

RESOLUTION NO. 47-24

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING THE FISCAL YEAR 2024-25 OPERATING AND CAPITAL BUDGET**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay is required to appropriate and expend funds, to conduct the day-to-day business activity of the City; and

WHEREAS, the Morro Bay City Council finds and determines those appropriations and expenditures are necessary for continued efficiency, economy, and effectiveness of the City government operations; and

WHEREAS, the continuing efforts of staff to operate the business of the City, within an approved budget, and to create savings, wherever feasible, are acknowledged by the City Council; and

WHEREAS, the City Council reviewed the Proposed Budget on May 28 and 29, 2024 and provided input, and there are no subsequent changes to the proposed budget since the May 28-29, 2024 Budget Study Sessions; and

WHEREAS, the City Council recognizes that Capital Improvement Projects and one-time expenditures of the American Rescue Plan Act (ARPA) and General Fund Vehicle Maintenance funds that were authorized and approved in the current and prior fiscal years, may not be completed by June 30, 2024; and

WHEREAS, the total Proposed Citywide revenue budget for FY 2024-25 is \$50.3 million and the proposed citywide expenditure budget for FY 2024-25 is \$60.6 million (net of transfers);

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California:

1. The Fiscal Year 2024-25 Operating and Capital Budget, attached hereto as Exhibit 2, at <https://www.morrobayca.gov/827/Budget>, and incorporated herein by reference, including the administrative corrections outlined in Exhibit 1 hereto and any amendments made during the City Council meeting dated June 25, 2024, are adopted and incorporated herein by reference; and
2. Staff is directed to incorporate the administrative corrections outlined in Exhibit 1 hereto and any amendments made during the City Council meeting dated June 25, 2024 and to prepare and publish a final adopted budget document, with approved amendments; and
3. Subject to paragraph 4, below, the City Manager is authorized to transfer appropriations within the adopted budget, including from and to capital projects or capital outlay items, so long as those changes do not significantly and negatively prevent implementation of any City Council direction or policy, and total appropriations are not exceeded; and
4. City Council approval is required to transfer appropriations between funds and may approve amendments to adopted budget by adoption of one or more resolutions; and
5. Notwithstanding paragraph 4 above, the City Council authorizes and directs staff to complete any necessary year-end reconciliation of allocations to and from compensated

absences reserves in accordance with the City of Morro Bay Reserve Policy, established by City Council via Resolution 37-22; and

6. City Council authorizes and directs the carry forward of unspent budget balances for capital projects, ARPA-funded projects, and General Fund Vehicle Replacement funds approved in the current and prior fiscal years, but not completed by June 30, 2024, to the Capital Improvement Project budgets, ARPA Project budgets, and GF Vehicle Replacement Fund budgets for the FY 2024-25 fiscal year; and
7. City Council approval is required for any proposed increase to the number of CalPERS benefited, budgeted positions, hired; and
8. Per City Council minute order May 24, 2004, any expenditures, in excess of the assessments received for the Cloister Assessment District, will be subsidized by the General Fund, without additional request made to the City Council; and

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 25th day of June 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSED:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

EXHIBIT 1

FY 2024-25 CHANGES FROM PROPOSED BUDGET TO ADOPTED BUDGET

<u>Description</u>	<u>Digital Budget Book</u> <u>Section</u>	<u>Printed</u>	<u>Adopted</u>		<u>Reason/Comment</u>	
		<u>Budget</u> <u>Page</u>	<u>Proposed</u>	<u>Change</u> <u>Amount</u> <u>Change</u>		
Updated expenditures in Fund 907 to reduce Chamber of Commerce Consulting Services budget to \$50,000.	Economic Development Fund Summary (Expenditures by Fund)	169	\$ 205,000	\$ 155,000	\$ (50,000)	Per City Council action taken May 14, 2024.
Added \$10,000 donation from Visit Morro Bay for 60th Anniversary celebration	Recreation Services Department (Revenues by Source)	278	\$ -	\$ 10,000	\$ 10,000	Recognize additional revenue from donations
Added \$10,000 to Recreation Services supplies budget for 60th Anniversary celebration	Recreation Services Department (Expenditures by Function)	281	\$ -	\$ 10,000	\$ 10,000	Offsetting expenditure for Visit Morro Bay donation
Added \$30,000 in Measure E, Non-Departmental, Consulting Services to recognize remaining budget necessary for Standards of Cover study authorized in FY24 budget and not yet completed.	Measure E Fund Summary (Expenditures by Department)	130	\$ -	\$ 30,000	\$ 30,000	Study in progress; because unused operating budget does not carry-forward each year, Council must authorize this budget again in FY25.
Moved BESS Developer Reimbursement Agreement revenue and offsetting expenditure from General Fund (001-7105) to Developer Reimbursement Agreements Fund (045-8806).	Developer Reimbursement Fund Summary	138	\$ -	\$ 250,000	\$ 250,000	Tracking all Developer Reimbursement Agreements (DRA) in one fund provides greater clarity and visibility and is consistent with current procedure for new agreements. This fund was created after the BESS project started and this agreement is the last to be transitioned to the new DRA fund.
Updated water budget for Water Operating Fund to reflect better estimate based on recent actuals.	Water Operating Fund Summary (Expenditures by Expense Type)	191	\$ 50,000	\$ 25,000	\$ (25,000)	In line with recent actuals.

