

CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

AGENDA

Mission Statement

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting

Tuesday, May 17, 2022 - 3:00 PM

Veterans Memorial Hall

209 Surf St., Morro Bay, CA

Courtney Shepler	Chair	Stephen Peck	Vice-Chair
Michael Erin Woody	Member	Homer Alexander	Member

Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.

Public Participation:

Public participation is allowed in the following ways:

- *Community members may attend the meeting in person at the Morro Bay Veterans Hall.*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzdwTHlRTk9xaTlmWVNWRWFUQT09>

Password: 135692

- *Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to "Raise Hand" for Public Comment*

- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the CFAC Committee at cfac@morrobayca.gov prior to the meeting. Agenda Correspondence received at cfac@morrobayca.gov by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBER ANNOUNCEMENTS & PRESENTATIONS

BRIEF ASSISTANT CITY MANAGER / DIRECTOR UPDATE

PUBLIC COMMENT

Members of the audience wishing to address the CFAC on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the CFAC at this time.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE FEBRUARY 15, 2022 CITIZENS' OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

Recommendation: Approve as submitted.

2. APPROVAL OF MINUTES FOR THE APRIL 28, 2022 CITIZENS' OVERSIGHT/FINANCE ADVISORY COMMITTEE SPECIAL MEETING

Recommendation: Approve as submitted.

B. BUSINESS ITEMS

1. DISCUSSION AND INPUT ON THE FISCAL YEAR 2022-23 GENERAL FUND DRAFT PROPOSED BUDGET AND SIX ASSOCIATED FUNDS; (CITY MANAGER & ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

RECOMMENDATION: Receive the Fiscal Year 2022-23 Draft Proposed Budget for the General Fund & Six Associated Funds and provide input for City Council consideration as needed.

2. APPOINTMENT OF A CFAC LIAISON FOR PENSION TRUST SELECTION; (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

RECOMMENDATION: Appoint one member of the CFAC to serve as a liaison in the City's selection process for a section 115 pension trust provider.

3. UPDATE REGARDING THE CITY COUNCIL'S CHANGES TO THE ADVISORY BODY BYLAWS; (CITY MANAGER)

RECOMMENDATION: Receive an informational update on City Council's Changes to Advisory Body Bylaws.

4. CONSIDERATION OF POTENTIAL NEW WORK PLAN ITEM ON BUDGET-IN-BRIEF COMMUNICATIONS (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

RECOMMENDATION: Consider making a motion to define the scope of a potential new work plan item on budget-in-brief communications and ask staff to evaluate the required time, resources and impacts on and relation to Council approved goals and work plan and present the request to Council for consideration and approval.

C. FUTURE AGENDA ITEMS

D. SCHEDULE NEXT MEETING

August 16, 2022

E. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE CALL CITY HALL AT 805-772-6201 FOR FURTHER INFORMATION.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT (805) 772-6205. NOTIFICATION 24 HOURS PRIOR TO THE MEETING WILL ENABLE THE CITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THE MEETING.

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MINUTES –CITIZENS OVERSIGHT/FINANCE
 ADVISORY COMMITTEE
 REGULAR MEETING – FEBRUARY 15, 2022
 TELECONFERENCE – 3:00 p.m.

CFAC conducted this meeting in accordance with Assembly Bill 361 (2021-22) and Government Code section 54953 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

MEMBERS PRESENT: Courtney Shepler Chair
 Stephen Peck Vice-Chairperson
 Homer Alexander Committee Member
 Tina Wener Committee Member
 Michael Erin Woody Committee Member

ABSENT: Lois Johnson Committee Member

STAFF PRESENT: Scott Collins City Manager
 Sarah Johnson-Rios Assistant City Manager/Admin Services Dir.
 Dana Swanson City Clerk
 Eric Endersby Harbor Director
 Greg Kwolek Public Works Director
 Scot Graham Community Development Director
 Jody Cox Police Chief
 Daniel McCrain Fire Chief
 Kyle Rhorer Carollo Project Manager
 Tracy McConnell Account Clerk III

ESTABLISH QUORUM AND CALL TO ORDER

<https://youtu.be/cDhvMv5jKzE?t=10>

City Clerk Swanson called the meeting to order at 3:01 p.m. with all but Member Johnson present.

SELECTION CHAIR AND VICE-CHAIR

<https://youtu.be/cDhvMv5jKzE?t=220>

Members voted for New Chairperson and New Vice Chairperson.

MOTION: Member Alexander moved to nominate Member Shepler as the Chairperson for the Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Member Woody and carried 5-0-1 with Member Johnson absent.

MOTION: Member Woody moved to nominate Member Peck as the Vice Chairperson for the Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Member Alexander and carried 5-0-1 with Member Johnson absent.

COMMITTEE ANNOUNCEMENTS & PRESENTATIONS - None

BRIEF ASSISTANT CITY MANAGER/DIRECTOR UPDATE

<https://youtu.be/cDhvMv5jKzE?t=616>

PUBLIC COMMENT

No public comment

Chair Shepler closed public comment

A. CONSENT CALENDAR
<https://youtu.be/cDhvMv5jKzE?t=978>

A-1 APPROVAL OF MINUTES FOR JANUARY 18, 2022 CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING
<https://youtu.be/cDhvMv5jKzE?t=979>

MOTION: Member Peck moved to approve minutes from the January 18, 2022 Citizens Oversight/Finance Advisory Committee meeting. The motion was seconded by Member Wener and carried 4-0-2 with Member Johnson absent and Member Woody abstaining.

A-2 SECOND QUARTER INVESTMENT REPORT (PERIOD ENDING DECEMBER 30, 2021) FOR FISCAL YEAR (FY)2021-22; (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)
<https://youtu.be/cDhvMv5jKzE?t=1099>

MOTION: Chair Shepler moved to receive the Second Quarter Investment Report (period ending December 20, 2021) for FY 2021-22. The motion was seconded by Member Woody and carried 5-0-1 with Member Johnson absent.

B. BUSINESS ITEMS

B-1 REVIEW OF WATER RECLAMATION FACILITY (“WRF”) QUARTERLY UPDATE REPORT; (PUBLIC WORKS DEPARTMENT)
<https://youtu.be/cDhvMv5jKzE?t=1170>

Carollo Project Manager Rhorer provided an update on the Water Reclamation Facility update and answered member questions.

Public Comment: None

Chair Shepler closed public comment.

MOTION: Chair Shepler moved to receive the Q2 Water Reclamation Facility Report. The motion was seconded by Member Alexander and carried 5-0-1 with Member Johnson absent.

B-2 REVIEW OF FISCAL YEAR 2021-22 MIDYEAR BUDGET REPORT, INCLUDING THE SEMI-ANNUAL REPORT ON MEASURE Q & E FUNDS; (ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)
<https://youtu.be/cDhvMv5jKzE?t=3836>

City Manager Collins and Assistant City Manager/Admin Services Director Johnson-Rios presented the report and answered Board Member questions.

Public Comment: None

Chair Shepler closed public comment.

MOTION: Member Woody moved to receive the FY 2021-22 Midyear Budget Report, including the Semi-Annual Report on Measure Q & E Funds. The motion was

seconded by Vice Chairperson Peck and carried 5-0-1 with Member Johnson absent.

C. FUTURE AGENDA ITEMS
<https://youtu.be/cDhvMv5jKzE?t=6437>

22/23 Budget Recommendations for Q & E Fund

D. SCHEDULE NEXT MEETING
The next regularly scheduled Citizen's Oversight/Finance Committee meeting will be April 19, 2022 at 3:00 pm.

E. ADJOURNMENT
The meeting adjourned at 4:49 p.m.

MOTION: Chair Shepler moved to adjourn the meeting. The motion was seconded by Member Woody and carried 5-0-1 with Member Johnson absent.

Recorded by:

Tracy McConnell
Account Clerk III

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Pursuant to Assembly Bill 361 (2021-22) and Government Code section 54953 this Meeting will be conducted in a hybrid format with both in-person and virtual public participation. Ways to watch this meeting and submit public comment are provided below.

MEMBERS PRESENT: Courtney Shepler Chair
Stephen Peck Vice-Chairperson
Home Alexander Committee Member
Michael Erin Woody Committee Member

ABSENT: None

STAFF PRESENT: Scott Collins City Manager
Sarah Johnson-Rios Assistant City Manager/Admin Services Dir.
Greg Kwolek Public Works Director
Emily Conrad Finance Manager

ESTABLISH QUORUM AND CALL TO ORDER

Chair Shepler established a quorum and called the meeting to order at 3:35 p.m. with all members present.

PUBLIC COMMENT FOR ITEMS ON THE AGENDA

Chair Shepler opened public comment; seeing none, the public comment period was closed.

SPECIAL MEETING AGENDA ITEM:

<https://youtu.be/wu2l3ajv5Mc?t=75>

- I. DISCUSSION AND INPUT ON THE FISCAL YEAR 2022-23 MEASURE Q & E FUND DRAFT PROPOSED BUDGET (CITY MANAGER & ASSISTANT CITY MANAGER/ADMIN SERVICES DIRECTOR)

Assistant City Manager/Admin Services Director Johnson-Rios provided the report and responded to Committee Member inquires.

Motion: Chair Shepler moved that the CFAC committee receive FY 2022-23 Measure Q & E Fund Draft Proposed Budget as presented. The motion was seconded by Member Committee Member Peck and carried 4-0 by roll call vote.

There was Committee Member consensus to consider future discussion of a budget pamphlet.

ADJOURNMENT

The meeting adjourned at 4:47 p.m.

Recorded by:

Sara Pruitt
Senior Accounting Technician

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AGENDA NO: B-1

MEETING DATE: May 17, 2022

Staff Report

TO: CFAC Chair and Committee Members **DATE:** May 9, 2022

FROM: Scott Collins, City Manager
Sarah Johnson-Rios, Assistant City Manager/Admin Services Director

SUBJECT: Discussion and Input on the Fiscal Year 2022-23 Draft Proposed Budget for the General Fund & Six Associated Funds

RECOMMENDATION

Receive the Fiscal Year (FY) 2022-23 Draft Proposed Budget for the General Fund & Six Associated Funds and provide input for City Council consideration as needed.

BACKGROUND

On April 28th, consistent CFAC's scope of work as outlined in the Advisory Body Handbook, CFAC reviewed the FY 2022-23 Draft Proposed Measure Q&E Fund budget. Members provided individual comments for Council consideration, which will be included in the staff report for the City Council's May 24 & May 25 Budget Study Sessions. CFAC as a whole did not recommend any specific changes to the budget as proposed

Also consistent with CFAC's scope of work as outlined in the Advisory Body Handbook, the City Council invites CFAC input on the broader Citywide budget as time permits. Consistent with CFAC's review of the FY 2021-22 budget, this year staff has prepared the Draft Proposed Budget for the General Fund budget and six related funds that are reported with the General Fund in the City's Annual Comprehensive Financial Report (ACFR). These include the General Fund Emergency Reserve, Vehicle Replacement Fund, Capital Projects Accumulation Fund, Compensable Leave Fund, Facility Maintenance Fund, and Projects Accumulation Fund. CFAC's input will be provided for Council's consideration at the budget study session on the entire citywide budget, scheduled for May 24-25 this year.

DISCUSSION

The attached documents detail the Draft Proposed FY 2022-23 Budgets for the following seven funds. The General Fund has several sub-funds or component funds that are all reported with the General Fund in the City's Annual Comprehensive Financial Report (ACFR). They are grouped here in the budget book for consistency with the ACFR. There is a Fund Summary page for each of these individual funds. These funds include the following:

- General Fund (001)
- General Government Compensable Leave Fund (005)
- General Fund Vehicle Replacement Fund (050)
- General Fund Emergency Reserve Fund (051)
- General Fund Facility Maintenance Fund (052)
- General Fund Capital Accumulation Fund (460)
- General Fund Project Accumulation Fund (470)

The primary fund, the 001 General Fund, is the City's primary unrestricted source of funds and its primary and largest operating budget fund. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds or ratepayer funds. The activities being paid for through the General Fund constitute the core administrative and operational tasks of the City. Morro Bay's General Fund accounts for the majority of most departments' operating budgets, funding staffing, supplies and services required to provide core City services.

General Fund Revenue Budget: The FY 2022-23 Proposed General Fund revenue budget is \$18.3 million, which represents an 8.9% increase over the prior year. For FY 2022-23, the primary sources of revenue for the General Fund are projected as follows:

- **Property Taxes** – San Luis Obispo County Auditor-Controller provided property tax revenue estimates for FY 2022-23. Revenues are estimated at approximately \$5 million, up about 1% from the prior year budget.
- **Transient Occupancy Tax (TOT)** – Visit Morro Bay provided TOT revenue estimates for FY 2022-23. Revenues are estimated at approximately \$4 million, up 2% from the prior year budget.
- **Sales Tax** – HdL, the City's sales tax consultant, provided sales tax revenue estimates for FY 2022-23. Revenues are estimated at approximately \$2.7 million, up almost 9% from the prior year budget, representing ongoing recovery from the pandemic. In out years, HdL expects that growth to level off.
- **Interfund Revenue Transfers** – This budget increased significantly from prior year due to a one-time transfer in of American Rescue Plan Act funds, which will be used to provide core government services.
- **Revenues from Current Services** – This category includes revenues from Recreation activities, Community development planning activities, Fire Department mutual aid revenues, and other smaller items. Each of these categories is increasing somewhat in FY 2022-23, resulting in estimated Revenues from Current Services of \$2 million, up 4.6% from the prior year's budget.

General Fund Expenditure Budget: The total General Fund budget for FY 2022-23 is approximately \$20.8 million, up 24.7% from the prior year budget. However, this does not represent such a significant level of ongoing increases in cost. Approximately \$3.5 million of the expenditure budget is for one-time transfers to reserve funds or one-time expenditures aimed at improving the City's long-term fiscal sustainability as follows:

- \$1.1M transfer to the General Fund Emergency Reserve Fund to comply with the City's reserve policy for that fund (33% of operating expenditures in the General Fund and Measure Q&E fund)
- \$0.3M transfer to the General Fund Vehicle Replacement Fund to comply with the City's reserve policy for that fund (20% of the value of the General Fund fleet)
- \$0.1M transfer to the General Fund Compensable Leave Fund to comply with the City's reserve policy for that fund (30% of the liability in last year's ACFR)
- \$1.1M to pay off the USDA loan for the Fire Station building, consistent with 2016 Council direction, using one-time property sale proceeds received during FY 2021-22
- \$0.8M for a contribution to a pension trust to address the City's long-term pension liability consistent with the City's pension reserve policy (Resolution 37-22)

In addition, the General Fund is contributing \$0.5 million for one-time capital improvement projects, as follows:

Transfers to Capital Improvement Projects

These contributions are all to the General Government Capital Projects Fund (915).

Project	Amount	One-Time/Ongoing
Citywide Capital & Facilities Planning	\$200,000	One-time
Lila Kaiser Pkg Lot & ADA Upgrades	\$120,000	One-time
Sequoia Ct Storm Drain Repair	\$120,000	One-time
Electric Vehicle Charging Stations	\$40,000	One-time
Local Match to LRSP Roads Funding	\$10,000	One-time
Total	\$490,000	

Net of all interfund transfers and one-time expenditures, the FY 2022-23 General Fund budget is approximately \$16.3 million, an increase of 5.8% from the FY 2021-22 Amended budget net of transfers.

The budget document includes placeholder numbers for labor negotiations, which are still ongoing with the City's three represented bargaining groups.

By Department, the General Fund budget breaks down as follows, and the attached Fund Summary describes key changes from prior year.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted
Expenditures			
City Council	\$159,610	\$112,189	\$145,220
City Manager's Office	\$957,178	\$904,773	\$1,221,233
City Attorney	\$483,823	\$441,068	\$408,174
Administrative Services	\$1,038,690	\$850,997	\$1,099,032
Police Department	\$3,852,433	\$3,866,652	\$3,976,786
Fire	\$3,046,811	\$2,988,687	\$2,847,272
Public Works	\$2,787,548	\$2,652,807	\$2,801,148
Community Development	\$1,152,725	\$1,178,973	\$1,399,978
Recreation	\$1,154,630	\$1,139,030	\$1,333,702
Non-Departmental	\$2,032,073	\$1,944,336	\$5,550,620
Total Expenditures:	\$16,665,520	\$16,079,512	\$20,783,164

By Expense Type, the General Fund budget breaks down as follows. Personnel services are increasing by 11.6% from the prior year budget due in part to adding one net new position to the General Fund (outlined in the staffing summary section of the budget), adding part-time costs to the budget to reflect increasing workload primarily in the recreation area as services are restored after the pandemic, and due to anticipated personnel cost increases pending the outcome of labor negotiations. Given the high levels of inflation this year, cost of living adjustments for staff will need

to reflect a reasonable increase in order to ensure that the City is able to recruit and retain talented staff to provide critical City services. While the cost of personnel has increased, it represents a smaller percentage of the budget this year relative to the overall budget. Supplies and services budgets have increased by 7% from prior year to reflect inflationary costs of purchasing supplies. Interfund transfers and Other Expenses have increased significantly due to the one-time items outline above (USDA loan payoff is shown under Other Expenses and all

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted
Expense Objects			
Personnel Services	\$11,485,960	\$11,099,528	\$12,823,342
Supplies	\$589,417	\$548,814	\$630,847
Other Expense	\$64,925	\$64,350	\$1,280,620
Services	\$3,200,340	\$3,041,942	\$3,452,396
Debt Service	\$35,190	\$35,190	\$35,190
Interfund Transfers	\$1,289,688	\$1,289,688	\$2,560,769
Total Expense Objects:	\$16,665,520	\$16,079,512	\$20,783,164

Fund Balances & Reserves: The Fund Balances for the General Fund and six related funds at the end of FY 2022-23 are projected to total approximately \$8.7 million. This represents unassigned fund balance in the General Fund and committed fund balance in the other funds. All of these funds meet or exceed the minimum reserve policies set by the Council and updated on April 26, 2022 in Resolution 37-22.

