Main Street, and the addition of approximately 890 feet of 24-inch diameter pipeline along Harbor Street, between Main Street and Front Street. The flow, when directed from Harbor Street to Main Street, causes flooding in the 10-year storm conditions. To mitigate flooding it is recommended this 24-inch diameter line is added to convey water along Harbor Street.

Operating Budget Impacts This project will use staff time for the design oversight construction inspection and management. The staff time for this project will be included in the department's operating budget for the year it is funded.

Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Pipeline along Harbor Street SD-03 — **Project 915-XXXX**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND	-	-			-	-				63,150	63,150
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**		**-**		**-**	**-**	**-**	**-**	**-**	**63,150**	**63,150**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed		Total Project
GENERAL FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-				63,150	63,150
6106 Contractural Services	-		-		-	-					-
TOTAL GENERAL FUND	-		-	-	-	-	-	-	-	63,150	63,150
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**63,150**	**63,150**

Unfunded Project

Parks and Creek Program

Project Name	Bocce Ball and Recreation Improvements – 955 Shasta Ave.	**Project Number**	MB2018-CM01/915-8029
Department	Public Works	**Project Manager**	Rob Livick PE/PLS City Engineer

Description This project involves renovating the Shasta Street Pocket Park on the corner of Dunes and Shasta Streets. Proposed improvements include two bocce ball courts, a greenhouse and an ADA pathway.

Location This project is located on the southwest corner of Shasta Ave. and Dunes St. adjacent to the City of Morro Bay Public Works Department building.

Project Background This project is in line with the City's goal to Improve Infrastructure and Public Spaces and to continue to provide aesthetically pleasing facilities for residents, tourists, and visitors. The project was bid in 2019, but the City received no bids. To deliver the project, the City will use a combination of volunteer labor and City Forces.

Operating Budget Impacts This project will use a combination of volunteer and staff time for the construction, construction inspection and management. Additionally, the project budget includes purchase of necessary materials. Necessary staff time for this project is included in the Project Budget. Impact Fees from General Gov't Administration and donations from Morro Bay in Bloom and Morro Bay Senior Citizens, Inc. and Impact Fees will be the source of funding for the estimate of $6 K.

Project Components & Estimated Timeline	Spring 2019	Design	Project development
	Summer 2019	Bid process	Project bidding and contract award/Note: *No Bids Received*
	Pending availability of Volunteer labor	Construction	Project construction can continue when social distancing measure are loosened
	Pending	Completion	Project completion

BOCCE BALL COURT (DUNES & SHASTA) — **Project 915 - 8029**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANTS & AWARDS	-	12,000		6,000	-	6,000	-	-	-	-	6,000
GEN GOV'T IMPACT FEES	-	17,069		17,069	6,000	23,069	-	-	-	-	23,069
	-	-	-		-	-	-	-	-	-	-
TOTAL SOURCE OF FUNDS	**-**	**29,069**	**-**	**23,069**	**6,000**	**29,069**	**-**	**-**	**-**	**-**	**29,069**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
5199 Supplies	-	69		69	-	69	-	-	-	-	69
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-	29,000	-	23,000	6,000	29,000	-	-	-	-	29,000
Consultant Services	-	29,069	-	23,069	6,000	29,069	-	-	-	-	29,069
TOTAL GF	-	29,069	-	23,069	6,000	29,069	-	-	-	-	29,069
TOTAL USE OF FUNDS	**-**	**29,069**	**-**	**23,069**	**6,000**	**29,069**	**-**	**-**	**-**	**-**	**29,069**

Project Name	Cloisters Play Structure Replacement **Unfunded**	**Project Number**	575- NEW
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description	This project is to replace a wooden play structure with a modern and accessibly compliant play structure
Location	This play structure is in The Cloisters Parkland area.
Project Background	The play structure was installed as a condition of development by the Cloister developer in 1997. Currently the residents desire is to complete landscaping improvements prior to replacement of the play structure.
Operating Budget Impacts	This project will use Cloisters Assessment District funds, once accumulation is sufficient, as specified under the terms of the assessment.

Project Components & Estimated Timeline	Pending Authorization	Design & Bidding	Project development & bidding
	Pending Authorization	Plan Review & Public Comment	Meetings
	Pending Authorization	Demolition & Site Prep	Project construction
	Pending Authorization	Construction & Completion	Construction and completion

Project Name	City Park Play Structure Replacement	**Project Number**	915-8028
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description	This project is to replace an existing play structure with a modern and accessibly compliant play structure
Location	This play structure is in city park at the corner of Harbor Street and Morro Bay Boulevard.
Project Background	The play structure was installed in the late 1990's and it has exceeded the expected service cycle
Operating Budget Impacts	This project will use Park Fee funds and possible donations from a fire truck manufacturer.

Project Components & Estimated Timeline	Pending Authorization	Design & Bidding	Project development & bidding
	Pending Authorization	Plan Review & Public Comment	Meetings
	Pending Authorization	Demolition & Site Prep	Project construction
	Pending Authorization	Construction & Completion	Construction and completion

CITY PARK PLAY EQUIPMENT — **Project 915 - 8028**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 2021/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND EQ REPLACE	-				-		-	-	150,000	-	150,000
TOTAL SOURCE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**	**150,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 2021/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
PARK FEE FUND											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-				-		-	-	30,000	-	30,000
Consultant Services	-		-		-		-	-	30,000	-	30,000
7302 Equipment Acquisition	-				-		-	-	120,000	-	120,000
	-				-	-	-	-	-	-	-
Project Construction Expenses	-	-	-	-	-	-	-	-	120,000	-	120,000
TOTAL PARK FEE FUND	-	-	-	-	-	-	-	-	150,000	-	150,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**	**150,000**

Public Facilities

Project Name	Veterans Hall – Renovation – Major Maintenance & Audio Visual	**Project Number**	915-9508
Department	Public Works	**Project Manager**	R. Livick/J. Burlingame

Description

This project will make various major and minor facility maintenance improvements and upgrades to the exterior, electrical, plumbing, and kitchen area, as well as upgrades to the audio visual, video production, and local government channel insertion point systems that are used for the production and cablecast of City Brown Act meetings.

Location

Veterans Memorial Building, 209 Surf Street

Project Background

The Veterans Memorial Building features a full kitchen, lobby area, restrooms, and a large fenced patio with picnic benches and barbecue pit. The building is used by members of the public for various special events. There are several facility maintenance activities identified that need to be performed and the facility phase of the project would include: installing new roof, upgrading electrical system, restroom refurbishment, ADA improvements, and upgrades to kitchen facilities.

The Veterans Memorial Building is also used for various City Brown Act meetings (City Council, Planning Commission, Public Works Advisory Board, Harbor Advisory Board, Recreation & Parks Commission, Tourism Business Improvement District Advisory Board, and Citizens Finance Committee). Utilizing audio visual equipment, the Brown Act meetings are cablecast live from the local government channel insertion point located in the building while at the same time being recorded for cablecasting several times after the meeting has occurred. The audiovisual and insertion point equipment has been aging and while some pieces have been replaced overtime, much of the equipment needs to be upgraded and replaced. The audiovisual phase of the project will make improvements to the overall audiovisual/video production and local government channel insertion point equipment. Other major maintenance improvement includes roof replacement and electrical upgrades.

Operating Budget Impacts

The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	Summer 2021	Design	Project development
	Summer/Fall 2021	Bid/Quote process	Project bidding and contract award
	Pending	Construction/ Purchasing	Project construction
	Spring 2022	Completion	Project completion

VETERANS HALL 209 SURF - RENOVATION - MAJOR MAINTENANCE & AUDIO VISUAL — **Project 915 - 9508**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
REIMBURSEMENT FROM WATER	-	30,572		30,572	-	30,572	-	-	-	-	30,572
TRUST & AGENCY PEG FEES	8,708	117,628	-	117,628		117,628	-	-	-	-	126,336
TOTAL SOURCE OF FUNDS	**8,708**	**148,200**	**-**	**148,200**	**-**	**148,200**	**-**	**-**	**-**	**-**	**156,908**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
WATER REIMB & PEG FEES											
Design Services	-	-	-	-	-	-	-	-	-	-	-
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services-Electrical	-	35,572		35,572		35,572	-	-	-	-	35,572
6106 Contractural Services-Roofing		41,437		41,437		41,437					41,437
6106 Contractural Services - AV		41,437		41,437		41,437					41,437
Consultant Services	-	118,445	-	118,445		118,445	-	-	-	-	118,445
7302 Equipment Acquisition	-	25,000		25,000		25,000	-	-	-	-	25,000
7310 Office Furniture	8,708	4,755		4,755	-	4,755	-	-	-	-	13,463
	-	-	-	-	-	-	-	-	-	-	-
Project Construction Expenses	8,708	148,200	-	148,200	-	29,755	-	-	-	-	38,463
TOTAL WATR REIMB & PEG FEES	8,708	148,200	-	148,200	-	148,200	-	-	-	-	156,908
TOTAL USE OF FUNDS	**8,708**	**148,200**	**-**	**148,200**	**-**	**148,200**	**-**	**-**	**-**	**-**	**156,908**

Project Name	Electric Vehicle Charging Station	**Project Number**	915-9942
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description

Location Embarcadero Parking Lot near South T-Pier.

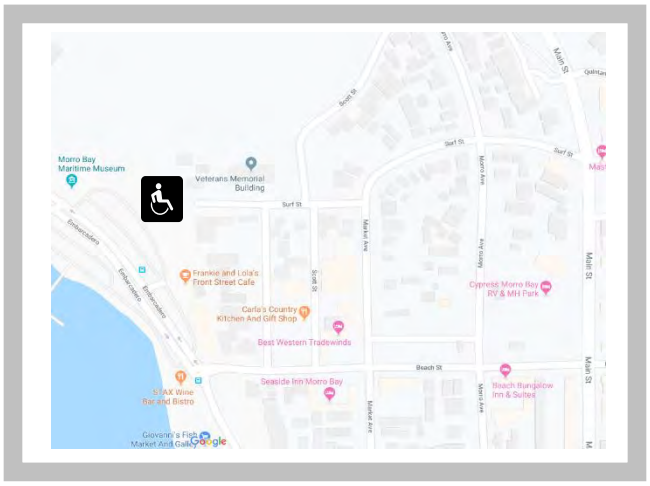
Project Background

In 2012 Morro Bay Public Works Department installed the first two publicly accessible electric vehicle chargers in Morro Bay to help meet the demands of the growing number of electric vehicles on the road. In 2012 there were approximately 51,000 electric vehicles sold nationwide. In 2019 there were over 655,000 electric vehicles sold in California alone, accounting for approximately 46% of all electric vehicles sold nationwide. As of October 7, 2019, there were only 21,948 publicly accessible electric vehicle chargers available to drivers across a California. The ratio of vehicles to chargers has become so disproportionate that the State of California is offering grant funding through AB 617 to facilitate improvements to the electric vehicle infrastructure to help offset the deficiency of charging stations.

Operating Budget Impacts Funding to be derived from State grant APCD - $26,000 and Transfer from Parking In Lieu Fees Fund $22,000

Project Components & Estimated Timeline	1st Qtr. 21/22	Design & Bidding	Project development, permitting & bidding
	2nd Qtr. 21/22	Plan Review & Public Comment	Meetings
	3nd Qtr. 21/22	Demolition & Site Prep	Project construction
	4th Qtr. 21/22	Construction & Completion	Construction and completion

NEW ELECTRIC VEHICLE CHARGING STATION											Project 915 - 9942
SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANTS & AWARDS	-	26,000		25,687	-	25,687	-	-	-	-	25,687
PARKING IN LIEU	-	22,000		32,122	-	32,122	-	-	-	-	32,122
TOTAL SOURCE OF FUNDS	-	48,000	-	57,809	-	57,809	-	-	-	-	57,809
USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
5199 Supplies	-				-	-	-	-	-	-	-
6104 Engineering Services	-				-	-	-	-	-	-	-
6105 Consultation Services	-				-	-	-	-	-	-	-
6106 Contractural Services	-			57,809	-	57,809	-	-	-	-	57,809
7302 Equipment Acquisition	-	48,000		-	-	-	-	-	-	-	-
TOTAL GF	-	48,000	-	-	-	-	-	-	-	-	-
TOTAL USE OF FUNDS	-	48,000	-	-	-	-	-	-	-	-	-



Project Name	Surf Street Pedestrian Accessible Access - Bluff top to Front Street - **Unfunded**	**Project Number**	N/A – Not Funded
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description This project will provide accessible pedestrian access.

Location This project is located between the bluff top at the westerly terminus of improved Surf Street and the "Front Street" parking lot.

Project Background In 2018 the City removed a stairway beyond its useful life that provided alternative pedestrian access between the Surf Street Elevation and Front Street and points along the Embarcadero. There are alternative access points using public sidewalk between this bluff top elevation and Front Street. The closest being a few hundred feet to the South at Beach Street.

Operating Budget Impacts There are no operating program impacts as this project is unfunded currently.

Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

Picture: Sample Restroom

Project Name	Coleman Park Restroom Demolition and Reconstruction	**Project Number**	915- Future
Department	Public Works	**Project Manager**	Rob Livick

Description	Due to structural issues with the existing restroom at Coleman Park, project will complete demolition and reconstruction of the restroom.
Location	This project is located on Coleman Drive near Coleman Beach (on the waterfront).
Project Background	A 2019 inspection and engineering assessment was done recommending the existing restroom be completely replaced due to structural integrity issues.
Operating Budget Impacts	This project will use a combination of Contractor and staff time for the construction inspection and management. The staff time for this project will be included in the department's Operating Budget once funded. The project will be funded through Proposition 68 and non-General Fund local sources.

Project Components & Estimated Timeline	Pending	Design & bidding	Project development & bidding
	Pending	Demolition & procurement	Site work
	Pending	Construction	Project construction
	Pending	Completion	Project completion

Coleman Park Restroom Renovation — **Project 915 - New**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND RESERVES	-			-	-	-	-	-	-	-	-
PROP 68 STATE PARKS GRANT	-			-	177,000	177,000	-	-	-	-	177,000
DEFERRED MAINTENANCE FUND	31,500	-	-	-	31,500	31,500	-	-	-	-	63,000
CASTLE WINDS CONNUNITY DEVELOPME	-	-	-	-	40,000	40,000	-	-	-	-	40,000
LOCAL PARK IMPACT/IN-LIEU FEES	-	-	-	-	69,500	69,500	-	-	-	-	69,500
TOTAL SOURCE OF FUNDS	**31,500**	**-**	**-**	**-**	**318,000**	**318,000**	**-**	**-**	**-**	**-**	**349,500**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
4910 Staff Time & Benefits					13,250						
5199 Supplies	-			-	-	-	-	-	-	-	-
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	53,000	53,000	-	-	-	-	53,000
6106 Contractural Services	-		-	-	265,000	265,000	-	-	-	-	265,000
Total Contractural Services	-	-	-	-	318,000	318,000	-	-	-	-	318,000
TOTAL GF	-	-	-	-	318,000	318,000	-	-	-	-	318,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**318,000**	**318,000**	**-**	**-**	**-**	**-**	**318,000**

Project Name	ADA Monte Young Restroom Renovation **- Unfunded**	**Project Number**	915- Future
Department	Public Works	**Project Manager**	Rob Livick

Description	This project is to complete the recommended ADA compliance repairs identified in the DAC Track audit.
Location	This project is located at the intersection of South Street and Shasta Avenue.
Project Background	A 2016 inspection and engineering assessment was done recommending the following list of urgent and other repairs.
Operating Budget Impacts	This project will use a combination of Contractor and staff time for the construction inspection and management. The staff time for this project will be included in the department's Operating Budget once funded.

Project Components & Estimated Timeline	Pending	Design & bidding	Project development & bidding
	Pending	Demolition & procurement	Site work
	Pending	Construction	Project construction
	Pending	Completion	Project completion

ADA MONTE YOUNG RESTROOM RENOVATION — **Project 915 - xxxx**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 2021/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED	-			-			-	-	64,500	-	64,500
TOTAL SOURCE OF FUNDS	-	-	-	-	-	-	-	-	**64,500**	-	**64,500**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 2021/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED											
5199 Supplies				-					24,500		24,500
6104 Engineering Services	-		-	-			-	-	2,500	-	2,500
6105 Consultation Services	-			-			-	-	2,500	-	2,500
6106 Contractural Services	-			-			-	-	35,000	-	35,000
	-				-	-	-	-	-	-	-
Project Construction Expenses	-	-	-	-	-	-	-	-	-	-	64,500
TOTAL UNFUNDED	-	-	-	-	-	-	-	-	64,500	-	64,500
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	**64,500**	-	**64,500**

Unfunded Project

Project Name	North T-pier Restroom Renovation **Unfunded**	**Project Number**	915- Future
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description	This project is to complete the recommended ADA compliance repairs identified in the DAC Track audit.
Location	This project is located on the Embarcadero across from the entrance to the North T-pier.
Project Background	A 2016 inspection and engineering assessment was done recommending urgent and other repairs.
Operating Budget Impacts	This project will use a combination of Contractor and staff time for the construction inspection and management. Once authorized, the staff time for this project will be included in the department's Operating Budget.

Project Components & Estimated Timeline	Pending Project Authorization	Design & Bidding	Project development & bidding
	Pending Project Authorization	Demolition & procurement	Site work
	Pending Project Authorization	Construction	Project construction
	Pending Project Authorization	Completion	Project completion

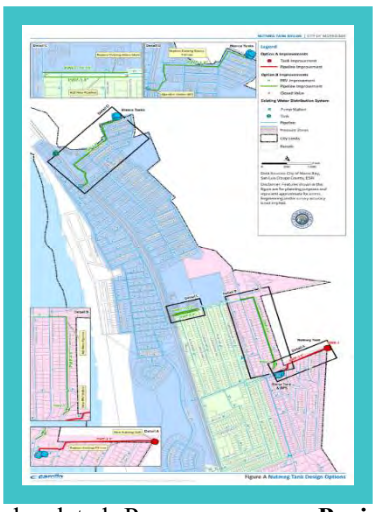
ADA NORTH T-PIER RESTROOM RENNOVATION — **Project 915-xxxx**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
	-	-				-	-	-	-	-	-
UNFUNDED	-						-	-	83,000	-	83,000
TOTAL SOURCE OF FUNDS	-	-	-	-	-	-	-	-	**83,000**	-	**83,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
UNFUNDED											
5199 Materials/Supplies									33,250		33,250
6104 Engineering Services	-		-				-	-	-	-	-
6105 Consultation Services	-						-	-	3,500	-	3,500
6106 Contractural Services	-						-	-	46,250	-	46,250
	-				-	-	-	-	-	-	-
Project Construction Expenses	-	-	-	-	-	-	-	-	-	-	-
TOTAL UNFUNDED	-	-	-	-	-	-	-	-	83,000	-	83,000
TOTAL USE OF FUNDS	-	-	-	-	-	-	-	-	**83,000**	-	**83,000**

Unfunded Project

Water Capital Projects



Project Name	Nutmeg Tank and related Pressure Zone Improvements	**Project Number**	921-9932
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description This project includes the following OneWater Plan components:

- **PWV-1: Pressure Reducing Valve on Juniper Avenue** - Addition of a pressure reducing valve along improvement project Juniper Avenue, between Elena Street and San Joaquin Street. The existing Blanca zone receives water from Nutmeg zone through a bleed valve that is manually opened when necessary. To eliminate this manually opened bleed valve, it is recommended a pressure reducing valve be installed to convey water from Nutmeg zone to Blanca zone.
- **PWS-1: Nutmeg Tank Upgrade** - Replacement of 100,000-gallon Nutmeg Tank. The existing storage tank does not have the capacity to supply Nutmeg Pressure Zone under maximum day demand conditions. To mitigate the capacity deficiency occurring under maximum day demand conditions, it is recommended that the existing storage tank is replaced with a 1,000,000-gallon storage tank.
- **PWP-1: Fill line for Blanca Tanks** - Replacement of approximately 2,350 feet of 4-inch diameter pipeline from Vashon Booster Pump Station to the Blanca Tanks. The head loss within this pipeline are approaching the maximum limit under PHD conditions. To mitigate the high head losses occurring under PHD conditions, it is recommended that the existing pipeline be replaced with an 8-inch diameter pipeline.
- **PWP-2: Fill line for Nutmeg Tank** - Replacement of approximately 1,280 feet of 4-inch diameter pipeline from pipe segment upstream of Elena Booster Pump Station to the Nutmeg Tank. The head loss within this pipeline exceed the maximum limit under PHD conditions. To mitigate the high head losses occurring under PHD conditions, it is recommended that the existing pipeline be replaced with an 8-inch diameter pipeline.
- **PWP-4: Parallel pipeline on Juniper Avenue** - Construction of approximately 2,050 feet of 8-inch diameter pipeline along Juniper Avenue, between Elena Street and Sequoia Street. The parallel pipeline will serve as a feed line from the Nutmeg pressure zone to the Blanca Pressure Zone.
- **PWP-5: Pipeline on Sequoia Street** - Construction of approximately 530 feet of 8-inch diameter pipeline along Sequoia Street, between Dogwood Avenue and Main Street. The parallel pipeline will serve as a feed line from the Nutmeg pressure zone to the Blanca Pressure Zone.
- **PWFF-10: Pipeline along Sequoia Street -** Replacement of approximately 540 feet of 8-inch diameter pipeline along Sequoia Street between Dogwood Avenue and Main Street. The residual fire hydrant pressures in this area are below 20 psi under maximum day demand plus

fire flow conditions. To mitigate the low residual pressures occurring under maximum day demand plus fire flow conditions, it is recommended that the existing pipeline be replaced with a 10-inch diameter pipeline.

- **PWPS1: Elena Booster Pump Station Upgrade -** Replacement of the two pumps at Elena Booster Pump Station. The existing pump station does not have the capacity to fill Nutmeg Tank under PHD conditions. To mitigate the capacity deficiency occurring under PHD conditions, it is recommended that the booster pump station replace the existing pumps with two larger pumps with a firm capacity of 0.50 mgd.

Location Various Locations in Northeasterly Morro Bay

Project Background Project identified in the City's adopted OneWater Plan for fire flow and operational improvements.

Operating Budget Impacts None

Project Components & Estimated Timeline	Fall 2019	Environmental/ Permitting	Begin Pre-Design Work
	Summer 2020	Design	Begin Design
	Spring 2021	Bid process	Project bidding and contract award
	Spring 2022	Construction	Project begin construction
	Summer 2023	Completion	Project completion

ONEWATER WATER SYSTEM IMPROVEMENTS: NUTMEG PRESSURE ZONE											Project 921 - 9932
SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
WATER ENTERPRISE ACCUM FUND	-	344,700	108,903	235,797		235,797	664,000	3,422,000	1,808,000	-	6,238,700
TOTAL SOURCE OF FUNDS	-	344,700	108,903	235,797	-	235,797	664,000	3,422,000	1,808,000	-	6,238,700
USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff		20,000		20,000		20,000	25,100	25,100	19,000		89,200
6105 Consulting Services		324,700	108,903	215,797	-	215,797	544,900	363,900	272,500	-	1,506,000
7101 Land Acquisition							94,000				94,000
6106 Construction						-	-	3,033,000	1,516,500		4,549,500
8999 Total Project	-	344,700	108,903	235,797	-	235,797	664,000	3,422,000	1,808,000	-	6,238,700
TOTAL WATER	-	344,700	108,903	235,797	-	235,797	664,000	3,422,000	1,808,000	-	6,238,700
TOTAL USE OF FUNDS	-	344,700	108,903	235,797	-	235,797	664,000	3,422,000	1,808,000	-	6,238,700

Project Name	Water Tank Rehabilitation (6)	**Project Number**	921-9944
Department	Utilities - Water	**Project Manager**	Joe Mueller, Utilities Manager

Description

This project will provide complete rehabilitation to the four Blanca Tanks and two Kings Water Storage Tanks. Work included will be replacement of internal and external coatings, replacement of access ladders, handrails, railings, and the installation of OSHA required fall protection equipment.

Location

This project has two locations. The two Kings Tanks are located at the top of King Ave. The four Blanca Tanks are located at the top of Blanca St.

Project Background

Due to the harsh ocean environment, deferred maintenance has caused the structure of these tanks to deteriorate. The interior and exterior coatings have failed due to time and neglect. Some of the ladders to the tanks are so deteriorated that they have been removed completely for safety. The handrails and railings are so rotted that they are unsafe. The Division of Drinking Water (DDW) noted in their 2019 Sanitary Survey site visit that the tanks were not in compliance due to overall upkeep, maintenance, and safety. This project will make improvements to the overall infrastructure, water quality, provide for safety to employees, and to extend the useful life of the tanks.

Operating Budget Impacts

This project will use utilities division staff time for the project coordination, inspection, and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	Currently under development 4th Qtr. 20/21	Scope of work	Project development
	First Quarter 21/22	Bid process	Project bidding and contract award
	Second- Fourth Quarter 21/22	Construction	Project construction
	Fourth Quarter 21/22	Completion	Project completion

WATER TANK REHABILITATION Reskin and Coat (6) BLANCA & KINGS — **Project 921 - 9944**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
WATER ENTERPRISE ACCUM FUND	-	2,000,000	56,848	1,943,152		1,943,152				-	2,000,000
TOTAL SOURCE OF FUNDS	**-**	**2,000,000**	**56,848**	**1,943,152**	**-**	**1,943,152**	**-**	**-**	**-**	**-**	**2,000,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff						-					-
6105 Consulting Services					-					-	-
7101 Land Acquisition											-
6106 Constracted Services		2,000,000	56,848	1,943,152		1,943,152					2,000,000
8999 Total Project	-	2,000,000	56,848	1,943,152	-	1,943,152				-	2,000,000
TOTAL WATER	-	2,000,000	56,848	1,943,152	-	1,943,152	-	-	-	-	2,000,000
TOTAL USE OF FUNDS	**-**	**2,000,000**	**56,848**	**1,943,152**	**-**	**1,943,152**	**-**	**-**	**-**	**-**	**2,000,000**

Project Name	ReSkin Desal Building	**Project Number**	921-9927
Department	Utilities - Water	**Project Manager**	Joe Mueller, Utilities Manager

Description

This project will make improvements to the RO Facility Building. The building needs to be Re-Skinned due to deterioration. This is a metal building and due to time and the ocean air, the outside of the building needs repair.

Location

This project is located at 170 Atascadero Rd.

Project Background

Over time, the RO building continues to deteriorate. The ocean environment has caused the metal to rust and disintegrate. The roll-up door frame is almost non-existent which is structurally part of the building. With the gaps in the siding, the birds are entering with debris and could cause an issue with the equipment. The roof and skylights both have rot and are leaking which causes a maintenance issue with the RO equipment. If this work is not completed, the metal on the inside will deteriorate and the building structure will be compromised becoming a safety hazard.
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Operating Budget Impacts

This project will use utilities division staff time for the project coordination, inspection, and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	First Quarter 21/22	Bid process	Project bidding and contract award
	Second Quarter 21/22	Construction	Project construction
	Third Quarter 21/22	Completion	Project completion

RESKIN DESAL BUILDING											Project 921 - 9927
SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FUND	-	200,000		200,000		200,000				-	200,000
TOTAL SOURCE OF FUNDS	-	200,000	-	200,000	-	200,000	-	-	-	-	200,000
USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff						-					-
6105 Consulting Services					-					-	-
7101 Land Acquisition											-
6106 Constracted Services		200,000		200,000		200,000					200,000
8999 Total Project	-	200,000		200,000	-	200,000				-	200,000
TOTAL WATER	-	200,000	-	200,000	-	200,000	-	-	-	-	200,000
TOTAL USE OF FUNDS	-	200,000	-	200,000	-	200,000	-	-	-	-	200,000

Project Name	Replace RO Membranes	**Project Number**	921-9946
Department	Utilities - Water	**Project Manager**	Joe Mueller, Utilities Manager

Description	This project is to replace the membranes at the RO Facility.
Location	This project is located at 170 Atascadero Rd.
Project Background	The RO facility is used to remove nitrates from the Morro valley groundwater when state water is not available. The membranes used in RO treatment are a time life item in which ours have been in service for over ten years and are no longer operational. As such we currently have no way to reduce the nitrates from the groundwater to below state requirements should state water become unavailable.
Operating Budget Impacts	This project will use utilities division staff time for the membrane installation, startup, and testing. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	First Quarter 20/21	Equipment Acquisition	Securing Equipment and Supplies
	First Quarter 20/21	Construction	Installation
	First Quarter 20/21	Completion	Project completion

REPLACE RO MEMBRANES — **Project 921 - 9946**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FUND	-	250,000	174,599	75,401		75,401				-	250,000
TOTAL SOURCE OF FUNDS	**-**	**250,000**	**174,599**	**75,401**	**-**	**75,401**	**-**	**-**	**-**	**-**	**250,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff						-					-
6105 Consulting Services					-					-	-
7101 Land Acquisition											-
6106 Constracted Services		250,000	174,599	75,401		75,401					250,000
8999 Total Project	-	250,000	174,599	75,401	-	75,401				-	250,000
TOTAL WATER	-	250,000	174,599	75,401	-	75,401	-	-	-	-	250,000
TOTAL USE OF FUNDS	**-**	**250,000**	**174,599**	**75,401**	**-**	**75,401**	**-**	**-**	**-**	**-**	**250,000**

Project Name	Replace RO Piping Tank Modifications	**Project Number**	921-9945
Department	Utilities - Water	**Project Manager**	Joe Mueller, Utilities Manager

Description

This project will address the RO system deficiencies, increase the RO system reliability, and install most of the outside tanks and equipment inside the building to protect them from the elements and improve the visual appearance of the area. capacity, to purchase and plumb two new calcium tanks to use in conjunction with two current tanks, purchase a tank for a chemical cleaning system, re-pipe the calcium and chemical injection process, provide an acid treatment skid, and an anti-scalant skid.

Location

This project is located at 170 Atascadero Rd.

Project Background

The purchase of two additional calcium tanks is needed to accommodate RO plant flows. The two current tanks are overloaded a prone to overflow, two additional tanks would alleviate the overflow and would allow us to get 100% of the calcium treatment process instead of only 75%. Currently there are no chemical skids for dosing. The acid treatment skid and anti-scalant skid would be used to ensure proper dosing into the new membranes.

