

***City of Morro Bay
FY 2021-22
Adopted Budget
Highlights***

September 01, 2021



***City of Morro Bay
FY 2021-22
Adopted Budget
Highlights***

September 01, 2021

City Council Adopted Goals & Objectives

- Achieving financial and economic sustainability,
- Improving public infrastructure – including implementing the Water Reclamation Facility (WRF) and One Water plan,
- Updating the City’s land use plans and addressing affordable housing issues,
- Improving community outreach and engagement, and
- Temporary goal of responding to the public health and economic crises related to the COVID-19 pandemic.

***City of Morro Bay
FY 2021-22
Adopted Budget
Highlights***

September 01, 2021

Resilience and Rebound

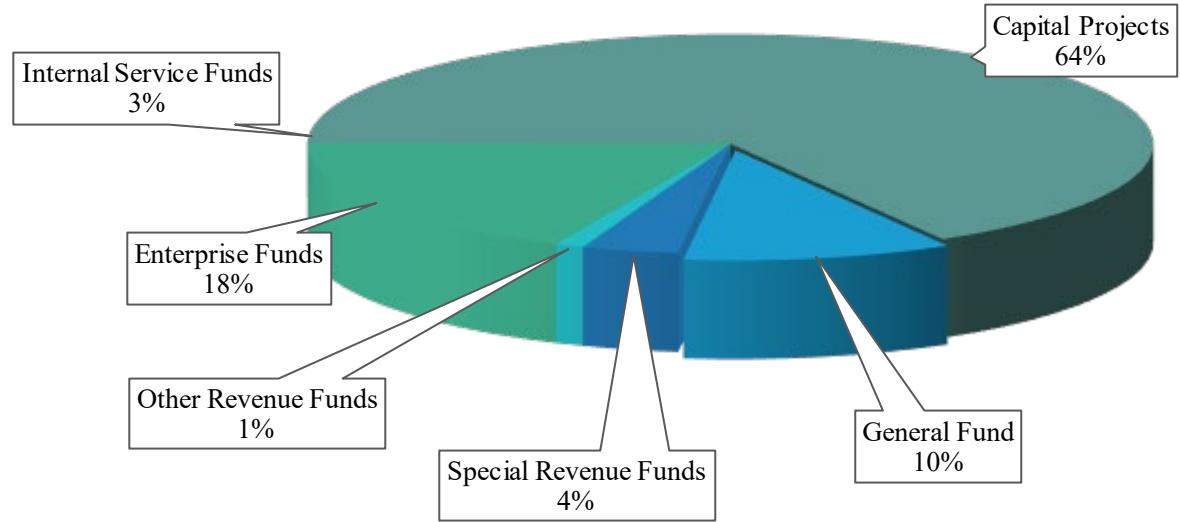
- ✓ All Funds balanced
- ✓ Measure Q and E providing new opportunities
- ✓ Investments to achieve Goals and Objectives
 - ❖ Staffing (restored and new)
 - ❖ Equipment Replacement
 - ❖ Services
 - ❖ Capital Improvements
 - ❖ Financial and Economic Stability
 - ❖ Grant funding for next phase of General Plan Implementation
- ✓ Replenishing General Fund Emergency Reserve

