CITY OF PISMO BEACH

FY 2018 AND FY 2019 ADOPTED BUDGETS





BUILDING
OUR FUTURE TODAY





CITY OF PISMO BEACH



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Cover page artwork and design by City of Pismo Beach
Cover photographs reflect Pismo Beach City projects to be funded in the two-year budget.

Photo credits, starting with top picture:

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- Downtown Pomeroy Avenue sidewalk and street, photo courtesy of City of Pismo Beach
- Boosinger Park improvements, photo courtesy of City of Pismo Beach
- Pismo Beach ocean, photo courtesy of Jill McMahon

Artwork throughout this document includes photographs by local photographers capturing the beauty of Pismo Beach.

PISMO BEACH CITY COUNCIL



Ed Waage, Mayor



Erik Howell, Mayor Pro Tempore



Sheila Blake, Council Member



Marcia Guthrie, Council Member



Mary Ann Reiss, Council Member

CITY OF PISMO BEACH VISION STATEMENT

Our Vision for Pismo Beach

Provide a safe place; maintain its small beach town character; manage growth effectively; and enhance a vibrant tourist-based economy, while becoming a world-renowned tourist destination.



Photo Credit: Dusk yellow blue sunset after the rain Pismo Pier by Vivian Krug

FY 2018 AND FY 2019 ADOPTED BUDGET CONTRIBUTORS

Executive Management Team

City Manager	James Lewis
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Administrative Services Director	Nadia Feeser
Community Development Director	Jeff Winklepleck
Fire Battalion Chief	Paul Lee
Police Chief	Jake Miller
Public Works Director/City Engineer	Benjamin Fine
Conference & Visitors Bureau	Gordon Jackson
City Clerk	Erica Inderlied

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Photo Credit: Downtown Pismo Beach at Night - unknown

CITY MANAGER'S BUDGET MESSAGE

June 6, 2017

Honorable Mayor and Council Members:

I am pleased to submit the Fiscal Year (FY) 2018 and FY 2019 operating and capital improvement program budget for the City of Pismo Beach. This two-year budget is balanced, funds major efforts towards implementing the City Council's goals, includes important initiatives to upgrade the City's infrastructure, enhances services to the public, improves public safety, and continues to build the City's cash reserves. With our strong financial position and growing reserves, the City is poised and ready to **BUILD FOR OUR FUTURE TODAY**.

The Council's fiscal policies and policy decisions have allowed the City's financial status to further exceed our excellent financial position forecasted during the last two-year budget cycle. The City recently received an AA+ rating from Standard & Poors Global Rating Services, for the Pier Rehabilitation Project lease revenue bonds that were issued in FY 2016-17, which is the best rating that can be achieved for these types of bonds. In addition to the City's financial status, our employee culture is positive, collaborative, and employee relations are excellent. We enjoy beneficial working relationships with the private sector and our community partners, the community's economy is healthy and growing, and we continue to see new development in the Downtown area and in residential communities. Finally, the local, state, and federal economies have recovered with interest rates at historic lows, residential and commercial valuations rising, and consumer and investor confidence much improved. We look to these indicators as we move to BUILD FOR OUR FUTURE TODAY to capitalize on all of these factors and make very strategic investments in our community that will further enhance our quality of life and make us more sustainable in the future.

To guide development of this budget for the next two years, the Council engaged the community by soliciting ideas and input through our enhanced engagement initiative, "*Pismo Voice*." *Pismo Voice* utilized a variety of means, including several community meetings, utility bill mailers, social media, and booths at community events. Additionally, employees were able to collaborate by department to share their thoughts on what investments should be made. Based on this input, the City Council adopted several strategic goals and priorities that are funded in this budget, including major investments in:

- Downtown circulation and parking;
- Water Supply and Conservation;
- Bello Street Corridor and Reuse of the Old City Hall;
- Downtown Revitalization and Beautification; and
- Bluff Protection.

These multi-year goals will take significant investment and will be possible due to our City's strength in revenues, accumulated fund balances, conservative financial projections, and solid

credit. While this budget calls for spending a portion of these fund balances as planned to accomplish these long-term projects, the City will continue to set aside funds for reserves, provide a safe environment in which to live and to visit, produce recreation programs that add cultural enrichment and fun, maintain our beautiful parks and ocean water quality, and keep our drinking water clean.

The Adopted Budget assumes moderate-but-conservative increases in revenues, both ongoing and one-time in nature. Due to the City's Conference and Visitors Bureau and Pismo Beach Hospitality Association promotional efforts as well as strategic use of our Lodging Business Improvement District funds, the focus and investment of our hoteliers and business community, and a variety of external factors, tourism in our City has continued to increase transient occupancy tax revenues. The rate of growth in these revenues is slowing, but the Adopted Budget still assumes strength in this area as one new resort hotel is expected to open in FY 2018 and another resort hotel is expected to open in FY 2020. As development in the downtown area and the housing market continues, the City expects to see moderate revenues from building, planning, and engineering fees, most of which are one-time in nature as the number of development areas are fixed. Property tax revenues continue to ramp up as home values are reassessed at pre-recession levels and sales tax revenues include moderate growth projections. Staff also anticipates an aggressive strategy of pursuing and obtaining state and federal grants for certain capital projects which could further grow revenues. Despite these increases in revenues, our forecasts remain conservative and our recommended ongoing expenditures are far less than the revenues being collected.

In the last two-year budget, the City moderately increased its expenditures to fund strategic investments in our community, our team, and our future. Some of these ongoing investments continue in this budget. In addition, the Adopted Budget funds:

- Efforts toward achieving the Council's goals and priorities;
- Investments in City staff development, technology, and infrastructure to meet growing demands and to continue to enhance productivity and efficiency;
- Fire and Police safety;
- City beautification and economic growth;
- Continued investments in neighborhood streets, sidewalks, bluff protection, and parking;
- Enhancements to the City's parks;
- More sustainable options for the City's potable water supply

As mentioned, while we are building for our future today, we continue to make major investments, and the City continues to set aside some of the savings from prior years and a portion of new revenues into reserves. Continuing to build reserves and maintain certain accumulated fund balances is critical as the City still weighs the cost of ongoing challenges, including rising pension costs, rising risk management costs, high costs of repairing the Pier, development of a sustainable water supply, beginning construction of major capital projects including the Shell Beach Streetscape project, Pier Plaza area, and Price Street, and significant investments in circulation and parking.

CITY MANAGER'S BUDGET MESSAGE

The future continues to be very bright for the City of Pismo Beach, its residents, and its visitors. BUILDING OUR FUTURE TODAY calls for making major investments in areas that will impact our community for many years to come. Specifically, these investments are outlined in more detail below.

We are Building a More Beautiful Community

The Adopted Budget includes strategic investments to revitalize and beautify our community, including:

- Design and architecture of the improvements to the Pier Plaza and Pier parking lot
- Construction of the Pier Plaza, including new restrooms, access improvements, visitor amenities and parking lot improvements
- Price Street beautification, including landscaping, lighting, and sidewalk pavers
- Installing new park entrance signs and identification and wayfinding signs
- Installing sidewalk pavers throughout the Downtown core
- Encouraging Downtown businesses to make façade improvements as part of a City incentive program
- Beginning implementation of Shell Beach Streetscape phase 1 to provide a more walkable and attractive community and a more vibrant business environment
- Implementing the Shell Beach Design Guidelines

We are Building a Sustainable Community

The Adopted Budget makes significant strides toward the City's sustainability into the future, including the City's water resources, financial resources, human resources, and visitor-serving resources, including:

- Being proactive about protecting our clean water while ensuring clean water is available into the future
- Continuing work on the Regional Groundwater Sustainability Project, including seeking funding for and beginning the planning and design of a regional reclaimed water facility
- Continued maintenance of the Water System, including reservoir maintenance and water booster station improvements
- Improving opportunities for employee education and training that result in more efficient, resourceful, and entrepreneurial operations
- Continuing to enhance the award-winning environment and culture at City facilities to improve employee morale, development, and creativity
- Setting aside substantial financial reserves to prepare for rising costs associated with pension costs, risk management costs, City facility improvements, and a potential recession
- Upgrading and managing the Visitor Information Center and Visitor Information Kiosk to provide a better experience for visitors and residents alike
- Organizing and operating the Clam Festival, Band Review, and July 4th celebration to better reflect the community's heritage and pride and to attract our residents

- Sponsoring major events and new market opportunities for improved tourism that are harmonious with the quality of life in Pismo Beach

We are Building a More Livable Community

The Adopted Budget includes investments into building a more livable community for our future, including:

- Developing a site plan, facilities needs assessment, and conceptual design of a new safety center, to include a Fire Station at the Old City Hall and expansion of the Police Station
- Improvements in the St. Jude's tunnel to make it safer and more attractive
- Investing in new equipment and amenities for several City parks
- Replacing the Morro Avenue beach stairway
- Completing the walkway between Ocean Boulevard and Vista Del Mar Avenue, including accessibility improvements
- Installing bluff protection measures along the bluff edge of Ebb Tide Park and Memory Park to relocate City utilities away from the bluff edge
- Installing new heaters at the Pismo Beach Veterans' Hall
- Updating the General Plan Circulation Element to provide for better mitigation of congestion
- Performing a design and feasibility study to determine the best location for a new public parking lot and parking structure
- Investing in the beach trolley to ensure continued operation
- Adding a pedestrian scramble at the intersection of Cypress Street and Pomeroy Avenue to reduce congestion and enhance pedestrian flow
- Working with the Land Conservancy to ensure a successful Pismo Preserve opening that creates an accessible entry for residents and visitors while being complementary to the neighborhood

We are Building a Safer Community

Finally, the Adopted Budget also invests in building a safer community for our future, including:

- Implementing technology to support continuous operations for public safety, including new community cameras, replacing Police mobile data computers, and replacing Police body cameras
- Implementing the City's IT Strategic Plan for security, disaster recovery, paperless workflow processes, agenda management, and record retention
- Continuing replacement of mission-critical public safety vehicles to ensure the City's fleet is in good working order and maintenance costs remain low
- Purchasing and installing a City-owned fuel tank to ensure fuel during emergencies
- Increasing Police bike patrol presence in the Downtown area

CITY MANAGER'S BUDGET MESSAGE

Financial Overview

The overall financial goals for the FY 2018 and FY 2019 budget period are to have a fiscally sound two-year budget, strengthen reserves, enhance current service levels, and address critical capital projects. The FY 2018 and FY 2019 Adopted Budgets present a structurally balanced budget, with excess operating revenues sufficient to cover Adopted operating budget expenditures.

The FY 2018 Adopted Budget includes a total of $35.9 million in revenues and $38.9 million in operating and capital budget for a net $3.0 million more expenditures than revenues. The operating budget is balanced with a $3.4 million net operating surplus. The $6.4 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The FY 2019 Adopted Budget includes a total of $36.6 million in revenues and $37.2 million in operating and capital budget for a net $0.6 million more expenditures than revenues. The operating budget is balanced with a $3.1 million net operating surplus. The $3.7 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The Adopted Budget includes work plan budget expenditures for improving services, supporting capital improvements, building reserves, and supporting the community.

- The amount of recommended work plan budget items that are ongoing in nature and include enhancing service levels and address Council priorities, net of revenues and transfers, are $414,559 in FY 2018 and $607,068 in FY 2019
- The amount of recommended work plan budget items that are one-time investments and include capital improvement projects that address critical infrastructure needs and other Council goals, net of revenues and transfers, total $6,388,550 in FY 2018 and $3,689,400 in FY 2019
- The FY 2018 Adopted Budget contributes an additional 1%, or $200 thousand, to the General Fund Reserve as the City moves from 24% to 25% of General Fund budgeted operating expenditures
- The FY 2019 Adopted Budget includes an additional $120 thousand as General Fund budgeted operating expenditures increase and the Reserve remains at the 25% level
- The City's Fiscal Policy to maintain a contingency reserve of 1% of budgeted General Fund operating expenditures to support unanticipated items that may occur during the budget years is fully funded. Due to several large capital projects that could experience cost overruns, the contingency budget in the Adopted Budget is increased to 3% per year at $590 thousand in FY 2018 and $625 thousand in FY 2019
- The Adopted Budget continues to support an additional $50 thousand each year to fully fund the Risk Management Reserve for unanticipated risk management costs, reaching its fully-funded level of $250 thousand by FY 2019
- The Adopted Budget maintains the $500 thousand City Facility Reserve

CITY MANAGER'S BUDGET MESSAGE

This budget document is a comprehensive financial document that accounts for historical transactions and events, and compares the previous year's budgeted expenditures and the Adopted Budgets for FY 2018 and FY 2019. The FY 2017 revised budget, as presented in the ensuing departmental pages, reflects budget amendments approved through April 2017, as well as open encumbrances rolled-over from the preceding fiscal year.

All relevant financial information is outlined in the budget summary on the following pages. The summary includes several charts, graphs, and commentary on the budget and items included within it. Following the budget summary, there are details of the budget organized by function and department.

Acknowledgements

I would like to thank the management, mid-management, and supervisory staff from all City departments who provided invaluable input into the preparation of the FY 2018 and FY 2019 budget in a spirit of interdepartmental cooperation. In each instance the staff worked with the best interest of the entire community and the City's fiscal integrity in mind. I thank the staff of the Administrative Services Department who provided exceptional assistance to all departments in providing training, calculations, advice, and reminders of critical deadlines throughout the budget preparation process. I offer thanks to the City Council for their leadership, guidance and direction. Finally, I would also like to thank all other individuals who contributed in making this budget a reality. This document is a team effort.

Closing

We are BUILDING FOR OUR FUTURE today by making several key investments today that will make our future even brighter. We are financially stable, we are making prudent investments into the community and we are enhancing the quality of life for our residents and visitors. These are great days for the City of Pismo Beach and I am excited about our future. Additionally, I am encouraged by the people coming together to work hard to take our community to the next level. All of the pieces are in place to make Pismo Beach even more exceptional than it already is and I am privileged to work with an outstanding staff, volunteers, business owners, non-profit leaders and elected officials.

Respectfully,



James R. Lewis
City Manager

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BUDGET AWARDS



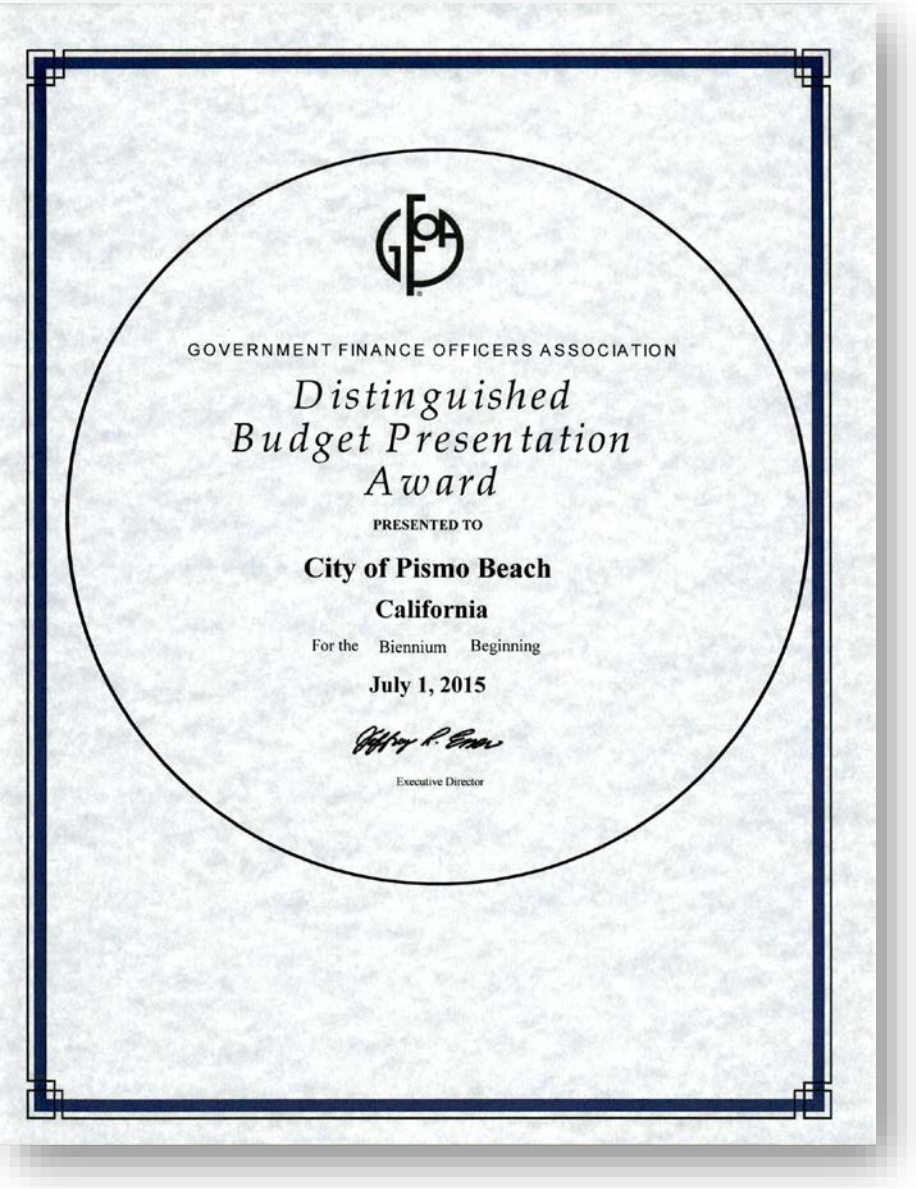
Photo Credit: Maria Santos

BUDGET AWARDS

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA) DISTINGUISHED BUDGET PRESENTATION AWARD

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Pismo Beach, CA for its biennial budget for the biennium beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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



BUDGET AWARDS

CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS (CSMFO) BUDGET AWARD



California Society of
Municipal Finance Officers

Certificate of Award

Operating Budget Excellence Award
Fiscal Year 2015-2016

Presented to the

City of Pismo Beach

For meeting the criteria established to achieve the Operating Budget Excellence Award.

February 23, 2016

Jesse Takahashi
CSMFO President

Michael Gomez, Chair
Professional Standards and
Recognition Committee

Dedicated Excellence in Municipal Financial Reporting

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COMPREHENSIVE BUDGET SUMMARY



Photo Credit: City of Pismo Beach Conference & Visitors Bureau

COMPREHENSIVE BUDGET SUMMARY

The Comprehensive Budget Summary includes discussions about revenues, expenditures, projections, staffing, changes to service levels, and key assumptions, all of which contribute to the development of the FY 2018 and FY 2019 Adopted Budgets.

The FY 2018 and FY 2019 Adopted Budgets present a balanced budget, with revenues sufficient to cover normal operations (or base level) and Adopted ongoing work plan budget requests (or above base level) budget expenditures. The baseline budget is a continuance of all current services and contracts without any changes to staffing levels, contract costs beyond normal cost increases, program enhancements, or capital projects. The work plan budget requests are all revenues and expenditures over the baseline budget. These work plan budget items include accomplishments of the City Council's goals, investments in the City's future for Downtown circulation and parking, water supply and conservation, Bello Street corridor and re-use of the old City Hall building, Downtown revitalization and beautification; and bluff protection. These include several capital projects, program enhancements, and increased contributions to contingency funds, replacement funds, and General Fund reserves.

The following tables depict the FY 2018 and FY 2019 Adopted Budget, all net of transfers. The first table is the total budget with ongoing and one-time revenues and expenditures. This table also includes General Fund contributions for reserves that reduce the fund balance. The second table includes the operating budget, or the ongoing revenues and expenditures. The third table includes the one-time revenues and expenditures. Note that the operating budget is structurally balanced, meaning that operating revenues are greater than or equal to operating or ongoing expenditures and the one-time expenditures are supported by one-time revenues or fund balance.

Total Budget

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Beginning Fund Balance	$ 34,296,319	$ 31,082,656
Revenues	$ 35,937,869	$ 36,566,059
Expenditures	38,901,310	37,171,801
Net	$ (2,963,441)	$ (605,742)
Ending Fund Balance	$ 31,332,879	$ 30,476,914
Less Contributions to Reserves	$ (250,222)	$ (248,461)
Revised Ending Fund Balance	$ 31,082,656	$ 30,228,453

COMPREHENSIVE BUDGET SUMMARY

Operating Budget	FY 2018 Adopted	FY 2019 Adopted
Revenues	$ 35,455,369	$ 36,566,059
Expenditures	32,030,260	33,482,401
Net	$ 3,425,109	$ 3,083,658

One-time Revenues & Expenditures, Net is supported by Fund Balance	FY 2018 Adopted	FY 2019 Adopted
Revenues	$ 482,500	$ -
Expenditures	6,871,050	3,689,400
Net	$ (6,388,550)	$ (3,689,400)

The Adopted Two-Year Budget is Balanced

The FY 2018 Adopted Budget includes a total of $35.9 million in revenues and $38.9 million in operating and capital budget for a net $3.0 million more expenditures than revenues. The operating budget is balanced with a $3.4 million net operating surplus. The $6.4 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

The FY 2019 Adopted Budget includes a total of $36.6 million in revenues and $37.2 million in operating and capital budget for a net $0.6 million more expenditures than revenues. The operating budget is balanced with a $3.1 million net operating surplus. The $3.7 million of expenditures that exceed revenues are for one-time capital projects that the City will support from accumulated fund balances.

Comparing FY 2017 Adopted Budget to FY 2018 and FY 2019 Adopted Budgets

Comparing Adopted Budgets over time provides a look at how things have changed since the last two-year budget cycle. The following table provides the total budget for the FY 2017 through the FY 2019 Adopted Budgets, including variances for each fiscal year compared to the previous fiscal year. Explanations of the variances are provided after the table.

COMPREHENSIVE BUDGET SUMMARY

Total Budget

	FY 2017 Adopted Budget	FY 2018 Adopted Budget	FY 18 vs FY 17	FY 2019 Adopted Budget	FY 19 vs FY 18
Beginning Fund Balance	$ 19,338,578	$ 34,296,319	$ 14,957,741	$ 31,332,879	$ (2,963,441)
Revenues	$ 34,315,198	$ 35,937,869	$ 1,622,671	$ 36,566,059	$ 628,190
Expenditures	32,135,246	38,901,310	6,766,064	37,171,801	(1,729,508)
Net	$ 2,179,952	$ (2,963,441)	$ (5,143,393)	$ (605,742)	$ 2,357,698
Ending Fund Balance	$ 21,518,530	$ 31,332,879	$ 9,814,348	$ 30,727,136	$ (605,742)

FY 2018 Adopted Budget vs FY 2017 Adopted Budget

The FY 2018 Adopted Budget includes $1.6 million more revenues compared to the FY 2017 Adopted Budget. This is largely attributed to more General Fund property related tax and transient occupancy tax revenues. The FY 2018 Adopted Budget also includes $6.8 million more budgeted expenditures, primarily due to $6.8 million more one-time expenditures and capital projects budgeted in FY 2018. Similar to the last two-year budget for FY 2016 and FY 2017, most of the large one-time projects are budgeted in the first year of the two-year budget.

FY 2019 Adopted Budget vs FY 2018 Adopted Budget

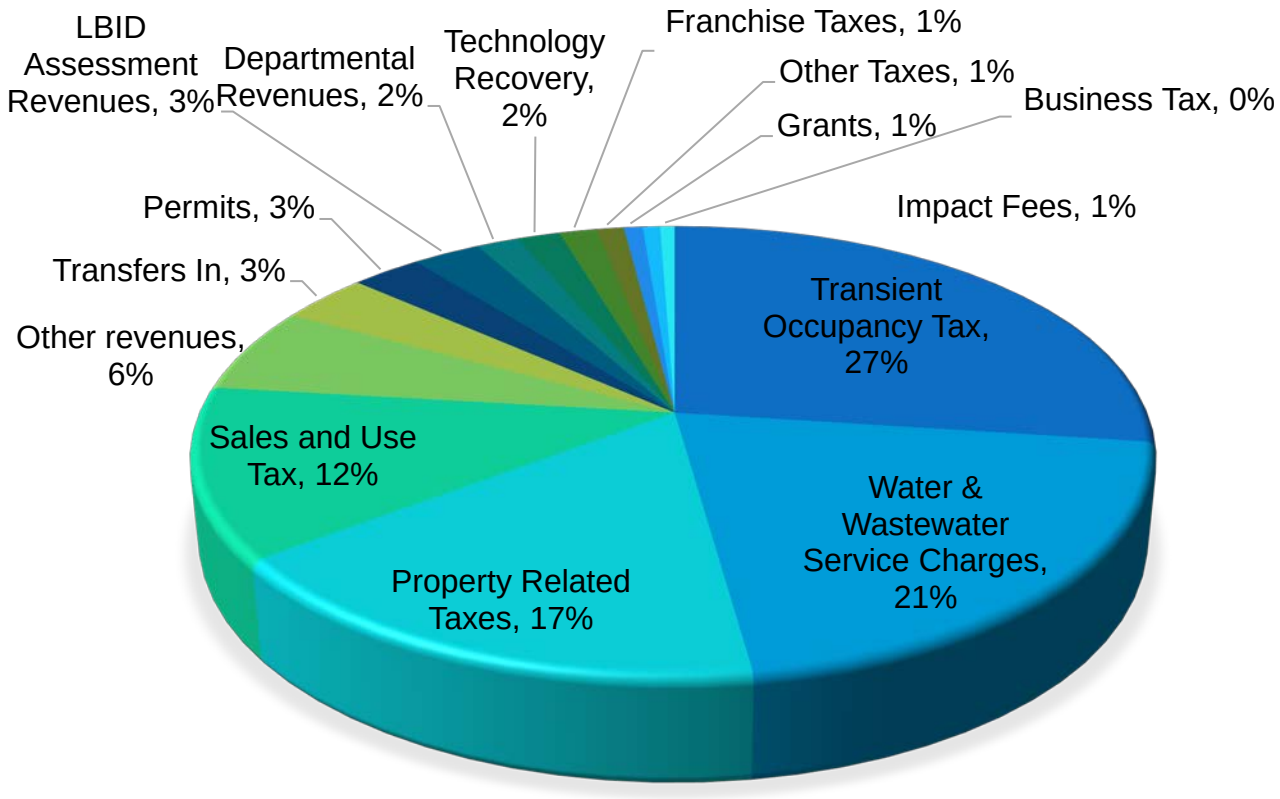
The FY 2019 Adopted Budget includes $0.6 million more revenues compared to the FY 2018 Adopted Budget, largely due to $0.3 million of additional General Fund revenues, $0.1 million of additional Gas Tax Fund transportation funds from the State, $55 thousand of Chapman Estate Fund revenues, and $52 thousand of additional Lodging Business Improvement District assessment funds. The FY 2019 Adopted Budget includes $1.7 million fewer expenditures compared to the FY 2018 Adopted Budget, primarily due to more one-time capital projects budgeted in FY 2018 than in FY 2019. Similar to the last two-year budget for FY 2016 and FY 2017, most of the large one-time projects are budgeted in the first year of the two-year budget.

OPERATING REVENUE AND EXPENDITURE COMPONENTS OF THE TWO-YEAR BUDGET

The following pie charts illustrate the categories of revenues and expenditures that make up the City's FY 2019 Adopted operating budget, net of transfers between funds. The components of the FY 2018 and FY 2019 Adopted operating budgets are similar and the percentages in FY 2018 are almost identical. Operating revenues and expenditures include all the ongoing revenues and expenditures necessary to maintain or enhance current operations and does not include one-time revenues or expenditures.

All Funds Operating Revenues

FY 2019 All Funds Operating Revenues by Revenue Type



- The largest component, or 27%, of the City's revenues is from Transient Occupancy Tax (TOT) revenues, budgeted at $10.3 million. These revenues are equal to 10% of the rent charged by all lodging businesses for a person exercising occupancy for 30 consecutive calendar days or less.
- The second largest component, or 21%, of the City's revenues is from Water & Wastewater Service Charges from residential and non-residential customers, which is about $7.9 million.
- Property Related taxes make up 17% of the City's revenues, or $6.4 million, and include property taxes from assessed property values, property tax in lieu of vehicle license fees, property tax that was formerly allocated to the now dissolved Redevelopment Agency, and a special water tax on property owners.

OPERATING REVENUE AND EXPENDITURE COMPONENTS OF THE TWO-YEAR BUDGET

- Sales and Use tax revenues make up 12% of the City's revenues, or $4.7 million, and include the 1.0% Bradley Burns sales tax, public safety sales tax, and the Half-Cent Transaction sales tax.
- Other Revenues make up 6% of the City's revenues, or $2.3 million, and includes parking kiosk revenues, rental revenues, fines, interest earnings, and allocations from other funds.
- The remaining components contribute 17%, or $6.4 million, of the City's revenues and include transfers in from one fund to another, permits, Lodging Business Improvement District (LBID) assessment revenues, technology recoveries, departmental revenues, franchise taxes, other taxes, grants, impact fees, and business taxes.

The four largest revenue categories (TOT, Water & Wastewater Service Charges, Property Related taxes, and Sales & Use tax revenues) make up 77% of the City's revenues. TOT revenues and the majority of property and sales tax revenues are deposited in the General Fund. An in-depth description of these General Fund sources are provided in the General Fund Revenues section. The Water and Wastewater service charges are described below.

Water & Wastewater Service Charges are deposited in the Water and Wastewater Enterprise Funds and are used exclusively for water and wastewater operations, maintenance, and utility related capital projects. Based on a comprehensive water and wastewater rate study performed by an outside consultant, the City Council approved revised water and wastewater rates in September 2013. Water and wastewater fees are set up to each have a flat rate service charge and a variable rate based on water consumption. The Council approved two changes to rates: (1) the rate structure to encourage conservation to comply with the State's goal of reducing per capita water use by 20% by December 31, 2020 and (2) rate increases to cover critical water and wastewater capital system improvements. The water rates are set to increase by 4.5% per year and wastewater rates increase by 5.5% per year from December 2013 through June 2017.

On January 17, 2014, California Governor Jerry Brown proclaimed a State of Emergency and asked all Californians to reduce water consumption by 20%. In addition, on April 1, 2015, the State Water Resources Control Board imposed restrictions to achieve a 25% reduction in potable water and other water conservation measures. As a result, the City of Pismo Beach implemented a four-tiered water supply condition with respective water usage restrictions depending on the current water supply. Each of the declared water supply conditions has increasingly stringent water use restrictions. From February 2014 to May 2015, the Council continued to move through the tiers and ended with the most critical water supply condition with the most stringent water use restrictions. Reducing the use of potable water for construction activities is included as one of the water use restrictions. In addition to these restrictions, the City of Pismo Beach implemented various water conservation measures, including a comprehensive water conservation incentive program designed to help reduce water consumption. The Water Enterprise Fund supported this program, providing reimbursements to residents after they purchased a rain barrel, replaced grass with drought tolerant landscaping, or replaced toilets with high efficiency toilets. As a result, the City exceeded the Executive Orders' directive, reaching 26.6% reduced production. With an accelerated schedule of reduced water production came reduced water and wastewater service charges during FY 2015 and FY 2016.

OPERATING REVENUE AND EXPENDITURE COMPONENTS OF THE TWO-YEAR BUDGET

Fortunately, in the winter of 2016 and early 2017, the City experienced one of the wettest winters on record. On April 17, 2017, Governor Brown issued an Executive Order officially ending the drought State of Emergency in most California counties, including San Luis Obispo County. On June 20, 2017, the City Council declared a "normal water supply" and revised water restrictions to fit with a normal water supply. Staff estimates that water and wastewater consumption and related service charges will remain level at the reduced 20% rate for the FY 2018 and FY 2019 Adopted Budgets as water conservation efforts are the new normal.

The FY 2018 Adopted Budget includes supporting another water and wastewater fee study to ensure compliance with State laws, improve conservation, and provide sufficient revenues to support water and wastewater operations and capital projects.

Water Service Charges

Water service charges are the primary source of revenue received by the City's Water Enterprise Fund. These service charges have fixed and variable components. The fixed charge is based on meter size and is structured to recover 30% of all water costs. The variable component is based on water consumption and recovers 70% of all water costs. The variable component includes an incentive to reduce per capita water use by 20% by December 31, 2020 to comply with the State's 20x2020 Water Conservation Plan. Other sources of revenue include account set-up fees, turn on/off fees, penalties and late fees, and interest income.

Historical actual water service charge revenues fluctuate based on customer growth, water sales volume, and includes rate increases. As such, reviewing these historical actual revenue changes alone does not project water service charge revenues for the future. Instead, water service charges are estimated through projections of customer growth and water sales volume.

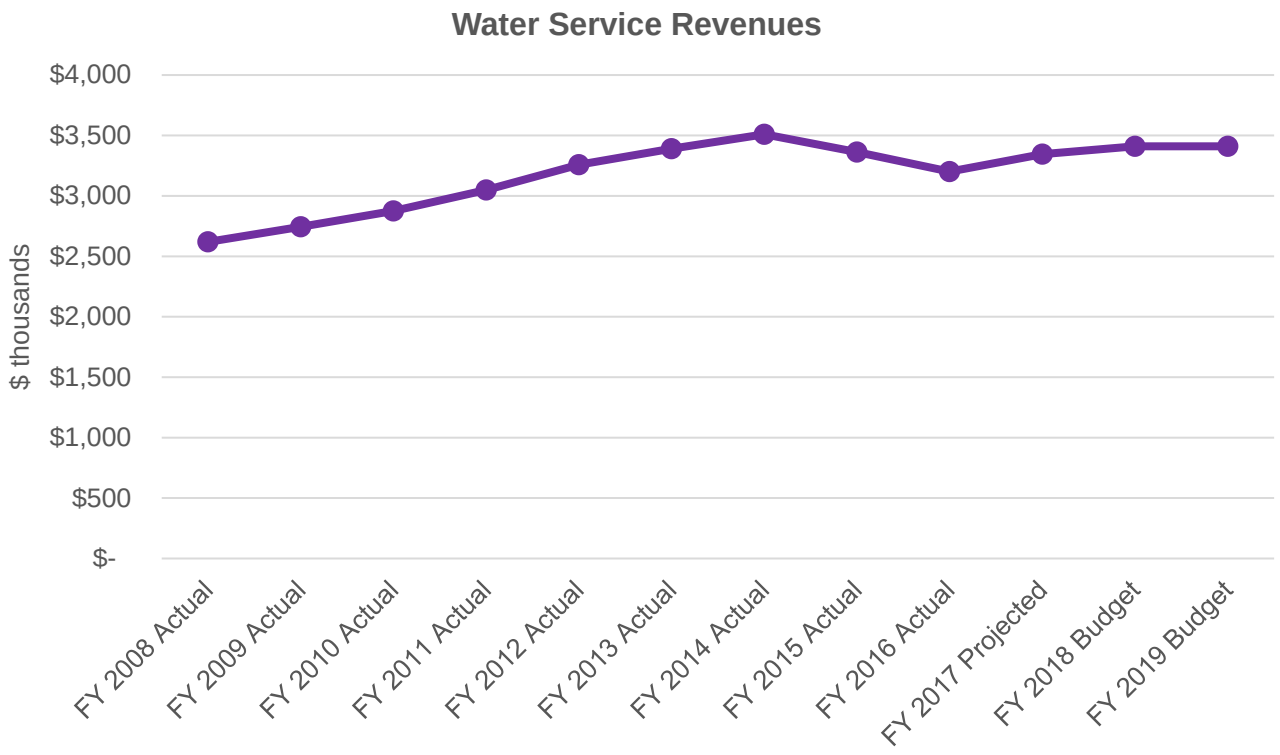
Customer growth: The City has eight classifications of water customers. These include Single-family Residential (SFR), Multi-family Residential (MFR), Mobile Home, Commercial, Irrigation, Construction, Hydrant, and Municipal. Future customer growth in these classifications includes the assumption that there will be some customer growth in FY 2018 and FY 2019.

Water Sales Volume: Future water sales volume for the City is estimated by multiplying the projected number of customers by future estimates of water use per customer by classification.

The basis for the budgeted water service charge revenues for FY 2018 at $3.4 million includes a 4.5% increase in water service rates, 0.75% increase in residential customer growth, and 1.0% increase in commercial customer growth. This is offset by a decrease in water sales volume based on the rate structure incentive and other water conservation efforts. FY 2018 is also the last year of the Council-approved fee increases. FY 2019 budgeted water service charge revenues remain flat at $3.4 million.

OPERATING REVENUE AND EXPENDITURE COMPONENTS OF THE TWO-YEAR BUDGET

The following table illustrates the change in water service charge revenues from FY 2008 through the budgeted FY 2019 that reflect increased rates and customer growth, offset by reduced water consumption. Please note that FY 2015 and FY 2016 reflect the City's water customers' efforts to reduce water consumption due to the State's emergency drought declaration. On January 17, 2014, California Governor Jerry Brown proclaimed a State of Emergency and asked all Californians to reduce water consumption by 20%. In addition, on April 1, 2015, the State Water Resources Control Board imposed restrictions to achieve a 25% reduction in potable water and other water conservation measures.



Wastewater Service Charges

Wastewater service charges are the primary source of revenue received by the City's Wastewater Enterprise Fund. These service charges have fixed and variable components. The fixed charge is based on meter size and is structured to recover 22% of all wastewater costs. The variable component is based on non-residential water consumption and is structured to recover 78% of all wastewater costs. Other revenue sources include penalties, interest income, and miscellaneous sources.

Historical actual wastewater service charge revenues fluctuate based on customer growth, waste sales volume, and includes rate increases. As such, reviewing these historical actual revenue changes alone does not project wastewater service charge revenues for the future. Instead,

wastewater service charges are estimated through projections of customer growth and water sales volume.

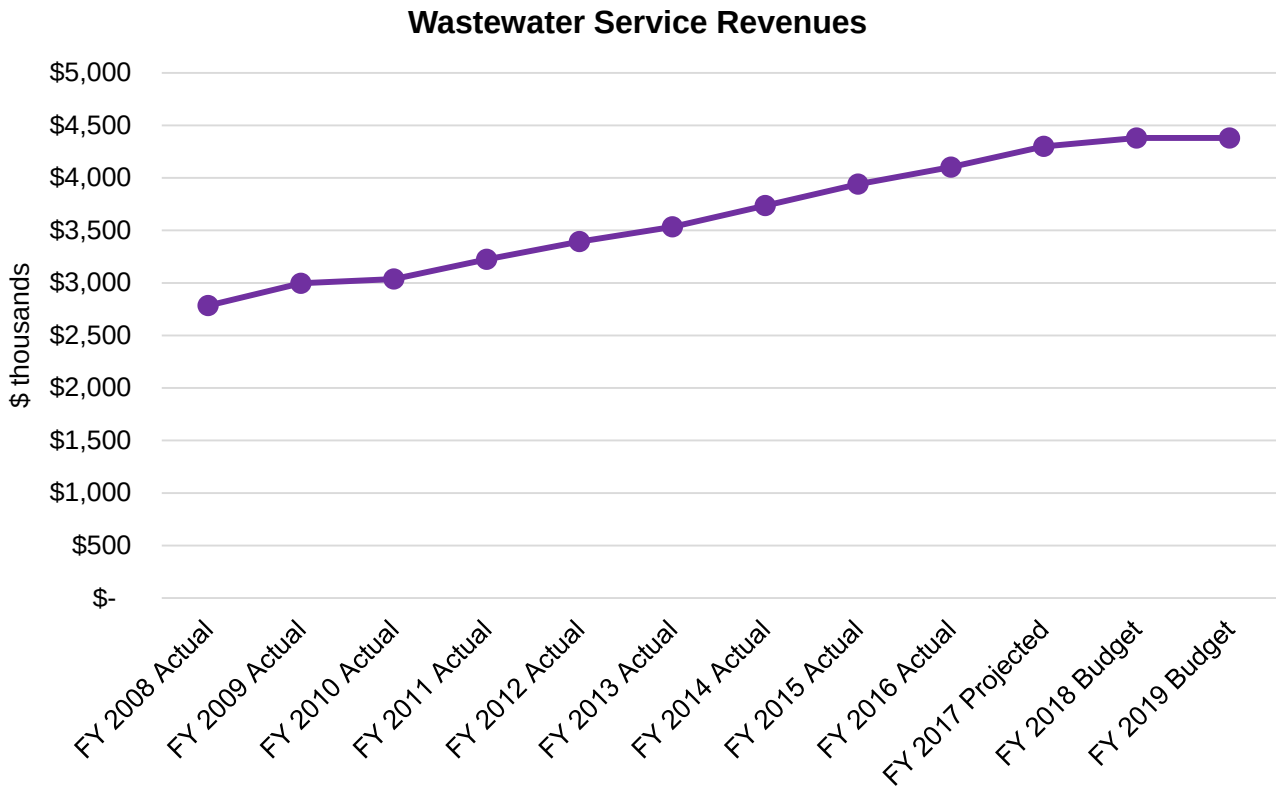
Customer growth: The City classifies wastewater customers into 17 classifications. These include Single-family Residential (SFR), Multi-family Residential (MFR), Mobile Home, and various Commercial customers grouped by the cost to treat those businesses. For example, a school is charged a different rate than a school with a cafeteria since the cafeteria would increase the cost to treat the wastewater.

Wastewater Sales Volume: Future wastewater sales volume from non-residential wastewater customers is projected by multiplying the projected number of customers by future estimates of water use per customer by classification.

The basis for the budgeted wastewater service charge revenues for FY 2018 is $4.4 million, including a 5.5% increase in water service rates, 0.75% increase in residential customer growth, and 1.0% increase in commercial customer growth. This is offset by a decrease in wastewater sales volume based on the rate structure incentive and other water conservation efforts. FY 2018 is also the last year of the Council-approved fee increases. FY 2019 budgeted wastewater service charge revenues remain flat at $4.4 million.

The following table illustrates the change in wastewater service charge revenues from FY 2008 through a projection in FY 2019 that reflect increased rates and customer growth, offset by reduced water consumption. Please note that FY 2015 and FY 2016 reflect the City's water customers' efforts to reduce water consumption due to the State's emergency drought declaration. On January 17, 2014, California Governor Jerry Brown proclaimed a State of Emergency and asked all Californians to reduce water consumption by 20%. In addition, on April 1, 2015, the State Water Resources Control Board imposed restrictions to achieve a 25% reduction in potable water and other water conservation measures.

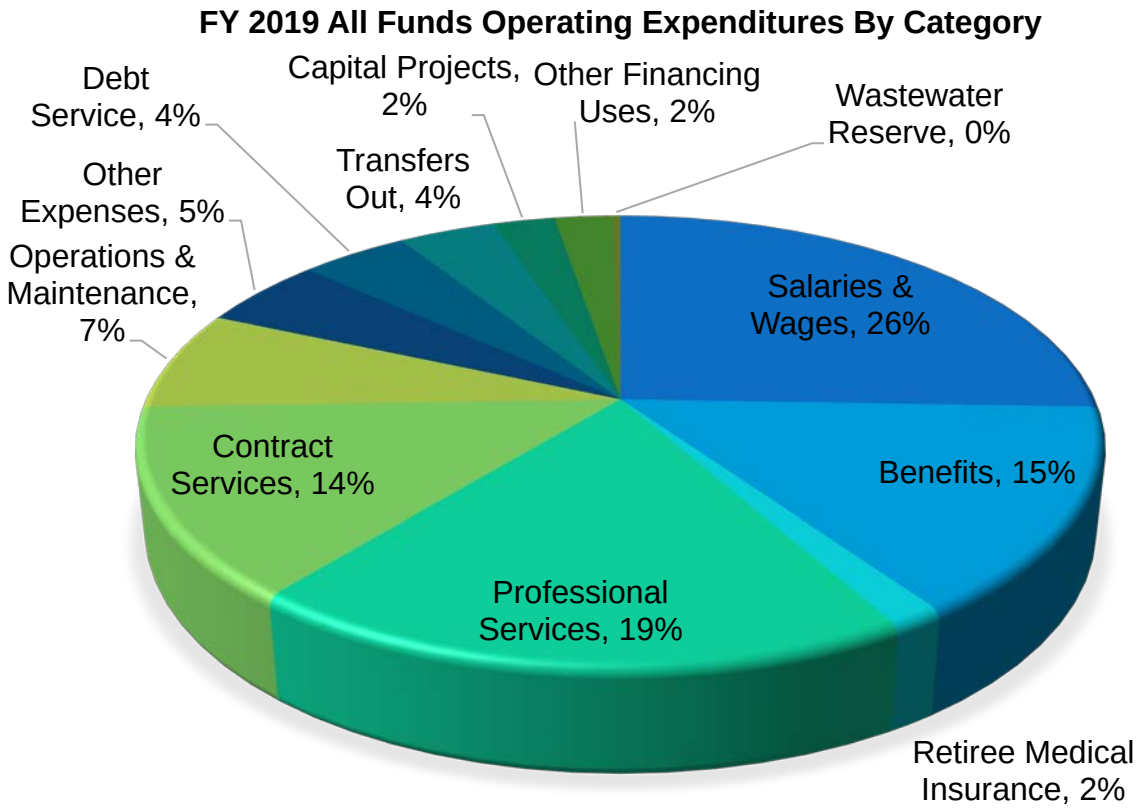
OPERATING REVENUE AND EXPENDITURE COMPONENTS OF THE TWO-YEAR BUDGET



All Funds Operating Expenditures

The following sections discuss two ways to view how the City's budgeted funds are spent: by expenditure category or by department/division.

All Funds Operating Expenditures by Category



- The largest components of the City's budget are for salaries & wages and benefits, totaling $14.1 million, or 41% of all expenditures. Salaries & wages make up 26% and benefits make up 15% of total expenditures.

  Number of City FTE Positions: Staffing resources are an integral part of the City's two-year budget. The current number of budgeted permanent full time equivalent (FTE) positions in FY 2018 and FY 2019 is 88.00. This is a decrease of 1.00 FTE from FY 2017 to reflect the defunding of a Building Inspector I position. The Building Inspector I position is vacant and staff anticipates being able to use a contract position to handle additional building inspections throughout the year depending on demand. A summary of FTEs by Department are provided in the Financial Summaries section of this document and can also be found in the Operating Budget Detail section for each Department.

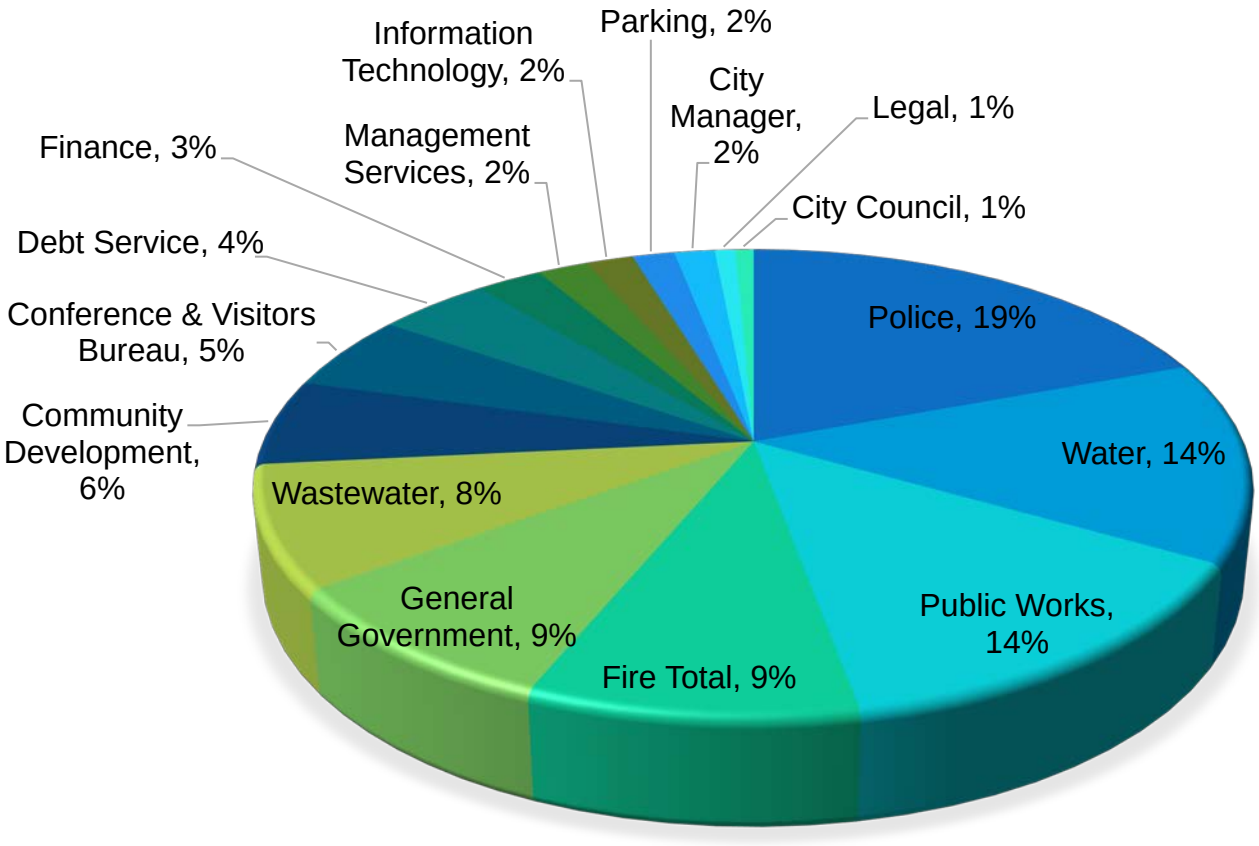
  Personnel costs: Salary and Benefit summaries are provided in the Financial Summaries section of this document and can also be found in the Operating Budget Detail section for each Department.

Employee Compensation and Benefits: There are two union-represented groups in the City: the Police Officers Association (POA) for sworn and non-sworn employees; and Service Employees International Union (SEIU), Local 620, for miscellaneous employees. The remaining non-represented employees include City Manager, management employees, mid-management/professional employees, and supervisory/technical employees. Employees receive a wide range of benefits, including CalPERS retirement; medical, dental, vision, and life insurance; vacation, holiday, sick, and administrative leave; deferred compensation, employee assistance program, flexible benefits, and tuition reimbursement. Each Memorandum of Understanding with the bargaining unit defines the benefit details for each job classification and can be found on the City's website.

- The second largest component of the City's budget is for professional services, totaling 19% of all expenditures, or $6.6 million. This category includes interagency contracts for state water and water from the Lopez Reservoir totaling approximately $2.9 million in FY 2018 and $3.0 million in FY 2019, the City's CalFire contract of approximately $2.2 million in FY 2018 and $2.4 million in FY 2019, and contracts with other professional services such as legal services, auditors, and planners.
- The third largest category is contract services, totaling 14% of all expenditures, or $4.7 million. This category includes advertising and promotion contracts for the City and the City's lodging businesses of $1.1 million in both FY 2018 and FY 2019, risk management and insurance costs of $0.8 million in FY 2018 and $1.0 million in FY 2019, $0.9 million per year for power and utility costs, $0.3 million per year in technology support costs, $0.2 million per year for training costs and memberships, and other contract services.
- The fourth largest category is operations & maintenance, which makes up 7% of the City's expenditures, or $2.5 million.
- Other expenses make up 5% of the City's expenditures, or $1.8 million, including overhead costs, motor vehicle operations and repairs, and technology costs.
- Debt service & other financing uses make up 4% of the City's expenditures, or $1.5 million.
- The remaining operating expenditure categories total 9% of the City's expenditures, or $3.1 million. This includes transfers out to other funds, capital projects, other financing uses, retiree medical insurance, and contributions to the Wastewater Emergency Capital Reserve.

All Funds Operating Expenditures by Department / Division

FY 2019 All Funds Operating Expenditures by Department / Division



- The largest component of the City's budget at 19%, or $6.7 million, is spent on police protection to keep the City's residents and visitors safe and enforce the law. The Police Department is nationally accredited by the Commission on Accreditation for Law Enforcement Agencies.
- The second largest component of the City's budget at 14%, or $4.9 million, is spent on water operations, construction, and consumption.
- The third largest component of the City's budget at 14%, or $4.8 million, is for Public Works, which includes maintenance and operations, engineering, improvements to City buildings and facilities, and motor vehicle operations and replacement.
- The fourth largest component of the City's budget at 9%, or $3.2 million, for fire protection and prevention, lifeguards, and weed abatement. The City contracts out fire protection and prevention services to CalFire.
- The fifth largest component of the City's budget at 9%, or $3.0 million, is for General government costs, or costs that are used by all departments, and includes insurance costs and contributions to reserves and the Other Post Employment Benefit fund contributions.
- Wastewater operations and maintenance, construction, and related costs make up 8% of the City's budget, or $2.9 million.
- Community Development, which includes building, planning, and recreation costs, makes up 6% of the City's budget, or $2.1 million.

- Conference & Visitors Bureau costs to support promoting tourism to Pismo Beach make up 5%, or $1.8 million of the City's budget.
- The remaining components of the City's budget include: Debt Service at 4%; Finance at 3%; Management Services at 2%; Information Technology at 2%; Parking at 2%; City Manager's office at 2%; Legal at 1%; and City Council at 1%. These components total 15%, or $5.3 million, of the City's budget.

KEY ASSUMPTIONS

In general, the Adopted two-year budget includes several key assumptions.

Revenue Assumptions

- Operating revenues are projected based on historical revenue collections, known rate changes, consumer price index inflation, and estimated economic factors.
- This budget assumes conservative increases in the City's major revenue sources: water and wastewater rates, transient occupancy tax, property tax, and sales tax. Details of water and wastewater revenues are provided in the All Funds Operating Revenues section. Details of the remaining revenues and assumptions are provided in the General Fund Revenues section. In total, these revenues are expected to increase 2.3% in FY 2018 compared to FY 2017 projected actuals and another 2.9% in FY 2019. This is in line with historical trends and based on expert information and economic projections.

Expenditure Assumptions

- The Budget includes the following personnel cost assumptions:
  - Salaries and wages
    - Cost of living adjustments on July 2017 of 2.0% and on July 2018 of 3.0% for all full-time permanent and part-time temporary employees, including:
      - Police Officer Association (POA) Sworn employees
      - POA non-Sworn employees
      - Service Employees International Union (SEIU), Local 620 employees
      - All other non-represented full-time permanent and part-time employees
    - Increases to reflect projected merit increases
    - Certain positions will decrease to bottom step for new hires assuming projected retirements based on known retirements and/or assuming retirements after 5 years of service and age 57

  - Benefit increases:
    - Medical insurance increase to reflect the level of additional City contributions in December 2017 and in December 2018
    - Dental, vision, and life insurance increase to reflect an additional 5% in FY 2018 and no additional increases in FY 2019 based on historical actual increases
    - Workers Compensation rates were increased by 20% to cover the FY 2018 workers compensation premium costs
    - CalPERS (California Public Employees' Retirement System) rate changes based on data provided by PERS Actuarial Reports dated August 2016. The City provides retirement benefits for full-time employees through CalPERS. The City has three

retirement plans, each with two to three benefit tiers. The third tier is also often referred to as the California Public Employees' Pension Reform Act (PEPRA) tier. The following two tables provide the rates as of June 30th of each fiscal year as projected by CalPERS and are included in this two-year budget. The variable rates are multiplied by the employee's salary and equal the employee's contribution towards their retirement benefits. The fixed cost amounts are flat contribution amounts that go towards paying down the City's unfunded liability.

Each tier within each plan calls for a different Employer and Employee cost, with the 1st tier costing the most and the 3rd tier, or the PEPRA tier, costing the least to the employer. The employees all contribute the same amount depending on their plan (Miscellaneous employees contribute 8.0% of their salary to their retirement and Safety Police employees contribute 12.0% of their salary to their retirement).

The following tables reflect the CalPERS rates for Miscellaneous and POA employees for each fiscal year.

FY 2018 CalPERS Cost

Plan	City Normal Cost Rate	Employee Pick-up	City Rate	Employee Rate	City Unfunded Liability Payment	Benefit
Miscellaneous - T1	10.11%	0.00%	10.11%	8.00%	$ 600,952	2.5% at age 55
Miscellaneous - T2	7.20%	1.00%	6.20%	8.00%	$ 39	2.0% at age 60
Miscellaneous - T3 (PEPRA)	6.53%	1.75%	4.78%	8.00%	$ 70	2.0% at age 62
Police - T1	19.72%	3.00%	16.72%	12.00%	$ 752,693	3.0% at age 50
Police - T2	16.84%	3.00%	13.84%	12.00%	$ -	3.0% at age 55
Police - T3 (PEPRA)	11.99%	0.50%	11.49%	12.00%	$ 229	2.7% at age 57
Fire - T1	14.97%	0.00%	14.97%	9.00%	$ 104,291	2.0% at age 50
Fire - T3 (PEPRA)	11.99%	0.00%	11.99%	11.50%	$ 30	2.7% at age 57

FY 2019 CalPERS Cost

Plan	City Normal Cost Rate	Employee Pick-up	City Rate	Employee Rate	City Unfunded Liability Payment	Benefit
Miscellaneous - T1	10.10%	0.00%	10.10%	8.00%	$ 489,738	2.5% at age 55
Miscellaneous - T2	7.20%	1.00%	6.20%	8.00%	$ 268	2.0% at age 60
Miscellaneous - T3 (PEPRA)	6.50%	1.75%	4.75%	8.00%	$ 218	2.0% at age 62
Police - T1	19.70%	3.00%	16.70%	12.00%	$ 848,618	3.0% at age 50
Police - T2	16.80%	3.00%	13.80%	12.00%	$ 15	3.0% at age 55
Police - T3 (PEPRA)	12.00%	0.50%	11.50%	12.00%	$ 507	2.7% at age 57
Fire - T1	15.00%	0.00%	15.00%	9.00%	$ 57,242	2.0% at age 50
Fire - T3 (PEPRA)	12.00%	0.00%	12.00%	11.50%	$ 68	2.7% at age 57

Notes to the FY 2018 and FY 2019 CalPERS Cost tables:

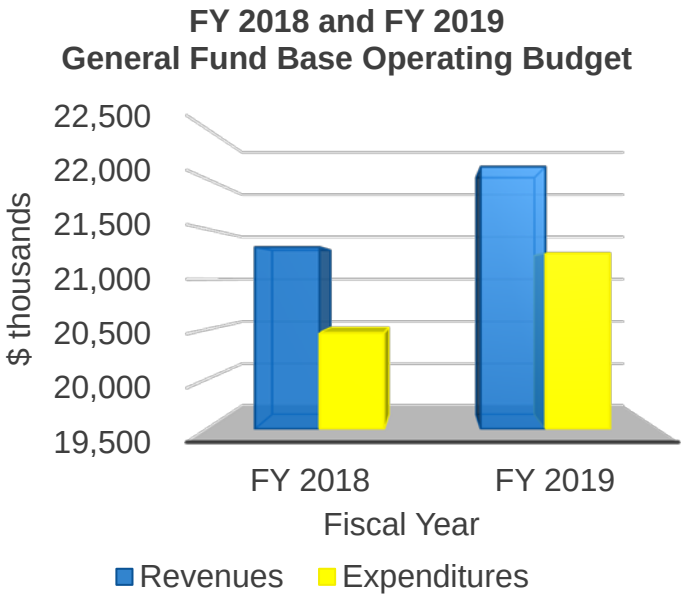
- The City Normal Cost Rate is the total City's cost of the CalPERS pension liability for current pension costs. This rate is the total amount before any City or employee cost sharing.
- The Employee Pick-Up Rate is the cost sharing amount of the CalPERS pension liability for current pension costs borne by the employee to share a portion of the City Normal Cost Rate.
- The City Rate is the City's share of the CalPERS pension liability for current pension costs after the Employee Pick-Up.
- The Employee Rate is the employees' cost for CalPERS pension liability.
- The City Unfunded Liability Payment is the fixed amount due to CalPERS to support the estimated unfunded liability based on the net of what is required to be paid less City contributions and market investments, amortized over a set term.

GENERAL FUND OVERVIEW

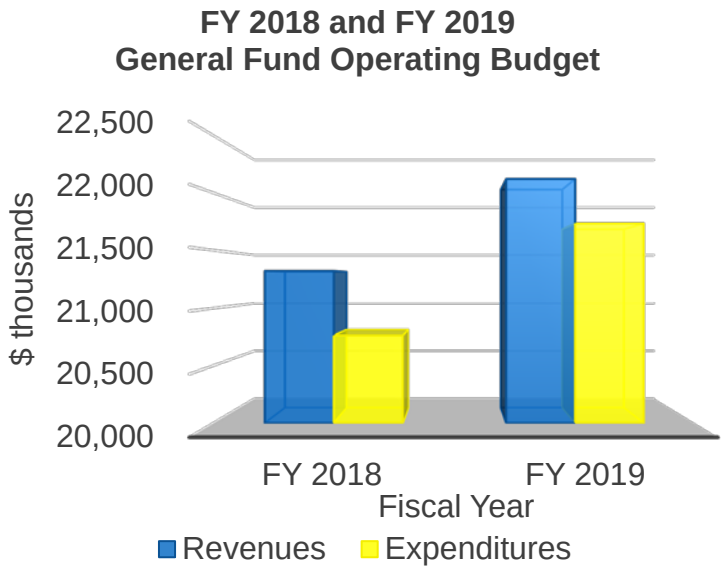
The General Fund is the City's largest and most discretionary fund. General Fund dollars are used for a variety of services including police and fire protection and for several important maintenance and capital projects. At the time of budget preparation, staff's estimate was that the General Fund would close FY 2017 with an unassigned fund balance of $8.79 million to be carried forward as the beginning fund balance for FY 2018. This unassigned fund balance represents uncommitted amounts carried over from FY 2016 plus the estimated excess of revenues over expenditures for FY 2017.

Base Operating Budget is Structurally Balanced

The General Fund base operating budget is structurally balanced, meaning that base operating revenues meet or exceed base operating expenditures. The base operating budget includes current staffing levels and operating costs. It accounts for known cost increases for salary step or merit increases, benefits, contracts, materials and supplies, and other operating costs. It does not include one-time capital and special projects, work plan budget items, or Council Goals.



Adopted Operating Budget is Structurally Balanced

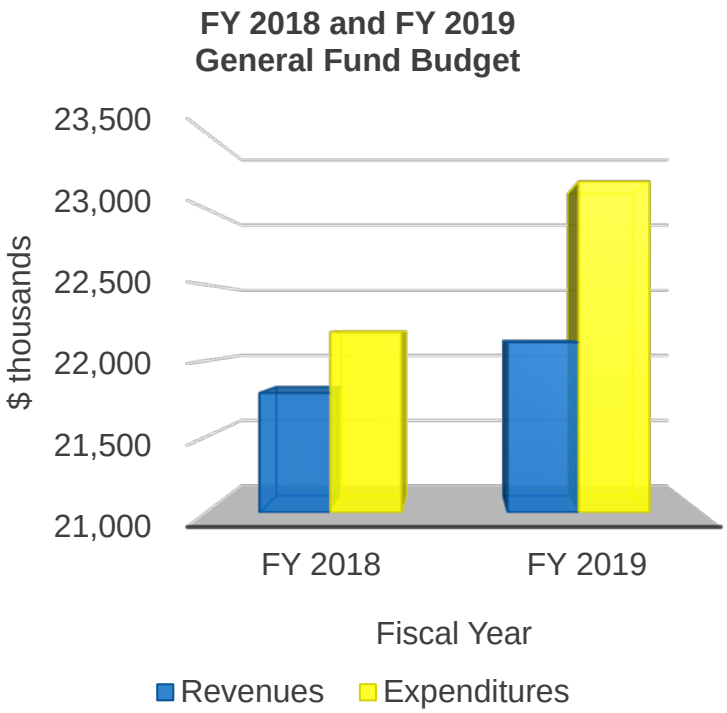


The General Fund Adopted Budget with ongoing work plan budget expenditures is balanced. This represents the ongoing operating budget. In FY 2018, revenues are greater than expenditures by about $0.56 million. In FY 2019, revenues are greater than expenditures by about $0.39 million. Ongoing work plan budget items include on-going enhancements that increase services to the public, funding additional reserves and depreciation, and ongoing Council Goals.

GENERAL FUND OVERVIEW

Total Adopted Budget is Balanced Using Fund Balance

The General Fund Adopted Budget with both one-time investments and ongoing work plan budget expenditures is balanced by using a portion of the General Fund unassigned fund balance. This chart represents the total General Fund budget. In FY 2018, expenditures are greater than revenues by about $0.40 million, which means that $0.40 million of the accumulated fund balance will support this difference. In FY 2019, expenditures are greater than revenues by about $1.06 million, which means that $1.06 million of the accumulated fund balance will support this difference. One-time investments include Pier Plaza and Pier restroom improvements, Price Street beautification and accessibility improvements, and City infrastructure improvements.



GENERAL FUND OVERVIEW

Key changes from the base budget to the Adopted Budget are summarized below.

Adopted General Fund Budget Sources and Uses Summary

	FY 2018	FY 2019
Beginning Fund Balance	**$ 8,791,923**	**$ 8,139,756**
Base Operating Budget		
Sources	$ 21,319,394	$ 22,120,823
Uses	20,466,957	21,260,009
Net Operating Base	852,437	860,814
Fund Balance After Base	$ 9,644,361	$ 9,000,570
Contributions to Reserves	250,222	248,461
Modified Base Fund Balance	**$ 9,394,138**	**$ 8,752,109**
Adopted Work Plan Budget Requests		
Sources		
One-time revenues	$ 467,500	$ -
Uses		
Council Goals-General Fund	$ 528,000	$ 1,470,000
Work Plan Items One-time	907,910	52,400
Work Plan Items Ongoing	245,072	398,286
Outside Agency Funding	40,900	-
Total Uses	$ 1,721,882	$ 1,920,686
Net Above Base Requests	(1,254,382)	(1,920,686)
Ending Fund Balance	**$ 8,139,756**	**$ 6,831,423**
Potential Recession Set-Aside	*$ 1,000,000*	*$ 1,000,000*
CalPERS Discount Rate Set-Aside	*1,000,000*	*800,000*
Final Ending Fund Balance	**$ 6,139,756**	**$ 5,031,423**

Base Operating Budget

The previous summary table provides a look at the major categories of funding in the FY 2018 and FY 2019 General Fund Adopted Budget. The top half of the table reflects the beginning fund balance, base operating budget, contributions to reserves, and a modified base fund balance.