Operating Budget Impacts

This project will use utilities division staff time for the project coordination, inspection, and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

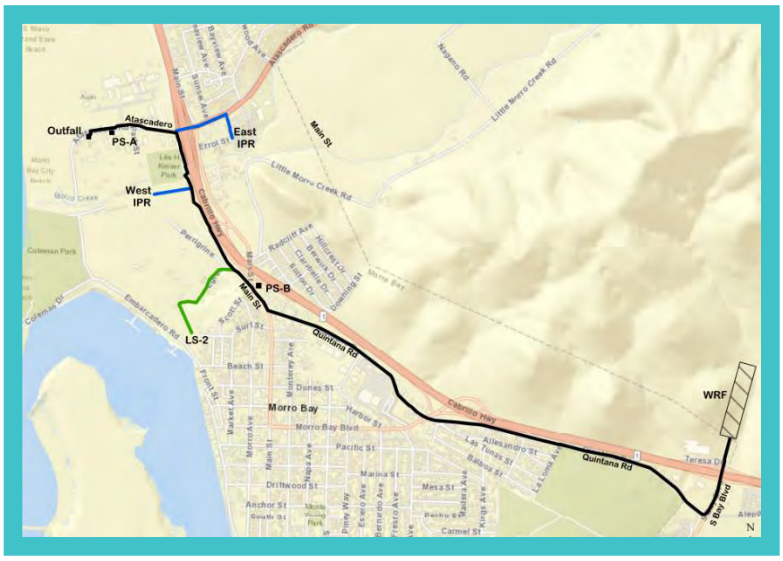
Project Components & Estimated Timeline	Currently under development 4th Qtr. 20/21	Design	Project development
	First Quarter 21/22	Bid process	Project bidding and contract award
	Second Quarter 21/22	Construction	Project construction
	Second Quarter 21/22	Completion	Project completion

RO PIPING TANK MODIFICATIONS — **Project 921 - 9945**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FUND	-	300,000		300,000						-	300,000
TOTAL SOURCE OF FUNDS	**-**	**300,000**	**-**	**300,000**	**-**	**300,000**	**-**	**-**	**-**	**-**	**300,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff						-					-
6105 Consulting Services					-					-	-
7101 Land Acquisition											-
6106 Constracted Services		300,000		300,000		300,000					300,000
8999 Total Project	-	300,000		300,000	-	300,000				-	300,000
TOTAL WATER	-	300,000	-	300,000	-	300,000	-	-	-	-	300,000
TOTAL USE OF FUNDS	**-**	**300,000**	**-**	**300,000**	**-**	**300,000**	**-**	**-**	**-**	**-**	**300,000**

Sewer Capital Projects



Project Name	Water Reclamation Facility Project	**Project Number**	922-8312
Department	Public Works	**Project Manager**	Kyle Rhorer Carollo Engineers

Description

This project involves construction of a new water reclamation facility (WRF), conveyance facilities necessary to connect the existing wastewater treatment plant (WWTP) and the new WRF, and injection wells to replenish the groundwater in the Lower Morro Basin. The project is necessary to comply with Time Schedule Order R3-2018-0019 from the Regional Water Quality Control Board, and will provide a new, sustainable water supply for the City.

Location

This WRF will be located north of the intersection of Highway 1 and South Bay Boulevard. The two (2) lift stations necessary to convey raw wastewater to the new WRF will be located on Atascadero Road near the City's existing Corporation Yard and near the intersection of Main Street and Highway 1. Both lift stations will be located on City-owned property. The conveyance pipelines will run east in Atascadero Road, south in Caltrans right-of-way, south along the City's bike path, south in Main Street, southeast on Quintana Road, and north on South Bay Boulevard.

Project Background

This project is in line with the City's goals to construct a new WRF to come into compliance with new effluent discharge requirements and produce recycled water.

Operating Budget Impacts

This project will use staff time and consultants to manage the project. The staff time for this project will be included in the department's FY 21/22 Operating Budget with an estimated $157,500 salary and benefits allocated under account 4999- Labor Costs Applied to the project as used. A combination of water and sewer rates will be used to retire the borrowing projected to be used as the source of funding for the estimate of $144,725,977.

Project Components & Estimated Timeline	Summer 2019	Begin Design	Water Reclamation Facility
	Summer 2019	Begin Design	Conveyance Facilities
	Fall 2019	Design	Conveyance Facilities
	Fall 2019	Planning	Recycled Water Facilities
	Spring 2020	Construction	Water Reclamation Facility
	Summer 2020	Complete Design	Conveyance Facilities
	Fall 2020	Begin Design	Recycled Water Facilities
	Summer 2020	Bidding	Conveyance Facilities
	Spring 2022	Complete Construction	Conveyance Facilities
	Spring 2022	Complete Construction	Water Reclamation Facility
	Fall 2022	Startup, Testing, Commissioning & Training	Water Reclamation Facility
	Winter 2022	Complete Design	Recycled Water Facilities
	Spring 2023	Bidding	Recycled Water Facilities
	Spring 2024	Complete Construction	Recycled Water Facilities

See Financial Detail will go on Next Page

WWTP RELOCATION & TRMT ALTERNATIVE (WRF) — **ject 922 - 8312**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	Total Project
GRANTS & AWARDS	-		75,000			-	-	-	75,000
SEWER ENTERPRISE ACCUM FUND	8,749,474					-	4,620,500	3,183,750	16,568,299
WATER ENTERPRISE ACCUM FUND	2,264,438					-			2,264,438
FINANCING WIFIA , STATE REV & OTHER	12,640,039	41,999,796	14,071,733		65,672,116	88,537,928			115,249,699
PREVIOUS CLEAN WATER STATE REV LOAN	217,441	5,312,748	10,300,000			-	-	-	10,517,441
TOTAL SOURCE OF FUNDS	**23,871,392**	**47,312,544**	**24,446,733**	**-**	**65,672,116**	**88,537,928**	**4,620,500**	**3,183,750**	**144,674,877**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	Total Project
SEWER ENTERPRISE ACCUM FUND									
4999[1] Labor Cost Applied (Salary)	476,201	82,647	26,537	56,110	67,860	123,970	82,647	6,887	716,242
Total Salaries	476,201	82,647	26,537	56,110	67,860	123,970	82,647	6,887	716,242
Fringe Benefits	124,175	22,353	6,214	16,139	17,391	33,530	22,353	1,863	188,135
Salaries and Benefits	**600,377**	**105,000**	**32,751**	**72,249**	**85,251**	**157,500**	**105,000**	**8,750**	**904,377**
5114 Lab Testing Supplies	-		6,613	-	6,600	6,600	-	-	13,213
5199 Supplies & Equipment	184,011	1,287	6,136	-	-	-	-	-	190,147
6101 Legal Servces - General	210,351	120,000	150,000	-	195,000	195,000	60,000	10,000	625,351
6107 Advertising			-	-	-	-	-	-	-
5307 Blueprint/Copy Charges			-	-	-	-	-	-	-
6220 Postage (Included in 6710)	7,997	2,063	-	2,063	(0)	2,063	-	-	10,060
6301 Electricity	2,500	133,333	33,899	99,434	285,566	385,000	380,000	-	801,399
6303 Water	3,474		24,294	-	25,000	25,000	5,000	5,000	62,768
6510 Meetings & Confr	1,612	903	-	903	0	903	-	-	2,515
6513 Meals & Lodging	3,073	-	-	-	-	-	-	-	3,073
6514 Travel Expense	14,194	2,650	-	2,650	(0)	2,650	-	-	16,843
6640 Maintenance Contracts	44,776	-	-	-	-	-	-	-	44,776
6750 Business Equipment Rental	210		-				-	-	
6710 Notices & Publications	36,212	3,195	2,063	1,132	1,868	3,000	500	-	41,775
Services/Supplies/Equipment	**508,410**	**263,431**	**223,005**	**106,182**	**514,034**	**620,216**	**445,500**	**15,000**	**1,811,920**
6103 Financial Audits	-	-	3,860	-	10,000	10,000	10,000	10,000	33,860
6104 Engineering Services	413,542	158,947	3,000	58,000	20,000	78,000	-	-	494,542
6105[2] Consultation Services	3,349,999	17,526	21,717	-	-	-	-	-	3,371,716
6106[2] Contractural Services	23,362	-	-	-	-	-	-	-	23,362
6152 Outside Lab Testing	25,136	94,489	38,398	56,091	95,000	151,091	-	-	214,625
6161 Licenses & Permits	11,652	12,402	19,803	-	19,800	19,800	10,000	10,000	71,255
6195 Rate Study	-		-	-	-	-	-	-	-
6196 Prog Mgmt & DB Procure	3,665,918	3,187,873	2,265,000	922,873	6,233,624	7,156,497	300,000	100,000	13,487,415
6197[3] Grant Support	535,940	11,192	-	11,192	(11,192)	-	-	-	535,940
6198 Government Relations	169,268	27,000	-	27,000	10,000	37,000	10,000	-	216,268
6640 Maintenance Contracts	-	-	-	-	-	-	-	-	-
8110 Interst Expense	5,216	-	-	-	-	-	-	-	
Construction Soft Costs	**8,200,032**	**3,509,429**	**2,351,778**	**1,075,156**	**6,377,232**	**7,452,388**	**320,000**	**110,000**	**18,448,983**
7101 Land Acquisition	786,352	500,000	456,689	43,311	500,000	543,311	-	-	1,786,352
7103[4] Design/Build WRF Onsite Imprv	10,710,438	3,105,630	3,885,483	21,678,193	22,712,807	44,391,000	700,000	-	59,686,921
7104 Design-Lift Station/Force Main	1,985,662	160,750	124,237	36,513	250,000	286,513	-	-	2,396,412
7105 Planning & Permitting	528,753		61,161	-	272,000	272,000	50,000	50,000	961,914
7106 Design-Inj Wells & Recycled Water Pipeline	6,570	29,167	99,000	-	1,590,000	1,590,000	-	-	1,695,570
7107[4] Design/Build - On-site Imprv Build Phase	544,798	25,122,154	13,446,077	(10,896,224)	10,896,224	-	-	-	13,990,875
7108[5] Injection Well Construction	-	-	-	-	285,000	285,000	3,000,000	3,000,000	6,285,000
7109[6] Liftstation Pipeline Construction	-	14,366,983	3,766,552	10,600,431	22,039,569	32,640,000	-	-	36,406,552
7110 Pilot Well Construction	-	150,000	-	150,000	150,000	300,000	-	-	300,000
Construction Costs	**14,562,573**	**43,434,684**	**21,839,199**	**21,612,224**	**58,695,600**	**80,307,824**	**3,750,000**	**3,050,000**	**123,509,596**
TOTAL SEWER ENTERPRISE	23,871,392	47,312,544	24,446,733	22,865,811	65,672,116	88,537,928	4,620,500	3,183,750	144,674,877
TOTAL USE OF FUNDS	**23,871,392**	**47,312,544**	**24,446,733**	**22,865,811**	**65,672,116**	**88,537,928**	**4,620,500**	**3,183,750**	**144,674,877**

Project Name	Wastewater Collections System Improvements – Main Street and Atascadero Road	**Project Number**	922-9928
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description This project includes the following OneWater Plan components:

- **WWGM-1: Gravity Main along Atascadero Road** - Replacement of approximately 1,000 feet of 18-inch diameter pipeline along Atascadero Road, between Main Street and Park Street. The flow levels of the gravity sewer cause upstream manholes to surcharge within 3 feet of the manhole rim under PWWF conditions. To mitigate the risk of SSO occurring during PWWF conditions, it is recommended that the existing pipeline be replaced with a 27-inch diameter pipeline.
- **WWGM-2: Gravity Main along Main Street** - Replacement of approximately 2,900 feet of 15-inch diameter pipeline along Main Street, between Atascadero Road and Las Vegas Street. The flow levels within the gravity sewer cause existing manholes to overflow under PWWF conditions. To mitigate the risk of SSO occurring during PWWF conditions, it is recommended that the existing pipeline be replaced with a 24-inch diameter pipeline.
- **WWGM-3: Gravity Main along Main Street** - Replacement of approximately 1,600 feet of 12-inch diameter pipeline along Main Street, between Las Vegas Street and San Joaquin Street. The flow levels within the gravity sewer cause upstream manholes to surcharge within 5 feet of the rim during PWWF conditions. To mitigate the risk of SSO occurring during PWWF conditions, it is recommended that the existing pipeline be replaced with an 18-inch diameter pipeline.
- **WWGM-4A: Gravity Main along San Joaquin Street** - Replacement of 6-inch diameter pipelines approximately 150 feet along San Joaquin Street, between Main Street and Alder Avenue. The flow levels within the gravity sewer cause upstream manholes to overflow under PWWF conditions. To mitigate the risk of SSO occurring during PWWF conditions, it is recommended that the existing pipeline be replaced with 12-inch diameter pipelines.

Location Various Locations along Main Street and Atascadero Road in Morro Bay

Project Background Project identified in the City's adopted OneWater Plan for inflow and infiltration reduction, and operational improvements.

Operating Budget Impacts None

Project Components & Estimated Timeline	Fall 2019	Environmental/ Permitting	Begin Pre Design Work
	Summer 2020	Design	Begin Design
	Spring 2021	Bid process	Project bidding and contract award
	Summer 2021	Construction	Project begin construction
	Summer 2022	Completion	Project completion

ONEWATER PROJECT: WASTE WATER COLLECTIONS MAIN ST & ATASCADERO ROAD **Project 922 - 9928**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FU!	-	153,900	48,861	105,039		105,039	159,000	2,111,100	66,500	-	2,490,500
TOTAL SOURCE OF FUNDS	**-**	**153,900**	**48,861**	**105,039**	**-**	**105,039**	**159,000**	**2,111,100**	**66,500**	**-**	**2,490,500**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff		12,000		12,000		12,000	12,000	12,000	3,000		39,000
6105 Consultation Services		141,900	48,861	93,039		93,039	147,000	295,100	63,500		647,500
6106 Construction		-		-		-		1,804,000			1,804,000
8999 Capital Project Budget	-	-		-		-	-	-	-		-
Project Construction Expenses	-	153,900	48,861	105,039	-	105,039	159,000	2,111,100	66,500	-	2,490,500
TOTAL SEWER	-	153,900	48,861	105,039	-	105,039	159,000	2,111,100	66,500	-	2,490,500
TOTAL USE OF FUNDS	**-**	**153,900**	**48,861**	**105,039**	**-**	**105,039**	**159,000**	**2,111,100**	**66,500**	**-**	**2,490,500**

Project Name	Wastewater Collections System Improvements - Beachcomber	**Project Number**	922-9929
Department	Public Works	**Project Manager**	Rob Livick, PE/PLS City Engineer

Description

This project includes the following OneWater Plan components:

- **WWRR-1A: Gravity Main Beachcomber Drive** - Rehabilitation or replacement of approximately 570 feet of 12-inch diameter pipeline along Beachcomber Drive between Java Street and north of Mindoro Street.
- **WWRR-1B: Gravity Main Beachcomber Drive** - Rehabilitation or replacement of approximately 960 feet of 10-inch diameter pipeline along Beachcomber Drive between north of Mindoro Street and north of Sicily Street.
- **WWRR-1C: Gravity Main Beachcomber Drive -** Rehabilitation or replacement of approximately 960 feet of 10-inch diameter pipeline along Beachcomber Drive between north of Mindoro Street and north of Sicily Street.
- **WWRR-2: Pipe R&R Program Upstream of LS-1 -** Rehabilitation or replacement of pipelines that are upstream of Lift Station 1 not already a recommended improvement project. The City should use existing inspection data to prioritize pipelines and choose the best rehabilitation or replacement method. It is recommended that pipelines less than 8-inches be upsized to a minimum of 8-inches in diameter.
- **WWRR-4: Cap Replacement Upstream of LS-1** - Replacing caps and/or plugs with manholes upstream of Lift Station 1 due to high amounts of inflow entering the system through the existing end caps. This project includes the replacement of 31 caps with manholes between 2019 and 2020.

Location

Various Locations along Beachcomber Dr in Morro Bay

Project Background

Project identified in the City's adopted OneWater Plan for inflow and infiltration reduction, and operational improvements.

Operating Budget Impacts

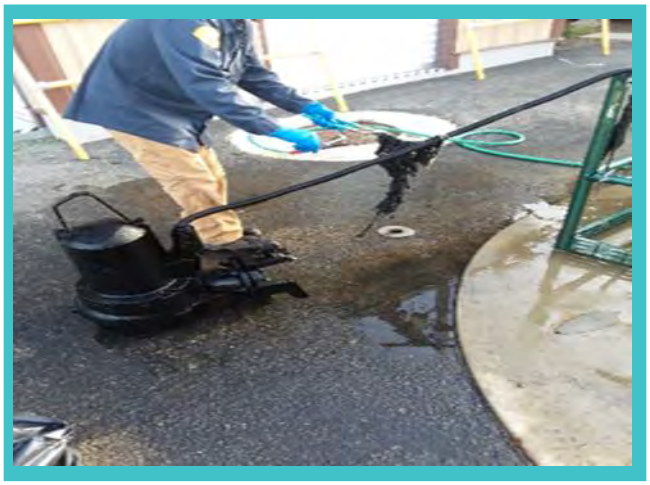
None

Project Components & Estimated Timeline	Fall 2019	Environmental/ Permitting	Begin Pre-Design Work
	Summer 2021	Design	Begin Design
	Winter 2022	Bid process	Project bidding and contract award
	Spring 2023	Construction	Project begin construction
	Summer 2024	Completion	Project completion

ONEWATER PROJECT: WASTE WATER COLLECTIONS UPSTREAM LS1/BEACHCOMBER **Project 922 - 9929**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FU!	-	103,050	60,924	103,050		103,050	42,500	66,500	143,500	2,033,000	2,449,474
TOTAL SOURCE OF FUNDS	**-**	**103,050**	**60,924**	**103,050**	**-**	**103,050**	**42,500**	**66,500**	**143,500**	**2,033,000**	**2,449,474**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff		8,000		8,000		8,000	8,000	8,000	8,000	6,000	38,000
6105 Consulting Services		95,050	60,924	95,050	-	95,050	34,500	58,500	135,500	288,000	672,474
6106 Construction				-		-				1,739,000	1,739,000
8999 Capital Project Budget	-	-		-		-	-	-	-		-
Project Construction Expenses	-	103,050	60,924	103,050	-	103,050	42,500	66,500	143,500	2,033,000	2,449,474
TOTAL SEWER	-	103,050	60,924	103,050	-	103,050	42,500	66,500	143,500	2,033,000	2,449,474
TOTAL USE OF FUNDS	**-**	**103,050**	**60,924**	**103,050**	**-**	**103,050**	**42,500**	**66,500**	**143,500**	**2,033,000**	**2,449,474**



Project Name	Upgrade Life Station # 2	**Project Number**	922-9948
Department	Utilities - Sewer	**Project Manager**	Joe Mueller, Utilities Manager

Description This project will make improvements to lift station #2 with the installation of new pumps.

Location This project is located at 196 Front St.

Project Background Lift stations are an essential component of wastewater collection systems. The rerouting of lift station #2 discharge to the location of a newly constructed lift station "B" as part of the overall WRF project will require the replacement of the current pumps with ones of a different design and pump curve.

Operating Budget Impacts This project will use utilities division staff time for the project coordination, inspection, and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

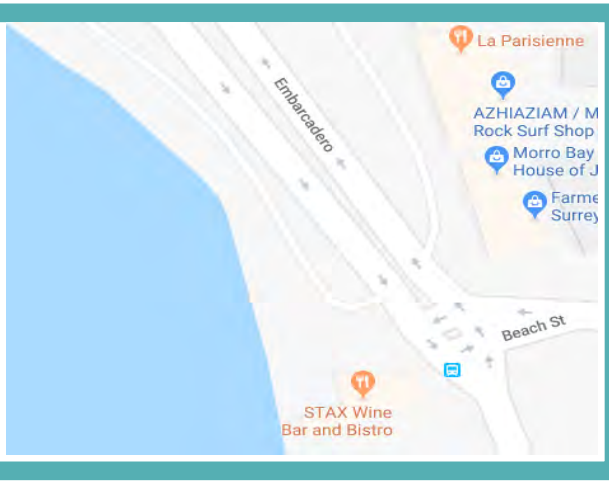
Project Components & Estimated Timeline	Completed 19/20	Design	Project development
	Second Quarter 21/22	Bid process	Securing Equipment and supplies
	Second Quarter 21/22	Construction	Project construction
	Second Quarter 21/22	Completion	Project completion

UPGRADE LIFE STATION #2 - 196 Front Street — **Project 922 - NEW**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
SEWER ENTERPRISE ACCUM FUND	-	70,000		70,000		70,000				-	70,000
TOTAL SOURCE OF FUNDS	**-**	**70,000**	**-**	**70,000**	**-**	**70,000**	**-**	**-**	**-**	**-**	**70,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	CF to 21/22 FY 20/21	2021/22 Budget	2021/22 Budget & Carryfwd *	2021/22 Budget	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND											
4XXX City Staff						-					-
6105 Consulting Services					-					-	-
7101 Land Acquisition											-
6106 Constracted Services		70,000		70,000		70,000					70,000
8999 Total Project	-	70,000		70,000	-	70,000				-	70,000
TOTAL WATER	-	70,000	-	70,000	-	70,000	-	-	-	-	70,000
TOTAL USE OF FUNDS	**-**	**70,000**	**-**	**70,000**	**-**	**70,000**	**-**	**-**	**-**	**-**	**70,000**

Harbor Capital Projects



Project Name	Beach Street Slips (South)	**Project Number**	923-8175
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

Description

This project will replace five commercial fishing vessel slips and gangway, and upgrade the electrical service to the slips at the south-only sections slips at Beach Street. Slips are in two sections – North and South.

Location

This project is located at the west end of Beach Street in the harbor.

Project Background

25+ year old boat slips in need of replacement. Meets the Council Adopted Goal in 17/18 to improve infrastructure and public spaces. This is a carryover of unexpended funds from the 17/18 and18/19 adopted budget. Project expenditures have been carried over to future years pending increases to the balance in the Harbor Accumulation Fund. This project, however, was deferred at the beginning of the 20/21 fiscal year due to then-unknown effects the COVID-19 pandemic would have on the department's revenues. It now appears those effects are not as drastic as anticipated, and it is thus appropriate to restart this project as was presented to the Council at the mid-year 20/21 budget review in February, 2021.

Operating Budget Impacts

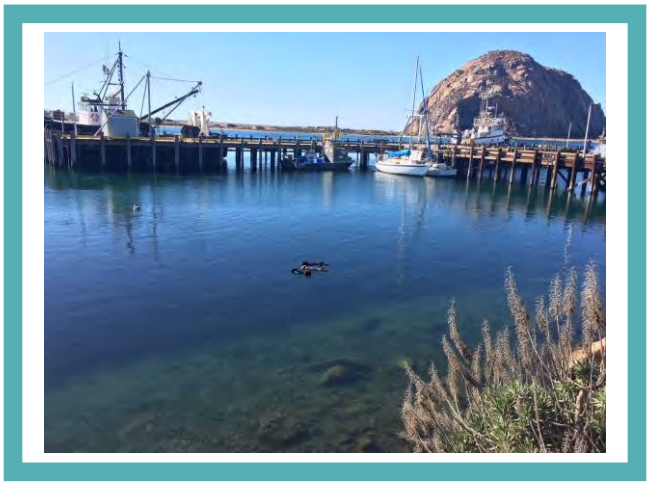
This project will use staff time for general project oversight, and a consultant for bid and contract document creation and management, bidding, construction oversight, inspection and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

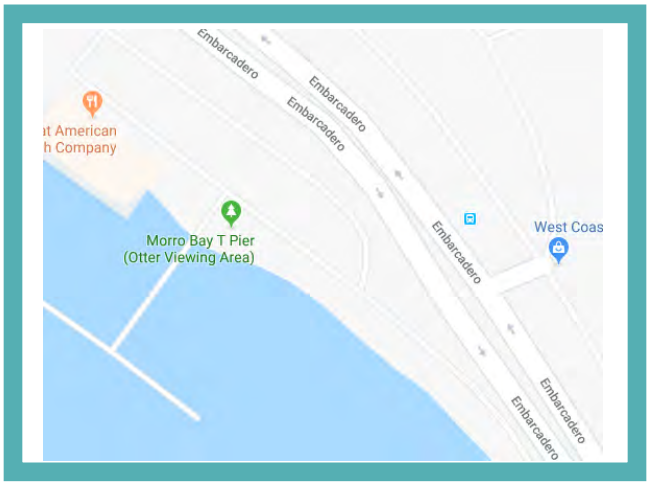
Project Components & Estimated Timeline	Spring 2021	Design	Project development
	Summer 2021	Bid process	Project bidding and contract award – N slips only
	Summer/Fall 2021	Construction	Project construction – N slips only
	Winter 2021	Completion	Project completion – N slips only

BEACH STREET SLIPS (NORTH & SOUTH) — **Project 923 - 8175**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND	62,004	370,000	-	370,000		370,000		-	-	-	432,004
CASTLE WIND CBA	-				130,000	130,000	-	-	-	-	130,000
CABLE COMMITTEE GRANT	-				100,000	100,000	-	-	-	-	100,000
TOTAL SOURCE OF FUNDS	**62,004**	**370,000**	**-**	**370,000**	**230,000**	**600,000**	**-**	**-**	**-**	**-**	**662,004**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
6104 Engineering Services	62,004	-	-	-	-	-	-	-	-	-	62,004
6105 Consultation Services				-	-	-	-	-	-	-	-
6106 Contractural Services	-			-	-	-	-	-	-	-	-
8999 CapitalProject Budget	-	370,000	-	370,000	230,000	600,000		-	-	-	600,000
Consultant Services	62,004	370,000	-	370,000	230,000	600,000	-	-	-	-	662,004
TOTAL GF & MEASURE Q	62,004	370,000	-	370,000	230,000	600,000	-	-	-	-	662,004
TOTAL USE OF FUNDS	**62,004**	**370,000**	**-**	**370,000**	**230,000**	**600,000**	**-**	**-**	**-**	**-**	**662,004**





Project Name	South T Pier Renovations	**Project Number**	923-8351
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

Description This project is to complete recommended repairs to the pier.

Location This project is located on the Embarcadero north of the terminus of Beach Street, adjacent to the Great American Fish Company restaurant.

Project Background A 2016 inspection and engineering assessment was completed on the pier, and recommended certain repairs including deteriorated sections of the original wooden approach section of the pier, various cross-bracing, replacement of fender (non-structural) piles and various smaller issues. At this time, only critical structural repairs are being recommended, with funding recommended to come from the Harbor Accumulation Fund. It would be anticipated this project be done in conjunction with the Beach Street Slips replacement capital project in order to capitalize on economies of scale.

Operating Budget Impacts This project will use staff time for the project implementation, construction inspection and management. The staff time for this project will be included in the department's FY 2022/23 Operating Budget.

Project Components & Estimated Timeline	Summer 2022	Design	Project development
	Summer/Fall 2022	Bid process	Project bidding and contract award
	Fall/Winter 2023	Construction	Project construction
	Winter 2023	Completion	Project completion

SOUTH T PIER RENOVATIONS — **Project 923 - 8351**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND	2,948					-	52,052	-	-	-	55,000
TOTAL SOURCE OF FUNDS	**2,948**	**-**	**-**	**-**	**-**	**-**	**52,052**	**-**	**-**	**-**	**55,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	2,948					-	52,052	-	-	-	55,000
6602 Outside Structural Repair					-	-	-	-	-	-	-
Consultation & Contract Services	2,948	-	-	-	-	-	52,052	-	-	-	55,000
TOTAL ENTERPRISE FUND	2,948	-	-	-	-	-	52,052	-	-	-	55,000
TOTAL USE OF FUNDS	**2,948**	**-**	**-**	**-**	**-**	**-**	**52,052**	**-**	**-**	**-**	**55,000**

*** $10,000 of 18/19 Adopted Budget amount has been transferred to North T. Pier Capital Project.**
**** Funding in 22/23 Proposed to come as a transfer into the Accum fund from the Castle Winds Community Benefit Agreement Fund.**

Project Name	Harbor Patrol Vessel Replacement	**Project Number**	923-8465
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

Description This project will replace the Harbor Patrol's 37-year-old Radon vessel "68" with a surplus Radon patrol vessel from Port San Luis Harbor District, including repowering with new modern Tier 3 engines, structural modifications, new modern electronics and a new marine firefighting system.

Location Harbor Patrol vessels are berthed at the Harbor Patrol docks, 1275 Embarcadero Road.

Project Background Harbor Patrol vessel "68" is at the end of her useful life and due to be retired. A surplus 26-foot Radon patrol vessel was acquired from the Port San Luis Harbor District with California Division of Boating and Waterways grant funding. This vessel no longer serves the specific needs of Port San Luis and was surveyed to be in fine condition for its intended use.

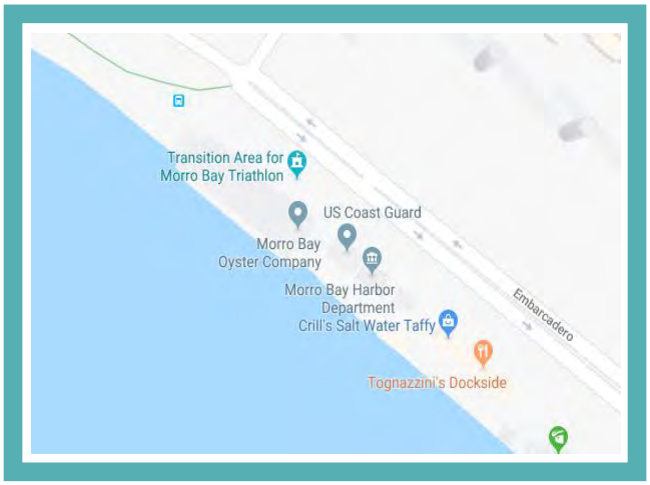
Operating Budget Impacts This project will use staff time for general project oversight. Funding is to come from a variety of sources, including Equipment Replacement funds, donated funding from the Friends of the Morro Bay Harbor Department, Measure E funds, surplus Harbor Operating funds and grants.

