



City Council  
AGENDA

Tuesday, October 1, 2024, 5:30 p.m.

Council Chambers, 990 Palm Street, San Luis Obispo

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**INSTRUCTIONS FOR PUBLIC COMMENT:**

**Public Comment prior to the meeting (must be received 3 hours in advance of the meeting):**

**Mail - Delivered by the U.S. Postal Service.** Address letters to the City Clerk's Office at 990 Palm Street, San Luis Obispo, California, 93401.

**Email - Submit Public Comments via email to [emailcouncil@slocity.org](mailto:emailcouncil@slocity.org).** In the body of your email, please include the date of the meeting and the item number (if applicable). Emails *will not* be read aloud during the meeting.

**Voicemail - Call (805) 781-7164 and leave a voicemail.** Please state and spell your name, the agenda item number you are calling about, and leave your comment. Verbal comments must be limited to 3 minutes. Voicemails *will not* be played during the meeting.

*\*All correspondence will be archived and distributed to councilmembers, however, submissions received after the deadline may not be processed until the following day.*

**Public Comment during the meeting:**

**Meetings are held in-person.** To provide public comment during the meeting, you must be present at the meeting location.

**Electronic Visual Aid Presentation.** To conform with the City's Network Access and Use Policy, Chapter 1.3.8 of the [Council Policies & Procedures Manual](#), members of the public who desire to utilize electronic visual aids to supplement their oral presentation must provide display-ready material to the City Clerk by 12:00 p.m. on the day of the meeting. Contact the City Clerk's Office at [cityclerk@slocity.org](mailto:cityclerk@slocity.org) or (805) 781-7114.

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**1. CLOSED SESSION (4:30 - 5:30 PM)**

**1.a CALL TO ORDER**

Mayor Erica A. Stewart will call the Closed Session to order at 4:30 p.m. in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo.

**1.b PUBLIC COMMENT ON CLOSED SESSION ITEMS ONLY**

Public comment will only be accepted for items on the closed session agenda.

**1.c PUBLIC EMPLOYEE PERFORMANCE EVALUATION - GOALS**

Pursuant to Government Code § 54957(b)(1)

**Title: City Manager**

**1.d ADJOURNMENT**

City Council will hold a Regular Meeting on October 1, 2024 at 5:30 p.m. in the Council Chambers at City Hall, 990 Palm Street, San Luis Obispo.

**2. CALL TO ORDER**

Mayor Erica A. Stewart will call the Regular Meeting of the San Luis Obispo City Council to order.

**3. PLEDGE OF ALLEGIANCE**

Council Member Michelle Shoresman will lead the Council in the Pledge of Allegiance.

**4. PRESENTATIONS**

**4.a DOMESTIC VIOLENCE AWARENESS MONTH PROCLAMATION**

Mayor Erica A. Stewart will present a proclamation declaring the month of October as "Domestic Violence Awareness Month".



**4.b FIRE PREVENTION MONTH PROCLAMATION**

Mayor Erica A. Stewart will present a proclamation declaring the month of October as "Fire Prevention Month".

**4.c NATIONAL CYBERSECURITY AWARENESS MONTH PROCLAMATION**

Mayor Erica A. Stewart will present a proclamation declaring the month of October as "National Cybersecurity Awareness Month".

**4.d CAL POLY ENROLLMENT/HOUSING PRESENTATION**

The City Council will receive an update from Cal Poly representatives on enrollment and housing.

**4.e CITY MANAGER REPORT**

Receive a brief report from City Manager Whitney McDonald.

**5. PUBLIC COMMENT PERIOD FOR ITEMS NOT ON THE AGENDA**

Not to exceed 15 minutes. The Council welcomes your input. State law does not allow the Council to discuss or take action on issues not on the agenda, except that members of the Council or staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights (Gov. Code sec. 54954.2). Staff may be asked to follow up on such items.

**6. CONSENT AGENDA**

Not to exceed 15 minutes. Matters appearing on the Consent Calendar are expected to be non-controversial and will be acted upon at one time. A member of the public may request the Council to pull an item for discussion. Pulled items shall be heard at the close of the Consent Agenda unless a majority of the Council chooses another time. The public may comment on any and all items on the Consent Agenda within the three-minute time limit.

Recommendation:

To approve Consent Calendar Items 6a to 6h.

- 6.a **WAIVE READING IN FULL OF ALL RESOLUTIONS AND ORDINANCES**
- Recommendation:  
Waive reading of all resolutions and ordinances as appropriate.
- 6.b **MINUTES REVIEW - SEPTEMBER 17, 2024 COUNCIL MINUTES** 11
- Recommendation:  
Approve the minutes of the City Council meeting held on September 17, 2024.
- 6.c **SECOND READING AND ADOPTION OF ORDINANCE NO. 1740 (2024 SERIES) APPROVING AN AMENDMENT TO TABLE 2-1 IN TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE WITH APPROVAL OF CONDITIONAL USE PERMIT** 17
- Recommendation:  
Adopt Ordinance No. 1740 (2024 Series) entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, approving amendments to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) to allow Cannabis Retail Storefronts to conduct retail sales by delivery with approval of a Conditional Use Permit or by amendment to an existing Conditional Use Permit. The project is exempt from environmental review (CEQA) (CODE-0401-2024).”
- 6.d **APPROVE A MILLS ACT HISTORICAL PROPERTY PRESERVATION AGREEMENT FOR THE SNYDER HOUSE AT 1406 MORRO STREET (HIST-0386-2024)** 25
- Recommendation:  
As recommended by the Cultural Heritage Committee, adopt a Draft Resolution entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving a Historic Property Preservation Agreement between the City and the owner of the Snyder House at 1406 Morro Street (Application No. HIST-0386-2024).”

- 6.e **AMENDMENT NO. 1 TO GRANT AGREEMENT WITH SAN LUIS OBISPO REPERTORY THEATRE** 45
- Recommendation:  
Approve Amendment No. 1 to Grant Agreement between the San Luis Obispo Repertory Theatre and the City of San Luis Obispo to provide grant funding in the additional amount of \$2,760,000 and authorize the Mayor to execute the agreement.
- 6.f **AMENDMENT TO COMMUNITY WORKFORCE AGREEMENT FOR PRADO ROAD INTERCHANGE AND PUBLIC SAFETY CENTER PROJECTS** 87
- Recommendation:  
Authorize the Mayor to sign the proposed amendment to the Community Workforce Agreement with the Tri-Counties Building and Construction Trades Council for the Prado Road Interchange and Public Safety Center projects.
- 6.g **SECOND READING AND ADOPTION OF ORDINANCE NO. 1741 (2024 SERIES) TO AMEND QUALIFICATION FOR CONSTRUCTION BOARD OF APPEALS** 191
- Recommendation:  
Adopt Ordinance No. 1741 (2024 Series) entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, amending Section 15.04.020, Subsection N, of the San Luis Obispo Municipal Code,” which will remove the local requirement to maintain an Accessibility Board of Appeals pursuant to Health and Safety Code 19957.5.

6.h **SECOND READING AND ADOPTION OF ORDINANCE NO. 1742  
(2024 SERIES) TO ESTABLISH AN IMPACT FEE DEFERRAL  
PROGRAM FOR ELIGIBLE AFFORDABLE FOR-RENT RESIDENTIAL  
PROJECTS** 199

Recommendation:

Adopt Ordinance No. 1742 (2024 Series) entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, amending section 4.56.050 (Payment of Fees) of the Municipal Code to establish a development impact fee deferral program for eligible affordable housing projects.”

7. **PUBLIC HEARING AND BUSINESS ITEMS**

7.a **2023-24 ANNUAL REPORT OF THE TOURISM BUSINESS  
IMPROVEMENT DISTRICT (Estimated Time: 20 Minutes)** 207

Recommendation:

1. As recommended by the Tourism Business Improvement District (TBID) Board, receive and approve the TBID Board’s annual report for FY 2023-24; and
2. Adopt a Draft Resolution of Intention entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, declaring its intention to continue the San Luis Obispo Tourism Business Improvement District, to continue the basis for and to levy the assessment for the district, and to set a date for the Public Hearing on the district and the assessment for 2024-25.”

7.b **ANNUAL UPDATE ON IMPLEMENTATION OF THE ECONOMIC  
DEVELOPMENT STRATEGIC PLAN (Estimated Time: 30 Minutes)** 249

Recommendation:

Receive and file the annual update on the implementation status of the Economic Development Strategic Plan (EDSP).

7.c **FISCAL YEAR 2023-24 YEAR END BUDGET REPORT (Estimated Time: 90 Minutes)**

269

Recommendation:

1. Receive and file the FY 2023-24 Year End Budget Report; and
2. Receive and discuss the Revised Long-Term Forecast, 2025-27 Financial Plan calendar and community outreach survey in preparation for the 2025-27 financial planning process.

**8. LIAISON REPORTS AND COMMUNICATIONS**

Not to exceed 15 minutes. Council Members report on subcommittee assignments to various regional boards and committees, listed below. At this time, any Council Member or the City Manager may ask a question for clarification, make an announcement, or report briefly on their respective assignments. In addition, subject to Council Policies and Procedures, they may provide a reference to staff or other resources for factual information, request staff to report back to the Council at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov. Code Sec. 54954.2)

**Per Council direction at the August 27th Special Meeting, for the September 17, October 1, and October 15 City Council Meetings, Liaison Reports will be heard after the City Manager Report.**

**Mayor Stewart**

- City/University Quarterly Meeting
- Regional Economic Action Coalition (REACH)
- City Selection Committee
- Performing Arts Center Commission
- Visit SLO County Advisory Committee
- Whale Rock Commission

### **Vice Mayor Pease**

- Downtown Association Board
- County Water Resources Advisory Committee (WRAC)
- San Luis Obispo Council of Government (SLOCOG)
- San Luis Obispo Regional Transit Authority (SLORTA)

### **Council Member Francis**

- Cal Poly Campus Planning Committee
- Community Action Partnership
- Local Agency Formation Commission (LAFCO)
- Nacimiento Water Project

### **Council Member Marx**

- Air Pollution Control District (APCD)
- Integrated Waste Management Authority (IWMA)
- Airport Land Use
- Central Coast Clean Energy (3CE)

### **Council Member Shoresman**

- California Men's Colony Citizens Advisory Committee
- Homeless Services Oversight Committee (HSOC)
- Zone 9 Advisory Committee
- SLO Climate Coalition Liaison

## **9. COUNCIL COMMUNICATIONS**

Not to exceed 15 minutes. The purpose of this time is to allow Council to provide updates, make announcements, or share information on City activities.

## 10. ADJOURNMENT

The next Regular Meeting of the City Council will be held on October 15, 2024 at 5:30 p.m. in the Council Chambers at City Hall, 990 Palm Street, San Luis Obispo.

LISTENING ASSISTIVE DEVICES for the hearing impaired - see the Clerk.

The City of San Luis Obispo wishes to make all of its public meetings accessible to the public. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's Office at (805) 781-7114 at least 48 hours before the meeting, if possible. Telecommunications Device for the Deaf (805) 781-7410.

City Council meetings are televised live on Charter Channel 20 and the City's YouTube Channel: [www.youtube.com/CityofSanLuisObispo](http://www.youtube.com/CityofSanLuisObispo). Agenda related writings or documents provided to the City Council are available for public inspection in the City Clerk's Office located at 990 Palm Street, San Luis Obispo, California during normal business hours, and on the City's website <https://www.slocity.org/government/mayor-and-city-council/agendas-and-minutes>. Persons with questions concerning any agenda item may call the City Clerk's Office at (805) 781-7114.







## Council Minutes

September 17, 2024, 5:30 p.m.  
Council Chambers, 990 Palm Street, San Luis Obispo

Council Members Present: Council Member Emily Francis, Council Member Jan Marx, Council Member Michelle Shoresman, Vice Mayor Andy Pease, Mayor Erica A. Stewart

City Staff Present: Interim City Manager Whitney McDonald, Christine Dietrick, City Attorney, Teresa Purrington, City Clerk

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### 1. CLOSED SESSION (4:30 - 5:30 PM)

#### 1.a CALL TO ORDER

Mayor Erica A. Stewart called the Closed Session Meeting of the San Luis Obispo City Council to order at 4:30 p.m. in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo with all Council Members present.

#### 1.b PUBLIC COMMENT FOR CLOSED SESSION ITEMS ONLY

None

#### 1.c CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

**Action:** City Attorney Christine Dietrick indicated that Council took no reportable action on this item.

#### 1.d ADJOURNMENT

Closed Session adjourned at 5:40 p.m. to the Regular City Council meeting.

### 2. CALL TO ORDER

A Regular Meeting of the San Luis Obispo City Council was called to order on September 17, 2024 at 5:40 p.m. in the Council Chambers, 990 Palm Street, San Luis Obispo, by Mayor Stewart.

### 3. PLEDGE OF ALLEGIANCE

Council Member Jan Marx led the Council in the Pledge of Allegiance.

**4. PRESENTATIONS**

4.a RECOVERY MONTH PROCLAMATION

Mayor Erica A. Stewart presented a proclamation declaring the month of September as "Recovery Month" to Amanda Torrente on behalf of Sun Street Centers.

4.b DRIVE ELECTRIC WEEK PROCLAMATION

Mayor Erica A. Stewart presented a proclamation declaring September 27 - October 6, 2024 as "Drive Electric Week" to Laura Albers on behalf of SLO Climate Coalition.

4.c INTRODUCTION OF FIRE MARSHAL KIM RAPP

Fire Chief Todd Tuggle introduced the new Fire Marshal, Kim Rapp.

4.d CITY MANAGER REPORT

City Manager Whitney McDonald provided a report on upcoming projects.

**5. PUBLIC COMMENT PERIOD FOR ITEMS NOT ON THE AGENDA**

Public Comment:

Scott Collins - Housing Authority of San Luis Obispo  
Jim Aaron

*--End of Public Comment--*

**6. CONSENT AGENDA**

Public Comments:

None

*---End of Public Comment---*

**Motion By** Council Member Marx

**Second By** Council Member Shoresman

To approve Consent Calendar Items 6a to 6e.

Ayes (5): Council Member Francis, Council Member Marx, Council Member Shoresman, Vice Mayor Pease, and Mayor Stewart

CARRIED (5 to 0)

6.a WAIVE READING IN FULL OF ALL RESOLUTIONS AND ORDINANCES

Waive reading of all resolutions and ordinances as appropriate.

6.b MINUTES REVIEW - AUGUST 27, 2024 AND SEPTEMBER 3, 2024  
COUNCIL MINUTES

Approve the following minutes of the City Council:

- August 27, 2024 - Special Meeting
- September 3, 2024 - Regular Meeting

6.c AUTHORIZATION TO ADVERTISE CALIFORNIA BOULEVARD AND  
TAFT STREET WATER MAIN REPLACEMENT, SPECIFICATION NO.  
2000545

1. Approve the project plans and specifications for California Boulevard and Taft Street Water Main Replacement, Specification Number 2000545; and
2. Authorize staff to advertise for bids; and
3. Authorize the City Manager to award the Construction Contract pursuant to Section 3.24.190 of the Municipal Code if the lowest responsible bid is within the Engineer's Estimate of \$1,200,000; and
4. Authorize the City Engineer to approve Contract Change Orders up to the available project budget and any amended budget subsequently approved by the City Manager up to \$200,000.

6.d AMEND THE COUNCIL POLICIES AND PROCEDURES MANUAL TO  
INCLUDE A SECTION REGARDING INTERNS/VOLUNTEERS

Adopt Resolution No. 11520 (2024 Series) entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, amending its Council Policies and Procedures Manual," regarding the use of Council Member Interns/Volunteers *with the addition to 2.5.6 Council Volunteers, as written in the staff agenda correspondence, requiring Volunteer Waivers.*

6.e SECOND READING OF ORDINANCE NO. 1738 (2024 SERIES)  
AMENDING MUNICIPAL CODE TITLE 6 - ANIMALS

Adopt Ordinance No. 1738 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, amending Title 6 (Animals) of the Municipal Code to adopt and incorporate by reference San Luis Obispo County Code Title 9 (Animals) and to retain certain city requirements regarding animals."

## 7. PUBLIC HEARING AND BUSINESS ITEMS

### 7.a FIRE DEPARTMENT STRATEGIC PLAN 2024-2029

Fire Chief Todd Tuggle provided an in-depth staff report and responded to Council questions.

Public Comments:

None

*---End of Public Comment---*

**ACTION:** By consensus, the Council provided comments and directed staff to receive and file the Fire Department's 2024-2029 Strategic Plan.

### 7.b ADOPT A RESOLUTION AND INTRODUCE AN ORDINANCE TO AMEND SECTION 4.56.050 (PAYMENT OF FEES) OF THE MUNICIPAL CODE TO ESTABLISH A DEVELOPMENT IMPACT FEE DEFERRAL PROGRAM FOR ELIGIBLE AFFORDABLE HOUSING PROJECTS

Principal Planner Teresa McClish and Housing Coordinator David Amini provided an in-depth staff report and responded to Council questions.

Public Comments:

Scott Collins - Housing Authority of San Luis Obispo

*---End of Public Comment---*

**Motion By** Council Member Shoresman

**Second By** Council Member Francis

1. Adopt Resolution No. 11521 (2024 Series) entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, superseding Resolution No. 9903 (2007 Series) providing for the deferral of city-wide development impact fees for eligible affordable housing projects"; and
2. Introduce Ordinance No. 1742 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, establishing a development impact fee deferral program for eligible affordable housing projects"; and
3. Authorize the Community Development Director to approve applications for impact fee deferrals and execute agreements therefor, in forms approved by the City Attorney's Office. The Director may refer approvals to City Council on an as-needed basis or concurrently with Affordable Housing Fund (AHF) awards.

Ayes (5): Council Member Francis, Council Member Marx, Council Member Shoresman, Vice Mayor Pease, and Mayor Stewart

CARRIED (5 to 0)

**8. LIAISON REPORTS**

Mayor Stewart indicated that the City/University meeting is scheduled for Thursday. She attended the Casa Annual Gala. She also met with the Regional Representative of the Anti-Defamation League regarding how we can support our community.

Vice Mayor Pease wanted to highlight the Downtown SLO Board and Friends of Downtown SLO are holding a Fall Fest.

Council Member Marx indicated there is an APCP meeting on September 18<sup>th</sup>. There is approval of a grant for landscaping equipment trade out for an electric one on their agenda. She attended an IWMA Board meeting where they approved the purchase of a new building for their Administrative Offices. The next Airport Land Use meeting is cancelled. She will be attending the Central Coast Community Energy Annual meeting on September 18<sup>th</sup> and 19<sup>th</sup> in Aptos.

Council Member Shoresman attended a Zone 9 meeting where the Mid-Higuera bypass was discussed. She attended the Climate Coalition event at Meadow Park. Their next regular meeting is Thursday. She also indicated that there is a Homeless Services Oversight Committee meeting tomorrow (Wednesday September 18<sup>th</sup> at 1:00 p.m.)

**9. COUNCIL COMMUNICATIONS**

Council provided updates, made announcements, and shared information on City activities.

**10. ADJOURNMENT**

The meeting was adjourned at 8:16 p.m. The next Regular City Council Meeting is scheduled for October 1, 2024 at 5:30 p.m. in the Council Chambers at City Hall, 990 Palm Street, San Luis Obispo.

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APPROVED BY COUNCIL: XX/XX/2024





**Department:** Community Development  
**Cost Center:** 4001  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Timmi Tway, Community Development Director  
**Prepared By:** Ivana Gomez, Cannabis Business Coordinator

**SUBJECT:** SECOND READING AND ADOPTION OF ORDINANCE NO. 1740 (2024 SERIES) APPROVING AN AMENDMENT TO TABLE 2-1 IN TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE TO ALLOW CANNABIS RETAIL STOREFRONTS TO CONDUCT RETAIL SALES BY DELIVERY WITH APPROVAL OF A CONDITIO

### RECOMMENDATION

Adopt Ordinance No. 1740 (2024 Series) entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, approving amendments to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) to allow Cannabis Retail Storefronts to conduct retail sales by delivery with approval of a Conditional Use Permit or by amendment to an existing Conditional Use Permit. The project is exempt from environmental review (CEQA) (CODE-0401-2024).”

### POLICY CONTEXT

Per [Chapter 17.124](#) (Amendments – Zoning Regulations and Zoning Map), the City Council may review the proposed text amendment, including the Planning Commission’s recommendation, and take action based on consistency with the General Plan and State Law.

### DISCUSSION

#### Previous Council and Advisory Body Action

On [March 7, 2023](#), at the Annual Cannabis Business Program Update, the City Council provided direction to staff to update the Cannabis Program to allow retail storefronts to offer delivery services. As a result, staff revised the program’s administrative regulations and application materials to allow retail storefronts to engage in delivery. These changes required thorough internal review and approval by the City Manager via City Manager Report.

On [August 14, 2024](#), the Planning Commission reviewed the proposed text amendment and recommended the City Council introduce and adopt the Ordinance approving the

amendment to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code ([Resolution No. PC-1089-24](#)).

On [September 3, 2024](#), the City Council voted 5 – 0 to introduce Ordinance No. 1740 (2024 Series) approving an amendment to Table 2-1 (Uses Allowed by Zone) of Title 17 (Zoning Regulations) in the Municipal Code to allow retail storefronts to conduct retail sales by delivery with the approval of a Conditional Use Permit, or by amendment to an existing Conditional Use Permit

If Council adopts the Ordinance, it shall be effective 30 days after its final passage.

**Public Engagement**

Each public hearing associated with this item has been noticed in compliance with the City’s notification requirements for a proposed text amendment. If the Ordinance is adopted, existing retail storefronts who wish to engage in delivery may apply for an amendment to their existing Conditional Use Permit, which is a discretionary review process that requires legal notices and a public hearing for each development project. Future retail storefronts in the City may apply for a Conditional Use Permit to establish and operate a retail storefront and may opt to engage in storefront sales only or storefront and delivery sales at the time of application.

**CONCURRENCE**

The City has a designated steering committee comprised of representatives from the City Attorney’s Office, Police Department, Finance Department, Community Development Department, and City Administration to support the City’s Cannabis Program. The proposed amendments contained within this report have been reviewed and are supported by the steering committee as consistent with previous Council direction.

**ENVIRONMENTAL REVIEW**

Adoption of the proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) of the Municipal Code has been reviewed in accordance with the California Environmental Quality Act (CEQA) Guidelines. It has been determined that the amendments are exempt from environmental review under CEQA Guidelines Section § 15301(b)(3) (General Rule Exemption), which applies to activities that can be clearly seen to have no potential for significant environmental impact. The proposed amendments involve minor modifications to the regulations governing commercial cannabis retail storefront operations and are not expected to have any significant effect on the environment. However, project-specific environmental review will be required for any new commercial cannabis activity. Any new or existing cannabis retail storefront seeking a Conditional Use Permit or an amendment to an existing permit to engage in delivery services will be required to comply with all applicable state and local laws, including CEQA requirements.

**FISCAL IMPACT**



Budgeted: N/A  
 Funding Identified: N/A

Budget Year: 2024-25

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

There is no fiscal impact associated with the proposed amendments to the Municipal Code. There are many delivery services located outside of City limits that are able to deliver within the City, so staff anticipates a minimal increase in tax revenue if the Ordinance is approved.

**ALTERNATIVES**

1. **Council may decide to modify the Ordinance before adoption.** Depending on changes proposed, modification of the Ordinance may require reintroduction and then adoption during subsequent public hearing, which will delay implementation of the Ordinance.
2. **Council may decide not to adopt the Ordinance.** This action is not recommended because it the Ordinance is consistent with City Council direction to allow cannabis retail storefronts to deliver.

**ATTACHMENTS**

A – Ordinance No. 1740 (2024 Series)



**ORDINANCE NO. 1740 (2024 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING AMENDMENTS TO TABLE 2-1 (USES ALLOWED BY ZONE) IN TITLE 17 (ZONING REGULATIONS) OF THE MUNICIPAL CODE TO ALLOW CANNABIS RETAIL STOREFRONTS TO CONDUCT RETAIL SALES BY DELIVERY WITH APPROVAL OF A CONDITIONAL USE PERMIT OR BY AMENDMENT TO AN EXISTING CONDITIONAL USE PERMIT. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW (CEQA) (CODE-0401-2024)**

**WHEREAS**, the Planning Commission of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on August 14, 2024, for the purpose of recommending an amendment to Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code, pursuant to a proceeding under CODE-0401-2024; City of San Luis Obispo, applicant; and

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on September 3, 2024, for the purpose of introducing an ordinance to amend Table 2-1 (Uses Allowed by Zone) in Title 17 (Zoning Regulations) of the Municipal Code, pursuant to a proceeding under CODE-0401-2024; City of San Luis Obispo, applicant; and

**WHEREAS**, notices of said public hearing were made at the time and in the manner required by law; and

**WHEREAS**, the City Council has duly considered all evidence, including the testimony of interested parties and the evaluation and recommendation by staff, presented at said hearing.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Findings.** Based upon all the evidence, the City Council makes the following findings:

1. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) of the Municipal Code are consistent with the State of California's Department of Cannabis Control regulations.
2. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) are consistent with previous City Council direction on March 7, 2023, to update the Cannabis Program to allow cannabis retail storefronts to offer delivery services.
3. The proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) are consistent with the City Council's broader goals of regulating cannabis businesses to ensure public safety and compliance with state laws.

4. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the Major City Goal (Financial Plan 2023-2025) to implement initiatives that reinforce a thriving and sustainable local economy as well as to ensure fiscally responsible and sustainable city operations by strengthening existing cannabis businesses, promoting the economic well-being of the community.
5. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the purpose of the Retail Commercial (C-R) Zone to serve the entire community and the region, as well as tourists and travelers.
6. The proposed amendments to Table 2-1 (Uses Allowed by Zone Section § 17.10.020) of the Municipal Code are consistent with the purpose of the Service Commercial (C-S) Zone to provide services to meet local needs and demands of the region, including services and limited retail.

**SECTION 2. Environmental Determination.** Adoption of the proposed amendments to Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) of the Municipal Code has been reviewed in accordance with the California Environmental Quality Act (CEQA) Guidelines. It has been determined that the amendments are exempt from environmental review under CEQA Guidelines Section § 15301(b)(3) (General Rule Exemption), which applies to activities that can be clearly seen to have no potential for significant environmental impact. The proposed amendments involve minor modifications to the regulations governing commercial cannabis retail storefront operations and are not expected to have any significant effect on the environment. However, project-specific environmental review will be required for any new commercial cannabis activity. Any new or existing cannabis retail storefront seeking a Conditional Use Permit or an amendment to an existing permit to engage in delivery services will be required to comply with all applicable state and local laws, including CEQA requirements.

**SECTION 3. Action.** The City Council hereby adopts an ordinance to amend the Land Use section entitled, “Cannabis Activity” of Table 2-1 (Uses Allowed by Zone, Section § 17.10.020) in Title 17 (Zoning Regulations) of the City of San Luis Obispo Municipal Code to allow cannabis retail storefronts to conduct retail sales by delivery with approval of a Conditional Use Permit or by amendment to an existing Conditional Use Permit as set forth and incorporated herein.

Table 2-1: Uses Allowed By Zone																
Key:	A = Allowed; MUP = Minor Use Permit approval required; CUP = Conditional Use Permit approval required															
	M/A = Minor Use Permit approval required on ground floor along street frontage, allowed on second floor or above															
Land Use	Permit Requirement by Zoning District															Specific Use Regulations
	AG	C/OS	R-1	R-2	R-3	R-4	PF	O	C-N	C-C	C-R	C-D	C-T	C-S	M	

**CANNABIS ACTIVITY**

Cannabis																See Section 17.86.080				
Specialty Cultivator																	MUP	MUP	MUP	
Small Cultivator																	MUP	MUP	MUP	
Nursery																	MUP	MUP	MUP	
Manufacturing																	MUP	MUP	MUP	
Distributor																	MUP	MUP	MUP	
Microbusiness												CUP					MUP/ CUP	MUP/ CUP	MUP/ CUP	See Sec. 17.86.080(E)(12) for specific requirements per zone.
Testing								CUP									A	A	A	Director's action required. See also Sec. 17.86.080(E)(9).
Retailer (Delivery Only)																	MUP	MUP	MUP	
Retailer (Storefront with or without Delivery)												CUP					CUP			Existing retail storefronts that wish to provide delivery services shall modify their existing Conditional Use Permit to include delivery.

**SECTION 4. Severability.** If any subdivision, paragraph, sentence, clause, or phrase of this Ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalid or unenforceability shall not affect the validity or enforcement of the remaining provisions of this Ordinance, or any other provisions of the City's rules and regulations. It is the City's express intent that each remaining portion would have been adopted irrespective of the fact that any one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

**SECTION 5.** A summary of this ordinance, together with the names of Council members voting for and against, shall be published at least five (5) days prior to its final passage, in The New Times, a newspaper published and circulated in this City. This ordinance shall go into effect at the expiration of thirty (30) days after its final passage.

**INTRODUCED** on the 3<sup>rd</sup> day of August 2024, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the \_\_\_\_ day of \_\_\_\_, 2024, on the following vote:

- AYES:
- NOES:
- ABSENT:

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk



**Department:** Community Development  
**Cost Center:** 4003  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Timmi Tway, Community Development Director  
**Prepared By:** Walter Oetzell, Assistant Planner

**SUBJECT:** APPROVE A MILLS ACT HISTORICAL PROPERTY PRESERVATION AGREEMENT FOR THE SNYDER HOUSE AT 1406 MORRO STREET (HIST-0386-2024)

### RECOMMENDATION

As recommended by the Cultural Heritage Committee, adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving a Historic Property Preservation Agreement between the City and the owner of the Snyder House at 1406 Morro Street (Application No. HIST-0386-2024)."

### POLICY CONTEXT

The recommended action on this item is supported by historical preservation policies set out in § 3.0 of the Conservation and Open Space Element of the City's General Plan, particularly Program 3.6.2, regarding participation in financial incentive programs to encourage maintenance and restoration of historic properties, and also with the purpose of encouraging private stewardship of historic buildings through incentives, as provided by Section 14.01.010 (B)(3) of the City's Historic Preservation Ordinance.

### DISCUSSION

The owners of the Snyder House at 1406 Morro Street (Figure 1) submitted an application to enter into a Mills Act Historic Property Preservation Agreement with the City (see Request Letter, Attachment B, and Draft Agreement, Attachment C).

The property is located at the southeast corner of Morro and Pismo Streets, in the Old Town Historic District, and is developed with six residential buildings. The Snyder House is located at the corner of the property and is a two-story single-family dwelling built around 1885 (Figure 1), currently accommodating



Figure 1: The Snyder House (1406 Morro)

several rental units. The property was included in the Master Inventory of Historic Structures adopted in 1983 (Resolution No. 5197).<sup>1</sup>

The Historic Resources Inventory for the building (Attachment D) notes its architectural significance and several of the characteristic features of the dwelling's architectural style, described as "Victorian Wood Frame with Eastlake Motifs such as its shiplap siding, high-pitched roof, gabled dormers, and bargeboard woodwork attached to the eaves and façade. Also noted is its association with D.D. and Harriet H. Snyder, who operated a store on Higuera Street, and lived in the home in 1904 (Inventory, pg. 2).

**The Mills Act Program**

It is the City's policy that significant historic resources be rehabilitated and preserved (COSE § 3.3). The Mills Act Program is a property tax reduction program for protection of cultural resources that encourages their maintenance and restoration (§ 3.6.2 of the General Plan Conservation and Open Space Element). Participation in the program is limited to Master List Resources; the most unique and important historic resources in terms of age, architectural or historical significance, rarity, or association with important persons or events in the City's past (HPO § 14.01.050 (A)). Currently, there are 66 properties participating in the program, with the last request (for the Brecheen House at 1133 Pismo) approved by the Council in August, 2024.

The City and owners of a Master List Resource enter into an historical property contract under which the owners agree to restore, maintain, and protect the property in accordance with historical preservation standards. Owners may qualify for property tax relief, potentially realizing tax savings of between 40% and 60% per year. A Mills Act Contract has a minimum term of ten years, and is extended annually for an additional year, unless, after the initial term, either the City or the owner, by written notice, decides not to renew the contract.

**Previous Council or Advisory Body Action**

On August 26, 2024, the Cultural Heritage Committee reviewed this application for participation in the Mills Act Historic Preservation Program,<sup>2</sup> along with the terms of the draft preservation contract, and, by a vote of 7-0, recommended that the Council approve the contract.

**Public Engagement**

Public notice of this hearing has been provided to owners and occupants of property near the subject site, and published in The New Times and posted on the City's website. The agendas for this meeting have been posted at City Hall and online, consistent with adopted notification procedures for development projects.

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<sup>1</sup> Council Resolution 5197 available at: [opengov.slocity.org/WebLink/DocView.aspx?id=27829](https://opengov.slocity.org/WebLink/DocView.aspx?id=27829)

<sup>2</sup> Cultural Heritage Committee staff report (August 26, 2024) available online at: [opengov.slocity.org/WebLink/DocView.aspx?id=198786](https://opengov.slocity.org/WebLink/DocView.aspx?id=198786)



**ENVIRONMENTAL REVIEW**

Entering into a “Mills Act Contract” with the owners of historical property is not subject to the provisions of the California Environmental Quality Act (CEQA) because it is not a project as defined in CEQA Guidelines § 15378 (Definitions – Project). Implementation of the Mills Act is a government fiscal activity which does not involve commitment to any specific project resulting in a potentially significant physical impact on the environment CEQA Guidelines § 15378 (b)(4)).

**FISCAL IMPACT**

Budgeted: No  
 Funding Identified: No

Budget Year: 2024-2025

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$ N/A	\$	\$	\$
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$</b>	<b>\$ 0</b>	<b>\$</b>	<b>\$ 0</b>

After the Mills Act contract is recorded, the County Assessor values the property by an income capitalization method, following guidelines provided by the State Board of Equalization. Because of the timing and the method of valuing the restricted property, it is difficult to accurately estimate the tax savings and resulting fiscal impacts to the City under a particular historical property contract. However, the Office of Historic Preservation (California Department of Parks and Recreation) estimates that property owners participating in the program may realize property tax savings of between 40% and 60% each year for newly improved or purchased older properties. The City’s property tax revenue will be reduced accordingly.

**ALTERNATIVES**

1. ***Decline to enter into a Mills Act Historical Property Contract with the property owner.*** This alternative is not recommended. The contract provides a tax relief incentive that is a tool for achieving the City’s goals for historical preservation.
2. ***Continue consideration of the request to a future date for additional information or discussion.***

**ATTACHMENTS**

- A - Draft Resolution approving a Mills Act Contract for 1406 Morro Street)
- B - Draft Historic Property Preservation Agreement (HIST-0386-2024)
- C - Applicant Request Letter (HIST-0386-2024)
- D - Historic Resources Inventory (1406 Morro)

**RESOLUTION NO. \_\_\_\_ (2024 SERIES)**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, APPROVING A HISTORIC PROPERTY PRESERVATION AGREEMENT BETWEEN THE CITY AND THE OWNERS OF THE SNYDER HOUSE AT 1406 MORRO STREET (APPLICATION NO. HIST-0386-2024)**

**WHEREAS**, the City Council of the City of San Luis Obispo is authorized by California Government Code Section 50280 et seq. (known as “the Mills Act”) to enter into contracts with the owners of qualified historical properties to provide for appropriate use, maintenance, and rehabilitation such that these historic properties retain their historic characteristics; and

**WHEREAS**, the City Council has adopted Resolution No. 9136 (2000 Series), establishing the Mills Act Historic Property Tax Incentive Program as an ongoing historic preservation program to promote the preservation, maintenance, and rehabilitation of historic resources through financial incentives; and

**WHEREAS**, the City Council of the City of San Luis Obispo designated 1406 Morro Street, described as the Snyder House, as a Master List Historic Resource of the City of San Luis Obispo on August 16, 1983 by adoption of Resolution No. 5197, pursuant to the policies in the City’s Historic Preservation Program Guidelines; and

**WHEREAS**, Fred E. Kelley and Sophia P. Kelley, Trustees of the Kelley Family Trust dated April 13, 2005, are the owners of that certain qualified real property, together with associated structures and improvement thereon, located on Assessor’s Parcel Number 003-541-017, located at 1406 Morro Street, in the City of San Luis Obispo, California, also described as The Snyder House; and

**WHEREAS**, the City and Owners, for their mutual benefit, now desire to enter into an agreement to limit the use of the property to prevent inappropriate alterations and to ensure that character-defining features are preserved and maintained in an exemplary manner, and repairs and improvements are completed as necessary to carry out the purposes of California Government Code, Chapter 1, Part 5 of Division 1 of Title 5, Article 12, Sec. 50280 et seq., and to qualify for an assessment of valuation pursuant to Article 1.9, Sec. 439 et. seq. of the Revenue and Taxation Code; and

**WHEREAS**, the Cultural Heritage Committee of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California, on August 26, 2024, for the purpose of reviewing the proposed historic property preservation agreement, and recommended that the City enter into the agreement; and

**WHEREAS**, the City Council conducted a public meeting in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California, on October 1, 2024, for the purpose of considering approval of the historic property preservation agreement, and has duly considered all evidence, including the record of the Cultural Heritage Committee hearing and recommendation and the evaluation and recommendation by staff; and

**WHEREAS**, notices of said public hearings and meetings were made at the time and in the manner required by law.

**NOW, THEREFORE, BE IT RESOLVED**, by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Findings.** Based upon all the evidence, the City Council makes the following findings:

- a) Conservation and Open Space Element Program 3.6.2 states that the City will participate in financial assistance programs such as property tax reduction programs that encourage maintenance and restoration of historic properties.
- b) The Snyder House, located at 1406 Morro Street, has been recognized as a historic asset in the community by its designation as a Master List Historic Property by the City Council on August 16, 1983 (Resolution 5197). As such, maintaining the structure will meet the City’s goals for historic preservation listed in policies 3.3.1 through 3.3.5 of the Conservation and Open Space Element.

**SECTION 2. Environmental Determination.** The City Council has determined that the above actions do not constitute a project, as defined in California Environmental Quality Act Guidelines § 15378, and are not subject to environmental review.

**SECTION 3. Historic Property Preservation Agreement Approved.** The City Council hereby approves the “Historic Property Preservation Agreement between the City of San Luis Obispo and the Owners of the Historic Property Located at 1406 Morro Street,” to be entered into by the City and the property owners, Fred E. Kelley and Sophia P. Kelley, Trustees of the Kelley Family Trust dated April 13, 2005.

**SECTION 4. Community Development Director Authorized to Sign Agreement for City.** The City Council hereby authorizes the Community Development Director to execute said agreement on behalf of the Council of the City of San Luis Obispo.

R \_\_\_\_\_

**SECTION 5. Recordation of the Agreement.** No later than twenty (20) days after the parties enter into said agreement, the City Clerk shall cause the agreement to be recorded in the Office of the County Recorder of the County of San Luis Obispo.

On motion of Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll call vote:

AYES:  
NOES:  
ABSENT:

The foregoing resolution was passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk

R \_\_\_\_\_



**HISTORIC PROPERTY PRESERVATION AGREEMENT BETWEEN  
THE CITY OF SAN LUIS OBISPO AND THE OWNERS OF THE HISTORIC  
PROPERTY LOCATED AT 1406 MORRO STREET, IN THE CITY AND THE  
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA.**

**THIS AGREEMENT** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2024, by and between the City of San Luis Obispo, a municipal corporation (hereinafter referred to as the “City”), and Fred E. Kelley and Sophia P. Kelley, Trustees of the Kelley Family Trust dated April 13, 2005 (hereinafter referred to as “Owners”), and collectively referred to as the “parties.”

