

**MINUTES - MORRO BAY CITY COUNCIL
BUDGET WORKSHOP – JUNE 5, 2014
MORRO BAY COMMUNITY CENTER
MULTI-PURPOSE ROOM – 5:00P.M.**

PRESENT:	Jamie Irons	Mayor
	Christine Johnson	Councilmember
	Nancy Johnson	Councilmember
	George Leage	Councilmember
	Noah Smukler	Councilmember
STAFF:	Edward Kreins	Interim City Manager
	Joe Pannone	City Attorney
	Jamie Boucher	City Clerk
	Rob Livick	Public Services Director
	Steve Knuckles	Fire Chief
	Eric Endersby	Harbor Director
	Susan Slayton	Administrative Services Director
	Joe Woods	Recreation & Parks Director

Mayor Irons called the meeting to order at 5:00 p.m.

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

CLOSED SESSION REPORT – None

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

Interim City Manager Ed Kreins presented an overview of the budget, stating the budget isn't written in stone, it is a living document that is a guide for the entire year that could be changed as Council deems necessary. He also felt that the City needs to investigate sources of new revenue or look into changing your service delivery model.

PUBLIC PRESENTATIONS

Chamber of Commerce President, Jennifer Redman thanked the City and Council for the office space which is currently housing 3 incubator businesses as well as the City's Volunteer Resource Center. She stated that the Chamber is requesting minimal funding from the City to help them in providing services on behalf of the City. She went on to describe what the Chamber is doing and/or intends to do for the Morro Bay: they are currently offering space to the City's Volunteer Resource Center; they are also hoping to provide a Morro Bay City-wide mobile app they are working on; they have prepared a business information packet to help with business license efforts; and, they have provided business forums, workshops, and business consultations. They are also requesting monies to help offset phone calls, printing, postage, personnel, and help reaching out to new businesses. The Chamber continues to offer support for local events in addition to their own; and are asking for financial support to offer that additional event support.

Their office also serves as a visitor contact center; people still come in asking questions which they feel is all part of business expansion and retention in Morro Bay. The Chamber appreciates that the budget is tight but feels their our activities are geared to creating additional revenue that ultimately should cover more than the money they are asking for. They are requesting \$24,000 for the fy 2014/15 at \$2,000/month to cover the 3 areas: mobile app; business outreach; and event support.

Brent Haugen spoke on behalf of the Tourism Bureau. In the last 2 years, the Tourism Bureau has seen an increase in budget between 11-12%. They are requesting continued funding of \$100,000 for the Visitor Center and \$116,000 for regional marketing from the City. He presented their 2014/15 proposed budget stating that they are looking forward to a measurable return on investment not just for their stakeholders but also the City. He described the breakdown for Regional Marketing funding and the hopeful impacts of a successful regional marketing campaign. These funds help support the Shop Local program, event support and marketing as well as creation of cooperative advertising programs all impacting the local economy. He also presented a Visitor Center funding breakdown as well as the impacts the Visitor Center has had in the previous year and proposed ideas and concepts for the future of the Visitor Center. Their goal is to create a climate and make things happen

PUBLIC COMMENT -

Ken McMillan spoke on the Chamber's mobile app request. He stated this would be a tool that you use on your phone instead of on your computer and allows you to immediately find people, places and things. Initially the project was going to be a marketing tool for Chamber members but then it took on the identity as a possible tool for the City as a whole. Included would be a business directory, cross promotion with other apps, and social media advertising. In addition, it would serve locals, visitors, provide an entertainment directory, an event directory, surf, tides and weather conditions and maps/directions. He hopes the City sees this as ownership for all as it will benefit all of us.

Linda Fidel spoke on behalf of the Monday evening Community Dinners being held at the Vet's Hall on Monday nights @ 430pm – 630pm. She is asking the City to continue to waive the fees for their use of the Vet's Hall. She also thanked all those who have been involved.

Nancy McCarray is the Avocado Margarita Festival Coordinator and spoke saying the biggest challenge for any large event is to reach beyond the City limits; these visitors ultimately stay in the area, spending their discretionary dollars for accommodations, food, drink and entertainment. Those same visitors learn of the multitude of other entertainment opportunities alongside the beauty of the area. The special event draws them in and the beauty brings them back. Marketing is expensive and in order to be able to bring the tourist in, they are asking for City financial support.

