
City of Morro Bay Midyear Budget Report FY 2022-23

This Report covers the seven-month period through January 31, 2023.

This report provides an update on the City's primary revenues and expenditures in its major funds, and outlines recommended budget adjustments.



Administrative
Services Department
February 2023

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Executive Summary

Overall, this year’s midyear report demonstrates revenues and expenditures that are on track with no significant deviations beyond the storm repair costs for the January 9th emergency event. Citywide, across all funds, the City has received approximately 49% of revenues as of January 31, 2023 and expended approximately 47% of all budgeted expenditures. This indicates that revenues are on track given a routine lag in revenues receipts of one to two months for primary revenue sources. The City’s largest revenue sources (sales tax, property tax, and Transient Occupancy Tax (TOT)) are coming in as budgeted. The City is not seeing the same levels of rapid revenue growth that were experienced in the last year to two years due to recovery from the acute impacts of the pandemic. It indicates that expenditures are on track or slightly below budget, with some irregularity in expenditure timing across the fiscal year as well.

Several budget adjustments are needed to reflect items previously approved by Council. These add approximately \$250,000 to the revenue or transfers in budget and approximately \$388,000 to the expenditure or transfers out budget citywide, for a total net expenditure budget increase of approximately \$138,000 across all funds. Each change is detailed by fund herein. This category of changes is funded by grant revenues, additional SB 1 state funding, and available fund balance.

Several additional amendments are recommended to maintain core City services, and to recognize new grant revenues and associated expenditures. These recommended budget amendments not yet considered by Council and not related to the January 9th storm costs total approximately \$694,000 in revenues or transfers in and approximately \$1,335,000 in expenditures or transfers out, for a total net expenditure increase of approximately \$641,000 citywide, across all funds. Each recommended change is detailed by fund herein. This category of changes is funded by grant revenues, Measure E sales tax budget increase, and available fund balance. The majority of recommended expenditure changes are one-time changes rather than ongoing changes, making fund balance an appropriate source.

Finally, additional budget amendments are needed to address immediate storm response and near-term recovery costs from the January 9th storm damage. Storm recovery cost estimates are preliminary, and staff is in the very early stages of seeking funding from the federal and state government and insurance coverage. The Midyear report only addresses immediate storm response costs and near-term recovery costs estimated through June 30, 2023. Long-term recovery estimates are still underway. For preliminary storm recovery activities, the General Fund Emergency Reserve can be utilized and hopefully largely restored by federal, state, or insurance funding, and Water and Harbor fund balances are available to cover those preliminary costs. The near-term recovery costs are summarized here by category and by fund, and outlined in detail under each Fund section herein. Total expenditures through June 30th are estimated to be approximately \$1.8 million. This does not include staff time, which is being tracked separately to be submitted for reimbursement where eligible.

FY 2022-23 Recommended Mid-Year Budget Adjustments for January Storm Costs by Category				
<u>Category</u>	<u>Category Description</u>	<u>Completed</u>	<u>To be completed by 6/30</u>	<u>Total FY 2022/23</u>
A	Debris Clearance	\$ 476,900	\$211,000	\$687,900
B	Protective Measures	\$64,000	\$0	\$64,000
C	Road Systems	\$15,000	\$486,019	\$501,019
D	Water Control Facility	\$0	\$0	\$0
E	Buildings and Equipment	\$0	\$427,674	\$427,674
F	Public Utility System	\$0	\$100,000	\$100,000
	Totals	\$555,900	\$1,224,693	\$1,780,593

FY 2022-23 Estimated Repair Costs by Fund				
Fund	001-General Fund	\$938,100		
Fund	915-General Fund Capital	\$556,019		
Fund	311-Water Operating	\$281,474		
Fund	331-Harbor Operating	\$5,000		
	Total	\$1,780,593		

Citywide, across all funds, these changes represent approximately \$2.6 million in net expenditure increases, to be funded by General Fund Emergency Reserves (\$1.5 million), General Fund spendable fund balance (\$0.4 million), Water Operating Fund balance (\$0.3 million), Sewer Operating Fund balance, (\$0.1 million), Harbor Operating Fund balance (\$0.2 million), and small other sources including the American Rescue Plan Act and Ironman reimbursement (\$0.1 million).

Introduction

This report covers the seven-month period ending January 31, 2023. This report provides an update on the City’s primary revenues and expenditures in the Major Funds, and outlines recommended budget adjustments. If no significant change is anticipated, no budget adjustment will be recommended. Also outlined are the projected January 2023 Emergency Storm expenditures that are anticipated to impact the City on or before the end of the 2022-23 fiscal year (June 30, 2023).

The major funds that are being reviewed in detail as part of the mid-year report include: General Fund (001); Measure E Fund (003); Harbor Operating Fund (331); Water Operating Fund (311); Sewer Operating Fund (321); and Transit Operating Fund (301). There are minor budget amendments recommended in a few of the City’s smaller special purpose funds as well, outlined under the “Other Funds” section herein.

The information in this report is the most accurate and updated information available at the time of publication and represents a snapshot of City revenues and expenditures as of January 31, 2023. It may not represent pending payments or revenues, or irregularities in payment or revenue timing. As this is not an audited financial statement, the figures are preliminary and will change as the fiscal year progresses.

General Fund

The General Fund remains healthy at midyear, with both expenditures and revenue tracking in line with budget. The unaudited fund balance at the end of FY 2021-22 was higher than anticipated due to continued recovery from the COVID-19 pandemic, and strong growth in sales and TOT tax through FY 2021-22. As a result, the spendable fund balance, net of funds already appropriated as part of the FY 2022-23 Adopted Budget, is estimated to be approximately \$4.2 million. This is in addition to the General Fund Emergency Reserve Balance which is anticipated to be approximately \$5.4 million at the end of FY 2022-23, prior to expending storm recovery funds.

These healthy reserves, which have been built up by prudent fiscal policies, will be needed for storm recovery activities, contributions to the City’s pension reserve in accordance with the pension reserve policy, capital needs, and to continue to achieve balanced operating budgets given that the cost of providing core services is rising faster than revenues are projected to rise in the years ahead.

Key General Fund Revenue Sources Analysis

The adopted General Fund Budget for FY 2022-23 is approximately \$18.4 million. As of January 31, 2023, the General Fund had received 49% of its revenues, or \$8.9 million. Staff monitors each revenue source

and is recommending one revenue budget increase for the Ironman contract event contribution, which will offset anticipated expenditures through the end of the fiscal year, as well as budget amendments to transfers into the General Fund, the largest being a transfer from the General Fund Emergency Reserve to fund preliminary storm recovery costs.

