



CITY OF MORRO BAY

CITY HALL

595 Harbor Street
Morro Bay, CA 93442

MEMORANDUM

TO: Mayor and City Council
FROM: David Buckingham, City Manager
SUBJECT: FY 15/16 City Goals Update

OUTLINE

1. City Update Overview
2. 10 Key Activities in 2015
3. Item by Item Status of Seventy-Three FY15/16 Objectives
4. Other Important Completed / Ongoing Activities
5. Management Partners Organizational Study Recommendation Status
6. FY14/15 Year-End Budget Overview
7. Communicating in the Community Update
8. Council Action

1. CITY UPDATE OVERVIEW

a. **Purpose and Explanations.** The purpose of this report is to provide a mid-year FY 2015/16 update on a number of items including our FY15/16 Goals and Objectives, year-end FY14/15 budget, the Management Partners Organizational Survey, and the City's ongoing efforts to improve communication in the community.

- 1) While the City's FY2015/16 Goals and Objectives strictly run from July 1, 2015 to June 30, 2016, some liberty is taken in this report to look back a full year, while looking ahead primarily through June 2016.
- 2) It is also important to note that in some cases work on objectives is ongoing. That is, work continues on implementation of a particular item. In cases where implementation work is ongoing, but critical research, approval and funding hurdles have been crossed, this update may count that objective as being "complete". In other cases, items that are underway but that still require

significant Council, Staff or community effort or input may be counted as “ongoing.”

- b. **City Goals and Objectives.** Beginning in December 2014 and continuing through January and February 2015, the City went through a 2-month public process to consider and refine the City’s existing 10 goals, and to identify specific objectives under each goal to be worked on in FY 15/16. The City’s 2015/16 Goals and Objectives were approved by Council on February 24, 2015 and are attached to this document. Through that process, the City Council refined our goals as follows:

- 1) Develop New WRF
- 2) Improve Streets
- 3) Review and Update Significant City Land Use Plans
- 4) Maintain Core Public Safety Services
- 5) Ensure Fiscal Sustainability
- 6) Support Economic Development
- 7) Improve City Infrastructure, Facilities and Public Spaces
- 8) Enhance Quality of Life
- 9) Improve Water Supply Diversification
- 10) Improve City Operations

- c. That process also produced 73 discreet objectives associated with the above 10 goals. These objectives were adopted as “specific objectives the City intends to accomplish in the February 2015 to June 2016 time period.” The goals and objectives memo also noted that some objectives may not be completed if adequate resources, time and money, are not available.

2. Ten Key 2015 Accomplishments

- a. Before launching into an update on the City’s FY15/16 Goals and Objectives, here’s an overview of 10 key activities this year:
- 1) **Setting Goals and Objectives.** A first accomplishment to note is that, for the first time, the City identified specific, measurable, annual objectives under each goal – essentially an annual work plan – and tied these objectives to the development of the City Budget. This is a management best practice and was actually recommended by Management Partners after we had already begun the process. So, as we will see, in some respects the Management Partners

Organizational Survey was actually a confirmation of practices implemented by the City early this year.

- 2) **Budget Process – 10-Year Forecast and Improved Transparency.** For the first time ever, Morro Bay executed a 10-year budget forecast, looking in detail at revenues and expenses over a 10-year period. Measurable improvements were also made to the FY15/16 budget development and deliberation process.
- 3) **WRF Progress.** While we are currently conducting some important analysis on site selection, the WRF planning and construction process has moved decisively forward. In the past year the Council decided to build a Morro Bay owned and operated WRF that will recover the 1 million gallons of water a day that we currently dump into the ocean. Our Program Management team is on board, as is the Facility Master Planning team. Contract for Environmental Services has been approved and is ready to be executed. Field work for the fatal flaws analysis at the original Rancho Colina site is complete.
- 4) **Stronger / Improved Management Practices.** City Staff, and Council, have taken action to significantly improve internal management practices. The staff now conducts detailed quarterly budget reviews (recently including members of the Citizens Finance Committee) to look more stringently at quarterly revenues and expenditures. After many years with the same auditor, staff contracted this year with a new auditing firm, another management best practice. Staff also purchase and is implementing a purchasing module for our accounting software which will require most City purchases to be made through the finance department instead of on City Credit cards, significantly improving oversight and legal review.
- 5) **Improved Relationships with Regional and State Organizations.** The City has worked to measurably improve relationships with regional and state organizations. Our significantly improved relationship with the California Coastal Commission is critical to the General Plan / Local Coastal Plan update and has resulted, among other things, in the CCC decision to host their February 2016 meeting in Morro Bay. City Council and staff are also working closely with the SLO Economic Vitality Corporation in all areas of Economic Development and a recent City staff presentation to the EVC resulted in several new relationships that we anticipate will translate into increased investment in Morro Bay.

- 6) **Cost Recovery Policy and Improved Fee Structure.** The City Council approved the City's first comprehensive Cost Recovery Policy, another management best practice. That policy was the basis of a fee review to ensure fees for City services are set appropriately each year and based on a thoughtful policy.
- 7) **Business Recruitment and Expansion.** As part of the LEAP process and continuing economic development focus, the City has worked closely with a number of businesses to help them to transition to Morro Bay, or help them expand their business in Morro Bay. Three examples include Elemental Herbs' move from Los Osos to the previously vacant Sun Bulletin Building, expansion of South Bay Wild's commercial fishing concern to include a fish cleaning, packaging, storing and shipping facility, and the ongoing renovation of The Siren at Harbor and Main, the first significant non-hotel renovation investment in the Downtown in several years.
- 8) **Utility Discount Program.** As part of an essential raising of water and sewer rates to generate the minimum levels of revenue required to provide these services, the City Council instituted an easily accessed Utility Discount Program for financially challenged residents, providing an ~10% discount on water and sewer bills for most participants.
- 9) **Improved Communication.** The City has made huge improvements in the breadth and depth of our communication with the public. New this year are a regular City column in the Bay News providing facts on City activities and programs, routine use of water bill mailers to communicated broadly on two subjects a month, a vibrant Facebook page with a 10X increase in the number of "likes" and a 100X increase in the amount of City / resident interaction over 8 months. Video recordings of City meetings are now posted on YouTube, allowing residents to view and review Council, board, commission and committee meetings 24/7/365.
- 10) **Improved Event and Group Coordination.** Understanding the importance of marketing Morro Bay as a destination with a range of activities interesting to a broad range of residents and potential visitors, the City is working to significantly improve event coordination. This year, City staff's work with the Harbor Festival Board helped "remake" that signature event into a more accessible and Morro Bay business friendly activity. The City also ran the Morro Bay 4th of July celebration as a resident focused, family-friendly event including the ribbon