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				Amount	Change	
Updated electricity budget for Water Operating Fund to reflect better estimate using recent years' actuals.	Water Operating Fund Summary (Expenditures by Expense Type)	191	\$ 550,000	\$ 300,000	\$ (250,000)	High budget estimates in recent years were due to uncertainty of WRF electrical consumption; two years' of operating actuals have informed the current projection.
Utility Discounts/Rebate Line Items Entered						
Sewer Operating Fund Transfer In from Utility Discounts/Rebates Fund	Sewer Operating Fund Summary (Revenues by Source)	184	\$ -	\$ 37,000	\$ 37,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.
Sewer Operating Fund Transfer Out to Utility Discounts/Rebates Fund	Sewer Operating Fund Summary (Expenditures by Expense Type)	186	\$ -	\$ 30,000	\$ 30,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.
Water Operating Fund Transfer In from Utility Discounts/Rebates Fund	Water Operating Fund Summary (Revenues by Source)	190	\$ -	\$ 30,000	\$ 30,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.
Water Operating Fund Transfer Out to Utility Discounts/Rebates Fund	Water Operating Fund Summary (Expenditures by Expense Type)	191	\$ -	\$ 30,000	\$ 30,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.
Utility Discounts/Rebates Transfers In from Operating Funds	Utility Discount Fund Summary (Revenue by Fund)	195	\$ -	\$ 60,000	\$ 60,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.
Utility Discounts/Rebates Transfers Out to Operating Funds	Utility Discount Fund Summary (Expenditures by Fund)	196	\$ -	\$ 67,000	\$ 67,000	Utility Discount Fund Summary was not completed at time of Proposed Budget release.

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Removed supplies & services expenditure budget from ARPA.	American Rescue Plan Act Fund (ARPA) Fund Summary (Expenditures by Function)	137	\$ 35,000	\$ -	\$ (35,000)	Residual budget not yet expended from ARPA funds; transfer to General Fund for revenue recovery due to COVID-19. No expenditures to post in ARPA fund.
Added transfer out of ARPA to General Fund to include previously budgeted supplies & services, plus remaining unspent funds from prior years.	American Rescue Plan Act Fund (ARPA) Fund Summary (Expenditures by Function)	137	\$ -	\$ 60,504	\$ 60,504	Residual budget not yet expended from ARPA funds; transfer to General Fund for revenue recovery due to COVID-19. No expenditures to post in ARPA fund.
Updated transfer in to General Fund from ARPA Fund	General Fund Fund Summary (Revenues by Source)	100	\$ -	\$ 60,504	\$ 60,504	Residual budget not yet expended from ARPA funds; transfer to General Fund for revenue recovery due to COVID-19.
Updated City Council Consulting Services Budget to Reflect ARPA-funded goals facilitator	City Council (Expenditures by Function)	205	\$ -	\$ 29,200	\$ 29,200	Staff recommends budgeting \$25K for a professional facilitator for City Council Strategic Planning
Updated City Council Payment to Other Agency Budget to reflect ARPA-funded Community Grants Program Increase	City Council (Expenditures by Function)	205	\$ 36,500	\$ 61,500	\$ 25,000	Staff recommends budgeting \$25K for a one-time increase to Community Grants Program (offset by ARPA funding)
Added Info Tech Research Group IT Audit & Support contract to Information Technology Consulting Services Budget	Information Technology Fund Summary (Expenditures by Expense Type)	124	\$ 69,300	\$ 119,300	\$ 50,000	Recommended to support new IT leadership
Added CivicPlus Compliance Module to the Information Technology Digital Services budget	Information Technology Fund Summary (Expenditures by Expense Type)	124	\$ 447,252	\$ 455,252	\$ 8,000	Recommended to increase ADA compliance

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Added DebtBook contract to Information Technology Digital Services Budget	Information Technology Fund Summary (Expenditures by Expense Type)	124	\$ 455,252	\$ 479,252	\$ 24,000	Recommended to track and report debt per Government Accounting Standards Board; cost partially offset by staff time efficiency
Added funding contribution from Capital Accumulation Fund to General Capital Improvements Fund for the Annual Pavement Management Program	General Fund Capital Accumulation Fund Summary (Expenditures by Fund)	116	\$ 144,579	\$ 494,579	\$ 350,000	Per City Council Direction at Budget Study Session #2
Entered CFAC Changes Approved by City Council						
Removed expenditure budget for Sidewalk Improvements/Street Tree Replacement Project in General CIP Fund	Measure Q&E Fund Summary (Expenditures by Department)	129	\$ 250,000	\$ -	\$ (250,000)	Per City Council Direction at Budget Study Session #1
Removed budget for Local Roadway Safety Plan Project in General CIP Fund	Measure Q&E Fund Summary (Expenditures by Department)	129	\$ 100,000	\$ -	\$ (100,000)	Per City Council Direction at Budget Study Session #1
Increased expenditure budget for Annual Pavement Management Plan in General CIP Fund	Measure Q&E Fund Summary (Expenditures by Department)	129	\$ 269,999	\$ 619,999	\$ 350,000	Per City Council Direction at Budget Study Session #1
Added transfer out of General Fund for Annual Pavement Management Program funding	General Fund Summary (Expenditures by Expense Type)	105	\$ -	\$ 650,000	\$ 650,000	Per City Council Direction at Budget Study Session #2
Updated transfer into General CIP Fund for Annual Pavement Management Program funding	General Government Capital Projects Fund Summary (Revenue by Fund)	133	\$ 269,999	\$ 1,619,999	\$ 1,350,000	Per City Council Direction at Budget Study Session #2