



**City of Morro Bay**  
**2015/16 Adopted Budget**

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**2015/16 ADOPTED BUDGET**

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## **PREFACE**

The cover photo for the 2015/16 Proposed Budget was taken by Holly Ford, and downloaded from the KSBY website.

The 2015/16 Adopted Budget document may be accessed on our website at [www.morro-bay.ca.us](http://www.morro-bay.ca.us). A public viewing copy will remain available in City Hall, located at 595 Harbor Street.

If you have any questions regarding this document, we invite you to contact City Hall at (805) 772-6201.



## CITY OF MORRO BAY

CITY HALL

595 Harbor Street  
Morro Bay, CA 93442

### Memorandum for City Council

**Date:** June 10, 2015

**Subject:** FY16 Adopted Budget

My staff and I are happy to present you the FY16 Adopted Budget. The General Fund budget is balanced, and indeed, shows a small surplus of \$75,099. This surplus is essential to build our General Fund Emergency Reserve up, so that, in what we project to be leaner years ahead, we can then draw those funds out of the reserve to maintain essential City services at their current levels. More on that below.

As per usual, the budget covers all of the various funds in the City: General, Enterprise, and Special Revenue:

The Enterprise funds, being pure “business” accounts, by law, don’t offer an opportunity to use these funds anywhere but for the particular enterprise they support. . Staff is confident they take appropriate care of our resident’s fee-based resources, and the infrastructure and services for which those fees pay. Of note, the recently approved increase in water and sewer rates will provide the water and sewer funds the liquidity essential to meet our various debt service requirements, maintain infrastructure and services, and build a new Water Reclamation Facility, two miles inland from the existing oceanfront site.

The Special Revenue Funds are indeed special. As you are aware, Measure Q generates almost \$1M to be used for streets and public safety, and this budget does that. The other special revenue funds are in balance and, except as noted below, unremarkable.

The General Fund will, as per usual, generate the most interest, as it provides the biggest opportunity for discretionary spending – and for error. Since there is little room for great debate in the enterprise and special revenue funds, this letter will focus on the General Fund. That said, I am confident you will find the entire budget to be well-balanced and well-apportioned.

### **Not a Normal Budget**

This budget will, in some respects, be quite different from previous City budgets. And, further, I anticipate that the presentation of the budget will be different as well. I am hopeful that these are all “good” changes!

A basic, semi-change, is that this is written as much as possible in layperson's language, as the intended audience is not public-sector finance wizards, but normal people – residents, Councilmembers, non-finance staff, etc. That is, to improve transparency, we are writing this memo to the masses, not public-sector finance gurus.

First, the actual budget is different because of some fairly significant staff reorganization over the past year. This means it will be quite difficult to present a direct departmental comparison of last year compared to this this year. That is, in some cases, you will see significant variance from FY 15 to FY16 because of significant changes in staff organization. These changes include:

- Moving the Maintenance Division out of the Recreation and Parks Department and into a renamed Public Works Department.
- Moving the Planning Division out of the old Public Services Department and into a new, stand-alone, Community Development Department.
- Creation of a new position, Deputy City Manager for Economic Outreach and Public Engagement
- My decision not to fill the vacant Recreation Director position.
- Regional dispatching for Police and Fire, and the formation of Support Services at the Police Department

So, we are all having to look at this budget document, with knowledge of those changes in the front of our minds, understanding that a year-to-year comparison is less useful.

Second, we are working to present this budget in a way that will preclude a requirement for an overly-detailed, line-by-line review. Your staff has gone painstakingly line-by-line, and we are confident that the many vanilla budget lines, such as personnel, supplies, insurance, etc., are correct. Instead of focusing on those less-discretionary amounts, this letter, and the budget presentation you received, attempt to focus on the big items where there is measurable discretion in spending. We also work to tie the budget to the Council's previously established Goals and FY16 Budget Objectives.

Before looking at the FY16 budget in detail, however, it is appropriate to consider the broader picture.

### **10-Year Budget Forecast**

This budget is based on, and consistent with, the 10-year Budget Forecast prepared for Morro Bay by Management Partners, and presented to the Council on March 24, 2015. That budget forecast was quite clear in demonstrating that while Morro Bay is not on the verge of insolvency, we have some significant medium term (5-year) and long-term (30 year) fiscal challenges.

- **Long Term Challenges.** On the long-term point, the forecast reinforced significant concerns that I have noted over the past 8 months – our capital savings are, in many respects, non-existent. This budget begins to address that problem. While our rough projection is that we should be saving close to \$1M per year for maintenance and eventual replacement of City facilities (from the Police Station and City Hall to bathrooms at various parks), this budget commits an initial \$100,000 to a capital replacement line item. With this budget, we will establish a capital savings fund, in which to save and protect those funds for future capital replacement requirements. Other structural concerns include funding for streets, police and fire, etc. More on that in the *“Cash vs Requirement-Based Budgeting”* section of this letter.
- **Medium Term Challenges.** The medium-term concern is two-fold. First, along with the rest of California, our CALPERS contributions are going to spike over the next 4 years, driving our labor costs up measurably. The good news for Morro Bay is, unlike many California cities, those same CALPERS contributions are going to drop back down to current levels quite quickly. So, we have a 5-year problem, not a 20-year CALPERS problem. An additional 5-year concern is a potential recession. Our 10-year budget forecast projects a moderate recession in 2017. It may come in 2016, or 2018, or not at all. The important point is that we are projecting a recession, and have that built into our forecast, so we are prepared for it. Both of these concerns, taken together, drive us to recommend taking appropriate action now, with respect to our General Fund Emergency Reserve, in order to chart a course to weather the 5-year storm we see coming, and come out the other end with our services intact, and, fiscally speaking, our ship afloat. We essentially have two choices – 1) cut services to keep our Emergency Reserve above our very high requirement; or 2) base our planning on a 10-year budget forecast, and dip gently into our Emergency Reserves to sustain services over the coming 5-year bump.

### **The Budget Forecast and the General Fund Emergency Reserve**

Current City Council Policy (resolution) requires a General Fund Emergency Reserve of 27.5% of the general fund operating budget or \$2.75M, whichever is greater. Staff believes 27.5% is an appropriate, quite conservative, emergency reserve amount for our City, and does not recommend changing this standard. However, as noted above, Council and staff are aware of some measureable expense-side concerns coming in the next 5-years – primarily the CALPERS contribution spike (and subsequent reduction) and a projected short, (1-year), moderate (5%) recession (since capital transfers into the General Fund can cause spikes, the 27.5% number has been calculated using a three year trailing average of actual revenues).

Since we believe that one purpose of our reserve is to smooth revenue / expense bumps as they occur (to prevent drastic, short term cuts to services), and since we now have a reliable forecast of the next ten years, staff recommends Council adopt a Resolution to temporarily allow very moderately-reduced General Fund Emergency Reserve balances over the next 7 years, and to peg those balances, by dollar amount, to our 1-year budget forecast. This will allow us to weather the CALPERS spike, and a forecasted 5% recession, without making drastic personnel or service cuts, and will allow us to continue to make appropriate contributions to thoughtful, conservative, long-term savings accounts - such as the Capital Replacement Fund - while also making much needed investments in key areas, such as Information Technology and the General Plan / Local Coastal Plan project.

Based on our forecast, our General Fund Emergency Reserve balance actually needs to be higher than our 27.5% requirement in FY16, so we can enter two years of deficit spending in FY17 and FY18 (due to projected recession and CALPERS contribution spike) before we return to balanced spending in FY19.

Staff will bring to council a Resolution, affirming the 27.5% General Fund Emergency Reserve level, but designating the following year-end reserve levels for the next 7 years:

- FY15 \$3.385M (above 27.5% requirement)
- FY16 \$3.583M (above 27.5% requirement)
- FY17 \$3.272M (above 27.5% requirement)
- FY18 \$2.685M (21.0% of GF revenues)
- FY19 \$2.802M (22.4.0% of GF revenues)
- FY20 \$2.797M (21.4% of GF revenues)
- FY21 \$2.983M (22.5% of GF revenues)
- FY22 \$3.097M (22.7% of GF revenues)

Two important notes:

- First, the accepted Government Finance Officers Association's (GFOA) recommendation for General Fund Emergency Reserve level is 16.5%. The plan above keeps the City well above that generally accepted minimum.
- Second, staff intends to update the 10-year budget forecast annually to closely monitor revenues and anticipated expenses, and to present this forecast to the council. This will allow us to make required spending adjustments, if our revenue forecasts drop significantly, and therefore, maintain our Emergency Reserve at the minimum levels noted above.

A Resolution on the above is presented for adoption with this budget.

## Cash-based vs Requirements-based Budgeting

Like many cities, Morro Bay has consistently practiced “cash-based” budgeting. That is, we project about how much cash (revenues) we expect to receive, and then divvy that up across all the usual suspects (expenditures). While this is standard, it does not give you a very good picture of what you are choosing *not* to “buy” and, therefore, it does not allow you to see and adjust priorities very well. For example, what if you learned you were funding the Fire Department at 35% of their requirement and streets at 95% of the requirement? You might choose to increase the Fire budget and reduce the streets budget.

We are not going to get there this year, but I do want to give you a feel for about where we are in a few key areas, with respect to requirements. I should note that this is an unscientific assessment; we will do the science in the year or two ahead, but we made some educated guesses in some key areas and they follow:

- **Police Department.** We believe that having 3 officers on patrol / shift is appropriate for Morro Bay. To maintain three x 3-officer shifts, we require 20 police officers. This budget includes 18 police officers, one of which is the School Resource Officer. The Police Department’s budget, if we had 20 police officers, would be \$3,693,477. This budget provides \$3,500,804. We are thus funding Police Department patrol operations at 94.7% of requirement.
- **Fire Department.** We believe that having four full-time firefighters on duty and ready to respond is appropriate for Morro Bay. To achieve this, we require two additional firefighters at a cost of \$188,000. This budget includes 11 full-time firefighters, and allocates \$2,168,144 to fire, 92.0% of the requirement (this includes both GF and Measure Q funding, and considers only operational requirements for personnel - equipment and administrative requirements are not assessed.)
- **Streets.** The Pavement Condition Index (PCI) is the accepted measure of street condition / maintenance, and an average of PCI-70 is the California State standard. Were our streets currently at PMI-70 (they are not even close to that good), we would need to budget around \$1,500,000/year simply to keep our streets at that average condition. This budget allocates about \$500,000 to streets. So, we are funding our streets at about 33% of the requirement (an important note here is that since our streets are in quite bad condition, we actually require about 15 years of \$2M/year spending to bring them up to an average of PCI-70).
- **Capital Replacement.** The City should have capital maintenance and replacement plan that determines how much money should be set aside each year for major maintenance

and eventual replacement of City facilities (a.k.a., funded depreciation). Our current educated guess is that Morro Bay should be saving about \$1,000,000/year for major maintenance / funded depreciation. This budget allocates \$100,000 to this purpose, 10% of our requirement.

Over the upcoming years, we intend to better define the requirements for all City activities and provide these to you in a way that helps you make important budget decisions.

### **What is Our Long Term Fiscal Status?**

In some ways we are not positive because, as noted above, we need to spend some serious time and effort evaluating our requirements. Not dreams or wishes – but the science of requirements tied to specific standards of service. That said, by taking the four significant areas above into account, we are short about \$3,000,000 compared to what we need to meet our annual requirements.

Said another way, we require annual General Fund revenues of about \$15,000,000 to provide, sustain and maintain basic City services: streets, fire, police, and facilities. Considering that our projected GF revenues this year are about \$12,000,000, we need to increase revenues about 25% to meet basic requirements. Or, considering that Transient Occupancy Tax (TOT) and Sales Tax generate, about \$4.33M/ per year, we would need to increase TOT and Sales Tax about 70% to meet requirements.

While perhaps not germane to this FY16 Budget, this discussion points to the necessity for Morro Bay to revitalize and diversify our economy. We will never increase revenues 25%, or increase TOT and Sales Tax 70%, without revitalizing our current business districts, and creating the conditions to attract appropriate new businesses that will strengthen our economy, while preserving our small-town, beach and harbor atmosphere.

### **Short Term Revenue Considerations**

A small, but important, function in improving revenues is considering the cost of services and setting fees (and fee subsidies) appropriately. This budget anticipates appropriate increases in some City fees. In the years ahead, we should also consider other fee-based, not tax- based revenue opportunities. For example, implementing paid parking in our busiest areas, while providing free parking in perimeter lots and for bicyclists, would likely generate \$300,000/year in revenue. This one action represents 10% of our unfunded requirement, would improve turnover in our business districts, and would encourage pedestrian and bicycle activity, a triple-bottom-line win.

## **The Risk Management Fund and One-Time Spending**

As we make a fairly bold pivot toward our next 50 years, the City should consider an opportunity to invest in certain major City goals. A significant amount of money has built up over time in the Risk Management Fund and could be made available by changing the reserve-level policy. At the end of this year, the City's Risk Management Fund will have well over \$500,000 in it.

The Risk Management Fund exists to collect risk-related monies for workers' compensation and insurance decrements in the base budget, in order to cover costs, and certain unanticipated claims, not covered by the City's insurance. It is unusual for the City to incur more than \$100,000/year of claims not covered by insurance. Pismo Beach has a Risk Management Fund reserve level of \$50,000. Atascadero does not have a Risk Management Fund Reserve at all, but uses the General Fund Emergency Reserve to cover risk management items. Morro Bay's current Risk Management Reserve Policy requires a \$500,000 balance in this fund. Considering our robust General Fund Emergency Reserve level, Staff recommends modifying our policy to require a \$100,000 level in the Risk Management Fund, and a Resolution making this change is included for adoption with this budget.

Reducing the Risk Management reserve level to \$100,000 will free up \$400,000 (and perhaps quite a bit more, depending on the amount in this account at the end of the year) of money for one-time-spending on strategic investment projects.

Staff will spend this excess on council-approved, one-time strategic investments including:

- \$100,000      ADA Compliance Assessment and Corrections
- \$300,000      General Plan / Local Coastal Plan Rewrite
- \$85,000        Web-based planning, building, work order and business licensing system
- \$75,000        Morro Bay Economic Strategic Plan Investment
- \$100,000      Information Technology Assessment / Investment

The one-time spending requirements list was presented to the Council, and Council validated and prioritized each project. At the end of this fiscal year, staff will determine how much money from the Risk Management Fund, in excess of the \$100,000 reserve level, is available, and will then execute one-time spending off the priority list, set by Council. Staff will execute up to 75% of the total amount available. 25% of the project spending will be kept on hold until approved by Council, not later than the FY15/16 mid-year budget review in January 2016. (The approved one-time investment priority list is attached.)

## **Special Holding Funds – “Buckets”**

Staff has established a number of special holding funds / accounts. We can refer to them as “buckets,” designated to hold funds for a particular purpose.

- Some buckets are set by policy, such as the General Fund Emergency Reserve.
- Some have been established to protect annually budgeted funds for particular purposes such as capital replacement.
- Some are one-time buckets, such as a special Morro Bay Power Plant (MBPP) redevelopment opportunity fund.

The following is a brief description of the status of the main buckets:

- **General Fund Emergency Reserve.** As discussed previously, level is set by council policy, and we will start FY16 with \$3.385M in this bucket.
- **Risk Management Fund.** As discussed previously, staff recommends the Council set the reserve requirement at \$100,000, and designate excess at the beginning of FY16 to one-time strategic investment.
- **Capital Replacement Reserve.** This bucket is empty. The FY16 budget includes \$75K of capital replacement expenditure, which will be placed in this bucket, when the budget is approved. At the end of FY16, the City will have \$75K on hand for capital replacement.
- **Vehicle Replacement Reserve.** This bucket has ~\$23,000 in it. The FY16 budget includes \$75K of vehicle replacement expenditure, which will be placed into this bucket, when the budget is approved. At the end of FY16, if we spend nothing on vehicle replacement this year, the City will have \$98K on hand for future vehicle replacement.
- **MBPP Opportunity Redevelopment Fund.** This bucket has \$100K in it. There is no money in the FY16 budget to add to this bucket. This is \$100K of one-time money to pay for City actions to support redevelopment of the MBPP. This might include consultant services, lobbyist support, etc., that will accelerate transition of the MBPP to an economically- and environmentally - beneficial asset.
- **General Plan Fund.** This bucket currently has ~\$104K in it, and staff recommends \$300K of one-time investment to go into this bucket. There is also \$397K of grant money, associated with the General Plan / Local Coastal Plan project. If Council approves the \$300K of one-time money for the GP/LCP, we will start FY16 with ~\$800,000 in this bucket for the GP rewrite.
- **Capital Projects / Maintenance Bucket.** This bucket is currently empty. There is \$200K in the FY 16 Budget earmarked for this bucket. This fund is for unprogrammed capital projects or major maintenance. In the year ahead, staff will develop a prioritized list of capital projects / major maintenance, and will conduct that work from funds in this bucket. This bucket provides some important tactical flexibility, as we move through the budget year, allowing the ability to react to a major maintenance failure, or take on an unprogrammed project, supported by the Council and community. Importantly, this

planned \$200K is in the current budget, and therefore, this is not one-time spending, but is an annually recurring commitment to the project / maintenance fund.

- **Information Technology Bucket.** This bucket is currently empty. There is \$50K in the FY16 budget for recurring information technology upgrades and \$100K of one-time investment. Staff anticipates we may need perhaps five years of increased IT spending to reach the level of service we believe we should be providing. This bucket is in place to hold the portions of that budgeted \$50K and the \$100K of one-time investment that we don't spend each year, so it is available in future years.
- **Compensable Leaves Fund.** This bucket is currently empty, and there is no money in the FY16 budget for it. It has been created to hold future monies, as we begin to save for retirement payouts. These payouts are for unused employee leaves that must be paid out, when an employee separate from City employment. Since we cannot predict when an employee will retire or quit, those payouts are currently unfunded expenditures from the current year budget – a bad way of doing business. The current required level in this bucket is ~\$616K. That is, if every current employee cashed in all accrued and payable leaves (vacation, compensatory time off, administrative leave, floating holiday bank) today, we'd have a bill of about ~\$616K. We intend to begin saving into this bucket next fiscal year, and as we are able, will put year-end FY16 money into this bucket.

## **THE GENERAL FUND**

With that overview as a preface, the General Fund discussion follows. As you know, the General Fund is the recipient of most of our taxes, and pays for most of our services. This budget appropriately commits the vast majority of our revenues to our most basic services: Public Safety and Infrastructure. Put very broadly, and estimated quite conservatively, this budget directly commits 70%, \$8.5M of \$12M, to the most basic services a local government provides: public safety and public works.

### **General Fund Revenues**

The general fund revenue projections are based on the most accurate numbers our professional budget forecaster can provide. Sales Tax, TOT and Property Taxes provide the well over 70% of projected revenues, and we are confident these projections are reliable. The balance of revenues, well below 30%, come from various fees for services, and is more susceptible to change. We have projected a very modest increase in these revenues, and believe them to be reliable as well. While projecting revenues might be fun for a few, everyone loves deciding what to spend money on. So, here with go with expenditures.

## **General Fund Expenditures**

As with previous budgets, this budget divides expenditures up by various departments and sub-departmental sections of accounting. The letter will address them all at Departmental level.

### **Personnel**

Since people are the most expensive part of any governmental budget, they deserve a separate section. This budget spends over 70% on people, and 56% of that is on fire people and police people. Indeed, over 40% of the entire General Fund budget goes to pay the police officers and firemen on the streets - money well spent. This budget proposes an increase of one full-time equivalent (FTE) employee in the General Fund - a Code Enforcement officer.

### **General Fund Departmental Expenditures**

The following sections address the various General Fund Departments / Sections in more detail. Readers may refer to either the one-page budget schedules, or the more detailed line-by-line budget reports, for additional information.

### **City Council**

This section covers expenses generated by City Council.

- The personnel line covers personnel costs for five council members.
- The services line includes items such as insurance share, LAFCO and League of California Cities memberships, and Councilmember travel and attendance at events such as the League of California Cities annual conference.
- This budget includes a defined “one-time bequests” line for \$7,500. This is the Council’s “benevolence” fund, monies available to support worthy causes, such as SCORE and Senior Nutrition.
- The budget includes \$1,000 for General Plan Citizen’s Advisory Committee planning offsite that we intend to conduct early in FY16.

### **City Manager**

This section covers expenses generated by the City Manager’s office which includes the City Manager and City Clerk.

- The personnel line covers personnel costs for Manager and City Clerk, with 20% of the City Clerk’s wages and benefits charged to Risk Management, as she supervises and conducts Risk Management functions.
- The services line includes items such as utilities, memberships in various professional organizations, travel and attendance at conferences, staff training events, and volunteer recognition events.

- This budget includes \$30,000 for the City Manager' Economic Opportunity Fund, a discretionary fund for the City Manager to use as appropriate for unidentified projects and items, related to improving our economic / fiscal situation.

### **Deputy City Manager**

This section covers expenses generated by the newly-created Deputy City Manager's office.

- The personnel line covers personnel costs for the Deputy City Manager.
- The services line includes appropriate professional development and memberships.

### **Contract Services**

This section covers major services for which the City contracts at a city, versus departmental, level.

- We are projecting an increase in costs for animal services.
- This section includes our cost for Public Agency Retirement System (PARS) contribution for our part-time employees. Since the City does not participate in the Social Security system, it must make contributions to a retirement system for those employees who are excluded from CalPERS.

### **Elections**

This section covers local elections.

- While FY16 does not include an election, we are budgeting for 50% of the average election cost every year, instead of 100% every other year. The \$10,000 in this budget line will be held in an account to pay for half of the November 2016 election, with the additional \$10,000 coming from the FY17 budget.

### **Chamber of Commerce Economic Development**

In FY15, the City allocated \$10,000 to the Chamber to provide business incubator services.

- This budget does not allocate funds to the Chamber.

### **City Attorney**

This section covers 40% of the costs of attorney services in the City. The remaining 60% are allocated 20% each to the Harbor, Water and Sewer Enterprise Funds.

- The personnel line is a percentage of the cost of the contract attorney's administrative assistant in City Hall.
- The services line is the a percentage of the legal services contract with Aleshire and Wynder, and payment for other services such as representation in various legal cases in which the City is not represented by Aleshire and Wynder.

## **Finance**

This section covers the City's finance activities.

- The personnel line covers all or part of several finance employees, including the Administrative Services Director, Senior Accounting Technician and the Account Clerk. This section is moderately higher this year only to account for a retiring employee we moved into this department from another department, as part of our succession planning. Those increased costs will be largely balanced out by not replacing that employee full time in the department they left.
- The services line includes items such as annual audit, licenses for financial accounting systems and services, bank fees, postage, telephone service, etc.

## **Human Resources**

This section covers Human Resources operations for a ~100 person organization.

- The personnel line is for 75% of one employee.
- The Services line includes items such as recruitments, retainer for Liebert Cassidy and Whitmore training and advising.

## **Information Services**

This section covers our IT department. As you know, council-approved Goal 10, Objective "d" states that we intend to "fundamentally remake IT operations" this year - and you will see the resources to work toward that objective in this section.

- The personnel line includes costs for our single IT professional.
- The services line represents a ~\$20K increase from last year primarily because a number of 3-5 year contracts are all expiring the same year.
- The "other" line, at \$145K, includes two components:
  - First about \$100K of that is most of the basic IT costs from all other departments. In past years departments projected and budgeted their general IT costs independently. This year, we are creating an internal service fund, and the IT department will provide most IT services to all departments. So, \$100K of this was in previous budgets, but spread around 10 other departments.
  - This \$145K line also includes \$50K of increased IT spending. This is the amount of additional IT spending we project to be required to keep the City up to date with customer-facing IT solutions, software, and hardware. This is not one-time spending, but can be sustained in future years, since it is in the base budget. There will be additional one-time IT spending in the one-time spending request for required transformational IT expenses.

## **Police Department**

This section covers the Police Department and has two parts: operations and support services.

- The operations personnel line includes all PD operations. There is no change to PD staffing requested or included in this budget. There is a reduction in this line as an employee was moved to the Support Services part.
- The services line is about \$20K higher than last year. Most of this is a placeholder for additional legal services, related to employee matters. We hope we don't need it, but we should have it budgeted in case we do.
- PD Support Services personnel costs are sharply lower from last year, but that is due to moving to a regional dispatch system last summer.
- The services line for PD Support Services is sharply higher due to the dispatch contract with the Sheriff's office.

## **Fire Department**

This section covers all fire department operations.

- The personnel line can be confusing because of overtime pay, part-time pay, Measure Q funding, and mutual aid. For example, overtime pay looks very low because mutual aid responses are not budgeted. Mutual aid responses are reimbursable, however, so any mutual aid will be close to a wash and balanced out at mid-year review. Bottom-line – there are no personnel additions planned or funded in this budget.
- The supplies line is moderately lower than FY15, primarily because funding for safety equipment is down from an FY15 spike, but is still adequate compared to earlier years.
- The services line is up sharply, almost entirely due to the contract with regional dispatch.
- This budget does include \$10,000 for professional assistance writing our Hazard Mitigation Plan – a requirement associated with Goal #4 (Public Safety)-Objectives “b” (Drought Annex) and “e” (Emergency Plan Update).
- The EOC disaster preparedness section is in line with previous years, and has EOC funding associated with Goal #4 (Public Safety) -Objective “a” (EOC training).

## **Public Works**

This section covers the entire “new” public works department, minus the water and sewer enterprise funds. With the addition of the maintenance section, and the loss of the planning section, it is difficult to compare to previous years. It is further complicated by the fact that many areas are accounted for in their own accounts (street maintenance, street trees, street lighting, storm drains, etc.) as they must be tracked separately for proper accounting for state annual reporting. The following comments refer to all the sections of the public works budget.

- Personnel. There are no full-time-equivalent personnel changes. However, we are achieving some savings by reducing our number of engineers (higher pay) by one, and adding a less expensive technician. This will require that we use either temporary employees or consulting services to meet the goals in the City capital improvement program.
- This budget includes four tons of asphalt a week for seven months of the year for basic street maintenance, and to complete Goal #2 (Streets)-Objective “d” (Pavement System).
- This budget includes \$6,500 to replace 20% of non-conforming regulatory signs per Goal #2 (Streets)-Objective “c.ii” (Regulatory Signs).
- Line 6106 of the Streets division budget is the \$65K street-sweeping contract, and is required by the State, primarily due to storm drain requirements.

### **Community Development**

This section covers the newly-established Community Development Department. The following are some general comments on the Community Development section.

- If we were able to compare year-over-year, this budget would show a significant increase in personnel costs, around \$130K, to account for the three new, part-time planners, who are making a great difference in the department’s efficiency.
- This budget includes \$100K for a part-time code enforcement officer(s). We anticipate starting with one or more part-time code enforcement officers, perhaps two part-timers with different background strengths, to bring focus to our various areas of code enforcement deficiency.
- This budget includes \$20K for environmental and design components, related to Goal #3 (Land Use Plans)-Objectives “b” (Secondary Unit Ordinance) and “d” (Neighborhood Design).
- This budget includes a \$15K ongoing amount for the proposed City Works planning / building / work order project tracking system, related to Goal #10 (City Operations)-Objective “d” (Information Technology).
- This budget includes \$100K for planning services. This year we project that line to be used for Goal #3 (Land Use Plans)-Objective “e” (Downtown Specific Plan). Since it is in the base budget, this will be a recurring expense line available annually to keep our various plans up to date, preventing a recurrence of our current 25 years without a general plan update crisis.

## Recreation Department

This section covers the Recreation Department. The Recreation Administration personnel line has changed substantially, primarily as a result of the departure of the Recreation Director. I do not intend to hire another Recreation Director. This budget fully funds the Recreation Department full time administrative technician position. Following are overall comments for the Recreation Budget:

- The significant increases in part-time pay are directly attributable to the planned 11% increase in minimum wage – a 25% increase over 2 years. Since the majority of Rec programs are delivered by part-time employees, Rec program fees and rentals must increase. The City Council will set these fee levels with the Master Fee Schedule in July 2015.
- The budget includes \$5,000 for goal #8 (Quality of Life), objective “g” (Recreation Program Improvements).

## Enterprise Funds

As noted above, the enterprise funds provide less room for maneuver. They are all balanced, and all appropriately resourced. That said, some particular comments are appropriate:

**Harbor Fund:** The Harbor Fund is balanced. The recent Tidelands Trust lease audit is proving effective. One unprojected cost may be a \$20-40K capital outlay to meter electricity and water at the City-operated commercial slips. I intend to spend this from the unallocated Harbor Equipment Fund

- The budget includes \$5,000 for Goal #2 (Streets)-Objective “e” (Bike needs) for bike racks.
- The budget includes \$25,000 for Tidelands Park Fish Cleaning Station improvements per Goal #6 (Economic Development)-Objective “h” (Projects).
- The budget includes \$5,000 for ADA compliance measures at the Harbor Office per Goal #7(Facilities)-Objective “d” (ADA Compliance).
- This budget includes \$5,000 in matching funds to support marketing for the newly-revitalized Harbor Festival. This year, the Harbor Festival will be free of charge, and more focused on Harbor and fishing activities, making it an attractive activity for all Morro Bay residents. I am considering allocating ~50-cents per Morro Bay resident, a total of \$5,000, as matching funds for one-time support of the new Harbor Festival. Funds will be distributed to match contributions up to \$1,000 from existing Tidelands trust leaseholders or interested Morro Bay businesses. We do not intend to provide direct funding to the Harbor Festival in future years.

**Water and Sewer Rates:** With the passage of the water and sewer rate increases, both the Water and Sewer funds are appropriately funded. We should not need to consider any unprogrammed, un-voter-approved fee increases until at least 2020. In 2020, to

avoid the mistakes of the past, we must carefully assess revenues against requirements, and consider appropriate increases to hedge against inflation.

**Transit Fund:** The Transit Fund deserves closer scrutiny. It is balanced, legal, etc., etc. – but there may be more effective and more efficient ways to provide those services. I will ask the council to task the staff, in our FY17 budget objectives, to more carefully assess our transit operations.

**Water Fund:** The Water Accumulation fund projects \$1M in appropriate expenditures. This fund also has \$1M earmarked for the installation of new / automated meters. We anticipate contracting for automated meter technology this year, and instead of committing our \$1M to capital, we intend to keep those funds on hand to offset any expenses that might bear in the first several years of automated metering so we do not have to pass those expenses on to our customers.

### Special Funds

A number of the special funds deserve comment.

- **Measure Q Fund:** The Measure Q fund anticipates \$923K in revenues. Over \$550K of disbursements are planned for street maintenance / repair. In support of Goal #2 (Streets) –Objective “a” (Ballot Measure), we anticipate bringing to council a plan to finance street repairs with some or all of this Measure Q funding stream. The \$550K of planned disbursements may be the first payment on that financing. The balance of Measure Q spending goes to Public Safety, with debt service on the fire station and vacation relief firefighters being the primary recipients.
- **County Tourism Marketing District:** This budget includes a first-ever section for the planned County TMD. The City is retaining 2% (the maximum allowed) of anticipated revenues for City-incurred administrative overhead.
- **Morro Bay TBID:** Like the County TBID, the City is retaining 2% for administrative overhead.
- **General Fund Emergency Reserve (GFER) and Risk Management Fund (RMF):** Technically, we will not know the final 30 June 2015 General Fund Emergency Reserve balance until September 2015. And, since we will use Risk Management Fund excess to balance the GFER, we won't technically know the ending balance in the RMF until September 2015. That said, we will have reasonably reliable projections for both at the end of June 2015. So, while the GFER shows an ending

balance of \$3.464M, and the RMAF an ending balance of \$1.054M – those numbers could change significantly based on how the operating fund performs over the next month. If, however, these numbers held, and, if the council approves the resolution reducing the RMF-required balance to \$100,000, then there could be nearly \$.8M (\$800k) available for one-time spending this year, while still keeping a very healthy ~\$3.5M General Fund Reserve balance on hand.

### Conclusion

While the above possibility of \$800K of one-time investment may sound rosy, readers should reread the early *long-term challenges* and *requirement-based budgeting* sections of this letter. That potential \$800K of one-time investment would pay for 1/4 of our actual budget requirement shortfall for one year – then it would be gone.

As directed by the Council in the May 20, 2015 Budget Study Session, staff will invest that possible \$800K in projects validated and prioritized by the Council that may lead to economic revitalization, business diversity, and balanced growth. If we do that, and if we get serious about economic diversity and revitalization, then we stand a chance of providing the essential levels of basic service expected of a city. If we don't, our streets will continue to get worse over time, we'll have to borrow money we don't have to finance replacement of facilities we must have, and we'll not meet the fire and police requirements expected of a full-service city. While we may not yet be facing un-incorporation, we are perhaps only 75% of a full service city.

With all that said, the staff and I are quite optimistic about the future. If Morro Bay were a stock, we'd be bullish. Morro Bay has amazing potential, and can reach that potential while maintaining our wonderfully quirky, colorfully unique, beachy, harbory, small-town feel.