**Section 1. Description of Preservation Measures.** The Owners, their heirs, or assigns hereby agrees to undertake and complete, at their expense, the preservation, maintenance, and improvements measures described in “Exhibit A” attached hereto.

**Section 2. Effective Date and Term of Agreement.** This agreement shall be effective and commence upon recordation and shall remain in effect for an initial term of ten (10) years thereafter. Each year upon the anniversary of the agreement’s effective date, such initial term will automatically be extended as provided in California Government Code Section 50280 through 50290 and in Section 3, below.

**Section 3. Agreement Renewal and Non-renewal.**

- a. Each year on the anniversary of the effective date of this agreement (hereinafter referred to as “annual renewal date”), a year shall automatically be added to the initial term of this agreement unless written notice of nonrenewal is served as provided herein.
- b. If the Owners or the City desire in any year not to renew the agreement, the Owners or the City shall serve written notice of nonrenewal of the agreement on the other party. Unless such notice is served by the Owners to the City at least ninety (90) days prior to the annual renewal date, or served by the City to the Owners at least sixty (60) days prior to the annual renewal date, one (1) year shall automatically be added to the term of the agreement as provided herein.
- c. The Owners may make a written protest of the notice. The City may, at any time prior to the annual renewal date, withdraw its notice to the Owners of nonrenewal.
- d. If either the City or the Owners serves notice to the other party of nonrenewal in any year, the agreement shall remain in effect for the balance of the term then remaining.

**Section 4. Standards and Conditions.** During the term of this agreement, the historic property shall be subject to the following conditions:

- a. Owners agree to preserve, maintain, and, where necessary, restore or rehabilitate the building and its character-defining features, including: the building’s general

architectural form, style, materials, design, scale, proportions, organization of windows, doors, and other openings; interior architectural elements that are integral to the building's historic character or significance; exterior materials, coatings, textures, details, mass, roof line, porch, and other aspects of the appearance of the building's exterior, as described in Exhibit A, to the satisfaction of the Community Development Director or his designee.

- b. The building's interior closely relates to the property's eligibility as a qualified historic property. The Owners agree to allow pre-arranged tours on a limited basis, to the approval of the Community Development Director or his designee.
- c. All building changes shall comply with applicable City specific plans, City regulations and guidelines, and conform to the rules and regulations of the Office of Historic Preservation of the California Department of Parks and Recreation, namely the U.S. Secretary of the Interior's Standards for Rehabilitation and Standards and Guidelines for Historic Preservation Projects. Interior remodeling shall retain original, character-defining architectural features such wood details, pillars and arches, special tile work, or architectural ornamentation to the greatest extent possible.
- d. The Community Development Director shall be notified by the Owners of changes to character-defining exterior features prior to their execution, such as major landscaping projects and tree removals, exterior door or window replacement, repainting, remodeling, or other exterior alterations requiring a building permit. The Owners agree to secure all necessary City approvals and/or permits prior to changing the building's use or commencing construction work.
- e. Owners agree that property tax savings resulting from this agreement shall be used for property maintenance and improvements as described in Exhibit A.
- f. The following are prohibited: demolition or partial demolition of the historic building; exterior alterations or additions not in keeping with the standards listed above; dilapidated, deteriorating, or unrepaired structures such as fences, roofs, doors, walls, windows; outdoor storage of junk, trash, debris, appliances, or furniture visible from a public way; or any device, decoration, structure, or vegetation which is unsightly due to lack of maintenance or because such feature adversely affects, or is visually incompatible with, the property's recognized historic character, significance, and design as determined by the Community Development Director.
- g. Owners shall allow reasonable periodic examination, by prior appointment, of the interior and exterior of the historic property by representatives of the County Assessor, the State Department of Parks and Recreation, the State Board of Equalization, and the City as may be necessary to determine the owners' compliance with the terms and provisions of this agreement.



**Section 5. Furnishing of Information.** The Owners hereby agree to furnish any and all information requested by the City which may be necessary or advisable to determine compliance with the terms and provisions of this agreement.

**Section 6. Cancellation.**

- a. The City, following a duly-noticed public hearing by the City Council as set forth in Government Code Section 50285, may cancel this agreement if it determines that the Owners have breached any of the conditions of this agreement or has allowed the property to deteriorate to the point that it no longer meets the standards for a qualified historic property; or if the City determines that the Owners have failed to preserve, maintain, or rehabilitate the property in the manner specified in Section 4 of this agreement. If a contract is cancelled because of failure of the Owners to preserve, maintain, and rehabilitate the historic property as specified above, the Owners shall pay a cancellation fee to the State Controller as set forth in Government Code Section 50286, which states that the fee shall be 12 ½% of the full value of the property at the time of cancellation without regard to any restriction imposed with this agreement.
- b. If the historic building is acquired by eminent domain and the City Council determines that the acquisition frustrates the purpose of the agreement, the agreement shall be cancelled and no fee imposed, as specified in Government Code Section 50288.

**Section 7. Enforcement of Agreement.**

- a. In lieu of and/or in addition to any provisions to cancel the agreement as referenced herein, the City may specifically enforce, or enjoin the breach of, the terms of the agreement. In the event of a default, under the provisions to cancel the agreement by the Owners, the City shall give written notice of violation to the Owners by registered or certified mail addressed to the address stated in this agreement. If such a violation is not corrected to the reasonable satisfaction of the Community Development Director or designee within thirty (30) days thereafter; or if not corrected within such a reasonable time as may be required to cure the breach or default of said breach; or if the default cannot be cured within thirty (30) days (provided that acts to cure the breach or default may be commenced within thirty (30) days and shall thereafter be diligently pursued to completion by the Owners); then the City may, without further notice, declare a default under the terms of this agreement and may bring any action necessary to specifically enforce the obligations of the Owners growing out of the terms of this agreement, apply to any court, state or federal, for injunctive relief against any violation by the owners or apply for such relief as may be appropriate.
- b. The City does not waive any claim of default by the Owners if the City does not enforce or cancel this agreement. All other remedies at law or in equity which are not otherwise provided for in this agreement or in the City's regulations governing

historic properties are available to the City to pursue in the event that there is a breach or default under this agreement. No waiver by the City of any breach or default under this agreement shall be deemed to be a waiver of any other subsequent breach thereof or default herein under.

- c. By mutual agreement, City and Owners may enter into mediation or binding arbitration to resolve disputes or grievances growing out of this contract.

**Section 8. Binding Effect of Agreement.** The Owners hereby subject the historic building located at 1406 Morro Street, San Luis Obispo, California, Assessors Parcel Number 003-541-017, to the covenants, reservations, and restrictions as set forth in this agreement. The City and Owners hereby declare their specific intent that the covenants, reservations, and restrictions as set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Owners' successors and assigns in title or interest to the historic property. Every contract, deed, or other instrument hereinafter executed, covering or conveying the historic property or any portion thereof, shall conclusively be held to have been executed, delivered, and accepted subject to the covenants, reservations, and restrictions expressed in this agreement regardless of whether such covenants, restrictions, and reservations are set forth in such contract, deed, or other instrument.

**Section 9. Notice.** Any notice required by the terms of this agreement shall be sent to the address of the respective parties as specified below or at other addresses that may be later specified by the parties hereto.

To City: Community Development Director  
City of San Luis Obispo  
919 Palm Street  
San Luis Obispo, CA 93401

To Owners: Fred E. Kelly and Sophia P. Kelley, Trustees  
The Kelley Family Trust dated April 13, 2005  
1323 Mill St  
San Luis Obispo CA 93405

**Section 10. General Provisions.**

- a. None of the terms, provisions, or conditions of this agreement shall be deemed to create a partnership between the parties hereto and any of their heirs, successors, or assigns, nor shall such terms, provisions, or conditions cause them to be considered joint ventures or members of any joint enterprise.
- b. The Owners agree to hold the City and its elected and appointed officials, officers, agents, and employees harmless from liability for damage or from claims for damage for personal injuries, including death, and claims for property damage which may arise from the direct or indirect use or activities of the Owners, or from

those of their contractor, subcontractor, agent, employee, or other person acting on the Owners' behalf which relates to the use, operation, maintenance, or improvement of the historic property. The Owners hereby agree to and shall defend the City and its elected and appointed officials, officers, agents, and employees with respect to any and all claims or actions for damages caused by, or alleged to have been caused by, reason of the Owners' activities in connection with the historic property, excepting however any such claims or actions which are the result of the sole negligence or willful misconduct of City, its officers, agents, or employees.

- c. This hold harmless provision applies to all damages and claims for damages suffered, or alleged to have been suffered, and costs of defense incurred, by reason of the operations referred to in this agreement regardless of whether or not the City prepared, supplied, or approved the plans, specifications, or other documents for the historic property.
- d. All of the agreements, rights, covenants, reservations, and restrictions contained in this agreement shall be binding upon and shall inure to the benefit of the parties herein, their heirs, successors, legal representatives, assigns, and all persons acquiring any part or portion of the historic property, whether by operation of law or in any manner whatsoever.
- e. In the event legal proceedings are brought by any party or parties to enforce or restrain a violation of any of the covenants, reservations, or restrictions contained herein, or to determine the rights and duties of any party hereunder, the prevailing party in such proceeding may recover all reasonable attorney's fees to be fixed by the court, in addition to court costs and other relief ordered by the court.
- f. In the event that any of the provisions of this agreement are held to be unenforceable or invalid by any court of competent jurisdiction, or by subsequent preemptive legislation, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.
- g. This agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 11. Amendments.** This agreement may be amended, in whole or in part, only by a written recorded instrument executed by the parties hereto.

**Section 12. Recordation and Fees.** No later than twenty (20) days after the parties enter into this agreement, the City shall cause this agreement to be recorded in the office of the County Recorder of the County of San Luis Obispo. Participation in the program shall be at no cost to the Owners; however the City may charge reasonable and necessary fees to recover direct costs of executing, recording, and administering the historical property contracts.

IN WITNESS WHEREOF, the City and Owners have executed this agreement on the day and year written above.

THE KELLEY FAMILY TRUST DATED APRIL 13, 2005

\_\_\_\_\_  
Fred E. Kelley, Trustee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sophia P. Kelley, Trustee

\_\_\_\_\_  
Date

CITY OF SAN LUIS OBISPO

\_\_\_\_\_  
Mayor Erica A. Stewart

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Teresa Purrington, City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick, City Attorney

ALL SIGNATURES MUST BE NOTARIZED

EXHIBIT A

**MAINTENANCE AND IMPROVEMENT MEASURES FOR THE SNYDER HOUSE  
LOCATED AT 1406 MORRO STREET, SAN LUIS OBISPO, CALIFORNIA**

1. Owners shall preserve, maintain, and repair the historic building, including its character-defining architectural features in good condition, to the satisfaction of the Community Development Director or designee, pursuant to a Mills Act Preservation Contract with the City of San Luis Obispo for property located at 1406 Morro Street. Character-defining features shall include, but are not limited to: roof, eaves, dormers, trim, porches, walls and siding, architectural detailing, doors and windows, window screens and shutters, balustrades and railings, foundations, and surface treatments.

2. Owners agree to make the following improvements and/or repairs during the term of this contract but in no case later than ten (10) years from the contract date. All changes or repairs shall be consistent with the City's Historic Preservation Ordinance and the Secretary of the Interior's Standards for the Treatment of Historic Properties:

- Replacement of roofing materials and gutters
- Repair of trim detail (under gutters)
- Landscape maintenance, including trimming of trees
- Interior and exterior painting
- Waterproofing around claw-footed (original) bathtubs
- Window maintenance
- Interior structural renovations
- General maintenance and upkeep

THE KELLEY FAMILY TRUST DATED APRIL 13, 2005

\_\_\_\_\_  
Fred E. Kelley, Trustee

\_\_\_\_\_  
Date

\_\_\_\_\_  
Sophia P. Kelley, Trustee

\_\_\_\_\_  
Date



Hello,

Our names are Fred and Sophia Kelley and we own the Snyder House, a historical home located at 1406 Morro Street, at the corner of Morro and Pismo downtown. We believe this building qualifies for Mills Act Status and are therefore applying as such.

Built in 1885, the Snyder House boasts vernacular architecture consisting of its Victorian wood frame with Eastlake motifs. It is an L-shaped, 2-story wood house with 150' of frontage by 180' of depth. It has a high pitch roof with vintage gable dormers.

This legacy property once belonged to D.D. and Harriet Snyder who supplied necessary goods to the San Luis Obispo community by running a store at 760 Higuera. We imagine they may be related to local dentist G.A. Snyder, after whom the Snyder Building was named. Later, it was home to Mrs. Marion Kohler who served to educate the local youth as a teacher. This beautifully-restored gem preserves the integrity of the Old Historic Town neighborhood by conveying a glimpse into SLO's past to everyone heading downtown on Morro or Pismo St. We love it and are very passionate about preserving it.

The home is currently on the "Master's List" and we hope to have it added to the Mills Act list. We have attached a list of Planned Improvements and a timeline of what we plan to do in the next few years.

Thank you for your time and consideration.

Best,  
Sophia and Fred Kelley

**PLANNED IMPROVEMENTS**

Property: 1406 Morro Street, San Luis Obispo, CA 93401

<u>Item</u>	<u>Item completion year</u>
Replace roof	2024
Replace gutters	2024
Repair trim detail under gutters	2025
Trim trees	2025
Update landscaping	2026
Landscape lighting	2026-2027
Interior painting	2027
Exterior painting	2027-2028
New fence in back by parking lot	2025
Waterproof around claw tubs to keep original tubs	2025-2026
Maintenance on original windows	2027
Interior structural renovations	2025-2028



Ser. No. 0071-04R  
 HABS \_\_\_\_\_ HAER \_\_\_\_\_ NR 4 SHL \_\_\_\_\_ Loc \_\_\_\_\_  
 UTM: A 10/712990/3906230 B \_\_\_\_\_  
 C \_\_\_\_\_ D \_\_\_\_\_

**HISTORIC RESOURCES INVENTORY**

**IDENTIFICATION**

1. Common name: \_\_\_\_\_
2. Historic name: Snyder House
3. Street or rural address: 1406 Morro Street  
 City San Luis Obispo Zip 93401 County San Luis Obispo
4. Parcel number: 03-541-17
5. Present Owner: Thomas, S.B. Address: 864 Venable  
 City San Luis Obispo Zip 93401 Ownership is: Public \_\_\_\_\_ Private X
6. Present Use: Residential Original use: Residential

**DESCRIPTION**

- 7a. Architectural style: Victorian Wood Frame (Vernacularization) with Eastlake Motifs
- 7b. Briefly describe the present *physical description* of the site or structure and describe any major alterations from its original condition:

This two story modified L-shaped wood structure has a high pitched roof with asbestos shingled L-shaped gables with gablet dormers breaking the eaves. The gable ends include bargeboard woodwork attached to the eaves as well as the facade. The residence is sheathed with shiplap siding, and has vertical wide trim at the corners. A small entry porch sits within the L-shape where a larger open porch may have existed. Bracketing ornament and decorative wood columns flank the entry porch. The door is rectangular in shape with a transom above. Windows on the upper story are double hung, elongated with pointed upper panes. They are surrounded with molded trim with shelflike sills. Lower story windows are double hung as well with molding. A bay window is attached to the left side of the unit and has a separate low pitched roof. A small garage sits to the right side of the structure.



8. Construction date:  
 Estimated 1885 Factual \_\_\_\_\_
9. Architect Unknown
10. Builder Unknown
11. Approx. property size (in feet)  
 Frontage 150' Depth 180'  
 or approx. acreage \_\_\_\_\_
12. Date(s) of enclosed photograph(s)  
January 1983

13. Condition: Excellent \_\_\_ Good X Fair \_\_\_ Deteriorated \_\_\_ No longer in existence \_\_\_
14. Alterations: \_\_\_\_\_
15. Surroundings: (Check more than one if necessary) Open land \_\_\_ Scattered buildings \_\_\_ Densely built-up \_\_\_  
Residential X Industrial \_\_\_ Commercial \_\_\_ Other: \_\_\_\_\_
16. Threats to site: None known X Private development \_\_\_ Zoning \_\_\_ Vandalism \_\_\_  
Public Works project \_\_\_ Other: \_\_\_\_\_
17. Is the structure: On its original site? Yes Moved? \_\_\_ Unknown? \_\_\_
18. Related features: \_\_\_\_\_

**SIGNIFICANCE**

19. Briefly state historical and/or architectural importance (include dates, events, and persons associated with the site.)

1406 Morro is a Carpenter Gothic/Eastlake home built before 1886 on a corner lot. A successful conversion to multiple use, it houses five living units. Its carefully executed restoration, colorful paint and well-maintained landscaping make an attractive presentation to two streets and a positive contribution to the integrity of the neighborhood.

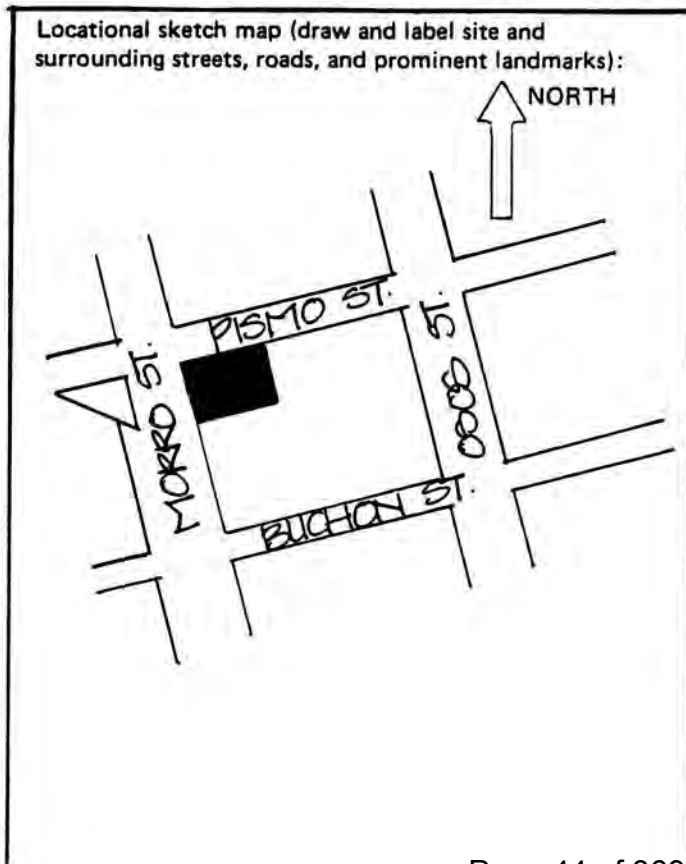
D.D. and Harriet H. Snyder, merchants who operated a store at 760 Higuera, lived here in 1904. Mrs. Marion Kohler, a teacher and widow of Thomas Kohler, resided here in 1914.

20. Main theme of the historic resource: (If more than one is checked, number in order of importance.)  
Architecture 1 Arts & Leisure \_\_\_  
Economic/Industrial \_\_\_ Exploration/Settlement \_\_\_  
Government \_\_\_ Military \_\_\_  
Religion \_\_\_ Social/Education \_\_\_

21. Sources (List books, documents, surveys, personal interviews and their dates).

City Directory (1904, 1914)  
Sanborn Fire Insurance Maps  
(1903, 1909)

22. Date form prepared JUN 15 1983  
By (name) Historic Res. Survey Staff  
Organization City of San Luis Obispo  
Address: P.O. Box 321  
City San Luis Obispo Zip 93401  
Phone: (805) 541-1000





**Department:** Administration  
**Cost Center:** 1005  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Greg Hermann, Deputy City Manager  
**Prepared By:** Robert Hill, Sustainability & Natural Resources Official

**SUBJECT:** SAN LUIS OBISPO REPERTORY THEATRE – AMENDMENT NO. 1 TO GRANT AGREEMENT

## RECOMMENDATION

Approve Amendment No. 1 to Grant Agreement between the San Luis Obispo Repertory Theatre and the City of San Luis Obispo to provide grant funding in the additional amount of \$2,760,000 and authorize the Mayor to execute the agreement.

## POLICY CONTEXT

SLO REP’s long-standing plans for construction of a new Downtown Theatre project (the “Downtown Theatre”) are consistent with the plans for the Cultural Arts District identified in the City’s Downtown Concept Plan (2017) and the “Economic Resiliency, Cultural Vitality and Fiscal Sustainability” Major City Goal, Strategic Approach 1.4(a), “Continue to work with our community partners to ensure the Cultural Vitality of the City,” as specified in the City’s 2023-25 Financial Plan.

## DISCUSSION

### Background

The San Luis Obispo Repertory Theatre (“SLO REP”), previously known as the San Luis Obispo Little Theatre, has been a long-standing tenant of the City’s old library property at 888 Morro Street located next door to City Hall. SLO REP first began to set forth a vision for a new 300-seat community theatre in the early 1990s. In March 2000, the City Council identified several options for such a theatre within what would become known as the Cultural Arts District Parking Structure site located at the corner of Palm and Nipomo Streets and committed to working with SLO REP.

SLO REP is a strong community partner and local non-profit, including a sound Board and governance structure, professional staff and theatre offerings, and implementation of a significant capital campaign in anticipation of the design, construction, and operating costs associated with the planned move to a new location.

On May 22, 2019, the City and SLO REP entered into an Exclusive Negotiating Agreement (“ENA”) to set the parameters and conditions for SLO REP’s long-term use of a portion of the City property for construction and operation of a new Downtown Theatre where the Cultural Arts District Parking Structure will also be located.

On January 25, 2022, SLO REP submitted to the City Council a formal “Challenge Grant” request for funding in the amount of \$3,940,000 towards construction of the new Downtown Theatre project. At its regularly scheduled meeting on February 15, 2022, the City Council appropriated the requested funding as part of the FY 2021-2022 Mid-Year Budget Review. On April 21, 2022, the City and SLP REP entered into a Grant Agreement for funding in the aggregate amount of \$3,940,000 (Attachment B).

On May 22, 2024, the City and SLO REP entered into Amendment No. 1 to the Exclusive Negotiating Agreement to extend the term for up to a one-year term in total, with additional provisions that require a written document that demonstrates an operating reserve of 20% for the first year of operating the new theatre and a three-year operating plan, including the establishment of a fund for building and facilities maintenance and repair. It is anticipated that the ENA will be replaced by a long-term lease with a term not-to-exceed 99 years when SLO REP can demonstrate that all conditions of the ENA, as amended, have been met (Attachments C and D). A lease agreement is tentatively planned for Council consideration in November 2024.

On May 30, 2024, the City Council received from SLO REP an update to their Challenge Grant request (Attachment E). In making its request for additional funding, SLO REP’s letter describes the following investment rationale:

1. Direct economic impact of more than \$4 million annually once fully operational.
2. Attraction of 50,000 people annually to the downtown area.
3. Consistency with Major City Goals for arts and culture, as well as relevant DEI activities through multi-cultural programming, diverse casting, theatre offerings, and support of other local non-profits / community-based organizations.
4. Activation of “Theatre in the Park” events to reach new audiences at no-cost or low-cost at staged outdoor venues such as Mission Plaza or Mitchell Park.

On June 4, 2024, the City Council adopted Resolution No. 11501 (2024 Series) approving the Fiscal Year 2024-25 Budget, including an additional \$2.76 million in grant funding to SLO REP towards the project (Attachment F).

### **Key Highlights of the Grant Agreement and Amendment No. 1**

The existing Grant Agreement and draft Amendment No. 1 include the following key deal points and structure, consistent with prior direction from the City Council:

1. Grant funding in the combined amount of \$6,700,000 (\$3,940,000 plus \$2,760,000).
2. The Exclusive Negotiating Agreement and Amendment No. 1 to Exclusive Negotiating Agreement are incorporated by reference.

3. SLO REP must meet a series of conditions precedent to funding, including raising and first utilizing all other necessary funds to complete the project, execution of a long-term lease for the property on which the new Downtown Theatre will be constructed, and obtaining all required building permits and project entitlements.
4. Grant funds may be used for direct construction costs at the new Downtown Theatre only.
5. Grant funds will be disbursed only on a reimbursement basis upon submittal of satisfactory invoices.
6. SLO REP shall submit quarterly progress reports to the City.

**Public Engagement**

SLO REP's Updated Challenge Grant Request was considered as part of the FY 2024-2025 Supplemental Budget Review at the City Council's regularly scheduled and noticed meeting. Council considered both public testimony and written correspondence submitted by SLO REP and its supporters detailing their current anticipated budget and necessary funding required to complete the new Downtown Theatre building.

The contractual arrangements specified in the draft Amendment No. 1 to Grant Agreement are considered a matter of routine City business in order to carry out City Council's budget priorities; however, any member of the public may provide written comments or in-person testimony addressing this item.

**CONCURRENCE**

The City's Public Works Department and Community Development Department have offered their concurrence with the recommended action.

**ENVIRONMENTAL REVIEW**

Entering into the subject Grant Agreement is not considered a project, in and of itself, under CEQA Guidelines Section 15378. However, the City completed environmental review as lead agency for both its Parking Structure and the Downtown Theatre and certified a Final Environmental Impact Report by Resolution No. 10923 (2018 Series).

**FISCAL IMPACT**

Budgeted: Yes  
Funding Identified: No

Budget Year: 2024-25

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$3,940,000	\$2,760,000	\$	\$
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$3,940,000</b>	<b>\$2,760,000</b>	<b>N/A</b>	<b>N/A</b>

In [Council Agenda Correspondence](#) published contemporaneous with the June 4, 2024 City Council meeting, staff described that the requested \$2,760,000 could be funded by designating a portion of the Infrastructure Investment Fund (IIF) that had been identified for the Prado Bridge (which is not expected to go to construction in the current fiscal year). Further, “Staff would return to Council in September (upon completion of the unaudited year-end report) with an amended grant agreement. Staff would also recommend that the Council prioritize backfilling the funding for the Prado Bridge project using one-time funds available as a part of the Mid-year budget update in February 2025.”

As described under a separate Council Agenda Report also on the October 1, 2024, agenda titled *FY 2023-24 Year End Budget Report (Unaudited)*, the General Fund ended the year with sufficient fund balance available to contribute the full additional \$2.76 million previously authorized by Council to the Infrastructure Investment Fund. Staff will include a recommendation with the FY 2024-25 Mid-Year Budget Report to make this contribution to the IIF, which will ensure that other projects funded out of the IIF will not be impacted.

**ALTERNATIVES**

- Council may direct modifications to the draft Amendment No. 1 to Grant Agreement to incorporate different terms or requirements.***
- Council could direct staff to bring back an item for future budget hearings when action could be taken to identify other funding sources in support of the draft Amendment No. 1 to Grant Agreement. This alternative is not recommended as sufficient funding is available to allocate to the IIF as part of the FY 2024-25 Mid-Year Budget Report, as contemplated at the June 4, 2024, City Council meeting.***

**ATTACHMENTS**

- A - Draft Amendment No. 1 to Grant Agreement
- B - Grant Agreement - April 21, 2022
- C - Exclusive Negotiating Agreement – May 22, 2019
- D - Amendment No. 1 to Exclusive Negotiating Agreement – May 22, 2024
- E - SLO REP Challenge Grant Update – May 30, 2024
- F - City Council Minutes - June 4, 2024

**AMENDMENT NO. 1 TO GRANT AGREEMENT**  
**SAN LUIS OBISPO**  
**REPERTORY THEATRE**

THIS AMENDMENT NO. 1 TO GRANT AGREEMENT is made and entered in the City of San Luis Obispo on \_\_\_\_\_, by and between the City of San Luis Obispo, a California Municipal Corporation and Charter City (“the City”) and San Luis Obispo Repertory Theatre, a California non-profit organization (“SLO REP”). The City and SLO REP are jointly referred to as the “Parties”.

**WITNESSETH:**

WHEREAS, on May 22, 2019, the City and SLO REP entered into an Exclusive Negotiating Agreement (“ENA”), and on May 22, 2024 entered into Amendment No. 1 to the Exclusive Negotiating Agreement, which together set forth the current parameters, conditions, milestones, and conditions precedent to entering into a long-term lease for SLO REP to use a portion of City property to construct and operate a new theatre building adjacent to the City’s Cultural Arts District Parking Structure, and

WHEREAS, on April 21, 2022, the City and SLO REP entered into a Grant Agreement that set forth certain parameters, conditions, milestones, and conditions precedent to the City providing one-time only grant funding to SLO REP to be paid in installments not-to-exceed the aggregate sum of \$3,940,000 for reimbursement of direct construction costs incurred for the new theatre building, and

WHEREAS, on June 4, 2024, the City Council adopted Resolution No. 11501 (2024 Series) approving the Fiscal Year 2024-25 Budget and, upon consideration of public testimony and written correspondence submitted by SLO REP detailing their current anticipated budget and necessary funding required to complete the new theatre building, included an additional \$2,760,000 million in grant funding to SLO REP towards the project, for a total in grant funding towards the project, by the City of San Luis Obispo, in the amount of \$6,700,000.

NOW THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, the parties hereto agree as follows:

1. The Grant Agreement is hereby amended as follows:
  - i. The sum of grant funding shall be increased by the amount of \$2,760,000.00 for a total of \$6,700,000.00.
  - ii. The Exclusive Negotiating Agreement and Amendment No. 1 to the Exclusive Negotiating Agreement are hereby incorporated by reference, and attached hereto collectively as Exhibit A.
2. All other terms and conditions of the Grant Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first written above.

CITY OF SAN LUIS OBISPO

SLO REPERTORY THEATRE

\_\_\_\_\_  
Erica A. Stewart, Mayor

\_\_\_\_\_  
Kevin Harris, Managing Artistic Director

ATTEST

\_\_\_\_\_  
Teresa Purrington, City Clerk

APPROVED AS TO FORM

\_\_\_\_\_  
J. Christine Dietrick, City Attorney



**GRANT AGREEMENT  
SAN LUIS OBISPO  
REPERTORY THEATRE**

This agreement dated 4/21/2022 | 2:47 PM PDT is between SAN LUIS OBISPO REPERTORY THEATRE, a California non-profit corporation (“SLO REP”) and CITY OF SAN LUIS OBISPO, a California Municipal Corporation and Charter City (“CITY”) (the “Grant Agreement”) with reference to the following:

WHEREAS, SLO REP and CITY previously entered into an Exclusive Negotiating Agreement (the “ENA”) on May 22, 2019, that identified a mutual interest in the development of a new theatre site, to be leased by SLO REP, and a new City parking structure to be located on CITY property, together with obligations to be performed by both CITY and SLO REP and recitation of conditions precedent for purposes of SLO REP entering into a long-term lease with CITY for a portion of CITY’s property; and

WHEREAS, SLO REP issued a written Challenge Grant Request to the City Council dated January 25, 2022, that set forth a rationale and basis for SLO REP’s request of CITY to contribute to the construction of its new downtown theatre project (the “Downtown Theatre”), to be located at the corner of Palm Street and Nipomo Street, San Luis Obispo, and contiguous with CITY’s planned Cultural Arts District Parking Structure (“Parking Structure”); and

WHEREAS, at its regularly scheduled meeting on February 15, 2022, the City Council appropriated \$3.94 million, as requested by SLO REP, as part of its approval of the FY 2021-2022 Mid-Year Budget Review; and

WHEREAS, CITY’s financial support towards construction of the Downtown Theatre to be leased and used by SLO REP is intended to be a challenge grant that will serve to motivate and catalyze other funders and donors in furtherance of SLO REP’s overall capital campaign and fundraising goals for the construction of the Downtown Theatre site development; and

WHEREAS, the new Downtown Theatre will ultimately be available to both residents of the City and visitors alike, thereby serving public purposes in furtherance of CITY’s goals for facilitating both arts and cultural amenities, as well as contributing to a thriving and prosperous downtown area through economic development activities, and

WHEREAS, SLO REP’s long-standing plans for construction of a new Downtown Theatre are consistent with CITY’s Downtown Concept Plan (2017) and its “Economic Recovery, Resiliency & Fiscal Sustainability” Major City Goal specified in the 2021-23 Financial Plan, and

WHEREAS, CITY completed environmental review as lead agency for both the development of the Parking Structure and the Downtown Theatre and certified a Final Environmental Impact Report by Resolution No. 10923 (2018 Series).

NOW, THEREFORE, CITY and SLO REP for and in consideration of the mutual benefits, promises and agreements set forth herein, do agree as follows:

### **1. Construction of the Downtown Theatre**

On or before the date that is ten (10) years following the execution of this Grant Agreement, SLO REP shall complete construction of the Downtown Theatre. SLO REP's failure to comply with this term may result in amendment, provided substantial progress or extenuating circumstances can be documented, or termination of this Agreement as provided herein.

### **2. Grant Amount and Allowed Expenses**

City agrees to pay SLO REP a one-time only grant in installments as provided in Section 4, the aggregate sum of \$3,940,000 ("Grant Funds"), to be used towards the construction of the Downtown Theatre, subject to the conditions set forth herein. The Grant Funds shall only be used for Eligible Costs directly related to construction of the Downtown Theatre as specified below.

CITY's Grant Funds may only be used for direct construction costs defined as contractor expenses for labor, project management, material, equipment, utilities and other direct construction costs ("Eligible Costs"). Payments for "soft" costs are not Eligible Costs and shall not be paid from CITY Grant Funds. "Soft" costs are expense items that are not considered direct construction costs such as architectural and engineering expenses or project fees associated with the project. If there is a dispute about whether a project cost is an Eligible Cost, CITY shall have final determination of whether the cost is an Eligible Cost.

SLO REP acknowledges that construction of the Downtown Theater is subject to payment of prevailing wages on the entirety of the project due to the City's contribution of funding to the project and that such obligation will be expressly conveyed by SLO REP to and will be binding on any covered contractor engaged to perform work on the Downtown Theatre project.

### **3. Conditions Precedent to Funding**

SLO REP shall satisfy the following required conditions prior to any disbursement of Grant Funds by CITY. With respect to any requested reimbursement, SLO REP shall:

- a. Maintain its 501(c)(3) non-profit status.
- b. Shall secure all other grant funds, donations, pledges, or financing necessary to complete construction of the Downtown Theatre, inclusive of the amount of Grant Funds provided by the CITY pursuant to this Grant Agreement, and shall first utilize (or provide for first utilizing) all other grant funds, donations, or financing then available (collectively "Other Available Funding") for the construction of the Downtown Theatre prior to any request for reimbursement from CITY. However, SLO REP's initial reimbursement request for Grant Funds may be made prior to complete exhaustion of Other Available Funding, as necessary, to ensure continued availability of funding to complete construction of the Downtown Theatre in conformance with the construction schedule to be provided under Section 3(e) and the schedule of values to be provided under Section 3(f). However, in no instance shall reimbursement requests for CITY's Grant Funds exceed the estimated value of completed improvements.

- c. Continue to adhere to all of the requirements of the ENA, attached hereto as Exhibit A and hereby incorporated by reference, until such time as a long-term lease is entered into with CITY, as contemplated by the ENA. Once the long-term lease is in place, SLO REP shall abide by all lease terms and conditions.
- d. Have secured all necessary project entitlements and building permit(s) for construction of the Downtown Theatre that may be applicable as further described in Paragraph 6, below.
- e. Have submitted to the Public Works Director's reasonable satisfaction a critical path construction schedule that includes all Downtown Theatre project-related tasks, and thereafter update this critical path construction schedule and furnish the same to the City on a quarterly basis (4 times a year) until construction is complete and a certificate of occupancy for the Downtown Theatre is furnished.
- f. Submit to the Public Works Director's reasonable satisfaction a "schedule of values" for items of work the general contractor will thereafter be completing. Identify in the schedule of values each of the items that are proposed to be funded, and when, by CITY Grant Funds.

#### **4. Reimbursement Requests**

Upon satisfaction of the conditions identified in Section 3, reimbursement payment requests for Eligible Costs identified in the construction schedule required pursuant to Section 3(e) shall be submitted to CITY's Deputy City Manager. Reimbursement payment requests shall include supporting documentation including contractor invoices and the most current building inspection documentation available at that time, as well as a statement that the construction work progress has been accepted by SLO REP. Reimbursement payment requests may be submitted on a bi-monthly (twice per month) basis and will be reviewed and approved for reimbursement by the CITY in a timely manner, and CITY will make best efforts to process and pay reimbursement requests within fifteen (15) business days from the date of such payment request, provided that sufficient documentation supporting the reimbursement request is provided to CITY. Sufficiency of payment documentation shall be in the sole but reasonable discretion of the CITY and CITY reserves the right to request and receive additional reasonable documentation to support SLO REP's reimbursement requests and as may be appropriate to aid in City's determination of whether the requested reimbursement payment is for an Eligible Cost.

#### **5. Construction at Other Sites**

If SLO REP determines that construction of the Downtown Theatre at the specified site is impractical or inadvisable for any reason, then SLO REP may not use the Grant Funds for any other purpose without prior written approval of the City Council.

#### **6. Permits**

SLO REP shall apply for and obtain all necessary building and other related permits and project entitlements necessary to construct the Downtown Theatre in conformance with local, state, and federal laws. This Grant Agreement does not authorize the construction of the Downtown Theatre or otherwise alter or impact the exercise of the City's independent regulatory and land use authority.

## **7. Funding Source Recognition**

SLO REP will ensure recognition of the role of CITY in providing funding through this Grant Agreement. CITY shall be identified as a funding source in all applicable publications, press releases, social media outreach and similar fundraising promotions.

## **8. Amendments**

CITY and SLO REP may amend this Agreement at any time provided that such amendments make specific reference to this Grant Agreement, and are executed in writing, signed by a duly authorized representative of each organization, and approved by the City Council. Such amendments will not invalidate this Agreement, nor relieve or release either CITY or SLO REP from its obligations under this Grant Agreement, except as expressly provided in writing in any such duly executed amendments.

## **9. Quarterly Reports and Financial Assurance**

The SLO REP shall provide quarterly reports on both Downtown Theatre construction project progress including the use of CITY Grant Funds. These reports shall be due at the end of the first month after the end of the calendar quarter (i.e. January, April, July, and September) and submitted to the Deputy City Manager. The quarterly reports should include percentage of construction completion, other available funding on hand or then receivable, and work anticipated to be completed in the following quarter. CITY reserves the right to request and receive copies of invoices, account statements, or audits of SLO REP's financial records pertinent to the Downtown Theatre's construction and in CITY's sole discretion, to withhold reimbursement payments until satisfactory reports and supporting documentation are received.

## **10. Assignability**

The SLO REP shall not assign or transfer any interest in this Grant Agreement without the prior written consent of the City Council.

## **11. Conflict of Interest**

No member of the CITY's governing body and no other public official of such locality, who exercises any functions or responsibilities in connection with the planning or carrying out of the Downtown Theatre project, will have any personal financial interest, direct or indirect, in this Grant Agreement; and the SLO REP will take appropriate steps to assure compliance.

SLO REP agrees to abide by the provisions of 24 CFR 84.42 and 570.611, which require in part, that SLO REP to maintain a written code or standards of conduct that will govern the performance of its officers, employees or agents engaged in the award and administration of contracts supported by Federal funds.

## **12. Severability**

If any provision of this Grant Agreement is held invalid, the remainder of the Grant Agreement will not be affected thereby and all other parts of this Grant Agreement will nevertheless remain in full force and effect.