cutting at the new Morro Creek Bridge as a kick-off to the Bike Parade. The City's renewed regional group and local event focus were crucial in our selection as a host City for the 2016 AMGEN Tour of California bike race. Staff is working closely with a regional group to bring an annual "Yoga at the Rock" event to Morro Bay beginning in 2016.

3. Status of FY15/16 City Goals and Objectives.

a. **Completion Status.** As of Nov 10, 2015, of the 73 2015/16 objectives adopted by Council:

- 1) 22 (30%) are complete or in implementation phase to completion.
- 2) 42 (58%) are ongoing.
- 3) 5 (7%) will be started in the months ahead.
- 4) 4 (5%) were not budgeted for.

Considering both time and money as essential resources, staff recommends, based on time available and pace for the community, moving several objectives off the FY15/16 work plan for consideration next year.

b. **Objective by Objective Review.**

1) **Goal #1 - Develop New WRF**

a) **Public Input.** *Ensure robust WRFCAC and public engagement for major WRF decisions.*

Ongoing. The WRFCAC is quite active and functioning very well, having been an integral part of every significant WRF decision including the decision to build a "Morro Bay WRF" and selection of key consultants from Program Management to Environmental Consultants. The City has sought and received robust input from the public throughout the process and is now engaged in a deep and deliberate public outreach and engagement campaign approved by the Council. Stakeholder interviews are ongoing and two public workshops on different topics have been held in the past month.

b) **Governance.** *Bring a recommendation to City Council for the governance structure with the Cayucos Sanitary District for the future WRF.*

Complete. This objective is complete. The Cayucos Sanitary District withdrew from the project and on May 12, 2015 the City Council decided the new WRF will be owned and operated by the City of Morro Bay.

c) **MOU for Now.** *Bring a recommendation to Council for an interim agreement with the Cayucos Sanitary District defining the roles and responsibilities for the preliminary engineering and environmental review phase of the WRF project.*

Complete. This objective was obviated by the Council's May 12 decision to build a Morro Bay WRF.

d) **Fatal Flaws.** *Complete a detailed "fatal flaws" analysis of the "Rancho Colina" site including: Cultural Resources, Biological Resources, Geotechnical and Groundwater.*

Complete. While we await the final written reports from two of the Fatal Flaws analyses that will inform the Facility Master Planning Process, the analysis is complete and there are no fatal flaws on the originally identified SE portion of the Rancho Colina site.

e) **FMP.** *Complete the first phase of Facilities Master Plan, including: consultant team selection, decision regarding direction for the use of reclaimed water and a robust analysis of new treatment technologies that meet the anticipated requirements for use of reclaimed water.*

Ongoing. The Facility Master Planning contract was awarded on July 14, 2015 and the team is actively working the Master Plan with completion projected no later than April 2016, on schedule with the our 5-year construction timeline.

f) **Environmental Review.** *Complete an Initial Study for the preparation of an appropriate environmental review document.*

Ongoing. The Environmental Review contract was approved by Council in Oct 2015 and the consultant is ready to start work.

Note. Based on the status of ongoing negotiations with the Rancho Colina property owner, staff recommends Council formalize this new objective: "WRF Property MOU. Negotiate and finalize an MOU, subject to appropriate

Environmental Review, for the purchase of appropriate and sufficient property to construct a WRF consistent with previously adopted Council Goals.

2) Goal #2 - Improve Streets

- a) **Streets Ballot Measure.** *Research and bring to Council for decision a ballot measure for a district transaction tax, Bond measure or other financing mechanism that would provide revenue to secure financing to rebuild/repair all Morro Bay streets in 5 years.*

Ongoing. The Council decided not to consider a streets ballot measure in 2016 but simultaneously directed staff to consider a streets financing approach, essentially taking out a loan to do significant street work in the next 2-3 years and paying that off over 20-30 years with measure Q revenue. This item is going to CFC and PWAB in Nov / Dec and will come to Council for direction in Jan-Mar.

- b) **Traffic Management Plan.** *Prepare and bring to Council for adoption a neighborhood traffic management plan for both residential and commercial neighborhoods that is consistent with the State of California's "Complete Streets" requirements and improves safety and access for all users: vehicles, bikes, and pedestrians. Implement five traffic safety and/or calming measures, as recommended in the adopted plan.*

Ongoing. Work on the traffic management plan is ongoing. With respect to traffic calming, staff will start work on a traffic calming project at Pacific and Main before in Nov / Dec. Staff also hopes to find some affordable and feasible improvement possibilities to the San Jacinto and Main intersection, and Easter and Hwy 1.

- c) **Traffic Control Measures.** *Prepare an asset database and maintenance plan for all traffic control devices, including signs, signals, feedback devices and pavement markings.*

- *Refresh marking of all crosswalks; stop bars; legends; parking stall markings; and bicycle lane marking in commercial districts, collector and arterial streets, designated pedestrian routes, and on all routes to schools.*
- *Replace 20-percent per year of the regulatory signs that do not meet FHWA's retro-reflectivity requirements.*

Ongoing. Work on the asset database is ongoing. Some repainting is complete and additional repainting is ongoing. Replacement of regulatory signs is ongoing. This items will continue through the fiscal year.

- d) ***Pavement System.*** *Update the Pavement Management System software and inspection verification to evaluate streets for maintenance needs. Crack seal all applicable streets in the East Beach Tract (AKA Island Streets).*

Ongoing. Cracksealing of the East Beach track is scheduled for Nov / Dec.

