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# City of Morro Bay FY18 Goal Setting Study Session #1



## FY18 Goal Setting

# Process

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- Similar to past two years – Council to review Goals
  - Community, Advisory Board and Staff “objectives” input
  - Council to discuss and provides direction
  
  - Jan 10<sup>th</sup>: Study Session #1
  - Jan 24<sup>th</sup>: Study Session #2
  - Feb 14<sup>th</sup>: Discussion in Regular Council Meeting
  - Feb 28<sup>rd</sup>: Target date for Council to approve.
- \*\*Staff will update draft objectives following each meeting.
- \*\* Draft Objectives are posted under Hot Topics on Website.



## FY18 Goal Setting

# Agenda

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- **Long-Term Budget Review**
  - Due to very recent CalPERs board action our Budget forecast has changed considerably.
  - Staff believes Council should get a brief overview now as this may affect the Council's Goals discussion
  
- **Long-Term Goals Discussion**
  - Consider existing 10 goals
  - Consider modifying existing goals for next four years
  
- **Annual Objectives Discussion (Time permitting)**
  - Initial Council discussion of proposed objectives
  - Council Guidance for next study session



FY18 Goal Setting

# Agenda

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**Long-Term Budget Review**



FY18 Goal Setting

# Long Term Budget Concern

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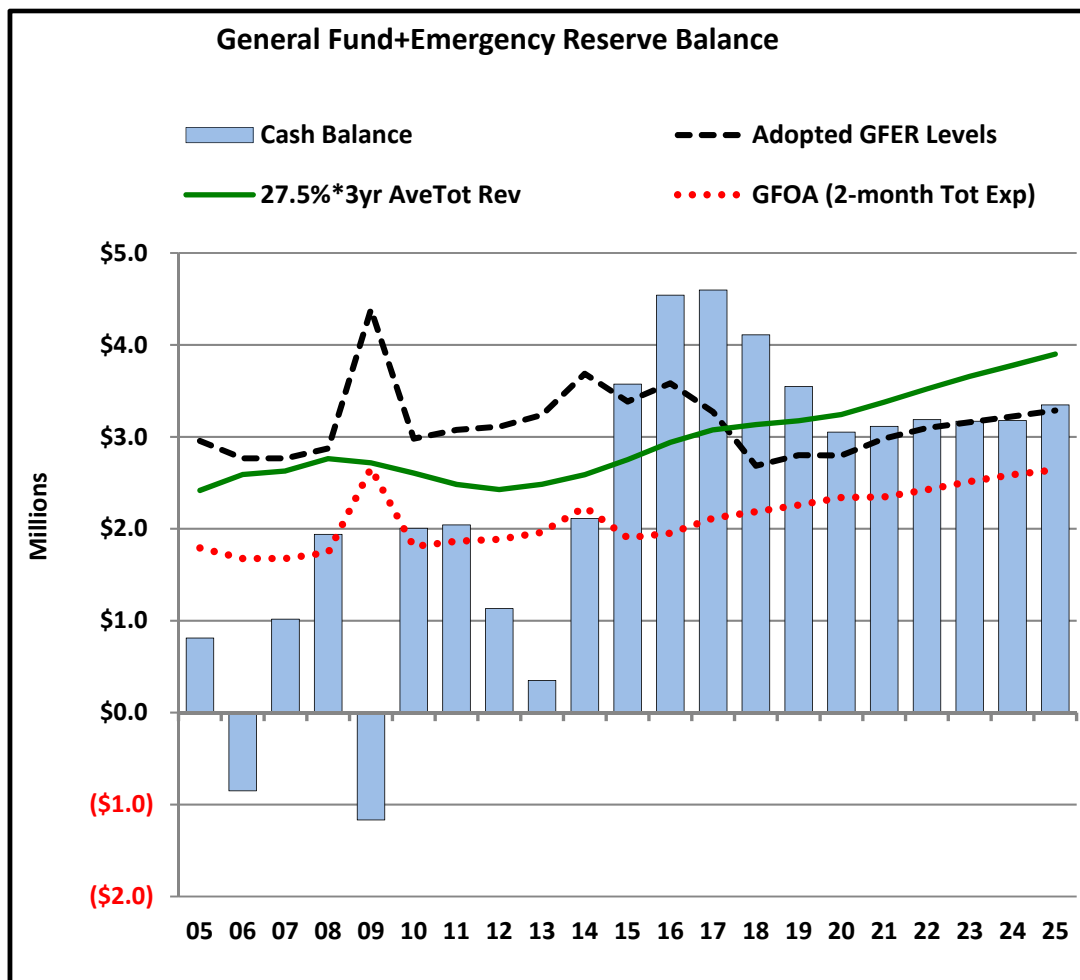
- On Dec 22, 2017 CalPERS board reduced their predicted interest income rate (discount rate) from 7.5% to 7.0%.
- Reducing discount rate requires an *increase* in City contributions to CalPERS.
- MB contribution begin increasing in FY19 (\$120K above last forecast) and reach \$570K in FY23.
- A further cut from 7% to 6.5% is a possibility.
- On Jan 5<sup>th</sup> staff reviewed our draft 10-year budget forecast with the change included.
- This is an initial draft, staff is still reviewing the data but this is likely a reasonable picture of our new situation.