Overall, General Fund revenues fiscal-year-to-date are on track. The total percent collected is slightly lower than the 58% that one may expect seven months through the year, due to the routine lag in collections of major revenue sources such as property tax, sales tax, and TOT. The top revenue sources are described below in more detail, as they account for over three-quarters of budgeted General Fund revenues collectively.

Revenue Source	2020 Actual	2021 Actual	2022 Actual	FY2023 Adopted	2023 Actual thru 1-31	FY 2023 % Rcv'd
Property Taxes	4,601,434	4,842,761	4,981,027	5,037,900	1,798,703	36%
Intergovernmental Revenues	72,404	178,234	97,661	108,970	45,794	42%
Sales & Use Tax	2,186,074	2,389,194	2,753,611	2,690,000	1,140,358	42%
Cannabis City Tax	-	220,353	512,944	480,000	245,606	51%
Transient Occupancy Tax	2,892,130	3,826,276	4,255,140	4,006,000	2,681,124	67%
Franchise Fees	555,644	594,229	641,869	623,460	223,545	36%
Licenses & Permits	492,757	574,672	761,616	582,245	361,169	62%
Revenues From Current Services	1,475,206	2,027,544	2,434,859	2,054,049	1,244,187	61%
Fines & Forfeitures	9,048	11,765	22,062	10,300	16,382	159%
Other Revenues	35,585	119,379	330,052	162,960	(877)	-1%
Revenues From Use of Money & Property	341,530	413,954	593,997	496,000	88,641	18%
Interfund Revenue Transfers	2,729,784	1,221,987	1,224,866	2,101,864	1,053,112	50%
Total Revenue:	15,391,596	16,420,349	18,609,703	18,353,748	8,897,744	48%

Property Tax Revenue

Property tax is the largest revenue category for the City’s General Fund, accounting for 27% of budgeted General Fund revenues in FY 2022-23. Property tax is levied by the San Luis Obispo County Assessor’s Office at 1% of a property’s assessed value, of which the City receives approximately 13.7 cents per dollar paid on property located within the municipal limits of Morro Bay.

Revenue for FY 2022-23 was budgeted higher than the prior fiscal year. Typically, property tax distributions are largely received in the third and fourth quarters of the fiscal year. The County Assessor’s most recent annual report demonstrated no anticipated growth over budgeted amounts.

Recommendation: Staff does not recommend any increases to the Property Tax revenue for the General Fund in the current fiscal year given the latest County Assessor’s office estimates.

Transient Occupancy Tax Revenue

Transient Occupancy Tax (TOT) is the General Fund’s second largest revenue source, accounting for 22% of the City’s budgeted General Fund revenues for FY 22-23. The City levies and retains a 10% TOT on all hotel, motel, vacation rentals and RV parks to fund City services provided to visitors to Morro Bay. In addition,

the City collects and remits an additional 3% to Visit Morro Bay, the Morro Bay Tourism Business Improvement District (TBID), and an additional 1.5% for Visit SLOCAL, the Countywide Tourism program.

As a highly economically sensitive revenue source, the City monitors TOT closely. Due to the pandemic, TOT revenues have been more difficult to predict in recent years. Morro Bay and the California Central Coast region did not see the significant revenue reductions that larger cities saw during the pandemic, TOT rebounded very well and reached levels higher than pre-COVID levels. Currently, TOT revenues are flattening and growth is projected to slow in the near future. Staff anticipates FY 2022-23 revenues to come in near the budgeted amount but does not recommend a budget change based on Visit Morro Bay's analysis regarding recent occupancy and average daily rates.

Recommendation: Staff does not recommend any increases to the TOT revenue for the current fiscal year.

Sales Tax Revenue

Sales tax is the third largest budgeted revenue source for the City's General Fund in FY 2021-22, budgeted to generate 15% of the Fund's revenue for the year. The base statewide sales and use tax rate is 7.25 percent, and the City's General Fund receives 1 cent of that base tax. This sales tax revenue does not include the 1.5 cent local sales tax which is collected through voter-approved Measure E-20.

Sales Tax receipts are tracking in line with budget this fiscal year. There is flattening of sales tax growth tracks with the flattening growth in TOT tax. The City contracts with industry expert HdL to analyze collections history, forecast sales tax revenues and pursue revenues on the City's behalf that belong to the City. HdL's midyear projection does not warrant an increase to the current fiscal year budget. HdL is projected only a 0.6% sales tax increase in FY 2023-24, which will be a challenge in the budget year ahead, as City expenditures are rising at a higher rate.

Recommendation: Staff does not recommend any revenue increases to Sales Tax revenue.

Revenues from Current Services (Charges for Service)

City Revenues from Current Services consist primarily of plan check fees, building inspection fees and recreation sports and youth services fees. These fees are assessed based on recovery formulas, which reflect approximate costs of providing these services and, as a total category, account for 11% of the City's General Fund budget for FY 2022-23. These revenues include items such as fees for the Recreation Division programs and Community Development planning fees. These revenues are coming in on track for seven months of the fiscal year to date. No budget revisions are recommended at this time.

Recommendation: Staff does not recommend any revenue increases to current services revenue.

Other General Fund Revenues

There are a number of other General Fund revenues comprising less than a quarter of the Fund's budgeted revenues collectively. These include: Transfers in, Franchise Fees, Cannabis City Tax, Business Tax, Rental Income, Licenses and Permits, Mutual Aid Reimbursement, and Grant Revenues. The status each of the primary sources of other General Fund revenues are summarized in the above table. Staff is not recommending revenue budget changes to these smaller revenue sources at midyear.

Recommendation: A few midyear budget changes are recommended in this area, outlined below.

Recommended General Fund Revenue Budget Amendments

Staff is recommending the following General Fund revenue budget adjustments at midyear:

- In previous years, the Traffic Safety Fund annual revenue has been a pass-through fund and transferred into General Fund for CIP’s. The Police Department has requested, and the City Manager supports, amending this practice in the current fiscal year with the intent to continue to keep that funding available for Police Department eligible operational expenditures that are needed.
- At budget adoption a total of \$50,000 in the American Rescue Plan Act (ARPA) Funds were approved to contribute to Homeless Outreach to be paid to the County of San Luis Obispo. However, the City was able to secure a part-time Homeless Outreach Case Manager as a resource to be dedicated to provide services to the Morro Bay unhoused community directly. The \$50,000 will be transferred from the ARPA fund to the General Fund to cover the first \$50,000 of staffing costs for that position.
- A revenue increase of \$20,000 in Other Miscellaneous Revenue recognize the Ironman reimbursement to the City for the event happening later in the fiscal year.
- The City was notified of additional \$33,342 in SB-1 revenue from the state after budget adoption, and a midyear adjustment in revenue and project expenditures in the General Fund CIP Fund, Pavement Management project is needed to reflect the increased revenue.
- Transferring capital funds from storm drain pipeline Kern and Anchor project to the Elena slope repair project which is a higher priority.