- e) ***Bike Needs.*** *Bring one or more unmet bike needs and/or maintenance of existing bike paths to Council for funding consideration in the 2015/2016 budget process.*

Ongoing. Several bike needs have been completed including installation of many new bike racks in the downtown, and painting of green bike lanes near the High School. Work is also underway to site some “themed” bike racks on the waterfront. Resurfacing of the Cloisters / High School bike path will complete this objective for 2015/16. Many bike needs remain for future years.

3) Goal #3 - Review and Update Significant City Land Use Plans

- a) ***GP/LCP.*** *Complete GP / LCP update and integration by December 2017.*

Ongoing. A General Plan Advisory Committee was selected by Council and is working. Adequate funds are budgeted to complete the GP/LCP update in two years. An RFP has been released for a GP/LCP consultant and GPAC recommendation, with contract, should come to Council in Jan 2016. The City is prepared to begin the GP/LCP update in January 2016 to be complete in two years.

- b) ***Secondary Unit Ordinance.*** *Complete revision / update of the City's Secondary Unit Ordinance.*

Ongoing. The Secondary Unit Ordinance is going to Planning Commission in Nov – Jan and should come to Council for approval in Feb '16.

- c) ***Sign Ordinance.*** *Complete revision / update of the City's Sign Ordinance.*

Ongoing. The Sign Ordinance process is ongoing; PC to kick off process in Nov with four business / public outreach sessions planned for Dec – Jan 2015. Updated ordinance may come to Council in Mar '16.

- d) **Neighborhood Design.** *Develop and implement neighborhood design guidelines.*

Complete. The Council approved updated Neighborhood Design Guidelines on July 14, 2015.

- e) **Downtown Specific Plan.** *Update the existing Downtown Specific Plan for implementation and certification with design guidelines to establish the identity and vision of downtown, include "Old Town" resolution as part of the update process.*

Scheduled. Work on a downtown plan is scheduled to begin in the spring, following work on objectives 7a and 7b. Based on a full reassessment, input in the LEAP process, and additional staff research, staff recommends Council change this goal to a Downtown / Waterfront Strategic Plan. The Downtown / Waterfront Strategic plan will look holistically at both the Downtown and Waterfront as one entity, linking them more closely together, will save money since some items in a Downtown Specific Plan would be replicated in the General Plan update, and will provide all of the important parameters and information to encourage investment in the Downtown / Waterfront area – while also getting consensus on branding and theme for Morro Bay's core. Staff recommends Council modify this objective to: Develop a Downtown Waterfront Strategic Plan for implementation and certification with design guidelines to establish the identity and vision of the Downtown / Waterfront core of Morro Bay.

4) Goal #4 - Maintain Core Public Safety Services

- a) **CERT and EOC.** *Complete four regional Community Emergency Response Team (CERT) courses with bi-monthly continuing education for our citizens and enhance our Emergency Operations Center (EOC) position training for City employees, volunteers, and City Council.*

Ongoing. CERT Training is continuing with our next community class scheduled for January 12th. Our local CERT have been meeting bi-monthly and has participated in our latest Point of Distribution drill. The City Council will participate in an EOC "Policymakers" seminar tentatively in November with staff EOC training for our City employees and volunteers following.

Other training has been conducted and is ongoing. Due to time constraints (especially during fire season) we may not reach the goal of EOC bi-monthly training.

- b) ***Drought Annex.*** *Complete the drought annex to Part II of our City's Multi-Hazard Emergency Response Plan.*

Ongoing. Further assessment identified that before the drought annex can be complete, the City's Mitigation Plan must be updated and we have begun the 18-month process of updating the Mitigation plan, after which the Drought Annex can be completed. Our Mitigation Plan public workshop is scheduled for December 3rd with an online survey to follow shortly.

- c) ***IT Communication.*** *Create and implement IT solutions to enhance public safety communication to the community.*

Complete. The Morro Bay Police Department APP has been launched and is in use around the City.

- d) ***Code Enforcement.*** *Bring a proposal for a proactive code enforcement program to Council for decision and immediate implementation.*

Complete. The Council budgeted for two Code Enforcement officers and they have been hired. Staff updated Council on the implementation plan and it is ongoing with significant public education in Nov – Jan and proactive enforcement, primarily using warnings followed by administrative citations, planned to begin in February.

- e) ***Emergency Plan Updates.*** *Complete all emergency plan updates presented by San Luis Obispo County Office of Emergency Services that affect our Mass Causality, Nuclear, Hazardous Materials, and Tsunami events.*

Ongoing. No updates have been presented yet to date by the San Luis Obispo County Office of Emergency Services. We anticipate some updates in the spring.

- f) ***Body-Worn Cameras.*** *Complete implementation of body-worn camera technology for all police officers.*

Ongoing. Cameras are on hand and being tested while MBPD policy for use is written and adopted. To be complete in Jan 2016.

- g) ***PD Strategic Planning.*** *Establish Police Chief's Advisory Committee and complete Police Department Strategic Plan to enhance organizational efficiency and community collaboration.*

Ongoing. MBPD began work on strategic plan in Oct '15.

- h) **Public Safety Ordinances.** *Bring to Council ordinances related to emerging public safety trends.*

Complete. The Council passed a Synthetic Drug ordinance in April 2015 and amended the Sale and Use of Fireworks ordinance in April 2015.

- i) **FD Strategic Plan.** *Complete a Fire Department strategic plan update to improve organizational efficiency.*

Ongoing. Phase one of the strategic plan is complete. Work to complete the plan is ongoing.

5) Goal #5 - Ensure Fiscal Sustainability

- a) **Budget Process.** *Retool the City's budgeting process, improving transparency and simplicity while considering biennial and program-based budgeting. Develop a 5-year strategic budget forecast.*

Complete. The City completed significant of transparency and simplicity improvements to the budget process during development of the FY15/16 Budget, including a first-ever 10-year budget forecast, a measurably improved budget letter and a firm step toward requirements based budgeting. The Council considered biennial budgeting and agreed not to implement biennial budgeting until the FY 17/18 budget cycle. More work to be done in the FY 16/17 budget cycle, but the FY15/16 objective was completed.