**City of Morro Bay
FY 2021-22
Adopted Budget
Highlights**

September 01, 2021

TOTAL CITY REVENUES

By Fund



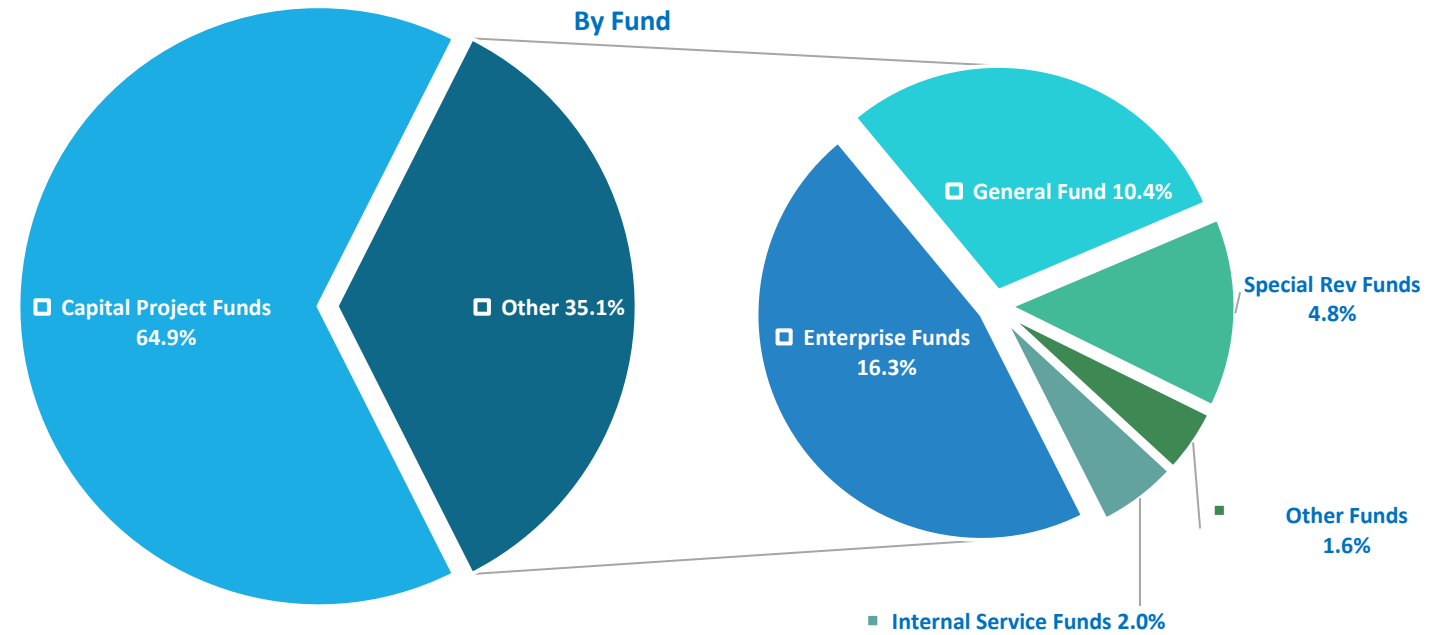
FY 201/22 Revenues By Fund

	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	\$ 14,629,925	\$ 14,662,936	\$ 15,409,836	\$ 14,077,237	\$ 14,855,830	\$ 15,682,410	10.0%
Special Revenue Funds	1,998,563	2,582,537	1,791,429	1,819,250	2,150,265	5,625,254	4.0%
Other Revenue Funds	2,199,555	2,456,907	2,677,157	1,469,731	1,732,307	1,664,126	1.0%
Enterprise Funds	17,951,992	24,026,587	25,934,506	30,978,774	30,017,107	27,979,310	18.0%
Internal Service Funds	1,986,166	2,367,406	2,632,586	2,670,188	2,872,061	4,094,730	3.0%
Capital Projects	3,884,711	12,095,661	13,074,184	48,405,176	25,216,964	97,246,044	64.0%
Total Rev & Transfers In	\$ 42,650,912	\$ 58,192,034	\$ 61,519,698	\$ 99,420,356	\$ 76,844,534	\$ 152,291,874	100.0%