Previously Approved by Council General Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Ironman Event Reimbursement	Finance	20,000	On-time	001-3510-3990	Other Misc. Revenue
		20,000			

New General Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Reduce transfer from Special Revenue into General Fund from the Traffic Safety Fund	Police	-10,000	Ongoing	001-7710-3820	Transfers In from Special Revenue
Transfer in from ARPA Fund for Homeless Outreach Case Manager Position	Human Resources	50,000	Ongoing	001-7710-3820	Transfers In from Special Revenue
	Total	40,000			

Previously Approved by Council General Govt Capital Fund Revenue Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Additional State Roads Revenue	Public Works	33,342	Ongoing	915-9614-3215	Road Main & Rehab (SB1)
Reduce Revenue from SD-Pipeline Kern & Anchor Project	Public Works	-166,838	One-time	915-9934-3820	Transfer from General Fund
Increase Revenue to Elena Slope Repair Project	Public Works	166,838	One-time	915-9949-3810	Transfer in from General Fund
	Total	33,342			

General Fund Expenditures Analysis

The adopted General Fund expenditure budget for FY 2022-23 is approximately \$20.6 million. As of January 31, 2023, total General Fund expenditures totaled \$11.6 million, or 56% of budget, which is right on track for seven months into the fiscal year. The tables below demonstrate expenditures fiscal year to date by expense type and by Department.

General Fund Expenditures by Expense Type

Expenditure Type	2020 Actual	2021 Actual	2022 Actual	FY2023 Adopted	FY2023 thru 1-31	FY2023 % Spent
Personnel Services	\$11,463,804	\$10,185,594	\$10,351,919	\$12,586,490	\$7,377,394	59%
Supplies	\$538,451	\$402,762	\$600,869	\$630,847	\$285,895	45%
Other Expense	\$34,763	\$9,361	\$52,371	\$156,641	\$124,771	80%
Services	\$2,838,322	\$2,866,061	\$3,504,596	\$3,468,003	\$1,364,942	39%
Capital Outlay	\$9	\$0	\$4,002	\$0	\$3,853	--
Debt Service	\$35,277	\$35,101	\$35,076	\$1,169,169	\$1,216,193	104%*
Interfund Transfers	\$480,970	\$563,000	\$1,289,688	\$2,560,769	\$1,280,385	50%
Total Expense Objects:	\$15,391,596	\$14,061,879	\$15,838,521	\$20,571,918	\$11,653,433	56%

*The Debt Service expenditures are higher than budgeted due to the early payoff of the Fire Station loan. The actual final payoff amount was higher than the estimated cost provided by the loan agency at the time of budget development. A budget amendment is being sought to address the discrepancy.

General Fund Expenditures by Department

Department	2020 Actual	2021 Actual	2022 Actual	2023 Adopted	FY2023 thru 1-31	FY2023 % Spent
City Council	\$91,185	\$60,166	\$108,114	\$155,220	\$68,709	44%
City Manager's Office	\$718,777	\$776,881	\$890,770	\$1,260,834	\$670,781	53%
City Attorney	\$444,812	\$434,374	\$498,343	\$408,174	\$194,412	47%
Administrative Services	\$607,845	\$647,550	\$865,646	\$1,153,104	\$590,617	51%
Police Department	\$3,871,519	\$3,820,833	\$3,582,230	\$4,156,363	\$2,249,404	54%
Fire	\$3,010,317	\$3,219,810	\$2,764,102	\$2,941,340	\$2,087,043	71%*
Public Works	\$2,587,857	\$2,277,081	\$2,607,967	\$2,843,293	\$1,581,584	55%
Community Development	\$1,024,250	\$991,689	\$1,401,346	\$1,464,709	\$916,981	62%
Recreation	\$1,139,686	\$780,950	\$1,210,309	\$1,428,240	\$749,710	52%
Non-Departmental	\$1,895,347	\$1,052,547	\$1,909,695	\$4,760,642	\$2,544,191	53%
Total Dept. Expenditures:	\$15,391,596	\$14,061,879	\$15,838,521	\$20,571,918	\$11,653,433	56%

*Fire Department expenditures are higher in the first half of the fiscal year due to higher fire response activity in the July-November period. Expenditures associated with mutual aid response are reimbursed to the City. While not anticipated, year-end budget adjustments would be made if needed.

Recommended General Fund Expenditure Budget Amendments

Staff is recommending the following General Fund expenditure budget adjustments at midyear. They are reflected in three categories: New Recommended Amendments, Previously Approved by Council Amendments, and New January Storm related Budget Amendments.

The proposed expenditure budget adjustments would be covered by a transfer in from ARPA funds, Ironman reimbursement, available General Fund spendable balance, and in the more significant case of storm recovery, by General Fund Emergency Reserves, which would hopefully be replenished if federal, state, or insurance funds are granted. Most recommended expenditure increases are one-time rather than ongoing, making available fund balance an appropriate source of funds.

The General Fund expenditure budget amendments are presented in three parts: items previously approved by City Council in agenda items since July 1, 2022; items not yet considered by Council to be considered with this Midyear report; and near-term storm recovery expenditures.

Amendments Previously Approved by Council

These items were previously considered by Council and staff was given direction to expend funds and return with a budget amendment at midyear, as has been the City’s past administrative practice. These items are largely one-time expenditures that can be funded from available fund balance in the General Fund. While the Ironman event may generate costs in future years, the City is eligible to be reimbursed up to \$20,000 annually for the event, which will offset some or all City costs; staff will have a better sense of that after the first event.