John Solu respects the fact that the citizens have spoken and have chosen to continue with your leadership. His hope is to make Morro Bay a better place to live, raise a family and retire. The City has been a partner with tourism marketing of Morro Bay since the early '80's and he hopes we continue to fund the regional marketing and the visitor center. He disagrees with staff's

recommendation that tourism is a vulnerable industry and would be happy to discuss that recommendation. He also advertised the upcoming Music Fest, an event that produces seed money for the Annual Harbor Fest. Both of these events are an all-volunteer effort.

Joan Solu stated that tourism and economic development are pillars of our economy that work together hand in hand and can be strengthened through partnership support and public/private collaboration. Five years ago the TBID was a concept brought to Morro Bay by the county; in the 5 years since, there has been a leveling and a steady growth in the revenue for both partners. In 2014/15, continued partnership will provide more stability and growth in the community. She hopes we continue the public/private partnership that has benefited everyone in Morro Bay.

Daniel Podesto spoke on behalf of Morro Bay 4th, requesting an annual line item in the City budget in the amount of \$20,000 as well as waiving all service fees for the event. They feel this is a good investment because it has a history of providing a strong return on that investment. Since taking over, the occupancy rate in July has increased 12% resulting in additional TOT and sales tax. They will also provide the City with over \$60,000 of TV and radio promotion hoping to drive up TOT and sales tax revenues that will more than cover the cost of the event.

Mary Hay stated that as a small, non-visitor serving business for the past 34 years, she has seen her business grow in the past 2 years which she attributes to the promotions started by TBID thanks to both Karin Moss and Brent Haugen's leadership. She feels the upturn is directly related to our increase in promotion, attention to media collateral in the visitor center and lastly, the helpful and professional services of the Visitor Center staff.

Kevin Winfield of Sub Sea Tour stated that the Visitor Center is very helpful to his business and do a great job.

Stacy Jacob spoke on behalf of Visit SLO County. She stated that tourism is an exciting industry and has a direct impact on local communities. There is power in partnerships both locally and countywide. She reminded the Council that tourism isn't just about supporting local businesses but it's also about providing jobs; there is a ripple effect. She hoped that when evaluating the budget, you continue supporting tourism.

Lynda Merrill supports whatever the City needs to do to make our finances right. She asked the Parks Department to please get the Bike Park built as soon as possible.

Susan Stewart stated that the Morro Bay Merchant's Association is a small non-profit group, operated solely for the benefit of local businesses; their minimal dues and profits from bi-yearly street fairs allows for advertising and promotions to members. They joined with Charter for a Shop Local campaign. Every dollar spent on promoting local businesses and events raises the profile of Morro Bay and strengthens its economic base. You can't rely on events alone. She hopes Council will continue to collaborate with existing groups and develop policies and programs that strengthen current business, encourage new business and that you continue to provide support for regional promotion.

John Headding agrees that a budget is a dynamic document. He asked Council to consider: focus on a long term view – do a 5 year plan; diversify your revenue streams; benchmark; set policy to review enterprise funds and rates – they need to be self-sustaining; focus on return on investment for all our expenditures that are quantified; when you hire a new City Manager, make sure they are financially astute; consider zero based budgeting; and focus on encouraging as much community input as possible.

Brent Haugen read a letter written by Dennis Krueger, owner of Kayak Horizons requesting continued funds be provided for the Visitor’s Center. They are in a great location, and are a great welcome to new visitors to our City. He encouraged the Council to continue providing funding to the Center; that which is received, far outweighs the cost.

Paul Sloan of Visit SLO County spoke in support of Tourism and the Visitor’s Center. He stated there is a collaborative aspect of tourism, working together, locally, regionally and nationally. The money spent in marketing and tourism is some of the most important; you may not see exactly what you’re getting but you definitely see what you’ve lost. The Visitor Center is a sign that says “hi, I’m from here and how can I help you”. You need to fund your marketing and your visitor center.