David W. Buckingham  
City Manager

1 Attachment - City Council Validated and Prioritized One-Time Investment List

Morro Bay City Council Validated and Prioritized One-Time Investment List

<b>Pri</b>	<b>Obj #</b>	<b>Goal</b>	<b>Objective</b>	<b>1-Time Cost</b>	<b>Remarks</b>	<b>Staff Contract Approval?</b>
1	3.a	Land Use Plans	GP/LCP	\$300,000	300K + 100K in bank + 400K grants = 800K total available	N
2	6.b	Econ Dev.	MB Economic Strategic Plan	\$75,000	Up to \$75K for MB's First Economic Strategic Plan	Y
3	Other	City Ops / Plan	City Works	\$85,000	85K for City Works Implementation	Y
4	10.b	City Ops	Vision, Values, Mission	\$2,000	2K for public surveys	NA
5	10.d	City Ops	Information Technology	\$100,000	75K for assessment and 25K for FY16 corrections	Y
6	7.a	Facilities	Old Town Link	\$15,000	15K for conceptual designs of Centennial Parkway	Y
7	7.b	Facilities	Embarcadero Promenade	\$15,000	15K for conceptual design with public input	Y
8	7.d	Facilities	ADA Compliance	\$100,000	25K for ADA Assessment, 25K for work.	Y
9	2.b	Streets	Traffic Management	\$25,000	25K for Traffic Calming Projects	Y
10	10.e	City Ops	Public Information	\$6,000	Monthly water bill mailers to improve public info	NA
11	2.d	Streets	Pavement Management	\$25,000	25K for PM Plan Update	Y
12	6.c	Econ Dev.	High-Speed Fiber	\$150,000	150K placeholder	N
13	7.c	Facilities	Parking	\$120,000	120K placeholder for metered parking and parking lot acquisition	N
14	Other		Facility Capital Reqs Assessment	\$50,000	Professional survey of long term maintenance and capital replacement of all city buildings	Y
15	7.g	Facilities	Sidewalk Improvement	\$100,000	100K fix sidewalk problem areas	N
16	2.e	Streets	Unmet Bike Needs	\$15,000	15K for bike racks and / or other needs	Y
17	7.e	Facilities	PD Needs Assessment	\$9,000	9K for PD Needs Assessment	Y
18	7.k	Facilities	Way-Finding Signs	\$20,000	20 new signs	N
19	7.i	Facilities	Street Signs	\$15,000	15K for new design and 100 signs	N
20	8.e	QOL	QOL Survey	\$20,000	Professional QOL Survey	Y

**CITY OF MORRO BAY  
ELECTED AND CITY OFFICIAL  
COMMISSIONS, BOARDS, AND COMMITTEES**

<u>Elected Officials</u>	<u>Title</u>	<u>Term Expires</u>
Jamie Irons	Mayor	November 2016
Noah Smukler	Mayor Pro Tempore	November 2016
John Headding	Councilmember	November 2018
Christine Johnson	Councilmember	November 2016
Matt Makowetski	Councilmember	November 2018

<u>City Officials</u>	<u>Position</u>
David Buckingham	City Manager
Joseph Pannone	City Attorney
Eric Endersby	Harbor Director
Scot Graham	Community Development Manager
Robert Livick	Public Works Director
Amy Christey	Police Chief
Steve Knuckles	Fire Chief
Susan Slayton	Administrative Services Director
Dana Swanson	City Clerk
Sam Taylor	Deputy City Manager

**Planning Commission**

Robert Tefft	Chair
Katherine Sorenson	Vice-Chair
Michael Lucas	Commissioner
Gerald Luhr	Commissioner
Richard Sadowski	Commissioner

**Public Works Advisory Board**

Marlys McPherson	Chair
Stephen Shively	Vice-Chair
Janith Goldman	Commissioner
Deborah Owens	Commissioner
Christopher Parker	Commissioner
Stewart Skiff	Commissioner
David Sozinho	Commissioner

**Morro Bay Tourism Business Improvement District**

Joan Solu	Chair
Jack Smith	Vice-Chair
Roger Corwin	Member
Michele Jacques	Member
Taylor Newton	Member
Fred Reed	Member
Vacant	Member

**Harbor Advisory Board**

William Luffee	Chair
Dana McLish	Vice-Chair
Alan Alward	Member
Gene Doughty	Member
Neal Maloney	Member
Lynn Meissen	Member
Ron Reisner	Member

**Recreation and Parks Commission**

Drew Sidaris	Chair
Tom Coxwell	Vice-Chair
Jeffrey Cox	Commissioner
Karen Croley	Commissioner
Al Romero	Commissioner
Robert Swain	Commissioner
Vacant	Commissioner

**Citizens Finance Committee**

Betty Forsythe	Member
Gregory Head	Member
Marlys McPherson	Member
Susan Schneider	Member
Barbara Spagnola	Member

**CITY OF MORRO BAY  
ELECTED AND CITY OFFICIALS  
COMMISSIONS, BOARDS, AND COMMITTEES**

**Planning Commission**

Robert Tefft	Chair
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Michael Lucas	Commissioner
Gerald Luhr	Commissioner
Richard Sadowski	Commissioner

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Stephen Shively	Vice-Chair
Janith Goldman	Commissioner
Deborah Owens	Commissioner
Christopher Parker	Commissioner
Stewart Skiff	Commissioner
David Sozinho	Commissioner

**Water Reclamation Facility Citizen  
Advisory Committee (WRFAC)**

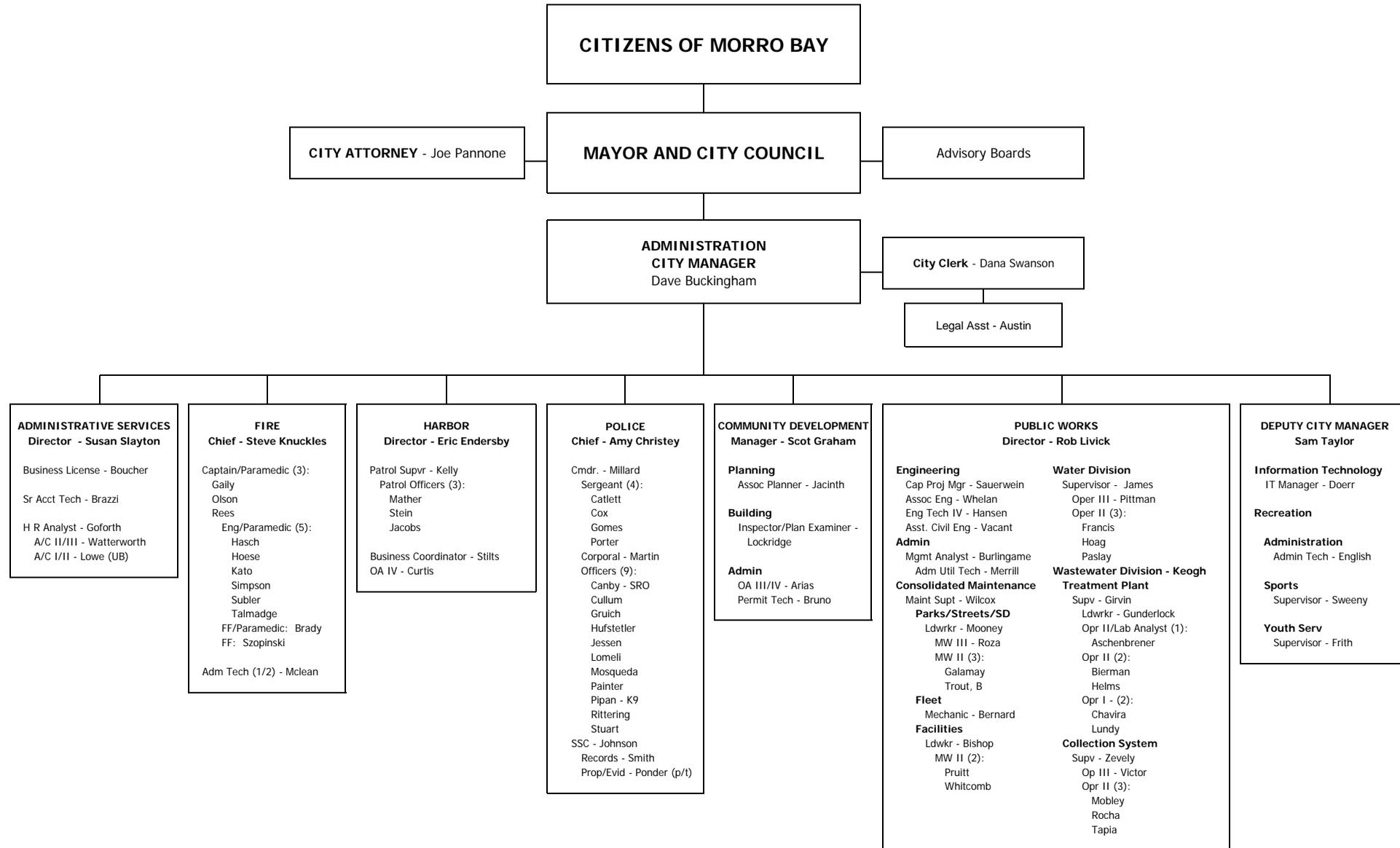
John Diodati	Chair
Bill Woodson	Vice-Chair
Paul Donnelly	Member
Mary (Ginny) Garelick	Member
Dale Guerra	Member
Valerie Levulett	Member
Barbara Spagnola	Member
Richard Sadowski	Planning Commission Appointee
Steven Shively	PWAB Appointee

**General Plan/Local Coastal Program  
Advisory Board (GPAC)**

Rich Buquet	Member
Robert Davis	Member
Janith Goldman	Member
Christine Rogers	Member
Susan Schneider	Member
Glenn Silloway	Member
Melani Smith	Member
Susan Stewart	Member
Robert Tefft	Member

**CITY OF MORRO BAY  
ORGANIZATIONAL CHART**

For the 2015/16 Fiscal Year



**CITY OF MORRO BAY**  
**STAFFING LEVELS - HISTORICAL, CURRENT AND PROJECTED**

	<u>2000/01</u>	<u>2001/02</u>	<u>2002/03</u>	<u>2003/04</u>	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>
<b>GENERAL FUND:</b>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	3.00	3.00	5.00	5.00	5.00	4.00	5.00	5.00
Personnel	2.00	2.00	-	-	-	-	-	-
City Attorney	-	-	1.00	1.75	1.75	1.75	1.75	1.75
Finance Department	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
Information Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Department	26.50	26.50	26.50	26.50	26.50	24.50	23.50	23.50
Fire Department	11.00	11.00	11.00	11.00	11.00	11.00	11.00	11.00
Public Services Administration	14.00	14.00	14.00	14.00	14.00	11.00	10.00	10.00
Vehicle Maintenance	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Street Maintenance	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
Recreation and Parks Administration	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00
Recreation Programs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation and Parks Facilities	5.00	5.00	5.00	5.00	5.00	4.00	4.00	4.00
Parks Maintenance	6.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00
Cloisters Assessment District	-	-	-	-	-	1.50	1.50	1.50
Grant-funded temporary positions - PD	1.00	1.00	2.00	2.00	1.00	-	-	-
Measure Q-funded SRO	-	-	-	-	-	-	-	-
Measure Q-funded firefighter	-	-	-	-	-	-	-	-
<b>ENTERPRISE FUNDS:</b>								
Water Revenue Fund	5.00	5.00	5.00	5.00	5.00	8.00	8.00	8.00
Sewer Revenue Fund	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Harbor Fund	6.50	7.50	7.50	7.50	7.50	7.50	8.00	8.00
MB/CSD Wastewater Treatment Plant	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>TOTAL STAFF MEMBERS</b>	<b>111.00</b>	<b>112.00</b>	<b>115.00</b>	<b>115.75</b>	<b>114.75</b>	<b>107.25</b>	<b>106.75</b>	<b>106.75</b>
	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
<b>GENERAL FUND:</b>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Deputy City Manager								1.00 #
City Attorney	1.75	1.75	1.75	1.75	2.00	2.00	1.00 <sup>9</sup>	1.00
Finance Department	4.00	4.00	3.00	3.00	3.00	3.00	3.00	4.00
Human Resources	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Information Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Department	18.50	18.50	18.00	17.00	17.00	17.00	17.00	17.00
City-wide Communications	5.00	5.00	5.00	5.00	5.00	5.00	5.00	2.00
Fire Department	11.00	11.00	10.50	10.50	10.50	10.50	11.50 <sup>9</sup>	11.50
Public Works Department	9.00	11.00	9.75	9.75	9.75	9.75	9.75	7.00 #
Vehicle Maintenance	1.00	1.00	1.00					
Street Maintenance	2.00	2.00	2.00					
Facilities	3.00	3.00	3.00					
Parks Maintenance	3.50	3.50	3.50					
Consolidated Maintenance Division	-	-	-	9.50	10.00	10.00	10.00	9.00
Recreation and Parks Administration	3.00	3.00	2.00	2.00	2.00	2.00	2.00	-
Recreation Programs	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Cloisters Assessment District	1.50	1.50	1.50	1.50	-	-	-	-
Community Development Department	-	-	-	-	-	-	-	5.00 #
Measure Q-funded SRO	-	-	-	1.00	1.00	1.00	1.00	1.00
Measure Q-funded firefighter	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>ENTERPRISE FUNDS:</b>								
Water Revenue Fund	8.50	7.50	7.50	7.50	7.38	7.50	7.50	5.50
Sewer Revenue Fund	4.50	4.50	4.50	5.50	5.37	5.50	5.50	5.50
Harbor Fund	8.00	8.00	8.00	7.75	7.00	7.00	7.00	7.00
MB/CSD Wastewater Treatment Plant	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
<b>TOTAL STAFF MEMBERS</b>	<b>104.25</b>	<b>105.25</b>	<b>101.00</b>	<b>101.75</b>	<b>100.00</b>	<b>100.25</b>	<b>100.25</b>	<b>96.50</b>

<sup>1</sup> Finance Account Clerk III paid for by Water and Sewer (50-50 split)

<sup>2</sup> Layoffs 2010/11

<sup>3</sup> Consolidated Maintenance Division formed during FY 2010/11 - Streets, Parks, Facilities, Vehicle Maintenance

<sup>4</sup> School Resource Officer funded 25% by the City, 75% by the San Luis Coastal Unified School District

<sup>5</sup> 3/4 time OA IV in City Attorney's division promoted to full-time Legal Assistant; Account Clerk I Utility Billing clerk hired 3/4 time and paid by Water and Sewer (50-50 split)

<sup>6</sup> Maintenance position vacated due to retirement, and not refilled; 50% allocation moved to Consolidated Maintenance Div, Parks

<sup>7</sup> At the July 10, 2012 meeting, the City Council changed the Harbor Business Manager to a Business Coordinator, and eliminated the 3/4 time OA IV position

<sup>8</sup> 2013/14 staffing increase of Utility Billing clerk to full-time; SRO funded at 63% by Measure Q due to funding cut by San Luis Coastal Unified School District

<sup>9</sup> 2014/15 staffing changes: Additions - 1 Firefighter; Reductions - City Attorney

# 2015/16 changes: Public Services renamed to Public Works; establishment of Community Development Department; hired Deputy City Manager

CITY OF MORRO BAY  
 SCHEDULE OF GENERAL FUND FULL-TIME EMPLOYEES SALARY & BENEFITS DISTRIBUTION  
 2015/16 ADOPTED BUDGET

Division	Total Salary & Benefits to Distribute	City Council 001-2110	Administration 001-3110	Deputy City Mgr 001-3125	Human Resources 001-3140	City Attorney 001-3210	Finance 001-3510	Police 001-4110	Support Svcs 001-4115	Fire 001-4210	Public Svcs 001-5205	Vehicles Parks/Facilities Cons Maint	Streets 001-5230	Street Trees 001-5232
City Council	68,821	68,821												
City Manager/Clerk	342,582		321,695											
Deputy City Manager	144,638			144,638										
Human Resources	117,387				117,387									
City Attorney	65,676					49,257								
Finance	464,212						445,466							
Information Technology	132,416													
Police	2,800,173							2,740,173						
Support Services	225,661								207,366					
Fire	2,146,778									1,960,571				
Community Development	678,879													
Public Works/Cons Maint	1,615,315										294,739	748,757	132,894	70,513
Recreation & Parks	670,946													
Water	519,839													
Sewer	481,685													
Harbor	1,014,234													
WWTP	871,782													
	12,361,024	68,821	321,695	144,638	117,387	49,257	445,466	2,740,173	207,366	1,960,571	294,739	748,757	132,894	70,513

CITY OF MORRO BAY  
 SCHEDULE OF GENERAL FUND FULL-TIME EMPLOYEES SALARY & BENEFITS DISTRIBUTION  
 2015/16 ADOPTED BUDGET

Division	Storm Drains 001-5235	Curbside Recycling 001-5235	R & P Admin 001-6110	Sports 001-6130	Youth/Teen 001-6140	Comm Dev 001-7110	Meas Q 003-4110	COPS 282-4110	Water 311-5240	Sewer 321-5251	Harbor 331-2110	Risk Mgmt 430-1111	IT IS 450-3520	WWTP 599-2110
City Council														
City Manager/Clerk												20,887		
Deputy City Manager														
Human Resources														
City Attorney												16,419		
Finance									9,373	9,373				
Information Technology													132,416	
Police							60,000							
Support Services										18,295				
Fire							186,207							
Community Development						678,879								
Public Works/Cons Maint	94,588	23,832							136,882	113,110				
Recreation & Parks			75,765	226,815	368,366									
Water								519,839						
Sewer									481,685					
Harbor											1,014,234			
WWTP														871,782
	94,588	23,832	75,765	226,815	368,366	678,879	246,207	18,295	666,094	604,168	1,014,234	37,306	132,416	871,782

**RESOLUTION NO. 31-15**

**RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA,  
ADOPTING THE 2015/16 FISCAL YEAR OPERATING BUDGETS**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, the City of Morro Bay is required to appropriate and expend public funds, to conduct the day-to-day business activities of the City; and

**WHEREAS**, the Morro Bay City Council finds and determines those appropriations and expenditures are necessary for continued efficiency, economy, and effectiveness of the City government operations; and

**WHEREAS**, the City Council recognizes Capital Improvement Projects, authorized and approved in the current and prior fiscal years, may not be completed by June 30, 2015; and

**WHEREAS**, the continuing efforts of staff to operate the business of the City, within an approved budget, and to create savings, wherever feasible, are acknowledged by the City Council; and

**WHEREAS**, Section 37208 of the California Government Code provides payments of demands, certified by the City Clerk as conforming to an approved budget adopted by Ordinance or Resolution, do not require audit by the City Council, prior to payment.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California:

1. The Fiscal Year 2015/16 Operating Budgets are adopted, including any amendments made at the meeting at which this Resolution was adopted will be attached to this Resolution; and
2. Staff is directed to prepare and publish a final budget document; and
3. Subject to Paragraph 4., below, the City Manager is authorized to transfer appropriations within the adopted budget, so long as those changes do not significantly and negatively prevent implementation of any Council direction or policy, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds, capital projects, or capital outlay items and may approve amendments to the adopted budget by adoption of one or more resolutions; and

5. City Council authorizes and directs the transfer of balances for capital projects, approved in the current and prior fiscal years, but not completed by June 30, 2015, to the Capital Improvement Project Fund(s) for the 2015/16 fiscal year; and
6. City Council approval is required for any proposed increase to the number of CalPERS-benefited, budgeted positions hired; and
7. City Council chooses to continue to defer the remaining 1.5% of the 2009/10 deferral of the management and executive employees' 3% Cost-of-Living Adjustment (COLA);
8. Per Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloisters Assessment District, will be subsidized by the General Fund, without additional request made to City Council; and
9. The City Council reduced the amount of General Fund support to the Morro Bay Tourism Bureau, and other outside funding requests, with its 2015/16 budget, and will continue to do so with future budgets.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9<sup>th</sup> day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler  
NOES: None  
ABSENT: None  
ABSTAIN: None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET**

**SUMMARY OF ALL BUDGETED FUNDS**

NAME OF FUND	BEGINNING CASH	REVENUE ESTIMATES		TRANSFERS		EXPENDITURE ESTIMATES		REVENUES OVER(UNDER) NET TRANSFERS AND EXPENDITURES	ENDING CASH
		OPERATING	CAPITAL	IN	OUT	OPERATING	CAPITAL		
GENERAL	\$ -	\$ 10,874,265	\$ -	\$ 1,177,011	\$ (719,489)	\$ (11,254,688)	\$ -	\$ 77,099	\$ 77,099
DISTRICT TRANSACTION TAX	96,488	923,360	-	-	(292,867)	(279,919)	(446,500)	(95,926)	562
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	-	775,406	-	50,000	(17,508)	(807,898)	-	-	-
COUNTY TOURISM MARKETING DISTRICT	-	287,125	-	-	(5,743)	(281,382)	-	-	-
GENERAL GOVERNMENT VEHICLE REPLACEMENT	27,262	-	-	75,000	-	-	-	75,000	102,262
GENERAL FUND EMERGENCY RESERVE	3,247,885	16,927	-	200,000	-	-	-	216,927	3,464,812
GENERAL FUND FACILITY MAINTENANCE	85,270	99,389	-	-	-	(171,000)	-	(71,611)	13,659
WATER EQUIPMENT REPLACEMENT	291,389	-	-	-	-	-	-	-	291,389
SEWER EQUIPMENT REPLACEMENT	285,651	-	-	140,000	-	-	-	140,000	425,651
HARBOR EQUIPMENT REPLACEMENT	24,207	-	-	-	-	-	-	-	24,207
COMMUNITY DEVELOPMENT GRANTS	89,026	-	-	-	-	-	-	-	89,026
STATE GAS TAX	-	230,562	-	-	(230,562)	-	-	-	-
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	36,713	815	-	-	-	-	-	815	37,528
TRAFFIC SAFETY	-	20,000	-	-	(20,000)	-	-	-	-
SPECIAL SAFETY GRANTS	-	100,000	-	-	-	-	(100,000)	-	-
PARKING IN-LIEU	12,657	859	-	-	-	-	-	859	13,516
TRANSIT	-	335,216	77,261	-	(79,775)	(332,702)	-	-	-
LTF (BIKE PATHS)	38,536	7,907	-	-	-	-	(46,443)	(38,536)	-
LTF (ROADS)	100	-	-	-	-	-	-	-	100
WATER REVENUE	-	4,595,000	-	-	(670,230)	(3,924,770)	-	-	-
SEWER REVENUE	-	4,966,000	-	701,661	(171,512)	(5,496,149)	-	-	-
HARBOR OPERATING	-	1,896,855	-	-	(294,456)	(1,602,399)	-	-	-
RISK MANAGEMENT INTERNAL SERVICE	1,264,918	1,322,869	-	-	(997,790)	(1,489,997)	-	(1,164,918)	100,000
INFORMATION TECHNOLOGY INTERNAL SERVICE	-	2,000	-	328,989	-	(181,859)	(55,744)	93,386	93,386
CAPITAL REPLACEMENT INTERNAL SERVICE	-	-	-	75,000	-	-	-	75,000	75,000
PROJECTS ACCUMULATION INTERNAL SERVICE	-	-	-	1,197,790	-	-	-	1,197,790	1,197,790
SPECIAL ASSESSMENT DISTRICTS	68,426	8,477	-	-	-	(7,200)	-	1,277	69,703
CLOISTERS ASSESSMENT DISTRICT	70,670	148,944	-	-	-	(144,500)	-	4,444	75,114
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE	98,895	-	10,000	-	-	-	-	10,000	108,895
MB/CSD WASTEWATER TREATMENT PLANT	-	2,236,063	2,699,000	-	-	(2,236,063)	(2,699,000)	-	-
GOVERNMENTAL IMPACT FEES ACCUMULATION	288,162	-	161,500	-	-	-	-	161,500	449,662
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	245,327	70,000	-	-	-	-	(70,000)	-	245,327
HOUSING IN-LIEU	159,502	800	-	-	-	(50,000)	-	(49,200)	110,302
WATER ACCUMULATION	2,089,101	30,000	-	385,672	-	-	(1,660,000)	(1,244,328)	844,773
SEWER ACCUMULATION	2,185,737	50,000	-	-	(841,661)	-	(1,319,390)	(2,111,051)	74,686
HARBOR ACCUMULATION	773,581	-	-	10,470	-	-	(769,588)	(759,118)	14,463
<b>TOTAL ALL FUNDS</b>	<b>\$ 11,479,503</b>	<b>\$ 28,998,839</b>	<b>\$ 2,947,761</b>	<b>\$ 4,341,593</b>	<b>\$ (4,341,593)</b>	<b>\$ (28,260,526)</b>	<b>\$ (7,166,665)</b>	<b>\$ (3,480,591)</b>	<b>\$ 7,998,912</b>

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET**

**ALL FUNDS REVENUES BY CATEGORY**

Name of Fund	Taxes & Assessments	Charges for Services	Licenses & Permits	Investments & Rent	Fines & Forfeitures	Other Governmental	Other	Interfund Transfers	2015/16 Adopted Budget
GENERAL	\$ 8,800,434	\$ 1,120,031	\$ 617,500	\$ 292,400	\$ 12,000	\$ 24,900	\$ 7,000	\$ 1,177,011	\$ 12,051,276
DISTRICT TRANSACTION TAX	923,360	-	-	-	-	-	-	-	923,360
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	775,406	-	-	-	-	-	-	50,000	825,406
COUNTY TOURISM MARKETING DISTRICT	287,125	-	-	-	-	-	-	-	287,125
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	-	-	-	-	75,000	75,000
GENERAL FUND EMERGENCY RESERVE	-	-	-	16,927	-	-	-	200,000	216,927
GENERAL FUND FACILITY MAINTENANCE	-	-	-	99,389	-	-	-	-	99,389
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	140,000	140,000
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	-	-	-	-	-	-
STATE GAS TAX	-	-	-	-	-	230,562	-	-	230,562
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	815	-	-	-	-	815
TRAFFIC SAFETY	-	-	-	-	20,000	-	-	-	20,000
SPECIAL SAFETY GRANTS	-	-	-	-	-	100,000	-	-	100,000
PARKING IN-LIEU	-	-	-	859	-	-	-	-	859
TRANSIT	-	41,500	-	-	-	370,977	-	-	412,477
LTF (BIKE PATHS)	-	-	-	-	-	7,907	-	-	7,907
LTF (ROADS)	-	-	-	-	-	-	-	-	-
WATER REVENUE	-	4,595,000	-	-	-	-	-	-	4,595,000
SEWER REVENUE	-	4,966,000	-	-	-	-	-	701,661	5,667,661
HARBOR OPERATING	-	1,896,855	-	-	-	-	-	-	1,896,855
RISK MANAGEMENT INTERNAL SERVICE	-	1,317,869	-	5,000	-	-	-	-	1,322,869
INFORMATION TECHNOLOGY INTERNAL SERVICE	-	2,000	-	-	-	-	-	328,989	330,989
CAPITAL REPLACEMENT INTERNAL SERVICE	-	-	-	-	-	-	-	75,000	75,000
PROJECTS ACCUMULATION INTERNAL SERVICE	-	-	-	-	-	-	-	1,197,790	1,197,790
SPECIAL ASSESSMENT DISTRICTS	8,477	-	-	-	-	-	-	-	8,477
CLOISTERS ASSESSMENT DISTRICT	148,944	-	-	-	-	-	-	-	148,944
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE	-	-	-	-	-	-	10,000	-	10,000
MB/CSD WASTEWATER TREATMENT PLANT	-	4,935,063	-	-	-	-	-	-	4,935,063
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	161,500	-	-	-	-	-	-	161,500
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	70,000	-	-	-	-	-	-	70,000
HOUSING IN-LIEU	-	-	-	800	-	-	-	-	800
WATER ACCUMULATION	-	30,000	-	-	-	-	-	385,672	415,672
SEWER ACCUMULATION	-	50,000	-	-	-	-	-	-	50,000
HARBOR ACCUMULATION	-	-	-	-	-	-	-	10,470	10,470
<b>TOTAL REVENUE/TRANSFER IN ESTIMATES</b>	<b>\$ 10,943,746</b>	<b>\$ 19,185,818</b>	<b>\$ 617,500</b>	<b>\$ 416,190</b>	<b>\$ 32,000</b>	<b>\$ 734,346</b>	<b>\$ 17,000</b>	<b>\$ 4,341,593</b>	<b>\$ 36,288,193</b>

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET**

**ALL FUNDS EXPENDITURES BY CATEGORY**

Name of Fund	Personnel	Supplies	Services	Capital Outlay	Other	Debt Service	Equip Rplcmnt	Transfers	2015/16 Adopted Budget
GENERAL	\$ (8,805,460)	\$ (490,357)	\$ (2,015,251)	\$ -	\$ 91,990	\$ (35,610)	\$ -	\$ (719,489)	\$ (11,974,177)
DISTRICT TRANSACTION TAX	(446,207)	-	(456,500)	(25,773)	-	(90,806)	-	-	(1,019,286)
MORRO BAY TOURISM BUSINESS IMPROVEMENT DIST	-	-	(807,898)	-	-	-	-	(17,508)	(825,406)
COUNTY TOURISM MARKETING DISTRICT	-	(281,382)	-	-	-	-	-	(5,743)	(287,125)
GENERAL GOVERNMENT VEHICLE REPLACEMENT	-	-	-	-	-	-	-	-	-
GENERAL FUND EMERGENCY RESERVE	-	-	-	-	-	-	-	-	-
GENERAL FUND FACILITY MAINTENANCE	-	-	(171,000)	-	-	-	-	-	(171,000)
WATER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
SEWER EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
HARBOR EQUIPMENT REPLACEMENT	-	-	-	-	-	-	-	-	-
COMMUNITY DEVELOPMENT GRANTS	-	-	-	-	-	-	-	-	-
STATE GAS TAX	-	-	-	-	-	-	-	(230,562)	(230,562)
LOWER COST VISITOR ACCOMMODATIONS MITIGATION	-	-	-	-	-	-	-	-	-
TRAFFIC SAFETY	-	-	-	-	-	-	-	(20,000)	(20,000)
SPECIAL SAFETY GRANTS	(18,295)	(6,000)	(15,705)	(60,000)	-	-	-	-	(100,000)
PARKING IN-LIEU	-	-	-	-	-	-	-	-	-
TRANSIT	-	-	(332,702)	-	-	-	-	(79,775)	(412,477)
LTF (BIKE PATHS)	-	-	-	-	(46,443)	-	-	-	(46,443)
LTF (ROADS)	-	-	-	-	-	-	-	-	-
WATER REVENUE	(666,094)	(226,200)	(3,032,476)	-	-	-	-	(670,230)	(4,595,000)
SEWER REVENUE	(653,618)	(156,250)	(424,984)	-	(4,261,297)	-	-	(171,512)	(5,667,661)
HARBOR OPERATING	(1,014,234)	(80,700)	(369,406)	-	(3,200)	(134,859)	-	(294,456)	(1,896,855)
RISK MANAGEMENT INTERNAL SERVICE	(41,229)	(500)	(1,448,268)	-	-	-	-	(997,790)	(2,487,787)
INFORMATION TECHNOLOGY INTERNAL SERVICE	(132,416)	-	(49,443)	(55,744)	-	-	-	-	(237,603)
CAPITAL REPLACEMENT INTERNAL SERVICE	-	-	-	-	-	-	-	-	-
PROJECTS ACCUMULATION INTERNAL SERVICE	-	-	-	-	-	-	-	-	-
SPECIAL ASSESSMENT DISTRICTS	-	-	(7,200)	-	-	-	-	-	(7,200)
CLOISTERS ASSESSMENT DISTRICT	-	-	(144,500)	-	-	-	-	-	(144,500)
TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEI	-	-	-	-	-	-	-	-	-
MB/CSD WASTEWATER TREATMENT PLANT	(871,782)	(343,600)	(988,681)	(2,699,000)	(32,000)	-	-	-	(4,935,063)
GOVERNMENTAL IMPACT FEES ACCUMULATION	-	-	-	-	-	-	-	-	-
PARK IN-LIEU FEES	-	-	-	-	-	-	-	-	-
STATE PARK MARINA SPECIAL REVENUE	-	-	-	(70,000)	-	-	-	-	(70,000)
HOUSING IN-LIEU	-	-	(50,000)	-	-	-	-	-	(50,000)
WATER ACCUMULATION	-	-	-	(1,660,000)	-	-	-	-	(1,660,000)
SEWER ACCUMULATION	-	-	-	(1,319,390)	-	-	-	(841,661)	(2,161,051)
HARBOR ACCUMULATION	-	-	-	(769,588)	-	-	-	-	(769,588)
<b>TOTAL EXPENDITURE/TRANSFER OUT</b>	<b>\$ (12,649,335)</b>	<b>\$ (1,584,989)</b>	<b>\$ (10,314,014)</b>	<b>\$ (6,659,495)</b>	<b>\$ (4,250,950)</b>	<b>\$ (261,275)</b>	<b>\$ -</b>	<b>\$ (4,048,726)</b>	<b>(39,768,784)</b>
<b>TOTAL REVENUE/TRANSFER IN</b>									<b>36,288,193</b>
<b>SOURCE/(USE) OF CASH</b>									<b>\$ (3,480,591)</b>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GENERAL FUND**

The General Fund was established on July 17, 1964, by the incorporation of the City. Activities financed from this Fund include legislative, administrative, legal and fiscal functions; police and fire protection services; engineering, planning, inspection, and zoning regulation services; street maintenance; and parks and recreation. The primary sources of revenue for this Fund include property tax, transient occupancy tax, and sales tax.

## GENERAL FUND FORECAST

General Fund (001)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:									
Property Tax	2,652,426	2,707,430	2,765,197	2,755,127	2,827,808	2,916,606	3,008,253	3,072,761	3,138,716
Property tax in-lieu (VLFAA)	812,214	830,137	848,997	847,065	870,554	899,052	928,488	949,608	971,213
Homeowners Exemption	18,535	18,535	18,535	18,072	18,162	18,344	18,527	18,527	18,527
Subtotal Property Tax	3,483,175	3,556,102	3,632,729	3,620,264	3,716,524	3,834,001	3,955,268	4,040,896	4,128,456
Sales Tax (local)	1,195,804	1,460,913	1,625,274	1,681,752	1,766,988	1,856,712	1,918,673	1,982,884	2,049,430
Sales Tax (triple-flip)	364,931	221,566	-	-	-	-	-	-	-
Sales Tax (Prop 172-Safety)	120,000	122,400	118,728	121,993	126,568	131,314	133,940	136,619	139,352
Subtotal Sales Tax	1,680,735	1,804,879	1,744,002	1,803,745	1,893,556	1,988,026	2,052,614	2,119,503	2,188,782
Property Transfer Tax	60,000	61,200	59,364	61,145	63,591	66,134	67,457	68,806	70,182
Transient Occupancy Tax	2,787,625	2,871,253	2,742,047	2,865,439	3,037,366	3,219,607	3,316,196	3,415,682	3,518,152
Business Licenses	305,000	511,100	478,212	393,340	409,074	425,437	433,946	442,625	451,477
Franchises	515,772	526,087	523,457	536,543	552,639	569,219	580,603	592,215	604,059
Subtotal Other Taxes	3,668,396	3,969,641	3,803,080	3,856,468	4,062,670	4,280,397	4,398,202	4,519,327	4,643,871
Building Permit	527	527	527	527	527	527	527	527	527
Coastal Permits	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Conditional Use Permits	15,000	15,000	14,250	14,393	14,680	14,974	14,974	14,974	14,974
Other Licenses & Permits	10,856	10,856	10,313	10,416	10,625	10,837	10,837	10,837	10,837
Subtotal Licenses & Permits	61,383	61,383	60,090	60,336	60,832	61,338	61,338	61,338	61,338
Motor Vehicle License Fee	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
State & Federal Grants	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
State Reimbursements	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Subtotal Intergovernmental	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500	33,500
Investment Income	-	-	905	-	-	519	425	1,288	1,791
Rents	357,400	364,548	371,839	379,276	386,861	394,598	402,490	410,540	418,751
Subtotal Use of Money & Property	357,400	364,548	372,744	379,276	386,861	395,118	402,915	411,828	420,542
Parking Fines	6,000	6,060	6,121	6,182	6,244	6,306	6,369	6,433	6,497
Vehicle Code Fines	4,500	4,545	4,590	4,636	4,683	4,730	4,777	4,825	4,873
Other Fines	500	505	510	515	520	526	531	536	541
Subtotal Fines & Forfeitures	11,000	11,110	11,221	11,333	11,447	11,561	11,677	11,793	11,911
Planning & Zoning Fees	38,980	38,980	38,006	38,196	38,577	38,963	38,963	38,963	38,963
Engineering & Inspection Fees	200,190	200,190	195,185	196,161	198,123	200,104	200,104	200,104	200,104
Police Services	48,639	49,125	49,617	50,113	50,614	51,120	51,631	52,148	52,669
Fire Services	114,999	116,149	117,310	118,484	119,668	120,865	122,074	123,294	124,527
Recreation Program Fees	388,500	392,385	396,309	400,272	404,275	408,317	412,401	416,525	420,690
Other Service Charges	32,940	333,269	336,602	339,968	343,368	346,801	350,269	353,772	357,310
Subtotal Fees & Charges	824,248	1,130,099	1,133,029	1,143,193	1,154,625	1,166,171	1,175,443	1,184,806	1,194,264
Other Revenues	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650	13,650
Total Revenues Before Transfers	10,133,488	10,944,912	10,804,046	10,921,765	11,333,665	11,783,763	12,104,606	12,396,643	12,696,314

## GENERAL FUND FORECAST

General Fund (001)	2015	2016	2017	2018	2019	2020	2021	2022	2023
Emergency Reserve	61,939	-	147,135	603,082	-	-	-	-	-
Measure Q (Fire overtime)	99,608	103,094	106,703	110,437	114,302	118,303	122,444	126,729	131,165
Capital Projects	-	-	-	-	-	-	-	-	-
Other Funds	6,000	-	-	-	-	-	-	-	-
Gas Tax/Traffic Safety	301,934	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Transit (cost allocation plan)	79,775	79,775	79,775	79,775	79,775	79,775	79,775	79,775	79,775
Water (cost allocation plan)	279,104	284,686	290,380	296,187	302,111	308,153	314,316	320,603	327,015
Sewer (cost allocation plan)	166,348	169,675	173,068	176,530	180,060	183,662	187,335	191,082	194,903
Harbor (cost allocation plan)	276,986	282,526	288,176	293,940	299,819	305,815	311,931	318,170	324,533
Subtotal Transfers In	1,271,694	1,219,756	1,385,237	1,859,951	1,276,068	1,295,708	1,315,801	1,336,358	1,357,391
Total Revenue & Transfers In	11,405,182	12,164,668	12,189,283	12,781,716	12,609,733	13,079,471	13,420,408	13,733,001	14,053,705
Expenses:									
Regular Salaries & Other Pay	4,914,953	5,046,788	5,223,426	5,406,245	5,595,464	5,791,305	5,994,001	6,203,791	6,420,924
Part-time Wages	721,796	736,232	750,957	765,976	781,295	796,921	812,860	829,117	845,699
Overtime	199,348	206,325	213,547	221,021	228,756	236,763	245,050	253,626	262,503
Employer Paid Benefits (all)	-	-	-	-	-	-	-	-	-
Pension	1,564,031	1,571,847	1,732,710	1,791,714	1,695,767	1,826,182	1,712,508	1,754,371	1,797,093
Health	837,619	839,855	856,652	873,785	891,260	909,086	927,267	945,813	964,729
Medicare	68,802	70,673	73,147	75,707	78,357	81,099	83,938	86,876	89,916
Workers Comp	454,862	467,170	483,521	500,445	517,960	536,089	554,852	574,272	594,371
Unemployment Insurance	28,068	28,068	29,050	30,067	31,119	32,208	33,336	34,502	35,710
Other	50,216	50,281	52,041	53,862	55,747	57,698	59,718	61,808	63,971
Vacancy Savings Rate	(265,191)	(270,517)	(282,451)	(291,565)	(296,272)	(308,021)	(312,706)	(322,325)	(332,247)
Labor Costs Applied	(120,154)	-	-	-	-	-	-	-	-
Subtotal Personnel	8,454,352	8,746,721	9,132,598	9,427,256	9,579,454	9,959,332	10,110,823	10,421,851	10,742,669
Contract Services	697,661	711,614	725,847	740,363	755,171	770,274	785,680	801,393	817,421
Utilities	391,683	361,845	369,082	376,464	383,993	391,673	399,506	407,496	415,646
Insurance	130,938	133,557	136,228	138,952	141,732	144,566	147,457	150,407	153,415
Other Services & Supplies	808,097	824,259	840,744	857,559	874,710	892,204	910,048	928,249	946,814
Other Expense	49,100	50,082	51,084	52,105	53,147	54,210	55,295	56,400	57,528
Capital Outlay	25,000	27,000	27,540	28,091	28,653	29,226	29,810	30,406	31,015
Debt Service	-	35,610	35,610	35,610	35,610	35,610	35,610	35,610	35,610
Transfers Out (all)	51,142	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Vehicle Replacement	-	204,407	219,344	155,000	175,282	200,000	200,000	200,000	200,000
Facilities/IT/Fire Equipment	-	588,501	529,279	664,225	168,872	308,728	257,671	281,169	271,951
Service Increases (all)	-	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987
Budget Cuts (all)	-	-	-	-	-	-	-	-	-
Total Expenses & Transfers Out	10,607,973	11,983,596	12,370,355	12,781,716	12,505,896	13,098,374	13,247,828	13,632,387	13,995,056
Net Surplus (Shortfall)	797,209	181,072	(181,072)	-	103,837	(18,903)	172,579	100,614	58,648
Beginning Cash Balance	(797,209)	(0)	181,072	(0)	(0)	103,836	84,934	257,513	358,127
Adjustments to Cash Balance	-	-	-	-	-	-	-	-	-
Ending Cash Balance	(0)	181,072	(0)	(0)	103,836	84,934	257,513	358,127	416,776