Previously Approved by Council General Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc
Boys & Girls Club to provide Teen Services	Public Works	10,000	One-time	001-5215-6106	Contract Services
Multi-Use Trail Repair (Bike Path Repairs)	Public Works	13,800	One-time	001-5215-5501	Grounds Maint. Supplies
Cost to prepare an environmental document (mitigated Negative Declaration) for a proposed land use change for the Shepard Martz property.	Community Development	14,000	One-time	001-7105-6106	Contract Services
Community Development-Granicus Contract	Community Development	28,000	Ongoing	001-7105-6105	Consulting Services
Ironman Event Contract Expenses-PW	Public Works	15,000	TBD	001-5215-4120	Overtime Pay
Ironman Event Contract Expenses -PD	Police	15,000	TBD	001-4110-4120	Overtime Pay
Ironman Event Contract Expenses-Fire	Fire	3,000	TBD	001-4310-4120	Overtime Pay
Ironman Event Contract Expenses-Transfer from GF to Harbor for OT Expenses	Finance	5,000	TBD	001-7710-8570	Transfer out to Enterprise
	Total	103,800			

Previously Approved by Council General Govt Capital Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Pavement Management Project	Public Works	33,342	Ongoing	915-9614-6106	Contractual Services
Reduce Expense Budget from SD-Pipeline Kern & Anchor Project	Public Works	-166,838	One-time	915-9934-6106	Contractual Services
Increase Expense Budget for Elena Slope Repair Project	Public Works	166,838	One-Time	915-9949-6106	Contractual Services
	Total	33,342			

Amendments for Midyear Consideration

The items below are recommended budget adjustments to be considered by Council with the midyear report. Most of these items are also one-time expenditures, though there are approximately \$100,000 in expenditures that may be ongoing and would need to be considered with future year budget adoptions as funds permit. The source of funds for these amendments in FY 2022-23 would be available General Fund balance.

New Recommended General Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Office Furniture Purchase for Admin. Technician (Desk, Hutch, Filing Cabinet(s))	PW Engineering & Administration	3,853	One-time	001-5205-7311	Office Furniture
Office furniture for new City Hall HR office	City Manager	3,800	One-time	001-3140-6106	Misc. Operating Supplies
Repair Police Station Plumbing	PW Consolidated Maintenance	20,000	One-time	001-5215-6106	Contractual Services
Retrofit existing office space for new HR Manager Position	Human Resources	25,000	One-time	001-3140-6106	Contractual Services
Leave accrual payout for HR Analyst	Human Resources	14,525	One-time	001-3140-4599	Other Pay
Transfer Out from GF to Cloisters to cover cost of IT contribution	Finance	420	One-time	001-7710-8580	Transfers Out
Leave accrual payout for City Manager	City Manager	52,000	One-time	001-3110-4599	Other Pay
City Manager Recruitment Expenses	City Manager	53,000	One-time	001-3140-6760	Recruitments
Leave accrual payout for Police Chief	Police	28,314	One-time	001-4110-4599	Other Pay
Development Impact Fee Study	Finance	50,000	One-time	001-3510-6105	Consulting Services
On-Call services for E&A Consulting Services	PW Engineering & Administration	40,000	Ongoing	001-5205-6105	Consulting Services
Fleet Maintenance	PW Consolidated Maintenance	10,400	Ongoing	001-5215-5199	Miscellaneous Operating Supplies
Homeless Outreach Case Manager Position to Gen Fund	Human Resources	50,000	Ongoing	001-4110-4110	Regular Pay
Fire Station Loan Payoff Higher than Estimated by USDA	Non-Departmental	65,000	One-Time	001-1111-8130	Principal Repayment
	Total	416,312			

If all General Fund Budget Amendments are approved, the remaining spendable General Fund balance at the end of Fiscal Year 2022-23 would be anticipated to be approximately \$3.7 million, subject to change as the remainder of the fiscal year progresses. A portion of these funds (approximately \$0.8-\$1.0 million) would be recommended to be used to contributed to the City’s Pension Reserve under the Pension Reserve Policy, as part of the FY 2023-24 budget development process.

Near-Term Storm Recovery Amendments

The January 9th storm-related budget amendments are a combination of expenses that were made immediately during and after the storm as emergency response measures, as well as near-term recovery expenditures anticipated to be needed by the end of the fiscal year (June 30, 2023). The total estimated cost of long-term storm recovery is still being refined. Approximately \$1.5 million in new budget amendments are being requested for storm-related expenditures through this fiscal year, as outlined:

January Storm Recommended General Fund Revenue and Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account Number*
Revenue		
Insurance coverage for Maintenance Service Truck replacement vehicle	35,000	001-5215-3911
Transfer in from General Fund Emergency Reserve	903,100	001-7710-3801
Total Revenues and Transfers In	938,100	
Expenses		
Removal of sludge, mud, vegetation debris	100,000	001-5215-6106
Debris removal from ditch that is impeding storm water flow	150,000	001-5230-6106
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain (Main from SR-1 to SR-41, Preston Lane, and Errol Street)	145,000	001-5230-6305
Road closure; traffic control; debris removal; storm drain debris removal; jetting road and storm drain (Atascadero Road from Park Street to Embarcadero Road)	120,000	001-5230-6106
Silt removal, replacing playground woodchips – Lila Keiser Park	50,000	001-5215-5501
Silt removal, replacing playground woodchips – Del Mar Park	50,000	001-5215-5501
Fallen tree removal; damaged power and communication lines (388 Main); debris removal under Morro Creek bridge blocking flow (big tree and silt from storm flows)	15,000	001-5230-6106
Water usage for clean up efforts for #13	15,000	001-5230-6303
Sludge disposal (due to drying bed damage at WWTP could not dry/dispose of new sludge at old plant and needed to dry/dispose from 555 SBB)	9,000	001-5215-5501
Fallen tree removal – Franklin Riley Park	5,100	001-5230-6106
Fallen tree removal; fence damage (1) – Lila Keiser Park	5,000	001-5230-6106
Street sweeper cleaning throughout South Bay Blvd. in Morro Bay city limits and County's portion with truck stage site.	5,000	001-5230-6106
Fallen tree removal – Bayshore Bluffs Park	3,600	001-5230-6106
Road closure; traffic control; debris removal	3,000	001-5230-6106
Fallen tree removal; took out power and communication lines – Main at Harbor and Dunes	2,200	001-5230-6106
Debris, mud clean up	2,000	001-5230-6106
Debris, mud clean up	2,000	001-5230-6106
Debris, mud clean up; on demand water heater	6,000	001-5230-6106
Debris removal roll off bins	60,000	001-4210-5130
Sand for sandbags	3,500	001-5215-6303
Waddle to protect path to pickleball courts	500	001-5215-5501
Rock Parking Lot Restoration	15,000	001-5215-6106
Maintenance (fluids, filters, etc.) due to running vehicles through floodwater; repair PW inspector truck	7,000	001-5205-5504