This modified base fund balance is the fund balance available after base operations are funded and reserves are set aside. Work plan budget items are allocated from this modified base fund balance.

Work Plan Budget Items

Work plan budget requests are those items that request a change in funding compared to the baseline budget to reflect efforts toward achieving the Council's goals and priorities, regulations, best practices, service growth, and implementing the IT Strategic Plan.

The bottom half of the summary table includes the additional sources and uses in the Adopted work plan budget items. Total Adopted sources are $467,500 in FY 2018 and $0 in FY 2019. Total Council goals that are funded by the General Fund equal $528,000 in FY 2018 and $1,470,000 in FY 2019. Adopted one-time work plan budget items are $907,910 in FY 2018 and $52,400 in FY 2019 and Adopted ongoing work plan budget items are $245,072 in FY 2018 and $398,286 in FY 2019. Outside agency funding support is $40,900 in FY 2018 and $0 in FY 2019. These ongoing and one-time work plan budget items are detailed in the Adopted Work Plan Budget Requests for FY 2018 & FY 2019 section.

Ending Fund Balance

After factoring in the $1.00 million Recession set-aside and a $1.00 million CalPERS discount rate reduction set-aside, the ending General Fund unassigned fund balance is $6.14 million in FY 2018 and $5.03 million in FY 2019.

Notes on "One-time" and "Ongoing" Budget items

It is important to note the distinction between "one-time" and "ongoing" budget items. "One-time" uses of funds do not create ongoing annual budget expenses for the City. Such expenditures are for projects or programs that are completed within the fiscal year. While there may be some future maintenance costs for some of these items, such costs are relatively minor when measured against the General Fund as a whole. "Ongoing" uses of funds, on the other hand, demand continuing expenditures in future years. The most obvious example is the addition of a new employee. Salary, benefits, and support costs, such as training and equipment, will affect every future budget for as long as the new position remains in the budget.

Because there are future cost increases to which the City may be committed, extreme care needs to be exercised so that current year commitments do not overwhelm future year resources. This was a major criterion used by staff in deciding which additions would be recommended. While most of the capital improvement projects funded by the General Fund will not create new expenditure commitments, some of the projects funded from other sources will have that effect – particularly new parks (as compared to improvement of existing parks) and new public buildings. On the other hand, many of the recommended capital improvement projects, especially street maintenance and park rehabilitation projects, should help control future costs by minimizing the need for emergency repairs.

GENERAL FUND OVERVIEW

FY 2018 General Fund Summary with Carryforwards

Based on the City's FY 2017 Fourth Quarter Financial Status Report and updated to reflect recent projections, the General Fund is estimated to begin FY 2018 with a $13.56 million beginning fund balance, consisting of $8.79 million of General Fund unassigned fund balance and $4.77 million for carryforward projects from the previous year. Operating revenues are budgeted at $21.32 million and operating expenditures are budgeted at $21.11 million, for a net operating surplus of $0.20 million. This includes funding the General Fund contingency at 3.0% to account for potential overages in the various large capital projects currently underway. One-time revenues are budgeted at $0.47 million and one-time expenditures are budgeted at $5.83 million. These one-time expenditures consist of $1.07 million of new one-time investments and $4.77 million of carryforward projects from previous years. After contributions to the General Fund Reserve of $0.20 million and the Risk Management Reserve of $0.05 million as well as a $1.00 million Recession set-aside and a $1.00 million CalPERS discount rate reduction set-aside, the ending General Fund unassigned fund balance is $6.14 million.

FY 2019 General Fund Summary with Carryforwards

Based on the FY 2018 budgeted ending fund balance, the General Fund is estimated to begin FY 2019 with a $8.14 million beginning fund balance, consisting of $6.14 million of General Fund unassigned fund balance and $2.00 million of set-asides for the Recession and CalPERS discount rate reduction. Operating revenues are budgeted at $22.12 million and operating expenditures are budgeted at $21.60 million, for a net operating surplus of $0.52 million. One-time expenditures are budgeted at $1.58 million. After contributions to the General Fund Reserve of $0.20 million and the Risk Management Reserve of $0.05 million as well as a $1.00 million Recession set-aside and a $0.80 million CalPERS discount rate set-aside, the ending General Fund unassigned fund balance is $5.03 million.

The following table illustrates the FY 2016 actuals, the FY 2017 Projected Actuals, and the Adopted Budgets for FY 2018 and FY 2019.

GENERAL FUND OVERVIEW

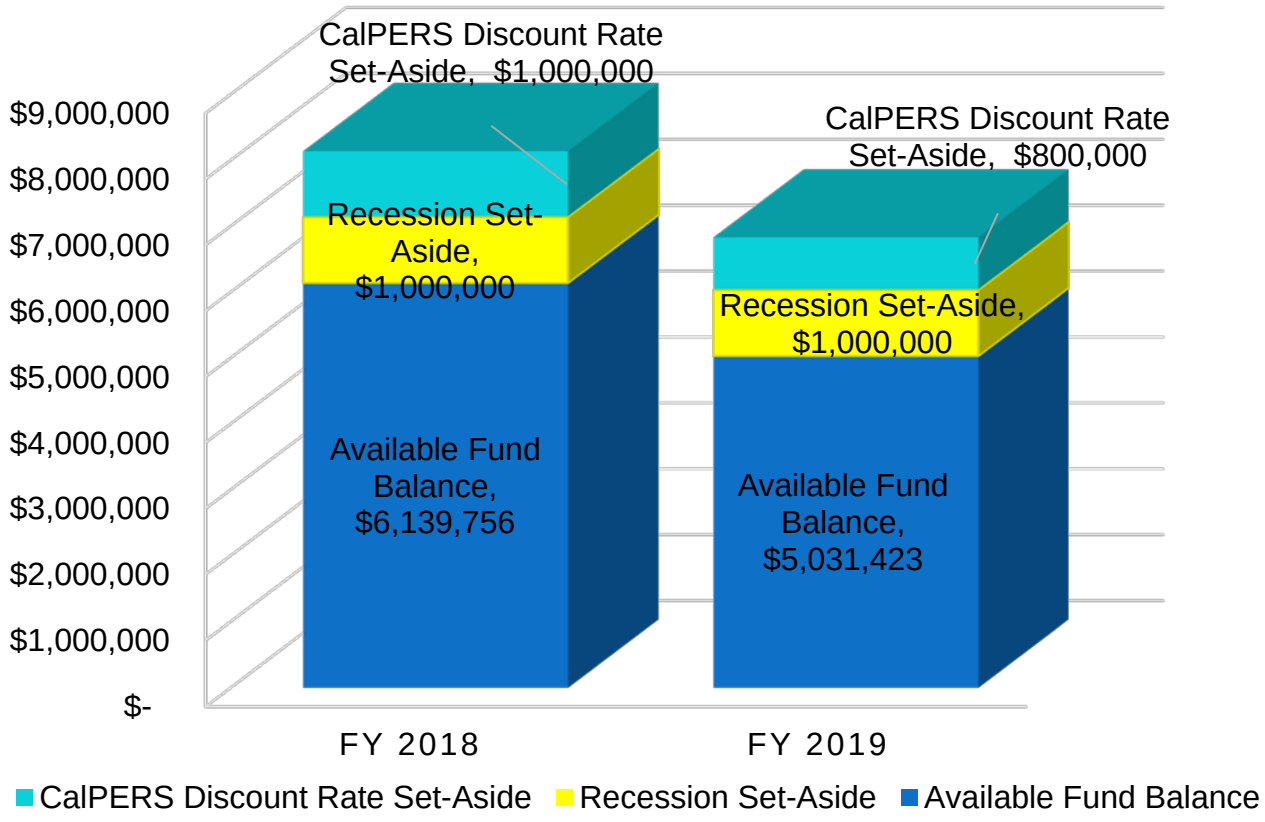
Adopted General Fund Budget Sources and Uses Summary with Carryforwards

		A	C	D = C - B	E	F
	($ thousands)	FY 2016 Actuals	FY 2017 Year-End Projected Actuals	Variance (Actuals-Budget)	FY 2018 Adopted Budget	FY 2019 Adopted Budget
	Unassigned Fund Balance	$ 6,695	$ 5,377	$ -	$ 8,792	$ 8,140
	Committed Fund Balance	1,862	6,245	-	4,766	-
a	**Beginning Fund Balance**	**8,557**	**11,622**	**-**	**13,557**	**8,140**
b	Operating Revenues	21,254	21,576	818	21,319	22,121
c	Operating Expenditures	17,587	17,923	(2,018)	21,121	21,600
d = b - c	**Net Operating Surplus/(Deficit)**	**3,666**	**3,653**	**2,837**	**199**	**521**
e	One-time Revenues	373	789		468	-
f	One-time/Capital Expenditures	502	2,256	(4,509)	5,833	1,581
g = a+d+e-f	**Ending Fund Balance**	**$ 12,095**	**$ 13,807**	**$ 7,346**	**$ 8,390**	**$ 7,080**
	Unassigned Fund Balance	**5,377**	**$ 8,792**	**$ 3,120**	**$ 8,140**	**$ 6,831**
	Committed Fund Balance	6,245	4,766	$ 4,766	-	-
	Contribution to Reserves	473	250	$ 250	250	248
	Recession $1M Set-Aside				*1,000*	*1,000*
	CalPERS Discount Rate Set-Aside				*1,000*	*800*
					$ 6,140	**$ 5,031**

General Fund Ending Fund Balance

The following table displays the General Fund ending fund balances for FY 2018 and FY 2019. The FY 2018 ending available (or unassigned) fund balance is $8.14 million, including $6.14 million of unassigned fund balance, $1.00 million for a potential Recession set-aside (equivalent to projected lost revenues due to a mild recession), and $1.00 million for the CalPERS discount rate reduction set-aside (to offset the impact of future potential CalPERS discount rate reductions). The FY 2019 ending available (or unassigned) fund balance is $6.83 million, including $5.03 million of unassigned fund balance, $1.00 million for the Recession set-aside, and $0.80 million for the CalPERS discount rate reduction set-aside (to reflect using $0.20 million to offset the CalPERS discount rate).

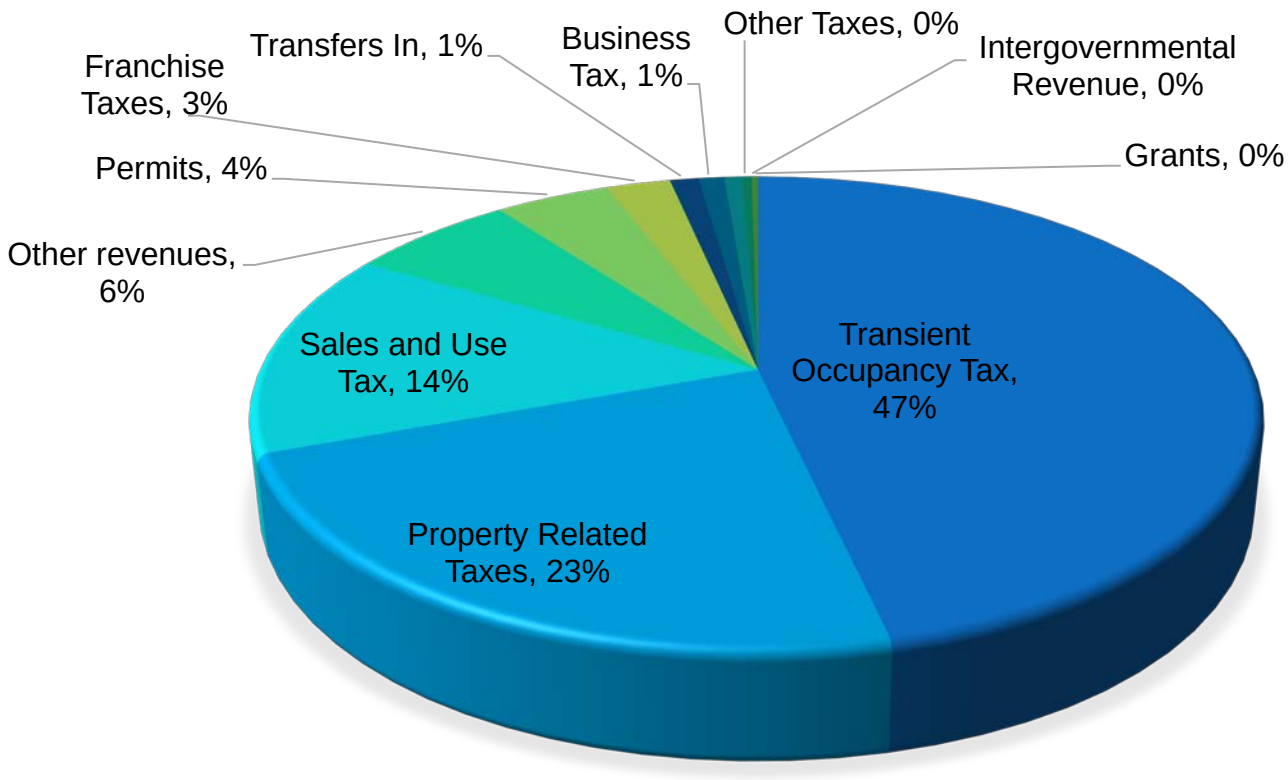
FY 2018 and FY 2019 General Fund Ending Fund Balances



General Fund Revenues

Overall, General Fund sources (ongoing and one-time sources) are projected to be $21,786,894 in FY 2018 and $22,120,823 in FY 2019. General Fund operating (ongoing only) sources are projected to be $21,319,394 in FY 2018 and $22,120,823 in FY 2019. The difference between the ongoing and one-time sources in FY 2018 includes the one-time revenues of $467,500. General Fund sources excludes the $1.50 million projected in FY 2018 and $1.53 million projected in FY 2019 for the Half-Cent Sales Tax as these funds are accounted for separately so they can be specifically measured and tracked.

FY 2019 Budgeted General Fund Revenues by Category



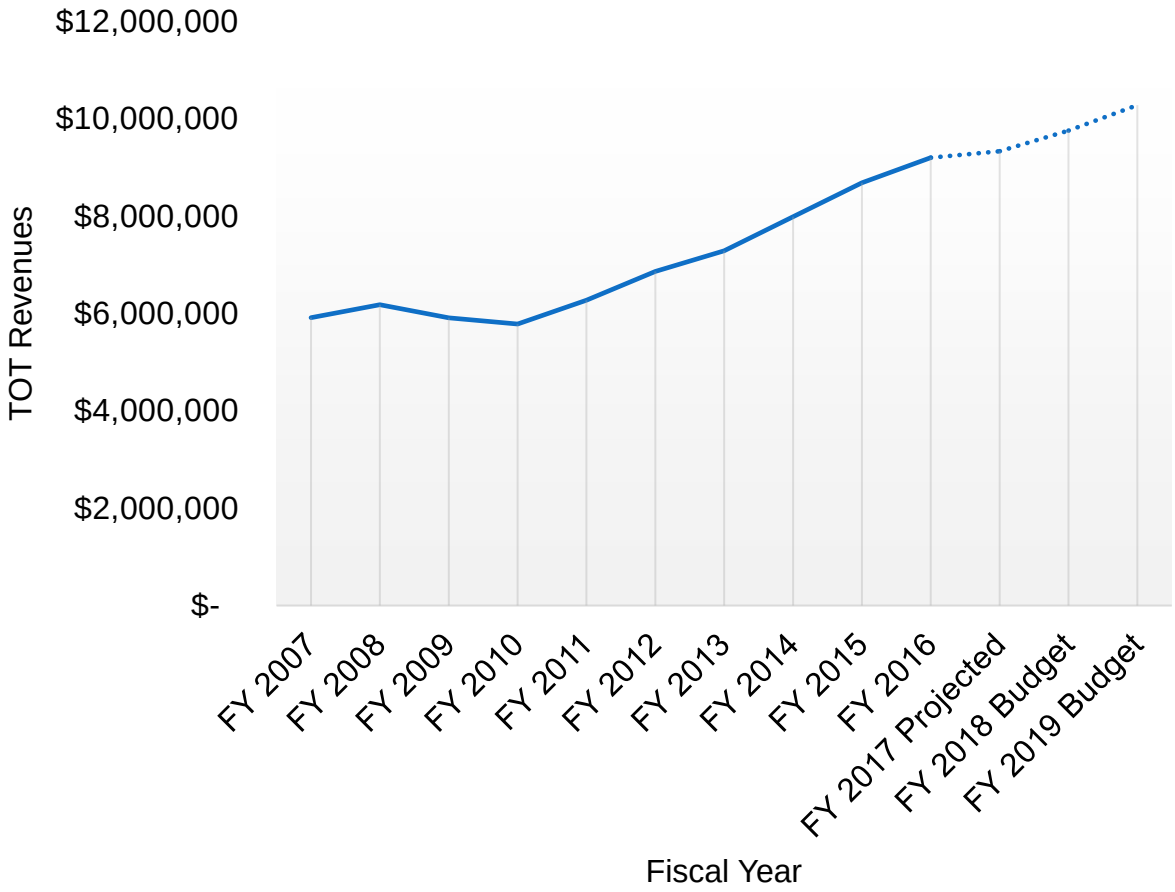
Summary of General Fund Revenues

The above pie chart illustrates the revenue categories that make up General Fund base operating revenues, and as the two fiscal years are similar, FY 2019 is displayed. Since approximately 83% of General Fund revenues consist of Transient Occupancy Tax, Property Related Taxes, and Sales & Use Tax, this analysis focuses on these three revenue sources. Similar to past budget practices, the budget includes a conservative revenue estimate so that actual expenditures do not exceed actual revenues during the year and cause unanticipated cuts to services or projects. However, care is given to budget revenues realistically so that the City is able to achieve its goals, and maintain the highest level of service for its citizens, all while realizing efficiencies.

Transient Occupancy Tax (TOT), 47% of General Fund Operating Revenues

TOT revenue is the largest source of revenue to the General Fund and accounts for 47% of total General Fund operating revenues. In general, TOT revenues are equal to 10% of the rent charged by all lodging businesses for a person exercising occupancy for 30 consecutive calendar days or less, paid monthly to the City. These revenues have grown by 4.7% per year for the past 10 years from FY 2007 to the projected actuals for FY 2017. For the past five years from FY 2012 to the projected actuals for FY 2017, the growth rate was 3.1%. The FY 2018 Adopted Budget includes $9.75 million in FY 2018, which includes a conservative 2.0% increase over the projected $9.30 million that City staff estimates to receive in the FY 2017, plus an additional $0.26 million for the combination of both the opening of the new Inn at the Pier hotel and one-time TOT revenues associated with the TOT audit. The FY 2019 Adopted Budget includes $10.27 million, which includes a conservative 2.0% increase over the FY 2018 budget plus $0.60 million for the new Inn at the Pier and Vespara hotels. A 2.0% increase of the base is used to reflect a slowdown of these revenues in both occupancy rates and room rates. The following table shows TOT revenues by fiscal year, where actual revenues received are reflected in FY 2007 to FY 2016, FY 2017 is the City's most recent projection, and FY 2018 and FY 2019 represent the two budget years.

Transient Occupancy Tax Revenues FY 2007 - FY 2019



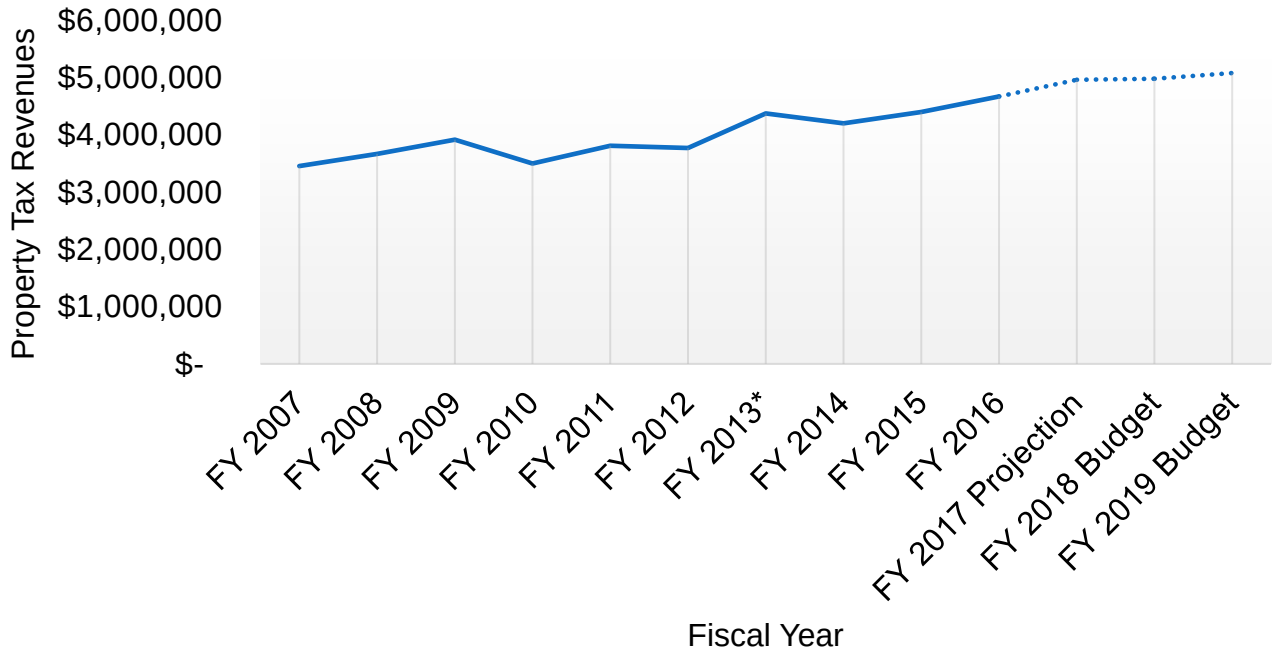
Property Related Taxes, 23% of General Fund Operating Revenues

Property related tax revenues are the second largest source of General Fund revenues and account for 23% of the total General Fund operating revenue budget, or a projected $4.97 million in FY 2018 and $5.07 million in FY 2019. There are three sources of property related tax revenues:

- Property Tax Assessed Value revenues: This is the largest share, or $3.79 million in FY 2018 and $3.86 million in FY 2019, and is equivalent to 1% of assessed values.
- Property Tax In Lieu of Vehicle License Fees: This is the second largest share, or $0.92 million in FY 2018 and $0.94 million in FY 2019, which is a 1% tax on the market value of a registered vehicle.
- Former Redevelopment Agency (RDA) property tax revenues: The third share is $0.26 million in FY 2018 and $0.27 million in FY 2019, and represents the City's share of property tax revenues that were previously allocated to the former Pismo Beach RDA.

The following table illustrates all three property related tax revenues by fiscal year, where actual revenues received are reflected in FY 2007 to FY 2016, FY 2017 is the City's most recent projection, and FY 2018 and FY 2019 represent the two budget years.

Property Related Tax Revenues FY 2007 - FY 2019

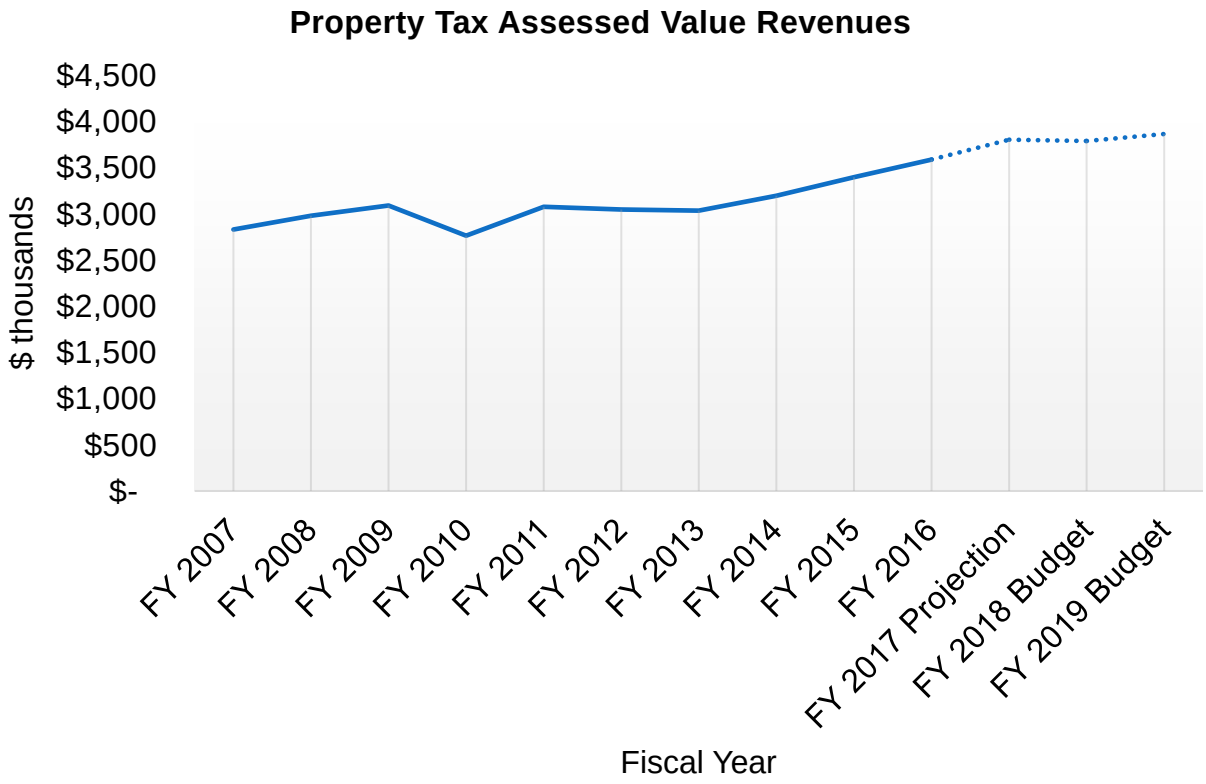


*Reflects FY 2013 actual property related tax revenues total less the one-time $351,399 reimbursement from the State to pay back the City for a Proposition 1A loan from the City to the State.

Property Tax Assessed Value Revenues: The FY 2018 and FY 2019 assessed value property tax revenues are $3.79 million and $3.86 million, reflecting a flat consumer price index growth of 2.0% from a former FY 2017 property related tax projected actual revenues of $3.68 million and potential recapture of parcels that were previously granted a value reduction and have potential

for recaptured value per Proposition 8 for a net change of 3.0% in FY 2018 and 2.0% in FY 2019. Since the FY 2018 budget was adopted, projected actual revenues for FY 2017 were revised to $3.08 million. As such, the FY 2018 Adopted Budget assessed value revenues are less than FY 2017 revised estimates and may warrant a future budget adjustment. The primary factors used in the projection of this revenue include historical growth in assessed valuation and projected home values. The housing market is projected to continue to improve, although the pace of the improvement is projected to slow due to the increase of interest rates and tight inventories. In most areas, foreclosure levels are back at historical norms as seen in 2006, before the real estate recession. The assumptions based on these factors are discussed in greater detail below.

- Assessed Valuation: The County Assessor provides assessed valuation information and a City-hired specialist reviews and analyzes this information to project future revenues. Over the past 10 years, assessed taxable values have increased by 3.0% on average per year. This has slowed to 2.2% average annual growth over the past 5 years. Total assessed values in 2017 are slightly lower than in 2006. The assessed value for most real property is the prior year's assessed value adjusted by the California Consumer Price Index (CPI), up to 2%. However, if there has been a change in ownership the new assessed value will be the market value of the property that changed ownership. In addition, as part of California's Proposition 8, a constitutional amendment to Article XIII A that allows a temporary reduction in assessed value when real property suffers a decline in value, properties were assessed at a lower value during the housing crisis of FY 2010. Over time, the San Luis Obispo County Assessor has been reassessing those properties at a faster rate than the CPI and has been able to recapture over 67% of the assessed value in San Luis Obispo County. As such, property related tax revenues can increase beyond the 2% CPI level and have been for the past few years. The following table illustrates the property tax assessed value revenues by fiscal year, where actual revenues received are reflected in FY 2007 to FY 2016, FY 2017 is the City's most recent projection, and FY 2018 and FY 2019 represent the two budget years.



- Home Values: The calendar year 2015 average price ($869 thousand) and median price ($707 thousand) of single family residential full value sales (home values) are in line with the average and median prices of homes sold in 2005, almost reaching the height of the housing bubble which peaked in 2006 for Pismo Beach. Based on data from the San Luis Obispo County Recorder, the average price for single family residential full value sales increased by 19.32% to $868,689 in calendar year 2015 compared to 2014. Early 2016 data shows that average home values have decreased to $762 thousand, or 12%, compared to 2015. Although the average price has dropped from its all-time high in 2006, the number of single family residential home property sales was up to 205 sales in 2016 compared to 164 in 2015, which represents a 25% increase in transactions.

Sales & Use Tax, 14% of General Fund Operating Revenues

Sales and Use tax revenues are the third largest source of revenue to the General Fund at 14% of total General Fund revenues. This revenue is projected at $3.06 million in FY 2018 and $3.12 million in FY 2019. There are two sources of sales tax revenues that the City receives:

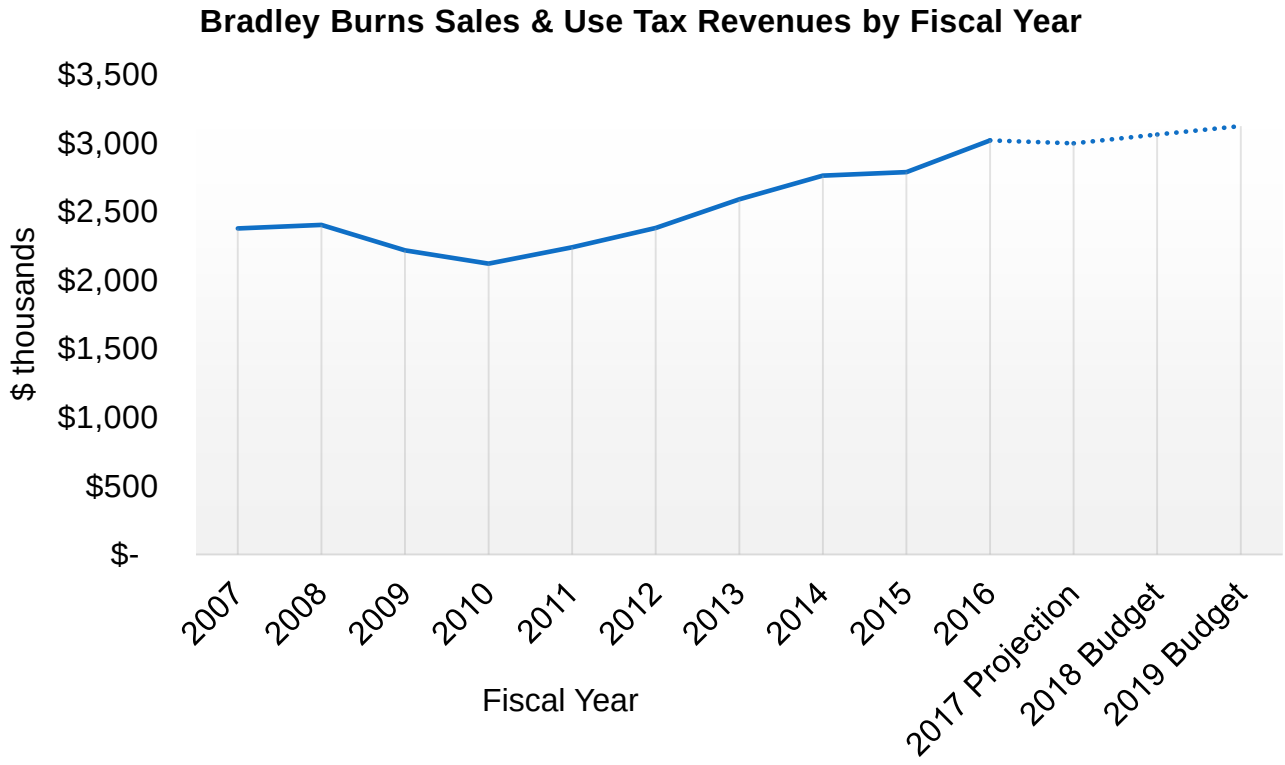
- The largest source is the Bradley Burns Uniform sales and use tax, which is 1.00% of taxable sales. These revenues are projected to come in at $2.96 million in FY 2018 and at $3.02 million in FY 2019. These revenues are projected to grow by 2.0% per year.
  - *Triple flip recap: In March 2004, California voters approved Proposition 57, the California Economic Recovery Bond Act, which authorized bonds to close the State's budget deficit. To guarantee bond repayment, the state confiscated 0.25% of the Bradley Burns uniform sales and use tax revenues, which was backfilled with property tax revenues from county*

property tax revenues each January and May. For the first half of FY 2016, the Bradley Burns Uniform sales and use tax rate was 0.75% and starting on January 1, 2016 the rate increased to 1.0% as the State's triple flip borrowing of local sales tax revenues ended. This budget document combines both the 0.75% plus the 0.25% backfill.

- The second source of sales tax revenues is the 0.5% Public Safety Tax that provides revenues on the basis of the County's share of statewide taxable sales and a formula based on the amount of property tax lost to the previous state expropriations by ERAF. These revenues can only be used for specified public safety purposes. The City receives this sales tax revenue monthly, and it represents a projected $0.10 million per year in FY 2018 and FY 2019. These revenues are projected to grow by 2.0% per year.

Sales and use tax revenues fluctuate from year to year depending on the overall economy. In the past 10 years these revenues have fluctuated between $2.12 million to $3.02 million per year. The ten-year historical average annual growth rate is 3.5%. The FY 2016 actuals includes a one-time $353 thousand triple flip true-up payment. The budgeted amounts for FY 2018 and FY 2019 represent a 2.0% per year increase over the FY 2017 projected actuals of $3.0 million.

The following chart shows actual sales and use tax revenues from FY 2007 through FY 2016, then the FY 2017 projected amount, and finally, the budgeted FY 2018 and FY 2019 revenues.

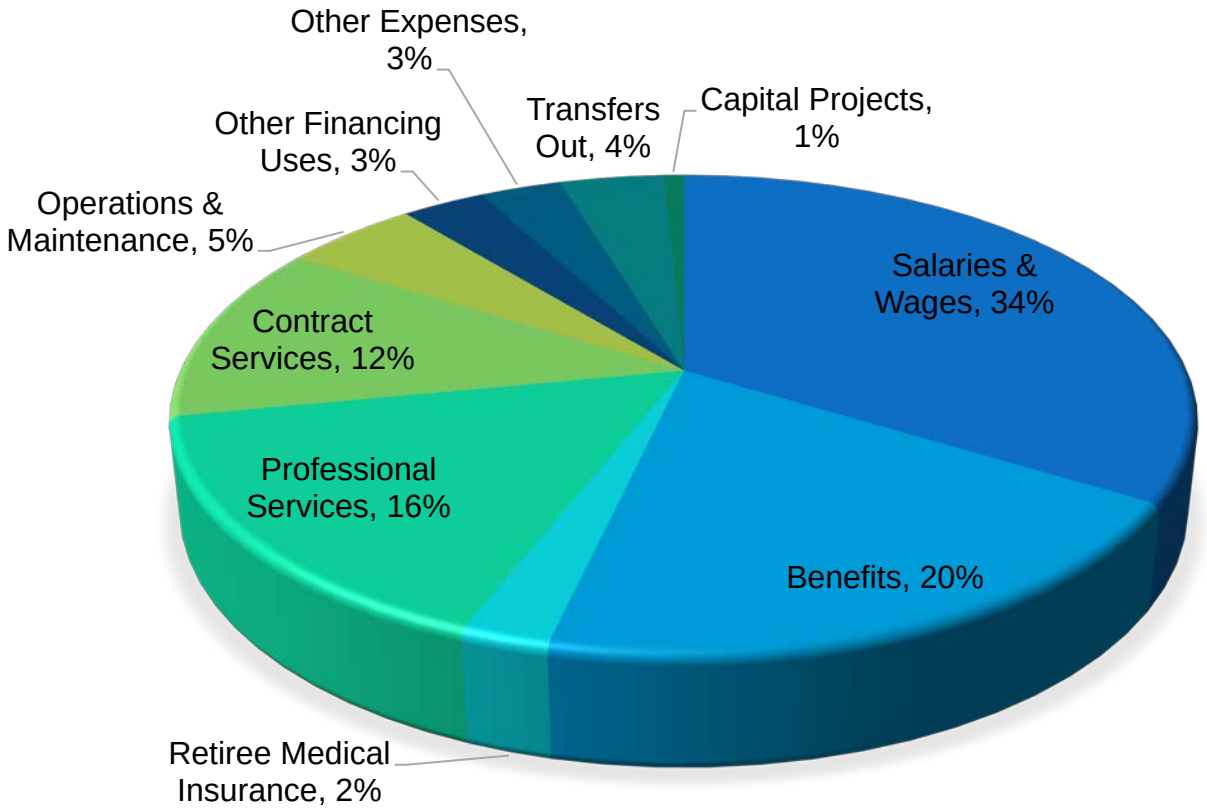


General Fund Expenditures

General Fund Operating Expenditures

Overall, General Fund uses (ongoing and one-time uses) are budgeted at $22,188,839 in FY 2018 and $23,180,695 in FY 2019. General Fund operating (ongoing only) uses are budgeted at $20,762,029 in FY 2018 and $21,733,295 in FY 2019. The difference between the operating and one-time uses are one-time work plan items of $1,426,810 in FY 2018 and $1,447,400 in FY 2019. To illustrate the expenditure side of the budget, two pie charts have been prepared using FY 2019 operating budget data, which identify, respectively, (1) the percentage of General Fund operating expenditure by expenditure category, and (2) the percentage of General Fund operating expenditures by Department.

FY 2019 General Fund Operating Expenditures by Category



Highlights of General Fund Operating Expenditures by Category

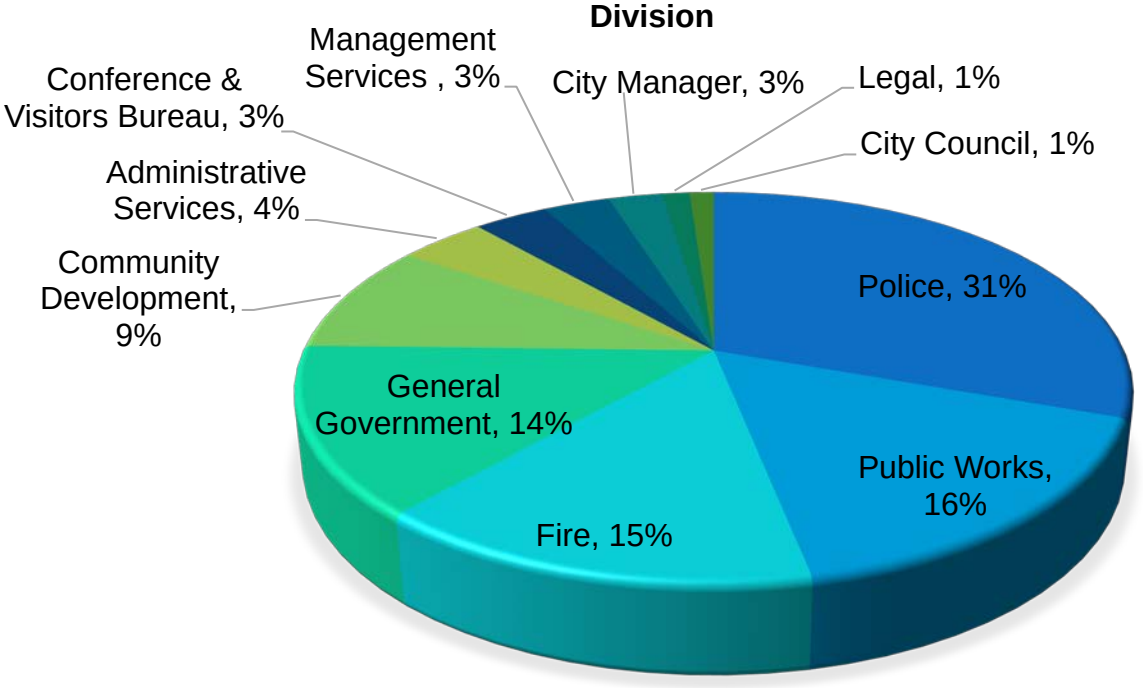
- Personnel costs represent the most significant percentage of expenditures at 56%, including Salaries and Wages (34%, or $7.34 million), Benefits (20%, or $4.31 million), and Retiree Medical Insurance (2%, or $0.52 million). This percentage is relatively low compared to many other cities because fire protection is provided by a contract with CalFire and is included in professional services. After including the CalFire contract, personnel costs make up 69% of the General Fund operating budget.

- Professional services makes up 16%, or $3.47 million, of the budget. The largest components of the professional services include the CalFire contract, legal services, auditor services, and other professional service contracts.

- Contract services make up 12%, or $2.61 million, of General Fund operating expenditures and include California Joint Powers Insurance Authority costs, departmental contracts, CVB advertising and promotion costs, membership dues, electricity, phone, garbage, travel, and training.

- The remaining categories: other expenses; operations & maintenance; other financing uses; transfers out for debt service, motor vehicle, and technology costs; and capital outlay, make up the remaining 16% and account for $3.48 million of the General Fund base operating budget.

FY 2019 General Fund Operating Expenditures By Department / Division



Highlights of General Fund Operating Expenditures by Department

- Public safety services (Police and Fire) represent the largest percentage of the overall General Fund budget with 45% of the General Fund budget allocated for these uses. The Police Department operating budget accounts for 31%, or $6.63 million, and Fire Protection and Prevention accounts for 15%, or $3.20 million.
- The Public Works Department makes up 16%, or $3.56 million of General Fund operating expenditures. This includes design, construction, and maintenance of City facilities and infrastructure, including streets, public buildings, the pier, promenades, beach access stairways, beach, parks, and public parking lots.
- General Government expenditures make up 14%, or $3.01 million, of General Fund expenditures, consisting of organization-wide services, supplies, materials, and equipment of a general nature.

- Community Development makes up 9%, or $1.97 million, of the General Fund operating budget and includes the Building Division, Planning Division, Recreation, Veterans Halls, and Parks.
- Administrative Services makes up 4%, or $0.89 million, of the General Fund operating budget, and includes financial operations and information technology.
- Conference and Visitors Bureau (CVB) makes up 3%, or $0.74 million, of the General Fund operating budget, and includes promoting the City to visitors.
- Management Services, City Manager, Legal, and City Council combined make up the remaining 8%, or $1.74 million, of total General Fund operating expenditures.

General Fund Revenues and Expenditures Budget Year-to-Year Comparison

The following table shows the General Fund FY 2018 Adopted Budget compared to the FY 2017 projected actuals, and the FY 2019 Adopted Budget compared to the FY 2018 Adopted Budget.

	FY 2017 Projected Actuals	FY 2018 Adopted Budget	FY 2019 Adopted Budget	$ Change (FY 2018 - FY 2017)	% Change (FY 2018 - FY 2017)	$ Change (FY 2019 - FY 2018)	% Change (FY 2019 - FY 2018)
Beginning Fund Balance	**$ 11,621,537**	**$ 8,791,923**	**$ 8,139,756**	**$ (2,829,614)**	**-24%**	**$ (652,167)**	**-7%**
Base Operating Budget							
Revenues							
Transient Occupancy Tax	9,326,445	9,682,560	10,272,880	356,115	3.8%	590,320	6.1%
Property Related Taxes	4,990,632	4,972,240	5,071,750	(18,392)	-0.4%	99,510	2.0%
Sales and Use Tax	2,996,529	3,061,005	3,122,360	64,476	2.2%	61,355	2.0%
Other Revenues	1,389,093	1,354,969	1,400,363	(34,124)	-2.5%	45,394	3.4%
Permits	1,466,931	969,750	969,750	(497,181)	-33.9%	-	0.0%
Franchise Taxes	509,811	541,680	541,680	31,869	6.3%	-	0.0%
Transfers In	243,884	240,000	240,000	(3,884)	-1.6%	-	0.0%
Business Tax	219,298	214,750	219,030	(4,548)	-2.1%	4,280	2.0%
Departmental Revenues	247,461	151,100	151,100	(96,361)	-38.9%	-	0.0%
Other Taxes	140,551	78,660	79,230	(61,891)	-44.0%	570	0.7%
Intergovernmental Revenue	26,629	47,680	47,680	21,051	79.1%	-	0.0%
Grants	18,498	5,000	5,000	(13,498)	-73.0%	-	0.0%
Total Revenues	**$ 21,575,762**	**$ 21,319,394**	**$ 22,120,823**	**$ (256,368)**	**-1.2%**	**$ 801,429**	**3.8%**
Operating Expenditures							
Salaries & Wages	6,399,948	6,998,599	7,291,210	598,651	9.4%	292,611	4.2%
Benefits	3,652,546	4,243,850	4,337,327	591,303	16.2%	93,478	2.2%
Professional Services	2,874,720	2,999,870	3,056,319	125,150	4.4%	56,449	1.9%
Contract Services	2,048,525	2,475,837	2,706,088	427,312	20.9%	230,251	9.3%
Operations & Maintenance	1,067,956	1,060,394	1,097,536	(7,562)	-0.7%	37,142	3.5%
Transfers Out	378,646	847,431	858,873	468,785	123.8%	11,442	1.4%
Other Financing Uses	166,722	649,000	684,000	482,278	289.3%	35,000	5.4%
Other Expenses	464,564	646,672	655,321	182,108	39.2%	8,649	1.3%
Retiree Medical Insurance	434,965	492,304	520,335	57,339	13.2%	28,031	5.7%
Debt Service	385,466	-	-	(385,466)	-100.0%	-	
Capital Projects	-	53,000	53,000	53,000		-	0.0%
Total Operating Expenditures	**$ 17,874,059**	**$ 20,466,957**	**$ 21,260,009**	**$ 2,592,897**	**14.5%**	**$ 793,052**	**3.9%**
Net Base Operating Budget	**$ 3,701,702**	**$ 852,437**	**$ 860,814**	**$ (2,849,265)**	**-77.0%**	**$ 8,377**	**1.0%**
One-Time/Work Plan/Capital							
Sources: One-time Revenues	$ 789,305	$ 467,500	$ -	$ (321,805)		(467,500)	-100.0%
Uses							
One-time Costs	1,814,311	453,960	27,400	(1,360,351)	-75.0%	(426,560)	-94.0%
Outside Agency Funding	48,600	40,900		(7,700)	-15.8%		
Ongoing Work Plan items	-	295,072	473,286	295,072		178,214	60.4%
Captial Projects	442,161	931,950	1,420,000	489,789	110.8%	488,050	52.4%
Contributions to Reserves	250,000	250,222	248,461	222	0.1%	(1,761)	-0.7%
Total Uses	$ 2,555,072	$ 1,972,104	$ 2,169,147	$ (582,968)	-22.8%	$ 237,943	10.0%
Net Adopted Budget	1,935,936	(652,167)	(1,308,333)	(2,588,102)	-133.7%	(656,166)	100.6%
Ending Fund Balance	**$ 13,557,472**	**$ 8,139,756**	**$ 6,831,423**	**$ (5,417,716)**	**-40.0%**	**$ (1,308,333)**	**-16.1%**
Carryforward Projects	$ 4,765,549						
Potential Recession Set-Aside		*$ 1,000,000*	*$ 1,000,000*				
CalPERS Discount Rate Set-Aside		*1,000,000*	*800,000*				
Final Ending Fund Balance	**$ 8,791,923**	**$ 6,139,756**	**$ 5,031,423**				

FY 2018 Adopted Budget vs FY 2017 Projected Actuals

Base Revenues

Comparing FY 2018 to FY 2017, FY 2018 base revenues are projected to be $256 thousand, or 1.2% less than FY 2017. This is largely attributable to the following factors:

- First, there is an increase of $356 thousand of Transient Occupancy Tax (TOT) revenues budgeted in FY 2018 as compared to FY 2017 projected actuals. The City is projected to receive $9.68 million compared to the FY 2017 projected actuals of $9.33 million, which is a 3.8% increase over FY 2017. The FY 2018 increase represents approximately 2.0% growth from the prior year plus an estimated amount for the Inn at the Pier hotel that is expected to open in January 2018.
- Second, there is an increase of $64 thousand, or 2.2%, of additional sales and use tax revenues to reflect an estimated 2.2% growth in taxable sales.

These increases are offset by decreases in the following areas:

- There is a decrease of $497 thousand, or 33.9%, in permit revenues in FY 2018 as compared to FY 2017, which reflects projected development and related building, planning, and engineering permit fees.
- There is a decrease of $96 thousand, or 38.9%, in departmental revenues primarily due to more recreation class revenues received in FY 2017 compared to the FY 2018 budget. As these revenues will likely continue, Council has increased the FY 2018 and FY 2019 budget by $60 thousand per year to reflect these projected ongoing recreation class revenues
- There is a decrease of $62 thousand, or 44.0% in other taxes due to fewer property transfer tax revenues budgeted in FY 2018 compared to actual revenues received in FY 2017. Property transfer tax revenues are generated by transfers of property from one owner to the next and are volatile, depending on the number of transactions each year. As such, the City budgets conservatively at $50 thousand each year.
- Finally, there is a decrease of $34 thousand, or 2.5% in other revenues due to fewer interest earnings projected compared to FY 2017 projected actuals. Interest earnings were budgeted based on prior interest earning projections, but based on increased investments, FY 2017 projected actuals came in higher. FY 2018 budgeted interest income may decrease as the City continues to spend cash for various large capital projects.

The Other Revenues revenue type reflects an increase of overhead charges to other funds based on a 2014 fee and overhead cost allocation study. The overhead cost allocation allows for a $1.1 million recovery from other funds to the General Fund for various overhead expenses that are not currently being charged. In order to phase in the impact over time, FY 2016 base budget included $800 thousand and the FY 2017 base budget included $900 thousand. The FY 2018 and FY 2019 budget includes $950 thousand and $1.00 million, respectively. It is the intent that this amount will increase by $50 thousand each year until the overhead charge to other funds will reach the inflated value of $1.1 million as provided by the study.

Base Expenditures

FY 2018 base expenditures are $2.59 million, or 14.5%, greater than FY 2017 projected actual operating expenditures. This increase is attributable to a variety of base operating increases:

- $599 thousand increase in salaries & wages due to budgeting the full salaries of budgeted employees compared to FY 2017 projected actuals. FY 2017 projected actuals reflect vacancies in the Police Department which are projected to be filled by FY 2018. The FY 2018 salaries and variable benefits have increased to reflect a 2.0% Cost of Living Adjustment salary and wage increase to all full-time and temporary employees and as well as increases to reflect step and merit increases.
- $591 thousand increase in benefits due to variable rate benefit increases as a result of increased salaries & wages plus additional health contributions for City employees. In addition, the City budgeted additional CalPERS pension costs in the FY 2018 budget.
- $482 thousand increase in other financing uses to reflect increasing the general contingency account from 1% to 3% of operating budgeted expenditures. Due to several large capital projects that could experience cost overruns, the contingency budget in the Adopted Budget is increased to 3% per year at $590 thousand in FY 2018.
- $469 thousand increase in transfers out to other funds to reflect a transfer to the Pier Enterprise Fund to support debt service payments related to the 2017 Series Lease Revenue Bonds for the Pier Rehabilitation project.
- $427 thousand increase in contract services largely due to increases in: risk management costs for general liability insurance; government building contract services; and street maintenance contract services.
- $182 thousand increase in other expenses largely due to increased technology costs in FY 2018 compared to the FY 2017 projected actual costs.

These increases are offset by decreases in:

- $385 thousand decrease in debt service as the City paid off and defeased the 2007 Series Lease Revenue Bonds for the Dinosaur Caves Park and Civic Center projects.

One-time / Work Plan/ Capital Project Adopted Budget Items

The Adopted sources reflect a decrease of $322 thousand in the FY 2018 Adopted Budget compared to FY 2017 projected actuals.

FY 2018 one-time revenues include:

- $400 thousand in FY 2018 only as a conservative estimate for the one-time sale of City property, currently the Ventana lot that was previously set aside for a potential location for a third fire station. However, based on the more remote location, Council determined to sell this property and use the funds to support a larger Police and Fire facility at the current Fire Station 64 located downtown.
- $68 thousand in FY 2018 only to reflect collection TOT revenues associated with the TOT audit scheduled for FY 2018.

FY 2017 one-time revenues include:

- $270 thousand engineering permits revenues for cul-de-sac improvements on Hinds Avenue.
- $300 thousand engineering permit revenues for future public improvements on the Pier Plaza.

- $200 thousand planning permit revenues for California Coastal Commission affordable accommodations.
- $20 thousand in one-time parking lease revenues.

There are $583 thousand fewer Adopted above-base expenditures in FY 2018 compared to FY 2017 projected actuals from:

- $1.36 million fewer one-time items in FY 2018, which largely reflects the $1.87 million one-time payment in FY 2017 to pay off and defease the 2007 Series Lease Revenue Bonds for the Dinosaur Caves Park and Civic Center projects. This amount is offset by the FY 2018 Adopted Budget one-time work plan items of $454 thousand.
- $490 thousand more capital project items compared to FY 2017 projected actuals. The FY 2017 projected actuals includes supporting the Pier Rehabilitation project and other capital projects budgeted over the past few years.
- $295 thousand greater ongoing work plan items. Ongoing items in FY 2017 are reflected in the FY 2017 operating budget and in the FY 2018 base operating budget.

Ending Fund Balance

The Adopted ending fund balance is $8.14 million, or $5.42 million less than the FY 2017 projected ending fund balance. In addition, the Council set aside $2.00 million for the potential recession and CalPERS discount rate set-asides, which reduces the available unassigned fund balance to $6.14 million.

FY 2019 Adopted Budget vs FY 2018 Adopted Budget

Base Revenues

Comparing FY 2019 to FY 2018, FY 2019 base revenues are $801 thousand, or 3.8% greater than FY 2018. This is attributable to the following factors:

- First, there is an additional $590 thousand more TOT budgeted in FY 2019 compared to FY 2018, which is based on a 2.0 % increase over the FY 2018 budget plus an additional amount to reflect a full year of the new Inn at the Pier hotel and a portion of the year of the new Vespera hotel.
- Second, there is an additional $100 thousand more property related tax revenues in FY 2019 compared to FY 2018 to reflect an increase of 2.0%, consistent with CPI.
- Third, there is an additional $61 thousand more sales and use tax revenues in FY 2019 compared to FY 2018 to reflect an increase of 2.0%, consistent with historical projections and the City's hired sales and use tax revenue consultant's projections.

Base Expenditures

FY 2019 base expenditures are $793 thousand, or 3.9% greater than FY 2018 due to projected increases in various costs. These increases account for step or merit increases, projected benefit increases, inflation or known contract increases.

One-time and Work Plan Items

There are no one-time revenues projected for FY 2019.

Adopted contributions to reserves are $208 thousand fewer than FY 2018. These contributions are for the General Fund Reserve (25% of budgeted operating expenditures) and $50 thousand annual contribution to the Risk Management Reserve.

Ongoing and one-time work plan budget items are $248 thousand less than FY 2018 as most one-time items are budgeted in the first year of the two-year budget.

Projected Ending Fund Balance

The projected ending fund balance is $6.83 million, or $1.31 million less than the FY 2018 Adopted ending fund balance. In addition, the Council set aside $1.80 million for the potential recession and CalPERS discount rate set-asides, which reduces the available unassigned fund balance to $5.03 million.

GENERAL FUND RESERVES

The City maintains various General Fund reserves currently totaling $5.98 million in FY 2018 and $6.15 million in FY 2019 for various purposes as discussed below. These reserves are crucial to the City in order to avoid disrupting the City's operations should an unanticipated event occur. The reserves are shown in the table below, followed by a summary of each reserve.

General Fund Reserves ($ thousands)

Reserve	FY 2018 Amount	FY 2019 Amount
General Fund 25% Reserve	$5,280	$5,400
City Facility Reserve	$500	$500
Risk Management Reserve	$200	$250
Total General Fund Reserves	**$5,980**	**$6,150**

General Fund Reserve

The General Fund Reserve is equal to 25% of General Fund operating budget expenditures in FY 2018 and FY 2019. The City Council Adopted a General Fund Reserve policy to achieve 25% by FY 2018 based on the City's dependence on the tourism industry, the large capital and cash flow intensive budget, potential major unanticipated costs from an earthquake or other major disaster, and vulnerability if the State confiscates key revenues. Intended use of the reserve include emergencies, economic downturns, decreased revenues, capital acquisitions and cash flow needs, and emerging opportunities. A 25% Reserve would allow the City to maintain normal operations for 3 months. The General Fund Reserve is projected to be $5.28 million at the end of FY 2018 and $5.40 million at the end of FY 2019.

City Facility Reserve

On January 7, 2014, the Council created a City Facility Reserve of $500 thousand, for improvements for City facilities and buildings, particularly if funds are not available. The intended use is for this reserve to fund improvements over $100,000 necessary for accessibility improvements, safety improvements, improvements to protect the City from exposure to general liabilities associated with use of City buildings and facilities, or other unanticipated infrastructure improvements to City buildings and facilities.

Risk Management Reserve

Despite strategic efforts to manage risk, the City continues to see dramatic cost increases in risk management costs associated with general liability and workers' compensation costs. The California Joint Powers Insurance Authority (CJPIA) is the City's provider of Risk Management Services, including insurance for general liability, workers' compensation, and property insurance. Each year the City makes an annual contribution to pay for this insurance coverage, which has increased substantially over the past 10 years. General liability insurance is the leading factor in the increase and is made up of both the premiums and deferred amounts. The aggregate of the general liability costs have increased by 14% per year for the past 10 years. This is largely the result of several large claims filed against CJPIA member cities, including Pismo Beach. Included

in this increase is the CJPIA's annual retroactively calculated amount based on the history of actual claims activity.

Because these rising costs are a concern for the City, the City has a major Risk Management Program designed to reduce exposure to risk. Additionally, the City Council established and funds a Risk Management Reserve to fund unanticipated general liability and workers' compensation costs, legal costs, judgments, or costs to avoid judgments such as accessibility improvements over $100,000, in the event the City does not have resources available in the future. The reserve includes an annual contribution of $50 thousand from the General Fund unassigned fund balance starting with FY 2014, up to a maximum amount of $250,000. The reserve is expected to have a balance of $200 thousand in FY 2018 and be fully funded at $250 thousand in FY 2019.

Summary of General Fund Reserves

The following table provides a summary of the various General Fund reserves, including their balances from FY 2017 projected through FY 2022 and the additional General Fund (GF) contribution for each year.

General Fund Reserves

Reserves	FY 2017 Projected Actuals	FY 2018 Budget	FY 2019 Budget	FY 2020 Projection	FY 2021 Projection	FY 2022 Projection
General Fund Reserve	$4,832,000	$5,280,222	$ 5,399,924	$ 5,650,446	$ 6,027,206	$ 6,431,426
Risk Management Reserve	150,000	$ 200,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
City Facility Reserve	500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
Total Reserves	**$5,482,000**	**$5,980,222**	**$ 6,149,924**	**$ 6,400,446**	**$ 6,777,206**	**$ 7,181,426**

General Fund Contingency Budget

In addition to the above reserves, the City's fiscal policy maintains a contingency budget of 1% of budgeted General Fund expenditures to be used for emergencies or other unanticipated expenditures that come up during the year at the direction of the City Council, or up to $30 thousand at the direction of the City Manager. This $30 thousand cumulative amount is based on the City's purchasing policy threshold where the City Manager has the discretion to approve expenditures in the amount of $30 thousand or less. Due to several large capital projects that could experience cost overruns, the contingency budget in the Adopted Budget is increased to 3% per year at $590 thousand in FY 2018 and $625 thousand in FY 2019.

OTHER MAJOR FUNDS

Detailed budgets for funds other than the General Fund are presented in the same narrative format as for General Fund activities. Enterprise Funds (Water and Wastewater Utilities, Pier Operations and Maintenance, Parking Enterprise) are presented on the pages immediately following the General Fund departments. The budget concludes with other City funds, primarily special revenue and capital projects funds. The following tables and narratives provide a summary of some of the City's other major funds.

Half-Cent Sales & Use Tax Fund - Measure "I" Transaction Tax

The Half-Cent Sales & Use Tax Fund is part of the General Fund and includes a .50% transaction sales and use tax. This tax was approved by Pismo Beach voters in June 2008, effective October 1, 2008, and renewed in November 2014, which extends the tax to March 31, 2027. All proceeds of the tax levied and imposed are accounted for in the City of Pismo Beach General Fund, and may be used for any lawful purpose as designated by the Council. The City of Pismo Beach has set up a separate fund to track the specific revenues and expenditures that are generated by the 0.50% transaction sales and use tax. To date, the Half-Cent Sales & Use Tax revenues have been used entirely to fund streets, sidewalks, and storm drains.

Revenues generated by the Half-Cent Sales & Tax Fund (Half-Cent Fund) are paid each month along with the Bradley Burns Sales Tax paid by the State of California. Revenues in the FY 2018 and FY 2019 budget for the Half-Cent Fund are estimated at $1.50 million and $1.53 million, respectively. The total amount of capital improvements to be funded out of the Half-Cent Fund is $1.04 million for FY 2018 and $0.15 million for FY 2019. This funding amount includes support for replacing the stairs on Morro Avenue for better coastal access, completing the walkway between Ocean Boulevard and Vista Del Mar Avenue including accessibility improvements, bluff protection at Ebb Tide Park and Memory Park, and accessibility projects on Cypress. In addition, the Half-Cent Fund is supporting $460 thousand of carryforward projects from FY 2017. The remaining fund balances in FY 2019 are reserved to support future capital projects. The following table summarizes the total revenues and expenditures in the Half-Cent Fund's FY 2018 and FY 2019 Adopted Budget.

OTHER MAJOR FUNDS

Half-Cent Sales & Use Tax Fund Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ -	$ -
Revenues	$ 1,500,000	$ 1,530,000
Expenditures	1,040,000	150,000
Net	$ 460,000	$ 1,380,000
FY 2017 Carryforward Projects	$ 460,000	
Estimated Ending Fund Balance	$ -	$ 1,380,000

The following table lists the FY 2017 through FY 2019 budgeted projects and their funding levels.

Half-Cent Sales & Use Tax Fund Budgeted Projects

Projects	FY 2017 Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Shell Beach Streetscape	$ 2,084,545		
Civic Center/Dinosaur Caves Debt Retirement	1,000,000		
FY 14-15 Pavement Proj	589,231		
Shell Beach Overflow	320,710		
Accessibility Projects	236,095		
Price St Erosion Project	122,224		
Street Paving Study	50,000		
Blufftop Measures	18,897		
Pismo Pier	13,007		
Shell Beach Tennis Court	1,810		
Morro Ave Stair Replacement		$ 750,000	
Ocean Blvd./Vista Del Mar Path		190,000	
Ebb Tide Park Bluff Protection		50,000	
Memory Park Bluff Protection		50,000	
Cypress Accessibility Improvements			$ 150,000
Total Budget	**$ 4,436,519**	**$ 1,040,000**	**$ 150,000**

OTHER MAJOR FUNDS

LBID Fund

The Pismo Beach Lodging Business Improvement District (LBID) is an assessment district created by the Pismo Beach City Council, at the request and approval of a majority of the lodging businesses operating in the City, to raise money by assessing themselves, and then to use that money to promote Pismo Beach Lodging businesses. Pismo Beach Municipal Code Section 3.26.110 provided for a three-year sunset provision for the LBID (in early September 2012). After the passage of the LBID ordinance, California voters enacted Proposition 26, which amended the California Constitution to revise the definition of "tax". This set in motion the fact that the LBID assessment, in order to be extended beyond the September 2012 sunset date, was subject to compliance with Proposition 26 to avoid being considered a special tax requiring a 2/3 majority vote of the electorate to pass. With the renewal of the LBID following adoption of Proposition 26, the purposes for which LBID assessments could be expended were more limited than when the LBID was initially established. As such, the improvements and activities to be provided for in FY 2018 and FY 2019 are to be those services and activities permitted under Section 3.26.030 of the Pismo Beach Municipal Code, which include:

a) The general promotion of lodging operations within the LBID shall include costs of programs and physical improvements as specified in the business plan to be Adopted annually;
b) The marketing of conference, group, and vacation business that benefits the local lodging industry in the district;
c) The marketing of the LBID to the travel industry in order to benefit the local lodging industry in the district;
d) Administration of the LBID, including collection and enforcement of assessments.

The LBID Ordinance provides for a LBID assessment of 1% levied on transient rents received by all Pismo Beach lodging properties, including but not limited to hotels, motels, vacation rentals, and recreational vehicle parks. Revenues in the FY 2018 and FY 2019 budget are estimated at $977 thousand and $1.03 million, respectively. Budgeted expenditures total $1.10 million in FY 2018 and $1.09 million in FY 2019. The following table summarizes the total revenues and expenditures in the LBID's FY 2018 and FY 2019 Adopted Budget.