Forecast prepared by Management Partners

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET  
GENERAL FUND REVENUES BY SOURCE**

	<u>2011/12 Actual</u>	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
Property taxes					
Current secured net of admin fee	\$ 2,404,632	\$ 2,418,684	\$ 2,520,700	\$ 2,541,147	\$ 2,707,430
Property tax in-lieu - VLF	814,293	809,214	837,251	837,251	830,137
Property tax in-lieu - Sales Tax	356,048	364,472	447,649	364,930	221,566
Homeowners subvention	19,664	19,148	19,076	18,778	18,535
Subtotal	<u>3,594,637</u>	<u>3,611,518</u>	<u>3,824,676</u>	<u>3,762,106</u>	<u>3,777,668</u>
Other taxes					
Sales and use tax	1,063,056	1,154,885	1,189,656	1,160,000	1,460,913
Sales tax Prop 172 Public Safety	118,582	131,214	156,783	120,000	122,400
Property transfer tax	47,366	65,324	69,485	60,000	61,200
Transient occupancy tax	2,027,448	2,235,255	2,527,352 <sup>5</sup>	2,350,000	2,871,253
Franchises	512,669	513,304	505,658	480,000	507,000
Subtotal	<u>3,769,121</u>	<u>4,099,982</u>	<u>4,448,934</u>	<u>4,170,000</u>	<u>5,022,766</u>
Licenses and permits					
Business/transient vendor license	222,990	230,145	248,181	455,000	556,000
Coastal permits	9,619	25,363	32,336	35,000	26,000
Conditional use permits	30,522	10,781	11,599	15,000	25,000
Other licenses and permits	10,793	8,079	12,906	10,856	10,500
Subtotal	<u>273,924</u>	<u>274,368</u>	<u>305,022</u>	<u>515,856</u>	<u>617,500</u>
Intergovernmental					
Motor vehicle tax	5,248	5,438	4,500	-	4,500
State & Federal grants	42,440	-	64,278	5,000	3,400
State reimbursements	24,538	18,068	21,092	17,000	17,000
Subtotal	<u>72,226</u>	<u>23,506</u>	<u>89,870</u>	<u>22,000</u>	<u>24,900</u>
Use of money and property					
Investment income/rents	323,196	323,595	281,361	292,400	292,400
Subtotal	<u>323,196</u>	<u>323,595</u>	<u>281,361</u>	<u>292,400</u>	<u>292,400</u>
Fines & forfeitures					
Parking fines	10,382	6,660	5,799	6,000	3,000
Vehicle code fines	8,605	6,839	9,843	7,000	7,000
Other fines	5,194	6,623	5,085	5,000	2,000
Subtotal	<u>24,181</u>	<u>20,122</u>	<u>20,727</u>	<u>18,000</u>	<u>12,000</u>
Charges for services					
Community development	299,588	239,739	279,854	244,140	335,300
Police services	10,852	22,312	28,164	28,600	23,600
Fire services	97,796	116,409	188,549	218,060	114,199
Recreation program revenues	422,142	403,589	534,721	464,500	622,000
Other service charges	54,432	65,575	9,050	1,000	24,932
Subtotal	<u>884,810</u>	<u>847,624</u>	<u>1,040,338</u>	<u>956,300</u>	<u>1,120,031</u>
Other revenues	18,005	32,979	28,624	12,650	7,000
Subtotal general fund revenues	<u>8,960,100</u>	<u>9,233,694</u>	<u>10,039,552</u>	<u>9,749,312</u>	<u>10,874,265</u>
Transfers in	<u>1,253,946</u>	<u>3,227,099</u>	<u>2,451,361</u>	<u>1,209,755</u>	<u>1,177,011</u>
<b>TOTAL GENERAL FUND REVENUES AND TRANSFERS IN</b>	<u>\$ 10,214,046</u>	<u>\$ 12,460,793</u>	<u>\$ 12,490,913</u>	<u>\$ 10,959,067</u>	<u>\$ 12,051,276</u>

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES BY DEPARTMENT**

	<u>2011/12 Actual</u>	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
<b>LEGISLATIVE</b>					
City Council	\$ (88,088)	\$ (82,695)	\$ (206,485)	\$ (106,926)	\$ (110,312)
Subtotal	<u>(88,088)</u>	<u>(82,695)</u> <sup>2</sup>	<u>(206,485)</u>	<u>(106,926)</u>	<u>(110,312)</u>
<b>ADMINISTRATION</b>					
City Manager	(442,681)	(482,253)	(596,479)	(441,488)	(478,333)
Deputy City Manager	-	-	-	(13,340)	(160,000)
Contract Services	(44,661)	(52,745)	(32,988)	(47,154)	(52,031)
Elections	<u>(16,408)</u>	<u>(409)</u>	<u>(28,393)</u>	<u>(19,954)</u>	<u>(10,310)</u>
Subtotal	<u>(503,750)</u>	<u>(535,407)</u>	<u>(657,860)</u>	<u>(521,936)</u>	<u>(700,674)</u>
<b>CITY ATTORNEY</b>					
Operations	<u>(137,793)</u>	<u>(154,270)</u>	<u>(361,394)</u>	<u>(188,659)</u>	<u>(182,458)</u>
Subtotal	<u>(137,793)</u>	<u>(154,270)</u>	<u>(361,394)</u>	<u>(188,659)</u>	<u>(182,458)</u>
<b>ADMINISTRATIVE SERVICES</b>					
Accounting and Treasury	(467,998)	(527,273)	(567,712)	(513,009)	(622,975)
Human Resources	<u>(132,436)</u>	<u>(140,364)</u>	<u>(139,637)</u>	<u>(149,312)</u>	<u>(153,860)</u>
Subtotal	<u>(600,434)</u>	<u>(667,637)</u>	<u>(707,349)</u>	<u>(662,321)</u>	<u>(776,835)</u>
<b>POLICE DEPARTMENT</b>					
Operations	(2,866,634)	(2,778,032)	(2,776,683) <sup>3</sup>	(3,055,156)	(3,032,060)
Support Services	<u>(425,235)</u>	<u>(460,703)</u>	<u>(425,149)</u>	<u>(461,133)</u>	<u>(468,744)</u>
Subtotal	<u>(3,291,869)</u>	<u>(3,238,735)</u>	<u>(3,201,832)</u>	<u>(3,516,289)</u>	<u>(3,500,804)</u>
<b>FIRE DEPARTMENT</b>					
Operations	(1,983,157)	(1,872,727)	(2,059,428)	(2,135,961)	(2,288,069)
Emergency Operations Center (EOC)	<u>(1,802)</u>	<u>(2,518)</u>	<u>(8,238)</u>	<u>(8,800)</u>	<u>(8,041)</u>
Subtotal	<u>(1,984,959)</u>	<u>(1,875,245)</u>	<u>(2,067,666)</u>	<u>(2,144,761)</u>	<u>(2,296,110)</u>
<b>COMMUNITY DEVELOPMENT</b>					
Administration	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u> <sup>4</sup>	<u>(888,928)</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(888,928)</u>
<b>PUBLIC WORKS</b>					
Administration	(866,160)	(835,931)	(934,210)	(932,633)	(377,027)
Consolidated Maintenance	(965,185) <sup>1</sup>	(997,790)	(1,064,878)	(1,053,215)	(1,086,113)
Streets, Street Trees, Storm Drains	(454,470)	(422,318)	(420,694)	(454,828)	(521,380)
Street Lighting	(99,083)	(90,975)	(83,355)	(89,223)	(104,000)
Curbside Recycling	<u>(20,000)</u>	<u>(21,000)</u>	<u>(22,940)</u>	<u>(22,940)</u>	<u>(23,832)</u>
Subtotal	<u>(2,404,898)</u>	<u>(2,368,014)</u>	<u>(2,526,077)</u>	<u>(2,552,839)</u>	<u>(2,112,352)</u>
<b>RECREATION SERVICES</b>					
Administration	(342,081)	(323,212)	(297,945)	(358,829)	(176,713)
Sports	(307,105)	(319,869)	(324,596)	(318,575)	(351,061)
Youth and Teen Programs	(388,074)	(363,208)	(373,307)	(377,798)	(403,540)
Dance 39+	(11,608)	(11,642)	(13,212)	(12,000)	(12,000)
Special Events Signage	<u>(5,110)</u>	<u>(2,235)</u>	<u>(4,092)</u>	<u>(3,000)</u>	<u>(5,000)</u>
Subtotal	<u>(1,053,978)</u>	<u>(1,020,166)</u>	<u>(1,013,152)</u>	<u>(1,070,202)</u>	<u>(948,314)</u>
<b>SUBTOTAL GENERAL FUND ESTIMATES</b>	<b>(10,065,769)</b>	<b>(9,942,169)</b>	<b>(10,741,815)</b>	<b>(10,763,933)</b>	<b>(11,516,787)</b>
Personnel vacancy rate	-	-	-	-	262,099

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES BY DEPARTMENT**

	<u>2011/12 Actual</u>	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
Transfers out:					
Capital improvement	(828,092)	(1,492,417)	(2,486,752)	-	-
Visitors Center	-	-	-	-	(50,000)
Information Technology ISF	-	-	-	-	(319,489)
Vehicle replacement	-	-	-	-	(75,000)
Capital Replacement ISF	-	-	-	-	(75,000)
Projects Reserve ISF	-	-	-	-	(200,000)
<b>TOTAL GENERAL FUND ESTIMATES</b>	<b>\$ <u>(10,893,861)</u></b>	<b><u>(11,434,586)</u></b>	<b><u>(13,228,567)</u></b>	<b><u>(10,763,933)</u></b>	<b>(11,974,177)</b>
				REVENUES	<u>12,051,276</u>
				SURPLUS(SHORTFALL)	<b>\$ <u>77,099</u></b>

<sup>1</sup> With the 2012/13 budget and forward, the Consolidated Maintenance budget pages are presented separately for more clarity.

<sup>2</sup> The increase in the City Council budget is due to expenditure changes from the City Manager's budget to the City Council plus \$89k Council grants for the 2013/14 fiscal year.

<sup>3</sup> The 2014/15 Police budget reflects an offset from the San Luis Coastal Unified School District for 50% funding of the SRO (\$60,000)

<sup>4</sup> In 2015/16, the Community Development Department was separated out from Public Services, and Public Services has been renamed "Public Works." Also, the consolidated maintenance divisions have been moved to Public Works.

**CITY OF MORRO BAY  
2015/16 ADOPTED BUDGET  
GENERAL FUND EXPENDITURES BY DIVISION AND CATEGORY**

<u>Department Name</u>	<u>Personnel</u>	<u>Supplies</u>	<u>Services</u>	<u>Capital Outlay</u>	<u>Other</u>	<u>Debt Service</u>	<u>Equipment Replacement</u>	<u>Transfers</u>	<u>2015/16 Adopted Budget</u>
City Council	\$ (68,821)	\$ (500)	\$ (33,491)	\$ -	\$ (7,500)	\$ -	\$ -	\$ -	\$ (110,312)
City Manager	(321,695)	(7,950)	(118,688)	-	(30,000)	-	-	-	(478,333)
Deputy City Manager	(144,638)	(1,000)	(14,362)	-	-	-	-	-	(160,000)
Contract Services	-	-	(52,031)	-	-	-	-	-	(52,031)
Elections	-	(310)	(10,000)	-	-	-	-	-	(10,310)
Visitors Center	-	-	-	-	-	-	-	(50,000)	(50,000)
City Attorney	(49,257)	(1,500)	(131,701)	-	-	-	-	-	(182,458)
Accounting/Treasury	(445,466)	(9,375)	(168,134)	-	-	-	-	-	(622,975)
Human Resources	(117,387)	(2,223)	(34,250)	-	-	-	-	-	(153,860)
Police Department	(2,740,173)	(89,300)	(177,587)	-	(25,000)	-	-	-	(3,032,060)
Support Services	(207,366)	(750)	(258,019)	-	(2,609)	-	-	-	(468,744)
Fire Department	(1,960,571)	(94,351)	(228,147)	-	(5,000)	-	-	-	(2,288,069)
Emergency Operations Center (EOC)	-	(4,150)	(3,891)	-	-	-	-	-	(8,041)
Community Development	(678,879)	(7,200)	(102,849)	-	(100,000)	-	-	-	(888,928)
Public Works	(294,739)	(16,925)	(65,363)	-	-	-	-	-	(377,027)
Street Lighting	-	-	(104,000)	-	-	-	-	-	(104,000)
Curbside Recycling	(23,832)	-	-	-	-	-	-	-	(23,832)
Recreation and Parks Administration	(128,703)	(4,200)	(43,810)	-	-	-	-	-	(176,713)
Recreation and Parks Sports	(226,815)	(80,600)	(43,646)	-	-	-	-	-	(351,061)
Recreation and Parks Youth Services	(350,366)	(27,650)	(25,524)	-	-	-	-	-	(403,540)
Recreation and Parks Miscellaneous Programs	-	-	(12,000)	-	-	-	-	-	(12,000)
Special Signage	-	-	(5,000)	-	-	-	-	-	(5,000)
Consolidated Maintenance:									
Vehicles, Parks, Facilities	(748,757)	(70,071)	(231,675)	-	-	(35,610)	-	-	(1,086,113)
Streets, Street Trees, Storm Drains/Creeks	(297,995)	(72,302)	(151,083)	-	-	-	-	-	(521,380)
Vacancy rate	-	-	-	-	262,099	-	-	-	262,099
Transfers out:									
Information Technology ISF	-	-	-	-	-	-	-	(319,489)	(319,489)
Vehicle replacement	-	-	-	-	-	-	-	(75,000)	(75,000)
Capital Replacement ISF	-	-	-	-	-	-	-	(75,000)	(75,000)
Projects Reserve ISF	-	-	-	-	-	-	-	(200,000)	(200,000)
<b>General Fund expenditure estimates</b>	<b>\$ (8,805,460)</b>	<b>\$ (490,357)</b>	<b>\$ (2,015,251)</b>	<b>\$ -</b>	<b>\$ 91,990</b>	<b>\$ (35,610)</b>	<b>\$ -</b>	<b>\$ (719,489)</b>	<b>\$ (11,974,177)</b>
<b>General Fund revenue estimates</b>									<u>12,051,276</u>
<b>Surplus (Shortage)</b>									<u>\$ 77,099</u>

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### CITY COUNCIL

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>
				<b>Budget</b>	<b>Budget</b>
Personnel services	\$ (72,818)	\$ (65,426)	\$ (70,664)	\$ (63,402)	\$ (68,821)
Supplies	(122)	(1,100)	(178)	(850)	(500)
Services	(15,148)	(16,169)	(47,643)	(35,674)	(33,491)
Contingency	-	-	-	-	-
Capital outlay	-	-	-	-	-
One-time bequests	-	-	(88,000)	(7,000)	(7,500)
Equipment replacement	-	-	-	-	-
<b>Total expenditures</b>	<b>(88,088)</b>	<b>(82,695)</b>	<b>(206,485)</b>	<b>(106,926)</b>	<b>(110,312)</b>
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>1,581</b>	<b>-</b>	<b>-</b>
<b>Revenues over(under) expenditures</b>	<b>\$ (88,088)</b>	<b>\$ (82,695)</b>	<b>\$ (204,904)</b>	<b>\$ (106,926)</b>	<b>\$ (110,312)</b>

**NOTES:**

At the June 12, 2013 budget workshop, the City Council removed \$2,000 from its services budget that had been programmed for a leadership seminar. This money will be added to the funds collected for outside agencies who submitted requests for funding. Bequests are as follows:

Friends of the Library	\$ 5,000	
Housing Trust Fund	1,000	This amount came out of the Affordable Housing Fund
Morro Bay Tourism Bureau	58,000	
Economic Vitality Bureau (EVC)	5,000	
Downtown restroom	16,000	
Morro Bay 4th of July	4,000	
	<b>\$ 89,000</b>	

With the 2013/14 budget, the LAFCO (\$12,661) and League of California Cities (\$5,607) expenditure were removed from the City Manager's budget, and placed in the "services" category in the City Council's budget.

With the adoption of the 2014/15 budget, Council granted the following bequests:

Housing Trust Fund	\$ 1,000	This amount came out of the Affordable Housi
SCORE	1,000	
Senior Nutrition	5,000	
	<b>\$ 7,000</b>	

With the adoption of the 2015/16 budget, Council granted the following bequests:

SLO County Housing Trust Fund	\$ 1,000	
Community Resource Office	1,000	
SCORE	500	
Senior Nutrition	5,000	
	<b>\$ 7,500</b>	

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**CITY MANAGER/CITY CLERK**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (318,032)	\$ (329,584)	\$ (491,474)	\$ (340,479)	\$ (321,695)
Supplies	(10,268)	(21,091)	(4,448)	(6,100)	(7,950)
Services	(101,720)	(119,016)	(100,557)	(94,909)	(118,688)
Capital outlay	-	-	-	-	-
Other	(12,661)	(12,562)	-	-	(30,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(442,681)</u>	<u>(482,253)</u>	<u>(596,479)</u>	<u>(441,488)</u>	<u>(478,333)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Revenues over(under) expenditures	<u>\$ (442,681)</u>	<u>\$ (482,253)</u>	<u>\$ (596,479)</u>	<u>\$ (441,488)</u>	<u>\$ (472,333)</u>

**NOTES:**

With the 2013/14 budget, the LAFCO (\$12,661) and League of California Cities (\$5,607) expenditure were removed from the City Manager's budget, and placed in the "services" category in the City Council's budget. In 2013/14, the City Manager was separated from employment, and payout cost is reflected in the increased personnel services category.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**CONTRACT SERVICES**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Services:					
Fiscal Management Fees (PARS)	\$ -	\$ (6,744)	\$ (6,922)	\$ (8,000)	\$ (7,000)
Animal services	<u>(44,661)</u>	<u>(46,001)</u>	<u>(26,066)</u>	<u>(39,154)</u>	<u>(45,031)</u>
Total expenditures	<u>\$ (44,661)</u>	<u>\$ (52,745)</u>	<u>\$ (32,988)</u>	<u>\$ (47,154)</u>	<u>\$ (52,031)</u>

**NOTES:**

With the 2013/14 animal services agreement, the County again revisited the methodology for calculating fees, lowering the City's contribution; this is a three year contract that is reevaluated annually.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**ELECTIONS**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Supplies	\$ (272)	\$ (409)	\$ (293)	\$ (454)	\$ (310)
Services	<u>(16,136)</u>	<u>-</u>	<u>(28,100)</u>	<u>(19,500)</u>	<u>(10,000)</u>
 Total expenditures	 <u>\$ (16,408)</u>	 <u>\$ (409)</u>	 <u>\$ (28,393)</u>	 <u>\$ (19,954)</u>	 <u>\$ (10,310)</u>

**NOTES:**

With the 2015/16 budget, the decision was made to budget \$10,000 per year, moving the fund into a Trust and Agency account to save/pay for election costs.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**DEPUTY CITY MANAGER**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ (12,055)	\$ (144,638)
Supplies	-	-	-	(85)	(1,000)
Services	-	-	-	(1,200)	(14,362)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,340)</u>	<u>(160,000)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (13,340)</u>	<u>\$ (160,000)</u>

**NOTES:**

Position created and filled June 2015.

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### CITY ATTORNEY

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (113,150)	\$ (122,731)	\$ (283,630)	\$ (61,588)	\$ (49,257)
Supplies	(4,512)	(4,875)	(3,353)	(1,626)	(1,500)
Services	(20,131)	(26,664)	(74,411)	(125,445)	(131,701)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(137,793)</u>	<u>(154,270)</u>	<u>(361,394)</u>	<u>(188,659)</u>	<u>(182,458)</u>
Total revenues	<u>6,370</u>	<u>30</u>	<u>458</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (131,423)</u>	<u>\$ (154,240)</u>	<u>\$ (360,936)</u>	<u>\$ (188,659)</u>	<u>\$ (182,458)</u>

**NOTES:**

In 2013/14, the City Attorney was separated from employment, and payout cost is reflected in the increased personnel services category.

In April 2014, the City employed Aleshire & Wynder to provide contract legal services. The cost of those services is split between the General Fund (40%), Water (20%), Sewer (20%) and Harbor (20%).

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**FINANCE**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (306,864)	\$ (355,842)	\$ (362,304)	\$ (345,998)	\$ (445,466)
Supplies	(15,412)	(41,378)	(6,520)	(15,675)	(9,375)
Services	(140,182)	(111,728)	(188,888)	(151,336)	(168,134)
Capital outlay	(5,540)	(18,325)	(10,000)	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(467,998)</u>	<u>(527,273)</u>	<u>(567,712)</u>	<u>(513,009)</u>	<u>(622,975)</u>
Total revenues	<u>7,623,306</u>	<u>7,999,936</u>	<u>8,558,420</u>	<u>8,211,106</u>	<u>9,636,934</u>
Revenues over(under) expenditures	<u>\$ 7,155,308</u>	<u>\$ 7,472,663</u>	<u>\$ 7,990,708</u>	<u>\$ 7,698,097</u>	<u>\$ 9,013,959</u>

**NOTES:**

In 2011/12, the capital outlay is for the New World Systems mandatory software upgrade; the budgeted amount covers the trainer's travel expenses and training hours.

In 2012/13, the capital outlay is for remainder of the New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

In 2013/14, the capital outlay is for a New World Systems mandatory software upgrade; the budgeted amount covers software plus training.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**HUMAN RESOURCES**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (76,369)	\$ (76,198)	\$ (84,874)	\$ (110,114)	\$ (117,387)
Supplies	(2,369)	(2,014)	(1,678)	(1,998)	(2,223)
Services	(33,661)	(36,309)	(35,714)	(17,200)	(34,250)
Capital outlay	-	-	-	-	-
Other - recruitment	(20,037)	(25,843)	(17,371)	(20,000)	
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(132,436)</u>	<u>(140,364)</u>	<u>(139,637)</u>	<u>(149,312)</u>	<u>(153,860)</u>
Total revenues	<u>211</u>	<u>279</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(132,225)</u></u>	\$ <u><u>(140,085)</u></u>	\$ <u><u>(139,637)</u></u>	\$ <u><u>(149,312)</u></u>	\$ <u><u>(153,860)</u></u>

**NOTES:**

For the 2014/15 fiscal year, the contract for negotiations services was canceled; negotiations were conducted by in house staff.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**POLICE DEPARTMENT**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (2,551,156)	\$ (2,478,541)	\$ (2,463,834)	\$ (2,777,041)	\$ (2,740,173)
Supplies	(112,054)	(127,533)	(99,955)	(94,200)	(89,300)
Services	(197,704)	(146,833)	(195,958)	(159,315)	(177,587)
Capital outlay	-	(270)	-	-	-
Other	(5,720)	(24,855)	(16,936)	(24,600)	(25,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(2,866,634)</u>	<u>(2,778,032)</u>	<u>(2,776,683)</u>	<u>(3,055,156)</u>	<u>(3,032,060)</u>
Total revenues	<u>70,020</u>	<u>83,536</u>	<u>69,266</u>	<u>65,750</u>	<u>53,600</u>
Revenues over(under) expenditures	<u>\$ (2,796,614)</u>	<u>\$ (2,694,496)</u>	<u>\$ (2,707,417)</u>	<u>\$ (2,989,406)</u>	<u>\$ (2,978,460)</u>

**NOTES:**

In 2011/12, the City entered into an agreement with the San Luis Coastal Unified School District to employ a School Resources Officer. The SRO is a City employee, and is paid 75% by the School District and 25% by the City with Measure Q funds. This position is funded on a yearly basis.

In 2012/13, the departmental budget includes funding of \$20,000 for the County Narcotics and Gang Task Force

In 2013/14, the SRO was funded at 37% by the School District and 63% by the City.

In 2014/15, the SRO was funded at 50% by the School District and City.

In 2015/16, the SRO was funded at 50% by the School District and City.

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### POLICE SUPPORT SERVICES DIVISION (FORMERLY COMMUNICATIONS)

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>
				<b>Budget</b>	<b>Budget</b>
Personnel services	\$ (401,823)	\$ (428,048)	\$ (401,098)	\$ (421,385)	\$ (207,366)
Supplies	(6,039)	(6,818)	(5,243)	(4,200)	(750)
Services	(7,499)	(14,528)	(12,063)	(20,548)	(258,019)
Capital outlay	-	-	-	-	-
Other	(9,874)	(11,309)	(6,745)	(15,000)	(2,609)
Equipment replacement	-	-	-	-	-
Total expenditures	(425,235)	(460,703)	(425,149)	(461,133)	(468,744)
Total revenues	-	-	-	-	-
Revenues over(under) expenditures	\$ (425,235)	\$ (460,703)	\$ (425,149)	\$ (461,133)	\$ (468,744)

**NOTES:**

In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). This division was renamed to Support Services to reflect the change from City-wide Communications. The increase in the Services category is due to the SLO County Sheriff's contract for emergency dispatch services, which is offset by the reduction in personnel costs.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**FIRE DEPARTMENT**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (1,759,193)	\$ (1,677,482)	\$ (1,809,493)	\$ (1,919,843)	\$ (1,960,571)
Supplies	(126,479)	(107,055)	(110,941)	(113,012)	(94,351)
Services	(96,485)	(87,190)	(97,476)	(100,606)	(228,147)
Capital outlay	-	-	(40,518)	-	-
Other	(1,000)	(1,000)	(1,000)	(2,500)	(5,000)
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(1,983,157)</u>	<u>(1,872,727)</u>	<u>(2,059,428)</u>	<u>(2,135,961)</u>	<u>(2,288,069)</u>
Total revenues	<u>183,097</u>	<u>141,441</u>	<u>257,199</u>	<u>231,416</u>	<u>118,199</u>
Revenues over(under) expenditures	<u>\$ (1,800,060)</u>	<u>\$ (1,731,286)</u>	<u>\$ (1,802,229)</u>	<u>\$ (1,904,545)</u>	<u>\$ (2,169,870)</u>

**NOTES:**

In 2014/15, an 11th firefighter position was added.

In October 2014, Police and Fire dispatch services were consolidated with San Luis Obispo County (Sheriff/CalFire). The increase in services is primarily due to the CalFire emergency dispatch contract.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**EOC DISASTER PREPAREDNESS**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	(170)	(6,091)	(6,050)	(4,150)
Services	(1,802)	(2,348)	(2,147)	(2,750)	(3,891)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(1,802)</u>	<u>(2,518)</u>	<u>(8,238)</u>	<u>(8,800)</u>	<u>(8,041)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (1,802)</u>	<u>\$ (2,518)</u>	<u>\$ (8,238)</u>	<u>\$ (8,800)</u>	<u>\$ (8,041)</u>

**NOTES:**

In 2013/14, staff budgeted for a nuclear planning grant in the amount of \$9,000. If the grant is awarded, staff will purchase 2 audio/video flat screens for the primary EOC, and supplies/maps for the secondary EOC.

In 2014/15, staff budgeted for a nuclear planning grant in the amount of \$5,000. If the grant is awarded, staff will purchase secondary EOC supplies.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PUBLIC WORKS DEPARTMENT (FORMERLY PUBLIC SERVICES)**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (720,482)	\$ (703,799)	\$ (719,264)	\$ (774,033)	\$ (294,739)
Supplies	(24,189)	(29,613)	(22,376)	(29,500)	(16,925)
Services	(121,489)	(102,519)	(192,570)	(129,100)	(65,363)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(866,160)</u>	<u>(835,931)</u>	<u>(934,210)</u>	<u>(932,633)</u>	<u>(377,027)</u>
Total revenues	<u>529,998</u>	<u>477,433</u>	<u>567,978</u>	<u>736,200</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (336,162)</u>	<u>\$ (358,498)</u>	<u>\$ (366,232)</u>	<u>\$ (196,433)</u>	<u>\$ (377,027)</u>

**NOTES:**

At the 2013/14 mid-year budget review, the Permit Technician position was restored to full-time.

With the 2015/16 budget, the Public Services Department was split into Community Development and Public Works.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE DIVISION  
VEHICLE, PARKS AND FACILITIES MAINTENANCE**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ (660,480)	\$ (655,268)	\$ (700,288)	\$ (750,310)	\$ (748,757)
Supplies	(81,282)	(100,061)	(97,446)	(74,334)	(70,071)
Services	(223,423)	(206,383)	(267,144)	(228,571)	(267,285)
Capital outlay	-	(36,078)	-	-	-
Other	-	-	-	-	-
Equipment Replacement	-	-	-	-	-
Total expenditures	<u>(965,185)</u>	<u>(997,790)</u>	<u>(1,064,878)</u>	<u>(1,053,215)</u>	<u>(1,086,113)</u>
Total revenues	<u>18,874</u>	<u>17,207</u>	<u>21,750</u>	<u>17,400</u>	<u>17,400</u>
Revenues over(under) expenditures	<u>\$ (946,311)</u>	<u>\$ (980,583)</u>	<u>\$ (1,043,128)</u>	<u>\$ (1,035,815)</u>	<u>\$ (1,068,713)</u>

**NOTES:**

In February 2015, the Consolidated Maintenance Division oversight was transferred to the Public Works Director.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE  
STREETS MAINTENANCE DIVISION**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (131,526)	\$ (149,825)	\$ (119,515)	\$ (130,931)	\$ (132,894)
Supplies	(49,038)	(32,227)	(44,684)	(35,200)	(47,752)
Services	(100,738)	(80,216)	(81,725)	(82,103)	(87,656)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(281,302)</u>	<u>(262,268)</u>	<u>(245,924)</u>	<u>(248,234)</u>	<u>(268,302)</u>
Total revenues	<u>295</u>	<u>89</u>	<u>3,538</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	<u>\$ (281,007)</u>	<u>\$ (262,179)</u>	<u>\$ (242,386)</u>	<u>\$ (248,234)</u>	<u>\$ (268,302)</u>

**NOTES:**

In February 2015, the Consolidated Maintenance Division oversight was transferred to the Public Works Director.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE  
STREET TREES MAINTENANCE DIVISION**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (34,411)	\$ (31,884)	\$ (37,605)	\$ (58,207)	\$ (70,513)
Supplies	(506)	(14,803)	(1,522)	(6,250)	(9,050)
Services	(37,498)	(29,364)	(35,382)	(31,149)	(38,649)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(72,415)</u>	<u>(76,051)</u>	<u>(74,509)</u>	<u>(95,606)</u>	<u>(118,212)</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures	\$ <u><u>(72,415)</u></u>	\$ <u><u>(76,051)</u></u>	\$ <u><u>(74,509)</u></u>	\$ <u><u>(95,606)</u></u>	\$ <u><u>(118,212)</u></u>

**NOTES:**

In February 2015, the Consolidated Maintenance Division oversight was transferred to the Public Works Director.

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### STREET LIGHTING

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ (133)	\$ -	\$ -	\$ -
Supplies	-	-	(7,971)	-	-
Services	<u>(99,083)</u>	<u>(90,842)</u>	<u>(75,384)</u>	<u>(89,223)</u>	<u>(104,000)</u>
Total expenditures	\$ <u><u>(99,083)</u></u>	\$ <u><u>(90,975)</u></u>	\$ <u><u>(83,355)</u></u>	\$ <u><u>(89,223)</u></u>	\$ <u><u>(104,000)</u></u>

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**PUBLIC WORKS - CONSOLIDATED MAINTENANCE  
STORM DRAINS/CREEK CLEARING MAINTENANCE DIVISION**

	<u>2011/12</u>		<u>2012/13</u>		<u>2013/14</u>		<u>2014/15</u>		<u>2015/16</u>
	<u>Actual</u>		<u>Actual</u>		<u>Actual</u>		<u>Amended</u>		<u>Adopted</u>
							<u>Budget</u>		<u>Budget</u>
Personnel services	\$ (74,470)	\$	(57,776)	\$	(78,329)	\$	(78,510)	\$	(94,588)
Supplies	(5,662)		(1,935)		(1,552)		(15,500)		(15,500)
Services	(20,621)		(24,288)		(20,380)		(16,978)		(24,778)
Capital outlay	-		-		-		-		-
Other	-		-		-		-		-
Equipment replacement	-		-		-		-		-
<b>Total expenditures</b>	<b>(100,753)</b>		<b>(83,999)</b>		<b>(100,261)</b>		<b>(110,988)</b>		<b>(134,866)</b>
<b>Total revenues</b>	<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>		<b>-</b>
<b>Revenues over(under) expenditures</b>	<b>\$ <u>(100,753)</u></b>	<b>\$</b>	<b><u>(83,999)</u></b>	<b>\$</b>	<b><u>(100,261)</u></b>	<b>\$</b>	<b><u>(110,988)</u></b>	<b>\$</b>	<b><u>(134,866)</u></b>

**NOTES:**

In February 2015, the Consolidated Maintenance Division oversight was transferred to the Public Works Director.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**CURBSIDE RECYCLING**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Personnel services	\$ -	\$ (21,000)	\$ (22,940)	\$ (22,940)	\$ (23,832)
Supplies	<u>(20,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(20,000)</u>	<u>(21,000)</u>	<u>(22,940)</u>	<u>(22,940)</u>	<u>(23,832)</u>
Total revenues	<u>20,797</u>	<u>22,569</u>	<u>22,983</u>	<u>22,940</u>	<u>23,832</u>
Revenues over(under) expenditures	\$ <u><u>797</u></u>	\$ <u><u>1,569</u></u>	\$ <u><u>43</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**RECREATION DEPARTMENT - ADMINISTRATION**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (300,554)	\$ (287,567)	\$ (269,576)	\$ (312,084)	\$ (128,703)
Supplies	(4,971)	(7,458)	(6,263)	(6,850)	(4,200)
Services	(30,556)	(28,187)	(22,106)	(39,895)	(43,810)
Capital outlay	-	-	-	-	-
Other	(6,000)	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(342,081)</u>	<u>(323,212)</u>	<u>(297,945)</u>	<u>(358,829)</u>	<u>(176,713)</u>
Total revenues	<u>153,705</u>	<u>131,809</u>	<u>132,651</u>	<u>124,000</u>	<u>160,081</u>
Revenues over(under) expenditures	\$ <u><u>(188,376)</u></u>	\$ <u><u>(191,403)</u></u>	\$ <u><u>(165,294)</u></u>	\$ <u><u>(234,829)</u></u>	\$ <u><u>(16,632)</u></u>

**NOTES:**

In 2011/12, the \$10,000 increase in revenues is due to the redirection of revenue from the Youth Services and Teen Programs Division.

In 2012/13, the \$6,000 reserve for the Community Center maintenance has not been allocated; costs associated with Community Center maintenance will be directed to the Facility Maintenance fund.

For the 2015/16 budget, no Director position has been included.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**RECREATION DEPARTMENT - DANCE 39+**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Services	\$ (11,608)	\$ (11,642)	\$ (13,212)	\$ (12,000)	\$ (12,000)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	(11,608)	(11,642)	(13,212)	(12,000)	(12,000)
Total revenues	<u>14,650</u>	<u>14,012</u>	<u>15,794</u>	<u>12,000</u>	<u>14,400</u>
Revenues over(under) expenditures	\$ <u>3,042</u>	\$ <u>2,370</u>	\$ <u>2,582</u>	\$ <u>-</u>	\$ <u>2,400</u>

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**RECREATION DEPARTMENT - SPORTS**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (224,337)	\$ (226,820)	\$ (210,971)	\$ (214,407)	\$ (226,815)
Supplies	(49,443)	(54,591)	(64,492)	(58,000)	(80,600)
Services	(33,325)	(38,458)	(49,133)	(46,168)	(43,646)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(307,105)</u>	<u>(319,869)</u>	<u>(324,596)</u>	<u>(318,575)</u>	<u>(351,061)</u>
Total revenues	<u>171,030</u>	<u>176,531</u>	<u>171,360</u>	<u>150,000</u>	<u>205,632</u>
Revenues over(under) expenditures	\$ <u><u>(136,075)</u></u>	\$ <u><u>(143,338)</u></u>	\$ <u><u>(153,236)</u></u>	\$ <u><u>(168,575)</u></u>	\$ <u><u>(145,429)</u></u>

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### RECREATION DEPARTMENT - YOUTH SERVICES AND TEEN PROGRAMS

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Personnel services	\$ (346,637)	\$ (330,717)	\$ (323,683)	\$ (330,096)	\$ (350,366)
Supplies	(26,680)	(20,478)	(27,112)	(31,000)	(27,650)
Services	(14,757)	(12,013)	(22,512)	(16,702)	(25,524)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	-
Equipment replacement	-	-	-	-	-
Total expenditures	<u>(388,074)</u>	<u>(363,208)</u>	<u>(373,307)</u>	<u>(377,798)</u>	<u>(403,540)</u>
Total revenues	<u>167,747</u>	<u>158,855</u>	<u>216,574</u>	<u>178,500</u>	<u>241,887</u>
Revenues over(under) expenditures	<u>\$ (220,327)</u>	<u>\$ (204,353)</u>	<u>\$ (156,733)</u>	<u>\$ (199,298)</u>	<u>\$ (161,653)</u>

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**SPECIAL SIGNAGE**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
Services	<u>(5,110)</u>	<u>(2,235)</u>	<u>(4,092)</u>	<u>(3,000)</u>	<u>(5,000)</u>
Total expenditures	<u>\$ (5,110)</u>	<u>\$ (2,235)</u>	<u>\$ (4,092)</u>	<u>\$ (3,000)</u>	<u>\$ (5,000)</u>

**NOTES:**

Signage includes park and parking lot signs, special event signs at City entrances, and maintenance of existing signs and panels.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**COMMUNITY DEVELOPMENT**

	<u>2011/12 Actual</u>	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
Personnel services	\$ -	\$ -	\$ -	\$ -	\$ (678,879)
Supplies	-	-	-	-	(7,200)
Services	-	-	-	-	(102,849)
Capital outlay	-	-	-	-	-
Other	-	-	-	-	(100,000)
Equipment replacement	-	-	-	-	-
Total expenditures	-	-	-	-	(888,928)
Total revenues	-	-	-	-	396,300
Revenues over(under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (492,628)</u>

**NOTES:**

This is a new division, home to the City's planning functions.