Snake rooter	5,400	001-5215-5530
Pressure washer	5,000	001-5215-5530
Pavement grinder	5,000	001-5215-5530
Cement cutter	5,000	001-5215-5530
Maintenance (fluids and air filter changes) due to running vehicles through floodwater	5,000	001-5215-5199
Mowers (4)	4,800	001-5230-5530
Apparatus and vehicle repairs and maintenance from flood water traversing	4,400	001-4210-6604
Weed eaters (7)	3,600	001-5230-5530
PPE damaged and contaminated by biohazard	3,500	001-4210-5109
Water dispenser, welder and welding equipment	3,200	001-5215-5502
Paint sprayer	3,000	001-5215-5530
General mini rooter	1,600	001-5215-5530
Breakroom refrigerator, table, 6 chairs, water dispenser	1,500	001-5215-5502
Edgers (3) Briggs & Stratton	1,500	001-5230-5530
Pole saws (2)	1,200	001-5215-5530
Chop saw (STI)	1,000	001-5215-5530
Hedge trimmer	500	001-5230-5530
Repair washed out/undermined road; traffic control; Several truckloads of 12"- 14" Gabion rock was dumped and placed for road support; placed 1-1/2" rock as 1st layer bedment	30,000	001-5215-6106
Work truck (2017 Ford F250)-Josh's Truck	60,000	001-5215-7202
John Deere mower	15,000	001-5215-7301
Carpet tiles (1 palette)	4,000	001-5215-5502
Total Expenditures	938,100	

* Note that the account numbers for a few expenditure line items are pending; budget will be in the General Fund operating budget, primarily in Public Works.

January Storm Recommended General Fund Capital Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account
<u>Revenue</u>		
Transfer in from General Fund Emergency Reserve	556,019	915-7710-3801
Total Revenues and Transfers In	556,019	
<u>Expenditures</u>		
Pavement rehab due to flood damage (1260ft x 32ft x \$11.31/sq ft)	456,019	915-9950-6106
Storm drain failure; slope failure; debris, mud clean up; sewer main failure; temporary bypass; pavement rehabilitation	100,00	915-9949-6106
	556,019	

These storm recovery expenditures would be funded by available General Fund Emergency Reserve funds and replenished upon reimbursement where possible. Utilizing approximately \$1.5 million in General Fund Emergency Reserves for these preliminary near-term storm recovery efforts would leave a balance of approximately \$3.9 million in the General Fund Emergency Reserve at fiscal year-end (June 30, 2023). This remaining balance would represent approximately 23% of the FY 2022-23 General Fund operating budget net of transfers. If the City can be reimbursed for a portion or a majority of these expenditures, the Reserve balance could be largely restored. Long-term storm recovery estimates are underway and additional use of reserves may be needed next fiscal year.

Measure Q & E Fund

Measure E was approved by the voters in November 2020 as a one percent local transaction and use tax, in addition to the half-cent local transaction and use tax from Measure Q, which was approved by the voters in 2006. The taxes are administered by the State as one tax, totaling one and a half percent. This is codified and explained in detail in [Chapter 3.26 of Morro Bay’s Municipal Code](#). While Measure E is a General Tax, the City Council has identified areas of priority spending consistent with the ballot measure language in 2020, and consistent with the prior 2006 ballot language used when Measure Q was approved. As directed by City Council on April 13, 2021, the four priority areas of spending for Measure E/Q include:

- Maintain public safety services by funding staff positions that are most closely aligned with the purposes of the Measures Q and E. Expenses include costs associated with Morro Bay Fire Department, Morro Bay Police Department and Morro Bay Harbor personnel and equipment, in addition to the Fire Headquarter Debt service and the Fire Engine loan repayment;
- Maintain or enhances cleanliness and safety of public space such as parks, waterfront and the beach by funding personnel, supplies, expenses and equipment to support City operations in departments including Public Works Consolidated Maintenance and Harbor Department;
- Invest in infrastructure and equipment such as street paving, storm drains, and vehicle replacements that support City services. This priority may include increasing capacity to implement the backlog of unfunded capital projects; and
- Ensure financial health of the City by maintaining appropriate reserves to protect against economic downturns, natural/health emergencies and other unforeseen challenges or opportunities.

Measure E (like Measure Q before it) requires an independent annual financial audit and the establishment of an independent citizens' advisory committee to review annual expenditures. The Citizens' Finance Advisory Committee (CFAC) servers as that oversight committee and is to receive annual and semi-annual reporting on expenditures from Measure revenues. The semi-annual report through December 31, 2022 was on the CFAC meeting agenda for February 21, 2023.

The data here is through January 31, 2023 to be consistent with the remainder of the citywide midyear report and present as much data as possible through this point in the fiscal year. As of January 31, 2023, the Measure Q & E Fund (fund 003) had received 44% of budgeted revenues and expended 56% of budgeted expenditures, as follows:

FY 2022-23 Measure Q & E Total Revenues and Expenditures

	Adopted Budget	1/31/23 Actuals	% Rec'd/ Used
Total Revenues	4,292,000	1,897,751	44%
Total Expenditures	5,179,167	2,885,542	56%
GRAND TOTALS	(887,167)*	(987,792)	

* Expenditure budget exceeds revenue budget due to budgeted use of fund balance from prior years.

Measure Q & E Fund Revenues

Fund revenues are on track for this time of year, given that it represents five months of sales tax collected as there is a two-month lag in sales tax collections. Looking forward, sales tax revenue growth is anticipated to moderate further in FY 2023-24, with HdL projecting roughly a one-half percent growth

from current fiscal year next fiscal year. HdL is currently projecting a return to baseline growth rates of 2-3% in FY 2024-25.

As City expenditures are increasing at a faster rate due to inflation and rising personnel costs, the City will likely face increasing resource constraints in the near to mid-term absent new revenue streams. For Measure E/Q funds, this may mean utilizing fund balance from prior years to meet capital needs associated with Council and community priorities for E/Q funds, as rising operating costs will need to be incurred to maintain existing service levels.

Measure Q & E Fund Expenditures

Fund-wide, expenditures for the first six months of the year are on track at 56% of budget expended as of December 31, 2022. The table below presents expenditures by Department. The interfund transfers represent the transfers to the Capital Improvement Fund and the fire station loan payoff contribution, with no changes since budget adoption.