## FY18 Goal Setting

# Long Term Budget Concern

- Feb '16 forecast
- GFER drops \$1.5M over next 3 years – due to PER and recession.
- GFER stabilizes at \$3M and begins to increase.
- Council adopted interim GFER levels to address the PERS and recession concerns.

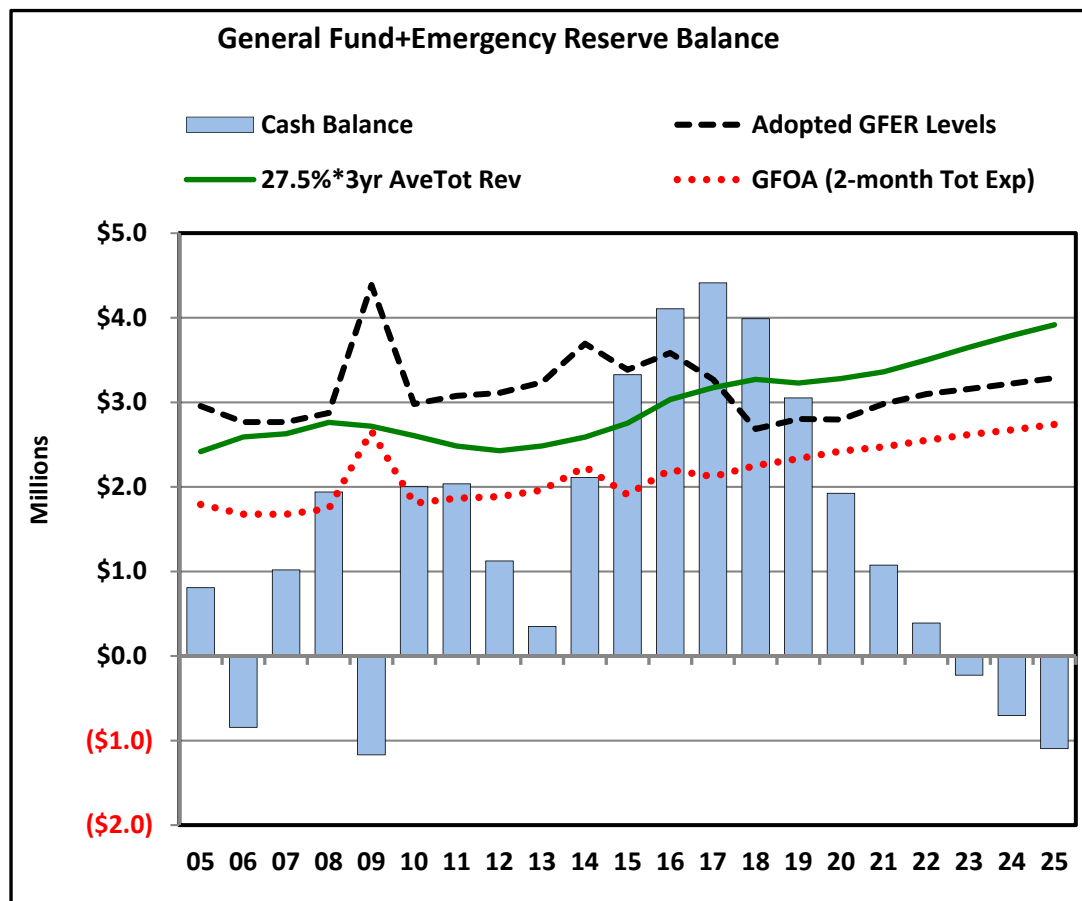




## FY18 Goal Setting

# Long Term Budget Concern

- Jan '17 initial draft forecast
- Assumes keeping current service levels.
- Adjusted for new CalPERS discount rate change.
- Assumes further rate drop to 6.5% in 2025
- New \$500-600K/annual CalPERS expense.
- Unsustainable current service levels.