With the 2015/16 budget, \$100,000 is designated for various studies.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRANSFERS**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
<b>TRANSFERS OUT:</b>					
General - Facility Maintenance	\$ -	\$ -	\$ (1,255,000)	\$ -	\$ -
General - Emergency Reserve	-	-	(38,195)	-	-
General - Vehicle Replacement	-	-	-	-	(75,000)
General - Capital Replacement ISF	-	-	-	-	(75,000)
General - Projects Accumulation ISF	-	-	-	-	(200,000)
General - Capital Improvement	(828,092)	(1,492,417)	(872,894)	-	-
Special Revenue Funds	-	-	(320,663)	-	(369,489)
<b>Total Transfers Out</b>	<b>\$ (828,092)</b>	<b>\$ (1,492,417)</b>	<b>\$ (2,486,752)</b>	<b>\$ -</b>	<b>\$ (719,489)</b>
<b>TRANSFERS IN:</b>					
Emergency Reserve Fund	\$ 300,000	\$ 209,700	\$ -	\$ -	\$ -
Special Revenues Funds:					
Measure Q - Fire overtime	44,020	55,298	123,340	99,608	92,867
County TMD	-	-	-	-	5,743
TBID	39,333	31,000	-	-	17,508
State Gas Tax - streets	309,847	252,131	345,434	271,934	230,562
Traffic Safety - traffic signals	31,399	33,648	19,012	30,000	20,000
Affordable In-Lieu Housing	-	-	63,000	1,000	-
Capital Improvement fund	(295,232)	1,671,143	845,152	-	-
Enterprise Funds:					
Cost Allocation Plan:					
Transit	109,775	79,775	79,775	79,775	79,775
Water	271,188	271,188	276,341	279,104	281,058
Sewer	161,630	161,630	164,701	166,348	167,512
Harbor	276,986	276,986	276,986	276,986	276,986
Other:					
Harbor - AGP Video	5,000	5,000	5,000	5,000	5,000
Risk Management Accum Fund	-	179,600	252,620	-	-
<b>Total Transfers In</b>	<b>\$ 1,253,946</b>	<b>\$ 3,227,099</b>	<b>\$ 2,451,361</b>	<b>\$ 1,209,755</b>	<b>\$ 1,177,011</b>

**NOTES:**

Beginning with the 2009/10 fiscal year, the \$500,000 received annually from Dynegy Agreement was placed in the General Fund Emergency Reserve Fund. The General Fund began reducing its dependence on that money with its the 2010/11 budget, and will continue to reduce by \$100,000 annually, with \$0 transfer required by 2014/15.

In 2013/14, the transfer out of \$38,195 was to fully fund the G/F Emergency Reserve. The transfer in from Risk Management is for the \$100,000 Dynegy loss, funding TBID's portion of the former CPC funds, backfilling the G/F Emergency Reserve and Council bequeathals.

In 2015/16, transfers out to Special Revenue Funds are \$50,000 to the Visitors Center, and \$325,489 to the Information Services Internal Service Fund.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**DISTRICT TRANSACTION TAX FUND**

With the November 7, 2006 election, the citizens of Morro Bay voted in a ½ cent district sales tax, commonly known as "Measure Q." This is a general tax, and has no sunset date.

The ballot measure stated:

*"MEASURE Q-06*

*The Morro Bay Vital Public Services Restoration and Protection Measure. 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, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?"*

Ordinance 519 was enacted on August 14, 2006, to establish Chapter 3.22, City of Morro Bay Transactions and Use Tax.

The City Council divides the annual revenue estimate between the departments, based on the language in the Measure, campaign polls, and departmental requests.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**DISTRICT TRANSACTION TAX FUND (MEASURE Q)**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,039,594	\$ 1,495,393	\$ 688,536	\$ 305,861	\$ 96,488
Revenues from:					
1/2 cent sales tax	780,980	909,791	920,713	930,000	923,360
Interest income	11,456	4,576	2,992	-	-
Transfers in	183,158	126,803	-	232,590	-
Total revenues	<u>975,594</u>	<u>1,041,170</u>	<u>923,705</u>	<u>1,162,590</u>	<u>923,360</u>
Expenditures:					
Fire	(601)	(105,833)	(51,646)	-	-
Fire - Fire Station #53 D/S	(1,467)	(35,225)	(41,483)	(125,000)	(90,806)
Fire - Firefighter	(146,035)	(147,101)	(112,707)	(108,000)	(93,340)
Fire/EOC	-	-	-	-	(25,773)
Streets	(94,588)	(1,216,905)	(700,636)	(874,304)	(446,500)
Streets-curb/gutter/potholes/sidewalks	(148,657)	(228,481)	(22,841)	(16,329)	-
Storm drains	(500)	(5,120)	(18,772)	(32,587)	-
Police	(53,964)	(26,952)	(8,627)	(55,000)	(10,000)
Police - SRO	(29,641)	(27,112)	(74,208)	(61,135)	(60,000)
Public safety	(322)	-	(77,620)	-	-
Transfers Out:					
General Fund	(44,020)	(55,298)	(123,340)	(99,608)	(292,867)
Capital projects	-	-	(74,500)	-	-
Total expenditures	<u>(519,795)</u>	<u>(1,848,027)</u>	<u>(1,306,380)</u>	<u>(1,371,963)</u>	<u>(1,019,286)</u>
Revenues over (under) expenditures	<u>455,799</u>	<u>(806,857)</u>	<u>(382,675)</u>	<u>(209,373)</u>	<u>(95,926)</u>
Reservations for:					
Fire	-	-	-	-	-
Firefighter	-	-	-	-	-
Streets	-	-	-	-	-
Storm drain	-	-	-	-	-
Police	-	-	-	-	-
Communications	-	-	-	-	-
Total reservations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash, available for distribution	\$ <u>1,495,393</u>	\$ <u>688,536</u>	\$ <u>305,861</u>	\$ <u>96,488</u>	\$ <u>562</u>

**NOTES:**

Resolution No. 26-10, adopted on May 24, 2010, established the procedures for requesting Measure Q funding.

Beginning in 2009/10, the transfer out is for funding the additional reserve, part-time firefighters to maintain 4-person staffing.

With the review of the 2011/12 fiscal year transactions, the Committee recommended that most of the Storm Drain Carryover (\$471,832) from 2011/12 be reallocated to streets, leaving \$86k in carryover for the update to the 1987 Storm Drain Master Plan.

Resolution No. 46-12, adopted on September 11, 2012, formally dedicated Measure Q funds to the following purposes: 1) improve the Fire Department; 2) enhance public safety; 3) street maintenance; and 4) storm drain maintenance and prevention of toxic runoff into the bay.

With the 2013/14 mid-year budget review, \$74,500 was allocated to the Morro Creek Bridge project. Additionally, the Fire Department carryover, related to the firefighter, is allowed to be carried over for one year only; carryover of \$66,075 was added to 2013/14 budget.

With the 2014/15 budget, \$277,233 of carryover was added to the streets budget; all Storm Drain carryover was added to streets, and the Oversight Committee suggested that Storm Drain expenditures only be budgeted in the year they need to be spent.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT**

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 (MTBID) Law. Lodging establishments self-assess an additional transient occupancy tax on rooms rented, which is paid to the City, then returned to the Tourism Bureau for promoting tourism in Morro Bay. For the first year, the MTBID 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 MTBID assessment rate back to 3%. The Ordinance was passed on September 27<sup>th</sup>, and became effective October 28, 2010.

Annually in May, the MTBID's annual report and budget are presented to the City Council, and a public hearing is set, which allows affected businesses the opportunity to protest the MBBID assessment. A Resolution is brought forward to confirm the results of the public hearing, renew the activities of the MTBID for the upcoming fiscal year, and approve the levy and collection of the 3% assessments from the hoteliers.

In 2013, the MTBID formed a 501c(6) corporation, Morro Bay Tourism Bureau, to carry out the marketing activities of the MTBID, as well as manage the Visitors Center.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>
				<b>Budget</b>	<b>Budget</b>
Beginning cash balance	\$ (22,090)	\$ 30,359	\$ 31,705	\$ 48,014	\$ -
Revenues from:					
Assessments	509,920	567,434	643,161	575,000	775,406
Interest	46	264	453	-	-
Visitors Center - City Contribution	693	-	102,168	100,000	50,000
Promotion - City Contribution	-	58,425	58,425	40,000	-
Promotion - Council bequest	-	68,500	58,000	-	-
Subtotal	510,659	694,623	862,207	715,000	825,406
Expenditures:					
Tourism promotion	(391,504)	(662,277)	(843,898)	(761,014)	(807,898)
City administrative fee (2%)	-	-	-	-	(15,508)
AGP video	-	(6,000)	(2,000)	(2,000)	(2,000)
Transfers to General Fund	(66,706)	(25,000)	-	-	-
Subtotal	(458,210)	(693,277)	(845,898)	(763,014)	(825,406)
Revenues over (under) expenditures	52,449	1,346	16,309	(48,014)	-
Ending cash balance	\$ 30,359	\$ 31,705	\$ 48,014	\$ -	\$ -

**NOTES:**

In 2011/12, transfers out includes \$50k funding for the Visitors Center, which was prorated to begin in November 2011.

At the June 12, 2012 City Council meeting, the Council decided to distribute the \$116,850 of funding formerly allocated to the Community Promotions Committee (CPC). 50% of that money was given to the TBID for community promotions, and 50% was given to the Chamber of Commerce for economic development.

In 2012/13, the Board approved a transfer to the General Fund of \$25,000 for Visitors Center funding, and \$6,000 for AGP Video.

For the 2012/13 fiscal year, City Council granted \$126,925 to TBID that was made up as follows:

50% of former CPC money	\$ 58,425	General Fund paid
Contribution to improvements for the new Visitors Center	\$ 10,000	Reserves paid
Contribution for marketing	\$ 58,500	Reserves paid

For the 2013/14 fiscal year, City Council granted \$218,593 to TBID that was made up as follows:

50% of former CPC money	\$ 58,425	Risk Management paid
Visitors Center	\$ 102,168	General Fund paid
Contribution for marketing	\$ 58,000	Risk Mgmt paid \$56,000; General Fund City Council budget paid \$2,000

Per Resolution No. 37-13, the City will address reducing the amount of General Fund support to the Morro Bay Tourism Bureau, and other outside funding requests with its 2014/15 budget.

For the 2014/15 fiscal year, City Council granted \$140,000 to the Morro Bay Tourism Bureau as follows:

Visitors Center	\$ 100,000	Risk Management paid
Events	\$ 40,000	Risk Management paid

Beginning with the 2015/16 fiscal year, the City will begin collecting a 2% administrative fee. Additionally, the contribution to the Visitors Center was reduced to \$50,000; staff will work on a new plan for delivering that service.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**COUNTY TOURISM MARKETING DISTRICT**

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 will be approving 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 will be sent to the CTMD monthly, less a 2% administrative fee.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**COUNTY TOURISM MARKETING DISTRICT**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	-	-	-	\$ -
Revenues from:					
Assessments	-	-	-	-	287,125
Expenditures for capital outlay:					
Tourism promotion	-	-	-	-	(281,382)
City administrative fee (2%)	-	-	-	-	(5,743)
Subtotal expenditures	-	-	-	-	(287,125)
Revenues over (under) expenditures	-	-	-	-	-
Ending cash balance	\$ -	-	-	-	\$ -

**NOTES:**

This newly-formed county-wide tourism effort has not yet been approved by the County Board of Supervisors, as of July 1, 201

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GENERAL GOVERNMENT VEHICLE REPLACEMENT**

This Fund was established to accumulate money for the replacement of vehicles 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.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**GENERAL GOVERNMENT VEHICLE REPLACEMENT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 171,443	\$ 126,369	\$ 8,410	\$ 2,262	\$ 27,262
Revenues from:					
Interest income	1,244	128	37	-	-
Sales of assets	-	-	-	-	-
Other revenues	1,500	-	-	-	-
Transfer in	-	-	20,000	115,000	75,000
Total revenues	<u>2,744</u>	<u>128</u>	<u>20,037</u>	<u>115,000</u>	<u>75,000</u>
Expenditures:					
Administration	-	-	(26,185)	-	-
Police Department	(45,236)	(67,527)	-	(45,000)	-
Fire Department	-	(50,560)	-	(45,000)	-
Public Services Administration	-	-	-	-	-
Vehicle Maintenance	-	-	-	-	-
Street Maintenance	-	-	-	-	-
Recreation and Parks Administration	-	-	-	-	-
Recreation and Parks Facilities	-	-	-	-	-
Recreation and Parks Maintenance	(2,582)	-	-	-	-
Transfers out	-	-	-	-	-
Total expenditures	<u>(47,818)</u>	<u>(118,087)</u>	<u>(26,185)</u>	<u>(90,000)</u>	<u>-</u>
Revenues over (under) expenditures	<u>(45,074)</u>	<u>(117,959)</u>	<u>(6,148)</u>	<u>25,000</u>	<u>75,000</u>
Ending cash balance	\$ <u>126,369</u>	\$ <u>8,410</u>	\$ <u>2,262</u>	\$ <u>27,262</u>	\$ <u>102,262</u>

**NOTES:**

2011/12 allocation: Watch Commander vehicle

2012/13 allocation: Two marked Police cars, Fire command vehicle

2013/14 request: purchase a 4-door hybrid for Administration, paid for by Risk Management and the cash remaining in this Fund.

2014/15 requests will be paid by a cash transfer from Government Impact Fees: 1) Police = Ford Inceptor; 2) Fire = Ford F250 4x  
3) Parks = pickup truck

2015/16 transfer in comes from the General Fund, and is the beginning of an annual savings plan.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GENERAL FUND EMERGENCY RESERVE FUND**

With the adoption of the 2015/16 budget, Resolution No. 33-15 will be enacted, which rescinds all old Resolutions, related to the General Fund Emergency Reserve, either in part or entirety. Resolution No. 33-15 establishes the following:

1. The General Fund Emergency Reserve ("GFER") Fund is named and established, and the General Fund Emergency Reserve Fund Policy is described herein.
2. The GFER Fund Policy sets the parameters for and use of this Fund as follows:
  - a. The GFER target balance is set at 27.5%.
  - b. Annually, the GFER balance is calculated by using the average of three years' actual General Fund operating revenues (*i.e.*, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 2011/12 are added together, and divided by 3).
  - c. Based on the existing balance in the Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for spending, during the annual budget adoption process, at the City Council's discretion.
  - d. Any use of the GFER Fund must be approved by the City Council.

Resolution No. 33-15 also contains the following assertions, based on the Management Partners' Financial Forecast:

1. The Management Partner's forecast predicts a moderate recession in 2017.
2. The City's CalPERS actuarial assumptions contain increased contribution rates for Fire and Police Safety plans over the next five fiscal years ending in 2020/2021.
3. The continuing drought in California may affect revenues (*i.e.*, TOT).
4. The schedule of year-end minimum reserve levels is set at:
  - a. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
  - b. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
  - c. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
  - d. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
  - e. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
  - f. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
  - g. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
  - h. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
5. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
6. If annual revenues are below forecast, expenditures must be adjusted to meet these targets.
7. These assumptions will be reviewed annually in May for re-adoption in June, based on the current fiscal environment.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GENERAL FUND EMERGENCY RESERVE FUND**

	<b>2011/12 Actual</b>	<b>2012/13 Actual</b>	<b>2013/14 Actual</b>	<b>2014/15 Amended Budget</b>	<b>2015/16 Adopted Budget</b>
Beginning cash balance	\$ 3,004,152	\$ 3,058,679	\$ 2,854,052	\$ 2,909,885	\$ 3,247,885
Revenues from:					
Interest income	25,078	13,288	17,638	13,000	16,927
Dynergy agreement	500,000	-	-	525,000	-
Sale of property	-	118,588	-	-	-
Other	-	-	-	-	-
Subtotal	525,078	131,876	17,638	538,000	16,927
Transfers in	-	-	38,195	-	200,000
Total revenues	525,078	131,876	55,833	538,000	216,927
Transfers out:					
General Fund	(300,000)	(209,700)	-	-	-
District Transaction Tax (Meas Q)	(170,551)	(126,803)	-	(200,000)	-
General Fund Facility Maint Fund	-	-	-	-	-
Total transfers out	(470,551)	(336,503)	-	(200,000)	-
Revenues over (under) expenditures	54,527	(204,627)	55,833	338,000	216,927
Ending cash balance	\$ 3,058,679	\$ 2,854,052	\$ 2,909,885	\$ 3,247,885	3,464,812
					27.5% reserve requirement 2,660,401
Available for budgetary purposes, per Resolution No. 33-15; Council approval required				\$	\$ 804,411

**NOTES:**

Resolution No. 33-15, adopted on June 9, 2015, sets the parameters of this fund.

For the 2011/12 budget, \$170,551 was transferred out to the District Transaction Tax (Measure Q) Fund for streets expenditures.

For the 2012/13 budget, no additional funds have been budgeted for the Dynergy agreement. The excess reserves were transferred to the District Transaction Tax (Measure Q) Fund for streets.

At the July 10, 2012 City Council meeting, the Council approved the purchase of 5 Big Belly Solar-Powered Trash Receptacles (\$32,000), and the purchase of iPads for Council Members and Department Heads (\$9,200).

For the 2013/14 budget, no additional funds have been budgeted for the Dynergy agreement. Dynergy has notified the City of its intent to close the power plant. The City will be entitled to one additional payment.

At the June 12, 2013 budget workshop, the Council agreed to fund the deficiency in the Reserve (\$38,195).

In 2014/15, Council authorized a \$200,000 temporary loan to the District Transaction Tax Fund to cover extra expenditures on the Pavement Management plan.

The reserve calculation has changed with the 2015/16 budget. The average of three years' actual operating revenues is the basis for the new calculation.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GENERAL FUND FACILITY MAINTENANCE FUND**

On January 20, 2011, escrow closed on the City-owned property at 781 Market Street, commonly referred to as the 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.

Annual loan payments are deposited into this Fund, to ensure that ongoing maintenance efforts continue.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**GENERAL FUND FACILITY MAINTENANCE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 146,478	\$ 30,451	\$ 30,451	\$ 70,881	\$ 85,270
Revenues from:					
Interest income	38,443	50,240	56,610	61,898	61,898
Sale of property agreement	<u>-</u>	<u>-</u>	<u>37,491</u>	<u>37,491</u>	<u>37,491</u>
Total revenues	38,443	50,240	94,101	99,389	99,389
Expenditures	<u>(154,470)</u>	<u>(47,261)</u>	<u>(53,671)</u>	<u>(85,000)</u>	<u>(171,000)</u>
Revenues over (under) expenditures	<u>(116,027)</u>	<u>2,979</u>	<u>40,430</u>	<u>14,389</u>	<u>(71,611)</u>
Ending cash balance	\$ <u>30,451</u>	\$ <u>33,430</u>	\$ <u>70,881</u>	\$ <u>85,270</u>	\$ <u>13,659</u>

**NOTES:**

The funding source is from the sale of the Brannigan's restaurant and parking lot that resulted in two loans. All proceeds are deposited into this fund. In 2020, the balances of both loans are due in full, and at that time, \$500,000 must be paid to the Parking In-Lieu Fund, which was used for the original purchase of the parking lot.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**WATER EQUIPMENT REPLACEMENT FUND**

This Fund was established to collect money for the replacement of equipment and vehicles used by the Water enterprise.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**WATER EQUIPMENT REPLACEMENT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 286,451	\$ 288,622	\$ 289,801	\$ 291,389	\$ 291,389
Revenues from:					
Interest income	2,171	1,179	1,588	-	-
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	2,171	1,179	1,588	-	-
Expenses:					
Equipment/Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenses	<u>2,171</u>	<u>1,179</u>	<u>1,588</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 288,622</u>	<u>\$ 289,801</u>	<u>\$ 291,389</u>	<u>\$ 291,389</u>	<u>\$ 291,389</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER EQUIPMENT REPLACEMENT FUND**

This Fund was established to collect money for the replacement of equipment and vehicles used by the Sewer enterprise.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER EQUIPMENT REPLACEMENT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 78,340	\$ 79,017	\$ 124,532	\$ 240,651	\$ 285,651
Revenues from:					
Interest income	677	515	1,119	-	-
Transfer in	<u>-</u>	<u>45,000</u>	<u>115,000</u>	<u>115,000</u>	<u>140,000</u>
Total revenues	677	45,515	116,119	115,000	140,000
Expenses:					
Equipment/Vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>
Revenues over (under) expenses	<u>677</u>	<u>45,515</u>	<u>116,119</u>	<u>45,000</u>	<u>140,000</u>
Ending cash balance	<u>\$ 79,017</u>	<u>\$ 124,532</u>	<u>\$ 240,651</u>	<u>\$ 285,651</u>	<u>\$ 425,651</u>

**NOTES:**

The 2011/12 adopted allocation is for standby pumps and power units.

The 2013/14 allocation is for \$100,000 and \$15,000 to be transferred in to save for the HydroVac and truck replacements.

The 2014/15 allocation is for \$100,000 to save for the HydroVac; \$15,000 to be added to the accumulation for the truck replacement, which will be purchased this fiscal year.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR EQUIPMENT REPLACEMENT FUND**

This Fund was established to collect money for the replacement of equipment and vehicles used by the Harbor enterprise.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR EQUIPMENT REPLACEMENT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 17,487	\$ 17,640	\$ 78,932	\$ 54,207	\$ 24,207
Revenues from:					
Interest income	153	292	410	-	-
Transfer in from Accumulation fund	<u>-</u>	<u>61,000</u>	<u>280,000</u>	<u>-</u>	<u>-</u>
Total revenues	153	61,292	280,410	-	-
Expenses:					
Equipment/Vehicles	<u>-</u>	<u>-</u>	<u>(305,135)</u>	<u>(30,000)</u>	<u>-</u>
Revenues over (under) expenses	<u>153</u>	<u>61,292</u>	<u>(24,725)</u>	<u>(30,000)</u>	<u>-</u>
Ending cash balance	<u>\$ 17,640</u>	<u>\$ 78,932</u>	<u>\$ 54,207</u>	<u>\$ 24,207</u>	<u>\$ 24,207</u>

**NOTES:**

The 2012/13 requested allocation is for \$200k toward the purchase of a Patrol Boat; the balance is expected to be funded with grants (total cost between \$250 - \$300k).

With the 2013/14 mid-year budget, \$30,000 was authorized for the purchase of a truck.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**COMMUNITY DEVELOPMENT GRANTS FUND**

This Fund is used to record the transactions related to the Community Development Block Grant and HOME programs. These are competitive grants that the City applies for, to rehabilitate buildings and qualifying citizens' homes.

The City was approached by the County to become part of the Urban County program, and on May 24, 2011, adopted Resolution No. 36-11, affirming that partnership.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**COMMUNITY DEVELOPMENT GRANTS FUND**

	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Amended Budget	2015/16 Adopted Budget
Beginning cash balance	\$ 100,062	\$ 168,135	\$ 176,681	\$ 89,026	\$ 89,026
Revenues from grants:					
CDBG	-	15,630	56,608	-	-
HOME	-	-	-	-	-
CalHOME	-	-	-	-	-
Federal Emergency Shelter Grant (FESG)	-	-	-	-	-
Principal repayments	73,511	11,584	39,025	-	-
Investment income	925	1,544	600	-	-
Total revenues	74,436	28,758	96,233	-	-
Expenditures for:					
CDBG	-	(14,276)	(183,217)	-	-
HOME	-	(5,936)	(537)	-	-
CalHOME	-	-	(134)	-	-
Federal Emergency Shelter Grant (FESG)	-	-	-	-	-
Other	(6,363)	-	-	-	-
Total expenditures	(6,363)	(20,212)	(183,888)	-	-
Revenues over(under) transfers out	68,073	8,546	(87,655)	-	-
Ending cash balance	\$ 168,135	\$ 176,681	\$ 89,026	\$ 89,026	\$ 89,026

**NOTES:**

With Resolution No. 36-11, adopted on May 24, 2011, the City of Morro Bay is committed to be part of the Urban County program for the allocation of CDBG monies. The City will receive its 2012/13 CDBG allocation through the County in the amount of \$57,533.

The 2014 funding allocation as approved by the City Council on 1/28/14 is allocated as follows:

City's Pedestrian Accessibility Project	\$ 36,796
Senior Nutrition Program	8,491
Program administration	11,321
	\$ 56,608

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**STATE GAS TAX FUND**

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.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**STATE GAS TAX FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
State Gas Tax, Section 2105	48,266	45,898	71,495	50,962	60,606
State Gas Tax, Section 2106	46,654	46,924	48,006	44,460	36,046
State Gas Tax, Section 2107	69,279	75,210	76,480	62,619	82,860
State Gas Tax, Section 2107.5	3,000	3,000	3,000	3,000	3,000
State Gas Tax, Section 2103	142,648	83,339	146,453	110,893	48,050
Other revenues	-	-	-	-	-
Total revenues	<u>309,847</u>	<u>254,371</u>	<u>345,434</u>	<u>271,934</u>	<u>230,562</u>
Less transfers to General Fund for:					
Street Maintenance	(306,847)	(251,371)	(342,434)	(268,934)	(227,562)
Engineering - Sec 2107.5	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(3,000)</u>
Total transfers out	<u>(309,847)</u>	<u>(254,371)</u>	<u>(345,434)</u>	<u>(271,934)</u>	<u>(230,562)</u>
Revenues over(under) transfers out	-	-	-	-	-
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES:**

"Other revenues" represents Proposition 42 Traffic Congestion Relief money; in 2010/11, the Proposition 42 money was replaced with Gas Tax Section 2103 funds.

Budget amounts are provided by Michael Coleman, Fiscal Policy Advisor for CSMFO and the League of CA Cities; for more details, visit his website <http://www.californiacityfinance.com/#TRANSPORTATION>.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEE FUND**

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 tent 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.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**LOWER COST VISITOR ACCOMMODATIONS MITIGATION FEES FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 14,488	\$ 35,485	\$ 36,489	\$ 36,713	\$ 36,713
Revenues from:					
Mitigation fees	20,790	-	-	-	-
Interest	<u>207</u>	<u>1,004</u>	<u>224</u>	<u>-</u>	<u>815</u>
Total revenues	20,997	1,004	224	-	815
Expenditures for capital outlay:					
Lower cost visitor accommodations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>20,997</u>	<u>1,004</u>	<u>224</u>	<u>-</u>	<u>815</u>
Ending cash balance	\$ <u><u>35,485</u></u>	\$ <u><u>36,489</u></u>	\$ <u><u>36,713</u></u>	\$ <u><u>36,713</u></u>	\$ <u><u>37,528</u></u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRAFFIC SAFETY FUND**

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.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRAFFIC SAFETY FUND**

	<u>2011/12 Actual</u>	<u>2012/13 Actual</u>	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Vehicle Code Fines	31,399	33,648	19,012	30,000	20,000
Less transfers to General Fund	<u>(31,399)</u>	<u>(33,648)</u>	<u>(19,012)</u>	<u>(30,000)</u>	<u>(20,000)</u>
Revenues over(under) transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SPECIAL SAFETY GRANTS FUND**

This Fund was originally established for the Supplemental Law Enforcement Services Fund (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.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SPECIAL SAFETY GRANTS FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ (39)	\$ 14,233	\$ 50,047	\$ 92,921	\$ -
Revenues from:					
State grant	100,000	100,000	100,000	100,000	100,000
Interest	<u>276</u>	<u>-</u>	<u>237</u>	<u>-</u>	<u>-</u>
Total revenues	<u>100,276</u>	<u>100,000</u>	<u>100,237</u>	<u>100,000</u>	<u>100,000</u>
Expenditures:					
Personnel services	(320)	-	(14,878)	(18,295)	(18,295)
Supplies	(84,412)	(43,565)	(42,485)	(174,626)	(6,000)
Services	(1,272)	(401)	-	-	(15,705)
Capital outlay	-	(20,220)	-	-	(60,000)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>(86,004)</u>	<u>(64,186)</u>	<u>(57,363)</u>	<u>(192,921)</u>	<u>(100,000)</u>
Revenues over(under) expenditures	<u>14,272</u>	<u>35,814</u>	<u>42,874</u>	<u>(92,921)</u>	<u>-</u>
Ending cash balance	<u>\$ 14,233</u>	<u>\$ 50,047</u>	<u>\$ 92,921</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES:**

The SLESF (COPS) Grant is a federal grant with a fiscal year of October 1 - September 30. Notification of award does not occur until late August; we do not budget for this due to the uncertainty of receipt. Once we receive the award notification, a budget amendment is processed.

On August 17, 2012, California State Controller John Chiang issued a letter stating Chapter 43, Statutes 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.

Purchases for FY 2013/14 are for the following:

Part-time property technician	\$ 14,878
Utility truck & equipment	42,485
	<u>\$ 57,363</u>

Purchases for FY 2014/15 are for the following:

Part-time property technician	\$ 18,295
RTV Utility vehicle	20,000
Handgun replacement	20,000
Replace investigations vehicle	40,000
Body-worn cameras	10,000
Night vision camera	4,000
Patrol bicycles (6) & safety equipment	10,000
Patrol vehicle conversion kits to use by detectives	15,000
Pepper spray (25 cans)	1,000
K-9 Vehicle	54,626
	<u>\$ 192,921</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PARKING IN-LIEU FUND**

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 revisions to the parking in-lieu map, improvements to the City-owned Front Street parking lot, and the City-owned *triangle* parking lot, adjacent to the Dynegy Power Plant/Embarcadero.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PARKING IN-LIEU FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 139,670	\$ 387,833	\$ 399,301	\$ 410,257	\$ 12,657
Revenues from:					
Parking in-lieu fees/agreements	45,366	9,151	9,497	1,400	-
Interest income	2,797	2,317	1,459	-	859
Other revenues and transfers	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>248,163</u>	<u>11,468</u>	<u>10,956</u>	<u>1,400</u>	<u>859</u>
Expenditures:					
Contract services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfers out:					
Enterprise	-	-	-	-	-
Capital improvement	-	-	-	-	-
Reservation per Reso No. 48-13	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Total expenditures, transfers out and reservations	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,000)</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>248,163</u>	<u>11,468</u>	<u>10,956</u>	<u>(397,600)</u>	<u>859</u>
Ending cash balance	<u>\$ 387,833</u>	<u>\$ 399,301</u>	<u>\$ 410,257</u>	<u>\$ 12,657</u>	<u>\$ 13,516</u>

**NOTES:**

In January 2011, the City sold the Brannigan's restaurant and the parking lot on Market St. The City entered into a loan agreement with the purchaser that provides for annual payments until 2020, when the balance is due in full. Current payments are being deposited into the General Fund Maintenance Fund; in 2020, \$500,000 must be deposited into this fund for the sale of the parking lot.

On October 8, 2013, Council passed Resolution No. 48-13, designating \$399,000 for revisions to the parking in-lieu map, and improvements to the City-owned Front Street and Triangle parking lot adjacent to the Dynegy Power Plant.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRANSIT FUND**

The Transit Fund accounts for the operations and activities associated with the City's public transit system, Morro Bay Transit, which provides fixed route, Call-A-Ride, and Trolley functions.

Due to significant decreases in State transportation funds in the 2008/09, 2009/10, and 2010/11 fiscal years, Council approved replacing the Dial-A-Ride service with a flex fixed route system to best utilize transit funds, and still provide service to the citizens. This flex 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.

The primary revenue stream 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: the Local Transportation Fund (LTF) and the State Transit Assistance (STA).

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

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRANSIT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 141,443	\$ 125,039	\$ 166,160	\$ 152,018	\$ -
Revenues:					
MB Transit:					
LTF	216,120	200,497	213,306	228,134	217,085
STA	23,915	32,172	17,571	18,591	18,958
Grants	-	13,021	-	-	77,261
Farebox	12,849	18,575	18,350	19,300	19,300
Other	1,105	1,958	936	1,000	-
Subtotal	<u>253,989</u>	<u>266,223</u>	<u>250,163</u>	<u>267,025</u>	<u>332,604</u>
Trolley:					
LTF	32,657	54,110	60,100	69,562	57,673
Grants	-	-	-	-	-
Farebox	15,806	12,973	13,041	15,200	15,200
Advertising	5,046	5,927	5,915	5,000	5,000
Rent	2,425	2,530	2,687	2,000	2,000
Other	-	-	-	-	-
Subtotal	<u>55,934</u>	<u>75,540</u>	<u>81,743</u>	<u>91,762</u>	<u>79,873</u>
Total revenues	<u>309,923</u>	<u>341,763</u>	<u>331,906</u>	<u>358,787</u>	<u>412,477</u>
Expenses for:					
MB Transit (no depreciation)	(148,822)	(171,255)	(168,919)	(209,350)	(272,629)
Trolley (no depreciation)	(62,106)	(49,612)	(64,764)	(71,962)	(60,073)
Other - reservations	-	-	-	(149,718)	-
Subtotal	<u>(210,928)</u>	<u>(220,867)</u>	<u>(233,683)</u>	<u>(431,030)</u>	<u>(332,702)</u>
Transfers out to:					
General fund for cost allocation	(115,399)	(79,775)	(79,775)	(79,775)	(79,775)
Other	-	-	(32,590)	-	-
Total expenses and transfers out	<u>(326,327)</u>	<u>(300,642)</u>	<u>(346,048)</u>	<u>(510,805)</u>	<u>(412,477)</u>
Revenues and transfers in over(under)					
expenses and transfers out	<u>(16,404)</u>	<u>41,121</u>	<u>(14,142)</u>	<u>(152,018)</u>	<u>-</u>
Ending cash balance	<u>\$ 125,039</u>	<u>\$ 166,160</u>	<u>\$ 152,018</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES:**

With the 2010/11 budget, the demand response Dial-A-Ride system was reconfigured to one that requires prior day notice. The service is now a deviated fixed route system with Call-A-Ride service.

Reservations have been made in the 2012/13 year for the following:

\$5,000 for the 2012/13 - 2014/15 Triennial Performance Audit (with STA allocation changes, the City now has to pay; SLOCOG takes \$15,000 off the top of LTF for this audit/ this will build a reserve so no loss of operating funds every 3 years).

\$25,192 for Community Volunteer Bus program (aid in purchase of vehicle/first year operation seed money); reduced by \$4.2k for Saturday service

For 2012/13, the RTA allocation disclosure is removed, based on revision to 2010/11 TDA audit. Also, a fixed route fare increase for cash and pass fares + addition of 1 service hour at the end of the day are included.

For the 2013/14 fiscal year, reservations have been made for the following: 1) \$5k for triennial performance audit; 2) \$10k for contingency; 3) \$23k for volunteer senior bus program; and 4) \$43,320 for Morro Creek Bridge project

For the 2014/15 fiscal year, reservations have been made for the following: 1) \$5k for triennial performance audit; 2) \$33k for contingency; 3) \$10k local match on vehicle; and 4) \$73,890 surplus

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**LOCAL TRANSPORTATION FUNDS, PEDESTRIAN AND BIKEWAY PROJECTS FUND**

The primary revenue stream for this Fund is Transportation Development Act (TDA) money pedestrian way and bikeway projects. Two percent of the TDA funds received by the City are specifically set aside for this purpose, under TDA Article 3, 99260).

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**LOCAL TRANSPORTATION FUNDS, BIKEWAY PATHS, FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 5,624	\$ 12,655	\$ 20,369	\$ 27,815	\$ 38,536
Revenues from:					
LTF	6,935	7,622	7,299	10,721	7,907
Interest income	96	92	147	-	-
Total revenues	<u>7,031</u>	<u>7,714</u>	<u>7,446</u>	<u>10,721</u>	<u>7,907</u>
Expenditures:					
Bikeway paths	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,443)</u>
Revenues over(under) expenditures and transfers out	<u>7,031</u>	<u>7,714</u>	<u>7,446</u>	<u>10,721</u>	<u>(38,536)</u>
Ending cash balance	<u>\$ 12,655</u>	<u>\$ 20,369</u>	<u>\$ 27,815</u>	<u>\$ 38,536</u>	<u>\$ -</u>

**NOTES:**

For 2015/16, the expenditure will be for the bike crossing on Atascadero Road.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**LOCAL TRANSPORTATION FUNDS, ROADS, FUND**

The primary revenue stream for this Fund is Transportation Development Act (TDA) money for roads projects, under TDA Article 8, 99400(a).