**13. Entire Agreement**

This Agreement constitutes the entire agreement between CITY and SLO REP for the use of funds received under this Grant Agreement and shall supersede all prior communications and proposals, whether electronic, oral, or written between CITY and SLO REP with respect to this Grant Agreement.

**14. No Agency or Employment**

The SLO REP is solely responsible for all activities supported by this Grant Agreement. Nothing in this Grant Agreement creates a partnership, agency, joint venture, employment, or any other type of relationship between SLO REP and CITY. SLO REP shall not represent itself as an agent of CITY for any purpose, and has no authority to bind CITY in any manner whatsoever. SLO REP and all of its agents, representatives, or participants in any manner in the performance of its obligations and duties hereunder, shall be employees, independent contractors, or volunteers solely of SLO REP. They shall not for any purpose be considered employees or agents of CITY.

**15. Indemnification**

The SLO REP agrees, to the fullest extent permitted by law, to defend, indemnify, and hold harmless CITY its officers, directors, affiliates, employees, and agents (“City Indemnitees”), from and against any and all claims, liabilities, losses and expenses (including reasonable attorney’s fees) directly, indirectly, wholly or partially arising from or in connection with any act or omission of SLO REP, its employees or agents, in applying for, accepting, or use of the Grant Funds, or in carrying out the Downtown Theatre project as set forth. In the event the City Indemnitees are made a party to any action, lawsuit, or other adversarial proceeding arising from SLO REP’s performance under this Grant Agreement, SLO REP shall provide a defense to the City Indemnitees or at the City’s option, reimburse the City Indemnitees their costs of defense, including reasonable legal fees, incurred in defense of such claims.

**16. Termination**

The City Manager may, within his or her reasonable discretion, initiate termination of this Grant Agreement in the event of any material breach of the terms of this Grant Agreement by SLO REP. Material breach includes breach of Sections 1-7, 9 and 15 of this Grant Agreement, but does not include minor delays in reporting or other delays in obligations set forth herein caused through no fault of SLO REP as well as administrative or clerical errors made in good faith. Upon the City Manager’s written notice of breach, SLO REP shall have forty-five (45) calendar days to cure any such breach (the “Notice of Breach”). Should SLO REP fail to cure, or provide documentation of substantial progress towards curing such breach within forty-five (45) calendar days of the date of the Notice of Breach, the City Manager shall provide written notice of termination of this Grant Agreement (the “Notice of Termination”). Said termination shall be effective thirty (30) calendar days after the City Manager mails the Notice of Termination to SLO REP. Any remaining Grant Funds in excess of then unpaid Eligible Costs, as defined in Section 2, actually incurred as of the date of notice of termination shall revert to CITY upon the effective date of termination.

**17. Notices**

For purposes of notice under this agreement, all notices shall be considered effective upon being sent by certified mail to the following addresses:

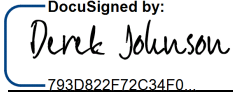
**CITY:**

City of San Luis Obispo  
990 Palm Street  
San Luis Obispo, CA 93401  
Attn: City Manager

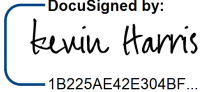
**SLO REP:**

San Luis Obispo Repertory Theatre  
888 Morro Street  
San Luis Obispo, CA 93401  
Attn: Managing Artistic Director

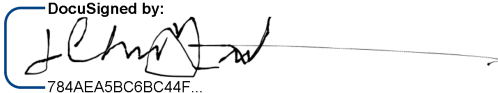
**CITY OF SAN LUIS OBISPO, A MUNICIPAL CORPORATION**

By:   
793D822F72C34F0...  
Derek Johnson, City Manager

**SAN LUIS OBISPO REPERTORY THEATRE, A CALIFORNIA NON-PROFIT CORPORATION**

By:   
1B225AE42E304BF...  
Kevin Harris, Managing Artistic Director

**APPROVED AS TO FORM:**

By:   
784AEA5BC6BC44F...  
J. Christine Dietrick, City Attorney

## EXCLUSIVE NEGOTIATING AGREEMENT

This Exclusive Negotiating Agreement (“Agreement”) is entered into this 5/22/2019 day of \_\_\_\_\_, 2019 (the “Effective Date”), by and between the City of San Luis Obispo, a California charter municipal corporation (“the City”) and San Luis Obispo Repertory Theatre, a California non-profit corporation (“SLO REP”). The City and SLO REP are jointly referred to as the “parties”.

### RECITALS

WHEREAS, the City is the legal owner of the property located at 888 Morro Street in San Luis Obispo, California (the “Property”); and

WHEREAS, the City identified a portion of the Property as the site of a proposed public parking structure (“Palm Nipomo Parking Structure”) and anticipates that an estimated 18,000 square foot portion of the Property will not be needed for the Palm Nipomo Parking Structure (“Remainder Property”); and

WHEREAS, SLO REP desires to construct a not-for-profit live performance theatre facility and related on-site and off-site (if any) improvements (“Theatre”) on the Remainder Property; and

WHEREAS, the parties recognize that the exact location, size and availability of the Remainder Property for the Theatre cannot be determined at this time, and understand that the Remainder Property has development restrictions including maintenance of trees, street setbacks and provision of pedestrian connections/plazas from the Palm Nipomo Parking Structure to Monterey Street that affect the net buildable land; and

WHEREAS, the City wishes to support community-based performing arts groups by encouraging development of a live performance theatre facility in the downtown; and

WHEREAS, the City and SLO REP recognize that identifying a location for the Theatre, as well as some of the terms of a future lease, may help SLO REP’s capital fundraising efforts; and

WHEREAS, construction of the Palm Nipomo Parking Structure and the Theatre and related rezoning and general plan amendments will require environmental review, and SLO REP must provide certain information about the Theatre before City can conduct the environmental review; and

WHEREAS, the City’s Financial Management Manual allows exclusive negotiations for long term lease of City property when there is a clear link between the proposal and accomplishment of significant City goals, plans or policies; and

WHEREAS, the City considers the development of a not-for-profit live performance theatre on the Remainder Property to be in the public interest and in accordance with the City’s goals and the existing and proposed Downtown Concept Plan.

NOW, THEREFORE, in consideration of the mutual covenants, conditions, promises and agreements herein set forth, the parties agree as follows:

## AGREEMENT

1. **RECITALS.** The above Recitals are true.
2. **TERM.** This Agreement shall commence upon the Effective Date and shall continue in effect for a period of five (5) years (the “Term”), unless sooner terminated as provided herein. The Parties may extend the Term of this Agreement in writing upon mutual consent.
3. **PURPOSE.** The purpose of this Agreement is to enable the City to proceed with the Palm Nipomo Parking Structure, and to allow SLO REP to explore the feasibility of SLO REP financing, designing, constructing and operating the Theatre, at its sole cost and expense, on the Remainder Property.
4. **CITY’S OBLIGATIONS.** The City shall, during the Term of this Agreement:
  - a. **Exclusivity.** Negotiate exclusively with SLO REP as the future tenant of the Remainder Property.
  - b. **Initiate Rezoning, General Plan amendments, and Lot Line Adjustment.** Upon City Council authorization, initiate all rezoning, General Plan amendments, and a lot line adjustment necessary to allow the construction of the Palm Nipomo Parking Structure on a portion of the Property and the Theatre on the Remainder Property. The intent of this Agreement is for the Remainder Property to be created as a “finished lot,” although the City legally cannot, and therefore does not, contractually agree as to how it will exercise its legislative authority to rezone or amend the General Plan and its land use authority to complete a lot line adjustment.
  - c. **Environmental Review.** The City has completed environmental review of the Palm Nipomo Parking Structure and the Theatre and has certified a Final Environmental Impact Report (“FEIR”) by Resolution No. 10923 (2018 Series). If SLO REP makes any changes to the Theatre design or if any of the conditions set forth in CEQA Guidelines § 15162 are triggered, then SLO REP may negotiate the portion of costs it will bear in the event substantial new environmental issues are discovered during construction, or if any project-specific environmental review related to the Theatre is deemed necessary.
5. **SLO REP’s OBLIGATIONS.** SLO REP shall, during the term of this Agreement:
  - a. **Non-Profit Status.** Be a California non-profit corporation in good standing and be exempt from state and federal income taxes under section 501 (c) (3) of the Internal Revenue Code.
  - b. **Proof of Financial Ability.** Provide to City’s reasonable satisfaction that it has the financial ability to design, construct and operate the Theatre on the Remainder Property. At a minimum SLO REP shall:
    - Fundraising Plan.** Provide the City with a fundraising plan by December 31, 2019 that is acceptable to, and approved by, the City Manager, whose approval shall not be unreasonably withheld, delayed or conditioned. The fundraising plan shall include a timeline with milestones that shall be met no later than 1 year from the estimated completion of the Palm Nipomo Parking Structure. These



milestones shall include, at a minimum, prior to commencement of lease negotiations, but no later than one (1) year after City's award and execution of a contract to construct the Palm Nipomo parking Structure, that SLO REP shall demonstrate, to the City Finance Director's reasonable satisfaction, that SLO REP has available at least 50% of all the funds necessary to design and construct the Theatre.

- i. **Preliminary Cost Estimates.** Provide the City with preliminary costs estimates by December 31, 2020 to design, construct and operate the Theatre for at least the first two (2) years after completion of construction. Update those estimates as design progresses, but at least every 6 months. SLO REP will include the payment of prevailing wages in its estimates.
  - ii. **Annual Financials.** Annually, on or before December 31<sup>st</sup> of each year, provide the City with a current financial statement, copy of most recent filed state and federal tax returns, and copies of current bank statements, to demonstrate fundraising results for the Theatre.
  - iii. **Formal Development Application.** Finalize and submit a formal development application for the Theatre to the City.
  - iv. **Compensation for City Review Costs.** Discuss and finalize how City processing and review costs will be funded.
- c. **Environmental Review Information.** Provide the City promptly with all information necessary to conduct any subsequent environmental review of the Theatre that may be necessary. This information includes, but is not limited to, square footage of structure; square footage of various uses such as office, storage, classroom, and theatre; number of seats; maximum number of performances per week, and any other information deemed necessary by City.
6. **TERMINATION.** Either party may terminate this Agreement without liability to the other party at any time by written notice to the other. This Agreement shall automatically terminate in the event SLO REP fails to secure building permits for the Theatre one year after the completion of the Palm Nipomo parking structure.
7. **CONDITIONS PRECEDENT TO LEASE NEGOTIATION AND EXECUTION.** All of the following conditions must be met as conditions precedent prior to lease execution for the Remainder Property:
- a. **Lease negotiation:**
    - i. **Rezoning and Lot Line Adjustment.** City has rezoned and/or amended the City's general plan and has perfected a lot line adjustment that will create the Remainder Property as a "finished lot" allowing for construction and its use as the Theatre.
    - ii. **Obligations Met.** Both City and SLO REP have met all of their respective obligations under the Agreement.

- b. **Availability of Funds for Design, Construction, and Operation of the Theatre** Prior to execution of the lease, SLO REP demonstrates to the City Manager's reasonable satisfaction that SLO REP has met all applicable fundraising milestones in the fundraising plan approved by the City Manager.
- c. **Non-Profit Status.** SLO REP has maintained its non-profit and tax-exempt status under applicable state and federal law.
- d. **Design and Construction Schedule.** Prior to lease execution, provide to the City's Community Development Director's reasonable satisfaction, a design and construction schedule, demonstrating, at a minimum, the Theatre will be constructed and completed within 3 years of the completion of the Palm Nipomo Parking Structure.
- e. **Design Coordination.** Coordinate design of the Theatre with the City to ensure it is compatible with the Palm Nipomo Parking Structure.

**8. GENERAL LEASE TERMS.** If the parties enter into the exclusive negotiations, the parties desire that the lease include the following general provisions; provided, the actual language of each provision is subject to further negotiation, and most material terms and provisions of the lease have not yet been discussed. The City shall not lease the land for minimal rent unless the lease is completely acceptable to the City and approved by the City Attorney. Nothing in this paragraph shall be interpreted as an agreement or offer to lease upon the terms, provisions or language set forth below.

- a. SLO REP shall commence construction of the Theatre no later than one (1) year after the completion of the Palm Nipomo Parking Structure and shall complete construction of the Theatre within three (3) years after that. SLO REP shall not commence construction of the Theatre unless SLO REP demonstrates, to the City's Finance Manager's reasonable satisfaction prior to expiration of the year within which SLO REP is to commence construction, that SLO REP has all of the funds necessary to design and construct, as well as operate for at least one (1) years after completion of construction, the Theatre, plus a 15% contingency, available in cash or approved financing (the "Required Funds"). If SLO REP does not timely demonstrate that SLO REP has the Required Funds, or if SLO REP fails to timely begin or timely complete construction, SLO REP shall be in substantial default, and the lease shall automatically terminate unless City agrees otherwise in writing. The Theatre shall be deemed complete only upon issuance of a Certificate of Occupancy.
- b. Minimum 40-year term with the right of first refusal for additional lease years provided that Theatre is in good standing at the time of the renewal window, which shall open after 35 years and conclude after 37 years unless the window is extended.
- c. Rent of \$1.00 per year provided SLO REP:
  - i. Is a California non-profit corporation in good standing; and
  - ii. Is a federal and state income tax exempt 501 (c)(3) entity; and uses the Remainder Property solely as a live performance theatre and related City approved community uses.

- iii. SLO REP's failure to maintain its non-profit corporate status in good standing or its tax-exempt status under applicable state and federal law or to use the Remainder Property for any purpose other than as a live performance theatre and related City approved community uses during the term or any extended term of the lease, shall be a material breach of the lease. In the event any such breach occurs, City may, at its option, either terminate the lease or raise the rent to fair market rates for neighboring commercial uses.
- d. SLO REP shall design, construct, operate and maintain the Theatre and all street frontage and landscaping, utility extensions and connections, and other improvements, based on agreed upon and approved plans and specifications, at its sole cost and expense without any assistance from the City.
- e. SLO REP shall be responsible for meeting or mitigating all conditions, impacts, mitigations and requirements identified in the environmental review and entitlement processes for issues associated with the SLO REP's operation of a theatre on the Property, at SLO REP's sole cost and expense.
- f. The design of the Theatre must be compatible with the design of the Palm Nipomo Parking Structure, including the parking structure's entrance and exiting needs, as determined by the sole discretion of the Public Works Director.
- g. SLO REP shall take all reasonable efforts to preserve, protect, and maintain the large oak tree on 614 Monterey, along with the tree on the corner of Monterey and Nipomo.
- h. If the SLO REP is not in material compliance with the Lease or ceases to be financially solvent and to maintain the Property in a commercially reasonable manner, the lease shall contain provisions for the City to declare a default of the Lease, for SLO REP to effect a reasonable cure of the default(s), and for the City to terminate the Lease if the default(s) are not cured pursuant to the terms and conditions of the Lease, and for the Remainder Property to revert to the City.
- i. Prevailing wages shall be paid by SLO REP for construction of the Theatre and related improvements, mitigations etc.
- j. SLO REP shall pay all applicable parking in lieu fees for a Community Partner, as determined by the sole discretion of the City's Public Works Director.
- k. Payment of possessory interest and other taxes by SLO REP.
- l. Other long-term landlord protection ground lease provisions, such as City standard insurance requirements, indemnity provisions, attorneys' fees, prohibitions against nuisance, waste, requiring maintenance at SLO REP expense, etc.
- m. If the City Council does not move ahead with the construction of the Palm/Nipomo structure, a new agreement will need to be negotiated between the parties for a mutually acceptable alternate site or an alternate set of requirements for a portion of the Property.
- n. The City will not subordinate its interest in the Remainder Property to any financing.

**10. AMENDMENT.** This Agreement may be extended or modified with the mutual consent of the parties. Any such extension, amendment, modification or variation from the terms of this Agreement shall be in writing and shall be effective only upon approval by the City Council.

**11. COMPLETE AGREEMENT.** This written Agreement, including all writings specifically incorporated herein by reference, shall constitute the complete agreement between the parties. No oral agreement, understanding or representation not reduced to writing and specifically incorporated herein shall be of any force or effect, nor shall any such oral agreement, understanding or representation be binding upon the parties.

**12. NOTICE.** All notices to the parties shall be in writing and shall be sent by United States mail, postage prepaid by registered or certified mail addressed as follows:

City: Derek Johnson  
City Manager  
990 Palm Street  
San Luis Obispo, CA 93401

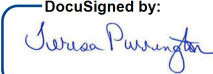
SLO REP: Kevin Harris  
Managing Artistic Director  
888 Morro Street  
San Luis Obispo, CA 93401

**13. AUTHORITY TO EXECUTE AGREEMENT.** Both City and SLO REP warrant and represent that each individual executing the Agreement on behalf of each party is a person duly authorized and empowered to execute agreements for such party.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

ATTEST

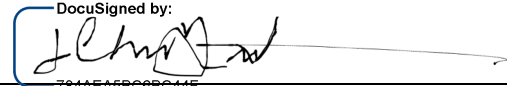
CITY OF SAN LUIS OBISPO

DocuSigned by:  
  
-----  
Teresa Purrington  
City Clerk  
Date

DocuSigned by:  
  
-----  
Heidi Harmon  
Mayor  
Date

APPROVED AS TO FORM:

SLO REPERTORY THEATRE

DocuSigned by:  
  
-----  
J. Christine Dietrick  
City Attorney  
Date

DocuSigned by:  
  
-----  
Kevin Harris  
Managing Artistic Director  
Date



# Council Minutes

City Hall, 990 Palm Street, San Luis Obispo

## Tuesday, December 4, 2018 Regular Meeting of the City Council

### CALL TO ORDER

A Regular Meeting of the San Luis Obispo City Council was called to order on Tuesday, December 4, 2018 at 6:00 p.m. in the Council Hearing Room, located at 990 Palm Street, San Luis Obispo, California, by Mayor Harmon.

### ROLL CALL

#### **Council Members**

**Present:** Council Members Carlyn Christianson Aaron Gomez, Erica A Stewart, Vice Mayor Andy Pease, and Mayor Heidi Harmon.

#### **Council Members**

**Absent:** None

#### **City Staff**

**Present:** Derek Johnson, City Manager; Christine Dietrick, City Attorney; and Teresa Purrington, City Clerk; were present at Roll Call. Other staff members presented reports or responded to questions as indicated in the minutes.

### PLEDGE OF ALLEGIANCE

Vice Chair Pease led the Pledge of Allegiance.

### APPOINTMENTS

#### **1. APPOINTMENTS TO THE ZONE 9 ADVISORY COMMITTEE**

City Clerk Purrington presented the contents of the report.

#### Public Comments:

None

---End of Public Comments---

**ACTION:** MOTION BY VICE CHAIR PEASE, SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to:

Make appointments to the Zone 9 Advisory Committee, effective December 31, 2018, and recommend the County Board of Supervisors confirm, as follows:

1. Appoint Christine Mulholland to serve as public member to represent the City of San Luis Obispo on the Zone 9 Advisory Committee for a term to expire on December 31, 2022; and
2. Appoint Dave Romero to serve as the alternate member to represent the City of San Luis Obispo on the Zone 9 Advisory Committee for a term to expire on December 31, 2022; and
3. Appoint Matt Horn, City Engineer, to serve as the staff representative on the Zone 9 Advisory Committee; and
4. Appoint Brian Nelson, Supervising Civil Engineer, to serve as the alternate staff representative on the Zone 9 Advisory Committee for a term to expire on December 31, 2022.

**2. APPOINTMENTS TO THE CITIZENS' REVENUE ENHANCEMENT OVERSIGHT COMMISSION, JACK HOUSE COMMITTEE, AND MASS TRANSPORTATION COMMITTEE**

City Clerk Purrington presented the contents of the report.

Public Comments:

Toni Tyran Kincaid

---End of Public Comments---

**ACTION: MOTION BY COUNCIL MEMBER CHRISTIANSON, SECOND BY COUNCIL MEMBER GOMEZ, CARRIED 5-0 to:**

1. Confirm the appointment of Winston Newland to the Citizens' Revenue Enhancement Oversight Commission, to complete an unexpired term through June 30, 2019.
2. Confirm the appointment of Julie Moore, as the representative of the San Luis Obispo County History Center, to the Jack House Committee effective December 4, 2018; and
3. Confirm the appointment of Ryan Hund, as the ASI student representative, to the Mass Transportation Committee, to complete an unexpired term through March 31, 2019.

**INTRODUCTION**

**3. INTRODUCTION OF ERIC HAGEN, CHIEF BUILDING OFFICIAL**

Community Development Director Michael Codron introduced Eric Hagen as the new Chief Building Official.

**PRESENTATIONS**

**4. PROCLAMATION - RECOGNITION OF SERVICE - CARRIE MATTINGLY**

City Manager Derek Johnson presented a proclamation to retiring Utilities Director Carrie Mattingly, in recognition of her service.

**PUBLIC COMMENT ON ITEMS NOT ON THE AGENDA**

None

---End of Public Comment---

**CONSENT AGENDA**

**ACTION:** MOTION BY COUNCIL MEMBER CHRISTIANSON, SECOND BY VICE CHAIR PEASE, CARRIED 5-0 to approve Consent Calendar Items 5 thru 12.

**Public Comment**

Lea Brooks – 8

Myron Amerine – 8

Kevin Harris – 10

Myron Amerine – 12

---End of Public Comment---

**5. WAIVE READING IN FULL OF ALL RESOLUTIONS AND ORDINANCES**

**CARRIED 5-0,** to waive reading of all resolutions and ordinances as appropriate.

**6. SCHEDULE OF CITY COUNCIL MEETINGS FOR 2019**

**CARRIED 5-0,** to adopt the proposed 2019 regular City Council meeting schedule with meetings normally held the first and third Tuesday of every month, with the following exceptions:

1. Reschedule the Regular City Council meeting of January 1 to January 8, 2019, and
2. Cancel the Regular City Council meetings of August 6 and December 17, 2019.

**7. APPROVAL OF THE FINAL MAP FOR TRACT 3089 PHASE 1, AVILA RANCH, 175 VENTURE DRIVE (SBDV-2042-2015)**

**CARRIED 5-0,** to adopt a Resolution entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving the final map for Tract 3089 Phase 1 Avila Ranch (175 Venture Drive, SBDV-2042-2015),” and authorizing the Mayor to execute the easements, agreements, and associated fee offers, *including the recommended changes in the staff agenda correspondence.*

**8. PLANS AND SPECIFICATIONS FOR BUCHON TRAFFIC CALMING**

**CARRIED 5-0,** to

1. Approve Plans and Specifications for Buchon Traffic Calming Measures; and
2. Authorize staff to advertise for bids and the City Manager to award the contract if the lowest responsible bid is within the Engineer’s Estimate of \$160,000; and
3. Authorize the use and transfer of \$142,000 from the City’s Neighborhood Traffic Calming budget and \$18,000 from the City’s Traffic Safety & Operations Budget to the project account.

**9. ADJUSTMENTS TO SUPPLEMENTAL SALARY SCHEDULE AND POLICY AS A RESULT OF MINIMUM WAGE INCREASES**

**CARRIED 5-0, to**

1. Adopt a Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, establishing and adopting a supplemental employee salary schedule and superseding previous resolutions in conflict," as necessary to comply with California Fair Wage Act of 2016 requiring a minimum wage of \$12.00 per hour effective January 1, 2019; and
2. Adopt the revised Supplemental Employee Policy.

**10. SAN LUIS OBISPO REPERTORY THEATRE EXCLUSIVE NEGOTIATING AGREEMENT**

**CARRIED 5-0, to**

Authorize the Mayor to sign an Exclusive Negotiating Agreement with the San Luis Obispo Repertory Theatre, SLO REP, for long-term use of a portion of the Palm/Nipomo Parking Structure site to construct and operate a new theatre, based on parameters previously set forth by the City Council.

**11. REPEALING AND REPLACING RESOLUTION NO. 10894 TO REFLECT UPDATED ZONING REGULATION SECTION FOR PROPERTY MAINTENANCE STANDARDS**

**CARRIED 5-0, to** Adopt a Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, repealing and replacing Resolution No. 10894 (2018) to reflect updated zoning regulation sections."

**12. ACQUISITION OF EASEMENTS FOR THE RAMONA DRIVE TO FOOTHILL BOULEVARD CLASS 1 PATH**

**CARRIED 5-0, to** Authorize the Mayor to execute easement and deed agreements in a total amount not to exceed \$423,700 including title and escrow charges in a form subject to the approval of the City Attorney.

**PUBLIC HEARING ITEMS AND BUSINESS ITEMS**

**13. WATER RESOURCE RECOVERY FACILITY PROJECT - AUTHORIZATION TO BID**

Utilities Director Carrie Mattingly and Deputy Director Dave Hix provided an in-depth staff report and responded to Council questions.

**Public Comments:**

Autumn Brown  
 Rosemary Wrenn  
 Scott Zimmerman  
 Daniel Mora  
 Richard Van Humbeck



Jesse Brooks  
 Quinn Brady  
 Tony Skinner  
 Sean Perry  
 Dave Baldwin  
 David Gilliland  
 Nick Andre  
 ---End of Public Comment---

**ACTION:** MOTION BY MAYOR HARMON SECOND BY COUNCIL MEMBER CHRISTIANSON, CARRIED 5-0 to:

1. Approve plans and specifications for the Water Resource Recovery Facility (WRRF) Project, Specification No. 91620; and
2. Authorize staff to advertise for construction bids pending City Engineer's approval of the bid set; and
3. Authorize the City Manager to award the contract if the lowest responsible bid is within the project construction budget of \$111,600,000; and
4. Approve amended WRRF Project-specific Construction Contract Change Order policy and authorize the Utilities Director to be responsible for construction contract change orders (CCOs) for the WRRF Project in any amount with the limitation that the sum total of all CCOs not exceed the contingency budget amount of \$13,390,000; and
5. *Incorporate the Community Workforce Agreement into WRRF Project Spec. No 91620 as approved by signatory Craft Councils and Unions affiliates and the Tri-Counties Building and Construction Trades Council, AFL-CIO as included in the Council agenda packet for the November 13, 2018 Meeting.*

#### **STUDY SESSION ITEMS**

#### **14. BOB JONES TRAIL (CALLE JOAQUIN TO OCEANAIRE) PREFERRED ALTERNATIVE SELECTION**

Public Works Director Daryl Grigsby, Transportation Manager Jake Hudson and Active Transportation Manager Adam Fukushima provided an in-depth staff report and responded to Council questions.

#### **Public Comments:**

Myron Amerine  
 Lea Brooks  
 Ken Kienow

---End of Public Comment---

**ACTION:** By consensus, Council directed staff to evaluate other route alternatives which are not consistent with the Bicycle Transportation Plan as part of the planning of the forthcoming Active Transportation Plan.

**RECESS**

Council recessed at 8:35 p.m. and reconvened at 8:50 p.m., with all Council Members present.

**PUBLIC HEARING ITEMS AND BUSINESS ITEMS****15. 2019-21 FINANCIAL PLAN PROCESS; ECONOMIC OUTLOOK, BUDGET POLICIES, AND CAPITAL IMPROVEMENT PLAN REVIEW**

Finance Director Brigitte Elke and Budget Manager Alex Ferreira provided an in-depth staff report and responded to Council questions.

**Public Comments:**

None

---End of Public Comment---

**ACTION:** By consensus, the Council reviewed and approved the 2019-21 Financial Plan Goal Setting Process.

**COUNCIL COMMUNICATIONS AND LIAISON REPORTS**

Vice Mayor Pease invited the public to the Police Department Community Meeting and Station tour on Thursday, December 6, 2018 and also indicated that the City Council would be participating in the annual holiday parade on Friday, December 7, 2018.

**ADJOURNMENT**

The meeting was adjourned at 10:02 p.m. The next Rescheduled Regular City Council Meeting is scheduled for Tuesday, January 8, 2019 at 6:00 p.m., in the Council Chamber, 990 Palm Street, San Luis Obispo, California.

  
Teresa Purrington  
City Clerk

APPROVED BY COUNCIL: 01/08/2019

**AMENDMENT NO. 1 TO EXCLUSIVE NEGOTIATING AGREEMENT**

THIS AMENDMENT NO. 1 TO EXCLUSIVE NEGOTIATING AGREEMENT is made and entered in the City of San Luis Obispo on 5/22/2024 | 12:09 PM PDT, by and between the City of San Luis Obispo, a charter municipal corporation (“the City”) and San Luis Obispo Repertory Theatre, a California non-profit organization (“SLO REP”). The City and SLO REP are jointly referred to as the “Parties”.

**WITNESSETH:**

WHEREAS, on May 22, 2019, the City and SLO REP entered into an Exclusive Negotiating Agreement (“ENA”) that set forth certain parameters, conditions, milestones, and conditions precedent to entering into a long-term lease for SLO REP to use of a portion of City property to construct and operate a new theatre building adjacent to the City’s Cultural Arts District Parking Structure, and

WHEREAS, the ENA has a five-year term that may be extended by mutual agreement of the Parties and both the City and SLO REP have a desire to continue working together towards the construction and long-term operation of a new theatre building; and

WHEREAS, both the City and SLO REP have completed and will continue to maintain their respective obligations specified in the ENA, as well as satisfy the necessary conditions precedent to lease negotiations and execution (paragraphs 5, 6, and 8), and the Parties are presently working together to move towards the preparation of a mutually agreeable lease agreement.

NOW THEREFORE, in consideration of their mutual promises, obligations, and covenants hereinafter contained, the parties hereto agree as follows:


1. The Exclusive Negotiating Agreement is hereby amended as follows:
  - i. The term shall be extended for a period of six (6) months from the date of this Amendment No. 1, provided that SLO REP shall disclose to City other sites or options, if any, that it may be considering for the theatre. The ENA may be extended for an additional six (6) month period thereafter with approval by the City Manager. The additional six (6) month extension may only be considered upon SLO REP delivering a written notice of intent to proceed with final lease negotiations with the City.

- ii. Paragraph 8a., General Lease Terms, shall be amended as follows: “SLO REP shall commence construction of the Theatre no later than one (1) year after the completion of the ~~Palm Nipomo~~ Cultural Arts District Parking Structure and shall complete construction of the Theatre within three (3) years after that. SLO REP shall not commence construction of the Theatre unless SLO REP demonstrates, to the City’s Finance ~~Manager~~ Director’s reasonable satisfaction prior to ~~expiration of the year within which SLO REP is to commencement of~~ construction, that SLO REP has all of the funds necessary to design and construct, ~~as well as operate for at least one (1) years after completion of~~ construction, the Theatre, plus a 15% construction contingency, available in cash or approved financing (the “Required Funds”), and SLO REP shall also submit to the City Manager (or their delegate) a written document that demonstrates an operating reserve of 20% for the first year of operating the new theatre and three year operating plan including the establishment of a fund for building and facilities maintenance and repair.”
- iii. Paragraph 8b., General Lease Terms, shall be replaced as follows: “A lease term not-to-exceed ninety-nine (99) years.”

2. All other terms and conditions of the Exclusive Negotiating Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first written above.


**CITY OF SAN LUIS OBISPO**

DocuSigned by:  
  
 A5990BABC9CA464...  
 Erica A. Stewart, Mayor


**SLO REPERTORY THEATRE**

DocuSigned by:  
  
 1B225AE42E304BF...  
 Kevin Harris, Managing Artistic Director

**ATTEST**

DocuSigned by:  
  
 B98BADBF9C78436...  
 Teresa Purrington, City Clerk

**APPROVED AS TO FORM**

DocuSigned by:  
  
 784AE5BC6BC44F...  
 J. Christine Dietrick, City Attorney



May 30, 2024

Dear Mayor Stewart  
and Honorable Councilmembers Francis, Marx, Pease and Shoresman:

A decade ago, when the City invited SLO REP to participate in a joint venture to build a new venue for live theater adjacent to the Cultural Arts District Parking Structure, we eagerly accepted the challenge.

As delays and inflation took their toll, we came to you in February 2022 seeking help to complete the project.

Your generosity was deeply gratifying. You awarded SLO REP a \$3.94 million challenge grant. That grant catalyzed our fundraising, helping us to raise more than \$10 million in private donations thus far.

In November 2023, we believed we had raised almost 90% of the funds needed, with a little more than \$2 million to go. But a December pricing study revealed that inflation had increased our costs by 40%. That means we now face a fundraising gap of nearly \$8 million.

Though stunned by the new reality, we remain committed to the project.

Although we believe we can close most of the gap through private donations, your help is needed. To invigorate our fundraising – to ensure completion of the project and realize the City’s long-held vision of creating a thriving Cultural Arts District – we respectfully request an additional City investment of \$2.76 million.

**INVESTMENT RATIONALE**

Beyond its primary purpose as a showcase for live theatre, the new venue will pay both economic and cultural dividends as soon as it is completed in 2027.

- **Direct economic impact:** Once fully operational, SLO REP will offer 324 shows a year on 176 dates, generating an economic impact of more than \$4 million annually, which is about 4% of downtown SLO’s yearly economic activity.
- **Attract 50,000 people annually:** We conservatively project that the new venue will draw 50,000 patrons downtown each year, with nearly 40,000 patrons expected to drink and/or dine before or after shows. (Appendix A – SLO REP Economic Impact Report)
- **Major City asset at 60% discount:** The new venue will be controlled by the City, and will be a City asset for the life of the building, with more than 60% of the construction cost borne by private donors rather than taxpayers.<sup>1</sup>
- **A small investment will realize a big dream:** For a relatively small investment, the City will be able to complete a large, central piece of its Downtown Concept Plan. An additional investment of \$2.76 million would be equal to 1.5% of the City’s \$183 million expenditures on Capital Improvement Projects for FY 22-24.

<sup>1</sup>The City’s original \$3.94 million challenge grant was 41% of the construction costs estimated at that time. An additional \$2.76 million combined with the original grant would be 40% of currently expected construction costs.

**Mailing:**  
PO Box 122  
San Luis Obispo  
California 93406

**SLO REP Headquarters  
& ACT Education Center**  
3533 Empleo Street  
(805) 781-3889

**Theatre & Box Office**  
888 Morro Street  
(805) 786-2440

[slorep.org](http://slorep.org)

**Board of Directors**

**Officers**

**Pam Nichter**  
President

**Diane Clausen**  
Vice-President

**Michael Simkins**  
Secretary

**Debbie Stewart**  
Treasurer

**Members**

- Jay Beck
- Jerry Chirpich
- Keith George
- Richard Luckett
- Kevin Magon
- Susan Minker
- Jeff Olds
- Wilda Rosene
- Chip Visci
- Ellie Washington

**Administration**

**Kevin Harris**  
Managing  
Artistic Director

**Patty Thayer**  
Development & Capital  
Campaign Director

**Kerry DiMaggio**  
Education Director

**Suzy Newman**  
Production Manager



- **Consistent with precedent:** During a difficult budget era in the early 1990s, the Council contributed \$5.06 million to help build the Performing Arts Center. The City also has contributed additional millions in annual payments to help subsidize the PAC's operating costs. Since 2001, the City's subsidies to the PAC have increased steadily from \$100,000 annually to more than \$300,000 annually. Adjusted for inflation, the City has contributed more than \$15 million.
- **In line with Major City Goals:** The Council's Major City Goals state that City initiatives "will be viewed through the lens of the City's sustainability and DEI efforts." SLO REP's facilities – stages, rehearsal space and classrooms – will provide much-needed space for the City and other nonprofits to present multicultural programming and other relevant DEI activities at very low cost.
- **Promises kept:** Our past efforts are evidence that SLO REP can be counted on to fulfill its promises:
  - **Diverse casting:** This past season, more than 30% of roles were cast with non-white actors, exceeding our goal of 25%. Over the past two years, we have more than tripled the number of students of color participating in our Academy of Creative Theatre, from 5% three years ago to more than 20% this year. No student has ever been turned away for lack of tuition.
  - **Supporting other nonprofits:** We have regularly offered preview nights for nonprofits to use as fundraisers. Most recently this year, R.A.C.E. Matters SLO and the League of Women Voters raised several thousand dollars each their organizations. We will be able to expand fundraisers like this in the new venue.
- **Additional public benefits:** Once the new venue is meeting initial operating budget goals, we plan Theatre in the Park events at low or no cost to reach new audiences through events staged in outdoor venues, such as Mission Plaza and Mitchell Park.

Ever since the City first approached SLO REP asking us to participate in this joint venture, both parties have understood that this project would be not only a state-of-the-art venue for live theater, but also a vital counterweight to the fundamental changes that downtown SLO has been facing for more than a decade.

Completion of the new SLO REP Theatre will cement downtown SLO as the center of the Central Coast's cultural and social life. A thriving Cultural Arts District will burnish San Luis Obispo's reputation as a great city to live, work and play.

Thank you for your continuing support and consideration. We look forward to celebrating our shared success with you on Opening Night in 2027.

Respectfully,



Kevin Harris  
Managing Artistic Director



Pam Nichter  
President, Board of Directors



# San Luis Obispo Repertory Theatre

Economic Impact Report • June 2024

## DOWNTOWN CORE ACTIVATION

SLO REP's audience drawing power is often underestimated, its full impact often lost amid the fanfare accorded other performing arts events. Other arts organizations have several big events during the year that, rightfully so, command attention in the local media. SLO REP, on the other hand, provides a steady, year-round calendar of programming. We are like the great TV show that people tune into weekly, in relatively large numbers, versus the summer blockbuster that people rush to see before it's gone.

For perspective:

- In SLO REP's current 100-seat venue, nearly 20,000 patrons buy tickets to attend SLO REP's annual 200 performances. These totals are greater than the total audiences for San Luis Obispo Symphony, Opera SLO, Festival Mozaic, and the Civic Ballet combined.
- The most popular national touring shows at the PAC rarely sell out two performances, totaling a maximum of 2,572 patrons. SLO REP's annual gala and season musical productions regularly bring in 3,000 patrons over the course of the run.
- In the new venue, SLO REP plans to produce **324 performances** each season, Wednesday- Sunday, on **176 days** of the year. These performance and audience projections do not include foot traffic from our year-round Academy of Creative Theatre education program or special, non-season events throughout the year.

## AN EFFICIENT CATALYST

By bringing hundreds of patrons downtown on nearly half the days of the year, SLO REP provides an efficient and significant catalyst activating the downtown core. SLO REP will prove to be a bright shining beacon, attracting new visitors and residents alike to San Luis Obispo who want to experience distinctive live performances available nowhere else in the frequency and quality than can be seen on SLO REP's new stage.

## ECONOMIC IMPACT

In projecting SLO REP's economic impact, we drew from the most recent research on San Luis Obispo County arts patrons' spending conducted by Americans for the Arts (January, 2024).

In our planned new venue, SLO REP will produce 324 individual performances during our first full season (FY 29), potentially bringing 53,600 patrons to the downtown core in our 210-seat mainstage theatre, and our 100-seat black box theatre.



In addition to our 324 regular performances, SLO REP is planning 24 "Cabaret" performances throughout the year to activate the downtown core during late-night hours.