Lodging Business Improvement District Fund Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ 203,524	$ 85,675
Revenues	$ 977,156	$ 1,028,688
Expenditures	1,095,006	1,091,296
Net	$ (117,850)	$ (62,608)
Estimated Ending Fund Balance	$ 85,675	$ 23,067

OTHER MAJOR FUNDS

Water Enterprise Funds

The Water Enterprise Funds consists of the Water Operating Fund, the Water Tax Fund, the Water Construction Fund, and the Water Expansion Fund. Each of these funds support different sources and uses. Looking at all Water Enterprise Funds combined, water revenues in the Water Enterprise Funds are from water service charges, sales from water usage, and transfers in from other funds. Expenditures from the Water Enterprise Funds are from San Luis Obispo (SLO) County and the Central Coast Water Authority for the costs of providing water to the City. In addition, costs include personnel, utilities, supplies, materials, and transfers to other funds. The revenues and transfers into the Water Enterprise Funds for FY 2018 and FY 2019 total $6.86 million and $5.84 million, respectively. Total expenses including work plan budget items and transfers out of the fund are $9.12 million in FY 2018 and $6.86 million in FY 2019. Of these total expenses, capital improvements budgeted are $2.56 million in FY 2018 and $1.25 million in FY 2019. The projected ending balance available at June 30, 2019 is estimated at $3.62 million. The following table summarizes the total revenues and expenditures in the combined Water Enterprise Funds' FY 2018 and FY 2019 Adopted Budget.

Water Enterprise Funds Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ 6,888,786	$ 4,634,872
Revenues	$ 6,863,000	$ 5,843,000
Expenditures	9,116,914	6,862,177
Net	$ (2,253,914)	$ (1,019,177)
Estimated Ending Fund Balance	$ 4,634,872	$ 3,615,695

Wastewater Enterprise Funds

The Wastewater Enterprise Funds consists of the Wastewater Operating Fund, the Wastewater Capital Projects Fund, and the Wastewater Expansion Fund. Each of these funds support different sources and uses. Looking at all Wastewater Enterprise Funds combined, revenues in the Wastewater Enterprise Funds are from service charges for providing wastewater facilities, and transfers in from other funds. Expenditures in the Wastewater Enterprise Fund include costs for running a wastewater treatment plant, personnel costs, transfers in from other funds, and debt service costs related to the funding of the wastewater treatment plant and other wastewater facilities. The revenues in the Wastewater Enterprise Fund for FY 2018 and FY 2019 total $4.51 million and $4.51 million, respectively. Total expenses including work plan budget items, debt service, and transfers are $4.06 million in FY 2018 and $4.33 million in FY 2019. Of total expenses, capital improvements budgeted for FY 2018 and FY 2019 are $93 thousand and $200 thousand, respectively. The projected ending balance available at June 30, 2019 is estimated at

$6.39 million. The following table summarizes the total revenues and expenditures in the combined Wastewater Enterprise Funds' FY 2018 and FY 2019 Adopted Budget.

Wastewater Enterprise Funds Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ 5,756,905	$ 6,210,255
Revenues	$ 4,511,000	$ 4,511,000
Expenditures	4,057,649	4,332,382
Net	$ 453,351	$ 178,618
Estimated Ending Fund Balance	$ 6,210,255	$ 6,388,873

Parking Enterprise Fund

Revenues in the Parking Enterprise Fund come from parking kiosks located in the downtown core area and from parking citations. Expenditures in the Parking Enterprise Fund are primarily personnel costs and the cost of supplies and materials for maintaining the parking kiosks. The revenues in the Parking Enterprise Fund for FY 2018 and FY 2019 total $675 thousand for each year. Total expenses including work plan items and transfers are $656 thousand in FY 2018 and $815 in FY 2019. The projected ending balance available at June 30, 2019 is estimated at $2.20 million. It is anticipated that these funds will be used to enhance parking as part of the City's focus and investment in the downtown area. The following table summarizes the total revenues and expenditures in the Parking Enterprise Fund's FY 2018 and FY 2019 Adopted Budget.

Parking Enterprise Fund Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ 2,316,669	$ 2,335,778
Revenues	$ 675,000	$ 675,000
Expenditures	655,891	814,778
Net	$ 19,109	$ (139,778)
Estimated Ending Fund Balance	$ 2,335,778	$ 2,196,000

OTHER MAJOR FUNDS

Motor Vehicle Operations and Replacement Fund

The Motor Vehicle Operations and Replacement Fund is an internal service fund created to support replacement and ongoing maintenance of the City's fleet of vehicles. Revenues come from various other City funds based on an allocation of replacement and maintenance costs. Expenditures include purchases of replacement vehicles and ongoing maintenance of existing vehicles, including personnel costs and equipment. Total revenues into the Motor Vehicle Fund are $1.09 million in FY 2018 and $1.02 million in FY 2019. Expenditures total $973 thousand in FY 2018 and $1.22 million in FY 2019. The following table summarizes the total revenues and expenditures in the Motor Vehicle Fund's FY 2018 and FY 2019 Adopted Budget.

Motor Vehicle Fund Budget Summary

	FY 2018 Adopted Budget	FY 2019 Adopted Budget
Projected Beginning Fund Balance	$ 3,169,986	$ 3,282,911
Revenues	$ 1,086,178	$ 1,021,167
Expenditures	973,253	1,220,818
Net	$ 112,925	$ (199,651)
Estimated Ending Fund Balance	$ 3,282,911	$ 3,083,260

Work Plan Budget Items

As previously mentioned, the budget is built from base operations. Once the base budget is established, work plan budget items are considered. These items include program enhancements, staffing modifications, service modifications, etc., that fit within the Council's goals. The ability to add work plan items changes from year to year and is based on the amount of funding available. A complete list of work plan budget items for each year is included on the Adopted Work Plan Budget Requests for FY 2018 & FY 2019 section.

Total work plan items adopted by the City Council, net of revenues, are $6,803,109 in FY 2018 and $4,296,468 in FY 2019. These amounts include $4,047,500 in FY 2018 and $3,289,500 in FY 2019 of Council goals. The following table provides the net (revenues less expenditures) amount of Adopted work plan budget items by fund for each budget year.

Adopted Work Plan Budget Items by Fund (Net, Revenues less Expenditures)

Fund	FY 2018	FY 2019
General Fund	$ 971,922	$ 1,750,686
Local Transportation	7,500	7,500
Public Education Grant Fund	39,400	
Lodging Business Improvement	110,000	125,000
Capital Projects	1,165,000	295,000
Park Development Fund	1,205,000	
Circulation Fees	275,000	162,000
Impact Fees	30,000	
Water Enterprise Fund	728,509	500,528
Water Construction Fund	1,800,000	750,000
Wastewater Treatment Fund	56,771	280,539
Pier Enterprise Fund	10,000	
Parking Enterprise Fund	106,707	250,215
Technology Service Fund	117,300	-
Motor Vehicle Fund	180,000	175,000
All Funds Total	**$ 6,803,109**	**$ 4,296,468**

Capital Improvement Projects

Capital Improvement Projects are identified in this budget document as those projects that are at least $20,000 over the life of the project and have a useful life of at least 3 years. These projects include improvements to buildings, facilities, or other infrastructure, or are large capital purchases of equipment. The specific capital improvement projects adopted as additions to the budget are listed in the Capital Improvements Projects section as part of the overall capital improvements budget, including projects in all City funds. Brief project descriptions are provided on the capital improvement project detail pages.

Total new capital improvement projects are $6,585,650 in FY 2018 and $3,690,000 in FY 2019, for a total of $10,275,650 over both years. This does not include capital projects that are included in the baseline budget. Baseline capital projects include scheduled replacement vehicle purchases and other previously approved ongoing capital projects and account for $496,801 in FY 2018 and $731,811 in FY 2019.

In calculating year-end fund balances, staff assumed that each capital improvement project budgeted in FY 2017 will either be completed by June 30, 2017 or that City funds allocated for the projects will be transferred to the appropriate construction fund or carried forward at fiscal year-end. Many of those budgeted projects from FY 2017 and prior have been completed, several have begun with contract encumbrances and expenditures recorded against them, and others have been delayed without any expenditure. By completing transfers to the construction funds for those projects that are underway, the amounts allocated from the General Fund or other funds are secured and reserved to pay for the specific projects. Uncommitted project budget amounts for projects not yet under way will be carried forward in the fund from which the project is being financed. Ultimately, the City Council maintains control of expenditures by virtue of the requirement that all construction contracts and all professional services contracts in excess of $30,000 be approved by Council.

The following three Capital Project tables list the total amount of capital projects by fund. The first table includes all capital projects by fund, including both new (Work Plan) and baseline budget capital projects. The second table includes just the new Work Plan capital projects. The third table includes just the baseline capital projects.

Capital Projects by Fund – Work Plans and Baseline Budget

Fund	FY 2018	FY 2019
General Fund	$ 1,259,010	$ 1,553,000
Half Cent Sales Tax Fund	1,040,000	150,000
Public Education Grant Fund	39,400	
Park Development Fund	1,205,000	
Circulation Fees	275,000	162,000
Water Enterprise Fund	2,645,219	1,333,000
Wastewater Treatment Fund	133,519	240,800
Parking Enterprise Fund	101,534	250,000
Motor Vehicle Fund	383,769	733,011
All Funds Total	**$ 7,082,451**	**$ 4,421,811**

New Work Plan Capital Projects by Fund

Fund	FY 2018	FY 2019
General Fund	$ 1,209,010	$ 1,503,000
Half Cent Sales Tax Fund	1,040,000	150,000
Public Education Grant Fund	39,400	
Capital Projects	-	-
Park Development Fund	1,205,000	
Circulation Fees	275,000	162,000
Water Enterprise Fund	2,562,219	1,250,000
Water Construction Fund	-	-
Wastewater Treatment Fund	92,719	200,000
Pier Enterprise Fund	-	-
Parking Enterprise Fund	101,534	250,000
Technology Service Fund	-	-
Motor Vehicle Fund	60,768	175,000
All Funds Total	**$ 6,585,650**	**$ 3,690,000**

Baseline Budget Capital Projects by Fund

Fund	FY 2018	FY 2019
General Fund	$ 50,000	$ 50,000
Water Enterprise Fund	83,000	83,000
Wastewater Treatment Fund	40,800	40,800
Motor Vehicle Fund	323,001	558,011
All Funds Total	**$ 496,801**	**$ 731,811**

Outside Agency Requests for Funding

Each year during the budget process, the City receives funding requests from outside agencies. For FY 2018, several outside agencies submitted requests for funding and presented their funding requests to the City Council at the May 18, 2017 Council meeting. A total of $69,100 was approved for Outside agency requests for FY 2018.

Outside Requests FY 2018 Requests, and Prior Year Payments

Agency / Program	FY 2018 Approved	FY 2018 Funding Source	FY 2018 Request	FY 2017 Paid	FY 2016 Paid	FY 2015 Paid	FY 2014 Paid
American Red Cross	3,500	General Fund	3,500	3,500	3,500	3,500	3,500
Assistance League of SLO County	2,000	General Fund	2,000	2,000	1,500	1,500	1,500
Association of Amputee Servers (AMPSURF)	3,000	General Fund	5,000	2,000	2,000	2,000	2,000
Cal Poly Performing Art Center	-		25,000				
CAP-SLO (EOC)-Adult Wellness & Prevention Screening Prg	2,000	General Fund	2,000	2,000	2,000	2,000	2,000
CAP-SLO (EOC) - Energy Svcs Home Repair Program	4,200	Housing In-Lieu Fund	4,200	4,200	4,200	4,200	
CAP-SLO (EOC) - Maxine Lewis Memorial Shelter	2,500	General Fund	2,500	2,200	2,200	2,200	2,200
Destination Imagination	-		-	2,000	3,000	3,000	3,000
ECO-SLO - County Coastal Cleanup	3,000	General Fund	5,000	3,000	2,000	2,000	2,000
Five Cities Diversity Coalition	1,000	General Fund	2,000	-	1,100		1,000
Five Cities Meals on Wheels	7,400	General Fund	7,400	7,400	4,000	4,000	4,000
HomeShare SLO	2,000	Housing In-Lieu Fund	5,000				
NOOR Foundation	8,000	General Fund	10,000	6,000	4,000		
People's Self-Help Housing	5,000	Housing In-Lieu Fund	5,000	2,500	500	500	500
SLO County Housing Trust Fund	2,000	Housing In-Lieu Fund	2,000	2,000	2,000	2,000	2,000
SLO County YMCA	2,500	General Fund	2,500	2,000	2,000	2,000	2,000
San Luis Obispo Int'l Film Festival			4,000		0	0	-
SLO SCORE	2,500	General Fund	2,500	1,000	1,000	1,000	
United Way - SLO County 211 Hotline	3,500	General Fund	5,000	3,000	3,000	3,000	3,000
Subtotal Donations from General Fund Unassigned Fund Balance	**40,900**		**83,400**	**48,600**	**$ 46,300**	**$ 41,200**	**$ 41,200**
Housing In Lieu Fee Fund Balance	**13,200**		**11,200**	**8,700**	**$ 4,200**	**$ 4,200**	
Pismo Beach Chamber of Commerce - Clam Festival				5,000	5,000	5,000	5,000
Basin Street Regulars / Jubilee by the Sea	11,000	LBID	15,000	10,000	7,000	7,000	7,000
San Luis Obispo Int'l Film Festival	4,000	LBID		4,000	3,000	3,000	3,000
Visit SLO membership - General Fund			-		-	40,000	40,000
Visit SLO membership - LBID			-		-	105,673	97,161
Subtotal Visit SLO Donations & CVB, LBID Budget	**15,000**		**15,000**	**19,000**	**$ 15,000**	**$ 160,673**	**$ 152,161**
General Fund Total (excludes Visit SLO Membership)	*$ 40,900*		*94,600*	*48,600*	*$ 46,300*	*$ 41,200*	*$ 41,200*
General Fund Visit SLO Budget						*$ 40,000*	*$ 40,000*
Housing In Lieu Fee Fund	*$ 13,200*		*-*	*8,700*	*$ 4,200*	*$ 4,200*	
LBID Fund Total	*$ 15,000*		*$ 15,000*	*19,000*	*$ 15,000*	*$ 120,673*	*$ 112,161*
All Fund Budget Total	**$ 69,100**		**109,600**	**76,300**	**$ 65,500**	**$ 201,873**	**$ 193,361**
All Funds less Visit SLO	**$ 69,100**		**109,600**	**76,300**	**$ 65,500**	**$ 56,200**	**$ 56,200**

Long-Term Financial Planning

The City incorporates long-term financial planning into its budget process in three ways:

- First, the City has established a set of financial policies that were reviewed and affirmed by the City Council and Executive Management Team on April 4, 2017 during the development of the budget. These policies establish goals for the allocation of public resources in the manner best suited to the efficient provision of services to citizens and visitors present within the City. Some of these policies call for maintaining adequate cash reserves and providing ongoing maintenance of infrastructure and buildings, which are vital to sound fiscal management.

- Second, the Council undertakes a strategic planning process to establish goals and priorities for the organization that takes into account a long-term vision of the City and incorporates public input. The Council reviews and may modify its long-term vision statement for the City every two years. Additionally, the Council seeks public input in developing the City's goals to meet this vision. This public input process, branded Pismo Voice, included a tri-fold flyer in all utility bills advertising community workshops and directly asks for ideas about priorities, with prepaid postage for return mail to the City. In addition, the City received feedback about priorities from social media outreach efforts, push notifications through the City's website, outreach booths at community events, and several community meetings. The resulting City goals are long-term goals that typically cannot be accomplished in one or two years. As such, City staff develop work plans to implement various stages of those goals and those items are incorporated into the budget.

- Third, the City maintains a five-year operating projection for the General Fund and the Water and Wastewater Enterprise Funds. The General Fund projection is updated quarterly and shared with Council annually. These projections allow management to see what the future could look like given a set of assumptions and is evaluated in the context of whether decisions are sustainable over the long term.

- Fourth, the City maintains a ten-year long-range capital planning process that helps drive annual capital funding decisions as well as periodic bond issues for larger investments.

- Finally, all Governmental Accounting Standards Board pronouncements are monitored and implemented into the City's financial statements.

The following table shows the five-year projection for the General Fund, including all sources and uses and the beginning and projected ending fund balances for FY 2017 projected actuals forecasted to FY 2022. In general, the revenues and expenditures in FY 2018 and FY 2019 reflect the Adopted Budgets and FY 2020 to FY 2022 are projections that reflect what the City's General Fund would look like if the City continued to receive revenues based on historical growth rates and spend based on historical spending rates. The narrowing variance between projected revenues and expenditures illustrates that budgets should be developed with a long-term outlook. Given uncertainties of future revenues, expenditures, and resulting fund balances, it is prudent to continue to maintain thoughtful discipline in restraining costs.

Long-Term Financial Planning

Pismo Beach's Municipal Code requires that each year's budget be balanced. Balancing the budgets will likely require some combination of expenditure reductions and/or additional revenues. These projections assume no ongoing solutions are implemented. To the extent budgets are balanced with ongoing solutions, future shortfalls would decrease.

This projection assumes no major changes from the FY 2018 and FY 2019 Adopted Budget levels to policies, service levels, the number of employees, or labor contracts approved after the June 20, 2017 budget adoption. It also assumes capital projects spending stays relatively level around $1.5 million per year and that there are no other new one-time costs.

In summary, the projected ending fund balances for FY 2021 and FY 2022 reflect that there could be a deficit if no changes in operations occurred. However, for each budget cycle, the City Council and staff would propose a balanced budget with either enhanced revenue projections or reduced expenditures in order to maintain a structurally balanced budget.

Long-Term Financial Planning

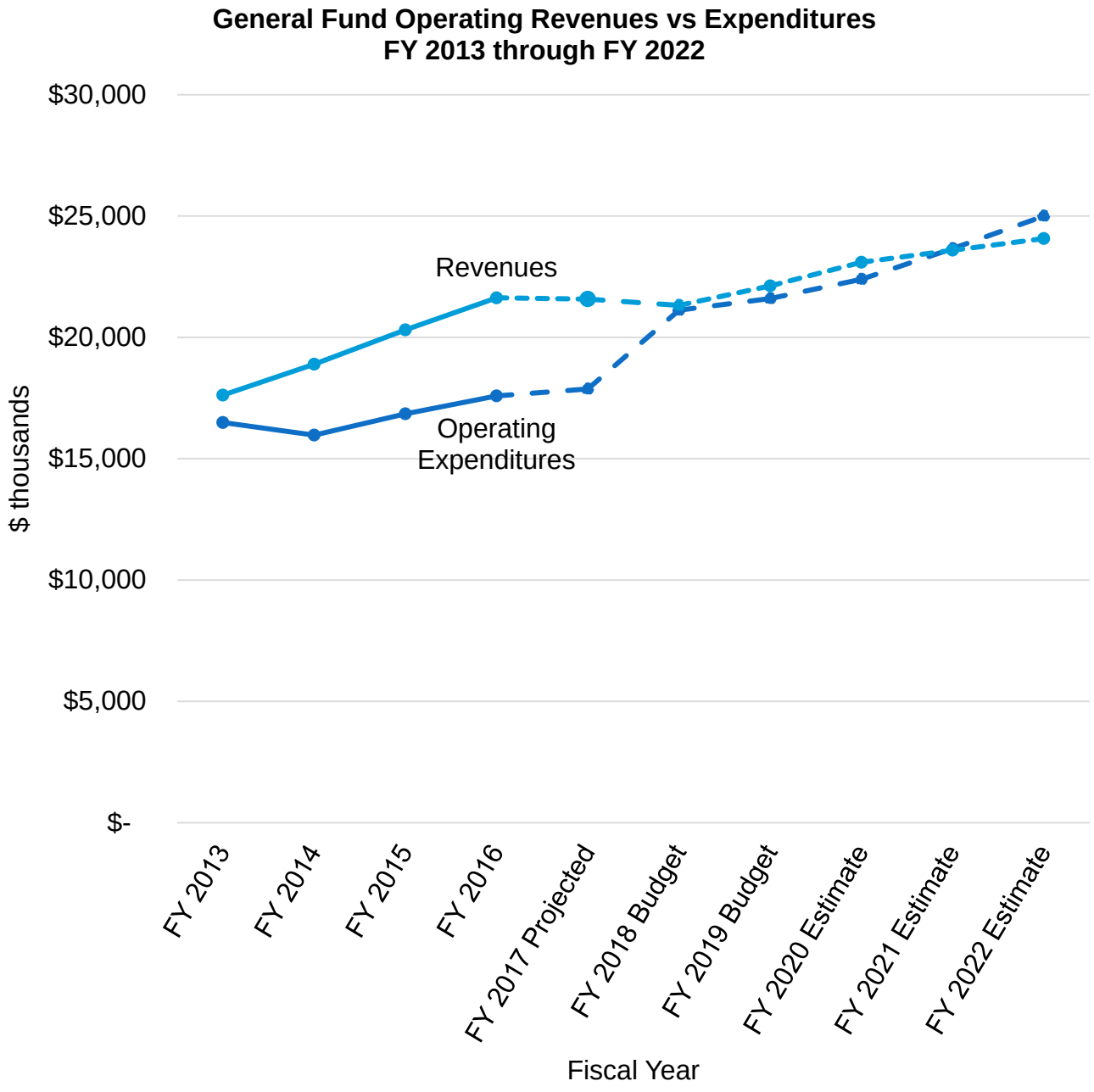
General Fund Five-Year Projection FY 2017 through FY 2022

Category	FY 2017 Projected Actuals	FY 2018 Proposed	FY 2019 Proposed	FY 2020 Projection	FY 2021 Projection*	FY 2022 Projection*
Sources						
Beginning Fund Balance	**$ 11,621,537**	**$ 13,557,472**	**$ 8,139,756**	**$ 6,831,423**	**$ 6,215,913**	**$ 4,781,543**
Transient Occupancy Tax	9,326,445	9,682,560	10,272,880	10,977,575	11,197,127	11,421,069
Property Related Taxes	4,990,632	4,972,240	5,071,750	5,173,185	5,276,649	5,382,182
Sales and Use Tax	2,996,529	3,061,005	3,122,360	3,206,664	3,293,244	3,359,109
Other Revenues	1,389,093	1,354,969	1,400,363	1,438,435	1,477,571	1,517,800
Permits	1,466,931	969,750	969,750	989,145	1,008,928	1,029,106
Franchise Taxes	509,811	541,680	541,680	552,514	563,564	574,835
Transfers In	243,884	240,000	240,000	244,800	249,696	254,690
Business Tax	219,298	214,750	219,030	223,411	227,879	232,436
Departmental Revenues	247,461	151,100	151,100	154,122	157,204	160,349
Other Taxes	140,551	78,660	79,230	80,815	82,431	84,080
Intergovernmental Revenue	26,629	47,680	47,680	48,634	49,606	50,598
Grants	18,498	5,000	5,000	5,100	5,202	5,306
Total Revenues	**$ 21,575,762**	**$ 21,319,394**	**$ 22,120,823**	**$ 23,094,399**	**$ 23,589,100**	**$ 24,071,560**
Uses						
Salaries & Wages	6,399,948	7,046,963	7,335,937	7,556,015	7,782,695	8,016,176
Benefits	3,652,546	4,217,424	4,309,615	4,725,096	5,161,351	5,619,419
Professional Services	2,874,720	3,474,704	3,470,738	3,644,275	3,826,489	4,017,813
Contract Services	2,048,525	2,394,121	2,611,872	2,873,059	3,160,365	3,476,402
Operations & Maintenance	1,067,956	1,137,863	1,117,109	1,150,622	1,185,141	1,220,695
Transfers Out	378,646	963,991	883,873	910,389	937,701	965,832
Other Financing Uses	166,722	739,900	684,000	288,520	297,176	306,091
Other Expenses	464,564	653,618	666,216	686,203	706,789	727,992
Retiree Medical Insurance	434,965	492,304	520,335	559,360	601,312	646,411
Debt Service	385,466	-	-	-	-	-
Total Operating Expenditures	**$ 17,874,059**	**$ 21,120,889**	**$ 21,599,695**	**$ 22,393,539**	**$ 23,659,018**	**$ 24,996,830**
Net Revenues less Operating Expenditures	**$ 3,701,702**	**$ 198,505**	**$ 521,128**	**$ 700,860**	**$ (69,918)**	**$ (925,270)**
One-time Revenues	789,305	467,500				
One-time Expenditures**	2,305,072	5,833,499	1,581,000	1,000,000	1,030,000	1,060,900
Total Expenditures	**$ 20,179,131**	**$ 26,954,388**	**$ 23,180,695**	**$ 23,393,539**	**$ 24,689,018**	**$ 26,057,730**
Ending fund balance	**$ 13,807,472**	**$ 8,389,979**	**$ 7,079,884**	**$ 6,532,283**	**$ 5,115,996**	**$ 2,795,373**
Committed	4,765,549					
Carryforward to next FY	**13,557,472**	**8,139,756**	**6,831,423**	**6,215,913**	**4,781,543**	**2,460,920**
Recession Set-Aside		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
CalPERS Discount Rate Set-Aside		(1,000,000)	(800,000)	(600,000)	(400,000)	(200,000)
Ending Unassigned Fund Balance after set-asides, carryforwards, & contributions	**$ 8,791,923**	**$ 6,139,756**	**$ 5,031,423**	**$ 4,615,913**	**$ 3,381,543**	**$ 1,260,920**
Contribution to Reserves	250,000	250,222	248,461	316,370	334,453	334,453
GF Reserve	5,280,000	5,280,222	5,399,924	5,598,385	5,914,755	6,249,207

*Note for FY 2021-22 and FY 2022-23 Net Revenues less Operating Expenditures:
The last 2 years of the 5 Year Projection assumes that operations continue to increase at known rates, CPI, or historical growth rates.
**Assumes $1 million of one-time costs in FY 2020 - FY 2022.
Staff will work to ensure that revenues and operating expenditures are structurally balanced during the budget development process.

Long-Term Financial Planning

The General Fund operating budget is structurally balanced in FY 2017 through FY 2020. Starting in FY 2021, projected ongoing expenditures are projected to exceed revenues by $70 thousand in FY 2021 and $925 thousand in FY 2022. This assumes that no changes to operations or revenues occur prior to when those budgets are developed. However, the City Council and staff will ensure that future budgets are balanced and sufficient fund balances are left for one-time projects. The following chart illustrates the actual revenues and expenditures for FY 2013 through FY 2016, and projections and budgeted operating revenues and expenditures for FY 2017 through FY 2022.



Long-Term Financial Planning

Key Assumptions of the General Fund Five-Year Projection

- The FY 2017 projected actuals represent the most recent projections for FY 2017.
- FY 2018 and FY 2019 numbers reflect the Adopted Budgets for those years.
- Revenues and expenditures reflect known one-time changes from the prior years.
- FY 2020 through FY 2022 reflect projected CPI increases (CPI projection from the Department of Finance) or 2.0% per year for revenues unless otherwise stated below.

Sources:

- Transient Occupancy Tax revenues increase by 2.0% per year and includes estimated TOT revenues for the two new hotels projected to open in January 2018 and April 2019.
- Property related tax revenues are projected to grow at 2% per year based on a 7 year historical average of property related tax revenue growth and the maximum amount that property taxes can increase based on assessed valuation.
- Sales & Use Tax revenues increase by 3.0% in FY 2020 and FY 2021 to reflect historical actual increases and projections from the City's sales and use tax revenue consultant.
- A portion of the Other Revenues category increases by 3.0% per year in the last three years of the projection to reflect CPI increases in expenditures. This category includes a cost allocation from other funds and as expenditures are projected to increase by 3.0% per year, these corresponding revenues increase by 3.0% per year as well.

Uses:

- California Public Employees Retirement System (CalPERS) benefit costs are projected to change based on CalPERS projected changes, including the implementation of the CalPERS discount rate changes and to reflect the City's negotiated contracts, the State's pension reform savings, and projected retirements.
- Health Insurance and Social Security are projected to increase by 5% per year based on a five year historical average rate of growth.
- Retiree Medical Insurance reflects projected Other Post Employment Benefit (OPEB) annual required contributions (ARC) and the City's annual contributions for current and projected retiree health insurance costs. The ARC payment reflects the potential increase to the City's annual contribution as a result of valuing the implied subsidy by FY 2018, and overall is expected to increase by 8.0% per year from FY 2020 through FY 2022
- Professional Service contracts are expected to increase by 5.0% per year from FY 2020 through FY 2022 to reflect the CalFire contract increases for labor and benefits.
- Contract Services are expected to increase by 10% per year from FY 2020 through FY 2022 based on the historical average increase in risk management costs. The California Joint Powers Insurance Authority (CJPIA) is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. This cost is projected to increase by 10% per year based on the ten year historical average growth rate of general liability and workers compensation costs.
- Capital Projects and one-time costs are projected to be about $1.0 million in FY 2020 and grow by CPI until FY 2022.

Economic/Policy/Legislative Issues Facing the City

The following provides some of the major economic and legislative issues impacting our City:

Economic Issues

U.S. Economy

The U.S. economic outlook is healthy for the next two budget years according to key economic indicators. The California Department of Finance's economic projections indicate that the U.S. economy will continue to grow at a rate of 2.1% to 2.2% in Gross Domestic Product (GDP) growth for the next two years, with a higher growth rate in FY 2018 and a slowing growth rate in FY 2019. GDP growth between the 2.0% to 3.0% per year is the ideal range. According to the Federal Open Market Committee's June 2017 economic forecast, the unemployment rate is expected to drop to 4.2% to 4.3% in 2017 and 2018, although most of this job growth is in low-paying retail and food service industries.

A big question about the future of the economy is: How long will the economy continue to expand before there is another recession? The California Legislative Analysts Office states that the current U.S. economy has been expanding since the end of the last recession in June 2009, making it the fourth longest expansion since 1854. Economic expansions typically end due to imbalances in the economy, economic shocks, major changes in the economy, or public policy. Economic expansions have historically become longer due to improved management of U.S. monetary policy, other government policies, better management of business inventories, technological change, and a stable rise in the service sector. The past few U.S. expansions have ended about three years after the economy reached full employment, or 5% unemployment. As unemployment has been at the 5% level since October 2016 and if history repeats itself, the current expansion could continue for the next couple of years. **In summary, the U.S. economic outlook for FY 2018 and FY 2019 is healthy and expanding, but at a slowing rate.**

> ***How long will the economy continue to expand before there is another recession?***
>
> ***"…the current expansion could continue for the next couple of years. The U.S. economic outlook for FY 2018 and FY 2019 is healthy and expanding, but at a slowing rate."***

State of California Economy

According to the California Legislative Analysts Office, **the State of California fiscal forecast has improved in the past two years.** Job growth has been outpacing the nation, including more participation in the labor force and more full-time work. Overall, **employment is projected to grow** by 0.9% each year for the next two years and the unemployment rate is projected to decrease to about 4.7%, close to the projected national average. **Personal income is expected to grow** by 4.4% to 4.5% in the next two years.

California Housing Trends

Housing costs and rents are high and housing affordability is a growing concern for the State. One of the big factors for high home costs is the lack of supply. Statewide, construction of single family and multi-family homes are expected to grow by 9.3% in 2018 and 11.8% in 2019.

However, this increase in supply is not keeping up with demand and, in various local communities, housing supply remains low. According to the University of California Los Angeles Anderson Forecast "Housing Activity Grinds Higher" published on June 2017, the various theories on why the supply of single family housing remains low and growing slowly is due to tighter credit standards compared to the earlier housing boom, slow personal income growth, and more regressive zoning and environmental regulations. Alternatively, multi-family housing vacancy rates are decreasing and supply continues to grow for those households who cannot afford the steep prices of single-family housing and also to cater to those households that prefer to live in urban settings. There continues to be a high demand for affordable housing close to employment centers.

California Tourism Trends

The City of Pismo Beach is heavily reliant upon tourism to the City. The City's General Fund (the City's largest and most discretionary fund) is made up of 47% transient occupancy tax revenues, which is a 10% tax on gross rent for stays of 30 or less consecutive days at various lodging properties. In addition, part of the City's sales & use tax revenues come from visitors shopping, dining, buying fuel at service stations, and general consumer goods in Pismo Beach.

The California travel and tourism industry continues to show solid growth. According to Tourism Economics' "California Travel & Tourism Outlook" from April 2017, **total visitors to California are expected to grow by about 2.2% in 2018 and 2.6% in 2019**. Estimated total expenditures in California from these visitors is expected to increase by 4.2% in 2018 and 3.7% in 2019. **However, these growth rates demonstrate a slowing of visitors to California compared to 2011 through 2015**, where visitors to California grew by 3.1% to 5.6% per year. Some of the reasons for a slowing rate of visitors to California include: a decline in Mexican arrivals as a result of US and Mexico tensions, unfriendly immigration policies, a strong U.S. dollar, and risk of protectionism. Domestic travel to California makes up 94% of all California visitors, of which residents from Arizona, Nevada, Oregon, and Washington make up the majority of visits. Total international visitors make up the remaining 6% of California tourists, of which residents from Mexico, China, and Canada make up the top three countries (in decreasing order) of international visitors to California.

City of Pismo Beach Economy

The City of Pismo Beach is subject to the same economic impacts of the U.S. and the State of California. However, Pismo Beach is more reliant upon tourism compared to the average City. The City's primary visitors come from the San Joaquin Valley who visit the City, largely during the summer to escape the extreme heat in the Valley. With these annual visitors, the City enjoys a stable base of visitors. Even as the overall U.S. economy slowly picked up after the Great Recession, Pismo Beach was able to rebound rather quickly due to these more stable visitor revenues. In fact, Pismo Beach continues to lead the way in the County for tourism and hospitality. According to PKF Consulting, RevPAR (or hotel revenue per available room) in Pismo Beach increased by 0.2% during FY 2017, due to average daily room rates increasing by 3.5%, to $161.42, offset by occupancy rates decreasing 3.2%. However, like the rest of the economy, the City is projecting slowing growth. General Fund revenues are expected to decrease by 1.2%

compared to FY 2017 projected actual revenues, largely reflecting reduced permit fee revenues based on a slowing of development in the City as the City's vacant parcels move closer to build out. These revenues are expected to increase by 3.8% in FY 2018 largely due to two new hotels in the City's downtown area.

City's Response to Economic Issues

In response to these economic issues, the City's Adopted Budget includes conservative revenue projections. Although there are potential areas for economic growth, the City remains wary about the City's past revenue declines in all the major General Fund categories. In addition, the City's Adopted Budget includes measures to maintain the City's strong financial position. The budget includes infrastructure investments and other investments in our community, provides support for our effective team, while setting aside funds for a rainy day in the event of economic challenges.

In addition, the City's Lodging Business Improvement District collects 1% of gross lodging revenues and uses those funds to promote the Pismo Beach lodging industry. The City uses these funds to open new tourism markets, focusing on getting the most use out of its funds and creating a unique experience for its visitors.

Nuclear Power Plant Closure

Another potential impact to the City's budget is the closure of the local nuclear power plant. Diablo Canyon Power Plant (DCPP) is an electricity-generating nuclear power plant owned and operated by Pacific Gas and Electric Corporation (PG&E) and located on the Pacific Coast approximately 10 miles north of the City. DCPP began commercial operation in 1985. The plant is powered by two Westinghouse-designed 4-loop pressurized water reactors. The two reactors have a generation capacity of 2,300 megawatts and produce about 18,000 gigawatt hours of electricity annually. The two nuclear reactors are currently licensed until 2024 and 2025, respectively, and PG&E has publicly announced that they will each be decommissioned contemporaneously with license expiration. Spent nuclear fuel is stored on-site, and there are presently no operating facilities available in the United States for the reprocessing of nuclear fuel.

Risks associated with operating nuclear power plants such as DCPP include, among other things, the possibility that a nuclear power plant could experience a meltdown or be targeted for a terrorist attack, either of which might result in the release of radiation into the environment. A meltdown is an accident in which severe overheating of the nuclear reactor results in the melting of the reactor's core. An uncontrolled release of radioactive material would have the potential to result in significant health and safety impacts to the City and surrounding area.

Since the March 1, 2011 earthquake and tsunami that damaged the Fukushima Dai-ichi nuclear facility in Japan, the U.S. Nuclear Regulatory Commission (NRC) established the Near-Term Task Force (NTTF) to conduct a systematic and methodical review of NRC processes and regulations and determine if the agency should make additional improvements to its regulatory system. Ultimately, a comprehensive set of recommendations contained in a report to the NRC (dated July 12, 2011, SECY-11-0093 (Agency-wide Documents Access and Management System, Accession No. ML 111861807)) was developed using a defense-in-depth concept in which each level of

defense-in-depth (namely prevention, mitigation, and emergency preparedness) is critically evaluated for its completeness and effectiveness in performing its safety function. The current regulatory approach, and the resultant plant capabilities, gave the NTTF and the NRC the confidence to conclude that an accident with consequences similar to the Fukushima accident is unlikely to occur in the United States (U.S.). The NRC concluded that continued plant operation and the continuation of licensing activities did not pose an imminent risk to public health and safety.

While PG&E claims that the DCPP has been designed to withstand the impact of a small plane crash, as well as the effects of natural phenomena such as earthquakes (up to a magnitude of 7.5), tornados, hurricanes, floods, tsunami and seiches, the City has not independently verified the safety or design standards of DCPP, and makes no assurances that a catastrophic natural or unnatural event in the future will not adversely affect the City and the City's finances.

Closure of DCPP

PG&E has publicly announced closure of DCPP after its current U.S. Nuclear Regulatory Commission operating licenses expire in November 2024 and August 2025. PG&E has also publicly stated that the power produced by DCPP's two nuclear reactors is expected to be replaced with investment in a greenhouse-gas-free portfolio of energy efficiency, renewables and energy storage. The proposal is contingent on a number of regulatory actions, including approvals from the California Public Utilities Commission.

Based on preliminary research, the estimated cumulative impact during 2017 to 2025 on the City is approximately $867,000, of which approximately $839,000 impacts the General Fund and $28,000 impacts the Lodging Business Improvement District (LBID) Fund. According to the City, the ongoing impact is estimated to be a $227,000 (approximate) per year loss to the City, of which approximately $222,000 impacts the General Fund and approximately $6,000 impacts the LBID Fund. There are many variables and assumptions associated with these fiscal impacts, which are likely to change. The largest components of this loss is to the City's unitary property tax revenues and to the TOT and LBID Assessment revenue loss. The City is expected to receive approximately $767,000 from PG&E in the form of an Economic Development Fund to mitigate this financial loss. Although the City does not expect DCPP's closure to have a material impact on the City's ability to make Base Rental Payments, there can be no assurances that unforeseen consequences of the closure will not adversely affect the City and the City's finances.

Legislative Issues

CalPERS Discount Rate Change

Another large factor impacting the City of Pismo Beach is the City's CalPERS unfunded pension liability. The City has about $14 million in unfunded pension liability, of which 76% is funded. This funded rate is good, but a better funding rate would be 80%. CalPERS dramatic investment losses during the Great Recession have contributed to the City's reduced funded rate. At the December 21, 2016 meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.5% to 7.0% over the next

three years. In order to continue to provide the same benefit, this means that CalPERS will increase public agency employer contribution costs beginning in FY 2019. The phase-in of the discount rate change approved by the Board for the next three fiscal years is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	FY 2019	7.375%
June 30, 2017	FY 2020	7.25%
June 30, 2018	FY 2021	7.00%

Lowering the discount rate means plans will see increases in both the normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities (the cost of pension benefits accruing over the life of the plan). These increases will result in higher required employer contributions. In addition, active members hired after January 1, 2013, under the Public Employees' Pension Reform Act (PEPRA) may also see their contribution rates rise.

The benefits of reducing the discount rate include:

- Strengthening long-term sustainability of the fund
- Reducing negative cash flows; additional contributions will help to offset the cost to pay pensions
- Reducing the long-term probability of funded ratios falling below undesirable levels
- Improving the likelihood of CalPERS investments earning our assumed rate of return
- Reducing the risk of contribution increases in the future from volatile investment markets

<u>CalPERS Discount Rate Reduction Impact on Pismo Beach</u>

Employer contribution increases as a result of the discount rate changes are estimated below by Normal Cost and required Unfunded Accrued Liability (UAL) payment. The Total Employer Contribution is the sum of the Normal Cost Rate applied to reported payroll plus the Unfunded Accrued Liability payment. The Normal Cost portion of the Employer Contribution is expected to increase by the listed percentages of payroll. Increases to the UAL payments are provided as relative increases to be applied to the projected UAL payments in the June 30, 2015 valuation report.

Economic/Policy/Legislative Issues Facing the City

The changes to the Unfunded Accrued Liability (UAL) due to changes of actuarial assumptions are amortized over a fixed 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. The 5-year ramp up means that the payments in the first four years of the amortization schedule are 20 percent, 40 percent, 60 percent and 80 percent of the ultimate payment, which begins in year five. The 5-year ramp down means that the reverse is true and the payments in the final four years are ramped down by the above percentages. A new ramp up is established with each change to the discount rate. There will be three ramp ups established in the first three years. As a result of the 5-year ramp up and effective date of the increase, it will be seven years until the full impact of the discount rate change is completely phased in.

What is the City's fiscal impact of the CalPERS lowering its expected rate of return by 0.5%?

"In five years, the estimated impact of CalPERS lowering its expected rate of return from 7.5% to 7.0% may have a $750,000 per year impact, which is unsustainable."

The CalPERS discount rate change from 7.5 % to 7.0% will impact the City beginning in FY 2019. After considering both of these changes (reducing the City's side fund and the reduction of the CalPERS discount rate), the net fiscal impact to the City's General Fund is estimated to be an additional $50 thousand in FY 2019 (already included in the FY 2019 Adopted Budget), a net reduction of $187 thousand in FY 2020, an additional $386 thousand in FY 2021, and an additional $224 thousand in FY 2022, for an average additional cost of $113 thousand per year for the next 4 years. Staff prepares a 5-year budget projection and anticipates that these costs and other budgeted expenditures can be managed and supported by current ongoing revenues without drastic changes in operations. **In five years, the estimated impact of CalPERS lowering its expected rate of return from 7.5% to 7.0% may have a $750,000 per year impact, which is unsustainable.**

<u>City Financial Impact and Proactive Response</u>

As one of the City's fiscal policies to annually consider reduction of long-term debt as a use of revenues, the City Council established a Debt/Pension Reduction Reserve of $1.0 million in 2014. This $1.0 million came from personnel cost savings accumulated in the General Fund unassigned fund balance over a few years due to staff vacancies and attrition. The City Council reviewed all the various General Fund supported-debt and determined that the best fiscal benefit to the City was to apply the $1.0 million to the CalPERS Miscellaneous Tier 1 Side Fund

What is the City doing to resolve this issue?

The City Council

- ✓ **prepaid $1 million of the unfunded pension liability in 2014**
- ✓ **budgeted for the discount rate change in FY 2018 and FY 2019**
- ✓ **set aside an additional $1 million to cover another potential and likely 0.5% discount rate reduction**
- ✓ **is a voice for CalPERS pension reform.**

(the unfunded pension liability). This prepayment of the side fund provided a $671 thousand savings in interest costs and a reduction of approximately $200 thousand per year starting in FY 2018 through FY 2027 at the end of the original amortization period.

In addition to the $1.0 million prepayment of the City's side fund, the City Council has provided direction to staff to set-aside another $1.0 million of the General Fund unassigned fund balance to prefund any additional costs associated with this or future CalPERS discount rate reductions over the next five years. This will allow the City to draw down approximately $200 thousand per year for the next five years to prefund anticipated future decreases to the CalPERS discount rate without impacting other operations.

Finally, **the City Manager is working with the California League of Cities to start discussions about pension reform as the current pension system is not sustainable.** Pismo Beach as well as other leaders in the State are working together to be a voice for pension reform and to take measures to resolve this upcoming crisis.

Economic/Policy/Legislative Issues Facing the City

Other Challenges

Other potential challenges that are facing our City are:

- **Risk Management Costs**: The California Joint Powers Insurance Authority (CJPIA) is the City's provider of risk management services, including insurance coverage for general liability, workers' compensation, and property insurance. General liability insurance is the leading factor in the increase and is made up of both the premiums and deferred amounts. The aggregate of the general liability costs have increased by 14% per year for the past 10 years. This is largely the result of several large claims filed against CJPIA member cities, including Pismo Beach. Included in this increase is the CJPIA's annual retroactively calculated amount based on the history of actual claims activity. Because these rising costs are a concern for the City, the City has a major Risk Management Program designed to reduce exposure to risk. Additionally, the City Council established and funds a Risk Management Reserve to fund unanticipated general liability and workers' compensation costs, legal costs, judgments, or costs to avoid judgments such as accessibility improvements over $100,000, in the event the City does not have resources available in the future. The City's Adopted Budget continues to contribute $50 thousand per year to the Risk Management Reserve to fund unanticipated risk management costs.
- **Americans with Disabilities Act (ADA) improvements**: The City is making significant strides towards upgrading disability access improvements throughout the City. The budget includes various ADA improvements in all new capital projects (about 10% of all applicable capital projects include these improvements), and continues work on existing structures to make them more accessible to the public.
- **Water Supply**: The City continues to be water conscious of its supply due to the most recent drought, and took measured actions to deal with the drought, including a three-tiered system of building restrictions depending on the City's total water supply.

  The City has a diverse water supply, pulling from three sources:

City of Pismo Beach Water Sources

Water Source	Percentage of Water Supply	Acre Feet/Year	Gallons of Water (millions)
State Water	41%	1,100	358
Lopez Lake Reservoir	33%	892	291
Santa Maria Ground Water Basin	26%	700	228

This Adopted Budget includes studies to move towards building a sustainable water supply for the future. The budget includes a $500,000 per year investment towards the Regional Groundwater Sustainability Project, a recycled water plant. These funds are used to support various environmental studies associated with a regional recycled water treatment plant, permitting, planning, designing, and garnering financial support from the federal and state governments. The overall cost of this project is expected to be $33 million in the near future.

Major Changes in Budget

The following items are a brief description of major changes in the Adopted Budget as compared to the previous years' budgets:

1. Ensuring a Sustainable Water Supply: Secure long-term water supplies for the City, including the current groundwater recharge (recycled water) proposal and further implementation of conservation practices, including funding in the Adopted Budget for:
   - Seeking funding for and beginning the planning and design for the Regional Groundwater Sustainability Project
   - Updating the City's Water Master Plan
   - Investing in strategic planning efforts with neighboring communities included in the Northern Cities Management Area

2. Infrastructure Maintenance and Beautification: Downtown revitalization and beautification efforts including assessing current design standards, appropriate commercial uses, and the number and location of public restrooms on the pier, including funding in the Adopted Budget for:
   - Pier plaza and pier parking lot improvements, including design and architecture of the pier parking lot, design of pier restrooms, and pier plaza access improvements
   - Downtown Façade Improvement Program, provide up to $5,000 reimbursement per downtown business to make façade improvements as approved by the Planning Division
   - Price Street beautification and improvements, including landscaping, lighting, and pavers
   - Replacement of existing Downtown sidewalks with pavers

3. Housing, Health, and Safety: The City continues to focus on ensuring that our neighborhoods, businesses, and parks and beaches are safe for all citizens. The Adopted Budget includes the following housing, health, and safety changes:
   - Replace the stairway on Morro Avenue to provide beach access
   - Invest $1.33 million in park improvements at the Shell Beach sports complex, Dinosaur Caves Park, Spyglass Park, Price Historic Park, and for Pismo Beach play equipment
   - Funding upgrades and replacements to the Police Mobile Data Computers and body cameras.
   - Replace the City's police, fire, and public works vehicles
   - Install community camera pods and infrastructure for expandable modular system
   - Install bluff protection measures along bluff edge of Ebb Tide Park and Memory Park and relocate City utilities away from bluff edge
   - Reclass a Police Records Technician to a Data Crime Analyst to support data analysis for the Police Department
   - Plan and design a new Public Safety Center at the Old City Hall site for the expansion of the Fire Station and Police Station
   - Install a pedestrian scramble or other intersection upgrades to reduce congestion at the intersection of Cypress Street and Pomeroy Avenue

Major Changes in Budget

4. Preservation of essential services and fiscal health: The Adopted Budget is a structurally balanced budget that retains the City's fiscal health, preserves essential services, and implements long term productivity improvements and cost-reduction strategies. The budget includes:
   - Support for capital projects with available fund balances based on a new 10-Year Capital Improvement Plan
   - Securing the City's information through investments in cloud and virtual servers and enterprise class data storage systems, and improving the City's records management system for better disaster recovery
   - Fully funding the General Fund Reserves and other Water and Wastewater emergency capital reserves
   - Increasing the General Fund contingency from 1% to 3% during FY 2018 and FY 2019 to support various large capital projects that may exceed their contingency budget
   - Setting aside $1 million for a potential recession
   - Setting aside $1 million for additional CalPERS discount rate costs
   - Funding for a development impact fee study and water and wastewater fee study to ensure costs are supported by various fees

5. Economic Development: The Adopted Budget includes additional funds to support economic development, including:
   - Operating and managing the Visitor Information Center and Visitor Information Kiosks (formerly operated by the Pismo Beach Chamber of Commerce)
   - Operating and managing the July 4th fireworks festival, the Clam Festival, and Band Review (formerly operated by the Pismo Beach Chamber of Commerce)
   - Efforts related to improving the Pismo Beach Downtown experience, including beautification improvements: sidewalk pavers, Price Street landscaping and lighting, planning the pier plaza area improvements and pier restrooms, St. Jude's tunnel improvements)
   - Updating the Circulation Element to explicitly address possible solutions to Interstate 101 congestion, the need for a Price Street-James Way connection, and acquisition of California Highway 1 from Caltrans to ensure local control

Accomplishments in Prior Two-Year Budget

The City was able to achieve and accomplish many of the Council's FY 2016 and FY 2017 goals during the past two years. The key accomplishments, summarized by department, can be found below and also in detail within the department program sections of the budget document.

City Council

- ✓ Created Reserves for Risk Management, Debt Service/Pensions, and Building Maintenance Reserves
- ✓ Implemented short, mid-term and long-term goals
- ✓ Continued League of California Cities involvement
- ✓ Continuous investment in City infrastructure maintenance and improvements
- ✓ Maintained strong financial position
- ✓ Adopted effective legislative advocacy program

City Manager

- ✓ Continued to reduce City's operating expenses and ensure efficient operations
- ✓ Maintained City's financial security by decreasing expense and enhancing revenue streams
- ✓ Implemented programs to enhance training and morale of all employees
- ✓ Successfully launched a more robust, citizen-focused, goal-setting process
- ✓ Continued to pursue private investment to grow the City's economy and remain at the center of Diablo Canyon Nuclear Power Plant closure discussions
- ✓ Substantially accomplished the Council's Adopted Goals
- ✓ Maintained momentum on rehabilitating the City's infrastructure
- ✓ Organized two successful annual goal-setting sessions for the City Council
- ✓ Took effective action to protect the community during emergencies and sought appropriate agency funding

Management Services

- ✓ Negotiated successor Memorandums of Understanding with POA and SEIU bargaining units for new three-year agreements
- ✓ Updated City's Personnel Rules to reflect new laws and policies
- ✓ Risk Management focus on completion of Americans with Disabilities Act Transition Plan
- ✓ Received national award for employee culture and development programs
- ✓ Converted employee medical and Workers' Compensation claims records to secure, paperless electronic format
- ✓ Implemented new Public Outreach program, Pismo Voice, for goal setting/budget process to solicit community feedback and priorities for the FY 2018 and 2019 budget process
- ✓ Conducted 33 full-time and 17 part-time recruitments, hiring 61 new employees (20 full-time and 41 part-time or seasonal)
- ✓ Conducted 2016 General Municipal Election
- ✓ Edited, distributed and archived legislative materials, clerked and conducted follow-up activities for approximately 100 Council meetings
- ✓ Transitioned Special Events permitting duties to CVB
- ✓ Conducted recruitment for, oriented, and helped train 35 new and reappointed Advisory Body members

Accomplishments in Prior Two-Year Budget

Conference & Visitors Bureau (CVB)

- ✓ Increased market research through use of Smith Travel Research (STR) Reports and continued website and social media analysis
- ✓ Participated in tourism trade shows where we represented Pismo Beach, including International Pow Wow, Go West Summit, National Tour Association Travel Exchange, CalSAE, Los Angeles and Bay Area Travel & Adventure Shows, Visit CA Media Events and San Joaquin Valley Business Mixers
- ✓ Took over Special Event Committee administrative functions and Chair position
- ✓ Participated on the County Tourism Marketing District's Marketing Committee to support the goal of increasing the pool of marketing dollars and improving county destination awareness to remain competitive against other destination marketing organizations
- ✓ Designed and printed updated visitor's guides, event calendar rack cards, meeting planner brochures, and new overhead banners for Price Street and Clam Island
- ✓ Began using Simpleview Customer Relationship Management (CRM) software to manage marketing contacts and leads

Administrative Services Department

- ✓ The Department successfully implemented a new integrated financial system to replace the former technologically-antiquated system
- ✓ Updated the Governmental Accounting Standards Board (GASB) 67 and 68 measures into the City's Comprehensive Annual Financial Reports
- ✓ Maintained compliance with various federal and state agencies for the City's debt portfolio and investment practices
- ✓ Prepaid and defeased the 2007A Lease Revenue Refunding Bonds
- ✓ Secured financing and issued lease revenue bonds for the Pier Rehabilitation Project
- ✓ Achieved full compliance with Governmental Accounting Standards Board (GASB) 45 for Other Post-Employment Benefits (OPEB), to pre-fund retiree health costs for retirees and their beneficiaries
- ✓ Set up processes and procedures for following and using a paperless system

Community Development Department

Building

- ✓ Prepared and processed adoption of 2017 CA construction codes; Ordinance passed, effective January 1, 2017, with amendments
- ✓ Remodeled and upgraded front counter and work stations for Building, Engineering, and Planning Divisions; renovated office to accommodate two Building Inspectors
- ✓ Implemented annual fee increases and valuation schedule
- ✓ Mentored and trained Building Inspector for promotion to Building Official, completed July 2016
- ✓ Developed administrative interpretations of Tier 1 Building Restrictions
- ✓ Provided training for staff, certifications acquired
- ✓ Updated website for consistency with new codes
- ✓ Completed recruitment for Building Inspector and Code Compliance Officer

Accomplishments in Prior Two-Year Budget

Planning

- ✓ Completed Chapman Estate Strategic Plan
- ✓ Amended Chapman Estate CUP consistent with Strategic Plan goals
- ✓ Completed Shell Beach Design Guidelines
- ✓ Completed Bello Street Corridor Study that included options for use of Old City Hall
- ✓ Implemented Public Art Ordinance
- ✓ Completed Circulation Study
- ✓ Completed Parklet Design Standards and implemented parklet program
- ✓ Initiated the Pier Plaza/Pier Parking Lot Update
- ✓ Initiated the Price Street Streetscape Improvements

Recreation

- ✓ Continued to offer a variety of Senior programming classes - such as exercise and dance
- ✓ Continued to work with Youth Baseball League for use of the Pismo Beach Baseball Fields to ensure continued cooperation and efficiency of services.
- ✓ Improved marketing for special events
- ✓ Conducted a needs assessment for the beach volleyball courts.

Public Works

Engineering

- ✓ Five Cities Drive Turn Signal
- ✓ Street Paving
- ✓ Citywide Bench Mark System
- ✓ City Hall Backup Generator
- ✓ Price Historic Park parking and Waterline Improvements
- ✓ Water Conservation Campaign
- ✓ Water Conservation Rebate Programs
- ✓ Solids Handling Design
- ✓ Five Cities Lift Station Design
- ✓ Traffic Study
- ✓ Chapman Estate Window Replacement
- ✓ Price Canyon, Dell Ct. and Tulare St. Waterline
- ✓ Price Canyon Slope Repair
- ✓ Recycled Water Facilities Planning Study
- ✓ Regional Groundwater Sustainability Program
- ✓ Urban Water Management Plan Update
- ✓ Dinosaur Caves Parking Lot
- ✓ Downtown Streetscape (In Progress)

Public Facilities

- ✓ Dinosaur Caves Parking Lot

Accomplishments in Prior Two-Year Budget

- ✓ Downtown Streetscape (In Progress)
- ✓ Bluff Protection (in progress)
- ✓ Irrigation Telemetry in City Parks (in progress)
- ✓ Downtown Decorative Sidewalk Cleaning and Resealing (In Progress)

Water Division

- ✓ Northern Cities Management Area (NCMA) Studies
- ✓ Price Canyon, Dell Ct. and Tulare St. Waterline upgrade
- ✓ Price Historic Park Waterline Improvements
- ✓ Urban Water Management Program

Wastewater Division

- ✓ Five Cities Lift Station Design
- ✓ Solids Handling Design
- ✓ Lift Station Maintenance

Motor Vehicle Division

- ✓ Purchased replacement vehicles as adopted by City Council
- ✓ Developed a vehicle and equipment plan for City fleet, including new equipment required by regulations and additions to meet build-out requirements

Pier Enterprise Fund

- ✓ Pier Rehabilitation Project Design

Fire Department

- ✓ Replaced Utility vehicle at Shell Beach Station
- ✓ Completed Phase 1 of Price Park Vegetation Management Project with CAL FIRE Cuesta Crews
- ✓ Awarded an Off-Road Vehicle grant from the Off-Highway Vehicle fund
- ✓ Completed Phase 3 of the Fire Safe Council grant funded Heights Vegetation Management Project
- ✓ Completed PG & E grant funded Communications Infrastructure protection project
- ✓ Replaced aging City Lifeguard tower

Police Department

Police Operations

- ✓ Department Transition
- ✓ Property Room Renovation
- ✓ Reinstated the Corporal Position
- ✓ MyCop Program Enhancement
- ✓ CALEA Re-Accreditation

Accomplishments in Prior Two-Year Budget

- ✓ Parking Bureau Program Audit

Parking

- ✓ Modified the parking hours for Price Street from 3-hour seasonal to 2-hour year-round
- ✓ Improved the functions of the parking kiosks to be more user friendly
- ✓ Completed assessment of Downtown parking options (Walker Parking Study)
- ✓ Began implementation of parking management improvements
- ✓ Initiated the review of meters vs. kiosks for on-street pay parking

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

Departmental work plan items for the FY 2018 and FY 2019 budget years were presented and discussed with the City Council at a public budget workshop meeting on April 4, 2017. Major work plan items, in addition to a list of the ongoing responsibilities of each department, can be found summarized below and also in detail within the department program sections of the budget document.

City Council - *General Fund*

- Volunteer Banquet
- Implement Major City Goals and Priorities
- Continue League of California Cities involvement
- Continuous investment in city infrastructure
- Represent the City effectively on various regional boards and committees
- Enact State and Federal legislative platforms

City Manager – *General Fund*

- Continue to focus on cost-effective and efficient operations
- Develop new revenue opportunities
- Increase citizen engagement / public information
- Plan effectively to mitigate the closure of the Diablo Canyon Nuclear Power Plant's impact on the City's economy
- Work to accomplish progress and completion of City Council priority goals, including the Major City Goals:
    - Downtown Circulation and Parking
    - Water Supply and Conservation
    - Bello Street Corridor/Old City Hall
    - Downtown Revitalization and Beautification
    - Bluff Protection
    - Further develop meaningful and beneficial partnerships with other government, non-profit, and private entities
    - Ambitiously pursue grant opportunities
    - Enhance quality of life for residents
    - Continue development of an entrepreneurial and service-oriented staff culture.
    - Protect the City's economy

Management Services – *General Fund*

- Negotiate successor Memorandums of Understanding with both employee bargaining units
- Continue to focus on Risk Management program improvements, including the ADA program, reducing liability claims through focus on Public Works infrastructure corrections, and reduction of Workers' Compensation claims through employee safety programs, training, and incentive programs
- Complete Risk Management projects to update all City contracts language and centralize insurance certificate tracking

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

- Develop Public Outreach Guide for City Staff, incorporating new software to enhance the public outreach process and government transparency
- Develop Standard Operating Procedures for human resource functions
- Site Plan, Facilities Needs Assessment, and Conceptual Design of New Safety Center, to include Fire Station at Old City Hall, with consideration for historical preservation, and expansion of Police Station
- Conduct 2018 General Municipal Election, including any associated measures
- Update and expand Advisory Body Handbook; streamline recruiting processes
- Complete core components of Records Management Project including adoption of Master Records Inventory & Retention Schedule and fully-utilized online Public Records Portal; increase organization-wide access to and utilization of Laserfiche
- Work with Records Coordinators to digitize and automate numerous and varied existing business processes
- Continue to develop programs to better educate staff, Council and Advisory Body members regarding Political Reform Act, Brown Act, and Public Records Act compliance
- Make significant operational, technological, and aesthetic improvements to the Council Chamber
- Develop new and enhanced Administrative Policies; compile in a handbook

Conference & Visitors Bureau (CVB) – *General Fund, LBID Fund*

- Follow the Strategic Plan initiatives of Smart Tourism Growth, Collaborative Partnerships, Expanding the Brand, and Building Strong Visitor Satisfaction
- Continue to participate in tourism trade shows and represent Pismo Beach, including International Pow Wow, Go West Summit, Los Angeles and Bay Area Travel & Adventure Shows, Visit CA Media Events and San Joaquin Valley Business Mixers
- Continue to successfully oversee the Special Event Committee, streamline efforts where possible, annually evaluate the application process and fee schedule, and work with event organizers to see how the CVB can partner and promote events that have a potential impact on lodging and sales tax revenues for the City
- Improve stakeholder satisfaction with the CVB by communicating quarterly on upcoming events, pier rehabilitation project progress, partnership opportunities, and any items that may have an impact on local business
- Maintain a presence with local, regional and state organizations and maximize networking benefits with Visit California, California Travel Association, Central Coast Tourism Council and US Travel (ESTO)
- Ensure www.ClassicCalifornia.com and all microsites are up to date and re-evaluate websites annually to ensure event calendar and business listings remain current
- Conduct Marketing Request For Proposal for 2017-2020 CVB / LBID Marketing and Public Relations Contract
- Create a new unified campaign to bridge all social media, digital and periodical advertising efforts to one overall message and feeling
- Continue to expand social media and digital advertising efforts and continue to research new trends and programs, including increased use of video

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

- Perform more extensive public relations campaigns and efforts to improve media relations and host more FAM Trips for travel writers and tour operators
- Put more emphasis on lodging packages, targeted advertising utilizing behavioral patterns, and participating with the County Tourism Marketing District and Central Coast Tourism Council on mutually beneficial cooperative advertising opportunities
- Promote off-season events that benefit the lodging industry and co-market existing events to improve lodging occupancies

Administrative Services

Finance Division – *General Fund*

- Administer a fiscally-sound Two-Year Budget maintaining the General Fund Reserve at 25% of General Fund operating budget expenses, contributing $50,000 each year to the Risk Management Reserve, fully funding the City Facility Reserve of $500,000, and fully funding the 1% General Fund Contingency Budget. The FY 2018 and FY 2019 reflect a 3% General Fund Contingency Budget to support unanticipated costs associated with several large General Fund supported projects
- Perform compliance reviews and audits of lodging businesses that contribute to the City's Transient Occupancy Tax, Lodging Business Improvement District assessment, and San Luis Obispo County Tourism Marketing District assessment revenues
- Update Key Fee Studies: (1) Water and Wastewater rates; (2) Development Impact Fees
- Perform compliance reviews and audits of businesses that operate within the City of Pismo Beach
- Update the Governmental Accounting Standards Board (GASB) 74 and 75 measures into the City's Comprehensive Annual Financial Reports, for Accounting and Financial Reporting for OPEB (Other Post Employment Benefit) Plans and the employers that sponsor them
- Monitor the City's cash flow with large capital project budgets including the Pier Rehabilitation Project, the Shell Beach Streetscape Project, the Regional Groundwater Sustainability Project, the Five Cities Lift Station Project, the Sludge Dewatering Project, and the Price Canyon Project
- Work with City Planning Division staff to develop procedures for vacation rental certificates and compliance
- Update Department policies and procedures to reflect new processes as implemented through the new financial system
- Move towards a more paperless environment, including electronic timesheets, and assisting customers with online applications and payments

Information Technology (IT) Division – *Technology Services Fund*

- Continue to implement the City's Five-Year Information Technology Strategic Plan and IT Assessment recommendations
- Add additional modules to the City's document management system to improve automation and increase the use of paperless workflows
- Upgrade Police Department's body camera, in-car video, and mobile data computer systems

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

- Upgrade the City's data storage system to improve performance and capacity to support the City's paperless workflow initiatives
- Implement improved climate controls at the Ontario Ridge radio site and City Hall server room
- Implement new wireless communication system for downtown parking meters and kiosks
- Provide Data Cabling Maintenance and Repair
- Provide improved IT security
- IT Trainings and Knowledge Base
- Provide for annual Computer Workstation Replacements

Community Development – *General Fund*

Building

- Continue to provide a high level of customer service by aggressive turn-around time for plan review, permit issuance, same-day inspection, public counter assistance for a full nine hours a day, and pre/post-disaster evaluation
- Process an estimated 1,000 Building Permits and conduct corresponding required inspections
- Recruit for Plans Examiner/Building Inspector
- Continue training efforts for Code Compliance Officer to achieve certifications
- Continue training efforts for all Building Division staff, with one member on staff to achieve the Access Specialist Program (CASp) Certification
- Establish disaster preparedness equipment and supplies

Planning Division

- Continue to implement the Downtown Vision Plan
- Develop Appropriate Land Use Controls for Downtown
- Update the Circulation Element, based on Data from Circulation Study
- Update Housing Element Consistent with State Law
- Develop a Short-term Rental Ordinance
- Update Secondary Dwelling Unit Ordinance
- Develop a Downtown Façade Improvement Program

Recreation

- Continue to offer a variety of Senior programming classes - such as exercise and dance
- Review marketing approach for special events
- Continue playground inspection program
- Adapt programming for Stride With The Tide, Pumpkins On The Pier and Holiday Harmony to the pier rehabilitation
- Consider additional movies in the park (including a possible teen event)

Public Works

Engineering – *General Fund*

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

- Bello Bridge Replacement
- Shell Beach Reservoir I Replacement
- Update the Pavement Management System
- Regional Groundwater Sustainability Project
- Corporation Yard Administration Building Construction Drawings
- Police Station parking lot screen
- Cypress/Pomeroy intersection improvements
- Bike Share Program
- Bluff repairs and protection
- Storm drain repairs and upgrades
- Coastal Access Improvements
- Corp Yard Lighting Improvements
- Corp Yard Fuel Tank
- Water Master Plan Update (In Progress)
- Chapman ADA Improvements (In Progress)
- Pismo Heights Generator Enclosure (Design In Progress)
- Pismo Pier Rehabilitation (In Progress)
- Shell Beach Road Streetscape (Design In Progress)

Public Facilities – *General Fund*

- Underground Utilities Rule 20A
- Shell Beach/Pismo Beach Pedestrian and Bicycle Access and Streetscape
- Expand Shell Beach Sports Courts
- Blair Field Lawn Replacement
- New Beach Access Play Equipment
- Restrooms at the Shell Beach Sports Courts
- Replace Spyglass Park play equipment
- Remove and replace Dinosaur Caves Park Restroom/Relocate old restroom to Price Historic Park
- Spyglass Park parking lot rehabilitation
- Bluff erosion control
- The Bluffs Fence Replacement
- Update park signage
- Cypress St ADA Improvements
- South Promenade maintenance
- Chapman ADA Improvements

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

Water Division – *Water Enterprise Fund*

- Shell Beach Reservoir I Replacement
- Bello Street and Wadsworth Avenue waterline upgrade
- Reservoir Maintenance – painting, cleaning, coating, inspections and seismic retrofit
- Booster Station VFD's
- Water Master Plan
- Huber Well Fence Replacement

Wastewater Division – *Wastewater Enterprise Fund*

- Five Cities Lift Station Replacement
- Solids Handling Construction
- Lift Station Maintenance Project
- Interceptor Manhole Repair
- Force Main Spyglass/Sunset
- Vista Del Mar Sewer Line
- Sewer System Management Plan
- Oxidation Ditch Maintenance
- Hot Spot Repairs
- Regional Groundwater Sustainability Program

Motor Vehicle Division – *Motor Vehicle Replacement Fund*

- Purchase replacement vehicles and equipment as Adopted by City Council
- Maintain the City's fleet to the highest standards

Pier Division – *Pier Enterprise Fund*

- Pier Rehabilitation Project

Fire Department – *General Fund*

- Explore funding options and complete a scoping study for a new fire station, and pursue development of the most appropriate facility
- Purchase grant funded Open Space/Special Event response vehicle
- Replacement of the Lifeguard tower, Boat 64 and Fire Engine 63
- Obtain a grant for a communication system that will operate consistently in the water to better protect our responders
- Overlay the City of Pismo Beach onto grant funded State Responsibility Area (SRA) Pre-Attack maps
- Maintain grant-funded Chumash Park Vegetation Management Project

Police Department

Police Operations– *General Fund*

- Comprehensive Traffic Safety Program
- Community Camera Program

Major Department Work Plan Items in FY 2018 & FY 2019 Budget

- MyCop Enhancements
- Downtown Resource Officer Program
- Gang Task Force Street Team
- Communications Center Accreditation
- Records Bureau Re-Organization
- PD Technology Replacement- mobile data computers, in-car video systems, and license plate readers
- Police Chief's Advisory Board
- Body Camera Replacement

Parking Division- *Parking Enterprise Fund*

- Implement meter test areas for pay parking
- Complete the Parking Management Plan
- Continue to identify opportunities for additional parking

Budget Process

The two-year budget process began in December 2016 with a formal public outreach effort to engage the community and solicit feedback from City residents about how the Council should shape the next two-year budget. This outreach effort, branded Pismo Voice, included a tri-fold flyer in all utility bills advertising community workshops and directly asked for ideas about priorities, with prepaid postage for return mail to the City. In addition, the City received feedback about priorities from social media outreach efforts, push notifications through the City's website, outreach booths at community events, and several community meetings.