City of Morro Bay FY 2021-22 Adopted Budget Highlights

September 01, 2021

FY 2021/22 Total City Expenditures By Fund



FY 2021/22 Expenditures by Fund

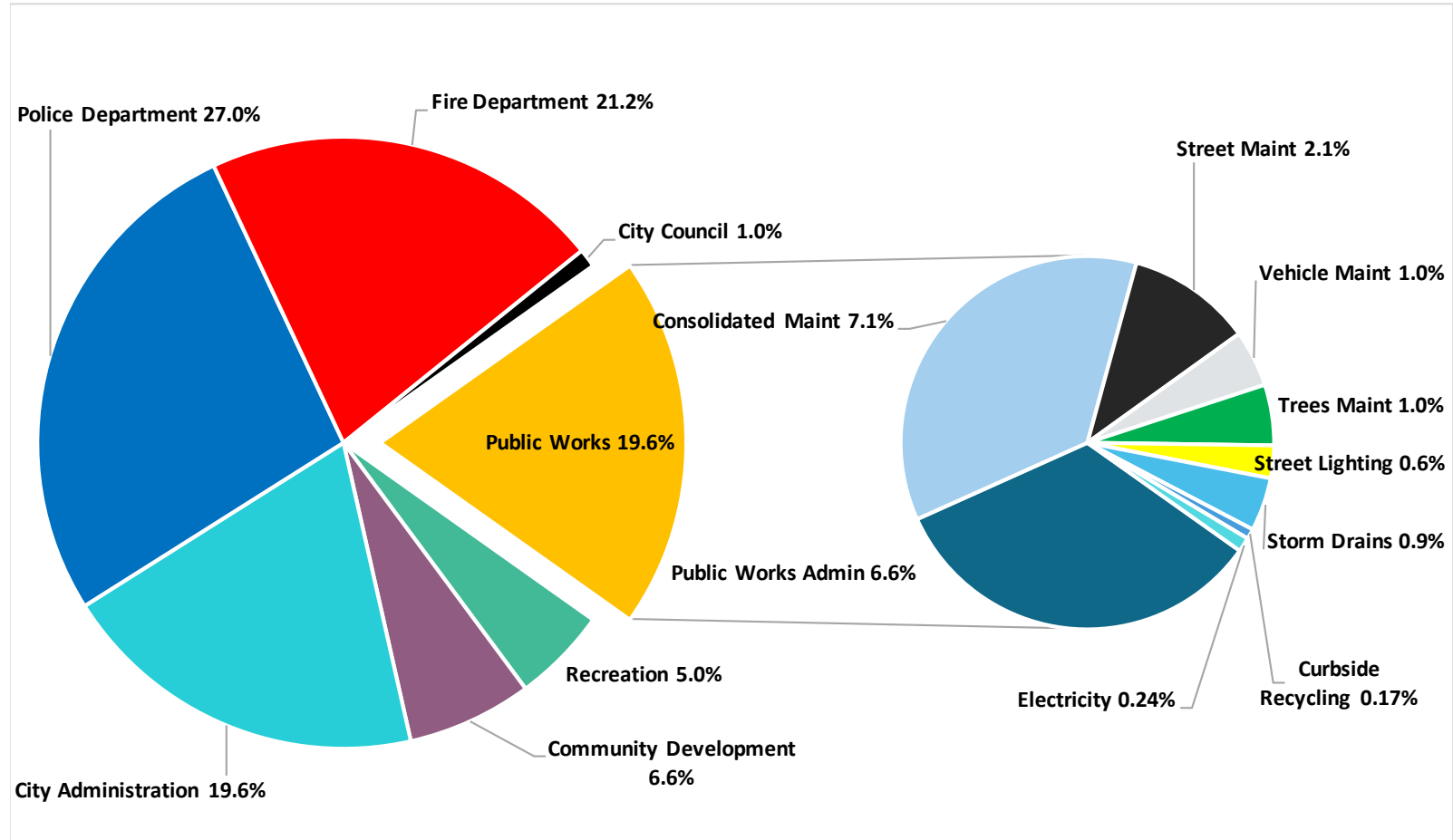
	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
General Fund	\$ 13,334,327	\$ 13,061,271	\$ 14,297,183	\$ 12,961,405	\$ 13,033,193	\$ 15,597,235	10.4%
Special Revenue Funds	1,333,339	1,680,744	1,506,839	912,559	771,716	7,162,604	4.8%
Other Funds	1,412,112	1,404,011	1,136,421	1,578,998	1,343,565	2,344,666	1.6%
Enterprise Funds	8,763,772	6,000,419	(1,148,309)	11,427,459	9,510,704	24,482,615	16.3%
Internal Service Funds	2,013,766	2,218,982	2,216,374	2,236,070	2,126,708	3,030,432	2.0%
Capital Project Funds	3,786,114	12,064,365	13,105,480	48,405,176	25,216,964	97,246,044	64.9%
Total Exp	\$ 30,643,430	\$ 36,429,792	\$ 31,113,988	\$ 77,521,667	\$ 52,002,850	\$ 149,863,596	100.0%