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**LOCAL TRANSPORTATION FUNDS (ROADS) FUND**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ 100	\$ 100
Revenues from:					
LTF	-	-	43,320	-	
Interest income	-	-	100	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>43,420</u>	<u>-</u>	<u>-</u>
Expenditures:					
Roads	<u>-</u>	<u>-</u>	<u>(43,320)</u>	<u>-</u>	<u>-</u>
Revenues over(under) expenditures and transfers out	<u>-</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 100</u>	<u>\$ 100</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**WATER REVENUE FUND**

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.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**WATER REVENUE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 375,221	\$ 100	\$ -	\$ -	\$ -
Revenues from:					
Water sales	3,325,454	3,273,369	3,391,983	3,230,000	4,489,700
Service fees	100,040	105,628	107,630	62,750	104,300
Other revenues	1,552	1,371	1,786	500	1,000
Subtotal	<u>3,427,046</u>	<u>3,380,368</u>	<u>3,501,399</u>	<u>3,293,250</u>	<u>4,595,000</u>
Transfers in from:					
Accumulation fund	677,401	337,538	859,045	617,450	-
Other	-	-	-	-	-
Subtotal	<u>677,401</u>	<u>337,538</u>	<u>859,045</u>	<u>617,450</u>	<u>-</u>
Total revenues and transfers in	<u>4,104,447</u>	<u>3,717,906</u>	<u>4,360,444</u>	<u>3,910,700</u>	<u>4,595,000</u>
Expenses for:					
Personnel	(782,729)	(767,758)	(751,605)	(762,746)	(666,094)
Supplies	(182,847)	(187,839)	(193,703)	(136,050)	(226,200)
Services	(3,199,564)	(2,466,821)	(3,113,297)	(2,732,800)	(3,032,476)
Other (no depreciation)	(43,240)	(24,400)	(25,498)	-	-
Subtotal	<u>(4,208,380)</u>	<u>(3,446,818)</u>	<u>(4,084,103)</u>	<u>(3,631,596)</u>	<u>(3,924,770)</u>
Transfers out to:					
General fund for cost allocation	(271,188)	(271,188)	(276,341)	(279,104)	(281,058)
IT replacement fund	-	-	-	-	(3,500)
Capital improvement fund	-	-	-	-	-
Accumulation fund	-	-	-	-	(385,672)
Subtotal	<u>(271,188)</u>	<u>(271,188)</u>	<u>(276,341)</u>	<u>(279,104)</u>	<u>(670,230)</u>
Total expenses and transfers out	<u>(4,479,568)</u>	<u>(3,718,006)</u>	<u>(4,360,444)</u>	<u>(3,910,700)</u>	<u>(4,595,000)</u>
Revenues over(under) expenses and transfers out	<u>(375,121)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>100</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**NOTES:**

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

Resolution No. 30-15, adopted on May 26, 2015, established new water and sewer rates.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER REVENUE FUND**

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.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER REVENUE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,098,981	\$ 100	\$ -	\$ -	\$ -
Revenues from:					
Sewer user fees	3,610,534	3,767,815	4,070,514	3,428,067	4,921,000
Intergovernmental	24,688	42,534	-	-	-
Rental income	19,665	20,078	45,199	20,000	20,000
Other revenues	<u>29,931</u>	<u>25,368</u>	<u>6,834</u>	<u>25,000</u>	<u>25,000</u>
Subtotal	<u>3,684,818</u>	<u>3,855,795</u>	<u>4,122,547</u>	<u>3,473,067</u>	<u>4,966,000</u>
Transfers in from:					
Accumulation fund	-	-	-	2,247,136	701,661
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,247,136</u>	<u>701,661</u>
Total revenues and transfers in	<u>3,684,818</u>	<u>3,855,795</u>	<u>4,122,547</u>	<u>5,720,203</u>	<u>5,667,661</u>
Expenses for:					
Personnel	(527,364)	(507,848)	(535,091)	(704,374)	(653,618)
Supplies	(54,824)	(112,000)	(127,404)	(155,500)	(156,250)
Services	(188,275)	(210,312)	(313,513)	(425,155)	(424,984)
Other (no depreciation)	(91,448)	(15,746)	(9,904)	-	-
MB/CSD Wastewater Treatment Plant	<u>(1,853,768)</u>	<u>(1,611,817)</u>	<u>(2,099,474)</u>	<u>(4,268,826)</u>	<u>(4,261,297)</u>
Subtotal	<u>(2,715,679)</u>	<u>(2,457,723)</u>	<u>(3,085,386)</u>	<u>(5,553,855)</u>	<u>(5,496,149)</u>
Transfers out to:					
General fund for cost allocation	(161,630)	(161,630)	(164,701)	(166,348)	(167,512)
IT replacement fund	-	-	-	-	(4,000)
Accumulation fund	<u>(1,906,390)</u>	<u>(1,236,542)</u>	<u>(872,460)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>(2,068,020)</u>	<u>(1,398,172)</u>	<u>(1,037,161)</u>	<u>(166,348)</u>	<u>(171,512)</u>
Total expenses and transfers out	<u>(4,783,699)</u>	<u>(3,855,895)</u>	<u>(4,122,547)</u>	<u>(5,720,203)</u>	<u>(5,667,661)</u>
Revenues over(under) expenses and transfers out	<u>(1,098,881)</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES:**

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

With the 2011/12 fiscal year, excess cash, approximately \$1,100,000, will transfer to the Sewer Accumulation Fund.

In 2014/15, the payment to WWTP includes 75% of the WWTP operating budget plus 100% of the City-only contracts related to the WRF.

Resolution No. 30-15, adopted on May 26, 2015, established new water and sewer rates.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR OPERATING FUND**

This Fund was established to account for all revenues and expenses connected with the operation of the Morro Bay Harbor, and in accordance with the Tidelands granting statutes. The principle source of revenue for this Fund is leases on the Embarcadero.

The Harbor Operating Fund is established as a self-supporting enterprise fund.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR OPERATING FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 362,982	\$ -	\$ -	\$ -	\$ -
Revenues from:					
State/Federal grants	144,462	143,795	174,705	-	-
Charges for services:					
Lease sites, including Dynegy	1,802,399	1,834,317	2,002,215	1,768,295	1,864,855
Launch ramp	25,875	22,285	25,076	25,000	27,000
Other	7,884	82,777	90,226	7,550	5,000
Subtotal	<u>1,980,620</u>	<u>2,083,174</u>	<u>2,292,222</u>	<u>1,800,845</u>	<u>1,896,855</u>
Transfers in from:					
Capital improvement	-	-	-	-	-
Accumulation fund	-	-	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and transfers in	<u>1,980,620</u>	<u>2,083,174</u>	<u>2,292,222</u>	<u>1,800,845</u>	<u>1,896,855</u>
Expenses for:					
Personnel	(923,603)	(911,089)	(936,608)	(975,132)	(1,014,234)
Supplies	(66,230)	(73,428)	(89,280)	(73,350)	(80,700)
Services	(457,991)	(394,551)	(345,982)	(329,341)	(369,406)
Other (no depreciation)	(15,534)	(633)	(111,669)	-	-
Launch ramp	(3,618)	(3,696)	(3,437)	(3,500)	(3,200)
Debt service	(134,859)	(134,859)	(134,859)	(134,859)	(134,859)
Subtotal	<u>(1,601,835)</u>	<u>(1,518,256)</u>	<u>(1,621,835)</u>	<u>(1,516,182)</u>	<u>(1,602,399)</u>
Transfers out to:					
General fund for cost allocation	(276,986)	(276,986)	(276,986)	(276,986)	(276,986)
General fund for AGP services	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
IT replacement fund	-	-	-	-	(2,000)
Capital improvement fund	-	-	(250,000)	-	-
Accumulation fund - equip repl	-	-	-	-	(10,470)
Accumulation fund - launch ramp	(22,332)	(18,589)	(21,639)	(2,677)	-
Accumulation fund - Dynegy	-	-	(95,311)	-	-
Accumulation fund - operations	(437,449)	(264,343)	(21,451)	-	-
Subtotal	<u>(741,767)</u>	<u>(564,918)</u>	<u>(670,387)</u>	<u>(284,663)</u>	<u>(294,456)</u>
Total expenses and transfers out	<u>(2,343,602)</u>	<u>(2,083,174)</u>	<u>(2,292,222)</u>	<u>(1,800,845)</u>	<u>(1,896,855)</u>
Revenues over(under) expenses and transfers out	<u>(362,982)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**NOTES:**

Resolution No. 48-08, adopted on August 11, 2008, authorizes the annual transfer of excess cash to the accumulation fund.

Beginning with the 2011/12 fiscal year, all excess cash from the launch ramp operation is being transferred to the Harbor Accumulation Fund.

With the 2014/15 budget, lease site revenues do not include Dynegy funding.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**RISK MANAGEMENT INTERNAL SERVICE FUND**

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.

In 2009/10, the City adopted Resolution No. 13-10, which established \$500,000 as the minimum balance for this Fund. Excess cash may be programmed by City Council.

With the adoption of the 2015/16 budget, Resolution No. 32-15 will be enacted. This Resolution rescinds Resolution No. 13-10, and sets the minimum committed balance as \$100,000; any excess cash may be programmed by City Council.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**RISK MANAGEMENT INTERNAL SERVICE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,110,869	\$ 1,579,831	\$ 1,728,403	\$ 1,404,918	\$ 1,264,918
Revenues from:					
Charges for services	1,420,031	1,285,003	1,341,962	1,000,000	1,317,869
Investment earnings	15,271	12,606	9,644	-	5,000
Other revenue	9,408	-	-	-	-
Total revenues	<u>1,444,710</u>	<u>1,297,609</u>	<u>1,351,606</u>	<u>1,000,000</u>	<u>1,322,869</u>
Expenses for:					
Personnel	(40,000)	-	-	-	(41,229)
Supplies	-	-	-	-	(500)
Services	(20,351)	(31,344)	(152,840)	-	(650)
Worker's compensation insurance	(148,687)	(232,470)	(300,421)	(353,091)	(613,167)
Unemployment insurance	(40,479)	(33,585)	(19,962)	(34,589)	(25,000)
General liability insurance	(677,275)	(609,156)	(588,417)	(547,320)	(749,267)
Property damage insurance	(17,367)	(31,265)	(300,936)	(33,000)	(43,080)
Vehicle insurance	(15,671)	(15,983)	(15,785)	(16,000)	(15,394)
Other insurance	(15,918)	(15,634)	(24,110)	(16,000)	(1,710)
Total expenses	<u>(975,748)</u>	<u>(969,437)</u>	<u>(1,402,471)</u>	<u>(1,000,000)</u>	<u>(1,489,997)</u>
Revenues over(under) expenses	<u>468,962</u>	<u>328,172</u>	<u>(50,865)</u>	<u>-</u>	<u>(167,128)</u>
Transfers out:					
General Fund	-	(179,600)	(252,620)	(140,000)	(997,790)
General Fund Vehicle Replacement	-	-	(20,000)	-	-
Total transfers	<u>-</u>	<u>(179,600)</u>	<u>(272,620)</u>	<u>(140,000)</u>	<u>(997,790)</u>
Ending cash balance	<u>\$ 1,579,831</u>	<u>\$ 1,728,403</u>	<u>\$ 1,404,918</u>	<u>\$ 1,264,918</u>	<u>\$ 100,000</u>

**NOTES:**

Resolution No. 13-10, adopted on February 22, 2010, established the parameters for this fund, which at a minimum, is \$500,000.

In 2012/13, \$179,600 was transferred to the General Fund: \$100,000 for operations, due to the loss of the Dynegy funding, was initially adopted, and at the 2012/13 mid-year budget review, \$79,600 for retirement payouts

In 2013/14, adopted transfers out of \$272,620 are for the following:

General Fund Emergency Reserve - fund deficit	\$38,195
General Fund - final year of Dynegy reduction	\$100,000
General Fund - contribution to TBID of 50% of CPC funds	\$58,425
General Fund - Council bequests	\$56,000
General Fund Vehicle Replacement - add to balance of cash in fund to cover purchase of a 4-door hybrid for Administration	\$20,000

At the 2013/14 mid-year budget review, an additional \$416,000 was requested to be transferred to the General Fund to cover the costs of employee separations and the negotiated lowering of vacation banks.

In 2014/15, adopted transfers out of \$140,000 are for the following:

Visitors Center	\$100,000
Tourism Bureau Events	40,000

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**INFORMATION TECHNOLOGY INTERNAL SERVICE FUND**

This Fund is established with the adoption of the 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.

# CITY OF MORRO BAY

## 2015/16 ADOPTED BUDGET

### INFORMATION TECHNOLOGY INTERNAL SERVICE FUND

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
General Fund budget	-	-	-	-	181,859
Contributions from other G/F depts	-	-	-	-	87,630
General Fund contribution	-	-	-	-	50,000
Contribution from WWTP					2,000
Transfers in from Enterprises:					
Water					3,500
Sewer					4,000
Harbor	-	-	-	-	2,000
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>330,989</u>
Expenses for:					
Personnel	-	-	-	-	(132,416)
Supplies	-	-	-	-	-
Services	-	-	-	-	(49,443)
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	(19,244)
Administrative Services	-	-	-	-	(20,000)
Police	-	-	-	-	(5,000)
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Water	-	-	-	-	(3,500)
Sewer	-	-	-	-	(4,000)
Wastewater Treatment	-	-	-	-	-
Recreation	-	-	-	-	(4,000)
Harbor	-	-	-	-	-
Total expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,603)</u>
Revenues over(under) expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,386</u>
Ending cash balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,386</u>

**NOTES:**

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**CAPITAL REPLACEMENT INTERNAL SERVICE FUND**

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

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**CAPITAL REPLACEMENT INTERNAL SERVICE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Transfers in	-	-	-	-	75,000
Total revenues	-	-	-	-	75,000
Expenses for:					
Equipment purchases:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Total expenses	-	-	-	-	-
Revenues over(under) expenses	-	-	-	-	75,000
Ending cash balance	\$ -	\$ -	\$ -	\$ -	\$ 75,000

**NOTES:**

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PROJECTS ACCUMULATION INTERNAL SERVICE FUND**

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

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**PROJECT ACCUMULATION INTERNAL SERVICE FUND**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Transfers in	-	-	-	-	1,197,790
Total revenues	-	-	-	-	1,197,790
Expenses for:					
Projects:					
City Council	-	-	-	-	-
Administration	-	-	-	-	-
Administrative Services	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Community Development	-	-	-	-	-
Public Works	-	-	-	-	-
Total expenses	-	-	-	-	-
Revenues over(under) expenses	-	-	-	-	1,197,790
Ending cash balance	\$ -	\$ -	\$ -	\$ -	\$ 1,197,790

**NOTES:**

This is a new fund, established in 2015; recommended by Management Partners' organizational review.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SPECIAL ASSESSMENT DISTRICTS FUND**

This Fund was created to record parcel assessments and expenditures associated with certain housing developments within the City limits.

**NORTH POINT**

The California Coastal Commission and the City of Morro Bay worked with landowners at the northern end of the Morro Bay shoreline bluff top to preserve a natural area, as part of a small housing development plan. This is a landscape and lighting district.

**LOPRENA**

This is a storm drain assessment district.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**SPECIAL ASSESSMENT DISTRICTS FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 55,794	\$ 60,929	\$ 59,186	\$ 65,594	\$ 68,426
Revenues:					
Property tax assessments:					
North Point	5,645	5,645	5,645	5,645	5,645
Loprena	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>	<u>2,832</u>
Total revenues	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>	<u>8,477</u>
Expenditures:					
North Point	(3,342)	(10,220)	(2,069)	(5,645)	(2,200)
Loprena	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Subtotal expenditures	<u>(3,342)</u>	<u>(10,220)</u>	<u>(2,069)</u>	<u>(5,645)</u>	<u>(7,200)</u>
Revenues over(under) expenditures	<u>5,135</u>	<u>(1,743)</u>	<u>6,408</u>	<u>2,832</u>	<u>1,277</u>
Ending cash balance	\$ <u><u>60,929</u></u>	\$ <u><u>59,186</u></u>	\$ <u><u>65,594</u></u>	\$ <u><u>68,426</u></u>	\$ <u><u>69,703</u></u>

**NOTES:**

Actual cash balances at 6/30/2014:

North Point	\$ 30,724
Loprena	\$ 34,870

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**CLOISTERS SPECIAL ASSESSMENT DISTRICT**

This Fund was created to record parcel assessments and expenditures associated with the Cloisters housing developments within the City limits. This is a landscape and lighting district.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**CLOISTERS ASSESSMENT DISTRICT FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ <u>(23,227)</u>	\$ <u>(86,912)</u>	\$ <u>(61,641)</u>	\$ <u>50,726</u>	\$ <u>70,670</u>
Revenues from:					
Cloisters assessment	152,513	145,375	151,429	148,944	148,944
Interest income	-	-	154	-	-
Transfer in from General Fund	<u>-</u>	<u>-</u>	<u>87,444</u>	<u>-</u>	<u>-</u>
Total revenues	152,513	145,375	239,027	148,944	148,944
Expenditures	<u>(216,198)</u>	<u>(120,104)</u>	<u>(126,660)</u>	<u>(129,000)</u>	<u>(144,500)</u>
Revenues over (under) expenditures	<u>(63,685)</u>	<u>25,271</u>	<u>112,367</u>	<u>19,944</u>	<u>4,444</u>
Ending cash balance (reserve)	\$ <u><u>(86,912)</u></u>	\$ <u><u>(61,641)</u></u>	\$ <u><u>50,726</u></u>	\$ <u><u>70,670</u></u>	\$ <u><u>75,114</u></u>

**NOTES:**

With the 2012/13 budget, maintenance was outsourced.

On May 13, 2014, City Council took action to return \$87,743.61 to the Cloisters Assessment District, due to expenditures made that exceeded assessment revenues, but occurred without Council approval.

In May 2014, Cloisters was separated into its own fund; this presentation includes the reserve.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRUST AND AGENCY FUND**  
**GENERAL PLAN MAINTENANCE FEE**

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

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**TRUST AND AGENCY - GENERAL PLAN MAINTENANCE FEE**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 63,622	\$ 71,254	\$ 79,140	\$ 90,795	\$ 98,895
Revenues from:					
Maintenance fees	7,632	7,886	11,655	8,100	10,000
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>7,632</u>	<u>7,886</u>	<u>11,655</u>	<u>8,100</u>	<u>10,000</u>
Ending cash balance	<u>\$ 71,254</u>	<u>\$ 79,140</u>	<u>\$ 90,795</u>	<u>\$ 98,895</u>	<u>\$ 108,895</u>

**NOTES:**

Money began accumulating in this account in July 2006.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**MORRO BAY/CAYUCOS SANITARY DISTRICT**  
**WASTEWATER TREATMENT FACILITY FUND**

This Fund records the revenues and expenses associated with the operation of the 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.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**MORRO BAY/CAYUCOS SANITARY DISTRICT WASTEWATER TREATMENT FACILITY FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ -	\$ -	\$ -	\$ -	\$ -
Revenues from:					
Charges for services	1,905,975	1,940,611	2,691,389	3,412,734	4,935,063
Other revenue	-	6,834	-	-	-
Total revenues	<u>1,905,975</u>	<u>1,947,445</u>	<u>2,691,389</u>	<u>3,412,734</u>	<u>4,935,063</u>
Expenses for:					
Personnel	(742,696)	(787,838)	(808,783)	(840,829)	(871,782)
Supplies	(251,228)	(318,853)	(328,026)	(420,600)	(343,600)
Services	(743,203)	(793,308)	(813,848)	(900,305)	(988,681)
Other (no depreciation)	-	-	(46,847)	-	(6,000)
Capital improvements	(85,580)	-	-	(1,221,000)	(465,000)
Capital improvements (City only)	(68,283)	(28,267)	(686,882)	-	(2,234,000)
IT Replacement Fund	-	-	-	-	(2,000)
General Fund administration	<u>(14,985)</u>	<u>(19,179)</u>	<u>(7,003)</u>	<u>(30,000)</u>	<u>(24,000)</u>
Total expenses	<u>(1,905,975)</u>	<u>(1,947,445)</u>	<u>(2,691,389)</u>	<u>(3,412,734)</u>	<u>(4,935,063)</u>
Revenues over(under) expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending cash balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**GOVERNMENTAL IMPACT FEES ACCUMULATION FUND**

This Fund was established in October 2007, when Council enacted Resolution No. 47-07, which implemented the Development Impact Fee Program. These 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 from the existing rate and tax payers. The money collected can be used on 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.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**GOVERNMENTAL IMPACT FEES ACCUMULATION FUND**

	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Amended</u>	<u>Adopted</u>
				<u>Budget</u>	<u>Budget</u>
Beginning cash balance	\$ 335,098	\$ 401,422	\$ 551,465	\$ 653,575	\$ 288,162
Revenues from impact fees:					
Administration	16,830	40,935	24,221	10,000	40,000
Police	5,429	13,370	7,813	2,500	12,000
Fire	5,972	14,707	8,594	2,500	14,000
Streets	25,068	61,501	35,940	15,000	60,000
Storm drain maintenance	1,180	6,436	1,562	-	2,500
Parks	11,845	13,094	23,980	10,000	33,000
Total revenues	<u>66,324</u>	<u>150,043</u>	<u>102,110</u>	<u>40,000</u>	<u>161,500</u>
Expenditures for:					
Administration	-	-	-	-	-
Police	-	-	-	-	-
Fire	-	-	-	-	-
Streets	-	-	-	-	-
Storm drain maintenance	-	-	-	-	-
Parks	-	-	-	-	-
Transfers out	-	-	-	(405,413)	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(405,413)</u>	<u>-</u>
Revenues over(under) expenditures	<u>66,324</u>	<u>150,043</u>	<u>102,110</u>	<u>(365,413)</u>	<u>161,500</u>
Ending cash balance	\$ <u>401,422</u>	\$ <u>551,465</u>	\$ <u>653,575</u>	\$ <u>288,162</u>	\$ <u>449,662</u>

**NOTES:**

Actual collections to date:

	<u>Inception to</u>			<u>Adopted</u>	
	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>Total</u>
Administration	\$ 95,544	\$ 40,935	\$ 24,221	\$ 10,000	\$ 170,700
Police	31,196	13,370	7,813	(42,500)	9,879
Fire	34,118	14,707	8,594	(42,500)	14,919
Streets	145,934	61,501	35,940	(225,413)	17,962
Storm drain maintenance	6,372	6,436	1,562	-	14,370
Parks	88,258	13,094	23,980	(65,000)	60,332
	<u>\$ 401,422</u>	<u>\$ 150,043</u>	<u>\$ 102,110</u>	<u>\$ (365,413)</u>	<u>\$ 288,162</u>

For the 2014/15 budget, the transfer out is adopted for Police (\$45k), Fire (\$45k) and Parks (\$25k) vehicles to be purchased through the General Fund Vehicle Replacement Fund, a transfer for the Morro Creek Bridge (\$240,413), and funding for the Tidelands Park playground (\$50k).

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PARK IN-LIEU FEES FUND**

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 §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.

This Fund was established to manage the special revenue fees collected.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**PARK IN-LIEU FEES FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 25,014	\$ 20,381	\$ 65,034	\$ 85,579	\$ -
Revenues from:					
Impact fees	9,020	63,881	43,840	-	-
Interest income	128	292	494	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	9,148	64,173	44,334	-	-
Capital outlay	<u>(13,781)</u>	<u>(19,520)</u>	<u>(23,789)</u>	<u>(85,579)</u>	<u>-</u>
Ending cash balance	<u>\$ 20,381</u>	<u>\$ 65,034</u>	<u>\$ 85,579</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES:**

The expenditure in 2014/15 is for the Del Mar parking lot upgrade.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**STATE PARK MARINA SPECIAL REVENUE FUND**

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

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**STATE PARK MARINA SPECIAL REVENUE FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 280,674	\$ 334,371	\$ 187,267	\$ 245,327	\$ 245,327
Revenues from:					
Concessions	66,791	67,184	73,143	65,000	70,000
Intergovernmental	183,680	1,129,228	-	-	-
Interest income	<u>700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	251,171	1,196,412	73,143	65,000	70,000
Expenditures:					
Dredging	<u>(197,474)</u>	<u>(1,343,516)</u>	<u>(15,083)</u>	<u>(65,000)</u>	<u>(70,000)</u>
Revenues over(under) expenditures	<u>53,697</u>	<u>(147,104)</u>	<u>58,060</u>	<u>-</u>	<u>-</u>
Ending cash balance	<u>\$ 334,371</u>	<u>\$ 187,267</u>	<u>\$ 245,327</u>	<u>\$ 245,327</u>	<u>\$ 245,327</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HOUSING IN-LIEU SPECIAL REVENUE FUND**

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.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**HOUSING IN-LIEU FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ <u>666,927</u>	\$ <u>120,183</u>	\$ <u>176,590</u>	\$ <u>160,502</u>	\$ <u>159,502</u>
Revenues from:					
Impact fees	8,286	56,278	11,471	-	-
Interest income	3,261	129	1,031	-	800
Other	-	-	25,000	-	-
Transfers in	<u>40,776</u>	<u>-</u>	<u>9,410</u>	<u>-</u>	<u>-</u>
Total revenues	<u>52,323</u>	<u>56,407</u>	<u>46,912</u>	<u>-</u>	<u>800</u>
Expenditures for:					
Services	(599,067)	-	-	-	(50,000)
Transfer out to General Fund	<u>-</u>	<u>-</u>	<u>(63,000)</u>	<u>(1,000)</u>	<u>-</u>
Total expenditures	<u>(599,067)</u>	<u>-</u>	<u>(63,000)</u>	<u>(1,000)</u>	<u>(50,000)</u>
Revenues over(under) expenditures	<u>(546,744)</u>	<u>56,407</u>	<u>(16,088)</u>	<u>(1,000)</u>	<u>(49,200)</u>
Ending cash balance	\$ <u><u>120,183</u></u>	\$ <u><u>176,590</u></u>	\$ <u><u>160,502</u></u>	\$ <u><u>159,502</u></u>	\$ <u><u>110,302</u></u>

**NOTES:**

On 12/29/11, \$600,000 was transferred to PSCDC Morro del Mar for a project at 555 Main St.

The 2013/14 transfer out to General Fund is for the Housing Element update (\$62,000) and a Council bequeathal to the Housing Trust Fund (\$1,000)

The 2014/15 transfer out to General Fund is for the Council bequeathal to the Housing Trust Fund (\$1,000).

The 2015/16 expenditures is for the 6/23/15 decision to providing funding to Ocean View Manor, 456 Elena St.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**WATER ACCUMULATION FUND**

This Fund was established to collect impact fees and excess operating revenue for use on capital improvement projects or to cover cash shortages.

**CITY OF MORRO BAY**

**2015/16 ADOPTED BUDGET**

**WATER ACCUMULATION FUND**

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Amended</b>	<b>Adopted</b>
				<b>Budget</b>	<b>Budget</b>
Beginning cash balance	\$ <u>4,852,454</u>	\$ <u>4,360,525</u>	\$ <u>4,135,073</u>	\$ <u>2,354,442</u>	\$ <u>2,089,101</u>
Revenues from:					
Impact fees	6,920	42,408	28,075	25,000	30,000
Interest income	40,977	18,669	20,415	5,000	-
Other income	<u>218</u>	<u>-</u>	<u>414</u>	<u>-</u>	<u>-</u>
Subtotal	48,115	61,077	48,904	30,000	30,000
Transfers in	<u>135,864</u>	<u>191,829</u>	<u>-</u>	<u>500,000</u>	<u>385,672</u>
Total revenues and transfers in	<u>183,979</u>	<u>252,906</u>	<u>48,904</u>	<u>530,000</u>	<u>415,672</u>
Capital improvements	-	(331,008)	(1,829,535)	(200,000)	(1,660,000)
Transfer out to operating fund	<u>(675,908)</u>	<u>(147,350)</u>	<u>-</u>	<u>(595,341)</u>	<u>-</u>
Total expenses	<u>(675,908)</u>	<u>(478,358)</u>	<u>(1,829,535)</u>	<u>(795,341)</u>	<u>(1,660,000)</u>
Revenues over(under) expenditures	<u>(491,929)</u>	<u>(225,452)</u>	<u>(1,780,631)</u>	<u>(265,341)</u>	<u>(1,244,328)</u>
Ending cash balance	\$ <u><u>4,360,525</u></u>	\$ <u><u>4,135,073</u></u>	\$ <u><u>2,354,442</u></u>	\$ <u><u>2,089,101</u></u>	\$ <u><u>844,773</u></u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER ACCUMULATION FUND**

This Fund was established to collect impact fees and excess operating revenue for use on capital improvement projects or to cover cash shortages.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SEWER ACCUMULATION FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 2,972,051	\$ 3,844,505	\$ 3,689,625	\$ 3,939,596	\$ 2,185,737
Revenues from:					
Impact fees	12,703	66,533	54,256	-	50,000
Interest income	33,523	16,851	23,508	-	-
Subtotal	<u>46,226</u>	<u>83,384</u>	<u>77,764</u>	<u>-</u>	<u>50,000</u>
Transfers in from:					
Capital improvement	-	-	-	-	-
Revenue fund	2,027,123	1,818,651	362,899	650,000	-
Subtotal	<u>2,027,123</u>	<u>1,818,651</u>	<u>362,899</u>	<u>650,000</u>	<u>-</u>
Total revenues and transfers in	<u>2,073,349</u>	<u>1,902,035</u>	<u>440,663</u>	<u>650,000</u>	<u>50,000</u>
Capital improvements	<u>(1,200,895)</u>	<u>(2,031,915)</u>	<u>-</u>	<u>(60,000)</u>	<u>(1,319,390)</u>
Transfer out to:					
Sewer Equipment Replacement Fund	-	(25,000)	(115,000)	(115,000)	(140,000)
Sewer Revenue Fund	-	-	(75,692)	(2,228,859)	(701,661)
Subtotal	<u>-</u>	<u>(25,000)</u>	<u>(190,692)</u>	<u>(2,343,859)</u>	<u>(841,661)</u>
Total capital and transfers out	<u>(1,200,895)</u>	<u>(2,056,915)</u>	<u>(190,692)</u>	<u>(2,403,859)</u>	<u>(2,161,051)</u>
Revenues and transfers over(under) capital improvements and transfers out	<u>872,454</u>	<u>(154,880)</u>	<u>249,971</u>	<u>(1,753,859)</u>	<u>(2,111,051)</u>
Ending cash balance	<u>\$ 3,844,505</u>	<u>\$ 3,689,625</u>	<u>\$ 3,939,596</u>	<u>\$ 2,185,737</u>	<u>\$ 74,686</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR ACCUMULATION FUND**

This Fund was established to collect excess operating revenue for use on capital improvement projects or to cover cash shortages.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**HARBOR ACCUMULATION FUND**

	<u>2011/12</u> <u>Actual</u>	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Actual</u>	<u>2014/15</u> <u>Amended</u> <u>Budget</u>	<u>2015/16</u> <u>Adopted</u> <u>Budget</u>
Beginning cash balance	\$ 1,041,838	\$ 1,395,536	\$ 1,248,688	\$ 893,904	\$ 773,581
Revenues from:					
Interest income	<u>12,098</u>	<u>5,886</u>	<u>7,127</u>	<u>-</u>	<u>-</u>
Transfers in from:					
Operating fund - Dynegy	-	-	-	-	-
Capital projects fund	-	-	-	-	-
Launch ramp	22,332	18,589	21,639	2,677	10,470
Operating fund	<u>319,268</u>	<u>-</u>	<u>95,311</u>	<u>177,000</u>	<u>-</u>
Subtotal	<u>341,600</u>	<u>18,589</u>	<u>116,950</u>	<u>179,677</u>	<u>10,470</u>
Total revenues and transfers in	<u>353,698</u>	<u>24,475</u>	<u>124,077</u>	<u>179,677</u>	<u>10,470</u>
Capital improvements	<u>-</u>	<u>(140,323)</u>	<u>(198,861)</u>	<u>(300,000)</u>	<u>(769,588)</u>
Transfers out to:					
Operating fund	-	-	-	-	-
Equipment replacement fund	<u>-</u>	<u>(31,000)</u>	<u>(280,000)</u>	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>(31,000)</u>	<u>(280,000)</u>	<u>-</u>	<u>-</u>
Total capital and transfers out	<u>-</u>	<u>(171,323)</u>	<u>(478,861)</u>	<u>(300,000)</u>	<u>(769,588)</u>
Revenues and transfers over(under) capital improvements and transfers out	<u>353,698</u>	<u>(146,848)</u>	<u>(354,784)</u>	<u>(120,323)</u>	<u>(759,118)</u>
Ending cash balance	<u>\$ 1,395,536</u>	<u>\$ 1,248,688</u>	<u>\$ 893,904</u>	<u>\$ 773,581</u>	<u>\$ 14,463</u>

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**SCHEDULES**

1. Schedule of Adopted General Government and Enterprise Capital Projects
2. Schedule of Adopted Measure Q Allocations
3. Schedule of Facility Maintenance Projects
4. Schedule of Completed Facility Maintenance Projects
5. Schedule of Five-Year Pavement Management Expenditures
6. Schedule of Completed Pavement Projects
7. Schedule of Five-Year Capital Requirements

**CITY OF MORRO BAY  
SCHEDULE OF GENERAL CAPITAL PROJECTS**

**MORRO CREEK BRIDGE AND BIKE PATH**

	<u>2013/14 Actual</u>	<u>2014/15 Amended Budget</u>	<u>2015/16 Adopted Budget</u>
Beginning cash balance	\$ -	\$ (33,857)	3,313
Revenues from:			
Federal grants:			
National Scenic Byways Program	220,000	-	-
State grants:			
RIP - STP enhancement (revised)	-	980,000	-
SLOCOG RSTP - FY14 Supplement	-	200,000	-
SLOCOG RSTP - USHA	-	88,000	-
City Funds: (\$186k match min. oblig.)			
LTF (non- transit)	43,320	-	-
Measure Q	74,500	-	31,016
Government Impact Fees <sup>1</sup>	-	240,413	25,671
Other	-	750	-
Subtotal	<u>337,820</u>	<u>1,509,163</u>	<u>56,687</u>
Transfers in	-	-	-
Total revenues	<u>337,820</u>	<u>1,509,163</u>	<u>56,687</u>
Expenditures:			
Preliminary Engineering (Enviro & Permits)	(371,677)	(21,323)	-
Right-of-way	-	(14,000)	-
Base construction estimate (revised)	-	(1,120,070)	(40,000)
Construction management (revised) <sup>3</sup>	-	(117,000)	(20,000)
Out-of-scope additions:			
Emergency vehicle access <sup>2</sup>	-	(50,000)	-
Bike & Pedestrian pathway lighting (revised)	-	(149,600)	-
Total expenditures	<u>(371,677)</u>	<u>(1,471,993)</u>	<u>(60,000)</u>
Revenues over (under) expenditures	<u>(33,857)</u>	<u>37,170</u>	<u>(3,313)</u>
Ending cash balance	<u>\$ (33,857)</u>	<u>\$ 3,313</u>	<u>-</u>

**NOTES:**

<sup>1</sup> Amount to draw from Government Impact Fees was approved 6/24/14, prior to state grant funding adjustments. Any excess revenue will be returned to the Government Impact Fee Fund.

<sup>2</sup> Council approved funding from Measure Q at 2013/14 mid-year budget review.