## **EMPLOYMENT**

Based on our current calendars, SLO REP projects the following payroll breakdowns for our year-round Exempt and Non-Exempt employees in FY 29:

Employee Position	F/T (Exempt)	P/T (Non- Exempt) >20 hrs/wk	P/Y (Non- Exempt) <20 hrs/wk	Total FTE	Total Emp. Payroll
Artistic Director	\$95,000			1	
Managing Director	\$70,000			1	
Development Director	\$70,000			1	
Development Assistant		\$25,000		0.5	
Marketing Director	\$60,000			1	
Education Director	\$60,000			1	
Education Assistant/Outreach		\$25,000		0.5	
Production Manager	\$60,000			1	
Technical Director	\$60,000			1	
Assistant Technical Director			\$12,500	0.25	
Volunteer Director/House Mgr		\$27,500		0.75	
Box Office Manager		\$20,000		0.5	
Facilities Director			\$12,500	0.25	
Costume Shop Coordinator			\$7,500	0.25	
Assistant House Manager 1			\$5,500	0.25	
Assistant House Manager 2			\$5,500	0.25	
Assistant House Manager 3			\$5,500	0.25	
Assistant House Manager 4			\$5,500	0.25	
Box Office Staff 1			\$4,000	0.25	
Box Office Staff 2			\$4,000	0.25	
Scene Shop Crew 1			\$10,000	0.25	
Scene Shop Crew 2			\$10,000	0.25	
<b>TOTALS</b>	<b>\$475,000</b>	<b>\$97,500</b>	<b>\$82,500</b>	<b>12</b>	<b>\$655,000</b>



Based on our current calendars, SLO REP projects the following payroll breakdowns for our show-specific artist contracts in FY 29:

Artist Position	Average Contract Total	# of Contracts Each Season	Total Payroll	Total Hours	FTE
Director (Mainstage)	\$3,500	8	\$28,000	1,200	0.58
Director (Black Box)	\$2,750	5	\$13,750	750	0.36
Director (ACT Show)	\$2,800	2	\$5,600	400	0.19
Director (Staged Reading)	\$300	5	\$1,500	175	0.08
Actor (Mainstage)	\$2,500	50	\$125,000	11,250	5.41
Actor (Black Box)	\$2,000	30	\$60,000	6750	3.25
Musical Director	\$2,500	8	\$20,000	400	0.19
Choreographer (Mainstage)	\$2,500	4	\$10,000	200	0.10
Choreographer (Black Box)	\$2,250	2	\$4,500	100	0.05
Choreographer (ACT)	\$1,750	1	\$1,750	75	0.04
Tech Crew (Mainstage)	\$750	40	\$30,000	5000	2.40
Tech Crew (Black Box)	\$500	26	\$13,000	3250	1.56
Lighting Designer (Mainstage)	\$2,250	8	\$18,000	320	0.15
Lighting Designer (Black Box)	\$1,500	5	\$7,500	200	0.10
Lighting Designer (ACT)	\$750	2	\$1,500	80	0.04
Costume Designer (Mainstage)	\$1,750	8	\$14,000	1200	0.58
Costume Designer (Black Box)	\$1,250	5	\$6,250	500	0.24
Costume Designer (ACT)	\$500	2	\$1,000	150	0.07
Sound Designer (Mainstage)	\$800	8	\$6,400	400	0.19
Sound Designer (Black Box)	\$600	5	\$3,000	250	0.12
Sound Designer (ACT)	\$500	2	\$1,000	100	0.05
Musicians (Mainstage)	\$1,750	5	\$8,750	875	0.42
Musicians (Black Box)	\$1,500	3	\$4,500	525	0.25
Props Design (all)	\$300	16	\$4,800	640	0.31
<b>TOTALS</b>	<b>\$37,550</b>	<b>250</b>	<b>\$389,800</b>	<b>34,790</b>	<b>16.73</b>

The total estimated employment impact for our 2028-29 inaugural season:

**Total number of positions hired: 277**  
**Total payroll: \$1,044,800**  
**Total FTE per year: 28.7**

**AMERICANS FOR THE ARTS**  
**ARTS AND ECONOMIC PROSPERITY 6 SURVEY RESULTS**  
 (January, 2024)



Category of Event-Related Expenditure	Resident Attendees	Non-Resident Attendees
Meals and Refreshments (off-site only)	\$12.86	\$19.07
Retail Shopping	\$5.48	\$9.08
Overnight Lodging (one night only)	\$1.07	\$14.83
Local Transportation	\$2.97	\$6.93
Clothing and Accessories	\$2.98	\$3.66
Supplies and Groceries	\$2.57	\$4.12
Childcare	\$0.61	\$0.72
Other/Miscellaneous	\$1.23	\$2.16
<b>TOTAL (PER PERSON PER EVENT)</b>	<b>\$29.77</b>	<b>\$60.57</b>

**SLO REP – ECONOMIC IMPACT FY 2019 AND FY 2029 (no parking revenue)**

	Average Spending	Fiscal Year 2019	Fiscal Year 2029
% SLO County Residents		89%	50%
% Non-SLO County Residents		11%	50%
Total Tickets Sold		18397	50382
# SLO County Residents		16373	25191
# Non-SLO County Residents		2024	25191
Resident Direct Spending (excluding admission)	\$29.77	\$487,434	\$749,936
Non- Resident Direct Spending (excluding admission)	\$60.57	\$122,574	\$1,525,819
<b>BASE TOTAL PER YEAR</b>		<b>\$610,008</b>	<b>\$2,275,755</b>
Current E.I.M. (Economic Impact Multiplier)*		1.7	1.7
<b>ACTUAL ANNUAL ECONOMIC IMPACT (no parking revenue)</b>		<b>\$1,037,013</b>	<b>\$3,868,783</b>

\*\*E.I.M. within range as advised by Cyrus Ramezani, Chair of the Cal Poly Orfalea College of Business Finance Area.

Annual Economic Impact	\$3,868,783
<u>Parking Revenue (next page)</u>	<u>\$ 316,651</u>
<b>TOTAL</b>	<b>\$4,185,434</b>

## SLO REP PARKING REVENUE – FY 2029

MAINSTAGE PARKING REVENUE		# Paid Hours	Total Revenue/perf	Total Revenue/yr
Total Attendees	34992			
Attendees having dinner/drink before/after show	23445	5	\$1,085	\$175,835
Attendees only attending show	9798	3	\$272	\$44,090
Attendees uses alternate transportation/free parking	1750	0	\$0.00	\$0.00
<b>MAINSTAGE TOTALS</b>			<b>\$1,358</b>	<b>\$219,925</b>

BLACK BOX PARKING REVENUE		# Paid Hours	Total Revenue/perf	Total Revenue/yr
Total Attendees	15390			
Attendees having dinner/drink before/after show	10311	5	\$477	\$77,335
Attendees only attending show	4309	3	\$120	\$19,391
Attendees uses alternate transportation/free parking	770	0	\$0.00	\$0.00
<b>BLACK BOX TOTALS</b>			<b>\$597</b>	<b>\$96,726</b>

<b>FULL VENUE TOTALS</b>			<b>\$1,955</b>	<b>\$316,651</b>
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### Based on:

- 2024 parking structure fees (\$3/hr.)
- Average time spent at performance/lobby pre-show: 2.75 hrs.
- Average time spent at pre-show meal/drinks/downtown: 2.25 hrs.
- 95% capacity in venue
- 2 patrons per car

### According to a 2014 survey of SLO REP patrons:

- 67% of SLO REP audiences go to dinner/drinks before or after a show (5 hrs. in structure)
- 28% of SLO REP audiences only attend the performance (2 hrs. in structure)
- 5% of SLO REP audiences use alternate transportation/free parking









## Council Minutes

June 4, 2024, 5:30 p.m.

Council Chambers, 990 Palm Street, San Luis Obispo

Council Members Present: Council Member Emily Francis, Council Member Jan Marx, Council Member Michelle Shoresman, Vice Mayor Andy Pease, Mayor Erica A. Stewart

City Staff Present: Interim City Manager Whitney McDonald, Christine Dietrick, City Attorney, Teresa Purrington, City Clerk

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### 1. CALL TO ORDER

A Regular Meeting of the San Luis Obispo City Council was called to order on June 4, 2024 at 5:30 p.m. in the Council Chambers, 990 Palm Street, San Luis Obispo, by Mayor Stewart.

### 2. PLEDGE OF ALLEGIANCE

Council Member Francis led the Council in the Pledge of Allegiance.

### 3. PRESENTATIONS

#### 3.a JUNETEENTH PROCLAMATION

Mayor Stewart presented a proclamation declaring June 15, 2024 as "Juneteenth Day" to Cheryl Vines on behalf of the SLO NAACP.

#### 3.b PRIDE MONTH PROCLAMATION

Mayor Stewart presented a proclamation declaring the month of June as "Pride Month" to Dusty Colyer-Worth, on behalf of GALA.

#### 3.c HUNGER AWARENESS DAY PROCLAMATION

Mayor Stewart presented a proclamation declaring June 7, 2024 as "Hunger Awareness Day" to Molly Kern on behalf of the SLO Food Bank.

#### 3.d CITY MANAGER REPORT

Interim City Manager Whitney McDonald provided a report on upcoming projects.

**4. PUBLIC COMMENT PERIOD FOR ITEMS NOT ON THE AGENDA**

Public Comment:

Silvia  
Robert Skinner  
Mark Shaffer  
Brenden Jacoby  
Paloma Nava  
Audrey Tran  
Andrew Gould  
Deena  
Abdallah Harazneh  
Julia Alber  
Dusty Colyer-Worth  
Bassem  
*--End of Public Comment--*

**5. CONSENT AGENDA**

Mayor Stewart requested that Item 5j be pulled from the Consent Agenda.

Vice Mayor Pease recused from Item 5k.

Vice Mayor Pease requested that Item 5m be pulled from the Consent Agenda.

**Motion By** Council Member Shoresman

**Second By** Council Member Francis

To approve Consent Calendar Items 5a to 5i and 5k to 5l.

Ayes (5): Council Member Francis, Council Member Marx, Council Member Shoresman, Vice Mayor Pease, and Mayor Stewart

CARRIED (5 to 0)

**5.a WAIVE READING IN FULL OF ALL RESOLUTIONS AND ORDINANCES**

Waive reading of all resolutions and ordinances as appropriate.

**5.b MINUTES REVIEW - MAY 14, 2024 AND MAY 21, 2024 COUNCIL MINUTES**

Approve the following minutes of the City Council:

- May 14, 2024 - Special Meeting
- May 21, 2024 - Regular Meeting

5.c 2024 BIENNIAL REVIEW OF THE CITY’S CONFLICT OF INTEREST CODE

Direct the review of the City’s Conflict of Interest Code and the filing of a Biennial Notice with the City Clerk regarding such review, as required by the Political Reform Act.

5.d AUTHORIZATION TO CONTINUE THE COLLECTION OF MULTI-DWELLING PROPERTY FIRE AND LIFE SAFETY INSPECTION FEES

Adopt Resolution No. 11496 (2024 Series) entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, authorizing the San Luis Obispo County Auditor to collect fees for 2024-25 Fire and Life Safety Inspections of Multi-Dwelling Properties containing three or more dwelling units on the Secured Property Tax Roll pursuant to California Government Section 54988, Et Seq.”

5.e ADOPTION OF THE 2024 WATER SUPPLY AND DEMAND ASSESSMENT

Receive and file the City’s 2024 Water Supply and Demand Assessment.

5.f APPROVE AN ENCAMPMENT RESOLUTION FUND SUBRECIPIENT AGREEMENT WITH THE COUNTY OF SAN LUIS OBISPO FOR IMPLEMENTATION OF THE WELCOME HOMEVILLAGE PROJECT

Approve the Encampment Resolution Fund Subrecipient Agreement with the County of San Luis Obispo for implementation of the Welcome Home Village project and authorize the City Manager, or their designee, to execute the agreement.

5.g AMENDMENT TO THE GARDEN STREET TERRACES AFFORDABLE HOUSING AGREEMENT TO CONVERT ONE BELOW MARKET RATE RENTAL UNIT TO ONE BELOW MARKET HOMEOWNERSHIP UNIT

Adopt Resolution No. 11497 (2024 Series) entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, to approve the conversion of one Below Market Rate Rental Unit to a Home Ownership Unit within the City’s Below Market Rate Housing Program,” with an option to purchase offered to the existing moderate-income tenant, for the Garden Street Terraces project.

5.h AUTHORIZATION TO APPLY FOR WATERSMART GRANT FOR ADVANCED METER INFRASTRUCTURE WATER METERS

Adopt Resolution No. 11498 (2024 Series) entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving the application for grant funding for the WaterSMART Water and Energy Efficiency Program for purchase and implementation of advanced metering infrastructure.”

5.i 2024-25 ROAD MAINTENANCE RECOVERY ACT (SB1) FUNDING AND PROJECTS

Adopt Resolution No. 11499 (2024 Series) entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, adopting a list of projects for Fiscal Year 2024-25 funded by SB 1: The Road Repair and Accountability Act of 2017."

5.k SECOND READING OF ORDINANCE NO. 1736 (2024 SERIES) TO ADOPT THE ENERGY EFFICIENT RENOVATIONS POLICY

*Vice Mayor Pease declared a conflict on this item and recused due to her business being involved in the design and construction industry.*

1. Adopt Ordinance No. 1736 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, adopting Local Amendments to Part 6 of the Building Construction and Fire Prevention Code, 2023" approving the Energy Efficient Renovations Policy for major residential additions and alterations; and
2. Direct staff to submit the approved local amendments and accompanying required submittal forms and information to the California Energy Commission to initiate the local amendments to California Energy Code review and approval process.

5.l FY 2024-25 GRANT APPLICATIONS FOR THE ALCOHOLIC BEVERAGE CONTROL, OFFICE OF TRAFFIC SAFETY, DEPARTMENT OF JUSTICE COMMUNITY ORIENTED POLICING AND DEPARTMENT OF JUSTICE TOBACCO GRANT PROGRAM

1. Adopt Resolution No. 11500 (2024 Series) entitled, "Resolution Authorizing Grant Application for Funding from the Department of Alcoholic Beverage Control",
2. Authorize staff to submit grant applications to the following agencies:
  - a. FY 2024-25 Department of Alcoholic Beverage Control in the amount of \$93,154.
  - b. FY 2024-25 Office of Traffic Safety in the amount of \$185,100.
  - c. FY 2024-25 Department of Justice Office of Community Oriented Policing Services in an amount not to exceed \$250,000 with a City match of approximately \$558,000.
  - d. FY 2024-25 Department of Justice Tobacco Grant Program in an amount not to exceed \$60,000.
3. If the grants are awarded, authorize the City Manager or a designee to execute grant related documents and authorize the Finance Director to make the necessary budget adjustments upon the award of the grant.



*Pulled from Consent by Mayor Stewart*

5.j SECOND READING OF ORDINANCE NO. 1735 (2024 SERIES)  
AMENDING CHAPTER 52 OF THE MUNICIPAL CODE (PARKING RATES)

Jennifer Rice, Deputy Director of Mobility Services, provided a brief update on the next steps regarding implementation of the parking rates and responded to Council questions.

**Motion By** Mayor Stewart

**Second By** Council Member Marx

Adopt Ordinance No. 1735 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, amending Title 10, Chapter 52 (Parking Meters and Parking Payment Centers), of the Municipal Code Modifying Hourly Parking Rates On-Street and In Surface Parking Lots."

Ayes (5): Council Member Francis, Council Member Marx, Council Member Shoresman, Vice Mayor Pease, and Mayor Stewart

CARRIED (5 to 0)

*Pulled from Consent by Vice Mayor Pease*

5.m INITIATION OF DETACHMENT APPLICATION TO MODIFY CITY LIMIT  
BOUNDARY ON SLACK STREET EAST OF GRAND AVE. TO  
ACCOMMODATE CAL POLY FACULTY AND STAFF HOUSING  
PROJECT, VISTA MEADOWS

**Motion By** Council Member Marx

**Second By** Vice Mayor Pease

Authorize staff to proceed with processing a Detachment Application to modify the City limit boundary on Slack Street east of Grand Avenue to accommodate a new Cal Poly faculty and staff housing development known as Vista Meadows, as well as other City limit clean-up areas as needed to correct historical boundary crossings around Cal Poly, for future submittal to LAFCO after City process and required hearings.

Ayes (5): Council Member Francis, Council Member Marx, Council Member Shoresman, Vice Mayor Pease, and Mayor Stewart

CARRIED (5 to 0)

**6. PUBLIC HEARING AND BUSINESS ITEMS**

6.a ADOPTION OF THE FY 2024-25 SUPPLEMENTAL BUDGET

Finance Director Emily Jackson, Principal Budget Analyst Riley Kuhn, and Capital Improvement Program Administrative Manager Madeline Kacsinta provided an in-depth staff report and responded to Council questions.

Public Comments:

Ellie Washington

Kevin Harris

Maxine Castillo

Dave Christy

Barry Price

*---End of Public Comment---*

**Motion By** Council Member Marx

**Second By** Council Member Francis

Adopt Resolution No. 11501 (2024 Series) entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving the Fiscal Year 2024-25 Budget” and approve the allocations as stated in the Supplemental Budget document with the following addition:

*Amend the SLO REP Challenge Grant in the amount of \$2.76 million and utilize Infrastructure Investment Fund dollars designated for Prado Road and Bridge Widening project and prioritize Infrastructure Investment Fund reimbursement with undesignated General Fund Balance at mid-year and future budget hearings as needed.*

Ayes (4): Council Member Francis, Council Member Marx, Vice Mayor Pease, and Mayor Stewart

Noes (1): Council Member Shoresman

CARRIED (4 to 1)

**7. LIAISON REPORTS AND COMMUNICATIONS**

Council Member Francis attended ASI Civic Day at Cal Poly, the RTA electric bus meet and greet, the City/University Quarterly lunch, and the Campus Planning Committee meeting.

Vice Mayor Pease attended the SLOCOG meeting.

Council Member Marx attended a session of the SLO REP's children program, the Memorial Day ceremony at the American Legion, the IWMA executive committee, and went on a hike with the Northern Chumash Tribal Counsel on the Rollie/Twisselman property.

Council Member Shoresman attended Good Morning SLO, the Special Human Relations Commission meeting to discuss the reallocation of grant funds, and the SLO High School Community Service awards ceremony.

Mayor Stewart attended a couple of the SLO Blues games, rode the 2A bus with one of the Teamsters members and met with some of the drivers, attended the Diablo Decommissioning meeting, the five-year anniversary celebration of Sensorio opening, and participated in the State of the City presentation.

## 8. **ADJOURNMENT**

The meeting was adjourned at 9:26 p.m. The City Council will hold a **Special Closed Session Meeting on Thursday, June 13, 2024 at 5:30 p.m.** in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo.

The next Regular Meeting of the City Council will be held on June 18, 2024 with **Closed Session at 4:30 p.m. in the Council Hearing Room** and the **Regular Meeting at 5:30 p.m. in the Council Chambers** at City Hall, 990 Palm Street, San Luis Obispo.

APPROVED BY COUNCIL: 06/18/2024





**Department:** Attorney  
**Cost Center:** 1501  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Christine Dietrick, City Attorney  
**Prepared By:** Kelly Holcomb, Senior Legal Analyst

**SUBJECT:** AMENDMENT TO COMMUNITY WORKFORCE AGREEMENT FOR PRADO ROAD INTERCHANGE AND PUBLIC SAFETY CENTER PROJECTS

## RECOMMENDATION

Authorize the Mayor to sign the proposed amendment to the Community Workforce Agreement with the Tri-Counties Building and Construction Trades Council for the Prado Road Interchange and Public Safety Center projects.

## POLICY CONTEXT

In furtherance of the Economic Recovery, Resiliency, and Fiscal Sustainability Major City Goal adopted for the 2021-23 Financial Plan, in September 2021 City Council studied ways to support the local economy<sup>1</sup> and then authorized staff in the Spring of 2022<sup>2</sup> to negotiate a Community Workforce Agreement (“CWA”) with the Tri-Counties Building and Construction Trades Council (“Tri-Counties”). After a July 2022 milestone in the negotiating process was missed<sup>3</sup>, Council narrowed the scope of the CWA being drafted to only cover the Prado Road Interchange<sup>4</sup> and Public Safety Center<sup>5</sup> projects but directed that the CWA continue to include a 50% local worker participation goal and exclude prevailing wage services provided through professional services agreements. A tentative CWA that met these goals was brought to Council and approved for execution at its [January 17, 2023, meeting](#).

<sup>1</sup> Study Session of 9/21/2021, item 8a, to discuss potential strategies to support local contractors, vendors and labor on public projects:

<https://opengov.slocity.org/WebLink/DocView.aspx?id=147490&dbid=0&repo=CityClerk>

<sup>2</sup> City Council Meeting of 4/19/2022, item 6d, to review the staff recommendations following analysis of the results of the stakeholder outreach and historical Capital Improvement Project data:

<https://opengov.slocity.org/WebLink/DocView.aspx?id=158584&dbid=0&repo=CityClerk>

<sup>3</sup> City Council Meeting of 7/19/2022, item 7c, to review progress of negotiations towards a CWA:

<https://opengov.slocity.org/WebLink/DocView.aspx?id=162291&dbid=0&repo=CityClerk>

<sup>4</sup> Project currently estimated to go out to bid in December 2027. A separate City project to widen a section of and replace an old bridge in Prado Road are not covered by the CWA. The “Prado Road Interchange” project covered by the CWA is the construction phase of capital improvement project #2091613.

<sup>5</sup> Project currently on hold pending new planning efforts to occur beyond 2027. The “Public Safety Center” project covered by the CWA is capital improvement project # 2000522-03. Separate City projects to maintain the existing police station building or make tenant improvements to the 1106 Walnut property are not covered by the CWA.

## DISCUSSION

### Background

After extended cooperative negotiations, in January 2023, City staff brought to City Council a tentative CWA that fulfilled the objectives directed by Council, including supporting local labor employment on public projects. The CWA with Tri-Counties was considered on the consent agenda of 1/17/2023<sup>6</sup>, and was unanimously approved by Council for signature by the Mayor.

At the request of Tri-Counties, the CWA had not been signed in advance of Council review so all signatures (including those of each representative of a participating Craft Union and Trade Council (“Unions”)) had to be collected after the fact. The City agreed to post-approval execution based upon the representation of Tri-Counties negotiators that the Unions were all supportive of the CWA and had authorized Tri-Counties to represent their agreement to the City, and based on the City’s understanding that execution of the document would be a relatively quick, clerical process. Shortly after Council approval, City Clerk staff posted the document for electronic signature via DocuSign, but even after substantial follow-up by City staff, the necessary signatures had not been received. In April 2023, the approved CWA document was signed by Tri-Counties and then routed to the Mayor. However, at that point the City had received no signatures from the Unions.

City staff offered to facilitate signatures by the Unions either electronically or on paper but these offers were declined. Following continual follow up by City staff, by October 2023 the City had been advised that only about half the Union signatures had been obtained by Tri-Counties (none had yet made it to the City), some Unions had stated they would not sign without changes to the Council approved CWA language<sup>7</sup>, and one Union had conveyed its decision not to sign<sup>8</sup>.

In November 2023, Tri-Counties emailed to the City the Union signatures it had collected to date. There were still a few missing and, after another month of follow up by City staff, Tri-Counties emailed one additional signature page along with a side letter requesting removal of sections 13.1.1 and 13.1.2 of the CWA. Tri-Counties representatives conveyed that, with the sections referenced in the side-letter removed, the remaining Union signatures could be collected. Since it was unclear to City staff whether the Unions that had signed onto the CWA previously were aware of the requested changes (in both the

<sup>6</sup> City Council meeting of 1/17/23, item 6f, to approve a CWA for two public projects:

<https://opengov.slocity.org/WebLink/DocView.aspx?id=171979&dbid=0&repo=CityClerk>

<sup>7</sup> Sheet Metal Workers included a proposed side letter when they sent their signature page and four Unions did not sign until August 2024 after the amendment being presented to Council in this agenda item was drafted.

<sup>8</sup> As conveyed to the City in an email March 28, 2023: “The Operating Engineers will be taking the stance of “Stand Down”. They, as you all [know], are extremely passionate about the Survey, Soils and Compaction portion of work. We presented what WE all here collectively thought would be a good work around. Needless to say, with multiple sit downs, they are not budging from their position. However, they will be approving the directive and providing a letter that [although] they will not be signing on to the CWA, they will “Stand Down” and not cause any disruptions or force unsanctioned pickets. In a year's time, they are hoping for a review of the aforementioned work with hopes of being able to secure it the next go around.” The “letter” referenced was requested several times by City staff but never provided.

Sheet Metal Workers side letter and the side letter delivered December 5, 2023) and whether all Unions were in agreement to support the requests, City staff replied and requested confirmation. No response was received from Tri-Counties until May 2024.

After receiving the response from Tri-Counties, City staff continued following up with them to clarify inconsistent language of the amendment requests, confirming details and collecting documents necessary to bring the amendment to City Council for consideration. As presented in this agenda item, the amendment includes the changes listed below (reflected in detail in Attachment A: Amendment in redline; Attachment B: Clean amendment for signature). Staff and outside counsel, Mike Vlaming, reviewed the changes and have concluded the changes requested are either clerical in nature or are generally consistent with previous Council direction or standard construction trade practices.

- Section 13.1.1 of the CWA is removed. This section of the CWA stated that, “All Apprentices performing work on the project must be registered apprentices training under apprenticeship standards that include the specific work processes that will be performed by the contractor’s journeymen and shall only be assigned work that is included in the apprenticeship standards under which they are indentured.” This was problematic for a handful of the Unions, deemed an internal Tri-Counties issue by City staff, and therefore the amendment being recommended removes the section. There was no section 13.1.2 of the original CWA so that part of the request from Tri-Counties was immaterial.
- Section 2.3.3 of the CWA is modified to align with the request of the Sheet Metal Workers. The ability to perform certain processes including, but not limited to, fabrication and assembly off site by the Sheet Metal Workers is standard industry practice and desirable from an efficiency and quality standpoint. The amendment modifies the CWA language to allow for this work to remain within the scope of the CWA while being completed off site.
- The effective date of the CWA is deemed to be January 17, 2023. As originally drafted, the CWA left its effective date reliant on complete collection of signatures. The amendment establishes a fixed, agreed upon date. Establishing the effective date does not impact any projects procured since January 17, 2023, as the CWA was and remains limited to the Prado Road Interchange and Public Safety Center projects (see footnotes 4 and 5 of this report for more detail on those projects) and neither project has yet gone out for bid on construction.
- Section 15.2 is modified to clarify the role of the Chair and Co-Chair of the Joint Administrative Committee (“JAC”), and the participation of the City in the JAC via the members it appoints. As originally drafted, the CWA did not identify who the Chair and Co-Chair were and implied the City would need to be invited to meetings of the JAC (instead of the accurate reflection that several of the JAC member positions are City appointees).

The version of the amendment being presented has been fully executed by Tri-Counties, approved by vote of the Unions, and all signature pages to the original CWA have been collected (Attachment C: Complete set of Union signature pages). Should Council approve the amendment, only the Mayor’s signature would need to be collected to make the complete document effective.

**Previous Council or Advisory Body Action**

Council has taken previous action related to the original CWA (see list of meetings below) but has not reviewed the amendment now being requested.

- [Study Session of 9/21/2021, item 8a](#): to discuss potential strategies to support local contractors, vendors and labor on public projects.
- [City Council Meeting of 4/19/2022, item 6d](#): to review the staff recommendations following analysis of the results of the stakeholder outreach and historical Capital Improvement Project data.
- [City Council Meeting of 7/19/2022, item 7c](#): to review progress of negotiations with Tri-Counties towards a CWA.
- [City Council Meeting of 1/17/2023, item 6f](#): to review and approved the tentative CWA.

**Public Engagement**

The previous action related to the original CWA were all public agenda items and the amendment now being proposed has been included in the publicly posted agenda for the City Council meeting.

**CONCURRENCE**

The Administration Department and Community Services Group concur with the recommendations of this report.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Section 15378.

**FISCAL IMPACT**

Budgeted: Yes  
Funding Identified: Yes

Budget Year: 2024-25



**Fiscal Analysis:**

Work to coordinate with Tri-Counties; draft and review the amendment being proposed; and bring this agenda item to Council was completed, for the most part, by City staff in the ordinary course of their duties. Additional contract legal support was provided by attorney Mike Vlaming and the remaining balance on his contract (first executed in November 2021 with a not-to-exceed amount of \$20,000) is \$9,803 after payment of the invoice for his work in August 2024. Staff intend to retain Mr. Vlaming as a resource for implementation of this CWA and potentially for future CWA related support.

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$ 9,803	\$0	\$9,803	\$TBD
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$9,803</b>	<b>\$0</b>	<b>\$9,803</b>	<b>\$TBD</b>

**ALTERNATIVES**

1. **Direct staff to negotiate different terms to be included in the amendment.** Council may provide direction to City staff to negotiate additional or different terms to the CWA however, staff do not believe this is necessary since the original CWA was approved by Council and the few changes being proposed in the amendment do not substantively detract from the original agreement’s core objectives.
2. **Council could reject the amendment.** Staff does not recommend this alternative, as several of the Unions have made it clear that refusal to agree to the amendments would preclude them from participation in the CWA, which would impact the effectiveness of the CWA.

**ATTACHMENTS**

- A - Redline draft of the Amendment highlighting the changes to language in the CWA
- B - Clean, proposed Amendment (including its Exhibits A, B & C) executed by Tri-Counties
- C - Complete Union signatures to the original CWA



**FIRST AMENDMENT TO  
COMMUNITY WORKFORCE AGREEMENT**

This First Amendment to Community Workforce Agreement (“Amendment”) is made and entered in the City of San Luis Obispo on [date of Council approval], by and between the City of San Luis Obispo and its successors or assigns, (“City”), the Tri Counties Building & Construction Trades Council, AFL-CIO (“Tri Counties”), and the Craft Councils and Unions (“CCU”) signatory to the Community Workforce Agreement for the Prado Road Interchange and Public Safety Center projects as approved by the City Council of the City of San Luis Obispo on January 17, 2023 (“Community Workforce Agreement” or “CWA”). The signatory CCU are hereinafter, together with Tri Counties, collectively referred to as the “Unions.” The City and Unions are hereinafter collectively referred to as the “Parties.”

**WITNESSETH:**

WHEREAS, City and Tri Counties negotiated for approximately six (6) months before reaching tentative agreement November 30, 2022, on language for the CWA; and

**Commented [KH1]:** direction to begin negotiations was provided in April 2022; deadline to complete negotiations was July 19, 2022, but needed to continue on so Cultural Arts District Parking Structure project was dropped; first negotiation meeting was held June 23, 2022; tentative agreement reached Nov. 30, 2022

WHEREAS, at the January 17, 2023, meeting of the City Council, the City’s Mayor was authorized to sign the CWA; and

WHEREAS, on or before April 12, 2023, both Tri Counties and City had executed the CWA (Exhibit A) CWA as routed via DocuSign); and

WHEREAS, from January 2023 until December 2023, Tri Counties and City worked to collect signatures from each of the CCU listed below (Exhibit B) Signature pages received as of December 6, 2023):

**Commented [KH2]:** Southern CA District Council of Laborers, LiUna 1184 Plaster Tenders, and LiUna 220 signatures need to be collected along with the signed amendment. If any additional groups wish to sign on, theirs also need to be collected with the amendment. A modified signature page has been provided for this purpose.

- Asbestos Heat & Frost Insulators (Local 5)
- Boilermakers (Local 92)
- Bricklayers & Allied Craftworkers (Local 4)
- Cement Masons (Local 600)
- Electricians (Local 639)
- Elevator Constructors (Local 18)
- Iron Workers (Local 155)
- Painters & Allied Trades DC 36
- Pipe Trades (Local 403)

- Pipe Trades (Local 345), UA Landscape & Irrigation
- Pipe Trades District Council No. 16
- Pipe Trades (Sprinkler Fitters Local 669)
- Plasterers (Local 200)
- Roofers & Waterproofers (Local 36)
- Sheet Metal Workers (Local 104)
- Teamsters (Local 986)
- Southwest Regional Council of Carpenters, Carpenters Local 805

WHEREAS, during the process of collecting signatures a handful of issues were raised by various CCU and presented to the City as proposed side letters. In order to assure consensus by all Parties, including those having executed the CWA prior to receipt of the proposed side letters, the Unions were asked to reach internal agreement on their requested changes so those changes could be considered by the City for inclusion in this Amendment; and

WHEREAS, on June 5, 2024, a General Meeting of the Tri Counties was held which resulted in the following requests:

1. That Section 13.1.1 be removed from the CWA.
2. That the modifications to Section 2.3.3 of the CWA presented in the side letter related to off-site fabrication and signed by Sheet Metal Workers' Local 104 District 3 on June 1, 2023, (Exhibit C) be incorporated into the CWA.

WHEREAS, CWA Article 20, DURATION OF THE AGREEMENT, provides that the effective date of the CWA is "the date [the CWA] is signed by all Parties" but the definition of "Parties" includes "The City, Council, Unions, and Contractors that become signatory to this Agreement by executing the Letter of Assent..." Inclusion of future Contractors in Parties could be interpreted to mean that each time a new Letter of Assent is executed, that date becomes the effective date of the CWA and therefore no true effective date would exist.

WHEREAS, CWA Article 15, LABOR/MANAGEMENT COOPERATION, provides for the creation of a Joint Administrative Committee ("JAC") to include three (3) representatives selected by the City. However, Section 15.2 states, "The City should be notified of the meeting [of the JAC] and invited to send a representative(s) to participate," implying the City has no fixed representatives in the JAC. Section 15.2 also states, "The Committee shall meet on a schedule to be determined by the Committee or at the call of the joint chairs..." but fails to define who the "joint chairs" are.

WHEREAS, the projects covered by the CWA are currently estimated to go out for bid in 2027 or later.

WHEREAS, the City and Unions desire to modify various sections of the CWA to address the issues raised by the Tri- Counties and CCU and to clarify and enhance compliance with the CWA.

NOW THEREFORE, in consideration of their mutual promises, obligations and covenants hereinafter contained, the parties hereto agree as follows:

1. Section 13.1.1 of the CWA is removed.
2. Section 2.3.3 of the CWA is modified to be:  
2.3.3 All off-site manufacture and handling of materials, equipment, or machinery; provided, however, that lay down or storage areas for equipment or material and manufacturing (prefabrication) sites, dedicated solely to the Project or Project Work, and the movement of materials or goods between locations on a Project site are within the scope of this Agreement; provided, further, that off-site fabrication, assembly, modification or processing of materials, detailing and/or air balancing work that is traditionally performed under the Sheet Metal Workers' Local 104 Master Labor Agreement or local addendum to their national agreement are within the scope of this Agreement.
3. The City and Unions agree that the effective date of the CWA be deemed to be January 17, 2023.
4. Section 15.2 is modified to be:  
Functions of Joint Committee: At its first meeting, the Joint Committee shall elect a Chair and Co-Chair, one from the representatives selected by the City and the other one from the representatives selected by the Council. The Committee shall meet on a schedule to be determined by the Committee or at the call of the Chair or Co-Chair, joint chairs, to discuss the administration of the Agreement, the progress of the Project, general labor management problems that may arise, and any other matters consistent with this Agreement. Substantive grievances or disputes arising under Articles 6, 7 or 9 shall not be reviewed or discussed by this Committee but shall be processed pursuant to the provisions of the appropriate Article. The Community Workforce Coordinator shall be responsible for the scheduling of the

Commented [KH3]: This is the as-is language of the section

meetings, the preparation of the agenda topics for the meetings, with input from the Unions the Contractors and the City. Notice of the date, time and place of meetings, shall be given to the Committee members at least three (3) business days prior to the meeting. ~~The City should be notified of the meetings and invited to send a representative(s) to participate.~~ The Community Workforce Coordinator shall prepare quarterly reports on apprentice utilization and the training and employment of City residents, and a schedule of Project Work and estimated number of craft workers needed. The Committee or an appropriate subcommittee, may review such reports and make any recommendations for improvement, if necessary, including increasing the availability of skilled trades, and the employment of local residents or other individuals who should be assisted with appropriate training to qualify for apprenticeship programs.

5. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first written above.

<p>CITY</p> <p>By: _____ Erica A. Stewart, Mayor</p> <p>Dated: _____</p>	<p>UNIONS</p> <p>By: _____ Josh Medrano, Executive Secretary Tri Counties Building &amp; Construction Trades Council</p> <p>Dated: _____</p>
<p>APPROVED AS TO FORM FOR CITY:</p> <p>_____ City Attorney</p>	

**FIRST AMENDMENT TO  
COMMUNITY WORKFORCE AGREEMENT**

This First Amendment to Community Workforce Agreement (“Amendment”) is made and entered in the City of San Luis Obispo on October \_\_\_\_, 2024, by and between the City of San Luis Obispo and its successors or assigns, (“City”), the Tri Counties Building & Construction Trades Council, AFL-CIO (“Tri Counties”), and the Craft Councils and Unions (“CCU”) signatory to the Community Workforce Agreement for the Prado Road Interchange and Public Safety Center projects as approved by the City Council of the City of San Luis Obispo on January 17, 2023 (“Community Workforce Agreement” or “CWA”). The signatory CCU are hereinafter, together with Tri Counties, collectively referred to as the “Unions.” The City and Unions are hereinafter collectively referred to as the “Parties.”

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WHEREAS, at the January 17, 2023, meeting of the City Council, the City’s Mayor was authorized to sign the CWA; and

WHEREAS, on or before April 12, 2023, both Tri Counties and City had executed the CWA (Exhibit A: CWA as routed via DocuSign); and

WHEREAS, from January 2023 until December 2023, Tri Counties and City worked to collect signatures from each of the CCU listed below (Exhibit B: Signature pages received as of December 6, 2023):

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- Sheet Metal Workers (Local 104)
- Teamsters (Local 986)
- Southwest Regional Council of Carpenters, Carpenters Local 805

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WHEREAS, on June 5, 2024, a General Meeting of the Tri Counties was held which resulted in the following requests:

1. That Section 13.1.1 be removed from the CWA.
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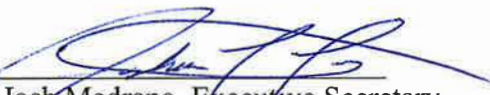
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2. Section 2.3.3 of the CWA is modified to be:  
2.3.3 All off-site manufacture and handling of materials, equipment, or machinery; provided, that lay down or storage areas for equipment or material and manufacturing (prefabrication) sites, dedicated solely to the Project or Project Work, and the movement of materials or goods between locations on a Project site are within the scope of this Agreement; provided, further, that off-site fabrication, assembly, modification or processing of materials, detailing and/or air balancing work that is traditionally performed under the Sheet Metal Workers' Local 104 Master Labor Agreement or local addendum to their national agreement are within the scope of this Agreement.
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Functions of Joint Committee: At its first meeting, the Joint Committee shall elect a Chair and Co-Chair, one from the representatives selected by the City and the other one from the representatives selected by the Council. The Committee shall meet on a schedule to be determined by the Committee or at the call of the Chair or Co-Chair, to discuss the administration of the Agreement, the progress of the Project, general labor management problems that may arise, and any other matters consistent with this Agreement. Substantive grievances or disputes arising under Articles 6, 7 or 9 shall not be reviewed or discussed by this Committee but shall be processed pursuant to the provisions of the appropriate Article. The Community Workforce Coordinator shall be responsible for the scheduling of the meetings, the

preparation of the agenda topics for the meetings, with input from the Unions the Contractors and the City. Notice of the date, time and place of meetings, shall be given to the Committee members at least three (3) business days prior to the meeting. The Community Workforce Coordinator shall prepare quarterly reports on apprentice utilization and the training and employment of City residents, and a schedule of Project Work and estimated number of craft workers needed. The Committee or an appropriate subcommittee, may review such reports and make any recommendations for improvement, if necessary, including increasing the availability of skilled trades, and the employment of local residents or other individuals who should be assisted with appropriate training to qualify for apprenticeship programs.