GENERAL FUND EXPENDITURES

By Department Including Measures Q & E - Excluding Transfers

City of Morro Bay FY 2021-22 Adopted Budget Highlights

September 01, 2021



**City of Morro Bay
FY 2021-22
Adopted Budget
Highlights**

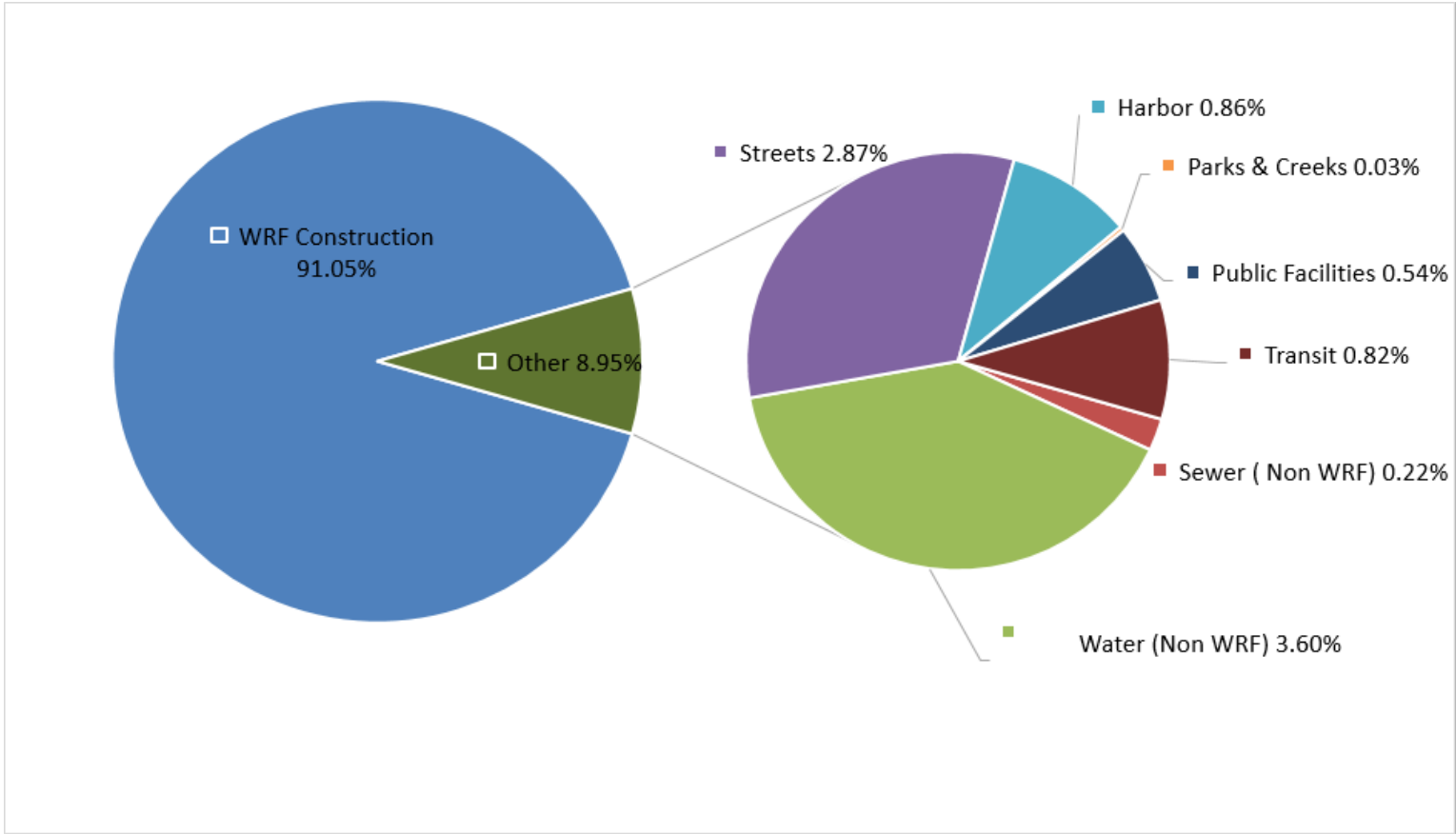
September 01, 2021

	2018/19 Funded	2019/20 Funded	2020/21 Funded	2021/22 Funded	FTE Change
<i>Total City FTEs</i>					
Administration	12.00	12.00	10.00	11.00	1.00
Recreation Services	4.00	4.00	2.00	3.75	1.75
Community Development Department	6.00	6.00	5.00	6.00	1.00
Police Department	20.75	21.38	20.38	21.38	1.00
Fire Department	13.75	13.75	13.75	15.00	1.25
Public Works	18.00	18.00	14.00	17.00	3.00
Utilities	18.15	16.27	17.00	18.00	1.00
Harbor Department	7.00	6.00	6.00	6.00	0.00
Total City-wide FTEs	99.7	97.4	88.1	98.1	10.00

FY 2021/22 Capital Improvement Plan

City of Morro Bay FY 2021-22 Adopted Budget Highlights

September 01, 2021



City of Morro Bay FY 2021-22 Adopted Budget Highlights

September 01, 2021

General Five-Year Financial Forecast

City of Morro Bay Budget Forecast (\$ in 000)

General Fund	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Property Tax	\$3,620	\$4,556	\$4,993	\$5,143	\$5,297	\$5,456	\$5,619
Sales Tax	2,186	2,150	2,220	2,265	2,310	2,356	2,403