Project Components & Estimated Timeline	Spring 2021	Design	Project development
	Spring/Summer 2021	Bid process	Project bidding and contract award.
	Summer 2021	Construction	Project construction
	Summer 2021	Completion	Project completion

Harbor Vessels/Equipment — **Project 915 - 8465**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
DONATIONS (Friends of MBHD)	-	-	-		60,000	60,000	-	-	-	-	60,000
STATE GRANT	-	85,000	85,000	-	-	-	-	-	-	-	85,000
ENTERPRISE ACCUM FUND	-	-			-	-	-	-	-	-	-
EQPT REPLACEMENT FUND	-			-	50,000	50,000	-	-	-	-	50,000
MEASURE E	-	-	-		50,000	50,000	-	-	-	-	50,000
HARBOR OPERATING FUND	-	-	-		70,000	70,000	-	-	-	-	70,000
TOTAL SOURCE OF FUNDS	**-**	**85,000**	**85,000**	**-**	**230,000**	**230,000**	**-**	**-**	**-**	**-**	**315,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GENERAL FUND											
7205 Vessels		85,000	85,000	-		-					85,000
5199 Supplies	-			-	-	-	-	-	-	-	-
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-		-	-	230,000	230,000	-	-	-	-	230,000
Total Contractural Services	-	-	-	-	230,000	230,000	-	-	-	-	230,000
TOTAL Harbor	-	85,000	-	-	230,000	230,000	-	-	-	-	315,000
TOTAL USE OF FUNDS	**-**	**85,000**	**-**	**-**	**230,000**	**230,000**	**-**	**-**	**-**	**-**	**315,000**



Unfunded

Project Name	North T Pier Renovations	**Project Number**	923-9930
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

Description

This project is to reassess and complete recommended repairs to the pier and adjacent Harbor Patrol and Coast Guard slips.

Location

This project is located on the Embarcadero adjacent to the Harbor Department office and US Coast Guard station, is used by the commercial fishing fleet, and is mission-critical to Coast Guard, California Fish and Wildlife and Harbor Patrol operations.

Project Background

Previous inspection and engineering assessments completed on the pier identified certain repairs including various structural, automatic fire sprinkler system and electrical system needs. This project funding would come from Congressionally approved community-focused grants, if one is attained, and would fund a major capital repair/replacement project on this pier. The grant will not be approved for the FY 21-22 ; therefore the project has been moved out to the FY 25/26 proposed year while the city searches for new sources of grant funding.

Operating Budget Impacts

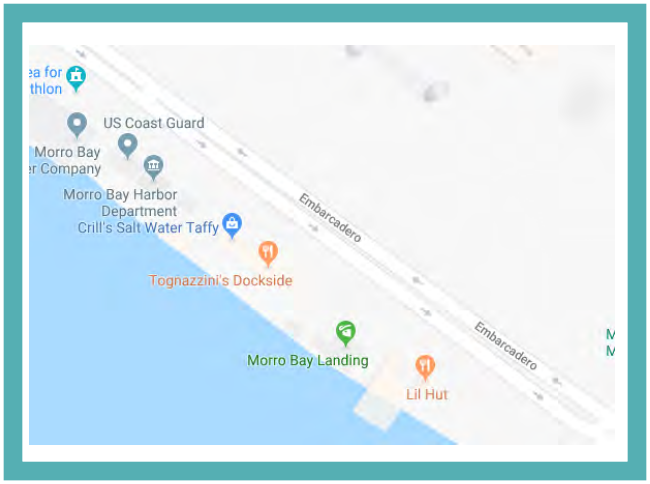
This project will use staff time for general project oversight, and a consultant for bid and contract document creation and management, bidding, construction oversight, inspection and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	TBD	Design	Project development
	TBD	Bid process	Project bidding and contract award
	TBD	Construction	Project construction
	TBD	Completion	Project completion

NORTH T PIER RENOVATIONS — **Project 923 - 9930**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
CONGRESSIONAL COMMUNITY-FOCUSED GRANT	-					-	-	-	-	3,800,000	3,800,000
ENTERPRISE ACCUM FUND *	-		-	10,000			-	-	-	10,000	10,000
TOTAL SOURCE OF FUNDS	**-**	**-**	**-**	**10,000**	**-**	**-**	**-**	**-**	**-**	**3,810,000**	**3,810,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 Future Yr	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-		-	-	-	-	1,200,000	1,200,000
6106 Contractural Services *	-			10,000				-	-	2,610,000	2,610,000
6602 Outside Structural Repair	-			-	-	-	-	-	-	-	-
Consultation & Contract Services	-	-	-	10,000	-	-	-	-	-	3,810,000	3,810,000
TOTAL ENTERPRISE FUND	-	-	-	10,000	-	-	-	-	-	3,810,000	3,810,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**10,000**	**-**	**-**	**-**	**-**	**-**	**3,810,000**	**3,810,000**



Project Name	Harbor Ice Machine Maintenance	**Project Number**	923-8421
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

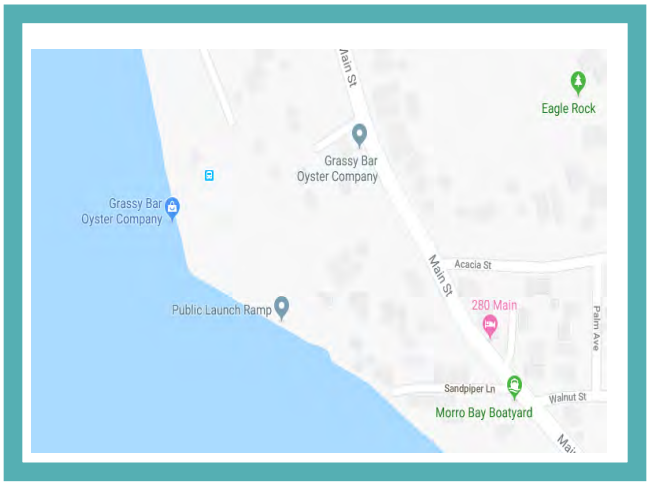
Description	This project is to annually meet the maintenance needs for the City-owned and Santa Monica Seafood-operated commercial fishing ice machine.
Location	This project is located on the Embarcadero on the Santa Monica Seafood-leased wharf, between Morro Bay Landing and Tognazzini's Dockside.
Project Background	Annual needs accomplished with a combination of Santa Monica Seafood and City contributions and Cable Committee grant funding.
Operating Budget Impacts	This project will use staff time for the construction inspection and management. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	TBD - Varies	Design	Project development
	TBD - Varies	Bid process	Project bidding and contract award
	TBD - Varies	Construction	Project construction
	TBD - Varies	Completion	Project completion

HARBOR ICE MACHINE ANNUAL MAINTENANCE — **Project 923 - 8421**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
ENTERPRISE ACCUM FUND	-	10,000	-	10,000	-	10,000	-	-	-	-	10,000
TOTAL SOURCE OF FUNDS	**-**	**10,000**	**-**	**10,000**	**-**	**10,000**	**-**	**-**	**-**	**-**	**10,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-	10,000		10,000	-	10,000	-	-	-	-	10,000
8999 CapitalProject Budget	-		-	-	-	-	-	-	-	-	-
Consultant Services	-	10,000	-	10,000	-	10,000	-	-	-	-	10,000
TOTAL ENTERPRISE FUND	-	10,000	-	10,000	-	10,000	-	-	-	-	10,000
TOTAL USE OF FUNDS	**-**	**10,000**	**-**	**10,000**	**-**	**10,000**	**-**	**-**	**-**	**-**	**10,000**



Project Name	Department of Boating & Waterways (DBW) Boat Launching Facility Rehab	**Project Number**	923-9921
Department	Harbor	**Project Manager**	Harbor Director, Eric Endersby

Description

This project is a complete renovation of the public launch ramp facility, including replacement of concrete ramp and boarding floats, parking lot renewal, ADA compliance of restrooms and all walkways, replacement of the fish cleaning station, new hand-launch (kayak/canoe) boarding float location and other associated improvements.

Location

This project is located on the south end of the Embarcadero where Embarcadero terminates.

Project Background

The Harbor department was granted $250,000 out of a $1.9 million grant from the State of California Division of Boating and Waterways (DBW) for this project for engineering and permitting, but due to irreconcilable differences with DBW over scope, scale and cost estimations, that grant was canceled. Staff sought and were granted a FY19/20 mid-year $60,000 budget adjustment from the Harbor Accumulation Fund to develop the City's own project scope and cost estimation. This project was, however, deferred at the beginning of the 20/21 fiscal year due to then-unknown effects the COVID-19 pandemic would have on the department's revenues. It now appears those effects are not as drastic as anticipated, and it is thus appropriate to restart this project.

Operating Budget Impacts

This project will use staff time for project scoping and development and will use consultants for concept engineering and cost estimation. The staff time for this project will be included in the department's FY 2021/22 Operating Budget.

Project Components & Estimated Timeline	Fall 2021	Concept Development	Project development
	Fall/Winter 21/22	Bid process	Consultant bidding and contract award
	Winter/Spring 2022	Execution	Project concept engineering and cost estimation
	April 2022	Next Steps	Apply to DBW for new grant based on City's concept design and cost estimation

DEPARTMENT OF BOATING & WATERWAYS (DBW) BOAT LAUNCHING FACILITY REHAB — **Project 923 - 9921**

SOURCE OF FUNDS	Prior Yrs Actuals	2019/20 Amended Budget	2019/20 Estimated Actual	CF to 2019/20 Future Yr	2020/21 Budget	2020/21 Budget & Carryfwd *	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	Total Project
HARBOR ACCUM FUND	-	60,000		60,000	-		60,000				60,000
TOTAL SOURCE OF FUNDS	**-**	**60,000**	**-**	**60,000**	**-**	**-**	**60,000**	**-**	**-**	**-**	**60,000**

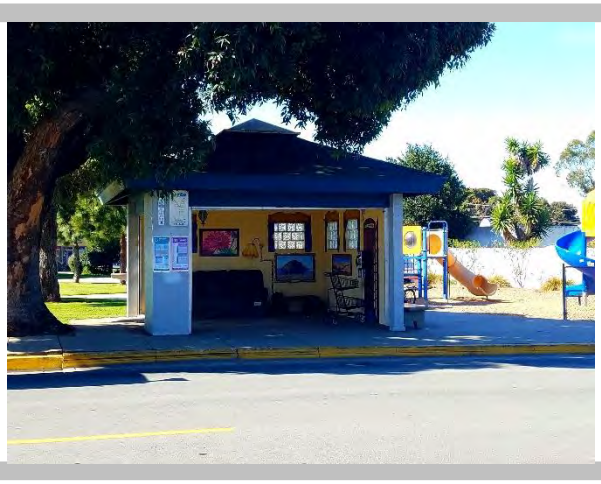
USE OF FUNDS	Prior Yrs Actuals	2019/20 Amended	2019/20 Estimated	CF to 2019/20 Future Yr	2020/21 Budget	2020/21 Budget & Carryfwd *	2021/22 Proposed	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	Total Project
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-			-	-	-	-	-	-	-	-
6106 Contractural Services	-	60,000		60,000	-		60,000				60,000
8999 CapitalProject Budget	-		-	-	-	-	-	-	-	-	-
Consultant Services	-	60,000	-	60,000	-	-	60,000	-	-	-	60,000
TOTAL ACCUM FUNDS	-	60,000	-	60,000	-	-	60,000	-	-	-	60,000
TOTAL USE OF FUNDS	**-**	**60,000**	**-**	**60,000**	**-**	**-**	**60,000**	**-**	**-**	**-**	**60,000**

Note: revised down from a $1.9 million project budget per mid-year budget adjustment in 19/20.

Unfunded

Transit Capital Projects

Morro Bay Transit
Fixed Route ★ Call-A-Ride
Trolley



Project Name	City Park Transit Hub Improvements	**Project Number**	920-9947
Department	Public Works, Transit Division	**Project Manager**	Management Analyst Janeen Burlingame

Description

The project would provide for improvements to vehicle pull in/pull out, wheelchair loading/unloading area, construction of a new passenger shelter, and installation of new benches inside and outside of the shelter, bike amenities (racks and tool station), and real time traveler information display capability, as well as ADA improvements to the sidewalk where transit vehicles pull in, crosswalk ramps at either end of the transit hub, and sidewalk access from the transit hub to the public restroom.

Project Background

The current bus passenger shelter at City Park was constructed in the early 1980's and has not been significantly updated or improved since its initial construction. The facility is used by passengers from Morro Bay Transit/Trolley, RTA, in addition to be a pickup/drop off for students from SLOCUSD.

This project provides multi-regional benefits as it addresses deficiencies identified in the City Park Transit Hub Study with the existing shelter relating to lighting, ADA, safety/security, and seating capacity that would be addressed by the proposed project. Currently, there is not enough seating capacity based on peak passenger usage levels from Morro Bay Transit/Trolley, RTA, and SLOCUSD. In addition, due to the cinderblock construction and location under a large tree canopy, the lighting inside is insufficient for passengers waiting for a bus. The current shelter design blocks line of sight for pedestrians and passing motorists, encouraging loitering by non-transit passengers. The project would add or augment amenities like bike racks, bike tool station, ticket vending machine, and real time traveler displays.

Operating Budget Impacts

This project is to be funded 100% from Rural Transit Fund grant, State of Good Repair grant, and Transportation Development Act Bikepath Local Transportation Funds and Transit Accumulation Funds. The Rural Transit Fund grant is a reimbursement grant so the City would pay upfront and then submit reimbursement requests for the awarded grant amounts due to the City.

The project will use existing Management Analyst and Engineering staff time for the pre-construction work (equipment acquisition, grant management, and installation activities) and construction management, and is included in the department's FY22 Operating Budget. No additional staffing or staff costs are needed to complete the project.

Project Components & Estimated Timeline	Apr-May 2021	Informal RFP	Informal RFP for construction plans (includes contract award)
	Jun-Oct 2021	Construction plans/bid specs	Develop construction plans and bid specifications
	Jun-Jul 2021	Planning Permit	Planning permit application process
	Jan.-Feb. 2022	Construction Bid	Bid for construction
	Feb 2022	Contract	Contract award
	March 2022	Construction	Begin construction
	Apr-May 2022	Completion	Project completion

MBT - CITY PARK TRANSIT HUB IMPROVEMENTS — **Project 920-9947**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 2021/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANTS	-	-	-		-	-		-	-	-	-
STATE OF GOOD REPAIR 19/20 CYCLE	134,322	59,191	-	59,191	134,322	193,513					193,513
RURAL TRANSIT 20/21 CYCLE					124,632	124,632					124,632
STATE OF GOOD REPAIR 20/21 CYCLE			119,379	119,379	-	119,379					119,379
TRANSIT ACCUM FUND			6,528		31,982	31,982					38,510
Interfund Transfer - Fund 302 LTF Bikeway Paths	-	-	-		3,500	3,500		-	-	-	3,500
TOTAL SOURCE OF FUNDS	**134,322**	**59,191**	**125,907**	**178,570**	**294,436**	**473,006**	**-**	**-**	**-**	**-**	**479,534**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended	2020/21 Estimated	Estimated CF to 21/22 2021/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANTS & AWARDS											
6104 Engineering Services	-	-	-	-	-	-	-	-	-	-	-
6105 Consultation Services	-	-	-	-	-	-	-	-	-	-	-
6106 Contractural Services	-	59,191	-	59,191	387,705	446,896		-	-	-	446,896
Consultant Services	-	59,191	-	59,191	387,705	446,896	-	-	-	-	446,896
											-
Labor Cost Applied	-	-	6,528		26,110	26,110	-	-	-	-	32,638
Project Construction Expenses	-										
TOTAL GRANTS & AWARDS	-	59,191	6,528	59,191	413,815	473,006	-	-	-	-	479,534
TOTAL USE OF FUNDS	**-**	**59,191**	**6,528**	**59,191**	**413,815**	**473,006**	**-**	**-**	**-**	**-**	**479,534**

Morro Bay Transit
Fixed Route ✯ Call-A-Ride
Trolley

Project Name	MBT Replacement Vehicle – 2009 Trolley	**Project Number**	920-9922
Department	Public Works, Transit Division	**Project Manager**	Management Analyst Janeen Burlingame

Description

Purchase new vehicle to replace the 2009 trolley.

Project Background

The 2009 trolley replacement vehicle is a project carryover from the FY20 budget.

The City has three trolleys in service each season. The 2003 trolley replacement vehicle purchase was completed in FY 19/20. The 2009 trolley is still to be replaced and will be more than twelve years old when the new vehicle is manufactured, delivered, and put into service, leading to higher fuel and maintenance costs.

The 2009 trolley to be replaced is be beyond the Useful Life Criteria set by the Federal Transit Administration. Vehicle will be purchased through the CalACT/MBTA Purchasing Cooperative (piggyback). The Trolley to be purchased in FY23 did not have prices set yet so an inflation factor was used from the FY20 prices.

Operating Budget Impacts

The 2009 trolley replacement vehicle project will be funded 100% from a Rural Transit Fund grant and Transit Accumulation Funds (local Transportation Development Act Local Transportation Fund monies).

The Rural Transit Fund grant is a reimbursement grant so the City would pay upfront and then submit reimbursement requests for the awarded grant amounts due to the City.

The vehicle replacement project will use existing Management Analyst time for the vehicle acquisition and grant management activities and is included in the department's FY22 Operating Budget. No additional staffing or staff costs are needed to complete the project.

Project Components & Estimated Timeline*	July 2021	Order Vehicle	Order 2009 replacement vehicle through the CalACT/MBTA Purchasing Cooperative
	March 2022	Manufacture & Delivery	Ordered 2009 replacement vehicle manufacture to be completed and vehicle to be delivered
	April 2022	Prepare Vehicle for Service	Apply exterior graphics, install communications equipment, and complete CHP inspection certifying 2009 replacement vehicle for service
	April/May 2022	Invoice and Payment	After delivery of 2009 replacement vehicle, receive invoice and process for payment.
	May/June 2022	Grant Reimbursement	Prepare grant reimbursement documents for submittal to SLOCOG
	June 2022	Completion	2009 replacement vehicle project completion

*Timeline is based on actual time vehicles are delivered to City and project components may vary if vehicle is delivered earlier/later than estimated date.

MBT REPLACEMENT VEHICLE - TROLLEY (1) — **Project 920-9922**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Adjusted	2020/21 Estimated	CF to 2019/20 2021/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
GRANTS	-	-	-		-	-	-	-	-	-	-
				-		-					-
RURAL TRANSIT FUND 19/20 CYCLE		174,305		174,305		174,305					174,305
RURAL TRANSIT FUND 21/22 CYCLE											-
RURAL TRANSIT FUND 22/23 CYCLE								189,200			189,200
TRANSIT ACCUM FUND		25,695		25,695	15,000	40,695		25,800			66,495
TOTAL SOURCE OF FUNDS	**-**	**200,000**	**-**	**200,000**	**15,000**	**215,000**	**-**	**215,000**	**-**	**-**	**430,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Adjusted	2020/21 Estimated	CF to 2019/20 2021/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
											-
	-	-	-	-	-	-	-	-	-	-	-
7204 Other Vehicles	-	174,305		174,305	-	174,305	-	215,000	-	-	389,305
Project Construction Expenses	-	174,305	-	174,305	-	174,305	-	215,000	-	-	389,305
TOTAL GRANTS & AWARDS	-	174,305	-	174,305	-	174,305	-	215,000	-	-	389,305
TRANSIT FUND											
7204 Other Vehicles	-	25,695	-	25,695	15,000	40,695	-	-	-	-	40,695
	-	-	-	-	-	-	-	-	-	-	-
Project Construction Expenses	-	25,695	-	25,695	15,000	40,695	-	-	-	-	40,695
TOTAL TRANSIT FUND	-	25,695	-	25,695	15,000	40,695	-	-	-	-	40,695
TOTAL USE OF FUNDS	**-**	**200,000**	**-**	**200,000**	**15,000**	**215,000**	**-**	**215,000**	**-**	**-**	**430,000**

Morro Bay Transit
Fixed Route ✯ Call-A-Ride
Trolley

Project Name	Automated Fare Collection System	**Project Number**	920-XXXX
Department	Public Works, Transit Division	**Project Manager**	Management Analyst Janeen Burlingame

Description

Purchase an automated fare collection system for Morro Bay Transit deviated fixed route buses.

Project Background

The Transit buses use a manual fare collection system to collect fares from passengers. As passengers aboard the vehicle, they pay the fare with either cash or a physical pass. Due to the COVID-19 pandemic, fare collection was suspended early on as a preventative measure to reduce the time passengers and the driver spend near one another when boarding. There is an increased need to digitize fare payments and provide a contactless, seamless customer experience. An automated fare collection system would reduce the dwell time where the rider and driver are near each other when the fare is being paid at boarding.

Installation of an automated fare collection system would allow for a way to transition back to collecting fares while still providing a preventative measure to passengers and drivers with the reduction in time spent near one another when boarding. It, along with all the other preventative measures Morro Bay Transit has taken throughout the pandemic, will also increase passenger's comfort levels so they will feel more confident about riding public transit and begin to ride more often for their needed trips.

Additionally, the quicker boarding time will result in route headway efficiencies that will be beneficial when Morro Bay Transit implements the recommendation from the adopted Short Range Transit Plan designed to improve transfer times between the local system and RTA services at the City Park transit hub and increase ridership. Implementation of Short-Range Transit Plan recommendations have been delayed due to the focus on the COVID-19 pandemic response.

Operating Budget Impacts

This project is to be funded 100% from a FY21/22 Cycle Rural Transit Fund grant.

The project will use existing Management Analyst staff time to work with the selected vendor on the purchase and installation of the new fare collection system. No additional staffing or staff costs are needed to complete the project.

Project Components & Estimated Timeline	July 2021	Request for Quotes	Develop and Issue Request for Quotes (RFQ)
	August 2021	RFQ Award	Review Quotes, Award Contract and Begin Work
	December 2021	Work Completed	Work Completed and Contract Ends
	January 2022	Submit Grant Reimbursement	Submit Rural Transit Fund Grant Reimbursement Request to SLOCOG

AUTOMATED FARE COLLECTION SYSTEM											**Project 920 - New**
SOURCE OF FUNDS	**Prior Yrs Actuals**	**2020/21 Amended Budget**	**2020/21 Estimated Actual**	**Estimated CF to 21/22**	**2021/22 Budget**	**2021/22 Budget & Carryfwd ***	**2022/23 Proposed**	**2023/24 Proposed**	**2024/25 Proposed**	**2025/26 Proposed**	**Total Project**
RURAL TRANSIT FUND 22/23 CYCLE	-			-	74,000	74,000	-	-	-	-	74,000
TOTAL SOURCE OF FUNDS	**-**	**-**	**-**	**-**	**74,000**	**74,000**	**-**	**-**	**-**	**-**	**74,000**
USE OF FUNDS	**Prior Yrs Actuals**	**2020/21 Amended Budget**	**2020/21 Estimated Actual**	**Estimated CF to 21/22 0**	**2021/22 Budget**	**2021/22 Budget & Carryfwd ***	**2022/23 Proposed**	**2023/24 Proposed**	**2024/25 Proposed**	**2025/26 Proposed**	**Total Project**
TRANSIT FUND											
7302 Equipment Acquisition	-			-	-	74,000	-	-	-	-	74,000
Total Contractural Services	-	-	-	-	-	74,000	-	-	-	-	74,000
TOTAL TRANSIT FUND	-	-	-	-	-	74,000	-	-	-	-	74,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**-**	**74,000**	**-**	**-**	**-**	**-**	**74,000**

Morro Bay Transit
Fixed Route ✯ Call-A-Ride
Trolley

Project Name	ZEB Implementation Plan	**Project Number**	920-XXXX
Department	Public Works, Transit Division	**Project Manager**	Management Analyst Janeen Burlingame

Description

Develop a Zero Emissions Bus (ZEB) rollout plan that is required by the Innovative Clean Transit (ICT) regulation to be prepared and submitted to the California Air Resources Board (CARB).

Project Background

In December 2018, the ICT Regulation was formally adopted by the CARB. It mandates that zero emission buses are required to be purchased to replace conventional buses with the goal to have all transit buses be ZEB by 2040. Starting January 1, 2026, any bus purchased must be a ZEB.

Responding to this regulation, in 2019 and 2020, the SLOCOG and CivicSpark worked in collaboration with various agencies on the Central Coast, including the City of Morro Bay, to develop the San Luis Obispo Regional ZEB Implementation Plan. This plan was adopted by the SLOCOG Board and is designed to serve as a tool to help transit agencies with planning their transition to zero-emission fleets.

The next phase is to expand on information from the SLO Regional ZEB Implementation Plan to develop a ZEB Rollout Plan for Morro Bay Transit that is required by the ICT regulation. This plan will show how the City of Morro Bay plans to achieve a full transition to zero emission buses. The deadline for plan submittal to CARB is June 30, 2023.

Operating Budget Impacts

This project is to be funded 100% from a FY21/22 Cycle Rural Transit Fund grant.

The project will use existing Management Analyst staff time to work with the selected consultant on plan development. No additional staffing or staff costs are needed to complete the project.

Project Components & Estimated Timeline	August 2021	Consultant Request for Proposals	Develop and Issue Consultant Request for Proposals (RFP)
	October 2021	RFP Review	Review Proposals
	November 2021	RFP Award	Award Contract and Begin Work
	December 2022	Work Completed	Work Completed and Contract Ends
	January 2023	Submit Grant Reimbursement	Submit Rural Transit Fund Grant Reimbursement Request to SLOCOG

ZEB IMPLEMENTATION PLAN — **Project 920 - New**

SOURCE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
RURAL TRANSIT FUND 22/23 CYCLE	-			-	40,000	40,000	-	-	-	-	40,000
TOTAL SOURCE OF FUNDS	**-**	**-**	**-**	**-**	**40,000**	**40,000**	**-**	**-**	**-**	**-**	**40,000**

USE OF FUNDS	Prior Yrs Actuals	2020/21 Amended Budget	2020/21 Estimated Actual	Estimated CF to 21/22 0	2021/22 Budget	2021/22 Budget & Carryfwd *	2022/23 Proposed	2023/24 Proposed	2024/25 Proposed	2025/26 Proposed	Total Project
TRANSIT FUND											
6105 Consultation Services	-			-	40,000	40,000	-	-	-	-	40,000
Total Contractural Services	-	-	-	-	40,000	40,000	-	-	-	-	40,000
TOTAL TRANSIT FUND	-	-	-	-	40,000	40,000	-	-	-	-	40,000
TOTAL USE OF FUNDS	**-**	**-**	**-**	**-**	**40,000**	**40,000**	**-**	**-**	**-**	**-**	**40,000**

LIST OF FUNDS

GENERAL FUND 001

SPECIAL REVENUE FUNDS
Measure Q – Sales and Use Tax 003
Morro Bay Tourism Business Improvement District 007
American Rescue Plan Act 019
Tourism Business Improvement District Accumulation Fund 954

OTHER FUNDS
Transit 301
Bike Path 302
LTF Roads 303
Opportunity Fund 480
Community Development Grants 200
Community Benefit/Castlewind Fund 906
Economic Development Fund 907
Housing In-Lieu 941
Parking In-Lieu 299
Government Impact Fees 900
Park In-Lieu 904
Harbor State Park Marina 924
State Gas Tax 250
Lower Cost Visitor Accommodations 270
Traffic Safety 280
Special Safety Grants 282
Jamaica Joint Defense 070
Community Development Plans 298
Assessment Districts 500
Cloisters Assessment District 570
Cloisters Assessment District Accumulation Fund 575

INTERNAL SERVICE FUNDS
Risk Management 430
Information Technology 450
Facility Maintenance 052
Vehicle Replacement 050
Capital Replacement 460
Project Accumulation 470
Compensable Leave 005
Emergency Reserve 051

TRUST AND AGENCY FUNDS
General Plan Maintenance Fee 515-2790
Fire Donation Fund 515-2305
Strategic Investment Spending Plan 515-2335
PEG Access Fees 515-2430
County Tourism 515-2340

PROPOSED

ENTERPRISE FUNDS

Harbor Operating 331
Harbor Equipment Replacement 055
Harbor Capital 923
Harbor Accumulation 953
Water Revenue 311
Water Equipment Replacement 053
Water Capital 921
Water Accumulation 951
Utility Discount Program 315
Sewer Revenue 321
Sewer Equipment Replacement 054
Sewer Capital 922
Sewer Accumulation 952
Morro Bay Cayucos Sanitary District WWTP 599

CAPITAL PROJECT FUNDS

General Government

City Works Implementation 8480
Morro Creek Restoration 8030
Bocce Ball Court 8029
Facility/Audio Visual Upgrades – Vet's Hall 9508
City Park Play Equipment 8028
ADA Sidewalk Repairs 8500
Fire Engine Replacement for #5391 9627
Tidelands Park Play Structure 8026
Bike and Pedestrian Paths 8040
Embarcadero Widening 8090
Triangle Lot Parking 8180
Parks Renovation 8213
Market and Pacific 8280
San Jacinto Bike Lane 8340
Pickleball 8400
Underground Storage Tanks 8360
Rock Area Improvements 8600
Community Development Grants 8700
South Bay Blvd 9635
Traffic Calming 8216
City Bike Paths 9909
Ironwood Storm Drain 9912
Piney Way Bus Turnout 9913
Jack LaLanne Memorial Fitness Station xxxx
Striping for On-Street Angle Parking 8035
Laurel Ave Easement 8301
Electric Vehicle Charging Station 9942
Public Safety-Power Shutdown & Fiber Optic 9510
Coleman Park Restroom Renovation xxxx

PROPOSED

Street Improvements
- State Route (SR)1/SR 41 Interchange 8229
- Pavement Management Plan 9614
- Directional Signage/Wayfinding 8423

Storm Drains
- Kern & Anchor Street Pipeline SD-01A 9933
- Kern & Anchor Street Pipeline SD-01B 9934
- Emergency Storm Drain Repair – Juniper & Elena 9949

Assessment Districts
- North Point Parking Lot Improvements xxxx
- Cloisters Park Landscape 9935
- Cloisters Play Structure xxxx

Transit Capital Improvement
- Replacement Vehicle – Bus 9917
- Replacement Vehicle – Trolley 9922
- Short Range Transit Plan 9918
- Transfer Center Bus Stop – Study 9923
- Transit Hub Improvements - City Park 9947
- Automated Fare Collection System xxxx
- ZEB Implementation Plan xxxx

Water Capital Improvement
- One Water Plan 9639
- One Water Plan – Nutmeg Pressure Zone 9932
- Water Tank Rehabilitation (6) 9944
- Reskin Desal Building 9927
- Replace Reverse Osmosis Membrane Filters 9946
- Reverse Osmosis Tank Modifications 9945
- Emergency Contingency 8235

Sewer Capital Improvement
- One Water Plan 9639
- Emergency Replacement Contingency 9826
- WasteWater Reclamation Facility 8312
- One Water Plan – Wastewater Collections (Main Street & Atascadero Road) 9928
- One Water Plan – Wastewater Collections (Upstream LS1/Beachcomber) 9928
- Upgrade Lift Station # 2 9948

Harbor Capital Improvement
- Beach Street Slips – North & South 8175
- Harbor Patrol Vessel Engines Replacement/Repowers 8465
- Harbor Storage Yard, Triangle Lot 8106
- Harbor Ice Machine 8421
- North T-Pier Renovations 9930
- South T-Pier Renovations 8351
- DBW – Launch Ramp Renovations 9921

LIST OF GENERAL FUND PROGRAMS

Administrative Services
City Manager 3110
City Attorney 3210
Contract Services 3115
City Clerk 3130
Elections 3130
Human Resources 3140
Finance 3510

Police Department
Police General Fund 4110
Support Services 4150

Fire Department
Fire General Fund 4210
EOC Disaster Preparedness 4220

Public Works Department
Administration and Engineering 5205
Consolidated Maintenance 5215
Consolidated Maintenance – Streets 5230
Consolidated Maintenance – Vehicle Maintenance 5220
Consolidated Maintenance – Street Trees 5232
Consolidated Maintenance – Street Lighting 5234
Consolidated Maintenance – Storm Drain/Creek Maint 5235
Curbside Recycling 5270
Electricity 7250

Community Development Department
Administration 7105

Recreation
Administration 6110
Sports 6130
Youth Programs 6140
Teen Programs 6143
Community Pool 6144

GLOSSARY

Accounting System - The set of records and procedures that are used to record, classify, and report information on the financial status and operations of the City.