- b) **Financial Reporting and Oversight.** *Bring to Council a recommendation to establish a Financial Oversight body. Develop an improved process for financial reporting that is transparent and easy to understand.*

Complete. The City Council appointed a Citizens Financial Oversight Committee, received and approved that committee's 2016 work plan, and the committee, having recently participated in the City Manager's 1st Quarter FY 15/16 budget review, is actively engaged assisting in financial oversight.

- c) **Capital Replacement.** *Establish capital replacement accounts in FY 2015/16 for all major capital assets and include a minimum contribution to each account in the 2015/16 budget.*

Complete. For the first time in recent history, the City established a capital replacement (funded depreciation) account and deposited \$100,000 into that account with the FY 15/16 budget.

- d) **Fee Recovery.** *Review and bring to Council for decision balanced cost recovery for City fees and charges.*

Complete. In Oct '15 the City Council established the City's first comprehensive cost recovery policy and the City's current fee schedule is based on actual cost of services in accordance with that policy.

- e) **Management Partners.** *Research and implement or bring to Council for adoption or rejection all Management Partners recommendations.*

Ongoing. This staff report includes an update on the 65 Management Partners recommendations with recommendations for each.

- f) **Vehicle Leasing.** *Research and decide on City vehicle leasing vs. ownership policy.*

Complete. Staff researched the pros and cons of leasing vs ownership for City vehicles. Based on the relatively small size of the City and our vehicle fleet, and that we keep our vehicles far beyond the normal leasing life, we determine not to go to a leasing model at this time.

- g) **Energy.** *Explore renewable energy projects that reduce energy costs.*

Ongoing. A low-interest loan is being finalized and coordination ongoing to have solar panels installed on most City buildings in spring 2016.

6) Goal #6 - Support Economic Development

- a) **LEAP.** *Provide a high degree of staff support and participation in the Local Economic Action Plan process; bring appropriate LEAP proposals to Council.*

Complete. Staff remained fully engaged in the LEAP process through the year and to the completion of the engagement period. Staff is now LEAPing to an enduring Economic development plan.

- b) **Economic Development Strategic Plan.** *Bring to Council for decision, a proposal to retain a consultant to help the City create a 5-year Economic Development Strategic Plan.*

Complete. Council budgeted for an Economic Development Strategic Plan and staff worked the process. Following an appropriate competitive RFP period, the City will select a consultant in Nov to provide assistance in completing an Economic Development Strategic Plan. Development and implementation of the plan should be considered a high priority objective for FY16/17 objectives.

- c) **High-Speed Fiber.** *Coordinate and bring to Council for decision, options for a public / private partnership to deliver high-speed fiber connectivity in Morro Bay.*

Ongoing. Council budgeted adequate funds for a public / private partnership to deliver high-speed fiber to Morro Bay. Staff has conducted fairly extensive research and discussion with various entities that might be part of a solution to this objective. Staff intends to release an RFP for a high-speed fiber project in early in 2016.

- d) **Tri-W Property.** *Research and bring to Council for decision and possible incorporation into the General Plan / LCP, partial business development of the "Tri-W" property while preserving a large portion of the space as a green belt and dedicating a portion to affordable housing.*

Ongoing. Staff has done some research, and initial discussion with potential investors, on this objective. However, for a number of reasons, including staff time and energy focusing on other priorities, general pace of activity in Morro Bay, and synchronization with other community interests such as a greenbelt, staff recommends Council remove this item from our FY15/16 objectives and direct staff to incorporate it in the GP/LCP process while also remaining engaged with investors who may have the interest and capacity to bring in a diverse project for this site.

- e) **Marine Services Facility.** *Evaluate the ongoing boatyard studies and bring to Council for guidance, the feasibility and/or proposals for establishing a marine services facility in Morro Bay.*

Ongoing. Through the HAB, staff brought Council the market analysis study that determined there was at least a adequate market to deserve continued analysis for a Marine Services Facility in Morro Bay. Council directed an initial feasibility study to examine the potential of siting such a facility in the "triangle" parking lot adjacent to the MBPP. That study is underway. Staff will bring the results of that analysis through the HAB and to Council for

direction on whether or not to conduct a broader feasibility study for a Marine Services Facility at that site or another possible site in Morro Bay.

- f) **Event Coordination.** *Implement, or bring to Council for decision, appropriate measures to improve event coordination and support in Morro Bay and consider an event coordinator function.*

Complete. The recently hired Deputy City Manager, whose duties include improving event coordination and support is complete and having a positive effect on event coordination in Morro Bay. There is still work to be done in the area of event coordination, but the recent selection of Morro Bay as a host city for the AMGEN Tour of California, work on a 2016 Yoga at the Rock festival projected to attract over 1000 participants, and the success of the newly redesigned Harbor Festival demonstrate significant progress in this area and complete of the FY 15/16 objective.

- g) **Chamber of Commerce/Tourism Bureau Relationships.** *Evaluate, analyze and present to Council alternate models for partnerships between the City and both the Chamber of Commerce and Morro Bay Tourism Board.*

Ongoing. The transition of the Morro Bay visitor Center from a \$100K/year activity under the Morro Bay Tourism Bureau to a \$50K/year activity under direction of the Morro Bay Chamber of Commerce marks completion of a new model for a major facet of the relationship between the City and the Chamber. Consideration of an alternate model for delivering tourism marketing and promotion is ongoing.

- h) **Projects.** *Continue forward momentum on various projects including: Maritime Museum, Marine Research Center / Aquarium, Coast Guard facility, and Tidelands Park fish cleaning station.*

Ongoing. Work on all four of these projects is continuing and in various degrees of completion. City public works groundwork to set the physical stage for Phase I of the non-profit Maritime Museum is complete and staff is currently working on a new agreement with the Maritime Museum to reflect the current situation. Staff will bring a proposal for an Aquarium / Marine Research Facility to Council in December for Consent of Landowner approval. Staff continues to support USCG efforts to build / expand their facility. Work on the Tidelands Park fish cleaning station is scheduled for early next year.