TOT	2,892	3,491	3,578	3,757	3,945	4,142	4,349
Other Revenue	3,982	3,447	3,647	3,720	3,794	3,870	3,947
Transfers	2,730	1,212	1,245	1,282	1,320	1,360	1,401
Total Revenue	15,410	14,856	15,682	16,166	16,666	17,184	17,720
Personnel	10,865	9,793	10,565	11,058	11,567	12,120	12,563
Other O&M	3,695	3,241	3,742	3,817	3,894	3,971	4,051
Transfers out	481	363	1,290	1,024	1,034	1,044	1,055
Future Budget Cuts	0	0	0	0	0	0	0
Total Expenditures	15,041	13,396	15,597	15,899	16,495	17,136	17,669
Net Annual	369	1,459	85	267	171	48	51
Beginning Balance	298	667	2,127	2,212	2,479	2,650	2,698
Cash Adjustments	0	0	0	0	0	0	0
Ending Balance	667	2,127	2,212	2,479	2,650	2,698	2,749
Emergency Reserve	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Revenue & Tranfs in	\$129	\$653	\$1,531	\$24	\$24	\$24	\$24
Transfers Out	1,438	0	20	0	0	0	0
Net Annual	(1,309)	653	1,511	24	24	24	24
Expenditures	66	0	0	0	0	0	0
Beginning Balance	3,141	1,766	2,419	3,930	3,954	3,977	4,002
Ending Balance	1,766	2,419	3,930	3,954	3,977	4,002	4,026
Measure Q & E Ops Cost *	FY 2020	FY 21 Est	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
	N/A	N/A	636	666	696	730	756
Total GF+ER Balance	2,433	4,545	6,142	6,432	6,627	6,700	6,775
% of GF + Measure Q&E Exp	16.2%	33.9%	37.8%	40.5%	40.2%	39.1%	38.3%