Following the community outreach efforts, this information was summarized into themes for the Council at its January 2017 two-day City Council goal setting and strategy planning session, where the public was invited to submit comments and attend. At this meeting, the Council also received a fiscal outlook for the current fiscal year and the upcoming budget years from the Administrative Services Director. In February 2017, the Council set the City's goals based on the fiscal outlook and the public outreach efforts. These goals and direction set a broad framework for the budget that has been developed. This year, the City Council set five Major City Goals, two Other Important Objectives, and nine Priorities as Resources Permit. These Major City Goals are long term goals that may be accomplished over several years. Key steps in moving forward with these Major City Goals are either already budgeted or are included in this two-year budget.

Also in January, the City Manager issued budget instructions to all Departments based on the revenue projections and anticipated Council Goals. The Administrative Services Director sent out budget guideline instructions and forms on how to create a baseline budget. A baseline budget includes funding for the same level of staffing, supplies, materials and services previously budgeted as base, increased only to account for known price increases and known salary and benefit improvements. The base budget also allows for replacement, in-kind, of capital equipment. New this year, City staff created a baseline budget from a zero-base, meaning that instead of rolling over the same information for several years, each Department had to review all their past ongoing expenses and create a budget from $0. This process was more time intensive, but allowed City staff to create a two-year budget that fits with today's costs and priorities, not just adding on increases to existing contracts.

Once the Council's goals were set, Department staff began to prepare their work plan budget requests (above base budget requests) to take steps to implement the Council's goals and develop work plan budget requests for other priorities and initiatives. Any requests over the prior year's base budget must include justification for the increase.

By the end of February, Departments submitted the baseline budget and work plan budget requests to the Administrative Services Department.

In March, Department Heads met with the City Manager and Administrative Services Director to review the baseline budget and all budget requests. The City Manager prioritized the work plan budget request items and capital projects and determined their funding level for inclusion in the proposed budget.

In March and April, the Administrative Services Department prepared and updated revenue projections for the budget years and reviewed these projections with the City Manager. Most

revenues are not subject to direct City control. Sales tax and TOT are subject to economic cycles of businesses within the community, and are also affected by weather. Property tax revenue varies with real estate sales and building activity within the community, as do charges for services in the Public Works and Community Development Departments.

In April, the Administrative Services Department prepared the personnel salary and benefit budget estimates as determined by current bargaining units and Council-adopted resolutions which identify the current staffing levels approved for all City departments. The personnel budgets were reviewed with each Department Head to make sure the number of positions were budgeted accordingly and accounted for correctly. Also in April, the City Council held a public budget workshop to review Departments' prior year accomplishments and budget year work plans. At this meeting, the Council reaffirmed the City's fiscal policies and provides initial comments to City staff.

During May, the Administrative Services Department prepared a draft budget document which was reviewed by all department heads and the City Manager, and then submitted to the City Council. In early May, the Council held a public budget workshop to review the budget status and review and consider approval of the above base items. Council adopted the budget prior to July 1, the first day of the new fiscal year.

After the Council approves the budget, it has been general practice that during the year, Department Heads may transfer appropriations between maintenance and operations line items within their departments. However, the number of authorized personnel cannot be increased, and appropriations for employee services and capital outlay cannot be transferred to operations except with City Council approval. The City Manager may transfer appropriations between departments so long as total appropriations within a fund are not increased. Total appropriations within a fund may be increased only with Council approval. After proper approval, any such changes would be recorded as revisions to the budget.

Budget Process

Budget Calendar

December

- City of Pismo Beach public outreach efforts to solicit feedback on City's goals and priorities
- Outreach efforts branded "Pismo Voice", flyers mailed in Utility Bills, social media, community event outreach booths, public community meetings

January

- City Council Goal Setting and Strategic Planning Session open to the public
- City Council receives fiscal outlook for current year and future budget years
- City Manager issues budget instructions
- Departments develop zero-based budget based on current expenditures and revenues

February

- Council sets goals based on community outreach feedback and fiscal outlook
- Departments develop work plan budget requests to implement Council goals and other program enhancements
- Departments submit budget to Administrative Services Department

March

- Department Heads meet with the City Manager and Administrative Services Director to review the baseline budget and all budget requests
- City Manager selects work plan budget request items and capital projects that will be recommended to the City Council for inclusion in the budget.

April

- Administrative Services Department prepares and updates revenue projections for budget years for City Manager review
- Administrative Services Department prepares personnel salary and benefit budget estimates based on current union contracts and benefit rates
- City Council holds public budget workshop to review Department budgets, review fiscal policies, and provides initial feedback to City Manager on budget

May

- City Manager presents the Proposed Budgets to City Council
- City Council holds public budget workshop to review Proposed Budgets

June

- City Council adopts two-year budget, effective July 1, 2017

Budget Process

Level of Budgetary Control

After the Council approves the budget, it has been general practice that during the year, Department Heads may transfer appropriations between maintenance and operations line items within their departments. However, the number of authorized personnel cannot be increased, and appropriations for employee services and capital outlay cannot be transferred to operations except with City Council approval. The City Manager may transfer appropriations between departments so long as total appropriations within a fund are not increased. Total appropriations within a fund may be increased only with Council approval. After proper approval, any such changes would be recorded as revisions to the budget.

Budget Format

The City Council of Pismo Beach is presented with its ninth two-year budget. The primary reason the City adopts a two-year budget is that it forces the City to look beyond the current year and attempt to alleviate any shortfalls that may be present in the future. In addition, a two-year budget allows the City to account for uncertainties in the statewide economic forecast. The two-year budget also saves time and energy of the staff as well as money. The two-year budget, as it stands, is in reality two distinct “one-year” budgets: one for July 1, 2017 through June 30, 2018 and then one for July 1, 2018 to June 30, 2019. Periodically, a mid-cycle budget review will be held to determine if any significant changes in circumstances have occurred that would warrant deviation from the budget for the next year. During the mid-cycle budget review, of particular interest will be any deviations in budget projections such as changes in the economy, new State or Federal mandates, a possible change in key revenue sources, or possible increases in base expenses.

As in prior years, narrative descriptions of each budget activity are presented along with highlights of the past two fiscal years (FY 2016 and FY 2017) work program accomplishments and highlights of work programs included within the base budgets for the coming two years. For each budget activity, line item information is presented in summary form by object-of-expense category, followed by work program details for the current year and for each of the next two years combined which is all preceded by a description of the activity. Council-adopted additions above the base budget are included in the expenditure line items.

Workload information for each department is provided to the City Council in monthly activity reports throughout the year. Reference to the most recent activity reports is recommended should there be workload questions.

Basis of Budgeting

The City’s governmental funds are maintained on the modified accrual basis of accounting in which revenues are recognized in the accounting period they become measurable and available. Expenditures are recognized in the period in which the liability is incurred, if measurable, except non-matured principal and interest in general obligation debt which is recognized when due.

Budget Process

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and become measurable; expenses are recognized when they are incurred if measurable.

The budget document is presented on the same basis, with the exception of long-term assets and debts, which are shown on a cash basis.

Budget Goals

The budget goals are to maintain a balanced budget with revenues exceeding or equal to expenditures for all ongoing operations. This goal is met as the Adopted Budget is structurally balanced for all ongoing items for both years. Unassigned fund balances are to be used only for capital outlay or other non-recurring items. The Adopted Budget includes a 25% General Fund Reserve in FY 2018 and FY 2019. The Council has also adopted a policy of appropriating 1% as a contingency reserve. This year, the Council appropriated a 3% contingency reserve to support the various large capital projects currently underway. This budget also adds a $50 thousand per year contribution into a Risk Management Reserve and maintains the $500 thousand City Facility Reserve.

Budget Approach and Options

Balanced budgets are adopted for every fund for both years. For the major operating funds, the General Fund, Water and Wastewater Enterprise Funds, and the Motor Vehicle Operations Fund, the adopted base budgets continue current operations at the same levels as in FY 2017.

The City Council is presented with several recommended additions to the base operating budgets and a number of capital improvement projects. Sufficient revenues and/or uncommitted fund balances are available in each fund to cover the costs of the recommended additions to the base budget and the adopted capital improvement projects.

Because of ongoing funding limitations, the limited availability of staff time to manage and administer new programs and projects and a concern for financial stability in future years, not all adopted additions to the base budget, and not all projects identified in the Capital Improvement Plan could be included in the FY 2018 and FY 2019 budgets.

Fiscal Policies

In preparing this budget, staff took its primary direction from the guidelines established in the City of Pismo Beach Fiscal Policies that were adopted in Resolutions R-1998-49, R-2007-038, R-2013-034, R-2017-021, and Ordinance O-2015-003, and are included on this Fiscal Policies section in the following pages. These policies and the other fiscal policies provided in this document were reviewed in detail and reaffirmed by the City Council on April 4, 2017. These fiscal policies help to ensure that the City achieves a balanced budget, where operating revenues meet or exceed operating expenditures.

The only change to the fiscal policies is that the contingency reserve of 1% of budgeted General Fund expenditures to be used for emergencies and other unanticipated expenditures at the direction of City Council is increased to 3% in FY 2018 and FY 2019 to support unanticipated expenditures for several large capital projects currently underway.

Fiscal Policies

(Resolution R-1998-49, R-2007-038, R-2013-034, R-2017-021, and Ordinance O-2015-003)

A Fiscal Policy is an adopted guideline, which establishes goals for the allocation of public resources in the manner best suited to the efficient provision of services to citizens and visitors present within the City. While not all of the goals may be achievable in the current year, the existence of such goals will serve to guide the City Council in its decision-making.

The City of Pismo Beach has forged its fiscal policy out of the experiences of the early 1990's, when expenditures grew considerably beyond the City's revenue capability. This resulted in extensive lay-offs and service reductions throughout the municipal government. It is recognized that maintaining adequate cash reserves and providing ongoing maintenance of infrastructure and buildings are vital to sound fiscal management. The philosophy of this fiscal policy incorporates these goals.

RESERVE POLICIES

- Establish and maintain a General Fund Reserve of 25% of budgeted expenditures in the General Fund. Municipal Code 3.14.010 through 3.14.040
- Establish and maintain a City Facility Reserve of $500,000 for improvements to City buildings and facilities, particularly if funds are not available in a given fiscal year. Municipal Code 3.14.05 through 3.14.080
- Establish and maintain a Risk Management Reserve to be used for unanticipated risk management costs, funded with $50 thousand per year, up to $250,000. Municipal Code 3.14.090 through 3.14.120
- Maintain a contingency reserve of 1% of budgeted General Fund expenditures to be used for emergencies and other unanticipated expenditures at the direction of City Council, provided that up to $30,000 of this reserve may be used at the direction of the City Manager. This $30,000 level is consistent with the City Manager's authority to approve expenditures up to $30,000 in the City's Purchasing Policy.
- Establish realistic levels of contribution to the Motor Vehicle Replacement Fund.

REVENUE POLICIES

- Maintain safety and liquidity while maximizing investment revenue. Refer to the City's Investment Policy for a comprehensive management of the City's financial resources.
- Annually consider reduction of long-term debt as a use of revenues.
- Establish the level of cost recovery desired from various fees for services.
- Review fees annually, establish actual costs and adjust and establish new fees as needed.

EXPENDITURE POLICIES

Infrastructure

- Contribute from the General Fund annually for the improvement of infrastructure.

New Services

- Add new services only when a need has been identified and when adequate resources for staffing and funding are demonstrably available in multi-year financial plans.

Fiscal Policies

Public Safety

- Provide funding to maintain adequate levels of safety for citizens and visitors of Pismo Beach.

Water and Wastewater Funds

- Maintain adequate reserve funds for the construction and replacement of major capital facilities of the Water and Wastewater funds by setting rates at levels sufficient to provide the necessary funding.

Facilities

- Plan for new facilities only if operating and maintenance costs for those facilities are fully recognized and taken into account in multi-year financial plans.
- Provide adequate routine maintenance each year to avoid the higher cost of deferred maintenance.

Operational Efficiencies

- Provide City services in the most cost-effective manner.
- Provide staffing levels that allow employees to respond promptly to service requests from the public.
- Utilize consultants and temporary help for special projects or peak workload periods.
- Utilize community expertise on a voluntary basis as appropriate.
- Ensure that fee-supported services are staffed appropriately to render the services for which customers have paid.
- Work through regional agencies to share costs for local programs whenever possible.

Employee Development

- Attract and retain competent employees for the City workforce by compensating employees fairly, providing adequate training opportunities, ensuring safe working conditions, and maintaining a professional work environment.

Economic Development

- Achieve organized, sustainable community development for the citizens of Pismo Beach by providing a diverse economic base while preserving our scenic beauty, small town charm, and historical assets.

Capital/Fixed Assets

- Capital Assets as defined by GASB include land, improvements to land, easements, building, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. This definition and the City's Capital Assets Policy and Procedures are included in the City's Purchasing Policy.

DEBT MANAGEMENT POLICY

- Debt Management Policy sets parameters for issuing debt, managing the City's debt portfolio, and provides guidance to decision makers.

Financial Structure and Funds

The funds listed in this document and included in this section in the following pages are subject to appropriation. A description of the General Fund is provided in the General Fund Overview section. All other fund descriptions are provided on the detail fund pages starting with Enterprise Funds section.

Fund Types Definitions

Governmental Fund Types: The City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Governmental fund types include the General Fund, Special Revenue Funds, Capital Project Funds, and Debt Services Funds.

General Fund

The City's General Fund is the operating fund for general revenues and expenditures that are not assigned to a special purpose fund. Some of the General Fund expenditures are allocated to specific multi-year capital projects or purchase order contracts. The net of revenues less expenditures (excluding the portion for multi-year costs) is the year's operating surplus or deficit. This surplus or deficit contributes to the fund's ending unallocated fund balance, which can be used to support various one-time costs.

Special Revenue Funds

Special Revenue Funds are funds established by the City to collect certain revenues that must be used for special purposes. These funds provide an extra level of accountability and transparency to taxpayers that their tax dollars will go toward an intended purpose. The ending fund balances are not available for other purposes except for those specified for that fund.

Capital Projects Funds

Capital Project Funds are established to account for the acquisition or construction of major capital facilities and other general capital outlays. The Capital Projects Fund (3001) includes all capital projects except for water and wastewater enterprise projects supported by various funding sources, including: General Fund, grants, Federal and State highway funding, enterprise funds, and development fees. The other Capital Project Funds (3002-3201) include specific revenues to fund specific capital projects. The ending fund balances in this fund type are for specific capital projects and typically are not available for other purposes except for those specified for that fund.

Debt Service Funds

Debt Service Funds are established to service principal and interest payments on short and long-term debt. Sources of revenue for this fund type include loan proceeds and interest earnings. The ending fund balances are not available for other purposes except for debt service.

> *Corporate Entities*: As part of the Debt Service Funds, the City of Pismo Beach has a Public Financing Authority (Authority) and the Public Facilities Corporation (Corporation). These are legally separate corporate entities for which the City is financially accountable and they are governed by the elected City Council. The Authority and Corporation were formed to provide a method of financial public improvements. The City has identified the

Authority in Fund 4001, Public Financing Authority Debt Service Fund with appropriations. The Corporation's budget is reflected in Fund 6401, the Pier Enterprise Fund.

Governmental Funds

General Fund	• General Fund • Half-Cent Sales Tax Fund
Special Revenue Funds	• Gas Tax Fund • Local Transportation (Streets) • PEG Access Fee Fund • Police Grant Fund • Housing In Lieu Fund • Lodging Business Improvement District (LBID) Fund • Chapman Estate Fund
Capital Project Funds	• Capital Project Fund • Park Development Fund • Circulation Improvement Fund • Impact Fees • Developer Impact Fees
Debt Service Funds	• Public Financing Authority

Financial Structure and Funds

Proprietary Fund Types: The City maintains two different types of proprietary funds. Enterprise Funds are used to report the same functions reported as business-type activities. Internal Service Funds accumulate and allocate costs internally among the City's various functions.

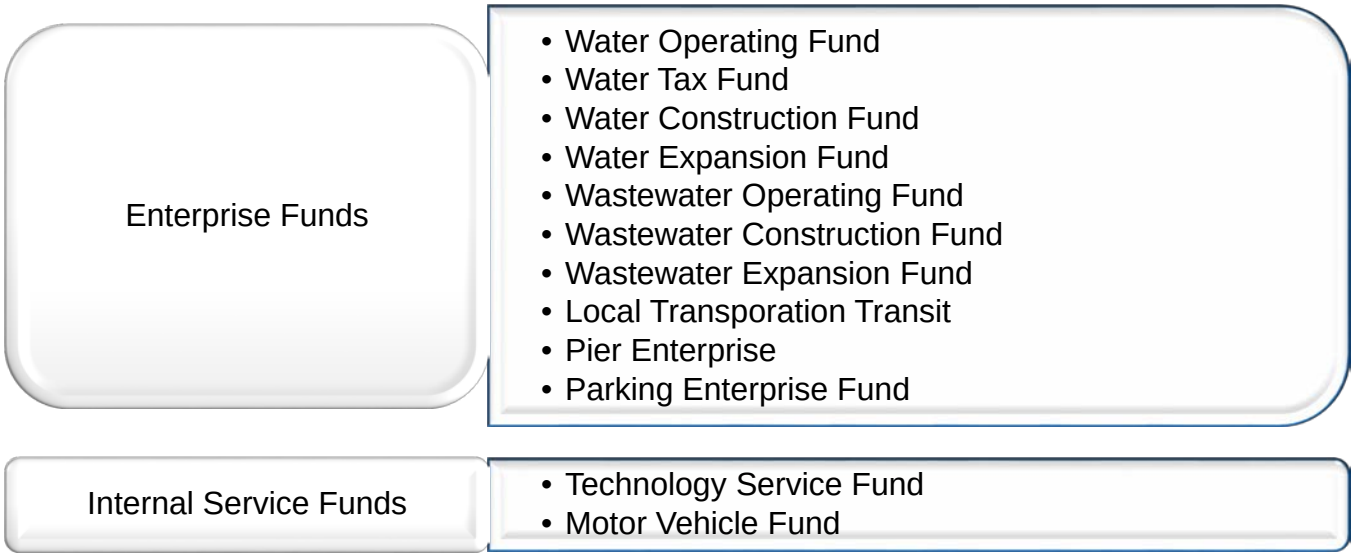
Enterprise Funds

Enterprise Funds are used to account for operations similar to private business enterprises. Revenues are collected and used for a specific purpose and are self-sufficient. The ending fund balances are not available for other purposes except for those specified for that fund.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services supplied by one City Department to other City Departments. The Motor Vehicle Fund (7201) collects funds from various City Departments to fund the replacement costs of various vehicles. Once a vehicle needs to be replaced, the balance is used to purchase that vehicle. The ending fund balances are not available for other purposes except for those specified for that fund. The Technology Service Fund (7101) collects funds from various City Departments to fund various ongoing and one-time technology services and projects.

Proprietary Funds



Budgeted Funds vs Audited Financial Statements

The audited financial statements include a fiduciary fund that is a private-purpose trust fund to account for assets held in trust for retired employees' health care. This fund is not subject to appropriation and is not included in this budget document.

Use of Cost Accounting

Cost accounting is the process of tracking, recording, analyzing, and allocating costs associated with activity provided by the City, which benefits multiple funds and departments within the City. The City incurs direct and indirect costs in the provision of City services and programs. The City recovers the costs of City central administrative and support activities through the development and application of indirect cost rates. The City also uses Internal Service Funds to allocate costs for fleet and IT services through rental rates.

A central services cost allocation plan identifies indirect costs incurred by the City to support and administer identified programs. Identifying the indirect cost of various programs is integral to determining the full cost of supporting these programs and is valuable when seeking reimbursement.

Direct and Indirect Costs

The City defines direct costs as those costs that can be specifically or readily identified with a specific cost objective or program. Indirect costs are defined as those costs necessary for the effective and efficient operation of City programs, which cannot be readily identified to a specific cost objective or program without effort disproportionate to results achieved.

For some “personal choice” services (rather than “community/tax-supported” services), the City calculates and charges a fee to the public requesting the service. This is accomplished by identifying the cost of services provided to its customer and matching revenues to those costs. The City Council adopted new Service Fees that are effective as of July 5, 2015. Most of these fees remain current as they are updated each year by the consumer price index.

Internal Service Funds

Internal service funds are specifically designed to function as cost-reimbursement devices. Internal service funds are simply a mechanism to accumulate costs related to a particular activity on an accrual basis so that the costs can be subsequently allocated to the benefitting funds in the form of a fee. Accordingly, the City utilizes an internal service fund to collect costs associated with maintenance and replacement of the City’s fleet and determines rental rates to be charged to the benefitting funds. In addition, the City has an internal service fund to allocate technology service operations and projects based on various factors to each fund and department benefitting from the service.



Photo Credit: Welcome to Downtown Pismo Beach sign by City of Pismo Beach

PISMO BEACH AT A GLANCE

The City of Pismo Beach was incorporated in 1946 and is a full-service, general-law city. The City is located on the Central Coast along six miles of the Pacific Ocean in San Luis Obispo County, midway between Los Angeles and San Francisco. The City is visited annually by a substantial number of tourists seeking to enjoy the area's moderate climate, ocean views and sunsets, fine restaurants, and the relaxing atmosphere unique to coastal communities. The City's downtown core area and hotel areas are anchored by the City-owned pier extending into the Pacific Ocean. The City is home to about 8,247 individuals, as estimated by the California Department of Finance for January 1, 2017. Most of the City is residential with a continuing trend of new homes being built with spectacular ocean views.



At a Glance

Incorporation
1946

Government
Full-service, general-law city

County
San Luis Obispo County
http://www.slocounty.ca.gov/

School Districts
San Luis Coastal Unified School District www.slcusd.org

Lucia Mar Unified School District
www.luciamarschools.org

Location
Located on the Central Coast along six miles of the Pacific Ocean in San Luis Obispo County, midway between Los Angeles and San Francisco

Climate
Moderate

Population
8,247

State legislature
17th Senate District
Democrat Bill Monning

35th Assembly District
Republican Jordan Cunningham

U.S. Congress
California's 24th Congressional District
Democrat Salud Carbajal.

PISMO BEACH AT A GLANCE

Who lives in Pismo Beach?

Population

The City's population grew by 70 people, or 0.86% from 8,177 on January 1, 2016 to 8,247 on January 1, 2017 according to the California Department of Finance. This is consistent with the 0.92% population growth for all California cities for the same time period. During the summer season, the population can grow to 15,000 to 70,000 depending on the week. Of this population, here are some key demographics as provided by the US Census Bureau from 2010 - 2016.

Age and Gender

The largest age group is between 18 years to under 65 years

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
Under 5 years	3.2%	7.0%
Under 18 years	13.3%	24.4%
18 years to under 65 years	42.5%	60.2%
65 years and over	26.0%	8.4%
Male	48.3%	59.0%
Female	51.7%	41.0%

Race

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
White	91.1%	65.1%
Black	0.7%	15.2%
American Indian or Alaskan Native	0.5%	0.9%
Asian	2.7%	2.6%
Native Hawaiian or Other Pacific Islander	0.1%	0.4%
Two or more races	2.7%	5.6%
Other	2.2%	10.2%
Total	**100%**	**100%**
Hispanic or Latino	9.3%	38.1%

Income

Persons	Amount in Pismo Beach	Amount in California
Median Household Income	$73,355	$54,245
Per capita income in past 12 months	$42,024	$21,114
Persons in poverty, %	7.1%	22.8%

PISMO BEACH AT A GLANCE

Education

Persons	Percent of Persons in Pismo Beach	Percent of Persons in California
High School Graduate or Higher over age 25+ years	96.3%	79.5%
Bachelor's Degree or Higher over age 25+ years	41.0%	11.0%

Health

Persons	Amount in Pismo Beach	Amount in California
With a disability under age 65 years	6.7%	12.9%
Without health insurance under age 65 years	9.4%	14.1%

Housing and Living Arrangements

Pismo Beach residents live in a total of 5,760 housing units, of which 3,348 are single-family residential detached units. The average persons per household are 2.03 people. As several of the City's housing units are used for vacation rentals or seasonal homes, the vacancy rate is 29.6%. The following table provides more details about housing and living arrangements for the City of Pismo Beach and the other communities in San Luis Obispo County.

	POPULATION			HOUSING UNITS								
County / City	Total	Household	Group Quarters	Total	Single Detached	Single Attached	Two to Four	Five Plus	Mobile Homes	Occupied	Vacancy Rate	Persons per Household
San Luis Obispo County												
Arroyo Grande	17,736	17,562	174	7,759	5,273	643	362	886	595	7,160	7.7%	2.45
Atascadero	30,900	29,407	1,493	12,106	8,536	537	1,072	1,428	533	11,495	5.0%	2.56
El Paso De Robles	31,745	31,476	269	11,837	8,395	813	955	1,380	294	11,308	4.5%	2.78
Grover Beach	13,438	13,249	189	5,807	3,431	740	879	549	208	5,131	11.6%	2.58
Morro Bay	10,762	10,601	161	6,441	4,604	372	449	528	488	5,009	22.2%	2.12
Pismo Beach	8,247	8,234	13	5,760	3,348	618	520	514	760	4,057	29.6%	2.03
San Luis Obispo	46,724	45,542	1,182	21,140	9,763	1,387	2,695	5,812	1,483	19,544	7.5%	2.33
Balance Of County	120,549	108,282	12,267	50,199	38,818	1,487	2,247	1,274	6,373	41,174	18.0%	2.63
Incorporated	159,552	156,071	3,481	70,850	43,350	5,110	6,932	11,097	4,361	63,704	10.1%	2.45
County Total	280,101	264,353	15,748	121,049	82,168	6,597	9,179	12,371	10,734	104,878	13.4%	2.52

COMPARISON OF FINANCIAL STATUS TO OTHER JURISDICTIONS

City	Number of Full Time Employees	Population	Total Operating Budget (All Funds)	Total Portion of Operating Budget Related to Personnel Services	% of Budget Related To Personnel Services	Total Capital Projects
Arroyo Grande	74.00	17,334	$26,738,700	$12,673,600	47.4%	$1,921,900
Atascadero	125.00	30,900	$25,619,570	$16,790,840	65.5%	$13,217,510
Grover Beach	69.28	13,153	$17,823,925	$8,188,011	45.9%	$19,829,750
Morro Bay	97.75	10,276	$29,895,503	$14,811,872	49.5%	$6,173,922
Pismo Beach*	88.00	7,705	$30,169,368	$16,290,609	54.0%	$6,762,650
San Luis Obispo	392.00	45,473	$99,480,759	$62,575,311	63.0%	$34,574,100
Santa Maria	508.00	101,103	$162,497,668	$71,295,553	43.9%	$27,825,670

The information in this table is provided by Finance Department staff from each jurisdiction listed.

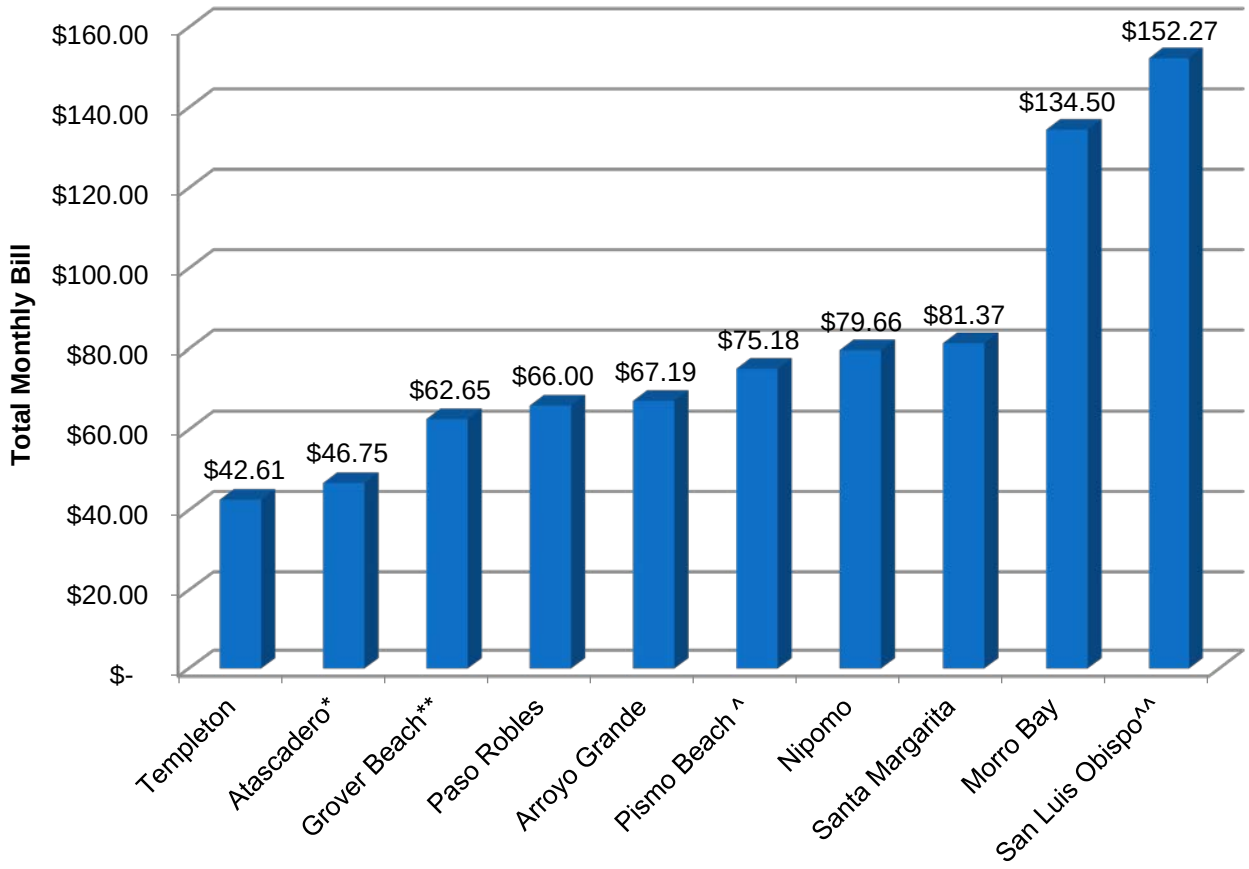
*Pismo Beach includes CalFire contract in personnel costs, but does not include FTEs from CalFire.

San Luis Obispo County City Growth Comparison
FY 2016 to FY 2017 Net Taxable Assessed Value Change

City	FY 2017 Net Value	Value Change	% Change
Pismo Beach	**$2,978,282,918**	**209,535,837**	**7.57%**
Atascadero	$3,579,067,118	200,416,136	5.93%
San Luis Obispo	$7,702,282,828	426,738,706	5.87%
Grover Beach	$1,548,779,063	83,414,087	5.69%
Morro Bay	$2,229,647,936	118,237,918	5.60%
Paso Robles	$4,425,177,178	232,210,936	5.54%
Arroyo Grande	$2,753,005,173	126,454,422	4.81%

COMPARISON OF FINANCIAL STATUS TO OTHER JURISDICTIONS

Central Coast Area Comparable Cost of Water
Based on 11,220 Gallons/Month (15 Hundred Cubic Feet/Month)
As of September 1, 2016



*Atascadero – includes $2.50/month Nacimiento Water surcharge
** Grover Beach – Includes a 1% utility tax applied to the water portion of the bill
^ Pismo Beach – Includes the special tax on property tax bill of approximately $15.34/HCF
^^San Luis Obispo – Includes a 5% utility users tax applied to the water portion of the bill

Note: Study performed by Atascadero Mutual Water Company

City of Pismo Beach
Revenue Base Concentration Data - Principal Sales Tax Generators By Industry
Last Ten Calendar Years
(Dollar Amounts in Thousands)

2015

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 72,750	1	25.71%
Apparel Stores	71,817	2	25.38%
All Other Outlets	49,201	3	17.39%
Other Retail Stores	48,925	4	17.29%
Service Stations	30,285	5	10.70%
Food Stores	9,968	6	3.52%
Total	$ 282,946		100.00%

2014

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,978	1	26.63%
Restaurants	69,669	2	25.78%
All Other Outlets	43,395	3	16.05%
Other Retail Stores	43,576	4	16.12%
Service Stations	33,236	5	12.30%
Food Stores	8,441	6	3.12%
Total	$ 270,295		100.00%

2013

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 71,206	1	27.16%
Restaurants	64,935	2	24.77%
All Other Outlets	42,265	3	16.12%
Other Retail Stores	41,472	4	15.82%
Service Stations	35,189	5	13.42%
Food Stores	7,079	6	2.70%
Total	$ 262,146		100.00%

2012

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 67,849	1	27.81%
Restaurants	62,097	2	25.45%
All Other Outlets	37,449	3	15.35%
Service Stations	36,562	4	14.99%
Other Retail Stores	35,322	5	14.48%
Food Stores	4,702	6	1.93%
Total	$ 243,981		100.00%

2011

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 61,565	1	26.28%
Restaurants	57,679	2	24.62%
All Other Outlets	37,975	3	16.21%
Other Retail Stores	35,564	4	15.18%
Service Stations	35,324	5	15.08%
Food Stores	6,141	6	2.62%
Total	$ 234,248		100.00%

2010

Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 55,754	1	26.10%
Restaurants	54,620	2	25.57%
Other Retail Stores	33,954	3	15.89%
All Other Outlets	33,419	4	15.64%
Service Stations	29,592	5	13.85%
Food Stores	6,290	6	2.94%
Total	$ 213,629		100.00%

City of Pismo Beach
Revenue Base Concentration Data - Principal Sales Tax Generators By Industry
Last Ten Calendar Years
(Dollar Amounts in Thousands)

2009				2008			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Apparel Stores	$ 53,872	1	25.60%	Restaurants	$ 53,925	1	23.26%
Restaurants	52,780	2	25.08%	Apparel Stores	49,684	2	21.43%
Other Retail Stores	36,424	3	17.31%	Other Retail Stores	47,795	3	20.61%
All Other Outlets	34,497	4	16.39%	All Other Outlets	40,151	4	17.32%
Service Stations	26,254	5	12.47%	Service Stations	33,186	5	14.31%
Food Stores	6,642	6	3.16%	Food Stores	7,115	6	3.07%
							0.00%
Total	$ 210,469		100.00%	Total	$ 231,856		100.00%

2007				2006			
Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars	Industry	Retail Sales Generated	Rank	Percentage of Total City Retail Sales Dollars
Restaurants	$ 56,464	1	24.36%	Restaurants	$ 55,300	1	24.51%
Apparel Stores	48,512	2	20.93%	Other Retail Stores	47,451	2	21.03%
Other Retail Stores	45,519	3	19.63%	Apparel Stores	45,492	3	20.16%
All Other Outlets	41,877	4	18.06%	All Other Outlets	41,631	4	18.45%
Service Stations	32,011	5	13.81%	Service Stations	28,205	5	12.50%
Food Stores	7,452	6	3.21%	Food Stores	7,555	6	3.35%
Total	$ 231,835		100.00%	Total	$ 225,634		100.00%

Source: HDL Reports. Changed years from fiscal to calendar in FY 2011 report.
Amounts reflect changes in reporting by HDL to reflect fewer differentiated Categories.

City of Pismo Beach
Principal Transient Occupancy Tax Payers - Top Ten
Last Ten Fiscal Years
(In Alphbetical Order)

Fiscal Year Ended June 30			
2016	**2015**	**2014**	**2013**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Dolphin Bay Hotel	Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Island Hospitality	Dolphin Bay Hotel	Dolphin Bay Hotel
Island Hospitality	Kon Tiki Motel	Hilton Garden Inn	Hilton Garden Inn
Kon Tiki Motel	Oxford Suites	Kon Tiki Motel	Kon Tiki Motel
Pismo Coast Village	Pismo Coast Village	Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seacrest Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30			
2012	**2011**	**2010**	**2009**
Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn	Cottage Inn	Cottage Inn
Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel	Dolphin Bay Hotel
Hilton Garden Inn	Kon Tiki Motel	Kon Tiki Motel	Kon Tiki Motel
Kon Tiki Motel	Oxford Suites Resort	Oxford Suites Resort	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village	Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn	Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel	Seacrest Motel	Seaventure Motel
Shorecliff Inn	Shorecliff Inn	Shorecliff Inn	Shorecliff Inn

Fiscal Year Ended June 30	
2008	**2007**
Cliffs of Shell Beach	Cliffs of Shell Beach
Cottage Inn	Cottage Inn
Kon Tiki Motel	Kon Tiki Motel
Oxford Suites Resort	Oxford Suites Resort
Pismo Coast Village	Pismo Coast Village
Pismo Lighthouse Suites	Pismo Lighthouse Suites
Sandcastle Inn	Sandcastle Inn
Seacrest Motel	Seacrest Motel
Seaventure Motel	Seaventure Motel
Shorecliff Inn	Shorecliff Inn

Source: Principal Transient Occupancy Tax Payers provided by City of Pismo Beach records.

HISTORY OF PISMO BEACH

The history of people at Pismo Beach starts at least 9,000 years ago with the Chumash Indians, who referred to the area as a place to find pismu, or tar. The Pismo Beach region has an interesting history going back in time to 1769, when Don Gaspar de Portola and parties camped in the area. According to the diary of Costanso, a member of the Portola party, "The party continued over the sand dunes and then descended to the beach, along which they walked for several miles before camping for the night. Near their camping place was an Indian village of some forty people." Undoubtedly, the beach walked upon by the Portola party was that known today as Pismo Beach. We invite you to take a look at some of our rich history.

The First Pismo Beach



KlamDigger Billie - 1904/Bennett-Loomis Archives

The City is part of the original 8,838-acre Rancho Pismo. Rancho Pismo was granted to Jose Ortega by Manuel Rinemo Goriod on November 18, 1840. Ortega is thought to have built a small adobe that later became part of the Price Adobe. The rancho was later acquired by Issac Sparks. Some folktales relate that Sparks won the land from Ortega in a game of monte, but it appears from records kept by John M. Price that the ranch was purchased for 477 head of cattle. Sparks, in 1850, appears to have given John Price El Pizmo Rancho instead of paying him wages in gold, as the deed shows a cost of $1 for the property. Upon Sparks' death, John Michael Price and Captain David Mallagh received a share of the land. Price lived and worked on the rancho until his death in 1902. Price built up sizeable horse and cattle herds, which he moved onto the rancho. Mallagh owned a section of Rancho Pismo around the cave landing area (now Pirate's Cove), where he established a wharf business. Price purchased some of the property in 1854. A portion of the southern part, which is now Grover Beach and Arroyo Grande, was sold to Francisco Branch. This left him with Shell Beach, Pismo Beach area and a large section running back into Price Canyon. In 1875, Price took the first step toward funding the community of Pismo Beach when he built a hotel on the road from Arroyo Grande to the People's Wharf in Avila Beach. The hotel was not a success and Price had the hotel moved to the beach in 1884. In 1881, Price leased oceanfront land to the Meherin brothers to build a wharf and a warehouse. This wharf at the end of Main Street was successful and the hotel's new location was next to this operation. The school district was founded in 1888, and the Post Office was also established then.

HISTORY OF PISMO BEACH

Parceling Pismo Beach



In February 1886, Price hired R.R. Harris to survey and design a map of the subdivisions of part of the Ranchos El Pismo and San Miguelito, and to also map out and draw a plan for a town to be called "El Pizmo." This was initiated in April 1886. A year later, the Pismo Beach Company again subdivided part of the community and recorded a map of the "Town El Pizmo." It is interesting to note that the Pismo Beach Company is given credit by some for the founding of the present City of Pismo Beach.

Pismo's Pier



Back in 1881, Pismo's original wharf opened for business. Taking off from a point below the present Main Street, remnants of the pilings may still be seen at very low tides. It was not planned for recreation as such -- it was a commercial venture designed in part to save freight fees for South County products. Lumber was received as well as other commodities. Stock was issued to farmers and landowners for $20 a share and the wharf was built for $14,613. The Meherin brothers, Arroyo Grande merchants, started the venture. Most credit is given to D.J. Meherin for its inception, construction and maintenance. In 1882, a year after its completion, Meherin figured the wharf had saved the people of the county $35,000 in decreased freight rates compared with those of the steamer line they would have patronized. Thirty-eight vessels were loaded at the wharf in 1882. Two warehouses were built near the entrance where teams could move cargo in and out. A small hand car track led out to the end of the pier. The wharf was still active in 1890, but a few years later it gave way during a heavy storm. Probably contributing to the disaster was a load of heavy "bituminous rock" that had been dug in Edna and was waiting in sacks for shipment to San Francisco to be used as paving material. The new pier that replaced the original was built in 1924 and was much longer than it is today. Some can remember driving cars along its length, then backing out, or using the tight turn around at the end. It is said that it extended out far enough that Navy ships could tie up and the men could come ashore. The pier had sustained damage several times, but a major storm tore up the south side of the seawall and about 500 feet off the end of the pier early in its existence. It was never put back. After a 1983 storm washed out most of the wharf, it was rebuilt in its present configuration in 1985-86. The state, county and city all have an interest in the pier. The pier at Pismo Beach continues to be one of the community's major attractions.

HISTORY OF PISMO BEACH

Tourism



John Price realized the potential Pismo had for tourism when he built the Pismo Beach Hotel. The Pismo Beach Hotel was sold to A.E. Pomeroy and Charles Stimson in 1887. They enlarged the hotel and renamed it the El Pizmo Inn. The hotel was sold and resold many times. In early times, the area was thought of as a place to spend several months, relaxing and enjoying the surroundings. Early advertisements for the El Pizmo Inn encouraged visitors to come and enjoy the "fine duck hunting and the pleasant surroundings." The 1900's were wild times in Pismo Beach. Pismo was noted for having many saloons, along with several notorious brothels. Other amusement-type businesses at the time, besides the hotels, offered a variety of entertainment, including a skating rink, a bowling alley, and a dance hall. The property directly south of Shell Beach now known as Dinosaur Caves, was the site of an amusement park, with a giant cement dinosaur to gather attention. H. Douglas Brown started building the dinosaur in 1948 and was stopped by local opposition. The headless dinosaur remained a local landmark until it was torn down in the late 1950's. Pismo Beach was also known to be a place to find booze during the Prohibition Era. The second El Pizmo Inn was built about the turn of the century and became so popular that a "Tent City" was erected for the overflow of tourists. They were clean, well-organized 18' x 14', resting on wooden planks, which could be rented for $8 a week. Eventually, the Tent City was expanded to where the pool hall, Hot Shots, now stands. "Tent City" lasted into the late 1920's. The Southern Pacific Railroad also helped tourism in Pismo Beach. It brought people from the San Francisco Bay area to Pismo Beach in one of the first "timeshare" operations. The people paid $30 for a ride down to Pismo Beach and then stayed in the Tent City. If the tourists liked the tents, the railroad would use their fare as a down payment on a tent for the people. If the people didn't like the tent, their money was refunded and they returned to San Francisco free of charge. It was rumored that more people stayed than asked for refunds. In 1912, Highway 2, today's Highway 101, was routed through Pismo Beach, giving automobile travelers an easy route to the beach. Highway 101 was not expanded to four lanes until the late 1950,s.

Shell Beach and Sunset Palisades

Shell Beach was quite different years ago, when it was nothing but pea fields. The area was the site of a Chumash village. Floyd Calvert bought and developed much of the land in 1926. He paid $45,000 for 41 acres between the ocean and the highways. When Calvert first visited Shell Beach, there were approximately 50 residents in the area. Calvert sold lots in the area for as little as $195. A resident of Hollywood, Calvert was told about the area by a friend in 1925. When he first visited Shell Beach, there was only one street, Boeker Avenue, with a few cottages on it. Calvert was struck by the beauty of Shell Beach and bought a portion of it. In January 1926, he opened offices in the area, hired seven salesmen and began selling land to people seeking summer retreats from the hot valley. When the summer selling season was over that first year, Calvert had to close his offices. The depression, which was to hit hard in 1929, was beginning to be felt. Then Calvert had to devise a new way to sell his land. He offered it for $5 a month. Even then it was

hard to sell. During the Depression, Calvert, who had been a builder in Hollywood, lost all his property except for Shell Beach. He had such faith in this area he thought if he could hold onto this land, someday people would realize its worth. It took Calvert 20 years to sell the first 456 lots on the Shell Beach land he owned. But shortly before and after World War II, Calvert began to have more success selling lots. During World War II, many soldiers had trained in California. They liked the climate and wanted to live in the area. It was then that Shell Beach changed from a resort area for residents of the San Joaquin Valley to a residential community. When Calvert began to break ground for building houses, he found skeletons of Indians who had died and were buried in the area. He also found copper bracelets, arrowheads, spearheads, and stone bowls, which had been used for grinding meal. Most of the Indian artifacts were found near the ocean between Placentia and Palomar Streets. Major archaeological sites have been noted in this area and that of Sunset Palisades. It was known as Oilport and was opened in August of 1907, quite different from today's residential Sunset Palisades area. Built with investor funds, it operated for only one month. The plant, built by California Petroleum Refineries Ltd., was to be the most modern on the West Coast. Nearly 2.25 million bricks went into the construction of the facilities. Financed primarily by investors, it cost over $2 million to build. It was to be the most complete refinery on the coast. It was set up to produce kerosene, gasoline, lubricating oil, and oil byproducts. The refinery existed until just after World War II, when it was finally torn down. The land was sold, subdivided and replaced with housing.

Incorporation

1926 saw the first incorporation attempt in Pismo Beach. Though it failed, attempts to incorporate the city were finally successful in 1939, when Pismo Beach became a sixth class city by a majority of seven votes. In 1940, worries over increased taxes led the citizens to vote to disincorporate the city. The majority was eight votes in the election. The present city government dates from 1946. Pismo Beach celebrated its 70th anniversary in 2016.

PISMO BEACH TODAY

Pismo Beach is a thriving beach city in southern San Luis Obispo County, in the Central Coast area of California. It is the last true classic California beach town. Pismo Beach offers seaside activities and a variety of accommodations for the young and the young-at-heart in a safe, relaxing environment, away from the crowds and the hustle of the big city. The City has numerous lodging options, including luxurious five-star hotels, deluxe vacation rentals, or cozy campsites on the beach. The beach is located next to downtown and has a boardwalk and a 1,200-foot pier. The City also has multiple locally-owned restaurants, a Wednesday farmer's market for fresh fare, and renowned wineries. The City has a plentitude of shopping options throughout the City and a Pismo Beach Premium Outlets center. Residents and visitors alike enjoy the plethora of activities available year-round with the mild temperatures, including biking, hiking, surfing, kayaking, fishing, swimming, golfing, shopping, and wine tasting.

For more information, please visit us at:

www.PismoBeach.org
www.ClassicCalifornia.com

MUNICIPAL GOVERNMENT

The City operates under a council-manager form of government. Policymaking and legislative authority are vested in the City Council consisting of the elected Mayor and four other elected Council members. The Mayor is elected to two-year terms, and the Council is elected to four-year staggered terms, with two members elected every two years. The Council is responsible, among other matters, for passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the daily operations of the City, and for appointing other employees and otherwise managing daily operations of the City. The City Manager is assisted by an administrative team, which includes the City Attorney (who is a contract Attorney) and department heads for Administrative Services, City Clerk, Public Works, Community Development, Police, and Fire. The City also has an active Conference and Visitors Bureau staffed by an Executive Director.

The City provides a full range of municipal services including fire and police protection, construction and maintenance of City streets, storm drains, bridges and similar infrastructure-type assets; park maintenance; community recreation activities and public facilities. In terms of business-type activities, the City provides water, wastewater, parking, pier, and transit services through the operation of its enterprises. The City's public facilities corporation and public financing authority are blended component units and are reported in this report as part of the City's operations.

Contact us:

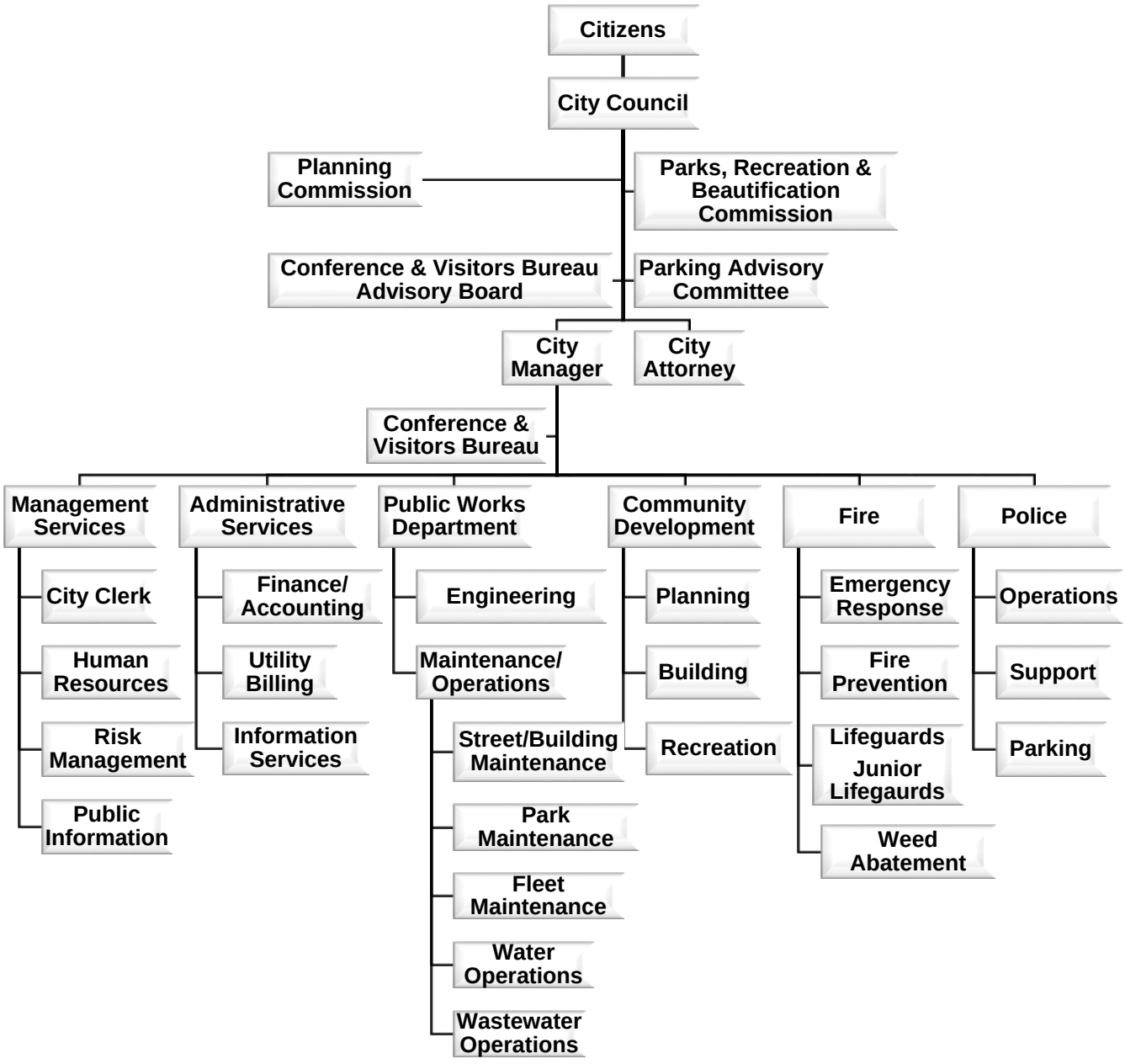
www.pismobeach.org

City Hall is located at:
760 Mattie Road
Pismo Beach, CA 93449
Main Phone Number is:
805-773-4657





GENERAL ORGANIZATION



CITY COUNCIL GOALS AND PRIORITIES

Beginning in December 2016, the City Council began efforts to solicit the community's input and ideas to help shape the Council's goals for the upcoming FY 2018 and FY 2019 budgets. The Council received input from the public through a variety of means, including an advisory body workshop, two community workshops, flyers in all utility bills, booths set up at community events, and feedback through the City's website. After receiving the community's ideas, on January 31, 2017, the Council held a goal-setting informational meeting to discuss the status of the current goals and the fiscal outlook. On February 16, 2017, the Council took the consolidated results collected from the community outreach efforts and established five Major City Goals and two Other Important Objectives. The City Council prioritized the suggested goals in order to help guide staff in the development of the upcoming two-year work program and budget. The Adopted goals are presented below and in the department sections of this budget document.

MAJOR CITY GOALS

DOWNTOWN CIRCULATION AND PARKING. Continue to implement circulation and parking improvement measures in the downtown area including possible projects such as a parking structure; perimeter parking lots and a trolley; evaluation of the effectiveness of meters; and other strategies to reduce traffic and to encourage a pedestrian environment.

WATER SUPPLY AND CONSERVATION. Continue work on securing long-term water supplies for the City, including the current groundwater recharge (recycled water) proposal and further implementation of conservation practices.

BELLO STREET CORRIDOR/OLD CITY HALL. Continue planning and implementing strategies for the Bello Street Corridor including the disposition/use of Old City Hall and public safety facilities, with consideration for historical preservation.

DOWNTOWN REVITALIZATION AND BEAUTIFICATION. Continue downtown revitalization and beautification efforts including assessing current design standards, appropriate commercial uses, and the number and location of public restrooms on the pier.

BLUFF PROTECTION. Continue the program to address bluff erosion, potentially to include inspections, permitting, prevention measures, funding, and priorities for repairs, including the Ocean Boulevard Accessibility Plan.

OTHER IMPORTANT OBJECTIVES

IMPROVED TRAFFIC CIRCULATION. Complete the update of the Circulation Element and begin implementation of highest priority measures; explicitly address possible solutions to Highway 101 congestion, the need for a Price Street-James Way connection and acquisition of Highway 1 from Caltrans to ensure local control.

SHELL BEACH STREETSCAPE. Complete the Shell Beach Streetscape project.

CITY COUNCIL GOALS AND PRIORITIES

The following tables provide a list of budgeted items to implement all or a portion of the Council's Goals.