Department	Adopted Budget	Actuals	% Used
Police	\$ 788,522	\$ 547,894	72%
Fire	\$ 849,328	\$ 562,006	66%
Public Works	\$ 549,199	\$ 269,932	49%
Harbor	\$ 238,118	\$ 128,709	54%
Interfund Transfers	\$ 2,754,000	\$ 1,377,000	50%
Total	\$ 5,179,167	\$ 2,885,542	56%

The Police Department’s total is higher than expected at this time of year due to a contract encumbrance for the Records Management System (RMS). The Public Works Department’s costs are slightly lower than expected as sidewalk work has not yet begun. Staff is requesting an additional budget to complete the current scope and expanded scope not identified until after budget development.

Recommended Measure Q & E Fund Budget Amendments

Revenues. After consultation with HdL, the company whose expertise the City utilizes to track and project sales tax revenues, staff recommends a small increase of \$122,700 to the Measure E revenue budget for the current fiscal year. This would increase the revenue budget from \$4,292,000 to \$4,414,700. That small increase of 2.9% results in a total revenue budget that is roughly 93% of HdL’s revised midyear budget projection for current fiscal year Measure E revenue. Staff considers this an appropriately conservative projection given the four months of data received to date.

Expenditures. Staff is recommending a total of \$122,700 in budget increases in the Measure E/Q Fund, equating to an increase of approximately 2% in the Fund’s expenditure budget. All but \$11,100 of these increases are one-time increases to improve public safety and cleanliness as outlined in the established Measure E/Q priorities. The specific recommended increases are outlined below:

Recommended Measure E Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing	Account	Object Desc.
Revenue						
Measure E local sales tax revenue budget increase	Finance	122,700	N/A	One-time	003-1111-3053	Sales Tax city Portion-Measure E
	Total	122,700				
Expenditures						
Server Replacement	Police	20,000	N/A	One-time	003-4110-5504	Machinery/Equipment Supplies
New Automated External Defibrillators (AED's)	Police	12,000	N/A	One-time	003-4110-6106	Contractual Services
RMS Software support	Police	11,100	N/A	One-time	003-4110-6106	Contractual Services
Repair Fire Station Cistern	Public Works-Consolidated Maintenance	20,000	N/A	One-time	003-5215-6106	Contractual Services
Encampment cleanup	Public Works-Consolidated Maintenance	25,000	N/A	Ongoing	003-5215-6106	Contractual Services
Sidewalk/curb/gutter on-call services	Public Works-Streets	34,600	N/A	One-time	003-5230-6106	Contractual Services
	Total	122,700				

These expenditure budget increases would be offset entirely by the recommended revenue increases, with potential for revenue to still exceed the amended budget amount and result in fund balance to be appropriated in FY 2023-24. Furthermore, there is remaining fund balance available from FY 2021-22 that would cover current year expenditures if for some reason sales tax revenues moderate more quickly than HdL projects.

Enterprise Funds

The Enterprise Funds are Proprietary Funds used to report the same functions presented as business-type activities. The following funds are included in this category: Harbor Funds, Water Funds, Sewer Funds, and Transit Funds. Currently, each of the enterprise funds have an operating fund, capital improvement fund, that hold operating savings for future projects. The following gives an update on important changes or activities in these funds.

Harbor Operating Fund

The Harbor Enterprise Fund accounts for revenues received from harbor leases, slips, moorings, and other sources, which are expended for maintenance, operation, patrolling, and improvements of the harbor. As of January 31, 2023, the Harbor Operating Fund had received approximately 17% of budgeted revenue (\$0.4 million of \$2.4 million) and expended approximately 56% of its budget (\$1.2 million of a \$2.3 million). A large portion of Harbor Fund revenues are received at the end of the fiscal year for prior year percentage rent, as outlined in lease agreements. Due to that contractual timing, it can be difficult to project revenue budgets in the Harbor Fund. Expenditures are on track year-to-date.

Last fiscal year (21-22), the Harbor Funds had an operating budget surplus of approximately \$764,000, resulting in a working capital balance (spendable fund balance) of approximately \$1.04 million at fiscal year-end (June 30, 2022).

Work on Harbor Department capital projects continues. Storm recovery will add additional costs and workload that will impact the fund in future years. Preliminary estimates indicate that storm repair costs to the Harbor Fund could be significant, and staff will continue to provide updates as they become available. In addition, significant unfunded capital improvement needs associated with Harbor Fund activities remain pertinent and will also be critical going into upcoming budget development cycles.

Recommended Harbor Fund Budget Amendments

There are several recommended budget amendments in Harbor Funds recommended at midyear. Amendments previously approved by Council, including offsetting revenues total \$69,285. New recommended mid-year budget amendments total \$96,045 and include leave cash out for the Harbor Director upon retirement, unforeseen dock repairs, and ongoing legal expenses for the federal lien on an abandoned vessel. In addition, \$5,000 in amendments is recommended for January storm related expenses. The recommended changes are outlined below. In total, these result in a net expenditure increase of approximately \$170,330 to the Harbor Operating Fund. There is available fund balance even on top of required reserve levels to fund these budget amendments, which represent a combination of one-time and ongoing costs.

Previously Approved Harbor Operating Fund Revenue and Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Ironman Event Contract Expenses-Transfer into Harbor from GF for OT	Harbor	5,000	One-time	331-7710-3801	Transfers In
		5,000			
<u>Expenditures</u>					
Harbor Patrol Officer New 1.0 FTE	Harbor	39,894	Ongoing	331-6510-4110	Regular Pay
	Harbor	4,301	Ongoing	331-6510-4911	Pension Normal Cost
	Harbor	25,091	Ongoing	331-6510-4120	Employer Paid Benefits
Ironman Event Contract Expenses-Harbor	Harbor	5,000	One-time	331-6510-4120	Overtime Pay
	Total	74,285			

New Recommended Harbor Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Unfunded Liabilities Payout to Retired Harbor Director	Harbor	47,545	One-Time	331-6510-4599	Other Pay
Facilities Repair	Harbor	2,500	One-Time	331-6510-6603	Ground Repairs
Legal expenses for federal maritime lien	Harbor	11,000	Ongoing	331-6510-6101	Legal Services
Harbor Building Improvements	Harbor	35,000	On-time	331-6510-6106	Contractual Services
		96,045			

There are no near-term recovery storm expenditure budget increases requested at this time. Staff is evaluating long-term storm recovery needs and will return to Council as more information is available.