*Included in costs for purposes of calculating GFER percentage

*City Council
FY 2021-22
Budget
Adoption*

September 01, 2021

Questions

***City of Morro Bay
FY 2021-22
Adopted Budget
Highlights***

September 01, 2021

Readopts policies that were previously adopted in resolutions with other policies – No Changes

Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy

Adopt Resolution No. 52-21 readopting the Revenue Policy;

Adopt Resolution No. 53-21 readopting the Expenditure Policy

***City Council
FY 2021-22 Budget
Adoption***

September 01, 2021

Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.

*City Council
FY 2021-22 Budget
Adoption*

September 01, 2021



City Council FY 2021-22 Budget Adoption

September 01, 2021

Recommendations

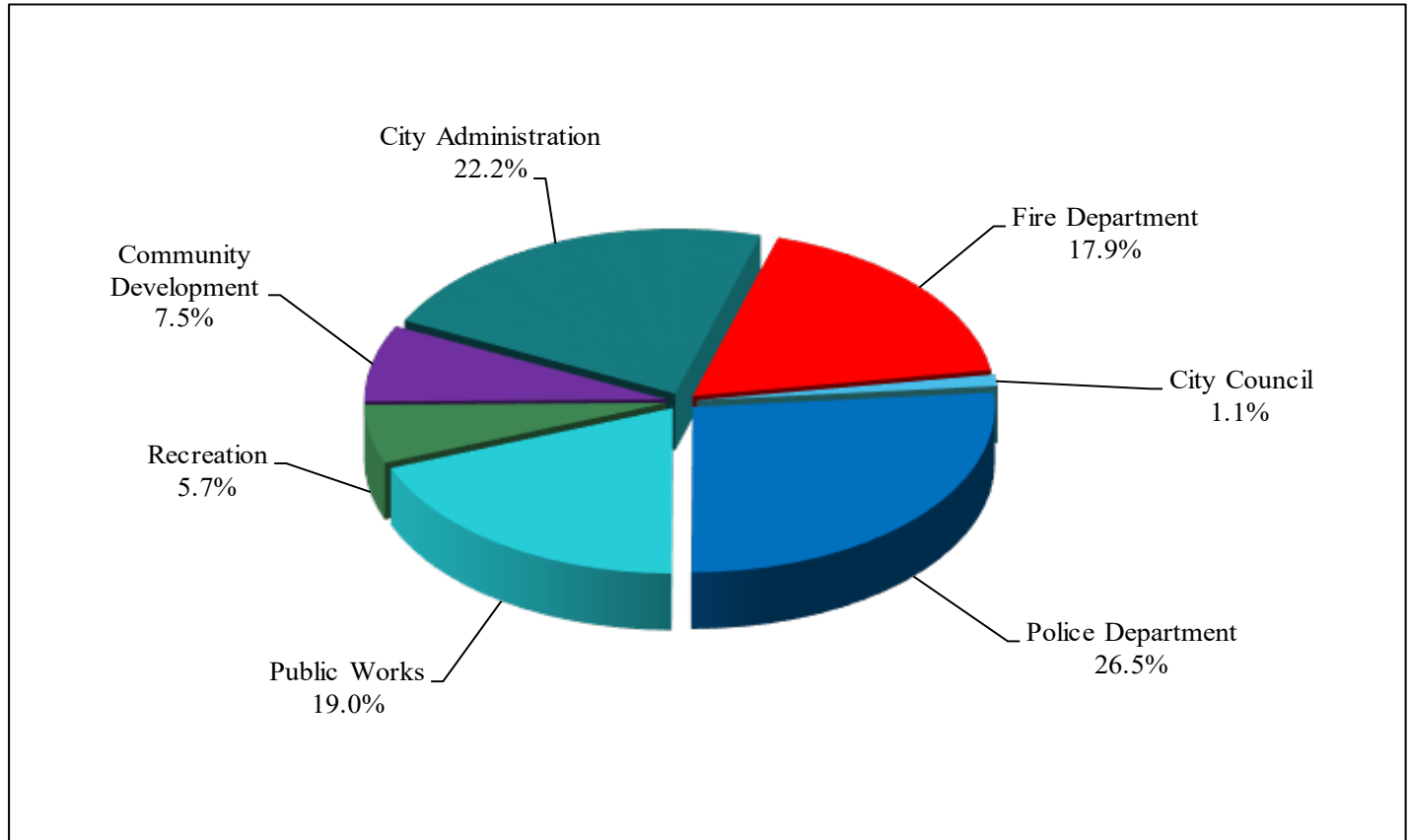
1. Adopt Resolution No. 43-21 authorizing the Fiscal Year (FY) 2021/22 Operating and Capital Budgets, including amendments approved by the City Council, prior to the adoption of that Resolution; and
2. Adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule; and
3. Approved new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; and
4. Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and
5. Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and
6. Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and
7. Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and
8. Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers; and
9. Adopt Resolution No. 50-21 approving the revised Investment Policy; and
10. Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and
11. Adopt Resolution No. 52-21 readopting the Revenue Policy; and
12. Adopt Resolution No. 53-21 readopting the Expenditure Policy; and
13. Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.