Accrual Basis Accounting - Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

Ad Valorem - Latin for "in proportion to the value". This refers to property taxes levied on value and includes the General Obligation (G.O.) Bond rates added to the 1% rate allowed by Prop. 13. These rates are applied to the secured, unsecured, supplemental, and other miscellaneous tax rolls.

Adoption - Formal action by the City Council, which sets the spending limits for the fiscal year. The City's budget is adopted by Council resolution.

Agency Fund - A fund used to account for assets held by the City in the capacity of an agent for individuals, organizations, or other governmental entities.

Annual Budget - A budget applicable to a single fiscal year.

Appropriation - An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of government resources. Appropriations are typically granted for a one-year period.

Assessed Valuation - A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, the County for the secured and unsecured property tax rolls establishes assessed value; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change of ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Assessment Fund - A fund used to account for special levies made against certain properties to defray part or all costs of a specific improvement or service deemed to primarily benefit those parties.

Audit - Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City's Financial Statements present fairly the City's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City's internal controls as well as recommending improvements to the City's financial management practices.

Balanced Budget – Balanced budget is a budget with operating revenues equal to operating expenditures and neither a budget deficit nor a budget surplus. More generally, it refers to a budget with no deficit, but possible with surplus.

ꕥ GLOSSARY ꕥ

Bonds - A bond is a written promise to pay a specified sum of money (called the face value or principle amount) at a specified date or dates in the future (called the maturity date) together with period interest at a specified rate. Bonds are typically used to finance capital facilities.

Budget - As the City's financial operating plan for the fiscal year, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council adopts the budget, the total becomes the maximum spending limit. Morro Bay' budget encompasses fiscal year (July 1, through June 30).

Budget Amendment - The Council has the sole responsibility for adopting the City's budget and may amend or supplement the budget at any time after adoption. The City Manager has the authority to approve administrative adjustments to the budget as outlined in the Financial and Administrative Policies set by Council.

Budget Calendar - The schedule of key dates which the City follows in the preparation and adoption of the budget.

Budget Document - The official financial spending and resource plan submitted by the City Manager and adopted by the City Council explaining the approved budget to the public and City Council.

Budget Message - Included in the opening section of the budget, the Budget Message provides the Council and the Public with a general summary of the most important aspects of the budget, comparative data from previous fiscal years, goals and objectives, and the views and recommendations of the City Manager.

Budget Overview - This section provides an overview of the changes adopted in the budget. Additionally, the significant impacts of budgetary changes are outlined along with dollar amounts (increase/decrease).

Budget Policies - General and specific guidelines adopted by the Council that governs the financial plan's preparation and administration.

Building Permit - Fee required for new construction or for any alteration or addition to a residence or commercial building. The fee is based on square footage and valuation. Electrical or plumbing/mechanical work will require a similar permit.

Business License Tax - A tax imposed on those conducting business within the City limits. Business License Tax is a non-regulatory tax implemented for the purpose of raising revenue to support General Fund activities.

Capital Acquisitions/Assets – See "Fixed Assets."

Capital Expenditures - Funds spent for the construction, improvement, or rehabilitation of City infrastructure.

Capital Improvement Program (CIP) - The plan or schedule of expenditures for major construction of roads, sidewalks, City facilities and/or park improvements and for the purchase of equipment. The City of Morro Bay' CIP follows a five-year schedule. Although the City adopts the CIP budget in a process that is separate from the adoption of the budget, the budget incorporates the first-year of the five-year CIP.

ꕥ GLOSSARY ꕥ

Capital Projects **-** Expenditures that have a value of $25,000 or more which result in the acquisition of, construction of, rehabilitation of or additions to, infrastructure and fixed assets with a useful life of at least 5 years at a fixed location.

Capital Projects Fund - In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditure account which accumulates until the project is completed, at which time the fund ceases to exist.

Cash Basis Accounting - A basis of accounting under which transactions are recognized only when cash is received or disbursed.

Certificate of Participation (COP) - A type of financing in which investors purchase a share of the lease revenues of a program rather than the bond being secured by those revenues. The authority usually uses the proceeds to construct a facility that is leased to the municipality, releasing the municipality from restrictions on the amount of debt that they can incur.

Community Development Block Grant (CDBG) - Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City. The City primarily uses these funds for housing rehabilitation, public improvements and local social programs.

Comprehensive Annual Financial Report (CAFR) - The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contingent Liabilities - Items which may become liabilities of the City but are undetermined at a given date, such as pending lawsuits, unsettled disputed claims, unfilled purchase orders and uncompleted contracts.

Contract Services - Services provided to the City from the private sector or other public agencies.

Debt Service - Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or Certificates of Participation (COPs).

Debt Service Fund - A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Deficit - The excess of liabilities over assets.

Department - A major organizational unit of the City, which has been assigned overall management responsibility for an operation, or a group of related operations within a functional area. In Morro Bay Department Heads are the chief administrators within a department.

Depreciation – The process of allocating the total cost of fixed assets over each period of their usefulness to the government.

☙ GLOSSARY ❧

Encumbrances - Commitments against an approved budget for unperformed (executory) contracts for goods or services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

Enterprise Funds - Established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public.

Equipment Replacement Fund - This fund is used to account for the replacement of existing fixed assets as equipment, machinery or building improvements become unserviceable or obsolete.

Expenditure - The outflow of funds paid or to be paid for an asset obtained or goods and services obtained. Note: An encumbrance is not expenditure; an encumbrance reserves funds to be expended. (See encumbrances.)

Fiduciary Funds - Used to account for assets held by the City acting in a fiduciary capacity for other entities and individuals. Such funds are operated to carry out the specific actions of trust agreements, ordinances and other governing regulations. There are two categories of fiduciary funds: Trust and Agency.

Fiscal Year - A 12-month period to which the annual operating budget applies and at the end of which the City determines its financial position and results of its operations. The City's fiscal year runs from July 1st to June 30th.

Fixed Assets - Non-consumable assets of long-term nature such as land, buildings, machinery, furniture, and the other equipment. The City has defined such assets as those with an expected life in excess of one year and value in excess of $10,000.

Franchise Fees - Imposed on utility companies for the privilege of doing business in the City. Fees are usually based upon a percentage of gross revenue derived from business conducted in the City.

Full-time Equivalents (FTE) - The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. Full-time employees are paid for 2,080 hours in a year equating 1.0 FTE. Correspondingly, a part-time employee who worked 1,040 hours would equate to 0.5 FTE.

Fund - An independent fiscal and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets and liabilities. Each fund type typically has a unique funding source and purpose. Establishing funds enables the City to account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

Fund Accounting - System used by non-profit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

Fund Balance - Also known as financial position, fund balance is the excess of current assets over current liabilities and represents the cumulative effect of revenues and other financing sources over expenditure and other financing uses.

GAAP (Generally Accepted Accounting Principles) - Uniform minimum standards for financial accounting and reporting. They govern the form and content of the basic financial statements of the City.

☙ GLOSSARY ❧

Gann Appropriation Limit - This is the common name of Proposition 4, approved by voters on November 6, 1979 which mandated an appropriation limit on the amount of tax revenues that government jurisdictions may appropriate within a fiscal year. This bill was named after Paul Gann, who was a co-sponsor of the famous Proposition 13 initiative enacted by the voters of California on June 6, 1978 which resulted in a cap on property tax rates in the state, and a prominent author and advocate of this subsequent spending limitation bill.

Gas Tax Fund - The Gas Tax Fund is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street related purpose in the City's system of streets.

General Fund - In governmental accounting, fund used to account for all assets and liabilities of a non-profit entity, except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of the City.

General Government - City Council, City Manager, City Clerk's Office, City Attorney, Community Development, Personnel, Finance, Planning, Police, Public Works, and Recreation and Parks.

General Liability Self Insurance Fund - The General Liability Self Insurance Fund is used to provide the City with liability and property insurance. Coverage is provided through the City's participation in a joint powers agreement through (ABAG) Associations of Bay Area Governments.

General Obligation Bond - A municipal bond backed by the credit and "taxing power" of the issuing jurisdiction rather than the revenue from a given project. General obligation bonds are issued with the belief that a municipality will be able to repay its debt obligation through taxation or revenue from projects. No assets are used as collateral.

Government Finance Officers Association (GFOA) - GFOA is the professional association of state/provincial and local finance officers in the United States and Canada, and has served the public finance profession since 1906. Approximately 16,000 GFOA members are dedicated to the sound management of government financial resources.

Governmental Funds - the fund used to account for all assets and liabilities of a government agency, except those particularly assigned for other purposes in another more specialized fund. There are five different types of governmental funds: the general fund (which is the primary operating fund), special revenue funds, debt service funds, capital project funds, and permanent funds.

Grant - External contributions, and/or gifts of cash, or other assets typically from another governmental entity to be used or expended for a specific purpose, activity, or facility. An example is Community Development Block grant funding from the Federal Government.

Infrastructure - The basic facilities, services, and installations needed for the functioning of a community or society, such as streets and roads, sidewalks, bridges, communications systems, water and power lines, and public institutions including schools, police stations, libraries, and post offices.

Interest Income - The prudent investment of idle funds. The types of investments that can be made are limited by the Government Code to protect the safety of taxpayers' money.

Intergovernmental Revenue - Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

ꕥ GLOSSARY ꕥ

Internal Services Fund - The Internal Service Funds are used to finance and account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

Inter-Fund Transfers - When the City moves money between its various funds, it makes an inter-fund transfer, referred to as transfers-in and transfers-out. In aggregate, transfers in and out offset each other for the fiscal year.

Levy - To impose taxes, special assessments or service charges for the support of governmental activities. The total amount of taxes, special assessments or service charges imposed by San Luis Obispo County levying property taxes.

Licenses and Permits - Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

Limited Obligation Bond - A bond sold by a municipality to finance projects which are secured by the revenue generated by those projects.

Line-Item Budget - A budget that lists detailed expenditure categories (salaries & benefits, office supplies, travel, dues, rents, etc.) separately, along with the amount budgeted for each specified category. The Summary Budget reflects the program rather than line item budgets. The Detail Budget reflects the line-item detail.

Major Fund – Funds whose revenues, expenditures/expenses, assets, or liabilities are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

Management Information Services Fund - The Management Information Services Fund is used to account for the costs associated with the City's centralized computer system and to distribute these costs to departments using the system on a pro rata basis. Included are costs for hardware and software maintenance and development, computer training and staff support.

Modified Accrual Basis - Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

Motor Vehicle in Lieu Fee - A State fee charged for the privilege of operating a vehicle on public streets. A VLF is levied annually against the market value of a motor vehicle and is imposed by the State "in lieu" of local property taxes.

Non-major Fund – Non-major funds are all governmental and enterprises funds that are not classified as major funds.

Objective - A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program or service level.

Ordinance - A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution and is typically codified in a City's municipal code.

☙ GLOSSARY ❧

Operating Budget - The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled. The use of annual operating budgets is required by law.

Other Revenues - Revenues from sources other than those specifically identified that are too immaterial in amount to justify the creation of new revenue account line items

Performance Measure - Sets forth a performance objective and a goal for achieving the objective.

Personnel Benefits - Those benefits paid by the City as conditions of employment.

Personnel - City employees.

Present Value - The amount that a future sum of money is worth today given a specified rate of return.

Proposition 218 - A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

Program - As subdivisions of departments, programs are budgetary or organizational units of government with limited sets of work responsibilities within their respective departments. Programs also serve to increase budgetary accountability. Morro Bay' budget is compiled on a program basis.

Property Tax - Imposed on real property (land and permanently attached improvements). The tax is based upon the assessed value of such property. The tax rate may not exceed 1% of assessed value.

Proprietary Funds - Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

Public Employees' Retirement System (PERS) - Provided for the City's employees, by the State of California.

Reserve - An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

Resolution - A special order of the City Council which has a lower legal standing than an ordinance.

Resources - Total amounts available for appropriation including estimated revenues, inter-fund transfers, and beginning fund balances.

Revenue - Sources of income, which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for services, resources forward from the prior year, operating transfers for other funds, and other financing sources such as the proceeds derived from the sales of fixed assets.

Sales Tax - 1% is returned to the City by the State Board of Equalization on a monthly direct deposit basis.

Self-Insurance Fund - The Self-Insurance Fund (General Liability) is used to finance and account for the City's general liability self-insurance program.

Special Assessment Bonds - Bonds payable from the proceeds of special assessment.

☙ GLOSSARY ❧

Special Revenue Fund - In governmental accounting, fund used to account for the proceeds of special revenue sources (other than special assessments, expandable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose.

Service Charge - Charges for specific services rendered.

Services and Supplies - Expenditures for services and supplies which are directly related to a department's primary service activities.

Supplies - An expenditure classification for articles and commodities purchased for consumption or resale.

Taxes - Compulsory charges levied by the City, County and State for the purpose of financing services performed for the common benefit.

City Code - A book that contains the City Council approved ordinances currently in effect. The code defines City policy with respect to areas such as planning, etc.

Transient Occupancy Tax - Imposed on hotels, motels, inns or other lodging facilities. The rate in Morro Bay is 10%.

Transfers In/Out - Money transferred from one City fund to another. Differs from revenues and expenses - see definition of these terms.

Workers' Compensation Fund - The Worker's Compensation Fund accounts for the cost to provide worker's compensation insurance coverage to all City employees in compliance with State of California requirements.

LIST OF ACRONYMS

Following is a list of acronyms common to local government terminology:

AB	Assembly Bill
ADA	Americans with Disabilities Act
ACFR	Annual Comprehensive Financial Report
AFIS	Automated Fingerprint Identification System
ARS	Automated Reporting System
ARPA	American Rescue Plan Act of 2021
BMP	Below Market Price (Housing)
CDBG	Community Development Block Grant
CEQA	California Environmental Quality Act
CERT	Community Emergency Response Team
CLEEP	California Law Enforcement Equipment Program
CIP	Capital Improvement Program
COP	Certificates of Participation
COPS	Community Oriented Policing Services
CPUC	California Public Utilities Commission
CSMFO	California Society of Municipal Finance Officers
CSO	Community Services Officer
CY	Current Year
DARE	Drug Awareness Resistance Education
DART	Disaster Aid Response Team
DOJ	Department of Justice
DUI	Driving Under the Influence
EOC	Emergency Operations Center
ERAF	Educational Revenue Augmentation Fund
FEMA	Federal Emergency Management Agency
FTE	Full-Time Equivalent (2080 annual work hours)
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GFER	General Fund Emergency Reserve
GFOA	Government Finance Officers Association
GIS	Geographical Information System
GO	General Obligation (Bond)
HCD	Housing and Community Development
HHW	Household Hazardous Waste
HUD	Housing & Urban Development
HVAC	Heating / Ventilation & Air Conditioning
IT	Information Technology
JPA	Joint Powers Authority
LAIF	Local Agency Investment Fund

LT	Long-Term (as in Long-Term Notes Receivable)
MOU	Memorandum of Understanding
MVLF	Motor Vehicle in Lieu Fee (see also VLF)
NPDES	National Pollutant Discharge Elimination System
OCJP	Office of Criminal Justice Planning
OES	Office of Emergency Services
PCI	Pavement Condition Index
PERS	Public Employees' Retirement System
POA	Police Officers Association
POST	Peace Officers Standard Training
PW	Public Works Department
PSAP	Public Safety Answering Point
PY	Prior Year
SLO County	San Luis Obispo County
SLESF	Supplemental Law Enforcement Services Fund Grant
SWAT	Special Weapons and Tactics
TDA	Transportation Development Act
TFCA	Transportation Fund for Clean Air
TOT	Transient Occupancy Tax
VLF	Motor Vehicles In-Lieu Fee (see also MVLF)
VIP	Volunteers in Policing

CITY OF MORRO BAY
INVESTMENT POLICY
June 2019

PURPOSE

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

SCOPE OF THE POLICY

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

LEGAL AUTHORITY

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

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

OBJECTIVES

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

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

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

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

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

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

GENERAL STRATEGY

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

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

STANDARD OF CARE

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

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

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

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

City Manager:	Scott Collins
Finance Dir/Treasurer:	Jennifer Callaway
Accounting and Budget Manager:	Sandra Martin
Senior Accounting Technician:	Valarie Webb

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

SAFEKEEPING AND CUSTODY

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

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

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

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

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

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

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

SUITABLE AND AUTHORIZED INVESTMENTS

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

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

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

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

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

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

INVESTMENT PARAMETERS

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

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

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

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

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

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

Social Responsibility

Priority will be given to investments that are in compliance with socially responsible goals, to the extent that such investments achieve equivalent safety, liquidity and yield compared to other investments that do not meet the City’s socially responsible goals. When not impacting yield, safety and liquidity, priority will be given to investments that support community well-being through safe, environmentally sound, practices and fair labor practices. Investments are encouraged in entities that support climate change and equality of rights regardless of race, sex, religion, age, national or ethnic origin, sexual orientation, or disability.

PORTFOLIO MANAGEMENT ACTIVITY

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

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

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

Portfolio Adjustments: If the portfolio demonstrates non-compliance with the investment policy, the Treasurer, and designated staff, may hold the affected securities to maturity to avoid losses; however, the Treasurer may choose to rebalance the portfolio earlier to bring it

back into compliance only if the portfolio will not suffer any losses for selling the investment prior to maturity.

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

REPORTING

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

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

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

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

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

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

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

APPENDIX A – INVESTMENT POLICY TERMINOLOGY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Portfolio: The collection of investment instruments held.

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

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

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

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

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

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

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

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

RESOLUTION NO. 43-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ADOPTING A DEBT MANAGEMENT POLICY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, Effective January 1, 2017, Senate Bill 1029 (SB 1029) amended Section 8855(i) of the California Government Code to require that local government issuers of public debt adopt a debt management policy, including specific provisions concerning the use of debt; and

WHEREAS, in accordance with SB 1029, the City of Morro Bay ("City") desires to adopt a formal policy concerning the administration and management of debt issued by the City; and

WHEREAS, staff recommends the City Council adopt the proposed debt management policy, which policy demonstrates the City's commitment to fiscal responsibility and prudent debt issuance and management, and which meets the criteria identified in the Government Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the "Debt Management Policy" as documented in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 13th day of June 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None

Jamie L. Irons
JAMIE L. IRONS, Mayor

ATTEST:

Lori M. Kudzma
LORI M. KUDZMA, Deputy City Clerk

COUNCIL POLICY

DEBT MANAGEMENT POLICY

Policy Statement

The City of Morro Bay (City) funds its capital projects and meets other financing needs through a combination of current operating revenues, available reserves, outside funding (i.e. grants), and, when necessary, prudently issued debt.

Debt includes financing as a way to raise working capital or capital expenditures by selling bonds, bills, certificates, or notes to individual and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise to repay principal and interest on the debt. To achieve optimal credit ratings and endorse prudent financial management, the City is committed to long-term capital and financial planning, and continual review of its financing structure to optimize the overall cost of debt.

The issuance of debt by the City to finance major capital projects or to refinance existing obligations will only occur after the transaction is evaluated to be fiscally prudent and responsible under the prevailing economic conditions. Prior approval by the City Council is required for the issuance of new debt or for the refinancing of existing debt.

Purpose

The purpose of this Debt Management Policy (Debt Policy) is to establish and maintain parameters for issuing debt and promote objectivity in the decision-making process.

The City will adhere to the following legal requirements for the issuance of public debt:

- State law, which authorized the issuance of debt,
- Federal and state law, which govern the eligibility of the debt for tax-exempt status,
- Federal and state law, which govern the issuance of taxable debt,
- Federal and state law, which govern disclosure, sale, and trading of the debt, both before and subsequent to issuance,
- Elector approval when required by law and
- Generally Accepted Accounting Principals (GAAP).

This Debt Policy is intended to comply with Government Code subdivision 8855(i) and shall govern all debt issued by the City. The City hereby recognizes a fiscally prudent debt policy is required to:

- Maintain the City's sound financial position.
- Ensure the City has the flexibility to respond to changes in future service priorities, revenues, and operating expenses.
- Protect the City's credit-worthiness.
- Ensure the City's debt is:
    - structured to protect current and future taxpayers, ratepayers and constituents of the City.

- consistent with the City's planning goals and objectives and Capital Improvement Program (CIP) or the Capital budget, as applicable.

Purpose and Use of Debt

When approved by the City Council, debt financing is an acceptable and appropriate approach to fund the City's long-term capital improvements, which, thus, ensures intergenerational equity of such major improvements among existing and future users of the system. Debt can be issued to fund the capital cost of planning, pre-design, design, land and/or easement acquisition, construction, and related fixtures, equipment, and other costs as permitted by law.

Long-Term Debt

Long-term debt may be issued to finance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned or leased and operated by the City. Long-term debt financings are appropriate when:

- A project to be financed is necessary to provide City services.
- The project to be financed with benefit constituents over 10+ years.
- Total long-term debt financing does not constitute an unreasonable burden to the City and its taxpayers or ratepayers.
- The debt is used to refinance outstanding debt to reduce the total cost of the debt or to realize other benefits of a debt restructuring, such as increased flexibility in the use of cash and reserves.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the City to violate any covenants to maintain the tax-exempt status of such debt, if applicable.

Long-term debt financings will not be considered appropriate for current operating expenses and routine maintenance expenses.

The City may use long-term debt financings subject to the following conditions:

- The project to be financed must be approved by the City Council;
- Professionally prepared estimates show sufficient revenues will be available to service the debt through its maturity; and
- The City determines the issuance of the debt will comply with the applicable state and federal law.

Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refunding's will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refunding's that are non-economic may be undertaken to achieve City objectives relating to changes in covenants, call provisions, operational flexibility tax status of the issuer, or the debt service profiles.

Refunding's that produce a net present value savings of at least 4% of the refunded debt will be considered economically viable. Refunding's that produce a net present value savings of less than 4% or negative savings will be considered on a case-by-case basis.

Short-Term Debt

Short-term borrowing such as a commercial paper and lines of credit will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the City determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be issued to provide financing for the City's operational cash flows in order to maintain a steady and even cash flow balance, due within one year, and may be rolled over or extended if necessary. Short-term debt may also be used to finance short-lived capital projects, such as undertaking lease-purchase financing for equipment.

Types of Debt That May Be Issued

The City may find that debt financings would be beneficial to further its public purposes and the City Council may approve such debt without an amendment of this Debt Policy. The following types of debt are allowable under this Debt Policy:

- Bond or grant anticipation notes
- State Revolving Fund Loans
- Water Infrastructure Finance and Innovation Act (WIFIA)
- Lease Revenue Bonds, Certificates of Participation and lease-purchase transactions
- Other revenue bonds and certificates of participation
- Tax and revenue anticipation notes

The City may, from time to time, find other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

Debt shall be issued as fixed-rate debt, unless the City Council makes a specific determination as to why a variable rate issue would be beneficial to the City in a specific circumstance.

Relationship of Debt to Capital Improvement Program and Budget

The City is committed to a long-term capital planning and may issue debt for the purposes stated in this Debt Policy for implementation of the City's capital budget and CIP.

The City's Debt Management Policy, Reserve Policy and Investment Policy will be considered in the decision-making framework utilized in the preparation of the City's CIP and long-term capital and financial planning, and its fiscal year budgeting process.

The City will fund the upkeep and maintenance of its infrastructure and facilities improvements due to normal wear and tear through the expenditure of available operating revenues rather than incurring debt.

The City shall integrate its debt issuances with the goals of its CIP by timing the issuance of debt to ensure projects are available when needed in furtherance of the City's public purposes or may be less expensive due to construction costs or low interest rates.

Debt Issuance

The City is committed to long-term financial planning, maintaining appropriate reserves and employing prudent practices in governance, management and budget administration, and systematic capital planning. The City will issue debt for the purposes stated in this Debt Policy and as approved by the City Council to implement policy decisions incorporated in the City's annual operations and capital budgets. Adoption of this Debt Policy will help ensure debt is issued and managed in a manner that protects the public interest.

Credit Rating

The City will do everything reasonably necessary to maintain optimum credit ratings for debt instruments. City staff, working with the City's Municipal Finance Advisor and/or Rate expert, shall be responsible for determining which of the major rating agencies will be asked to provide such a rating.

Method of Sale

Debt is typically issued under either a competitive or negotiated sale, or private placement. Determination of the appropriate method of sale to be recommended to the City Council for approval will rest with the City Manager, after consultation with the City Finance Director. There are a number of market factors that will affect the success of a debt offering and each should be carefully considered before selecting a method of sale. Those factors include, but are not limited to: 1) market perception of the City's credit quality, 2) interest rate volatility, 3) size of the proposed sale, term and average life, 4) complexity of the proposed issue, and 5) competition with other issuers for investor interest.

Debt Administration

The City will comply with:

A. Applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges; and

B. Applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds. Without limiting the foregoing, the City will periodically review the requirements of and will remain in compliance with the following:

    a. Any continuing disclosure undertakings entered into by the City in accordance with SEC Rule 15c2-12;

    b. Any federal tax compliance requirements, including without limitation, arbitrage and rebate compliance;

    c. The City's investment policies as they relate to the use and investment of bond proceeds; and

    d. California Government Code Section 8855(i) and the annual reporting requirements therein.

Proceeds of debt will be held either by:

A. A third-party trustee or fiscal agent, which will disburse such proceeds to or upon the order of the City upon the submission of one or more written requisitions by the City Manager or the City (or their written designee); or

B. The City, to be held and accounted for in a separate fund or account to ensure debt proceeds are expended only for the purposes for which the debt was issued, the

expenditure of which will be carefully documented by the City in records compliance with current accounting standards and subject to the City's annual audit.

Investment of Debt Proceeds

Proceeds of debt will be invested until used for the intended project(s) in order to maximize utilization of the public funds. The investment will be made to obtain the highest level of safety. The City Manager will oversee the investment of bond proceeds in a manner to avoid, if possible, and minimize any potential negative arbitrage over the life of the bond issue, while complying with arbitrage and tax provisions.

Debt Coverage Target

In determining the affordability of a proposed debt financing, the City will perform an analysis comparing projected annual net revenues, after payment of operating and maintenance expenditures, to estimated annual debt service and the estimate debt coverage ratio. The debt coverage ration is the amount of net cash flow available, divided by the annual interest and principle payments on debt.

The City's existing debt covenants for its share of the Central Coast Water Authority Certificates of Participation capital debt financing require a legal debt coverage ratio of at least 1.25.

Debt Service Reserve Balance

City staff will monitor dedicated debt service reserve fund balances, ensuring compliance with related reserve requirements (if applicable), and periodically review the advisability of prepayment or refunding of related debt. The financial advantages of a current refunding must outweigh the cost of issuing the refunding debt by a sufficient margin to justify it.

Call Options/Redemption Provisions

City staff will evaluate and recommend to the City Council the use of a call option, if any, and a call protection period for each issuance. A call option, or optional redemption provision, gives the City the right to repay or retire debt prior t its stated maturity. The option may permit the City to achieve interest savings in the future through refunding the debt. The cost of call options can vary widely, depending largely on market conditions, an evaluation of factors such as the call premium, time until the debt may be called at a premium or at par, and interest rate volatility.

Quarterly Reports

City staff will provide quarterly review and reporting to the City Council of the debt's financial performance, including capital expenditures and interest earnings.

Debt Service Payments

Necessary appropriation for annual debt service requirements will be reflected in the City's annual budget. Staff is responsible for timely annual payments.

Continuing Disclosure Requirements

The City is responsible for ensuring the City's annual financial statements, continuing disclosure reports, and material event notifications are posted on the City of Morro Bay website. The City may also contract with third-party consultant(s) to comply with its continuing disclosure obligations, and with Securities and Exchange Commission Rule 15c2-12(b)(5).

The City shall submit an annual report to the California Debt and Investment Advisory Commission for any issuance of debt for which it has submitted a report of final sale on or after the date of this

policy. The annual report shall comply with the requirements of Government Code section 8855 and related regulations.

Failure to comply with disclosure requirements may restrict the ability of the City to issue debt.

Investor Relations

Information that the City intends to make available to the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community shall be available on the City's Website.

The City will maintain proactive communications with the investment community, including rating agencies and investors, to ensure future capital market access at the lowest possible interest rates.