Downtown Circulation and Parking and Improved Traffic Circulation

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	Fund	Rev/ Exp	One-time	Ongoing	Total	One-time	Ongoing	Total
Comprehensive Traffic Safety Program - Radar enforcement equipment needed for traffic safety	General Fund	Exp	18,000		18,000			-
Cypress/Pomeroy Intersection upgrades to reduce congestion	Circulation Fees	Exp			-	162,000		162,000
Parking structure - Design & feasibility study & determine location	Parking Enterprise Fund	Exp	75,000		75,000			-
Update Circulation Element - consultant fees	Circulation Fees	Exp	275,000		275,000			-
Update Circulation Element - consultant fees	Parking Enterprise Fund	Exp	25,000		25,000			-
Beach Trolley Ridership	Local Transportation	Exp		7,500	7,500		7,500	7,500
Downtown Circulation & Parking & Traffic Total			**$ 393,000**	**$ 7,500**	**$ 400,500**	**$ 162,000**	**$ 7,500**	**$ 169,500**

Efforts towards Downtown Circulation & Parking & Improved Traffic Circulation goals already in progress:

- Bello Bridge Replacement (already funded with Grant Funds, SLOCOG, & City match)
- Continue work towards Highway 1 acquisition (staff time)
- Seek opportunities for 101/Price St extension (SLOCOG)

CITY COUNCIL GOALS AND PRIORITIES

Water Supply and Conservation

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	Fund	Rev/ Exp	One-time	Ongoing	Total	One-time	Ongoing	Total
Install variable frequency drive motors in water booster stations	Water Enterprise Fund	Exp	54,500		54,500			-
Noise reducing generator enclosure to be constructed in the Heights	Water Construction Fund	Exp	100,000		100,000			-
Pacific Estates Reservoir Maintenance	Water Construction Fund	Exp			-	750,000		750,000
Regional Groundwater Sustainability Project	Water Enterprise Fund	Exp	500,000		500,000	500,000		500,000
Replace fencing around the Huber Well located in Grover Beach	Water Enterprise Fund	Exp	2,500		2,500			-
Replace the existing Shell Beach #1 Reservoir	Water Construction Fund	Exp	1,700,000		1,700,000			-
Replacement of old backup generator for Water Division	Water Enterprise Fund	Exp	140,000		140,000			-
Water Supply & Conservation Total			**$ 2,497,000**	**$ -**	**$ 2,497,000**	**$1,250,000**	**$ -**	**$ 1,250,000**

Efforts towards the Water Supply & Conservation goal already budgeted:

- Water Master Plan (already funded)
- Establishing storage rights in Lopez Lake
- Continue management of water conservation program ($24K already budgeted)

Bello Street Corridor/Old City Hall

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	Fund	Rev/ Exp	One-time	Ongoing	Total	One-time	Ongoing	Total
Rezone Ventana lot, Sale price TBD	General Fund	Rev	(400,000)		(400,000)	-		-
St. Jude's tunnel paint, lighting, cameras, stop sign	General Fund	Exp	20,000		20,000			-
Bello Street Corridor/Old City Hall Total			**$ (380,000)**	**$ -**	**$ (380,000)**	**$ -**	**$ -**	**$ -**

Efforts towards the Bello Street Corridor/Old City Hall goal already in progress:

- Re-use of Old City Hall – Public Safety Facility site plan, facilities needs assessment, and conceptual design of new facility to include Fire Station at Old City Hall and expansion of Police Station ($250K already budgeted)

CITY COUNCIL GOALS AND PRIORITIES

Downtown Revitalization and Beautification

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
ADA improvements - Cypress as identified in the transition plan	Capital Projects	Exp			-	150,000		150,000
Downtown Façade Improvement Program - Provide up to $5K reimbursement per downtown business to make façade improvements as approved by the Planning Division	General Fund	Exp	50,000		50,000			-
Install new park entrance / identification and wayfinding signs	Capital Projects	Exp			-	145,000		145,000
Pier Plaza/Pier Parking Lot Upgrade - FY18 $350K for design, architecture of Pier parking lot and plaza. FY19 $1M for Bathroom Plaza and access improvements	General Fund	Exp	350,000		350,000	1,000,000		1,000,000
Pier Plaza/Pier Parking Lot Upgrade - parking lot improvements	Parking Enterprise Fund	Exp			-	250,000		250,000
Price Street Beautification & Improvements - FY18 $400K in FY18 (already budgeted). FY19 $250K for pavers	General Fund	Exp			-	250,000		250,000
Price Street Beautification & Improvements - landscaping & lighting improvements	General Fund	Exp	10,000		10,000			-
Replace existing sidewalk with pavers	General Fund	Exp		50,000	50,000		50,000	50,000
Downtown Revitalization & Beautification Total			**$ 410,000**	**$ 50,000**	**$ 460,000**	**$1,795,000**	**$ 50,000**	**$ 1,845,000**

Efforts towards the Downtown Revitalization & Beautification goal already budgeted:

- Replace existing sidewalk with pavers ($50K/year in base budget)
- Public Art – Utility Box program ($16K already budgeted)
- Public Art – Pier Rehab project (1% of project funds, $64,620 already budgeted)
- Public Art – Shell Beach Streetscape Project (1% of project funds, $52K already budgeted)

CITY COUNCIL GOALS AND PRIORITIES

Bluff Protection

Description	Fund	Rev/ Exp	FY 2018 Adopted Budget			FY 2019 Adopted Budget		
			One-time	Ongoing	Total	One-time	Ongoing	Total
Complete the walkway between Ocean Blvd and Vista Del Mar including ADA improvements. FY 18 $190K ($220K less $20K already budgeted)	Capital Projects	Exp	190,000		190,000			-
Install bluff protection measures along bluff edge of Ebb Tide Park and relocate City utilities away from bluff edge due to Jan 2017 storms	Capital Projects	Exp	50,000		50,000			-
Install bluff protection measures along bluff edge of Memory Park and relocate City utilities away from bluff edge due to Jan 2017 storms	Capital Projects	Exp	50,000		50,000			-
Replacement of the stairway to the beach below Morro Avenue	Capital Projects	Exp	750,000		750,000			-
Survey services to record top of bluff location. Perform once every three years. Next time FY 2021	General Fund	Exp	30,000		30,000			-
Provide erosion control as needed to protect bluff areas from accelerated erosion by wind, rain and wave action	General Fund	Exp			-		25,000	25,000
Bluff Protection Total			**$ 1,070,000**	**$ -**	**$ 1,070,000**	**$ -**	**$ 25,000**	**$ 25,000**

Efforts towards the Bluff Protection goal already budgeted:

- St Andrews Lift Station Bluff Protection Project (already budgeted from Army Corp of Engineers, Wastewater Fund, & General Fund)
- Price St Bluff Protection Project (already budgeted from Grant Funds and Half-Cent Sales Tax Fund)

Shell Beach Streetscape

Efforts towards the Shell Beach Streetscape goal already budgeted:

- Utilities design, complete plans and specifications, bid and construction of the project (already funded from SLOCOG, General Fund, Gas Tax Fund, Local Transportation Fund)
- Shell Beach Road Waterline upgrade (already funded from Water Enterprise Fund)

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FINANCIAL SUMMARIES



Photo Credit: Sailboat and arch dusk in the fog by Vivian Krug

CHANGES IN AVAILABLE FUND BALANCES

FY 2018

RECAP OF FUNDS - FY 2018		Beginning Fund Balance Update	Projected Revenues & Other	Transfers In	Operating Expenditures	Debt Service	Capital Outlay	Capital Projects	Transfers Out	Estimated Ending Fund Balance
Governmental Fund Types										
General Fund (1001)										
Primary Operating Funds:										
1001	General Fund	8,791,923	21,546,894	240,000	20,004,898	0	10,500	1,084,450	1,088,991	8,389,979
1002	Half Cent Sales Tax Fund	0	1,500,000	0	0	0	0	0	1,040,000	460,000
Total General Fund		**8,791,923**	**23,046,894**	**240,000**	**20,004,898**	**0**	**10,500**	**1,084,450**	**2,128,991**	**8,849,979**
Special Revenue Funds										
2001	Gas Tax Fund	33,733	235,591	0	0	0	0	0	140,000	129,324
2002	Local Transportation (Streets)	173,053	171,000	0	9,526	0	0	0	0	334,527
2003	PEG Access Fund	92,379	25,260	0	0	0	0	39,400	0	78,239
2004	Police Grant Fund	196,389	100,520	0	0	0	0	0	100,000	196,909
2005	Housing In Lieu Fund	2,677,950	57,800	0	14,354	0	0	0	0	2,721,396
2006	LBID	203,524	977,156	0	1,095,006	0	0	0	0	85,675
2007	Chapman Estate Fund	86,369	47,700	0	106,204	0	0	0	0	27,865
Total Special Revenue Funds		**3,463,397**	**1,615,027**	**0**	**1,225,090**	**0**	**0**	**39,400**	**240,000**	**3,573,934**
Capital Projects Funds										
3001	Capital Projects	305,207	0	1,165,000	0	0	0	1,165,000	0	305,207
3002	Public Facilities Fund	821	0	0	0	0	0	0	0	821
3003	Park Development Fund	1,550,410	30,000	0	3,863	0	0	1,205,000	0	371,547
3101	Circulation Fees	568,191	0	0	0	0	0	275,000	0	293,191
3102	Impact Fees	1,368,984	6,500	0	1,108	0	0	30,000	0	1,344,376
3103	Developer Impact Fee	59,304	0	0	0	0	0	0	0	59,304
3201	Underground Utility	15,426	0	0	0	0	0	0	0	15,426
Total Capital Projects Funds		**3,868,342**	**36,500**	**1,165,000**	**4,971**	**0**	**0**	**2,675,000**	**0**	**2,389,871**
Debt Service Funds										
4001	Public Finance Authority	0	0	0	0	0	0	0	0	0
4101	Freeway Foothills	766	0	0	0	0	0	0	0	766
4102	Spyglass/Price St.	11,904	0	0	0	0	0	0	0	11,904
4112	Indio/El Portal Assmt Dist	639	0	0	0	0	0	0	0	639
4113	Visalia Street Assessment Dist	9,533	0	0	0	0	0	0	0	9,533
Total Debt Service Funds		**22,842**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**22,842**
Total Governmental Fund Types		**16,146,504**	**24,698,421**	**1,405,000**	**21,234,958**	**0**	**10,500**	**3,798,850**	**2,368,991**	**14,836,626**
Proprietary Fund Types										
Enterprise Funds										
6101	Water Operating Fund	3,533,460	3,498,000	0	2,747,283	0	83,000	725,500	1,949,675	1,526,002
6102	Water Tax Fund	1,220,973	1,510,000	0	1,811,456	0	0	0	0	919,517
6103	Water Construction Fund	584,769	5,000	1,850,000	0	0	0	1,800,000	0	639,769
6104	Water Expansion Fund	1,549,584	0	0	0	0	0	0	0	1,549,584
6201	Wastewater Operating Fund	2,613,335	4,380,000	0	2,535,943	1,083,754	65,800	31,000	229,763	3,047,075
6202	Wastewater Construction Fund	1,132,845	0	111,000	111,000	0	0	0	0	1,132,845
6203	Wastewater Expansion Fund	2,010,725	20,000	0	389	0	0	0	0	2,030,336
6301	Local Transportation Transit	11,270	10,500	0	10,704	0	0	0	0	11,066
6401	Pier Enterprise Fund	6,200	15,920	480,737	68,250	403,237	0	10,000	0	21,370
6501	Parking Enterprise Fund	2,316,669	675,000	0	554,357	0	0	100,000	1,534	2,335,778
Total Enterprise Funds		**14,979,829**	**10,114,420**	**2,441,737**	**7,839,381**	**1,486,991**	**148,800**	**2,666,500**	**2,180,972**	**13,213,341**
Internal Service Fund										
7101	Technology Service Fund	0	625,544	117,300	625,544	0	0	117,300	0	0
7201	Motor Vehicle Fund	3,169,986	499,484	586,694	469,484	0	323,001	180,000	768	3,282,911
Total Internal Service Fund		**3,169,986**	**1,125,028**	**703,994**	**1,095,028**	**0**	**323,001**	**297,300**	**768**	**3,282,911**
Total Proprietary Fund Types		**18,149,815**	**11,239,448**	**3,145,731**	**8,934,409**	**1,486,991**	**471,801**	**2,963,800**	**2,181,740**	**16,496,253**
Total City Funds		**34,296,319**	**35,937,869**	**4,550,731**	**30,169,368**	**1,486,991**	**482,301**	**6,762,650**	**4,550,731**	**31,332,879**

CHANGES IN AVAILABLE FUND BALANCES

FY 2019

RECAP OF FUNDS - FY 2019			Beginning Fund Balance Update	Projected Revenues & Other	Transfers In	Operating Expenditures	Debt Service	Capital Outlay	Capital Projects	Transfers Out	Estimated Ending Fund Balance
Governmental Fund Types											
General Fund (1001)											
	Primary Operating Funds:										
	1001	General Fund*	8,139,756	21,880,823	240,000	20,703,822	0	0	1,448,000	1,028,873	7,079,884
	1002	Half Cent Sales Tax Fund	460,000	1,530,000	0	0	0	0	0	150,000	1,840,000
	Total General Fund		**8,599,756**	**23,410,823**	**240,000**	**20,703,822**	**0**	**0**	**1,448,000**	**1,178,873**	**8,919,884**
Special Revenue Funds											
	2001	Gas Tax Fund	129,324	332,222	0	0	0	0	0	140,000	321,546
	2002	Local Transportation (Streets)	334,527	171,000	0	9,554	0	0	0	0	495,973
	2003	PEG Access Fund	78,239	25,260	0	0	0	0	0	0	103,499
	2004	Police Grant Fund	196,909	100,520	0	0	0	0	0	100,000	197,429
	2005	Housing In Lieu Fund	2,721,396	57,800	0	1,215	0	0	0	0	2,777,981
	2006	LBID	85,675	1,028,688	0	1,091,296	0	0	0	0	23,067
	2007	Chapman Estate Fund	27,865	102,700	0	106,204	0	0	0	0	24,361
	Total Special Revenue Funds		**3,573,934**	**1,818,190**	**0**	**1,208,269**	**0**	**0**	**0**	**240,000**	**3,943,856**
Capital Projects Funds											
	3001	Capital Projects	305,207	0	295,000	0	0	0	295,000	0	305,207
	3002	Public Facilities Fund	821	0	0	0	0	0	0	0	821
	3003	Park Development Fund	371,547	30,000	0	4,066	0	0	0	0	397,481
	3101	Circulation Fees	293,191	0	0	0	0	0	162,000	0	131,191
	3102	Impact Fees	1,344,376	6,500	0	1,166	0	0	0	0	1,349,710
	3103	Developer Impact Fee	59,304	0	0	0	0	0	0	0	59,304
	3201	Underground Utility	15,426	0	0	0	0	0	0	0	15,426
	Total Capital Projects Funds		**2,389,871**	**36,500**	**295,000**	**5,232**	**0**	**0**	**457,000**	**0**	**2,259,139**
Debt Service Funds											
	4001	Public Finance Authority	0	0	0	0	0	0	0	0	0
	4101	Freeway Foothills	766	0	0	0	0	0	0	0	766
	4102	Spyglass/Price St.	11,904	0	0	0	0	0	0	0	11,904
	4112	Indio/El Portal Assmt Dist	639	0	0	0	0	0	0	0	639
	4113	Visalia Street Assessment Dist	9,533	0	0	0	0	0	0	0	9,533
	Total Debt Service Funds		**22,842**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**22,842**
Total Governmental Fund Types			**14,586,404**	**25,265,513**	**535,000**	**21,917,323**	**0**	**0**	**1,905,000**	**1,418,873**	**15,145,721**
Proprietary Fund Types											
Enterprise Funds											
	6101	Water Operating Fund	1,526,002	3,498,000	0	2,843,638	0	83,000	500,000	836,343	761,021
	6102	Water Tax Fund	919,517	1,540,000	0	1,849,196	0	0	0	0	610,321
	6103	Water Construction Fund	639,769	5,000	800,000	0	0	0	750,000	0	694,769
	6104	Water Expansion Fund	1,549,584	0	0	0	0	0	0	0	1,549,584
	6201	Wastewater Operating Fund	3,047,075	4,380,000	0	2,710,647	1,102,619	40,800	200,000	166,907	3,206,101
	6202	Wastewater Construction Fund	1,132,845	0	111,000	111,000	0	0	0	0	1,132,845
	6203	Wastewater Expansion Fund	2,030,336	20,000	0	409	0	0	0	0	2,049,927
	6301	Local Transportation Transit	11,066	10,500	0	10,741	0	0	0	0	10,825
	6401	Pier Enterprise Fund	21,370	15,920	472,763	68,250	405,263	0	0	0	36,540
	6501	Parking Enterprise Fund	2,335,778	675,000	0	564,778	0	0	250,000	0	2,196,000
	Total Enterprise Funds		**13,213,341**	**10,144,420**	**1,383,763**	**8,158,660**	**1,507,882**	**123,800**	**1,700,000**	**1,003,250**	**12,247,933**
Internal Service Fund											
	7101	Technology Service Fund	0	638,319	0	638,319	0	0	0	0	0
	7201	Motor Vehicle Fund	3,282,911	517,807	503,360	487,807	0	583,011	150,000	0	3,083,260
	Total Internal Service Fund		**3,282,911**	**1,156,126**	**503,360**	**1,126,126**	**0**	**583,011**	**150,000**	**0**	**3,083,260**
Total Proprietary Fund Types			**16,496,253**	**11,300,546**	**1,887,123**	**9,284,786**	**1,507,882**	**706,811**	**1,850,000**	**1,003,250**	**15,331,193**
Total City Funds			**31,082,656**	**36,566,059**	**2,422,123**	**31,202,109**	**1,507,882**	**706,811**	**3,755,000**	**2,422,123**	**30,476,914**

* General Fund beginning fund balance is reduced by $250,222 to reflect FY 2018 contributions to reserves.

FUND SUMMARY
Comparative Annual Revenues By Fund

FUND DESCRIPTION	13/14 ACTUAL	14/15 ACTUAL	15/16 ACTUAL	16/17 BUDGET	17/18 ADOPTED	18/19 ADOPTED
REVENUES						
GENERAL FUND	18,888,190	20,297,065	21,622,006	22,207,519	21,786,894	22,120,823
HALF CENT SALES TAX FUND	1,346,798	1,716,260	1,483,480	3,500	1,500,000	1,530,000
GAS TAX FUND	303,888	232,930	182,037	193,934	235,591	332,222
LOCAL TRANSPORTATION FUND	205,790	194,532	184,728	207,544	171,000	171,000
PEG ACCESS FEE FUND	13,822	158	3,301	27,500	25,260	25,260
POLICE GRANTS FUND	100,080	106,414	160,617	100,000	100,520	100,520
HOUSING IN LIEU FUND	638,950	714,746	1,380,080	21,600	57,800	57,800
LBID FUND	799,347	869,955	922,195	954,884	977,156	1,028,688
CHAPMAN HOUSE FUND	192,963	197,552	2,315	177,033	47,700	102,700
CAPITAL PROJECTS FUND	362,470	3,007,618	1,873,371	10,790,040	1,165,000	295,000
PUBLIC FACILITIES FUND	95	16	5	-	-	-
PARK DEVELOPMENT FEE FUND	615,265	515,352	585,984	30,000	30,000	30,000
CIRCULATION FEE FUND	142	22,829	594	-	-	-
IMPACT FEE FUND	236,487	443,265	438,279	3,000	6,500	6,500
DEVELOPER IMPACT FEE FUND	275	318	897	-	-	-
UNDERGROUND UTILITY FUND	6	1	15,023	-	-	-
PUBLIC FINANCING AUTHORITY FUND	300,996	446,299	440,881	3,263,825	-	-
1992-1 REASSESSMENT FUND	163	189	531	-	-	-
1992-4 REASSESSMENT FUND	21	24	68	-	-	-
WATER FUND	3,949,538	4,053,931	4,672,959	3,568,444	3,498,000	3,498,000
WATER TAX FUND	2,262,680	2,674,057	2,363,677	2,035,199	1,510,000	1,540,000
WATER CONSTRUCTION FUND	1,747,745	61,579	18,612	2,031,500	1,855,000	805,000
WATER EXPANSION FUND	-	525,372	203,114	-	-	-
WASTEWATER FUND	3,968,129	4,896,006	4,132,934	4,600,850	4,380,000	4,380,000
WASTEWATER CONSTRUCTION FUND	2,445,768	798,234	709,574	5,364,000	111,000	111,000
WASTEWATER EXPANSION FUND	94,506	1,018,831	489,054	21,300	20,000	20,000
LOCAL TRANSIT FUND	8,103	18,016	10,540	18,000	10,500	10,500
PIER FUND	35,494	162,280	187,574	9,006,651	496,657	488,683
PARKING ENTERPRISE FUND	554,704	566,370	644,921	606,600	675,000	675,000
TECHNOLOGY SERVICE FUND	33,863	489,343	677,398	1,081,872	742,844	638,319
MOTOR VEHICLE FUND	864,818	911,639	960,653	952,694	1,086,178	1,021,167
INDIO/PORTAL AD FUND	20	8,893	4	-	-	-
VISALIA STREET AD FUND	166	192	542	-	-	-
Less transfers between funds	(5,928,809)	(6,041,134)	(4,500,188)	(16,637,333)	(4,550,731)	(2,422,123)
TOTAL REVENUES	$34,042,473	$38,909,133	$39,867,759	$50,630,156	$35,937,869	$36,566,059

FUND BUDGET SUMMARIES – EXPENDITURES

FUND SUMMARY
Comparative Annual Expenses By Fund

FUND DESCRIPTION	13/14 ACTUAL	14/15 ACTUAL	15/16 ACTUAL	16/17* BUDGET	17/18 ADOPTED	18/19 ADOPTED
EXPENSES						
GENERAL FUND	17,496,567	20,629,499	19,556,801	26,706,794	22,188,839	23,180,695
HALF CENT SALES TAX FUND	216,843	1,969,134	1,555,062	4,436,519	1,040,000	150,000
GAS TAX FUND	171,052	196,878	149,714	597,010	140,000	140,000
LOCAL TRANSPORTATION FUND	14,902	15,181	1,443	802,642	9,526	9,554
PEG ACCESS FEE FUND	5,327	31,566	3,528	8,000	39,400	
POLICE GRANTS FUND	124,132	42,280	37,147	122,756	100,000	100,000
HOUSING IN LIEU FUND	500	4,700	5,172	24,794	14,354	1,215
LBID FUND	726,659	1,036,489	892,499	1,034,151	1,095,006	1,091,296
CHAPMAN HOUSE FUND	53,948	69,590	97,966	272,378	106,204	106,204
CAPITAL PROJECTS FUND	545,010	2,848,336	1,865,807	10,745,046	1,165,000	295,000
PUBLIC FACILITIES FUND	-	53,000	-	-		
PARK DEVELOPMENT FEE FUND	1,650	142,061	352,171	114,369	1,208,863	4,066
CIRCULATION FEE FUND	-	-	-	-	275,000	162,000
IMPACT FEE FUND	1,126	873,454	59,095	501,050	31,108	1,166
DEVELOPER IMPACT FEE FUND				-		
UNDERGROUND UTILITY FUND	21,000	-	-	-	-	-
PUBLIC FINANCING AUTHORITY FUND	446,587	446,299	440,881	3,263,825		
1992-1 REASSESSMENT FUND	-	-	-	91,829	-	-
1992-4 REASSESSMENT FUND	-	-	-	-	-	-
WATER FUND	4,872,680	2,860,034	3,699,264	6,556,846	5,505,458	4,262,981
WATER TAX FUND	1,900,801	1,949,487	2,792,001	1,653,030	1,811,456	1,849,196
WATER CONSTRUCTION FUND	418,762	570,249	283,380	2,377,275	1,800,000	750,000
WATER EXPANSION FUND	-	-	-	-		
WASTEWATER FUND	5,451,081	3,668,072	4,006,907	4,242,140	3,946,260	4,220,973
WASTEWATER CONSTRUCTION FUND	112,093	461,478	7,785	6,676,528	111,000	111,000
WASTEWATER EXPANSION FUND	590,707	721	327	368	389	409
LOCAL TRANSIT FUND	10,762	8,615	8,915	10,667	10,704	10,741
PIER FUND	80,407	206,484	74,525	9,000,451	481,487	473,513
PARKING ENTERPRISE FUND	330,204	381,500	592,125	593,749	655,891	814,778
TECHNOLOGY FUND	33,861	480,465	664,519	1,149,607	742,844	638,319
MOTOR VEHICLE FUND	694,994	734,802	718,572	1,632,281	973,253	1,220,818
INDIO/PORTAL AD FUND	-	19,861	-	-	-	-
VISALIA STREET AD FUND	-	-	-	85,000	-	-
Less transfers between funds	(5,928,809)	(6,041,134)	(4,500,188)	(16,637,333)	(4,550,731)	(2,422,123)
TOTAL EXPENSES	$28,392,844	$ 33,659,100	$ 33,365,420	$66,061,771	$ 38,901,310	$ 37,171,801

Note: *Budget for FY 16/17 includes carryover purchase orders and capital projects

EXPENDITURES BY FUND AND DIVISION

Fund	Division	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
1001	General Fund						
	101 General Government					10,000	
	102 Non-Department	3,269,883	5,152,619	3,501,624	3,753,014	2,788,086	3,010,445
	111 City Council	260,873	256,262	273,758	366,422	238,732	243,955
	121 City Manager	624,507	418,407	408,501	485,913	528,295	543,520
	122 Conference & Visitors Bureau	558,170	597,082	573,586	598,077	725,859	744,651
	131 Legal	384,334	281,637	261,543	222,300	253,900	278,900
	142 City Clerk	-	273,702	283,873	324,275	313,731	330,876
	143 Human Resources	211,673	241,951	319,943	312,883	311,052	343,614
	152 Finance	680,434	742,469	751,995	877,175	974,253	889,211
	153 Information Technology	4,253	65,048	81,063	363,854	106,560	
	211 Police	4,882,132	4,767,385	5,032,393	6,251,380	6,458,951	6,650,729
	212 Support Services	-	-	-	-		
	221 Fire	2,020,895	2,126,513	2,219,583	2,615,879	2,811,456	2,917,381
	222 Weed Abatement	20,491	7,929	20,920	14,500	20,340	17,140
	223 Lifeguards	146,622	137,785	246,887	207,667	208,551	210,721
	224 Junior Lifeguards	49,859	44,387	37,680	62,919	51,008	51,132
	301 Public Works	573	537,529	149,742	4,174,717	325,000	145,000
	302 Engineering	576,441	573,072	722,191	768,236	787,496	772,978
	303 Facilities Division	2,160,442	2,757,176	2,637,403	2,898,231	2,842,434	2,811,463
	402 Planning	732,098	680,685	809,245	1,053,784	1,183,957	2,059,284
	403 Building	568,175	580,379	760,703	889,741	767,258	670,572
	404 Recreation	344,711	387,482	464,168	465,825	481,920	489,124
	General Fund Total	**$17,496,567**	**$20,629,499**	**$19,556,801**	**$26,706,794**	**$22,188,839**	**$23,180,695**
1002	Half Cent Sales Tax Fund						
	101 General Government	-	-	-	1,000,000		
	301 Public Works	216,843	1,969,134	1,555,062	3,436,519	1,040,000	150,000
	Half Cent Sales Tax Fund Total	**$ 216,843**	**$ 1,969,134**	**$ 1,555,062**	**$ 4,436,519**	**$ 1,040,000**	**$ 150,000**
2001	Gas Tax Fund						
	301 Public Works	-	22,531	933	26,535		
	303 Facilities Division	171,052	174,347	148,781	570,475	140,000	140,000
	Gas Tax Fund Total	**$ 171,052**	**$ 196,878**	**$ 149,714**	**$ 597,010**	**$ 140,000**	**$ 140,000**
2002	Local Transportation						
	303 Facilities Division	14,902	15,181	1,443	802,642	9,526	9,554
	Local Transportation Total	**$ 14,902**	**$ 15,181**	**$ 1,443**	**$ 802,642**	**$ 9,526**	**$ 9,554**

EXPENDITURES BY FUND AND DIVISION

Fund	Division	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
2003	Public Education Grant Fund						
	101 General Government	-	-	-	-		
	121 City Manager	5,327	31,566	3,528	8,000		
	142 City Clerk	-	-	-	-	39,400	
	Public Education Grant Fund Total	**$ 5,327**	**$ 31,566**	**$ 3,528**	**$ 8,000**	**$ 39,400**	
2004	Grants - Non-Capital						
	211 Police	124,132	42,280	37,147	122,756	100,000	100,000
	Grants - Non-Capital Total	**$ 124,132**	**$ 42,280**	**$ 37,147**	**$ 122,756**	**$ 100,000**	**$ 100,000**
2005	Housing In Lieu Fee						
	402 Planning	500	4,700	5,172	24,794	14,354	1,215
	Housing In Lieu Fee Total	**$ 500**	**$ 4,700**	**$ 5,172**	**$ 24,794**	**$ 14,354**	**$ 1,215**
2006	Lodging Business Improvement						
	122 Conference & Visitors Bureau	726,659	1,036,489	892,499	1,034,151	1,095,006	1,091,296
	Lodging Business Improvement Total	**$ 726,659**	**$ 1,036,489**	**$ 892,499**	**$ 1,034,151**	**$ 1,095,006**	**$ 1,091,296**
2007	Chapman Estate Fund						
	122 Conference & Visitors Bureau	-	-	-	-	6,520	6,520
	402 Planning	53,948	69,590	97,966	272,378	99,684	99,684
	Chapman Estate Fund Total	**$ 53,948**	**$ 69,590**	**$ 97,966**	**$ 272,378**	**$ 106,204**	**$ 106,204**
3001	Capital Projects						
	301 Public Works	11,301	-	-	-	1,165,000	295,000
	302 Engineering	11,777	228,575	46,148	451,802		
	303 Facilities Division	516,932	2,347,025	1,807,582	9,673,268		
	402 Planning	-	245,451	7,077	610,872		
	403 Building	5,000	-	5,000	9,105		
	503 Assessment Districts	-	27,285	-	-		
	Capital Projects Total	**$ 545,010**	**$ 2,848,336**	**$ 1,865,807**	**$10,745,046**	**$ 1,165,000**	**$ 295,000**
3002	Public Facilities Fund						
	301 Public Works	-	53,000	-	-		
	302 Engineering	-	-	-	-		
	Public Facilities Fund Total	**$ -**	**$ 53,000**	**$ -**	**$ -**		
3003	Park Development Fund						
	301 Public Works					1,205,000	
	303 Facilities Division	1,650	142,061	352,171	114,369	3,863	4,066
	Park Development Fund Total	**$ 1,650**	**$ 142,061**	**$ 352,171**	**$ 114,369**	**$ 1,208,863**	**$ 4,066**

EXPENDITURES BY FUND AND DIVISION

Fund	Division	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
3101	Circulation Fees						
	301 Public Works						162,000
	303 Facilities Division	-	-	-	-		
	402 Planning					275,000	
	Circulation Fees Total	**$ -**	**$ -**	**$ -**	**$ -**	**$ 275,000**	**$ 162,000**
3102	Impact Fees						
	101 General Government	1,000	714,342	59,095	1,050	1,108	1,166
	152 Finance					30,000	
	221 Fire	-	-	-	125,000		
	301 Public Works	126	159,112	-	-		
	302 Engineering	-	-	-	375,000		
	303 Facilities Division	-	-	-	-		
	Impact Fees Total	**$ 1,126**	**$ 873,454**	**$ 59,095**	**$ 501,050**	**$ 31,108**	**$ 1,166**
3201	Underground Utility Fund						
	303 Facilities Division	21,000	-	-	-		
	Underground Utility Fund Total	**$ 21,000**	**$ -**	**$ -**	**$ -**		
4001	Public Financing Authority Debt Service						
	101 General Government	1,831	1,868	-	-		
	505 2007 Bond Refund 1999	444,756	444,431	440,881	3,263,825	-	-
	Public Financing Authority Debt Service Total	**$ 446,587**	**$ 446,299**	**$ 440,881**	**$ 3,263,825**	**$ -**	**$ -**
4101	Assessment District Fwy Fthlls 92-1						
	504 1992-1 Fwy Foothills AD	-	-	-	91,829		
	Assessment District Fwy Fthlls 92-1 Total	**$ -**	**$ -**	**$ -**	**$ 91,829**		
4112	Assessment District Indio Portal						
	503 Assessment Districts	-	19,861	-	-		
	Assessment District Indio Portal Total	**$ -**	**$ 19,861**	**$ -**	**$ -**		
4113	Visalia Street						
	303 Facilities Division	-	-	-	85,000		
	Visalia Street Total	**$ -**	**$ -**	**$ -**	**$ 85,000**		

EXPENDITURES BY FUND AND DIVISION

Fund	Division	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
6101	Water Enterprise Fund						
	101 General Government	-	-	-	-		
	152 Finance	104,885	104,322	108,691	205,441	136,254	106,911
	312 Water Division	4,767,796	2,755,712	3,590,574	6,351,405	5,369,204	4,156,070
	Water Enterprise Fund Total	**$ 4,872,680**	**$ 2,860,034**	**$ 3,699,264**	**$ 6,556,846**	**$ 5,505,458**	**$ 4,262,981**
6102	Water Tax Lopez State						
	312 Water Division	1,900,801	1,949,487	2,792,001	1,653,030	1,811,456	1,849,196
	Water Tax Lopez State Total	**$ 1,900,801**	**$ 1,949,487**	**$ 2,792,001**	**$ 1,653,030**	**$ 1,811,456**	**$ 1,849,196**
6103	Water Construction Fund						
	101 General Government	30,231	500,496	-	-		
	312 Water Division	388,531	69,753	283,380	2,377,275	1,800,000	750,000
	Water Construction Fund Total	**$ 418,762**	**$ 570,249**	**$ 283,380**	**$ 2,377,275**	**$ 1,800,000**	**$ 750,000**
6104	Water Expansion Fund						
	101 General Government	-	-	-	-		
	Water Expansion Fund Total	**$ -**	**$ -**	**$ -**	**$ -**		
6201	Wastewater Treatment Fund						
	152 Finance	60,952	65,890	75,330	141,148	98,296	68,953
	302 Engineering	-	-	-	-		
	313 Wastewater Division	4,373,117	2,626,386	2,921,306	3,042,417	2,761,460	3,046,651
	506 2012 WW Bond Refunding	1,017,012	975,797	1,010,271	1,058,574	1,086,504	1,105,369
	Wastewater Treatment Fund Total	**$ 5,451,081**	**$ 3,668,072**	**$ 4,006,907**	**$ 4,242,140**	**$ 3,946,260**	**$ 4,220,973**
6202	Wastewater Capital Projects						
	101 General Government	18,030	36,241	-	-		
	313 Wastewater Division	111,251	435,150	17,766	6,676,528	111,000	111,000
	506 2012 WW Bond Refunding	(17,188)	(9,913)	(9,981)	-		
	Wastewater Capital Projects Total	**$ 112,093**	**$ 461,478**	**$ 7,785**	**$ 6,676,528**	**$ 111,000**	**$ 111,000**
6203	Wastewater Expansion						
	101 General Government	-	-	-	-		
	313 Wastewater Division	590,707	721	327	368	389	409
	Wastewater Expansion Total	**$ 590,707**	**$ 721**	**$ 327**	**$ 368**	**$ 389**	**$ 409**

EXPENDITURES BY FUND AND DIVISION

Fund	Division	FY 2014 Actuals	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Revised Budget	FY 2018 Adopted Budget	FY 2019 Adopted Budget
6301	Local Transportation Transit Fund						
	101 General Government	10,762	8,615	8,915	10,667	10,704	10,741
	Local Transportation Transit Fund Total	**$ 10,762**	**$ 8,615**	**$ 8,915**	**$ 10,667**	**$ 10,704**	**$ 10,741**
6401	Pier Enterprise Fund						
	302 Engineering	80,407	206,484	74,525	9,000,451	67,500	67,500
	303 Facilities Division					10,000	
	313 Wastewater Division	-	-	-	-		
	507 2017 Pier Bond Financing	-	-	-	-	403,987	406,013
	Pier Enterprise Fund Total	**$ 80,407**	**$ 206,484**	**$ 74,525**	**$ 9,000,451**	**$ 481,487**	**$ 473,513**
6501	Parking Enterprise Fund						
	101 General Government	-	-	-	-		
	211 Police					75,000	
	213 Operations	330,204	381,500	592,125	593,749	580,891	564,778
	402 Planning						250,000
	Parking Enterprise Fund Total	**$ 330,204**	**$ 381,500**	**$ 592,125**	**$ 593,749**	**$ 655,891**	**$ 814,778**
7101	Technology Service Fund						
	153 Information Technology	33,861	480,465	664,519	1,149,607	742,844	638,319
	Technology Service Fund Total	**$ 33,861**	**$ 480,465**	**$ 664,519**	**$ 1,149,607**	**$ 742,844**	**$ 638,319**
7201	Motor Vehicle Fund						
	303 Facilities Division	694,994	734,802	718,572	1,632,281	973,253	1,220,818
	Motor Vehicle Fund Total	**$ 694,994**	**$ 734,802**	**$ 718,572**	**$ 1,632,281**	**$ 973,253**	**$ 1,220,818**
Total		**$34,321,653**	**$39,700,234**	**$37,865,608**	**$82,699,104**	**$43,452,041**	**$39,593,924**
Less Transfers		(5,928,809)	(6,041,134)	(4,500,188)	(16,637,333)	(4,550,731)	(2,422,123)
Total Net Expenditures		**$28,392,844**	**$33,659,100**	**$33,365,420**	**$66,061,771**	**$38,901,310**	**$37,171,801**

GENERAL FUND BUDGET SUMMARY FY 2018 AND FY 2019

(Excludes Half-Cent Transaction Sales Tax)

	FY 2017 Projected Actuals	FY 2018 Adopted Budget	FY 2019 Adopted Budget	$ Change (FY 2018 - FY 2017)	% Change (FY 2018 - FY 2017)	$ Change (FY 2019 - FY 2018)	% Change (FY 2019 - FY 2018)
Beginning Fund Balance	**$ 11,621,537**	**$ 8,791,923**	**$ 8,139,756**	**$ (2,829,614)**	**-24%**	**$ (652,167)**	**-7%**
Base Operating Budget							
Revenues							
Transient Occupancy Tax	9,326,445	9,682,560	10,272,880	356,115	3.8%	590,320	6.1%
Property Related Taxes	4,990,632	4,972,240	5,071,750	(18,392)	-0.4%	99,510	2.0%
Sales and Use Tax	2,996,529	3,061,005	3,122,360	64,476	2.2%	61,355	2.0%
Other Revenues	1,389,093	1,354,969	1,400,363	(34,124)	-2.5%	45,394	3.4%
Permits	1,466,931	969,750	969,750	(497,181)	-33.9%	-	0.0%
Franchise Taxes	509,811	541,680	541,680	31,869	6.3%	-	0.0%
Transfers In	243,884	240,000	240,000	(3,884)	-1.6%	-	0.0%
Business Tax	219,298	214,750	219,030	(4,548)	-2.1%	4,280	2.0%
Departmental Revenues	247,461	151,100	151,100	(96,361)	-38.9%	-	0.0%
Other Taxes	140,551	78,660	79,230	(61,891)	-44.0%	570	0.7%
Intergovernmental Revenue	26,629	47,680	47,680	21,051	79.1%	-	0.0%
Grants	18,498	5,000	5,000	(13,498)	-73.0%	-	0.0%
Total Revenues	**$ 21,575,762**	**$ 21,319,394**	**$ 22,120,823**	**$ (256,368)**	**-1.2%**	**$ 801,429**	**3.8%**
Operating Expenditures							
Salaries & Wages	6,399,948	6,998,599	7,291,210	598,651	9.4%	292,611	4.2%
Benefits	3,652,546	4,243,850	4,337,327	591,303	16.2%	93,478	2.2%
Professional Services	2,874,720	2,999,870	3,056,319	125,150	4.4%	56,449	1.9%
Contract Services	2,048,525	2,475,837	2,706,088	427,312	20.9%	230,251	9.3%
Operations & Maintenance	1,067,956	1,060,394	1,097,536	(7,562)	-0.7%	37,142	3.5%
Transfers Out	378,646	847,431	858,873	468,785	123.8%	11,442	1.4%
Other Financing Uses	166,722	649,000	684,000	482,278	289.3%	35,000	5.4%
Other Expenses	464,564	646,672	655,321	182,108	39.2%	8,649	1.3%
Retiree Medical Insurance	434,965	492,304	520,335	57,339	13.2%	28,031	5.7%
Debt Service	385,466	-	-	(385,466)	-100.0%	-	
Capital Projects	-	53,000	53,000	53,000		-	0.0%
Total Operating Expenditures	**$ 17,874,059**	**$ 20,466,957**	**$ 21,260,009**	**$ 2,592,897**	**14.5%**	**$ 793,052**	**3.9%**
Net Base Operating Budget	**$ 3,701,702**	**$ 852,437**	**$ 860,814**	**$ (2,849,265)**	**-77.0%**	**$ 8,377**	**1.0%**
One-Time/Work Plan/Capital							
Sources: One-time Revenues	$ 789,305	$ 467,500	$ -	$ (321,805)		(467,500)	-100.0%
Uses							
One-time Costs	1,814,311	453,960	27,400	(1,360,351)	-75.0%	(426,560)	-94.0%
Outside Agency Funding	48,600	40,900		(7,700)	-15.8%		
Ongoing Work Plan items	-	295,072	473,286	295,072		178,214	60.4%
Captial Projects	442,161	931,950	1,420,000	489,789	110.8%	488,050	52.4%
Contributions to Reserves	250,000	250,222	248,461	222	0.1%	(1,761)	-0.7%
Total Uses	$ 2,555,072	$ 1,972,104	$ 2,169,147	$ (582,968)	-22.8%	$ 237,943	10.0%
Net Adopted Budget	1,935,936	(652,167)	(1,308,333)	(2,588,102)	-133.7%	(656,166)	100.6%
Ending Fund Balance	**$ 13,557,472**	**$ 8,139,756**	**$ 6,831,423**	**$ (5,417,716)**	**-40.0%**	**$ (1,308,333)**	**-16.1%**
Carryforward Projects	$ 4,765,549						
Potential Recession Set-Aside		*$ 1,000,000*	*$ 1,000,000*				
CalPERS Discount Rate Set-Aside		*1,000,000*	*800,000*				
Final Ending Fund Balance	**$ 8,791,923**	**$ 6,139,756**	**$ 5,031,423**				

COMPARATIVE GENERAL FUND REVENUES AND EXPENDITURES

(Includes Half-Cent Transaction Sales Tax)

ACCOUNT DESCRIPTION	FY 2015 ACTUALS	FY 2016 ACTUALS	FY 2017 BUDGET	FY 2018 ADOPTED	FY 2019 ADOPTED	% OF TOTAL FY 19
REVENUES						
Property Related Taxes	$ 4,392,370	$ 4,662,304	$ 4,799,929	$ 4,972,240	$ 5,071,750	21.44%
Sales and Use Tax	4,497,958	4,485,779	4,451,115	4,561,005	4,652,360	19.67%
Transient Occupancy Tax	8,682,119	9,199,947	9,372,840	9,750,060	10,272,880	43.44%
Franchise Taxes	544,215	542,046	538,521	541,680	541,680	2.29%
Business Tax	200,616	209,780	200,803	214,750	219,030	0.93%
Other Taxes	145,980	160,906	72,867	78,660	79,230	0.33%
Building Permits	1,272,105	1,514,464	666,014	674,950	674,950	2.85%
Planning Permits	241,794	239,332	220,000	203,500	203,500	0.86%
Engineering Permits	75,558	141,271	135,000	68,700	68,700	0.29%
Special Events Permits	4,541	22,739	18,213	22,600	22,600	0.10%
Fines & Forfeitures	67,616	56,439	75,000	65,000	65,000	0.27%
Use of Money & Property	144,493	163,582	59,303	542,000	142,000	0.60%
Rents & Leases	226,333	197,755	141,835	185,769	181,163	0.77%
Intergovernmental Revenue	335,330	57,613	49,680	47,680	47,680	0.20%
Federal Government Grants	9,008	14,537	13,250	-	-	0.00%
State Government Grants	17,096	27,213	29,249	-	-	0.00%
Transportation Funds	-	21,229	5,000	5,000	5,000	0.02%
Police Dept Services	39,067	34,724	30,200	33,200	33,200	0.14%
Fire Dept Services	9,451	9,422	12,092	9,800	9,800	0.04%
Recreation Programs	165,404	160,835	110,700	108,100	108,100	0.46%
Other Services	8,468	6,317	8,500	5,700	5,700	0.02%
Other Revenue	683,642	965,629	910,500	956,500	1,006,500	4.26%
Transfers In	1,960,826	1,679,273	290,408	240,000	240,000	1.01%
TOTAL REVENUES	$ 23,723,990	24,573,136	22,211,019	23,286,894	$ 23,650,823	100.00%
EXPENDITURES						
Police	$ 4,767,385	5,032,393	6,251,380	6,458,951	$ 6,650,729	28.51%
Facilities Division	2,757,176	2,637,403	2,880,073	2,842,434	2,811,463	12.05%
Fire	2,126,513	2,219,583	2,615,879	2,811,456	2,917,381	12.50%
Non-Department	5,152,619	3,501,624	3,753,014	2,788,086	3,010,445	12.90%
Public Works	2,506,662	1,704,804	7,611,236	1,365,000	295,000	1.26%
Planning	680,685	809,245	1,053,784	1,183,957	2,059,284	8.83%
Finance	742,469	751,995	872,375	974,253	889,211	3.81%
Engineering	573,072	722,191	786,394	787,496	772,978	3.31%
Building	580,379	760,703	889,741	767,258	670,572	2.87%
Conference & Visitors Bureau	597,082	573,586	598,077	725,859	744,651	3.19%
City Manager	418,407	408,501	482,288	528,295	543,520	2.33%
Recreation	387,482	464,168	447,175	481,920	489,124	2.10%
City Clerk	273,702	283,873	329,075	313,731	330,876	1.42%
Human Resources	241,951	319,943	312,883	311,052	343,614	1.47%
Legal	281,637	261,543	222,300	253,900	278,900	1.20%
City Council	256,262	273,758	366,422	238,732	243,955	1.05%
Lifeguards	137,785	246,887	207,667	208,551	210,721	0.90%
Information Technology	65,048	81,063	336,265	106,560	-	0.00%
Junior Lifeguards	44,387	37,680	81,569	51,008	51,132	0.22%
Weed Abatement	7,929	20,920	14,500	20,340	17,140	0.07%
General Government	-	-	1,000,000	10,000	-	0.00%
TOTAL EXPENDITURES	$ 22,598,632	21,111,863	31,112,099	23,228,839	$ 23,330,695	100.00%

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Council Goals

Downtown Circulation & Parking & Traffic

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Comprehensive Traffic Safety Program - Radar enforcement equipment needed for traffic safety	General Fund	Exp	18,000		18,000			-
Cypress/Pomeroy Intersection upgrades to reduce congestion	Circulation Fees	Exp			-	162,000		162,000
Parking structure - Design & feasibility study & determine location	Parking Enterprise Fund	Exp	75,000		75,000			-
Update Circulation Element - consultant fees	Circulation Fees	Exp	275,000		275,000			-
Update Circulation Element - consultant fees	Parking Enterprise Fund	Exp	25,000		25,000			-
Beach Trolley Ridership	Local Transportation	Exp		7,500	7,500		7,500	7,500
Downtown Circulation & Parking & Traffic Total			**$ 393,000**	**$ 7,500**	**$ 400,500**	**$ 162,000**	**$ 7,500**	**$ 169,500**

Water Supply & Conservation

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Install variable frequency drive motors in water booster stations	Water Enterprise Fund	Exp	54,500		54,500			-
Noise reducing generator enclosure to be constructed in the Heights	Water Construction Fund	Exp	100,000		100,000			-
Pacific Estates Reservoir Maintenance	Water Construction Fund	Exp			-	750,000		750,000
Regional Groundwater Sustainability Project	Water Enterprise Fund	Exp	500,000		500,000	500,000		500,000
Replace fencing around the Huber Well located in Grover Beach	Water Enterprise Fund	Exp	2,500		2,500			-
Replace the existing Shell Beach #1 Reservoir	Water Construction Fund	Exp	1,700,000		1,700,000			-
Replacement of old backup generator for Water Division	Water Enterprise Fund	Exp	140,000		140,000			-
Water Supply & Conservation Total			**$ 2,497,000**	**$ -**	**$ 2,497,000**	**$1,250,000**	**$ -**	**$ 1,250,000**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Bello Street Corridor & Old City Hall

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Rezone Ventana lot, Sale price TBD	General Fund	Rev	(400,000)		(400,000)	-		-
St. Jude's tunnel paint, lighting, cameras, stop sign	General Fund	Exp	20,000		20,000			-
Bello Street Corridor/Old City Hall Total			**$ (380,000)**	**$ -**	**$ (380,000)**	**$ -**	**$ -**	**$ -**

Downtown Revitalization & Beautification

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
ADA improvements - Cypress as identified in the transition plan	Capital Projects	Exp			-	150,000		150,000
Downtown Façade Improvement Program - Provide up to $5K reimbursement per downtown business to make façade improvements as approved by the Planning Division	General Fund	Exp	50,000		50,000			-
Install new park entrance / identification and wayfinding signs	Capital Projects	Exp			-	145,000		145,000
Pier Plaza/Pier Parking Lot Upgrade - FY18 $350K for design, architecture of Pier parking lot and plaza. FY19 $1M for Bathroom Plaza and access improvements	General Fund	Exp	350,000		350,000	1,000,000		1,000,000
Pier Plaza/Pier Parking Lot Upgrade - parking lot improvements	Parking Enterprise Fund	Exp			-	250,000		250,000
Price Street Beautification & Improvements - FY18 $400K in FY18 (already budgeted). FY19 $250K for pavers	General Fund	Exp			-	250,000		250,000
Price Street Beautification & Improvements - landscaping & lighting improvements	General Fund	Exp	10,000		10,000			-
Replace existing sidewalk with pavers	General Fund	Exp		50,000	50,000		50,000	50,000
Downtown Revitalization & Beautification Total			**$ 410,000**	**$ 50,000**	**$ 460,000**	**$1,795,000**	**$ 50,000**	**$ 1,845,000**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Bluff Protection

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Complete the walkway between Ocean Blvd and Vista Del Mar including ADA improvements. FY 18 $190K ($220K less $20K already budgeted)	Capital Projects	Exp	190,000		190,000			-
Install bluff protection measures along bluff edge of Ebb Tide Park and relocate City utilities away from bluff edge due to Jan 2017 storms	Capital Projects	Exp	50,000		50,000			-
Install bluff protection measures along bluff edge of Memory Park and relocate City utilities away from bluff edge due to Jan 2017 storms	Capital Projects	Exp	50,000		50,000			-
Replacement of the stairway to the beach below Morro Avenue	Capital Projects	Exp	750,000		750,000			-
Survey services to record top of bluff location. Perform once every three years. Next time FY 2021	General Fund	Exp	30,000		30,000			-
Provide erosion control as needed to protect bluff areas from accelerated erosion by wind, rain and wave action	General Fund	Exp			-		25,000	25,000
Bluff Protection Total			**$ 1,070,000**	**$ -**	**$ 1,070,000**	**$ -**	**$ 25,000**	**$ 25,000**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Other Initiatives

Parks Improvements

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Shell Beach Sports Courts-Add new basketball court, modify existing basketball court to pickle ball courts and resurface/restripe existing tennis court	Park Development Fund	Exp	125,000		125,000			-
Dinosaur Caves Park - Expand parking lot to the south	Park Development	Exp	130,000		130,000			-
Grind and Overlay Spyglass park. It was on schedule for 20/21 but will not make it.	Capital Projects	Exp	125,000		125,000			-
Shell Beach Sports Courts-Install a new restroom at Shell Beach tennis/basketball courts.	Park Development Fund	Exp	225,000		225,000			-
Price Historic Park - Meherin House improvements	Park Development	Exp	50,000		50,000			-
Purchase and install new beach play equipment.	Park Development	Exp	100,000		100,000			-
Dinosaur Caves Park - Redesign existing play area and install new play equipment	Park Development	Exp	125,000		125,000			-
Dinosaur Caves Park-Remove and replace Dino Caves restroom and install old restroom at Price Historic Park	Park Development Fund	Exp	325,000		325,000			-
Spyglass Park-Replace worn out play equipment (1995) with newer, safer equipment.	Park Development Fund	Exp	125,000		125,000			-
Park Improvements Total			**$ 1,330,000**	**$ -**	**$ 1,330,000**	**$ -**	**$ -**	**$ -**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Building/Infrastructure Improvements

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
City Hall Downstairs Improvements	General Fund	Exp	30,000		30,000			-
Install a secondary cooling system for the City Hall server room	General Fund	Exp	6,600		6,600			-
Install lighting by the entry gate and entrance to provide a safer environment.	General Fund	Exp	3,500		3,500			-
Install lighting by the entry gate and entrance to provide a safer environment.	Water Enterprise	Exp	3,500		3,500			-
Install lighting by the entry gate and entrance to provide a safer environment.	Wastewater Treatment	Exp	3,500		3,500			-
Install upgrades to the City Council Chamber to improve meeting experience for public, staff and legislative body members	General Fund	Exp	7,600		7,600			-
Install upgrades to the City Council Chamber to improve meeting experience for public, staff and legislative body members	Public Education Government Fund	Exp	39,400		39,400			-
Purchase and install screening for Police parking lot	General Fund	Exp			-	2,400		2,400
Repair leaks that occurred as a result of the Jan 2017 storms	General Fund	Exp	124,850		124,850			-
Replace old, broken heaters at Bello Vets Hall with new efficient models.	General Fund	Exp	200,000		200,000			-
Continue to replace damaged concrete split rail fence with a wooden split rail fence, two sections left - one to be completed each year.	General Fund	Exp		33,000	33,000		33,000	33,000
Install a secondary cooling system for the City Hall server room.	General Fund	Exp			-		300	300
Install air conditioning at Ontario ridge radio	Technology	Exp			-		300	300
Corp Yard door replacement one door each year	General Fund	Exp		3,500	3,500		3,500	3,500
Building/Infrastructure Improvements Total			**$ 418,950**	**$ 36,500**	**$ 455,450**	**$ 2,400**	**$ 37,100**	**$ 39,500**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Staffing Changes

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Building California Code Check for Plan Check and Inspection Services.	General Fund	Exp	116,000		116,000			-
CalFire Contract - increase for salaries & benefits	General Fund	Exp		200,334	200,334		345,419	345,419
CVB Executive Director & Tourism Coordinator range adjustments	General Fund	Exp		15,435	15,435		15,564	15,564
Reclass Police Records Technician to Crime Analyst	General Fund	Exp		15,616	15,616		16,197	16,197
Defund Building Inspector position	General Fund	Exp		(89,157)	(89,157)		(94,791)	(94,791)
Staffing Changes Total			**$ 116,000**	**$142,228**	**$ 258,228**	**$ -**	**$ 282,389**	**$ 282,389**

Wastewater System

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Clean and maintain oxidation ditches	Wastewater Treatment Fund	Exp			-	80,000		80,000
Replace existing chlorine analyzer	Wastewater Treatment Fund	Exp	25,000		25,000			-
State Water Resources Control Board required recertification of the City's SSMP	Wastewater Treatment Fund	Exp			-	200,000		200,000
Wastewater System Total			**$ 25,000**	**$ -**	**$ 25,000**	**$ 280,000**	**$ -**	**$ 280,000**

Vehicles – New Items

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Purchase and install fuel tank at the Corp Yard	Motor Vehicle Fund	Exp	180,000		180,000			-
Purchase Polaris vehicle for park maintenance to aerate lawns, broadcast seed and fertilizer; also utilize during special events.	Motor Vehicle Fund	Exp			-	25,000		25,000
Vehicles Total			**$ 180,000**	**$ -**	**$ 180,000**	**$ 25,000**	**$ -**	**$ 25,000**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Vehicles – Replacement Vehicles

FY 2018

Vehicle No	Vehicle Description	Year	Make	Model	Color	Date	Budget Amount
PD 134	Police Marked Vehicle	2014	Dodge	Durango	Black	12/9/2013	$ 50,000
PD 135	Police Marked Vehicle	2014	Chevrolet	Tahoe	Black & White	1/9/2014	50,000
FDBOAT 64	Rescue Water Craft Boat	2008	Yamaha	Wave Rider		2/25/2010	15,000
TOW 3	Lifeguard Tower 3	1996	2-Person		Blue	6/30/1996	38,001
PW 002	Public Works Aerial Lift & Bed	2000	Ford	F-550	White	10/1/2000	130,000
ST 021	Street Supervisor Truck	2003	Ford	F-150	White	6/30/2003	40,000
							$ 323,001

FY 2019

Vehicle No	Vehicle Description	Year	Make	Model	Color	Date	Budget Amount
PD 141	Police Unmarked Vehicle	2014	Ford	Explorer		3/21/2014	$ 35,875
PD 142	Police Unmarked Vehicle	2014	Ford	Explorer		3/21/2014	35,875
FD 141	Fire Command Vehicle Station 64	2014	Ford	Expedition	White	1/1/2015	56,580
WW 081	Wastewater Utility Truck	2009	Ford	F-350 4x4	White	6/30/2008	48,995
WW 091	Wastewater Vactor Truck	2009	International	7400		2/25/2010	380,685
							$ 558,010

Operational Initiatives

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	Fund	Rev/ Exp	One-time	Ongoing	Total	One-time	Ongoing	Total
Two City staff attending Park Safety Inspector Training and receiving Certification	General Fund	Exp	3,000		3,000			-
Mobile device citation capabilities with instant electronic record transfer imprinting	Parking Enterprise	Exp	6,000		6,000			-
Purchase replacement hanging file for large format plans	General Fund	Exp	3,600		3,600			-
Repair / replace damaged electrical conduit under South promenade	Pier Enterprise	Exp	10,000		10,000			-
Replace 15 year old parking lot & street striper with new model	General Fund	Exp	10,500		10,500			-
Annual subscription and maintenance fees for AutoCAD 2017	General Fund	Exp		3,202	3,202		4,300	4,300
Expand Community Outreach and Engagement through technology, for all City	General Fund	Exp		5,800	5,800		5,800	5,800
Reduce Clam Chronical printing fees to cover new cost of Electronic Community Outreach	General Fund	Exp		(3,700)	(3,700)		(3,700)	(3,700)
Sponsorship of Major Events/New Market Events (Chardonnay Symposium, AMGEN TOC, Denver & Seattle markets)	Lodging Business Improvement	Exp		110,000	110,000		125,000	125,000
Operational Initiatives Total			**$ 33,100**	**$115,302**	**$ 148,402**	**$ -**	**$ 131,400**	**$ 131,400**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Technology Projects

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Install air conditioning at Ontario Ridge radio site	Technology Service Fund	Exp	7,500		7,500			-
Install enterprise class data storage systems	Technology Service Fund	Exp	75,000		75,000			-
Laserfiche records management system upgrades	Technology Service Fund	Exp	42,300		42,300			-
Laserfiche records management system upgrades	Technology Service Fund	Exp			-		10,450	10,450
SmartProcure-4 smart search licenses annual payment is $1,500 for 3 years - allocate 1/3 to IT, 1/3 to Police, 1/3 to Engineering	Technology Service Fund	Exp		1,500	1,500		1,500	1,500
Technology Projects Total			**$ 124,800**	**$ 1,500**	**$ 126,300**	**$ -**	**$ 11,950**	**$ 11,950**

Revenue Enhancements

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Development Impact Fee Study	General Fund	Exp	10,000		10,000			-
Development Impact Fee Study	Impact Fees	Exp	30,000		30,000			-
TOT/LBID/SLOCTMD Audit	General Fund	Exp	67,500		67,500			-
TOT/LBID/SLOCTMD Audit	Lodging Business Improvement	Exp	7,500		7,500			-
TOT/LBID/SLOCTMD Audit recovery of unpaid LBID	Lodging Business Improvement	Rev	(7,500)		(7,500)	-		-
TOT/LBID/SLOCTMD Audit recovery of unpaid LBID	General Fund	Rev	(67,500)		(67,500)	-		-
Water & Wastewater Fee Study	Water Enterprise Fund	Exp	27,500		27,500			-
Water & Wastewater Fee Study	Wastewater Treatment Fund	Exp	27,500		27,500			-
Short-term rental tracking - Host Compliance	General Fund	Exp		15,000	15,000		15,000	15,000
Revenue Enhancements Total			**$ 95,000**	**$ 15,000**	**$ 110,000**	**$ -**	**$ 15,000**	**$ 15,000**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Public Safety

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Community camera pods and infrastructure for expandable modular system	General Fund	Exp	25,000		25,000	25,000		25,000
Pre Incident Attack maps	General Fund	Exp	3,200		3,200			-
Replace obsolete mobile police vehicle technology	Motor Vehicle Fund	Exp			-	150,000		150,000
Replace old PD security camera system	General Fund	Exp	30,000		30,000			-
Replace unreliable and fragile VieVu body cams with new WatchGuard	General Fund	Exp	25,000		25,000			-
Annual user license	General Fund	Exp		2,640	2,640		2,640	2,640
Public Safety Total			**$ 83,200**	**$ 2,640**	**$ 85,840**	**$ 175,000**	**$ 2,640**	**$ 177,640**

CVB-Visitor Information Center (VIC), Visitor Information Kiosk (VIK), Events

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
City Costs to support the Chamber VIC & VIK	General Fund	Exp		80,045	80,045		80,045	80,045
FY 18 Clam Festival & Band Review contracted costs; FY 19 Add July 4th	General Fund	Exp		36,000	36,000		54,000	54,000
Remove Chamber VIC funding	General Fund	Exp		(74,406)	(74,406)		(74,406)	(74,406)
Remove Chamber VIK funding	General Fund	Exp		(22,750)	(22,750)		(22,750)	(22,750)
City VIC Equipment & Operating costs	General Fund	Exp		15,000	15,000		5,000	5,000
City VIC Office Supplies	General Fund	Exp		2,500	2,500		2,000	2,000
CVB VIC, VIK, Events Total			**$ -**	**$ 36,389**	**$ 36,389**	**$ -**	**$ 43,889**	**$ 43,889**

ADOPTED WORK PLAN BUDGET REQUESTS FOR FY 2018 & FY 2019

Other Minor Allocations

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Technology Service Fund	Rev	(7,500)		(7,500)	-		-
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	General Fund	Exp		6,946	6,946		10,895	10,895
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Water Enterprise Fund	Exp		501	501		518	518
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Wastewater Treatment Fund	Exp		762	762		529	529
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Parking Enterprise Fund	Exp		706	706		214	214
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Technology Service Fund	Rev		(1,500)	(1,500)		(12,250)	(12,250)
Radio A/C at Ontario Ridge, Smart Procure, Laserfiche	Motor Vehicle Fund	Exp		85	85		94	94
Above Base MVR Allocation related to IT ongoing work plan items	General Fund	Exp		67	67		73	73
Above Base MVR Allocation related to IT ongoing work plan items	Water Enterprise Fund	Exp		8	8		10	10
Above Base MVR Allocation related to IT ongoing work plan items	Wastewater Treatment Fund	Exp		9	9		10	10
Above Base MVR Allocation related to IT ongoing work plan items	Parking Enterprise Fund	Exp		1	1		1	1
Above Base MVR Allocation related to IT ongoing work plan items	Motor Vehicle Fund	Rev		(85)	(85)		(94)	(94)
Purchase additional equipment for park maintenance to aerate lawns, broadcast seed and fertilizer; also utilize during special events.	General Fund	Exp			-		200	200
Purchase additional equipment for park maintenance to aerate lawns, broadcast seed and fertilizer; also utilize during special events.	Motor Vehicle Fund	Rev		-	-		(200)	(200)
		Exp			-		200	200
Other Minor Allocations Total			**$ (7,500)**	**$ 7,500**	**$ -**	**$ -**	**$ 200**	**$ 200**

TOTAL All Work Plans

			FY 2018 Adopted Budget			FY 2019 Adopted Budget		
Description	**Fund**	**Rev/ Exp**	**One-time**	**Ongoing**	**Total**	**One-time**	**Ongoing**	**Total**
Total All Categories and Funds	**All Funds**	**Net**	**$ 6,388,550**	**$414,559**	**$ 6,803,109**	**$3,689,400**	**$ 607,068**	**$ 4,296,468**

ADOPTED WORK PLAN CAPITAL PROJECTS FOR FY 2018 & FY 2019

The Capital Projects listed in this table represent the new Capital Projects budgeted for FY 2018 and FY 2019 and do not include existing baseline budget capital projects. These projects are included in the previous Adopted Work Plan Budget Requests for FY 2018 & FY 2019 table.

Category	Project Description	FY 2018	FY 2019
Bluff Protection	Bluff Inspection Program	$ 30,000	$ -
	Ebb Tide Park Bluff Protection	50,000	
	Memory Park Bluff Protection	50,000	
Bluff Protection Total		**130,000**	**-**
Parking	Dinosaur Caves Parking Lot Expansion	130,000	
	Parking Structure Design & Study	75,000	
	Pier Parking Lot Upgrades		250,000
	Spyglass Parking Lot Overlay	125,000	-
Parking Total		**330,000**	**250,000**
Parks	Beach Play Equipment Replacement	100,000	
	Dinosaur Caves Park New Play Equipment	125,000	
	Dinosaur Caves Park Restroom	325,000	
	Price Historic Park / Meherin House	50,000	
	Shell Beach Sport Court RR	225,000	
	Shell Beach Sports Court Expansion	125,000	
	Spyglass Play Equipment	125,000	
Parks Total		**1,075,000**	**-**
Promenades/ Beach Access	Pier Plaza Improvements, Parking Lot Design, Restroom Construction	350,000	1,000,000
	South Promenade Maintenance	10,000	-
Promenades/ Beach Access Total		**360,000**	**1,000,000**
Public Buildings and Support Facilities	City Hall Downstairs Improvements	30,000	
	City Hall Leaks	124,850	
	Corp Yard Lighting/Gate	10,500	
	Council Chamber Upgrade	47,000	
	Heaters for Bello St Vets Hall	200,000	
Public Buildings and Support Facilities Total		**412,350**	**-**
Public Facilities	Bluffs Fence Replacement	33,000	33,000
	Circulation Element Update	300,000	
	Corp Yard Fuel Tank	180,000	-
	Morro Ave Stair Replacement	750,000	-
	Ocean Blvd./Vista Del Mar Path	190,000	-
	Park Sign Updates	-	145,000
	Price St Beautification & Improvements	10,000	250,000
	Sidewalk Pavers	50,000	50,000
	St. Judes Tunnel Repairs	20,000	
Public Facilities Total		**1,533,000**	**478,000**

ADOPTED WORK PLAN CAPITAL PROJECTS FOR FY 2018 & FY 2019

Category	Project Description	FY 2018	FY 2019
Streets and Transportation	ADA Improvements Cypress	-	150,000
	Cypress/Pomeroy Intersection Pedestrian Scramble		162,000
Streets and Transportation		**-**	**312,000**
Technology	Body Camera Replacement	25,000	
	City Data Storage Systems	75,000	-
	Community Camera Program	25,000	25,000
	Laserfiche-Records Management Upgrade	42,300	-
	Mobile Data Computers		150,000
	Police Security Camera System	30,000	
	Traffic Study Program	18,000	
Technology Total		**215,300**	**175,000**
Wastewater System	Replace Chlorine Analyzer	25,000	
	Sewer System Mgmt Plan		200,000
Wastewater System Total		**25,000**	**200,000**
Water System	Backup Generator Replacement	140,000	
	Booster Station Variable Frequency Drives	54,500	
	Pacific Estates Reservoir Maintenance	-	750,000
	Pismo Heights Generator Enclosure	100,000	-
	Regional Groundwater Sustainability Project	500,000	500,000
	Shell Beach Reservoir 1 Replacement	1,700,000	-
Water System Total		**2,494,500**	**1,250,000**
Vehicles	Parking Lot Striper, Polaris Vehicle	10,500	25,000
Vehicles Total		**10,500**	**25,000**
Capital Projects Total		**$ 6,585,650**	**$ 3,690,000**

ADOPTED BASE BUDGET CAPITAL PROJECTS FOR FY 2018 & FY 2019

The following table includes capital projects included in the FY 2018 and FY 2019 base budgets. These projects represent items already part of the City's baseline operating budget.