- General Fund (001) \$1.6 million
 - General Government Compensable Leave Fund (005) \$0.3 million
 - General Fund Vehicle Replacement Fund (050) \$0.7 million
 - General Fund Emergency Reserve Fund (051) \$5.4 million
 - General Fund Facility Maintenance Fund (052) \$0.1 million
 - General Fund Capital Accumulation Fund (460) \$0.6 million
 - General Fund Project Accumulation Fund (470) N/A (moved to 460)
- TOTAL \$8.7 million**

Budget Presentation: While the draft proposed budget documents are presented in printable PDF form, the final proposed and adopted budgets will be available in an improved digital format online. While printable PDFs will remain available as an option, the online digital version of the budget document will have interactive features so that members of the public can view budget data depicted visually using several different interactive chart options. This will facilitate an improved understanding of City expenditures of all funds.

ATTACHMENT

1. FY 2022-23 Draft Proposed Budget for the General Fund and Six Related Funds

The General Fund has several sub-funds or component funds that are all reported with the General Fund in the City's Annual Comprehensive Financial Report (ACFR). They are grouped here in the budget book for consistency with the ACFR. There is a Fund Summary page for each of these individual funds. These funds include the following:

General Fund

- General Fund (001)
- General Government Compensable Leave Fund (005)
- General Fund Vehicle Replacement Fund (050)
- General Fund Emergency Reserve Fund (051)
- General Fund Facility Maintenance Fund (052)
- General Fund Capital Accumulation Fund (460)
- General Fund Project Accumulation Fund (470)

General Fund (001)

The City's General Fund is the City's primary unrestricted source of funds and its primary and largest operating budget fund. This fund is used to record all resource inflows and outflows that are not associated with special-purpose funds or ratepayer funds. The activities being paid for through the General Fund constitute the core administrative and operational tasks of the City. Morro Bay's General Fund accounts for the majority of most departments' operating budgets, funding staffing, supplies and services required to provide core City services.

Summary

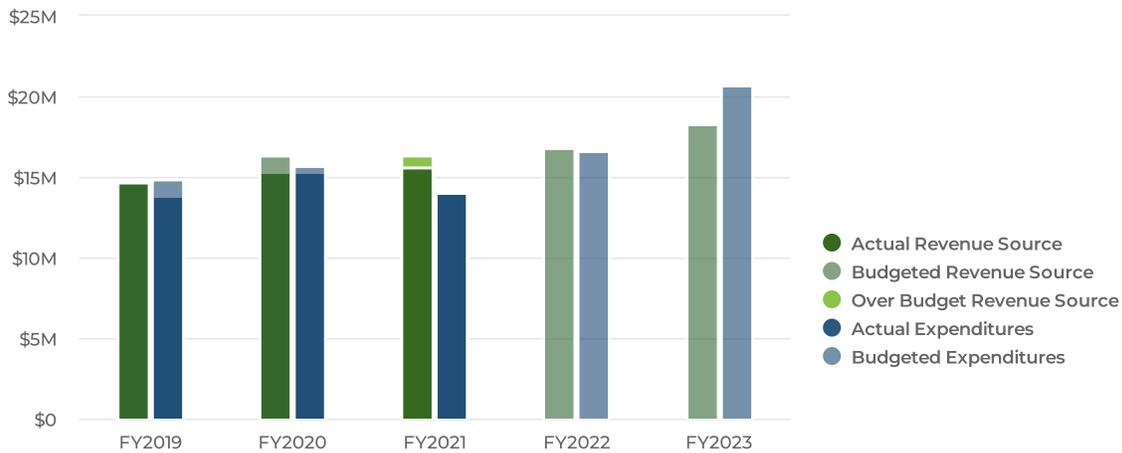
The City of Morro Bay is projecting \$18.3 million of revenue in FY2022-23, which represents an 8.9% increase over the prior year. Budgeted expenditures are projected to increase by 24.7% to \$20.8 million in FY2023, including transfers and one-time expenditures. The expenditure budget net of transfers and large one-time expenditures is \$16.3 million, an increase of 5.8% from the FY 2021-22 Amended Budget (net of transfers).

As outlined below, approximately \$2.6 million in expenditures are for interfund transfers to other funds, including capital improvement funds, internal service funds, and other components of the General Fund that are used to track reserves committed for certain purposes. Approximately half of the transfers, totaling \$1.5M, are one-time transfers to build reserve balances consistent with the Council-approved City Reserve policies: \$1.1M of those transfers is a one-time transfer to the General Fund Emergency Reserve Fund, \$0.3M is to the General Fund Vehicle Replacement Fund, and \$0.1M is to the General Fund Compensable Leave Fund. These all reflect moving existing fund balance from one component of the General Fund to another, as these funds are all reported with the General Fund in the Annual Comprehensive Financial Report.

There are also large one-time expenditures totaling approximately \$1.9 million for debt payoff (\$1.1 million) and addressing the City's unfunded pension liability (\$0.8M). These will come from fund balance, using one-time property sale proceeds for the debt payoff and using prior year surplus to address pension liability, consistent with the City's adopted pension reserve policy (Resolution 37-22).

Net of these one-time transfers and expenditures totaling \$3.5 million, the City's General Fund expenditures total approximately \$17.1 million, resulting in an operating surplus of approximately \$1.2 million. This surplus is due in part to a one-time revenue of \$0.7 million from American Rescue Plan Act funds to support government services through and in the wake of the pandemic.

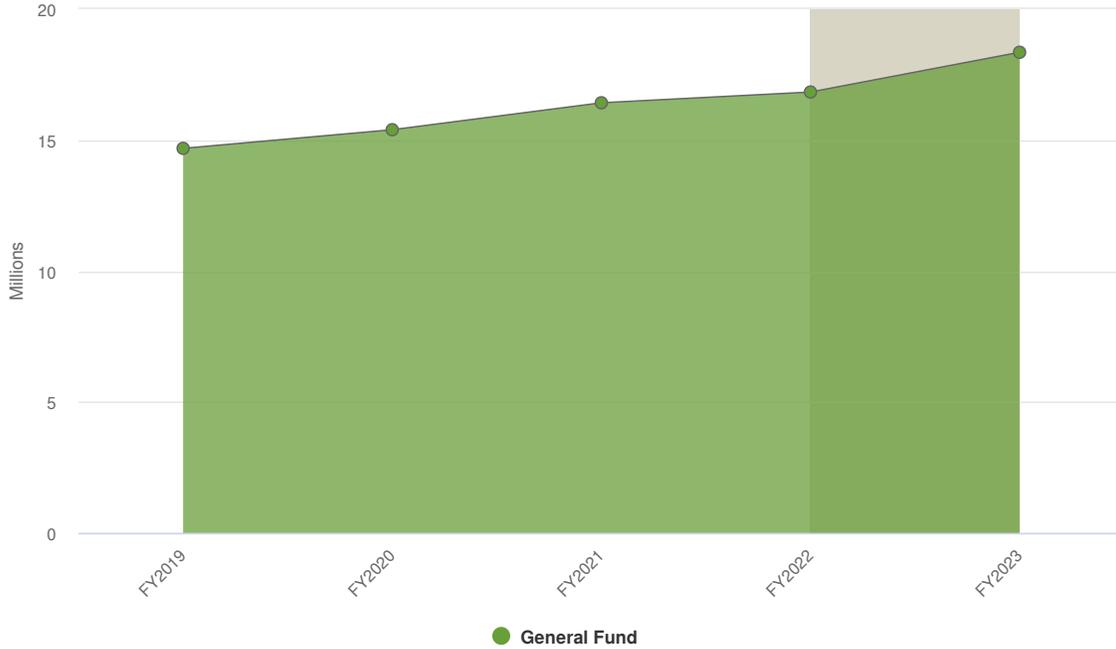
The budget document includes placeholder numbers for labor negotiations, which are still ongoing with the City's three represented bargaining groups.



Revenue by Fund

FY 2022-23 General Fund revenues and fund transfers are estimated to increase by 8.9% from the FY 2021-22 amended budget. This reflects a continued recovery from the COVID-19 pandemic, a one-time transfer in of American Rescue Act funds, and anticipated increased revenue associated with Morro Bay providing mutual aid during wildland fire incidents outside of the City. Each revenue source is estimated using trend analysis and historical data, and in some cases input from consultants or community partners, as outlined in more detail in the following section.

Budgeted and Historical 2023 Revenue by Fund



Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
General Fund	\$16,830,411	\$17,193,976	\$18,348,748	9%
Total General Fund:	\$16,830,411	\$17,193,976	\$18,348,748	9%

Revenues by Source

For FY 2022-23, the primary sources of revenue for the General Fund are projected as follows:

Property Taxes - San Luis Obispo County Auditor-Controller provided property tax revenue estimates for FY 2022-23. Revenues are estimated at approximately \$5 million, up about 1% from the prior year budget.

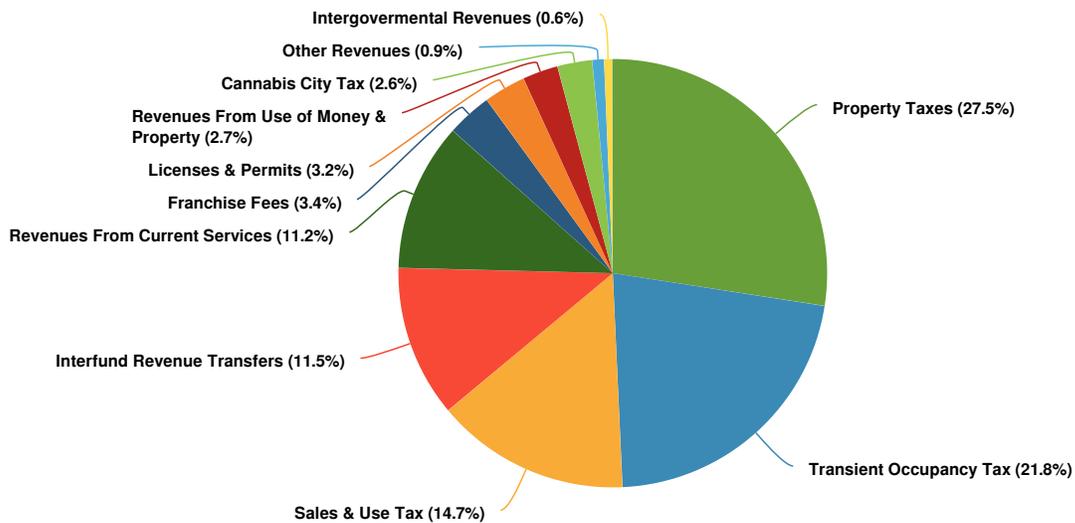
Transient Occupancy Tax (TOT) – Visit Morro Bay provided TOT revenue estimates for FY 2022-23. Revenues are estimated at approximately \$4 million, up 2% from the prior year budget.

Sales Tax – HdL, the City's sales tax consultant, provided sales tax revenue estimates for FY 2022-23. Revenues are estimated at approximately \$2.7 million, up almost 9% from the prior year budget, representing ongoing recovery from the pandemic. In out years, HdL expects that growth to level off.

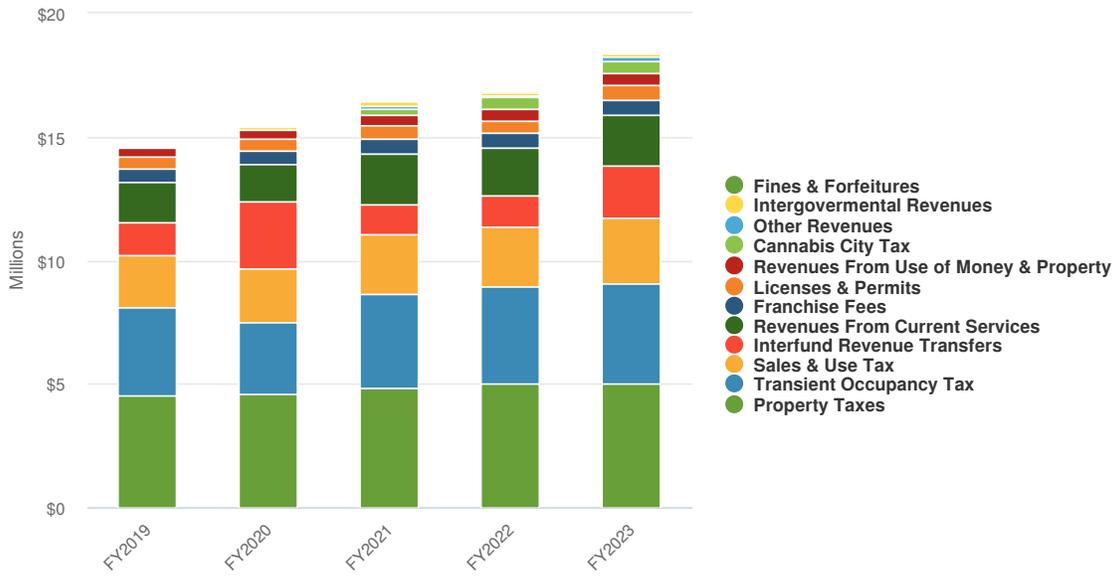
Interfund Revenue Transfers - This budget increased significantly from prior year due to a one-time transfer in of American Rescue Plan Act funds, which will be used to provide core government services.

Revenues from Current Services - This category includes revenues from Recreation activities, Community development planning activities, Fire Department mutual aid revenues, and other smaller items. Each of these categories is increasing somewhat in FY 2022-23, resulting in estimated Revenues from Current Services of \$2 million, up 4.6% from the prior year's budget.