<sup>3</sup> Includes \$55,000 staff costs

**CITY OF MORRO BAY  
SCHEDULE OF ENTERPRISE CAPITAL PROJECTS  
FOR THE 2015/16 FISCAL YEAR**

<u>PROJECT</u>	<u>ACCOUNT NUMBER</u>	<u>ADOPTED 2015/16 BUDGET</u>	<u>CARRYOVER FROM ONGOING PROJECTS AS OF 06/23/15</u>	<u>ADOPTED TOTAL CAPITAL PROJECTS</u>
<b><u>WATER CAPITAL IMPROVEMENT</u></b>				
Nutmeg tank (project being pushed to 2015/16)	921-8437	\$ 700,000	\$ -	\$ 700,000
Desal upgrade drought relief	921-8464	50,000	300,000	350,000
Master plan improvements	921-9604	-	150,000	150,000
Chorro Creek stream gauges	921-9704	100,000	100,000	200,000
Chorro Valley conversions	921-8220	-	60,000	60,000
Automatic Meter Reading (AMR)	921-8050	-	-	-
Laurel Ave - easement waterline and easement	921-8300	200,000	-	200,000
<b>TOTAL</b>		<b>\$ 1,050,000</b>	<b>\$ 610,000</b>	<b>\$ 1,660,000</b>
<b><u>SEWER CAPITAL IMPROVEMENT</u></b>				
Lift Station #1 rehabilitation	922-8204	\$ 24,100	\$ 185,290	\$ 209,390
Laurel Ave easement rehabilitation	922-8210	-	200,000	200,000
Embarcadero rehabilitation	922-8024	500,000	-	500,000
Main Street Improvements (Preston - Errol)	922-8139	200,000	-	200,000
Sewer Rehabilitation	922-8375	150,000	-	150,000
Manhole renovation	922-8460	60,000	-	60,000
<b>TOTAL</b>		<b>\$ 934,100</b>	<b>\$ 385,290</b>	<b>\$ 1,319,390</b>
<b><u>HARBOR CAPITAL IMPROVEMENT</u></b>				
Lease site audits	923-8002	\$ -	\$ 4,500	\$ 4,500
Anchor Park pier	923-8006	-	18,608	18,608
Infrastructure repair/maintenance	923-8413	-	-	-
Beach Street slips - North	923-8217	340,000	-	340,000
Beach Street slips - South	923-8175	225,000	-	225,000
Boat repair/storage yard	923-8435	-	65,362	65,362
Office Building Assessment		-	70,000	70,000
Harbor maintenance/storage yard	923-8106	-	6,118	6,118
South T-Pier structural inspection/assessment	923-xxxx	-	40,000	40,000
<b>TOTAL</b>		<b>\$ 565,000</b>	<b>\$ 204,588</b>	<b>\$ 769,588</b>
<b><u>WASTEWATER TREATMENT PLANT</u></b>				
Digester #1 & 3 repairs	930-9904	\$ -	\$ 50,000	\$ 50,000
New distributor arms on biofilter #2 & flood walls	930-8468	-	215,000	215,000
Rehab and Repairs to secondary clarifier	930-8070	75,000	-	75,000
Interstage vault and blending valve replacement project	930-8234	125,000	-	125,000
<b>TOTAL</b>		<b>\$ 200,000</b>	<b>\$ 265,000</b>	<b>\$ 465,000</b>
<b><u>WASTEWATER RECLAMATION FACILITY</u></b>				
Prelim facility master plan/facility master plan (City only)	599-8312	\$ 707,000	\$ 1,527,000	\$ 2,234,000
<b>TOTAL</b>		<b>\$ 707,000</b>	<b>\$ 1,527,000</b>	<b>\$ 2,234,000</b>

**CITY OF MORRO BAY  
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES  
FOR THE 2015/16 FISCAL YEAR**

<b>Division</b>	<b>Project</b>	<b>Departmental Requests</b>	<b>Justification</b>
<b>RECURRING ALLOCATIONS</b>			
Fire	Fire Station #53 debt service + 10% reserve	\$ 90,806	The United States Department of Agriculture (USDA) loaned the City of Morro Bay \$1.5 million to complete construction of the headquarters fire station project. Completing the construction of the fire station has been a Council priority for several years. Additionally, council has expressed an intent to pay down the USDA debt with proceeds from the sale of the Cloisters property when sold. This request is for the 2015/16 debt service (\$82,553) + the reserve requirement (\$8,253).
Police	School Resource Officer (SRO)	60,000	We have received correspondence, indicating the San Luis Coastal Unified School District is continuing to fund the SRO program at Morro Bay High School (MBHS) at 50% of the officer's salary and benefits. The SRO program provides essential public safety services at MBHS, as well as rapport-building between Morro Bay youth and our Police force. This request represents 50% of the cost for the SRO, with the remaining 50% paid by the School District.
Fire	Salaries and benefits for Vacation Relief Firefighter	\$ 186,207	Continues funding for vacation relief full-time firefighter Salary (\$60,042), Benefits (\$26,340), vacation relief overtime pay (\$7,617), and overtime to maintain staffing of 3 full-time firefighters (\$53,011), and funding the additional reserve part-time firefighter wage (\$32,238) and benefit (\$6,959) to maintain the council desired and strategic plan recommended 4 firefighters on duty each day.
<b>2015/16 REQUESTS</b>			
Police	MBPD Canine Program	10,000	Fund-raising efforts continue for the canine program, but we have experienced shortfalls in funding both the upkeep for the canine and handler training; this request is for the estimated annual cost for food and medical expenses for our canine, Xello.

**CITY OF MORRO BAY  
SCHEDULE OF REQUESTED MEASURE Q EXPENDITURES  
FOR THE 2015/16 FISCAL YEAR**

<b>Division</b>	<b>Project</b>	<b>Departmental Requests</b>	<b>Justification</b>
Public Works	Morro Creek Bridge and Bike Path	31,016	Staff will make every effort to secure funding from SLOCOG or other sources, but is requesting to put in a placeholder for this potential revenue shortfall.
Public Works	Pavement Management	415,484	Staff is requesting a reservation of Measure Q funds for the 2016 Pavement Management Plan. Work will be performed in Fall 2016 so a single contract can be awarded fro both FY16 & 17 to obtain greater economy of scale. The work consists of major maintenance and repairs to streets, curbs, gutters and storm drains as designated in the Pavement Management Schedule.
Fire / EOC	Establish Morro Command Frequency for EOC, Fire Department, and Harbor Department functions	18,073	PRIORITY #1 - Establish Morro Bay Command NXU=2A Radio Over Internet protocol while using our existing Black Hill repeater site. This system enhancement will allow our City to have a redundant emergency channel during significant events in our City especially when an area command is established during an EOC activation, storm event, flooding event, and ocean rescues. A battery back-up system will partner with an established generator system which will also benefit the current MBPD police frequencies.
Fire	Sustainable Fuel for Fire and Rescue Apparatus	7,700	PRIORITY #1 - Establish a primary fuel source for diesel Fire Apparatus at the Harbor Street Fire Station. Our community is limited in private diesel sources and does not guarantee standby electrical backup during significant emergency events in our community. The primary fuel source will have the capacity of 500 gallons which will provide up to 6 weeks of fire apparatus fuel. A designed double wall fuel tank is proposed. Public Services personnel will provide cost efficient installation of electrical service and standby generation power. Total purchase price for the tank and installation is \$5,100; onsite improvements for bollards and electrical \$1,100; Public Services labor expense is \$1,500.
		\$ 819,286	
		923,360	available funding
		\$ <u>104,074</u>	To pay back loan from General Fund Emergency Reserve

**CITY OF MORRO BAY  
GENERAL FUND FACILITY MAINTENANCE FUND  
SCHEDULE OF FACILITY MAINTENANCE PROJECTS  
AS OF THE 2015/16 FISCAL YEAR**

<b>OVERALL PRIORITY</b>	<b>SITE PRIORITY</b>	<b>SITE</b>	<b>WORK</b>	<b>ESTIMATED COST</b>
A	1	City Hall	Renovate plumbing	\$ 7,500
A	1	City Wide	Install 1.28. GPF toilets at all city property-partially subsidized	25,000.00
A	1	Community Center	Upgrade and interlock ventilation fans with occupancy sensors	4,000.00
A	1	Community Center	Install department ID entry signs	2,800.00
A	1	Public picnic-Anchor Memorial Public picnic-Centennial	Turf elimination and artificial turf installation - 4100 Sq. Ft.	28,000.00
A	1	Parkway	Turf elimination and artificial turf installation - 2000 Sq. Ft.	14,000.00
A	1	Public Works Bldg.	Install department ID entry signs	2,800.00
A	1	Veterans Memorial Building	Turf removal and CLIP site improvements	12,000.00
A	2	Community Center	Upgrade building for wireless access throughout	2,000.00
A	2	Public Works Bldg.	Replace fence behind Public Works	4,000
A	2	Veterans Memorial Building	Replace gutters	1,900.00
A	3	Community Center	Purchase table dollies for existing and new tables to preserve floor surfacing	2,500.00
B	1	Coleman Restroom	Stall renovation to add ADA accessibility	32,500.00
B	1	Public Restrooms-Lila Keiser	Repair dry rot & paint, seal floors, add hand sanitizers, upgrade lighting.	4,000.00
B	1	Public Restrooms-Tidelands	Repair dry rot & paint, replace gutters, replace shower seating, seal floors, add hand sanitizers.	6,500.00
B	2	City Hall	Continue carpet replacement	5,000.00
B	2	Public Works	Carpet replacement	7,000.00
B	3	City Hall	Paint interior	4,000.00
B	3	Community Center	Purchase additional tables for indoor events	3,000.00
B	3	Veterans Memorial Building	Recover movable wall	2,500.00
<b>Total expenditure budget</b>				<b>\$ 171,000</b>

**NOTE:**

This fund supports projects related to the City Council's 2013 - 2015 Goals, Goal #7, Improve City Infrastructure.  
Project completion is based on priority and available funding.

**CITY OF MORRO BAY  
GENERAL FUND FACILITY MAINTENANCE FUND  
COMPLETED FACILITY MAINTENANCE PROJECTS BY FISCAL YEAR**

<u>SITE</u>	<u>WORK</u>	<u>ACTUAL COST</u>	<u>SITE</u>	<u>WORK</u>	<u>ACTUAL COST</u>
FY 2011/12:			FY 2012/13:		
975 Shasta	Demolition, asbestos abatement & report	\$ 6,845	City Hall	Replace/Repair roof	\$ 1,000
983 & 985 Shasta	Demolition, asbestos abatement & report	14,275	Community Center	Repair security hardware	4,000
Call-A-Ride	Sewer lateral enhancement	-	Community Center	Re-key lockable doors	4,000
City Hall	Paint exterior & pressure wash	8,413	Community Center	Access system improvements	15,000
City Hall	Termite mitigation	2,805	Community Center	Replace refrigerators energy efficiency	7,110
Community Center	Replace upstairs roof	6,850	Community Center	Repair lockable windows	500
Community Center	Replace Senior Center roof	24,900	Community Center	Lockable kitchen cabinets for rent	250
Community Center	French drain repair along Kennedy Way	10,865	Police Department	Repair roof	5,500
Community Center	Paint exterior & pressure wash	15,986	Public Services	Replace/Repair roof	1,500
Police Department	Evidence room renovation & flooring	5,130	Public Services	Replace acoustic ceiling tiles	500
Public Services	Paint exterior, pressure wash, repair & seal windows	22,113	Veteran's Memorial Building	Repair roof	8,000
Veterans Memorial Building	Paint exterior, lead paint test, & pressure wash	8,965			
Veterans Memorial Building	Asbestos abatement / flooring overlay	8,731			
	<b>Total</b>	<b>\$ 135,878</b>		<b>Total</b>	<b>\$ 47,360</b>
FY 2013/14:			FY 2014/15:		
Centennial Park	Repair dry rot, re-roof and paint restrooms	\$ 6,500	Bayshore Bluffs restroom	Repair dry rot & re-roof	1,200.00
City Hall	Replace flooring throughout, except restrooms	6,542	City Hall	Upgrade fire & security system	4,954.00
City Park	Clean and seal floor in restrooms	2,179	City Hall	Replace carpet in offices	1,738.00
City-wide	Civic Landscape Improvement Program (CLIP)	451	City Park restroom	Repair dry rot & re-roof	1,200.00
Community Center	Treat for termites	685	Corp. Yard	Heater replacement	1,090.00
Community Center	Refinish auditorium floors	10,650	Morro Rock restroom	Seal floors, upgrade lighting, add hand	5,440.00
Fire Department	Replace fence along rear of property	2,600	Public Restrooms-Del Mar	Lift Station replacement	13,362.00
Lila Keiser Park	Repair dry rot, replace doors, fumigate - restrooms and	2,225	Public wash sinks	Install ultra low flow faucets at all wash	8,630.00
Police Department	Replace sewer lateral and planter repair	10,309	Teen Center	Treat for termites	2,195.00
Teen center	Replace front doors and repair dry rot around windows	1,620	Teen Center	Upgrade fire & security system	3,427.00
Various restrooms	Replace flush valves with low-flow	2,500	Veterans Memorial Building	Encapsulate closet floors and storage	4,198.00
Veterans Memorial Building	Renovate barbeque	88	Veterans Memorial Building	Replace picnic tables	4,498.00
Veterans Memorial Building	Update water heater to tankless	3,470	Veterans Memorial Building	Update kitchen cabinetry to washable	1,950.00
Veterans Memorial Building	Paint interior	500			
	<b>Total</b>	<b>\$ 50,319</b>		<b>Total</b>	<b>\$ 41,750</b>

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR PAVEMENT MANAGEMENT PLAN**

**Five Year Plan @ \$250,000 in 2013/14 - 2017/18**

2015-16		2016-17		2017-18		2018-19		2019-20	
Street	Cost	Street	Cost	Street	Cost	Street	Cost	Street	Cost
Acacia1	9,065	Clarabelle1	\$ 31,724	Barlow1	10,680	Bay1	\$ 3,242	Beachcomber3	\$ 29,700
Bayshore1	9,716	Driftwood1	9,485	Beach1	22,724	Bolton	81,000	Coral	220,000
BellaVist1	8,166	Napa1	123,285	Butte1	\$ 14,050	Bradley1	10,345	Panorama1	2,250
Driftwood2	18,700	Pacific1	50,125	Capri1	7,805	Carmel1	12,963	Sienna	21,419
Dunes1	20,997	Prescott	43,200	Downing1	12,900	Embarcadr3	54,910	Tuscan	13,631
Dunes2	24,468	Shasta1	72,770	Fairview1	13,171	Formosa1	7,200	Zanzibar	17,525
Harbor	59,220	SurfAlley1	4,556	Luzon1&2	135,000	Kennedy	87,890		
Hill	84,000			Luista1	6,915	Main9	12,465		
Monterey1	9,600			Madera1	11,420	Main12	7,000		
Monterey2	10,893			Main10	31,078	Main13	30,449		
Monterey3	14,950			Morro1	6,045	Olive2	9,255		
Monterey4	10,530			Morro5	25,850	Palm1	2,345		
Scott2	3,840			PineyLn1	3,240	Toro1	7,525		
Vista1	3,882								
Walnut1	4,320								
	<u>\$ 292,347</u>		<u>\$ 335,145</u>		<u>\$ 300,878</u>		<u>\$ 326,589</u>		<u>\$ 304,525</u>

This budget is based on current funding availability. Approval of new funding sources would significantly expedite reconstruction

Little Morro Crk	\$ 183,535	Avalon1	\$ 33,150	\$ PMP Street priorities are reevaluated annually during project design to utilize the most appropriate repair method considering current pavement condition & fund availability					
Main8	110,000	Avalon2	6,630						
Piney 1&2	305,970	Seaview	33,000						
Kings (Pac-Quin)	27,500	Surf 1-3	202,650						
Subtotal	<u>627,005</u>		<u>275,430</u>		<u>-</u>		<u>-</u>		<u>-</u>
Total	<u>\$ 919,352</u>		<u>\$ 610,575</u>		<u>\$ 300,878</u>		<u>\$ 326,589</u>		<u>\$ 304,525</u>

Greenwood (ATP) \$561,600 Greenwood (CS) \$1,210,400 Ironwood (ATP) \$635,250 Juniper(CS) \$319,200  
Complete Streets (CS) or Active Transportation Program (ATP) projects are dependent on the award of separate grant funding

**CITY OF MORRO BAY  
FIVE YEAR PAVEMENT MANAGEMENT PLAN  
COMPLETED PROJECTS BY FISCAL YEAR**

<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>
Bernardo1	Kern1	Alder Avenue	Atascadero Road
Main8	Beach1	Andros Street	Beachcomber
Kern1	Marina1	Beachcomber Avenue	Blanca
Oak1	Pacific1	Bonita Street	Bonita
Olive3	Harbor1	Cedar Avenue	Delmar Park Trail& Parking Lot <sup>2 3</sup>
Estero1	Mimosa1	Dawson Avenue	Harbor
Quintana3	"PD Alley"	Dogwood Avenue	Hatteras
Pecho1		Elm Avenue	Java
Ridgeway1		Fir Avenue	Market
Center1		Gilbert Street	Panorama <sup>3</sup>
Marengo1		Greenwood Avenue	Quintana Place
Dana1		Hatteras Street	Quintana Road
Fresno1		Hemlock Avenue	Radcliffe
Marina2		Island Street	Sandalwood
Scott1		Java Street	San Jacinto
South2		Kings Street	San Joaquin
Alta1		Kodiak Street	Sicily
Tide1 <sup>1</sup>		Nassau Street	South Bay Blvd <sup>3</sup>
Embarcadero1		Nevis Street	Trinidad
Balboa1		Norwich Street	Whitbey
Las Tunas		Oahu Street	Casitas*
Morro2		Panay Street	Conejo*
		Quintana Road	Juniper*
		Sequoia Street	Koa*
		Whidbey Way	Laurel*
		Yerba Buena Street	Maple*
			Nutmeg*
			Pacific <sup>2</sup>

**NOTES:**

<sup>1</sup> Work done without charge as compensation for contractor delays; value of work = \$61k

<sup>2</sup> Storm Drain Repair

<sup>3</sup> Pavement Replacement

\* Trench Repair

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
<b><u>Administration</u></b>								
Vehicles:								
Ford Escape	07/01/13	8 - 10					\$ 25,000	
2005 Toyota Camry	2005	8 - 10						From PD - will not replace
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>	
<b><u>Information Technology</u></b>								
Equipment:								
FTP Server	07/01/03	6 - 8						
Admin Services Computers	11/01/06	5-6						
Blades servers	01/01/12		\$ 15,000					
DC Power Station			\$ 10,000					
Back up solutions			\$ 7,500					Disc-to-disc backup
Gen 8 Blades (2) to replace current				\$ 15,000				
Vmware for Gen 8 Blades				\$ 5,000				
Vmware 4.1 upgrade								
			<u>\$ 32,500</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<b><u>Police Department</u></b>								
Vehicles:								
2004 Dodge Dakota (3522)	01/22/04	5						Still in use - designated to replace
2008 Toyota Camry #801	11/01/07	5			\$ 35,000			Detective car
2008 Toyota Camry #802	11/01/07	5			\$ 35,000			Chief car
2008 Police Cruiser #804	11/01/07	4						Used as volunteer vehicle
2008 Police Cruiser #805	11/01/07	4						Used as volunteer vehicle
2010 Ford Edge #1001 - White	02/01/10	5			\$ 35,000			In use & due to replace 15/16
2010 Ford Edge #1002 - Silver	02/01/10	5			\$ 35,000			In use & due to replace 15/16
2011 Chevrolet Tahoe W/C #1102	3/31/12	5		\$ 45,000				Replaced Expedition w/Tahoe 2011
2011 Chevrolet Tahoe - K-9 unit #1101	3/31/12	5						K-9 Unit paid for through COPS
2012 Dodge Charger #1201	01/01/12	5				\$ 40,000		
2013 Dodge Charger #1301	01/01/13	5				\$ 40,000		
Equipment:								
Radar Trailer	11/10/2004	10						Perhaps a Measure Q request 15/16
DUI Safety Trailer	1/1/2005	15		\$ 5,000				
Air Compressor	2002	15		\$ 5,000				
Police Bicycles - Total 6	See Notes	8						2014/15 COPS used to replace
Mobile Data Computers	06/01/11	5						Being replaced with COPS \$40,000
Radar Units in Vehicles	2007	6						Replaced when vehicle is replaced
DVR Replacements (MAV)	7/1/2008	5						Replaced when vehicle is replaced
Lockers Evidence	05/01/11	20				\$ 10,000		
Lockers Dressing Rooms	04/01/10	20				\$ 50,000		

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Lockers Firearms	05/01/11	20						Replaced 13/14 COPS Armory Upgrade
Honda Generator (portable)	2008	10						
Koehler Generator Back Up PD	2006	10		\$ 10,000				
Voice Logger System	09/01/10	5		\$ 40,000				
Ballistic Entry Vests	See notes	5					\$ 33,000	11 vests varied dates - \$3,000/unit 14/15 COPS
Ballistic Helmets	2001	10					\$ 6,000	\$600/unit 14/15 COPS
Patrol Rifles With EOTech Sights	12/31/05	12			\$ 19,500			\$1,500 / unit - PD inventory shows (13)
Patrol Shotguns	06/01/05	12					\$ 8,500	\$500/unit - PD inventory show 17 (shotgun + bean bag) Place to phase out; replace with less lethal
Patrol Handguns	01/01/04	12		\$ 17,550				\$650/unit - PD inventory shows 27 (four converted to SIMS)
Patrol Flashlights	06/31/14	8						
Duty Tasers with Recorders	01/01/13	5						Replaced with COPS 12/13 @ \$40,000 \$2,000/unit - PD inventory 20
AEDs	See Notes	10		\$ 8,000	\$ 3,200			3-2005 / 5-04/21/2010 \$1,600/unit
Night Vision	12/01/09	10		\$ 5,000				
Building:								
Police Station Addition	2002	20			\$ 350,000			Construction costs
PD Storage #1 (North Annex)	2009	20		\$ 50,000				
Police Storage #2 (South Annex)	2009	20		\$ 50,000				
Police Annex Fencing & Gate	2008	15		\$ 10,000				
Police Dept. Renovation / Replacement	1965	20	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	Need to start accumulation fund
Bike Shed	2005	10		\$ 3,000				Stored in Annex
<b>Communications</b>								
Building:								
Black Mtn Repeater Building	06/01/86	UNK						
Radio Antenna Tower PD	6/1/2013	10						11/12 Measure Q Upgrade project \$32,439.14
MB Green 2 Repeater	3/1/2011			\$ 3,000				
Radio Tower Black Hill	UNK	15		\$ 10,000				
Back Up Generator Black Hill	UNK			\$ 5,000				
Radio Free Morro Bay 1620 AM	3/1/2011			\$ 5,000				
Emergency Operation Center (Dispatch)	4/14/2014	5	\$ 70,266					11/12 Measure Q - \$960/unit - total \$8,627.50 (includes 5 PD & 4 FD)
Vehicle Radio Repeaters	6/1/2013	5						
			<u>\$ 120,266</u>	<u>\$ 321,550</u>	<u>\$ 562,700</u>	<u>\$ 190,000</u>	<u>\$ 97,500</u>	
<b>Fire Department</b>								
Vehicles:								
C5300 Ford Expedition	2013	12						New vehicle in 2013, replace in 2025
Truck, Pickup 4x4, 5331	2015	12						Replacement in 2027
Truck, F250 Crew cab, 5332	03/18/03	15			\$ 46,987			Replacement due in 2015, <u>extend to 2018</u>
P5320 Expedition	01/01/07	12				\$ 56,821		Replacement due in 2019

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Engine, Pierce/Lance Pumper, 5391								May extend replacement 2-5 years based on mechanical condition. (Expected replacement in 2019) Plan to use Measure Q funding, <b>NOT GENERAL FUNDING</b>
	01/01/94	25				\$ 809,902		
Pierce Fire Rescue Vehicle, 5351	09/11/09	15						Due to be replaced in 2024
Engine, Pierce/Arrow Pumper, 5392	09/11/08	20						Due replacement in 2028
Truck, w/Pierce-Arrow Ladder, 5342	01/01/82	25						Received Trust Funding in 2015, due replacement in 2040
Equipment:								Received Trust funding in 2015, due replacement in 2027
SCBA's	2003	12						Replacement in 2016, 2018, 2020, and 2022
Structure PPE	Various	10	21,424.00		15,000.00		79,608.00	Replacement in 2016, 2018, 2020, and 2022
Wildland PPE	Various	10	12,500.00		3,937.00		8,863.00	Replacement in 2016, 2018, 2020, and 2022
Station Computers	2012	7				30,266.00		Replacement in 2019
Mobile Data Units	2015	7					27,634.00	Replacement in 2022
Training A/V	2012	10					11,842.00	Replacement in 2022
Hydraulic Automobile Extrication Equipment (Pumps) (2units)	2005	12		15,000.00				Replacement in 2017
Station / 2nd EOC Generator	2012	30						Replacement in 2042
Station Alerting System	2012	15						Replacement in 2027
Handheld Radios	2005-2013	8	5,425.00				16,059.00	Replacement in 2016 and 2020
								Replacement in 2018, end if protocols are not changed
12 Lead EKG Monitors (3)	2011	7			43,869.00			Replacement in 2021
3 Gas Environmental Detectors	2014	7					7,237.00	Replacement in 2017 and 2023
Rescue Ropes	2006-2013	10		15,000.00			18,979.00	Replacement in 2017 and 2023
Primary EOC Radios / Antennas	2008	10					6,000.00	Replacement in 2021
Secondary Radios / Antennas	2012	10					8,000.00	Replacement in 2023
Black Hill Repeater	2008	12					5,000.00	Replacement in 2020
Teresa Drive Repeater	2013	12						Replacement in 2025
								Received Fire Act Grant in 2014, due replacement in 2029
SCBA Air Fill Station	2014	25	0.00					
Buildings:								
Fire Station 53 Old Modular Bldg (chamber of commerce)	2006	20						Replacement in 2026
Fire Station 54 (living quarters/office)	1964	50						Pursue CDBG grant starting this year.
Fire Station 54 Apparatus Bay(Old Station 2)	2009	30						Replacement in 2039
Fire Station 53	2012	100						Replacement in 2112
			<u>\$ 39,349</u>	<u>\$ 30,000</u>	<u>\$ 109,793</u>	<u>\$ 896,989</u>	<u>\$ 189,222</u>	
<b><u>Public Works - General Fund</u></b>								
Vehicles:								
2009 Chevy Aveo	05/18/09	5					\$ 20,000	
2009 Chevy Aveo #2 (Community Development)	07/01/09	5					\$ 20,000	
Dodge Durango - pool car	01/01/01	5		\$ 35,000				

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Ford Taurus - pool car	01/01/03	5		\$ 25,000				
<b><u>Recreation and Consolidated Maintenance</u></b>								
<b><u>Fleet</u></b>								
Vehicles:								
#3516 2003 Chevy 1/2 Ton	2003	11		\$ 25,000				Veh #3516-Vehicle is 1 years beyond the State and County standards for useful vehicle life
<b><u>Streets</u></b>								
Vehicles:								
Gearmore Flail Mower for #3517	2008	6			\$ 3,000			Equipment is in decent repair
#3526 - 2008 GMC 3500 w/Dump Bed	2008	6			\$ 35,000			Vehicle is in decent repair and should be replaced at ten years
#3761 - Truck 2-1/2 Ton w/Standard Dump	2007	7						Vehicle is in decent repair and should be replaced at ten years, but we should to rotate at 15 years if Veh#2913 gets replaced
#3759 - 2008 GMC 3500 w/Utility Bed	2004	10		\$ 35,000				Veh #3759-Vehicle is at the useful vehicle life
Tractor/Loader for Flail Mower	2003	11						Low hours
#3919 - Truck, Pot Hole Patch	2000	14				\$ 350,000		maintenance following the investment of road replacement
#2913 - Truck, 2-1/2 Ton w/Standard Dump	1991	23			\$ 75,000			Veh #2913-Vehicle has far surpassed the State and County standards for useful vehicle life
Motor Grader 120G	1982	32						Specialty use equipment Low hours
Equipment:								
Tandem Roller w/ Trailer	2009	5						Good repair Low hours
Asphalt Zipper	2008	6	Declare Surplus and Sell					Should be sold at auction with proceeds to buy a more useful piece of equipment
Purchase new - Skid steer tractor w/accessories			\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	Measure Q and the money from sale of the Zipper - Governmental Lease To Own
Projects:								
Del Mar Parking Lot rehab/reconstruction								
Unmet Bike Needs			\$ 30,000		\$ 30,000		\$ 30,000	Excess Transit funds and set asides, Misc Repairs and Striping
Buildings:								
Road Material Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Vehicle Equipment Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Vehicle Storage	1964	50						Replacement scheduled w/ Corp Yard renovation
Sign Shop	1964	50						Replacement scheduled w/ Corp Yard renovation

**Parks**

Vehicles:

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
#3763 - Escape Hybrid	2009	5				\$ 25,000		Veh #3763 - Vehicle should last 5 more years
#3930 - Chevy 1500-2WD	2002	12	\$ 25,000					Veh #3930-Vehicle is 2 years beyond the State and County standards for useful vehicle life
#3895 - Jeep Cherokee	2001	13	\$ 25,000					Veh #3895-Vehicle is 3 years beyond the State and County standards for useful vehicle life
#3906 - Chevy 1500-2WD	2000	14	\$ 25,000					Veh #3930-Vehicle is 2 years beyond the State and County standards for useful vehicle life
Golf cart	2000	14		\$ 8,000				Vehicle is 4 years beyond the State and County standards for useful vehicle life
Golf cart	2000	14		\$ 8,000				Vehicle is 4 years beyond the State and County standards for useful vehicle life
#3430 - Ford P/U	1994	20						Veh #3430-Vehicle is 10 years beyond the State and County standards for useful vehicle life (Government Impact Fees)
Equipment:								
John Deere Mower	2012	2						Equipment is in good repair
MOWER TRAILER	2012	2						Equipment is in good repair
Super Z Mower w/Trailer	2006	8		\$ 15,000				Vehicle is in decent repair and should be replaced at ten years
MOWER TRAILER	2006	8		\$ 5,000				Vehicle is in decent repair and should be replaced at ten years
LANDA PRESSURE WASHER	UNK			\$ 5,000				Equipment is in decent repair
Buildings:								
North Point Public Stairway	2013	1						Completely rebuilt in 2013
MB Teen Center/Skate Park	2007	7						
Morro Bay Rock Restrooms	2007	7						Repairs scheduled in facility maintenance fund
Cloisters Park Public Restroom	1996	18						Repairs scheduled in facility maintenance fund
Tidelands Park Stairway	1995	19						Repairs scheduled in facility maintenance fund
Public Toilet Centennial Parkway	1991	23						Repairs scheduled in facility maintenance fund
City Park Public Restroom	1990	24						Repairs scheduled in facility maintenance fund
Public Toilet Bayshore Bluffs	1986	28						Repairs scheduled in facility maintenance fund
Tidelands Park Public Restroom	1985	29						Repairs scheduled in facility maintenance fund
Parks Equipment Storage	1980	34						Replacement scheduled w/ Corp Yard renovation?
Del Mar Park Public Restroom	1980	34	\$ 175,000					The facility has exceeded its' useful life and it is not ADA accessible
Keiser Park Public Restroom	1976	38						Repairs scheduled in facility maintenance fund
Anchor Street End Stairway	1964	50						
Coleman Park Public Restroom	1964	50		\$ 175,000				The facility has exceeded its' useful life and it is not ADA accessible
Centennial Stairway	1964	50						
Monte Young Public Restroom	1964	50			\$ 175,000			The facility has exceeded its' useful life and it is not ADA accessible
Surf Street Stairs	1964	50	\$ 75,000					Stairs are in disrepair and should be redesigned and rebuilt, possible candidate for accessibility funds
Projects:								
Tidelands playground structure								Government Impact Fees

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
<b><u>Facilities</u></b>								
Vehicles:								
Miles Electric Vehicle	2008	6						This vehicle should not be replaced
Chevy 1500-4WD	2001	13	\$ 25,000					Veh #3925-Vehicle is 3 years beyond the State and County standards for useful vehicle life
GMC Cargo Van	1999	15	\$ 25,000					Veh #3836-Vehicle is 5 years beyond the State and County standards for useful vehicle life
GMC Cargo Van	1999	15	\$ 25,000					Veh #3913-Vehicle is 5 years beyond the State and County standards for useful vehicle life
GMC P/U 1500	1999	15	\$ 25,000					Veh #3345-Vehicle is 5 years beyond the State and County standards for useful vehicle life
Equipment:								
Misc. 1964-present								Repair or replace as needed
Buildings:								
Fire Station #1	2012	2						Repairs scheduled in facility maintenance fund
Fire Station #2	2007	7						Apparatus bay is in good condition. The adjacent house is not
Public Services Offices	2003	11						Repairs scheduled in facility maintenance fund
Teen Center	2003	11						Master plan funded by Prop 84 grant, pending
Community Center	1989	25						Repairs scheduled in facility maintenance fund
Single Family Residence 570 Dunes	1986	28						Minor repairs as needed
City Hall	1964	50						Repairs scheduled in facility maintenance fund
Mechanic's Shop	1964	50						Repairs scheduled in facility maintenance fund
Police Station	1964	50						Repairs scheduled in facility maintenance fund
Veterans Memorial Bldg 209 Surf	1964	50						Repairs scheduled in facility maintenance fund
Maintenance shop and storage 714 Embarcadero	1964	50						Replacement scheduled w/ Corp Yard renovation?
<b><u>Water</u></b>								
Vehicles:								
2000 Jeep	01/01/95	10						Transferred from Building Division in lieu of surplus. Will be replaced when P/U replaced below.
2004 Chevrolet Silverado Pickup	05/20/04	10	\$ 35,000					
2004 Chevrolet Silverado Pickup	05/20/04	10		\$ 35,000				
Dodge Ram 2500 Pickup	01/01/01	10						We do not anticipate replacing this in the next five years
2008 GMC 3/4 Ton w/Utility Bed	09/08/08	10						We do not anticipate replacing this in the next five years
Caterpillar Forklift	01/01/86	10						We do not anticipate replacing this in the next five years
John Deere Backhoe w/Loader	11/29/07	10						We do not anticipate replacing this in the next five years
GMC 2 1/2 ton flat dump bed	01/01/90	10						We do not anticipate replacing this in the next five years

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Equipment:								
IR Air Compressor	01/01/07	10						We do not anticipate replacing this in the next five years
Waker Emergency Generator	01/01/09	10						We do not anticipate replacing this in the next five years
Waker Emergency Generator	01/01/09	10						We do not anticipate replacing this in the next five years
SCADA System	06/30/09	10						We do not anticipate replacing this in the next five years
Ditch Witch FX20 Valve Vac	06/30/10	10						We do not anticipate replacing this in the next five years
Buildings:								
Desalination Plant	01/01/93	20						We do not anticipate replacing this in the next five years
Elena booster station		30						We do not anticipate replacing this in the next five years
Vashon booster station		30						We anticipate abandoning this in the next five years
King's booster station	1/1/2009	30						We do not anticipate replacing this in the next five years
Corporation Yard Water Shop Building		30						This will need to be relocated in conjunction with the WWTP
Quintana Chlorinator		30						We do not anticipate replacing this in the next five years
Pressure Reducing Yard		30						We don't anticipate reclaiming these facilities in the next five years
Capital Improvement:								
Desal Plant Modifications	2010-2012							Mechanical and Electrical upgrades to restore desalting ability; will carry forward from 12/13
<b>Replacement Nutmeg Tank Construction</b>								
<b>1.0mg</b>								
Design/Environmental			\$ 200,000					Addition of water storage at the Nutmeg tank site
Construction			\$ 500,000	\$ 1,500,000				
Chorro Valley Stream Gauges								Installation of stream gauge or gauges with SWRCB direction. Will carry forward from 12/13
Desalination Plant Decanting Facilities								Improvements of iron fouling system and backwash recovery
Desalination Plant Capacity Improvements			\$ 250,000					Additional Calcium Carbonate Tanks and Piping to increase Treatment Capacity, Need CDP prior
Desalination Plant Structural Improvements			\$ 100,000					Structural improvements to the Desalination Building, including additional flood protection
Various Master Plan Improvements	2011-2018+		\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000		Zone interconnects, Dead end interties, line replacements and various system improvements
Chorro Valley conversions								
Nutmeg Street trench repair								
Laurel Ave - easement waterline and easement								

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Convert Meter Reading to AMR Additional 750k gal Storage Tank at Kings Infrastructure:			\$ -	\$ 250,000	\$ 250,000		\$ 1,000,000	Conversion of System to automatic Meter Reading and Billing Water Master Plan Recommendation
1700 System and Control Valves		50 year life						Conservative 2% per annum- repair/replacement as needed
483 Fire Hydrants								Conservative 2% per annum- repair/replacement as needed
3301 Water line segments								Conservative 2% per annum- repair/replacement as needed
10- Water tanks								Conservative 2% per annum- repair/replacement as needed
18- Source and feed wells Conversion of Chorro Valley Customers to Private Wells								Conservative 2% per annum- repair/replacement as needed Drill new wells and provide R/O nitrate Removal for 10 customers outside City Limits
Construct New Water Line and additional Easement Acquisition Nutmeg Trench Repair								Laurel Easement Repair Failing Water Trench
<b><u>Sewer</u></b>								
Vehicles:								
Dodge pickup truck	01/01/12	10						Acquired from WWTP; we do not anticipate replacing this in the next 10 years
GMC 1500 Pickup Truck	01/01/00	10			\$ 70,000			Truck scheduled for replacement in 17/18; putting \$15k per year into vehicle replacement
GMC 2500 Service Truck	01/01/00	10						Being replaced in the 2014/15 budget cycle We do not anticipate replacing this in the next five years
Crane for Collections Truck #3909	11/14/06	10						Anticipate replacement in 16/17; putting \$100k per year in equipment replacement fund
Sterling 17501 Vac-Con Truck	01/01/01	15		\$ 350,000				We do not anticipate replacing this in the next five years
Ford F350 Service Truck	1/1/2011	10						
Equipment:								
Holcomb Portable Generator	01/01/12	10						We do not anticipate replacing this in the next five years
Holcomb Portable Generator	01/01/91	10		\$ 35,000				We will replace these in 16/17
Holcomb Portable Generator	01/01/91	10						We do not anticipate replacing this in the next five years
Wacker Generator LS #2	06/01/12	10						We do not anticipate replacing this in the next five years
Wacker Generator LS #3	03/01/13	10						We do not anticipate replacing this in the next five years
Standby Pumps & Power Units used	5/24/06	10						

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Sewer Inspection System	12/01/09	10						We do not anticipate replacing this in the next five years
US Jetting	1/1/2010	10						We do not anticipate replacing this in the next five years
Buildings:								
Hydro Building	06/30/09	30						Will need to be replaced in conjunction w/WWTP Station rehab will begin in 15/16 New station completed 6/12; we do not anticipate rehabbing/replacing in the next 5 yrs. New station completed 4/13; we do not anticipate rehabbing/replacing in the next 5 yrs
Lift Station #1		30-50	\$ 210,000					
Lift Station #2	6/1/2012	30-50						
Lift Station #3	4/1/2013	30-50						
Capital improvement:								
Section 3 rehabilitation				\$ 250,000				
Section 4 rehabilitation			\$ 150,000	\$ 250,000				
Section 5 rehabilitation				\$ 200,000				
Section 7 rehabilitation					\$ 200,000			
Section 8 rehabilitation					\$ 200,000			
Section 9 rehabilitation						\$ 200,000		
Section 2 rehabilitation					\$ 750,000			
Main Street rehabilitation			\$ 200,000		\$ 3,500,000			In conjunction with WWTP
Embarcadero rehabilitation			\$ 500,000					
Laurel Easement rehabilitation			\$ 200,000					
Highway 41 sewer main upsizing				\$ 100,000				
SCADA system						\$ 300,000		In conjunction with WWTP
Infrastructure:		50 year life						
782 Manholes			\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000		Conservative 2% per annum- repair/replacement as needed
303 Cleanouts								Conservative 2% per annum- repair/replacement as needed
1150 Sewer Main Segments								Conservative 2% per annum- repair/replacement as needed
			<u>\$ 3,235,000</u>	<u>\$ 3,741,000</u>	<u>\$ 5,723,000</u>	<u>\$ 2,350,000</u>	<u>\$ 55,000</u>	

**Harbor**

Buildings:									
Harbor Maint. Bldg. Front St. (Oil Yard)	01/01/15	25	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 42,000	Replace 2040, \$50k.	
Harbor Maint/Storage Bldg. (Gear Storage)	01/01/93	30						Leased to Coast Guard.	
Harbor Maint/Storage Bldg. (Boat Shed)	01/01/93	30						Pending legal status of property/building.	
Harbor Office	06/01/64	40	\$ 10,000	\$ 490,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$7,000 needs assessment.	
Facilities:									
North T-Pier	06/01/64	Indef.							
North T-Pier HP Slips	06/01/93	30+	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 210,000	Replace 2025, \$350k estimate.	
Ice Machine	06/01/07	30+ ?							
South T-Pier	06/30/92	Indef.							