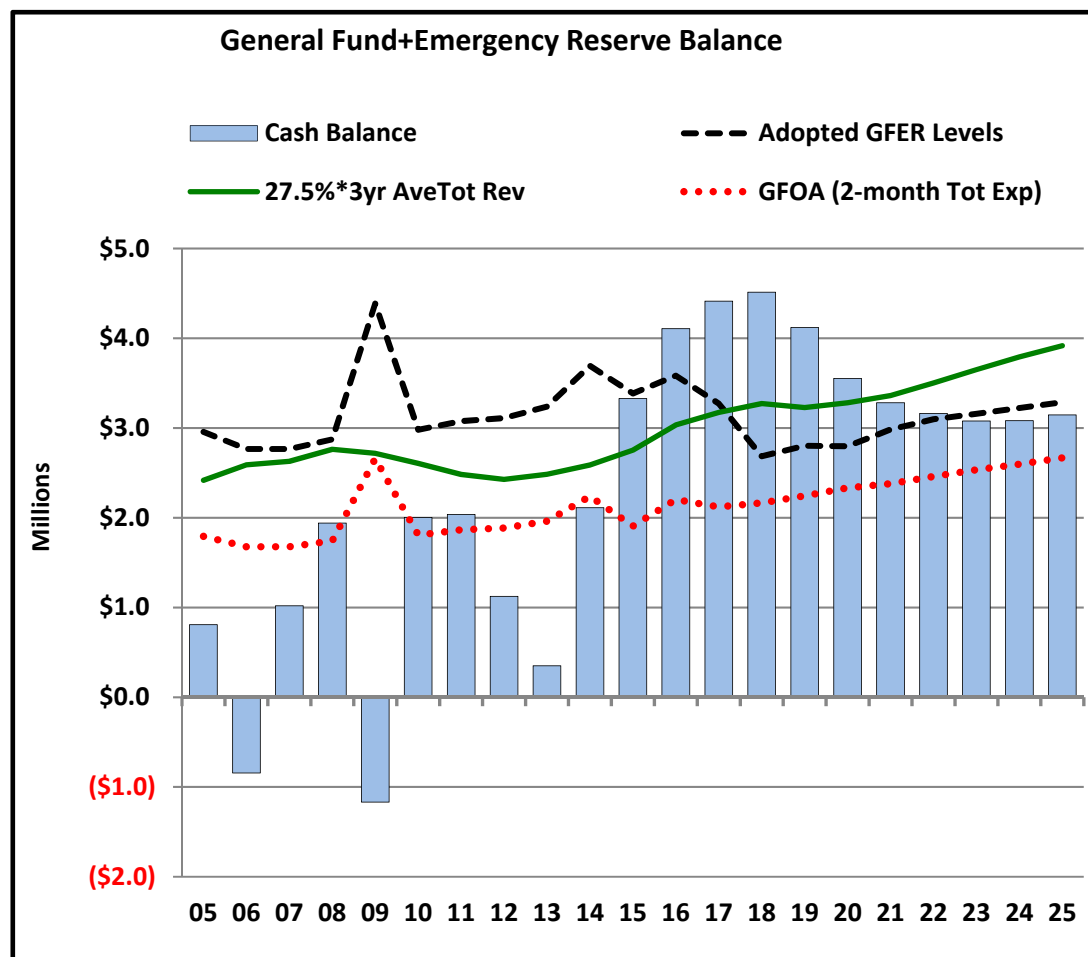




## FY18 Goal Setting

# Long Term Budget Concern

- Jan '17 initial draft forecast – adjusted.
- Assumes cutting \$500K/year from current service level.