5. All other terms and conditions of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed the day and year first written above.

<p>CITY</p> <p>By: _____ Erica A. Stewart, Mayor</p> <p>Dated: _____</p>	<p>UNIONS</p> <p>By:  Josh Medrano, Executive Secretary Tri Counties Building &amp; Construction Trades Council</p> <p>Dated: <u>9/04/2024</u></p>
<p>APPROVED AS TO FORM FOR CITY:</p> <p>_____ City Attorney</p>	

**Exhibit A to CWA Amendment**  
Community Workforce Agreement for Prado Interchange  
& Safety Center

COMMUNITY WORKFORCE AGREEMENT

BY AND BETWEEN

THE CITY OF SAN LUIS OBISPO

AND

THE TRI COUNTIES BUILDING & CONSTRUCTION

TRADES COUNCIL, AFL-CIO

AND

THE SIGNATORY CRAFT COUNCILS AND UNIONS

TABLE OF CONTENTS		Page
ARTICLE 1	INTENT AND PURPOSE	5
ARTICLE 2	SCOPE OF AGREEMENT	6
ARTICLE 3	UNION RECOGNITION AND EMPLOYMENT	10
ARTICLE 4	UNION ACCESS AND STEWARDS	15
ARTICLE 5	WAGES AND BENEFITS	16
ARTICLE 6	WORK STOPPAGES AND LOCKOUTS	18
ARTICLE 7	WORK ASSIGNMENTS AND JURISDICTIONAL DISPUTES	22
ARTICLE 8	MANAGEMENT RIGHTS	22
ARTICLE 9	SETTLEMENT OF GRIEVANCES AND DISPUTES	24
ARTICLE 10	REGULATORY COMPLIANCE	26
ARTICLE 11	SAFETY AND PROTECTION OF PERSON AND PROPERTY	27
ARTICLE 12	TRAVEL AND SUBSISTENCE	28
ARTICLE 13	APPRENTICES	28
ARTICLE 14	PRE-JOB CONFERENCES	29
ARTICLE 15	LABOR/MANAGEMENT COOPERATION	30
ARTICLE 16	SAVINGS AND SEPARABILITY	30
ARTICLE 17	WAIVER	31
ARTICLE 18	AMENDMENTS	31
ARTICLE 19	ENTIRE AGREEMENT	31
ARTICLE 20	DURATION OF THE AGREEMENT	32
ATTACHMENT A	– LETTER OF ASSENT	34
ATTACHMENT B	– LOCAL RESIDENT ZIP CODES	35
ATTACHMENT C	– CRAFT EMPLOYEE REQUEST FORM	36
ATTACHMENT D	– DRUG AND ALCOHOL TESTING POLICY	38
ATTACHMENT E	– MASTER LABOR AGREEMENTS	46

**CITY OF SAN LUIS OBISPO  
COMMUNITY WORKFORCE AGREEMENT**

This Community Workforce Agreement (hereinafter, “Agreement”) is entered into by and between the City of San Luis Obispo and its successors or assigns, (“City”), the Tri Counties Building & Construction Trades Council, AFL-CIO (the “Council”), and the signatory Craft Councils and Unions signing this Agreement (hereinafter together with the Council, collectively, the “Unions”). This Agreement establishes the labor relations guidelines and procedures for the City and for the Contractors and craft employees represented by the Unions and engaged in Project Work. The City, Council, Unions, and Contractors that become signatory to this Agreement by executing the Letter of Assent are hereinafter referred to herein, as the context may require, as “Party” or “Parties.”

The Parties to this Agreement understand that if this Agreement is acceptable to the City, the policy of the City will be for the Project Work to be contracted exclusively to Contractors who agree to execute and be bound by the terms of this Agreement, directly or through the Letter of Assent (a form of which is attached as “**Attachment A**”), and to require each of its subcontractors, of whatever tier, to become bound. The City shall include, directly or by incorporation by reference, the requirements of this Agreement in the advertisement of and/or specifications for each and every contract for Project Work to be awarded by the City.

The City shall actively administer and enforce the obligations of this Agreement to ensure that the benefits envisioned from it flow to all signatory Parties, the Contractors and crafts persons working under it, and the residents of the City. The City shall therefore designate a “Community Workforce Coordinator,” either from its own staff or an independent contractor acting on behalf of the City, who will, with the support of the Contractors and Unions, monitor compliance with this Agreement; assist, as the authorized representative of the City, in developing and implementing the programs referenced herein, all of which are critical to fulfilling the intent and purposes of the Parties and this Agreement; and to otherwise implement and administer this Agreement.

The term “Apprentice” as used in this Agreement shall mean those employees registered and participating in Joint Labor/Apprenticeship Programs approved by the Division of Apprenticeship Standards, Department of Industrial Relations of the State of California, and the Federal Department of Labor to the extent required by any Project funding source.

The term “Contractor” as used in this Agreement includes any individual, firm, partnership, or corporation, or combination thereof, including joint ventures, which as an Independent Contractor has entered into a contract with the City with respect to the Project Work, or with another Contractor as a subcontractor of whatever tier utilized by such Contractors for Project Work.

The term “Joint Labor/Apprenticeship Program” or “Approved Apprenticeship Programs,” as used in this Agreement means a joint Union and Contractor administered apprenticeship program certified by the Division of Apprenticeship Standards, Department of Industrial Relations of the State of California, and the Federal Department of Labor to the extent required by any Project funding source.

The term “Local Area Resident” as used in this Agreement means a qualified person whose principal residence is located within the territory covered by the zip codes contained in Appendix B to this Agreement in priority order.

The term “Local Area Contractor” as used in this Agreement means a construction contracting entity whose principal place of business is located within the territory of Tier 1 or Tier 2 contained in Appendix B to this Agreement and has so located and continuously operated for a period of at least one (1) year prior to the award of Project Work.

The term “Letter of Assent” as used in this Agreement means the document that each Contractor (of any tier) must sign and submit to the Community Workforce Coordinator and the Council, before beginning any Project Work, which formally binds them to adhere to all applicable forms, requirements and conditions of this Agreement, in the form of the letter attached hereto as Attachment A.

The term “Project” or “Project Work” as used in this Agreement means the City’s construction, abatement, demolition, renovation, rehabilitation, upgrade and improvement work, and new construction as described in Section 2.2 of this Agreement and as contracted out by the City.

The terms “Master Labor Agreements” or “MLAs,” as used in this Agreement, means the local collective bargaining agreements of the signatory Unions having jurisdiction over the Project Work and which have signed this Agreement. A list of the applicable MLAs are attached hereto as Attachment E.

The term “Subscription Agreement” means the contract between a Contractor and a Union’s Labor/Management Trust Fund(s) that allows the Contractor to make the appropriate fringe benefit contributions in accordance with the terms of MLA.

The Union and all Contractors agree to abide by the terms and conditions of this Agreement and agree that this Agreement represents the complete understanding of the Parties. No Contractor is or will be required to sign or otherwise become a party to any other collective bargaining agreement with a signatory Union as a condition of performing work within the scope of this Agreement.

The Parties agree that this Agreement will be made available to, and will fully apply to, any successful bidder for Project Work, without regard to whether that successful bidder performs work at other sites on either a union or non-union basis. This Agreement shall not apply to any work of any Contractor other than that on Project Work specifically covered by this Agreement.

The use of masculine or feminine gender or titles in this Agreement should be construed as including both genders and not as gender limitations unless the Agreement clearly requires a different construction. Further, the use of Article titles and/or Section headings are for information only and carry no legal significance.

## ARTICLE 1 INTENT AND PURPOSE

**Section 1.1 Identification and Retention of Skilled Labor and Employment of Local Area Residents:** The construction and capital improvement work scheduled to be performed by the City will require large numbers of craft personnel and other supporting workers. The parties understand and intend to use the opportunities provided by the extensive amount of work to be covered by this Agreement to identify and promote, through cooperative efforts, programs and procedures (which may include, for example, programs to prepare persons for entrance into formal apprenticeship programs, or outreach programs to the community describing opportunities available as a result of the Project), the interest and involvement of Local Area Residents in the construction industry; assist them in entering the construction trades, and through utilization of the approved apprenticeship programs, provide training opportunities for those Local Area Residents and other individuals wishing to pursue a career in construction. Further, with assistance of the Community Workforce Coordinator, the City, the Contractors, the Unions and their affiliated regional and national organizations, will work jointly to develop and implement procedures promptly for the identification of craft needs, the scheduling of work to facilitate the utilization of available craft workers, and to secure the services of craft workers in sufficient numbers to meet the high demands of the Project Work to be undertaken.

**Section 1.2 Encouragement of Local Area Contractors:** The Project will provide many opportunities for local contractors and suppliers to participate, and the parties therefore agree that they will cooperate with all efforts of the City, the Community Workforce Coordinator, and other organizations retained by the City for the purpose of encouraging and assisting the participation of such businesses in Project Work. The parties shall ensure that the provisions of this Agreement do not inadvertently establish impediments to the participation of Local Area Contractors and Local Area Residents.

**Section 1.3 Project Cooperation:** The Parties recognize that the construction to take place under this Agreement involves unique and special circumstances which dictate the need for the Parties to develop specific procedures to promote high quality, rapid and uninterrupted construction methods, and practices. The smooth operation and cost effective, successful and timely completion of the work is vitally important to the City. The Parties therefore agree that maximum cooperation among all parties involved is required; and that with construction work of this magnitude, with multiple contractors and crafts performing work on multiple sites over an extended period of time, all Parties agree to work in a spirit of harmony and cooperation, and with an overriding commitment to maintain the continuity and timely completion of Project Work.

**Section 1.4 Workers' Compensation Carve-out:** Further, the Parties recognize the potential which the Project may provide for the implementation of a cost-effective workers' compensation system as permitted by California Labor Code, Section 3201.5, as revised. Should the City request, the Union parties agree to meet and negotiate in good faith with representatives of the City for the development, and subsequent implementation, of an effective program involving improved and revised dispute resolution and medical care procedures for the delivery of workers' compensation benefits and medical coverage as permitted by the Code.



Section 1.5 Peaceful Resolution of All Disputes: In recognition of the special needs of the Project and to maintain a spirit of harmony, labor-management peace and stability during the term of this Community Workforce Agreement, the Parties agree to establish effective and binding methods for the settlement of all misunderstandings, disputes and grievances; and in recognition of such methods and procedures, the unions agree not to engage in any strike, slowdowns, interruptions, or disruption of Project Work, and the contractors agree not to engage in any lockout, or any other action impairing or impeding the Project Work.

Section 1.6 Binding Agreement on Parties and Inclusion of Local Area Residents and Businesses: By executing this Agreement, the City, Council, Unions and Contractors agree to be bound by each and all of the provisions of this Agreement, and pledge that they will work together to adopt, develop, and implement processes and procedures which are inclusive of the Local Area Residents and Local Area Contractors.

## **ARTICLE 2 SCOPE OF AGREEMENT**

Section 2.1 General: This Agreement shall only apply to work which is contracted out by the City, as specified in Section 2.2 of this Article, performed by those Contractor(s) of whatever tier that have contracts awarded for such work.

Section 2.2 Specific: The Projects are defined and limited to:

2.2.1 All construction, abatement, demolition, renovation, rehabilitation, upgrade and improvement work and new construction to be performed pursuant to or under a contract with the City for the Prado Road Interchange and Public Safety Center Projects, as finally approved and constructed, and all subcontracts flowing from these contracts (“Project Work”), are covered under this Agreement.

2.2.2 The Parties understand that the City may at any time, and at its sole discretion, determine to build segments of the Project under this Agreement which were not currently proposed, or to modify or not to build any one or more particular segments proposed to be covered. It is understood by the Parties that the City may at any time, and at its sole discretion, add additional projects under this Agreement not otherwise covered by this Agreement.

Section 2.3 Exclusions: Items specifically excluded from the Scope of this Agreement include the following:

2.3.1 Work of non-manual employees, including but not limited to: superintendents; administrators; supervisors; time keepers; mail carriers; clerks; office workers; messengers; guards; safety personnel; emergency medical and first aid technicians; and other professional, engineering, administrative, supervisory and management employees;

2.3.2 Equipment and machinery operated by the City;

2.3.3 All off-site manufacture and handling of materials, equipment, or machinery; provided, however, that lay down or storage areas for equipment or material and manufacturing (prefabrication) sites, dedicated solely to the Project or Project Work, and the movement of materials or goods between locations on a Project site are within the scope of this Agreement;

2.3.4 All employees of the City, Community Workforce Coordinator, design teams (including, but not limited to, architects, engineers and master planners), or any other consultants or service providers contracted directly with the City (including, but not limited to, project managers and construction managers, Surveyors, Building/Construction Inspectors, and Field Soils and Material Testers, and their employees) and their sub-consultants, and other employees of professional service organizations who provide services to the City through professional services agreements. However, to the extent that services are performed under a construction contract with the Contractor awarded the Project Work or a related construction subcontract, this Agreement shall include the classifications of Surveyor, Building/Construction Inspector and Field Soils and Material Testers (Inspectors) as a covered craft under this Agreement as applied to the scope of work defined in the Master Labor Agreement for said craft and shall also specifically include such work where it is referred to by utilization of such terms as “quality control” or “quality assurance.” In that circumstance, every Surveyor, Building/Construction Inspector performing work under these classifications pursuant to a construction contract with a Contractor for Project Work shall be bound to all applicable requirements of this Agreement;

2.3.5 Any work performed on or near or leading to or into a site of work covered by this Agreement and undertaken by state, county, city, California Polytechnic University, or other governmental bodies, or their Contractors or consultants; or by public utilities, or their Contractors or consultants; and/or by the City or its Contractors or consultants (for work that is not within the scope of this Agreement);

2.3.6 Off-site maintenance of leased equipment and on-site supervision of such work;

2.3.7 It is recognized that certain equipment and systems of a highly technical and specialized nature will have to be installed at the Project. The nature of the equipment and systems, together with requirements of manufacturer’s warranty, may dictate that it be prefabricated, pre-piped, and/or pre-wired and that it be installed under the supervision and direction of the Owner’s and/or manufacturer’s personnel. The Unions agree to install such material, equipment and systems without incident, or allow such installation to be performed by the manufacturer’s employees or a contractor certified by the manufacturer where the Unions are unable to perform such work or the warranty requires the work to be performed by the employees of the manufacturer or a contractor certified by the manufacturer. If a warranty on the manufacturer’s specialty or technical equipment or systems purchased by the Owner requires that the installation of such specialty or technical equipment or system be performed by the manufacturer’s own personnel, then such installation may be performed by the manufacturer’s own personnel. If a warranty on the manufacturer’s specialty or technical equipment or systems purchased by the Owner requires that the installation of such specialty or technical equipment or system be performed by a contractor certified by the manufacturer, and there are no Union signatory contractors certified by the manufacturer to install and/or perform such work, then such installation may be performed by such certified contractor. The Contractor shall notify the

Unions at the pre-job conference of the use of this provision and shall provide copies of the written warranty that require that the work be performed by the manufacturer's own personnel, or a contractor certified by the manufacturer, to the affected Union. When the warranty does not require installation by the manufacturer's own personnel or a contractor certified by the manufacturer, the Unions agree to perform and install such work under the supervision and direction of the manufacturer's representative;

2.3.8 Non-construction support services contracted by the City, Community Workforce Coordinator, consultants, or Contractor in connection with this Project;

2.3.9 Off-site laboratory work for testing; and

2.3.10 The movement and placement of free-standing furniture owned or controlled by the Owner; however, the installation of office furniture that is attached to the realty shall be covered by this Agreement.

Section 2.4 After installation by the Contractor(s) and upon notice of completion, it is understood the City reserves the right to perform start-up, operation, repair, maintenance or revision of equipment or systems with persons of the City's choice. If required, the service representative may make a final check to protect the terms of a manufacturer's guarantee or warranty prior to start-up of a piece of equipment.

Section 2.5 Awarding of Contracts:

2.5.1 The City and/or the Contractors, as appropriate, have the absolute right to award contracts or subcontracts on this Project to any Contractor notwithstanding the existence or non-existence of any agreements between such Contractor and any Union parties, provided only that such Contractor is ready, willing and able to execute and comply with this Community Workforce Agreement should such Contractor be awarded work covered by this Agreement.

2.5.2 Subject to section 2.6, below, it is agreed that all Contractors and subcontractors of whatever tier, who have been awarded contracts for work covered by this Agreement, shall be required to accept and be bound to the terms and conditions of this Community Workforce Agreement, and shall evidence their acceptance by the execution of the Letter of Assent set forth in **Attachment "A"** hereto, prior to the commencement of work. At the time that any Contractor enters into a subcontract with any subcontractor of any tier providing for the performance on the construction contract, the Contractor shall provide a copy of this Agreement to said subcontractor and shall require the subcontractor, as a part of accepting the award of a construction subcontract, to agree in writing in the form of a Letter of Assent to be bound by each and every provision of this Agreement prior to the commencement of work on the Project. No Contractor or subcontractor shall commence Project Work without having first provided a copy of the Letter of Assent as executed by it to the Community Workforce Coordinator and to the Council forty-eight (48) hours before the commencement of Project Work, or within forty-eight (48) hours after the award of Project Work to that Contractor (or subcontractor), whichever occurs later.

**Section 2.6 Coverage Exception:** This Agreement shall not apply if the City receives funding or assistance from any Federal, State, local or other public entity for the Construction Contract if a requirement, condition or other term of receiving that funding or assistance, at the time of the awarding of the contract, is that the City not require bidders, contractors, subcontractors or other persons or entities to enter into an agreement with one or more labor organizations or enter into an agreement that contains any of the terms set forth herein. The City agrees that it will make every effort to establish the enforcement of this Agreement with any governmental agency or granting authority. If the City receives funding or assistance from any Federal, State, local or other public entity for a Project, after award of such project, and such funding prohibits the use of this Agreement, the Parties shall meet and discuss the issue. The City agrees that it will make a good faith effort to establish the enforcement of this Agreement with any governmental agency or granting authority and the Unions agree to jointly defend and support any defense of a Project challenged because of the application of this Agreement to such Project.

**Section 2.7 Master Labor Agreements:**

2.7.1 The provisions of this Agreement, including the Master Labor Agreements (hereinafter “MLAs”), as such may be changed from time-to-time and which are incorporated herein by reference, shall apply to the work covered by this Agreement. This Agreement is not intended to supersede the MLAs between any of the Contractors performing construction work on the Project and a Union signatory thereto except to the extent the provisions of this Agreement are inconsistent with such MLAs, in which event the provisions of this Agreement shall apply. However, such does not apply to work performed under the National Cooling Tower Agreement, the National Stack Agreement, the National Transit Division Agreement (NTD), work within the jurisdiction of the International Union of Elevator Constructors, and all instrument calibration and loop checking work performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Systems Technicians except that Articles dealing with Work Stoppages and Lock-Outs, Work Assignments and Jurisdictional Disputes, and Settlement of Grievances and Disputes shall apply to such work. Where a subject is covered by the provisions of an MLA and not covered by this Agreement, the provisions of the MLA shall apply. It is specifically agreed that no later agreement shall be deemed to have precedence over this Agreement unless signed by all Parties signatory hereto who are then currently employed or represented at the Project. Any dispute as to the applicable source between this Agreement and any MLA for determining the wages, hours or working conditions of employees on this Project shall be resolved under the procedures established in Article 9.

2.7.2 It is understood that this Agreement, together with the referenced MLAs, constitutes a self-contained, stand-alone agreement and by virtue of having become bound to this Community Workforce Agreement, the Contractor will not be obligated to sign any other local, area or national collective bargaining agreement as a condition of performing work within the scope of this Agreement (provided, however, that the Contractor may be required to sign an uniformly applied, non-discriminatory “Subscription Agreement” at the request of the trustees or administrator of a trust fund established pursuant to Section 302 of the Labor Management Relations Act, and to which such Contractor is bound to make contributions under this Agreement, provided that such Subscription Agreement does not purport to bind the Contractor beyond the terms and conditions of this Agreement and/or expand its obligation to make

contributions pursuant thereto). It shall be the responsibility of the prime Contractor to have each of its subcontractors sign such Subscription Agreement, to the extent required by this Agreement, with the appropriate Craft Union prior to the subcontractor beginning Project Work.

Section 2.8 Binding Signatories Only: This Agreement shall only be binding on the signatory Parties hereto, and shall not apply to the parents, affiliates, subsidiaries, or other ventures of any such Party.

Section 2.9 Other City Work: This Agreement shall be limited to the construction work within the Scope of this Agreement including, specifically, site preparation and related demolition work, and new construction and major rehabilitation work referenced in Section 2.2 above. Nothing contained herein shall be interpreted to prohibit, restrict, or interfere with the performance of any other operation, work or function not covered by this Agreement, which may be performed by City employees or contracted for by the City for its own account, on its property or in and around a Project site.

Section 2.10 Separate Liability: It is understood that the liability of the Contractor(s) and the liability of the separate Unions under this Agreement shall be several and not joint. The Unions agree that this Agreement does not have the effect of creating any joint employment status between or among the City or Community Workforce Coordinator and/or any Contractor.

Section 2.11 Completed Project Work: As areas, phases, portions, sections or segments of Project Work are accepted by the City, this Agreement shall have no further force or effect on such items or areas except where the Contractor is directed by the City or its representatives to engage in repairs, modification, check-out and/or warranties functions required by its contract(s) with the City.

### **ARTICLE 3 UNION RECOGNITION AND EMPLOYMENT**

Section 3.1 Recognition: The Contractor recognizes the Council and the Unions as the exclusive bargaining representative for the employees engaged in Project Work.

Section 3.2 Contractor Selection of Employees: The Contractor shall have the right to determine the competency of all employees, the duties of such employees within their craft jurisdiction, and shall have the sole responsibility for selecting employees to be laid off. The Contractor shall also have the right to reject any applicant referred by a Union for any reason, subject to any reporting pay required under the appropriate MLA; provided, however, that such right is exercised in good faith and not for the purpose of avoiding the Contractor's commitment to employ qualified workers through the procedures endorsed in this Agreement.

Section 3.3 Referral Procedures:

3.3.1 For signatory Unions now having a job referral system contained in a MLA, the Contractor agrees to comply with such system, and it shall be used exclusively by such Contractor, except as modified by this Agreement. Such job referral system will be operated in a

nondiscriminatory manner and in full compliance with federal, state, and local laws and regulations which require equal employment opportunities and non-discrimination. All of the foregoing hiring procedures, including related practices affecting apprenticeship, shall be operated so as to consider the goals of the City to encourage employment of Local Area Residents and participation of Local Area Contractors on the Project, and to facilitate the ability of all Contractors to meet their employment needs.

3.3.2 The Unions will exert their best efforts to recruit and refer sufficient numbers of skilled craft workers to fulfill the labor requirements of the Contractor, including specific employment obligations to which the Contractor may be legally and/or contractually obligated; and to refer apprentices as requested to develop a larger, skilled workforce. The Unions will work with their affiliated regional and national unions, and jointly with the Community Workforce Coordinator and others designated by the City, to identify and refer competent craft persons as needed for Project Work, and to identify and hire individuals, giving preference to Local Area Residents, for entrance into approved apprenticeship programs, or participation in other identified programs and procedures to assist individuals in qualifying and becoming eligible for such apprenticeship programs, all maintained to increase the available supply of skilled craft personnel.

3.3.3 The Union shall not knowingly refer an employee currently employed by a Contractor on Project Work to any other Contractor.

3.3.4 Core Workers: As the initial workers on the Project, a Local Area Contractor, which is not currently working under a Master Labor Agreement, that is awarded work on the Project may directly employ up to a maximum of three (3) members of its regular, local, experienced work force, where the employees so designated as "Core Workers" meet the following qualifications:

- (a) Possess any license required by state or Federal law for the Project work to be performed;
- (b) Have worked at least two thousand (2,000) hours in the applicable trade or craft;
- (c) Have been employed by the Contractor for at least sixty (60) working days of the one hundred (100) working days immediately preceding the award of the Project Work to the Contractor;
- (d) Are Local Area Residents;
- (e) Have the ability to safely perform the basic functions of the applicable craft or trade.

After directly employing up to three (3) Core Workers, the Local Area Contractor shall thereafter be subject to the procedures for Union referral of Project workers below. The Local Area

Contractor, upon request by the Community Workforce Coordinator, shall provide the necessary documentation to support the qualification of an employee as a Core Worker.

If additional workers are needed following the hiring of workers pursuant to the provisions above, then the Local Area Contractor shall request, and the Union shall refer a worker from its referral list. Local Area Contractors may then directly employ one (1) additional of their qualified Core Workers that is referred pursuant to the referral procedures referenced in this Section 3, after which one (1) worker shall be referred from the Union referral list. This alternating procedure of referral shall continue until a maximum of eight (8) qualified Core Workers have been directly employed by or referred to the Contractor. All additional workers shall be requested and referred pursuant to otherwise applicable Union referral list procedures and the local hire provisions of this Agreement. On layoffs, the Contractor shall reverse the alternating process. The Contractor shall notify the appropriate Union utilizing the Craft Request Form (**Attachment “C”**) and each of the additional workers utilized under the procedures in this paragraph shall register with the Union’s hiring hall before commencing work on the Project. If there is any question regarding a worker’s eligibility under this Section 3.3.4, the Contractor shall provide satisfactory proof of such at a Union’s request. The provisions of this Section 3.3.4 shall only apply to Local Area Contractors and workers who are not working under the terms of a Master Labor Agreement at the time of their transfer to work covered under this Agreement.

All other Contractors not currently signatory to a Master Labor Agreement that is awarded work on the Project may directly employ one (1) Core Worker (as defined below) that is referred pursuant to the referral procedures referenced in this Section 3 after which one (1) worker shall be referred from the Union referral list. This alternating procedure of referral shall continue until a maximum of five (5) qualified Core Workers have been directly employed by or referred to the Contractor. All additional workers shall be requested and referred pursuant to otherwise applicable Union referral list procedures and the local hire provisions of this Agreement. On layoffs, the Contractor shall reverse the alternating process. The Contractor shall notify the appropriate Union utilizing the Craft Request Form (**Attachment “C”**) and each of the additional workers utilized under the procedures in this paragraph shall register with the Union’s hiring hall before commencing work on the Project. If there is any question regarding a worker’s eligibility under this section 3.3.4, the Contractor shall provide satisfactory proof of such at a Union’s request. “Core Workers” are those employees who meet the following qualifications:

- (a) Possesses any license required by state or Federal law for the Project work to be performed;
- (b) Have worked at least two thousand (2,000) hours in the applicable trade or craft;
- (c) Have been employed by the Contractor for at least sixty (60) working days of the one hundred (100) working days immediately preceding the award of the Project Work to the Contractor; and
- (d) Have the ability to safely perform the basic functions of the applicable craft or trade.

The Core Workers shall present to and be dispatched through the applicable Union referral procedures.

3.3.4.1 Prior to each Contractor performing any work on the Project, each Contractor shall provide a list of its Core Workers to the Community Workforce Coordinator and the Council. Failure to do so will prohibit the Contractor from using any Core Workers. Upon request by any Party to this Agreement, the Contractor hiring any Core Worker shall provide satisfactory proof (e.g., payroll records, quarterly tax records, driver's license, voter registration, postal address and such other documentation) evidencing the Core Worker's qualification as a core employee to the Community Workforce Coordinator and the Council.

Section 3.4 Non-Discrimination in Referral, Employment, and Contracting: The Unions and Contractors agree that they will not discriminate against any employee or applicant for employment in hiring and dispatching on the basis of race, color, religion, sex, gender, national origin, age, membership in a labor organization, sexual orientation, political affiliation, marital status, or disability. The Parties shall jointly endeavor to assure that these commitments are fully met, and that any provisions of this Agreement which may appear to interfere within a local and small business enterprises successfully bidding for work within the scope of this Agreement shall be carefully reviewed, and adjustments made as may be appropriate and agreed upon among the Parties, to ensure full compliance with the spirit and letter of the City's policies and commitment to its goals for the significant utilization of local and small businesses as direct Contractors or suppliers for Project Work.

Section 3.5 Employment of Local Area Residents:

3.5.1 The Unions and Contractors agree that, to the maximum extent allowed by law, and as long as they possess the requisite skills and qualifications, the Unions will exert their best efforts to recruit sufficient numbers of skilled craft Local Area Residents as defined herein, to fulfill the requirements of the Contractors and shall refer on a priority basis all available, qualified Local Area Resident workers. In recognition of the fact that the City and the communities surrounding Project Work will be impacted by the construction of the Project, the Parties agree to support the hiring of Local Area Resident workers, as well as Veterans. Towards that end, the Unions agree that they will exert their best efforts to encourage and provide referrals and utilization of qualified workers in accordance with the following priority:

3.5.1.1 First, Local Area Residents residing in those first-tier zip codes which cover the City of San Luis Obispo (Tier 1), as reflected on the attached list of zip codes as reflected on **Attachment "B"**.

3.5.1.2 If the Unions cannot provide the Contractors with a sufficient number of qualified workers from Paragraph 3.5.1.1, above, the Unions will exert their best efforts to then recruit qualified workers residing within the County of San Luis Obispo (Tier 2), and shall refer all such available workers, giving first priority to Veterans residing in county.

3.5.1.3 If the Unions still have not provided the Contractors with a sufficient number of qualified workers from Paragraphs 3.5.1.1 and 3.5.1.2, above, the Unions will then exert their best efforts to recruit qualified workers residing in the zip codes specified within



Santa Barbara and Monterey counties (Tier 3), and shall refer all such available workers, giving first priority to Veterans residing in those zip codes.

3.5.1.4 If the Unions still have not provided the Contractors with a sufficient number of qualified workers from Paragraphs 3.6.1.1, 3.6.1.2, and 3.6.1.3 above, the Unions will then exert their best efforts to recruit qualified workers residing in the zip codes specified within Ventura County (Tier 4), and shall refer all such available workers, giving first priority to Veterans residing in those zip codes.

3.5.2 A goal of at least 50% of all of the construction labor hours worked on the Project shall be from Local Area Residents, with first priority referrals on all Contractor requests given to available Local Area Residents, in ascending order of tier, regardless of attainment of goals. To facilitate the dispatch of Local Area Residents, all Contractors will be required to utilize the Craft Employee Request Form whenever they are requesting the referral of any employee from a Union referral list for any Project Work, a sample of which is attached as **Attachment “C”**. Should the referral data show that the participation goal is not being met, the Parties agree to meet and confer regarding changes, including, but not limited to, increasing the number of Core Workers that are Local Area Residents, that can be immediately implemented in order to achieve the participation goal.

3.5.3 The Community Workforce Coordinator shall work with the Unions and Contractors in the administration of this Local Area Resident preference; and the Contractors and Unions shall cooperate by maintaining adequate records to demonstrate to the Community Workforce Coordinator that such preferences have been pursued.

3.5.4 In determining compliance with the targeted hiring goals of Section 3.5.2 above, hours of Project Work performed by residents of states other than California will be excluded from the calculation. Additionally, the Local Area residency requirement, set forth in Section 3.3.4(d), shall not apply to out of state workers.

Section 3.6 Helmets to Hardhats: The Contractors and the Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Contractors and Unions agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment (hereinafter “Center”) and the Center’s “Helmets to Hardhats” program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the Parties. For purposes of this Agreement, the term “Eligible Veteran” shall have the same meaning as the term “veteran” as defined under Title 5, Section 2108(1) of the United States Code as the same may be amended or re-codified from time to time. It shall be the responsibility of each qualified Local Area Resident to provide the Unions with proof of his/her status as an Eligible Veteran.

The Unions and Contractors agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on this Project and of apprenticeship and

employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans for bona fide, provable past experience.

**Section 3.7 Time for Referral:** If any Union's registration and referral system does not fulfill the requirements for specific classifications requested by any Contractor within forty-eight (48) hours (excluding Saturdays, Sundays, and holidays), that Contractor may use employment sources other than the Union registration and referral services and may employ applicants meeting such standards from any other available source. The Contractors shall inform the Union of any applicants hired from other sources within forty-eight (48) hours of such applicant being hired, and such applicants shall register with the appropriate hiring hall, if any, prior to commencing work on the Project.

**Section 3.8 Lack of Referral Procedure:** If a signatory Union does not have a job referral system as set forth in Section 3.3 above, the Contractors shall give the Union equal opportunity to refer applicants. The Contractors shall notify the Union of employees so hired, as set forth in Section 3.5.

**Section 3.9 Union Membership:** Employees are not required to become or remain union members or pay dues or fees as a condition of performing covered work under this Agreement. Contractors shall make and transmit all deductions for union dues, fees, and assessments that have been authorized by employees in writing in accordance with the applicable Master Agreement. Nothing in this Section 3.9 is intended to supersede the requirements of applicable Master Agreements as to those Contractors otherwise signatory to such Master Agreements and as to the employees of those Contractors who are performing covered work.

**Section 3.10 Individual Seniority:** Except as provided in Section 4.3, individual seniority shall not be recognized or applied to employees working on the Project; provided, however, that group and/or classification seniority in a Union's MLA, as of the effective date of this Agreement shall be recognized for purposes of layoffs.

**Section 3.11 Foremen:** The selection and number of craft foreman and/or general foreman shall be the responsibility of the Contractor. All foremen shall take orders exclusively from the designated Contractor representatives. Craft foreman shall be designated as working foreman at the request of the Contractors.

## **ARTICLE 4 UNION ACCESS AND STEWARDS**

**Section 4.1 Access to Project Sites:** Authorized representatives of the Union shall have access to Project Work, provided that they do not interfere with the work of employees and further provided that such representatives fully comply with posted visitor, security, and safety rules.

**Section 4.2 Stewards:**

4.2.1 Each signatory Union shall have the right to dispatch a working journeyperson as a steward for each shift and shall notify the Contractor in writing of the identity of the designated steward or stewards prior to the assumption of such person's duties as steward. Such designated steward or stewards shall not exercise any supervisory functions. There will be no non-working stewards. Stewards will receive the regular rate of pay for their respective crafts.

4.2.2 In addition to his/her work as an employee, the steward should have the right to receive, but not to solicit, complaints or grievances and to discuss and assist in the adjustment of the same with the employee's appropriate supervisor. Each steward should be concerned only with the employees of the steward's Contractor and, if applicable, subcontractor(s), and not with the employees of any other Contractor. A Contractor will not discriminate against the steward on the basis of proper performance of his/her Union duties.

4.2.3 When a Contractor has multiple, non-contiguous work locations at one site, the Contractor may request, and the Union shall appoint such additional working stewards as the Contractor requests to provide independent coverage of one or more such locations. In such cases, a steward may not service more than one work location without the approval of the Contractor.

4.2.4 The stewards shall not have the right to determine when overtime shall be worked or who shall work overtime.

Section 4.3 Steward Layoff/Discharge: The relevant Contractor agrees to notify the appropriate Union twenty-four (24) hours before the layoff of a steward, except in the case of disciplinary discharge for just cause. If the steward is protected against such layoff by the provisions of the applicable MLA, such provisions shall be recognized when the steward possesses the necessary qualifications to perform the remaining work. In any case in which the steward is discharged or disciplined for just cause, the appropriate Union will be notified immediately by the Contractor, and such discharge or discipline shall not become final (subject to any later filed grievance) until twenty-four (24) hours after such notice has been given.

Section 4.4 Employees on Non-Project Work: On work where the personnel of the City may be working in close proximity to the construction activities covered by this Agreement, the Union agrees that the Union representatives, stewards, and individual workers will not interfere with the City personnel, or with personnel employed by the any other employer not a Party to this Agreement.

## **ARTICLE 5 WAGES AND BENEFITS**

Section 5.1 Wages: All employees covered by this Agreement shall be classified in accordance with work performed and paid by the Contractors the hourly wage rates for those classifications in compliance with the applicable prevailing wage rate determination established pursuant to applicable law. If a prevailing rate increases under law, the Contractor shall pay that rate as of its effective date under the law. Notwithstanding any other provision of this

Agreement, this Agreement does not relieve Contractors directly signatory to one or more of the Master Labor Agreements from paying all wages set forth in such Agreements.

Section 5.2 Benefits:

5.2.1 Contractors shall pay contributions to the established employee benefit funds in the amounts designated in the appropriate MLA and make all employee authorized deductions in the amounts designated in the appropriate MLA; provided, however, that such contributions shall not exceed the contribution amounts set forth in the applicable prevailing wage determination. Notwithstanding any other provision of this Agreement, Contractors directly signatory to one or more of the Master Labor Agreements are required to make all contributions set forth in those Master Labor Agreements without reference to the forgoing. Bona fide benefit plans with joint trustees or authorized employee deduction programs established or negotiated under the applicable MLA, or by the Parties to this Agreement during the life of this Agreement may be added.

5.2.2 The Contractor adopts and agrees to be bound by the written terms of the applicable, legally established, trust agreement(s) specifying the detailed basis on which payments are to be made into, and benefits paid out of, such trust funds for its employees. The Contractor authorizes the parties to such trust funds to appoint trustees and successor trustees to administer the trust funds and hereby ratifies and accepts the trustees so appointed as if made by the Contractor.

5.2.3 Each Contractor and subcontractor is required to certify to the Community Workforce Coordinator that it has paid all benefit contributions due and owing to the appropriate Trust(s) prior to the receipt of its final payment and/or retention. Further, upon timely notification by a Union to the Community Workforce Coordinator, the Community Workforce Coordinator shall work with any prime Contractor or subcontractor who is delinquent in payments to assure that proper benefit contributions are made, to the extent of requesting the City or the prime Contractor to withhold payments otherwise due such Contractor, until such contributions have been made or otherwise guaranteed.

Section 5.3 Wage Premiums: Wage premiums, including but not limited to pay based on height of work, hazard pay, scaffold pay, and special skills shall not be applicable to work under this Agreement, except to the extent provided for in any applicable prevailing wage determination.

Section 5.4 Compliance with Prevailing Wage Laws: The Parties agree that the Community Workforce Coordinator shall monitor the compliance by all Contractors and subcontractors with all applicable federal and state prevailing wage laws and regulations, and that such monitoring shall include Contractors engaged in what would otherwise be Project Work but for the exceptions to Agreement coverage in Section 2.2. All complaints regarding possible prevailing wage violations shall be referred to the Community Workforce Coordinator for processing, investigation, and resolution, and if not resolved within thirty (30) calendar days, may be referred by any party to the state labor commissioner.

## ARTICLE 6

### WORK STOPPAGES AND LOCK-OUTS

Section 6.1 No Work Stoppages or Disruptive Activity: The Council and the Unions agree that neither they, and each of them, nor their respective officers or agents or representatives, shall incite or encourage, condone or participate in any strike, walk-out, slow-down, picketing, observing picket lines or other activity of any nature or kind whatsoever, for any cause or dispute whatsoever with respect to or in any way related to Project Work, or which interferes with or otherwise disrupts Project Work, or with respect to or related to the City or Contractors or subcontractors, including, but not limited to economic strikes, unfair labor practice strikes, safety strikes, sympathy strikes and jurisdictional strikes whether or not the underlying dispute is subject to arbitration. Any such actions by the Council, or Unions, or their members, agents, representatives or the employees they represent shall constitute a violation of this Agreement. The Council and the Union shall take all steps necessary to obtain compliance with this Article and neither should be held liable for conduct for which it is not responsible.