Projected 2023 Revenues by Source



Budgeted and Historical 2023 Revenues by Source



Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Revenue Source				
Property Taxes	\$4,992,835	\$4,993,610	\$5,037,900	0.9%
Intergovernmental Revenues	\$146,051	\$99,369	\$108,970	-25.4%
Sales & Use Tax	\$2,460,456	\$2,460,456	\$2,690,000	9.3%
Cannabis City Tax	\$480,000	\$480,000	\$480,000	0%
Transient Occupancy Tax	\$3,927,869	\$3,927,869	\$4,006,000	2%
Franchise Fees	\$572,259	\$572,259	\$623,460	8.9%
Licenses & Permits	\$520,673	\$644,225	\$582,245	11.8%
Revenues From Current Services	\$1,944,407	\$2,058,375	\$2,054,049	5.6%
Fines & Forfeitures	\$10,000	\$3,480	\$10,300	3%
Other Revenues	\$32,284	\$178,815	\$162,960	404.8%
Revenues From Use of Money & Property	\$499,000	\$557,154	\$491,000	-1.6%
Interfund Revenue Transfers	\$1,244,577	\$1,218,364	\$2,101,864	68.9%
Total Revenue Source:	\$16,830,411	\$17,193,976	\$18,348,748	9%

Expenditures by Fund

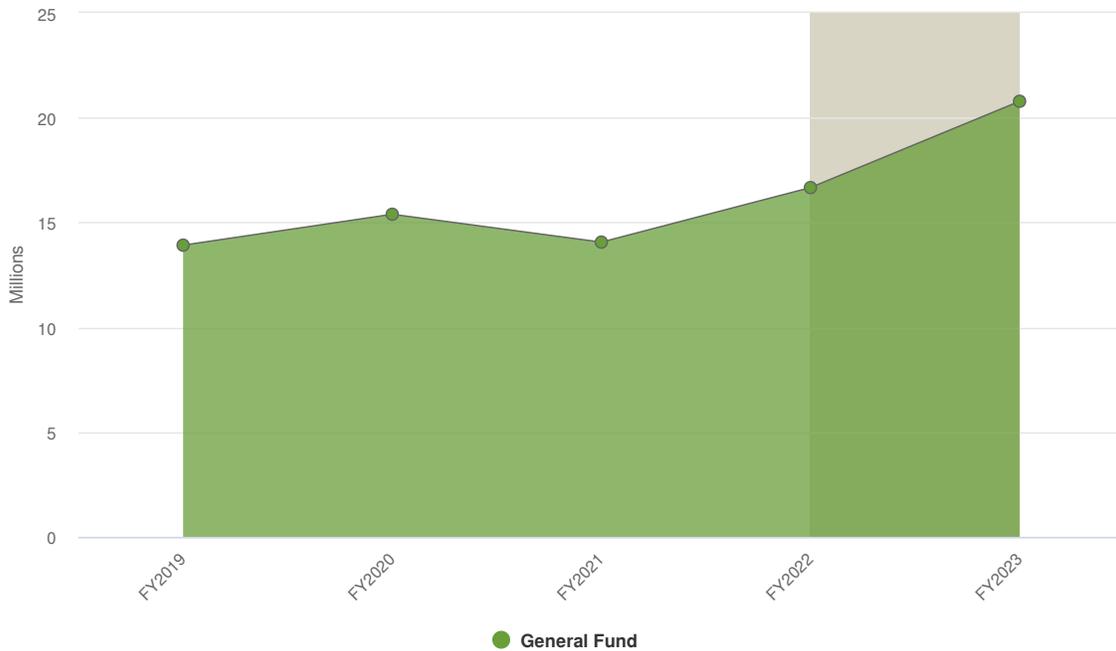
The total General Fund budget for FY 2022-23 is approximately \$20.8 million, up 24.7% from the prior year budget. However, this does not represent such a significant level of ongoing increases in cost. Approximately \$3.5 million of the expenditure budget is for one-time transfers to reserve funds or one-time expenditures aimed at improving the City's long-term fiscal sustainability as follows:

- o \$1.1M transfer to the General Fund Emergency Reserve Fund to comply with the City's reserve policy for that fund (33% of operating expenditures in the General Fund and Measure Q&E fund)
- o \$0.3M transfer to the General Fund Vehicle Replacement Fund to comply with the City's reserve policy for that fund (20% of the value of the General Fund fleet)
- o \$0.1M transfer to the General Fund Compensable Leave Fund to comply with the City's reserve policy for that fund (30% of the liability in last year's ACFR)
- o \$1.1M to pay off the USDA loan for the Fire Station building, consistent with 2016 Council direction, using one-time property sale proceeds received during FY 2021-22
- o \$0.8M for a contribution to a pension trust to address the City's long-term pension liability consistent with the City's pension reserve policy (Resolution 37-22)

Net of all interfund transfers and one-time expenditures, the FY 2022-23 General Fund budget is approximately \$16.3 million, an increase of 5.8% from the FY 2021-22 Amended budget net of transfers.

The budget document includes placeholder numbers for labor negotiations, which are still ongoing with the City's three represented bargaining groups.

Budgeted and Historical 2023 Expenditures by Fund



Grey background indicates budgeted figures.

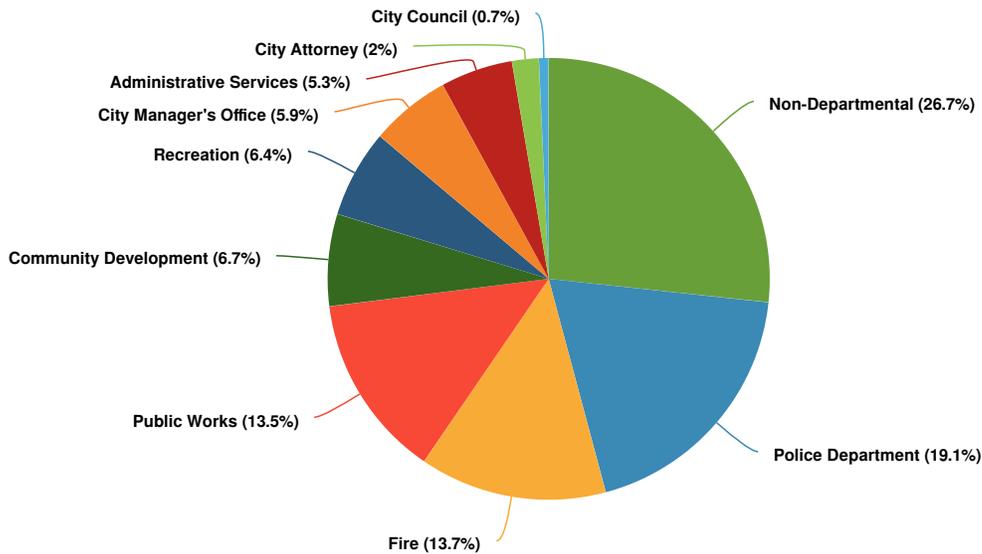
Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
General Fund	\$16,665,520	\$16,079,512	\$20,783,164	24.7%
Total General Fund:	\$16,665,520	\$16,079,512	\$20,783,164	24.7%

Expenditures by Department

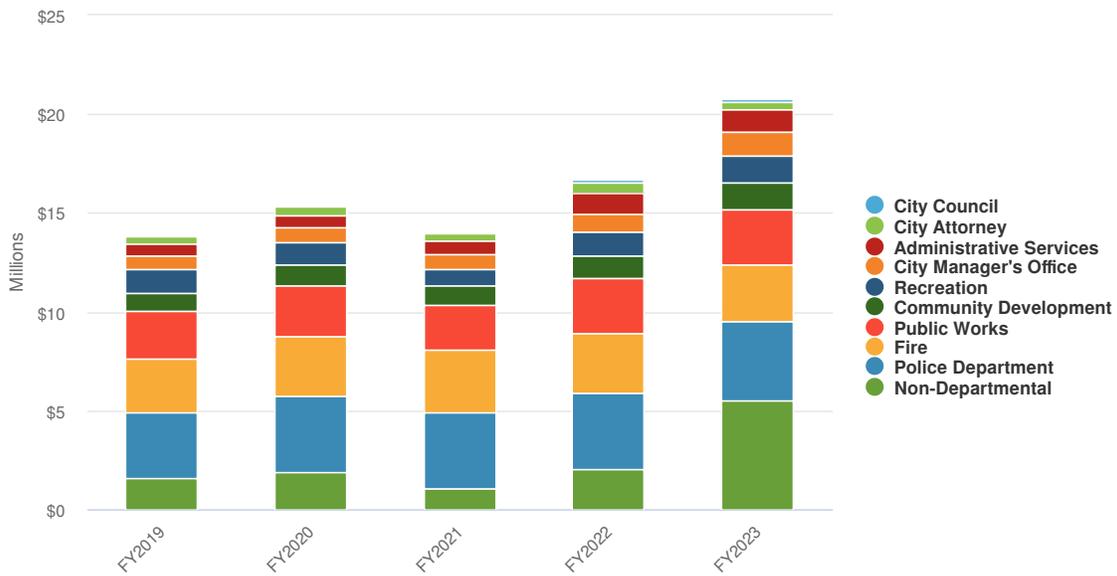
The General Fund provides funding for almost all of the City's departments (the exceptions are the utilities division of Public Works, which is funded by Water and Sewer Funds, and the Harbor Department, which is funded by the Harbor Fund and the Measure Q&E Fund).

The primary change in FY 2022-23 is the increase in the non-departmental category, largely associated with the one-time expenditures outlined above. In addition, a placeholder for personnel cost increases pending the outcome of labor negotiations which are currently underway, is also currently budgeted in non-departmental. These funds will be allocated to each department if negotiations are complete in time for the Budget Adoption. If negotiations are completed later, the City Manager has the authority to approve budget amendments between departments as long as the total budget by Fund is not increased.

Budgeted Expenditures by Department



Budgeted and Historical Expenditures by Department



The table below indicates the percentage change from the FY 2021-22 Budget to the FY 2022-23 budget. There are some changes in budgeting practice as well as operational changes that are influencing some of the percentage changes:

- The "Contract Services" Division that was previously in the General Fund has been dissolved, and each contract has been placed in the appropriate department that is managing that service. This resulted in an increase to the City Manager's Office budget.
- There is one new position recommended in the Community Development Department, outlined in that Department Summary page, which is the primary reason for that departmental budget increase.
- Recreation Services continues to restore service levels post-pandemic, which is reflected in those increased budget numbers.
- The Fire Department's budget has decreased in the General Fund but increased in the Measure Q&E Fund in order to track the full Reserves program in one fund (Measure Q&E).
- The Non-Departmental budget increased significantly due to the one-time transfers outlined in the section below. In addition, a placeholder for personnel cost increases is currently reflected in the Non-Departmental budget, pending the final outcome of labor negotiations.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Expenditures				
City Council	\$159,610	\$112,189	\$145,220	-9%
City Manager's Office	\$957,178	\$904,773	\$1,221,233	27.6%
City Attorney	\$483,823	\$441,068	\$408,174	-15.6%
Administrative Services	\$1,038,690	\$850,997	\$1,099,032	5.8%
Police Department	\$3,852,433	\$3,866,652	\$3,976,786	3.2%
Fire	\$3,046,811	\$2,988,687	\$2,847,272	-6.5%
Public Works	\$2,787,548	\$2,652,807	\$2,801,148	0.5%
Community Development	\$1,152,725	\$1,178,973	\$1,399,978	21.4%
Recreation	\$1,154,630	\$1,139,030	\$1,333,702	15.5%
Non-Departmental	\$2,032,073	\$1,944,336	\$5,550,620	173.2%
Total Expenditures:	\$16,665,520	\$16,079,512	\$20,783,164	24.7%

Expenditures by Expense Type

The following information provides a breakdown of expenditures by expense type, across all departments. Notable trends or changes include the following:

Personnel - personnel costs have increased by 11.6% from the prior year, due in part to adding one net new position to the General Fund (outlined in the staffing summary section of the budget), adding part-time costs to the budget to reflect increasing workload primarily in the recreation area as services are restored after the pandemic, and due to anticipated personnel cost increases pending the outcome of labor negotiations. Given the high levels of inflation this year, cost of living adjustments for staff will need to reflect a reasonable increase in order to ensure that the City is able to recruit and retain talented staff to provide critical City services. While the cost of personnel has increased, it represents a smaller percentage of the budget this year relative to the overall budget.

Supplies - Supplies budgets have increased by 7% from prior year to reflect inflationary costs of purchasing supplies.

Other Expenses - The significant increase here is due to the one-time \$1.1 million-dollar expenditure to payoff the USDA Fire Station loan consistent with 2016 Council direction.

Services - Supplies budgets have increased by 8% from prior year to reflect inflationary costs of procuring services. These are typically in the form of professional or contractual services.

Debt Service - Debt service remains unchanged in the General Fund, but the payoff of the USDA Fire Station Loan will save the Measure Q&E Fund on debt service payments, including interest payments, over the next fifteen years plus.

Interfund Transfers - This includes the following transfers, differentiated between ongoing and one-time as follows:

Transfers to Other General Funds

These contributions are all to comply with Council-adopted reserve policies.

Fund	Amount	One-Time/Ongoing
General Fund Emergency Reserve Fund	\$1,087,000	One-time
General Fund Vehicle Replacement Fund	\$270,000	One-time
General Fund Compensable Leave Fund	\$81,000	One-time
Total	\$1,438,000	

Transfers to Internal Service Funds

These contributions are for internal services provided to General Fund Departments.

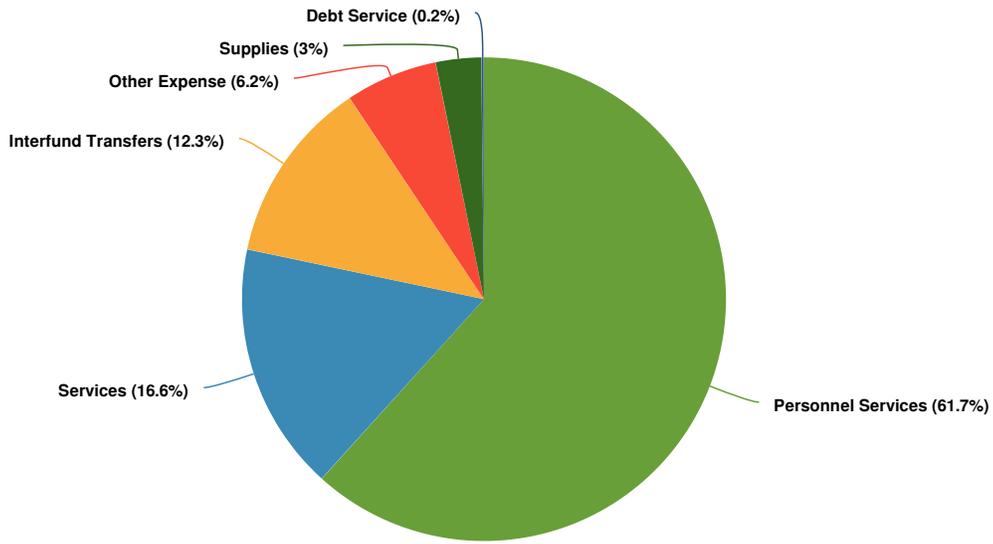
Fund	Amount	One-Time/Ongoing
Information Technology Fund	\$549,805	Ongoing
Risk Management Fund	\$82,964	Ongoing
Total	\$632,769	

Transfers to Capital Improvement Projects

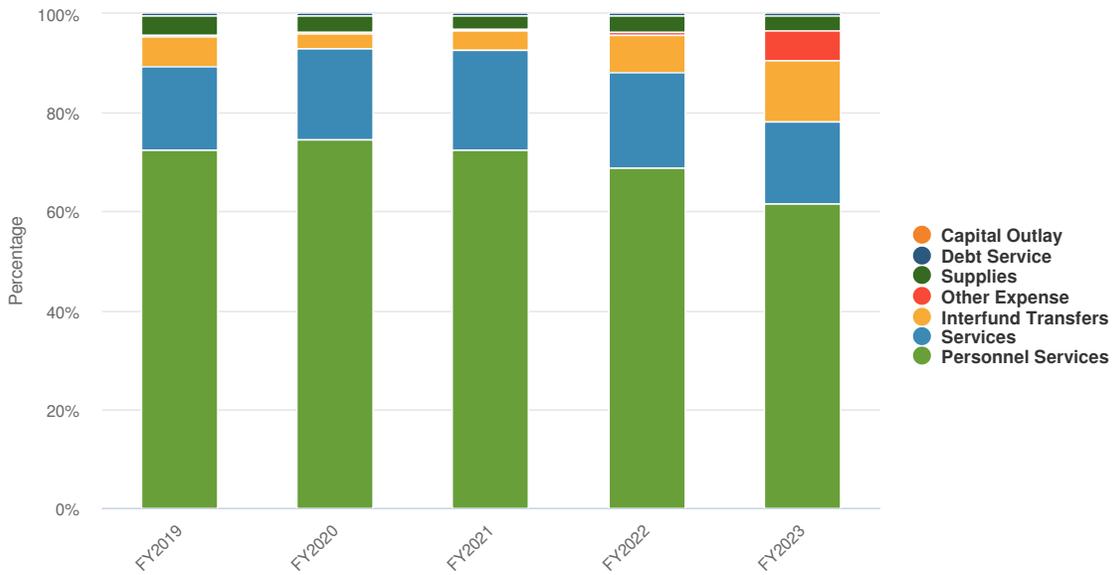
These contributions are all to the General Government Capital Projects Fund (915).