Jennifer Redman spoke in support of regional marketing for local businesses – shop local and coop advertising. Morro Bay has services that are great for local shoppers.

The public comment period was closed.

PRESENTATION & DISCUSSION OF THE 2014/15 FISCAL YEAR BUDGET TO INCLUDE REVIEW AND DISCUSSION OF CITY GOALS

Each department head presented progress on the update of the 2013 goals.

Councilmember Smukler feels that more time spent on updating key tasks and bringing those back to a future meeting is necessary and would like to add “Unmet Bike Needs” to Goal #7, key tasks. He also feels it’s important to include the Recreation & Parks Department’s Work Program as we look at key tasks.

Mayor Irons thought it would be great to have a separate meeting to go over the goals in more detail. He wants to look at part time staffing effectiveness in regards to the General Plan update at a future meeting; he is also looking forward to the CalPERS rates update. In the future, he would also like to see more discussion on sidewalks and gap closures.

Administrative Services Director Susan Slayton gave an overview of the City’s budget process. She then presented the FY 2014/15 Budget. She stated that the budget was balanced. Discussion was then brought back to the City Council for questions and comments.

Fire Chief presented a summary for his request for an additional firefighter stating that it should save the City money in overtime as well as in expected costs with the Affordable Health Care Act.

Council reviewed the budget page by page, noting those sections they would like to return to.

Councilmember Christine Johnson would like to see a transfer of monies-in for vehicle purchases to reflect actual vehicle replacements; this year there is a request for 3 plus 1 from Measure Q.

Mayor Irons would like to see running totals on the 5 year Capital Projects Requirements pages.

P 13 Chamber of Commerce / Economic Development - Councilmember Smukler suggested it would be helpful to spend more time to work with the stakeholders; have deeper dialogue to allow them to present their options/programs. He suggests engaging them with the City Manager and Economic Development Sub-committee and come back to a future budget workshop. He doesn't think we can look at an amount without additional discussions.

Councilmember Christine Johnson agrees we need collaboration between key partners of the City, the Chamber and Tourism and now also the Merchant's Association. She is encouraged these discussions are already occurring without City involvement. Based on the model of success with TBID, there hasn't been enough time spent defining what a successful Economic Development program looks like. She would like to have a more global discussion with the right stakeholders which fits into the current budget talks. EVC is also critical to those discussions. She suggested the concept of having an RFP process to get us a facilitator to help us craft a 5 year economic development strategy. It would be great to get this done by the mid-year budget review.

Mr. Kreins stated that we can't conduct those meetings appropriately by June 24th; he suggests allocating funds to the Chamber on a monthly or quarterly basis until the meetings can be held; this way the Chamber has funds to continue to operate while these meetings are on-going.

Mayor Irons hoped that on the 24th, staff can come back with a 90± day proposal that Council can discuss and act on.

Councilmember Christine Johnson stated the Chamber asked for 3 things, support for the mobile app, funds to cover business support and funds to help with event support. She would like to continue proposing paying their rent; she has no intention of asking them pay rent but realizes that that is a expense they don't have and could be a way the City participates in supporting their activities. She believes there is business support role that the Chamber plays and she is willing to discuss that as an expectation for funds. She sees the mobile app as a way to increase membership in the Chamber; she would rather see the City wait to see how it works and look into possibly being part of the funding process next year.

Mayor Irons stated their request isn't to fund the full operations of the Chamber, just the Economic Development portion.

Councilmember Smukler wants to see the sub-committee meet with the stakeholders; he wants to set the stage for success and role definitions. He doesn't feel it's necessary to make any decisions between now and the 24th; the 90 days as a conceptual window sounds good, the City

Manager as well as Planning Manager will be on board and be able to bring additional skills to the table.

It was suggested to come back to the June 24th meeting on how Council wants to address this.

P 18 Police Department - Interim City Manager Ed Kreins stated that since he's been here, staff has been inundated with Code and Parking enforcement requests. He felt this is an important position to consider. Money is in the budget for the position but doesn't see it being spent until a full job analysis and potential revenue projections are done and job specs are drafted. He is seeking direction as to whether or not you wanted to spend the time to develop the concept for the position.