Section 6.2 Employee Violations: The Contractor may discharge any employee violating Section 6.1 above and any such employee will not be eligible for rehire under this Agreement.

Section 6.3 Standing to Enforce: The City, the Community Workforce Coordinator, or any Contractor affected by an alleged violation of Section 6.1 shall have standing and the right to enforce the obligations established therein.

Section 6.4 Expiration of MLAs: If the MLA, or any local, regional, and other applicable collective bargaining agreements expire during the term of the Project, the Union(s) agree that there shall be no work disruption of any kind as described in Section 6.1 above as a result of the expiration of any such agreement(s) having application on this Project and/or failure of the involved Parties to that agreement to reach a new contract. Terms and conditions of employment established and set at the time of bid shall remain established and set. Otherwise to the extent that such agreement does expire and the parties to that agreement have failed to reach concurrence on a new contract, work will continue on the Project on one of the following two (2) options, both of which will be offered by the Unions involved to the Contractors affected:

6.4.1 Each of the Unions with a contract expiring must offer to continue working on the Project under interim agreements that retain all the terms of the expiring contract, except that the Unions involved in such expiring contract may each propose wage rates and employer contribution rates to employee benefit funds under the prior contract different from what those wage rates and employer contributions rates were under the expiring contracts. The terms of the Union's interim agreement offered to Contractors will be no less favorable than the terms offered by the Union to any other employer or group of employers covering the same type of construction work in San Luis Obispo County.

6.4.2 Each of the Unions with a contract expiring must offer to continue working on the Project under all the terms of the expiring contract, including the wage rates and employer contribution rates to the employee benefit funds, if the Contractor affected by that expiring contract agrees to the following retroactive provisions: if a new MLA, local, regional or other

applicable labor agreement for the industry having application at the Project is ratified and signed during the term of this Agreement and if such new labor agreement provides for retroactive wage increases, then each affected Contractor shall pay to its employees who performed work covered by this Agreement at the Project during the hiatus between the effective dates of such expired and new labor agreements, an amount equal to any such retroactive wage increase established by such new labor agreement, retroactive to whatever date is provided by the new labor agreement for such increase to go into effect, for each employee's hours worked on the Project during the retroactive period. All Parties agree that such affected Contractors shall be solely responsible for any retroactive payment to its employees.

6.4.3 Some Contractors may elect to continue to work on the Project under the terms of the interim agreement option offered under Paragraph 6.4.1, above and other Contractors may elect to continue to work on the Project under the retroactivity option offered under paragraph 6.4.2, above. To decide between the two options, Contractors will be given one week after the particular labor agreement has expired or one week after the Union has personally delivered to the Contractors in writing its specific offer of terms of the interim agreement pursuant to Paragraph (a) above, whichever is the later date. If the Contractor fails to timely select one of the two options, the Contractor shall be deemed to have selected the retroactivity option offered under Paragraph 6.4.2, above.

Section 6.5 No Lockouts: Contractors shall not cause, incite, encourage, condone or participate in any lock-out of employees with respect to Project Work during the term of this Agreement. The term "lock-out" refers only to a Contractor's exclusion of employees in order to secure collective bargaining advantage, and does not refer to the discharge, termination or layoff of employees by the Contractor for any reason in the exercise of rights pursuant to any provision of this Agreement, or any other agreement, nor does "lock-out" include the City's decision to stop, suspend or discontinue any Project Work or any portion thereof for any reason.

Section 6.6 Best Efforts to End Violations:

6.6.1 If a Contractor contends that there is any violation of this Article or Section 7.3, it shall notify, in writing, the Executive Secretary of the Council, the Senior Executive of the involved Union(s) and the Community Workforce Coordinator. The Executive Secretary and the leadership of the involved Union(s) will immediately instruct, order and use their best efforts to cause the cessation of any violation of the relevant Article.

6.6.2 If the Union contends that any Contractor has violated this Article, it will notify the Contractor and the Community Workforce Coordinator, setting forth the facts which the Union contends violate the Agreement, at least twenty-four (24) hours prior to invoking the procedures of Section 6.8. The Community Workforce Coordinator shall promptly order the involved Contractor(s) to cease any violation of the Article.

Section 6.7 Withholding of services for failure to pay wages and fringe benefits: Notwithstanding any provision of this Agreement to the contrary, it shall not be a violation of this Agreement for any Union to withhold the services of its members (but not the right to picket) from a particular Contractor who fails to timely pay its weekly payroll; or fails to make

timely payments to the Union's Joint Labor/Management Trust Funds in accordance with the provisions of the applicable MLA. Prior to withholding its members' services for the Contractor's failure to make timely payments to the Union's Joint Labor/Management Trust Funds, the Union shall give at least ten (10) days (unless a lesser period of time is provided in the Union's MLA, but in no event less than seventy-two (72) hours) written notice of such failure to pay by registered or certified mail, return receipt requested, and by facsimile transmission to the involved Contractor and the City. Union will meet within the ten (10) day period to attempt to resolve the dispute.

6.7.1 Upon the payment of the delinquent Contractor of all monies due and then owing for wages and/or fringe benefit contributions, the Union shall direct its members to return to work and the Contractor shall return all such members back to work.

Section 6.8 Expedited Enforcement Procedure: Any Party, including the City, which is an intended beneficiary of this Article, or the Community Workforce Coordinator, may institute the following procedures, in lieu of or in addition to any other action at law or equity, when a breach of Section 6.1, 6.5 or Section 7.3 is alleged.

6.8.1 The Party invoking this procedure shall notify Lou Zigman, or, if Mr. Zigman is unavailable, Sara Adler, who have been selected by the negotiating Parties, and whom the Parties agree shall be the permanent arbitrator and alternate arbitrator under this procedure. If the permanent arbitrator is unavailable at any time, the party invoking this procedure shall notify Sara Adler. Notice to the arbitrator shall be by the most expeditious means available, with notices to the Parties alleged to be in violation, and to the Council if it is a Union alleged to be in violation. For purposes of this Article, written notice may be given by telegram, facsimile, hand-delivery or overnight mail and will be deemed effective upon receipt.

6.8.2 Upon receipt of said notice, the arbitrator named above, or his/her alternate shall sit and hold a hearing within twenty-four (24) hours if it is contended that the violation still exists, but not sooner than twenty-four (24) hours after notice has been dispatched to the Council of the involved Union(s) and/or Contractor.

6.8.3 The arbitrator shall notify the Parties of the place and time chosen for this hearing. Said hearing shall be completed in one session, which, with appropriate recesses at the arbitrator's discretion, shall not exceed twenty-four (24) hours unless otherwise agreed upon by all Parties. A failure of any Party or Parties to attend said hearings shall not delay the hearing of evidence or the issuance of any award by the arbitrator.

6.8.4 The sole issue at the hearing shall be whether or not a violation of Sections 6.1, 6.5 or Section 7.3 has in fact occurred. The arbitrator shall have no authority to consider any matter in justification, explanation or mitigation of such violation or to award damages. The Award shall be issued in writing within three (3) hours after the close of the hearing and may be issued without an opinion. If any Party desires a written opinion, one shall be issued within fifteen (15) days, but its issuance shall not delay compliance with, or enforcement of, the Award. The arbitrator may order cessation of the violation of the Article and other appropriate relief, and such Award, upon issuance, shall be served on all Parties by hand or registered mail.

6.8.5 Such Award shall be final and binding on all Parties and may be enforced by any court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to herein above in the following manner. Written notice of the filing of such enforcement proceedings shall be given to the other Party. In any judicial proceeding to obtain a temporary order enforcing the arbitrator's Award as issued under this Article, all Parties waive the right to a hearing and agree that such proceedings may be ex parte. Such agreement does not waive any Party's right to participate in a hearing for a final order of enforcement. The court's order or orders enforcing the arbitrator's award shall be served on all Parties by hand or by delivery to their address as shown on this Agreement (for a Union), as shown in their business contract for work under this Agreement (for a Contractor) and to the representing Union (for an employee), by certified mail by the Party or Parties first alleging the violation.

6.8.6 Any rights created by statute or law governing arbitration proceedings inconsistent with the above procedure or which interfere with compliance hereto are hereby waived by the Parties to whom they accrue.

6.8.7 The fees and expenses of the arbitrator shall be equally divided between the Party or Parties initiating this procedure and the respondent Party or Parties.

6.8.8 Liquidated Damages. If the arbitrator determines that a work stoppage, in violation of Section 6.1 has occurred, the respondent Unions(s) shall, within eight (8) hours of receipt of the award, direct all the employees they represent on the project to immediately return to work. If the craft(s) involved does not return to work by the beginning of the next regularly scheduled shift following such eight (8) hour period after receipt of the arbitrator's award, and the respondent Union(s) have not complied with their obligation to immediately instruct, order, and use their best efforts to cause a cessation of the violation and return of the employees they represent to work, then the respondent Union(s) shall each pay a sum as liquidated damages to the City, and each shall pay an additional sum per shift for each shift thereafter on which the craft(s) has not returned to work. Similarly, if the arbitrator determines that a lock-out, in violation of Section 6.5 has occurred, the respondent Contractor(s) shall, within eight (8) hours of receipt of the award, return all the affected employees to work on the Project, or otherwise correct the violation as found by the arbitrator. If the respondent Contractor(s) do not take such action by the beginning of the next regularly scheduled shift following the eight (8) hour period, each respondent Contractor shall pay a sum as liquidated damages in equal amounts to the City and to the affected Union(s) (with union amounts to be apportioned among the affected employees and the benefit funds to which contributions are made on their behalf, as appropriate and designated by the Arbitrator) and each shall pay an additional sum per shift for each shift thereafter in which compliance by the respondent Contractor(s) has not been completed. The Arbitrator shall retain jurisdiction to determine compliance with this Section and to establish the appropriate sum of liquidated damages, which shall not be less than five thousand dollars (\$5,000) per shift, nor more than twenty thousand dollars (\$20,000) per shift.



**ARTICLE 7**  
**WORK ASSIGNMENTS AND JURISDICTIONAL DISPUTES**

Section 7.1 Assignment of Work: The assignment of Project Work will be solely the responsibility of the Contractor performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of Jurisdictional Disputes in the Construction Industry (the “Plan”) or any successor Plan.

Section 7.2 The Plan: All jurisdictional disputes on this Project between or among the building and construction trades Unions and the Contractor parties to this Agreement, shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the Contractor and Union parties to this Agreement.

7.2.1 If a dispute arising under this Article involves the Southwest Regional Council of Carpenters or any of its subordinate bodies, an Arbitrator shall be chosen by the procedures specified in Article V, Section 5, of the Plan from a list composed of John Kagel, Robert Hirsch, and Thomas Pagan, and the Arbitrator’s hearing on the dispute shall be held at the offices of the applicable Building and Construction Trades Council within fourteen (14) days of the selection of the Arbitrator. All other procedures shall be as specified in the Plan.

Section 7.3 No Work Disruption Over Jurisdiction: All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature, and the Contractor’s assignment shall be adhered to until the dispute is resolved. Individuals violating this section shall be subject to immediate discharge.

Section 7.4 Pre-Job Conferences: As provided in Article 14, each Contractor will conduct a pre-job conference with the Council prior to commencing work. The Contractor and the Owner will be advised in advance of all such conferences and may participate if they wish. Pre-job conferences for different Employers may be held together.

Section 7.5 Resolution of Jurisdictional Disputes: If any actual or threatened strike, sympathy strike, work stoppage, slow down, picketing, hand-billing or otherwise advising the public that a labor dispute exists, or interference with the progress of Project Work by reason of a jurisdictional dispute or disputes occurs, the Parties shall exhaust the expedited procedures set forth in the Plan, if such procedures are in the plan then currently in effect, or otherwise as in Article 6 above.

**ARTICLE 8**  
**MANAGEMENT RIGHTS**

Section 8.1 Contractor and City Rights: The City and the Contractor retain the full and exclusive authority for the management of its operations, as set forth in this Article, unless expressly limited or required by the other Articles of this Agreement or an MLA. In addition to the following and other rights of the Contractors enumerated in this Agreement, the Contractors

expressly reserve their management rights and all the rights conferred upon them by law. The Contractor's rights include, but are not limited to, the right to:

8.1.1 Plan, direct and control operations of all work;

8.1.2 Hire, promote, transfer and layoff their own employees, respectively, as deemed appropriate to satisfy work and/or skill requirements;

8.1.3 Promulgate and require all employees to observe reasonable job rules and security and safety regulations;

8.1.4 Discharge, suspend or discipline their own employees for just cause;

8.1.5 Utilize, in accordance with City approval, any work methods, procedures or techniques, and select, use and install any types or kinds of materials, apparatus or equipment, regardless of source of manufacture or construction; assign and schedule work at their discretion; and

8.1.6 Assign overtime, determine when it will be worked, and the number and identity of employees engaged in such work, subject to such provisions in the applicable MLA(s) requiring such assignments be equalized or otherwise made in a nondiscriminatory manner.

Section 8.2 Specific City Rights: In addition to the following and other rights of the City enumerated in this Agreement, the City expressly reserves its management rights and all the rights conferred on it by law. The City's rights (and those of the Community Workforce Coordinator on its behalf) include but are not limited to the right to:

8.2.1 Inspect any construction site or facility to ensure that the Contractor follows the applicable safety and other work requirements;

8.2.2 Require Contractors to establish a different work week or shift schedule for particular employees as required to meet the operational needs of the Project Work at particular locations;

8.2.3 At its sole option, terminate, delay and/or suspend any and all portions of the Project Work at any time; prohibit some or all work on certain days or during certain hours of the day to accommodate the ongoing operations of the City's facilities and/or to mitigate the effect of ongoing Project Work on businesses and residents in the neighborhood of the Project site; and/or require such other operational or schedule changes it deems necessary, in its sole judgment, to effectively maintain its primary mission and remain a good neighbor to those in the area of its facilities. (In order to permit the Contractors and Unions to make appropriate scheduling plans, the City will provide the Community Workforce Coordinator, and the affected Contractor(s) and Union(s) with reasonable notice of any changes it requires pursuant to this Section; provided, however, that if notice is not provided in time to advise employees not to report for work, show-up pay shall be due pursuant to the provision of Article 6, Section 6.6);

8.2.4 Approve any work methods, procedures and techniques used by Contractors whether or not these methods, procedures or techniques are part of industry practices or customs, provided that nothing herein shall require such approval or extend any liability related to work performed by Contractors to the City; and

8.2.5 Investigate and process complaints, through its Community Workforce Coordinator, in the matter set forth in Articles 6 and 9.

Section 8.3 Use of Materials: There should be no limitations or restriction by Union upon a Contractor's choice of materials or design, nor, regardless of source or location, upon the full use and utilization, of equipment, machinery, packaging, precast, prefabricated, prefinished, or preassembled materials, tools or other labor saving devices, subject to the application of the State Public Contract and Labor Codes as required by law in reference to offsite construction. Generally, the onsite installation or application of such items shall be performed by the craft having jurisdiction over such work. The City and its Community Workforce Coordinator shall advise all Contractors of, and enforce as appropriate, the off-site application of the prevailing wage law as it affects Project Work.

Section 8.4 Special Equipment, Warranties and Guaranties:

8.4.1 The Parties recognize that the Contractor will initiate from time to time the use of new technology, equipment, machinery, tools, and other labor-savings devices and methods of performing Project Work. The Union agrees that they will not restrict the implementation of such devices or work methods. The Unions will accept and will not refuse to handle, install or work with any standardized and/or catalogue: parts, assemblies, accessories, prefabricated items, preassembled items, partially assembled items, or materials whatever their source of manufacture or construction.

8.4.2 If any disagreement between the Contractor and the Unions concerning the methods of implementation or installation of any equipment, or device or item, or method of work, arises, or whether a particular part or pre-assembled item is a standardized or catalog part or item, the work will precede as directed by the Contractor and the Parties shall immediately consult over the matter. If the disagreement is not resolved, the affected Union(s) shall have the right to proceed through the procedures set forth in Article 9.

## **ARTICLE 9 SETTLEMENT OF GRIEVANCES AND DISPUTES**

Section 9.1 Cooperation and Harmony on Site:

9.1.1 This Agreement is intended to establish and foster continued close cooperation between management and labor. The Council shall assign a representative to this Project for the purpose of assisting the Unions, and working with the Community Workforce Coordinator, together with the Contractors, to complete the construction of the Project economically, efficiently, continuously and without any interruption, delays or work stoppages.

9.1.2 The Community Workforce Coordinator, the Contractors, Unions, and employees collectively and individually, realize the importance to all Parties of maintaining continuous and uninterrupted performance Project Work, and agree to resolve disputes in accordance with the grievance provisions set forth in this Article or, as appropriate, those of Article 6 or 7.

9.1.3 The Community Workforce Coordinator shall oversee the processing of grievances under this Article and Article 6, including the scheduling and arrangements of facilities for meetings, selection of the arbitrator from the agreed-upon panel to hear the case, and any other administrative matters necessary to facilitate the timely resolution of any dispute; provided, however, it is the responsibility of the principal parties to any pending grievance to insure the time limits and deadlines are met.

Section 9.2 Processing Grievances: Any questions arising out of and during the term of this Agreement involving its interpretation and application, which includes applicable provisions of the MLAs, but not jurisdictional disputes or alleged violations of Section 6.1 and 6.5 and similar provisions, shall be considered a grievance and subject to resolution under the following procedures.

Step 1. Employee Grievances: When any employee subject to the provisions of this Agreement feels aggrieved by an alleged violation of this Agreement, the employee shall, through his Union business representative or job steward, within ten (10) working days after the occurrence of the violation, give notice to the work site representative of the involved Contractor stating the provision(s) alleged to have been violated. A business representative of the Union or the job steward and the work site representative of the involved Contractor shall meet and endeavor to adjust the matter within ten (10) working days after timely notice has been given. If they fail to resolve the matter within the prescribed period, the grieving party may, within ten (10) working days thereafter, pursue Step 2 of this grievance procedure provided the grievance is reduced to writing, setting forth the relevant information, including a short description thereof, the date on which the alleged violation occurred, and the provision(s) of the Agreement alleged to have been violated. Grievances and disputes settled at Step 1 shall be non-precedential except as to the parties directly involved.

Union or Contractor Grievances: Should the Union(s) or any Contractor have a dispute with the other party(ies) and, if after conferring within ten (10) working days after the disputing party knew or should have known of the facts or occurrence giving rise to the dispute, a settlement is not reached within five (5) working days, the dispute shall be reduced to writing and processed to Step 2 in the same manner as outlined in 1(a) above for the adjustment of an employee complaint.

Step 2. The business manager of the involved Union or his designee, together with the site representative of the involved Contractor, and the labor relations representative of the Community Workforce Coordinator, shall meet within seven (7) working days of the referral of the dispute to this second step to arrive at a satisfactory settlement thereof. If the Parties fail to reach an agreement, the dispute may be appealed in writing in accordance with the provisions of Step 3 within seven (7) calendar days after the initial meeting at Step 2.

Step 3. (a) If the grievance shall have been submitted but not resolved under Step 2, either the Union or Contractor party may request in writing to the Community Workforce Coordinator (with copy(ies) to the other party(ies)) within seven (7) calendar days after the initial Step 2 meeting, that the grievance be submitted to an arbitrator selected from the agreed upon list of experienced construction industry arbitrators below, on a rotational basis in the order listed. Those arbitrators are: (1) Louis Zigman; (2) Sara Adler; (3) Fredric Horowitz; (4) Edna Francis; (5) William Rule; (6) Walt Daugherty; and (7) Michael Rappaport. The decision of the arbitrator shall be final and binding on all parties and the fee and expenses of such arbitrations shall be borne equally by the involved Contractor(s) and the involved Union(s).

(b) Failure of the grieving party to adhere to the time limits established herein shall render the grievance null and void. The time limits established herein may be extended only by written consent of the parties involved at the particular step where the extension is agreed upon. The arbitrator shall have the authority to make decisions only on issues presented and shall not have the authority to change, amend, add to or detract from any of the provisions of this Agreement.

(c) The fees and expenses incurred by the arbitrator, as well as those jointly utilized by the parties (e.g., conference room, court reporter, etc.) in arbitration, shall be divided equally by the parties to the arbitration, including Union(s) and Contractor(s) involved.

Section 9.3 Limit on Use of Procedures: Procedures contained in this Article shall not be applicable to any alleged violation of Articles 6 or 7, with a single exception that any employee discharged for violation of Section 6.2, or Section 7.3, may resort to the procedures of this Article to determine only if he/she was, in fact, engaged in that violation.

Section 9.4 Notice: The Community Workforce Coordinator (and the City, in the case of any grievance regarding the Scope of this Agreement) shall be notified by the involved Contractor of all actions at Steps 2 and 3, and further, the Community Workforce Coordinator shall, upon its own request, be permitted to participate fully as a party in all proceedings at such steps.

## **ARTICLE 10 REGULATORY COMPLIANCE**

Section 10.1 Compliance with All Laws: The Council and all Unions, Contractors, subcontractors and their employed shall comply with all applicable federal and state laws, ordinances and regulations including, but not limited to, those relating to safety and health, employment and applications for employment. All employees shall comply with the safety regulations established by the City and/or the Contractor. Workers must promptly report any injuries or accidents as required by applicable policy and/or law.

Section 10.2 Monitoring Compliance: The Parties agree that the City shall require, and that the Community Workforce Coordinator and Council shall monitor, compliance by all Contractors and subcontractors with all federal and state law regulations that, from time to time may apply to Project Work. It shall be the responsibility of both the Council and the Community Workforce Coordinator (on behalf of the City) to investigate or monitor compliance with these various laws

and regulations and any suspected non-compliance observed by the Council shall be immediately reported to the Community Workforce Coordinator. The Council may recommend to the Community Workforce Coordinator and/or the City procedures to encourage and enforce compliance with these laws and regulations.

**Section 10.3 Prevailing Wage Compliance:** The Council or Union shall refer all complaints regarding any potential prevailing wage violation to the Community Workforce Coordinator, who on its own, or with the assistance of the City's labor compliance program, shall process, investigate and resolve such complaints, consistent with Article 5, Section 5.4. The Council or Union, as appropriate, shall be advised in a timely manner with regard to the facts and resolution, if any, of any complaint. It is understood that this Section does not restrict any individual rights as established under the State Labor Code, including the rights of an individual to file a complaint with the State Labor Commissioner or to file a grievance for such violation under the grievance procedure set forth in this Agreement.

**Section 10.4 Violations of Law:** Based upon a finding of violation by the City of a federal and state law, and upon notice to the Contractor that it or its subcontractors are in such violation, the City, in the absence of the Contractor or subcontractor remedying such violation, shall take such action as it is permitted by law or contract to encourage that Contractor to come into compliance, including, but not limited to, assessing fines and penalties, and/or removing the offending Contractor from Project Work. Additionally, in accordance with the Agreement between the City and the Contractor, the City may cause the Contractor to remove from Project Work any subcontractor who is in violation of state or federal law.

## **ARTICLE 11 SAFETY AND PROTECTION OF PERSON AND PROPERTY**

### **Section 11.1 Safety:**

11.1.1 It shall be the responsibility of each Contractor to ensure safe working conditions and employee compliance with any safety rules contained herein or established by the City and/or the Contractor. It is understood that employees have an individual obligation to use diligent care to perform their work in a safe manner and to protect themselves and the property of the Contractor and the City.

11.1.2 Employees shall be bound by the safety, security, and visitor rules established by the Contractor and/or the City. These rules will be published and posted. An employee's failure to satisfy his/her obligations under this section will subject him/her to discipline, up to and including discharge.

11.1.3 Projects covered by this Agreement shall be drug-free workplaces conforming to the requirements of the California Drug-Free Workplace Act of 1990 and the Federal Drug-Free Workplace Act of 1988.

11.1.4 The Parties to this Agreement adopt the Tri Counties Building and Construction Trades Council Approved Drug and Alcohol Testing Policy, a copy of which is attached hereto as **Attachment “D,”** and which shall be the policy and procedure utilized under this Agreement.

Section 11.2 Suspension of Work for Safety: A Contractor may suspend all or a portion of the job to protect the life and safety of employees. In such cases, employees will be compensated only for the actual time worked; provided, however, that where the Contractor requests employees to remain at the site and be available for work, the employees will be compensated for stand-by time at their basic hourly rate of pay.

Section 11.3 Water and Sanitary Facilities: The Contractor shall provide adequate supplies of drinking water and sanitary facilities for all employees as required by state law or regulation.

## **ARTICLE 12 TRAVEL AND SUBSISTENCE**

Travel expenses, travel time, subsistence allowances, zone rates and parking reimbursements shall be paid in accordance with the applicable MLA unless superseded by the applicable prevailing wage determination.

## **ARTICLE 13 APPRENTICES**

Section 13.1 Importance of Training: The Parties recognize the need to maintain continuing support of the programs designed to develop adequate numbers of competent workers in the construction industry, the obligation to capitalize on the availability of the local work force in the area served by the City, and the opportunities to provide continuing work under the construction program. To these ends, the Parties will facilitate, encourage, and assist Local Area Residents to commence and progress in an Approved Apprenticeship Programs and/or training programs in the construction industry leading to participation in such apprenticeship programs. The City, the Community Workforce Coordinator, and the Council, will work cooperatively to identify, or establish and maintain, effective programs and procedures for persons interested in entering the construction industry and which will help prepare them for the formal joint labor/management apprenticeship programs maintained by the signatory Unions.

13.1.1 All Apprentices performing work on the project must be registered apprentices training under apprenticeship standards that include the specific work processes that will be performed by the contractor’s journeymen and shall only be assigned work that is included in the apprenticeship standards under which they are indentured.

Section 13.2 Use of Apprentices:

13.2.1 Apprentices used on Projects under this Agreement shall be registered in Approved Apprenticeship Programs approved by the State of California and the Federal Department of Labor, to the extent required by any Project funding source. Apprentices may comprise up to thirty percent (30%) of each craft’s work force at any time, unless the standards

of the applicable joint apprenticeship committee confirmed by the Division of Apprenticeship Standards (“DAS”), establish a lower or higher maximum percentage, and where such is the case, the applicable Union should use its best efforts with its apprenticeship committee and, if necessary, the DAS to permit up to thirty percent (30%) apprentices on the Project.

13.2.2 The Unions agree to cooperate with the Contractor in furnishing apprentices as requested up to the maximum percentage. The apprentice ratio for each craft shall be in compliance, at a minimum, with the applicable provisions of the Labor Code relating to utilization of apprentices. The City shall encourage such utilization, and, both as to apprentices and the overall supply of experienced workers, the Community Workforce Coordinator will work with the Council to assure appropriate and maximum utilization of apprentices and the continuing availability of both apprentices and journey persons.

13.2.3 The Parties agree that apprentices will not be dispatched to Contractors working under this Agreement unless there is a journeyman working on the project where the apprentice is to be employed who is qualified to assist and oversee the apprentice’s progress through the program in which he is participating.

13.2.4 All apprentices shall work under the direct supervision of a journeyman from the trade in which the apprentice is indentured. A journeyman shall be defined as set forth in the California Code of Regulations, Title 8 [apprenticeship], Section 205, which defines a journeyman as a person who has either completed an accredited apprenticeship in his or her craft or has completed the equivalent of an apprenticeship in length and content of work experience and all other requirements in the craft which has workers classified as journeyman in the apprenticeship occupation. Should a question arise as to a journeyman’s qualification under this subsection, the Contractor shall provide adequate proof evidencing the worker’s qualification as a journeyman to the Community Workforce Coordinator and the Council.

## **ARTICLE 14 PRE-JOB CONFERENCES**

Each prime Contractor will conduct a pre-job conference with the Unions for it and all of its subcontractors not later than fourteen (14) calendar days prior to commencing work for each stage of the Project. Each Contractor conducting a pre-job shall notify the Council and all subcontractors of all tiers, who shall participate in such conferences, seven (7) days in advance of all such conferences. The purpose of the conference will be to, among other things, determine craft manpower needs, schedule of work for the contract and project work rules/owner rules. The Council, the Community Workforce Coordinator, and the City shall be advised in advance of all such conferences and may participate if they wish. All work assignments shall be disclosed by the prime Contractor and all Contractors at the pre-job conference. Should there be Project Work that was not previously discussed at the pre-job conference, or additional project work be added, the contractors performing such work will conduct a separate pre-job conference for such newly included work. Any Union in disagreement with the proposed assignment shall notify the Contractor of its position in writing, with a copy to Community Workforce Coordinator, within seven (7) calendar days thereafter. Within seven (7) calendar days after the period allowed for Union notices of disagreement with the Contractor’s proposed assignments, but prior to the



commencement of any work, the Contractor shall make final assignments in writing with copies to the Council and to the Community Workforce Coordinator.

## **ARTICLE 15 LABOR/MANAGEMENT COOPERATION**

Section 15.1 Joint Committee: The Parties to this Agreement shall establish a six (6) person Joint Administrative Committee (JAC). This JAC shall be comprised of three (3) representatives selected by the City and three (3) representatives selected by the Council to monitor compliance with the terms and conditions of this Agreement. Each representative shall designate an alternate who shall serve in his or her absence for any purpose contemplated by this Agreement.

Section 15.2 Functions of Joint Committee: The Committee shall meet on a schedule to be determined by the Committee or at the call of the joint chairs, to discuss the administration of the Agreement, the progress of the Project, general labor management problems that may arise, and any other matters consistent with this Agreement. Substantive grievances or disputes arising under Articles 6, 7 or 9 shall not be reviewed or discussed by this Committee but shall be processed pursuant to the provisions of the appropriate Article. The Community Workforce Coordinator shall be responsible for the scheduling of the meetings, the preparation of the agenda topics for the meetings, with input from the Unions the Contractors and the City. Notice of the date, time and place of meetings, shall be given to the Committee members at least three (3) business days prior to the meeting. The City should be notified of the meetings and invited to send a representative(s) to participate. The Community Workforce Coordinator shall prepare quarterly reports on apprentice utilization and the training and employment of City residents, and a schedule of Project Work and estimated number of craft workers needed. The Committee or an appropriate subcommittee, may review such reports and make any recommendations for improvement, if necessary, including increasing the availability of skilled trades, and the employment of local residents or other individuals who should be assisted with appropriate training to qualify for apprenticeship programs.

## **ARTICLE 16 SAVINGS AND SEPARABILITY**

Section 16.1 Savings Clause: It is not the intention of the City, the Community Workforce Coordinator, Contractor or the Union parties to violate any laws governing the subject matter of this Agreement. The Parties hereto agree that in the event any provision of this Agreement is finally held or determined to be illegal or void as being in contravention of any applicable law or regulation, the remainder of the Agreement shall remain in full force and effect unless the part or parts so found to be void are wholly inseparable from the remaining portions of this Agreement. Further, the Parties agree that if and when any provision(s) of this Agreement is finally held or determined to be illegal or void by a court of competent jurisdiction, the Parties will promptly enter into negotiations concerning the substantive effect of such decision for the purposes of achieving conformity with the requirements of any applicable laws and the intent of the Parties hereto. If the legality of this Agreement is challenged and any form of injunctive relief is granted by any court, suspending temporarily or permanently the implementation of this Agreement, then the Parties agree that all Project Work that would otherwise be covered by this

Agreement should be continued to be bid and constructed without application of this Agreement so that there is no delay or interference with the ongoing planning, bidding and construction of any Project Work.

**Section 16.2 Effect of Injunctions or Other Court Orders:** The Parties recognize the right of the City to withdraw, at its absolute discretion, the utilization of the Agreement as part of any bid specification should a Court of competent jurisdiction issue any order, or any applicable statute which could result, temporarily or permanently in delay of the bidding, awarding and/or construction on the Project. Notwithstanding such an action by the City, or such court order or statutory provision, the Parties agree that the Agreement shall remain in full force and effect on covered Project Work to the maximum extent legally possible.

## **ARTICLE 17 WAIVER**

A waiver of or a failure to assert any provisions of this Agreement by any or all of the Parties hereto shall not constitute a waiver of such provision for the future. Any such waiver shall not constitute a modification of the Agreement or change in the terms and conditions of the Agreement and shall not relieve, excuse or release any of the Parties from any of their rights, duties or obligations hereunder.

## **ARTICLE 18 AMENDMENTS**

The provisions of this Agreement can be renegotiated, supplemented, rescinded or otherwise altered only by mutual agreement in writing, hereafter signed by the negotiating Parties hereto.

## **ARTICLE 19 ENTIRE AGREEMENT**

19.1 This Agreement represents the complete understanding of the Parties. The provisions of this Agreement, including the MLAs, which are incorporated herein by reference, shall apply to the work covered by this Agreement. Where a subject covered by the provisions of this Agreement is also covered by a MLA, the provisions of this Agreement shall prevail. Where a subject is covered by the provisions of a MLA and is not covered by this Agreement, the provisions of the MLA shall prevail.

19.2 The Parties agree that this Agreement, including the MLAs incorporated by reference, covers all matters affecting wages, hours, and other terms and conditions of employment and that during the term of this Agreement the Parties will not be required to negotiate on any further matters affecting these or any other subject not specifically set forth in this Agreement except by mutual agreement of the Parties.

19.3 This Agreement may be executed in counterparts, such that original signatures may appear on separate pages and when bound together all necessary signatures shall constitute an original. Facsimile or PDF signature pages transmitted to other Parties to this Agreement shall be deemed the equivalent to original signatures.

**ARTICLE 20  
DURATION OF THE AGREEMENT**

Section 20.1 Duration: This Agreement shall be effective from the date signed by all Parties and shall continue in full force and effect until all Project Work to be performed on the Projects is completed and accepted by the City.

Section 20.2 Turnover and Final Acceptance of Completed Work:

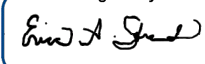
20.2.1 Construction of any phase, portion, section, or segment of Project Work shall be deemed complete when such phase, portion, section or segment has been turned over to the City by the Contractor and the City has accepted such phase, portion, section, or segment. As areas and systems of the Project are inspected and construction-tested and/or approved and accepted by the City or third parties with the approval of the City, the Agreement shall have no further force or effect on such items or areas, except when the Contractor is directed by the City to engage and repairs or modifications required by its contract(s) with the City.

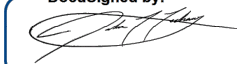
20.2.2 Notice of each final acceptance received by the Contractor will be provided to the Council with the description of what phase, portion, section or segment, etc. has been accepted. Final acceptance may be subject to a “punch” list, and in such case, the Agreement will continue to apply to each such item on the list until it is completed to the satisfaction of the City and notice of acceptance is given by the City or its representative to the Contractor. At the request of the Union, complete information describing any “punch” list work, as well as any additional work required of a Contractor at the direction of the City pursuant to (a) above, involving otherwise turned-over and completed facilities which have been accepted by the City, will be available from the Community Workforce Coordinator.

IN WITNESS whereof the Parties have caused this Continuity of Work Agreement to be executed as of the date and year above stated.

CITY OF SAN LUIS OBISPO

TRI-COUNTIES  
BUILDING & CONSTRUCTION  
TRADES COUNCIL

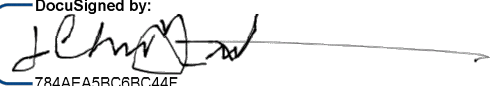
DocuSigned by:  
  
By: A5990BABC9CA464...  
Erica A. Stewart, Mayor

DocuSigned by:  
  
By: 9C4AA8A96AE14F1...  
Joshua Medrano, Executive Secretary

Dated: 4/12/2023 | 1:19 PM PDT

Dated: 4/11/2023 | 7:38 AM PDT

APPROVED AS TO FORM:

DocuSigned by:  
  
784AEA5BC6BC44F...  
J. Christine Dietrick, City Attorney

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
- Boilermakers (Local 92) \_\_\_\_\_
- Bricklayers & Allied Craftworkers (Local 4) \_\_\_\_\_
- Cement Masons (Local 600) \_\_\_\_\_
- Electricians (Local 639) \_\_\_\_\_
- Elevator Constructors (Local 18) \_\_\_\_\_
- Iron Workers (Local 155) \_\_\_\_\_
- Laborers (Local 220) \_\_\_\_\_
- Operating Engineers (Local 12) \_\_\_\_\_
- Operating Engineers (Local 12) \_\_\_\_\_
- Operating Engineers (Local 12) \_\_\_\_\_
- Painters & Allied Trades DC 36 \_\_\_\_\_
- Pipe Trades (Local 403) \_\_\_\_\_
- Pipe Trades (Local 345) \_\_\_\_\_
- Pipe Trades District Council No. 16 \_\_\_\_\_
- Pipe Trades (Sprinkler Fitters Local 669) \_\_\_\_\_
- Plasterers (Local 200) \_\_\_\_\_
- Roofers & Waterproofers (Local 36) \_\_\_\_\_
- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Southwest Regional Council of Carpenters \_\_\_\_\_

**ATTACHMENT A  
LETTER OF ASSENT**

To be signed by all contractors awarded work covered by the  
Community Workforce Agreement prior to commencing work.

[Contractor's Letterhead]

Community Workforce Coordinator  
-----  
-----

Attn: \_\_\_\_\_

Re: City of San Luis Obispo Community Workforce Agreement - Letter of Assent

Dear Sir:

This is to confirm that [name of company] agrees to be party to and bound by the City of San Luis Obispo Community Workforce Agreement effective \_\_\_\_\_, 2022, as such Agreement may, from time to time, be amended by the negotiating parties or interpreted pursuant to its terms. Such obligation to be a party and bound by this Agreement shall extend to all work covered by the Agreement undertaken by this Company on the project and this Company shall require all of its contractors and subcontractors of whatever tier to be similarly bound for all work within the scope of the Agreement by signing and furnishing to you an identical Letter of Assent prior to their commencement of work.

Sincerely,

[Name of Construction Company]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Contractor State License No. \_\_\_\_\_

Project: \_\_\_\_\_

[Copies of this letter must be submitted to the Community Workforce Coordinator and to the Council per Section 2.4.2]

**ATTACHMENT B**  
Local Resident Zip Codes

**(Tier 1)**

[City of San Luis Obispo]

93401	93406	93409
93403	93407	93410
93405	93408	

**(Tier 2)**

[Remaining zip codes in the County of San Luis Obispo]

93252	93430	93445	93454
93402	93432	93446	93461
93420	93433	93449	93465
93422	93435	93451	
93426	93442	93452	
93428	93444	93453	

**(Tier 3)**

[All zip codes in Santa Barbara and Monterey Counties]

93032	93252	93450	93930
93013	93254	93901	93932
93067	93427	93905	93933
93101	93429	93906	93940
93103	93434	93907	93943
93105	93436	93908	93944
93106	93437	93920	93950
93108	93440	93923	93953
93109	93441	93924	93955
93110	93455	93925	93960
93111	93458	93926	93962
93117	93460	93927	95004
			95012
			95039
			95076
			93463

**(Tier 4)**

(All zip codes in Ventura County)

**ATTACHMENT C**

**CITY OF SAN LUIS OBISPO  
CRAFT REQUEST FORM**

**TO THE CONTRACTOR:** Please complete and fax or email this form to the applicable union to request craft workers that fulfill the hiring requirements for this project. After faxing or emailing your request, please call the Union to verify receipt and substantiate their capacity to furnish workers as specified below. Please print your Fax Transmission Verification Reports or email and keep copies for your records.