Project	Amount	One-Time/Ongoing
Citywide Capital & Facilities Planning	\$200,000	One-time
Lila Kaiser Pkg Lot & ADA Upgrades	\$120,000	One-time
Sequoia Ct Storm Drain Repair	\$120,000	One-time
Electric Vehicle Charging Stations	\$40,000	One-time
Local Match to LRSP Roads Funding	\$10,000	One-time
Total	\$490,000	

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



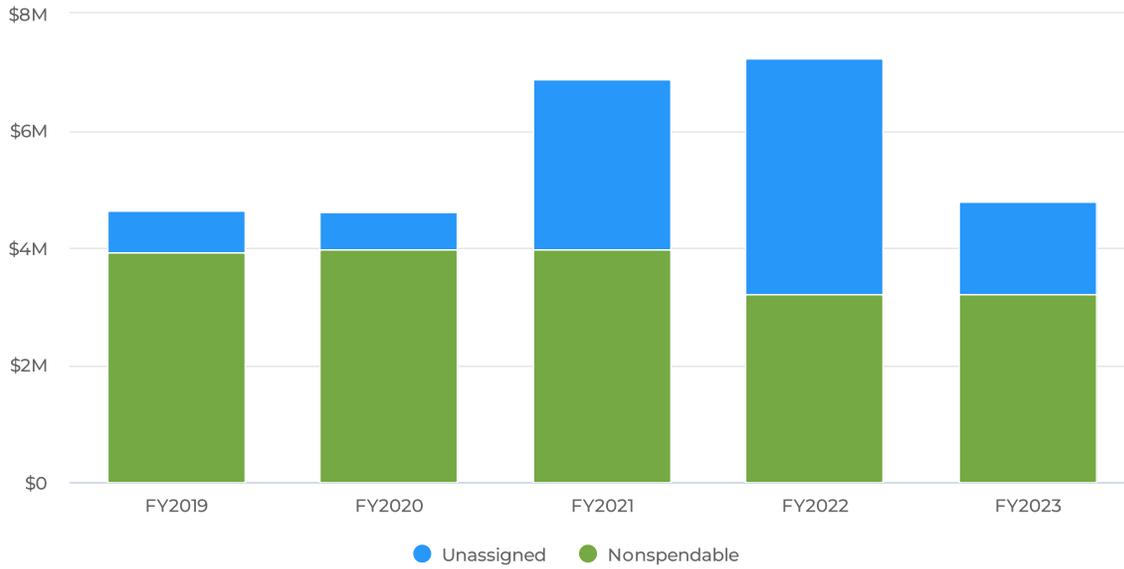
Attachment 1 - FY 2022-23 Draft Proposed Budget - General Fund & Associated Funds

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Expense Objects				
Personnel Services	\$11,485,960	\$11,099,528	\$12,823,342	11.6%
Supplies	\$589,417	\$548,814	\$630,847	7%
Other Expense	\$64,925	\$64,350	\$1,280,620	1,872.5%
Services	\$3,200,340	\$3,041,942	\$3,452,396	7.9%
Debt Service	\$35,190	\$35,190	\$35,190	0%
Interfund Transfers	\$1,289,688	\$1,289,688	\$2,560,769	98.6%
Total Expense Objects:	\$16,665,520	\$16,079,512	\$20,783,164	24.7%

Fund Balance

The fund balances reported below are for the 001 Fund only. The other General Fund component funds (005, 050, 052, 052, 460, and 470) that are reported as part of the General Fund balance in the Annual Comprehensive Financial Report have their individual fund balances reported in each fund's budget summary page. Consistent with Government Accounting Board Standards, the fund balance is reported by nonspendable, restricted, committed, or unassigned fund balance. The other components of the General Fund have committed fund balances, which are committed to a specific purpose (reserves or savings for capital projects). The General Fund's balance has a nonspendable component associated with real property or assets that cannot be liquidated, and an unassigned fund balance that can be used as Council directs. The unassigned fund balance in the General Fund is projected at approximately \$1.6 million at the end of FY 2022-23. The reduction from FY 2021-22 is due to the one-time transfers out to the other reserve fund components of the General Fund, not to actual expenditure of those funds.

Fund Balance Projections



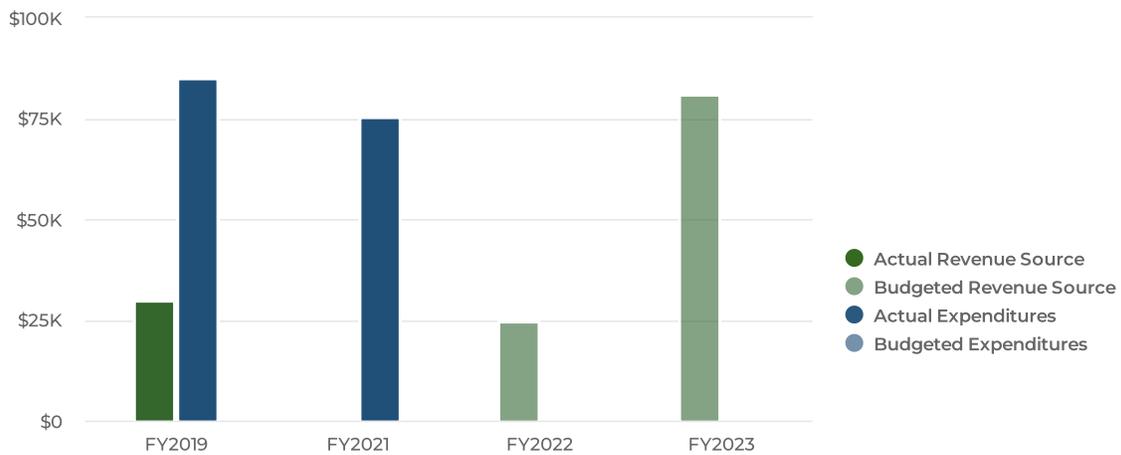
	FY2022	FY2023	% Change
Fund Balance	Projected	Projected	
Unassigned	\$4,025,000	\$1,581,000	-60.7%
Nonspendable	\$3,212,000	\$3,212,000	0%
Total Fund Balance:	\$7,237,000	\$4,793,000	-33.8%

General Government Compensable Leave Fund (005)

This General Government Compensable Leave Fund (005) was established with the Fiscal Year 2016-17 budget, as a result of a Grand Jury investigation and resulting comments, regarding San Luis Obispo County cities' unfunded liability for employee compensable accumulations. Leave banks include accruals for earned time off for vacation, compensation in-lieu of overtime, floating holiday pay, and administrative leave hours, which, upon separation from City service, are payable in full. The City has maximum limits on each of these compensable accumulation banks to control this liability. The City Council-approved reserve policies call for the balance of this fund to be equal to at least thirty percent of the general government's liability for compensable leave as defined in the prior year Annual Comprehensive Financial Report (ACFR).

Summary

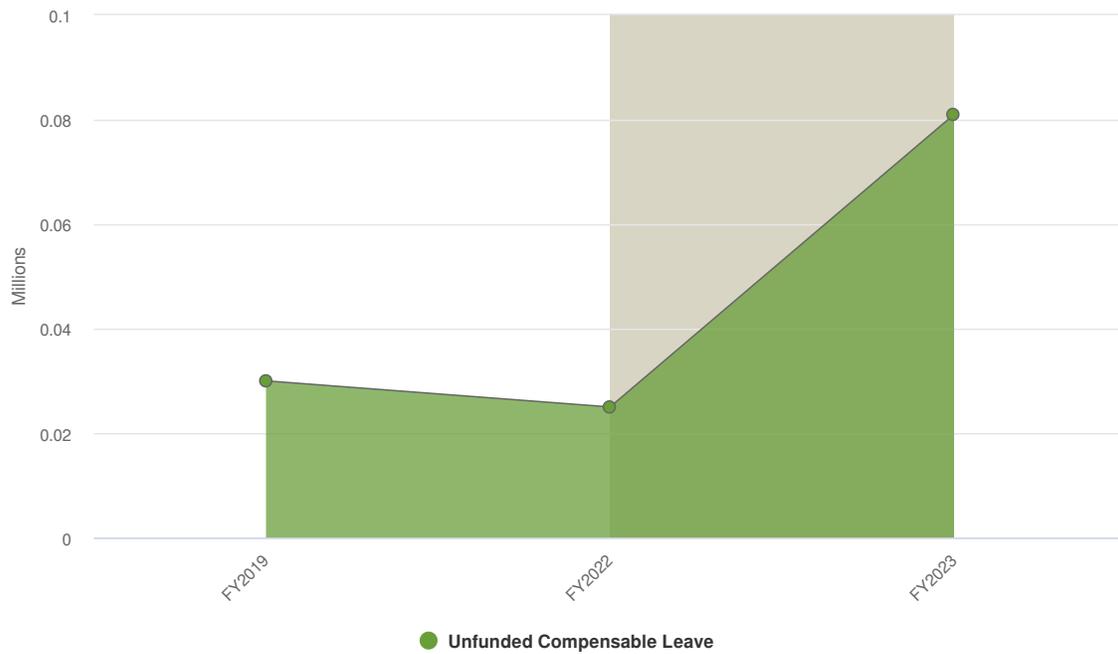
The City of Morro Bay is projecting \$81,000 of revenue in FY2022-23, which represents a 224% increase over the prior year. No expenditures are budgeted for FY2022-23.



Revenue by Fund

The revenues in the General Government Compensable Leave Fund come from the General Fund, and this fund is reported as part of the General Fund's balance in the Annual Comprehensive Financial Report (ACFR). In order to meet the reserve policy of setting aside thirty percent of the liability defined in the most recent ACFR, which was approximately \$849,000, the Fund requires a transfer of \$81,000 from the General Fund in FY 2022-23.

Budgeted and Historical 2023 Revenue by Fund



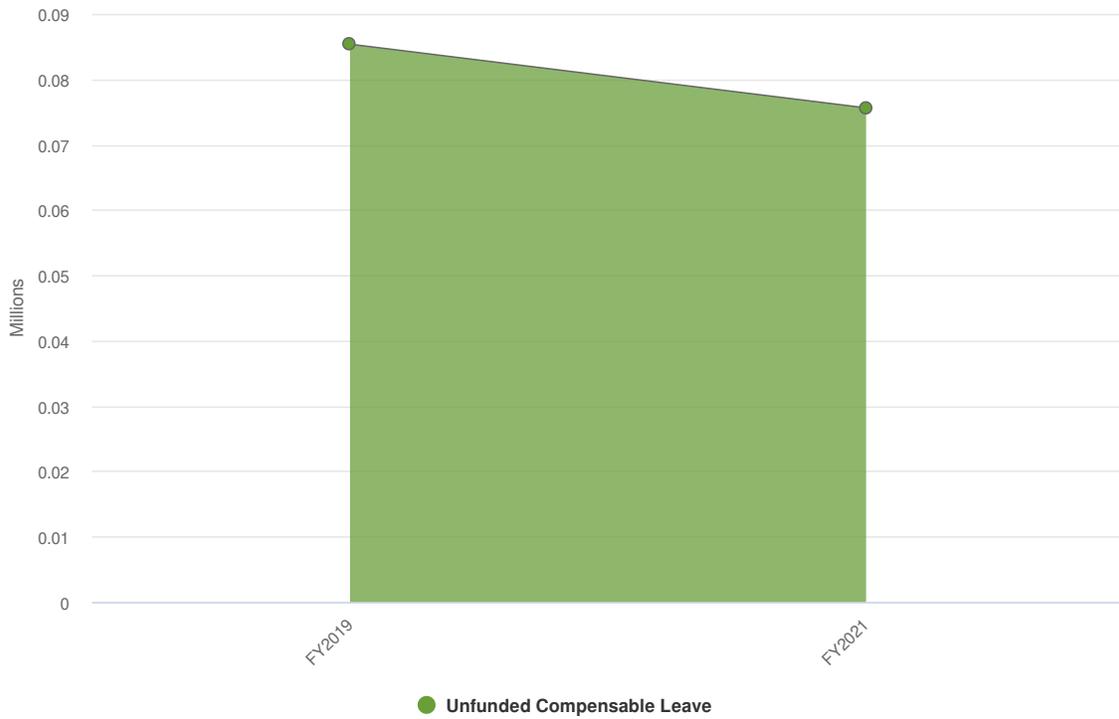
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Unfunded Compensable Leave	\$25,000	\$25,000	\$81,000	224%
Total Unfunded Compensable Leave:	\$25,000	\$25,000	\$81,000	224%

Expenditures by Fund

The only expenditures in this fund would be transfers into the General Fund to cover large one-time payouts of significant leave balances upon separate. That has happened in recent fiscal years, and the General Fund dollars are budgeted to transfer back into the Compensable Leave Fund in subsequent years to maintain compliance with the reserve policy. The City's practice is not to budget for expenditures in this fund given that one-time leave payouts and separations are unpredictable, and at times, the General Fund operating budget can absorb those costs without a transfer in from the Compensable Leave fund if there are savings in other areas.

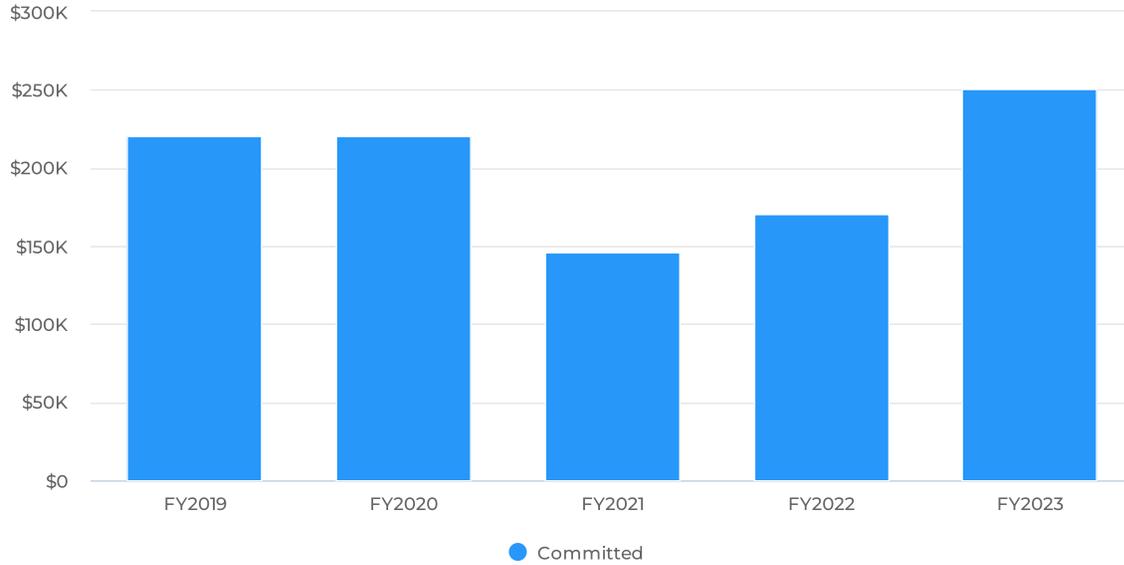
Budgeted and Historical 2023 Expenditures by Fund



Fund Balance

The projected fund balance at the end of Fiscal Year 2022-23 will be approximately \$254,000, or approximately 30 percent of the liability for compensated absences as defined in the FY 2020-21 ACFR.

Fund Balance Projections



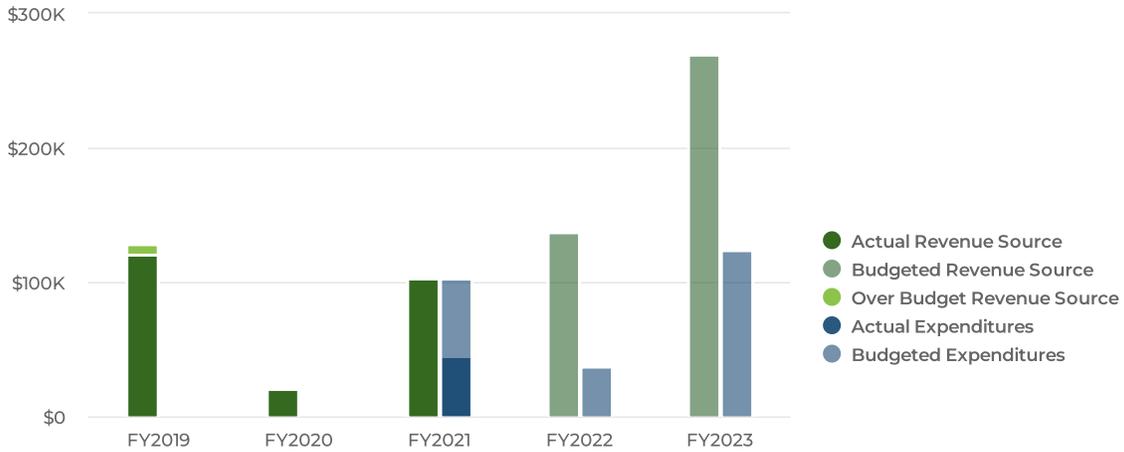
	FY2022	FY2023	% Change
Fund Balance	Projected	Projected	
Committed	\$173,000	\$254,000	46.8%
Total Fund Balance:	\$173,000	\$254,000	46.8%

General Fund Vehicle Replacement Fund (050)

The General Fund Vehicle Replacement Fund was established to accumulate funding for the replacement of vehicles that are used by the General Fund's departments. The City's reserve policy calls for this fund's balance to be at least twenty percent of the value of the General Fund's fleet so that sufficient funds are available to replace vehicles as needed.