Records Retention

A copy of all relevant documents and records will be maintained by the City through the final maturity of the debt financing plus ten years. Relevant documents and records will include sufficient documentation to support the requirements related to maintaining the tax-exempt status of the debt financing.

RESOLUTION NO. 46-18

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING AN ENTERPRISE FUND ACCUMULATION RESERVE POLICY**

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay maintains accumulation funds for the water and sewer enterprise funds; and

WHEREAS, those accumulation funds were established as savings funds for capital projects and operational needs; and

WHEREAS, staff recommends the City Council adopt the proposed Enterprise Fund Accumulation Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Enterprise Fund Accumulation Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 13th day of June 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None

Jamie L. Irons
JAMIE L. IRONS, Mayor

ATTEST:

Lori M. Kudzma
LORI M. KUDZMA, Deputy City Clerk

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COUNCIL POLICY

ENTERPRISE FUND ACCUMULATION RESERVE POLICY

Policy Statement

The City of Morro Bay (City) Public Works Department, Water and Sewer Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within City limits and delivery of potable water to a similar number of customers.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Accumulation Reserve Policy ("Policy") is designed to establish guidelines to ensure fiscal stability of the Water and Sewer Enterprise Funds and provide guidance to staff in the financial management of the water and sewer Divisions.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the Water and Sewer Divisions. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the Water and Sewer Divisions as they help to:

- Maintain the short-term and long-term financial health of the Water and Sewer Enterprise Funds
- Maintain stable rates for customers and help ensure manageable rate increases
- Fund unanticipated expenditure contingencies
- Ensure funds exist for system improvements
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

Definitions

The Water and Sewer Accumulation Reserves will be classified as Unrestricted-Undesignated Reserves. Those reserves may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific capital and operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the levels, use, and replenishment of those types of unrestricted reserves. The Accumulation Reserves will be accounted for within fund balances held in the Water and Sewer Accumulation Funds.

Unrestricted-Undesignated Reserve Policy

The Water and Sewer Divisions will have sufficient Unrestricted-Undesignated cash accumulated to maintain or improve its credit ratings, ensure operating and maintenance costs will be paid in a timely manner, pay debt service obligations, invest in needed capital improvements and equipment replacement and other uses on a timely basis. In addition, the Water and Sewer Enterprise Funds

will maintain sufficient cash accumulation to minimize rate increases due to market volatility, weather impacts on demands, contingencies, and regulatory changes.

This Accumulation Reserve Policy outlines the appropriate types and target (minimum and maximum) levels of several reserve components, based on operational benchmarks, (as prescribed below) that combine the overall Unrestricted-Undesignated Accumulation Reserve target.

Operating/Maintenance (Working Capital)

The Operating/Maintenance component of this accumulation reserve is intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funding to allow the Water and Sewer Divisions to operate during short term fluctuations in revenues and/or expenditures.

Minimum Level: Equal to twenty five percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Target Level: Equal to thirty five percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Example:

FY 2018/19 Sewer Revenue Fund Total Expenditures (on-going annual expenditures)	$3,122,751
Target Level 35%:	x0.35
Target Cash Accumulation	$ 1,092,963

Debt Service

The Debt Service component of this accumulation reserve is intended to ensure the ability to make debt service payments in an extreme event that may impact the Water and/or Sewer Divisions' ability to provide services, thus impacting revenues at a time when critical infrastructure repairs are needed to restore systems. It is intended to prevent an event where the Water and/or Sewer Divisions would be unable to pay their debt service obligations during such emergencies, or extreme market disruptions. Debt service reserve will be held in accordance with any legal and/or reserve requirements associated with the debt issuance.

Rate Stabilization

The Rate Stabilization component of this accumulation reserve is intended to help minimize significant potential fluctuations in the Water and Sewer rates for the system operations. This policy establishes a baseline target for the Rate Stabilization component in an amount equal to 5% of the prior fiscal year's water and sewer service revenues only. The funding level of this reserve can go up or down depending on the year to year changes in the service revenues. The Rate Stabilization component can be treated as a coverage stabilization tool enabling transfers into and out of the Water and Sewer Revenue Funds, as determined necessary by the Finance Director, after consultation with recommendation of the Water and Sewer Divisions' personnel and Public Works Director.

Withdrawal & Replenishment of Accumulation Reserves

The Water and Sewer Divisions will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process or as needed by the Finance Department.

To the extent Unrestricted-Undesignated Accumulation Reserves are above the target levels, the Council has the flexibility to direct staff to utilize those available funds to pay for capital projects (reducing the need for future debt), pay down liabilities and/or buy-down outstanding debt, or reduce rates.

Reserve levels below the minimum target reserves would leave the Water and Sewer Divisions exposed to operational risks. If the Water and Sewer Divisions draw down the reserves below the minimum targeted level, then the Water and/or Sewer Divisions, in conjunction with the Finance Department will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

Accumulation Reserve Levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Accumulation Reserve minimum and target levels will be analyzed annually by the Water and Sewer Divisions and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation. If Unrestricted-Undesignated Accumulation Reserve levels need adjustment due to new risk factors or changes in the industry, that information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department, in conjunction with the Water and/or Sewer Divisions as needed.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

RESOLUTION NO. 62-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, RESCINDING RESOLUTION NO. 42-18, AND RE-ESTABLISHING A UTILITY DISCOUNT PROGRAM FOR ELIGIBLE CUSTOMERS

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, on August 28, 1995, the Morro Bay City Council adopted Resolution No. 103-95, which established economic hardship criteria, and a program for water rate adjustments; and

WHEREAS, on July 14, 2015, the Morro Bay City Council adopted Resolution No. 54-15, which established economic hardship criteria, and a program for water/sewer rate adjustments; and

WHEREAS, on June 13, 2018, the Morro Bay City Council adopted Resolution No. 42-18, which re-established a Utility Discount Program for eligible customers; and

WHEREAS, the Morro Bay City Council now wishes to rescind Resolution No. 42-18; and

WHEREAS, the City Council wishes to re-establish the Utility Discount Program for eligible customers and clarify the applicable revenues and criteria for qualifying for the program.

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

1. Resolution No. 42-18 is hereby rescinded; and
2. The City wishes to extend rolling, on-going enrollment for one fiscal year, July 1, 2018 through June 30, 2019. The pilot rolling enrollment period will provide for expanded efforts to enroll as many eligible customers into the program as possible while assessing the City's ability to fund the program for the increased enrollment base; and
3. The funding for this Program will come from the prior fiscal year's actual water and sewer penalties, voluntary donations and other non-rate revenue Council deems appropriate; and
4. The maximum discount is 10-percent of the customer's Water/Sewer bill per month; and
5. The determinant for qualification will be participation in the PG&E Customer Care program; and
6. Staff is directed to make changes to the application material and policy reflecting the aforementioned criteria, as appropriate.

PASSED AND ADOPTED by the City Council of the City of Morro Bay, at a special meeting thereof held on the 14th day of August 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None

Jamie L. Irons
JAMIE L. IRONS, Mayor

ATTEST:

Dana Swanson
DANA SWANSON, City Clerk

RESOLUTION NO. 63-18

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING A PENALTY WAIVER POLICY FOR UTILITIES**

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, The City of Morro Bay charges a ten (10) percent penalty on late utility payments; and

WHEREAS, the City of Morro Bay charges a "tag notice fee" for the delivery of turn-off notices to a customer's address; and

WHEREAS, staff recommends the City Council adopt the proposed Penalty Waiver Policy for Utilities to formalize a policy for consistent administrative application by staff.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, that the "Penalty Waiver Policy for Utilities" as documented in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 14th day of August 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

COUNCIL POLICY

Penalty Waiver Policy for Utilities

Policy Statement

The City of Morro Bay (City) Public Works Department, Water and Sewer Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within City limits and delivery of potable water to a similar number of customers.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Penalty Waiver Policy for Utilities ("Policy") is designed to establish guidelines to allow for utility customer penalty waivers under qualifying circumstances.

Purpose

The Penalty Waiver Policy for Utilities establishes a mechanism and authority for providing billing adjustments to forgive penalties and/or tag notice fees. An adjustment of the full amount of the penalty or tag notice fee may be made one time during a twenty-four-month period.

Definitions

Penalty – ten percent (10%) of the unpaid, past-due balance on a utility account, assessed the first day of the month following due date.

Tag Notice – fee charged for the physical posting of shut-off notices at the customer's location.

Waiver – forgiveness of the penalty or tag notice amount.

Waiver of Penalty

The City bills utility customers monthly for water and sewer services. For any account with an unpaid balance, a ten percent (10%) penalty on the unpaid balance is assessed starting the first day of the first month following the due date. In addition, the City notices applicants that are delinquent that utilities will be shut off via a "tag notice." Customers are assessed a fee for "tag notices" to recover the cost of staff physically posting the shut-off notice at the customers location. The tag notice fee is identified in the City's Master Fee Schedule which is updated and adopted annually.

One penalty or tag notice fee waiver may be offered to customers during a twenty-four-month period. City staff, including Account Clerk staff working with customers to bring accounts current, may offer the penalty forgiveness without further approval. Either the utility customer or associated customer may request penalty forgiveness. Such approval will be documented in the customer's account notes with the following information:

- Date of conversation with customer and customers name requesting waiver
- Notes regarding customer's request or circumstances

- Penalty waiver offered (either 1st or 2nd waiver)
- Date of waiver and amount
- Employee approving the waiver

This policy applies to all customers of the City of Morro Bay who have a utility billing account with the City. The Finance Department is responsible for the administration and enforcement of this policy.

RESOLUTION NO. 84-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ESTABLISHING THE CITY OF MORRO BAY'S ACCOUNTING AND FINANCIAL REPORTING POLICIES RELATED TO FINANCIAL MANAGEMENT, UNCLAIMED PROPERTY, FRAUD, WASTE AND ABUSE, DISPOSAL OF SURPLUS PROPERTY AND EQUIPMENT, PURCHASE ORDERS, THE WATER RECLAMATION FACILITY RATE SURCHARGE ADJUSTMENT AND PROPRATION FOR UTILITY BILLS AND NOTIFICATION TO CUSTOMERS POLICY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and community; and

WHEREAS, the Accounting and Financial policies include those regarding (i) financial management, (ii) property notification and disposal of unclaimed property, (iii) fraud, waste and abuse, (iv) disposal of surplus equipment and property, (v) utilization of purchase orders, (vi) annually review of the Water Reclamation Facility surcharge and (vii) proration of utility bills and notification to customers; and

WHEREAS, staff recommended the City Council adopt a Financial Management Policy, Unclaimed Property Policy, Fraud, Waste and Abuse Policy, Surplus Property Policy, Purchase Order Policy, Water Reclamation Facility Rate Surcharge Policy and Proration of Utility Bills and Notification to Customers Policy, all of which demonstrate the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

Section 1. The City Council hereby approves:

a. the Financial Management Policy, as set forth in Exhibit A, attached hereto and incorporated herein,

b. the Unclaimed Property Policy, as set forth in Exhibit B, attached hereto and incorporated herein,

c. the Fraud, Waste and Abuse Policy, as set forth in Exhibit C, attached hereto and incorporated herein,

d. the Disposal of Surplus Equipment and Property Policy, as set forth in Exhibit D, attached hereto and incorporated herein,

e. the Purchase Order Policy, as set forth in Exhibit E, attached hereto and incorporated herein,

f. the WRF Rate Surcharge Adjustment Policy, as set forth in Exhibit F, attached hereto and incorporated herein, and

g. the Proration for Utility Bills and Notification to Customers Policy, as set forth in Exhibit G, attached hereto and incorporated herein.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9th day of October 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None
ABSTAIN: None

JAMIE L. IRONS, Mayor

ATTEST:

DANA SWANSON, City Clerk

COUNCIL POLICY

FINANCIAL MANAGEMENT POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion. As such, it is prudent for the City to establish sound financial management policies that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's key accounting policies and procedures to provide guidance to City staff and transparency on City policies. The City's accounting records are to be maintained in full accordance with Generally Accepted Accounting Principles (GAAP), as established by the Government Accounting Standards Board (GASB). Government fund types (General Fund, Special Revenue Funds, Capital Project Funds and Debt Service Funds), agency funds and expendable trust funds are maintained via a modified accrual basis of accounting. Proprietary fund types (Enterprise Funds and Internal Service Funds) and nonexpendable trust funds are maintained via an accrual basis of accounting.

Basis of Accounting

Basis of Accounting refers to the time when revenues and expenditures are recognized in the accounts and reported in the financial statements. The City uses the modified accrual basis of accounting for monthly accounting purposes. Annual financial reports are prepared using the Governmental Accounting Standards Board Statement No. 34 (GASB 34), which is based on full accrual accounting.

Definitions

Modified Accrual: An adaptation of the accrual basis of accounting for government fund types. Revenues and other financing resources are recognized when they become available to finance expenditures of the current period. Expenditures are recognized when the fund liability is incurred.

Accrual Basis: Sometimes called "full accrual" basis. A basis of accounting in which revenues are recognized when earned regardless of when they are received, and expenses are recorded at the time the liability is incurred, regardless of when it is paid.

Audits

General financial audits are performed annually by an independent auditor designated by the staff and approved by the Council. Other special purpose audits are conducted from time to time as needed. All employees are required to disclose and furnish information when called upon to do so as promptly as possible, in an open and honest fashion.

Budget

The City maintains a balanced budget on an annual basis. Revenues and expenditures are estimated on the basis of reasonable and conservative assumptions. Funding for current expenditures comes from current revenues, with operating and capital budget items clearly distinguished and reported separately.

The budget is presented to the Council for review and adoption, along with the City's Appropriations Limit and Investment Policy for the approved budget's fiscal year.

Reporting and Record Keeping

The City provides reports to the Council on a quarterly basis indicating the status of the approved operating and capital budgets as well as a summary of the City's investments. In addition, the finance department uploads accounts payable check registries and payment batch detail to the City's website as well as the monthly cross fund reports and cash statements upon completion of the monthly reconciliation process. The cross-fund reports and cash statements provide the cash balances of all funds and investment(s). Additional financial reports are prepared as needed when requested and required by staff and committee volunteers. Annually the city files financial reports with the State Controller's Office and prepares a Comprehensive Financial Report (CAFR).

Financial Institution Account Authorization

The City's cash is pooled from all sources and funds and held in various financial accounts, including Rabobank, Opus Bank, and an investment account with Local Agency Investment Fund (LAIF). For more information on LAIF, please refer to the City's Investment Policy.

City Council approved accounts:

Revenue deposits (including direct deposits from the State of California) and payment of accounts payable drafts (including EFT withdrawals) are transacted with the City's account held at Rabobank. City issued checks are signed, via electronic signature, by the Mayor or Vice Mayor, and the Finance Director or City Manager (or another designated staff member if necessary).

LAIF and OPUS Investment account:

The City's reserves are held with LAIF and Opus bank accounts. Periodically, LAIF requests updated account access authorization for transfers of funds. The account access authorization is updated with LAIF when required and/or as requested by LAIF.

Accounting System – Fund Accounting

The accounts of the City are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City uses three fund types as follows:

Fund Classification: Governmental Funds

1. **Fund Type: General Fund.** The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

2. **Fund Type: Special Revenue Fund**. These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Fund Classification: Fiduciary Funds

1. **Fund Type: Agency Funds**. These funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

Fund Classification: Proprietary Funds

1. **Fund Type: Enterprise Funds**. These funds are used to account for assets held by the City's enterprise activities, the funds that sell goods and services and lease properties to the general public, such as the City's water, sewer and harbor funds.

Cost Allocation Plan

The annual Citywide Cost Allocation Plan (CAP) identifies the cost of administrative support for all departments and special funds. Use of the plan include:

1. To ensure all direct and indirect costs associated with providing services are included in the calculation of user fees and charges. For example, the CAP is the basis for the indirect cost component of the fully burdened hourly rate used to calculate the cost of City staff providing fee services.
2. To develop the Federally approved A-87 overhead rate.
3. To charge administrative support costs to the enterprise and assessment districts.

Prepaid Expenses

Prepaid expenses are goods or services paid for and recorded in advance of their use or consumption in the course of business, which represent expenses for the next fiscal year and, therefore, should properly be reported as a current asset at June 30.

Typical types of prepaid expenses include insurance, annual memberships and subscriptions, and multi-period service contracts. City Departments should analyze expenses, and consider the following items:

- Annual subscriptions or periodicals
- Annual membership dues
- Multi-year equipment service contracts
- Any types of advance paid to a third party or employees

It is the City's policy to amortize prepaid expenses, totaling over $1,000, for the portion consumed or used during the current fiscal and record as a prepaid expense the portion that will be consumed during the following fiscal year if $1,000 or greater. To do that, Departments must identify expenses for goods or services paid in the current fiscal year with future economic benefits as prepaid expenses and other assets. For expenses requiring a purchase order, Departments shall charge the expense for the current fiscal year to the appropriate general ledge expense account and the prorated amount of the expense for the following fiscal year to the prepaid account.

Reporting and Oversight of Prepaid Expenses

At year-end, an analysis should be performed, and entries should be made to record prepaid expenses on the Statement of Net Position (SNP). The Finance Department is responsible for reviewing transactions, invoices and records to ensure that prepaid expenses totaling over $1,000 are accounted for in this manner.

Petty Cash

The City maintains total Petty Cash on hand in the amount not to exceed $1,100, which is to be used for small reimbursements and expenditures required during day-to-day operations. Examples of items for which petty cash reimbursement may be requested by employees or volunteers are:

- Meal reimbursements
- Mileage reimbursements
- Purchase of miscellaneous kitchen, office and maintenance supplies
- Parking and toll fees

Generally, petty cash reimbursements are to reimburse employees for smaller expenditures ($50-75) that occur as incidental City-related expenses. Larger reimbursements (over $75) and/or anticipated fees/registrations are to be processed via the twice-monthly regular accounts payable process.

Petty Cash reimbursement requests must be accompanied with the receipt(s) and are to be submitted to the Department Director or his or her designee for review and approval. Prior approval should be obtained whenever possible to verify the expenditure is needed. Reimbursements over $75 are to be approved by the City Manager prior to disbursement.

Each City Facility housing a City Department may elect to maintain a Petty Cash fund. Departments electing to do so must maintain their own Petty Cash funds. Each Department's Petty Cash fund is not to exceed $300. The Finance Director or his or her designee as authority to approve petty cash funds up to $300, with expenditures from those funds governed by the above.

The Departments are responsible for maintaining adequate funds in the City's Petty Cash and will replenish funds as necessary through a "Petty Cash Reimbursement" submission, which will include all receipts/disbursement slips that are being reimbursed.

Reporting and Oversight of Petty Cash

The Departments are responsible for maintaining adequate funds in the City's Petty Cash and will replenish funds as necessary through a "Petty Cash Reimbursement" submission, which will include all receipts/disbursement slips that are being reimbursed. The Finance Department will maintain a list of authorized Petty Cash Funds and approved amounts as well as count and verify petty cash unannounced at least annually at year-end, and more frequently should it be deemed necessary by the Department Director, Finance Director or City Manager. Discrepancies in the Petty Cash Fund will be reported to the Department Director and City Manager for appropriate action.

Change Drawer

In addition to Petty Cash, the City maintains change drawers in a total amount not to exceed $800. Cash drawers are maintained and to be used for making change only and are not meant to be reimbursement funds.

Each City Facility housing a City Department that services the general public through cash transactions may elect to maintain a change drawer. Departments electing to do so must maintain their own change drawers. Each Department's change drawer is not to exceed $400.

The Finance Director or his or her designee as authority to approve change drawers up to $400.

Reporting and Oversight of Change Drawer

The Departments are responsible for maintaining adequate funds in the Change Drawer. The Finance Department will maintain a list of change drawers and authorized balances as well as count and verify change drawers at least annually at year-end, and more frequently should it be deemed necessary by the Department Director, Finance Director or City Manager. Discrepancies in the change drawer will be reported to the Department Director and City Manager for appropriate action.

The daily transaction activity through the change drawer is balanced daily in conjunction with the daily revenue posting batches and bank deposit preparation. Any cash short or over instances are posted to a cash variance account in the general fund, which can be monitored by the Finance Director or designee.

Daily Bank Deposit

All cash and checks received into the Finance Department are to be processed timely and deposited into the bank institution by the next business day. All checks and cash not yet deposited are to be kept in a locked file cabinet.

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COUNCIL POLICY
UNCLAIMED PROPERTY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing public safety, public works, harbor, recreation and building, planning and development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The unclaimed property policy established guidelines for city staff to properly transact unclaimed property.

Purpose

The purpose of the unclaimed check policy is to provide the proper mechanism to take possession of long-standing unclaimed checks in accordance with government statutes and to ensure the propriety of the related accounting transactions.

Definitions

Unclaimed Money: If money (cash or check) that is not the property of the City remains unclaimed for a period of more than three years, then it shall become the City's property no less than forty-five days and no more than sixty days after an initial public notice is published regarding that unclaimed money (Government Code sections 50050 and 50051).

Unclaimed Money Policy

A. At any time after the expiration of the three-year period, the City will cause a notice to be published once a week for two successive weeks in a newspaper of general circulation.

B. Before or on the date of the unclaimed money is to revert to the City, a party may file a claim for all or a portion of the amount of an unclaimed money. The City shall either accept or reject a claim. If the City rejects the claim, then the claimant may file a complaint against the City seeking to recover all or a portion of the money, and serve a copy of the complaint and the summons on the City within thirty days after receiving notice the claim was rejected. If a complaint is filed, then the City must hold the claimed money until the dispute is resolved (Government. Code section. 50052).

C. The notice shall include the following information:
   a. The individual or business name as shown on the issued check, if applicable.

b. The check date, number and the amount of money on the issued check, if applicable.
c. A statement announcing the money shall become the property of the City of Morro Bay on a date that is not less than forty-five days after the first publication of the notice. (See Exhibit I.)

D. Proof of publication from the newspaper is to be retained in accordance with the City's records retention policy as proof the City published the required notice for two consecutive weeks.

E. Upon or prior to publication, a party of interest may file a claim which must include the following information:
   a. The claimant's name, address and telephone number.
   b. Social Security Number or Federal Employer Identification Number.
   c. Proof of identify such as a copy of a driver's license, social security card or birth certificate.
   d. The amount of the claim.
   e. The grounds on which the claim is founded. (See Exhibit II).

F. The City Manager, or his or her designee, may release to the party of the unclaimed money, or its heir, beneficiary, or duly appointed representative, unclaimed money if it is claimed before the date the unclaimed money becomes the City's property, and the claimant submits proof satisfactory to the Finance Director or City Attorney. (Govt. Code Sect. 50052.5.)

G. When the unclaimed money becomes the property of the City and is in a Special Fund, the City Council may transfer it by resolution to the General Fund. (Gov. Code Sec. 50053.)

H. Subject to G., above, when unclaimed money reverts to the City's property, the money will automatically be credited to the City's fund from which the money was originally drawn.

I. Any individual unclaimed check of less than Fifteen Dollars, or any amount if the depositor's name is unknown, which remains unclaimed for a period of at least one year may be reverted, without publication of notice, to the City and credited to the fund from which the check originated. (Government. Code Section 50055)

J. The responsibilities of the Finance Director may be delegated by the Finance Director to the department that maintains the supporting records of the unclaimed money based on the initial receipt or deposit of that money or both. (Government Code Section 50056.)

K. Disbursement and Money Transfer
   1. Except as otherwise provided in this procedure, the Finance Department may release to the claimant of unclaimed money, or its heir, beneficiary, or duly appointed representative, the amount of the unclaimed money:
      i. If the claim is filed prior to the date the money becomes the property of the City of Morro Bay.
      ii. If proof substantiating the claim is conveyed in writing, including all items detailed in the item "E" of this policy.
      iii. After proper documentation is secured, payment request is

prepared to release money based upon approved Claim Form.

2. Upon rejection of the depositor's claim by the Finance Department (Exhibit III), the depositor may file a verified complaint seeking to recover all, or a designated part, of the money in a court within San Luis Obispo County. The Finance Department shall be served with a copy of the complaint and summons which must be served within thirty days after the claimant received notice of rejection of that claim. The Finance Department shall withhold the release of the portion of unclaimed money for which a court action has been filed until a decision is rendered by the court.

3. Upon close of business on the forty-fifth (45) day after publication of the first notice, the unclaimed check amounts revert to the City of Morro Bay. When the unclaimed checks become the property of the City of Morro Bay and are in a special fund, the City Council may transfer them to the General Fund. See Exhibit IV.

4. Unclaimed checks of less than Fifteen Dollars that are more than twelve months old will be transferred to the General Fund by the City Council. See Exhibit V.

L. Accounting Transactions

1. If unclaimed money is claimed prior to the date designated in the Public Notice, then the Finance Department will verify the claimant's supporting information and if the claimant satisfies all conditions required under this procedure, the City will issue a new check for the claimed amount to the claimant.

2. Upon the close of business on the forty-fifth day after the initial notice is published, the remaining unclaimed money with a value of Fifteen Dollars or more will revert to the City. Those moneys will be transferred to a miscellaneous General Fund revenue account upon City Council approval. (Exhibit IV)
   I. Accounts payable checks will be voided, a journal entry will be prepared to reclass the account number from original to non- departmental Miscellaneous Revenue, Unclaimed Property account 100-90-001 480-406. This way the transaction will Debit Cash and Credit the above revenue account without changing the original Expense or Revenue account.
   II. Payroll checks will be voided through the payroll void process. In addition, a journal entry will be prepared to Debit the original expense account and Credit the Miscellaneous Revenue, Unclaimed Property account 100-90-001 480-406.
   III. The records of voided checks must be retained in Accounting in accordance with the City's records retention policy.

3. As of March 31st, annually, all outstanding checks of less than Fifteen Dollars from Accounts Payable and Payroll will be checked to determine those checks that have issue dates over twelve months. Those amounts will then be set into a resolution

for the City Council to approve, transferring these amounts to the General Fund miscellaneous revenue account. Follow steps i, ii, and iii above.

Public Notice

A. Semi-annually, on or about April 30 and October 31, all unclaimed checks/money of at least Fifteen Dollars will be reviewed to determine those that have an issue/deposit date older than three years. Upon review a determination will be made to proceed if the total unclaimed checks exceed the cost to publish a public notice.

B. Checks with an issue date older than three years will be given notice and published once a week for two successive weeks in a newspaper of general circulation selected by the City Manager, or his or her designee, concurrently. Those notices shall include the following information:
   a. The individual or business name as shown on the unclaimed check.
   b. The amount of the unclaimed check.
   c. A statement that the unclaimed check shall revert to the City's property on a date that is not less than forty-five (45) days after the notice is first published.

C. Proof of publication from the newspaper shall be retained in accordance with the City's records retention policy as evidence of meeting the publishing requirements as stated in this policy.

Release and Disbursement

A. Except as otherwise provided in this policy, the City Manager, or his or her designee, may release to the claimant of an unclaimed money, or its heir, beneficiary, or duly appointed representative, the amount of the unclaimed money, if all of the following are met:
   a. The claimant files a claim on or before the date the unclaimed money reverts to the City's property;
   b. The claimant submits sufficient proof substantiating the claim in writing to the City, including the following:
      i. Claimant's name, address and telephone number;
      ii. Social security number of FEIN;
      iii. Proof of identity; such as a copy of driver's license, state-issued identification card, social security card, or birth certificate;
      iv. The amount of the claim; and
      v. The grounds on which the claim is founded.
      vi. The claimant signs a form approving the City's request to stop.
      vii. Payment of the original unclaimed check and releasing the City from further claim against said amount.

Reporting and Oversight

The Finance Department is responsible for oversight and administration of the unclaimed money process. Reporting of notices for unclaimed money will be provided to City Council during the quarterly budget updates and as needed.

Attachments:

Exhibit I - Sample of Public Notice

Exhibit II - Sample of Unclaimed Money – Claim Form

Exhibit III - Sample of Money Claim Rejection Form

Exhibit IV – Resolution to transfer unclaimed check funds to the General Fund

Exhibit V - Resolution to transfer unclaimed funds of checks less than fifteen dollars (15) each, or any amount, if the depositor's name is unknown to the General Fund

Exhibit I – Sample of Public Notice

PUBLIC NOTICE

NOTICE IS HEREBY GIVEN THAT, the Finance Department of the City of Morro Bay, County of San Luis Obispo, State of California, declares that the following monetary sums have been held by the City of Morro Bay and have remained unclaimed in the funds hereafter indicated for a period of over three (3) years and will become the property of the City of Morro Bay on the xx the day of the Month, Year, a date not less than forty-five (45) days after the first publication of this Notice.

Any party of interest may, prior to the date designated herein above, file a claim with the City's Finance Department which includes the claimant's name, address and telephone number, Social Security Number or Federal Employer Identification Number, amount of claim, the grounds on which the claim is founded. The Unclaimed Money Claim Form can be obtained from the City Hall at 595 Harbor Street, Morro Bay, CA. 93442, or from the City's website at www.morrobayca.gov. Proof of identify such as a copy of a driver's license, social security card or birth certificate must be provided before funds will be released. With any questions, please contact the City of Morro Bay, Finance Department at (805) 772-6222.

This notice and its contents are in accordance with California Government Code Sections 50050-50056.

Check Date	Check Number	Payee Name	Check Amount

Jennifer Callaway

Finance Director

Exhibit II – Sample of Unclaimed Property – Claim

CITY OF MORRO BAY
UNCLAIMED PROPERTY – CLAIM FORM

Return completed form to:
City of Morro Bay

Finance Department,
Accounts Payable
595 Harbor Street

Morro Bay, CA 93442

Pursuant to California Government Code Section 50052, I wish to file a claim for a previously unclaimed check in the amount of $_____that was published in the _____ on_____. The grounds on which I file this claim are:

_____

_____

_____

_____ _____

Vendor or Individual Name (Printed) Taxpayer I.D. or Social Security No.