Category	Project Description	FY 2018	FY 2019
Public Facilities	Sidewalk Pavers	$ 50,000	$ 50,000
Public Facilities Total		**50,000**	**50,000**
Wastewater	Wastewater Pump Replacement	40,800	40,800
Wastewater Total		**40,800**	**40,800**
Water	Replace aging water meters	50,000	50,000
	Replace water distribution system valves	33,000	33,000
Water Total		**83,000**	**83,000**
Vehicles	FD141 Command Vehicle Station 64		56,580
	FDBOAT64 Rescue Water Craft Boat 64 w Trailer	15,000	
	PD134 Marked Vehicle	50,000	
	PD135 Marked Vehicle	50,000	
	PD141 Unmarked Vehicle		35,875
	PD142 Unmarked Vehicle		35,875
	PW002 Aerial Lift & bed only	130,000	
	ST021 Street Supervisor Truck	40,000	
	TOW 3 Lifeguard Tower 3	38,001	
	WW081 Wastewater Utility		48,995
	WW091 Wastewater Vactor Truck		380,686
Vehicles Total		**323,001**	**558,011**
Capital Projects Base Budget Total		**$ 496,801**	**$ 731,811**

COMPARATIVE BUDGETED STAFFING

COMPARATIVE BUDGETED STAFFING FY 2013 THROUGH 2019 - ALL FUNDS

POSITIONS	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Executive Assistant	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Management Services Director	0.00	0.00	0.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deputy City Clerk	0.50	0.00	0.00	0.00	0.00	0.00	0.00
Administrative Assistant	0.00	1.00	1.00	1.00	1.00	1.00	1.00
Office Assistant II	1.00	0.00	0.00	0.00	0.00	0.00	0.00
	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Human Resources Officer	1.00	1.00	1.00	0.00	0.00	0.00	0.00
CVB Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00
CVB Tourism Coordinator	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Admin Services Director	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Finance Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Account Technician	3.00	3.00	3.00	2.00	1.00	1.00	1.00
Accounting Clerk	0.00	0.00	0.00	1.00	2.00	2.00	2.00
Accountant	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Office Assistant II	1.00	1.00	1.00	1.00	1.00	1.00	1.00
IT Manager	0.00	0.00	1.00	1.00	1.00	1.00	1.00
	7.00	7.00	8.00	8.00	8.00	8.00	8.00
ADMINISTRATION TOTAL:	14.00	14.00	15.00	15.00	15.00	15.00	15.00
Police Chief	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Commander	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parking Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Police Corporal	2.00	2.00	2.00	4.00	4.00	3.00	3.00
Police Sergeant	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Police Officer	12.00	12.00	12.00	10.00	10.00	11.00	11.00
Police Officer - Grant	0.00	1.00	1.00	1.00	1.00	1.00	1.00
CSO	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Support Services Supervisor	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Dispatcher/Records Technician	8.00	8.00	8.00	8.00	8.00	8.00	8.00
POLICE TOTAL:	34.00	35.00	35.00	35.00	35.00	35.00	35.00

COMPARATIVE BUDGETED STAFFING

COMPARATIVE BUDGETED STAFFING FY 2013 THROUGH 2019 - ALL FUNDS

POSITIONS	FY 12-13	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Community Development Dir	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Inspector I	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Building Inspector II	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Building Permit Technician	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Planning Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Secretary	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Recreation Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00
COMMUNITY DEV TOTAL:	10.00	10.00	10.00	10.00	10.00	9.00	9.00
Public Works Dir/City Eng	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Senior Engineer	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Engineer	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Associate Civil Engineer	2.00	2.00	2.00	0.00	0.00	0.00	0.00
Administrative Secretary	1.00	1.00	1.00	2.00	2.00	2.00	2.00
Engineering Technician/Asst. Eng.	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Utilities Manager	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Facilities Manager	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Public Works Superintendent	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Public Works Facilities Supervisor	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Lead Worker Streets/Govt Build.	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Lead Worker Parks	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Maintenance Worker II	6.00	6.00	6.00	5.00	5.00	4.00	4.00
Maintenance Worker I	3.00	3.00	3.00	2.00	3.00	4.00	4.00
Water System Supervisor	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Lead Worker Water	0.00	0.00	0.00	1.00	1.00	1.00	1.00
Water Operator I	3.00	1.00	1.00	1.00	2.00	2.00	2.00
Water Operator II	1.00	3.00	3.00	3.00	1.00	1.00	1.00
Wastewater Ops Supervisor	1.00	1.00	1.00	0.00	0.00	0.00	0.00
Lead Worker Wastewater	0.00	0.00	0.00	1.00	1.00	1.00	1.00
WWTP Mechanic	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Treatment Plant Operator II	3.00	5.00	5.00	4.00	4.00	4.00	4.00
Treatment Plant Operator I	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Compliance	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fleet Mechanic	1.00	1.00	1.00	1.00	1.00	1.00	1.00
PUBLIC WORKS TOTAL:	29.00	29.00	29.00	29.00	29.00	29.00	29.00
TOTAL ALL CITY:	**87.00**	**88.00**	**89.00**	**89.00**	**89.00**	**88.00**	**88.00**

PERSONNEL BUDGET DETAIL

Personnel Budget Expenditure Detail
FY 2018

Funds	General Fund	LBID Fund	Chapman Estate Fund	Water Fund	Wastewater Fund	Parking Fund	Tech Fund	MVR Fund	Total Costs
Gross Wages									
Salaries-Full Time	$ 6,142,959	$ -	$ -	$ 397,806	$ 587,233	$ 139,899	$ 104,406	$ 68,019	$ 7,440,322
Salaries-Temp Part Time	704,255	31,518	6,000	7,132	7,132	76,904	6,500	-	839,441
Salaries-Overtime	199,749	-	-	27,700	30,000	1,600	-	2,000	261,049
Total Gross Wages	7,046,963	31,518	6,000	432,638	624,365	218,403	110,906	70,019	8,540,812
Retirement									
PERS Retirement	657,871	-	-	28,165	52,091	12,468	6,450	6,869	763,914
Social Security	525,113	2,364	460	33,483	48,258	15,729	8,902	6,108	640,417
Deferred Compensation	70,386	-	-	2,275	2,725	1,650	2,000	-	79,036
PERS UAL	1,307,282			36,429	112,020	20,526	-	18,215	1,494,472
Total Retirement	2,560,652	2,364	460	100,352	215,094	50,373	17,352	31,192	2,977,839
Insurances									
Health Insurance	889,793	-	-	89,125	104,994	18,937	7,044	-	1,109,893
Dental Insurance	74,981	-	-	7,081	7,700	1,172	532	532	91,998
Vision Insurance	16,400	-	-	1,541	1,754	268	134	134	20,231
Life Insurance	8,892	-	-	712	967	172	111	118	10,972
Unemployment Insurance	30,859	-	-	2,000	2,949	704	527	343	37,382
Workers' Compensation	384,614	186	60	40,055	58,047	14,257	1,129	10,322	508,670
Flexible Benefit Allowance	192,413	-	-	8,808	14,948	314	2,563	9,161	228,207
LT Disability Insurance	2,500	-	-	-	-	-	-	-	2,500
Total Insurances	1,600,453	186	60	149,322	191,359	35,824	12,040	20,610	2,009,854
Other Benefits									
Uniform Allowance	33,400	-	-	-	-	-	-	-	33,400
Section 125 Admin Fee	1,613	-	-	155	238	83	-	72	2,161
Expense Allowance	19,170	-	-	300	600	450	-	-	20,520
E.A.P.	2,137	-	-	177	239	42	29	29	2,653
Retiree Medical Insurance	492,304	-	-	-	-	-	-	-	492,304
Sick Leave Payback	63,000	-	-	-	-	-	-	-	63,000
Total Other Benefits	611,624	-	-	632	1,077	575	29	101	614,038
TOTAL CITY COSTS	**$ 11,819,692**	**$ 34,068**	**$ 6,520**	**$ 682,944**	**$1,031,895**	**$ 305,176**	**$ 140,327**	**$ 121,922**	**$14,142,542**

PERSONNEL BUDGET DETAIL

Personnel Budget Expenditure Detail
FY 2019

Funds	General Fund	LBID Fund	Chapman Estate Fund	Water Fund	Wastewater Fund	Parking Fund	Tech Fund	MVR Fund	Total Costs
Gross Wages									
Salaries-Full Time	$ 6,426,507	$ -	$ -	$ 419,890	$ 613,442	$ 148,623	$ 109,273	$ 70,060	$ 7,787,795
Salaries-Temp Part Time	709,681	31,827	6,000	7,202	7,202	77,658	6,500	-	846,069
Salaries-Overtime	199,749	-	-	27,700	30,000	1,600	-	2,000	261,049
Total Gross Wages	7,335,937	31,827	6,000	454,792	650,644	227,881	115,773	72,060	8,894,913
Retirement									
PERS Retirement	731,795	-	-	31,847	57,728	14,129	7,474	7,538	850,511
Social Security	536,506	2,435	460	34,321	49,500	15,978	9,142	6,264	654,606
Deferred Compensation	70,386	-	-	2,275	2,725	1,650	2,000	-	79,036
PERS UAL	1,224,211	-	-	34,685	106,655	20,148	-	17,342	1,403,041
Total Retirement	2,562,898	2,435	460	103,128	216,608	51,905	18,616	31,144	2,987,194
Insurances									
Health Insurance	897,654	-	-	89,125	104,994	19,142	7,044	-	1,117,959
Dental Insurance	77,315	-	-	7,254	7,888	1,201	545	545	94,748
Vision Insurance	16,871	-	-	1,579	1,799	274	138	138	20,799
Life Insurance	9,111	-	-	730	991	176	113	121	11,242
Unemployment Insurance	31,790	-	-	2,059	3,036	725	542	354	38,506
Workers' Compensation	462,641	188	60	44,171	64,007	15,100	1,227	11,349	598,744
Flexible Benefit Allowance	192,413	-	-	8,808	14,948	314	2,563	9,161	228,207
LT Disability Insurance	2,500	-	-	-	-	-	-	-	2,500
Total Insurances	1,690,296	188	60	153,726	197,663	36,932	12,172	21,668	2,112,705
Other Benefits									
Uniform Allowance	33,400	-	-	-	-	-	-	-	33,400
Section 125 Admin Fee	1,613	-	-	155	238	83	-	72	2,161
Expense Allowance	19,170	-	-	300	600	450	-	-	20,520
E.A.P.	2,238	-	-	186	251	44	30	30	2,779
Retiree Medical Insurance	520,335	-	-	-	-	-	-	-	520,335
Sick Leave Payback	63,000	-	-	-	-	-	-	-	63,000
Total Other Benefits	639,756	-	-	641	1,089	577	30	102	642,195
TOTAL CITY COSTS	**$ 12,228,887**	**$ 34,450**	**$ 6,520**	**$ 712,287**	**$1,066,004**	**$ 317,294**	**$ 146,591**	**$ 124,974**	**$14,637,007**

CONSTITUTIONAL SPENDING LIMITS GANN LIMIT

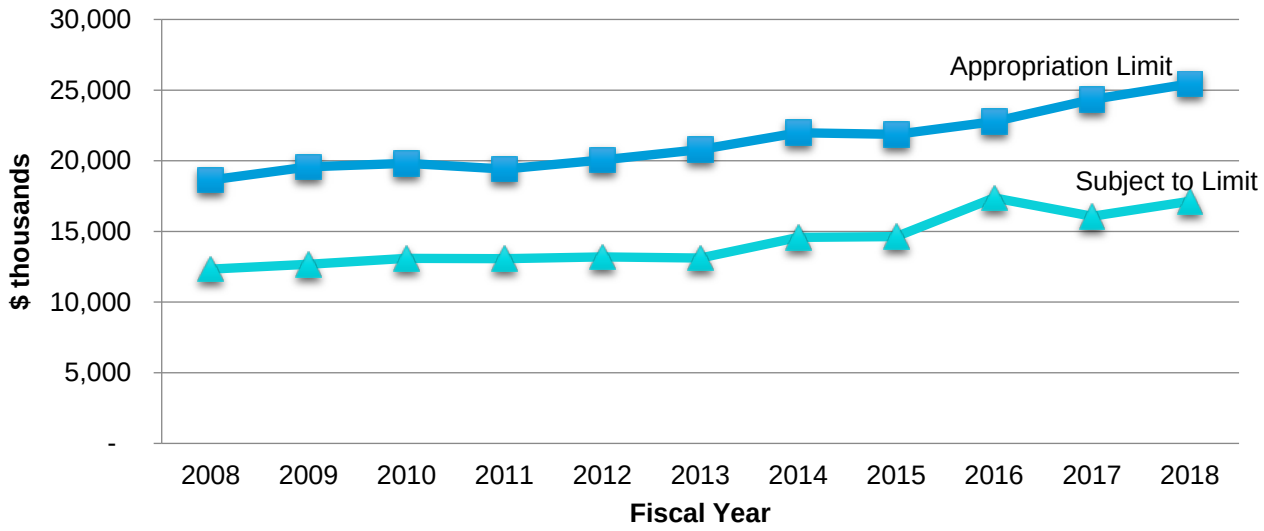
Article XIII (B) of the California Constitution**,** Adopted by the voters on June 6, 1979, provides that the City's annual appropriations from State and local taxes be subject to certain State limitations. Under its provisions, no local agency can appropriate proceeds of taxes in excess of its "appropriations limit." Excess funds may be carried over into the next year. However, any excess funds remaining after the second year must be returned to taxpayers by reducing tax rates or fees; or a majority of the voters may approve an override to increase the limit. This appropriations limit is often referred to as the Gann Limit, which is calculated each year, and established by a resolution of the City Council.

The purpose of this law is to limit government spending by putting a cap on the total proceeds of taxes that may be appropriated each year. The original Article XIII (B) was modified by Proposition 111 and SB 88 approved by California voters in June of 1990. Proposition 111 allows cities more flexibility in choosing certain inflation and population factors to calculate the limit.

Each year's limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79 in each agency, modified for changes in inflation and population in each subsequent year. Proposition 111 allows cities to choose either the growth in California per capita income or the growth in non-residential assessed valuation due to new construction in the City. To calculate the Gann spending limit, the prior year's limit is adjusted by the growth factor of the California Per Capita Personal Income, and by the change in the population within the City of Pismo Beach. The Gann Limit calculation for FY 2018 determined that $25.4 million was the appropriation limit and the City's budget includes $17.1 million that are subject to the limit. The City Council approved the Gann Limit calculation in Resolution No. R-2017-055 on June 20, 2017.

The following table illustrates the calculated appropriation limit compared to the appropriations subject to the limit over a ten year period. The City's appropriations subject to the limit are consistently well below the appropriation limit, averaging about 66% under the limit over this period.

Appropriation Limit vs. Appropriations Subject to Limit



DEBT SERVICE

The City of Pismo Beach allocates a prudent amount each year for various capital projects for replacement, maintenance, and other capital infrastructure. This type of spending is critical to the City maintaining its vital infrastructure, maintaining safe streets, ensuring clean water quality, and providing wastewater services. The City typically uses built up unassigned fund balances or net assets to fund these capital projects on a pay-as-you-go basis. However, there are times in which it is appropriate to consider debt financing.

Debt financing is for one-time capital improvement projects, not ongoing operating expenses. The term of the debt issuance should not exceed the useful life expectancy of the asset acquired, constructed, or improved. A funding source for the debt service payments must be identified, including project financing paid for directly by the users of the facility. It is also economical to issue debt if the benefit of the capital improvement will last over 10 years. The debt service payments would come out of payments by the current residents or visitors benefitting from the project.

The City is subject to the California Government Code, Section 43605 sets debt limit at 15 percent of the assessed value of all real and personal property of the City. This Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25 percent of market value. Thus, one-fourth of the limit is adjusted and is calculated to be 3.75 percent (15%/4) to show assessed valuation at full cash value. This legal debt margin applies to General Obligation debt.

Based upon the assessed value of $2.98 billion for FY 2017 the City is limited to general obligation indebtedness of $111.68 million. As the City does not have any general obligation debt, the City is within the legal debt limit as described by the California Government Code.

FY 2017 Legal Debt Margin

Gross Assessed Valuation	$2,978,208,468
Debt Margin Ratio (1)	0.0375
Debt Margin	$111,682,818
Less: Outstanding General Obligations	$ 0.00
Net Debt Margin	$111,682,818

General Obligation Debt: The City presently has no general obligation debt.

Lease Revenue Refunding Bonds: The City has one outstanding debt issue with a principal amount outstanding as of July 1, 2017 of $4,755,000. The issuance is a lease revenue refunding bonds that are a special or limited obligation of the Pismo Beach Public Financing Authority.

The 2012 Series Bonds refund a 2004 Series that originally funded the Wastewater Treatment Plant Facility upgrade and State Revolving Fund Loan Match. As of July 1, 2017, the outstanding principal balance of the 2012 Series is $4,755,000. These bonds mature in 2033. The City makes debt service payments from Wastewater Enterprise Fund revenues.

DEBT SERVICE

Lease Revenue Bonds: The City issued Lease Revenue Bonds for the Pier Rehabilitation Project in June 2017 in the amount of $7,685,000, which is the outstanding principal balance at June 30, 2017.

State Revolving Fund Loans: The City has three State Revolving Fund (SRF) loans for various wastewater capital improvement projects. SRF loans are low-interest loans for investments in water and sanitation infrastructure. The City's SRF loans include a principal outstanding loan amount of $5,020,005 for the Wastewater Treatment Plant, $107,787 for the Park and Cypress Interceptor project, and $448,587 for the Pismo Oaks lift station project, as of July 1, 2017. Wastewater Funds support the annual payments on these loans.

The following debt service tables show (a) the annual payment information and maturity dates for the City's outstanding debt obligations without compensated absences, (b) outstanding debt service and liabilities by fund with compensated absences, and (c) total outstanding debt service by debt obligation and liability. These tables reflect balances as of June 30, 2017

DEBT SERVICE

Outstanding Debt Service Table

Annual Payment Information and Maturity Dates

As of June 30, 2017

Fund	Description	Principal Balance June 30, 2017	Annual P&I* Debt Service Payment	Date Matured	No. of Pmts Remaining
General	2007 Series Bonds (Dinosaur Caves & Civic Center Project Refunding)	$ -	$ -	12/1/2024	0
Pier	2017 Series Bonds (Pier Rehabiliation Project)	$ 7,685,000	$ 403,237	12/1/2037	21
Wastewater	2012 Series Bonds (Wastewater Treatment Facilities & Loan Match Refunding)	$ 4,755,000	$ 391,863	1/1/2033	16
	SRF Loan 2004 (New Wastewater Treatment Plant)	$ 5,020,005	$ 609,259	2/26/2026	9
	SRF Loan 2006 (Park/Cypress Interceptor Project)	$ 107,787	$ 14,647	2/26/2026	9
	SRF Loan 2009 (Pismo Oaks Lift Station Project)	$ 448,587	$ 41,907	1/1/2029	12
	Total Wastewater Fund	$ 10,331,379	$ 1,057,675		
	Total	$ 18,016,379	$ 1,460,912		

*P&I represents Principal and Interest payments for future years

** Excludes Compensated Absences

DEBT SERVICE

Outstanding Debt Service and Liabilities By Fund
As of June 30, 2017

Fund	Description	July 1, 2016 Beginning Balance	Additions	Retirements	June 30, 2017 Ending Balance
General	2007 Series Bonds (Dinosaur Caves & Civic Center Project Refunding)	$ 3,040,000		$ (3,040,000)	$ -
	Compensated Absences (Employee Leave Balances)	$ 367,189	$ 58,553	$ -	$ 425,741
	Total General Fund	$ 3,407,189	$ 58,553	$ (3,040,000)	$ 425,741
Water	Compensated Absences (Employee Leave Balances)	$ 18,736	$ -	$ (7,028)	$ 11,708
	Total Water Fund	$ 18,736	$ -	$ (7,028)	$ 11,708
Wastewater	2012 Series Bonds (Wastewater Facilities & SRF Loan Match Refunding)	$ 4,960,000		$ (205,000)	$ 4,755,000
	SRF Loan (New Wastewater Treatment Plant)	$ 5,529,566		$ (509,561)	$ 5,020,005
	SRF Loan (Park/Cypress Interceptor Project)	$ 120,158		$ (12,371)	$ 107,787
	SRF Loan (Pismo Oaks Lift Station Project)	$ 481,806		$ (33,220)	$ 448,587
	Compensated Absences (Employee Leave Balances)	$ 29,782	7,057	$ -	$ 36,838
	Total Wastewater Fund	$ 11,121,312	$ 7,057	(760,152)	$ 10,368,217
Pier	2017 Series Bonds (Pier Rehabiliation Project)	$ -	$ 7,685,000	-	$ 7,685,000
	Total Pier Fund	$ -	7,685,000	-	$ 7,685,000
Parking	Compensated Absences (Employee Leave Balances)	$ 789	3,474	$ -	$ 4,262
	Total Parking Fund	$ 789	$ 3,474	$ -	$ 4,262
Motor Vehicle	Compensated Absences (Employee Leave Balances)	$ 8,275	$ -	(2,648)	$ 5,627
IT	Compensated Absences (Employee Leave Balances)	$ 1,081	$ -	(18)	$ 1,062
	Total	**$ 14,557,381**	**$ 7,754,083**	**$ (3,809,846)**	**$ 18,501,618**

DEBT SERVICE

Outstanding Debt Service Table by Obligation and Liability

As of June 30, 2017

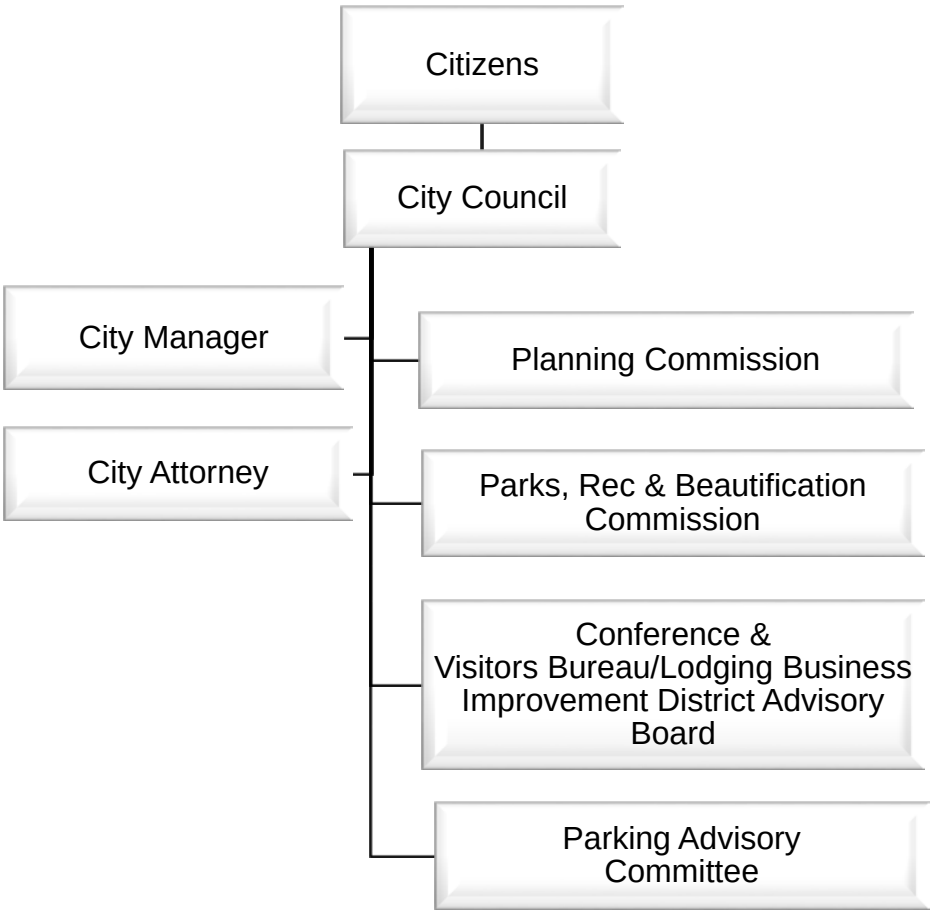
Description	July 1, 2016 Beginning Balance	Additions	Retirements	June 30, 2017 Ending Balance
2007 Series Bonds (Dinosaur Caves & Civic Center Project Refunding)	$ 3,040,000		$ (3,040,000)	$ -
2012 Series Bonds (Wastewater Facilities & Loan Match Refunding)	4,960,000		(205,000)	4,755,000
2017 Pier Rehabilitation Project Bonds (Lease Revenue Bonds)	-	7,685,000	-	7,685,000
SRF Loan (New Wastewater Treatment Plant)	5,529,566		(509,561)	5,020,005
SRF Loan (Park/Cypress Interceptor Project)	120,158		(12,371)	107,787
SRF Loan (Pismo Oaks Lift Station Project)	481,806		(33,220)	448,587
Comp. Absences (Employee Leave Balances)	425,850	59,389		485,239
Total	**$ 14,557,381**	**$ 7,744,389**	**$ (3,800,152)**	**$ 18,501,618**

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Photo Credit: Golden hour sunset negative low tide in Pismo Caves by Vivian Krug

City Council



CITY COUNCIL

ACTIVITY DESCRIPTION

The City Council is the five-member legislative body of the City of Pismo Beach. Members of the City Council are elected at-large to staggered four-year terms, with the exception of the Mayor who is elected and has a term of two years. The City Council establishes policies for the City, which are implemented by staff under the direction of the City Manager. Various advisory commissions, committees and boards comprised of citizens appointed by the City Council, also advise the City Council. The City Manager and the City Attorney are directly appointed by the Council.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	89,834	93,731	103,664	109,120	110,440	46%
Operations & Maintenance	157,989	156,434	219,434	83,890	86,890	35%
Other Expenses	8,440	23,594	43,324	45,722	46,625	19%
Totals	**$256,262**	**$273,758**	**$366,422**	**$238,732**	**$243,955**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Created Reserves for Risk Management, Debt Service/Pensions, and Building Maintenance
- ✓ Implemented short, mid-term and long-term goals
- ✓ Continued League of California Cities involvement
- ✓ Continuous investment in City infrastructure maintenance and improvements
- ✓ Maintained strong financial position
- ✓ Adopted effective legislative advocacy program

Work Program Highlights for Next Two-Year Budget:

- Volunteer Banquet
- Implement Major City Goals and Priorities
- Continue League of California Cities involvement
- Continuous investment in city infrastructure
- Represent the City effectively on various regional boards and committees
- Enact State and Federal legislative platforms

City Attorney

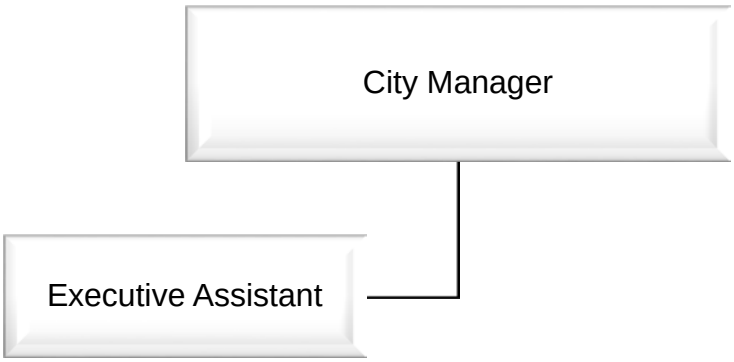
ACTIVITY DESCRIPTION

The City Attorney is the chief legal advisor for the City and provides legal services to the City through a contractual arrangement approved by the City Council. The City Attorney's Office manages all aspects of the City's legal affairs; researches, drafts and/or reviews ordinances, resolutions, contracts, bonds and other legal documents supporting the actions of the City Council; advises the Council, City Manager and departments on the legality of various procedural and substantive matters; represents the City in administrative proceedings and court trials; and manages all litigation and oversees outside counsel as appropriate. Legal services actual hours expended per year dependent on legal service needs of Council, City Manager and Department Heads.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Council & Administration	86,373	82,914	82,500	82,500	82,500	32%
Finance	9,896	7,575	9,900	9,900	9,900	4%
Community Development	8,837	16,634	16,500	16,500	16,500	6%
Public Works	3,547	3,242	16,500	10,000	10,000	4%
Police	28,400	8,487	16,500	30,000	30,000	12%
Fire	51	617	3,900	3,000	3,000	1%
Civil Litigation	144,534	142,076	75,500	100,000	125,000	39%
Other Legal	0	0	0	2,000	2,000	1%
Subscriptions	0	0	1,000	0	0	0%
Totals	**$281,637**	**$261,543**	**$222,300**	**$253,900**	**$278,900**	**100%**

City Manager's Office



	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
City Manager	1	1	1	1	1
Executive Assistant	1	1	1	1	1
Total Department Staff	**2**	**2**	**2**	**2**	**2**

ACTIVITY DESCRIPTION

The City Manager's Office is the executive and administrative arm of the City. With responsibility for implementing the policy direction of the City Council, the City Manager coordinates and directs the work efforts of the various departments of the City; submits for Council review and consideration of the two-year budget and implements the same; interfaces with the public on behalf of the City Council; undertakes special projects of high importance to the City Council; and serves as the City's personnel and purchasing officer appointing all employees and enforcing purchasing procedures.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	313,751	332,455	361,408	388,889	403,812	74%
Operations & Maintenance	104,656	76,046	124,505	139,406	139,708	26%
Totals	**$418,407**	**$408,501**	**$485,913**	**$528,295**	**$543,520**	**100%**

CITY MANAGER'S OFFICE

Accomplishments Prior Two-Year Budget:

- ✓ Continued to reduce City's operating expenses and ensure efficient operations
- ✓ Maintained City's financial security by decreasing expense and enhancing revenue streams
- ✓ Implemented programs to enhance training and morale of all employees
- ✓ Successfully launched a more robust, citizen-focused, goal-setting process
- ✓ Continued to pursue private investments to grow the City's economy and remain at the center of Diablo Canyon Nuclear Power Plant closure discussions
- ✓ Substantially accomplished the Council's Adopted Goals
- ✓ Maintained momentum on rehabilitating the City's infrastructure
- ✓ Organized two successful annual goal-setting sessions for the City Council
- ✓ Took effective action to protect the community during emergencies and sought appropriate agency funding

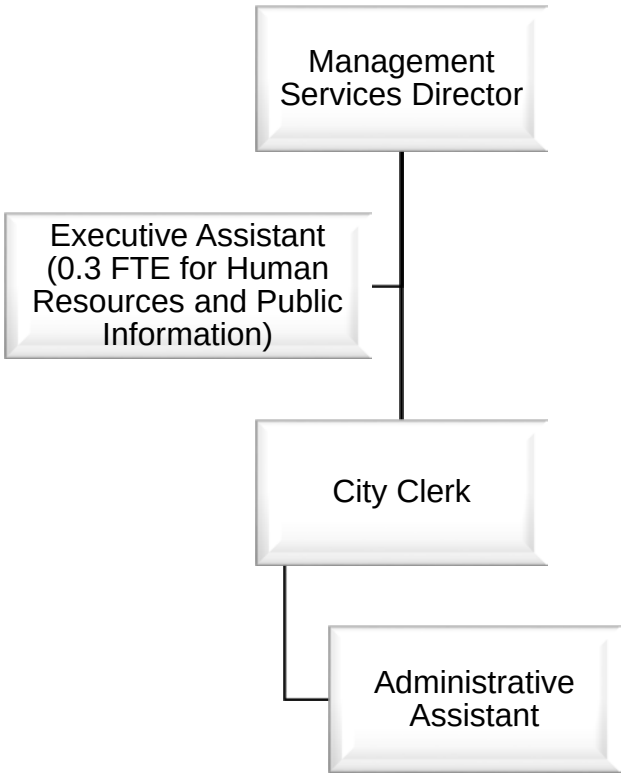
Work Program Highlights for Next Two-Year Budget:

- Continue to focus on cost effective and efficient operations
- Develop new revenue opportunities
- Increase citizen engagement / public information
- Plan effectively to mitigate the closure of Diablo Canyon Nuclear Power Plant and protect the City's economy
- Work to accomplish progress and completion of City Council priority goals, including the Major City Goals:

    - Downtown Circulation and Parking
    - Water Supply and Conservation
    - Bello Street Corridor/Old City Hall
    - Downtown Revitalization and Beautification
    - Bluff Protection

- Further develop meaningful and beneficial partnerships with other government, non-profit, and private entities
- Ambitiously pursue grant opportunities
- Enhance quality of life for residents
- Continue development of an entrepreneurial and service oriented staff culture
- Protect the City's economy

Management Services



	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Management Services Director	0	1	1	1	1
City Clerk	1	1	1	1	1
Administrative Assistant	1	1	1	1	1
Total Department Staff	**2**	**3**	**3**	**3**	**3**

ACTIVITY DESCRIPTION

The Management Services Department provides services to support internal and external resources, information and communications to citizens, City Council and City staff. Specific services include oversight, consistency, customer service and support for programs including: Human Resources and Staff Development, Risk Management and City Safety Programs, Public Outreach, Legislative Affairs, and Public Information. The City Clerk Division assures transparency, compliance with the Brown Act, Public Records Act, Maddy Act, Political Reform Act, and other codes (in cooperation with the City Attorney's Office). The City Clerk is the City's Elections Official, FPPC Filing Officer, Records Manager, and Advisory Body membership administrator.

MANAGEMENT SERVICES

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
City Clerk	273,702	283,873	328,084	313,731	330,876	50%
Human Resources	241,951	319,943	309,074	311,052	343,614	50%
Totals	**$515,653**	**$603,815**	**$637,158**	**$624,783**	**$674,490**	**100%**

Accomplishments Prior Two-Year Budget:

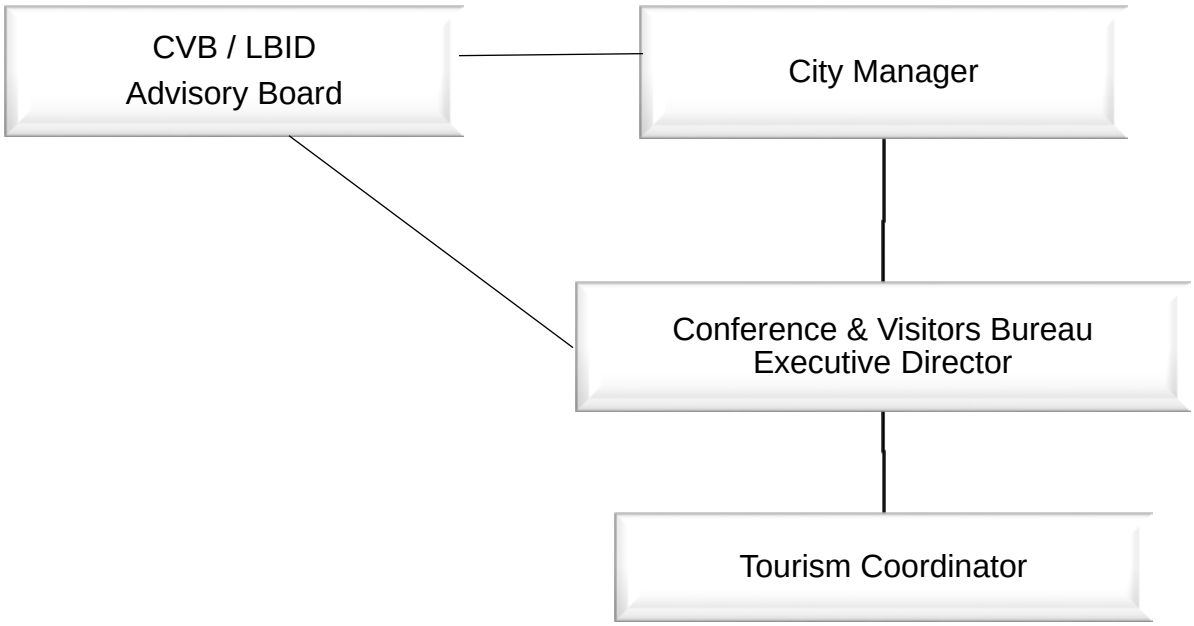
- ✓ Negotiated successor Memorandums of Understanding with POA and SEIU bargaining units for new three-year agreements. Updated City's Personnel Rules to reflect new laws and policies
- ✓ Risk Management focus on completion of Americans with Disabilities Act Transition Plan, enhanced employee Safety Programs that reduce both number and severity of claims, and updated insurance for earthquake and flood coverage of key City infrastructure to reduce risk exposure
- ✓ Received national award for employee culture and development programs. Continued to develop opportunities to enhance employee culture through staff development, education and engagement programs, including the new Onboarding and Peer Assistance Programs. Developed promotion assessment and succession planning tools as well as a supervisor training program on labor law and internal policies
- ✓ Converted employee medical and Workers' Compensation claims records to secure, paperless electronic format
- ✓ Implemented new Public Outreach program, Pismo Voice, for goal-setting/budget process to solicit community feedback and priorities for the FY 2018 and 2019 budget process
- ✓ Conducted 33 full-time and 17 part-time recruitments, hiring 61 new employees (20 full-time and 41 part-time or seasonal)
- ✓ Conducted 2016 General Municipal Election
- ✓ Edited, distributed and archived legislative materials, clerked and conducted follow-up activities for approximately 100 Council meetings
- ✓ Transitioned Special Events permitting duties to CVB
- ✓ Conducted recruitment for, oriented, and helped train 35 new and reappointed Advisory Body members

MANAGEMENT SERVICES

Work Program Highlights for Next Two-Year Budget:

- Negotiate successor Memorandums of Understanding with both employee bargaining units
- Continue to focus on Risk Management program improvements, including the ADA program, reducing liability claims through focus on Public Works infrastructure corrections, and reduction of Workers' Compensation claims through employee safety programs, training, and incentive programs
- Complete Risk Management projects to update language on all City contracts and centralize insurance certificate tracking
- Develop Public Outreach Guide for City Staff, incorporating new software to enhance the public outreach process and government transparency
- Develop Standard Operating Procedures for human resource functions
- Site Plan, Facilities Needs Assessment, and Conceptual Design of New Safety Center, to include Fire Station at Old City Hall, with consideration for historical preservation, and expansion of Police Station
- Conduct 2018 General Municipal Election, including any associated measures
- Update and expand Advisory Body Handbook; streamline recruiting processes
- Complete core components of Records Management Project including adoption of Master Records Inventory & Retention Schedule and fully-utilized online Public Records Portal; increase organization-wide access to and utilization of Laserfiche
- Work with Records Coordinators to digitize and automate numerous and varied existing business processes
- Continue to develop programs to better educate staff, Council and Advisory Body members regarding Political Reform Act, Brown Act, and Public Records Act compliance
- Make significant operational, technological, and aesthetic improvements to the Council Chamber
- Develop new and enhanced Administrative Policies; compile in a handbook

Conference & Visitors Bureau



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
CVB Executive Director	1	1	1	1	1
CVB Tourism Coordinator	0	1	1	1	1
CVB Administrative Assistant	1	0	0	0	0
Total Department Staff	**2**	**2**	**2**	**2**	**2**

Conference & Visitors Bureau

ACTIVITY DESCRIPTION

The Conference & Visitors Bureau (CVB) promotes tourism to Pismo Beach, thereby enhancing the City's General Fund Revenue through increased transient occupancy taxes and, to a lesser, but significant extent, sales tax revenues. The mission is to increase overnight visitorship and visitor expenditures, with emphasis on mid-week and off-season tourism. With advice from the five-member Conference & Visitors Bureau Board of Directors and the CVB's Contracted Advertising Agency, program efforts emphasize social media and digital media advertising with supplemental efforts in periodical media advertising in all core market regions and new market areas; increasing traffic and lodging referrals through the tourism website; participation in consumer and industry trade shows; administration of the contract under which the Visitors Information Center is operated; development and maintenance of ongoing relations with travel writers, tour operators and media representatives; and preparation of print and digital collateral materials (visitor guides, brochures and flash drives) for distribution through the Visitors Information Centers, at trade shows, during FAM trips and any other channels.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	207,564	230,524	234,404	319,003	329,467	44%
Operations & Maintenance	367,517	321,062	334,673	384,856	393,184	53%
Capital Outlay	0	0	0	0	0	0%
Other Expenses	22,000	22,000	29,000	22,000	22,000	3%
Totals	**$597,082**	**$573,586**	**$598,077**	**$725,859**	**$744,651**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Increased market research through use of Smith Travel Research (STR) Reports and continued website and social media analysis
- ✓ Participated in tourism trade shows where we represented Pismo Beach, including International Pow Wow, Go West Summit, National Tour Association Travel Exchange, CalSAE, Los Angeles and Bay Area Travel & Adventure Shows, Visit CA Media Events and San Joaquin Valley Business Mixers
- ✓ Took over Special Event Committee administrative functions and Chair position
- ✓ Participated on the County Tourism Marketing District's Marketing Committee to support the goal of increasing the pool of marketing dollars and improving county destination awareness to remain competitive against other destination marketing organizations

Conference & Visitors Bureau

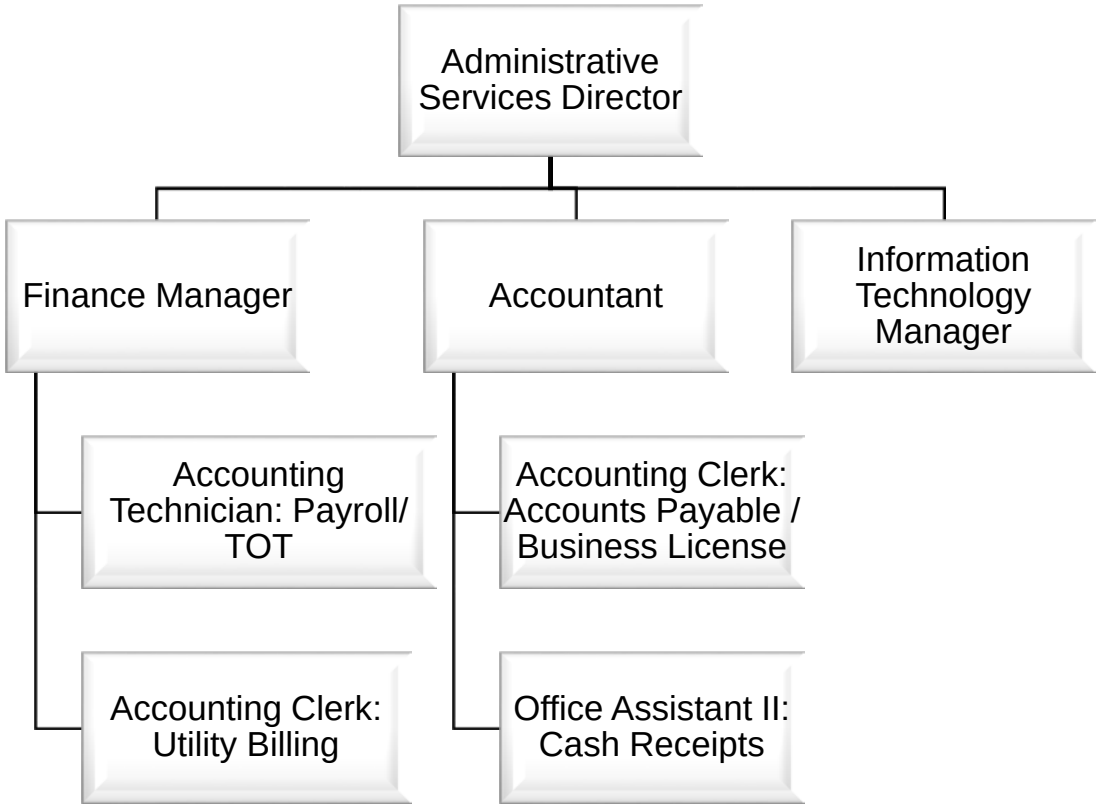
Accomplishments Prior Two-Year Budget (continued):

- ✓ Designed and printed updated visitor's guides, event calendar rack cards, meeting planner brochures, and new overhead banners for Price Street and Clam Island
- ✓ Began using Simpleview Customer Relationship Management (CRM) software to manage marketing contacts and leads

Work Program Highlights for Next Two-Year Budget:

- Follow the Strategic Plan initiatives of Smart Tourism Growth, Collaborative Partnerships, Expanding the Brand, and Building Strong Visitor Satisfaction
- Continue to participate in tourism trade shows and represent Pismo Beach, including International Pow Wow, Go West Summit, Los Angeles and Bay Area Travel & Adventure Shows, Visit CA Media Events and San Joaquin Valley Business Mixers
- Continue to successfully oversee the Special Event Committee, streamline efforts where possible, annually evaluate the application process and fee schedule, and work with event organizers to see how the CVB can partner and promote events that have a potential impact on lodging and sales tax revenues for the City
- Improve stakeholder satisfaction with the CVB by communicating quarterly on upcoming events, pier rehabilitation project progress, partnership opportunities and on any items that may have an impact on local business
- Maintain a presence with local, regional and state organizations and maximize networking benefits with Visit California, California Travel Association, Central Coast Tourism Council and US Travel (ESTO)
- Ensure www.ClassicCalifornia.com and all microsites are up-to-date and re-evaluate websites annually to ensure event calendar and business listings remain current
- Conduct Marketing Request For Proposal for 2017-2020 CVB / LBID Marketing and Public Relations Contract

Administrative Services



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Administrative Services Director	1	1	1	1	1
Finance Manager	1	1	1	1	1
Accountant	1	1	1	1	1
Accounting Technician	2	2	1	1	1
Accounting Clerk	1	1	2	2	2
Office Assistant II	1	1	1	1	1
Total Department Staff	**7**	**7**	**7**	**7**	**7**

Administrative Services Department

Finance Division

ACTIVITY DESCRIPTION

The Administrative Services Department provides reliable and accurate fiscal information to the citizens, City Council, and management of the City of Pismo Beach in an efficient, cost effective, and courteous manner. Specific services include accounts receivable, accounts payable, payroll, utility billing, business licenses, collection of transient occupancy tax revenues and other revenues, investment of the City's idle cash, debt management, timely financial management and reporting, administration and preparation of the City's budget, and Information Technology systems planning, implementation, and management.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	641,424	629,771	718,986	742,980	763,932	76%
Operations & Maintenance	101,045	122,224	158,189	231,273	125,279	24%
Totals	**$742,469**	**$751,995**	**$877,175**	**$974,253**	**$889,211**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ City Council and City staff achieved a fiscally sound two-year Budget for Fiscal Years (FY) 2015-16 and FY 2016-17. The FY 2015-16 Adopted Budget marks the first time the City received the "Distinguished Budget Presentation Award" from the Government Finance Officers Association (GFOA) of the United States and Canada. The City also received the "Operating Budget Excellence Award" from the California Society of Municipal Finance Officers for the FY 2015-16 Adopted Budget.
- ✓ The City Council and City staff maintained the City's General Fund reserves at 23% and 24%, respectively, of General Fund operating budget expenses. In addition, the General Fund contributed $50,000 in FY 2015-16 to the Risk Management Reserve that has a balance of $150,000. The City maintained the City Facility Reserve of $500,000, and fully funded the 1% General Fund Contingency Budget.
- ✓ The Administrative Services Department received the prestigious "Certificate of Achievement for Excellence in Financial Reporting" by the Government Finance Officers Association (GFOA) of the United States and Canada to government units whose Comprehensive Annual Financial Reports (CAFRs) achieved the highest standards in government accounting and financial reporting for FY 2014-15 and FY 2015-16. This marks the 15th year that the City has received this award.

Administrative Services Department

Accomplishments Prior Two-Year Budget (continued):

- ✓ The Department successfully implemented a new integrated financial system to replace the former technologically antiquated system. Implementation included a new accounting structure, a paperless invoice process, an online utility billing website, an employee self-service webpage to view pay stubs online, an online business licensing system, and other cost and time-saving services. The integrated financial system includes accounts payable, accounts receivable, bank reconciliation, budgeting, fixed assets, general ledger, human resources, payroll, purchase orders, utility billing, and other components.

- ✓ Updated the Governmental Accounting Standards Board (GASB) 67 and 68 measures into the City's Comprehensive Annual Financial Reports

- ✓ Maintained compliance with various Federal and State agencies for the City's debt portfolio and investment practices

- ✓ Prepaid and defeased the 2007A Lease Revenue Refunding Bonds, reducing the City's debt service payments of about $400 thousand per year through FY 2024

- ✓ Secured financing and issued lease revenue bonds for the Pier Rehabilitation Project

- ✓ Achieved full compliance with Governmental Accounting Standards Board (GASB) 45 for Other Post-Employment Benefits (OPEB), to pre-fund retiree health costs for retirees and their beneficiaries. The City has an actuarial study performed every other year to determine how much to set aside each year to partially or completely fund our future obligations for retiree health costs. The earnings on this investment will reduce the City's employer contributions. This now appears as an asset for the City's future retiree health costs instead of a significant liability on the City's balance sheet.

- ✓ Set up processes and procedures for following and using a paperless system by scanning previously filed and stored documents into Laserfiche for many of the key positions in the Finance Department

Work Program Highlights for Next Two-Year Budget – for FY 18 and FY 19:

- Administer a fiscally-sound Two-Year Budget maintaining the General Fund Reserve at 25% of General Fund operating budget expenses, contributing $50,000 each year to the Risk Management Reserve, fully funding the City Facility Reserve of $500,000, and fully funding the 1% General Fund Contingency Budget. The FY 2018 and FY 2019 reflect a 3% General Fund Contingency Budget to support unanticipated costs associated with several large General Fund supported projects.
- Perform compliance reviews and audits of lodging businesses that contribute to the City's Transient Occupancy Tax, Lodging Business Improvement District assessment, and San Luis Obispo County Tourism Marketing District assessment revenues

Administrative Services Department

Work Program Highlights for Next Two-Year Budget (continued):

- Update Key Fee Studies: (1) Water and Wastewater rates; (2) Development Impact Fees
- Perform compliance reviews and audits of businesses that operate within the City of Pismo Beach
- Update the Governmental Accounting Standards Board (GASB) 74 and 75 measures into the City's Comprehensive Annual Financial Reports, for Accounting and Financial Reporting for OPEB (Other Post Employment Benefit) Plans and the employers that sponsor them
- Monitor the City's cash flow with large capital project budgets including the Pier Rehabilitation Project, the Shell Beach Streetscape Project, the Regional Groundwater Sustainability Project, the Five Cities Lift Station project, the Sludge Dewatering Project, and the Price Canyon Project
- Work with City Planning Division staff to develop procedures for vacation rental certificates and compliance
- Update Department policies and procedures to reflect new processes as implemented through the new financial system
- Move towards a more paperless environment, including electronic timesheets, and assisting customers with online applications and payments

Non-Departmental

ACTIVITY DESCRIPTION

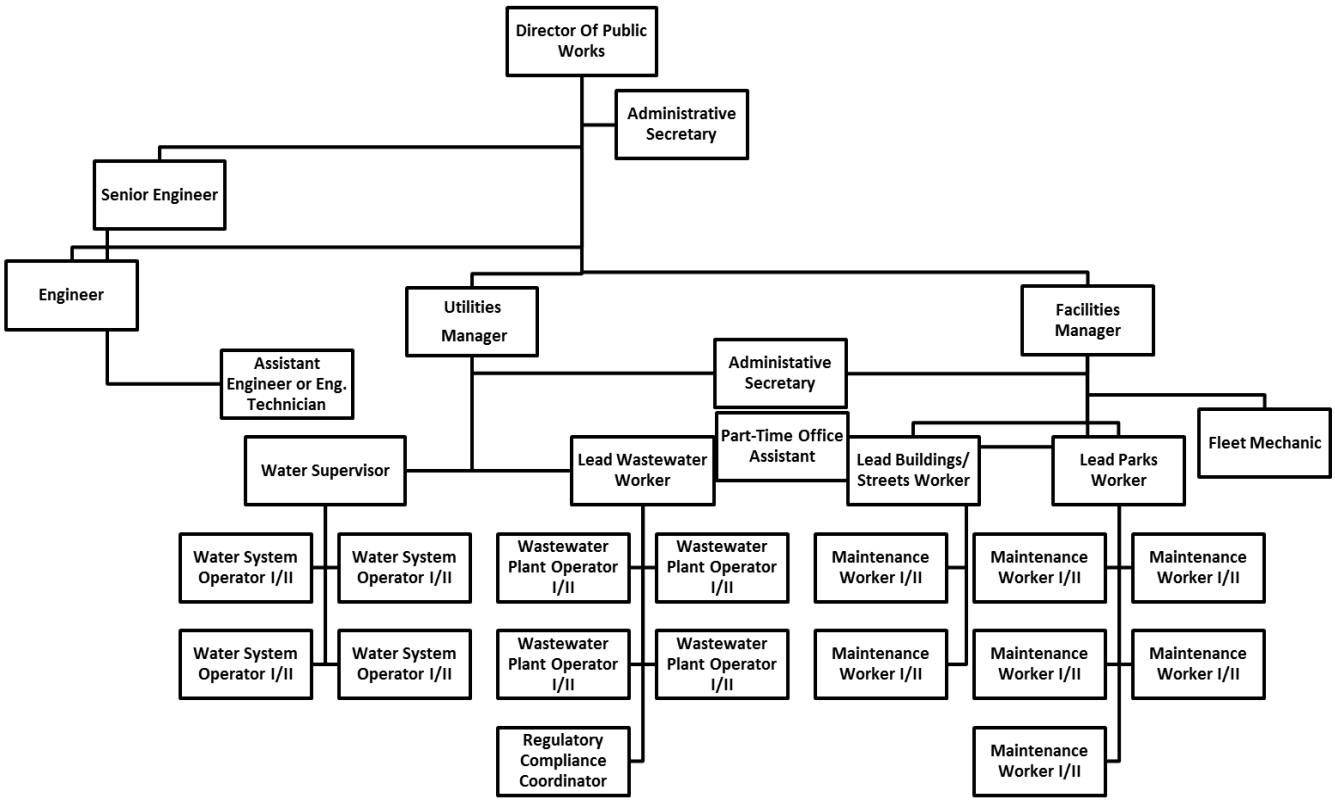
The purpose of the non-departmental budget is to account for those services, supplies, materials and equipment of a general, organization-wide nature, which do not lend themselves to distribution among the operating departments of the City. Bulk items and others that are used by all departments within the General Fund are included in the Non-Departmental activity budget, as are liability and property insurance expenses, debt service payments and other miscellaneous operating transfers. Outside agency contributions, low income subsidies for utility billing customers, and operating transfers to the Pier Enterprise Fund are also included in this Department. Historically, this account has also included the General Fund contingency, which is set at 1% of the current General Fund operating expenditure budget as established in the City's Fiscal Policy.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	1,368,389	396,005	446,920	492,304	520,335	18%
Operations & Maintenance	1,063,445	1,316,238	989,951	1,076,325	1,274,527	38%
Capital Outlay	81,589	100	22,595	0	0	0%
Debt Service	207,590	206,180	206,762	0	0	0%
Other Exps.& Fin. Use	653,489	84,246	219,380	748,720	742,820	27%
Operating Transfers	67,452	31,205	1,867,406	480,737	472,763	17%
Totals	**$3,441,954**	**$2,033,974**	**$3,753,014**	**$2,798,086**	**$3,010,445**	**100%**

Public Works

Public Works Base Budget Personnel Allocation by Activity



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Public Works Dir/City Engineer	1	1	1	1	1
Senior Engineer	0	0	1	1	1
Associate Civil Engineer	2	2	1	1	1
Utilities Manager	0	1	1	1	1
Facilities Manager	0	1	1	1	1
Administrative Secretary	1	2	2	2	2
Engineering Technician	1	1	1	1	1
Public Works Superintendent	1	0	0	0	0
Public Works Facilities Supervisor	1	0	0	0	0
Street Maintenance Lead	0	1	1	1	1
Parks Maintenance Lead	0	1	1	1	1
Maintenance Worker II	6	5	5	4	4
Maintenance Worker I	3	3	3	4	4
Water System Supervisor	1	1	0	0	0
Water System Lead	0	1	1	1	1
Water System Operator I	1	2	2	2	2
Water System Operator II	3	1	1	1	1
Wastewater Ops Supervisor	1	0	0	0	0
Wastewater Ops Lead	0	0	1	1	1
Treatment Plant Operator II	5	4	4	4	4
Treatment Plant Operator I	0	0	0	0	0
Regulatory Compliance	1	1	1	1	1
Fleet Mechanic	1	1	1	1	1
Total Department Staff	**29**	**29**	**29**	**29**	**29**

PUBLIC WORKS DEPARTMENT

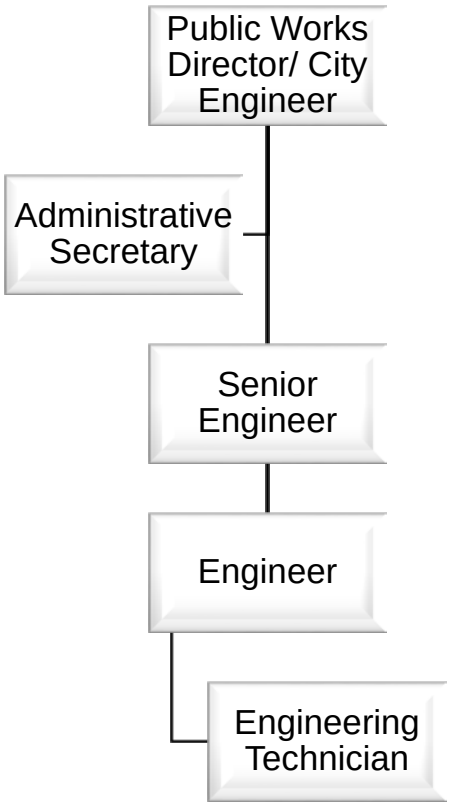
ACTIVITY DESCRIPTION

The Public Works Department is responsible for the design, construction and maintenance of City facilities and infrastructure including streets, public buildings, the pier, promenades, beach access stairways, beach, parks, public parking lots, vehicles, water system and wastewater system. These services are provided through two main operating divisions – engineering and public works. These service areas are funded through the General Fund and a series of enterprise funds.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Gov't Bldgs-City Hall	1,222,247	1,012,636	895,773	866,205	743,080	24%
Engineering	573,072	722,191	768,238	787,496	772,978	22%
Park Maintenance	984,565	1,053,899	1,228,465	1,143,344	1,186,118	31%
Street Maintenance	550,364	570,868	773,993	832,885	882,265	23%
Totals	**$3,330,248**	**$3,359,594**	**$3,666,469**	**$3,629,930**	**$3,584,441**	**100%**

Engineering Services



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Public Works/City Engineer	1	1	1	1	1
Senior Engineer	0	1	1	1	1
Associate Civil Engineer	2	1	1	1	1
Administrative Secretary	1	1	1	1	1
Engineering Technician	1	1	1	1	1
Total Department Staff	**5**	**5**	**5**	**5**	**5**

ACTIVITY DESCRIPTION

The principal responsibility of the Engineering Division is protection of the public. This is accomplished by assuring that properly registered professional engineers design and oversee construction of facilities that are built and maintained for public usage. The primary areas of activity are project management, design and construction of capital improvements by the City, and review and inspection of improvements constructed as conditions of private development by developers. Ancillary services include keeping records of infrastructure improvements for use by the public works division and by the general public, and representing the City on several regional technical advisory committees.

Engineering Services

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	435,851	489,587	519,649	557,723	574,236	71%
Operations & Maintenance	132,721	229,899	245,589	226,173	198,742	29%
Capital Outlay	4,500	2,705	3,000	3,600	0	0.46%
Totals	**$573,072**	**$722,191**	**$768,238**	**$787,496**	**$772,978**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Five Cities Drive Turn Signal
- ✓ Street Paving
- ✓ Citywide Bench Mark System
- ✓ City Hall Backup Generator
- ✓ Price Historic Park Parking and Waterline Improvements
- ✓ Water Conservation Campaign
- ✓ Water Conservation Rebate Programs
- ✓ Solids Handling Design
- ✓ Five Cities Lift Station Design
- ✓ Traffic Study
- ✓ Chapman Estate Window Replacement
- ✓ Price Canyon, Dell Ct. and Tulare St. Waterline
- ✓ Price Canyon Slope Repair
- ✓ Recycled Water Facilities Planning Study
- ✓ Regional Groundwater Sustainability Program
- ✓ Urban Water Management Plan Update
- ✓ Dinosaur Caves Parking Lot
- ✓ Downtown Streetscape (In Progress)

Work Program Highlights for Next Two-Year Budget:

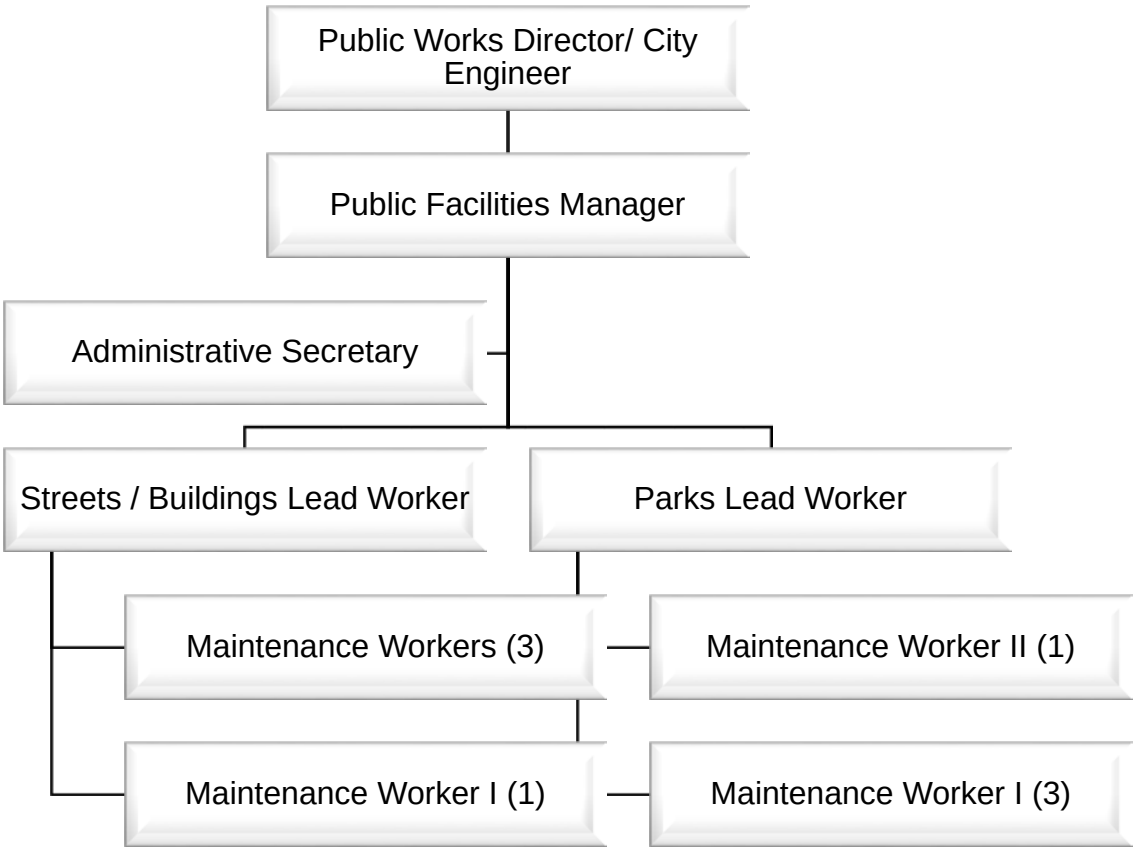
- Five Cities Lift Station Replacement
- Solids Handling (Belt Press Replacement)
- Bello Bridge Replacement
- Shell Beach Reservoir I Replacement
- Update the Pavement Management System
- Regional Groundwater Sustainability Project
- Corporation Yard Administration Building Construction Drawings
- Police Department Parking Lot Screen

Engineering Services

Work Program Highlights for Next Two-Year Budget (continued):

- Cypress/Pomeroy Intersection Improvements
- Bike Share Program
- Bluff Repairs and Protection
- Storm Drain Repairs and Upgrades
- Coastal Access Improvements
- Corp Yard Lighting Improvements
- Corp Yard Fuel Tank
- Water Master Plan Update (In Progress)
- Chapman ADA Improvements (In Progress)
- Pismo Heights Generator Enclosure (Design In Progress)
- Pismo Pier Rehabilitation (In Progress)
- Shell Beach Road Streetscape (Design In Progress)

Public Facilities



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Public Facilities Manager	0	1	1	1	1
Public Facilities Supervisor	1	0	0	0	0
Administrative Secretary	0	1	1	1	1
Street Maintenance Lead	0	1	1	1	1
Park Maintenance Lead	0	1	1	1	1
PW Maintenance Worker II	6	5	5	4	4
PW Maintenance Worker I	3	2	3	4	4
Total Department Staff	**10**	**11**	**12**	**12**	**12**

Public Facilities

ACTIVITY DESCRIPTION

The Public Facilities Division oversees streets, government buildings and parks. The division is responsible for inspecting, repairing and maintaining the City's streets, parking lots, sidewalks and beaches, as well as public buildings and maintaining all City-owned parks, rights-of-way, medians, playground equipment, irrigation and other landscaped areas for public use. Activities include overseeing the street-sweeping contract, pothole patching, installation and maintenance of street signs and markings to ensure safe driving and walking conditions. This division also maintains all City stairways and ramps to the beach, monitors all City trees for disease and public safety, oversees the cleaning and maintenance of City restrooms and portable toilets, and maintains the mutt mitt program throughout the City. Public buildings that the division is responsible for operating and maintaining include City Hall, the Veterans' Halls, the Police Facility, the Chamber of Commerce building, two Fire Stations, ten public restrooms and the Public Works Maintenance buildings.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	957,533	971,700	1,188,299	1,269,802	1,316,488	45%
Operations & Maintenance	1,151,208	1,165,205	1,275,463	1,213,054	1,238,967	43%
Capital Outlay	341,311	183,057	706	288,350	158,000	10%
Debt Service	234,091	232,501	233,157	0	0	0%
Operating Transfers	73,033	84,940	200,605	71,228	98,008	3%
Totals	**$2,757,176**	**$2,637,403**	**$2,898,231**	**$2,842,434**	**$2,811,463**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ City Hall Building "A" HVAC Upgrades
- ✓ Price Street Diagonal Parking from San Luis Avenue to Bay Street
- ✓ Install Retaining Wall and Re-Landscape Front Slope Areas at Shell Beach Tennis Courts
- ✓ Happy Time Pre-School Improvements
- ✓ Chapman Estate Electrical Repairs
- ✓ Price Street Signs
- ✓ Shell Beach Veterans Hall Kitchen Floor Replacement
- ✓ City Hall Backup Generator
- ✓ Price Historic Park Parking and Waterline Improvements
- ✓ Ventana Medians Turf Repair

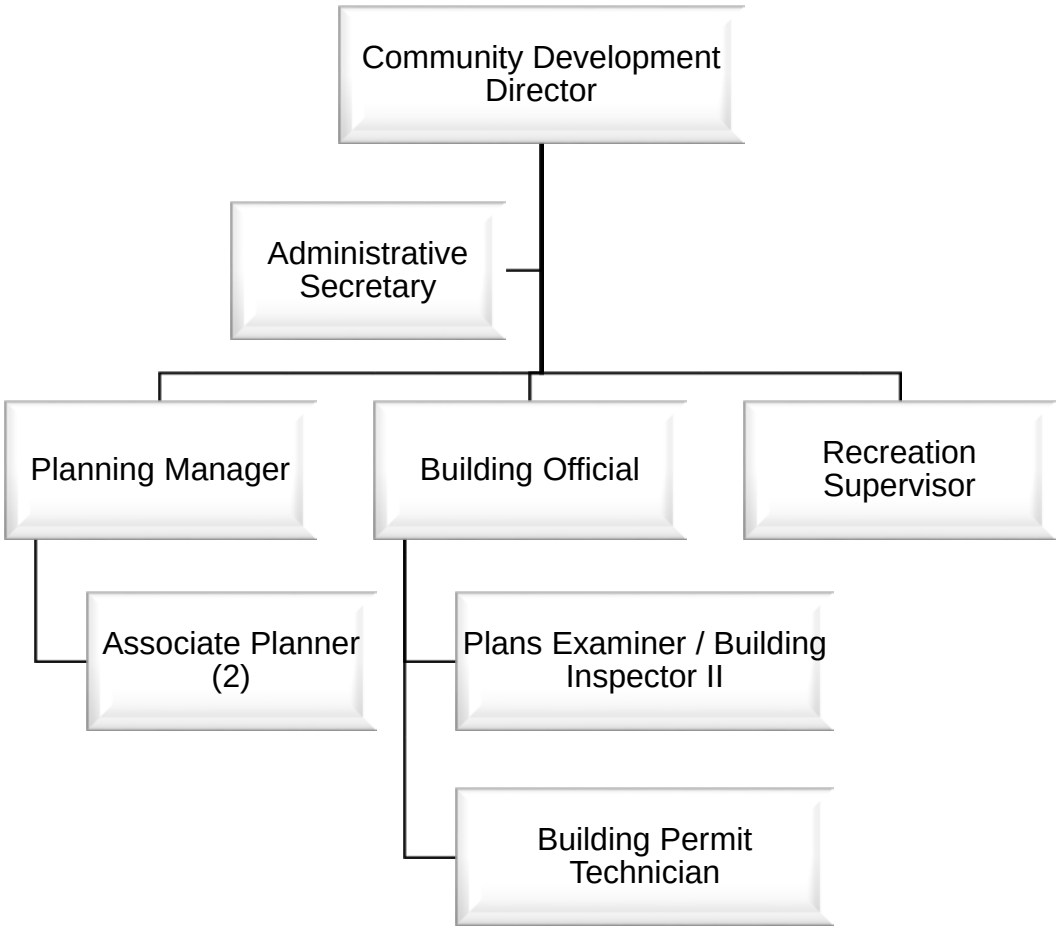
Public Facilities
Accomplishments Prior Two-Year Budget (continued):

- ✓ Chapman Estate Window Replacement
- ✓ Dinosaur Caves Parking Lot
- ✓ Downtown Streetscape (In Progress)
- ✓ Bluff Protection (In Progress)
- ✓ Irrigation Telemetry in City Parks (In Progress)
- ✓ Downtown Decorative Sidewalk Cleaning and Resealing (In Progress)

Work Program Highlights for Next Two-Year Budget:

- Undergrounding Utilities Rule 20A
- Shell Beach/Pismo Beach Pedestrian and Bicycle Access and Streetscape
- Expand Shell Beach Sports Courts
- Blair Field Lawn Replacement
- New Beach Access Play Equipment
- Restrooms at the Shell Beach Sports Courts
- Replace Spyglass Park play equipment
- Remove and replace Dinosaur Caves Park restroom; Relocate old restroom to Price Historic Park
- Spyglass Park parking lot rehabilitation
- Bluff erosion control
- The Bluffs fence replacement
- Update park signage
- Cypress St ADA improvements
- South Promenade maintenance
- Chapman ADA improvements

Community Development Department



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Community Development Director	1	1	1	1	1
Building Official	1	1	1	1	1
Building Inspector I	1	1	1	0	0
Building Inspector II	1	1	1	1	1
Building Permit Technician	1	1	1	1	1
Planning Manager	1	1	1	1	1
Administrative Secretary	1	1	1	1	1
Senior Planner	1	1	0	0	0
Associate/Assistant Planner	1	1	2	2	2
Recreation Supervisor	1	1	1	1	1
Total Department Staff	**10**	**10**	**10**	**9**	**9**

COMMUNITY DEVELOPMENT

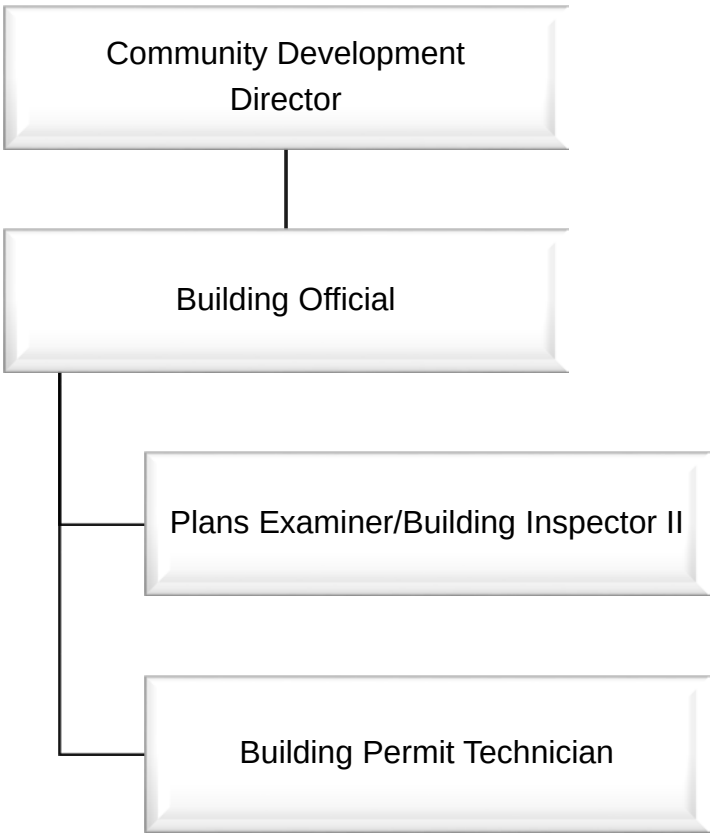
ACTIVITY DESCRIPTION

The Community Development Department is dedicated to ensuring a safe and enjoyable living environment for residents and visitors. Services are provided through three main operating divisions – planning, building inspection, and recreation. Planning facilitates the creation and implementation of plans and programs designed to protect the natural environment while guiding residential, commercial and open space development/preservation. Building Inspection protects life, health and property by assuring safety in the construction, alteration and repair of buildings. Recreation serves residents and visitors by providing opportunities for play and relaxation.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Building Division	580,379	760,703	889,741	767,258	670,572	32%
Planning Division	680,685	809,245	1,053,784	1,183,957	2,059,284	49%
Recreation	387,482	464,168	465,825	481,920	489,124	20%
Totals	**$1,648,546**	**$2,034,116**	**$2,409,351**	**$2,433,135**	**$3,218,979**	**100%**

Building Inspection



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Building Official	1	1	1	1	1
Building Inspector I/II	1	1	1	0	0
Plans Examiner/Bldg Inspector	1	1	1	1	1
Building Permit Technician	1	1	1	1	1
Total Department Staff	**4**	**4**	**4**	**3**	**3**

Building Inspection

ACTIVITY DESCRIPTION

The Building Division is responsible for the protection of life, health and property through the promotion of public safety in the construction, alteration, and repair of buildings. This responsibility is accomplished by accurate and efficient plan review, permit issuance, construction inspection, and conflict resolution involving contractors, homeowners, and the general public. The Building Inspection Division is also responsible for some of the City's code enforcement efforts.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	303,536	286,501	475,359	442,456	457,257	58%
Operations & Maintenance	276,565	439,982	414,304	324,802	213,315	42%
Capital Outlay	0	34,220	0	0	0	0%
Operating Transfers	278	0	78	0	0	0%
Totals	**$580,379**	**$760,703**	**$889,741**	**$767,258**	**$670,572**	**100%**

Accomplishments Prior Two-Year Budget:

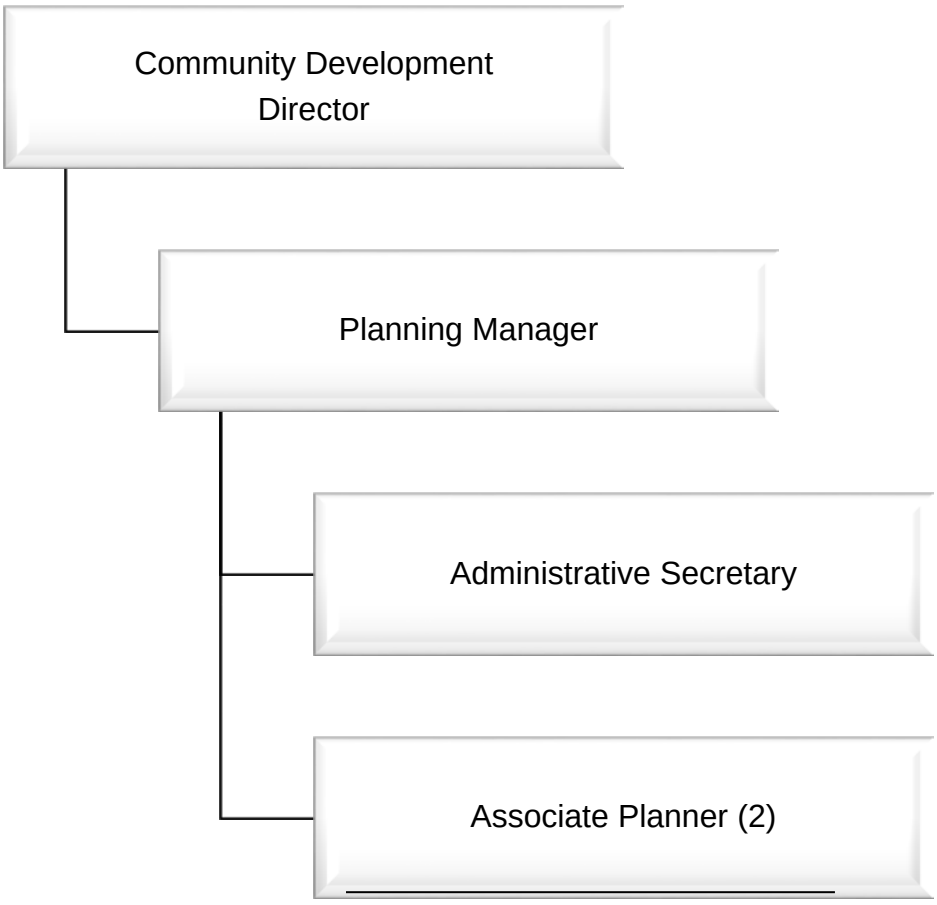
- ✓ Prepared and processed adoption of 2017 CA construction codes; Ordinance passed, effective January 1, 2017, with amendments
- ✓ Remodeled and upgraded front counter and work stations for Building, Engineering, and Planning Divisions; renovated office to accommodate two Building Inspectors
- ✓ Implemented annual fee increases and valuation schedule
- ✓ Mentored and trained Building Inspector for promotion to Building Official, completed July 2016
- ✓ Developed administrative interpretations of Tier 1 Building Restrictions
- ✓ Provided training for staff, certifications acquired
- ✓ Updated website for consistency with new codes
- ✓ Completed recruitment for Building Inspector and Code Compliance Officer

Building Inspection

Work Program Highlights for Next Two-Year Budget:

- Continue to provide a high level of customer service by aggressive turn-around time for plan review, permit issuance, same day inspection, public counter assistance for a full nine hours a day, and pre/post-disaster evaluation
- Process an estimated 1,000 Building Permits and conduct corresponding required inspections
- Recruit for Plans Examiner/Building Inspector
- Continue training efforts for Code Compliance Officer to achieve certifications
- Continue training efforts for all Building Division staff, with one member on staff to achieve the Access Specialist Program (CASp) Certification
- Establish disaster preparedness equipment and supplies

Planning



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Community Development Director	1	1	1	1	1
Planning Manager	1	1	1	1	1
Administrative Secretary	1	1	1	1	1
Senior Planner	1	1	0	0	0
Associate Planner	1	1	2	2	2
Total Department Staff	**5**	**5**	**5**	**5**	**5**

Planning

ACTIVITY DESCRIPTION

The Planning Division is charged with protection and enhancement of the City's natural resources while overseeing the development and preservation of the City's residential, commercial, open space, and public areas along with other projects that are intended to enhance the City's unique character. Engaging and informing the community beyond current efforts is a growing component of the Division.