- We will need to consider service cuts carefully in this years budget.
- Short term – cut services
- Long term – improve revenues?





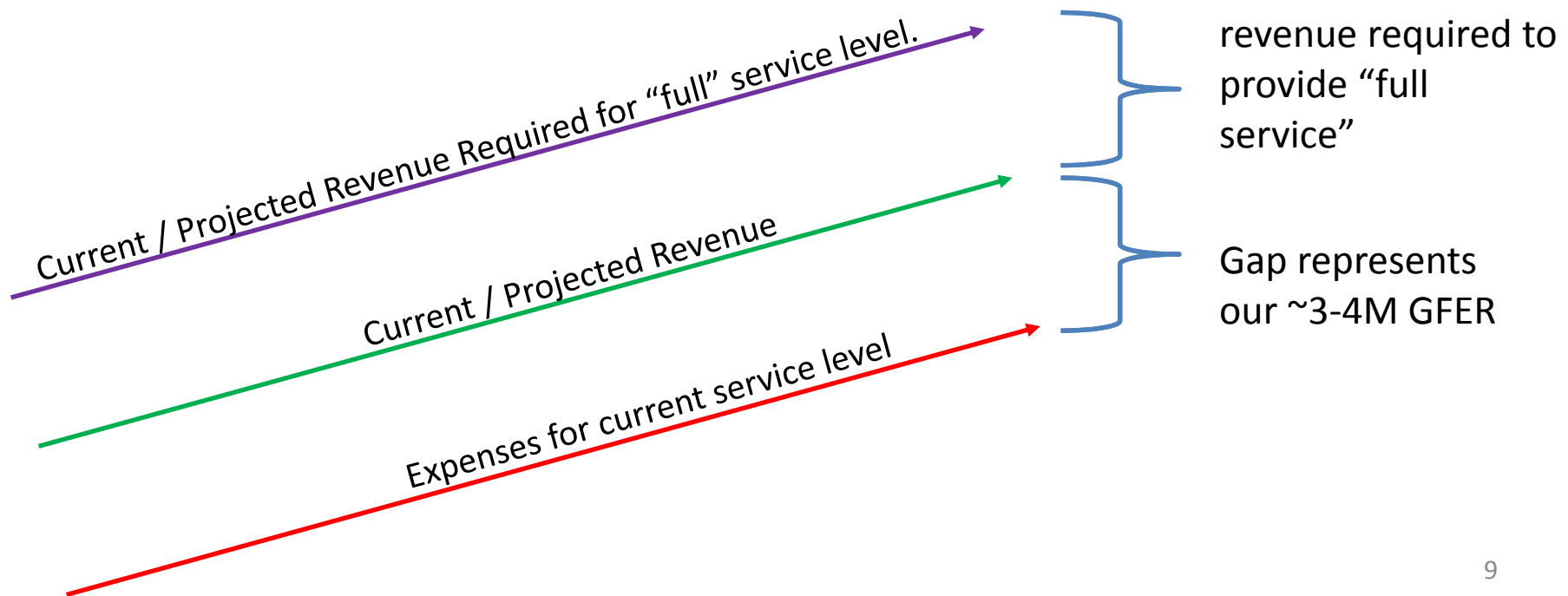


FY18 Goal Setting

# Long Term Budget Concern

Analysis:

- As of Feb 2016 we could continue to provide current level of service (Rev and Exp increasing at same rate.)
- No reason to believe we could begin to provide “full service” without a significant change in revenue curve.



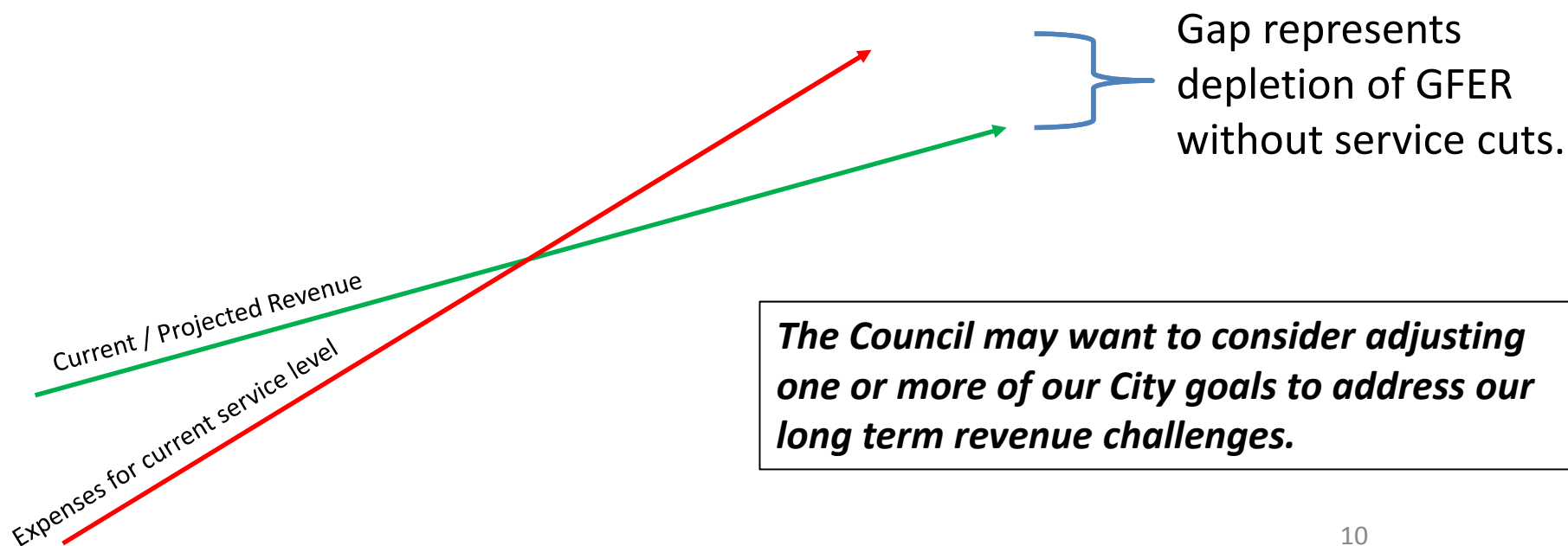


FY18 Goal Setting

# Long Term Budget Concern

## Analysis:

- As of Jan 2017, the expense curve is now steeper than the revenue curve.
- To stay solvent we will likely need to reduce expenses (service levels) in the near term.
- To add those services back, and provide “full service”, we will need to significantly increase revenue.