7) Goal #7 - Improve City Infrastructure, Facilities and Public Spaces.

- a) **Old Town Link.** *Design and bring to Council for approval a specific plan to link the Embarcadero with Old Town at Centennial Parkway. If approved, begin work as soon as resources allow.*

Ongoing. For efficiency, staff is working this objective and the 7b “Embarcadero Promenade” objective simultaneously - and work is ongoing. Staff selected a consultant to lead a stakeholder / public engagement conceptual design process that will result in concept plans for the possible redevelopment of Centennial Parkway and expansion of the narrow Embarcadero sidewalk into a wider promenade. Stakeholder interviews are underway and a public design workshop will be held late this year or early next year.

- b) **Embarcadero Promenade.** *Develop constraints and cost analysis, then pilot, design and bring to Council for decision, an Embarcadero Promenade project to widen the west side Embarcadero sidewalk to ~15 feet as part of a Waterfront Master Plan.*

Ongoing. See above.

- c) **Parking.** *Leveraging the 2007 Parking Management Plan, begin implementation of specific parking management and improvement actions, including enforcement and targeted use of pay parking. Consider implementation of 60/90-degree angle center aisle parking to increase parking density. Consider lease of vacant lots for parking. Convert the “triangle lot” to temporary parking and plan for its future use.*

Ongoing. Staff has completed a number of parking improvement projects and several others are under consideration. Early this year parking “t’s” were painted on many downtown streets, improving available parking by better designating available spaces. Last month, the “triangle” parking lot was opened, providing around 100 new parking spaces on the Embarcadero for several years as we determine the best long-term use of that space. The city is in the final stages of acquiring the parking lot at Pacific and Market which, if the purchase goes through, will add ~40 additional spaces accessible to both the downtown and Embarcadero areas. Staff plans to begin implementing other recommendations from the 2007 Parking Management Plan after getting direction from Council in January.

d) **ADA Compliance.** *Complete a full ADA compliance assessment of all City facilities and develop a plan to address issues, budgeting and executing for an appropriate amount for ADA compliance in FY 15/16.*

Ongoing. Council budgeted for both an ADA assessment and to make ADA improvements in public spaces. Staff is in the final stage negotiating a contract for a comprehensive ADA assessment and is prepared to execute improvements recommended by that assessment. Staff has also designated a City ADA coordinator and added an ADA facet to the City Website, both essential aspects of a compliant and effective ADA program.

e) **Needs Assessments.** *Complete Harbor and Police Department's needs assessment for recapitalization of department buildings.*

Ongoing. Both assessments were funded and are under way. The Harbor assessment was just completed and is being evaluated for next steps.

f) **City Property.** *Research and bring to Council for consideration, best future use of all City properties.*

Complete. Council reviewed the City property list and provided direction. Three pieces of city property are on the market with strong offers on one.

g) **Sidewalk Improvement.** *Conduct a complete assessment of all City sidewalks and develop a plan for grinding and/or replacement with a focus on parks, school zones and business districts.*

Not Funded. This objective was not funded. However, part of this assessment will be made under objective 7.d. (ADA Compliance). Staff recommends Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

h) **Sidewalk Responsibility.** *Bring to Council for decision, a process for implementation of the California Streets and Highways requirements for street frontage maintenance.*

Not started. As time allows with other higher priorities, staff intends to bring this item to Council in spring 2016.

i) **Street Signs.** *Design and bring to Council for decision, a distinctive design that captures Morro Bay's image for new street name signs.*

Not Funded. This objective was not funded and should wait on completion of the Downtown / Waterfront Strategic Plan that should include a more compressive branding / image and signage component. Staff recommends

Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

- j) **Way-Finding Signs.** *Update and/or replace 20% of “way-finding” signs across all of Morro Bay.*

Not Funded. This objective was not funded. However, part of this assessment will be made under objective 7.d. (ADA Compliance). Staff recommends Council remove this objective from the FY15/16 work plan and consider it again in FY16/17 goals and objectives process.

8) Goal #8 - Enhance Quality of Life

- a) **New Pool.** *Develop and implement a plan to operate the community-use portion of the new high school pool, including a new Joint Use Facilities Agreement with the San Luis Coastal Unified School District (SLCUSD).*

Ongoing. Staff has conducted several meetings with school district officials and community stakeholders to ensure the community aspects of pool design and construction are implemented. Recreation staff is working to develop effective and efficient community-use agreements and processes when the pool opens in Fall 2016 with programming likely to begin later that year or in early 2017.

- b) **Access to Healthcare.** *Initiate outreach to appropriate healthcare providers with the goal of reestablishing a health center in Morro Bay that provides improved accessibility to our medically underserved residents.*

Not started. Staff intends to begin work on this objective early next year.

- c) **Funding of Non-City Events.** *Develop and bring to Council for approval, policies and procedures regulating the use of City funds for non-City events.*

Ongoing. Staff is working on a comprehensive City Events policy that will address both this objective and objective 8.d. (City Events). Staff anticipates bringing this policy to Council for initial discussion early next year.

- d) **City Events.** *Bring to Council for decision, a list of City of Morro Bay sponsored events. Focus resources to enhance those events.*

Ongoing. See 8.c. above.

e) **QOL Survey.** *Implement annual community quality of life/customer service surveys.*

Not Budgeted. While staff has implemented the use of broad surveys for a number of projects, money for this QOL Survey was not budgeted in FY15/16 and staff recommends Council remove this item from the FY15/16 Objectives.

f) **Community Needs Assessment.** *Conduct a community needs assessment to reestablish recreational priorities for residents and visitors.*

Complete. This Cal Poly facilitated Community Needs Assessment was completed by Recreation Staff and is being used to help inform Recreation Department improvements.

g) **Recreation Program Improvements.** *Improve marketing and execution of core recreation programs.*

Complete. While there is work to be done providing a broader range of better-executed recreation opportunities in Morro Bay, staff budgeted for and has implemented a number of marketing improvements that are having a measurable effect in the community.