January Storm Recommended Harbor Operating Fund Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Account
Slip 39-Full structural failure of dock as well as structural failure of a portion of the head float. Dock and portion of head float need to be replaced. This preliminary amount is only for immediate, temporary repairs, not the full project scope.	5,000	331-6510-6106
	5,000	

Water Funds

The Water Enterprise Fund accounts for revenues received primarily from water service charges, which are expended for maintenance, operations, and capital improvements to the water system. As of January 31, 2023, the Water Operating Fund had received approximately 56% of its budgeted revenues (\$3.4 of \$7.7 million) and expended approximately 42% of its budgeted expenditures (\$3.9 million of \$9.4 million).

Recommended Water Funds Budget Amendments

Staff is recommending a single one-time and a single ongoing budget amendment for this fiscal year in the Water Operating Fund. There is need to increase overtime in the Water Department for responses to unanticipated emergencies to remain within budget for the remainder of the fiscal year. The recent January storm has caused the overtime expenses to be approximately \$10,000 overspent as of January 31, 2023. This additional funding will cover the overtime expenses from the unanticipated storm, and other needed overtime for the remainder of this fiscal year. In addition, an increase to Standby Pay expenses is to adjust the budget for approved pay in the most recent SEIU Memorandum of Understanding (MOU). This was not a known expense at the time of budget development. In addition, staff is recommending approximately \$281,000 in near-term storm recovery costs, detailed below.

As of June 30, 2022, the unaudited working capital (spendable fund balance) amount in the Water Fund was approximately \$5.4 million. There is sufficient fund balance to fund the preliminary storm recovery project while maintaining required reserves.

Recommended Water Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	Prior Council Approval	One-time/Ongoing	Account
Increase overtime for emergency response	PW-Utilities	20,000	N/A	One-Time	311-5240-4120
Increase standby pay per labor contract (MOU)	PW-Utilities	10,000	N/A	Ongoing	311-5240-4515
	Total	30,000			

January Storm Recommended Water Operating Fund Expenditure Budget Adjustments

Description	Increase (Decrease) Amount	Prior Council Approval	Account
Transfer out to Water Capital Fund for Reverse Osmosis building-Corp Yard (11,000 SQFT) - roof leaks	200,000	N/A	311-7710-8501
VFD (equipment to control flow)	50,000	N/A	311-5240-7302
Product Water HMI 27119-T12C4D1	8,000	N/A	311-5240-7302
(Computer) HP Tower - \$3000 x2	6,000	N/A	311-5240-5504
(UPS) SOLA-HD-UPS- \$1500 x3	4,500	N/A	311-5240-5504
(Computer) Dell Precision 5820 - \$4399 x1	4,399	N/A	311-5240-5504
(PLC) Opto 22 SNAP PC R1 - \$1215 x3	3,645	N/A	311-5240-5504
(UPS) APC-SMT2200C-UPS - \$1820 x1	1,820	N/A	311-5240-5504
(PLC) Opto 22 Power supply - \$330 x3	990	N/A	311-5240-5504
Ubiquiti Tough Switch pro - \$300 x 3	900	N/A	311-5240-5504
(Monitor) Dell 17" Monitor - \$150 x2	300	N/A	311-5240-5504
(Monitor) HP 19" Monitor - \$150 x2	300	N/A	311-5240-5504
Cable Modem - \$ 300 x1	300	N/A	311-5240-5504
ASUS WI-FI Router - \$200 x1	200	N/A	311-5240-5504
Keyboard/mouse \$40 x 3	120	N/A	311-5240-5504
Total	281,474		

January Storm Recommended Water Fund Capital Budget Adjustments

Description	Increase (Decrease) Amount	Account
<u>Revenue</u>		
Transfer in from Water Operating Fund	200,000	921-7710-3860
Total Revenues and Transfers In	200,000	
<u>Expenditures</u>		
Reverse Osmosis building-Corp Yard (11,000 SQFT) - roof leaks	200,00	921-9951-6106
	200,000	

Sewer Funds

The sewer enterprise funds account for revenues received primarily from sewer service charges, which are expended for maintenance, operations and improvements to the sanitary sewer system. As of January 31, 2023, the Sewer Fund had received approximately 49% of budgeted revenue (\$5.8 of \$11.2 million) and expended approximately 47% of its budget (\$8.0 of \$15.2 million). Revenues are lower than may be anticipated for this time of year due to a lag in the disbursement of loan proceeds from the State Revolving Fund for the Water Reclamation Facility project. The operating portion of revenues is on track, having received 58% of budgeted revenues as of January 31, 2023.

Recommended Sewer Funds Budget Amendments

Staff is recommending minor budget amendments in the Sewer Operating Fund. As previously approved by City Council, an expenditure for the appraisal of the old Wastewater Treatment Plant will need to be made and shared with Cayucos, which will require interfund transfer budget amendments to associate the costs with the Wastewater Treatment Plant Decommissioning Project.

As in the Water Fund, an overtime budget increase is needed in the Sewer Fund to account for staffing costs to bring the new Water Reclamation Facility online and to respond to unforeseen emergencies, including the recent January storm. In addition, an increase to Standby Pay expenses is to adjust the budget for approved pay in the most recent SEIU Memorandum of Understanding (MOU). This was not a known expense at the time of budget development.

There are no near-term recovery storm expenditure budget increases requested at this time. Staff is evaluating long-term storm recovery needs and will return to Council as more information is available.

As of June 30, 2022, the unaudited working capital (spendable fund balance) amount in the Sewer Fund was approximately \$17.5 million. There is sufficient fund balance to fund minor budget amendments in this fund, and to support ongoing and future capital expenditures.

Previously Approved by Council Sewer Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Transfer out to Sewer CIP Fund for Preparation of an Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Related Facilities	Public Works	22,500	One-time	321-7710-8540	Transfers out to CIP Fund
		22,500			

Previously Approved by Council Sewer CIP Fund Revenue and Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
<u>Revenue</u>					
Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Facilities	Public Works	22,500	One-Time	922-7710-3860	Transfer In from Enterprise Fund
<u>Expenditure</u>					
WWTP Decommission Project: Appraisal of the Jointly Owned Morro Bay-Cayucos Sanitary District Wastewater Treatment Plant Site and Facilities	Public Works	22,500	One-time	922-8501-7105	Planning & Permitting
		45,000			

New Recommended Sewer Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
Increase overtime for WWTP emergencies and newly online WRF Facility	PW-Wastewater Collection	50,000	One-time	321-5251-4120	Overtime Pay
Increase standby pay per labor agreement	PW-Wastewater Collection	10,000	Ongoing	321-5251-4515	Standby Pay
	Total	60,000			

Transit Fund

The Transit Fund accounts for the operations and activities associated with the City’s public transit system, Morro Bay Transit, which operates a year-round deviated fixed route with fixed route and Call-A-Ride services, and a seasonal Trolley service. The deviated fixed route operates one fixed route that flexes, or deviates, off-route to provide limited, advance-scheduled, curb-to-curb service (Call-A-Ride), then returns to the next fixed route stop.