***The Council may want to consider adjusting one or more of our City goals to address our long term revenue challenges.***



FY18 Goal Setting

# Agenda

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**Long-Term Goals Discussion**



## FY18 Goal Setting

# City Goals

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



## FY18 Goal Setting

# City Goals

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- 1) Develop New WRF
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FY18 Goal Setting

# Observations

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- 10 Goals is a lot of goals. Most organizations have 3-6 true “change” goals.
- The 70-90 annual objectives / projects we have had the past two years is also a lot . . . Balance projects with programs?
- Goals are not prioritized.
- Result is City may be trying to do too many things at the same time, and not focused on the really important things?



## FY18 Goal Setting

# Observations

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- Some goals are actually core tasks that should be addressed in a more focused City mission statement.
  - Goal #4 - Maintain Core Public Safety Services
  - Public Safety is an essential task
  - Our Public Safety services are relatively strong.
  - Goals are not normally to “maintain” but to “improve / change”.
- Council may consider removing this as a goal and adopting a new mission statement that includes maintaining public safety as a core task.



## FY18 Goal Setting

# Observations

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- Four Goals are associated with infrastructure.
- Three of those with failing / critical infrastructure.
  - Improve City Infrastructure, Facilities and Public Spaces
  - Develop New WRF
  - Improve Streets
  - Improve Water Supply Diversification
  
- Council may consider combining several of our infrastructure related goals into a single goal.





## FY18 Goal Setting

# Goal Options

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### Goal #1 – Develop New WRF

- Retain and consider 3-5 key WRF objectives this year.
- Since this goal was created we have developed a plan for a new WRF and are on track for construction.
- Remove this goal and identify the 3-5 key WRF-related objectives for this year under a broader “Infrastructure” goal.



## FY18 Goal Setting

# Goal Options

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### Goal #2 - Improve Streets

- Retain this goal and (to be discussed initially at the 1/10/17 Council Meeting) have an objective related to a streets funding ballot measure.
- Council remove this goal and include a street funding measure under a broader infrastructure goal.
- Remove this goal completely and continue on our current street paving program.



## FY18 Goal Setting

# Goal Options

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

- Retain this goal and identify completing the GP/LCP and 1-3 additional key planning objectives.
- The GP/LCP will likely consume most of the Community Development Department staff's available "project time" this year.
- The GP/LCP was the primary focus of this goal and is it fully funded and on a good schedule toward completion in early 2018.
- Remove this goal and add an objective related to the GP/LCP under another goal.



## FY18 Goal Setting

# Goal Options

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### Goal #4 - Maintain Core Public Safety Services

- “Maintaining” core public safety services is a core mission of the city, one that should be explicit in our mission statement.
- Remove this goal and include public safety as a core task in a mission statement.
- Maintain this goal and identify areas requiring improvement as specific objectives.



## FY18 Goal Setting

# Goal Options

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### Goal #5 - Ensure Fiscal Sustainability, and, Goal #6 - Support Economic Development

- Combine these goals into a single goal that explicitly addresses our structural revenue challenge, and
- Identify a set of objectives to help accomplish this goal.
- Maintain these as separate goals and more explicitly address our revenue challenges in associated objectives.



## FY18 Goal Setting

# Goal Options

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

- Modify this goal to include WRF, Streets and Water, or
- Keep this goal for Facilities and Public Spaces, and
- Create a new goal for improvement of failing / critical infrastructure.



## FY18 Goal Setting

# Goal Options

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### Goal #8 - Enhance Quality of Life

- This is a great goal and we can continue to make progress in certain areas.
- However, without improved revenues our ability to complete some costly QOL enhancements is limited.
- The City can conduct some QOL enhancements and can *facilitate* enhancements paid for by non-city approaches.
- If retained, this goal should be prioritized appropriately relative to other goals.



## FY18 Goal Setting

# Goal Options

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### Goal #9 - Improve Water Supply Diversification

- Council might keep this goal.
- This goal is closely related to construction of the WRF / critical infrastructure, and
- The key item we need to work on this year is completing the “One-Water” plan
- Remove and include key items in a broader critical infrastructure goal.