The City of San Luis Obispo, Community Workforce Agreement establishes a goal that 50% of all of the construction labor hours worked on the Project shall be from qualified workers residing: First, Area Residents residing in those first-tier zip codes which cover the City of San Luis Obispo, as reflected on the attached list of zip codes, second, within San Luis Obispo County, third, within Santa Barbara and Monterey counties, fourth, within Ventura County. For Dispatch purposes, employees residing within any of these four (4) areas shall be referred to as Local Residents. Priority shall be given to veterans within each tier.

**TO THE UNION:** Please complete the “Union Use Only” section on the next page and fax this form back to the requesting Contractor. Be sure to retain a copy of this form for your records.

**CONTRACTOR USE ONLY**

**To:** Union Local # \_\_\_\_\_ **Fax#** ( ) \_\_\_\_\_ **Date:** \_\_\_\_\_  
**Cc:** Community Workforce Coordinator  
**From:** Company: \_\_\_\_\_ **Issued By:** \_\_\_\_\_  
 Contact Phone: ( ) \_\_\_\_\_ **Contact Fax:** ( ) \_\_\_\_\_

**PLEASE PROVIDE ME WITH THE FOLLOWING UNION CRAFT WORKERS.**

Craft Classification (i.e., plumber, painter, etc.)	Journeyman or Apprentice	Local Resident or General Dispatch	Number of workers needed	Report Date	Report Time
<b>TOTAL WORKERS REQUESTED =</b> _____					

Please have worker(s) report to the following work address indicated below:

**Project Name:** \_\_\_\_\_ **Site:** \_\_\_\_\_ **Address:** \_\_\_\_\_  
**Report to:** \_\_\_\_\_ **On-site Tel:** \_\_\_\_\_ **On-site Fax:** \_\_\_\_\_  
**Comment or Special Instructions:** \_\_\_\_\_



**UNION USE ONLY**

Date dispatch request received:
Dispatch received by:
Classification of worker requested:
Classification of worker dispatched:

**WORKER REFERRED**

Name:		
Date worker was dispatched:		
Is the worker referred a:		(check all that apply)
JOURNEYMAN	Yes _____	No _____
APPRENTICE	Yes _____	No _____
LOCAL AREA RESIDENT	Yes _____	No _____
GENERAL DISPATCH FROM OUT OF WORK LIST	Yes _____	No _____
VETERAN	Yes _____	No _____

[This form is not intended to replace a Union’s Dispatch or Referral Form normally given to the employee when being dispatched to the jobsite.]

**ATTACHMENT D**  
**TRI-COUNTIES BUILDING AND CONSTRUCTION**  
**TRADES COUNCIL**  
**APPROVED**  
**DRUG AND ALCOHOL TESTING POLICY**

The Parties recognize the problems which drug and alcohol abuse have created in the construction industry and the need to develop drug and alcohol abuse prevention programs. Accordingly, the Parties agree that in order to enhance the safety of the workplace and to maintain a drug and alcohol-free work environment, individual Employers may require applicants or employees to undergo drug and alcohol testing.

1. It is understood that the use, possession, transfer or sale of illegal drugs, narcotics, or other unlawful substances, as well as being under the influence of alcohol and the possession or consuming alcohol is absolutely prohibited while employees are on the Employer's job premises or while working on any jobsite in connection with work performed under the Community Workforce Agreement ("CWA").
2. No Employer may implement a drug testing program which does not conform in all respects to the provisions of this Policy.
3. No Employer may implement drug testing at any jobsite unless written notice is given to the Union setting forth the location of the jobsite, a description of the project under construction, and the name and telephone number of the Project Supervisor. Said notice shall be addressed to the office of each Union signing the CWA. Said notice shall be sent by email or by registered mail before the implementation of drug testing. Failure to give such notice shall make any drug testing engaged in by the Employer a violation of the CWA, and the Employer may not implement any form of drug testing at such jobsite for the following six months.
4. An Employer who elects to implement drug testing pursuant to this Agreement shall require all employees on the Project to be tested. With respect to individuals who become employed on the Project subsequent to the proper implementation of a valid drug testing program, such test shall be administered upon the commencement of employment on the project, whether by referral from a Union Dispatch Office, transfer from another project, or another method. Individuals who were employed on the project prior to the proper implementation of a valid drug testing program may only be subjected to testing for the reasons set forth in paragraphs 5(g)(1) through 5(g)(3) and paragraphs 6(a) through 6(e) of this Policy. Refusal to undergo such testing shall be considered sufficient grounds to deny employment on the project.
5. The following procedure shall apply to all drug testing:

a. The Employer may request urine samples only. The applicant or employee shall not be observed when the urine specimen is given. An applicant or employee, at his or her sole option, shall, upon request, receive a blood test in lieu of a urine test. No employee of the Employer shall draw blood from a bargaining unit employee, touch or handle urine specimens, or in any way become involved in the chain of custody of urine or blood specimens. A Union Business Representative, subject to the approval of the individual applicant or employee, shall be permitted to accompany the applicant or employee to the collection facility to observe the collection, bottling, and sealing of the specimen.

b. An employer may request an applicant to perform an alcohol breathalyzer test, at a certified laboratory only and cutoff levels shall be those mandated by applicable state or federal law.

c. The testing shall be done by a laboratory approved by the Substance Abuse & Mental Health Services Administration (SAMHSA), which is chosen by the Employer and the Union.

d. An initial test shall be performed using the Enzyme Multiplied Immunoassay Technique (EMIT). In the event a question or positive result arises from the initial test, a confirmation test must be utilized before action can be taken against the applicant or employee. The confirmation test will be by Gas Chromatography/Mass Spectrometry (GC/MS). Cutoff levels for both the initial test and confirmation test will be those established by SAMHSA. Should these SAMHSA levels be changed during the course of this Agreement or new testing procedures are approved, then these new regulations will be deemed as part of this existing Agreement. Confirmed positive samples will be retained by the testing laboratory in secured long-term frozen storage for a minimum of one year. Handling and transportation of each sample must be documented through strict chain of custody procedures.

e. In the event of a confirmed positive test result the applicant or employee may request, within forty-eight (48) hours, a sample of his/her specimen from the testing laboratory for purposes of a second test to be performed at a second laboratory, designated by the Union and approved by SAMHSA. The retest must be performed within ten (10) days of the request. Chain of custody for this sample shall be maintained by the Employer between the original testing laboratory and the Union's designated laboratory. Retesting shall be performed at the applicant's or employee's expense. In the event of conflicting test results the Employer may require a third test.

f. If, as a result of the above testing procedure, it is determined that an applicant or employee has tested positive, this shall be considered sufficient grounds to deny the applicant or employee his/her employment on the project.

g. No individual who tests negative for drugs pursuant to the above procedure and becomes employed on the project shall again be subjected to drug testing with the following exceptions:

1. Employees who are involved in industrial accidents resulting in damage to plant, property or equipment or injury to him/her or others may be tested for drug or alcohol pursuant to the procedures stated hereinabove.

2. The Employer may test employees following thirty (30) days advance written notice to the employee(s) to be tested and to the applicable Union. Notice to the applicable Union shall be as set forth in paragraph 3 above and such testing shall be pursuant to the procedures stated hereinabove.

3. The Employer may test an employee where the Employer has reasonable cause to believe that the employee is impaired from performing his/her job. Reasonable cause shall be defined as being aberrant or unusual behavior, the type of which is a recognized and accepted symptom of impairment (i.e., slurred speech, unusual lack of muscular coordination, etc.). Such behavior must be actually observed by at least two persons, one of whom shall be a supervisor who has been trained to recognize the symptoms of drug abuse or impairment and the other of whom shall be the Job Steward. If the Job Steward is unavailable or there is no Job Steward on the project the other person shall be a member of the applicable Union's bargaining unit. Testing shall be pursuant to the procedures stated hereinabove. Employees who are tested pursuant to the exceptions set forth in this paragraph and who test positive will be removed from the Employer's payroll.

h. Applicants or employees who do not test positive shall be paid for all time lost while undergoing drug testing. Payment shall be at the applicable wage and benefit rates set forth in the applicable Union's Master Labor Agreement. Applicants who have been dispatched from the Union and who are not put to work pending the results of a test will be paid waiting time until such time as they are put to work. It is understood that an applicant must pass the test as a condition of employment. Applicants who are put to work pending the results of a test will be considered probationary employees.

6. The Employers will be allowed to conduct periodic jobsite drug testing on the Project under the following conditions:

a. The entire jobsite must be tested, including any employee or subcontractor's employee who worked on that project three (3) working days before or after the date of the test;

b. Jobsite testing cannot commence sooner than fifteen (15) days after start of the work on the project;

c. Prior to start of periodic testing, a Business Representative will be allowed to conduct an educational period on company time to explain periodic jobsite testing program to affected employees;

d. Testing shall be conducted by a SAMHSA certified laboratory, pursuant to the provisions set forth in paragraph 5 hereinabove.

e. Only two (2) periodic tests may be performed in a twelve (12) month period.

7. It is understood that the unsafe use of prescribed medication, or where the use of prescribed medication impairs the employee's ability to perform work, is a basis for the Employer to remove the employee from the jobsite.

8. Any grievance or dispute which may arise out of the application of this Agreement shall be subject to the grievance and arbitration procedures set forth in the CWA.

9. The establishment or operation of this Policy shall not curtail any right of any employee found in any law, rule or regulation. Should any part of this Agreement be found unlawful by a court of competent jurisdiction or a public agency having jurisdiction over the Parties, the remaining portions of the Agreement shall be unaffected, and the Parties shall enter negotiations to replace the affected provision.

10. Present employees, if tested positive, shall have the prerogative for rehabilitation program at the employee's expense. When such program has been successfully completed the Employer shall not discriminate in any way against the employee. If work for which the employee is qualified exists, he/she shall be reinstated.

11. The Employer agrees that results of urine and blood tests performed hereunder will be considered medical records held confidential to the extent permitted or required by law. Such records shall not be released to any persons or entities other than designated Employer representatives and the applicable Union. Such release to the applicable Union shall only be allowed upon the signing of a written release and the information contained therein shall not be used to discourage the employment of the individual applicant or employee on any subsequent occasion.

12. The Employer shall indemnify and hold the Union harmless against any and all claims, demands, suits, or liabilities that may arise out of the application of this Agreement and/or any program permitted hereunder.

13. Employees who seek voluntary assistance for substance abuse may not be disciplined for seeking such assistance. Requests from employees for such assistance shall remain confidential and shall not be revealed to other employees or management personnel without the employee's consent. Employees enrolled in substance abuse programs will be subject to all Employer rules, regulations and job performance standards with the understanding that an employee enrolled in such a program is receiving treatment for an illness.

14. The Parties agree to develop and implement a drug abuse prevention and testing program for all apprentices entering the industry.

15. This Memorandum of Understanding shall constitute the only Agreement in effect between the Parties concerning drug and alcohol abuse, prevention and testing. Any modifications thereto must be accomplished pursuant to collective bargaining negotiations between the Parties.

**APPENDIX A: SPECIMEN REPORTING CRITERIA**

Initial Test Analyte	Initial Test Cutoff <sup>1</sup>	Confirmatory Test Analyte	Confirmatory Test Cutoff Concentration
Marijuana metabolites (THCA) <sup>2</sup>	50 ng/ml <sup>3</sup>	THCA	15 ng/ml
Cocaine metabolite (Benzoylcegonine)	150ng/ml <sup>3</sup>	Benzoylcegonine	100 ng/ml
Codeine/ Morphine	2000 ng/ml	Codeine Morphine	2000 ng/ml 2000 ng/ml
Hydrocodone/ Hydromorphone	300 ng/ml	Hydrocodone Hydromorphone	100 ng/ml 100 ng/ml
Alcohol	0.02%	Ethanol	0.02%
Oxycodone/ Oxymorphone	100 ng/ml	Oxycodone Oxymorphone	100 ng/ml 100 ng/ml
6-Acetylmorphine	10 ng/ml	6-Acetylmorphine	10 ng/ml
Phencyclidine	25 ng/ml	Phencyclidine	25 ng/ml
Amphetamine/ Methamphetamine	500 ng/ml	Amphetamine Methamphetamine	250ng/ml 250 ng/ml

<sup>1</sup> For grouped analytes (i.e., two or more analytes that are in the same drug class and have the same initial test cutoff):

**Immunoassay:** The test must be calibrated with one analyte from the group identified as the target analyte. The cross-reactivity of the immunoassay to the other analyte(s) within the group must be 80 percent or greater; if not, separate immunoassays must be used for the analytes within the group.

**Alternate technology:** Either one analyte or all analytes from the group must be used for calibration, depending on the technology. At least one analyte within the group must have a concentration equal to or greater than the initial test cutoff or, alternatively, the sum of the analytes present (i.e., equal to or greater than the laboratory's validated limit of quantification) must be equal to or greater than the initial test cutoff.

<sup>2</sup> An immunoassay must be calibrated with the target analyte, 9-tetrahydrocannabinol-9- carboxylic acid (THCA).

<sup>3</sup> **Alternate technology (THCA and benzoylcegonine):** The confirmatory test cutoff must be used for an alternate technology initial test that is specific for the target analyte (i.e., 15 ng/ml for THCA, 100 ng/ ml for benzoylcegonine).

MDMA <sup>4</sup> /MDA <sup>5</sup>	500 ng/ml	MDMA MDA	250ng/ml 250 ng/ml
Initial Test Analyte	Initial Test Cutoff	Confirmatory Test Analyte	Confirmatory Test Cutoff Concentration
Barbiturates	300 ng/ml	Barbiturates	200 ng/ml
Benzodiazepines	300 ng/ml	Benzodiazepines	300 ng/ml
Methadone	300 ng/ml	Methadone	100 ng/ml
Methaqualone	300 ng/ml	Methaqualone	300 ng/ml
Propoxyphene	300 ng/ml	Propoxyphene	100 ng/ml

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<sup>4</sup> Methylenedioxymethamphetamine (MDMA)

<sup>5</sup> Methylenedioxyamphetamine (MDA)



**SIDE LETTER OF AGREEMENT  
TESTING POLICY FOR DRUG ABUSE**

It is hereby agreed between the Parties hereto that an Employer who has otherwise properly implemented drug testing, as set forth in the Testing Policy for Drug Abuse, shall have the right to offer an applicant or employee a "quick" drug screening test. This "quick" screen test shall consist either of the "ICUP" urine screen or similar test or an oral screen test. The applicant or employee shall have the absolute right to select either of the two "quick" screen tests, or to reject both and request a full drug test.

An applicant or employee who selects one of the "quick" screen tests, and who passes the test, shall be put to work immediately. An applicant or employee who fails the "quick" screen test, or who rejects the "quick" screen tests, shall be tested pursuant to the procedures set forth in the Testing Policy for Drug Abuse. The sample used for the "quick" screen test shall be discarded immediately upon conclusion of the test. An applicant or employee shall not be deprived of any rights granted to them by the Testing Policy for Drug Abuse as a result of any occurrence related to the "quick" screen test.

**ATTACHMENT E**  
**LIST OF MASTER LABOR AGREEMENTS**

**Appendix****List of Master Labor Agreements**

	Craft Union	Master Labor Agreement
1	Asbestos Heat & Frost Insulators	So. Cal. Chapter, Western Insulation Contractors Association-International Association of Heat and Frost Insulators and Allied Workers, Local #5
2	Boilermakers	Boilermakers Local #92-Western States Boilermakers Agreement
3	Bricklayers & Allied Craft Workers	Mason Contractors Exchange of So. Calif., Inc,-Bricklayers and Allied Craftworkers Local # 4
4	Cement Masons	So. Cal. General Contractors-Eleven So. Cal. Counties Cement Masons Master Labor Agreement
5	Electricians	IBEW Local # 639-NECA California Central Coast Chapter Master Labor Agreement
6	Electricians-Sound & Communication	So. Calif. 9 <sup>th</sup> District Sound & Communications Agreement between IBEW and NECA
7	Elevator Constructors	National Elevator Bargaining Association-International Union of Elevator Constructors Master Labor Agreement
8	Glaziers Local 636	Master Labor Agreement
9	Ironworkers (Reinforced Local #416)	California Ironworkers Employers Council and District Council of Ironworkers for California and Vicinity Master Labor Agreement
10	Ironworkers (Structural-Local #433)	California Ironworkers Employers Council and District Council of Ironworkers for California and Vicinity Master Labor Agreement
11	Laborers	Southern California District Council of Laborers-Associated General Contractors Master Labor Agreement
12	Operating Engineers	Southern California Contractors Association-Operating Engineers Local #12
13	Painters & Allied Trades	Painters and Allied Trades District Council No. 36 MLA
14	Pipe Trades Locals #114/#345	Master Agreement for the Plumbing and Piping Industry for Southern California
15	Resilient Floor and Decorative Covering Local Union No. 1247	Master Labor Agreement As Amended
16	Sprinkler Fitters	National Fire Sprinkler Fitter Association-Sprinklerfitters Local #709 Master Labor Agreement
17	Drywall Finishers	Southern California Drywall Finishers Joint Agreement
18	Plasterers	Operative Plasterers & Cement Masons Local# 200-Western Walls and Ceiling Contractors Association
19	Roofers & Waterproofers	Union Roofing Contractors Association-United Union Roofing and Waterproofers and Allied Workers Locals #36 & #220 Master Labor Agreement
20	Sheet Metal Workers	Standard Form of Union Agreement between SMW Local 104 and Bay Area Association of SMACNA Chapters
21	Teamsters	Southern California General Contractors-Teamsters Locals # 186 Master Labor Agreement
22	Carpenters	United General Contractors-Southwest Regional Council of Carpenters Master Labor Agreement



**Exhibit B to CWA Amendment**  
Union Signature Pages for the CWA Collected as of 12-6-23

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

DocuSigned by:  
*Mike Patterson*  
20E5CF26B477481...

Boilermakers (Local 92)

\_\_\_\_\_

Bricklayers & Allied Craftworkers (Local 4)

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Painters & Allied Trades DC 36

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Pipe Trades (Local 403)

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Pipe Trades (Local 345)

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Pipe Trades District Council No. 16

DocuSigned by:  
*Rodney Elos*  
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Pipe Trades (Sprinkler Fitters Local 669)

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Plasterers (Local 200)

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*David Casey*  
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Roofers & Waterproofers (Local 36)

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Sheet Metal Workers (Local 104)

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Teamsters (Local 986)

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Southwest Regional Council of Carpenters

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**Certificate Of Completion**

Envelope Id: 5A5E9038831E4DA59E24915477BF7608 Status: Sent  
 Subject: Complete with DocuSign: SLO-CWA.pdf, SLO-CWA-SignaturePage.pdf, SLO-CWA-NABTU-Approval.pdf, SLO...  
 Source Envelope:  
 Document Pages: 54 Signatures: 3 Envelope Originator:  
 Certificate Pages: 6 Initials: 0 Joshua Medrano  
 AutoNav: Enabled joshuamedrano@tcbtcc-slo-sb-vta.org  
 EnvelopeId Stamping: Enabled IP Address: 32.142.196.114  
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

**Record Tracking**

Status: Original Holder: Joshua Medrano Location: DocuSign  
 9/26/2023 12:00:11 PM joshuamedrano@tcbtcc-slo-sb-vta.org

**Signer Events**

Anthony Ventura Sent: 9/26/2023 12:21:42 PM  
 aventura@swcarpenters.org Viewed: 9/27/2023 1:09:36 PM  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Accepted: 9/27/2023 1:09:36 PM  
 ID: 9270cd2e-452f-4a9b-9a68-b654cdf91953

Caesar Borjas Sent: 9/26/2023 12:21:39 PM  
 cborjas@teamsters986.org  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Accepted: 3/28/2023 12:14:29 PM  
 ID: d55d0e30-1d18-4c82-bdef-dac141dcd71d

David Casey Sent: 9/26/2023 12:21:41 PM  
 casey@pl200.org Viewed: 9/26/2023 1:54:30 PM  
 Chair Signed: 9/26/2023 1:54:51 PM



Signature Adoption: Pre-selected Style  
 Using IP Address: 172.58.144.29  
 Signed using mobile

**Electronic Record and Signature Disclosure:**  
 Accepted: 9/26/2023 1:54:30 PM  
 ID: 6fa35c21-958c-452c-b28f-5ed9c605b8b0

Doug Sles Sent: 9/26/2023 12:21:39 PM  
 bac4dougs@gmail.com  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Not Offered via DocuSign

Henry Pena Sent: 9/26/2023 12:21:40 PM  
 henry.pena@patcat.org  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Accepted: 9/6/2023 12:30:18 PM  
 ID: 9991b4af-1dc2-4ea5-8e0a-c07fa69615d6

Signer Events	Signature	Timestamp
<p>Hoby Lasko H.lasko@iuec18.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign</p>		Sent: 9/26/2023 12:21:40 PM
<p>Mark Simonin msimonin@ibew639.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign</p>		Sent: 9/26/2023 12:21:43 PM
<p>Mike Patterson mpattersonawl5@gmail.com Chairman Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 9/26/2023 12:24:22 PM ID: c4010c23-2b9e-435f-80f9-760c4b939e58</p>	<p>DocuSigned by: <i>Mike Patterson</i> 2CE5CF26B477481...</p> <p>Signature Adoption: Pre-selected Style Using IP Address: 216.66.230.45 Signed using mobile</p>	<p>Sent: 9/26/2023 12:21:39 PM Viewed: 9/26/2023 12:24:22 PM Signed: 9/26/2023 12:24:38 PM</p>
<p>Richardo Perez Moya businessmanager@ua345.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 9/5/2023 5:47:24 PM ID: 7fa36e26-fdad-4e21-9073-f877691f4c7f</p>		Sent: 9/26/2023 12:21:42 PM
<p>Rodney Cobos rcobos@socalpipe.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 10/16/2023 1:11:28 PM ID: ae620d46-fdab-4e40-bd1f-f7e79a77c6cf</p>	<p>DocuSigned by: <i>Rodney Cobos</i> 04E07C0C8C78409...</p> <p>Signature Adoption: Drawn on Device Using IP Address: 216.14.3.66</p>	<p>Sent: 9/26/2023 12:21:42 PM Viewed: 10/16/2023 1:11:28 PM Signed: 10/16/2023 1:12:25 PM</p>

In Person Signer Events	Signature	Timestamp
<b>Editor Delivery Events</b>	Status	Timestamp
<b>Agent Delivery Events</b>	Status	Timestamp
<b>Intermediary Delivery Events</b>	Status	Timestamp
<b>Certified Delivery Events</b>	Status	Timestamp
<b>Carbon Copy Events</b>	Status	Timestamp
<b>Witness Events</b>	Signature	Timestamp
<b>Notary Events</b>	Signature	Timestamp

**Envelope Summary Events****Status****Timestamps**

Envelope Sent	Hashed/Encrypted	9/26/2023 12:21:43 PM
Certified Delivered	Security Checked	10/16/2023 1:11:28 PM
Signing Complete	Security Checked	10/16/2023 1:12:25 PM

**Payment Events****Status****Timestamps****Electronic Record and Signature Disclosure**



TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

Boilermakers (Local 92)

Bricklayers & Allied Craftworkers (Local 4)

Cement Masons (Local 600)

Electricians (Local 639)

Elevator Constructors (Local 18)

Iron Workers (Local 155)

Laborers (Local 220)

Operating Engineers (Local 12)

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Painters & Allied Trades DC 36

Pipe Trades (Local 403)

Pipe Trades (Local 345)

Pipe Trades District Council No. 16

Pipe Trades (Sprinkler Fitters Local 669)

Plasterers (Local 200)

Roofers & Waterproofers (Local 36)

Sheet Metal Workers (Local 104)

Teamsters (Local 186)

Southwest Regional Council of Carpenters

*for MWA 3-16-23*

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)  
Boilermakers (Local 92)  
Bricklayers & Allied Craftworkers (Local 4)  
Cement Masons (Local 600)  
Electricians (Local 639)  
Elevator Constructors (Local 18)  
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Pipe Trades (Local 403)  
Pipe Trades (Local 345)  
Pipe Trades District Council No. 16  
Pipe Trades (Sprinkler Fitters Local 669)  
Plasterers (Local 200)  
Roofers & Waterproofers (Local 36)  
Sheet Metal Workers (Local 104)  
Teamsters (Local 986)  
Southwest Regional Council of Carpenters

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

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Boilermakers (Local 92)

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Bricklayers & Allied Craftworkers (Local 4)

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Cement Masons (Local 600)

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Sheet Metal Workers (Local 104)

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Teamsters (Local 986)

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Southwest Regional Council of Carpenters

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5)
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- Plasterers (Local 200)
- Roofers & Waterproofers (Local 36)
- Sheet Metal Workers (Local 104)
- Teamsters (Local 986)
- Southwest Regional Council of Carpenters

DocuSigned by:  
*Mike Patterson*  
2CE5CF26B477481...

*David Quinn IBEW 639*

DocuSigned by:  
*David Casey*  
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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS


- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
- Boilermakers (Local 92) \_\_\_\_\_
- Bricklayers & Allied Craftworkers (Local 4) \_\_\_\_\_
- Cement Masons (Local 600) \_\_\_\_\_
- Electricians (Local 639) \_\_\_\_\_
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- Pipe Trades (Sprinkler Fitters Local 669) \_\_\_\_\_
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- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Southwest Regional Council of Carpenters \_\_\_\_\_

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
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Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
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Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

**TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS**

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
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Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
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Pipe Trades (Local 345)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____



TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

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Boilermakers (Local 92)	_____
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Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
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Cement Masons (Local 600)	_____
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Pipe Trades (Local 403)	_____
Pipe Trades (Local 345)	_____
Pipe Trades District Council No. 16	_____
Pipe Trades (Sprinkler Fitters Local 669)	<i>CallCC on behalf of BM Brian Quinn</i>
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
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Southwest Regional Council of Carpenters	_____

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
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Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
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- Electricians (Local 639) \_\_\_\_\_
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- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Southwest Regional Council of Carpenters \_\_\_\_\_

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
Elevator Constructors (Local 18)	_____
Iron Workers (Local 155)	_____
Laborers (Local 220)	_____
Operating Engineers (Local 12)	_____
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Painters & Allied Trades DC 36	_____
Pipe Trades (Local 403)	_____
Pipe Trades (Local 345)	_____
Pipe Trades District Council No. 16	_____
Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	<u>Andy Viet</u>

Exhibit C to CWA Amendment  
Sheet Metal Workers Proposed Side Letter

**CWA City of San Luis Obispo**

**SIDE LETTER  
Off-Site Fabrication**

The parties below agree that the Section 2.3 exclusion from coverage of this Agreement and the provisions of Section 2.3.3 shall not include any off-site fabrication, assembly, modification or processing of materials, detailing and/or air balancing work that is traditionally performed by any of the Local Unions below, provided such work is covered by a provision of a Schedule A Agreement or local addendum to a national agreement of the Local Union(s) below.

**Sheet Metal Workers:**

Sheet Metal Workers' Local 104 District 3

Name: Richard Werner

Title: President/Business Manager

Signature:  Date: 6.1.2023

**City of San Luis Obispo:**

Name:

Title:

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

Boilermakers (Local 92)

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Roofers & Waterproofers (Local 36)

Sheet Metal Workers (Local 104)

Teamsters (Local 986)

Southwest Regional Council of Carpenters

DocuSigned by:

*Mike Patterson*

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DocuSigned by:

*Rodney Cobo*

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DocuSigned by:

*David Casey*

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**Certificate Of Completion**

Envelope Id: 5A5E9038831E4DA59E24915477BF7608 Status: Sent  
 Subject: Complete with DocuSign: SLO-CWA.pdf, SLO-CWA-SignaturePage.pdf, SLO-CWA-NABTU-Approval.pdf, SLO...  
 Source Envelope:  
 Document Pages: 54 Signatures: 3 Envelope Originator:  
 Certificate Pages: 6 Initials: 0 Joshua Medrano  
 AutoNav: Enabled joshuamedrano@tcbtcc-slo-sb-vta.org  
 EnvelopeId Stamping: Enabled IP Address: 32.142.196.114  
 Time Zone: (UTC-08:00) Pacific Time (US & Canada)

**Record Tracking**

Status: Original Holder: Joshua Medrano Location: DocuSign  
 9/26/2023 12:00:11 PM joshuamedrano@tcbtcc-slo-sb-vta.org

**Signer Events**

Anthony Ventura Sent: 9/26/2023 12:21:42 PM  
 aventura@swcarpenters.org Viewed: 9/27/2023 1:09:36 PM  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Accepted: 9/27/2023 1:09:36 PM  
 ID: 9270cd2e-452f-4a9b-9a68-b654cdf91953

Caesar Borjas Sent: 9/26/2023 12:21:39 PM  
 cborjas@teamsters986.org  
 Security Level: Email, Account Authentication (None)

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 ID: d55d0e30-1d18-4c82-bdef-dac141dcd71d

David Casey Sent: 9/26/2023 12:21:41 PM  
 casey@pl200.org Viewed: 9/26/2023 1:54:30 PM  
 Chair Signed: 9/26/2023 1:54:51 PM



Plasterers local 200  
 Security Level: Email, Account Authentication (None)  
 Signature Adoption: Pre-selected Style  
 Using IP Address: 172.58.144.29  
 Signed using mobile

**Electronic Record and Signature Disclosure:**  
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Doug Sles Sent: 9/26/2023 12:21:39 PM  
 bac4dougs@gmail.com  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Not Offered via DocuSign

Henry Pena Sent: 9/26/2023 12:21:40 PM  
 henry.pena@patcat.org  
 Security Level: Email, Account Authentication (None)

**Electronic Record and Signature Disclosure:**  
 Accepted: 9/6/2023 12:30:18 PM  
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Signer Events	Signature	Timestamp
<p>Hoby Lasko H.lasko@iuec18.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign</p>		Sent: 9/26/2023 12:21:40 PM
<p>Mark Simonin msimonin@ibew639.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Not Offered via DocuSign</p>		Sent: 9/26/2023 12:21:43 PM
<p>Mike Patterson mpattersonawl5@gmail.com Chairman Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 9/26/2023 12:24:22 PM ID: c4010c23-2b9e-435f-80f9-760c4b939e58</p>	<p>DocuSigned by: <i>Mike Patterson</i> 2CE5CF26B477481...</p> <p>Signature Adoption: Pre-selected Style Using IP Address: 216.66.230.45 Signed using mobile</p>	<p>Sent: 9/26/2023 12:21:39 PM Viewed: 9/26/2023 12:24:22 PM Signed: 9/26/2023 12:24:38 PM</p>
<p>Richardo Perez Moya businessmanager@ua345.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 9/5/2023 5:47:24 PM ID: 7fa36e26-fdad-4e21-9073-f877691f4c7f</p>		Sent: 9/26/2023 12:21:42 PM
<p>Rodney Cobos rcobos@socalpipe.org Security Level: Email, Account Authentication (None) <b>Electronic Record and Signature Disclosure:</b> Accepted: 10/16/2023 1:11:28 PM ID: ae620d46-fdab-4e40-bd1f-f7e79a77c6cf</p>	<p>DocuSigned by: <i>Rodney Cobos</i> 04E07C0C8C78409...</p> <p>Signature Adoption: Drawn on Device Using IP Address: 216.14.3.66</p>	<p>Sent: 9/26/2023 12:21:42 PM Viewed: 10/16/2023 1:11:28 PM Signed: 10/16/2023 1:12:25 PM</p>
<b>In Person Signer Events</b>	<b>Signature</b>	<b>Timestamp</b>
<b>Editor Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
<b>Agent Delivery Events</b>	<b>Status</b>	<b>Timestamp</b>
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**Envelope Summary Events****Status****Timestamps**

Envelope Sent	Hashed/Encrypted	9/26/2023 12:21:43 PM
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**Payment Events****Status****Timestamps****Electronic Record and Signature Disclosure**

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

Boilermakers (Local 92)

Bricklayers & Allied Craftworkers (Local 4)

Cement Masons (Local 600)

Electricians (Local 639)

Elevator Constructors (Local 18)

Iron Workers (Local 155)

Laborers (Local 220)

Operating Engineers (Local 12)

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Operating Engineers (Local 12)

Painters & Allied Trades DC 36

Pipe Trades (Local 403)

Pipe Trades (Local 345)

Pipe Trades District Council No. 16

Pipe Trades (Sprinkler Fitters Local 669)

Plasterers (Local 200)

Roofers & Waterproofers (Local 36)

Sheet Metal Workers (Local 104)

Teamsters (Local 186)

Southwest Regional Council of Carpenters

*for MW 3-16-23*

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5)
- Boilermakers (Local 92)
- Bricklayers & Allied Craftworkers (Local 4)
- Cement Masons (Local 600)
- Electricians (Local 639)
- Elevator Constructors (Local 18)
- Iron Workers (Local 155)
- Laborers (Local 220)
- Operating Engineers (Local 12)
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- Painters & Allied Trades DC 36
- Pipe Trades (Local 403)
- Pipe Trades (Local 345)
- Pipe Trades District Council No. 16
- Pipe Trades (Sprinkler Fitters Local 669)
- Plasterers (Local 200)
- Roofers & Waterproofers (Local 36)
- Sheet Metal Workers (Local 104)
- Teamsters (Local 986)
- Southwest Regional Council of Carpenters

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

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Boilermakers (Local 92)

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Bricklayers & Allied Craftworkers (Local 4)

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Cement Masons (Local 600)

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Elevator Constructors (Local 18)

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Laborers (Local 220)

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Pipe Trades (Sprinkler Fitters Local 669)

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Plasterers (Local 200)

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Roofers & Waterproofers (Local 36)

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Sheet Metal Workers (Local 104)

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Teamsters (Local 986)

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Southwest Regional Council of Carpenters

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

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- Painters & Allied Trades DC 36
- Pipe Trades (Local 403)
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- Pipe Trades District Council No. 16
- Pipe Trades (Sprinkler Fitters Local 669)
- Plasterers (Local 200)
- Roofers & Waterproofers (Local 36)
- Sheet Metal Workers (Local 104)
- Teamsters (Local 986)
- Southwest Regional Council of Carpenters

DocuSigned by:

Mike Patterson

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*David Quinn IBEW 639*

DocuSigned by:

David Casey

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
- Boilermakers (Local 92) \_\_\_\_\_
- Bricklayers & Allied Craftworkers (Local 4) \_\_\_\_\_
- Cement Masons (Local 600) \_\_\_\_\_
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- Pipe Trades (Local 345) \_\_\_\_\_
- Pipe Trades District Council No. 16 \_\_\_\_\_
- Pipe Trades (Sprinkler Fitters Local 669) \_\_\_\_\_
- Plasterers (Local 200) \_\_\_\_\_
- Roofers & Waterproofers (Local 36) \_\_\_\_\_
- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Southwest Regional Council of Carpenters \_\_\_\_\_

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
Elevator Constructors (Local 18)	_____
Iron Workers (Local 155)	<i>J. O. H.</i> 5/23/2023
Laborers (Local 220)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

**TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS**

- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
- Boilermakers (Local 92) \_\_\_\_\_
- Bricklayers & Allied Craftworkers (Local 4) \_\_\_\_\_
- Cement Masons (Local 600) \_\_\_\_\_
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- Elevator Constructors (Local 18) \_\_\_\_\_
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- Pipe Trades (Sprinkler Fitters Local 669) \_\_\_\_\_
- Plasterers (Local 200) \_\_\_\_\_
- Roofers & Waterproofers (Local 36) \_\_\_\_\_
- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Southwest Regional Council of Carpenters \_\_\_\_\_



TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

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Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
Elevator Constructors (Local 18)	_____
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Pipe Trades (Local 403)	<i>David M. Biller</i>
Pipe Trades (Local 345)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
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Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
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Boilermakers (Local 92)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
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Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
Elevator Constructors (Local 18)	_____
Iron Workers (Local 155)	_____
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Pipe Trades (Local 403)	_____
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Pipe Trades District Council No. 16	_____
Pipe Trades (Sprinkler Fitters Local 669)	<i>Call CC on behalf of BM Brian Quinn</i>
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	_____

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
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Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
Sheet Metal Workers (Local 104)	_____
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Southwest Regional Council of Carpenters	_____

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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
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Electricians (Local 639)	_____
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Pipe Trades (Sprinkler Fitters Local 669)	_____
Plasterers (Local 200)	_____
Roofers & Waterproofers (Local 36)	_____
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Teamsters (Local 986)	_____
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TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)

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Boilermakers (Local 92)

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Bricklayers & Allied Craftworkers (Local 4)

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Pipe Trades District Council No. 16

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Pipe Trades (Sprinkler Fitters Local 669)

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Plasterers (Local 200)

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Roofers & Waterproofers (Local 36)

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Sheet Metal Workers (Local 104)

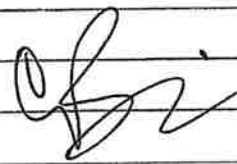
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Teamsters (Local 986)

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Southwest Regional Council of Carpenters

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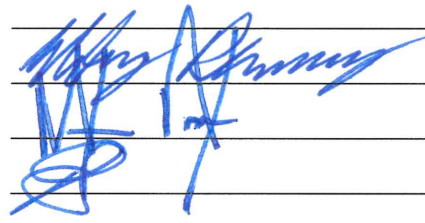


TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

Asbestos Heat & Frost Insulators (Local 5)	_____
Boilermakers (Local 92)	_____
Bricklayers & Allied Craftworkers (Local 4)	_____
Cement Masons (Local 600)	_____
Electricians (Local 639)	_____
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Teamsters (Local 986)	_____
Southwest Regional Council of Carpenters	<u>Andy Viet</u>

TRI-COUNTIES BUILDING AND CONSTRUCTION  
TRADES COUNCIL CRAFT UNIONS AND DISTRICT COUNCILS

- Asbestos Heat & Frost Insulators (Local 5) \_\_\_\_\_
- Boilermakers (Local 92) \_\_\_\_\_
- Bricklayers & Allied Craftworkers (Local 4) \_\_\_\_\_
- Cement Masons (Local 600) \_\_\_\_\_
- Electricians (Local 639) \_\_\_\_\_
- Elevator Constructors (Local 18) \_\_\_\_\_
- Iron Workers (Local 155) \_\_\_\_\_
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- LiUNA (Plaster Tenders Local 1414) \_\_\_\_\_
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- Painters & Allied Trades DC 36 \_\_\_\_\_
- Pipe Trades (Local 403) \_\_\_\_\_
- Pipe Trades (Local 345) \_\_\_\_\_
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- Pipe Trades District Council No. 16 \_\_\_\_\_
- Pipe Trades (Sprinkler Fitters Local 669) \_\_\_\_\_
- Plasterers (Local 200) \_\_\_\_\_
- Roofers & Waterproofers (Local 36) \_\_\_\_\_
- Sheet Metal Workers (Local 104) \_\_\_\_\_
- Southern California District Council of Laborers \_\_\_\_\_
- Teamsters (Local 986) \_\_\_\_\_
- Western States Regional Council of Carpenters,  
Carpenters Local 805 \_\_\_\_\_







**Department:** Community Development  
**Cost Center:** 4006  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** NA

**FROM:** Timmi Tway, Community Development Director  
**Prepared By:** Michael Loew, Deputy Director/Chief Building Official

**SUBJECT:** SECOND READING AND ADOPTION OF ORDINANCE NO. 1741 (2024 SERIES) TO AMEND QUALIFICATION FOR CONSTRUCTION BOARD OF APPEALS

## RECOMMENDATION

Adopt Ordinance No. 1741 (2024 Series) entitled, "An Ordinance of the City Council of the City of San Luis Obispo, California, amending Section 15.04.020, Subsection N, of the San Luis Obispo Municipal Code," which will remove the local requirement to maintain an Accessibility Board of Appeals pursuant to Health and Safety Code 19957.5.