Summary

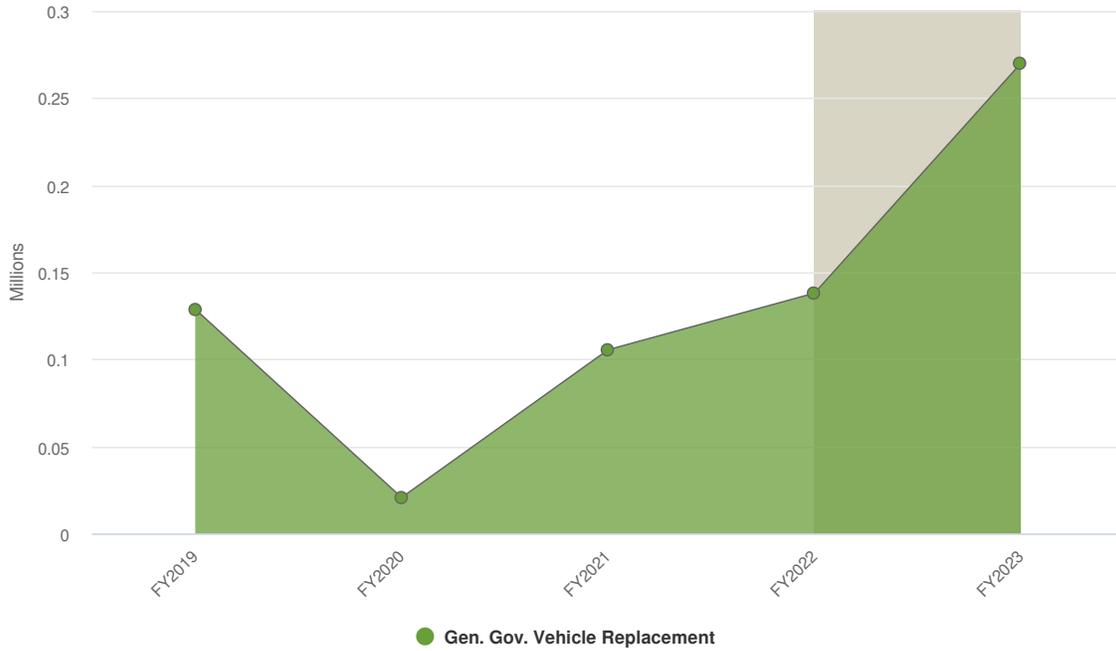
The City of Morro Bay is projecting \$270K of revenue in FY2023, which represents a 95.7% increase over the prior year. Budgeted expenditures are projected to increase by 226.3% or \$86K to \$124K in FY2023.



Revenue by Fund

Revenues in this fund are transfers from the General Fund and in some cases the Measure Q & E Fund. In FY 2021-22, \$100,000 is budgeted to be transferred in from the General Fund to continue to build up fund balance per the reserve policy, and \$38,000 from the Measure Q & E Fund to fund a consolidated maintenance truck. In addition, \$30,400 was received in insurance proceeds for a patrol vehicle that was totaled in a collision. In FY 2022-23, \$270,000 is budgeted to be transferred in from the General Fund to bring this fund into compliance with the adopted City reserve policy.

Budgeted and Historical 2023 Revenue by Fund



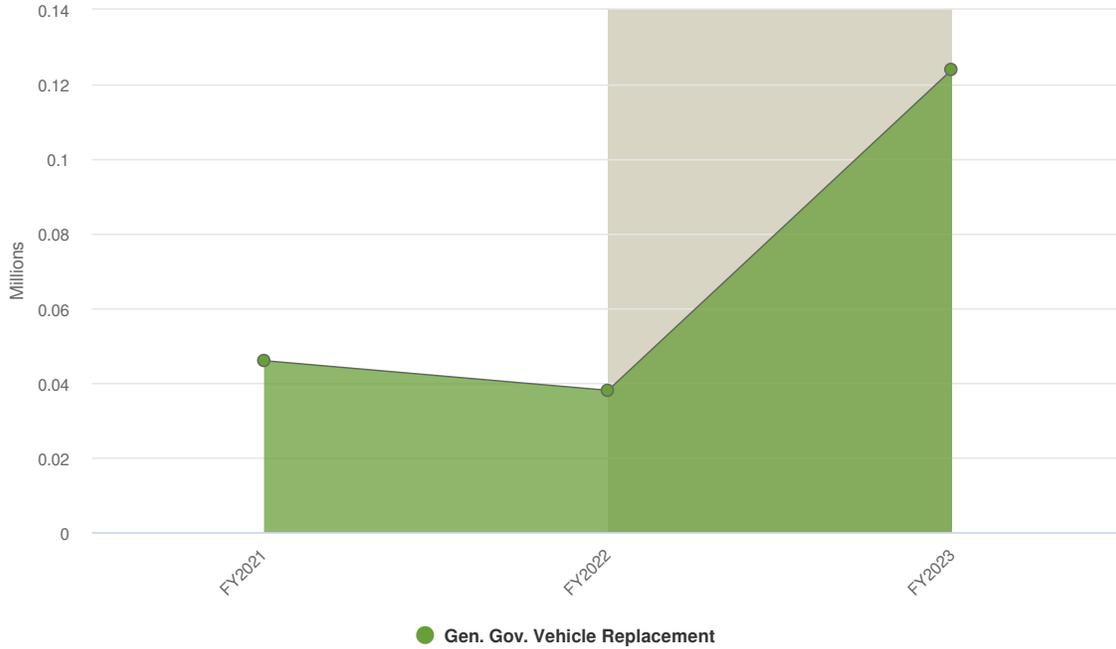
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Gen. Gov. Vehicle Replacement	\$138,000	\$168,400	\$270,000	95.7%
Total Gen. Gov. Vehicle Replacement:	\$138,000	\$168,400	\$270,000	95.7%

Expenditures by Fund

The FY 2021-22 budget included \$38,000 for the purchase of a consolidated maintenance truck. The truck will not be purchased in FY 2021-22, as staff are waiting for additional electric vehicle options to come on the market, consistent with Council's climate action goals. The FY 2022-23 budget includes \$49,000 for the purchase of that consolidated maintenance truck (using the unspent \$38,000 from FY 2021-22), as well as \$75,000 for the purchase of a patrol vehicle for the Police Department. This Patrol Vehicle request is to replace the patrol vehicle (1301) that was totaled in an accident in December 2021. The purchase price will be partially offset by the \$30,400 that the City has already received from insurance, as the patrol vehicle being replace was totaled in a collision.

Budgeted and Historical 2023 Expenditures by Fund



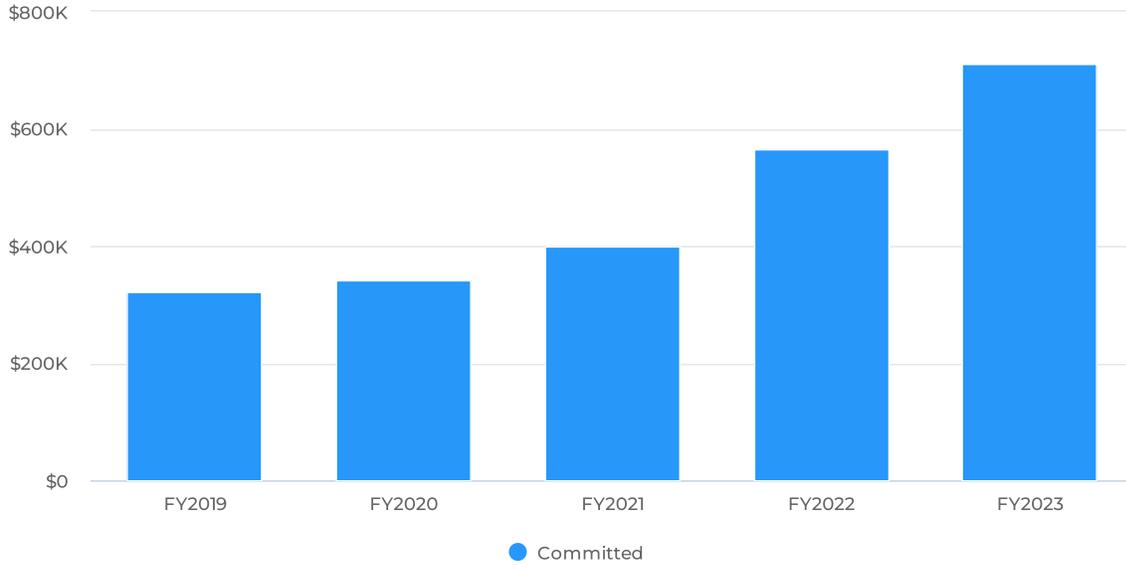
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Gen. Gov. Vehicle Replacement	\$38,000	\$124,000	226.3%
Total Gen. Gov. Vehicle Replacement:	\$38,000	\$124,000	226.3%

Fund Balance

The fund balance at the end of FY 2022-23 is anticipated to be \$720,000, or 20 percent of the total value of of the General Fund fleet, consistent with the City's Council-approved reserve policy for this Fund.

Fund Balance Projections



	FY2022	FY2023	% Change
Fund Balance	Projected	Projected	
Committed	\$574,000	\$720,000	25.4%
Total Fund Balance:	\$574,000	\$720,000	25.4%

General Fund Emergency Reserve Fund (051)

The General Fund Emergency Reserve Fund is used to track the General Fund Emergency Reserve (GFER) balance. While this could be tracked within the General Fund itself (001 Fund), the City's practice has been to track it separately. The balance of this fund is reported as part of the General Fund in the Annual Comprehensive Financial Report (ACFR).

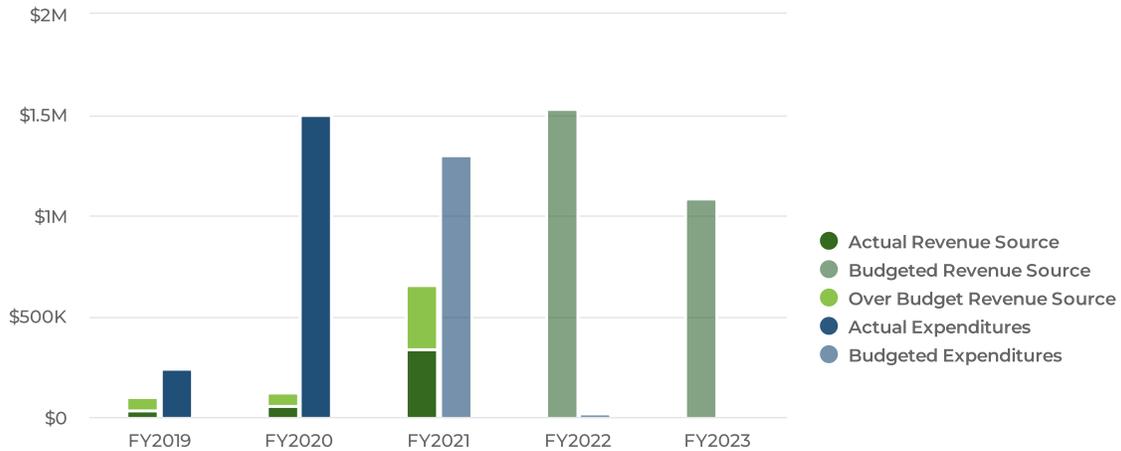
The City's reserve policies include a General Fund Reserve Policy, which states the following:

1. The GFER minimum balance is set at 33% of operating expenditures in the General Fund and the Measure Q&E Fund in the most recent adopted budget (excluding one-time expenditures and ongoing transfers out).
2. The GFER target balance is set at 50% of operating expenditures in the General Fund and the Measure Q&E Fund in the most recent adopted budget (excluding one-time expenditures and ongoing transfers out).

The "GFER" balance includes both the fund balance in this fund (051) as well as unassigned fund balance in the General Fund proper (001). Amounts greater than the 50% target balance will be deemed available for spending during the annual budget adoption process, at the City Council's discretion. Any use of the GFER Fund must be approved by the City Council. Efforts should be made to restore the GFER if it falls below the minimum fund balance.

Summary

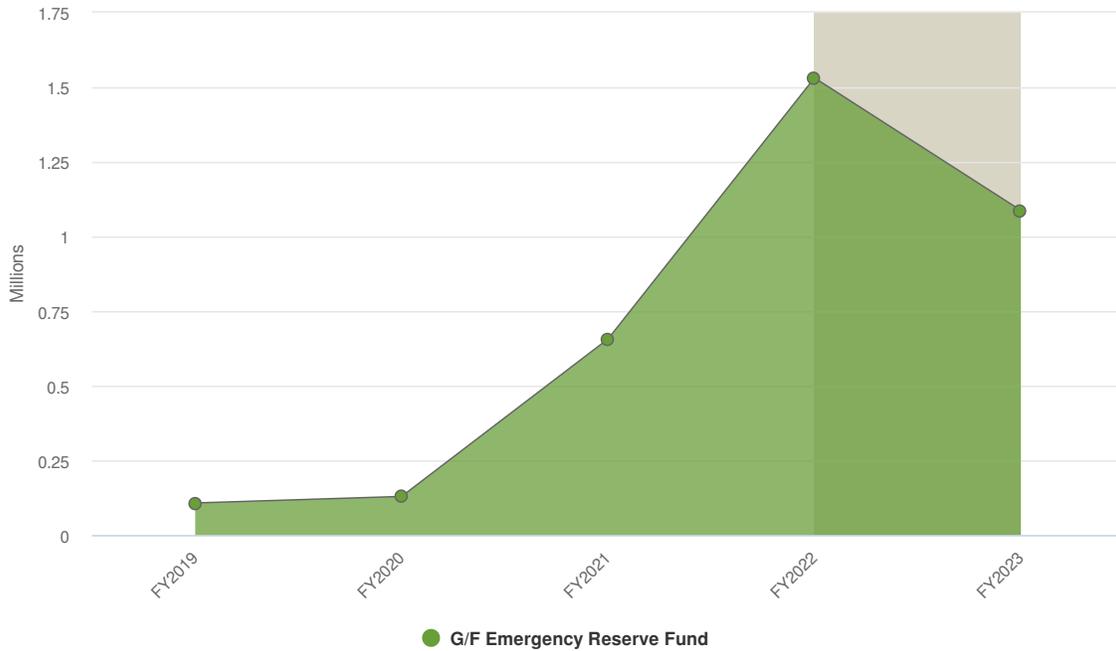
The City of Morro Bay is projecting \$1.09 million of revenue in FY2022-23, which represents a 29% decrease over the prior year. No expenditures are budgeted for FY 2022-23.



Revenue by Fund

Revenues in the General Fund Emergency Reserve Fund come in as transfer contributions from other governmental or internal services funds, primarily from the General Fund. Fore FY 2021-22, revenues in this fund include approximately \$1 million from Measure Q&E, \$0.3 million from the General Fund, and \$0.6 million from the Risk Management Fund. In FY 2022-23, approximately \$1.1 million in revenue is budgeted to be transferred in from the General Fund so that the General Fund Emergency Reserve Fund balance reaches 33% of the most recently adopted budget. This minimum reserve level, based on the FY 2021-22 adopted operating budget in the General Fund and Measure Q&E Fund, is approximately \$5.4 million.

Budgeted and Historical 2023 Revenue by Fund



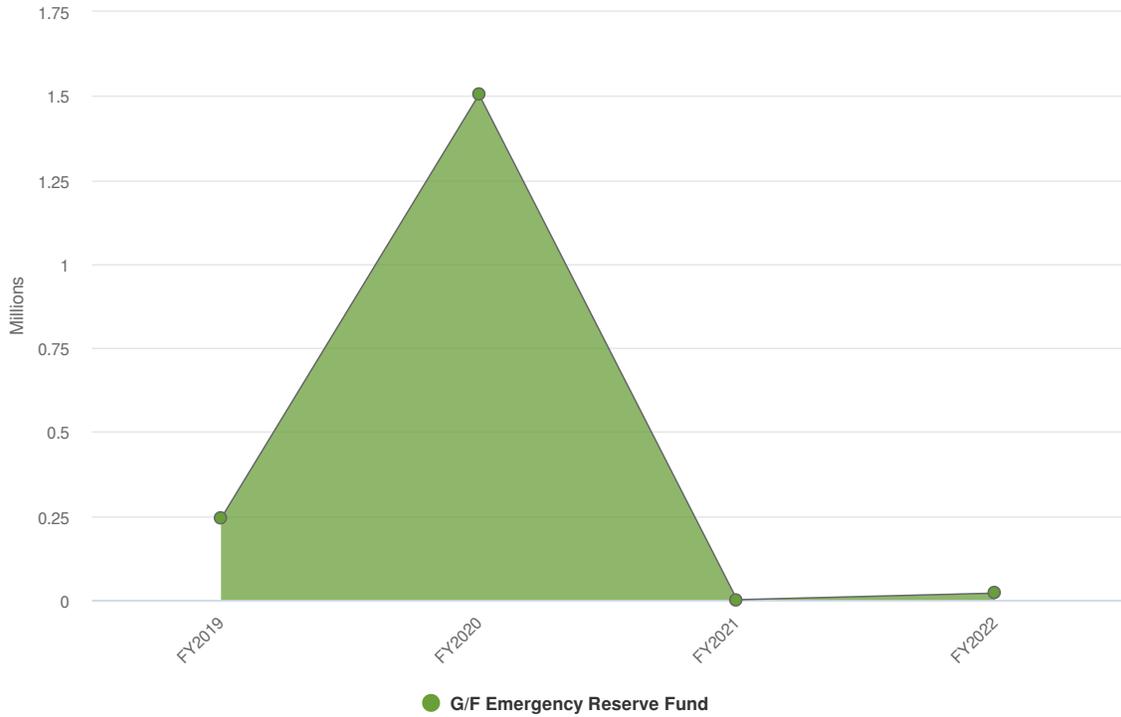
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
G/F Emergency Reserve Fund	\$1,531,250	\$1,887,500	\$1,087,000	-29%
Total G/F Emergency Reserve Fund:	\$1,531,250	\$1,887,500	\$1,087,000	-29%

Expenditures by Fund

Expenditures from this fund are on an as-needed basis subject to Council approval. In past years, funds have been allocated to paying down portions of the CalPERS unfunded pension liability. At the onset of the COVID-19 pandemic, General Fund Emergency Reserves were needed to balance the General Fund operating budget (\$1.4 million in FY 2019-20). In FY 2020-21, it was anticipated that GFER funds would be needed to balance the General Fund budget, but due to significant fiscal constraint and budget cuts, the General Fund Emergency reserve was not drawn down in FY 2020-21. There are no expenditures budgeted in FY 2022-23.