The Division provides support to most of the City Council's advisory committees and commissions and offers guidance and assistance to these groups as they evaluate and implement long-range plans for the City's future growth and enhancement. Development review consistent with City, State and Federal policies and regulations is also the responsibility of the Planning Division. This includes an evaluation of each project's potential for negative impacts to the environment.

Consistent with City Council goals, the Planning Division also develops and administers a variety of projects, such as oversight of park and open space planning, development of amendments and updates to land use or development regulations, grant writing, public art, affordable housing programs, and downtown enhancement among others.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	564,794	531,808	654,531	642,602	667,022	54%
Operations & Maintenance	111,391	277,437	399,253	191,355	142,262	16%
Capital Outlay	4,500	0	0	350,000	1,250,000	30%
Totals	**$680,685**	**$809,245**	**$1,053,784**	**$1,183,957**	**$2,059,284**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Completed Chapman Estate Strategic Plan
- ✓ Amended Chapman Estate CUP consistent with Strategic Plan goals
- ✓ Completed Shell Beach Design Guidelines
- ✓ Completed Bello Street Corridor Study that included options for use of Old City Hall
- ✓ Implemented Public Art Ordinance
- ✓ Completed Circulation Study
- ✓ Completed Parklet Design Standards and implemented parklet program
- ✓ Initiated the Pier Plaza/Pier Parking Lot Update
- ✓ Initiated the Price Street Streetscape Improvements

Planning

Work Program Highlights for Next Two-Year Budget:

- Continue to implement the Downtown Vision Plan
- Develop Appropriate Land Use Controls for Downtown
- Update the Circulation Element, based on Data from Circulation Study
- Update Housing Element Consistent with State Law
- Develop a Short-term Rental Ordinance
- Update Secondary Dwelling Unit Ordinance
- Develop a Downtown Façade Improvement Program

Recreation



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Recreation Supervisor	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

ACTIVITY DESCRIPTION

The Recreation Division is responsible for the administration of recreation classes offered by private instructors and the coordination of a number of City-sponsored special events including the Easter Egg Hunt, Pumpkins On-the-Pier, and Holiday Harmony among others. The Division is also responsible for the highly regarded and acclaimed beach volleyball program. This program is supported, in large measure, by participant registration fees. Another responsibility of this Division is the coordination of facility rentals including the Veteran's Memorial Building, Shell Beach Veterans' Hall, Margo Dodd Park, and Dinosaur Caves Park.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	303,785	355,743	337,229	353,211	358,984	73%
Operations & Maintenance	83,697	108,425	128,596	128,709	130,140	27%
Totals - City Supported	**$387,482**	**$464,168**	**$465,825**	**$481,920**	**$489,124**	**100%**

Recreation

Accomplishments Prior two-year budget:

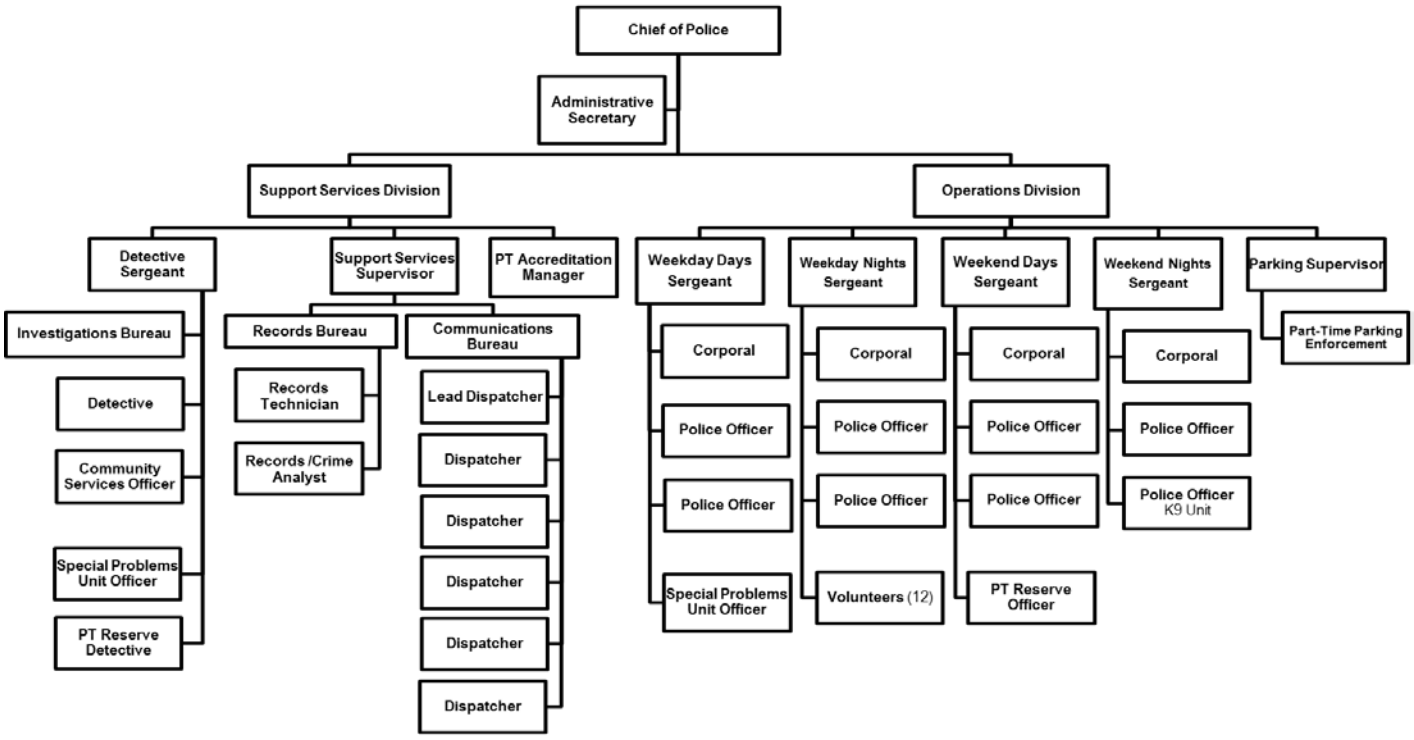
- ✓ Continued to offer a variety of Senior programming classes - such as exercise and dance
- ✓ Continued to work with Youth Baseball League for use of the Pismo Beach Baseball Fields to ensure continued cooperation and efficiency of services.
- ✓ Improved marketing for special events
- ✓ Conducted a needs assessment for the beach volleyball courts.

Work Program Highlights for Next Two-Year Budget:

- Continue to offer a variety of Senior programming classes - such as exercise and dance
- Review marketing approach for special events
- Continue playground inspection program
- Adapt programming for Stride With The Tide, Pumpkins On The Pier and Holiday Harmony due to the pier rehabilitation project
- Consider additional movies in the park (including a possible teen event)

PUBLIC SAFETY

Police



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Police Chief	1	1	1	1	1
Police Commander	2	2	2	2	2
Administrative Secretary	1	1	1	1	1
Police Corporal	2	4	4	3	3
Police Sergeant	5	5	5	5	5
Police Officer	12	10	10	11	11
Police Officer (Grant)	1	1	1	1	1
Community Services Officer	1	1	1	1	1
Support Services Supervisor	1	1	1	1	1
Records Technician	2	2	2	1	1
Crime Analyst	0	0	0	1	1
Senior Public Safety Dispatcher	1	1	1	1	1
Dispatcher	5	5	5	5	5
Parking Supervisor	1	1	1	1	1
Total Department Staff	**35**	**35**	**35**	**35**	**35**

Police Department

ACTIVITY DESCRIPTION

The Police Department provides a multifaceted public safety service that creates an atmosphere and environment of social order and safety. The department places a high value on providing public safety services that significantly contribute to the high quality of life enjoyed by both residents and visitors of the City. Supporting this objective, the Department's policing efforts function under a philosophy of collaboration and partnership with our community. Organizationally, the Department consists of two major divisions: Operations and Support. The Operations Division consists of patrol, traffic operations, reserve officers, K-9 Unit, citizen volunteer patrol, and the downtown/special problems unit. The Support Division oversees Records, Communication Center, Investigations Bureau, Training, Administrative Services, and DARE/crime prevention.

GENERAL FUND EXPENDITURES

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	4,162,401	4,443,477	5,313,099	5,598,808	5,851,468	87%
Operations & Maintenance	494,431	505,067	613,106	621,650	630,256	10%
Capital Outlay	24,618	16,277	248,803	98,000	25,000	2%
Operating Transfers	85,935	67,572	76,372	140,493	144,005	2%
Totals	**$4,767,385**	**$5,032,393**	**$6,251,380**	**$6,458,951**	**$6,650,729**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Department Transition. Over the last two-year budget cycle, the police department has performed 14 promotions and hired 10 officers. Each testing or hiring process requires recruitment, several testing exercises, interviews, and background examinations. New officers must also undergo medical, psychological, and polygraph testing. With great help from the Management Services Department, this has kept the Support Services side of the agency in a constant personnel mode.
- ✓ Property Room Renovation. The original design for the property room was sufficient when the original building was constructed in 1998. Since then, State mandates for property retention and storage have made it necessary to redesign the room to accommodate a new larger evidence refrigerator, weapons storage, secured fireproof monetary storage, etc. These items required the room to be retrofitted for the equipment that has been purchased, to include a new large secured refrigerator, shelving, and weapons securing systems.
- ✓ Reinstating the Corporal Position. This position is one that affords the agency greater supervision reducing liability resulting from field-related incidents. This rank is essential as it is the lowest rank given the ability to attend the POST Supervisor School. This will also assist in a small reduction in overtime as a sergeant and corporal from the same shift may not be off at the same time, leaving a trained front-line supervisor available at all times. This position also provides career development for promotion and enhances retention.

Police Department
Accomplishments Prior Two-Year Budget (continued):

- ✓ MyCop Program Enhancement. The MyCop program has demonstrated relationship building between individual citizens and the police department. The PD uses an outlook-based program for registration and communication. Research and design into web-based registration and communication will enhance the MyCop experience, create more efficiency with statistics, and expedite communication. Over the last budget cycle, attempts to use the "Pismo Pulse" App platform proved to be inoperable and the decision to fund and create an app that could host MyCop was authorized. MyCop Zones were configured into GIS positions to include every address in the City and will be placed in the MyCop App which we hope to fine-tune and deliver during the next cycle.
- ✓ CALEA Re-Accreditation. The department is currently maintaining over 480 CALEA standard files that were successfully audited in 2010 for the departments 1st re-accreditation in November 2010. The department achieved its 2nd Re-Accreditation in August of 2013 and its third Re-Accreditation in November of 2016. Continuing to meet CALEA standards, show proof of compliance, and maintain cutting-edge policies and procedures on an annual basis is the key to success with Re-Accreditation. Lexipol is used to constantly review and update the department's policy and procedures manual and through electronic daily trainings provided by Lexipol, each officer is tested individually on their knowledge and comprehension of department policy daily.
- ✓ Parking Bureau Program Audit. After the police department absorbed the City's Parking Division in July of 2015, full integration to the police department was performed. This encompassed complying to over 70 policies of the department's Policy Manual including but limited to Conduct, Discipline, uniform guidelines, grooming standards, citation dismissal procedures, administrative hearing process, Vehicle Operations, Currency and Property Procedures, and radio procedures. In early 2016, issues discovered led the Chief of Police to initiate a 5-year audit of the parking program which resulted in staffing and shift changes to reduce salary and effective enforcement strategies. A supervision change also resulted from the audit and the bureau is currently functioning very well.

Work Program Highlights for Next Two-Year Budget:

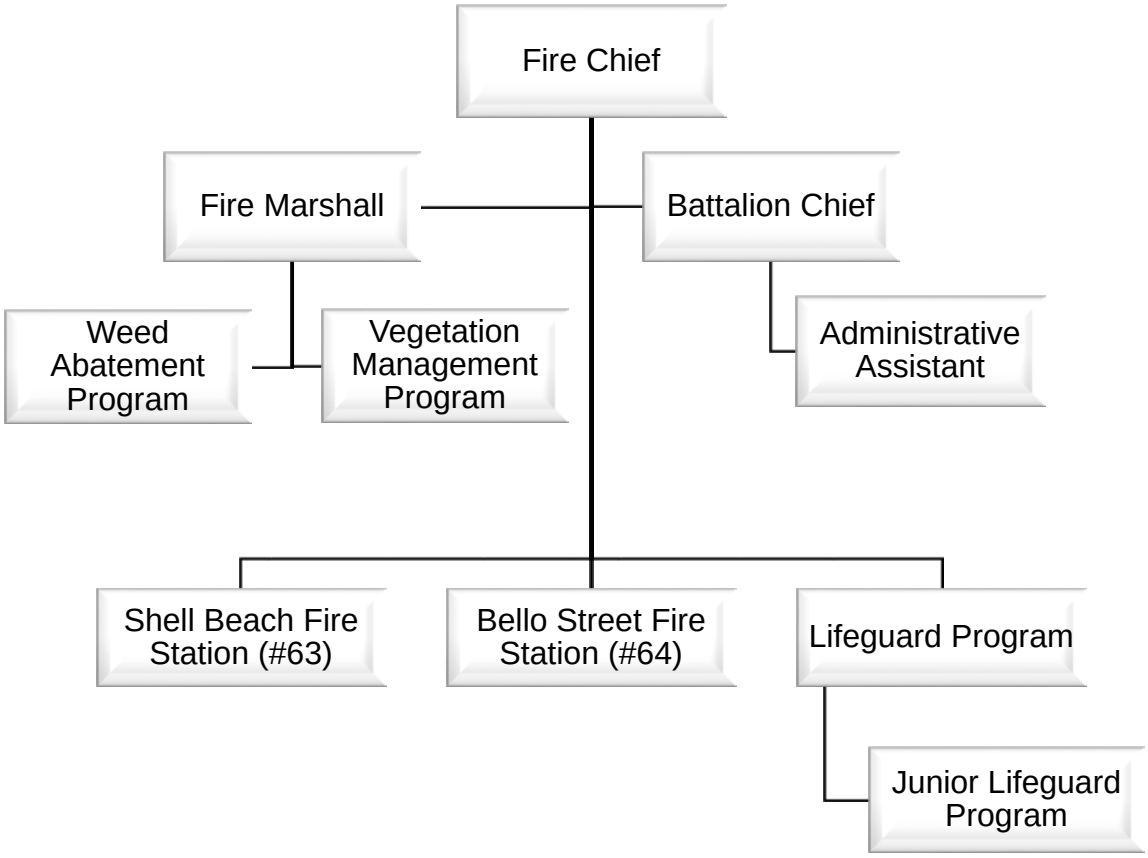
- Comprehensive Traffic Safety Program. Current speed enforcement equipment is from a year 2000 grant and has not operated properly for the last few years. It is therefore obsolete and therefore cannot be used. Efforts to procure more current equipment through grants over the last two years have been unsuccessful. This updated equipment will be used as a multi-prong approach to effective traffic control and safety throughout the City. The equipment will also be utilized for spot surveys to research intelligence regarding impacts to roadways and intersections. Programs utilizing this equipment will also be used in conjunction with pedestrian safety saturation and bicycle safety.
- ComCam Program. This Community Camera Program includes the research, identification, and purchase of a modular camera system that is adequately and infinitely expandable. Items initially purchased created an infrastructure capable of sustaining the current camera system and future expansion. Plans are to expand the system incrementally with funds being spent in FY18 and FY19.

Police Department

Work Program Highlights for Next Two-Year Budget (continued):

- Downtown Resource Officer Program. The department intends to re-staff an officer to the downtown core area. The Officer will initiate a Business Liaison Program, provide merchant training, be responsible for primary enforcement actions, provide downtown resource allocation information, and conduct regular beach patrol operations. This program will be supplemented with additional personnel during peak tourist seasons.
- Gang Task Force Street Team. Initially the Pismo Beach Police Department dedicated an officer and a vehicle to the San Luis Obispo County Narcotics Task Force. With recent changes in law and the decriminalization of most narcotics offenses, jurisdictions have seen a significant rise in street level crime and thefts in general. In an effort to combat this upswing, the San Luis Obispo County Sheriff's Office, the Pismo Beach Police Department, and the Arroyo Grande Police Department have partnered in developing a program aimed at street level criminals, ensuring compliance and as a likely result, recovering stolen property.
- Communication Center Accreditation. The CALEA Public Safety Communications Accreditation Program provides a communications center, or the communications unit of a public safety agency, with a process to systemically review and internally assess its operations and procedures. Our department will show compliance with up to 213 additional standards and work in conjunction with our ongoing department re-accreditation process.
- Records Bureau Re-Organization. To assist in the Chief's direction towards Intelligence-Led Policing, a certified crime analyst/GIS technician is needed. This position would work closely with the Office of the Chief to provide current crime trends and provide needed intelligence of predictable trends expected. Accurate and reliable data collection, collation and dissemination will be utilized and analyzed to enhance patrol deployment, investigative models, and event strategies.
- PD Technology Replacement. Current technological equipment used in marked patrol vehicles obtained in 2012 is becoming old and obsolete. New technologies are emerging on the market that will assist the PD in completing tasks efficiently and safely. These technologies include mobile data computers, in-car video systems, and license plate readers.
- Body Camera Replacement. Current VieVu cameras are aging and are no longer supported by warranty and the software is no longer supported by the manufacturer. The department needs to research, purchase, and implement new cameras to replace the obsolete equipment and software.
- Police Station Security Surveillance System. The old camera system used for the security of the police department is an old "Costco" brand multi-channel with DVR recording. The new system would be using the same system as the ComCam Program but would be recorded directly into PD computer network.
- Electronic Ticketing. The department needs to research and test new electronic ticketing technology and preferred vendors for the downtown timed parking areas. Newer technologies include smart phone based programs with individual officer printers saving operational costs, staff time, and enforcement time.
- Downtown kiosks and meters. The department has researched and will test new individual parking meters in the 100 and 200 blocks of Pomeroy. Upgrades using similar technology will be changed in the existing Parking Kiosks as well adding cost-saving measures to the program.

Fire



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Fire Captain	3.17	3.17	3.17	4.17	4.17
Fire Engineer	3.00	3.00	3.00	3.00	3.00
Firefighter I	1.17	1.17	1.17	1.17	1.17
Firefighter II	1.50	1.50	1.50	1.50	1.50
Fire Prevention Specialist	1.00	1.00	1.00	0.00	0.00
Communications Operator	1.00	1.00	1.00	1.00	1.00
Administrative Assistant/Office Technician	1.00	1.00	1.00	1.00	1.00
Total Department Staff	**11.83**	**11.83**	**11.83**	**11.83**	**11.83**

Fire Department

ACTIVITY DESCRIPTION

The Fire Department is responsible for protecting life, property and the environment. The primary services the Fire Department provides include responding to emergency medical incidents, traffic collisions, hazardous material responses, fires, and rescues. Staff also provides fire prevention, enforcement, and public education services. Seasonally, the Department is responsible for the provision of lifeguard services along the beach and weed abatement as a wildfire safety precaution. Fire services are currently provided through a contract with CAL FIRE (California Department of Forestry and Fire Protection), with paid staff and Reserve Firefighters operating out of both the Bello Street and Shell Beach Fire Stations.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Fire Operations	2,126,513	2,219,583	2,615,879	2,811,456	2,917,381	91%
Weed Abatement	7,929	20,920	14,500	20,340	17,140	1%
Lifeguards	137,785	246,887	207,667	208,551	210,721	7%
Junior Lifeguards	44,387	37,680	62,919	51,008	51,132	2%
Totals	**$2,316,614**	**$2,525,070**	**$2,900,965**	**$3,091,355**	**$3,196,374**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Replaced Utility vehicle at Shell Beach Station
- ✓ Completed Phase 1 of Price Park Vegetation Management Project with CAL FIRE Cuesta Crews
- ✓ Awarded an Off-Road Vehicle grant from the Off-Highway Vehicle fund
- ✓ Completed Phase 3 of the Fire Safe Council grant funded Heights Vegetation Management Project
- ✓ Completed PG & E grant funded Communications Infrastructure protection project
- ✓ Replaced aging City Lifeguard tower

Work Program Highlights for Next Two-Year Budget:

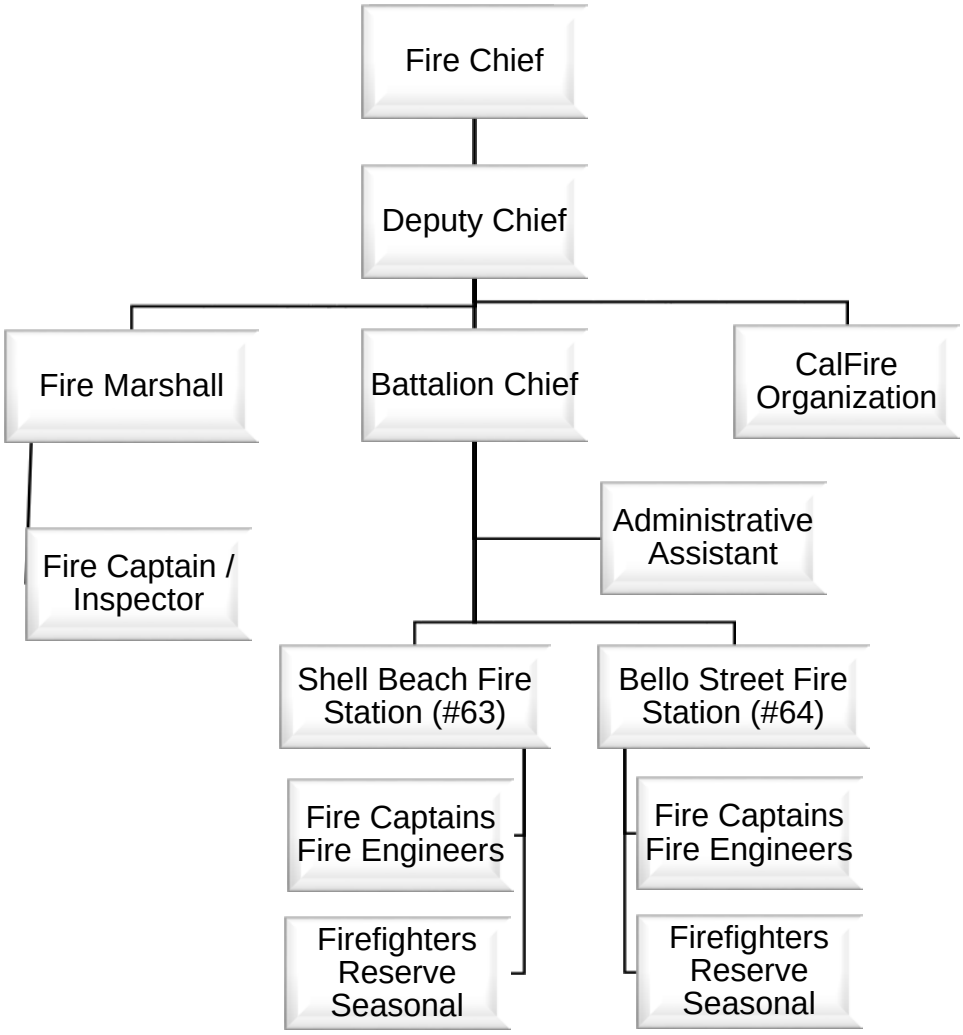
- Explore funding options and complete a scoping study for a new fire station, and pursue development of the most appropriate facility
- Purchase grant funded Open Space/Special Event response vehicle
- Replacement of the Lifeguard tower, Boat 64 and Fire Engine 63

Fire Department

Work Program Highlights for Next Two-Year Budget (continued):

- Obtain a grant for a communication system that will operate consistently in the water to better protect our responders
- Overlay the City of Pismo Beach onto grant funded State Responsibility Area (SRA) Pre-Attack maps
- Maintain grant-funded Chumash Park Vegetation Management Project

Fire Operations



ACTIVITY DESCRIPTION

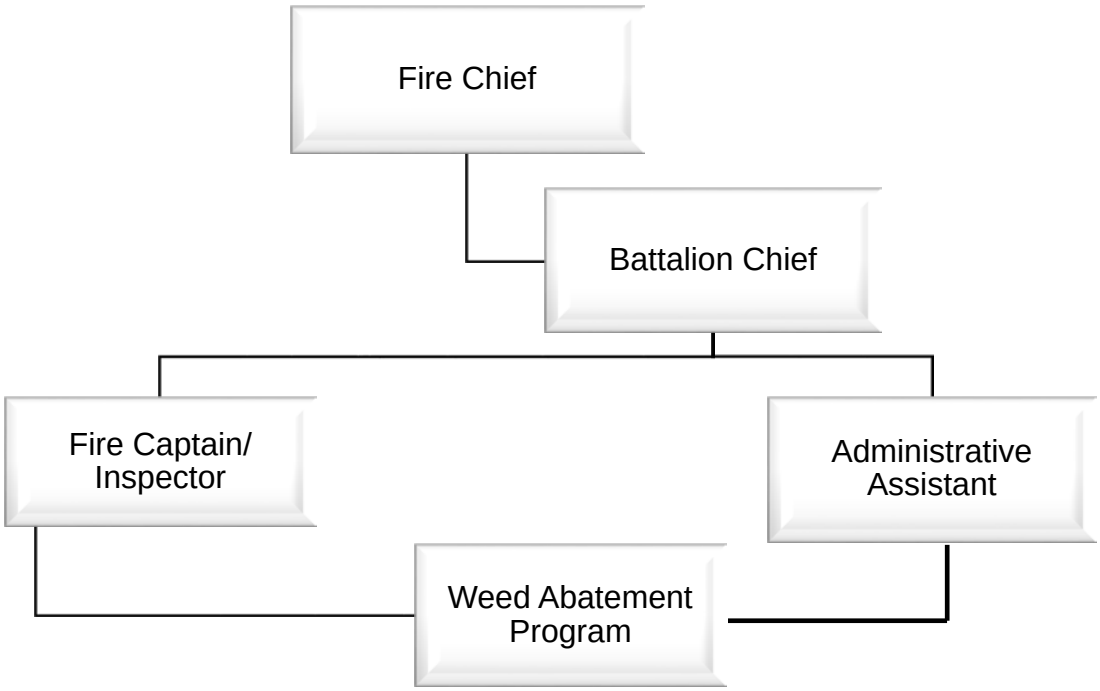
The Fire Operations Division is responsible for the staffing and operation of two fire stations within the City – the Bello Street Fire Station (#64) and the Shell Beach Fire Station (#63). The primary services provided include responding to emergency medical incidents, traffic collisions, hazardous material responses, fires, and rescues. Staff also provides fire prevention, enforcement, and public education services.

Fire Operations

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	158,529	236,792	241,629	263,631	217,975	9%
Operations & Maintenance	1,819,507	1,816,746	2,215,433	2,399,663	2,547,540	85%
Operating Transfers	148,477	166,045	158,817	148,162	151,866	5%
Totals	**$2,126,513**	**$2,219,583**	**$2,615,879**	**$2,811,456**	**$2,917,381**	**100%**

Weed Abatement



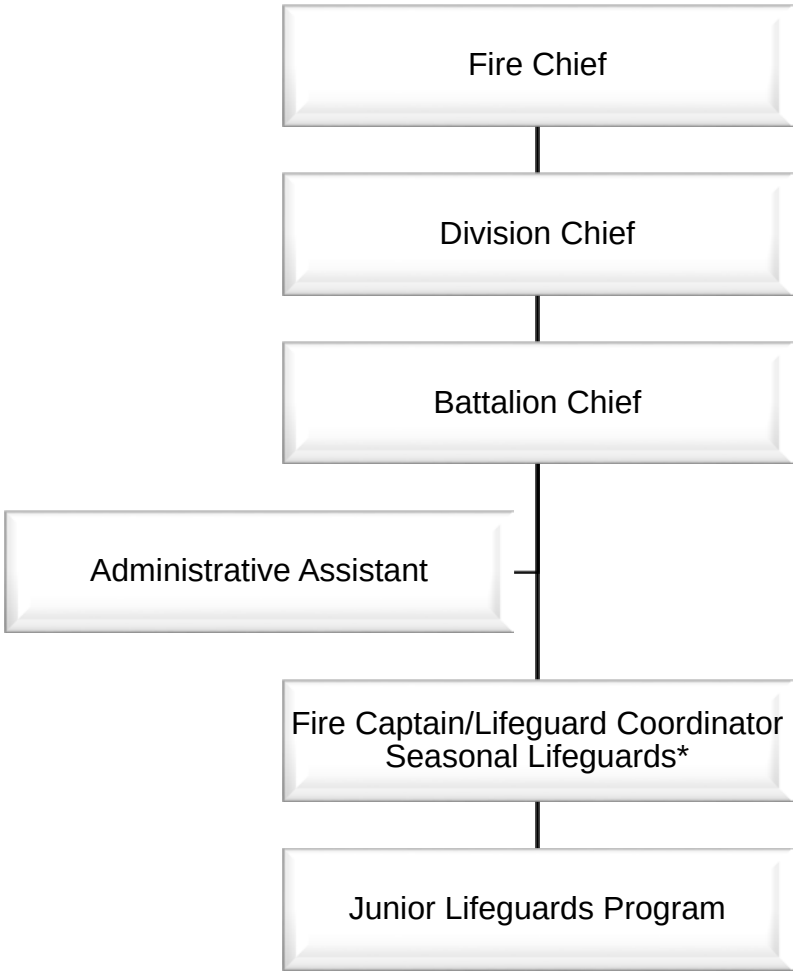
ACTIVITY DESCRIPTION

The Weed Abatement program is responsible for managing vegetation in order to assist in mitigating fire hazards in the interface between urban and wild land areas. To achieve this goal, specific responsibilities include: inspecting the entire City each Spring for designated fire hazards; notifying affected property owners and giving them the opportunity to remove the hazards on their own; administering the bid process to hire a contractor to remove hazards on City property and on private property where the property owner does not mitigate hazards by the established deadline; and preparing and submitting property tax bill liens for reimbursement of City's costs of removing fire hazards on private property.

GENERAL FUND EXPENDITURES:

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	7,929	20,920	14,500	20,340	17,140	100%
Totals	**$7,929**	**$20,920**	**$14,500**	**$20,340**	**$17,140**	**100%**

Lifeguards



*Additional Staffing includes temporary Seasonal Lifeguards

Lifeguards

ACTIVITY DESCRIPTION

The Lifeguard Program is responsible for providing an elevated intensity of life and beach safety to the residents and visitors of Pismo Beach. To meet this responsibility, five lifeguard towers are staffed throughout the tourist season from Memorial Day through Labor Day. Staff within this seasonal program are, likewise actively involved in supervising the Junior Lifeguard program.

GENERAL FUND EXPENDITURES:

Lifeguards	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	90,434	130,947	123,520	121,724	122,917	58%
Operations & Maintenance	16,963	73,513	49,027	67,016	67,573	32%
Capital Outlay	0	3,206	5,350	3,000	3,000	1%
Operating Transfers	30,388	39,221	29,771	16,811	17,231	8%
Totals	**$137,785**	**$246,887**	**$207,667**	**$208,551**	**$210,721**	**100%**

Junior Lifeguards	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	26,180	20,526	28,936	28,939	29,222	57%
Operations & Maintenance	18,207	17,154	33,983	22,069	21,910	43%
Totals - Junior Lifeguards	**$ 44,387**	**$ 37,680**	**$ 62,919**	**$ 51,008**	**$ 51,132**	**100%**

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CAPITAL IMPROVEMENT PROJECTS

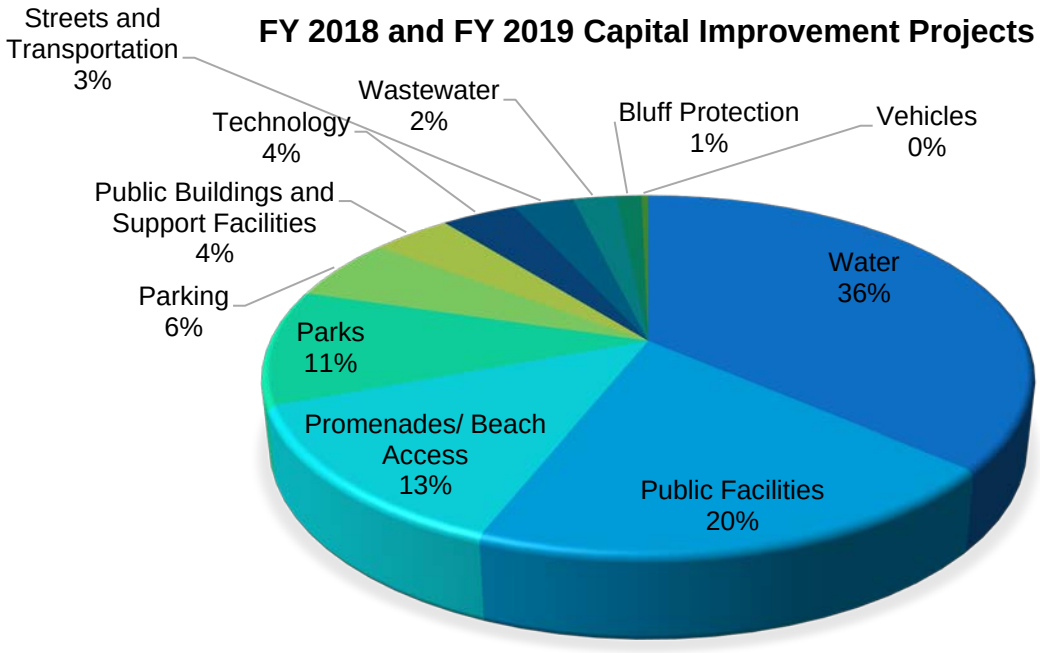


Photo Credit: Shell Beach Feb 10, 2015 - Just below Margo Dodd Park by Bill Elder

CAPITAL IMPROVEMENT PROJECTS

ACTIVITY DESCRIPTION

The purpose of the Capital Improvement Projects budget is to account for those resources utilized to design and construct the City's capital projects. The City Council appropriates capital projects from the best appropriate funding source. Most non-enterprise fund capital projects are budgeted in the Capital Projects Fund. The following pie chart illustrates the types of capital improvement projects budgeted in both the FY 2018 and FY 2019 budget.



10-Year Capital Improvement Plan

In addition to the FY 2018 and FY 2019 Adopted Budget capital improvement projects, the City Council adopted a new 10-Year Capital Improvement Plan (CIP) for FY 2018 through FY 2027. This CIP not only identifies the City's immediate capital needs, but also seeks to capture the long-term capital needs of the City. The 10-Year CIP is consistent with the Fiscal Year (FY) 2018 and FY 2019 Adopted Budgets and the City's General Plan, and includes all the various capital projects that staff has identified through a thorough development process. This document is available on the City's website (www.pismobeach.org). The plan will be updated biennially along with the City's biennial budget process and subject to change as the needs of the City become more defined and individual projects move along in their respective planning and budgeting processes.

CAPITAL IMPROVEMENT PROJECTS

Accomplishments Prior Two-Year Budget:

- ✓ Street Paving
- ✓ Price Canyon Road Slope Repair
- ✓ Price Canyon, Dell Ct. and Tulare St. Waterline Upgrade
- ✓ Five Cities Turn Signal
- ✓ City Hall Backup Generator
- ✓ Price Historic Park Parking and Waterline Improvements

Work Program Highlights for Next Two-Year Budget:

- Five Cities Lift Station Replacement
- Solids Handling
- Bello Bridge Replacement
- Cypress/Pomeroy Intersection Improvements
- Bluff Repairs and Protection
- Storm Drain Repairs and Upgrades
- Coastal Access Improvements
- Corp Yard Lighting Improvements
- Corp Yard Fuel Tank
- Chapman ADA Improvements (In Progress)
- Shell Beach Road Streetscape (Design In Progress)

CAPITAL IMPROVEMENT PROJECTS

The following table summarizes capital improvement projects by fund type for FY 2015 through FY 2019. For FY 2018 and FY 2019, the Adopted Budgets include both new work plan capital improvement projects and baseline budget capital projects. After removing the baseline capital projects, the total new work plan capital projects are $6,585,650 for FY 2018 and $3,690,000 for FY 2019.

Capital Improvement Projects by Fund Type for FY 2015 through FY 2019

GENERAL & OTHER FUND EXPENDITURES:	ACTUALS FY 15	ACTUALS FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	TOTAL FY 15 - FY19	% OF TOTAL
Public Facilities	291,712	62,296	1,008,830	1,558,000	528,000	3,448,838	8%
Parks	27,627	386,069	137,799	1,075,000		1,626,495	4%
Public Buildings and Support Facilities	628,138	216,906	399,492	405,350		1,649,886	4%
Promenades/ Beach Access				350,000	1,000,000	1,350,000	3%
Vehicles	610	2,484	1,108,648	333,501	583,011	2,028,254	5%
Parking				255,000		255,000	1%
Bluff Protection				130,000		130,000	0%
Streets and Transportation	2,367,849	1,829,018	9,872,783		312,000	14,381,650	33%
Technology	152,835	116,223	760,887	215,300	175,000	1,420,246	3%
TOTAL GENERAL & OTHER FUND EXPENDITURES:	**$3,468,771**	**$2,612,997**	**$13,288,438**	**$4,322,151**	**$2,598,011**	**$26,290,368**	**60%**

ENTERPRISE FUND EXPENDITURES:	ACTUALS FY 15	ACTUALS FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	TOTAL FY 15 - FY19	% OF TOTAL
Water	223,816	242,720	2,734,439	2,577,500	1,333,000	7,111,475	16%
Parking	54,900	78,082	150,632	75,000	250,000	608,614	1%
Wastewater	140,001	18,733	370,102	65,800	240,800	835,436	2%
Public Facilities				25,000		25,000	0%
Promenades/ Beach Access	106,785	249	8,940,436	10,000		9,057,470	21%
Public Buildings and Support Facilities				7,000		7,000	0%
Pier	-	-	7,215			7,215	0%
TOTAL ENTERPRISE FUND EXPENDITURES:	**$525,502**	**$339,784**	**$12,202,824**	**$2,760,300**	**$1,823,800**	**$17,652,210**	**40%**

TOTAL GEN/OTHER & ENTERPRISE FUND EXPENDITURES:	**$3,994,273**	**$2,952,781**	**$25,491,262**	**$7,082,451**	**$4,421,811**	**$43,942,578**	**100%**

Less Baseline Budget Capital Projects	$ 496,801	$ 731,811
New Work Plan Capital Improvement Projects	**$6,585,650**	**$3,690,000**

The following two tables list out all the new work plan capital projects by fiscal year, project, and funding source.

CAPITAL IMPROVEMENT PROJECTS

FY 2018 Capital Projects by Fund

Capital Project Description	General Fund	Half Cent Sales Tax Fund	Public Education Govt Fund	Circulation Fees	Park Development Fund	Wastewater Treatment Fund	Water Enterprise Fund	Parking Enterprise Fund	Pier Enterprise Fund	Technology Service Fund	Motor Vehicle Fund	All Funds Total
Bluff Protection												
Bluff Inspection Program	30,000											30,000
Ebb Tide Park Bluff Protection		50,000										50,000
Memory Park Bluff Protection		50,000										50,000
Bluff Protection Subtotal	*30,000*	*100,000*										*130,000*
Parking												
Dino Caves Parking Lot Expand					130,000							130,000
Parking Structure Design & Study								75,000				75,000
Spyglass Parking Lot Overlay	125,000											125,000
Parking Subtotal	*125,000*				*130,000*			*75,000*				*330,000*
Parks												
Beach Play Equipment Replace					100,000							100,000
Dino Caves New Play Equipment					125,000							125,000
Dino Caves Restroom					325,000							325,000
Price Hist.Park/Meherin House					50,000							50,000
Shell Beach Sports Court RR					225,000							225,000
Shell Beach Sports Court Exp.					125,000							125,000
Spyglass Play Equipment					125,000							125,000
Parks Subtotal					*1,075,000*							*1,075,000*
Promenade/ Beach Access												
Pier Plaza/Pier Parking Lot Upgrade	350,000											350,000
South Promenade Maintenance									10,000			10,000
Promenade/ Beach Access Subtotal	*350,000*								*10,000*			*360,000*
Public Buildings & Support Facilities												
City Hall Downstairs Imprvmnts	30,000											30,000
City Hall Leaks	124,850											124,850
Corp Yard Lighting/Gate	3,500					3,500	3,500					10,500
Council Chamber Upgrade	7,600		39,400									47,000
Heaters for Bello Vets Hall	200,000											200,000
Public Buildings & Support Facilities Subtotal	*365,950*		*39,400*			*3,500*	*3,500*					*412,350*
Public Facilities												
Bluffs Fence Replacement	33,000											33,000
Circulation Element Update				275,000				25,000				300,000
Corp Yard Fuel Tank											180,000	180,000
Morro Ave Stair Replacement		750,000										750,000
Ocean Blvd./Vista Del Mar Path		190,000										190,000
Park Sign Updates												
Price St Beautification/Imprvs	10,000											10,000
Sidewalk Pavers	50,000											50,000
St. Judes Tunnel Repairs	20,000											20,000
Public Facilities Subtotal	*113,000*	*940,000*		*275,000*				*25,000*			*180,000*	*1,533,000*

FY 2018 Capital Projects by Fund continued

Capital	Project Description	General Fund	Half Cent Sales Tax Fund	Public Education Govt Fund	Circulation Fees	Park Development Fund	Wastewater Treatment Fund	Water Enterprise Fund	Parking Enterprise Fund	Pier Enterprise Fund	Technology Service Fund	Motor Vehicle Fund	All Funds Total
Technology													
	Body Camera Replacement	25,000											25,000
	City Data Storage Systems										75,000		75,000
	Community Camera Program	25,000											25,000
	Laserfiche-Records Mgmt Upgr.										42,300		42,300
	Mobile Data Computers												
	PD Security Camera System	30,000											30,000
	Traffic Study Program	18,000											18,000
	Technology Subtotal	*98,000*									*117,300*		*215,300*
Wastewater													
	Replace Chlorine Analyzer						25,000						25,000
	Wastewater Subtotal						*25,000*						*25,000*
Water													
	Backup Generator Replacement							140,000					140,000
	Booster Station VFD's							54,500					54,500
	Pismo Heights Generator Enclosure							100,000					100,000
	Regional Groundwater Sustainability Project							500,000					500,000
	Shell Beach Reservoir 1 Replacement							1,700,000					1,700,000
	Water Subtotal							*2,494,500*					*2,494,500*
Vehicles													
	Replace parking lot & street striper	10,500											10,500
	Vehicles Subtotal	*10,500*											*10,500*
Total		**$1,092,450**	**$1,040,000**	**$ 39,400**	**$ 275,000**	**$ 1,205,000**	**$ 28,500**	**$2,498,000**	**$100,000**	**$ 10,000**	**$ 117,300**	**$180,000**	**$6,585,650**

CAPITAL IMPROVEMENT PROJECTS

FY 2019 Capital Projects by Fund

Capital Project Description	General Fund	Half Cent Sales Tax Fund	Circulation Fees	Motor Vehicle Fund	Wastewater Treatment Fund	Water Enterprise Fund	Parking Enterprise Fund	All Funds Total
Parking								
Pier Plaza/Pier Parking Lot Upgrade							250,000	250,000
Parking Subtotal							*250,000*	*250,000*
Promenade/ Beach Access								
Pier Plaza/Pier Parking Lot Upgrade	1,000,000							1,000,000
Promenade/ Beach Access Subtotal	*1,000,000*							*1,000,000*
Public Facilities								
Bluffs Fence Replacement	33,000							33,000
Park Sign Updates	145,000							145,000
Price St Beautification/Imprvs	250,000							250,000
Sidewalk Pavers	50,000							50,000
Public Facilities Subtotal	*478,000*							*478,000*
Streets and Transportation								
ADA Improvements Cypress		150,000						150,000
Cypress/Pomeroy Intersection Pedestrian			162,000					162,000
Streets and Transportation Subtotal		*150,000*	*162,000*					*312,000*
Technology								
Community Camera Program	25,000							25,000
Mobile Data Computers				150,000				150,000
Technology Subtotal	*25,000*			*150,000*				*175,000*
Wastewater								
Sewer System Management Plan					200,000			200,000
Wastewater Subtotal					*200,000*			*200,000*
Water								
Pacific Estates Reservoir Maintenance						750,000		750,000
Regional Groundwater Sustainability Project						500,000		500,000
Water Subtotal						*1,250,000*		*1,250,000*
Vehicles								
Polaris-type parks vehicle				25,000				25,000
Vehicles Subtotal				*25,000*				*25,000*
Total	**$1,503,000**	**$150,000**	**$ 162,000**	**$175,000**	**$ 200,000**	**$1,250,000**	**$ 250,000**	**$3,690,000**

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ENTERPRISE AND RELATED FUNDS



Photo Credit: My favorite stairs Pismo Shell Beach by Vivian Krug

Water Enterprise Funds

Combined Water Funds

Water Funds
Adopted Budget

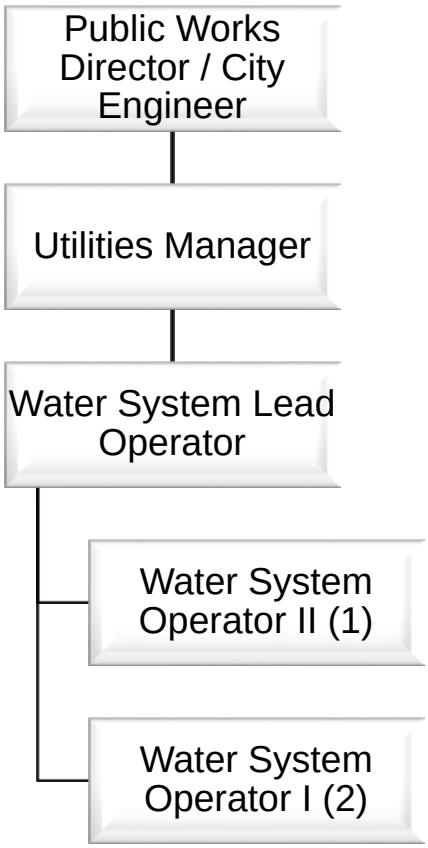
FY 2017-18

	Water Operations & Billing	Special Water Tax	Water Construction	Water Expansion	Total
Net working capital 07/01/17	$ 3,533,460	$ 1,220,973	$ 584,769	$ 1,549,584	$6,888,786
Revenues					
Water Sales & Service Charges	3,410,000				$3,410,000
Special Tax Fund/Interest		1,270,000	5,000		$1,275,000
Gragg Valley Ranch Contribution		140,000			$ 140,000
Transfer In From Water Fund		-	1,850,000		$1,850,000
Other Revenues	88,000	100,000			$ 188,000
TOTAL REVENUE	3,498,000	1,510,000	1,855,000	-	6,863,000
Expenditures					
Billing	104,533				$ 104,533
Operations	1,671,810		-		$1,671,810
State Water	249,825	1,341,000			$1,590,825
Lopez Water	836,562	470,456			$1,307,018
Work Plan Budget Requests	2,592,728		1,800,000		$4,392,728
Set Aside for Reserve	50,000		-		$ 50,000
TOTAL EXPENDITURES	5,505,458	1,811,456	1,800,000	-	9,116,914
Net Income/(Loss) from Operations	(2,007,458)	(301,456)	55,000	-	(2,253,914)
Estimated Net working capital 6/30/2018	$ 1,526,002	$ 919,517	$ 639,769	$ 1,549,584	$4,634,872

FY 2018-19

	Water Operations & Billing	Special Water Tax	Water Construction	Water Expansion	Total
Net working capital 07/01/2018	$ 1,526,002	$ 919,517	$ 639,769	$ 1,549,584	$4,634,872
Revenues					
Water Sales & Service Charges	3,410,000				$3,410,000
Special Tax Fund/Interest		1,300,000	5,000		$1,305,000
Gragg Valley Ranch Contribution		140,000			$ 140,000
Transfer In From Water Fund			800,000		$ 800,000
Other Revenues	88,000	100,000			$ 188,000
TOTAL REVENUE	3,498,000	1,540,000	805,000	-	5,843,000
Expenditures					
Billing	106,866				$ 106,866
Operations	1,749,673		-		$1,749,673
State Water	252,622	1,369,330			$1,621,952
Lopez Water	853,292	479,866			$1,333,158
Work Plan Budget Requests	1,250,528		750,000		$2,000,528
Set Aside for Reserve	50,000				$ 50,000
TOTAL EXPENDITURES	4,262,981	1,849,196	750,000	-	6,862,177
Net Income/(Loss) from Operations	(764,981)	(309,196)	55,000	-	(1,019,177)
Esitmated Net working capital 06/30/2019	$ 761,021	$ 610,321	$ 694,769	$ 1,549,584	$3,615,695

Water Enterprise Fund



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Water Supervisor	1	0	0	0	0
Water Lead Operator	0	1	1	1	1
Water Systems Operator II	2	2	2	2	2
Water Systems Operator I	2	1	1	1	1
Total Department Staff	**5**	**4**	**4**	**4**	**4**

ACTIVITY DESCRIPTION

The Water Operations division is responsible for ensuring that a safe, drinkable supply of water is provided to Pismo Beach. This responsibility is accomplished through on-going inspection, repair and maintenance of the City's wells, tanks, booster stations, hydro-pneumatic system, and water distribution system components. The City's water distribution system and supply are sampled in accordance with State Health Department regulations and guidelines. Tasks also include educating water customers on water quality, cost and conservation issues.

WATER ENTERPRISE FUND EXPENDITURES:

WATER OPERATIONS	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	438,427	751,331	624,357	649,711	676,753	12%
Operations & Maintenance	713,139	956,377	1,523,409	1,051,120	1,079,709	20%
Capital Outlay	5,617	19,765	37,720	280,000	83,000	5%
Other Exps. & Fin. Use	678,509	874,071	368,152	356,530	374,351	7%
Operating Transfers	118,631	42,648	2,684,743	1,945,456	836,343	36%
Total City Water Expenditures	**$1,954,323**	**$2,644,192**	**$5,238,381**	**$4,282,817**	**$3,050,156**	**80%**

LOPEZ AND STATE WATER	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Water - Lopez	637,797	745,848	857,761	836,562	853,292	16%
Water - State	163,592	200,534	255,263	249,825	252,622	5%
Total Lopez & State Water Expenditures	**$801,390**	**$946,381**	**$1,113,024**	**$1,086,387**	**$1,105,914**	**20%**

Total Water Enterprise Fund Expenditures	**$2,755,712**	**$3,590,574**	**$6,351,405**	**$5,369,204**	**$4,156,070**	**100%**

Water Division

Accomplishments Prior Two-Year Budget:

- ✓ Northern Cities Management Area (NCMA) Studies
- ✓ Price Canyon, Dell Ct. and Tulare St. Waterline Upgrade
- ✓ Price Historic Park Waterline Improvements
- ✓ Urban Water Management Program

Work Program Highlights for Next Two-Year Budget:

- Shell Beach Reservoir I Replacement
- Bello Street and Wadsworth Avenue Waterline Upgrade
- Reservoir Maintenance – painting, cleaning, coating, inspections and seismic retrofit
- Booster Station VFD's
- Water Master Plan
- Huber Well Fence Replacement

ACTIVITY DESCRIPTION

The Water Billing activity accounts for staff, contract meter reading and direct services and supplies related to water billings. Bills are sent to approximately half of the City each month. This unit of the Administrative Services Department also handles public requests for new service and service shutoff.

WATER BILLING ACTIVITY EXPENDITURES:

WATER BILLING	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	40,601	42,063	50,233	33,233	35,534	24%
Operations & Maintenance	60,554	62,468	76,908	98,802	71,377	73%
Operating Transfers	3,169	4,159	78,299	4,219	0	3%
Total	**$104,323**	**$108,691**	**$205,441**	**$136,254**	**$106,911**	**100%**

WATER BILLING STAFF:

CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Accounting Technician	0.50	0.50	0.50	0.50	0.50
Total Department Staff	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**

ACTIVITY DESCRIPTION

This activity accounts for the expenditure of the special water tax, Adopted by Pismo Beach voters in 1997. Proceeds of the tax can be used only for fixed costs of State water and/or Lopez water. The voters set the maximum tax rate at $188..94 per EDU (Equivalent Dwelling Unit) for fiscal year 2017-2018. The tax rate rises annually at the same rate as the consumer price index, up to a maximum of 3%. The actual tax rate set in any year must take into account the amount of State water impact fee revenues actually received by the City in the prior year, as a way of minimizing the tax rate level. Reserves can be accrued but cannot exceed 25% of the annual fixed costs of the State and Lopez water systems.

WATER TAX FUND ACTIVITY EXPENDITURES:

WATER TAX FUND EXPENDITURES:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Water-Lopez	484,108	468,787	418,321	470,456	479,866	26%
Water-State	1,305,840	2,179,718	1,095,310	1,190,000	1,213,800	66%
Water - Gragg Portion	159,538	143,496	139,399	151,000	155,530	8%
Total Water Tax Fund Expenditures	**$1,949,487**	**$2,792,001**	**$1,653,030**	**$1,811,456**	**$1,849,196**	**100%**

Water Construction Fund

ACTIVITY DESCRIPTION

The Water Construction Fund was created per Resolution No. R-2013-060, per the 2013 Water Rate Study, to capture the sources and uses of funds related to construction of the City's water system capital improvement program, separate from the normal operations of the water system. The City created the fund in July 2014. Beginning in FY 2014-15, all water construction projects are tracked in this fund.

WATER CONSTRUCTION FUND EXPENDITURES:

WATER CONSTRUCTION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Water Construction	570,249	283,380	2,377,275	1,800,000	750,000	100%
Total - Water Construction	**$570,249**	**$283,380**	**$2,377,275**	**$1,800,000**	**$750,000**	**100%**

Wastewater Enterprise Funds

Combined Wastewater Funds

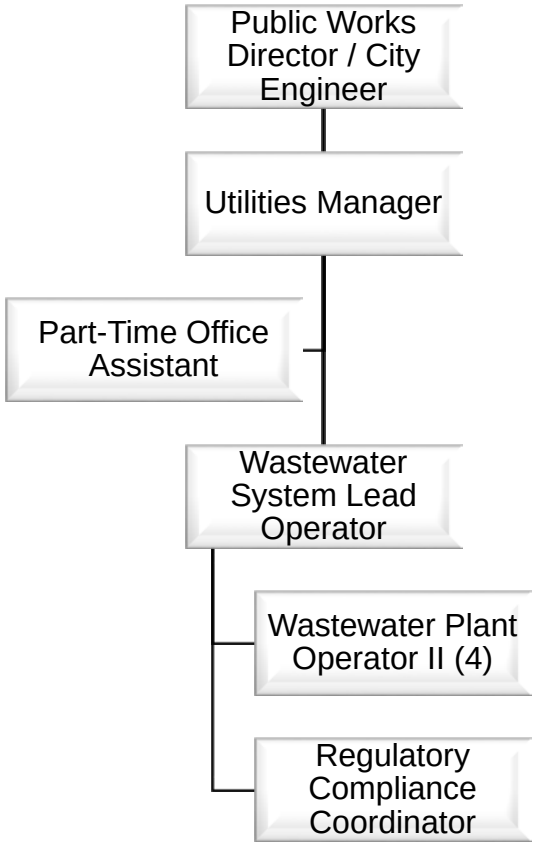
Wastewater Funds
Adopted Budget
FY 2017-18

	Wastewater Operations & Billing	Wastewater Construction	Wastewater Expansion	Total
Net working capital 7/1/17	$ 2,613,335	$ 1,132,845	$ 2,010,725	$ 5,756,905
Revenues				
Wastewater Charges/Reimbursements	4,380,000			4,380,000
Interest Earnings	-	-	-	-
Building Permits			20,000	20,000
Transfers In from WW Fund		111,000	-	111,000
TOTAL REVENUE	4,380,000	111,000	20,000	4,511,000
Expenditures				
Billing	66,575			66,575
Operations	2,561,191		389	2,561,580
Debt Service	1,086,504			1,086,504
Capital Projects	-	-		-
Work Plan Budget Requests	120,990			120,990
Set Aside for Reserve	111,000	111,000		222,000
TOTAL EXPENDITURES	3,946,260	111,000	389	4,057,649
Net Income/(Loss) from Operations	433,740	-	19,611	453,351
Estimated Net working capital 6/30/2018	$ 3,047,075	$ 1,132,845	$ 2,030,336	$ 6,210,256

FY 2018-19

	Wastewater Operations & Billing	Wastewater Construction	Wastewater Expansion	Total
Net working capital 7/1/18	$ 3,047,075	$ 1,132,845	$ 2,030,336	$ 6,210,256
Revenues				
Wastewater Charges/Reimbursements	4,380,000			4,380,000
Interest Earnings	-	-	-	-
Building Permits			20,000	20,000
Transfers In from WW Fund		111,000	-	111,000
TOTAL REVENUE	4,380,000	111,000	20,000	4,511,000
Expenditures				
Billing	68,908			68,908
Operations	2,655,157		409	2,655,566
Debt Service	1,105,369			1,105,369
Capital Projects	-	-		-
Work Plan Budget Requests	280,539			280,539
Set Aside for Reserve	111,000	111,000		222,000
TOTAL EXPENDITURES	4,220,973	111,000	409	4,332,382
Net Income/(Loss) from Operations	159,027	-	19,591	178,618
Estimated Net working capital 6/30/2019	$ 3,206,102	$ 1,132,845	$ 2,049,927	$ 6,388,874

Wastewater



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Utilities Manager	0	1	1	1	1
Wastewater Supervisor	1	0	0	0	0
Wastewater System Lead Operator	0	1	1	1	1
Wastewater II Operators	4	4	4	4	4
Wastewater I Operators	1	0	0	0	0
Regulatory Compliance	1	1	1	1	1
Total Department Staff	**7**	**7**	**7**	**7**	**7**

ACTIVITY DESCRIPTION

The Wastewater Operations Division is responsible for protecting public health and the environment by insuring that the City's treatment and collection system operations meet all City, Federal and State laws and requirements. This responsibility is accomplished by operation and maintenance of the City's wastewater treatment plant, located on Frady Lane at the City corporation yard, and by operation and maintenance of the wastewater collection facilities including pumps and pipelines.