Mayor Irons acknowledged that there is a lot of staff time taken in code enforcement issues. His thought is to bring this back and update the Management Partners Plan which can be used as a tool to identify the need for things, possibly even this position.

Councilmember Leage doesn't think we need a full time code enforcement officer; we could get along with a part time employee. He thinks we can put this on the shelf for a little while.

Councilmember Smukler is cautious about adding personnel during this transition time as we haven't done enough work on revenue concepts. He agrees that a Management Partner Update will be helpful. In the short term, ask staff to discuss and recognize the requirements calling for enforcement in an effort to get by until the bigger conversations can be had.

Councilmember Christine Johnson thinks what we learned about Code Enforcement on Morro Bay Blvd was both a communication and an education issue which is a good sign. If we are going to parking enforcement, we need more public comment; she is not ready to have those conversations within this budget. Having an updated Management Partners Study would help in this and would appreciate staff coming back with potential costs to update that plan before the end of the month.

There was consensus that Code Enforcement/Parking position isn't something Council is willing to fund right now and that the Management Partners Study is something they want to revisit.

P 38/39 and 101/102 Measure Q - Council went on to discuss the Measure Q requests.

Public Services Director Rob Livick stated that in previous discussions with the Measure Q Committee, we should combine the streets and storm drain monies as they are tied together; make it one pot of money to work with; you aren't going to do one without the other. He went on to say that the streets project budget is \$457,340 as there was carryover money.

Regarding the Bike Bridge, Councilmember Smukler thinks we can pull the bridge monies from Measure Q and use Impact Fee funds instead and then use those Measure Q Funds for streets. Mr. Livick stated we shouldn't do this until we receive notice from CTC saying we were going to receive the funds that SLOCOG recommended we get. Councilmember Smukler went on to

say that even given that, we should use the Impact Fee Fund for the bridge and use all Measure Q funds for streets and storm drain maintenance. There was Council consensus to do this.

Councilmember Christine Johnson is in favor of funding the K9 program. Also, due to the maintenance of the Harborwalk, she sees the need to visit the possible purchase of the Skid Steer Tractor.

Page 41 Morro Bay Tourism Bureau - Any TBID discussion will occur at the same time the Chamber discussion happens.

Page 45 General Fund Emergency Reserve - Mayor Irons confirmed with staff that per resolution, we can allocate the excess \$30,680 to the General Fund. It could possibly go towards Economic Development, Management Partners, etc.

Councilmember Smukler doesn't want to touch those excesses, as the budget changes, so too could the percentage numbers.

Mayor Irons thinks that the Management Partner Report could address and help determine the General Fund Emergency Reserve Fund Policy.

P 47 General Fund Facility Maintenance - Mayor Irons wanted to bring this back to see how these funds were being allocated. Ms. Slayton stated that this is normally where there would be a Schedule for Maintenance as well as Completed Maintenance Schedule. Hopefully they will be completed by June 24th.

P 77 Risk Management - Councilmember Smukler feels we should respect the minimum limit and maintain the excess; spend as little as possible.

Mayor Irons stated that with \$191,000 over the required minimum, we have room to make adjustments. Should we be addressing liability issues with this; for example, lifted sidewalks? This is a fund that Council could address each year to deal with the excess.

Councilmember Smukler stated that if there are items identified as significant liabilities, let's address them.

P 85 Government Impact Fee Fund – there was consensus to use the allowable streets impact funds for the Bridge Project; up to \$207,435.

Councilmember Smukler would like to have Recreation & Parks Director Joe Woods be able to take a look at this with his overall work plan.

Mayor Irons stated that when we come back we should talk about funding the Management Partners Report, Economic Development and Chamber; he has a question on the general plan update; maybe explore creating a general plan update fund as we go through the process, possibly in the form of grants received on transfers.

Councilmember Smukler asked staff to look at this concept and bring it back to the 24th. Mr. Livick said there is a general plan maintenance fund that has approximately \$75,000 in it.

ADJOURNMENT

The meeting adjourned at 9:48pm.

Recorded by:

Jamie Boucher
City Clerk