Budgeted and Historical 2023 Expenditures by Fund

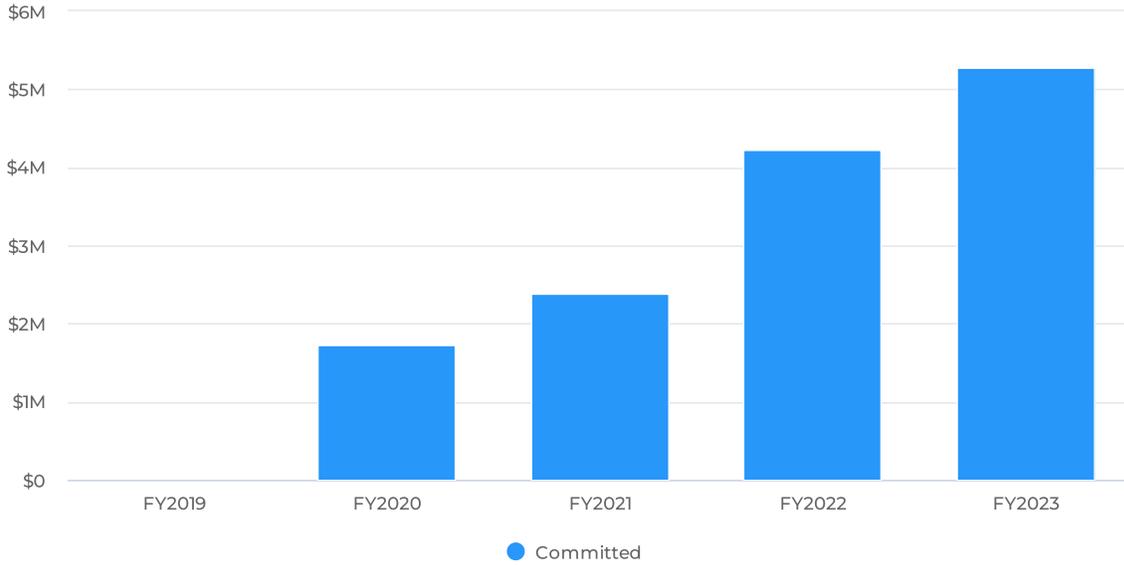


Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
G/F Emergency Reserve Fund	\$20,200	\$20,200	\$0	-100%
Total G/F Emergency Reserve Fund:	\$20,200	\$20,200	\$0	-100%

Fund Balance

Based on the most recent adopted budget (FY 2021-22), the General Fund Emergency Reserve minimum balance should be \$5.4 million. This fund balance will be realized via a transfer in from the General Fund of approximately \$1.1 million. For purposes of the City's reserve policy, the "GFER" balance includes the balance in this fund as well as unassigned balance in the General Fund proper (001 Fund). For FY 2022-23, the full 33% reserve level would be met in the GFER Fund (051) alone; any remaining unassigned fund balance in the 001 Fund would be above the 33% minimum reserve level.

Fund Balance Projections



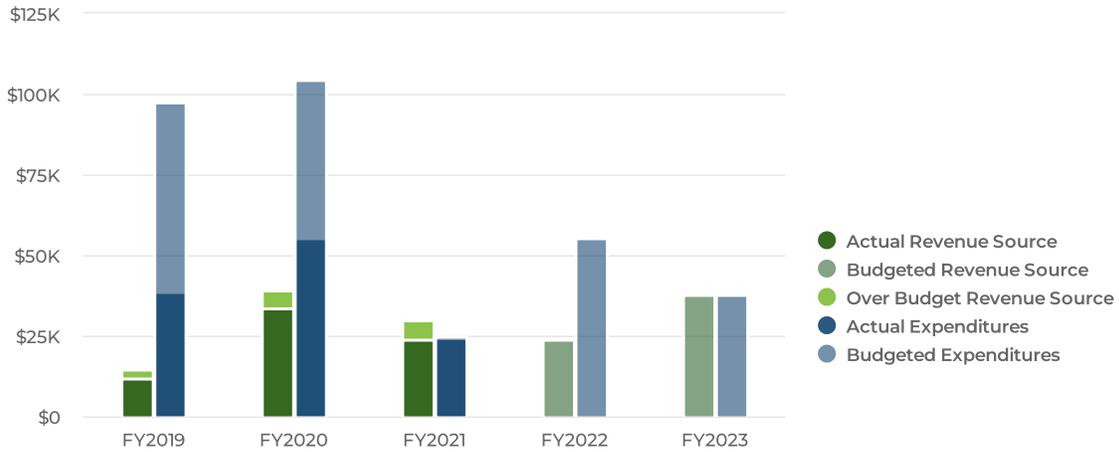
	FY2022	FY2023	% Change
Fund Balance	Projected	Projected	
Committed	\$4,290,000	\$5,377,000	25.3%
Total Fund Balance:	\$4,290,000	\$5,377,000	25.3%

General Fund Facility Maintenance Fund (052)

This fund includes rental income from tenants at 781 Market Avenue property while the City assesses long-term alternative development options for the site. Funds are used to maintain City properties as needs arise.

Summary

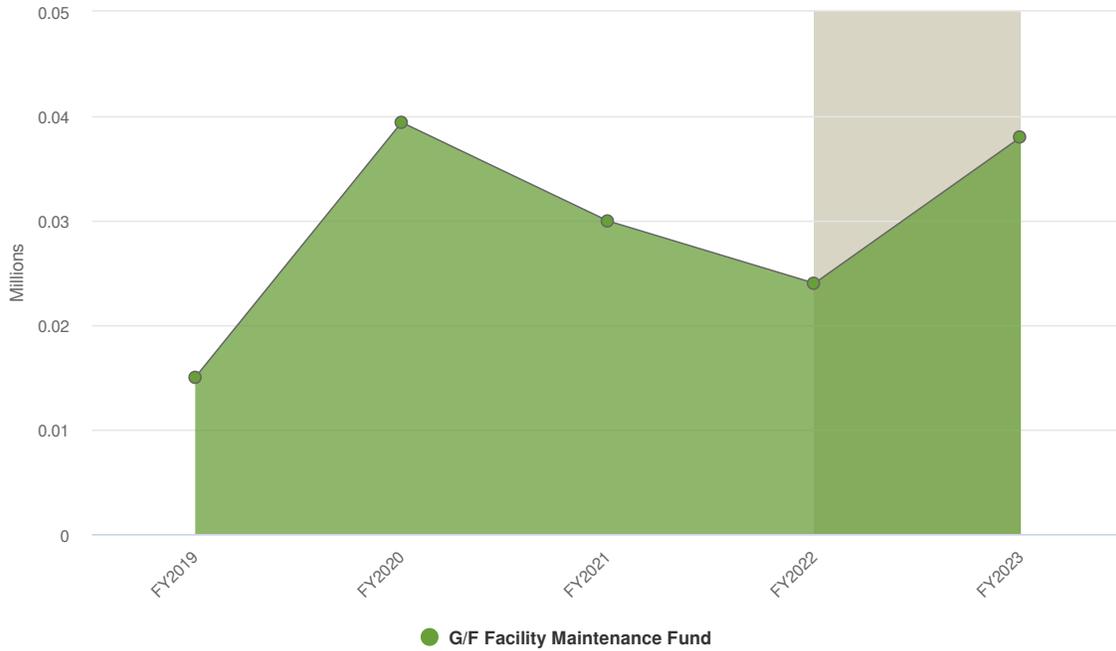
The City of Morro Bay is projecting \$38,000 of revenue in FY2022-23, which represents a 58% increase over the prior year. Budgeted expenditures are projected to decrease by 31% to \$38,000 in FY2023.



Revenue by Fund

FY 2022-23 projected revenues are approximately \$38,000, based on the two existing leases at 781 Market Avenue.

Budgeted and Historical 2023 Revenue by Fund



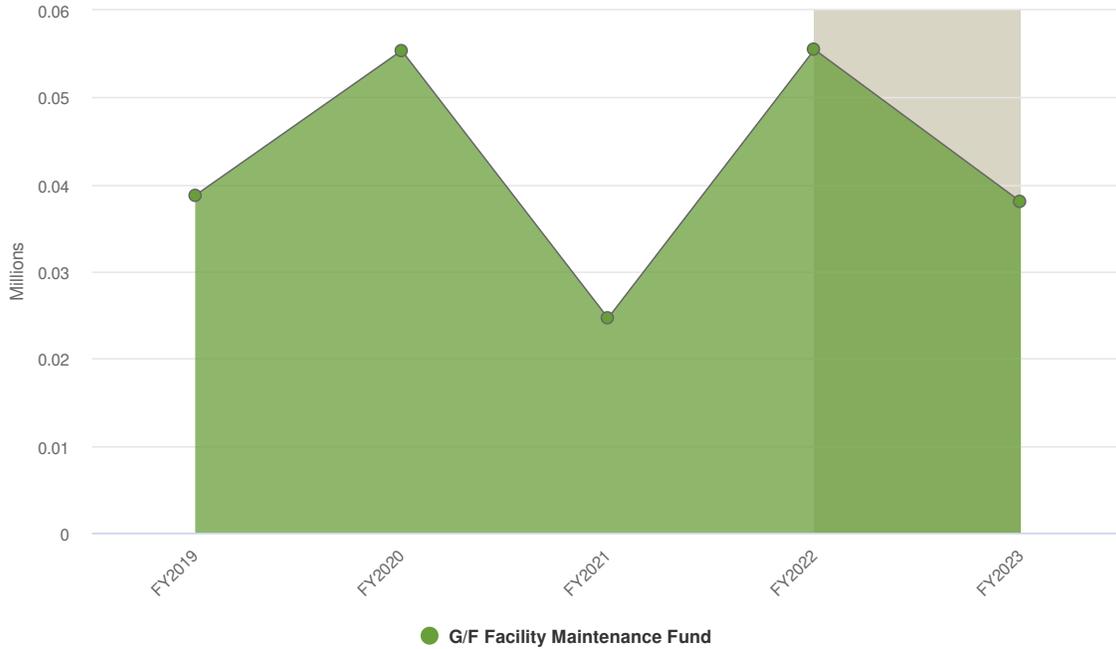
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
G/F Facility Maintenance Fund	\$24,000	\$24,000	\$38,000	58.3%
Total G/F Facility Maintenance Fund:	\$24,000	\$24,000	\$38,000	58.3%

Expenditures by Fund

The FY 2022-23 budget includes funding for the Veterans Memorial Building Kitchen project, which will include the potential replacement and/or upgrades of flooring, plumbing, industrial grade kitchen equipment, and outdoor refrigerator storage.

Budgeted and Historical 2023 Expenditures by Fund



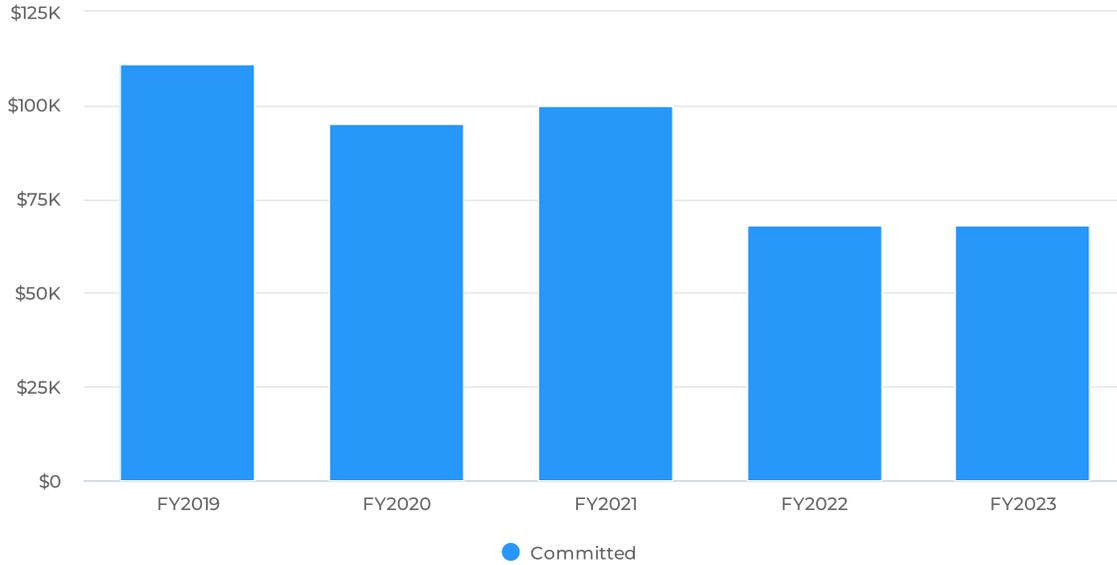
Grey background indicates budgeted figures.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
G/F Facility Maintenance Fund	\$55,500	\$55,500	\$38,000	-31.5%
Total G/F Facility Maintenance Fund:	\$55,500	\$55,500	\$38,000	-31.5%

Fund Balance

City Council reserve policies have established the minimum balance for this fund at \$50,000 and the target level at \$75,000. The projected fund balance at the end of FY 22-23 is approximately \$68,000, which meets the reserve policy.

Fund Balance Projections



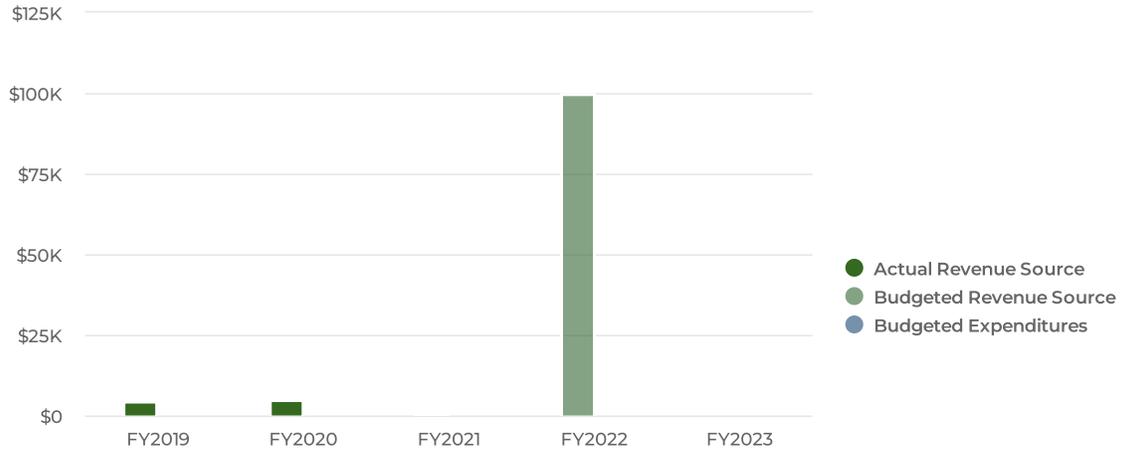
	FY2022	FY2023	% Change
Fund Balance	Projected	Projected	
Committed	\$68,000	\$68,000	0%
Total Fund Balance:	\$68,000	\$68,000	0%

General Fund Capital Accumulation Fund (460)

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

Summary

There are no revenues or expenditures budgeted in this fund in FY2022-23.