_____ _____

Vendor or Individual Name (Signature) Telephone Number

_____

Address

_____

City/State/Zip Code

FOR FINANCE DEPARTMENT ONLY

Exhibit II – Sample of Unclaimed Property – Claim

Proof of Identity Verified (check one):

Driver's License Social Security Card Birth Certificate

Verified By:_____Date: _____

Claim: Approved Rejected Reason for Rejection: _____

Reviewed By: _____Date:_____

Exhibit III – Sample of Property Claim Rejection Form

CITY OF MORRO BAY
PROPERTY CLAIM REJECTION FORM

The City of Morro Bay has rejected the unclaimed property claim of:

Vendor or Individual Name: _____

Taxpayer I.D. or Social Security Number: _____

Address:_____

City/State/Zip Code: _____

Original Check Date: _____

Original Check Amount: _____

The grounds on which this claim has been rejected are:

_____

_____

_____

Exhibit III – Sample of Property Claim Rejection Form

_____

_____

Under California Government Code Section 50052, you have the right to file a verified complaint seeking to recover all, or a designated part, of the money in a court of competent jurisdiction within San Luis Obispo County. A copy of the complaint and the summons issued thereon must be served within thirty (30) days of receiving this notice of rejection. Upon being served, the Finance Director will withhold the disputed amount from being released until a decision is rendered by the court.

Jennifer Callaway
Finance Director

Exhibit IV – Resolution to transfer unclaimed property funds to the General Fund

CITY OF MORRO BAY

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE TRANSFER UNCLAIMED MONEY FROM THEIR RESPECTIVE SPECIAL FUND(S) TO THE GENERAL FUND PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50053

WHEREAS, the attached list of checks has been outstanding and unclaimed in special funds for more than three years; and

WHEREAS, the City has provided public notice as required in California Government Code sections 50050 and 50051 and the City's Unclaimed Check Policy,

NOW THEREFORE, BE IT RESOLVED, in accordance with California Government Code Section 50053, the unclaimed money on the attached list in the total amount of $00.00 shall be transferred from the respective special funds(s) to the General Fund's non- departmental revenue account.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at the City Council Meeting held on the xxth day of xxx, by the following vote:

AYES:

NOES:

ABSENT:

_____

, Mayor

ATTEST:

_____

, City Clerk

Exhibit V – Resolution to transfer unclaimed property of checks less than fifteen (15) dollars each, or any amount, if the depositor's name is unknown to the General Fund

CITY OF MORRO BAY

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, APPROVING THE TRANSFER OF UNCLAIMED MONEYS FROM THEIR RESPECTIVE FUND(S) TO THE GENERAL FUND PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 50055

WHEREAS, the attached list of checks has been outstanding and unclaimed in special fund(s) for more than three years; and

WHEREAS, each of the checks listed on the attached summary is less than Fifteen Dollars or any amount, if the depositor's name is unknown,

NOW THEREFORE, BE IT RESOLVED, in accordance with California Government Code Section 50055, the unclaimed money on the attached list in the total amount of $00.00 shall be transferred from the respective funds(s) to the General Fund's non-departmental revenue account.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at the City Council Meeting held on the xxth day of xxx, by the following vote:

AYES:

NOES:

ABSENT:

_____

, Mayor

ATTEST:

_____

, City Clerk

COUNCIL POLICY

FRAUD, WASTE AND ABUSE[1] POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion.

As such, it is the City's intent to establish policy to ensure elected officials, committee and commission members, volunteers and employees are aware of the following:

1. A constructive culture requires integrity in the administration of the City's resources to ensure public trust. The City is committed to protecting the organization, its operations, its employees and its assets against fraud, forgery, dishonesty, theft and other similar improprieties. Activities of this type will not be tolerated under any circumstances.
2. This policy applies to any irregularity, or suspected irregularity, involving employees, consultants, vendors, contractors, outside agencies, and/or any other parties with a business relationship with the City.
3. Any investigative activity required will be conducted in an objective and impartial manner without regard to the suspected wrongdoer's length of service, position, title, or relationship to the City of any party who might be or become involved in or becomes the subject of such investigation.
4. All employees are responsible for the detection, reporting and prevention of fraud, misappropriations, forgery, dishonesty, theft and other irregularities.

Purpose

To establish the City's commitment to protecting its assets against fraud, waste and abuse. The purpose of this policy is to establish a policy and procedures for clarifying acts that are considered to be fraudulent, describing the steps to be taken when fraud or other related dishonest activities are suspected, and providing procedures to follow in accounting for missing funds, restitution and recoveries.

Definitions

The California Government Code, subdivision 53087.6(f)(2), defines the term **"fraud, waste, or abuse"** as:

"Any activity by a local agency or employee that is undertaken in the performance of the employee's official duties, including activities deemed to be outside the scope of his or her employment, that:

- Is in violation of any local, state, or federal law or regulation relating to: fraud, corruption, malfeasance, bribery, theft of government property, fraudulent claims,

[1] For purposes of this policy abuse is as defined herein and is not intended to include harassment, which is governed by other laws and policies.

coercion, conversion, malicious prosecution, misuse of government property, or willful omission to perform duty,

- Is economically wasteful, or
- Involves gross misconduct."

Some of these improprieties may be defined as follows:

Fraud – the intentional false misrepresentation or concealment of material fact for the purpose of personal gain for oneself or others; or inducing another to act similarly. Fraud and other similar irregularities include, but are not limited to:

a. Claim for reimbursement of expenses that are not job related or authorized.

b. Forgery or unauthorized alteration of documents (checks, promissory notes, time sheets, independent contractor agreements, purchase orders, budgets, etc.)

c. Misappropriation of City assets (funds, securities, supplies, furniture, equipment, etc.)

d. Improprieties in handling or reporting of money transactions.

e. Authorizing or receiving payment for goods not received or services not performed.

f. Computer-related activity involving unauthorized alteration, destruction, forgery, or misrepresentation of data or misappropriation of City-owned software.

g. Misrepresentation of information on documents.

h. Any apparent violation of Federal, State or Local laws related to dishonest activities or fraud.

i. Seeking or accepting anything of material value from those doing business with the City including vendors, consultants, contractors, lessees, applicants, and grantees. This shall not include any gifts or other items of material value declared by employees and/or City Council members on annual Statements of Economic Interest as required by the Fair Political Practices Commission. Furthermore, acceptance of any item intended to be a gift to City staff as a whole and not for a specific individual shall not be considered an act of fraud.

Employee or Official – In this context, employee refers to any individual or group of individuals who receive compensation, either full or part-time, from the City. The terms also includes any volunteer who provides services to the City through an official arrangements with the City or a City organization, as well as consultants, vendors, contractors, outside agencies and/or any other parties with a business relationship with the City. In this context Official means any elected or appointed City officer or official.

Management – In this context, management refers to any administrator, manager, director, supervisor, or other individual who manages or supervises funds or other resources.

Investigator – In this context, Investigator refers to any person or persons assigned by the Department Director and Finance Director to investigate any fraud or similar activity.

External Auditor – In this context, External Auditor refers to independent audit professionals who perform annual audits of the City's financial statements.

Fraud, Waste and Abuse Policy

It is the City's intent to fully investigate any suspected acts of fraud, misappropriation, or other similar irregularity. Each department of the City is responsible for instituting and maintaining a system of internal controls to provide reasonable assurance for the prevention and detection of fraud, misappropriations, and other irregularities. Management should be familiar with the types of improprieties that might occur within their area of responsibility and be alert for any indications of such conduct.

If a claim of fraud occurs, then an investigation shall ensue. The Investigator, in conjunction with the City Attorney (unless the claimant or subject of the claim) and representatives of the California Joint Powers Insurance Authority (CJPIA), has the primary responsibility for the investigation of all activity as defined in this policy. If the investigation substantiates inappropriate activities have occurred, then the City Clerk and/or Finance Director (unless one is the claimant or subject of the claim, and in that situation the City Attorney) will issue status reports to the City Manager. Immediately thereafter, the City Manager, in consultation with the City Attorney, will issue status reports to appropriate designated personnel and, if appropriate, to the City Council in accordance with the Brown Act. and possibly to the public, in accordance with applicable law.

Decisions to refer the investigation results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with the City Attorney (unless the claimant or subject of the claim and then with legal counsel) and the City Manager, as will final decisions on disposition of the case except to the extent that the initiation of litigation may require approval by the City Council.

Confidentiality

All information received that is related to an allegation of fraud, waste and abuse will be kept confidential to the extent that it can. Any employee who witnesses or has direct knowledge of inappropriate activity shall notify the City Clerk and/or Finance Director immediately, and should not attempt to personally conduct investigations or interviews/interrogations. (See REPORTING PROCEDURE section below.)

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. That is important in order to avoid damaging the reputations of persons under investigation but who are subsequently found innocent of wrongful conduct and to protect the City from potential civil liability. Public disclosure shall be made only in accordance with applicable law.

Authorization for Investigating Suspected Fraud, Waste and Abuse

The City Clerk and/or Finance Director, or authorized representative, will have access to, and authority to examine any and all records, documents, systems and files of the City and/or other property of any City department, office or agency. It is the duty of any officer, employee or agent of the City having control of such records to permit access to, and examination thereof, upon the request of the City Clerk and/or Finance Director or his or her authorized representative. It is also the duty of any such officer, employee or agent to fully cooperate with the City Clerk and/or Finance Director, or authorized representative, and to make full disclosure of all pertinent information. The City Clerk and/or Finance Director shall also be permitted access to any and all records, documents, systems and files of any City vendor or contractor as allowed by City agreements and contracts.

Reporting Procedures

Great care must be taken in the investigation of suspected improprieties or irregularities so as to avoid mistaken accusations or alerting suspected individuals that an investigation is under way. Individuals filing a report concerning a possible violation or suspected violation must be acting in good faith and have reasonable grounds for believing that fraud, waste or abuse has been committed. Allegations that prove to have been made maliciously, or knowingly to be false, will be viewed as a serious matter possibly subjecting the reporting party civil liabilities and/or disciplinary action, up to and including termination.

Any employee, or other interested complainant, who discovers or knows of fraudulent activity will have several options to report. Reporting can occur by:

- Contacting the City Clerk – either in person, by mail, by email or by direct phone call at (805) 772-6205;
- Contacting the Human Resources Analyst – either in person, by mail, by email, or by direct phone call at (805) 772-6207;
- Contacting the Finance Director – either in person, by mail, or by direct phone call at (805) 772-6217;
- Contacting the City Manager - either in person, by mail, by email or by direct phone call at (805) 772-6206;
- Contacting the City Attorney - either in person, by mail, by email, or by phone call at (310) 527-6660; or
- Contacting the Chief of Police - either in person, by mail, by email or by direct phone call at (805) 772-6237.

The following information is necessary to begin and continue processing a complaint/concern:

- The alleged misconduct involves a City employee, a contractor, or a vendor doing business with the City.
- Name of the individual(s) involved.
- Specific information regarding the alleged misconduct e.g. circumstances related to the misconduct, where and when the misconduct occurred, etc.

During the initial review of complainant report(s), the City Clerk and/or Finance Director will hold in confidence information disclosed, including the identity of the caller disclosing the information and the parties identified by the caller as allowed under Government Code §53087.6.

The complainant may remain anonymous to the extent allowed by law. All inquiries concerning the activity under investigation from the suspected individual, his or her attorney or representative, or any other inquirer should be directed to the City Clerk, Finance Director, or City Manager. No information concerning the status of an investigation will be given out. The proper response to any inquiry is: "There is no information to report at this time." No reference should be made to "the allegation," "the crime," "the fraud," "the forgery," "the misappropriation," or any other specific fraud reference when referring to any report.

The reporting individual should be informed of the following:

- Do not contact the suspected individual in an effort to determine facts or demand restitution.
- Do not discuss the case, facts, suspicions, or allegations with anyone unless specifically asked to do so by the City Manager, City Clerk or the Finance Director.

Protection from Retaliation

Retaliation against individuals for making good faith reports is prohibited. Employees making good faith reports of misconduct should feel safe and protected from retaliation. The City will provide appropriate support to reporting individuals to protect against retaliation and respond to concerns of retaliation or unfair treatment linked to good faith reporting.

Whistle-Blower Protection

Subject to the limitations of the Code of Professional Conduct and State law applicable to lawyers, employees will be granted whistle-blower protection when acting in accordance with this policy. When informed of a suspected impropriety, neither the City nor any person acting on behalf of the City shall:

1. Dismiss or threaten to dismiss the employee.
2. Discipline, suspend, or threaten to discipline or suspend the employee.
3. Impose any penalty upon the employee.
4. Intimidate or coerce the employee.
5. Retaliation of any means included to imply to withhold, or actually withhold, support for an appointment, promotion, or change of assignment, or to suggest a poor performance report will be prepared or probation will be failed, as an act of retaliation.

Violations of whistle-blower protections will result in discipline.

Unless one of them is the claimant or subject of the claim, upon conclusion of the investigation, the results will be reported to the City Manager and City Attorney by the Department Director, Finance Director, City Clerk and CJPIA representatives. The City Manager, following review of investigation results, will take appropriate action regarding employee misconduct over which the City Manager has authority. Disciplinary actions can include termination, and referral of the case to an appropriate law enforcement agency and/or District Attorney's Office for possible arrest and prosecution. The City will pursue every reasonable effort, including court ordered restitution, to obtain recovery of City losses from the offender, or other appropriate sources. If the claim involves the City Attorney or an elected or appointed official, then the City Manager will report to the City Council for the Council to determine the appropriate action.

Disposition

If the investigation provides probative evidence that the subject matter of the investigation supports a finding this policy was violated, then, unless one of them is the claimant or subject of the claim, the City Clerk and/or Finance Director will work with the City Manager, department director and/or City Attorney to ensure the proper remedial action is taken in accordance with the City's Personnel Rules and Regulations and any other applicable law, rule, or regulation.

Procedures for Reporting and Oversight

The Finance Director is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed periodically and revised as needed. The Finance Director may develop any other policies or procedures as necessary to implement this Policy.

The Fraud, Waste and Abuse Reporting Policy will be distributed to all City employees, consultants, vendors, contractors, agents working for the City and elected officials subsequent to

approval. In addition, it will be provided to all new employees, new business partners and those elected in the future. It will also be posted and made available on the City's website.

Management Responsibilities: Management is responsible for being alert to and reporting fraudulent or related dishonest activities in their areas of responsibility. Each manager should be familiar with the types of improprieties that might occur in his or her area and be alert for any indication that improper activity, misappropriation, or dishonest activity is or was in existence in his or her area. When an improper activity is detected or suspected, management should determine whether an error or mistake has occurred or if there may be dishonest or fraudulent activity. If management determines a suspected activity may involve fraud or related dishonest activity, then they should contact their next immediate supervisor not involved in the alleged misconduct and together with that supervisor inform their Department Director (unless the Department Director is alleged to have involvement in the alleged misconduct) and the City Clerk and Finance Director.

CITY OF MORRO BAY
FRAUD, WASTE AND ABUSE POLICY
ACKNOWLEDGEMENT OF RECEIPT

By my signature below, I acknowledge I have received, read, and understood the City of Morro Bay's Fraud, Waste and Abuse Policy, and I will abide by its terms. I understand that failure to fully comply with all terms set forth in the Policy may lead to disciplinary action, up to and including termination.

_____
Employee's Name (PLEASE PRINT)

_____
Employee's Signature

_____
Date

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COUNCIL POLICY

DISPOSAL OF SURPLUS EQUIPMENT & PROPERTY POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing public safety, public works, harbor, recreation and building and planning development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The Disposal of Surplus Equipment & Property Policy establishes guidelines to comply with Morro Bay Municipal Code Section 3.08.130 to dispose of City-owned vehicles, equipment, tools, real property, office equipment, machines, furniture and other miscellaneous property.

Purpose

It shall be the responsibility of the operating department to identify surplus property, obtain necessary approvals, and to coordinate arrangements for departmental transfer, bidding, auction or private sale of the items.

The operating department shall also inform the Finance Department, in writing, about the disposition of the property. This notification shall include, at minimum, a listing of the items sold, authorization to surplus received from, the price received for each, the name and address of the buyer (or auctioneer) and the asset tag or other identifying number, such as a vehicle number, if available.

Definitions

Surplus Property – City-owned furniture, equipment, vehicles and tools of no use to the City.

Real Property – Fixed Property, principally land and buildings.

Disposal of Surplus Equipment & Property Policy

An operating department must notify all City Departments, in writing, of the availability of surplus property and offer such property to interested departments prior to initiating any public bidding or other sale of the property. The transfer of surplus property from one department to another having potential use of the property shall be at the sole discretion of the City Manager.

On the date of the adoption of this policy, the Morro Bay Municipal Code (MBMC) section 3.08.130 allows the City's Purchasing Agent (Finance Director) to trade in or exchange supplies and equipment for needed supplies and equipment. In addition, the MBMC is being amended to include language to allow the purchasing agent authority to "sell, by auction or other means to ensure the City receives proper value." It is the Department's responsibility to provide documentation satisfactory to the Purchasing Agent to fulfil those criteria defined below:

Approvals. The following approvals shall be required to declare property as surplus:

1. **Vehicles and Heavy Equipment.** Property in this category shall be declared surplus by the Finance Director given the following information by the operating Department:

- Evidence the vehicle or heavy equipment is beyond its useful life and would be costlier to repair or unsafe to operate (as deemed and documented by the City's mechanic). Such documentation should provide support for current blue book or market value of the vehicle or heavy equipment.

2. **Real Property.** Property in this category shall be declared surplus by an action of the City Council and in accordance with state law.

3. **Hand Tools, Office Equipment, Furniture and Fixtures.** The Purchasing Agent authority pursuant to the MBMC is hereby delegated to Department Heads to sell or exchange any and all hand tools, office equipment, materials, furniture, fixtures, and other personal property of the City, used solely by that department, having a salvage value of less than $500 and which is obsolete or unserviceable, or is surplus to the City, or for which replacement is to be purchased. The Department Head may sell the same for the best price obtainable in the open market or, when he or she deems it advisable. to the highest bidder at a public sale or he or she may exchange the same for other property or for credit on other property. The Department Director must provide approval prior for the sale or exchange of any surplus item having a salvage value of $500 or more.

   In the event the Department Head determines any such obsolete or surplus property has no salvage value, he or she may dispose of it as he or she deems advisable. Under this scenario, the Department Head must document there is no salvage value of the property and provide notification to the Finance Department for accounting records.

4. **Miscellaneous.** The disposal of all property not categorized above shall require the approval of the Purchasing Agent.

Disposal of Surplus Property. All property declared surplus should be disposed of using the following priorities:

1. Transfer. Surplus property shall first be offered to all City departments for their potential use.

2. Public Sale or Auction. Property not transferred to another department shall be publicly sold using accepted methods or through an approved auction process. If a department chooses to conduct an in-house sale process of equipment, then the department head must submit a written request to the Purchasing Agent indicating the item will be sold in-house, outlining the process for advertising and soliciting proposals as well as an estimate of the item's value and source of the estimate. Department Heads and Mid Management employees are not eligible to purchase their department's surplus property. The Finance Department will verify whether the item requires reporting of sales tax. For in-house sales, a contract for sale must be processed and approved through the City Attorney's office and indicate the sale of the item is final and sold "AS IS" with no promises or warranties provided.

   Upon sale of the property, notification to Finance Department with name of

purchaser and sale amount and sales tax to be reported if applicable must be provided as well as notification to the City Clerk so that that the property may be removed from the City's insurance policy.

3. Dismantled and All remaining items as well as those previously declared nonfunctional, unserviceable and obsolete may be dismantled and discarded using appropriate means.

Reporting and Oversight

The Finance Department is responsible for administration of this policy. If any City employee, officer or official disposes of property in a method not in conformance with this policy, then the City Manager will be notified, and that person will be required to submit written documentation as to why the policy was not complied with. The documentation will be retained in the Finance Department.

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COUNCIL POLICY

PURCHASE ORDER POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing police, fire protections, public works, harbor, recreation and building, and planning development services. In addition, the City manages the City's Tourism function promotion Morro Bay as a tourist destination. As such, it is the City's responsibility to establish policies for prudent financial oversight and accountability.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. The purchase order policy established guidelines for purchasing and utilization of the City's purchase order system which financially obligates the City of Morro Bay.

Purpose

The City utilizes a decentralized purchasing system. Any official or employee who is required to purchase materials, supplies or services on behalf of the City for their department shall use purchasing practices set forth in this document. It is the responsibility of each department to solicit selected vendors in order to purchase or contract for services, supplies, and materials in an economic and prudent manner and in accordance with the City of Morro Bay's municipal code. The City desires to procure the best quality in services, supplies, and equipment at the least expense, and expects each department to supervise the inspection of all purchases to ensure conformance with specifications. All purchases are subject to budgetary limitations and department head approval. Departments are strongly encouraged to use local vendors whenever economically feasible.

Definitions

Purchase Orders (POs) – A document generated by the buyer (City) that authorizes a purchase transaction. When accepted by the seller, it becomes a contract binding on both parties. A purchase order sets forth the descriptions, quantities, prices, discounts, payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific seller.

Purchase Order Policy

The purchase order provides a means of encumbering funds, which reserves a portion of an appropriation until actual payment is made. Under the purchase order system, it is assumed there will be a time lag between the time the order is placed and the time of delivery. In order to ensure all terms and conditions of the purchase order are met by the vendor, payment is not made by the City until the services and supplies have been received as ordered and an invoice is received from the vendor. All purchase orders must be approved by the department head or designee and properly recorded by the Finance Division before the purchase is made. In order for a purchase order to be approved, the following must be attached to the purchase order and maintained in the City's Finance System:

- Valid Insurance
- Valid Business Tax for the seller
- Executed Contract

- Authorizing Council approval evidence by staff report when appropriate.
- Any relevant resolutions

Purchase Orders originate at the Department level and are approved up through the Department Director. Upon approval from the Department Director, the City Clerk will review and approve when valid insurance is obtained by the City. If the City Clerk does not have a record of valid insurance for the Seller it is the responsibility of the Department to follow-up with the seller to submit valid insurance documents.

Following approval by the City Clerk, the purchase order is then submitted to the Finance Department for review and approval. The Finance Department will approve the purchase order once a current business tax is obtained by the seller and budget authority is confirmed. The Finance Department will also verify that the City's purchasing requirements have been meet per the City's municipal code. The Finance Department will retain an electronic copy of the approved PO and provide the Department with an electronic copy to issue to the vendor.

The purchase order shall account for the quoted price inclusive of taxes and shipping and handling costs. The City Manager has authority to authorize a change purchase order if contingencies are needed up to 15% of the purchase price. Therefore, all purchase orders will be valid at face value plus 15%. Any actual purchase price over the P.O. amount plus 15% must be accompanied by a contract amendment.

Confirming Purchase Order – If an emergency arises and it is impossible to obtain a P.O. prior to making the purchase or placing an order, a confirming P.O. should be completed as soon as possible. The P.O. will include all information as above and the word "CONFIRMING" should be typed in the Description. All confirming purchase orders over $10,000 must be signed by the City Manager or his designee.

Payment – Upon receipt of the goods or services, invoices are coded to and processed against the PO number to release the encumbered funds.

Exemptions - Certain forms of procurement and/or vendors will be exempt from provisions contained above and are listed below:

- Billings from the utility companies (i.e. electric, gas, water, telephone, communication, etc.)
- Billings from government agencies (i.e. post office, county and city fees and charges, school districts, etc.)
- Other specific vendors as approved by the City Manager and Finance Officer whose listing is maintained on file in the Finance Division.
- Emergency projects as provided for in Public Contract Code Sections 22035 and 22050.

Reporting and Oversight

The City's Finance Department is responsible for administration and enforcement of the City's Purchase Order Policy. Should Departments routinely not comply with the Purchase Order Policy, the Finance Department may require Department staff and the Department Director to document the reasons for noncompliance. Such documentation will be reviewed by the City Manager and attached to the PO for documentation.

COUNCIL POLICY

WRF RATE SURCHARGE ADJUSTMENT POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, harbor, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion.

As such, it is the City's intent to establish a policy to ensure community members, elected officials, committee and commission members, volunteers and employees are aware of the following:

The water and wastewater utilities provide drinking water along with wastewater collection and treatment services to its residential, commercial and industrial customers. To cover the costs associated with providing services to its customers, the utility derives revenue from a variety of sources, including water and sewer user rates, reconnection charges, connection fees, and the newly adopted Water Reclamation Facility (WRF) rate surcharges. Those new WRF surcharges are intended to provide revenue needed to design and construct the WRF and ancillary facilities.

The level of future revenue generated in the currently adopted water and sewer rate study is projected through a combination of analyses of historical and future system growth in terms of number of connections and consumption. With revenue derived from the various sources, the utilities meet the cash requirements of operation and maintenance; water supply costs; debt service and reserve payments on bond indebtedness; and recurring annual capital expenditures for replacements, system betterments, and extensions not debt financed.

Operating and Maintenance (O&M) expenses are those expenditures necessary to maintain the system in good working order. Water supply costs are those associated with the purchase and treatment of State water, pumping and treating groundwater. Sewer charges are necessary to provide collection and treatment of the community's wastewater. Routine annual capital expenditures, which include equipment replacements, consist of recurring annual replacements, minor extensions, and betterments which are normally revenue financed. The 2018 Proposition 218 WRF surcharge is intended to provide the amount of rate revenue necessary to retire the debt that will be used to finance the construction of the WRF and ancillary facilities.

Purpose

To establish the City of Morro Bay's commitment to providing the most cost-effective water and wastewater services for the community; the purpose of this policy is to establish procedures for clarifying how and when the WRF Rate Surcharge will be adjusted and what components of the Water and Sewer Utilities may utilize the WRF Rate Surcharge.

Policy

Water and sewer services are operated as an enterprise fund, which means revenues to support operations and capital improvements must be borne by the rate payers. Water and sewer funds are reviewed annually by the City Council at a public hearing as part of the City's annual fee schedule update (approximately March of each year). Upon completion of the review, Council then determines the appropriate rate for service. If rate adjustments are needed, then they are to be implemented at the beginning of the new fiscal year. At no time may Council adjust rates beyond maximum approved rates under Resolution No. 71-18, unless and until another Proposition 218 process is successfully completed. The intent of this rate adjustment policy is to provide for rates to be lower than the maximum approved rates under Resolution No 71-18, conditions permitting.

Procedures

During the annual budget development process, the City's Finance Director, in cooperation with the Public Works Director/City Engineer, will analyze expenditures and revenues associated with the WRF project and report to Council the minimum Rate Surcharge, up to the maximum approved by City Council in Resolution 71-18, required to satisfy the debt repayment for the WRF program.

Along with any rate recommendations, this Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

COUNCIL POLICY

Proration for Utility Bills and Notification to Customers

Policy Statement

The City of Morro Bay (City) Public Works Department, Sewer and Water Divisions, are responsible for the collection and treatment of wastewater for over 5,000 customers within the City limits and delivery of potable water to a similar number of customers.

This Proration for Utility Bills Policy (Policy) is designed to establish guidelines to allow for proration of utility bills for customers who initiate and terminate water and/or sewer utilities within a week and properly notify the City.

Purpose

The Policy establishes a mechanism for prorating utility bills in the instance that a customer signs up for services for less than one week in a given monthly bill cycle. The Policy further provides guidance on how to properly notify customers of the proration.

Definitions

Proration – a technique for applying standard billing methods to nonstandard billing periods. Prorating the utility bill for up to one week of service in a monthly cycle, allows the customer to receive a bill for an amount that reflects the portion of the month in which the service was used. Proration will not be extended to customers who use more than one week of services.

Week – seven consecutive calendar days.

Proration of Monthly Utility Bill and Customer Notification of Proration Policy

The City bills utility customers monthly for water and sewer services. When customers sign up for City utility services through customer service representatives via in person, phone, fax or email, they will be notified the City will prorate utility bills for services rendered for one week or less in a given monthly cycle.

The prorated dollar amount will be determined by dividing the flat rate water and sewer charge total monthly bill by the number of days in the month and multiplying that amount by the number of days the account was active. In addition, customers will be charged for units of water used during the period the account was active. The City will assess a ten-dollar monthly minimum for any account that is prorated. Customers whose accounts are live for eight or more days, whether consecutive or not, in a given billing cycle will be charged the full monthly amount for water and sewer services.

Customers will only receive one month of proration on their account. Proration will not be applied to the same Utility service address in consecutive months.

RESOLUTION NO. 85-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, RESCINDING RESOLUTION NO. 33-15 IN ENTIRETY, AND ESTABLISHING A GENERAL FUND EMERGENCY RESERVE POLICY, INTERNAL SERVICE FUNDS RESERVE POLICY, HARBOR ACCUMULATION FUND RESERVE POLICY AND MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT FUND RESERVE POLICY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, on June 28, 1993, the Morro Bay City Council adopted Resolution No. 55-93, which adopted the Fiscal Year 1993-94 Budget and Appropriations Limit; and

WHEREAS, Section 5 of Resolution No. 55-93 states *"A reserve for emergencies of $800,000 shall be established out of the City's General Fund. This amount will be reported in the General Fund's Equity section of the balance sheet. The City Administrator must receive prior approval from the City Council for any use of these reserve funds;"* and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Section 5 of Resolution No. 55-93; and

WHEREAS, on May 24, 2010, the Morro Bay City Council adopted Resolution No. 27-10, which established the parameters for use of the General Fund (Accumulation) Reserve; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 27-10 in its entirety; and

WHEREAS, on June 28, 2011, the Morro Bay City Council adopted Resolution No. 42-11, which amended the parameters of Resolution No. 27-10; and

WHEREAS, on June 9, 2015, the Morro Bay City Council adopted Resolution No. 33-15, which rescinded Resolution No. 42-11 in its entirety; and

WHEREAS, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 33-15 in its entirety; and

WHEREAS, staff recommends the City Council adopt the proposed General Fund Emergency Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, staff recommends the City Council adopt the proposed Internal Service Funds Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, staff recommends the City Council adopt the proposed Harbor Accumulation Fund Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, staff recommends the City Council adopt the proposed Morro Bay Tourism Business Improvement District Fund Reserve Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

1. Section 5 of Resolution No. 55-93 and Resolution Nos. 27-10, 42-11 and 33-15 in their entirety are hereby rescinded; and
2. the "General Fund Emergency Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved; and
3. the "Internal Service Funds Reserve Policy," as set forth in Exhibit B, attached hereto and incorporated herein, is hereby approved.
4. the "Harbor Accumulation Fund Reserve Policy," as set forth in Exhibit C, attached hereto and incorporated herein, is hereby approved.
5. the "Morro Bay Tourism Business Improvement District Fund Reserve Policy," as set forth in Exhibit D, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 23th day of October 2018, by the following vote:

AYES:	Irons, Davis, Headding, Makowetski, McPherson
NOES:	None
ABSENT:	None
ABSTAIN:	None

Jamie L. Irons

JAMIE L. IRONS, Mayor

ATTEST:

Dana Swanson

DANA SWANSON, City Clerk

COUNCIL POLICY

GENERAL FUND EMERGENCY RESERVE POLICY

Policy Statement

The City of Morro Bay (City) is a full-service city, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize City services in some fashion. As such, it is prudent for the City to establish and maintain reserve funds to mitigate a variety of emergency situations and ensure that core, essential services are maintained. The City first established a General Fund Emergency Reserve in 1993, which has since been modified four times by Council resolution, the most recently being in 2015 per Resolution 33-15. The City Council of the City has been proactive in setting aside emergency reserves and recognizing the need to utilize reserves during recessionary periods.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This General Fund Emergency Reserve Policy (Policy) is designed to establish guidelines to ensure fiscal stability of the City and provide guidance to staff in the financial management of City operations.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the City. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Maintain stable user fees for customers and help ensure manageable rate increases
- Fund unanticipated expenditure contingencies, including emergencies
- Ensure funds exist for system and infrastructure improvements
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

After the City's financial records are finalized and audited, with legal obligations and liability reserves funded, revenues in excess of expenditures are closed out to the General Fund Emergency Reserve. A base amount, both minimum and target levels, are established by Council with adoption of this policy. Staff shall bring forward a recommendation for Council consideration to provide direction on use of funds above the target levels.