WASTEWATER ENTERPRISE FUND EXPENDITURES:

WASTEWATER OPERATIONS	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	562,403	910,341	946,921	998,620	1,030,428	26%
Operations & Maintenance	784,692	836,595	1,053,064	974,294	1,007,071	25%
Capital Outlay	5,143	14,047	40,800	65,800	40,800	2%
Other Exps.& Fin. Use	987,362	1,134,151	475,015	497,202	521,445	13%
Operating Transfers	35,785	44,559	45,516	114,544	55,907	3%
Debt Service	975,797	1,010,271	1,058,574	1,086,504	1,105,369	28%
Total - Wastewater Operations	**$3,351,181**	**$3,949,963**	**$3,619,890**	**$3,736,964**	**$3,761,020**	**97%**

	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Wastewater Construction	251,001	(18,387)	481,102	111,000	391,000	3%
Total Wastewater Construction	**$251,001**	**($18,387)**	**$481,102**	**$111,000**	**$391,000**	**3%**

Total Wastewater Operations and Construction	**$3,602,183**	**$3,931,576**	**$4,100,991**	**$3,847,964**	**$4,152,020**	**100%**

Wastewater Enterprise Fund

Accomplishments Prior Two-Year Budget:

- ✓ Five Cities Lift Station Design
- ✓ Solids Handling Design
- ✓ Lift Station Maintenance

Work Program Highlights for Next Two-Year Budget:

- Five Cities Lift Station Replacement
- Solids Handling Construction
- Lift Station Maintenance Project
- Interceptor Manhole Repair
- Force Main Spyglass/Sunset
- Vista Del Mar Sewer Line
- Sewer System Management Plan
- Oxidation Ditch Maintenance
- Hot Spot Repairs
- Regional Groundwater Sustainability Program

ACTIVITY DESCRIPTION

The Wastewater Billing activity accounts for staff, direct services and supplies related to wastewater billings. Bills are sent to approximately half of the City each month.

WASTEWATER BILLING ACITIVITY EXPENDITURES:

WASTEWATER BILLING	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	40,588	42,054	50,035	33,275	35,576	34%
Operations & Maintenance	25,302	25,703	30,398	60,802	33,377	62%
Operating Transfers	0	7,574	60,715	4,219	0	4%
Total	**$65,890**	**$75,330**	**$141,148**	**$98,296**	**$68,953**	**100%**

WASTEWATER BILLING STAFF:

CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Accounting Technician	0.50	0.50	0.00	0.00	0.00
Accounting Clerk	0.00	0.00	0.50	0.50	0.50
Total Department Staff	**0.50**	**0.50**	**0.50**	**0.50**	**0.50**

Wastewater Expansion Fund

ACTIVITY DESCRIPTION

The Wastewater Expansion Fund was established to provide for additional facilities needed to serve the additional population. Revenues for this fund consist of development fees on new construction.

WASTEWATER EXPANSION FUND EXPENDITURES:

WASTEWATER EXPANSION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	721	327	368	389	409	100%
Total	**$721**	**$327**	**$368**	**$389**	**$409**	**100%**

Wastewater Construction Fund

ACTIVITY DESCRIPTION

The Wastewater Construction Fund was created per Resolution No. R-2002-62, in accordance with the State Water Resources Control Board requirements of the State Revolving Fund Loan Program. The State Water Resources Control Board requires, as a condition of approval of the loan, the establishment of a Wastewater Capital Reserve Fund for future expansion, major repair or replacement costs. The City created the fund in October 2002. All construction costs for the Wastewater Treatment Plant Project were accounted for in this fund. In addition, beginning in 2008, the City sets aside $111,000 per year from the Wastewater Enterprise Fund, a reserve as required by the State Water Resources Control Board. Beginning in FY 2013-14, all wastewater construction projects are tracked in this fund.

WASTEWATER CONSTRUCTION FUND EXPENDITURES:

WASTEWATER CONSTRUCTION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Wastewater Construction	461,478	7,785	6,676,528	111,000	111,000	100%
Total - Wastewater Construction	**$461,478**	**$7,785**	**$6,676,528**	**$111,000**	**$111,000**	**100%**

Pier Enterprise Fund

ACTIVITY DESCRIPTION

The Pier Maintenance activity accounts for expenditures for repair and maintenance of the pier, promenade and nearby facilities. This is established as an enterprise fund because income derived from the City's leases of tideland properties must be spent solely for maintenance and improvement of such properties. Currently, the City receives lease revenue from the Bait Shack on the pier. Since this revenue is much too low to support annual maintenance expenses, the General Fund must make annual transfers to the Pier Enterprise Fund for these expenses.

The City is undergoing a major rehabilitation of the City's pier. The City issued lease revenue bonds in 2017 to support the majority of this project. The debt service on these bonds will be supported by the General Fund.

PIER FUND EXPENDITURES:

PIER ENTERPRISE FUND	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	99,699	74,276	52,800	77,500	67,500	16%
Debt Service	0	0	0	403,987	406,013	84%
Capital Outlay	106,785	249	8,947,651	0	0	0%
Total	**$206,484**	**$74,525**	**$9,000,451**	**$481,487**	**$473,513**	**100%**

Accomplishments Prior Two-Year Budget:

- ✓ Pier Rehabilitation Project Design

Work Program Highlights for Next Two-Year Budget:

- Pier Rehabilitation Project

Motor Vehicle Operations & Replacement Fund



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Fleet Mechanic	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

Motor Vehicle Operations and Replacement Fund

ACTIVITY DESCRIPTION

The Motor Vehicle Operations & Replacement Fund is an internal service fund. This Division is responsible for assuring that City vehicles and equipment are maintained in a safe and reliable condition. Responsibilities include inspecting, servicing and maintaining vehicles, heavy equipment, and generators, while obtaining the highest rating on all State inspections. Service records are established and maintained for each vehicle, piece of heavy equipment, trailer and generator that is owned by the City of Pismo Beach.

MOTOR VEHICLE FUND EXPENSES:

MOTOR VEHICLE OPERATIONS	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	103,082	107,788	114,625	121,922	124,974	13%
Operations & Maintenance	352,615	304,482	372,957	342,745	357,945	35%
Other Exps.& Fin. Use	5,468	4,160	8,651	4,817	4,888	0%
Operating Transfers	0	1,233	0	768	0	0%
Total Motor Vehicle Operations	**$461,165**	**$417,663**	**$496,233**	**$470,252**	**$487,807**	**48%**

MOTOR VEHICLE REPLACEMENTS	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Capital Outlay	610	2,484	1,136,048	503,001	733,011	52%
Other Exps.& Fin. Use	273,027	298,426	0	0	0	0%
Total Motor Vehicle Replacement	**$273,637**	**$300,910**	**$1,136,048**	**$503,001**	**$733,011**	**52%**

Total MV Operations & Replacement	**$734,802**	**$718,572**	**$1,632,281**	**$973,253**	**$1,220,818**	**100%**

Motor Vehicle Repairs Division

Accomplishments Prior Two-Year Budget:

- ✓ Purchase replacement vehicles as Adopted by City Council
- ✓ Develop a vehicle and equipment plan for City fleet, including new equipment required by regulations and additions to meet build-out requirements

Work Program Highlights for Next Two-Year Budget:

- Purchase replacement vehicles and equipment as Adopted by City Council
- Maintain the City's fleet to the highest standards

Parking Enterprise Fund

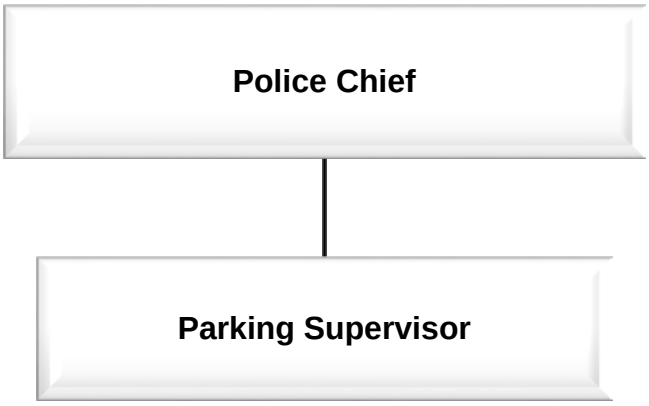
Parking Enterprise Fund
Adopted Budget
FY 2017-18

		Parking Enterprise Fund
Net Working Capital 7/1/2017	$	2,316,669
Revenues		
Kiosk Revenues		600,000
Parking Citations		60,000
Parking Permits		1,000
Interest		14,000
TOTAL REVENUE		675,000
Expenditures		
Salaries & Benefits		305,176
Materials & Services		242,474
Work Plan Budget Requests		108,241
TOTAL EXPENDITURES		655,891
Net Income/(Loss) from Operations		19,109
Estimated Ending Net Working Capital 06/30/18	$	2,335,778

FY 2018-19

Net Working Capital 7/1/2018	$	2,335,778
Revenues		
Kiosk Revenues		600,000
Parking Citations		60,000
Parking Permits		1,000
Interest		14,000
TOTAL REVENUE		675,000
Expenditures		
Salaries & Benefits		317,294
Materials & Services		247,269
Work Plan Budget Requests		250,215
TOTAL EXPENDITURES		814,778
Net Income/(Loss) from Operations		(139,778)
Estimated Ending Net Working Capital 06/30/19	$	2,196,000

PARKING ENTERPRISE FUND



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
Parking Supervisor	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

Parking Enterprise Fund

ACTIVITY DESCRIPTION

The Parking Division is responsible for implementing the goals of the Pismo Beach Parking Management Plan as follows:

- Administer existing parking more efficiently
- Provide more parking to support future demand and downtown businesses
- Improve enforcement and parking management
- Improve financial operations related to parking
- Establish a financing program for a future parking structure
- Implement Phase I of the Parking Management Plan, modified over time to address changes

PARKING ENTERPISE FUND EXPENDITURES:

PARKING ENTERPRISE FUND EXPENSES	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	152,277	276,571	200,467	305,176	317,294	47%
Operations & Maintenance	168,763	196,218	182,817	161,955	131,181	25%
Capital Outlay	0	0	100,000	75,000	250,000	11%
Other Exps.& Fin. Use	43,613	117,824	104,555	112,226	116,303	17%
Operating Transfers	16,847	1,512	5,910	1,534	0	0%
Total	**$381,500**	**$592,125**	**$593,749**	**$655,891**	**$814,778**	**100%**

Parking Division

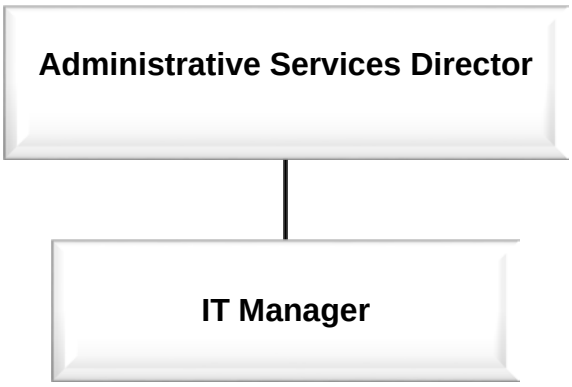
Accomplishments Prior Two-Year Budget:

- ✓ Modified the parking hours for Price Street from 3-hour seasonal to 2-hour year-round
- ✓ Improved the functions of the parking kiosks to be more user friendly
- ✓ Completed assessment of Downtown parking options (Walker Parking Study)
- ✓ Began implementation of parking management improvements
- ✓ Initiated the review of meters vs. kiosks for on-street pay parking

Work Program Highlights for Next Two-Year Budget:

- Implement meter test areas for pay parking
- Complete the Parking Management Plan
- Continue to identify opportunities for additional parking

Technology Services Fund



CLASSIFICATION	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19
IT Manager	1	1	1	1	1
Total Department Staff	**1**	**1**	**1**	**1**	**1**

ACTIVITY DESCRIPTION

The Technology Service Fund is an internal service fund. This division is part of the Administrative Services Department and is responsible for Information Systems Implementation and Management. Responsibilities include information security, monitoring contracted information technology (IT) services, overseeing IT infrastructure (data, telecommunications, radio), managing technology projects and supporting all technology initiatives.

TECHNOLOGY SERVICE FUND EXPENSES:

TECHNOLOGY SERVICES	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	115,324	124,521	139,290	140,327	146,591	19%
Operations & Maintenance	363,774	519,887	992,318	509,517	473,728	69%
Capital Outlay	(615)	15,826	18,000	93,000	18,000	13%
Other Exps.& Fin. Use	1,981	4,286	0	0	0	0%
Total Technology Services	**$480,465**	**$664,519**	**$1,149,607**	**$742,844**	**$638,319**	**100%**

Technology Service Fund
Information Technology Division

Accomplishments Prior Two-Year Budget:

- ✓ Implemented a new financial management system to replace the old technologically antiquated system
- ✓ Standardized Microsoft software versions for all users and brought licensing into compliance
- ✓ Provided fiber optic internet connections for City Hall and Police Department, allowing for the slower cable modems at both locations to be the back-up internet connection
- ✓ Replaced the City's firewalls, which are the primary security appliance for the City
- ✓ Fixed data cabling problems at City Hall, Police Department and Corporation Yard
- ✓ Upgraded Police Department's 911 radio consoles to provide improved functionality and mobility options
- ✓ Implemented a new copier and multifunction printer lease
- ✓ Implemented a new phone system for the City to improve communication options
- ✓ Upgraded the City's document management system and began implementation of paperless workflows

Work Program Highlights for Next Two-Year Budget:

- Continue to implement the City's Five-Year Information Technology Strategic Plan and IT Assessment recommendations
- Add additional modules to the City's document management system to improve automation and increase the use of paperless workflows
- Upgrade Police Department's body camera, in-car video, and mobile data computer systems
- Upgrade the City's data storage system to improve performance and capacity to support the City's paperless workflow initiatives
- Implement improved climate controls at the Ontario Ridge radio site and City Hall server room
- Implement new wireless communication system for downtown parking meters and kiosks
- Provide Data Cabling Maintenance and Repair
- Provide improved IT security
- IT Trainings and Knowledge Base
- Provide for annual Computer Workstation Replacements

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OTHER FUNDS



Photo Credit: Chapman Estate by Bill Elder

Half-Cent Sales Tax Fund Balance

Half Cent Sales Tax Fund
Adopted Budget
FY 2017-18

		Half Cent Sales Tax Fund
Net Working Capital 7/1/2017	$	-
Revenue		
Transfers from Other Funds		$1,500,000
TOTAL REVENUE		1,500,000
Expenditures		
Work Plan Requests - CIP		$1,040,000
TOTAL EXPENDITURES		1,040,000
Net Income/(Loss) from Operations		460,000
Estimated Ending Net Working Capital 06/30/18	$	460,000

FY 2018-19

Net Working Capital 7/1/2018	$	460,000
Revenue		
Transfers from Other Funds		$1,530,000
TOTAL REVENUE		1,530,000
Expenditures		
Work Plan Requests		$150,000
TOTAL EXPENDITURES		150,000
Net Income/(Loss) from Operations		1,380,000
Estimated Ending Net Working Capital 06/30/19	$	1,840,000

Half-Cent Sales Tax Fund

ACTIVITY DESCRIPTION

The voters in Pismo Beach approved Measure "C", a .50% (half-cent) transactions sales and use tax on June 3, 2008 that was effective October 1, 2008. All proceeds of the tax levied and imposed are accounted for in the City of Pismo Beach General Fund, and may be used for any lawful purpose as designated by the Council. The first local measure included a six and one half year sunset clause, and expired on March 31, 2015. On November 4, 2014, the voters again approved another Measure, Measure "I", the .50% transactions sales and use tax to be effective April 1, 2015. The second local measure includes a twelve-year sunset clause, and will expire on March 31, 2027. The Adopted two-year budget provides vital funding to repair and improveme the City's infrastructure. The City of Pismo Beach has set up a separate fund to track the specific revenues and expenditures that are generated by the .50% transaction sales and use tax.

FUND REVENUE HALF CENT SALES TAX FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	5,251	9,547	3,500	-	-	0%
Mark to Market Gain/Loss	343	6,284	-	-	-	0%
Transfers In from General Fund	1,710,665	1,467,649	1,450,141	1,500,000	1,530,000	100%
Total Fund Revenue	**$1,716,260**	**$1,483,480**	**$1,453,641**	**$1,500,000**	**$1,530,000**	**100%**

FUND EXPENSES HALF CENT SALES TAX FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operating Transfers	1,969,134	1,551,555	4,436,519	1,040,000	150,000	100%
Total Fund Expenses	**$1,969,134**	**$1,551,555**	**$4,436,519**	**$1,040,000**	**$150,000**	**100%**

Gas Tax Fund

ACTIVITY DESCRIPTION

This activity accounts for State gas tax funds received by the City according to the State's allocation formula. Pursuant to current City policy, these funds are used for 100% of City street light costs; 100% of City traffic signal maintenance costs; all street sweeping costs, except for parking lots which are not eligible to use gas tax funds; with the balance of annual revenues, if any, used for street repairs and/or capital improvements. Beginning in 2000-2001, gas tax revenues were transferred to the General Fund and the appropriations for streetlights, signal maintenance and street sweeping expenses were included in the General Fund street maintenance budget.

FUND REVENUE GAS TAX FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Gas Tax 2103	80,686	39,611	43,240	32,755	36,030	14%
Gas Tax 2105	47,211	43,293	49,797	47,550	47,550	20%
Gas Tax 2106	41,574	37,742	30,470	33,519	33,519	14%
Gas Tax 2107	60,422	56,374	68,427	61,428	61,428	26%
Gas Tax 2107.5	2,000	2,000	2,000	2,000	2,000	1%
RMRA Funds	-	-	-	47,178	140,534	20%
Loan Repay Funds	-	-	-	9,361	9,361	4%
Interest	924	1,822	-	1,800	1,800	1%
Mark to Market Gain/Loss	113	1,195	-	-	-	0%
Total Fund Revenue	**$232,930**	**$182,037**	**$193,934**	**$235,591**	**$332,222**	**100%**

FUND EXPENSES GAS TAX FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operating Transfers	196,878	149,714	597,010	140,000	140,000	100%
Total Fund Expenses	**$196,878**	**$149,714**	**$597,010**	**$140,000**	**$140,000**	**100%**

Local Transit Fund

ACTIVITY DESCRIPTION

This activity accounts for transit funds allocated to the City through SLOCOG (San Luis Obispo County Council of Governments). Funds are allocated, in part, on a formula basis and may be used only for local and regional public transit expenses as determined through the transit needs assessment process. The Ride-On program provides a subsidized shuttle service to qualifying seniors and handicapped persons. The City's share of funds for the SCAT transit system serving the Five Cities area and for SLORTA regional transit operations is allocated directly to SCAT and SLORTA without passing through City coffers. Only the Ride-On expenses are budgeted in this fund.

FUND REVENUE LOCAL TRANSIT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	13	24	0	0	0	0%
TDA Subsidized Tax	18,000	10,500	18,000	10,500	10,500	100%
Dial-A-Ride	0	0	0	0	0	0%
Mark to Market Gain/Loss	4	15	0	0	0	0%
Total Fund Revenue	**$18,016**	**$10,540**	**$18,000**	**$10,500**	**$10,500**	**100%**

FUND EXPENSES LOCAL TRANSIT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	8,615	8,915	10,667	10,704	10,741	100%
Total Fund Expenses	**$8,615**	**$8,915**	**$10,667**	**$10,704**	**$10,741**	**100%**

Local Transportation Fund – Street Construction

ACTIVITY DESCRIPTION

The Local Transportation Fund-Street Construction is used for the construction and maintenance of streets, bluff protection, and beach access. Revenues for this fund consist of State Transportation Development Act funds, which remain after funds are allocated for regional transit (SLORTA), local transit (SCAT) and Dial-a-Ride services.

FUND REVENUE LTF FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	1,064	2,534	-	2,500	2,500	1%
State Government Grants	0	-	-	-	-	0%
Local Transportation Tax	182,796	174,396	197,025	160,000	160,000	94%
LTF - Bikepaths	8,019	5,929	8,019	6,000	6,000	4%
Misc Revenue	2,500	-	2,500	2,500	2,500	1%
Mark to Market Gain/Loss	153	1,868	-	-	-	0%
Total Fund Revenue	**$194,532**	**$184,728**	**$207,544**	**$171,000**	**$171,000**	**100%**

FUND EXPENSES LTF FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	15,181	1,443	1,499	9,526	9,554	100%
Operating Transfers	-	-	801,143	0	0	0%
Total Fund Expenses	**$15,181**	**$1,443**	**$802,642**	**$9,526**	**$9,554**	**100%**

Circulation Fund – Street Construction

ACTIVITY DESCRIPTION

The Circulation Improvement Fund was set up to provide for specific street construction projects including improvements to Oak Park Boulevard and Fourth Street, relocation of the off ramps at Highway 101 and Fourth Street, the third freeway lane between Fourth Street and Price Street, and the Price Street Extension.

FUND REVENUE CIRCULATION FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	181	362	0	0	0	0%
Mark to Market Gain/Loss	21	232	0	0	0	0%
Transfer In-Impact	22,627	0	0	0	0	0%
Total Fund Revenue	**$22,829**	**$594**	**$0**	**$0**	**$0**	**0%**

FUND EXPENSES CIRCULATION FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	0	0	0	275,000	0	100%
Capital Outlay	0	0	0	0	162,000	0%
Total Fund Expenses	**$0**	**$0**	**$0**	**$275,000**	**$162,000**	**100%**

Impact Fee Fund

ACTIVITY DESCRIPTION

The Impact Fee Fund was established to provide for additional facilities needed to serve the population of newly-constructed homes. Revenues for this fund consist of development fees which are collected under Government Code, Section 66001, the Mitigation Fee Act, for the specific improvements Adopted by the City Council in Ordinance #O-93-01.

In FY 2004-05, the City updated and restructured the previous Impact Fees. The fees were approved by Resolution No. 2004-62 and became effective February 1, 2005. The fees will be increased by CPI on January 1st of each year unless changed otherwise by City Council. In FY 2014-15, the Water and Sewer Impact Fees for Impact Fee projects were transferred to the Water Expansion Fund and the Wastewater Expansion Fund.

FUND REVENUE IMPACT FEE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	3,039	8,755	3,000	6,500	6,500	100%
Mark to Market Gain/Loss	(402)	2,619	0	0	0	0%
Impact Fee Districts	440,628	426,904	0	0	0	0%
Transfers In	0	0	0	0	0	0%
Total Fund Revenue	**$443,265**	**$438,279**	**$3,000**	**$6,500**	**$6,500**	**100%**

FUND EXPENSES IMPACT FEE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	1,000	933	126,050	31,108	1,166	100%
Operating Transfers	872,454	58,162	375,000	0	0	0%
Total Fund Expenses	**$873,454**	**$59,095**	**$501,050**	**$31,108**	**$1,166**	**100%**

Developer Impact Fee Fund

ACTIVITY DESCRIPTION

The Developer Impact Fee Fund was established to provide for additional facilities needed to serve the population of newly constructed homes within the specified development areas. Revenues for this fund consist of development fees, which are collected under Government Code, Section 66001, the Mitigation Fee Act, for the specific improvements Adopted by the City Council in Ordinance 86-14, South Palisades Public Improvements and Resolution 96-39, establishing a Mattie Road/Spyglass Drive/Shell Beach Road Traffic Signal and Intersection Improvement Fee. In FY 2005-06 all impact fees received for the Shell Beach Road traffic signal were refunded to developers. The remaining funds were used to construct the Beachcomber Stairway Project, which was completed in FY 2008-09.

FUND REVENUE DEVELOPER IMPACT FEE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	304	546	0	0	0	0%
Mark to Market Gain/Loss	15	350	0	0	0	0%
Total Fund Revenue	**$318**	**$897**	**$0**	**$0**	**$0**	**0%**

FUND EXPENSES DEVELOPER IMPACT FEE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Capital Outlay	0	0	0	0	0	0%
Total Fund Expenses	**$0**	**$0**	**$0**	**$0**	**$0**	**0%**

Park Development Fund

ACTIVITY DESCRIPTION

The Park Development Fund was set up to provide for the construction of new parks and the enhancement of existing parks to serve new development. Funding sources include Quimby Act fees and impact fees under Government Code, Section 66001. The Quimby Act fees were updated in fiscal year 2004-05 by Resolution and increase each fiscal year by 5%.

FUND REVENUE PARK DEVELOPMENT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Subdivision Fees	159,696	287,862	10,000	10,000	10,000	33%
Interest	1,963	6,820	0	0	0	0%
Park Development Fee	350,135	288,946	20,000	20,000	20,000	67%
Mark to Market Gain/Loss	26	2,357	0	0	0	0%
Transfers In	3,533	0	0	0	0	0%
Total Fund Revenue	**$515,352**	**$585,984**	**$30,000**	**$30,000**	**$30,000**	**100%**

FUND EXPENSES PARK DEVELOPMENT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	1,000	3,253	3,660	3,863	4,066	0.32%
Capital Outlay	0	361,686	26,511	1,205,000	0	99.68%
Other Exps.& Fin. Use	141,061	(12,768)	29,198	0	0	0%
Operating Transfers	0	0	55,000	0	0	0%
Total Fund Expenses	**$142,061**	**$352,171**	**$114,369**	**$1,208,863**	**$4,066**	**100%**

Police Grant Fund

ACTIVITY DESCRIPTION

The Police Grant Fund is a Special Revenue Fund that tracks the activity of grants awarded to the Police Department for various items including grants for the following: Traffic programs, equipment, personnel, and miscellaneous operating expenses.

FUND REVENUE POLICE GRANT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Use of Money & Property	147	520	0	520	520	0%
State Government Grant	106,230	159,635	100,000	100,000	100,000	99%
Mark to Market Gain/Loss	36	463	0	0	0	0%
Total Fund Revenue	**$106,414**	**$160,617**	**$100,000**	**$100,520**	**$100,520**	**99%**

FUND EXPENSES POLICE GRANT FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	0	13,015	2,678	0	0	0%
Operating Transfers	42,280	24,132	120,079	100,000	100,000	100%
Total Fund Expenses	**$42,280**	**$37,147**	**$122,756**	**$100,000**	**$100,000**	**100%**

Lodging Business Improvement District ("LBID") Fund

LBID Fund Balance

LBID Fund
Adopted Budget

FY 2017-18

Net Working Capital 7/1/2017	$	203,524
Revenues		
LBID Assessment		$975,756
Interest Earnings		1,400
TOTAL REVENUE		977,156
Expenditures		
Salaries & Benefits		34,068
Operations & Maintenance		928,438
Non Profit Requests		15,000
Work Plan Budget Request		117,500
TOTAL EXPENDITURES		1,095,006
Net Income/(Loss) from Operations		(117,850)
Estimated Ending Net Working Capital 06/30/18	$	85,675

FY 2018-19

Net Working Capital 7/1/2018	$	85,675
Revenues		
LBID Assessment		$1,028,688
TOTAL REVENUE		1,028,688
Expenditures		
Salaries & Benefits		34,450
Operations & Maintenance		931,846
Work Plan Budget Request		125,000
TOTAL EXPENDITURES		1,091,296
Net Income/(Loss) from Operations		(62,608)
Estimated Ending Net Working Capital 06/30/19	$	23,067

Lodging Business Improvement District

ACTIVITY DESCRIPTION

The Pismo Beach Lodging Business Improvement District (LBID) is an assessment district created by the Pismo Beach City Council, at the request and approval of a majority of the Lodging businesses operating in the City, to raise money by assessing themselves, and then to use that money to promote Pismo Beach lodging businesses. The LBID was renewed in FY 2012-13 and the purposes for which LBID assessments could be expended are more limited than when the LBID was initially established. The improvements and activities to be provided for in FY 2018 and FY 2019 are those services and activities permitted under Section 3.26.030 of the Pismo Beach Municipal Code, which include: a) The general promotion of lodging operations within the LBID shall include costs of programs and physical improvements as specified in the business plan to be Adopted annually; b) The marketing of conference, group, and vacation business that benefits the local lodging industry in the district; c) The marketing of the LBID to the travel industry in order to benefit the local lodging industry in the district; d) Administration of the LBID, including collection and enforcement of assessments.

The LBID Ordinance provides for an LBID assessment of 1% levied on transient rents received by all Pismo Beach lodging.

FUND REVENUE LBID FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
LBID Assessment	867,972	919,431	936,884	968,256	1,027,288	99%
LBID Prior Period	0	0	0	7,500	0	1%
Interest	540	1,360	0	1,400	1,400	0.14%
Mark to Market Gain/Loss	1,355	0	0	0	0	0%
Misc. Revenues	0	0	18,000	0	0	0%
Total Fund Revenue	**$869,955**	**$921,157**	**$954,884**	**$977,156**	**$1,028,688**	**100%**

FUND EXPENSES LBID FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	26,331	8,770	33,466	34,068	34,450	3%
Operations & Maintenance	710,724	778,730	938,120	871,175	863,675	80%
Other Exps.& Fin. Use	299,435	105,000	62,565	189,763	193,171	17%
Total Fund Expenses	**$1,036,489**	**$892,499**	**$1,034,151**	**$1,095,006**	**$1,091,296**	**100%**

Lodging Business Improvement District

Accomplishments Prior Two-Year Budget:

- ✓ Completed a constantly evolving Strategic Marketing Plan to guide the CVB and Contracted Advertising Agency on marketing efforts and campaigns
- ✓ Re-skinned www.ClassicCalifornia.com and microsites to increase social media integration and footprint, video content and bring booking a room to the forefront of every page. Increased YouTube views by 16.2% (558k views), Facebook fans by 20.8% (183k fans), Instagram followers by 390.8% (22k followers)
- ✓ Successfully hosted multiple FAM Trips for travel writers, tour operators
- ✓ Improved promotional event funding application process and sponsorship tier levels, focusing on off-season events that benefit the lodging industry

Work Program Highlights for Next Two-Year Budget:

- Follow the Strategic Plan initiatives of Smart Tourism Growth, Collaborative Partnerships, Expanding the Brand, and Building Strong Visitor Satisfaction
- Create a new unified campaign to bridge all social media, digital and periodical advertising efforts to one overall message and feeling
- Continue to expand social media and digital advertising efforts and continue to research new trends and programs, including increased use of video
- Perform more extensive public relations campaigns and efforts to improve media relations and host more FAM Trips for travel writers and tour operators
- Put more emphasis on lodging packages, targeted advertising utilizing behavioral patterns, and participate with the County Tourism Marketing District and Central Coast Tourism Council on mutually beneficial cooperative advertising opportunities
- Promote off season events that benefit the lodging industry and co-market existing events to improve lodging occupancies
- Ensure www.ClassicCalifornia.com and all microsites are up-to-date and re-evaluate websites annually to ensure they remain current and produce lodging referrals

Housing In Lieu Fund

ACTIVITY DESCRIPTION

The Housing In-Lieu Fund was established on May 2, 2000 by Ordinance 2000-03. The Housing In-Lieu fee is a development impact fee paid to the City as an alternative to the production of affordable housing and is to be used in the acquisition, construction or rehabilitation of affordable housing. The purpose and intent of the fee is to create inclusionary housing requirements and affordable housing units, which assists in implementing the Housing Element of the City's General Plan. The regulation established by ordinance 2000-03 offers density bonuses and certain development standard concessions (building setback, coverage and/or parking requirements) or other regulatory incentives or concessions. Designed to provide cost reductions for affordable housing construction, lower project costs can be passed on to low to moderate income households and qualifying residents.

FUND REVENUE HOUSING IN LIEU FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Housing In Lieu Fee	711,956	1,366,649	20,000	50,000	50,000	87%
Interest	2,596	8,625	1,600	7,800	7,800	13%
Misc Revenue	0	0	0	0	0	0%
Mark to Market Gain/Loss	193	4,806	0	0	0	0%
Misc-Prior Period	0	0	0	0	0	0%
Total Fund Revenue	**$714,746**	**$1,380,080**	**$21,600**	**$57,800**	**$57,800**	**100%**

FUND EXPENSES HOUSING IN LIEU FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	500	972	1,094	1,154	1,215	8%
Other Exps.& Fin. Use	4,200	4,200	8,700	13,200	0	92%
Operating Transfer	0	0	15,000	0	0	0%
Total Fund Expenses	**$4,700**	**$5,172**	**$24,794**	**$14,354**	**$1,215**	**8%**

Public Educational and Governmental (PEG) Access Fee Fund

ACTIVITY DESCRIPTION

The Public, Educational, and Governmental (PEG) Access Fee Fund was established in FY 2010-11 to track PEG fee revenues and expenditures separately from other funds. The PEG Access Fee is a fee collected from cable television providers (i.e. Charter Communications) with franchise operations within City limits, which money is set aside for capital costs related to governmental cable broadcasting and equipment. Due to legal disputes, the fee was not collected between December 2013 and August 2016.

FUND REVENUE PEG FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
PEG Fees - Charter Comm	0	2,879	27,500	25,000	25,000	99%
Interest	167	259	0	260	260	1%
Mark to Market Gain/Loss	(9)	163	0	0	0	0%
Total Fund Revenue	**$158**	**$3,301**	**$27,500**	**$25,260**	**$25,260**	**100%**

FUND EXPENSES PEG FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Operations & Maintenance	17,128	3,528	8,000	0	0	0%
Capital Outlay	14,438	0	0	39,400	0	100%
Total Fund Expenses	**$31,566**	**$3,528**	**$8,000**	**$39,400**	**$0**	**100%**

Chapman Estate Fund

ACTIVITY DESCRIPTION

The Chapman Estate at 1243 Ocean Boulevard in Pismo Beach was developed around 1935 by Mr. John Rogers, who worked in the oil industry in California's Central Valley. Clifford Chapman purchased the Estate in 1963 and lived there for many years until his recent passing in July 2012. Before Mr. Chapman's passing, Mr. Chapman expressed his desire for the City of Pismo Beach to accept the Chapman Estate. On December 3, 2013, the City Council Adopted resolution no. R-2013-075 to accept the Chapman Estate. The Chapman Estate Trust was established by Mr. Chapman to provide funds for the maintenance and repairs of the Estate. The Trust authorized these funds to be used by the City of Pismo Beach for maintenance and repairs for the Chapman Estate upon the acceptance of the Estate. The Chapman Foundation was established to manage the Estate, with the CVB Executive Director serving as the City Staff Liaison.

FUND REVENUE CHAPMAN ESTATE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Interest	520	713	0	500	500	1%
Chapman House Lease	1,200	1,200	1,200	1,200	1,200	3%
Mark to Market Gain/Loss	94	324	0	0	0	0%
Chapman House Donation	195,738	78	45,833	46,000	101,000	96%
Misc. Revenues	0	0	5,000	0	0	0%
Transfers In	0	0	125,000	0	0	0%
Total Fund Revenue	**$197,552**	**$2,315**	**$177,033**	**$47,700**	**$102,700**	**100%**

FUND EXPENSES CHAPMAN ESTATE FUND:	ACTUAL FY 15	ACTUAL FY 16	BUDGET FY 17	ADOPTED FY 18	ADOPTED FY 19	% OF TOTAL FY 18
Salaries & Benefits	0	0	0	6,520	6,520	6%
Operations & Maintenance	64,747	97,966	124,608	99,684	99,684	94%
Capital Outlay	4,843	0	142,770	0	0	0%
Other Exps & Fin. Use	0	0	5,000	0	0	0%
Total Fund Expenses	**$69,590**	**$97,966**	**$272,378**	**$106,204**	**$106,204**	**100%**

CHAPMAN ESTATE FUND

Goals and Accomplishments Prior Two-Year Budget:

- ✓ The Chapman Estate Advisory Commission was disbanded in 2016 and the Chapman Foundation was established to manage the estate
- ✓ Chapman Estate Conditional Use Permit and Memorandum of Understanding were completed to create guidelines for the City and Chapman Foundation in managing and maintaining the property
- ✓ A Fundraising Coordinator was hired to raise money for Chapman Estate capital improvement projects and ongoing required maintenance
- ✓ The Strategic Plan was written to identify all priorities and set overall goals and a development plan to achieve them

Work Plan Highlights for Next Two-Year Budget:

- Schedule a photoshoot at the Estate in order to create a wedding venue brochure to market and sell the estate as a premier wedding venue on the Central Coast
- Successfully run community events and enforce the conditional use permit for all event organizers utilizing the estate
- Work with the Fundraising Coordinator to have a unified message and campaign
- Operations manual will be created to standardize the procedures and create consistency at the Chapman Estate.
- Run a public relations campaign to inform visitors about its history, visitation and event venue opportunities

APPENDICES



Photo Credit: January 25, 2015, a big part of Pismo history by Bill Elder

RESOLUTION

RESOLUTION NO. R-2017-059

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PISMO BEACH ADOPTING BIENNIAL BUDGETS FOR THE PISMO BEACH CITY COUNCIL FOR FISCAL YEAR (FY) 2018 AND FY 2019: JULY 1, 2017 THROUGH JUNE 30, 2019

WHEREAS, beginning in December 2016, the City Council began efforts to solicit the community's input to help shape the Council's goals for the upcoming Fiscal Year (FY) 2018 and FY 2019 budgets; the Council received input from the public through a variety of means, including an advisory body workshop, two community workshops, flyers in all utility bills, booths set up at community events, and feedback through the City's website; and

WHEREAS, after receiving the community's ideas, the Council held a goal-setting informational meeting on January 31, 2017 to discuss the status of the current goals and the fiscal outlook; and

WHEREAS, on February 16, 2017, the Council took the consolidated results collected from the community outreach efforts and established five Major City Goals and two Other Important Objectives; and

WHEREAS, City staff developed work plan budget items to implement the Council's goals as well as other important initiatives to improve services to the public and improve the City's infrastructure; and

WHEREAS, on April 4, 2017, the City Council conducted a public budget workshop to review the City's proposed budgets for FY 2018 and FY 2019 and receive public comment, and at this meeting, City staff presented prior years' accomplishments, work plan budget requests, and capital project requests; City Council affirmed the City's fiscal policies and provided direction to staff on the work plan budget items; and

WHEREAS, on May 18, 2017, the Council held a Special Budget Workshop meeting on the proposed biennial budgets for FYs 2018 and 2019; at this meeting, staff presented a summary of the proposed budgets and work plans to the Council, and the Council heard public comments and outside agency funding requests; the Council provided direction for the final budgets with direction to return with the final budget resolution on June 20, 2017.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Pismo Beach hereby appropriates from the specified City Funds, the amounts set forth for the departments, activities, programs, and projects as listed in **Exhibit A** attached hereto and by this reference made a part hereof.

BE IT FURTHER RESOLVED that the City Council of the City of Pismo Beach hereby sets aside previously appropriated funds for projects and encumbrances carried forward from previous years, and not yet completed.

UPON MOTION OF Council Member Blake, seconded by Council Member Reiss, the foregoing resolution was adopted by the City Council of the City of Pismo Beach this 20th day of June 2017, by the following vote:

AYES:	**4**	**Blake, Reiss, Guthrie, Waage**
NOES:	**0**	
ABSENT:	**1**	**Howell**
ABSTAIN:	**0**	
RECUSED:	**0**	

Approved:

Ed Waage, Mayor

Attest:

Erica Inderlied, City Clerk

Exhibit A

Table A: City of Pismo Beach General Fund Budget for FY 2018 and FY 2019

General Fund	FY 2018	FY 2019
City Council	$ 242,419.00	$ 247,114.00
City Manager	528,290.84	543,338.59
City Clerk	306,109.00	330,147.00
Conference & Visitors Bureau	674,025.00	684,836.00
Finance	866,730.48	888,306.72
Human Resources	305,245.69	337,630.70
Legal	253,900.00	278,900.00
Non-Department	2,157,186.00	2,385,445.00
Subtotal Administrative	***$ 5,333,906.01***	***$ 5,695,718.01***
Police	6,341,762.33	6,605,603.08
Fire	2,611,100.30	2,571,499.13
Junior Lifeguards	50,841.58	51,125.29
Lifeguards	207,466.65	210,664.01
Weed Abatement	14,500.00	14,500.00
Subtotal Public Safety	***$ 11,382,856.86***	***$ 11,838,836.51***
Building	725,392.56	749,808.89
Planning	783,936.71	808,730.78
Recreation	481,901.23	488,399.57
Subtotal Community Development	***$ 2,264,038.73***	***$ 2,323,228.54***
Engineering	750,155.47	767,341.17
Government Buildings	710,530.65	740,167.77
Parks	1,126,222.18	1,157,290.36
Streets	739,241.00	774,161.00
Subtotal Public Works	***$ 4,591,987.24***	***$ 4,736,090.65***
Subtotal General Fund Operations	**$ 19,876,956.67**	**$ 20,635,009.06**
Capital Projects	1,326,010.00	1,503,000.00
Work Plan Budget Items	354,971.95	417,685.99
Subtotal Above Base Items	***$ 3,546,445.13***	***$ 3,852,137.35***
3% General Fund Contingency	590,000.00	625,000.00
General Fund Reserve	178,227.34	162,165.45
Risk Management Reserve	50,000.00	50,000.00
Subtotal Contributions to Reserves	***$ 2,499,209.29***	***$ 2,757,851.44***
Non-Profit Agency Contributions	40,900.00	
Total General Fund	**$ 22,417,065.96**	**$ 23,392,860.50**
Less Transfers to Other Funds	(1,088,991.00)	(1,028,873.00)
Total General Fund Less Transfers	**$ 21,328,074.96**	**$ 22,363,987.50**

Table B: City of Pismo Beach Other Funds Budget for FY 2018 and FY 2019

Fund Title	Expenditure Type	FY 2018	FY 2019
Half Cent Sales Tax Fund	Transfer Out to Special Revenue	1,040,000.00	150,000.00
Half Cent Sales Tax Fund Total		***$ 1,040,000.00***	***$ 150,000.00***
Gas Tax Fund	Transfer Out to General Fund	140,000.00	140,000.00
Gas Tax Fund Total		***$ 140,000.00***	***$ 140,000.00***
Local Transportation Fund	Purchase Professional Services	9,000.00	9,000.00
	Other Expenses	526.00	554.00
Local Transportation Total		***$ 9,526.00***	***$ 9,554.00***
Public Education Government Fund	Capital Outlay	39,400.00	
Public Education Government Fund Total		***$ 39,400.00***	***$ -***
Grants - Non-Capital Fund	Transfer Out to General Fund	100,000.00	100,000.00
Grants - Non-Capital Fund Total		***$ 100,000.00***	***$ 100,000.00***
Housing In Lieu Fee Fund	Other Expenses	1,154.00	1,215.00
	Other Financing Uses	13,200.00	
Housing In Lieu Fee Fund Total		***$ 14,354.00***	***$ 1,215.00***
Lodging Business Improvement	Salaries & Wages	31,518.00	31,827.00
District (LBID) Fund	Benefits	2,549.81	2,622.55
	Purchase Professional Services	84,475.00	76,975.00
	Other Purchased Services	784,400.00	784,400.00
	Operations & Maintenance	2,300.00	2,300.00
	Other Expenses	64,763.00	68,171.00
	Other Financing Uses	125,000.00	125,000.00
LBID Fund Total		***$ 1,095,005.81***	***$ 1,091,295.55***
Chapman Estate Fund	Salaries & Wages	6,000.00	6,000.00
	Benefits	520.00	520.00
	Purchase Professional Services	5,000.00	5,000.00
	Other Purchased Services	33,684.00	33,684.00
	Operations & Maintenance	61,000.00	61,000.00
Chapman Estate Fund Total		***$ 106,204.00***	***$ 106,204.00***
Capital Projects	Capital Outlay	1,165,000.00	295,000.00
Capital Projects Total		***$ 1,165,000.00***	***$ 295,000.00***
Park Development Fund	Other Expenses	3,863.00	4,066.00
	Capital Outlay	1,205,000.00	
Park Development Fund Total		***$ 1,208,863.00***	***$ 4,066.00***
Circulation Fees Fund	Purchase Professional Services	275,000.00	
	Capital Outlay		162,000.00
Circulation Fees Fund Total		***$ 275,000.00***	***$ 162,000.00***
Impact Fees Fund	Purchase Professional Services	30,000.00	
	Other Expenses	1,108.00	1,166.00
Impact Fees Fund Total		***$ 31,108.00***	***$ 1,166.00***
	Total Other Funds	**$ 5,224,460.81**	**$ 2,060,500.55**
	Less Transfers to Other Funds	(1,280,000.00)	(390,000.00)
	Total Other Funds Less Transfers	**$ 3,944,460.81**	**$ 1,670,500.55**

Table C: City of Pismo Beach Enterprise Funds Budget for FY 2018 and FY 2019

Fund Title	Activity Title	FY 2018	FY 2019
Water Enterprise Fund	Finance	136,254.00	106,911.00
	Water Improvement Const	1,752,500.00	800,000.00
	Water Operations	2,530,316.55	2,250,156.23
	Water-Lopez Operations & Maint	836,562.00	853,292.00
	Water-State Operations & Maint	249,825.00	252,622.00
Water Enterprise Fund Total		***$ 5,505,457.55***	***$ 4,262,981.23***
Water Tax Lopez State	Contract Payments-Lopez	470,456.00	479,866.00
	Contract Payments-Gragg Canyon	151,000.00	155,530.00
	Contract Payments-State Water	1,190,000.00	1,213,800.00
Water Tax Lopez State Total		***$ 1,811,456.00***	***$ 1,849,196.00***
Water Construction Fund	Water Improvement Construction	1,800,000.00	750,000.00
Water Construction Fund Total		***$ 1,800,000.00***	***$ 750,000.00***
Wastewater Treatment Fund	Finance	98,296.08	68,953.49
	Wastewater Construction	111,000.00	391,000.00
	Wastewater Operations	2,650,459.92	2,655,650.84
	2012 WW Bond Refunding	1,086,504.13	1,105,368.80
Wastewater Treatment Fund Total		***$ 3,946,260.13***	***$ 4,220,973.13***
Wastewater Capital Projects	Wastewater Construction	111,000.00	111,000.00
Wastewater Capital Projects Total		***$ 111,000.00***	***$ 111,000.00***
Wastewater Expansion	Wastewater Construction	389.00	409.00
Wastewater Expansion Total		***$ 389.00***	***$ 409.00***
Local Transportation Transit Fund	General Government	10,704.00	10,741.00
Local Transportation Transit Fund Total		***$ 10,704.00***	***$ 10,741.00***
Pier Enterprise Fund	Pier	67,500.00	67,500.00
	Streets	10,000.00	
	2017 Pier Bond Financing	403,987.00	406,013.00
Pier Enterprise Fund Total		***$ 481,487.00***	***$ 473,513.00***
Parking Enterprise Fund	Parking	655,890.54	564,778.31
	Planning		250,000.00
Parking Enterprise Fund Total		***$ 655,890.54***	***$ 814,778.31***
Total Enterprise Funds		**$ 14,322,644.22**	**$ 12,493,591.67**
Less Transfers to Other Funds		(2,180,972.00)	(1,003,250.00)
Total Enterprise Funds Less Transfers		**$ 12,141,672.22**	**$ 11,490,341.67**

Table D: City of Pismo Beach Internal Service Funds for FY 2018 and FY 2019

Fund Title	FY 2018	FY 2019
Technology Service Fund	$ 742,844.05	$ 638,319.05
Motor Vehicle Fund	973,253.00	1,220,818.00
Total Internal Service Funds	**$ 1,716,097.05**	**$ 1,859,137.05**
Less Transfers to Other Funds	(768.00)	
Total Internal Service Funds Less Transfers	**$ 1,715,329.05**	**$ 1,859,137.05**

Table E: City of Pismo Beach All Funds Expenditures for FY 2018 and FY 2019

	FY 2018	FY 2019
Total All Expenditure Appropriations	**$ 43,452,040.70**	**$ 39,593,924.32**
Less Transfers to Other Funds	(4,550,731.00)	(2,422,123.00)
Total All Funds Less Transfers	**$ 38,901,309.70**	**$ 37,171,801.32**

Table F: City of Pismo Beach Revenue Budget for FY 2018 and FY 2019

Fund Title	FY 2018	FY 2019
General Fund	$ 21,786,894.00	$ 22,120,823.00
Half Cent Sales Tax Fund	1,500,000.00	1,530,000.00
Gas Tax Fund	235,591.00	332,222.00
Local Transportation	171,000.00	171,000.00
Public Education Grant Fund	25,260.00	25,260.00
Grants - Non-Capital	100,520.00	100,520.00
Housing In Lieu Fee	57,800.00	57,800.00
Lodging Business Improvement	977,156.00	1,028,688.00
Chapman Estate Fund	47,700.00	102,700.00
Capital Projects	1,165,000.00	295,000.00
Park Development Fund	30,000.00	30,000.00
Impact Fees	6,500.00	6,500.00
Water Enterprise Fund	3,498,000.00	3,498,000.00
Water Tax Lopez State	1,510,000.00	1,540,000.00
Water Construction Fund	1,855,000.00	805,000.00
Wastewater Treatment Fund	4,380,000.00	4,380,000.00
Wastewater Capital Projects	111,000.00	111,000.00
Wastewater Expansion	20,000.00	20,000.00
Local Transportation Transit Fund	10,500.00	10,500.00
Pier Enterprise Fund	496,657.00	488,683.00
Parking Enterprise Fund	675,000.00	675,000.00
Technology Service Fund	742,844.05	638,319.05
Motor Vehicle Fund	1,086,178.00	1,021,167.00
Total Budgeted Revenues	**$ 40,488,600.05**	**$ 38,988,182.05**
Less Tranfers to Other Funds	(4,550,731.00)	(2,422,123.00)
Total Revenues Less Transfers	**$ 35,937,869.05**	**$ 36,566,059.05**

GLOSSARY OF ACRONYMS

Acronym	Description
ACA	Affordable Care Act
ADA	Americans with Disabilities Act
APCD	Air Pollution Control District
ARC	Other Post Employment Benefit Annual Retired Contributions
BTA	California Bicycle Transportation Account
CAFR	Comprehensive Annual Financial Report
CALEA	Commission on Accreditation for Law Enforcement Agencies
CALFEMA	California Federal Emergency Management Agency
CAL FIRE	California Department of Forestry and Fire Protection
CalPERS	California Public Employees' Retirement System
CASp	Certified Access Specialist Program
CCC	California Coastal Commission
CIP	Capital Improvement Program
CJPIA	California Joint Powers Insurance Authority
CLETS	California Law Enforcement Telecommunication System
COPS	Community Oriented Policing Services
CPI	Consumer Price Index
CRM	Customer Relationship Management
CSMFO	California Society of Municipal Finance Officers
CVB	Conference and Visitors Bureau
DMV	Department of Motor Vehicles

EDAC	Employee Development Advisory Committee
EDU	Equivalent Dwelling Unit
EIS	Executive Information Systems
FAM	Familiarization trip
FTE	Full-time Equivalent Position
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASB	Governmental Accounting Standards Board
GDP	Gross Domestic Product
GF	General Fund
GFOA	Government Finance Officers Association
IT	Information Technology
LAFCO	Local Agency Formation Committee
LBID	Lodging Business Improvement District
LPR	License Plate Readers
MFR	Multi-Family Residential
MOU	Memorandum of Understanding
NCMA	Northern Cities Management Area
OPEB	Other Post Employment Benefits
PB	Pismo Beach
PD	Police Department
PEG	Public Educational and Governmental
PEPRA	Public Employees' Pension Reform Act of 2013

PERS	Public Employees Retirement System
PFA	Public Financing Authority
PFC	Public Facilities Corporation
PIO	Public Information Officer
POA	Police Officers' Association
PSAP	Public Safety Answering Point
RDA	Redevelopment Agency
RevPAR	Hotel Revenue Per Available Room
SCAT	South County Area Transit
SCBA	Self Contained Breathing Apparatus
SEIU	Service Employees International Union, Local 620
SFR	Single Family Residential
SLO	San Luis Obispo
SLOCOG	San Luis Obispo County Council of Governments
SLORTA	San Luis Obispo Regional Transit Authority
SRF	State Revolving Fund
STR	Smith Travel Research
SWMP	Storm Water Management Plan
TOT	Transient Occupancy Tax
TMD	Tourism Marketing District
VFD	Variable Frequency Drive

BUDGET GLOSSARY

Fiscal Years 2018 & 2019

Account: A subdivision within a fund for the purpose of classifying transactions.

Account Number: A numeric identification of the account, typically, a unique number or series of numbers. The City of Pismo Beach's number structure is comprised of six (6) fields of characters. The first field is four (4) characters long and identifies the various unique FUNDS within the account system. The next three fields identify the Departments (2 characters), Divisions (3 characters), and Activities (4 characters) within the City. The fifth field contains five (5) characters and identifies the OBJECT CODE of the account number. The final field contains six (6) characters and identifies the PROJECT or if there is no project. The combination of the six fields makes up the account number.

Accrual Basis or Accrual Method: Accounting method whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash. The alternative is Cash Basis. The City of Pismo Beach uses the widely recognized method of Modified Accrual Basis of accounting.

Actual: The recorded expenditure for a specific account number. The actual columns, referenced in this document, report the expenditures as audited by an independent auditor.

Adopted Budget: A budget which typically has been reviewed by the public and Adopted (approved) by the City Council prior to the start of the fiscal year. The Adopted Budget is the legal authority to expend money for specified purposes in the fiscal year time period.

Appropriate: Set apart for, or assign to, a particular purpose or use.

Appropriate Expenditure: A budget amount set-aside for a specific acquisition or purpose.

Appropriation: An authorization by the City Council to make expenditures and to incur obligation for specific amounts and purposes. For most local governments, the Adopted Budget document is the source for all or most appropriations. All annual appropriations lapse at the end of the fiscal year.

Assessed Valuation: An official value established for real estate or other property as a basis for levying property taxes.

Assessments: Charges made to parties for actual services or benefits received.

Authority: A government or public agency created to perform a single function or a restricted group of related activities.

Authorized Positions: Employee positions, which are authorized in the Adopted Budget, to be filled during the year.

Available (Unassigned) Fund Balance: Funds remaining from prior years that are available for appropriation and expenditure in the current year.

Base Budget: Cost of continuing the existing levels of service in the current budget year.

Budget: A plan of financial operation, for a set time period, which identifies specific types and levels of services to be provided, Adopted appropriations or expenses, and the recommended means of financing them.

Budget Amendments/ Revisions: The City Council has the sole responsibility for adopting the City's budget, and may amend or supplement the budget at any time after adoption by majority vote. The City Manager and Administrative Services Director have joint authority to approve line item budgetary transfers between expenditure objects of the budget, as long as transfers occur in the same fund and within the same division.

Budgetary Basis: The basis of accounting used to estimate financing sources and uses in the budget. The budgetary basis generally takes one of three forms: GAAP, cash, or modified accrual.

Budget Message: The opening section of the budget that provides the City Council and the public with a general summary of the most important aspect of the budget, changes from previous years, and presents recommendations made by the City Manager.

Budget Year: Is the fiscal year for which the budget is being considered.

Budgetary Unit: An organizational component budgeted separately, usually a department or a division.

Capital Expenditures: An acquisition or improvement (as distinguished from a repair) that will have a life of more than one year.

Capital Improvement Budget: Financial plans or authorized expenditures for tangible, long-term construction of, or improvement to, public physical facilities.

Capital Improvement Program (CIP): A long-term plan for multi-year projects such as street or park improvements, building construction, and various kinds of major facility maintenance. The projects set out in the plan usually require funding beyond the one-year period of the annual budget and the plan details funding sources and expenditure amounts.

Capitalization Policy: The criteria used by a government to determine which outlays should be reported as fixed assets.

Capital Outlay: Expenditures that result in the acquisition of, or addition to, fixed assets. A capital item is tangible, durable, and non-consumable, costs $5,000 or more, and has a useful life of more than one year.

Carryover: Process of carrying a budgeted and encumbered item from the current fiscal year to the next fiscal year. For example, a purchase order for a budgeted computer purchase is placed

in FY 1999-00. However due to backlog at the computer factory, the computer is shipped in the 2000-01 Fiscal Year. The budget for FY 2000-01 did not include a purchase of a computer. The unspent FY 1999-00 budget for this item is carried over to the next fiscal year and the FY 2000-01 budget is adjusted (increased) for this purchase.

Cash Basis: A basis of accounting in which transactions are recognized only when cash is increased or decreased.

Consumer Price Index (CPI): Measure of change in consumer prices as determined by a monthly survey of the U.S. Bureau of Labor Statistics. Many pension and employment contracts are tied to changes in consumer prices as protection against inflation and reduced purchasing power. Among the CPI components are the costs of housing, transportation, and electricity. Also known as the Cost-of-Living Index.

Contingency: A budgetary reserve set-aside for emergencies or unforeseen expenditures not otherwise budgeted.

Contract Services: Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include maintenance agreements, professional contracts, and tree trimming agreements.

Debt Service: The City's obligation to pay the principal and interest of all bonds and other debt instruments according to a predetermined payment schedule.

Deficit: The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period.

Department: A basic organizational unit of government that is functionally unique in its delivery of services. The components are hierarchically arranged as follows: Department (such as Public Works), and Division (such as Sewer Maintenance).

Depreciation: The loss in value of an asset over time due to physical changes, obsolescence, or factors outside of the asset.

Designated Fund Balance: A portion of unreserved fund balance designed by City policy for a specific future use.

Development-related Fees: Fees and charges generated by building, development, and growth in a community. Included in development-related fees are building permits, development review fees, and zoning and subdivision fees.

Disbursement: The expenditure of monies from an account.

Division: An organizational component of a department.

Encumbrance: The commitment of appropriated funds to purchase goods or services. An encumbrance is not an expenditure. An encumbrance reserves funds to be expended.

Enterprise Fund: A proprietary fund used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of enterprise funds is to have the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The rate schedule for these services is established to ensure that revenues are adequate to meet all necessary expenditures.

Expenditure/Expense: The outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expenditure is actually paid. The term expenditure applies to Governmental Funds, while the term expense is used for Enterprise and Internal Service Funds.

Expenditure Object Code: Unique identification number and title for a minor expenditure category. Represents the most detailed level of budgeting and recording of expenditures, referred to as a line item.

Fiscal Policy: A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

Fiscal Year (FY): The 12-month period for recording financial transactions specified by the City of Pismo Beach as beginning July 1st and ending June 30th.

Fixed Assets: Assets of long-term character such as land, buildings, machinery, equipment, and furniture.

Franchise Fee: A franchise fee is charged for the privilege of using public rights-of-way and property within the City for public or private purposes. The City currently assesses franchise fees on cable television and utilities.

Full-time Equivalent Position (FTE): Position or fractions thereof based on full-time definition of forty hours of work per week.

Fund: A separate accounting entity with a self-balancing set of accounts to record all financial transactions (revenues and expenditures) for specific activities or government functions. Funds are classified into three categories: governmental, proprietary, and fiduciary. Commonly used funds in governmental accounting are General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, Agency Funds, and Special Assessment Funds.

Fund Accounting: System used by nonprofit organization, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements. Financial reporting is directed at the public rather than investors.

Fund Balance: The excess of assets of a fund over liabilities, reserves and carry-overs.

Gas Tax Fund: A fund to account for receipts and expenditures of money apportioned under Street and Highway Code section 2105, 2106, 2107, and 2107.5 of the State of California.

General Fund: A governmental fund used to account for resources traditionally associated with government that is not required legally or by sound financial management to be accounted for in another fund.

Generally Accepted Accounting Principles (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

General Obligation Bond: Bonds that are usually limited by state law as to the amount as well as the length of indebtedness that a government can have. These Full Faith and Credit bonds are secured by all of the financial assets of the local government, including property taxes.

Goal: A general statement of broad direction, purpose, or intent that describes the essential reason for existence and which is not limited to a one-year time frame. Generally, a goal does not change from year to year.

Grant: Contributions of gifts or cash or other assets from another governmental entity to be used or expended for a specific purpose, activity, or facility. An example is the Community Development Block Grant awarded by the Federal government.

Indirect Cost: Costs that cannot be easily seen in the product or service. Electricity, hazard insurance on a building, and data processing costs are examples of indirect costs.

Infrastructure: The physical assets of the City, i.e. streets, water, sewer, public buildings, and parks, and the support structures within a development.

Interfund Transfers: The movement of monies between funds of the same governmental entity.

Intergovernmental Revenue: Funds received from Federal, State, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes.

Internal Service Charges: The charges to user departments for internal services provided by one department or another government agency, such as data processing, motor vehicles, or insurance funded from a central pool.

Jurisdiction: A geographic or political entity governed by a particular legal system or body of laws.

Long-term Debt: Debt with a maturity of more than one year after the date of issuance.

Modified Accrual Basis or Modified Accrual Method: Accounting method whereby income and expense items are recognized as they are available and measurable.

Net Working Capital: Net working capital is the aggregate amount of all current assets and current liabilities. It is used to measure the short-term liquidity of a business/enterprise fund.

Object Code: A specific numerical classification that identifies which amount is allocated for disbursements. The City of Pismo Beach uses object codes as part of the account number and represents the lowest level of classification within the General Ledger accounting system, before the project code.

Objective: Measurable statement of the intended beneficial and tangible effects of a program's activities. An objective is a specific target toward which a manager can plan, schedule work activities, and make staff assignments. An objective is stated in quantifiable terms such that it is possible to know when it has been achieved. Examples are, increase an activity by a specific amount by a certain date; maintain a service level; reduce the incidence of something by a specific amount by a given date, or eliminate a problem by a set date. The emphasis is on performance and its measurability.

Operating expense: A series of object codes that include expenditures for items which primarily benefit the current period and not defined as personnel services, contractual services, or capital outlays.

Operating Revenues: Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earning, and grant revenues. Operating revenues are used to pay for day-to-day services.

Organizations Chart: A chart showing the interrelationships of positions within an organization in terms of authority and responsibilities. There are basically three patterns of organization: line organization, functional organization, and line and staff organization.

PERS: Public Employees Retirement System is the State retirement system for City employees that provides its members with benefits at retirement or upon disability or death.

Program: A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible.

Proprietary Funds: These funds account for records of operations similar to those found in a business, such as Enterprise funds and Internal Service funds.

Purchase Order: An order issued which authorized the delivery of specific goods or services, and incurrence of a debt for them.

Redevelopment Agency (RDA): A separate legal entity governed by the California Community Redevelopment Law.

Redevelopment Fund: A fund to account for transactions related to proceeds from bonds and other resources and their use to perform redevelopment activities within specific project areas.

Reserve: That portion of a fund's balance legally restricted for a specific purpose and, therefore, not available for general appropriations.

Resolution: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

Revenues: Funds received from various sources and treated as income to the City that are used to finance expenditures. Examples are tax payments, fees for services, receipts from other governments, fines, grants, licenses, permits, shared revenue, and interest income.

Special Assessment Fund: Contain monies received from special charges levied on property owners who benefit from a particular capital improvement or service.

Special Revenue Fund: A governmental fund type used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Supplemental Appropriation: An additional appropriation made by the governing body after the budget year has started.

Taxes: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments.

Transfers In/Out: Amounts transferred from one fund to another to assist in financing the services for the recipient fund.

Transient Occupancy Tax: A tax collected by the operators of hotels and motels located within the City, on behalf of the City. This tax is then remitted to the City.

Unassigned Fund Balance: Unassigned fund balance is the residual classification for the government‘s general fund and includes all spendable amounts not contained in the other classifications.

Work Plan Budget Items: Programs and services which departments would like to have added (in priority order) over their base budget.