



City of Morro Bay

Morro Bay, CA 93442

(805) 772-6205

www.morrobayca.gov

CERTIFICATION

I, Dana Swanson, City Clerk for the City of Morro Bay, hereby certify the documents listed below are true and correct copies of the original documents related to City of Morro Bay Measure B-22.

- Impartial Analysis prepared by the City Attorney (signed PDF & Word)
- Argument In Favor of Measure B-22 (signed PDF & Word)
- Argument Against Measure B-22 (signed PDF & Word)

DATED: July 25, 2022

Dana Swanson, City Clerk

IMPARTIAL ANALYSIS
Measure B-22: Morro Bay Harbor Infrastructure Act

The Morro Bay Harbor Infrastructure Act was placed on the ballot by a petition signed by the requisite number of voters. Measure B-22 adds Chapter 3.27 to the Morro Bay Municipal Code to provide an annual special parcel tax of \$120, adjusted for inflation, applicable (with certain exceptions) to all parcels of taxable real property in the City. Measure B-22's proponents estimate annual revenues of \$680,000.

Revenues raised may only be used for maintenance and improvements to City owned harbor related infrastructure. Harbor infrastructure projects eligible for funding include those for City owned harbor related properties and facilities such as:

- public restrooms
- docks
- piers
- sea walls
- revetments
- Tidelands Park launch ramp
- Harbor Walk
- harbor structures


Revenues would not be applied to City employee salaries or benefits, or any other project or matter, other than maintenance of and improvements to City owned harbor related infrastructure. Revenues would be deposited into a fund kept separate and apart from other City funds. An independent Citizen's Oversight Committee would annually report at a noticed public hearing on both the details on funds collected and expended, as well as the status of any projects authorized to be funded.

A parcel of taxable real property subject to the annual special parcel tax is defined as "any unit of real property in City that receives a separate tax bill for ad valorem property taxes from the San Luis Obispo Tax Collector's Office." Units of real property leased from City, including those held by City in the public trust, that receive a separate tax bill for ad valorem property taxes from the San Luis Obispo Tax Collector's Office, are subject (with certain exceptions) to the special parcel tax as taxable possessory interests.

Section 3.27.040(E) states City is obligated to defend challenges to the measure's validity or implementation, or indemnify the proponents for losses and reasonable expenses incurred in that defense. Constitutional authority for initiative measures extends to legislative acts. Enforcement of Section 3.27.040(E) is subject to legal challenge because that authority does not extend to adjudicatory or administrative acts, or to matters committed to City Council discretion. Section 3.27.040(E)'s enforceability does not impact Measure B-22's general validity, as expressly provided for in Section 3.27.040(A).

A "YES" vote on Measure B-22 is a vote for the annual special parcel tax of \$120 for maintenance and improvements to City owned harbor related infrastructure. A "NO" vote on Measure B-22 is a vote against the annual special parcel tax of \$120 for maintenance and improvements to City owned harbor related infrastructure. The Morro Bay Harbor Infrastructure Act would take effect if approved by a majority of those voting on the measure at the November 8, 2022 municipal election.

The above statement is an impartial analysis of Measure B-22. If you desire a copy of the measure, please contact the Morro Bay City Clerk's Office at (805) 772-6205 and a copy will be mailed at no cost to you.


Chris F. Neumeier, City Attorney
City of Morro Bay

Argument in Favor of Measure- B22

Morro Bay's harbor and waterfront are critical to Morro Bay's economic viability. Tourists revel in them, and residents cherish them. But there is a serious problem. There is more than \$10 million dollars in deferred maintenance and repair of the City's waterfront/harbor infrastructure. This includes shoreline rock revetments and seawalls, which keep seawater action from eroding street ends, parking lots, and park spaces. It also includes docks, piers, the public boat launch, harbor walk and waterfront restrooms. City liability for failures of the waterfront infrastructure would be huge.

Almost no maintenance has occurred since 1989 because the primary funding source for the harbor/waterfront is waterfront leases. The revenue from these lease sites, which must remain market-competitive, is just enough to fund the Harbor Department's operations. Recently, the City's budget has allocated a few dollars – but not enough –most general fund monies go to pay for fire, police, parks, and street maintenance.

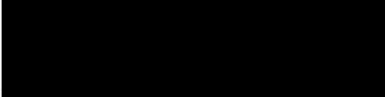
A citizens' committee studied all available options of how to pay for harbor maintenance and repair; including a sales tax increase, formation of a harbor district, increased general fund contribution, and a parcel tax. For Morro Bay to maintain control over the harbor/waterfront, the only feasible solution is a parcel tax, which is how many other harbors are funded.


A parcel tax payment of \$120 each year raises enough revenue for deferred and long-term maintenance and repair of our harbor and waterfront infrastructure. This revenue can also be used to seek matching State and Federal waterfront/harbor infrastructure grants.


We all need and enjoy the benefits of our harbor and waterfront. The time to act is now. We very much appreciate your YES vote. For additional information, see www.harbormeasureB.org.


Bill Luffee, President Friends of the MB Harbor Dept.


Marlys McPherson, MB City Council Member (Ret)


Jeremiah O'Brien, VP MB Commercial Fisherman's Assoc.


Ken Vesterfelt, Past MB Citizen of the Year


Dan McClish, MB Yacht Club, Member

Argument Against Measure B-22, Morro Bay's Harbor Infrastructure Tax of 2022

This Measure has 3 red flags:

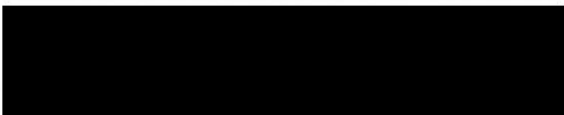
1. **"through preventative maintenance and capital improvements"**: This phrase--**"preventative maintenance"**--allows the tax money to be used for the Harbor's operating budget, not just infrastructure as the title of the initiative implies. As an Enterprise Fund, money for the operating budget comes from slip fees and Leaseholder rents and taxes, those who benefit from Harbor services. The general public should not be expected to pay into the Harbor Fund.

Capital Improvements are big ticket items--like piers, gangways, wharves—multi-million dollar projects. They are usually paid for through State or Federal money, not on the backs of local residents. A recent example: U.S. Rep. Carbajal announcing \$1.5M in federal funding for the North T-Pier.

2. **"adjusted for inflation"**: Who defines the rate of inflation each year? The annual adjustment is not tied to the CPI or other defined formulas. \$120 is only the base number. Here is an example assuming an annual rate of 10%: Year 1, \$120; Year 2, \$132; Year 3, \$145.20; Year 4, \$159.72; Year 5, \$175.70; Year 6, \$193.26; etc. If inflation drops, will our tax drop? There is no provision for this.

3. **"until ended by voters"**: There is no ending date as there are with some tax increases. Voters would have to initiate a petition to get on the ballot, a measure, to eliminate this parcel tax. What are the chances of that happening? Who would write the initiative? Who would collect signatures? Who would pay for it? It is not likely that anyone would. So this becomes a forever tax that continues to climb exponentially.

VOTE NO ON MEASURE B-22



Linda L. Donnelly, Communication Chair CAL



Kristen Headland, Treasurer CAL



Dan Sedley, Co-Chairperson CAL



Betty A. Winholtz, Co-Chairperson CAL