Definitions

The General Fund Emergency Reserve ("GFER") is classified as an "Unrestricted-Undesignated Reserve," representing funding that is being set aside to provide temporary financing for budget stabilization caused by fiscal downturns, unanticipated extraordinary expenditures related to a natural disaster or calamity, or from an unexpected liability or funding decrease created by a

legislative action. Those moneys may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific capital and operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the level, use and replenishment of those types of unrestricted cash. The GFER will be accounted for within the General Fund.

Unrestricted-Undesignated Reserve Policy

The General Fund will have sufficient Unrestricted-Undesignated cash accumulated to maintain or improve its credit ratings, ensure operating and maintenance costs will be paid in a timely manner, pay debt service obligations, invest in needed capital improvements and equipment replacement and other uses on a timely basis. In addition, the GFER will maintain sufficient cash accumulation to minimize impacts from economic downturns, departmental expenditure freezes due to market volatility, other economic impacts on demands, contingencies, and regulatory changes.

This GFER Policy outlines minimum and target funding levels.

> *Minimum Level:* Equal to twenty-five percent of annual on-going operating expenditures (excluding transfers out) based on the most recent adopted budget.
>
> *Target Level:* Equal to twenty-eight percent of annual on-going operating expenditures (excluding transfers out) based on the most recent adopted budget.
>
> Example:

FY 2018/19 General Fund Expenditures (on-going annual expenditures, excluding transfers)	$13,704,544
Target Level 28%:	x 0.28
Target Cash Accumulation	$ 3,837,272

In calculating the minimum target funding level, one-time expenditures and transfers out are not considered in the base for determining the operating expenditures. The minimum target funding level is intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funding to allow the City to operate during short term fluctuations in revenues and/or expenditures.

Withdrawal & Replenishment of Accumulation Reserves

The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent cash in the GFER is above the target levels, the Council has the flexibility to direct staff to utilize those available funds to fund internal service funds to target levels, fund other one-time operating needs, capital projects (reducing the need for future debt), or pay down liabilities in accordance with this policy as defined in the purpose statement above.

Reserve levels below the minimum target reserves would leave the City exposed to operational risks. The City may only draw down the reserve levels with Council approval and the City Manager, in conjunction with the Finance Department, will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

GFER levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. GFER minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation. If GFER levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the City Manager and Finance Department.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

COUNCIL POLICY

INTERNAL SERVICE FUNDS RESERVES POLICY

Policy Statement

Internal Service Funds are established to provide centralized cost centers for shared expenses and services in order to efficiently track costs and manage resources. Costs are then allocated back to the operational programs based on usage to more accurately determine cost of services.

The City of Morro Bay's internal service funds include eight internal service/support funds: Information Technology, facility maintenance, vehicle replacement, capital replacement, compensable leave, and three equipment replacement funds, one each for the water, sewer and harbor enterprise funds. In addition, the City of Morro Bay (City) has one insurance internal service fund, Risk Management, which includes worker's compensation.

As each fund is accounted for as a separate entity, operational revenues less expenditures result in either a positive or negative fund balance at any given point in time – Internal Service Funds are similar to the separate checking and savings accounts a person may use for different purposes. At year end, each fund's net balance is represented at the "Fund Balance Reserve."

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Internal Service Fund Reserves Policy (Policy) is designed to establish guidelines to ensure fiscal stability for the City, accumulating funds and maintaining adequate reserves to repair and replace infrastructure, equipment and/or insurance needs that may be either planned or unexpected, and provides guidance to staff in the financial management of the City.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to constituents, investors, regulatory, and credit rating agencies that the City is committed to maintaining the long-run fiscal strength. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Fund unanticipated expenditure contingencies
- Ensure funds exist for unexpected and planned infrastructure, equipment and insurance needs
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

The intent of the Internal Service Funds Reserves is twofold:

1. To ensure sufficient resources exist in each internal service fund to pay for annual ongoing expenses while maintaining a reasonable reserve to fund replacement purchases (i.e. annual vehicle replacement); and,
2. Establish a fund balance level for each fund that is reasonable and prevents the over-accumulation of resources beyond what is needed for normal operating needs plus any amount required for emergency or contingency needs. hold appropriate levels of reserves

to support cash flow needs and minimize interfund loans, as well as maintain a reasonable fund balance for contingency purposes.

Therefore, this policy will enumerate minimum fund balance levels for each Internal Service Fund based on specific fund-type metrics. This Policy will also address the, use, and replenishment of those types of unrestricted reserves. The Internal Service Funds Reserves will be accounted for within individual and specific funds designated for each reserve.

Information Technology Services Fund

Information Technology Services provide for the delivery of technology-based services throughout the City's operations, including maintenance of the City's information systems and infrastructure, program implementation, internet, landline, and wireless communications systems, cloud-based technology, and support of all existing information technology as well as new technology initiatives. For technology oversight, security, and efficiency, information technology costs are managed collectively and funded through a charge-back to the various funds and departments. At year end, unspent funding flows into Unrestricted Net Position. Accumulated funds are held in the Information Technology Services Fund for working capital cash flow. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment Resolution during the year.

This Information Technology Services Fund outlines minimum and target funding levels.

Minimum Level: $100,000

Target Level: $150,000

The target reserve level should allow for periodic upgrades and enhancements to the City's collection of information and communications technology, while also providing sufficient funds to meet annual operating costs.

Vehicle Replacement and Enterprise Fund Equipment Replacement Funds

The Vehicle and Equipment Maintenance program provides for the maintenance, and servicing of the City's fleet and major equipment to ensure all vehicles and equipment comply with manufacturer's recommendations and safety requirements. The Vehicle Replacement Fund is for all General Fund-owned equipment such as the City's Police, Fire, Public Works, Recreation and pooled vehicles. The City has three equipment maintenance funds, one each for the enterprise funds of water, sewer and harbor. Each individual enterprise fund supports their own equipment maintenance fund and those funds are restricted to the specific enterprise activity.

To fund the program, vehicle & equipment replacement costs transfers into the funds are accounted for through the budget process. The enterprise fund operating revenue funds account for the enterprise fund equipment replacement funds while the General Fund is the primary funding source for the Vehicle Replacement Fund.

Accumulated funds will be held in the Vehicle and Equipment Replacement Funds for working capital cash flow. At year end, unspent funding flows into Unrestricted Net Position. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

The Vehicle Replacement Fund, to be funded by the General Fund, minimum and target funding levels are as follows:

Minimum Level: Equal to twenty percent of the replacement value of the general fund fleet.

Target Level: Equal to thirty-three percent of the replacement value of the general fund fleet.

The Enterprise Equipment Replacement Funds, to be funded by the specific enterprise fund, minimum and target funding levels are as follows:

Minimum Level: Equal to twenty percent of the replacement value of the respective enterprise fund fleet.

Target Level: Equal to thirty-three percent of the replacement value of the respective enterprise fund fleet.

The replacement value shall be calculated based on the most recently updated Vehicle Insurance Coverage list, or other internal tracking list developed by staff. The target reserve level will provide sufficient funds should there be a need for a one-time, larger than normal expenditure related to fleet services. State and Federal reimbursements for use of City-owned equipment, i.e. for fire strike-team support, shall be placed in the appropriate vehicle or equipment replacement fund to support future maintenance or replacement of those vehicles.

Facility Maintenance Fund

The Facility Maintenance Fund provides for maintenance and non-major repairs and building improvement services for all City-owned facilities that are not part of an enterprise fund (*i.e.* water, sewer or harbor). Additionally, the fund supports the maintenance and repair needs of the tenants of City-leased buildings and properties as defined in the lease agreements. The program's funding has primarily been derived from rental income from City-owned leased facilities; however, the City is transitioning to funding the program through charge backs to departments based on building space usage.

Accumulated net operations are held in the Facility Maintenance Fund for working capital cash flow. At year end, unspent funding flows into Unrestricted Net Position. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

The Facility Maintenance Fund, to be funded by the General Fund, minimum and target funding levels are as follows:

Minimum Level: $50,000

Target Level: $75,000

Given the age of the City's facilities, increased maintenance needs are anticipated. The target funding level of $75,000 represents a reasonable contingency for unanticipated maintenance issues which do not rise to the capital project level.

Compensated Absences Reserves

Under the Unassigned Fund Balance classification, the Compensated Absences Reserve is established to smooth expenditure fluctuations resulting from the payout of accrued leave to employees at service separation and distribution payouts.

Use of the reserve occurs when total annual compensated absences payouts exceed budgeted salary funds. Large payouts decrease the compensated absences liability at year-end, thereby supporting the practice of utilizing the reserve as needed. Year-end reconciling allocations to and from the reserve are approved through Council's budget resolution adoption each fiscal year, with the liability and resulting reserve amounts determined as part of the year-end close process. It is

the City's policy to maintain Compensated Absences Reserve funds for the General Fund, Harbor Fund, Water Fund, and Sewer Fund. Each fund shall be maintained separately within the minimum and target levels defined below.

The Compensated Absences Reserve minimum and target funding levels are defined as follows:

> *Minimum Level:* Equal to thirty percent of the compensated absences liability that is established at year-end.
>
> *Target Level:* Equal to thirty-five percent of the compensated absences liability that is established at year-end.

City staff will report to Council on Fund Reserve levels in comparison to the minimum and target funding levels defined by this policy during the annual budget adoption process. Reserve funding in excess of one-third (thirty-three percent) of the liability will be available for the Council to allocate during the budget process.

Withdrawal & Replenishment of Accumulation Reserves

The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent moneys in any of the above funds are above the target levels, the Council has the flexibility to direct staff to utilize those available funds to pay for other capital needs, other one-time expenditures, or pay down liabilities as long as the funds legally support that purpose.

Reserve levels below the minimum target reserves would leave the CIty exposed to operational risks. If the City draws down the reserves below the minimum targeted level, then the City Manager, in conjunction with the Finance Department, will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

The Internal Service Funds Reserve levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Internal Service Fund Reserves minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation and annual budget adoption process. If Internal Service Fund Reserves levels need adjustment due to new risk factors or changes in the industry, then information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

COUNCIL POLICY

HARBOR ACCUMULATION FUND RESERVE POLICY

Policy Statement

The City of Morro Bay (City) Harbor Department is responsible for the management of the City's Tidelands Trust stewardship of the State-granted tidelands in Morro Bay, providing for waterfront property and lease management, public service, public safety, and municipal code enforcement on the waterfront, waters and beaches of Morro Bay. The Harbor Department is also responsible for the Harbor facilities maintenance, repair, capital improvement and replacement.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Harbor Accumulation Fund Reserve Policy ("Policy") is designed to establish guidelines to ensure fiscal stability of the Harbor Fund and provide guidance to staff in the financial management of the Harbor Department.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the Harbor Department. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, rate stability, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the Harbor Department as they help to:

- Maintain the short-term and long-term financial health of the Harbor Department
- Maintain stable user fees for customers and help ensure manageable rate increases
- Fund unanticipated expenditure contingencies, including emergencies
- Ensure funds exist for system and infrastructure improvements
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

Definitions

The Harbor Accumulation Fund Reserve will be classified as an "Unrestricted-Undesignated Reserve." Those moneys may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific capital and operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the level, use and replenishment of those types of unrestricted cash. The Harbor Accumulation Fund Reserve will be accounted for within fund balances held in the Harbor Accumulation Fund.

Unrestricted-Undesignated Reserve Policy

The Harbor Department will have sufficient Unrestricted-Undesignated cash accumulated to maintain or improve its credit ratings, ensure operating and maintenance costs will be paid in a timely manner, pay debt service obligations, invest in needed capital improvements and equipment replacement and other uses on a timely basis. In addition, the Harbor Accumulation Fund Reserve will maintain sufficient cash accumulation to minimize user fee increases and departmental

expenditure freezes due to market volatility, economic impacts on demands, contingencies, and regulatory changes.

This Harbor Accumulation Fund Reserve Policy outlines minimum and target funding levels.

> *Minimum Level:* Equal to fifteen percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.
>
> *Target Level:* Equal to twenty five percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.
>
> Example:

FY 2018/19 Harbor Operating Fund Total Expenditures (on-going annual expenditures)	$1,666,706
Target Level 25%:	x0.25
Target Cash Accumulation	$ 416,677

In calculating the minimum target funding level, one-time expenditures are not considered in the base for determining the operating expenditures. The minimum target funding level is intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funding to allow the Harbor Department to operate during short-term fluctuations in revenues and expenditures.

Withdrawal & Replenishment of Accumulation Reserves

The Harbor Department will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process.

To the extent cash in the Harbor Accumulation Fund Reserve is above the target levels, the Council has the flexibility to direct staff to utilize those available funds to pay for capital projects (reducing the need for future debt), or pay down liabilities related to the Trust lands.

Reserve levels below the minimum target reserves would leave the Harbor Department exposed to operational risks. If the City Council authorizes the reserves to fall below the minimum targeted level, then the Harbor Department, in conjunction with the Finance Department will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

Harbor Accumulation Fund Reserve levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. The Harbor Accumulation Fund Reserve minimum and target levels will be analyzed annually by the Harbor Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the City Council as part of the year-end financial report presentation. If Harbor Accumulation Fund Reserve levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department, in consultation with the Harbor Department.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

COUNCIL POLICY

MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT FUND ACCUMULATION RESERVE POLICY

Policy Statement

The City of Morro Bay (MB) Tourism Business Improvement District (TBID) was merged under the City's management in June 2016 to carry out tourism operations and marketing. With Transient Occupancy Tax being leading revenue generator for the City's general fund, the City of Morro Bay relies heavily on tourism and tourist driven activity and events. Therefore, it is in the City's best interest to reserve monies to continue funding tourist related activities during economic downturns when revenues generated into the TBID would likely decline.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This TBID Accumulation Reserve Policy ("Policy") is designed to establish guidelines to ensure fiscal stability of the MB TBID Fund and provide guidance to staff in the financial management of the Tourism Department.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to ratepayers, investors, regulatory, and credit rating agencies the City is committed to maintaining the long-run fiscal strength of the Tourism Department. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the Tourism Department as they help to:

- Maintain the short-term and long-term financial health of the Tourism Department
- Fund unanticipated expenditure contingencies
- Ensure funds exist for tourism promotion
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

Definitions

The MB TBID Fund Accumulation Reserve will be classified as an Unrestricted-Undesignated Reserve. Those reserves may be used for any lawful purpose, as approved by the City Council, and have not been designated for specific operating needs. The following Unrestricted-Undesignated Reserve Policy addresses the level, use, and replenishment of those types of unrestricted reserves. The MB TBID Fund Accumulation Reserve will be accounted for within fund balance of a newly created MB TBID Accumulation Fund.

Unrestricted-Undesignated Reserve Policy

The Tourism Department will have sufficient Unrestricted-Undesignated cash accumulated to ensure operating and maintenance costs will be paid in a timely manner, invest in any capital improvements and equipment replacement, continuously promote tourism and tourism events within the City of Morro bay, and other uses on a timely basis. Cash held in the accumulation reserve may only be used for tourist related activities, events or projects, in accordance with section 3.60.030 of the Morro Bay Municipal Code which includes the following:

A. "The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually;

B. The marketing of conference, group, and film business that benefits local tourism and the local hotel industry in the district; and

C. The marketing of the district to the travel industry in order to benefit local tourism and the local hotel industry in the district.

The MB TBID Accumulation Fund will maintain sufficient cash accumulation to minimize departmental expenditure freezes due to market volatility, economic impacts on demands, and contingencies.

This Accumulation Reserve Policy outlines minimum and target funding levels.

Minimum Level: Equal to twenty percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Target Level: Equal to twenty five percent of annual on-going operating and maintenance expenses based on the most recent adopted budget.

Example:

FY 2018/19 MB TBID Operating Fund Total Expenditures	$ 997,135
Less: Accumulation Fund Transfer	- 21,653
Total on-going annual expenditures	$ 975,482
Target Level 25%:	x0.25
Target Cash Accumulation	$ 243,871

In calculating the minimum and target funding levels, one-time expenditures are not considered in the base for determining the operating expenditures. The minimum target funding level is intended to ensure sufficient resources to pay budgeted operating and maintenance expenses, recognizing the timing differences between payment of expenditures and receipt of revenues. It also provides a source of funding to allow the Tourism Department to operate during short term fluctuations in revenues and/or expenditures.

Withdrawal & Replenishment of Accumulation Reserves

The Tourism Department will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by the City Council during the annual budget process.

To the extent Unrestricted-Undesignated Accumulation Reserves are above the target levels, the MB TBID Board and Council has the flexibility to direct staff to utilize those available funds to pay for tourist related events or needs, or pay down liabilities.

Reserve levels below the minimum target reserves would leave the Tourism Department exposed to operational risks. If the Tourism Department draws down the reserves below the minimum targeted level, then the Tourism Department, in conjunction with the Finance Department will implement plans to return cash accumulation reserves to their minimum target levels within three years and subject to approval by City Council.

All recommended use of reserve cash will be presented to the MB TBID Board for consideration and input prior to being presented to the City Council. Proposed uses of funds may originate at the staff level, MB TBID Board levels or City Council level, however in no circumstance will use of cash within the reserve fund be authorized prior to both the City Council and MB TBID Board having an opportunity to provide input and a recommendation on the use of rserve funds.

Reporting and Oversight

MB TBID Fund Accumulation Reserve Levels will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Accumulation Reserve minimum and target levels will be analyzed annually by the Tourism Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be reported to the TBID Board and City Council as part of the year-end financial report presentation. If Unrestricted-Undesignated Accumulation Reserve levels need adjustment due to new risk factors or changes in the industry, that information will be brought to the TBID Board and City Council as part of the year-end report or sooner, as determined by the Finance Department, in conjunction with the Tourism Department as needed.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

RESOLUTION NO. 89-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, RESCINDING RESOLUTION NO. 32-15 AND ESTABLISHING A RISK MANAGEMENT FUND RESERVE POLICY

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City Council is adopting Accounting and Financial policies to provide guidance to staff and transparency surrounding the City's financial management; and

WHEREAS, staff recommends the City Council adopt the proposed Risk Management Reserve Fund Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

SECTION 1. Rescinds Resolution No. 32-15 and

SECTION 2. Establishes the "Risk Management Fund Reserve Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 13th day of November 2018, by the following vote:

AYES:	Irons, Davis, Headding, Makowetski, McPherson
NOES:	None
ABSENT:	None
ABSTAIN:	None

Jamie L. Irons
JAMIE L. IRONS, Mayor

ATTEST:

Lori M. Kudzma
LORI M. KUDZMA, Deputy City Clerk

COUNCIL POLICY

RISK MANAGEMENT RESERVE POLICY

Policy Statement

Internal Service Funds are established to provide centralized cost centers for shared expenses and services in order to track costs and manage resources, efficiently. Costs are then allocated back to the operational programs based on usage to determine cost of services, more accurately.

The City of Morro Bay's Risk Management Fund is an internal service fund used to account for the City's self-insured liability program and for the purchase of various types of property and casualty insurance protection and fund damages not covered by that insurance, all as required by the City. The funds are used to pay any liability losses, program operating costs, insurance premiums and insurance deductibles. Revenues for this fund are generated from assessments made to all City departments for their pro rata share of the total costs of the insurance administration program.

The City of Morro Bay is a member of the California Joint Powers Insurance Authority (CJPIA), which is a pooled insurance program that allows the City of Morro Bay, as a small city, to receive insurance coverage costs to a reasonable amount.

The City Council sets legislative financial management policies, as recommended by staff and advisory committees. This Risk Management Policy ("Policy") is designed to establish guidelines to ensure fiscal stability for the City of Morro Bay, accumulating funds and maintaining adequate reserves to provide sufficient funding to cover annual insurance expenses while providing additional funds for unforeseen, emergency needs such as an adverse legal judgement, a large one-time deductible payment, or other similar one-time expenses. It should be noted the City's General Fund Emergency Reserve Fund could also be utilized as a further source of funds in the event of a large insurance related claim.

Purpose

A properly designed reserve policy is not only a financial best practice, but also sends a positive signal to constituents, investors, regulatory, and credit rating agencies showing the City is committed to maintaining its long-run fiscal strength. Strong and transparent financial policies, including maintaining prudent reserves for emergencies, working capital, and capital improvements, are consistent with Government Accounting Standards and are important to the City as they help to:

- Maintain the short-term and long-term financial health of the City
- Fund unanticipated expenditure contingencies
- Ensure funds exist for unexpected and planned infrastructure, equipment and insurance needs
- Ensure cash exists for the timely payment of bills
- Act as a significant positive credit factor in bond ratings

The intent of the Risk Management Fund Reserve is twofold:

1. To ensure sufficient resources exist to purchase various types of property and casualty insurance protection as required by the City, including liability losses, program operating costs and insurance premiums and deductibles; and,
2. Establish a fund balance level reasonable enough to support current and future liability claims as well as any catastrophic event, which may occur in the City.

Therefore, this policy will enumerate minimum fund balance levels for the Risk Management Reserve fund based on specific metrics. The Policy will also address the, use, and replenishment of those types of reserves. The Risk Management Reserve Fund will be accounted for within the Risk Management Fund.

Risk Management Reserve Fund

Risk Management Fund provides for the City's liability and insurance premiums, workers compensation insurance expenditures and potential exposure to claims the City would pay outright due to not being a qualified covered claim or the amount of the claim. At year end, unspent funding flows into Unrestricted Net Position. Accumulated net operations are held in the Risk Management Fund for cash flow to help offset unexpected increases in insurance premiums, claims costs paid directly by the City, including personnel related claims and workers compensation expenses. Requests for use of the reserve are approved by Council through budget adoption or by a Council approved budget adjustment resolution during the year.

This Risk Management Fund outlines minimum and target funding levels.

Minimum Level: $350,000

Target Level: $500,000

The target reserve level should allow for adequate funding to support unexpected expenses, including premium increases and city paid claims.

Withdrawal & Replenishment of Accumulation Reserves

The City will treat the minimum levels as practical reserve floors and allow reserves to increase or decrease within the minimum and target levels, as approved by City Council during the annual budget process or as needed by the Finance Department.

To the extent Unrestricted Accumulation Reserves (UAR) are above the target levels, the Council has the flexibility to direct staff to utilize those available monies to pay for other capital needs, other one-time expenditures, or pay down liabilities as long as use of the UAR legally supports that purpose.

Reserve levels below the minimum target reserves would leave the CIty exposed to operational risks. If the City draws down the UAR below the minimum targeted level, then the City Manager, in conjunction with the Finance Department will implement plans to return cash in the UAR to their minimum target levels within three years and subject to approval by City Council.

Reporting and Oversight

The Risk Management Fund Reserve Level will be monitored during the fiscal year and reported in the quarterly financial reports, as provided by the Finance Department. Fund Reserve minimum and target levels will be analyzed annually by the Finance Department and an over/under reserve determination shall be made in conjunction with year-end financial results. Those results will be

reported to the City Council as part of the year-end financial report presentation and annual budget adoption process. If Fund Reserve levels need adjustment due to new risk factors or changes in the industry, then that information will be brought to the City Council as part of the year-end report or sooner, as determined by the Finance Department.

This Policy will be reviewed during the City's annual budget process, and updated, if needed, as a result of material changes in the risk exposures or new conditions that required changes in this Policy.

RESOLUTION NO. 97-18

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA, ADOPTING A SHORT-TERM FISCAL EMERGENCY PLAN

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City Council and staff have identified fiscal sustainability as a core goal and value for the City; and

WHEREAS, in 2015, the City Council hired Management Partners to develop a ten-year financial forecast to help achieve the goal of fiscal sustainability; and

WHEREAS, in 2017/18, the City Council increased fiscal transparency and accountability in the City by providing financial documents on the City's website and implementing the City's online transparency portal, open-gov; and

WHEREAS, in 2018 the City Council has adopted financial and accounting policies, included fund balance reserve levels for the City's General Fund Emergency Reserve, Internal Service Funds, Enterprise Funds and Morro Bay Tourism Business Improvement District Fund, with the goal of providing staff direction and guidance in City practices to ensure the long-term fiscal sustainability of the City; and

WHEREAS, in 2018, the City Council approved the prepayment of the City's Pension Safety Fire Side Fun to reduce overall costs and achieve long-term savings; and

WHEREAS, in 2018, the City Council directed staff to draft a Short-term Fiscal Emergency Plan and Long-term Fiscal Resiliency Plan to prepare the City for future adverse fiscal circumstances that will likely arise in the future; and

WHEREAS, the Fiscal Emergency Plan is meant to provide a transparent and thoughtful action plan, with identified economic triggers and mitigation measures for the City Manager to utilize if fiscal first aid is required; and

WHEREAS, the City's Employee Budget Group and Citizen's Finance Advisory Committee participated in the identification of both economic triggers and mitigation measures outlined in the fiscal emergency plan; and

WHEREAS, staff recommends the City Council adopt the proposed City of Morro Bay Short-Term Fiscal Emergency Plan.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Short-Term Fiscal Emergency Plan," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a special meeting thereof held on the 11th day of December 2018, by the following vote:

AYES: Irons, Davis, Headding, Makowetski, McPherson
NOES: None
ABSENT: None

JAMIE L. IRONS, Mayor

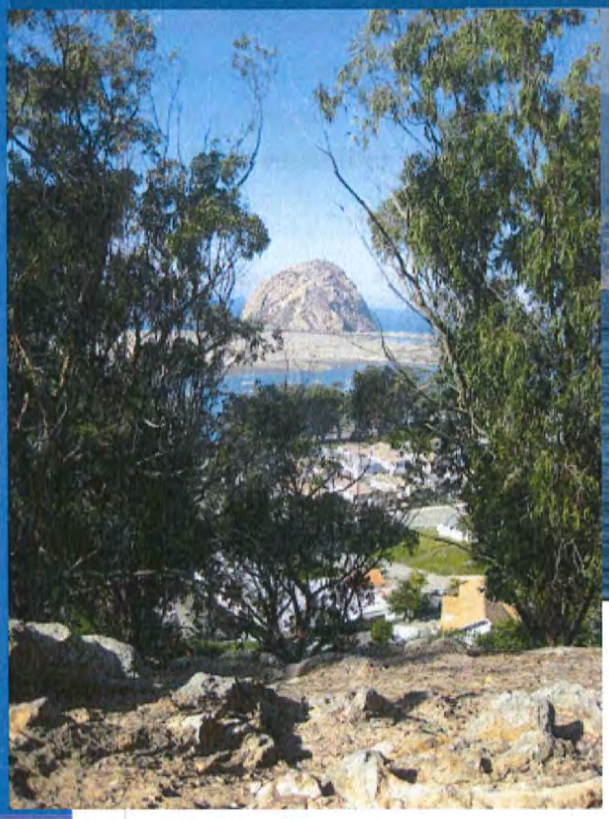
ATTEST:

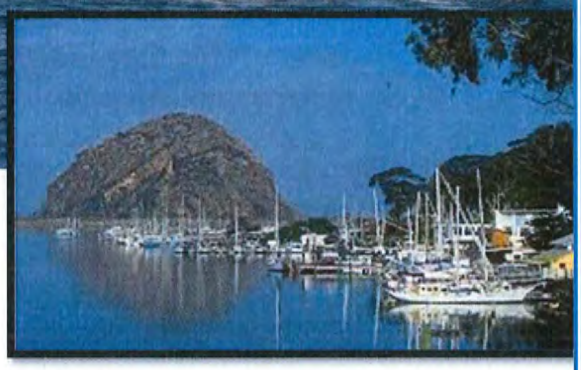
DANA SWANSON, City Clerk

01181.0001/480959.1

CITY OF MORRO BAY

SHORT-TERM FISCAL EMERGENCY PLAN





INTRODUCTION

The City of Morro Bay's FY 2018/19 budget is a reflection of the City's steady growth, particularly in the City's most economically sensitive revenue categories (sales tax, transient occupancy tax). However, with local signs of leveling sales tax growth present coupled with the rising cost to provide services, including rising employee pension costs, the City Council proactively directed staff to develop a Fiscal Resiliency Plan – both a short-term emergency plan and a long-term fiscal sustainability plan. The City's 10-year financial forecast projects a challenging budget forecast ahead, beginning in FY 2019/20 when the PERS discount rate changes will begin to significantly impact the City. The projected impacts are expected to ensue through 2032.

In 2015, the City Council recognized fiscal substitutability as a core goal following the closure of the power plant. The City hired Management Partners to develop a 10-year financial forecasting tool and began to proactively plan for the City's future. The Council has reaffirmed the importance of fiscal sustainability and transparency ever since, by directing staff to develop a fiscal resiliency plan, adopting Accounting and Financial policies and prepaying pension liabilities to reduce interest expense.

While the City's general fund emergency reserves are healthy, at approximately 25% of ongoing expenditures, development in the city remains strong, with permitting fee revenue trending quite well, which cover the City's development costs and provide an overhead revenue source. Despite this period of growth, the City must be ready to weather the next recessionary cycle, which, based on recent sales tax reports, may be in the very near future. Therefore, both short-term and long-term fiscal sustainability must remain at the forefront of budget discussions and considered in all fiscal actions.