## FY18 Goal Setting

# Goal Options

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### Goal #10 - Improve City Operations

- Council might choose to keep this goal to identify specific areas for staff to continue to improve customer service and community serving processes.
- Or, council could remove this goal to further focus the staff on other critical goals and projects.



FY18 Goal Setting

# An Option – 6 Prioritized Goals

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**Goal #1 (Essential Goal)** – Increase Revenues 25% Above Projections by Dec 2024

Include Objectives Related to Revenue Enhancement and economic development

**Goal #2 (Essential Goal)** – Improve or Replace Failing and Critical Infrastructure

Include WRF, Streets and Water Objectives

**Goal #3 (Important Goal)** - Improve City Facilities, Public Spaces and Mobility

Include City Beautification, bike / pedestrian / parking objectives

**Goal #4 (Important Goal)** - Review and Update Significant City Land Use Plans

Include GP/LCP and other key planning objectives

**Goal #6 (Desired Goal)** - Enhance Quality of Life

Include all QOL Objectives

**Goal #5 (Desired Goal)** - Improve City Operations

Include all City Operations Objectives



# FY18 Goal Setting **Discussion**

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## **Council Discussion**



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# City of Morro Bay FY18 Goal Setting Study Session #1



# FY18 Goal Setting

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**Back Up Slides**



FY18 Goal Setting

# Sample Mission Statement

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- Mission statement often include:
  - a **task** – the essential task(s) the organization does
  - a **purpose** - why the task is being performed
- Only **essential** tasks are included in a mission statement.
- MB Essential tasks: public safety and infrastructure?

*The City of Morro Bay provides essential public safety and infrastructure services, and selected non-essential services, to provide a safe and organized place for residents and visitors to live, work and play.*



## FY18 Goal Setting

# Objectives

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### Goal #1 – Develop New WRF

- Master Reclamation Plan
- Prop 218 Rate Increase
- Complete EIR
- Loan Application
- Initial Construction Steps



# FY18 Goal Setting

# Objectives

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## Goal #2 - Improve Streets

- Streets Funding Measure





## FY18 Goal Setting

# Objectives

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

- Complete GP/LCP
- Complete Code Enforcement Discussion



# FY18 Goal Setting

# Objectives

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## Goal #4 - Maintain Core Public Safety Services

- Maintain Public Safety Services



# FY18 Goal Setting

# Objectives

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## Goal #5 - Ensure Fiscal Sustainability

- Increase Revenue



## FY18 Goal Setting

# Objectives

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### Goal #6 - Support Economic Development

- Encourage redevelopment of MBPP – TOT and Sales Tax
- Plan for future of WWTP site – TOT and Sales Tax
- Increase Shoulder / Off Season lodging stays 10%
- Encourage revitalization of under-used, unused parcels in commercial districts – sales tax and HH jobs
- Encourage renovation of some hotel stock to increase ADR
- Encourage the addition of X new hotel rooms
- Encourage development of a consumer goods shopping area for north coast residents



## FY18 Goal Setting

# Objectives

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

- Continue ADA improvements
- Identify methods to complete Centennial Parkway improvements
- Replace Del Mar Park bathroom
- Repair access road at fish dock



## FY18 Goal Setting

# Objectives

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### Goal #8 - Enhance Quality of Life

- Open Community Pool
- Start fall weekend concert series at the Rock
- Start weekend concerts in conjunction with Farmers Market



## FY18 Goal Setting

# Objectives

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### Goal #9 - Improve Water Supply Diversification

- Complete “one-water” plan.