**CITY OF MORRO BAY  
SCHEDULE OF FIVE-YEAR CAPITAL REQUIREMENTS  
AS OF THE 2015/16 FISCAL YEAR**

DESCRIPTION	YEAR ACQUIRED OR PLACED IN SERVICE	LIFE IN YEARS	FISCAL YEAR FOR REPLACEMENT AND COST					NOTES
			2015/16	2016/17	2017/18	2018/19	2019/20 +	
Beach Street Slips - North	01/01/83	30	\$ 340,000					Est. for complete replacement.
Beach Street Slips - South	06/01/80	30	\$ 225,000					Est. for complete replacement.
Dune Street Slips	01/01/95	30	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 270,000	Replace 2025, \$450k estimate.
Anchor Memorial Park Pier	01/01/85	Ind.						
Floating Dock	?	25-30						Sea lion dock.
Harbor End Dock & Pier (Galley Rest.)	?	25 (dock)		\$ 4,375	\$ 8,750			\$20k dock, \$15k gangway repl. w/75% grant funding.
MBB Street End Dock & Pier (Rose's)	?	25 (dock)		\$ 4,375	\$ 8,750			\$20k dock, \$15k gangway repl. w/75% grant funding.
Marina Street End Pier (Marina Square)	?	Indef.						
Mariner Park Dock & Pier (Estero Inn)	?	25 (dock)		\$ 2,500	\$ 5,000			Dock repl. w/75% grant funding (\$20k dock cost).
Tidelands Park Side Tie Dock	06/01/97	30	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 120,000	Replace 2027, \$180k estimate.
Launch Ramp Slips North	06/01/95	30	\$ 42,000	\$ 42,000	\$ 42,000	\$ 42,000	\$ 252,000	Replace 2025, \$420k estimate.
Launch Ramp Slips South	-01/01/00	25	\$ 22,000	\$ 22,000	\$ 22,000	\$ 22,000	\$ 132,000	Slips given substantial renovation in ~2000. Replace 2025, \$220k estimate.

**CITY OF MORRO BAY**  
**2015/16 ADOPTED BUDGET**

**OTHER INFORMATION**

1. Glossary
2. Investment Policy
3. Ordinances
4. Resolutions

# CITY OF MORRO BAY

## GLOSSARY OF TERMS

### **Accrual Basis of Accounting**

The basis of accounting by which revenues are recorded when earned and expenditures are recorded as soon as they result in liabilities for benefits received.

### **Appropriation**

A specific amount of money authorized by the City Council for an approved work program or individual project.

### **Assessed Valuation**

A dollar value placed on real estate or other property by San Luis Obispo County as a basis for levying property taxes.

### **Balanced Budget**

A budget in which planned expenditures do not exceed planned funds available.

### **Basic Financial Statements**

The financial statements that are prepared as of the end of the fiscal year, which is June 30, and provided to our auditor, who reviews them for accurate presentation and issues an opinion on them.

### **Basis of Budgeting**

Budgets are adopted on a basis consistent with accounting principles, generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital projects funds.

### **Beginning/Ending Cash Balance**

Unencumbered resources available in a fund from the prior/current year after payment of the prior/current year expenses.

### **Bond**

A certificate of debt issued by an entity, guaranteeing payment of the original investment, plus interest, by a specified future date.

### **Budget**

An annual financial spending plan. The budget identifies sources of income (revenues) and uses of money (funds to be spent on personnel, services, etc). The City of Morro Bay's budget encompasses one fiscal year.

### **Budget Calendar**

The schedule of key dates or milestones, which the City follows in the preparation and adoption of the budget.

### **Budget Message**

A general discussion of the preliminary/adopted budget presented in writing as part of, or supplement to, the budget document. Explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

### **CalPERS (also called PERS)**

The California Public Employees Retirement System, which is the agency providing pension benefits to all City employees.

### **CalPERS member definitions**

With the enactment of the 2013 Public Employees Pension Reform Act (PEPRA), new employees to an agency are classified into two groups:

- a. Classic members: these are new employees of the City of Morro Bay that have been CalPERS members, through a former employer, and have **not** had a break in service of more than 6 months.
- b. New members: these are new employees of the City of Morro Bay that have **never been** CalPERS members or have had a break in service of **more than 6 months**.

### **Capital Expenditures**

Typically are expenditures related to major construction projects such as roads, buildings, and parks. These expenditures are typically capitalized and depreciated over time.

### **Capital Outlay (Capital Assets)**

Equipment (fixed assets) with a value of \$5,000 or more and an estimated useful life of more than one year, such as automobiles and office furniture, which appear in the Operating Budget.

### **Capital Projects**

Projects that purchase or construct capital assets. Typically a capital project encompasses a purchase of land and/or the construction of a building or facility.

### **Capital Projects Funds**

General Capital Project Funds are governmental fund types that contain expenditures for general government (not enterprise) capital improvements, buildings, vehicles, land or equipment. Enterprise Capital Project Funds are proprietary fund types and contain the same expenses as those described above.

### **Capital Requirements (5 year)**

A multi-year financial plan containing proposed capital spending.

### **Certificates of Deposit (COP)**

A debt instrument used to fund capital projects. For the City of Morro Bay, a COP was issued with the USDA to fund a portion of the construction costs for Fire Station No. 53.

### **Community Development Grants**

Funds established to account for revenues from the federal government and expenditures as prescribed under programs such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships.

### **COPS (SLESF)**

Citizens Option for Public Safety, a special safety grant from the State of California.

### **Contingency**

An appropriation of funds to cover unforeseen events that occur during the fiscal year.

### **Council-Manager Form of Government**

An organizational structure in which the Mayor and City Council appoint an independent City Manager to be the chief operating officer of a local government. In practice, a City Council sets policies and the City Manager is responsible for implementing those policies effectively and efficiently.

### **Continuing Appropriations, or Carryovers**

Funding approved in the current budget, but not expended during a particular fiscal year. These appropriations are carried forward into the next fiscal year for their original intended purpose. For the City of Morro Bay, carryover funds are located in Special Revenue Funds (Measure Q, MBTBID) and Capital Project Funds.

### **Cost Allocation**

A method used to charge General Fund overhead costs to other funds, such as enterprise funds.

### **Debt Service**

The payment of principal and interest on borrowed funds, such as COPs.

### **Department**

An organizational unit comprised of programs or divisions. Examples include the Police, Fire, and Recreation Departments.

### **Enterprise Fund**

A fund-type established to account for the total costs of selected governmental facilities and services that are operated similar to private businesses.

**Equipment Outlay**

A category of expenditures that captures purchases of capital equipment, such as furniture, vehicles, large machinery, and other items.

**Estimate**

Represents the most recent estimate for current year revenue and expenditures. Estimates are based upon several months of actual expenditure and revenue experience, and consider the impact of unanticipated price or other economic factors.

**Expenditure**

The actual spending of funds set aside by appropriation for identified goods and services.

**Execute/Execution**

This is the performance or implementation of a directive.

**Fee**

A general term used for any charge levied by government for providing a service or performing an activity.

**Fines, Forfeitures, and Penalties**

Revenue category that contains monies resulting from violations of various City and state laws, and from damage to City property.

**FFA**

Firefighters Association, which is the group that represents the sworn fire safety personnel (with the exception of the Chief).

**Fiscal Year**

A twelve-month period of time designated as the budget year. The City of Morro Bay's fiscal year is July 1 to June 30.

**Full-Time Equivalent (FTE)**

A position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time Clerk working 20 hours per week would be equivalent to one-half of a full-time position, or 0.50 FTE.

**Fund**

A set of inter-related accounts to record revenues and expenditures (expenses) associated with a specific purpose. For a list of City funds, see the Table of Contents, *City Funds List*.

**Fund Balance**

The amount of unrestricted financial resources (not necessarily cash) in a given fund. These may be used to fund existing commitments, and may be available for any use permitted for the fund.

**GANN Limit (Proposition 4)**

Under this article of the California Constitution, the City must compute an annual appropriation limit that states a ceiling on the total amount of tax revenues the City can appropriate annually.

**Generally Accepted Accounting Principles (GAAP)**

Uniform minimum standards used by state and local governments for financial recording and reporting that have been established by the accounting profession through the Governmental Accounting Standards Board (GASB).

**General Fund**

The primary fund used by the City for which revenues and expenditures are not legally restricted for use. Examples of departments operating within the General Fund include Fire, Police, and City Manager.

**Governmental Accounting Standards Board (GASB)**

The Governmental Accounting Standards Board (GASB) was organized in 1984 by the Financial Accounting Foundation (FAF) to establish standards of financial accounting and reporting for state and local governmental entities. Its standards guide the preparation of external financial reports of those entities.

**Grant**

Contributions of cash or other assets from another governmental agency or other organization to be used or expended for a specific purpose, activity or facility.

**HUD**

The United States Department of Housing and Urban Development.

**Infrastructure**

Facilities that support the daily life and growth of the City, for example, roads, water lines, and sewers.

**Interfund Transfers**

A transfer of funds between departments/funds for specific purposes, as approved by the appropriate authority.

**Internal Service Funds**

The City has four Internal Service funds, collecting money from departments/funds to pay for the established purpose of the fund.

- a. Risk Management: this Fund manages the City's insurances, and has a committed minimum balance of \$100,000 as set by Resolution No. 33-15.
- b. Information Technology: this Fund will accumulate money for technology, as well as pay for normal operational items (*i.e.*, desktop computers, keyboard

replacements); establishing this Fund is a Management Partners' recommendation from the 2015 assessment.

- c. Capital Replacement: this Fund will accumulate money for the replacement of capital assets (*i.e.*, City Hall), and is also a Management Partners' recommendation from the 2015 assessment.
- d. Project Accumulation: this Fund will accumulate money for one-time projects, and is also a Management Partners' recommendation from the 2015 assessment.

### **Levy**

To impose taxes, special assessments, or charges for the support of City activities.

### **Licenses and Permits**

Revenue category that accounts for recovering costs associated with regulating business activity.

### **Miscellaneous employees**

This is the CalPERS retirement group that contains the SEIU-represented, non-sworn Police and Harbor, executive, management and confidential employees.

### **NPDES**

The National Pollution Discharge Elimination System, which is a permitting process with which the City is required to comply to ensure that storm water runoff is not contaminated.

### **Ordinance**

A formal legislative enactment by the governing board (City Council) of a municipality. If it is not in conflict with any higher form of law, an Ordinance has the full force and effect of law within the boundaries of the municipality to which it applies.

### **Operating Budget**

The annual appropriation of funds for on-going program costs, which include salaries, benefits, maintenance, operation, and capital outlay items.

### **PERS – see CalPERS**

### **Personnel Expenditures (Expenses)**

An expenditure (expense) category that captures costs related to employee compensation, such as salaries and fringe benefits. Personnel expenditures (expenses) include salaries, pensions, retirement, special pay, and insurance for full-time and part-time employees of the City.

**POA**

Police Officers Association, which is the group representing the sworn police safety and communications personnel (with the exception of the Chief, Commander and Support Services Coordinator).

**Program**

Represents major areas or support functions; defined as a service provided to citizens, other departments, or other agencies.

**Proposed/Preliminary Budget**

A balanced budget presented to the City Council by the City Manager. Any City Council changes to the Proposed/Preliminary Budget are incorporated into the final Adopted Budget.

**Request for Proposals (RFP)**

A written solicitation issued by the City which generally describes the goods or services sought to be procured, sets forth minimum standards and criteria for evaluating proposals submitted in response to it, generally describes the format and content of proposals to be submitted, provides for negotiation of terms and conditions of the contract and may place emphasis on described factors other than price to be used in evaluating proposals.

**Request for Quotes (RFQ)**

A written solicitation issued by the City for quotes for goods or services sought to be procured. This is a much less formal process than the RFP.

**Retired annuitant**

There are specific rules and restrictions with hiring individuals that are retired from the CalPERS retirement system. These affect people retired from **any CalPERS participating agency**. The main rules and restrictions are:

- a. **Fiscal year hours** restricted to 960 hours.
- b. Compensation restriction to **no more than** what the former position incumbent was earning.
- c. No additional benefits or reimbursements to the annuitant.

**Retirement Formulas (Tiers)**

The various CalPERS retirement formulas in which the City participates:

Non-sworn SEIU, Safety, Executive, Management, Confidential:

Tier 1	2.7% at age 55	Single highest year for final compensation
Tier 2	2% at age 60	Highest consecutive 36 months
Tier 3	2% at age 62	Highest consecutive 36 months

**Retirement Formulas (Tiers) - Continued**

Sworn Public Safety Fire, Police, Harbor Patrol:

Tier 1	3% at age 50	Single highest year for final compensation
Tier 2	3% at age 55	Highest consecutive 36 months
Tier 3	2.7% at age 57	Highest consecutive 36 months

**Revenues**

Funds received from the collection of taxes, fees, permits, licenses, interest, and grants during the fiscal year.

**Schedule**

A summary of expenditures, revenues, positions, or other data that reflects funding sources and spending plans of the budget and capital improvement programs.

**SEIU**

The Service Employees International Union, which is the union representing the majority of the City's general/miscellaneous employees.

**SLESF(COPS)**

Supplemental Law Enforcement Services Funds, which is a special Police safety grant from the State of California, currently budgeted at \$100,000 per year. This grant cannot be used to supplant (replace) monies historically budgeted for General Fund programs.

**Special Revenue Funds**

Revenues received that have specific purposes for which they are earmarked.

**Transfers**

Authorized exchanges of money, positions, or other resources between organizational units or funds.

**Transient Occupancy Tax (TOT)**

A tax that is levied on occupants of hotel and motel rooms in the City for stays of less than 30 days.

# CITY OF MORRO BAY INVESTMENT POLICY JULY 2015

## **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, as stated above in the Objectives section under Safety, 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:	David Buckingham
Admin Services Dir/Treasurer:	Susan Slayton
Human Resources Analyst:	Laurie Goforth
Senior Accounting Technician:	Cristie Brazzi

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.

## **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 is to be reviewed on a monthly basis to ensure that the investments are being properly tracked and reported.

*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 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](http://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.

**CITY OF MORRO BAY  
SCHEDULE OF UNFUNDED LIABILITIES  
AS OF 05/06/2015**

<u>DEPT</u>	<u>HOURS</u>	<u>SICK</u>		<u>COMPENSABLE HOURS <sup>1</sup></u>	
			<u>DOLLARS</u>	<u>HOURS</u>	<u>DOLLARS</u>
Administration	1,157.8900	\$	45,852.70	1,055.0350	\$ 42,837.66
Administrative Services <sup>2</sup>	4,071.8350		164,386.19	1,426.0200	51,465.24
Police <sup>3</sup>	6,701.7359		258,819.90	4,303.3450	168,967.52
Fire	10,437.2296		274,645.64	4,627.5650	121,680.70
Public Works	1,356.3000		71,721.10	1,180.3600	56,477.46
Water	2,008.2250		60,610.28	1,191.6800	36,046.59
Sewer Collections	1,730.3300		43,426.84	672.2450	17,254.11
Wastewater Treatment	965.2924		36,122.1000	990.3785	33,138.60
Recreation <sup>4</sup>	1,178.7350		35,561.41	612.8200	17,098.69
Consolidated Maintenance <sup>5</sup>	928.3400		23,669.11	413.1200	9,643.68
Community Development	371.4400		12,821.02	261.1600	9,416.89
Harbor	<u>2,004.9100</u>		<u>84,481.87</u>	<u>1,386.2750</u>	<u>48,706.72</u>
Totals	<u>32,912.2629</u>	\$	<u>1,112,118.16</u>	<u>18,120.0035</u>	\$ <u>612,733.86</u>

<sup>1</sup> Compensable hours includes vacation, floating holiday, comp time and administrative leave

<sup>2</sup> Departments include Human Resources, Legal, Finance and Information Technology

<sup>3</sup> Departments include Police and Communications

<sup>4</sup> Departments include Administration, Sports and Youth

<sup>5</sup> Departments include Vehicle, Streets, Facilities and Parks Maintenance

**ORDINANCE 519**

**AN ORDINANCE OF THE CITY OF MORRO BAY  
ADDING CHAPTER 3.22 TO TITLE 3 OF THE MORRO BAY  
MUNICIPAL CODE ESTABLISHING A TRANSACTIONS  
AND USE TAX TO BE ADMINISTERED BY THE  
STATE BOARD OF EQUALIZATION**

**THE CITY COUNCIL  
CITY OF MORRO BAY, CALIFORNIA**

The City Council of the City of Morro Bay does ordain as follows:

**Section 1. Authority.**

The City Council enacts this ordinance in accordance with the authority granted to cities by Article XI, Section 7, of the California Constitution.

**Section 2. Addition of Chapter.**

Chapter 3.22 is hereby added to Title 3 of the Morro Bay Municipal Code.

**3.22.010 Title.**

This Chapter shall be known as the City of Morro Bay Transactions and Use Tax Ordinance. The City of Morro Bay hereinafter shall be called "City." This ordinance shall be applicable in the incorporated territory of the City.

**3.22.020 Operative Date.**

"Operative Date" means the first day of the first calendar quarter commencing more than 110 days after the later of the adoption of this ordinance and chapter, the date of such adoption being as set forth below, or the approval of the voters of the City of a measure approving the imposition of the transaction and use tax set forth herein; provided that if the City shall not have entered into a contract with the State Board as required herein prior to such date, the Operative date shall be the first day of the first calendar quarter following execution of such a contract.

**3.22.030 Purpose.**

The purpose of this chapter is to achieve the following, among other purposes, and directs that the provisions hereof be interpreted in order to accomplish those purposes:

A. To impose a retail transactions and use tax in accordance with the provisions of Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section 7285.9 of Part 1.7 of Division 2 which authorizes the City to adopt this tax ordinance which shall be operative if a majority of the qualified voters of the City voting on the measure vote to approve the imposition of the tax at an election called for that purpose.

B. To adopt a retail transactions and use tax ordinance that incorporates provisions identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the Revenue and Taxation Code.

C. To adopt a retail transactions and use tax ordinance that imposes a tax and provides a measure therefore that can be administered and collected by the State Board of Equalization in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from, the existing statutory and administrative procedures followed by the State Board of Equalization in administering and collecting the California State Sales and Use Taxes.

D. To adopt a retail transactions and use tax ordinance that can be administered in a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use taxes, and at the same time, minimize the burden of record keeping upon persons subject to taxation under the provisions of this ordinance.

#### **3.22.040 Contract With State.**

Prior to the operative date, the City shall contract with the State Board of Equalization to perform all functions incident to the administration and operation of this transactions and use tax ordinance; provided, that if the City shall not have contracted with the State Board of Equalization prior to the operative date, it shall nevertheless so contract and in such a case the operative date shall be the first day of the first calendar quarter following the execution of such a contract.

#### **3.22.050 Transactions Tax Rate.**

For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all retailers in the incorporated territory of the City at the rate of one half of one percent (0.5%) of the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the City on and after the operative date of this ordinance.

#### **3.22.060 Place Of Sale.**

For the purposes of this ordinance, all retail sales are consummated at the place of business of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross receipts from such sales shall include delivery charges, when such charges are subject to the state sales and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent place of business in the State or has more than one place of business, the place or places at which the retail sales are consummated shall be determined under rules and regulations to be prescribed and adopted by the State Board of Equalization.

#### **3.22.070 Use Tax Rate.**

An excise tax is hereby imposed on the storage, use or other consumption in the incorporated territory of the City of tangible personal property purchased from any retailer on and after the operative date of this ordinance for storage, use or other consumption in the City at the rate of one-half of one percent (0.5%) of the sales price of

the property. The sales price shall include delivery charges when such charges are subject to state sales or use tax regardless of the place to which delivery is made.

**3.22.080 Adoption Of Provisions Of State Law.**

Except as otherwise provided in this ordinance and Chapter and except insofar as they are inconsistent with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby adopted and made a part of this Ordinance and Chapter as though fully set forth herein.

**3.22.090 Limitations On Adoption Of State Law And Collection Of Use Taxes.**

In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

A. Wherever the State of California is named or referred to as the taxing agency, the name of this City shall be substituted therefore. However, the substitution shall not be made when:

1. The word "State" is used as a part of the title of the State Controller, State Treasurer, State Board of Control, State Board of Equalization, State Treasury, or the Constitution of the State of California;

2. The result of that substitution would require action to be taken by or against this City or any agency, officer, or employee thereof rather than by or against the State Board of Equalization, in performing the functions incident to the administration or operation of this Ordinance.

3. In those sections, including, but not necessarily limited to sections referring to the exterior boundaries of the State of California, where the result of the substitution would be to:

a. Provide an exemption from this tax with respect to certain sales, storage, use or other consumption of tangible personal property which would not otherwise be exempt from this tax while such sales, storage, use or other consumption remain subject to tax by the State under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code, or;

b. Impose this tax with respect to certain sales, storage, use or other consumption of tangible personal property, which would not be subject to tax by the State under the said provision of that code.

4. In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715, 6737, 6797 or 6828 of the Revenue and Taxation Code.

B. The word "City" shall be substituted for the word "State" in the phrase "retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in Section 6203.

### **3.22.100 Permit Not Required.**

If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation Code, an additional transactor's permit shall not be required by this ordinance.

### **3.22.110 Exemptions And Exclusions.**

A. There shall be excluded from the measure of the transactions tax and the use tax the amount of any sales tax or use tax imposed by the State of California or by any city, city and county, or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any State-administered transactions or use tax.

B. There are exempted from the computation of the amount of transactions tax the gross receipts from:

1. Sales of tangible personal property, other than fuel or petroleum products, to operators of aircraft to be used or consumed principally outside the County in which the sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or property under the authority of the laws of this State, the United States, or any foreign government.

2. Sales of property to be used outside the City which is shipped to a point outside the City, pursuant to the contract of sale, by delivery to such point by the retailer or his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the purposes of this paragraph, delivery to a point outside the City shall be satisfied:

a. With respect to vehicles (other than commercial vehicles) subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code by registration to an out-of-City address and by a declaration under penalty of perjury, signed by the buyer, stating that such address is, in fact, his or her principal place of residence; and

b. With respect to commercial vehicles, by registration to a place of business out-of-City and declaration under penalty of perjury, signed by the buyer, that the vehicle will be operated from that address.

3. The sale of tangible personal property if the seller is obligated to furnish the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. A lease of tangible personal property which is a continuing sale of such property, for any period of time for which the lessor is obligated to lease the property for an amount fixed by the lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, the sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the

unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

C. There are exempted from the use tax imposed by this ordinance, the storage, use or other consumption in this City of tangible personal property:

1. The gross receipts from the sale of which have been subject to a transactions tax under any state-administered transactions and use tax ordinance.

2. Other than fuel or petroleum products purchased by operators of aircraft and used or consumed by such operators directly and exclusively in the use of such aircraft as common carriers of persons or property for hire or compensation under a certificate of public convenience and necessity issued pursuant to the laws of this State, the United States, or any foreign government. This exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and Taxation Code of the State of California.

3. If the purchaser is obligated to purchase the property for a fixed price pursuant to a contract entered into prior to the operative date of this ordinance.

4. If the possession of, or the exercise of any right or power over, the tangible personal property arises under a lease, which is a continuing purchase of such property for any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease prior to the operative date of this ordinance.

5. For the purposes of subsections (3) and (4) of this section, storage, use, or other consumption, or possession of, or exercise of any right or power over, tangible personal property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for which any party to the contract or lease has the unconditional right to terminate the contract or lease upon notice, whether or not such right is exercised.

6. Except as provided in subparagraph (7), a retailer engaged in business in the City shall not be required to collect use tax from the purchaser of tangible personal property, unless the retailer ships or delivers the property into the City or participates within the City in making the sale of the property, including, but not limited to, soliciting or receiving the order, either directly or indirectly, at a place of business of the retailer in the City or through any representative, agent, canvasser, solicitor, subsidiary, or person in the City under the authority of the retailer.

7. "A retailer engaged in business in the City" shall also include any retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, or undocumented vessels registered under Chapter 2 of Division 3.5 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the City.

D. Any person subject to use tax under this ordinance may credit against that tax any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect to the sale to the person of the property the storage, use or other consumption of which is subject to the use tax.

### **3.22.120 Citizens Oversight Committee.**

A. Citizens Oversight Committee Established. There shall be a permanent citizens' advisory committee called the "Citizens Oversight Committee" (hereinafter "Committee"), which shall semi-annually review revenues and expenditures from the collection of the tax.

B. Committee Membership. The Committee shall have 5 citizen-members appointed by the City Council for six-year terms with initially 3 members serving 3 years, and 3 members serving 6 years. Appointees shall be residents of the City; however, no member of the Committee shall be an elected official.

C. Committee Organization Procedures. The committee shall select one of its members as Chairperson. The Committee shall follow the rules of procedure of the City unless and until, upon the report and recommendation from the Committee, the City Council adopts a specific set of procedural rules for the Committee.

D. Regular Meeting; Provision of Support Services and Information. The Committee shall be subject to the provisions of the Brown Act (California Government Code sections 54950 et seq.) and shall meet at least once each calendar year. A regular meeting schedule shall be determined in accordance with the Brown Act and thereafter meetings shall be noticed by the City Clerk. The City Manager or his/her designee shall serve as executive staff to the Committee. In addition to receiving materials directly related to the functioning of the Committee, the Committee members shall also receive all agenda material and other primary staff reports (other than those which are confidential) as are provided to the City Council.

E. Citizens Oversight Committee Functions. The Committee shall have the following function:

Semi-Annual Report: The Committee shall review a semi-annual expense report of the City relative to activities funded with the additional general purpose local sales tax monies. Not later than the last day of the sixth month following the end of the each City fiscal year, the Committee will present its findings and conclusions to the City Council for its review.

### **3.22.130 Amendments.**

All amendments subsequent to the effective date of this ordinance to Part 1 of Division 2 of the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this ordinance, provided however,

that no such amendment shall operate so as to affect the rate of tax imposed by this ordinance.

**3.22.140 Enjoining Collection Forbidden.**

No injunction or writ of mandate or other legal or equitable process shall issue in any suit, action or proceeding in any court against the State or the City, or against any officer of the State or the City, to prevent or enjoin the collection under this ordinance, or Part 1.6 of Division 2 of the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

**3.22.150 Severability.**

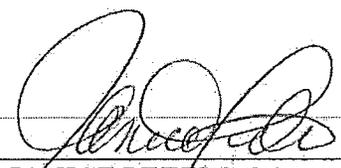
If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

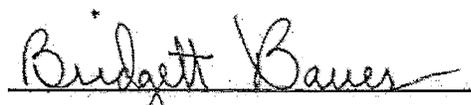
**3.22.160 Effective Date.**

If this ordinance is approved by a majority of the electors voting on the issue at the November 7, 2006 general municipal election, pursuant to Election Code Section 9217, the tax shall become effective ten (10) after the City Council accepts the certified results of the election.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay on the 14<sup>th</sup> day of August 2006 by the following vote to wit:

**AYES:** DeMeritt, Peirce, Peters, Winholtz  
**NOES:** Baxley  
**ABSENT:** None  
**ABSTAIN:** None

  
\_\_\_\_\_  
JANICE PETERS, Mayor

**ATTEST:**  
  
  
\_\_\_\_\_  
BRIDGETT BAUER, City Clerk

**APPROVED AS TO FORM:**  
  
  
\_\_\_\_\_  
ROBERT W. SCHULTZ, Esq.  
City Attorney

**ORDINANCE NO. 546**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY ESTABLISHING THE  
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT  
(MBTBID), FIXING THE BOUNDARIES THEREOF, AND PROVIDING FOR  
THE LEVY OF A BUSINESS ASSESSMENT TO BE PAID BY  
THE HOTEL BUSINESSES IN SUCH DISTRICT**

**THE CITY COUNCIL  
CITY OF MORRO BAY, CALIFORNIA**

**WHEREAS**, on February 23, 2009, the City Council of the City of Morro Bay adopted Resolution No. 08-09 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring Its Intention to Establish the Morro Bay Tourism Business Improvement District (MBTBID), Declaring Its Intention to Levy an Assessment on Lodging Businesses Within Such District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

**WHEREAS**, as specified in such Resolution, the boundaries of the district encompass the City of Morro Bay and there are no separate benefit zones within the district; and

**WHEREAS**, said Resolution was published and copies thereof were duly mailed and posted, all as provided by state law and specified in the Resolution; and

**WHEREAS**, pursuant to Resolution No. 08-09 a public meeting concerning the formation of said district was held before the City Council on March 23, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

**WHEREAS**, pursuant to Resolution No. 08-09 a public hearing concerning the formation of said district was held before the City Council on April 13, 2009 at 6 p.m. in the City Council Chambers at the Veterans Hall located at 209 Surf Street in Morro Bay; and

**WHEREAS**, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

**WHEREAS**, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

**WHEREAS**, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Morro Bay as follows:

**SECTION 1.** Pursuant to authority granted under the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., the City of Morro Bay Tourism Business Improvement District (MBTBID) is hereby established in the City of Morro Bay as herein set forth and all hotel establishments in the district established by this ordinance shall be subject to any amendments made hereafter to said law or to other applicable laws.

**SECTION 2.** The City Council of the City of Morro Bay finds that hotel establishments within the Morro Bay Tourism Business Improvement District will be benefited by the improvements and activities funded by assessments to be levied.

**SECTION 3.** Chapter 3.60 (Tourism Business Improvement District) is hereby added to Title 3 (REVENUE AND FINANCE) of the Morro Bay Municipal Code to read as follows:

**3.60.010 Title.**

This chapter shall be known as the "City of Morro Bay Tourism Business Improvement District Law."

**3.60.020 Definitions.**

- A. "City Council" shall mean the City Council of the City of Morro Bay.
- B. "City Advisory Body" shall mean the Advisory Body appointed by the City Council, pursuant to this chapter.
- C. "District" shall mean the City of Morro Bay Tourism Business Improvement District (or "MBTBID") created by this chapter and as delineated in Section 3.60.040.
- D. "Hotel" shall mean any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, motel, or bed and breakfast that pays Transient Occupancy Tax. For purposes of this chapter the definition of "hotel" shall not include RV parks and vacation rentals.
- E. "Law" shall mean the Parking and Business Improvement Area Law of 1989, California Streets and Highways Code Sections 36500 et seq., as amended.
- F. "Operator" shall mean the person who is the proprietor of the hotel, whether in the capacity of owner, lessee, sublessee, mortgagee in possession, licensee or any other capacity. Where the operator performs his/her functions through a managing agent of any type or character other than an employee, the managing agent shall also be deemed an operator for the purposes of this chapter and shall have the same duties and liabilities as his/her principal. Compliance with the provisions of this chapter by either the principal or the managing agent shall, however, be considered to be compliance by both.
- G. "Transient" means any person who exercises occupancy or who is entitled to occupancy, by reason of concession, permit, right of access, license, or other agreement for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days.

**3.60.030 Authorized Uses.**

This ordinance is made and enacted pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 (Sections 36500, et. seq., of the Streets and Highways Code) (the "law"). The purpose of forming the district as a business improvement area under the Parking and

Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination. It is the intent of this chapter to provide a supplemental source of funding for the promotion of tourism in the district. The specific services, activities and programs to be provided by the district are as follows:

- A. The general promotion of tourism within the district is to include costs as specified in the business plan to be adopted annually; and
- 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.

**3.60.040 Boundaries.**

The boundaries of the MBTBID shall be the boundaries of the City of Morro Bay.

**3.60.050 Levy of assessment and exemptions.**

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for the purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment.

**3.60.060 Annual review of assessment.**

All of the assessments imposed pursuant to this chapter shall be reviewed by the Morro Bay City Council annually, based upon the annual report prepared by the Advisory Board appointed pursuant to this chapter and Sections 36530 and 36533 of the law. After approval of the annual report, the Morro Bay City Council shall follow the hearing process as outlined in Section 36534 of the law. At the public hearing the Morro Bay City Council shall hear and consider all protests. If written protests are received from hotel businesses in the district paying fifty percent (50%) percent or more of the annual assessment, no further proceedings to continue the levy of assessments shall take place. The protests shall be weighted based upon the annual assessment for the prior year by each hotel business.

**3.60.070 Imposition of assessment.**

The Morro Bay City Council hereby levies and imposes and orders the collection of an additional assessment to be imposed upon hotel businesses in the district described above, which shall be calculated pursuant to Section 3.60.050 above. Such levy shall begin on June 1, 2009.

**3.60.080 Use of revenue.**

The activities to be provided by the MBTBID will be funded by the levy of the assessments and any voluntary contributions. The total revenue from the levy of assessments and any other voluntary contributions within the MBTBID shall not be used to provide improvements or activities outside the MBTBID or for any purpose other than the purposes specified in the resolution of intention. The proceeds of the hotel business assessment and any other voluntary contributions shall be spent to administer marketing and visitor programs to promote the City of Morro Bay as a tourism visitor destination. All funds shall be expended consistent with the purposes of this Section. Funds remaining at the end of any MBTBID term may be used in subsequent years in which MBTBID assessments are levied as long as they are used consistent with the requirements of this Section. The Morro Bay City Council shall consider recommendations made by the Advisory Board created by Section 3.60.100 of this ordinance as to the use of assessment revenue.

**3.60.090 Delinquency, penalty and interest.**

Any hotel business that fails to remit any assessment imposed by this ordinance within the time required shall pay a penalty of ten percent (10%) of the assessment amount in addition to the assessment. Any and all remedies available to the City of Morro Bay for non-payment of assessment or taxes shall be applicable in the event of non-payment of an assessment under this chapter. Any penalty and interest fees collected from a hotel business due to delinquency shall go to the City of Morro Bay.

**3.60.100 Advisory board.**

The City Council shall appoint an Advisory Board pursuant to Section 36530 of the California Streets and Highways Code in order to make recommendations to the City Council on the expenditure of revenues derived from the levy of assessments, on proposed improvements and activities, and on the method and basis of levying assessments. The City Council may, by resolution, adopt bylaws governing the membership and operations of the Advisory Board.

**3.60.110 Severability.**

If any section, subsection, sentence, clause or phrase of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the ordinance. The Morro Bay City Council hereby declares that it would have passed this ordinance and each section, subsection, sentence, clause and phrase hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses or phrases hereof be declared invalid or unconstitutional.

**3.60.120 Modification or disestablishment.**

The City of Morro Bay, by ordinance, may modify the provisions of this chapter and may disestablish the district or parts of the district, after adopting a resolution of intention to such effect. Such resolution shall describe the proposed change or changes, or indicate that it is proposed to disestablish the district, and shall state the time and place of a hearing to be held by the Morro Bay City Council to consider the proposed action. If the operators of hotels which pay fifty percent (50%) or more of the assessments in the district file a petition with the City Clerk of the City of Morro Bay requesting the Morro Bay City Council to adopt a resolution of intention to modify or disestablish the district, the Morro Bay City Council shall adopt such resolution and act upon it as required by law. Signatures on such petition shall be those of a duly authorized representative of the operators of hotels in the district. In the event the resolution proposes to modify any of the provisions of this chapter, including changes in

the existing assessments or in the existing boundaries of the district, such proceedings shall terminate if protest is made by the operators of hotels which pay fifty percent (50%) or more of the assessments in the district, or in the district as it is proposed to be enlarged.

In the event the resolution proposes disestablishment of the district, the Morro Bay City Council shall disestablish the district, unless at such hearing protest against disestablishment is made by the operators of hotels paying fifty percent (50%) or more of the assessments in the district.

**3.60.130 Effective date.**

The City Clerk of the City of Morro Bay shall certify to the passage of this ordinance by the Morro Bay City Council and cause it to be posted in three conspicuous places in the City of Morro Bay and it shall take effect on the thirty-first day after it is approved by the Morro Bay City Council.

**SECTION 4.** The City Clerk shall cause this ordinance to be published once within fifteen (15) days after its passage in a newspaper of general circulation, printed, published and circulated in the city in accordance with Section 36933 of the Government Code.