The City's fiscal resiliency plan (Plan) is meant to establish a framework and general strategy for responding to adverse fiscal circumstances in both the short term and long term. The Plan does the following:

1. Ensures that employees and the community are meaningfully involved in the process;
2. Takes a policy-based approach to decision-making; and
3. Reflects the City's organizational values.

The Plan is not a specific "recipe" for expenditure cuts or revenue increases, because such measures need to be determined on a case-by-case basis. There are three problems with preparing detailed reduction or revenue options before they are truly needed:

1. If not taken seriously, quality thought will not be given to them;

2. If taken seriously, this is likely to result in needless anxiety in preparing expenditure reductions and sends a conflicting message if times are good; and
3. Even if the preceding points were not constraints, such options would have a short shelf-life, because municipal needs and priorities change over time.

The Plan, rather, articulates the principles and values upon which specific responses will be based.

SHORT-TERM FISCAL EMERGENCY PLAN

The short-term fiscal emergency plan is meant to be an intermediate, quick response to a fiscal emergency. The mitigation measures enacted under the short-term plan are not to exceed 90 days in length while the City Manager assesses the fiscal condition and makes a recommendation to Council for long-term remediation, if necessary. With Council authorization, the short-term mitigation measures may exceed 90 days in length following a full report from the City Manager indicating additional assessment time is needed to determine a long-term fiscal response plan.

TRIGGERS

The short-term fiscal emergency plan is triggered when one or more of the following occur and estimated expenses exceed $50,000 in the given fiscal year:

1. **Natural disaster**
2. **Human caused disaster**
3. **State take-aways of local revenues**
4. **Large, unexpected costs**
5. **Economic downturn:** Two consecutive quarters of declining revenues in two of the three major revenues sources of sales tax, Transient Occupancy Tax, and property tax. Quarterly reviews will be tied to the City's quarterly budget status report and update which compares quarterly data to prior years same quarters. Declining revenues must occur on a quarter to quarter comparison in two of the three identified revenue categories to trigger a response.

Clearly defining when fiscal first aid is needed is a key factor in the City's ability to successfully take action on a timely basis and avoid worsening the problem.

While the Plan is focused on the City's General Fund, the enterprise funds - water, sewer, Wastewater Treatment Plant and Harbor – also fully participate for two key reasons: (1) we, as a city organization are all part of one team and all parts need to participate; (2) it's important to

limit enterprise fund rate increases as much as possible, particularly during recessionary periods and at a time when the City may have to consider other General Fund increases, such as a sales tax increase.

ELEMENTS

The City's Plan comprises five key elements: the minimum fund balance; other key budget and fiscal policies and practices; fiscal health monitoring; assessing whether the situation is a short- or long-term problem; and identifying options.

1. **Minimum Fund Balance:** This is the first line of defense in adverse circumstances. Maintaining the General Fund Emergency Reserve minimum fund balance as 25 percent of on-going annual expenditure, as set by Council policy. That reserve amount allows the City to continue operations and projects, while responding to short-term problems and provides breathing room to address longer-term problems when comprehensive response plans are needed to be developed. That is especially true because Proposition 218 (Prop 218), prohibits the City from imposing new taxes or assessments without taxpayer's approval. For example, Prop 218 and Proposition 26 require (i) majority voter approval for new or increased general taxes, (ii) super majority approval of special taxes, (iii) restricts use of general taxes for general governmental purposes, and (iv) restricts imposition of fees on property owners for services that are available to the public at-large or exceed the actual cost to the City for providing the service.

2. **Other Key Budget and Fiscal Policies and Practices:** Adhering to fiscal policies and practices will help prevent problems at the outset and keep problems from getting bigger when they do happen. The City is in process of developing financial and accounting policies, which include:
    - A balanced budget (and a definition of the term);
    - Conservative investment practices;
    - Diversified revenues;
    - User-fee cost recovery;
    - Enterprise funds;
    - New development paying its own way;
    - Limited use of debt financing;
    - Fleet replacement;
    - Contracting for services; and

- Productivity improvements.

3. **Fiscal Health Monitoring and Transparency:** During the past 12 months, City Council and staff has worked extensively at enhancing the City's fiscal health monitoring and transparency. The City has developed and implemented effective ongoing systems for reporting and monitoring its fiscal condition, including interim reporting such as quarterly budget performance status reports, quarterly investment reports, OpenGov on-line transparency portal, a Comprehensive Annual Financial Report, which presents audited financial statements in accordance with generally accepted accounting principles and highest standards. The City uses the following elements as part of its interim reporting:
    - An automated financial management system – New World Technologies;
    - Online access to the City's Financial Reporting 24/7 for revenue, expenditure and budget information via the City's website and OpenGov Transparency portal;
    - Bi-Weekly Accounts Payable Registries via the City webpage;
    - Quarterly budget status reviews and updates;
    - Mid-year budget status review and Capital Improvement Plan review;
    - Quarterly investment reports; and
    - Monthly reporting of cash and bank reconciliations via the City's webpage.

4. **Assessing the Situation:** The City uses different strategies for different problems. In the case of a one-time event or downturn that is unlikely to continue indefinitely, one-time fixes are an appropriate response and are considered short-term. However, in the case of ongoing downturns in revenues or systemic increases in costs, one-time fixes won't work – that type of situation requires new ongoing revenues or ongoing expenditure reductions.

   If the assessment concludes the situation is a short-term problem, then the following mitigation measures may be utilized. The mitigation measures may also be utilized during the assessment period. The City Manager has discretion to utilize the following mitigation measures, but to the extent possible will report to the City Council with recommended action prior to implementing any of the identified and agreed to measures below. In times of financial emergency or necessity, when the City Manager implements one or more measures before reporting to the City Council with a recommendation, a complete report of the economic and financial condition that triggered a response under the short-term plan must be provided to the City Council at the next scheduled Council meeting for ratification or modification as deemed appropriate by a majority of the Council. Under

Council direction, the City Manager may be directed to reverse course or implement additional or alternative mitigation measures.

MITIGATION MEASURES

- **Hiring Chill** – City Manager approval will be required to fill vacant positions. City Manager will only approve filling vacant positions if the Department Director can demonstrate that it is necessary to meet public health, safety or other high priority service needs that cannot be met on an interim basis through a contract, overtime or temporary staffing. The goal is to achieve short-term savings and preservation of future options should the fiscal condition be on-going.
- **Travel Chill** – City Manager approval for all travel authorizations (at any level). The City's goal is to limit travel related costs to achieve short-term savings.
- **Capital Improvement Plan (CIP) Deferrals and/or Reprioritizations** – Department Directors will identify CIP projects that can be presented to Council for possible deferral and/or elimination as well as reprioritizing capital projects that can be supported in funds other than the general fund.
- **Operating Cost Review** – Identify special projects and ongoing expenses in the operating budget for possible deferral or elimination. The City Manager will present these projects to the City Council for consideration and direction.
- **Fund Balance** – Consider use of fund balance below policy levels – the City Manager will make a recommendation to the City Council prior to implementing this mitigation measure.
- **Other** – Other curtailments as appropriate and necessary.
- **Assessing the Situation** – The City will likely use different strategies for different problems. For example, in the case of a one-time event or downturn that is not likely to continue indefinitely, one-time fixes are an appropriate response and are considered short-term. However, in the case of ongoing downturns in revenues or systemic increase in costs, one-time fixes won't work – that type of situation requires new ongoing revenues or ongoing expenditures reductions. The City Manager is responsible for assessing the fiscal condition and determining if a transition to a long-term plan is necessary. That will be reported to the City Council within 90 days as outlined below.

When an economic trigger occurs and fiscal first aid is deemed necessary, the City Manager will work within the identified seven mitigation measures above to develop a response plan. The mitigation measures may be implemented singularly or collectively at the City Manager's

recommendation and Council direction depending on the extent to which fiscal first aid is needed. Any recommendation and report to the City Council utilizing the Fiscal Emergency Plan as outlined in this document requires an identification of the fiscal condition, forecasted fiscal deficit and corresponding expenditure savings recommended to achieve per the outlined mitigation measures above.

Within 90 days of implementing mitigation measures under this short-term fiscal emergency plan, the City Manager will report back to the City Council with a long-range assessment of the City's fiscal condition. If the assessment determines the fiscal condition is a long-term problem, then the City Manager and Finance Director will prepare a long-term fiscal forecast to define the problem (update to the City's existing 10-year financial forecast with revised revenue and expenditure estimates) and prepare revenue enhancement and expenditure reduction options tailored to the problem defined in the forecast.

Preparing such plans will likely take a minimum of three months. The City Manager is to report to Council on the plan's status and update within 90 days with an understanding that additional time may be needed to finalize the plan. Implementation of an approved plan is likely to take another three to six months. That underscores the importance of a strong fund balance and short-term expenditure reductions to create the time needed to prepare and implement reasonable long-term plans.

5. **Identifying Options:** In the long-term, the solutions are simple – there are only two basic budget-balancing options: Increase Revenues or Reduce Expenditures. In the short-term using fund balance is an option; however it is not a viable long-term solution – strategic use of fund balance to reduce future-year operating costs or increases ongoing revenues may be an acceptable short- and long-term strategy.

EMPLOYEE AND COMMUNITY INVOLVEMENT

Department heads and management staff are responsible for encouraging meaningful employee participation and involvement in preparing to response to both a short-term fiscal emergency or long-term resiliency plan. For the City's Fiscal Year (FY) 2018/19 budget, an Employee Budget Group (EBG) was formed to review over 400 budget suggestions received from City employees. Many of these suggestions were incorporated into the City FY 2018/19 budget and many are still being considered and on the "wait" list for staff time to implement.

In development of the short-term plan as defined above, including identifying the triggers and mitigation measures outlined, the City reactivated the EBG to provide feedback and input as to

appropriate triggers and measures. In the event that the City will utilize the short-term emergency plan, the City Manager and City Management is committed to open communication and engagement with employees for complete transparency. In the event that a long-term response is needed following the City's assessment of the financial condition, the City will strive to identify likely position reductions resulting from a long-term plan six months before implementing them in order to be straightforward with affected employees about their employment outlook, provide transfer opportunities and allow affected employees a reasonable amount of time to make other plans.

While operating under a short-term emergency response or transitioning to a long-term response plan, the key values that will guide action under these plans is responsiveness and respect. Treating employees with respect means informing them about City plans that affect them as soon as possible. It also means sharing hard facts and consequences in a forthright and timely way.

The City is also committed to actively soliciting and encouraging meaningful participation by key stakeholders in the budget-balancing process, including the organization as a whole, employee associations and the community. That will require active and ongoing communication.

Sharing fiscal health resiliency planning with the community, the City will utilize a myriad of tools, including the City's website, City Manager's update and news releases. City staff may make presentations to interested community groups, and periodic newsletters may be distributed in the City's utility bills as inserts. The City will update the city's webpage regularly with information about the process and community forums and workshops that will be held to inform community members and solicit input and work under advisement of the Citizen's Finance Advisory Committee (CFAC) when possible. Depending on the circumstances, the City may also form an ad hoc advisory community group with a clearly defined role and scope of work.

CONCLUSION

While the specifics of both the process and outcomes change with the circumstances, having a clear strategy in place that reflects the City's values and serves at the foundation for decision-making in tough fiscal times will play a key role in preserving the City's organizational vitality and fiscal health. Continued monitoring of the results of any action plan in achieving its goal and reporting back to the City Council, community and staff with respect to the City's fiscal condition is a vital component of implementation of both a short-term or long-term fiscal plan. It will be the responsibility of the City Manager, in conjunction with the City's Finance staff to closely monitor the action plan to ensure it is achieving its goals and quickly report any significant deviations to the City Council for action.

RESOLUTION NO. 09-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING A LONG-TERM FINANCIAL PLANNING POLICY**

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

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and Community; and

WHEREAS, those Accounting and Financial policies include a policy regarding Long-Term Financial Planning; and

WHEREAS, the Government Finance Officers Association (GFOA) provides guidance and recommendations regarding the importance of long-term financial planning; and

WHEREAS, the City committed to long-term financial planning in 2014/15 with the development of a financial forecast model; and

WHEREAS, staff recommends the City Council adopt the proposed Long-Term Financial Planning Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Long-Term Financial Planning Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 22nd day of January 2019, by the following vote:

AYES: Headding, Addis, Davis, Heller, McPherson
NOES: None
ABSENT: None

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

COUNCIL POLICY

LONG TERM FINANCIAL PLANNING POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion. As such, it is prudent for the City to establish sound financial management policies that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to ensure the City's on-going financial sustainability beyond a single fiscal year budget cycle in light of the City's long-term service commitments, objectives and vision. Financial sustainability is defined by the City's long-term financial performance and positioning where long-term service and infrastructure levels and standards are met. This policy is intended to describe particular elements or aspects of such long-term planning programs within the City and to memorialize their practice into a formal policy.

Policy

A commitment to long-term financial planning – the long-term financial planning (LTFP) process evaluates known internal and external issues impacting the City's financial condition. Such issues are identified, presented and mitigated when and where possible. The process begins by identifying critical areas which have, or are expected to have, an impact on the financial condition of the City over the next ten years. Once the issues are identifying, specific goals and objectives are developed for each. The LTFP is constantly changing and moving document which will be routinely updated and presented on an ongoing rolling basis. The LTFP will be incorporated into the City's business planning process and presented to the City Council, at a minimum, on an annual basis, during the budget development process. The LTFP is intended to help the City achieve the following:

1. Ensure the City can attain and maintain financial sustainability;
2. Ensure that the City has sufficient long-term information to guide financial decisions;
3. Ensure that the City has sufficient resources to provide programs and services to residents;
4. Ensure that potential risks to on-going operations are identified in the LTFP process and communicated on a regular basis;
5. Establish mechanics to identify early warning indicators;
6. Identify changes in expenditures or revenue structures needed to deliver services or to meet the goals adopted by the City Council.

Scope

The LTFP will forecast revenues, expenditures and financial position ten years into the future. The LTFP will provide meaningful analysis of key trends and conditions, including but not limited to:

1. Analysis of affordability of current services, projects and obligations:
    a. An analysis of the City's environment in order to anticipate changes that could impact the City's service and/or financial objectives.
    b. Revenue and expenditure projections, including the financial sustainability of current service levels over a multi-year period.
    c. The affordability of maintaining and replacing the City's current capital assets.
    d. The ability to maintain reserves within the target ranges prescribed by the City's reserve policies.
    e. The impact of non-current liabilities on the City's financial position.
2. Analysis of affordability of anticipated service expansions or investments in new assets:
    a. The operating cost of new initiatives, projects or expansion of services where funding has been identified through alternative source (CIP, grants, debt issuance, etc.) or adopted by the City Council.
    b. The affordability of master plans that call for significant financial investment by the City.
3. Synthesis of the above to present the City's financial position:
    a. A clear presentation of the resources needed to accomplish the capital improvements identified by the City Council and staff and to maintain the existing capital assets.
    b. A clear presentation of the resources needed to maintain existing services at their present level in addition to the expansion of services as may have been identified through the analysis described above.
    c. Identification of imbalances between the City's current direction and the conditions needed for continued financial health.

The LTFP will identify issues that may challenge the continued financial health of the City, and the plan will identify possible solutions to those challenges. Planning decisions will be made primarily from a long-term perspective and structural balance is the goal of the planning process. For these purposes, structural balance means the ending fund balance (or working capital in enterprise funds) must meet the minimum levels prescribed by the City Council's reserve policies.

Continuous Improvement

City staff will regularly look for and implement opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements will primarily be identified through the comparison of projected performance with actual results.

Structural Balance

Long-term structural balance is the goal of long-term financial planning at the City. Should the long-term forecasting and analysis show that the City is not structurally balanced over the ten-year projection period, staff would then make recommendations, for City Council consideration, on how the plan can be brought into balance within three years.

Non-Current Liabilities

The LTFP will address strategies for ensuring that the City's long-term liabilities remain affordable. The City Council supports efforts to ensure that critical long-term liabilities like debt service, asset maintenance, pensions and other post-employment benefits remain affordable.

Reporting and Oversight

It is the responsibility of the Director of Finance to ensure the presence of procedures that provide sufficient guidance to affected City personnel to fulfill the intent of this policy. This policy will be reviewed at least annually and updated on an as-needed basis.

RESOLUTION NO. 19-19

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ESTABLISHING THE CITY OF MORRO BAY'S REVENUE AND EXPENDITURE POLICIES**

THE CITY COUNCIL
City of Morro Bay, California

WHEREAS, the City of Morro Bay wishes to establish Accounting and Financial Reporting policies to direct staff and provide transparency to the Council and Community; and

WHEREAS, those Accounting and Financial policies include a policy regarding Revenue Management; and

WHEREAS, those Accounting and Financial policies include a policy regarding Expenditure Management; and

WHEREAS, staff recommends the City Council adopt the proposed Revenue Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards; and

WHEREAS, staff recommends the City Council adopt the proposed Expenditure Policy, which demonstrates the City's commitment to fiscal responsibility and prudent management and is consistent with Government Accounting Standards

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Revenue Policy," as set forth in Exhibit A, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, the "Expenditure Policy," as set forth in Exhibit B, attached hereto and incorporated herein, is hereby approved and hereby established as City policy.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 26h day of March, 2019, by the following vote:

AYES: Headding, Addis, Davis, Heller, McPherson
NOES: None
ABSENT: None

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

COUNCIL POLICY

REVENUE POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize city services in some fashion. As such, it is prudent for the City to establish sound revenue management policies that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's key revenue management policies with respect to general revenue management, use of one-time revenues, and use of new revenue sources, so as to guide City staff and City Council in determining recommended use of City revenues.

General Revenue Management

Diversified and Stable Base. The City will seek to maintain a diversified and stable revenue base to protect it from short-term fluctuations in any one revenue source.

Long-Range Focus. To emphasize and facilitate long-range financial planning, the City will maintain current projections of revenues for the succeeding ten years.

Current Revenues for Current Uses. The City will make all current expenditures with current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.

Interfund Transfers and Loans. In order to achieve important public policy goals, the City has established various special revenue, capital project, internal service and enterprise funds to account for revenues whose use should be restricted to certain activities. Accordingly, each fund exists as a separate financing entity from other funds, with its own, expenditures and fund equity.

Any transfers between funds for operating purposes are clearly set forth in the adopted budget and can only be made by the Director of Finance in accordance with the adopted budget. These operating transfers, under which financial resources are transferred from one fund to another, are distinctly different from interfund borrowings, which are usually made for temporary cash flow reasons, and are not intended to result in a transfer of financial resources by the end of the fiscal year.

The Council recognizes that accounting principles for state and local governments discourage the "earmarking" of General Fund revenues, and accordingly, the practice of designating General Fund revenues for specific programs should be minimized in the City's management of its fiscal affairs.

Approval of the following revenue distribution policies does not prevent the Council from directing General Fund resources to other functions and programs as necessary.

One-Time Revenues

Once the General Fund Budget is brought into structural balance, one-time resources such as proceeds from asset sales, debt refinancing, one-time grants, revenue spikes, budget savings and similar non-recurring revenue shall not be used for current or new one-time operating expenses. Appropriate uses of one-time resources include replenishment of the Emergency Reserve if needed, replenishment of internal service fund reserves if necessary, pay down of unfunded liabilities, including CalPERS and Other Post-Employment Benefits (OPEB), early retirement of debt, capital expenditures and other non-recurring expenditures.

This policy is intended to ensure that the City maintains a structurally balanced budget and does not use onetime resources to increase the base budget that cannot be sustained by ongoing resources.

Definitions

One-time Resources: resources that the City cannot reasonably expect to receive on an ongoing basis. The source is most likely one-time if any of the following apply:

a. Will not be available the next fiscal year.
b. Has a set ending date such as 12-18 months from date of receipt.
c. Results from a one-time spike.
e. Results from temporary expenditure savings.

One-time resources include bond or debt proceeds, bond-refinancing proceeds, money from the sale of assets, one-time grant funds, budget surpluses, and fund balance.

Use of New Discretionary Revenues

New, discretionary revenues will be treated as one-time revenues for a period of two years (consecutive 24-month period), to establish that they will be permanent, steady and reliable ongoing revenues which can be added to the City's base general fund budget. For the first two years of a new, discretionary revenue, all funds will be used according to the defined one-time revenue uses in the section entitled "One-Time Revenues" above.

Once the General Fund budget is brought into structural balance, a minimum of 10 percent of all new (ongoing) discretionary revenue will be devoted to capital projects including deferred maintenance and infrastructure needs.

Allocation of discretionary revenues is intended to insure the designation of a proportionate and ongoing share of the annual budget for the needed care and construction of infrastructure.

1. This policy applies to the net increase of all discretionary General Fund recurring revenues (e.g., tax revenue, non-fee-based revenue [necessary for providing services]) due to a change in city policy, law, etc. An example would be cannabis tax revenue).

2. The designation of these funds in no way displaces or substitutes for the funds already being budgeted for capital projects.

3. Examples of projects qualifying for funding under this provision include such projects as facility repairs, roof repairs, street repairs, air conditioning repair or replacement, replacement of flooring, elimination of mold, etc.

User Fees and Charges

The City of Morro Bay recaptures, through fees, up to the full cost of providing specific services. Regular and consistent review of all fees is necessary to ensure that the costs associated with delivery of individual services have been appropriately identified, and that the City is fully recovering those costs. It is the City's policy to set user fees at full cost recovery levels, except where a greater public benefit is demonstrated to the satisfaction of the City Council, or when it is not cost effective to do so.

The Morro Bay Municipal Code Chapter 3.34, Master Fee Schedule, stipulates how the City shall move forward with amending the Master Fee Schedule. Relevant sections of that chapter are included below for reference.

3.34.010 – Established
The city Master Fee Schedule is established, which shall set forth a consolidated listing of fees as fixed and adopted by the city council, in accordance with all applicable provisions of state and city laws.

3.34.020 – Fee revisions and reviews
Any fees included in the Master Fee Schedule may be reviewed and revised annually by the city council. The city's cost of providing the services shall be computed and reflected in these fees. The fees shall then be enumerated and the revised Master Fee Schedule adopted by resolution of the city council.

On July 14, 2015, the City Council established December as the desired index for Consumer Price Index (CPI) and Engineering News Record (ENR) Construction Cost Index for the San Francisco Oakland-San Jose area as the adjusting factor.

Increases to the fee schedule, based either on CPI or ENR increase or as a result of a fee study and update, may be added to the base general fund budget, or other Internal Service Funds (ISF), if used to fund ISF needs (i.e., technology and software needs), immediately following adoption.

Reporting and Oversight

The Departments are responsible for working with the Finance Department and City Manager in identifying new revenue sources and bringing a proposed plan for allocation of new and one-time revenue sources that conforms to this policy to the City Council for consideration and direction.

COUNCIL POLICY

EXPENDITURE POLICY

Policy Statement

The City of Morro Bay (City) is a full-service City, providing essential services to over 10,000 residents related to public safety, planning, building, public works and recreation. In addition, the City has a vibrant tourism industry, attracting thousands of visitors annually, all of whom utilize City services in some fashion. As such, it is prudent for the City to establish a sound expenditure policy that conform with generally accepted accounting principles and state regulations.

Purpose

The purpose of this policy is to describe the City's expenditure management practices with respect to general expenditure management, to ensure service levels are maintained and to guide City staff and City Council in obtaining and maintaining a structurally balanced budget.

General Expenditure Management

Service Levels. The City will endeavor to achieve service levels that provide quality of life, public safety and enjoyment to residents, business owners and visitors of the City of Morro Bay in the most efficient manner possible and within the financial means of the City.

Service Delivery. The City will continue to look for and implement the most cost effective and reliable methods of delivering services to the City's residents, business owners and visitors.

Capital Investments. The City will endeavor to maintain all assets at a level that protects capital investments and minimizes future maintenance and replacement costs, if possible.

Risk Management. The risk management program will provide protection against loss and reduction in exposure to liability to the extent possible.

Safety Program. The City will endeavor to establish and maintain a safety program, to ensure that safe working conditions are provided to the City's employees, and to minimize the City's exposure to liability and thereby reduce the number of claims against the City.

General Fund Expenditures

High priority is given to expenditures that will reduce future operating costs, such as increased utilization of technology and equipment and proven business models.

As appropriate, balance will be maintained between budget dollars provided for direct public services and dollars provided to assure good management and legal compliance.

All departments share in the responsibility of looking at and understanding the City's long-term financial viability, its general spending trends, its projected incomes, and educating themselves and all employees on the necessary short-term and long-term balance between revenues and expenditures.

Before the City undertakes any agreements that would create fixed, ongoing expenses, the cost implications of such agreements will be estimated and considered for current and future years.

Organizations and agencies that are not part of the City, but which receive funds from the City, shall not have their appropriation carried forward from year to year unless contractually authorized and directed by City Council. Annual review and reauthorization of funding is required.

Maintenance and Replacement

The City's annual budget process will include a multi-year projection of facilities and vehicle replacement requirements and outline sufficient funding for adequate maintenance and orderly replacement of capital infrastructure and equipment. Future maintenance needs of new infrastructure and equipment will be costed out and included as decision criteria.

Capital Improvements

The City will prepare and maintain a multi-year Capital Improvement Plan (CIP) and update it annually as part of the City's annual budget process. The CIP will be developed in conjunction with the operating budget to ensure that all operation and maintenance costs associated with the new capital improvements are adequately addressed. All capital improvements will be made in accordance with the adopted plan. The City will endeavor to maintain all of its assets at a level adequate to protect the capital investments and minimize future maintenance and replacement costs.

Operating/Capital Expenditure Accountability

It is the City's policy to compare actual expenditures to budget, internally on a monthly basis, and generally on a quarterly basis to be reported to the City Council. If necessary, actions are taken to bring the budget into balance during the quarterly budget updates.

Human Resource Management

Regular Staffing: The budget will fully appropriate the resources needed for authorized regular staffing (full-time or full-time equivalent staffing that are provided benefits) and will limit programs to the regular staffing authorized.

Regular employees are and will continue to be the core work force and the preferred means of staffing ongoing, year-round program activities that should be performed by full-time City employees rather than independent contractors. The City will strive to provide competitive compensation and benefit schedules for its authorized regular work force. Each regular employee will:

- Fill a funded, authorized full-time equivalent (FTE) position.
- Be assigned to an appropriate classification and assigned a bargaining unit or maintain an employment agreement.

- Receive salary and benefits consistent with labor agreements or other compensation plans.

To maintain the growth of the regular work force and overall staffing costs, the City will follow these procedures:

- The Council will authorize all regular positions.
- The Human Resources Division will coordinate and approve the hiring of all regular, part-time and temporary employees.
- All requests for additional regular positions will include evaluations of:
  - The necessity, term and expected results of the proposed position.
  - Staffing and equipment costs, including salary, benefits, equipment, uniforms, facilities, etc.
  - The ability of private industry to provide the service (contract services) and the benefits of hiring in-house staff.
  - Additional revenues or cost savings, which may be realized.
- Periodically, programs will be evaluated to determine appropriate staffing levels.

Temporary Staffing: The hiring of temporary employees will not be used as an incremental method for expanding the City's regular work force.

Temporary, part-time employees include all employees other than regular employees, elected officials and volunteers. Temporary employees will augment regular City staffing as extra-help employees, seasonal employees, contract employees, interns and work-study assistants.

The use of temporary employees is encouraged to meet peak workload requirements, fill interim vacancies, and accomplish tasks where less than full-time staffing is required.

Under this guideline, temporary employee hours will generally not exceed (on a per employee basis) 50% of a regular, full-time position (1,040 hours annually). There may be limited circumstances where the use of temporary employees on an ongoing basis in excess of this target may be appropriate due to unique circumstances or staffing requirements. However, any such exceptions must be approved by the City Manager based on the review and recommendation from the Human Resources Division.

Contract employees are defined as temporary employees with written contracts approved by the City Manager. Contract employees will generally be used for medium-term (generally between six months and two years) projects, programs and activities requiring specialized or augmented levels of staffing for a specific period. Contract employees should not be used for services that are anticipated to be delivered on an ongoing basis.

Independent Contractors: Independent contractors are not City employees. They may be used in two situations:

1. Short-term, peak workload assignments to be accomplished using personnel contracted through an outside temporary employment agency. These employees are always considered to be the employee of the outside employment agency and not the City. All placements through a temporary employment agency will be coordinated through and subject to approval of the Human Resources Division.
2. Construction of Public Works projects and delivery of operation, maintenance or specialized professional services not routinely performed by City employees. Contract awards are guided by the City's purchasing policies and procedures.

Productivity

The City will constantly monitor and review the methods of operation to ensure that services continue to be delivered in the most cost-effective manner possible. This review process encompasses a wide range of productivity issues, including:

A. Analyzing systems and procedures to identify and remove unnecessary review requirements.
B. Evaluating the ability of new technologies and related capital investments to improve productivity.
C. Developing the skills and abilities of all City employees.
D. Developing and implementing appropriate methods of recognizing and rewarding exceptional employee performance.
E. Evaluating the ability of the private sector to perform the same level of service at a lower cost.
F. Conducting periodic formal reviews of operations on a systematic, ongoing basis.
G. Maintaining a decentralized approach in managing the City's support service functions. Although some level of centralization is necessary for review and control purposes, decentralization supports productivity by:
    1. Encouraging accountability by delegating responsibility to the lowest possible level.
    2. Stimulating creativity, innovation and individual initiative.
    3. Reducing the administrative costs of operation by eliminating unnecessary review procedures.
    4. Improving the organization's ability to respond to changing needs, and identify and implement cost-saving programs.
    5. Assigning responsibility for effective operations and citizen responsiveness to the department

Reporting and Oversight

The Departments are responsible for understanding and working within the direction provided in this policy. Departments will coordinate closely with the City Manager, Human Resources Staff and Finance Staff to meet compliance with this policy. To the extent necessary, the City has three-years from date of adoption, to comply with this policy in all respects, but specially to bring the Capital budget process and identification of existing or future funds needed to meet infrastructure maintenance and repair needs. Should the City fall out of compliance with this policy, it is the responsibility of the City Manager, working with all Departments, to bring forward a plan to the City Council to come into compliance with policy stipulations within three years.

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