City Council FY 2021-22 Budget Adoption

September 01, 2021

GENERAL FUND EXPENDITURES

By Department



Departments	2017/18 Actuals	2018/19 Actuals	2019/20 Actuals	2020/21 Amended	2020/21 Estimated	2021/22 Proposed	% of Total
Police Department	\$ 3,521,549	\$ 3,359,254	\$ 3,871,520	\$ 3,537,166	\$ 3,535,950	\$ 3,775,377	26.5%
Fire Department	3,200,709	2,712,709	3,010,317	2,937,326	3,174,265	2,559,130	17.9%
Public Works	2,428,683	2,418,757	2,621,367	2,366,212	2,167,946	2,715,035	19.0%
Community Development	849,906	919,817	1,024,250	914,511	911,231	1,071,535	7.5%
City Administration	2,118,967	2,295,213	2,431,410	2,365,146	2,430,494	3,174,654	22.2%
Recreation	1,070,905	1,197,289	1,211,857	721,755	721,863	817,328	5.7%
City Council	108,530	123,043	91,185	84,098	56,255	159,298	1.1%
Total General Fund Exp	\$ 13,299,249	\$ 13,026,082	\$ 14,261,906	\$ 12,926,214	\$ 12,998,004	\$ 14,272,357	100%
City Debt Payments:	\$ 35,078	\$ 35,189	\$ 35,277	\$ 35,191	\$ 35,189	\$ 35,190	
Transfers Out:	562,990	825,149	480,970	563,000	363,273	1,289,688	
Net Operating Expenditures	\$ 13,897,317	\$ 13,886,420	\$ 14,778,153	\$ 13,524,405	\$ 13,396,466	\$ 15,597,235	

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

Personnel related recommendations

1. Adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule
2. Approved new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

Summary of Proposed Modifications

1. Non-substantive changes either to ensure the adopted budget meets Government Finance Officers Association (GFOA) best practices or corrections due to typographical or other administrative oversights;
2. Operating budget revenue changes to align with sales tax and commercial cannabis tax projections that include previously unaccounted for sales tax associated with retail cannabis sales as well as up to date projections for the cannabis tax now that both outlets are fully operational;
3. Operating expenditure changes to align departmental budgets with organizational and/or operational needs that were identified after the proposed budget was published (Community Development, Finance and Public Works);
4. Interfund Transfers based on financial policy changes recommended by the Ad-Hoc Committee of Mayor Heading and Councilmember Davis; and
5. Changes based on additional U.S. Treasury guidance regarding the American Rescue Plan Act (ARPA) and the official allocations published by the Treasury Department after the Budget Study Sessions on May 25 and 26, 2021.