The primary source of revenue for this Fund is Transportation Development Act (TDA) money. TDA was enacted by the State Legislature in 1971 to make funds available for transit, pedestrian way and bikeway projects, transportation planning, ridesharing and street and road improvements. Funds for the TDA come from 1/4 cent of the retail sales tax, for Local Transportation Funds (LTF), and from sales taxes on diesel fuel, for State Transit Assistance (STA). These funds are allocated annually by the San Luis Obispo Council of Governments (SLOCOG) to eligible claimants, under two funding programs: Local Transportation Fund (LTF) and State Transit Assistance (STA).

Recommended Transit Fund Budget Amendments

Council previously approved the receipt of additional Rural Transit Grant Award Funds, and Park Transit Hub Funds for the Park Transit Hub Project. The \$124,632 in Grant funds are already budgeted in the Transit Fund operating budget, but the revenue item needs to be budgeted.

Council also approved the expenditure of available fund balance for the Transit Hub Project (\$44,544). Those need to be transferred out of the Transit Operating Fund and into the Transit Capital Fund where they will be expended as part of the broader capital project.

Previously Approved by Council Transit Operating Fund Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Expenditure</u>					
Park Transit Hub Project	Public Works	44,544	One-time	301-7710-8540	Transfer Out
Total		44,544			

Previously Approved by Council and Transit Capital Fund Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Rural Transit Grant Award for Park Transit Hub Improvements Project	Public Works	124,632	One-time	920-9947-3390	Other Grant Capital Impv.
Park Transit Hub Improvements Project Additional Funding	Public Works	44,544	One-time	920-9947-3801	Transfers In
Total		176,555			
<u>Expenditure</u>					
Park Transit Hub Project	Public Works	44,544	One-time	920-9947-6106	Contractual Services
Total		44,544			

The San Luis Obispo Council of Governments provided notification to staff that the City’s State Transit Assistance Revenue will increase by \$7,379.

In addition, more funds are necessary and are available in the Transit Fund balance to be utilized for the Trolley Replacement Project.

New Recommended Transit Operating Fund Expenditure Budget Amendments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Increase to TDA State Transit Assistance (STA) Revenue	Public Works	7,379	Ongoing	301-5261-3234	DAR STA
	Total	7,379			
<u>Expenditure</u>					
Additional Funding needed for Trolley Vehicle	Public Works	34,127	One-time	301-7710-8540	Transfers out to Capital
	Total	34,127			

New Transit Capital Fund Revenue and Expenditure Budget Adjustments

Description	Department	Increase (Decrease) Amount	One-time/ Ongoing	Account	Object Desc.
<u>Revenue</u>					
Trolley Vehicle Replacement Project Additional Funding	Public Works	34,127	One-time	920-9922-3801	Transfers In
	Total	34,127			
<u>Expenditure</u>					
Trolley Vehicle Replacement Project	Public Works	34,127	One-time	920-9922-7204	Other Vehicles
	Total	34,127			

Other Funds

Morro Bay has several other smaller (non-major) funds with special purposes. They are all outlined in detail each year in the [Adopted Budget document](#).

Recommended Other Funds Budget Amendments

There are minor midyear budget adjustments recommended in Other Funds, as outlined below, as well as the transfer out from the General Fund Emergency Reserve to fund General Fund Operating and Capital Fund expenditures for near-term storm recovery. Several of these are offsetting transfers for changes outlined in detail above in the General Fund. In all cases, fund balance is available to make this relatively minor budget amendments in the City’s non-major funds.

Previously Approved by Council or City Manager Other Funds (non-major) Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	Prior Council or CM Approval	One-time/Ongoing	Account	Object Desc.
Risk Management	Crime Insurance Increase	Risk Management	7,500	Yes	Ongoing	430-4317-6472	Other Insurances
Economic Dev.	Community Concerts (Tidelands Park series)	Recreation	10,000	Yes	One-time	907-7410-6106	Contract Services
ARPA	Increase to Storage Area Network (SAN) Budget--Nimble Storage Device	IT	25,000	Yes-CM	One-time	019-1111-7302	Equipment Acquisition
			42,500				

New Other Funds (non-major) Recommended Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	One-time/Ongoing	Account	Object Desc.
ARPA	Homeless Outreach Case Manager Position budget move to Transfers out to General Fund	Human Resources	-50,000	Ongoing	019-1111-8721	Payment to Other Agency
ARPA	Homeless Outreach Case Manager-transfer out to GF	Human Resources	50,000	Ongoing	019-7710-8510	Transfer to General Fund
Cloisters AD	Correction to Cloisters AD - IT contribution	Finance	420	One-time	570-7710-8501	Transfers Out
Cloisters AD	Transfer In from GF to Cloisters to cover cost of IT contribution	Finance	-420	One-time	570-7710-3810	Transfers In From General Fund
IT Fund	GovClarity Software Renewal	IT/PW/CDD	17,167	One-time	450-3520-6106	Contractual Services
Traffic Safety Fund	Remove transfer out to General Fund for FY	Police	-10,000	One-time	280-7710-8510	Transfers Out to General Fund
Traffic Safety Fund	Increase Operational Budget in Fund	Police	10,000	One-time	280-4110-5504	Machinery Equipment/Supplies
Vehicle Replacement Fund	Purchase of a Utility Transport Vehicle (UTV) and trailer	Fire	35,000	One-time	050-4210-7202	Trucks
			52,167			

Storm-Related Other Funds (non-major) Budget Amendments

Fund	Description	Department	Increase (Decrease) Amount	Prior Council or CM Approval	One-time/Ongoing	Account	Object Desc.
General Fund Emergency Reserve	Transfer to General Fund Operating for Near-Term Storm Recovery	Non-Departmental	903,100	Yes	One-Time	051-1111-8501	Transfer Out
General Fund Emergency Reserve	Transfer to General Government Capital Fund for Near-Term Storm Recovery	Non-Departmental	556,019	Yes	One-Time	051-1111-8501	Transfer Out
			1,469,119				