9) Goal #9 - Improve Water Supply Diversification

a) **State Water.** *Conduct an assessment of the long-term requirements for continued participation in the State Water Project, conduct initial determination what level of participation is appropriate, and identify timeline for contract renewal.*

Ongoing. Council, staff and community have begun a broad conversation on Morro Bay's future water supply and staff intends to bring this item formally to Council for initial discussion in the Spring of 2016. Morro Bay's State Water Contract ends in 2021. Staff recommends an update to the City's Water Master Plan be added to next year's City objectives.

b) **DeSal Permit.** *Complete the Coastal permitting of the City's existing desalination plant support infrastructure including the seawater wells and the outfall.*

Ongoing. The City's consultant is working permit renewal. Staff is hopeful this will be complete by June 2016.

- c) **Rate Study.** *Complete the ongoing water (and sewer) rate study and bring to Council for decision, a balanced plan to ensure the fiscal sustainability of City Water (and Sewer) Funds.*

Complete. Following a lengthy and comprehensive public process, Council approved new water and sewer rates for 2015 – 2020 and those rates are in place, providing necessary funds to keep the water enterprise fund solvent and for Phase I construction of the new WRF. Council also approved a special rate discount program for financially challenged residents, providing around a 10% discount for water use.

- d) **WRF Water Usage.** *Develop a reuse plan for WRF recycled water that protects and enhances the City's current water supply, while considering additional appropriate uses of recycled water in accordance with the City's approved Local Coastal Plan policies.*

Ongoing. This objective is being addressed as part of the WRF Facility Master Plan. The FMP, and water reuse studies associated with that FMP, are ongoing.

- e) **Regional DeSal.** *Research and, if appropriate, bring to Council for information, the potential of a public-private partnership (3P) to design, build and operate a regional desalination facility (eg Poseidon Facility) that could sell drinking water into regional / state water system.*

Not Started. While staff has conducted some limited research and discussion on this objective, no significant effort has yet started. Staff recommends Council remove this item from the FY15/16 objectives while directing staff to keep this idea in mind as opportunities may present themselves, including as a possible aspect for development of the MBPP.

- f) **Conservation.** *Continue City implementation and community education to improve water conservation.*

Complete. While conservation efforts can and will continue, the Public Works brought a "Waster Summit" item through the PWAB and to Council and the Council approved several new water conservation programs. Information on those programs is easily accessible on the City website as is implementation in the Public Works department. The City has exceeded our State-mandated 12-percent water conservation goals required this year.

- g) **Groundwater Improvement.** *Evaluate Morro and Chorro creek groundwater basins for salts and nutrients and identify strategies to improve water quality.*
Ongoing. Morro Creek groundwater studies are ongoing as part of WRF Facility Master Planning. Staff is conducting a cost / benefit analysis of a similar effort in the Chorro Creek basin.

10) Goal #10 - Improve City Operations

- a) **Public Input.** *Provide opportunities for robust public involvement and input in all major City decisions.*

Ongoing. Staff continues to seek robust input on all major decisions. The recent public outreach sessions on WRF construction have been reasonably well attended. As noted above, public engagement is planned for many upcoming items including the Sign Ordinance and Centennial Parkway / Embarcadero Promenade concept plans. This objective is critical to effective local government, can always be improved, and will never be “complete”.

- b) **Vision, Values and Mission.** *Develop and bring to Council for adoption, City of Morro Bay Vision, Values and Mission Statement.*

Ongoing. Some public outreach on this objective is complete and the GPAC will be working draft Vision and Values in Nov-Dec. Staff intends to bring this item to Council for discussion in early next year.

- c) **Strategic Planning.** *Research and bring to Council for adoption, a City strategic planning framework.*

Complete. Council approved a City strategic planning framework for goals, objectives and budget process. (A white paper and resolution memorializing this process will come to Council in the next month.)

- d) **Information Technology.** *Fundamentally remake IT operations in the City - consider every approach, system, platform, software solution and best practice to gain efficiency, effectiveness, collaboration and transparency using IT solutions. Write IT Master Plan.*

Ongoing. Council budgeted for a significant ‘remake’ of City IT and that process is well underway. Council approved a contract for City Works, a customer-facing permitting and work order system and that project is in implementation. Also ongoing is an IT inventory and needs assessment. IT Strategic Plan will follow. Staff changed our IT budgeting process,

consolidating all IT activities in a single account under the Deputy City Manager to ensure consistent acquisition and implementation of IT across all departments.

- e) **Public Information.** *Measurably improve public information and public outreach, maximizing IT solutions while ensuring residents less tech-oriented have appropriate access to public information.*

Complete. The City has significantly improved the breadth of depth of our public information, both digitally and using traditional tools. The City Manager now has a column presenting City information in every issue of the Bay News and the City is sending informational mailers with every water bill. The City's Facebook page is a broad and vibrant location for "what's happening" in Morro Bay. "Likes" on that page have increased 10 times in the past 6 months and some posts have a reach to over 10,000 distinct people. The new City Website, better organized and more accessible, was deployed on Nov 5 and included a significantly improved "My Morro Bay" constituent interface that will replace "Let Us Know" to provide improved communication with our residents city services.

- f) **Water Metering and Billing.** *Research and bring to Council for decision, a contracted arrangement for automated water meter reading and complete billing operations.*

Ongoing. Staff and the PWAB worked this item for several months and the City is in receipt of one proposal to provide comprehensive water metering and billing. Some concerns identified in the process include a need to more closely review our current water meter replacement process to determine what improvements may be realized solely with meter replacement. Staff recommends Council remove this objective from our 2015/16 list for future consideration.

- g) **Customer Service.** *Take customer service to world class level. Develop and implement employee customer service standards. Develop and implement an employee recognition system for providing great customer service.*

Scheduled. While some areas of customer service have improved markedly, timeliness of Community Development actions (ie, building permits) and public information for example, Staff intends to begin a structured and more determined effort in to improve customer service, including service standards and a more formal employee recognition system.

*h) **Grants.** Research and apply for all possible grants to help fund renewal, operations and capital improvements.*

Ongoing. As of Nov 1, the Community Development Department has executed two (2) grant agreements for \$397,000 and received Council authorization for submittal of 1 grant application to Caltrans for \$50,000. The Harbor Department successfully secured and executed approximately \$153,000 in four different grants.