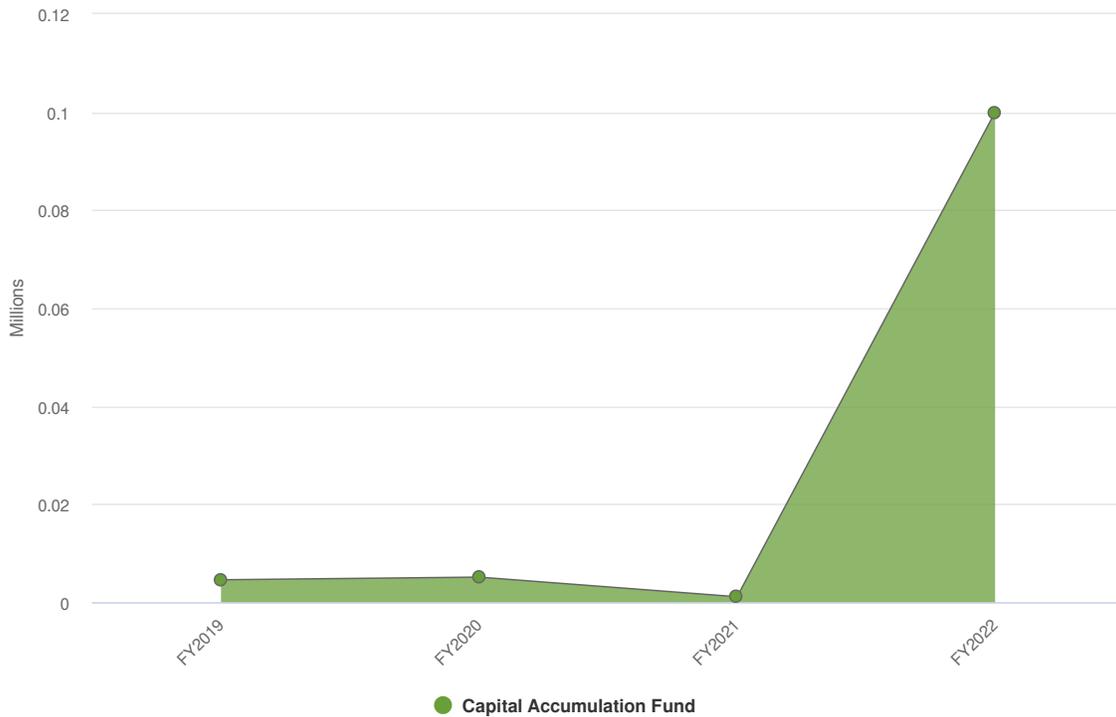


Revenue by Fund

Revenues in the fund come exclusively as transfers from the General Fund, and this fund's balance is reported with the General Fund's balance in the Annual Comprehensive Financial Report (ACFR). No revenues are budgeted for FY 2022-23, as all available General Fund dollars are being budgeted directly for current capital improvement projects (in the General Government CIP fund, the 915 fund). The existing fund balance will remain in this Accumulation Fund for use in future years or as emergent, unplanned capital needs arise.

FY 21-22 projected revenues include the \$100,000 transfer budgeted from the General Fund and an additional \$303,490 that will be transferred in from the General Fund Project Accumulation Fund (fund 470) at year-end, pending Council approval. This will close out Fund 470, which serves a duplicative purpose to fund 460. Reducing the number of funds is consistent with Government Finance Officers Association best practices regarding simplifying budget communications and reducing duplicate budgeting associated with interfund transfers.

Budgeted and Historical 2023 Revenue by Fund



Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Capital Accumulation Fund	\$100,000	\$403,490	\$0	-100%
Total Capital Accumulation Fund:	\$100,000	\$403,490	\$0	-100%

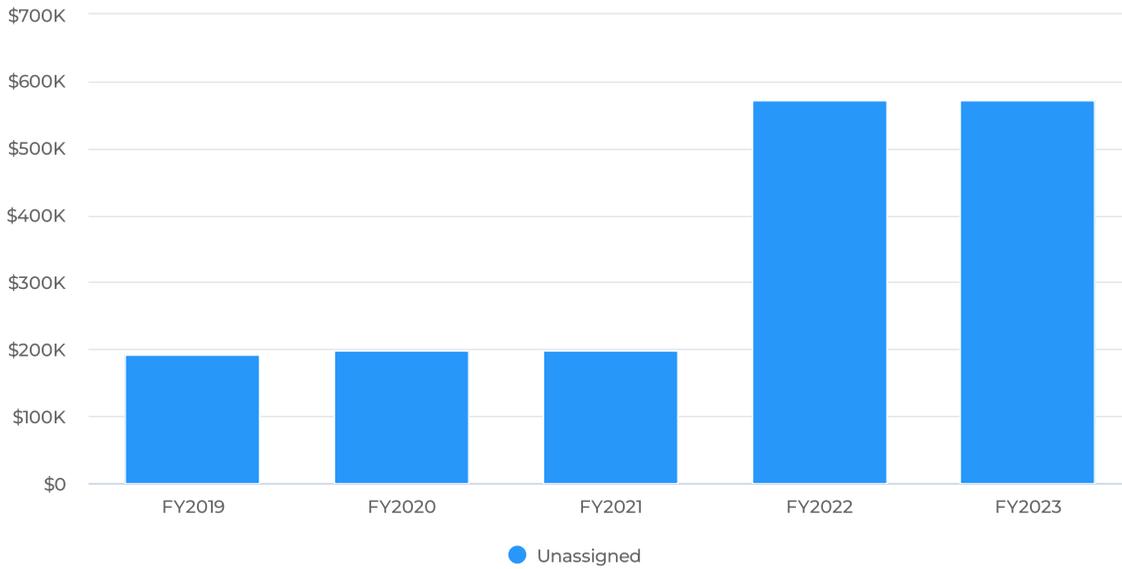
Expenditures by Fund

Expenditures from this Fund are as-needed for unplanned, emergency capital improvement needs, or for large capital projects for which funds must be accumulated over time. There are no planned expenditures from this fund in FY 2022-23 and there have been no expenditures from this fund in recent years. However, there are several General Fund capital projects budgeted for FY 2022-23 in the General Government CIP fund, fund 915.

Fund Balance

The projected fund balance at the end of FY 2022-23 will remain at approximately \$314,000.

Fund Balance Projections



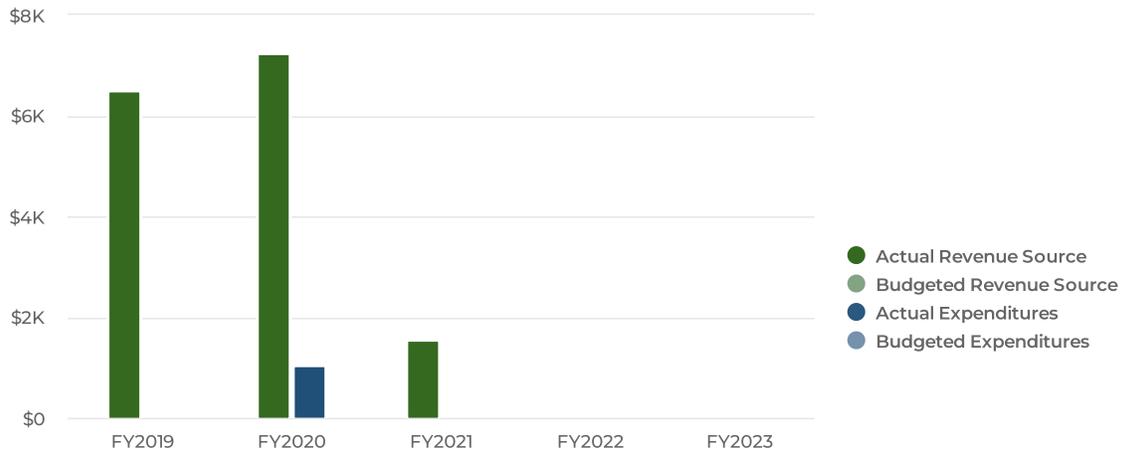
	FY2019	FY2020	FY2022	FY2023	% Change
Fund Balance	—	—	Projected	Projected	
Unassigned	\$208,000	\$213,000	\$617,000	\$617,000	0%
Total Fund Balance:	\$208,000	\$213,000	\$617,000	\$617,000	0%

General Fund Projects Accumulation Fund (470)

This Fund was established with the adoption of the FY 2015-16 budget. Its purpose has been to account for the accumulation of funds for capital projects. However, fund 460, the General Fund Capital Accumulation Fund, has that same purpose and these two funds are duplicative. In alignment with the Government Finance Officers Association's recommendations to simplify budgeting and budget presentation to the public, and to reduce duplicate budgeting that is associated with interfund transfers, this fund is being closed out at the end of FY 2022-23. Pending Council approval, year-end balance in this fund will be transferred to Fund 460, thus roughly doubling the fund balance available in the Capital Projects Accumulation Fund, 460.

Summary

There are no revenues or expenditures budgeted for this fund in FY 2022-23, as it is being closed out and merged with the General Fund Capital Accumulation Fund, fund 460.



Revenue by Fund

The City of Morro Bay is projecting no revenue in this fund in FY2022-23, as it is being closed out and merged with the General Fund Capital Accumulation Fund, fund 460.

Budgeted and Historical 2023 Revenue by Fund



Expenditures by Fund

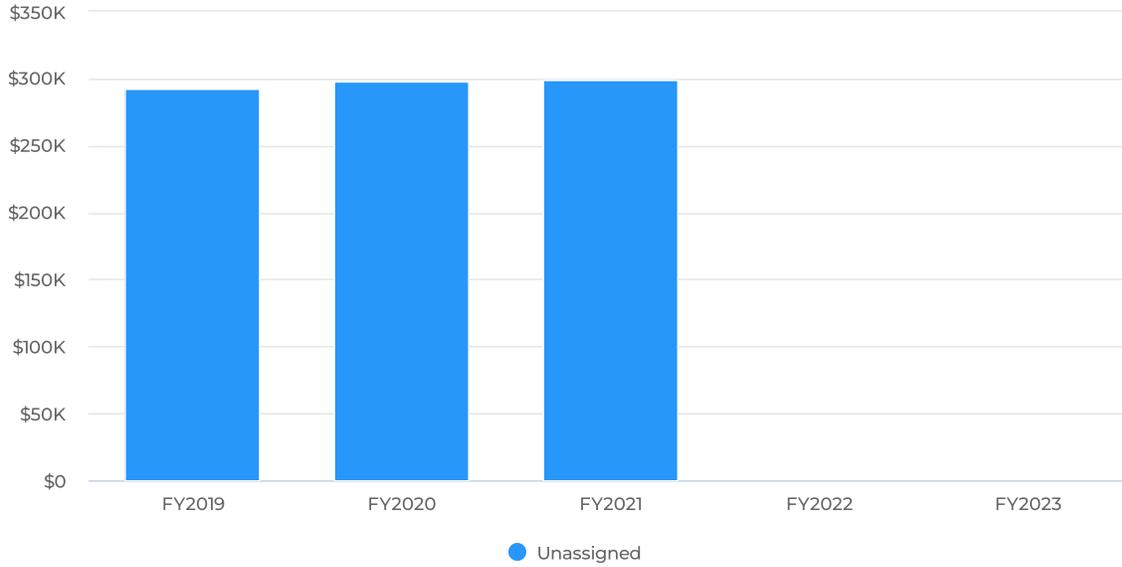
The City of Morro Bay is projecting no expenditures in this fund in FY2022-23, as it is being closed out and merged with the General Fund Capital Accumulation Fund, fund 460. Projected expenditures in FY 2022, pending Council approval, include the transfer of the remaining projected fund balance to Fund 460.

Name	FY2022 Amended Budget	FY2022 Projected	FY2023 Budgeted	FY2022 Amended Budget vs. FY2023 Budgeted (% Change)
Projects Accumulation Fund	\$0	\$303,490	\$0	0%
Total Projects Accumulation Fund:	\$0	\$303,490	\$0	0%

Fund Balance

Pending Council approval, year-end balance in this fund as of June 30, 2022 will be transferred to Fund 460, thus roughly doubling the fund balance available in the Capital Projects Accumulation Fund, 460.

Fund Balance Projections



	FY2019	FY2020	FY2021	% Change
Fund Balance	—	—	—	
Unassigned	\$296,000	\$302,000	\$303,000	0.3%
Total Fund Balance:	\$296,000	\$302,000	\$303,000	0.3%

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AGENDA NO: B-2

MEETING DATE: May 17, 2022

Staff Report

TO: CFAC Chair and Committee Members **DATE:** May 10, 2022
FROM: Sarah Johnson-Rios, Assistant City Manager/Admin Services Director
SUBJECT: Appointment of a CFAC Liaison for Pension Trust Selection

RECOMMENDATION

Appoint one member of the CFAC to serve as a liaison in the City's selection process for a section 115 pension trust provider.

BACKGROUND

Currently and in several recent years, one of City Council's core goals is and has been fiscal sustainability. Further addressing the large unfunded pension liability is the next significant step in continuing to improve the City's long-term fiscal position. The current Council goals specifically cite the need to make progress on addressing the unfunded pension liability. The CalPERS unfunded pension liability fluctuates over time based on CalPERS rates of return and the City's plan liability levels. As reported in the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2021, the unfunded accrued liability (UAL) was approximately \$27.1 million, an increase of approximately \$1 million from the prior year, despite the City making required minimum payments.

To implement Council's goal in this area, staff engaged NHA Advisors, a company that provides financial management services to local governments in California including in pension liability management, to lead both CFAC and the Council through an analysis of the City's unfunded pension liability and various policy options that could be used to address it.

On December 21, 2021, CFAC received a detailed presentation from NHA Advisors regarding the City's pension liability and policy options to address it. CFAC voted to recommend that Council set aside operating surplus from FY 2020-21 to contribute to a pension reserve and direct staff to create a Section 115 Trust as the vehicle for the pension reserve.

At its January 18, 2022 meeting, per CFAC's request, CFAC received an informative update from the City's Other Post-Employment Liabilities (OPEB) actuary regarding the City's improved position in regards to the OPEB liability, which is largely fully funded and held in a restricted trust that the City established several years ago.

At its January 11, 2022 meeting, Council directed staff to return with a proposed pension reserve policy that would guide and provide framework for the creation of a section 115 pension trust fund as the preferred policy option to address the pension liability currently.

At its April 26, 2022 meeting, Council approved a pension reserve policy and directed staff to set aside \$1.06 million from FY 2020-21 surplus, consistent with the approved policy, to allocate toward a section 115 pension trust in FY 2022-23. Council appointed a Council subcommittee (including Mayor Heading and Councilmember Barton) to work with staff, NHA Advisors, and one CFAC

member to evaluate section 115 pension trust providers and recommend a provider for the City to use.

Establishing a pension trust fund now does not preclude the City from pursuing other or additional policy options in the future as part of a potential multi-faceted approach to addressing the large liability.

DISCUSSION

The process to select a 115 pension trust provider may take a few months and may involve a few meetings, which could be held virtually or in person. NHA Advisors is very familiar with the various section 115 trust providers and with the process to establish a 115 trust. Many cities delegate this process to staff, but in this case, Morro Bay would like to utilize the expertise of CFAC and Council in this process and create a more robust public participation element given the significance of this process to City Council Goals.

Next steps would include returning to Council with trust formation documents. Council would select an investment portfolio option at that time. Most trust providers offer three to five investment portfolio options depending on the risk and return priorities of each City. That investment allocation can typically be changed at any time at a City's direction.

As part of this process, providers' Other Post-Employment Benefit (OPEB) trust options may be evaluated in case it would be advantageous for the City to change providers for its current OPEB trust, which is largely fully funded.

In future years, staff will follow the Council-established pension reserve policy and recommend allocating one-third of available prior year surplus in the General Fund and in enterprise funds as applicable to the pension trust once established. This would happen through the public budget adoption process each fiscal year.

ATTACHMENTS

1. [Link to January 11, 2022 City Council Staff Report, including UAL Presentation](#)
2. [Link to April 26, 2022 City Council Staff Report](#)



AGENDA NO: B-3

MEETING DATE: May 17, 2022

Staff Report

TO: CFAC Chair and Committee Members

DATE: May 10, 2022

FROM: Scott Collins, City Manager

SUBJECT: Update Regarding the City Council's Changes to the Advisory Bodies Handbook Bylaws

RECOMMENDATION

Receive an informational update on the City Council's changes to Advisory Bodies Handbook & Bylaws.

BACKGROUND

The City Council appointed Mayor Heading and Mayor Pro Tem Barton to a sub-committee to conduct the biennial review of the Council Policies & Procedures and Advisory Bodies Handbook & Bylaws.

DISCUSSION

As part of the update to the City Council Policies and Advisory Bodies Handbook & Bylaws, Council made several clarifications to the policies for all Advisory Bodies. The most substantive items follow.