**INTRODUCED** at the regular meeting of the City Council of the City of Morro Bay held on the 13th day of April 2009, by motion of Councilmember Borchard and seconded by Councilmember Smukler.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay on the 27<sup>th</sup> day of April 2009 by the following vote to wit:

- AYES: Borchard, Grantham, Smukler, Winholtz, Peters
- NOES: None
- ABSENT: None
- ABSTAIN: None

  
 \_\_\_\_\_  
 JANICE PETERS, Mayor

**ATTEST:**

  
 \_\_\_\_\_  
 BRIDGETT BAUER, City Clerk

**ORDINANCE NO. 562**

**AN ORDINANCE OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY AMENDING  
THE MORRO BAY MUNICIPAL CODE SECTION 3.60.050  
REGARDING INCREASING THE ASSESSMENT TO THE  
MORRO BAY TOURISM BUSINESS IMPROVEMENT DISTRICT**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, on July 12, 2010, the City of Morro Bay Council adopted Resolution No. 40-10 entitled, "Resolution of the City Council of the City of Morro Bay, California Declaring its Intention to Adopt an Ordinance Increasing the Assessment on Lodging Businesses Within the Morro Bay Tourism Business Improvement District, and Fixing the Time and Place of a Public Meeting and a Public Hearing Thereon and Giving Notice Thereof"; and

**WHEREAS**, as specified in such Resolution, the City Council declared its intention to consider adopting an ordinance to increase the amount of the Morro Bay Tourism Business Improvement District's assessment from 2% to 3%; and

**WHEREAS**, said Resolution was published and copies thereof were duly mailed and posted, all as provided by State law and specified in the Resolution; and

**WHEREAS**, pursuant to Resolution a public meeting concerning the increase in the assessment was held before the City Council on August 9, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

**WHEREAS**, pursuant to Resolution a public hearing concerning the increase in the assessment was held before the City Council on September 13, 2010 at 6 p.m. in the City Council Chambers at the Veteran's Hall located at 209 Surf Street in Morro Bay; and

**WHEREAS**, all written and oral protests made or filed were duly heard, and testimony for and against the proposed action was received and considered; and

**WHEREAS**, the City Council determined that there was no majority protest within the meaning of Streets and Highways Code Section 36525, as written protests were not received from owners of businesses in the proposed district which would pay fifty percent (50%) or more of the assessments proposed to be levied; and

**WHEREAS**, protests are weighted based on the assessment proposed to be levied on each hotel. For purposes of the initial formation of the district, the proposed assessment to be levied was calculated based on the assessment rate multiplied by the most recent available data for the hotels' rental revenues.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Morro Bay that Morro Bay Municipal Code Section 3.60.050 be amended as follows:

**3.60.050 Levy of assessment and exemptions.**

The MBTBID shall include all hotel businesses located within the MBTBID boundaries. Commencing June 1, 2009, The assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 3% of the rent charged by the operator per occupied room per night for all transient occupancies. Commencing on June 1, 2010, and from year to year thereafter, the assessment to be levied on all hotel businesses within the MBTBID boundaries shall be based upon 2% of the rent charged by the operator per occupied room per night for all transient occupancies. The assessment shall be collected monthly, based on percent (%) of the rent charged by the operator per occupied room per night in revenues for the previous month. New hotel businesses within the boundaries shall not be exempt from the levy of assessment authorized by Section 36531 of the law. Assessments pursuant to the MBTBID shall not be included in gross room rental revenue for purpose of determining the amount of the transient occupancy tax. The value of extended stays of more than thirty (30) consecutive calendar days shall be exempt from the levy of assessment. Any other exclusion shall be based on benefit and the policies and ordinances of the collecting agency.

A summary of this ordinance, together with the names of Council members voting for and against it, shall be published at least five (5) days prior to its final adoption, in The Tribune, a newspaper published and circulated in the City of Morro Bay. This ordinance shall go into effect on November 1, 2010.

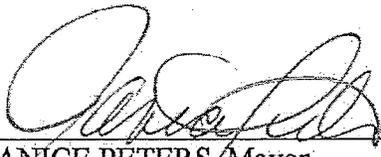
**INTRODUCED** at the regular meeting of the City Council of the City of Morro Bay held on the 13<sup>th</sup> day of September 2010, by motion of Councilmember Grantham and seconded by Councilmember Borchard.

**PASSED, APPROVED AND ADOPTED** by the City Council of the City of Morro Bay on the 27<sup>th</sup> day of September, 2010 by the following vote:

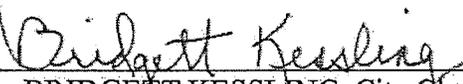
**AYES:** Borchard, Grantham, Smukler, Winholtz, Peters

**NOES:** None

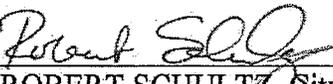
**ABSENT:** None

  
\_\_\_\_\_  
JANICE PETERS, Mayor

**ATTEST:**

  
\_\_\_\_\_  
BRIDGETT KESSLING, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
ROBERT SCHULTZ, City Attorney

**RESOLUTION NO. 47-07**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY  
ADOPTING THE DEVELOPMENT IMPACT FEE CALCULATION AND  
NEXUS REPORT FOR THE CITY OF MORRO BAY, CALIFORNIA, AND  
SUBSEQUENT DOCUMENTATION ACCOMPANYING SUCH REPORT AND  
ESTABLISHING DEVELOPMENT IMPACT FEES FOR ALL DEVELOPMENT  
WITHIN THE CITY OF MORRO BAY**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, the City Council decided that it was necessary and desirable to conduct a comprehensive review of the City's development impact fees to determine whether those fees are adequate to defray the cost of public facilities related to development projects; and

**WHEREAS**, the City contracted with MuniFinancial for a comprehensive evaluation of the City's existing development impact fees; and

**WHEREAS**, MuniFinancial prepared a report, entitled the *Public Facilities Fee Study* for the City of Morro Bay, California, in September of 2007 (attached hereto as Exhibit A) that recommends an increase to the City's development impact fees and explains the nexus between the imposition of the fee and the estimated reasonable cost of providing the service for which the fee is charged; and

**WHEREAS**, the *Public Facilities Fee Study* for the City of Morro Bay, California, has been available for public review and comment; and

**WHEREAS**, following the issuance of *Public Facilities Fee Study* for the City of Morro Bay, California, the City held a public hearing on September 10, and September 24, 2007 and received additional information; and

**WHEREAS**, the *Public Facilities Fee Study* for the City of Morro Bay, California substantiates the need for an increase in development impact fees amongst different categories of services and facilities provided by the City; and

**WHEREAS**, the City has been imposing various impact fees, including fees for sewer water and traffic, among others; and

**WHEREAS**, the City Council desires to adopt new development impact fees, in accordance with the nexus calculations and recommendations in the Report; and

**WHEREAS**, after conducting another public hearing and taking further testimony, the City Council has determined that these fees shall be reduced by 50 percent to the greatest extent practical without impacting the current fees, and that these revised impact fees are provided in Exhibit B; and

**WHEREAS**, it is the intent of the City Council to exempt any projects currently submitted for discretionary permits and/or building permits from paying the new impact fees if those projects were submitted for review to the City by September 24, 2007.

**WHEREAS**, in compliance with the Mitigation Fee Act (Government Code section 66000 *et seq.*), the City Council held a public hearing to solicit public input on the proposed development impact fees on September 10, and September 24, 2007.

**NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY RESOLVE AS FOLLOWS:**

**SECTION 1. Findings Pursuant to Government Code Section 66001.**

The City Council finds and determines that the *Public Facilities Fee Study* (hereinafter "Report") complies with California Government Code section 66001 by establishing the basis for the imposition of fees on new development. This finding is based on the fact that the Report:

- (a) Identifies the purpose of the fee;
- (b) Identifies the use to which the fee will be put;
- (c) Shows a reasonable relationship between the use of the fee and the type of development project on which the fee is imposed;
- (d) Demonstrates a reasonable relationship between the need for the public facilities and the type of development projects on which the fee is imposed; and
- (e) Demonstrates a reasonable relationship between the amount of the fee and the cost of the public facilities or portion of the public facilities attributable to the development on which the fee is imposed.

**SECTION 2. Fees for Uses Consistent with the Report.**

The City Council hereby determines that the fees collected pursuant to this resolution shall be used to finance the public facilities described or identified in the Report, the Master Facilities Plan or such other public facility master plans as may from time to time be adopted by the City Council.

**SECTION 3. Approval of Items in Report.**

The City Council has considered the specific project descriptions and cost estimates identified in the Report and hereby approves such project descriptions and cost estimates and finds them reasonable as the basis for calculating and imposing certain development impact fees.

#### **SECTION 4. Consistency with General Plan.**

The City Council finds that the projects and fee methodology identified in the Report are consistent with the City's General Plan and Local Coastal Plan.

#### **SECTION 5. Differentiation Among Fees.**

The City Council finds that the development impact fees recommended in the Report are separate and different from other fees the City may impose as a condition of final map approval, building permit issuance or tentative or parcel map approval pursuant to its authority under the Subdivision Map Act, the Quimby Act, and the City's implementing ordinances, as may be amended from time to time, for, among other projects, the construction of storm drainage, major thoroughfares and bridges and the acquisition of parkland. In no event, however, shall a developer be required to pay for both a fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act and a portion of the development impact fee as that would be used to fund the same type of facility as the fee imposed pursuant to the Subdivision Map Act and/or the Quimby Act. In addition, this resolution shall not be deemed to affect the imposition or collection of the water and sewer connection fees authorized by the Municipal Code.

#### **SECTION 6. CEQA Finding.**

The adoption of the Report and the development impact fee are categorically exempt from environmental review pursuant to section 15061(b)(3) of the California Environmental Quality Act guidelines. The intent of the Report and development impact fee is to provide one way to fund projects and services that have been identified in environmental analyses of other planning efforts, including the General Plan EIR, and various City master plans, among others.

#### **SECTION 7. Adoption of Report.**

The *Public Facilities Fee Study* by MuniFinancial for the City of Morro Bay, California, is hereby adopted.

#### **SECTION 8. Timing of Fee.**

A development impact fee shall be imposed upon the issuance of any development permit and shall be paid prior to issuance of a certificate of occupancy for the project, or at such earlier time as permitted by law, as set forth in Government Code section 66007. A "development permit" means any permit or approval from the City including, but not limited to, subdivision map, revised final planned development, building permit or other permit for construction, reconstruction, or addition.

### **SECTION 9. Amount of Fee.**

The City Council hereby approves and adopts the development impact fees as set forth in the Report attached to this resolution and incorporated herein. The Report sets forth the aggregate amount imposed as a development impact fee for both residential and non-residential land uses and also sets forth the breakdown of each development impact fee by type of facility or service. The amount of the development impact fee shall be reduced or a credit shall be applied towards the fee in proportion to the monetary cost of any improvements installed that would have been funded by the development impact fee. The amount of the development impact fees shall be modified annually each July 1 based on the change in the Engineering News Record's construction cost index (ENR-CCI) as reported for the twelve month period ending in April of each year (April 2007 ENR-CCI = 7865). Further, the City Council shall formally review the development impact fees once every two years, or whenever the City Council updates a major City Council policy document that could have an impact on development impact fees, such as the General Plan.

### **SECTION 10. Use of Fee.**

The development impact fees shall be solely used for (1) the purposes described in the Report; (2) reimbursing the city for the development's fair share of those capital improvements already constructed by the City; or (3) reimbursing developers who have already constructed public facilities described in the Report or the Master Facilities Plan or other facility master plans adopted from time to time by the City Council, where those facilities exceeded that needed to mitigate the impacts of the developers' project or projects.

### **SECTION 11. Fee Determination by Square Footage.**

Development impact fees for all land uses shall be based upon the square footage of the building. The development impact fee categories are set forth in the Report, which have been further revised in the fee program set forth in Exhibit B. Water and wastewater development impact fees shall be based upon the meter size as set forth in the Report and Master Fee Schedule.

### **SECTION 12. 500 Square Foot Exemption.**

Development impact fees shall not apply to the first 500 square feet of new square footage of any proposed addition for single-family residential projects. Should the addition exceed 500 square feet, the calculation of impact fees shall be based on the total additional new square footage area.

**SECTION 13. Current Projects Exempt for New Impact Fees.**

Any project submitted for either discretionary and/or building permit approval as of September 24, 2007 shall be exempt from paying these new Development Impact Fees. All other currently existing impact fees in effect on September 24, 2007 shall remain in effect.

**SECTION 14. Cumulative additions.**

Whenever the cumulative quantity of new additional square footage improvements and all other permitted additions during the preceding five-year period is over 500 square feet, payment of impact fees for the total additional area constructed during the said five year period shall be required.

**SECTION 15. Prior Resolutions and Ordinances Superseded.**

The development impact fees approved and adopted by this resolution shall take effect in sixty (60) days and shall supersede previously adopted resolutions that set the amounts of development impact fees.

**SECTION 16. Severability.**

If any action, subsection, sentence, clause or phrase of this resolution or the imposition of a development impact fee for any project described in the Report or the application thereof to any person or circumstance shall be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect the validity of the remaining portions of this resolution or other fees levied by this resolution that can be given effect without the invalid provisions or application of fees.

**SECTION 17. Effective Date.**

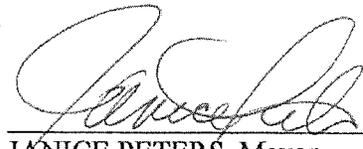
Consistent with California Government Code section 66017(a), the fees adopted by this resolution shall take effect sixty (60) days following the adoption of this resolution by the City Council.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay this 8th day of October 2007 by the following vote:

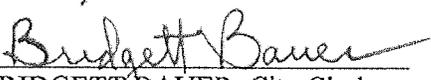
AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters

NOES: None

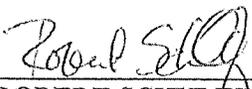
ABSENT: None

  
\_\_\_\_\_  
JANICE PETERS, Mayor

ATTEST:

  
\_\_\_\_\_  
BRIDGETT BAUER, City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
ROBERT SCHULTZ, City Attorney

**RESOLUTION NO. 48-08**

**A RESOLUTION OF THE CITY COUNCIL OF  
THE CITY OF MORRO BAY, CALIFORNIA  
AUTHORIZING THE ANNUAL TRANSFER OF EXCESS  
OPERATING CASH TO ACCUMULATION FUNDS**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, the City of Morro Bay's operating funds generally have positive cash remaining at the end of each fiscal year; and

**WHEREAS**, the City of Morro Bay desires to identify that excess operating cash by moving it to an accumulation fund; and

**WHEREAS**, moving the excess cash to the accumulation fund has the potential to increase interest earnings in that fund.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that all excess operating cash will be moved to an associated accumulation fund including, but not limited, to the following fund list:

OPERATING FUND

General Fund  
Water Revenue  
Sewer Revenue  
Harbor Operations

ACCUMULATION FUND

General Fund Accumulation  
Water Accumulation  
Sewer Accumulation  
Harbor Accumulation

**PASSED, APPROVED, AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 11<sup>th</sup> day of August 2008, by the following vote to wit:

AYES: DeMeritt, Grantham, Peirce, Winholtz, Peters  
NOES: None  
ABSENT: None



\_\_\_\_\_  
Janice Peters, Mayor

  
\_\_\_\_\_  
Bridgett Bauer, City Clerk

**RESOLUTION NO. 26-10**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,  
CALIFORNIA, ESTABLISHING A PROCEDURE FOR REQUESTING MEASURE Q  
FUNDING DURING THE ANNUAL BUDGET PROCESS**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, Measure Q, a ½ cent district sales tax, was approved by the voters in Morro Bay in November 2006; and

**WHEREAS**, Measure Q was passed as a General Fund tax without a sunset clause; and

**WHEREAS**, Measure Q, in 2010, is the 4th largest revenue source with which the City of Morro Bay has discretionary spending privileges; and

**WHEREAS**, the ballot language of the Measure is as follows:

*The Morro Bay Vital Public Services Restoration and Protection Measure. 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, shall an ordinance be adopted increasing the City sales tax by one-half cent, subject to independent annual financial audits, and establishing an independent citizens' advisory committee to review annual expenditures?*

**WHEREAS**, to date, there have been no formal procedure for the submission of Measure Q funding requests during the annual budget process.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the following procedures are adopted for the request of Measure Q funds during the annual budget process:

1. Department Heads must submit Measure Q funding requests to the City Manager/Administrative Services Director well in advance of the first budget hearing.
2. The City Manager and Administrative Services Director shall initially review and prioritize the requests to an "A" and a "B" list (if needed). The "A" list shall include prioritized projects, and use the total anticipated funding available. The "B" list shall continue from the "A" list with the priority projects that fall outside the available Measure Q funding amounts.

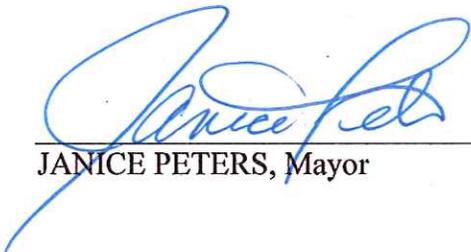
3. The Department Head Team shall meet, review and recommend the "A" and "B" lists to the City Council.
4. The recommendation shall be included in the preliminary annual budget document.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24<sup>th</sup> day of May 2010, by the following vote:

AYES: Borchard, Grantham, Smukler, Winholtz, Peters

NOES: None

ABSENT: None

  
\_\_\_\_\_  
JANICE PETERS, Mayor

ATTEST:

  
\_\_\_\_\_  
BRIDGETT KESSLING, City Clerk

**RESOLUTION NO. 10-11**

**CREATION OF A DEFERRED MAINTENANCE ACCOUNT TO PROVIDE FUNDING SUPPORT FOR THE MANAGEMENT OF REAL PROPERTY ASSETS**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, the City's management of real property assets has lacked the resources to adequately support a deferred maintenance account for all scheduled real property; and

**WHEREAS**, the City is in need of a funding source to address the City's infrastructure, and the most ready source of funding at this time is the surplus revenue from the sale of 781 Market Street Morro Bay California; and

**WHEREAS**, City staff would establish a new fund for General Fund Deferred Maintenance (DMF) and would transfer approximately \$201,000 from the initial payment of said property with future contributions by City Council directive or encumbrance; and

**WHEREAS**, deferred maintenance is a direct responsibility of the maintenance division of the Recreation and Parks Department which has prepared the included priority list of maintenance tasks to be completed utilizing the allocations from the DMF or other readily available resource; and

**WHEREAS**, the financial management plan for the DMF would follow current procedures for interest bearing funds managed by the Director of Administrative Services under the direction of the City Manager with City Council approval.

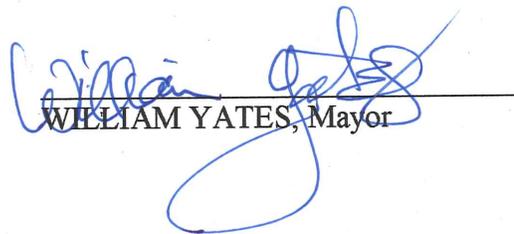
**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the Administrative Services Director set up s new fund for General Fund deferred maintenance and transfer approximately \$201,000 in said account from the proceeds of the sale of 781 Market Street, Morro Bay California 93442.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 25<sup>th</sup> day of January, 2011 on the following vote:

AYES: Borchard, Johnson, Leage, Smukler, Yates

NOES: None

ABSENT: None

  
\_\_\_\_\_  
WILLIAM YATES, Mayor

ATTEST:

  
\_\_\_\_\_  
BRIDGETT KESSLING, City Clerk

**RESOLUTION NO. 36-11**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY,  
CALIFORNIA APPROVING A COOPERATION AGREEMENT BETWEEN  
THE COUNTY OF SAN LUIS OBISPO AND THE CITY OF MORRO BAY  
FOR JOINT PARTICIPATION IN THE COMMUNITY DEVELOPMENT BLOCK  
GRANT PROGRAM, THE EMERGENCY SOLUTIONS GRANT PROGRAM, AND  
THE HOUSING OPPORTUNITIES FOR PERSONS  
WITH AIDS (HOPWA) PROGRAM FOR FISCAL YEARS 2012-2014**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**,; and the County of San Luis Obispo (“County”), a political subdivision of the State of California, and the City of Morro Bay (“City”) a municipal corporation, desire to participate in the Community Development Block Grant (CDBG) program administered by the U.S. Department of Housing and Urban Development (HUD); and

**WHEREAS**, said program will promote the public health, safety and welfare by providing grant funds to be used by the City and County to improve housing opportunities for low and moderate-income households, to encourage economic reinvestment, to improve community facilities and public services, and to provide other housing-related facilities, or services; and

**WHEREAS**, the City desires to participate jointly with the County in said program;  
and

**WHEREAS**, HUD requires that the parties enter into a cooperation agreement to define their rights and obligations as a prerequisite of participation in the CDBG program; and

**WHEREAS**, the proposed cooperation agreement is consistent with the General Plan and with City and County policies encouraging cooperation between agencies on issues of regional significance such as affordable housing; and

**WHEREAS**, the proposed cooperation agreement will promote the public health, safety and welfare by enabling the City and County to participate in the U.S. Department of Housing and Urban Development’s CDBG program under an “urban county” entitlement; thus making available funds for a variety of housing, economic development, and public services programs not otherwise available; and

**WHEREAS**, the City and County enter into yearly subrecipient agreements which establish administrative policies and procedures, performance standards, and guidelines for funding specific CDBG programs and projects; and

**WHEREAS**, the proposed cooperation agreement is not a "project" for purposes of compliance with the provisions of the California Environmental Quality Act (CEQA) and the City's CEQA Guidelines.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, as follows:

1. The City Council hereby approves and authorizes the Mayor to enter into a cooperation agreement with the County to enable joint participation in HUD's CDBG program.
2. The City Manager or her designee is hereby authorized to act on behalf of the City in connection with the implementation of the agreement, ongoing operation of the CDBG program, and other activities necessary to carry out the intent of the cooperation agreement.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 24th day of May, 2011 on the following vote:

AYES: Borchard, Leage, Johnson, Smukler, Yates

NOES: None

ABSENT: None

ATTEST:

  
\_\_\_\_\_  
WILLIAM YATES, Mayor

  
\_\_\_\_\_  
BRIDGETT KESSLING, City Clerk

**RESOLUTION NO. 46-12**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,  
AFFIRMING THE INTENDED USE OF THE CITY'S ONE-HALF CENT DISTRICT  
TRANSACTION TAX, COMMONLY KNOWN AS MEASURE Q**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, as of 2006, the City of Morro Bay had lost more than \$7 million dollars as a result of the State's efforts to balance its own budget; and

**WHEREAS**, in order for the City to increase its revenues to compensate for the loss, the City hired the Lew Edwards Group to evaluate voter-approved revenue options; and

**WHEREAS**, based on the Lew Edwards Group's recommendation, the City placed a ballot measure (Measure Q) on the November 2006 ballot, asking voters to approve a one-half cent district transaction tax; and

**WHEREAS**, a volunteer community group formed a campaign committee to promote the approval of the Measure Q, stressing to the public that the money would be used to replace the earthquake-damaged Fire Station, provide equipment for public safety, maintain streets and repair storm drains; and

**WHEREAS**, although the ballot measure language covered a wider scope of services than those promoted to the citizens, it passed based on the campaign committee's efforts; and

**WHEREAS**, a Citizens Oversight Committee was established to ensure the proper use of the Measure Q funds; and

**WHEREAS**, there is concern that future City Councils might not be aware of the intended purpose of the district transaction, and may authorize spending those funds in areas other than those promoted by the campaign committee and authorized by the voters.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, that the Measure Q funds be formally dedicated to the following purposes:

- 1) Improve the Fire Department
- 2) Enhance public safety
- 3) Street Maintenance
- 4) Storm drain maintenance and prevention of toxic runoff into the bay

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 11<sup>th</sup> of September 2012, by the following vote:

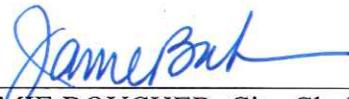
AYES: Borchard, Johnson, Leage, Smukler, Yates

NOES: None

ABSENT: None

  
\_\_\_\_\_  
WILLIAM YATES, Mayor

ATTEST:

  
\_\_\_\_\_  
JAMIE BOUCHER, City Clerk

**RESOLUTION NO. 48-13**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA  
DESIGNATING \$399,000 IN PARKING IN-LIEU FUNDS  
FOR REVISIONS TO THE PARKING IN-LIEU MAP AND IMPROVEMENTS  
TO THE CITY-OWNED FRONT STREET AND TRIANGLE  
PARKING LOT ADJACENT TO THE EMBARCADERO**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, In-Lieu Parking Fees were established, codified as Morro Bay Municipal Code Section 17.44.020 A7, as a means through which public parking can be provided where it is unfeasible to provide such parking as part of on-site development projects; and

**WHEREAS**, Morro Bay Municipal Code Section 17.44.020A.7.b states that monies accumulated in the Parking In-Lieu Fund shall be used for planning, design, acquisition or lease of land and development/redevelopment of public parking facilities; and

**WHEREAS**, on December 5, 2012, as part of the Amendments to the November 15, 2004 Agreement to Lease and Agreement Regarding Power Plant Modernization, Dynegy Morro Bay LLC agreed to dedicate to the City the triangle-shaped property adjacent to the Embarcadero; and

**WHEREAS**, on August 13, 2013, City Council directed staff to proceed with an interim use permit, revisions to the parking in lieu map, and minor temporary improvements to the triangle parking lot adjacent to the Embarcadero; and

**WHEREAS**, monies accumulated in said Parking In-Lieu Fund are to be used for designated public parking tasks, and revisions to the Parking In-Lieu map and improvements to the City-owned triangle parking lot adjacent to the Embarcadero is a good and valuable use of Parking In-Lieu Funds.

**NOW, THEREFORE, BE IT RESOLVED**, by the City Council, City of Morro Bay, California that improvements to the City-owned triangle parking lot adjacent to the Embarcadero are hereby designated as a Parking In-Lieu Fund project in the amount of \$399,000.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 8th day of October, 2013 by the following vote:

AYES: Irons, C. Johnson, N. Johnson, Smukler  
NOES: None  
ABSTAIN: Leage

  
\_\_\_\_\_  
JAMIE L. IRONS, MAYOR

ATTEST:

  
\_\_\_\_\_  
JAMIE BOUCHER, CITY CLERK

**RESOLUTION NO. 82-14**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY  
CONSENTING TO THE INCLUSION OF THE CITY WITHIN THE PROPOSED  
SAN LUIS OBISPO COUNTY TOURISM MARKETING DISTRICT (SLOCTMD)**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, tourism is an important contributor to the economy of the City and the promotion of the City's tourist lodging establishments serves an important public purpose; and

**WHEREAS**, Visit San Luis Obispo County (VSLOC), is a non-profit organization that promotes San Luis Obispo County through advertising, marketing, public relations and group sales and wishes to establish a sustainable funding source to further those efforts; and

**WHEREAS**, the County of San Luis Obispo has initiated the formation of the proposed SLOCTMD pursuant to the Property and Business Improvement District Law of 1994, Streets and Highways Code sections 36600 *et seq.*, to promote lodging businesses in San Luis Obispo County; and

**WHEREAS**, Streets and Highways Code section 36620.5 provides a county may not form a district within the territorial jurisdiction of a city without the consent of the city council of that city; and

**WHEREAS**, the proposed SLOCTMD is an assessment district designed to provide specific benefits directly to those entities being assessed; and

**WHEREAS**, marketing, advertising, promotions and sales efforts for assessed businesses will increase overnight tourism which will then increase the demand for hotel/motel rooms, RV spaces and vacation rentals; and

**WHEREAS**, the proposed SLOCTMD would include all lodging businesses located within the boundaries of San Luis Obispo County that currently also pay transit occupancy taxes, and

**WHEREAS**, the Morro Bay hotel/motel/B&B owners, RV park owners and vacation rental owners that (i) would be levied through the SLOCTMD and (ii) account for 53.6% of the total gross receipts reported in 2013 by those lodging properties support the formation of the proposed SLOCTMD, as providing a means to collectively market the San Luis Obispo County area and remain competitive with comparable markets; and

**WHEREAS**, at its meeting of November 17, 2014, the Morro Bay Tourism Bureau passed a motion of support for the SLOCTMD.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, as follows:

1. The recitals set forth herein are true and correct.

2. Pursuant to Streets and Highways Code section 36620.5, the City Council consents to the inclusion of the City of Morro Bay within the proposed San Luis Obispo County Tourism Marketing District, and as set forth in the attached SLOCTMD Management Plan (Exhibit A).

3. The City Clerk is hereby directed to transmit a certified copy of this Resolution to the Clerk of the SLO County Board of Supervisors.

4. This Resolution is effective upon its adoption.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of December 2014 on the following vote:

AYES: Headding, Johnson, Makowetski, Smukler  
NOES: None  
ABSENT: None  
RECUSED: Irons

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
JAMIE BOUCHER, City Clerk

**RESOLUTION NO. 32-15**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
RESCINDING RESOLUTION NO. 13-10, AND ESTABLISHING  
THE RISK MANAGEMENT INTERNAL SERVICE FUND  
AND COMMITTED FUND BALANCE**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, on February 22, 2010, the City Council of the City of Morro Bay adopted Resolution No. 13-10, which established the parameters and a \$500,000 minimum balance for the Risk Management Internal Service Fund (Risk Management ISF); and

**WHEREAS**, with this Resolution, the City Council of the City of Morro Bay is rescinding Resolution No. 13-10 in its entirety; and

**WHEREAS**, the City continues to purchase insurance from the California Joint Powers Insurance Authority (CJPIA), and pays for this insurance through the Risk Management ISF by collecting money, on a monthly basis, from the benefitting City departments/funds, to reimburse for the cost of the insurance; and

**WHEREAS**, the cash requirements for this Fund have been reassessed, and estimated at \$100,000 as sufficient to pay for any uncovered lawsuits, such as land-use, personnel issues, etc.; and

**WHEREAS**, the CJPIA does not require the City to maintain a Risk Management Fund; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California, as follows:

**RISK MANAGEMENT INTERNAL SERVICE FUND (RMISF)**

1. The Risk Management Fund is established as an Internal Service Fund, whose purpose is to manage the insurance purchased from the CJPIA, and to pay for any claims not covered by CJPIA.
2. The RMISF, while not required by CJPIA, has been determined, by the City, to be necessary to account for the covered and uncovered insurance expenses.
3. The RMISF's fund balance has been designated as follows:
  - a. Committed – \$100,000 in reserve, as set by the City Council;
  - b. Assigned – amounts required, within 30 days after the beginning of a new fiscal year, to pay insurance bills; and

- c. Unassigned – any remaining balance available for spending, based on City Council-directed strategic investments in the areas of risk reduction (*i.e.*, American with Disabilities Act renovations), economic development, City planning, City operations.
4. The City Council is committed to ADA compliance, based on the nexus with Risk Management, and will endeavor to spend a measurable portion of one-time monies on ADA projects.
5. Risk management cash needs will be annually evaluated through the budget, and the RMISF cash balance adjusted, as necessary.

**PASSED AND ADOPTED** by the City Council of the City of Morro Bay at a regular meeting thereof held on the 9<sup>th</sup> day of June, 2015, by the following vote:

AYES: Irons, Headding, Johnson, Makowetski, Smukler  
NOES: None  
ABSENT: None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

**RESOLUTION NO. 33-15**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
RESCINDING SECTION 5 OF RESOLUTION NO. 55-93,  
RESCINDING RESOLUTIONS NO. 27-10 AND 42-11 IN THEIR ENTIRETY,  
AND ESTABLISHING THE GENERAL FUND EMERGENCY RESERVE FUND  
POLICY AND ACCEPTING MANAGEMENT PARTNERS' FINANCIAL FORECAST  
ASSUMPTIONS**

**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**, with this Resolution, the Morro Bay City Council is rescinding Resolution No. 42-11 in its entirety; and

**WHEREAS**, the City Council desires to establish the GENERAL FUND EMERGENCY RESERVE FUND POLICY to identify the parameters and use of this Fund.

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Morro Bay, California, as follows:

- A. The General Fund Emergency Reserve ("GFER") Fund is named and established, and the GFER Fund Policy is described, below, sets the parameters for and use of the GFER Fund as follows:

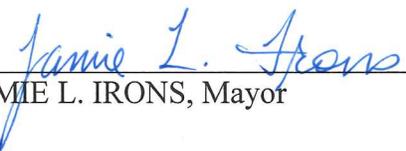
- a. The GFER Fund target balance is set at 27.5%.
  - b. Annually, the GFER Fund balance is calculated by using the average of three-years' actual General Fund operating revenues (for example, for the Fiscal Year 2015/16 calculation, the actual operating revenues for Fiscal Years 2013/14, 2012/13 and 2011/12 are added together, and divided by 3).
  - c. Based on the existing balance in the General Fund, as compared to the target calculated balance, amounts, greater than the 27.5% target balance, will be deemed available for use, as determined by the City Council, during the annual budget adoption process or budget amendments as may be approved by the Council.
  - d. Each use of GFER Fund must be approved by the City Council.
- B. Based on the Management Partners' Financial Forecast, a copy of which is attached to this Resolution, the following assertions are accepted:
- a. The Management Partner's Financial Forecast predicts a moderate recession in 2017.
  - b. The City's CalPERS actuarial assumptions contain increased contribution rates for Fire and Police Safety plans over the next five fiscal years ending in 2020/2021.
  - c. The continuing drought in California may affect revenues (*i.e.*, TOT).
  - d. The schedule of year-end minimum reserve levels is set at:
    1. FY 2014/15 - \$3.385m (33.4% of General Fund revenues calculation)
    2. FY 2015/16 - \$3.583m (32.7% of General Fund revenues calculation)
    3. FY 2016/17 - \$3.272m (30.2% of General Fund revenues calculation)
    4. FY 2017/18 - \$2.685m (24.5% of General Fund revenues calculation)
    5. FY 2018/19 - \$2.802m (24.7% of General Fund revenues calculation)
    6. FY 2019/20 - \$2.797m (23.6% of General Fund revenues calculation)
    7. FY 2020/21 - \$2.983m (24.6% of General Fund revenues calculation)
    8. FY 2021/22 - \$3.097m (25.0% of General Fund revenues calculation)
  - e. Based on the above schedule, the City is authorized to present deficit spending budgets in FY 2016/17 and FY 2017/18.
  - f. If annual revenues are below forecast, then expenditures must be adjusted to meet these targets.
  - g. Those assumptions will be reviewed annually, as established by the budget calendar, based on the current fiscal environment.

Resolution No. 33-15

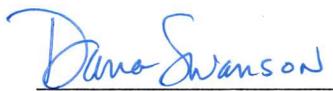
Page 3

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9<sup>th</sup> day of June, 2015, by the following vote:

AYES:       Irons, Headding, Johnson, Makowetski, Smukler  
NOES:       None  
ABSENT:     None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

**RESOLUTION NO. 34-15**

**RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF MORRO BAY, CALIFORNIA,  
ESTABLISHING A STRATEGIC INVESTMENT SPENDING PLAN**

**THE CITY COUNCIL  
City of Morro Bay, California**

**WHEREAS**, on May 20, 2015 at the Budget Workshop, the City Council of the City of Morro Bay was presented with the Proposed Budget for the Fiscal Year 2015/16; and

**WHEREAS**, in the Budget Workshop presentation, the City Council was shown a Strategic Investment Spending Plan, the intent of which is for prioritized spending of one-time monies, the details of which are attached to this Resolution; and

**WHEREAS**, the City Council desires to establish the practice of spending one-time and surplus monies on strategically-identified projects in the areas of risk reduction, economic development, City planning and City operations; and

**WHEREAS**, this Resolution ratifies and establishes the City's Strategic Investment Spending Plan for future use of one-time and surplus monies; and

**WHEREAS**, for the Fiscal Year 2015/16, surplus funds have been identified in the Risk Management Internal Service Fund, which are not committed or assigned for insurance purposes, per the definitions contained in Resolution No. 32-15; and

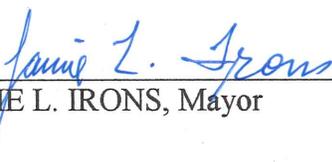
**WHEREAS**, these surplus funds are targeted for the elements of the Strategic Investment Spending Plan, attached to this Resolution:

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Morro Bay, California:

1. The Strategic Investment Spending Plan (Plan), a copy of which is attached to this Resolution, is adopted; and
2. The Plan is the City's official priority list for spending one-time and surplus funds; and
3. The Plan will, at minimum, be presented to the City Council, for revision, on an annual basis; and
4. The Fiscal Year 2015/16 priority list, contained in this Resolution, is authorized and shall remain in effect unless modified or rescinded by the City Council.

**PASSED AND ADOPTED**, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 9<sup>th</sup> day of June, 2015, by the following vote:

AYES:           Irons, Headding, Johnson, Makowetski, Smukler  
NOES:           None  
ABSENT:       None

  
\_\_\_\_\_  
JAMIE L. IRONS, Mayor

ATTEST:

  
\_\_\_\_\_  
DANA SWANSON, City Clerk

Strategic Investment Spending Plan  
(With Approximate Dollar Amount)

1. Americans with Disabilities Act (ADA) compliance - \$100,000
2. Land Use Plans for the General Plan and Local Coastal Plan - \$300,000
3. Morro Bay Economic Development Strategic Plan - \$75,000
4. Information Technology Program - \$100,000
5. Web-Based Planning, Permitting and Licensing Software - \$85,000
6. High-Speed Fiber Investment - \$150,000
7. Additional Projects approved by City Council - TBD

**Cover photo taken by Holly Ford, and  
downloaded from the KSBY website**

**City of Morro Bay  
595 Harbor Street  
Morro Bay, CA 93442  
(805) 772-6201**

**Visit our website at [www.morro-bay.ca.us](http://www.morro-bay.ca.us)**

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