4. Other Important Completed / Ongoing Activities

- a. **Reorganization of City Departments.** City staff completed a reorganization of some City departments to improve efficiency and provide capacity to focus on a number of key functions. Maintenance Division was moved from the Recreation Department to Public Works – a better fit as most City Maintenance efforts are engineering, facilities and infrastructure centric – all Public Works areas of key competence. Planning and building activities were elevated into a stand-alone Community Development Department, significantly improving the efficiency and City-level focus on those critical activities. The IT Division, along with Economic Development, Public Information and supervision of Recreation Services were consolidated under a new Deputy City Manager – proving significantly improved City focus on those key areas of internal and external operations.
- b. **Tourism Marketing District.** Morro Bay joined the Visit SLO County regional Tourism Marketing District. An additional 1% of lodging rates spent on overnight visits in Morro Bay now help market SLO County as a destination around the country and around the world.
- c. **Business License Audit.** The City's business licenses audit prompted a complete review of the business licensing code and system. Based on the audit and review, the Council took action twice to modify our ordinances relating to business licensing. In Nov 2014 the Council approved a temporary amnesty from penalties for unpaid taxes, allowing businesses without licenses to “get healthy” without paying penalties. At the same time, the Council approved a new reduced-cost business license (about \$32 instead of \$137) for low-revenue businesses. In June, following a complete review of our business licensing code / system, the Council approved other

changes including a new \$4000 gross revenue threshold under which no license or tax is required at all.

- d. **Harbor Lease Audit.** The Harbor department had been continuing a three year effort to audit our Tidelands Trust leases. Of 22 master leases audited, representing 57 separate business audits, audits are complete on 14 master leases with 8 remaining.
- e. **Cloisters Neighborhood Group.** The City has significantly improved communication and cooperation with the Cloister Neighborhood Group in general, particularly working through and improving the functioning of the Cloisters Assessment District. This includes quarterly community meetings and monthly working group meetings. The proposed major maintenance work includes evaluation of bike-paths for resurfacing, renewing/reducing the landscaping in the medians, and play equipment replacement.
- f. **Special Olympics.** In addition to running the 4th of July as a City event, the City partnered with the Lions Club to host athletes from the United Arab Emirates participated in the 2015 Special Olympics World Games in Los Angeles.
- g. **Closed City Gas Station, Reduced Costs of Fuel.** The City got out of the gas station business (the City used to run a gas station to serve City vehicles), saving significantly on the cost of fueling City vehicles. City vehicles now use a State administered gas card, allowing City vehicles to fuel at local service stations and reducing our cost per gallon (by removing overhead) by about 30%.
- h. **Healthcare Reopener.** As part of existing contracts, the City was required to reopen negotiations on healthcare reimbursement with representatives of our three employee unions. While the cost of health care continues to increase significantly, the City and our unions reached a reasonable accommodation, keeping the Employee paid percentage and the City paid percentage at essentially the same level as negotiated last year.

5. Management Partners Organizational Study

- a. In May 2015 Management Partners completed a Council-directed Financial and Organizational Study for the City of Morro Bay. That study resulted in 65 discreet

recommendations to improve City management. FY15 Goal Objective 5.e. committed requires the staff to research and implement, or bring to Council for adoption or rejection, all Management Partners recommendations.

- b. A status of the 65 Management Partners recommendations is at attachment 1. Following is a rollup of the status / staff recommendation for completion of those recommendations not yet complete:
- c. Of the 65 recommendations:
 - 1) 30 (46%) are complete.
 - 2) 13 (20%) were added to our FY16 work plan and are ongoing.
 - 3) 17 (26%) are recommended for consideration on FY17 objectives.
 - 4) 5 (8%) are recommended for consideration on FY18 objectives.
- d. As part of this goals update, staff recommends the Council approve the timing / recommendations for completion of each recommendation as noted in the attached status document.

6. FY15 Budget Performance Review

- a. A completed year-end status of the FY15 budget year will be complete in December 2015 when our auditor completes their review and audit. Based on our internal review, we are confident reporting the following:
- b. The City ended FY14/15 well.
 - 1) In the General Fund (GF), the City ended the year about \$116K in the black.
 - 2) While that excess was technically held in the GF to pay accounts payable in early July, it allowed us to make a substantial deposit to the City's General Fund Emergency Reserve (GFER).
 - 3) In all major categories, FY15 actual revenues exceeded budgeted projections:
 - a) Property Tax was projected at \$3.74M and came in at \$3.92M, \$180K in the green.
 - b) Sales Tax was projected at \$1.16M and came in at \$1.21M, \$50K in the green.
 - c) TOT was projected at \$2.35M and came in at \$2.89M, \$540K in the green.

- 4) Some of this anticipated surplus was reallocated by the Council to current needs in the FY14/15 mid-year budget review in Jan 2015, and expenditures in some areas - especially for additional contract planners in Community Development Department - were above budget, and much needed.
 - 5) With the deposit noted above, the GFER now sits at \$3.60M. Based on Council resolution in the FY15/16 budget process, the City should end FY15/16 with \$3.58M in the GFER.
 - 6) Based on the positive financial results in FY14/15, the GFER now, sits where it needed to sit in 8 months on June 30, 2016. With a small projected surplus in the current year, and what was anticipated to be requirement for a larger surplus to make up a projected end of year GFER deficit, this is quite positive news.
 - 7) The Harbor Fund ended the year with approximately \$110K in the black. The surplus was deposited in the Harbor accumulation fund for future Capital requirements.
- c. So far, the City is also doing well in FY15/16.
- 1) As of staff's first quarter budget review, attended by two members of the Citizens Finance Committee, the General Fund and Harbor Enterprise Fund were generally on track with their FY15/16 budgets.
 - 2) As discussed by Council in the FY15/16 budget process, we are watching two revenue areas especially closely.
 - a) In Community Development, where the Council's cost recovery policy and removal of City subsidy for development activity increased fees somewhat, we are actually at, or ahead of a fairly optimistic revenue projection. That is, revenues generated by building and development are ahead of the increased revenues we projected.
 - b) Revenues are slightly behind projections in Recreation where we committed not to increase program fees but are working to increase revenues by expanding program participation and pursuing other ways to reduce costs such as business sponsorships.