## FY18 Goal Setting

# Objectives

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### Goal #10 - Improve City Operations

- Complete customer service training and systems implementation (phone system, email responses, etc)
- Complete city server disaster protection move
- Implement records management improvements
- Begin digital backup of city records





FY18 Goal Setting

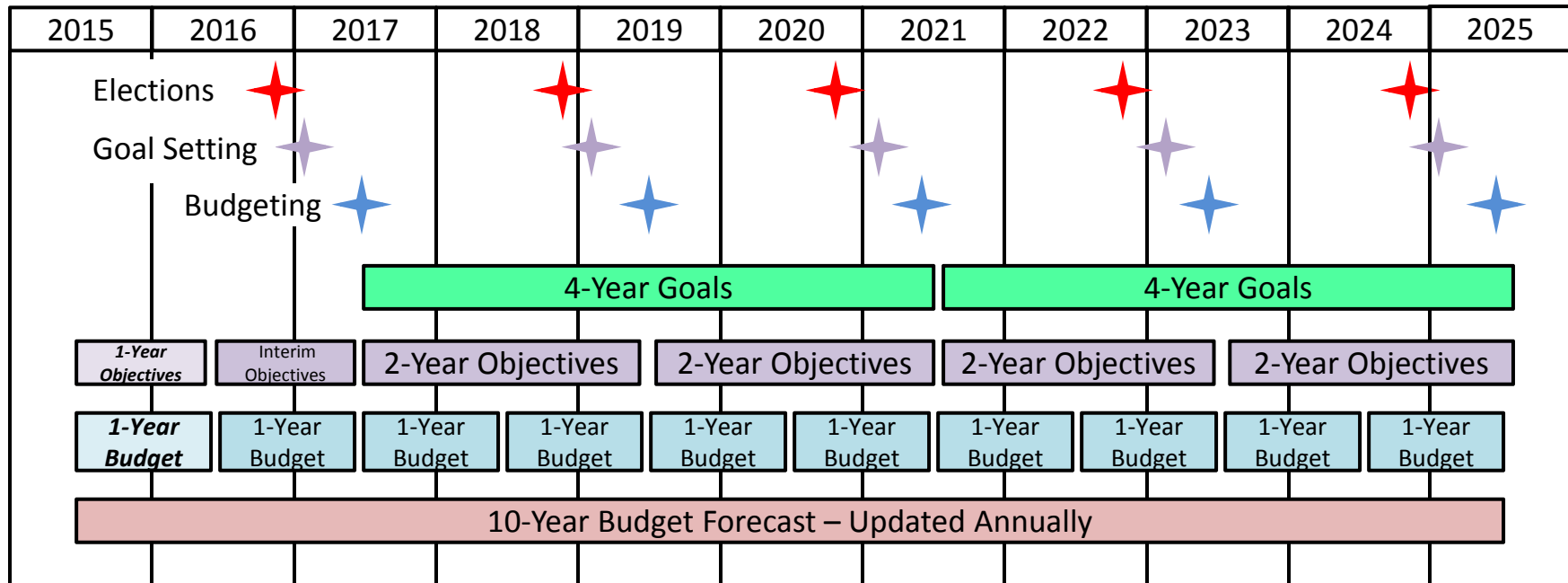
# City “Hierarchy of Needs”

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# City of Morro Bay

## *Strategic Planning and Budgeting Framework*



- Elections – Nov of even years, new Council seated in early January
  
- Biennial Planning – Every other year in Jan and Feb Council updates 2-year objectives. every 4<sup>th</sup> year Council also updates 4-year goals.
  
- Biennial Budgeting – Every other year in May and Jun Council updates approves a 2-year budget.

**Overview.** Transition from currently approved Goals / Objectives / Budget to the proposed 4-2-1 Goal / Objective / Budget framework:

- Jan/Feb 2016: Council conducts goal setting to affirm existing goals and sets interim City Objectives for FY16/17
- Apr / May 2016: Council develops and adopts FY16/17 budget.
- Dec 2016 – Feb 2017: New Council develops new goals and sets FY17/18 objectives consistent with the proposed Planning and Budgeting Framework.