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

General Fund Revenue Changes

General Fund Revenues

- Sales Tax due to sales of cannabis (\$55,737)
- Cannabis Tax due to two outlets sales (\$54,000)

General Fund Expenditures

- Administrative Services due to internal and external equity and ensure staff capacity to serve the public (\$40,769)
- Public Works and Community Development shared administrative staff to ensure staff capacity to serve the public (\$34,416)

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

FY 2021/22 ARPA

Additional Funding = \$260,110 yearly (\$2,500,220 vs. \$1,980,000)

1. Grants to non-profits that were impacted by COVID-19 Pandemic (\$25,000)
2. Infrastructure and economic development investment in Downtown and Embarcadero streetscape such as trash receptacle replacement (\$25,000)
3. Capital Infrastructure investment at City Park to replace play equipment (\$250,000)

FY 2021/22 ARPA

Additional and changing US Treasury Department Regulations

1. Replenishment of General Fund Emergency Reserve (GFER) prohibited
2. Capital Improvement investments allowed

Measure Q & E Funding



American Rescue Plan Act Funding



**City Council
FY 2021-22
Budget
Adoption**

September 01, 2021

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

**Recommendations from Ad-hoc Committee
Financial Policies**

1. Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and
2. Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and
3. Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and
4. Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and
5. Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers; and
6. Adopt Resolution No. 50-21 approving the revised Investment Policy; and
7. Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and
8. Adopt Resolution No. 52-21 readopting the Revenue Policy; and
9. Adopt Resolution No. 53-21 readopting the Expenditure Policy; and
10. Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

Modified Financial Policies

Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy

- Minimum Reserve = 33% (3 months of operating expenses)
- Target Reserve = 50% (6 months of operating expenses)
- Add Measure Q&E operating expense when calculating GFER amount
- Transfer \$600,000 from the Risk Management Reserve to GFER

Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy

- Minimum Reserve = \$200,000
- Target Reserve = \$300,000
- Transfer \$100,000 from the Risk Management Reserve to the Information Technology Internal Services Fund

Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy

- Minimum Reserve = \$700,000 (\$100,000)
- Target Reserve = \$1,000,000 (\$150,000)
- Transfer \$600,000 from the Risk Management Reserve to the General Fund Emergency Reserve
- Transfer \$100,000 from the Risk Management Reserve to the Information Technology Internal Services Fund

Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy

***City Council
FY 2021-22
Budget
Adoption***

September 01, 2021

Financial Policies Changing Authorized Personnel

Eliminates names and refers to positions

Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers

Adopt Resolution No. 50-21 approving the revised Investment Policy

City Council FY 2021-22 Budget Adoption

September 01, 2021

Recommendations

1. Adopt Resolution No. 43-21 authorizing the Fiscal Year (FY) 2021/22 Operating and Capital Budgets, including amendments approved by the City Council, prior to the adoption of that Resolution; and
2. Adopt Resolution No. 44-21 approving the FY 2021/22 Master Combined Salary Schedule; and
3. Approved new or revised job descriptions for Fire Marshal/Division Chief, Senior Administrative Services Analyst and Finance Manager; and
4. Adopt Resolution No. 45-21 approving the revised General Fund Emergency Reserve Policy; and
5. Adopt Resolution No. 46-21 approving the revised Internal Services Fund Reserve Policy; and
6. Adopt Resolution No. 47-21 rescinding the Tourism Accumulation Fund Policy; and
7. Adopt Resolution No. 48-21 approving the revised Risk Management Reserve Policy; and
8. Adopt Resolution No. 49-21 approving the revised Local Agency Investment Fund (LAIF) Transaction Officers; and
9. Adopt Resolution No. 50-21 approving the revised Investment Policy; and
10. Adopt Resolution No. 51-21 readopting the Harbor Reserve Policy; and
11. Adopt Resolution No. 52-21 readopting the Revenue Policy; and
12. Adopt Resolution No. 53-21 readopting the Expenditure Policy; and
13. Adopt Resolution No. 54-21 extending the Utility Discount Program through December 31, 2021.