Clarification regarding process for advisory body members to add items to the Council approved work plan:

- **Advisory Body Work Plans** - To ensure advisory bodies are assisting the Council on key issues of community concern, the Council and each advisory body establish a work plan. The work plan is derived from the goals and action items approved by the Council. The City Council will ask each advisory body for input into the work plan as part of the two-year City Goal and Action Item plan process. Once the Action Item plan is adopted by the Council, the advisory body will be informed of the specific topics and issues that the advisory body will be addressing for the given period of time. Other issues may arise during the year that the Council may ask an advisory body to consider and on which to make recommendations. If the advisory body desires to add an item to its work plan during the year, the scope must be defined in a motion and receive support by a majority of the advisory body members. Staff will evaluate the required time, resources and impacts on and relation to Council approved goals and work plan then present the request and analysis to the City Council for consideration and approval. Likewise, if it desires to change its meeting times, dates, or location, it must also seek prior approval from the Council.

Clarification regarding meeting absences and process to request an excused absence:

- **Meeting Absences** - Because of quorum requirements, when an absence is anticipated, the individual advisory body member is responsible for notifying the Chair and the staff responsible a minimum of seven days in advance and the absence shall be counted in that member's attendance record. An advisory body member may include a written request that the absence be excused; said request must be submitted in advance and formally approved

at a regular meeting of the advisory body. Attendance requirements are contained in each advisory body’s by-laws, but generally speaking the unexcused absence of two consecutive regular meetings or 25% of the regular meetings during any calendar year period shall constitute the resignation of the absent member. An advisory body member determined to have not met the attendance requirements herein may submit a written request to the City Council to have the previous absences excused.

CFAC Scope Changes: In addition, Council made changes to the roles and purposes of three Advisory Bodies, including the CFAC, in their current review, as follows.

Due to the increasing revenue collected with the passage of Measure E, combined with Measure Q, there is increasing complexity for the Measure E budget and expenditures compared to previous years. Revenues from the one and a half percent local tax are now projected to be over \$4 million per year, equivalent to roughly one-quarter of the City’s General Fund. Thus, CFAC will require more time to focus their efforts primarily on Measure E funds, as required by the Measure E initiative that voters approved and the implementing ordinance that Council adopted. To allow for sufficient time in the CFAC meeting calendar for the annual review of expenditures, semi-annual review of expenditures, and budget input on Measure E revenues, CFAC will no longer be asked to review the more routine finance reports such as quarterly investment reports or the Citywide midyear budget report, which are also required by law to be reviewed by City Council.

In addition, consistent with the Government Finance Officers Association (GFOA) best practices, the City Council will review the annual audit and Annual Comprehensive Financial Report (ACFR), forming a Council audit sub-committee if desired. Specifically, the GFOA states that “Three main groups are responsible for the quality of financial reporting: the governing body, financial management, and the independent auditors. Of these three, the governing body must be seen as first among equals because of its unique position as the ultimate monitor of the financial reporting process....All members of the audit committee should be members of the governing body” (<https://www.gfoa.org/materials/audit-committees>). This is also consistent with the practices of all other cities in San Luis Obispo County.

Finally, Council directed that the Public Works Advisory Board review the WRF Quarterly Report, as it lends itself to addressing any technical or schedule components of the project. CFAC will no longer review the WRF Quarterly Report, but instead focus on the more strategic components of financing related to the project from time to time as needed. Those efforts include the following::

- Review debt service recommendations from staff including use of cash vs. other funding sources and analysis of impacts on rates;
- Review cash flow performance to ensure we maximize the use of funds (time use of money); and
- Monitor compliance with drawdown requirements for WIFIA and WRF funding.

Updated CFAC Meeting Schedule: CFAC meetings will be as follows, still to be held at 3:00pm on the third Tuesday of the months of January, February, May, August, and October, with the following primary focus for each scheduled meeting:

Meeting Date	Primary Agenda Focus
January	Measure Q&E Annual Report - prior year (required by ordinance)
February	Measure Q&E Semi-Annual Report – current year (required by ordinance)
May	City Budget Input – Measure Q&E Focus (at Council direction)
August	Finance-related Council priority item (at Council direction)
October	Finance-related Council priority item (at Council direction)

These changes will allow CFAC to focus primarily on the increasingly complex Measure E review duties and take on special financial project review as assigned by Council in accordance with evolving Council goals and priority action items. These one-time assignments could include items such as WRF strategic financing input, input on addressing the City's unfunded pension liability, Council compensation, future potential capital financing input pending the completion of a capital needs assessment, and other needs that arise over time.

ATTACHMENT

1. [Link to April 26, 2022 City Council Staff Report and Updated Advisory Body Handbook & Bylaws](#)

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AGENDA NO: B-4

MEETING DATE: May 17, 2022

Staff Report

TO: CFAC Chair and Committee Members **DATE:** May 10, 2022

FROM: Sarah Johnson-Rios, Assistant City Manager/Admin Services Director

SUBJECT: Consideration of Potential New Work Plan Item on Budget-in-Brief Communications

RECOMMENDATION

Consider making a motion to define the scope of a potential new work plan item on budget-in-brief communications and ask staff to evaluate the required time, resources and impacts on and relation to Council approved goals and work plan and present the request to Council for consideration and approval.

BACKGROUND

At its April 28, 2022 meeting, as part of its budget review, CFAC requested that staff bring back the discussion of a potential additional work plan item at the May 17, 2022 meeting regarding budget communications. CFAC suggested that staff and CFAC look at different alternatives in addition to the Budget in Brief that was created by CFAC and staff for the FY 2019-20 Budget.

In at least one prior fiscal year, CFAC participated in the creation of an online and hard copy budget-in-brief document that was made available in the City Hall lobby and posted to the City's web site. More recently, staff has created budget-in-brief documents and posted them on the City web site and in the City Hall lobby.

DISCUSSION

Consistent with the City Council Policies and Advisory Bodies Handbook & Bylaws, the process for advisory body members to add items to the Council approved work plan is as follows:

- **Advisory Body Work Plans** - To ensure advisory bodies are assisting the Council on key issues of community concern, the Council and each advisory body establish a work plan. The work plan is derived from the goals and action items approved by the Council. The City Council will ask each advisory body for input into the work plan as part of the two-year City Goal and Action Item plan process. Once the Action Item plan is adopted by the Council, the advisory body will be informed of the specific topics and issues that the advisory body will be addressing for the given period of time. Other issues may arise during the year that the Council may ask an advisory body to consider and on which to make recommendations. **If the advisory body desires to add an item to its work plan during the year, the scope must be defined in a motion and receive support by a majority of the advisory body members. Staff will evaluate the required time, resources and impacts on and relation to Council approved goals and work plan then present the request and analysis to the City Council for consideration and approval.** Likewise, if it desires to change its meeting times, dates, or location, it must also seek prior approval from the Council.

If CFAC would like to add this to the work plan for this year, a motion could be made to that effect and staff would take that analysis to Council, including potential costs associated with that motion (such as the cost to produce and distribute a Citywide mailer). Pending Council approval, staff could spend additional time on this item and bring it back for final decision making at CFAC's August meeting. That timeline would align well with the City's budget adoption and finalization process. The City will not have an adopted budget until mid-late June, and after adoption staff would be able to develop and/or review a budget-in-brief communications piece, potentially with CFAC assistance.

ALTERNATIVES

The City is using a new budget platform this year that has several advantages for clearly communicating budget data to the public, for facilitating staff's process to create the budget accurately, and for increasing the City's likelihood of receiving the industry budgeting awards of excellence. The City of Morro Bay's budget will be available in an easy-to-use online format that allows users to navigate to sections of the budget they would like to view without having to download and print a several-hundred-page PDF document. This optimized digital format is also consistent with City Council's climate change goal and the City's efforts to reduce paper use. Members of the public that would like to download and print a PDF version will still be able to do so, though the formatting is most optimal for viewing online. In addition, the budgeting platform has a Government Finance Officers Association budget best practices checklist built in, making it easier to ensure the City's budget document includes all relevant information and is more likely to earn industry awards for excellence in budgeting. As staff capacity permits over time, the system has the capability to display capital improvement project information and to create a fiscal transparency web site that combines City budget data with available demographic data to tell a clearer story about the Morro Bay community and how City services are funded. Peer cities, including the City of Pismo Beach locally, are also using this more modern budget presentation format and have had positive experiences.

Using data from this new budget communications platform, staff could develop a modernized budget-in-brief communications piece that could be available online and in some less interactive print format and available in City facilities. In addition, the new platform itself will make the budget more accessible in that members of the public can more easily view highlights, summary sections, or detailed sections of interest using dropdown menus online rather than sifting through a very long PDF document.

There would be no cost other than staff time associated with using the new budget platform to create a budget-in-brief document to have available online. There would be nominal costs that could be covered in existing budget to print such a document and make it available in City facilities. Staff would have time to do this in late summer.

The City could also use the similar Budget in Brief format from prior year budgets, and disseminate on the City website, with hard copies available at City Hall. Further, staff could submit hard copies as inserts into the monthly Utility Bill that is mailed to over 5,000 homes in Morro Bay. That would carry an unknown cost that would need to be determined through the billing company. The cost for a standard one-page, one-sided black and white insert is nominal, but the costs for color copies of a tri-folded and double-sided brochure may be significantly higher and may not be able to be covered by existing budget, depending.

CFAC could consider other alternatives to the two options above.

ATTACHMENT

1. FY 2019-20 Budget-In-Brief Pamphlet

Capital Program Budget

Financial Summary

The FY 2019/20 Capital budget includes funding for \$36,987,526 in capital improvements through the City as outlined below:

WRF*	\$	33,647,976
Street Improvements		985,036
Harbor Projects		682,052
Transit		486,840
Water Projects		382,000
Parks and Creek Program		369,922
Sewer Projects		312,500
Public Facilities		148,200
Total Capital Projects	\$	36,987,526

*Water Reclamation Facility

Significant FY 2019/20 Projects

- Water Reclamation Facility
- Pavement Management Plan
- City Park Play Equipment
- OneWater System Improv—Nutmeg Pressure Zone
- OneWater Project—WasteWater Collections Main st. & Atascadero Rd
- OneWater Project—WasteWater Collections Upstream LSI/Beachcomber
- Audio Visual and Facility upgrades for Council Chambers
- Beach Street Slips—South
- Replacement Trolleys
- Replacement Bus

FY 2019/20–2020/21 Council Goals

1. Fiscal & Economic Sustainability
2. Updates to Land Use Plans & Address Affordable Housing Issues
3. Improve Communication and Engagement
4. Improve Public Infrastructure

GLOSSARY

Balanced Budget: A budget with operating revenues equal to operating expenditures. Generally, it refers to a budget with no deficit, but possibly with surplus.

Capital Projects Funds: Funds that account for financial resources to be used for the acquisition or construction of capital facilities.

Enterprise Fund: Fund-type established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public. Enterprise funds are **Water, Sewer, Harbor and Transit Funds.**

Fund: A set of inter-related accounts to record revenues and expenditures associated with a specific purpose.

General Fund: Primary fund used by the City for which revenues and expenditures are not legally restricted for use.

Government Funds: Funds used to account for all assets and liabilities of a government agency, except those particularly assigned for other purposes in another more specialized fund. There are five different types of governmental funds: the **general fund** (primary operating fund), **special revenue funds, debt service funds, capital project funds, and permanent funds.**

Special Revenue Funds: Revenues received that have specific purposes for which they are earmarked

Internal Service Funds: A fund that collects money from departments/funds to pay for the established purpose of the fund (i.e. Risk Management Fund).

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

Utility Discount Program: A discount program offered on the City's Water and Sewer utility bills (10% of bill) for eligible customers who are currently enrolled in the Pacific Gas and Electric Company (PG&E) Care Program.

CITY OF MORRO BAY Summary of FY 2019/20 Adopted Budget



PUT LIFE ON COAST

Mayor
John Headding

City Manager
Scott Collins

Mayor Pro-Tem
Red Davis

City Clerk:
Dana Swanson

Council Members
Dawn Addis
Jeff Heller
Marlys McPherson

595 Harbor St.
Morro Bay, CA
805-772-6222

Department Heads:
Jody Cox, Police
Steve Knuckles, Fire
Rob Livick, PW
Scot Graham, CDD
Eric Endersby, Harbor
Jen Callaway, Finance

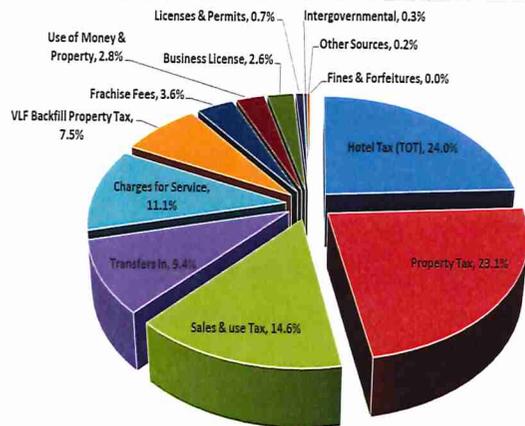
GENERAL FUND

Revenues: (By Category)

Property Tax (total)*	\$	4,536,513
Hotel Tax (TOT)		3,566,811
Sales & use Tax		2,165,680
Charges for Service		1,648,395
Franchise Fees		536,136
Use of Money & Property		410,341
Business License		380,265
Licenses & Permits		109,859
Intergovernmental		44,540
Other Sources		36,237
Fines & Forfeitures		5,000
Total Revenues	\$	13,439,777
Transfers In		1,400,447
Total Revs & Transfers	\$	14,840,224

*Property Tax includes property tax and VLF backfill property tax

FY 2019/20 Revenues by Category



Hotel Tax (TOT): Tax that is levied on occupants of hotel and motel rooms in the city for

VLF back-fill property Tax: A state fee charged for the privilege of operating a vehicle on public streets. A VLF is levied annually against the market value of a motor vehicle and is imposed by the state "in lieu" of local property taxes

Licenses & Permits: Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

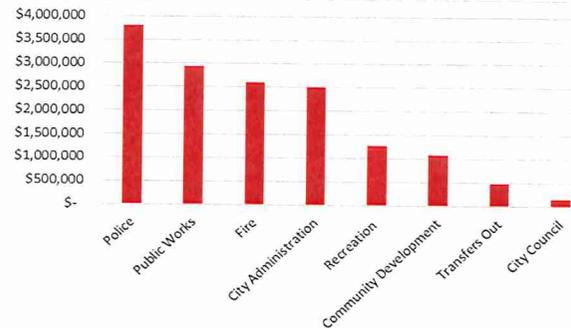


GENERAL FUND

Expenditures (By Department):

	<u>Total</u>	<u>% of Bud</u>
Police	\$ 3,803,428	25.6%
Public Works	2,937,601	19.8%
Fire	2,606,994	17.6%
City Administration*	2,505,288	16.9%
Recreation	1,276,559	8.6%
Community Development	1,077,289	7.3%
City Council	147,607	1.0%
Total	\$ 14,354,766	
Transfers Out	480,970	3.2%
Total Exp & Transfers	\$ 14,835,736	100%

*City Manager, Legal Services, Finance, Human Resources, Clerk, Contract Services



FY 2019/20 Expenditures by Department

Expenditures (By Category):

	<u>Total</u>	<u>% of Bud</u>
Salary & Benefits	\$ 11,049,983	74.5%
Services	2,663,648	18.0%
Supplies	518,353	3.5%
Other Uses	40,250	0.3%
Debt Service	35,189	0.2%
Capital Outlay	31,343	0.2%
Equipment Replacement	16,000	0.1%
Total	\$ 14,354,766	
Transfers Out	480,970	3.2%
Total Exp & Transfers	\$ 14,835,736	100%

City Services are highly dependent on labor—the City's General Fund budget primarily supports personnel costs

Personnel

Authorized Funded Positions	97.1
Elected Officials	5.0

ENTERPRISE FUNDS

Water Fund

Source of Funds

Charges for Service	7,975,900
Transfer from Reserves	6,793,850
Proceeds from Loans	-
Total	14,769,750

Use of Funds

Operation Expenses	4,165,749
Capital Expenses	6,793,850
Debt Service	-
Total	10,959,599

Sewer Fund

Source of Funds

Charges for Service	9,487,000
Transfer from Reserves	6,157,661
Proceeds from Loans	-
Total	15,644,661

Use of Funds

Operation Expenses	3,329,339
Capital Expenses	7,223,926
Debt Service	-
Total	10,553,265

Harbor Fund

Source of Funds

Charges for Service	2,011,000
Transfer from Reserves	423,000
Proceeds from Loans	-
Total	2,443,000

Use of Funds

Operation Expenses	1,849,387
Capital Expenses	439,052
Debt Service	134,859
Total	2,423,298

	<u>6/30/2019</u>	<u>6/30/2020</u>
Funds Cash Balances (Reserves)	17,788,176	12,981,322

Decrease in available cash is primarily due to the budgeted expenditures for the City's new Water Reclamation Facility. The City budgeted use of available cash to reduce overall debt service and interest costs.