- d. This Budget update is not intended to be comprehensive. The Council will conduct a detailed review of the FY15/16 budget during our normal mid-year budget review in January 2016.

7. Communicating in the Community

- a. The City has placed significant emphasis and effort on improving the quality of our communication to the community and how the community can interact back. While there are literally hundreds of communication avenues available to the City, selecting and focusing on a discreet set of communication venues is important both to focus City resources and so our residents know where, and where not, to go for accurate City information.
- b. With a population growing in comfort with digital communication tools, but still with many residents preferring the old fashioned way, the City has improved our communication in both the digital and print realms.
- c. Following is a review of our top 10 communication methods and what an engaged public can expect from each.
 - 1) **Website.** This is the City's knowledge repository, largely designed to ensure that residents and businesses know what's happening on their behalf. Our goal is to place as much information, records, and data on the site as possible to enhance transparency and accountability.
 - 2) **Facebook.** Up to the minute info on what is happening, right now, in the community.
 - 3) **Website Calendar.** This revamped calendar provides a schedule of City meetings and events, but also community events. We invite the public to share their happenings with us so we can share them with your neighbors.
 - 4) **News Alerts/Notify Me** – The Notify Me section of the website lets people sign up for notices on City press releases and news, all Council and board agendas along with numerous other topics. When we place news and information on the website, a participant automatically is emailed a notification about it.

- 5) **Bay News Column.** The “why” behind the “what”, bi-weekly articles providing additional detail on key City activities, often looking ahead to what is happening in the coming months.
 - 6) **Monthly Water Bill Mailers.** We highlight some of the top issues the City is currently undertaking or focusing on in a direct mailer to all utility customers, meaning basically every household and business.
 - 7) **My Morro Bay/Service Requests** – Our replacement for the website’s “Let Us Know” questions, help, and feedback system. This new platform enhances the City’s ability to track requests as well as for people to seek assistance, whether it be through the new mobile app, My Morro Bay, or on the City’s renovated website (under Service Requests).
 - 8) **YouTube.** Currently serving as our meeting archive, we hope to utilize YouTube in the future for additional video news and information content, from everything to short, informative pieces about city departments, to various initiatives or even community happenings.
 - 9) **Press Releases.** A diverse communications strategy means we continue to provide information to traditional media for dissemination to the community.
 - 10) **Laserfiche** – An online library of important documents, first being utilized to provide copies of ordinances and resolutions digitally for the first time to the public.
- b. Our quick guide for being informed about your community government includes these easy tips on how to get the most from the City of Morro Bay’s enhanced communications systems:
- 1) **Facebook.** You don’t have to have a Facebook account to visit us at [facebook.com/cityofmorrobay](https://www.facebook.com/cityofmorrobay) each day (throughout the day), to see the latest and greatest on what each City department is doing on your behalf – and what is happening around Morro Bay from water outages to critical information on public safety.

- 2) **Notify Me – City News to your Email Inbox.** Sign up for Notify Me on the website (on the homepage it's on the left-hand lower sidebar) to receive automatic emails about news and information, Council and board agendas and more.
- 3) **City “Bay News” Column.** Read the City Manager’s biweekly column in the Bay News.
- 4) **Water Bill Mailers.** Read your water bill mailer to learn about the hottest topics in the community.
- 5) **My Morro Bay.** Download the My Morro Bay app on your smart phone to get help or provide feedback (you can also seek assistance on the website under the Service Requests icon on the homepage).
- 6) **Website.** Visit the City website to learn more about your community government, check out the link to archived video of meetings, access our electronic documents repository for ordinances and resolutions and see the calendar for city and community meetings and events.

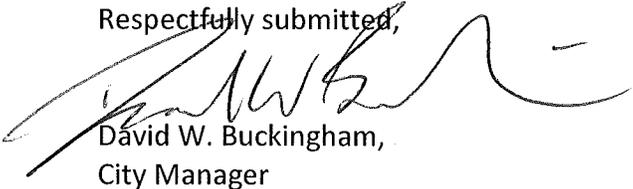
8. Council Action

- a. Staff recommends Council consider approving each recommendation below:
 - 1) **Recommendation #1.** Modify Goal 1.c to: “WRF Property MOU. Negotiate and finalize an MOU, subject to appropriate Environmental Review, for the purchase of appropriate and sufficient property to construct a WRF consistent with previously adopted Council Goals.
 - 2) **Recommendation #2.** Modify Goal 3.e to: Develop a Downtown Waterfront Strategic Plan for implementation and certification with design guidelines to establish the identity and vision of the Downtown / Waterfront core of Morro Bay.
 - 3) **Recommendation #3.** Remove Objective 6.d (Tri-W Property) from the work plan. Staff does not have resources (time) to work objective 6.d, Tri-W Property.

- 4) **Recommendation #4.** Remove Objective 7.g (Sidewalk Improvement) from the work plan. Objective 7.g, Sidewalk Improvement, was not funded.
- 5) **Recommendation #5.** Remove Objective 7.i (Street Signs) from the work plan. Objective 7.i, Street Signs, was not funded.
- 6) **Recommendation #6.** Remove Objective 7.j (Wayfinding Signs) from the work plan. Objective 7.j, Wayfinding Signs, was not funded.
- 7) **Recommendation #7.** Remove Objective 8.e (QOL Survey) from the work plan. Objective 8.e, QOL Survey, was not funded.
- 8) **Recommendation #8.** Remove Objective 10.f (Water Metering and Billing) from the FY15/16 work plan pending additional staff analysis.
- 9) **Recommendation #9.** Approve Staff Recommendations for timing of work on Management Partners recommendations as recommended in Attachment 1.

b. Recommendations may be approved in whole or in part.

Respectfully submitted,



David W. Buckingham,
City Manager