## POLICY CONTEXT

City Charter Section 1202: Eligibility, Appointment, and Length of Terms – permits nonregistered voter and non-city resident participation on citizen committees, commissions, boards, and authorities depending upon the nature and purpose of the advisory body, as determined by City Council. City Council approval is required to amend the Advisory Body Handbook revising the participation requirements for committee members.

The specific qualifications for appointment to the Construction Board of Appeals are established under Municipal Code Title 15.04.020 Section 113 and in the Advisory Body Handbook under the Bylaws of the board.

## DISCUSSION

### Background

On September 3, 2024, the City Council voted 5-0 to introduce Ordinance No. 1741 (Attachment A), which amends Municipal Code Section 15.04.020 Subsection N, and removes the local requirement to establish an Accessibility Board of Appeals pursuant to California Health and Safety Code Section 19957.5. Currently, this municipal code section requires the Construction Board of Appeals (CBOA) to have two physically disabled members, two members experienced in construction, and one member of the public. The amendment to the municipal code allows the City Council to establish local qualifications in the bylaws of the CBOA.

Additionally, based on CBOA's recommendation, the City Council adopted [Resolution No. 11519 \(Series 2024\)](#), which modifies the qualifications in the bylaws of the board. Resolution No. 11519 (2024 Series) ensures the CBOA has representation for the physically disabled community and allows advocates who represent them to fill these positions. A vacancy for a physically disabled representative has existed on the board since April of 2022. Furthermore, the updated bylaws now consider applicants eligible to fill the physically disabled community representative positions even if they do not meet the registered voter and residency requirements.

#### **Previous Council or Advisory Body Action**

On November 15, 2022, Council adopted [Resolution No. 11377 \(2022 Series\)](#) amending the Human Relations Commission's (HRC) purpose statement and bylaws section of the Advisory Body Handbook. The amendment expanded the residency requirements for two of the commissioner positions allowing up to two members to be residents and registered voters of San Luis Obispo County or Cal Poly campus with a significant connection to the City of San Luis Obispo. The HRC amendments were supported by the HRC itself as well as the Diversity, Equity, and Inclusion (DEI) Taskforce.

On December 5, 2023, Council adopted [Resolution No. 11462 \(2023 Series\)](#) amending the Mass Transportation Committees bylaws section of the Advisory Body Handbook. The amendment modified the residency requirements for the person with disability position and provides a pathway for the position to be filled by an individual who represents the physically disabled community.

On April 25, 2024, during a Regular Meeting, the Construction Board of Appeals [voted to recommend the amendments](#) as proposed in this report.

On September 3, 2024, the City Council voted 5-0 to introduce [Ordinance 1741 \(2024 Series\)](#) that will amend the municipal code and adopted [Resolution No. 11519](#) to amend the advisory body handbook. No changes have been made to the Ordinance since introduction.

#### **Public Engagement**

The proposed amendments were discussed at a public meeting of the Construction Board of Appeals on April 25, 2024. This item was introduced at a public hearing during a regular meeting of the City Council on September 3, 2024, which allowed for public comment and followed the required postings and notifications.

#### **CONCURRENCE**

The current Construction Board of Appeals membership and Office of Diversity, Equity, and Inclusion concurs with these recommendations. The report and ordinance have been reviewed by the Finance Department and City Attorney's Office.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report because the action does not constitute a “project” under CEQA Guidelines Sec. 15378.

**FISCAL IMPACT**

Budgeted: NA  
 Funding Identified: NA

Budget Year: 2024-25

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$	\$	\$	\$
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$NA</b>	<b>\$NA</b>	<b>\$NA</b>	<b>\$NA</b>

There are no fiscal impacts associated with the proposed Ordinance.

**ALTERNATIVES**

1. **Council may decide to modify the Ordinance before adoption.** Depending on the changes proposed, modifications of the Ordinance may require reintroduction and then adoption during a subsequent public hearing, which will delay implementation of Ordinance.
2. **Council could decide not to adopt the Ordinance and require the CBOA to be established pursuant to Health and Safety Code 19957.5.** This action is not recommended by staff because the Council has adopted Resolution No. 11519 (2024 Series) that updates the qualifications for members in the bylaws. The new bylaws would be in conflict with the municipal code if this ordinance is not adopted.

**ATTACHMENTS**

A - Ordinance No. 1741 (2024 Series)





**ORDINANCE NO. 1741 (2024 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, AMENDING SECTION 15.04.020, SUBSECTION N, OF THE SAN LUIS OBISPO MUNICIPAL CODE**

**WHEREAS**, the membership requirements for appointment to the Construction Board of Appeals is established in the City of San Luis Obispo Advisory Body Handbook and the Building Construction and Fire Prevention Code of the City of San Luis Obispo, 2023; and

**WHEREAS**, the Building Construction and Fire Prevention Code of the City of San Luis Obispo, 2023 is adopted under Title 15 of the City of San Luis Obispo Municipal Code; and

**WHEREAS**, the disability representative position of the Construction Board of Appeals has been vacant since April 1, 2022; and

**WHEREAS**, expansion of eligibility for the disability representative position could assist in filling the vacancy; and

**WHEREAS**, the requirements for membership are established locally; and

**WHEREAS**, the language of Health & Safety Code §19957.5 is permissive as to the creation of a local accessibility appeals board; and

**WHEREAS**, the amendments herein do not require the City Council to make express findings for local amendments not considered a “building standard” as defined by Health and Safety Code Section 18909(c).

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Environmental Determination.** The project is exempt from environmental review per CEQA Guidelines under the General Rule (Section 15061(b)(3)). The project involves updates and revisions to existing regulations. The proposed code amendments are consistent with California Law, specifically the California Health & Safety Code Sections 17958.7 and 18941.5. It can be seen with certainty that the proposed Municipal Code text amendments will have no significant effect on the environment.

**SECTION 2. Findings.** The City Council finds that each amendment referred to in the ordinance are reasonably necessary and are not considered a “building standard” as defined in Health and Safety Code Section 18909(c).

**SECTION 3.** Subsection N of Section 15.04.020 of the San Luis Obispo Municipal Code is hereby amended to read as follows:

N. Amend Chapter 1, Division II, Section 113 to read as follows:

**113.1 General.** In order to hear and decide appeals of orders, decisions or determinations made by the building official, code official or fire code official relative to the application and interpretations of the California Building Standards Code, the Uniform Housing Code, the Uniform Code for the Abatement of Dangerous Buildings, and the International Property Maintenance Code, and standards referenced by Title 15 of the City of San Luis Obispo Municipal Code, there shall be and is hereby created a Board of Appeals. The building official or fire code official shall be an ex officio member and shall act as secretary to said board but shall have no vote upon any matter before the board. The Board of Appeals shall be appointed by the applicable governing authority and shall hold office at its pleasure. The board shall adopt rules of procedure for conducting its business and shall render all decisions and findings in writing to the appellant with a duplicate copy to the building official.

**113.2 Limitations on authority.** An application for appeal shall be based on a claim that the true intent of this code or the rules legally adopted hereunder have been incorrectly interpreted, the provisions of this code do not fully apply or an equally good or better form or construction is proposed. The board shall have no authority to waive requirements of this code. For appeals relating to accommodations for the disabled, the authority of the board shall include the ability to authorize reasonable alternatives to disabled access requirements imposed by the California Building Standards Code.

**113.3 Qualifications.** The board of appeals shall consist of seven members, five of which who are qualified by experience and training to pass on matters pertaining to building construction and building service equipment, hazards of fire, explosions, hazardous conditions or fire protection systems and are not employees of the jurisdiction.

**SECTION 4.** The Chief Building Official and Fire Code Official are hereby authorized and directed to transmit a copy of this ordinance to the California Building Standards Commission as required by California Health and Safety Code Section 17958.7.

**SECTION 5.** If any provision of this Ordinance is for any reason held to be invalid by a court of competent jurisdiction, the City of San Luis Obispo hereby declares that it would have passed each and every remaining provision irrespective of such holding in order to accomplish the intent of this ordinance.

**SECTION 6.** A summary of this ordinance, together with the names of Council members voting for and against, shall be published at least five (5) days prior to its final passage, in The New Times, a newspaper published and circulated in this City. This ordinance shall go into effect at the expiration of thirty (30) days after its final passage.

**INTRODUCED** on the 3<sup>rd</sup> day of September 2024, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the \_\_\_\_ day of \_\_\_\_\_ 2024, on the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk





**Department:** Community Development  
**Cost Center:** 4008  
**For Agenda of:** 10/1/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Timmi Tway, Community Development Director  
**Prepared By:** David Amini, Housing Coordinator

**SUBJECT:** SECOND READING AND ADOPTION OF ORDINANCE NO. 1742 (2024 SERIES) TO ESTABLISH AN IMPACT FEE DEFERRAL PROGRAM FOR ELIGIBLE AFFORDABLE FOR-RENT RESIDENTIAL PROJECTS

## RECOMMENDATION

Adopt an Ordinance entitled, “An Ordinance of the City Council of the City of San Luis Obispo, California, amending section 4.56.050 (Payment of Fees) of the Municipal Code to establish a development impact fee deferral program for eligible affordable housing projects.”

## POLICY CONTEXT

The City’s Major City Goal for housing and homelessness states:

*Support the expansion of housing options for all, and continue to facilitate the production of housing, including the necessary supporting infrastructure, with an emphasis on affordable and workforce housing as well as accessibly connected development. Collaborate with local non-profit partners, non-governmental agencies, the county, the state, and federal governments to advocate for increased funding and implementation of comprehensive and effective strategies to prevent and reduce homelessness.*

The Goal includes implementation measure no. 5 to implement Below Market Rate housing best practices.

The City recently received the Prohousing designation from the State Housing and Community Development Department for innovation in housing policy and a demonstrated commitment to developing solutions to the state’s housing crisis.

The City’s 6<sup>th</sup> Cycle Housing Element includes a Goal for Affordability, supported by the following policies and programs:

*Program 2.9 - Assist with the issuance of tax-exempt bonds, tax credit financing, loan underwriting or other financial tools to help develop or preserve at least 20 affordable units annually through various programs.* The proposed resolution and draft Ordinance allow for deferral of impact fees in the form of a loan to the project. The financing mechanism of a loan, rather than a waiver of impact fees, enables projects to leverage the loan amount as soft funding, adding points to competitive tax credit financing applications.

*Program 6.16 - Incentivize 20 affordable housing developments per year during the planning period consistent with SLOMC Affordable Housing Incentives.* The impact fee deferral program established by the ordinance will provide a standardized process for requesting and implementing impact fee deferral. This will incentivize development of affordable housing.

## **DISCUSSION**

### **Background**

On September 17, 2024, the City Council voted 5-0 to introduce Ordinance No. 1742, (Attachment A), which amends section 4.56.050 (Payment of Fees) of the Municipal Code to establish a development impact fee deferral program for eligible affordable housing projects. No substantive changes have been made to the Ordinance since introduction.

### **Previous Council or Advisory Body Action**

On May 2, 1995, the City Council adopted [Resolution No. 8415](#) (1995 Series) (page 35) which waived development review fees for affordable housing units at the direction of the Community Development Director.

On November 21, 2000, the City Council adopted [Resolution No. 9131](#) (2000 Series) for the purpose of waiving citywide development impact fees for affordable housing units in excess of inclusionary requirements or developed by non-profit housing corporations.

On June 5, 2007, the City Council adopted [Resolution No. 9903](#) (2007 Series) which superseded and replaced Resolution No. 9131 (2000 Series), to allow for development impact fee waivers for voluntary affordable housing units developed by private developers (such as ADUs) in addition to projects that exceed the number required to meet the City's inclusionary requirements and projects by non-profit developers.

### **Public Engagement**

The proposed amendments were discussed with affordable housing developers and received support. This item was on the agenda for the September 17, 2024 Regular City Council meeting which also allows for public comment and followed the required postings and notifications.

**CONCURRENCE**

The City Public Works, Finance Department, City Attorney, Parks, Utilities, and Police/Fire departments reviewed and concurred with the recommended amendments in the Ordinance.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act (CEQA) does not apply to the recommended action in this report because the action does not constitute a “project” under CEQA Guidelines Sec. 15378.

**FISCAL IMPACT**

Budgeted: N/A

Budget Year: 2024-25

Funding Identified: N/A

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

There is no financial impact directly associated with updating the development impact fee deferral program for eligible residential projects. The indirect impact of fee deferrals would be the delay in availability of impact fee revenue. Over the last 10 years, 8 impact fee deferral loans have been given to affordable housing projects, totalling \$5 million in deferred impact fee revenue, with repayment terms ranging from 30 to 55 years at 3 percent interest. The proposed resolution would update the repayment term on all future deferral loans to 20 years, reducing the indirect impact on the City’s impact fee funds. Staff anticipates that about one project per year will be given an impact fee deferral loan under the program.

**ALTERNATIVES**

1. ***Council may decide to modify the Ordinance before adoption.*** Depending on the changes proposed, modifications of the Ordinance may require reintroduction and then adoption during a subsequent public hearing, which will delay implementation of Ordinance.
2. ***Council could decide not to adopt the Ordinance and require future impact fee deferrals to be conducted under the existing 2007 resolution.*** This is not recommended by staff, as the Ordinance provides a critical update to the fee deferral program, clarifying the term and applicability of fee deferrals.

**ATTACHMENTS**

A - Ordinance No. 1742 (2024 Series)



**ORDINANCE NO. 1742 (2024 SERIES)**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, AMENDING SECTION 4.56.050 (PAYMENT OF FEES) OF THE MUNICIPAL CODE TO ESTABLISH A DEVELOPMENT IMPACT FEE DEFERRAL PROGRAM FOR ELIGIBLE AFFORDABLE FOR-RENT HOUSING PROJECTS. THE PROJECT IS EXEMPT FROM ENVIRONMENTAL REVIEW (CEQA) (IMPACT FEE DEFERRAL PROGRAM)**

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chambers of City Hall, 990 Palm Street, San Luis Obispo, California, on November 21, 2000, adopting Council Resolution No. 9131 (2000 Series) for the purpose of waiving city-wide development impact fees for affordable housing units in excess of inclusionary requirements; and

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chambers of City Hall, 990 Palm Street, San Luis Obispo, California, on June 5, 2007, adopting Council Resolution No. 9903 (2007 Series), which superseded and replaced Resolution No. 9131 (2000 Series); and

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chambers of City Hall, 990 Palm Street, San Luis Obispo, California, on September 17, 2024, adopting Council Resolution No. 11521 (2024 Series), which superseded and replaced Resolution No. 9903 (2007 Series); and

**WHEREAS**, the City Council of the City of San Luis Obispo conducted a public hearing in the Council Chamber of City Hall, 990 Palm Street, San Luis Obispo, California on September 17, 2024, for the purpose of considering the amendments amendment to Section 4.56.050 (Payment of Fees) of the Municipal Code to implement the Development Impact Fee Deferral Program; and

**WHEREAS**, the City has identified Housing as a Major City Goal; and

**WHEREAS**, the City's Housing Element Programs 2.9 and 6.16 supports incentivization of affordable housing incentives; and

**WHEREAS**, impact fees are an identified barrier to production of affordable housing; and

**WHEREAS**, impact fees for affordable housing projects have been deferred by the City to help accelerate production of affordable housing; and

**WHEREAS**, the aforementioned Program formalizes a process for applying for and receiving impact fee deferrals; and

**WHEREAS**, deferral of impact fees structured as a loan owed to the City provides defined terms of repayment and ensures no ultimate loss of revenue to cover the ongoing impacts of the development; and

**WHEREAS**, the City Council finds that the proposed amendment is consistent with the General Plan, and other applicable City goals and policies as amended; and

**WHEREAS**, notices of said public hearing were made at the time and in the manner required by law; and

**WHEREAS**, the City Council has duly considered all evidence, including the deferral program's consistency with the Mitigation Fee Act and the California Constitution, the City's ongoing need to cover the costs of increased residential development, the input of interested parties, and evaluation and recommendations by staff.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of San Luis Obispo as follows:

**SECTION 1. Incorporation of Recitals.** The City Council find that the foregoing recitals and staff report presented with this ordinance are true and correct and are incorporated in the ordinance by this reference and adopted as the findings of the City Council.

**SECTION 2. Findings.** Based upon all the evidence, the City Council makes the following additional findings:

1. The proposed amendments to Section 4.56.050 to implement the Impact Fee Deferral Program will not cause significant health, safety, or welfare concerns since the amendments are consistent with the General Plan and directly implement City goals and polices.
2. The proposed amendments to Section 4.56.050 of the Municipal Code are consistent with the 6<sup>th</sup> Cycle Housing Element Program 6.18 which states "Actively seek and collaborate with non-profit housing providers to (jointly) apply for three revenue sources each year during the planning period, including State, Federal and private/non-profit sources, and financing mechanisms to financially assist with the development of housing affordable to extremely low, very low and low or moderate income households."

**SECTION 3. Environmental Determination.** This Ordinance is exempt from the California Environmental Quality Act (CEQA), because it is not a "project" under Public Resources Code § 21065 and the CEQA Guidelines §15378 in that the impact fee deferral program would not cause either a direct or reasonably foreseeable indirect physical change in the environment. Every development project subject to a development impact fee deferral loan would be required to undergo applicable development review, including CEQA compliance or finding of exemption.

**SECTION 4.** Section 4.56.050, entitled “Payment of fees” is hereby amended to read as follows:

- A. Except as otherwise provided in Section 66007 of the Government Code, development impact fees shall be paid to the city upon final inspection or the date the certificate of occupancy is issued, whichever occurs first, unless the City requires payment of those fees at an earlier time as authorized by Government Code 66007. In cases where payment of all or part of the required fee is deferred beyond the earlier date of final inspection or certificate of occupancy, the community development director may require that the applicant, at the applicant’s expense, execute a contract with the city to pay all deferred impact fees in accordance with the provisions of the City’s Impact Fee Deferral Program, as further described in subsection B of this Section and further approved and amended through City Council Resolution.
- B. Impact Fee Deferral Program
  1. In accordance with the provisions and definitions of the City’s Development Impact Fee Deferral Program Guidelines, an eligible applicant may enter into a development impact fee deferral loan agreement for a qualifying for-rent residential development project. The fee deferral agreement shall explicitly provide for the recordation of a lien against the real property on which the approved development project is to be located, which shall be removed upon payment in full of all deferred fees. All costs assessed by the county for the recordation of the documents set forth herein shall be paid by the applicant at the time of execution of the fee deferral agreement. Deferral is at the sole discretion of the City. The Community Development Director will consider the needs of the City and the feasibility of the deferral request on a case-by-case basis. The decision of the Community Development Director (or the Council, if approval is deferred to the City Council by the Community Development Director) on an impact fee deferral application is final and not appealable.
  2. The development impact fees eligible for deferral shall be limited to the fees identified in Section 4.56.030. Special district fees, water and wastewater impact fees shall not be eligible for the Impact Fee Deferral Program.

**SECTION 5. Severability.** If any subdivision, paragraph, sentence, clause, or phrase of this Ordinance is, for any reason, held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforcement of the remaining portions of this Ordinance, or any other provisions of the city's rules and regulations. It is the city's express intent that each remaining portion would have been adopted irrespective of the fact that any one or more subdivisions, paragraphs, sentences, clauses, or phrases be declared invalid or unenforceable.

**SECTION 6. Implementation.** A summary of this ordinance, together with the names of Council members voting for and against, shall be published at least five (5) days prior to its final passage in The New Times, a newspaper published and circulated in this City. This ordinance shall go into effect at the expiration of thirty (30) days after its final passage.

**INTRODUCED** on the 17<sup>th</sup> day of September 2024, **AND FINALLY ADOPTED** by the Council of the City of San Luis Obispo on the \_\_\_ day of \_\_\_, 2024, on the following vote:

AYES:  
NOES:  
ABSENT:

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk



**Department:** Administration  
**Cost Center:** 208-1006  
**For Agenda of:** 10/1/2024  
**Placement:** Business  
**Estimated Time:** 30 minutes

**FROM:** Greg Hermann, Deputy City Manager  
**Prepared By:** Jacqui Clark-Charlesworth, Tourism & Community Promotions Manager;  
Molly Cano, Economic Development & Tourism Manager

**SUBJECT:** 2023-24 ANNUAL REPORT OF THE TOURISM BUSINESS IMPROVEMENT DISTRICT

### RECOMMENDATION

1. As recommended by the Tourism Business Improvement District (TBID) Board, receive and approve the TBID Board's annual report for FY 2023-24; and
2. Adopt a Draft Resolution of Intention entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, declaring its intention to continue the San Luis Obispo Tourism Business Improvement District, to continue the basis for and to levy the assessment for the district, and to set a date for the Public Hearing on the district and the assessment for 2024-25."

### POLICY CONTEXT

As referenced in the City's Municipal Code, [12.42.060](#) and [Sections 36530 and 36533](#) of the State's Parking and Business Improvement Law, the appointed TBID Advisory Board is to submit an annual report that outlines the past year's efforts and how the funding was used and to what effect.

### Background

In June 2008, the Council adopted Ordinance No. 1517 establishing a tourism business improvement district as requested by the local lodging industry. The district was formed under the State's Parking and Business Improvement Law of 1989, sections 36500 *et seq.* of the Streets and Highways Code and codified into the City's Municipal Code under Chapter 12.42.

Pursuant to Municipal Code Section [12.42.060](#) and [Sections 36530 and 36533](#) of the State's Parking and Business Improvement Law, the appointed TBID Advisory Board is to submit an annual report (Attachment A) that outlines the past year's efforts and how the funding was used and to what effect.

[Section 36534](#) further requires that after the approval of the annual report, the Council shall adopt a resolution of intention (Attachment B) to levy an annual assessment for that fiscal year. The resolution also sets a public hearing to receive any written or oral protests against the continuation of the TBID as required by the applicable statute.

### **Annual Report**

On September 4, 2024, the TBID Board met in a regular monthly meeting to finalize the 2023-24 annual report for recommendation to the Council. The annual report reiterates the use of the TBID funds within the defined marketing platform that guides the strategy used to deliver on the TBID's objective and goals.

The annual report's contents include:

1. TBID Background and Advisory Body
2. 2023-24 Year by the Numbers
3. Strategic Plan Implementation and Program Approach
4. 2023-24 Summary of Activities
5. 2023-24 Financial Statement
6. Looking Ahead to 2024-25
7. Charts and Graphs showing various results

### **Next Steps**

Should the City Council approve the annual report and adopt the resolution of intention, a public hearing will be noticed for October 15, 2024. The public hearing will allow hoteliers to submit comments, voice concerns, and protest the assessment.

As set forth in Sections [36524](#) and [36525](#) of the California Streets and Highways Code, the Council has the ability to continue the proposed citywide TBID at this public hearing on October 15, 2024, unless oral or written protests are received from City hoteliers that pay 50% or more of the proposed assessments. In that event, the Council cannot consider continuation of the TBID in the City for at least one year.

### **Noticing Schedule**

Legal notices regarding the Council's review and consideration of the TBID annual report were published in the New Times and postcards were mailed to TBID properties on September 19, 2024. For convenience, the link to the agenda was also distributed to TBID constituents and stakeholders via email. Public noticing for the TBID Advisory Board meeting held on September 4, 2024, was performed through the posting of the agenda on the City's website by 5:00 pm on August 30, 2024, with the agenda distributed to TBID constituents and stakeholders via email for convenience.

### **Previous Council or Advisory Body Action**

On September 4, 2024, the TBID Board approved the 2023-24 annual report for submission to Council and recommended the continuation of the TBID for fiscal year 2024-25 (Attachment C).

**Public Engagement**

This item is on the agenda for the October 1, 2024 Council Meeting and will follow all required postings and notifications. The public has an opportunity to comment on this item at or before the meeting. All Advisory Body Meetings for the TBID were noticed in accordance with Brown Act standards.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. [15378](#).

**FISCAL IMPACT**

Budgeted: Yes

Budget Year: 2023-24

Funding Identified: Yes

**Fiscal Analysis:**

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$ N/A	\$	\$	\$
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

Acceptance of the FY 2023-24 Annual Report does not result in any direct fiscal impacts to the City. The current unaudited year-end TBID Assessment Revenue for FY 2023-24 is \$2,201,977, which is approximately \$61,177 more than the budgeted amount, based on the calculation of 20% of the projected Transient Occupancy Tax (TOT) reflected on [page 12 of the City’s FY 2024-25 Adopted Financial Plan Supplement](#).

In FY 2024-25, the TBID projected revenue is \$2,183,616 and is budgeted for program costs including staffing. Additionally, the City will retain approximately \$43,672 of the assessment revenue - roughly 2% of FY 2024-25 TBID Assessment Revenue - to cover the City’s administrative costs associated with collecting and disbursing the assessment.

**ALTERNATIVES**

***The Council may choose to not approve the report or adopt the resolution of intention.*** This action is not recommended as the advisory body has fully reviewed the report and recommended the approval to Council to move forward with the Public Hearing for the TBID. Council also has the option to request additional information before approval.

**ATTACHMENTS**

- A – SLO TBID 2023-24 Annual Report
- B – Draft Resolution of Intention to continue the SLO TBID
- C – TBID Draft Minutes from September 4, 2024





# SLO TBID ANNUAL REPORT

2023-2024



Live the SLO Life  
Page 211 of 369

# CONTENTS

Background . . . . .	3
Advisory Body . . . . .	3
Advisory Body Bylaws . . . . .	4
2022-23 Year By The Numbers . . . . .	5
Strategic Plan Implementation . . . . .	6
Constituent Relations . . . . .	7
Diversity, Equity and Inclusion . . . . .	8
Sustainability . . . . .	9
Visit San Luis Obispo . . . . .	10
Marketing Activities . . . . .	11
Brand & Campaign . . . . .	12
Website . . . . .	13
SEO . . . . .	13
Digital Media . . . . .	14
Email Marketing . . . . .	14
Print Advertising . . . . .	15
Social Media . . . . .	16
Public Relations . . . . .	17
Promotions . . . . .	18
Guest Services . . . . .	19
Events . . . . .	20
Strategic Partnerships . . . . .	21
Industry Relations . . . . .	22
2022-23 Awards & Accolades . . . . .	23
Financial Statement . . . . .	24
Looking Ahead . . . . .	25
Appendix . . . . .	26
TOT Chart For 2022-23 . . . . .	29
TOT Distribution For 2022-23 . . . . .	29
TOT Month To Month 2022-23 . . . . .	30
OCC Month To Month . . . . .	31
ADR Month To Month . . . . .	32
REVPAR Month To Month . . . . .	33
Strategic Imperatives . . . . .	34

# BACKGROUND

In June 2008, the City Council adopted Ordinance 1517 establishing the Tourism Business Improvement District (TBID) in the City of San Luis Obispo as requested by the local lodging industry. The assessment of two percent of gross receipts for the district became effective on October 1, 2008, and the use of funds as defined in Section 12.42.030 of the Municipal Code states:

“This ordinance is made and enacted pursuant to the provisions of the Parking and Business Improvement Area Law of 1989 (Sections 36500 et. seq., of the California Streets and Highways Code). The purpose of forming the district as a business improvement area under the Parking and Business Improvement Area Law of 1989 is to provide revenue to defray the costs of services, activities and programs promoting tourism which will benefit the operators of hotels in the district through the promotion of scenic, recreational, cultural and other attractions in the district as a tourist destination.”

# ADVISORY BODY

The use of the assessment fund is based on the recommendation of the Tourism Business Improvement District advisory board (TBID Board) which is staffed by City of San Luis Obispo hotel owners, operators, and/or managers. The board members are appointed by the City Council and serve for an initial term of four years with the opportunity to serve a second term for a maximum of eight years.

## 2023-24 Tourism Business Improvement District Board

NAME	PROPERTY	STATUS	TERM CONCLUDES
Clint Pearce * **	Madonna Inn	Appointed May 2022	3/31/2026
Lori Keller	Apple Farm Inn	Appointed June 2022	3/31/2026
Prashant Patel	Vagabond	Appointed Sept. 2022	3/31/2025
Lydia Bates * **	Hotel San Luis Obispo	Appointed Sept. 2022	3/31/2028
Winston Newland	Quality Suites	Appointed April 2022	3/31/2027
Sandy Sandoval	Embassy Suites SLO	Appointed June 2022	3/31/2025
Nipool Patel	Lamplighter Inn & Suites	Appointed October 2023	3/31/2028

\* Served as Chair for a portion of FY 23-24

\*\* Served as Vice Chair for a portion of FY 23-24





## ADVISORY BODY BYLAWS

In addition to the governing City ordinance, the TBID Board established its advisory body bylaws and further defined its role and functions as:

The functions and duties of the TBID Board shall include, but not be limited to, the following:

- A. Planning a comprehensive program to promote tourism to the City of San Luis Obispo and prepare an annual marketing program consistent with industry goals and objectives.
- B. Develop advertising and promotional programs and projects to benefit the lodging industry in San Luis Obispo.
- C. Present an annual assessment report to the City Council regarding the implemented promotional programs and projects.
- D. Perform any other lawful tasks as directed by the Council.

The TBID Board meets monthly on the second Wednesday at 10 a.m. for its regular board meeting. In fiscal year 2023-24, the board continued holding a second monthly special meeting in addition to the regular board meeting. In total, the Board met 16 times for regularly scheduled monthly meetings and special board meetings during the fiscal year, representing an average of 37 volunteer hours annually per each of the seven board members. In 2023-24, the Board also met for agency interviews for their Marketing Services RFP. This process began in November 2023 and culminated in the Board's recommendation during their May meeting.

# 2023-24 YEAR BY THE NUMBERS

In the 2024-25 fiscal year, the City of San Luis Obispo once again collected a record-breaking figure of transient occupancy tax (TOT) totaling \$10.9 million. This number represents a 2% increase over budget San Luis Obispo once again saw five \$1 million revenue collection months in July, August, September April and June. This incredible contribution of TOT revenue to the City’s General Fund is one of the direct benefits of tourism for the City, as the full collection of TOT revenue is retained by the City. Separately, the TBID retains the revenue collected through its special assessment of 2%, which in FY 23-24 resulted in nearly \$2.2 million, more than \$200,000 originally projected.

The fiscal year 2023-24 occupancy level in the city slightly increased by less than 1% compared to the 2022-23 fiscal year, with an average annual occupancy rate of 68% for the year. While this modest year-over-year growth illustrates the continued recovery of visitors returning to travel with overnight stays in San Luis Obispo — when compared to occupancy pre-pandemic, it is still about 3% below the 2018-19 fiscal year when annual average occupancy for the city exceeded 70% for the year.

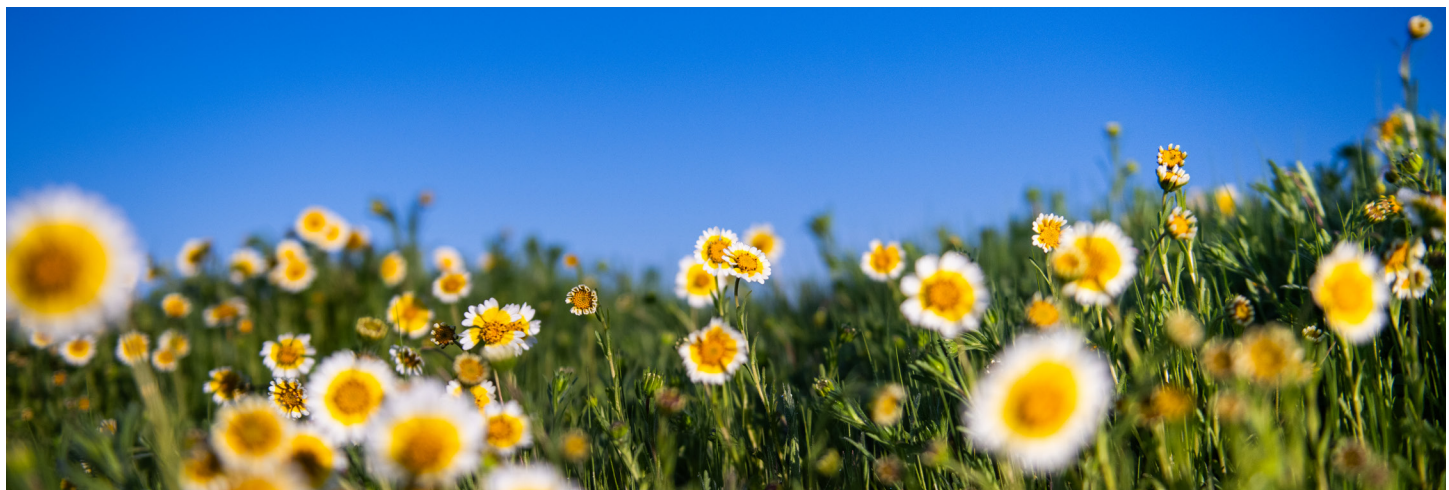
The growth of the Average Daily Rate (ADR) in San Luis Obispo has slowed. In 2023-24 the annual ADR was approximately \$176, which on average is essentially flat to the previous year, but still \$23 higher than the pre-pandemic year of 2018-19 for comparison.

The last key indicator used by the TBID to gauge impact is RevPAR, defined as Revenue Per Available Room. In the 2023-24 fiscal year, the annual average RevPAR was slightly up from the prior year at the rate of \$121.77 on average.

While these numbers present a snapshot of the status of the lodging properties, the TBID Board also tracks the visitation into the downtown Visitor Center to represent the foot traffic. In FY 23-24, the Visitor Center served approximately 85,826 guests, up nearly 4% compared to the previous fiscal year.

MEASUREMENT	FY 2023-24 RESULT	% CHANGE FROM FY 2023-24
TOT	\$10,901,820.00	0%
TBID	\$2,176,043.00	0%
Occupancy	68.17%	0.7% increase
ADR	\$176.31	-0.5% decrease
RevPAR	\$ 121.77	0.0%

**CHECK THE APPENDIX FOR COMPLETE GRAPHS (GRAPHS FOR TOT/ADR/REVPAR/OCC)**







## STRATEGIC PLAN IMPLEMENTATION

The TBID Strategic Plan serves as one piece of the framework for the direction and decisions made by the TBID Board for the tourism program this fiscal year. As outlined in the plan, the SLO TBID stewards the San Luis Obispo brand and represents its lodging partners, driving overnight stays by telling the story of San Luis Obispo through targeted marketing content and activities, serving as a convener and subject matter expert for tourism conversations impacting the destination and advancing strategic partnerships that extend the reach and influence of Visit San Luis Obispo.

As defined within the plan, the TBID continues to focus on the fulfillment of the following five Strategic Imperatives:

- Elevate the SLO Brand and Experience
- Deliver Smart Growth
- Build Meaningful Partnerships
- Ensure Operational Excellence
- Foster Destination Resilience

Each of these imperatives contains objectives and initiatives that the TBID Board strives to achieve in the life of the plan. The examples of the accomplishments pertaining to these Strategic Imperatives are highlighted throughout the annual report. In the fall of 2024, the TBID Board will be undergoing an update to its Strategic Plan for 2025-2030.

**CHECK THE APPENDIX TO VIEW THE FULL STRATEGIC PLAN MATRIX**



## CONSTITUENT RELATIONS

As a commitment to the imperative to “Ensure Operational Excellence” the TBID Board continued to support constituent relations efforts in 2023-24. To keep the lodging constituency abreast of all TBID business, the TBID Board was assigned properties to liaise. Each board member was responsible for communication with their respective group of hotels and then asked to report their findings during the “Hotel Update” portion of each Board meeting agenda.

The TBID also leveraged the outreach support of the SLO Chamber’s contracted services to perform weekly lodging call-arounds and quarterly hotel visits. This resulted in 3,922 touch points with San Luis Obispo hotels through phone calls, emails and property visits to distribute important visitor-serving collateral.

In addition, this year the TBID hosted two partner receptions to encourage constituent networking and provide an opportunity to hear important information on TBID projects and programs. Attendees at both events represented nearly half of the 42 lodging properties with eight strategic and community partners also in attendance. In post-event surveys, constituents rated the presentation and updates from the TBID and partners and the ability to network as most valuable.

In addition creating opportunities for networking and education, the TBID also created marketing resources to support the lodging properties connection to promotional efforts. Visit San Luis Obispo’s MidWeekend promotion to support off-peak, shoulder season travel was once again turned into a toolkit that was shared with lodging properties to utilize across their own channels. In addition to the marketing efforts of the TBID, the toolkit allowed individual properties to utilize draft messaging and promotional creative to more easily speak to their audiences, incentivizing travel to their property and SLO.





## DIVERSITY, EQUITY AND INCLUSION

The TBID shares in the global mission for diversity, equity and inclusion. Along with partner destination marketing organizations like Visit SLO CAL, the TBID is committed to spreading the message that San Luis Obispo is a welcoming and inclusive destination for all. As an ally, the TBID listens and continuously reflects to fully understand the demand for more direct action so that all people can unequivocally feel a stronger sense of belonging and safety here. It is in the TBID organization's DNA to treat all persons equally, with dignity and respect, including all cultures, national origins, gender identities, gender expressions, sexual orientations, pregnancy statuses, racial and ethnic identities, linguistic backgrounds and languages, age, abilities, genetic information, veteran status and spiritual/religious beliefs. The TBID is committed to sharing and amplifying these values with everyone who travels to San Luis Obispo.

The TBID is committed to advancing Diversity, Equity and Inclusion through all work scopes, with diverse representation being top of mind as we invite newcomers and all to explore San Luis Obispo. DEI continues to show up within tourism efforts through:

- Creating a strategic partnership with Gala Pride and Diversity Center.
- Targeting more diverse audiences through paid media and public relations.
- Uplifting and sharing diverse stories and faces through owned channels.
- Expanding diverse representation within TBID-owned marketing assets.





## SUSTAINABILITY

At its core, Visit San Luis Obispo’s brand vision is to be known as a tourism organization that balances business and sustainability, helping make San Luis Obispo a must-stay destination while passionately partnering to reach the City’s 2035 carbon neutrality goal.

Over the past three years, Visit San Luis Obispo focused on creating a sub-brand — Sustainable SLO — to speak to travelers and locals and develop a consistent visual language that could be broadly applied. From these efforts sprang the Keys for Trees program and subsequent efforts, which not only created visibility around the City’s goals but also effected real-world change at a time when the importance of every action toward sustainability is heightened.

This year Visit San Luis Obispo continued previous work efforts and developed new, impactful partnerships to advance sustainability and climate action within the tourism efforts. A few highlights include:

- Partnering with Kind Traveler, a responsible travel platform, to leverage their sustainable-minded audience and network.
- Continuing Keys for Trees, developed to offset the carbon impact from travel in the community. Through this program, 1% of the TBID’s projected revenue was directed to planting trees in San Luis Obispo as part of the Office of Sustainability and Natural Resources’ program with EcoSLO.
- Continued Citywide collaborations such as Solid Waste and Parks & Recreation to brand the City’s big belly trash receptacles and trailheads.
- Promoting off-season and mid-week travel through Visit San Luis Obispo’s promotional campaign The Midweekend.

# MARKETING ACTIVITIES

To ensure that the TBID marketing programs are intercepting travelers at all stages of the traveler’s journey, the TBID and the team of agencies utilized different marketing levers across that journey. This multi-pronged approach drove an efficient and effective conversion strategy. The SLO brand messages and the areas of opportunity were adapted to tease potential travelers across the journey. In addition, looking at the travelers’ journey helped the TBID incorporate and account for the fluctuations in travel behavior.

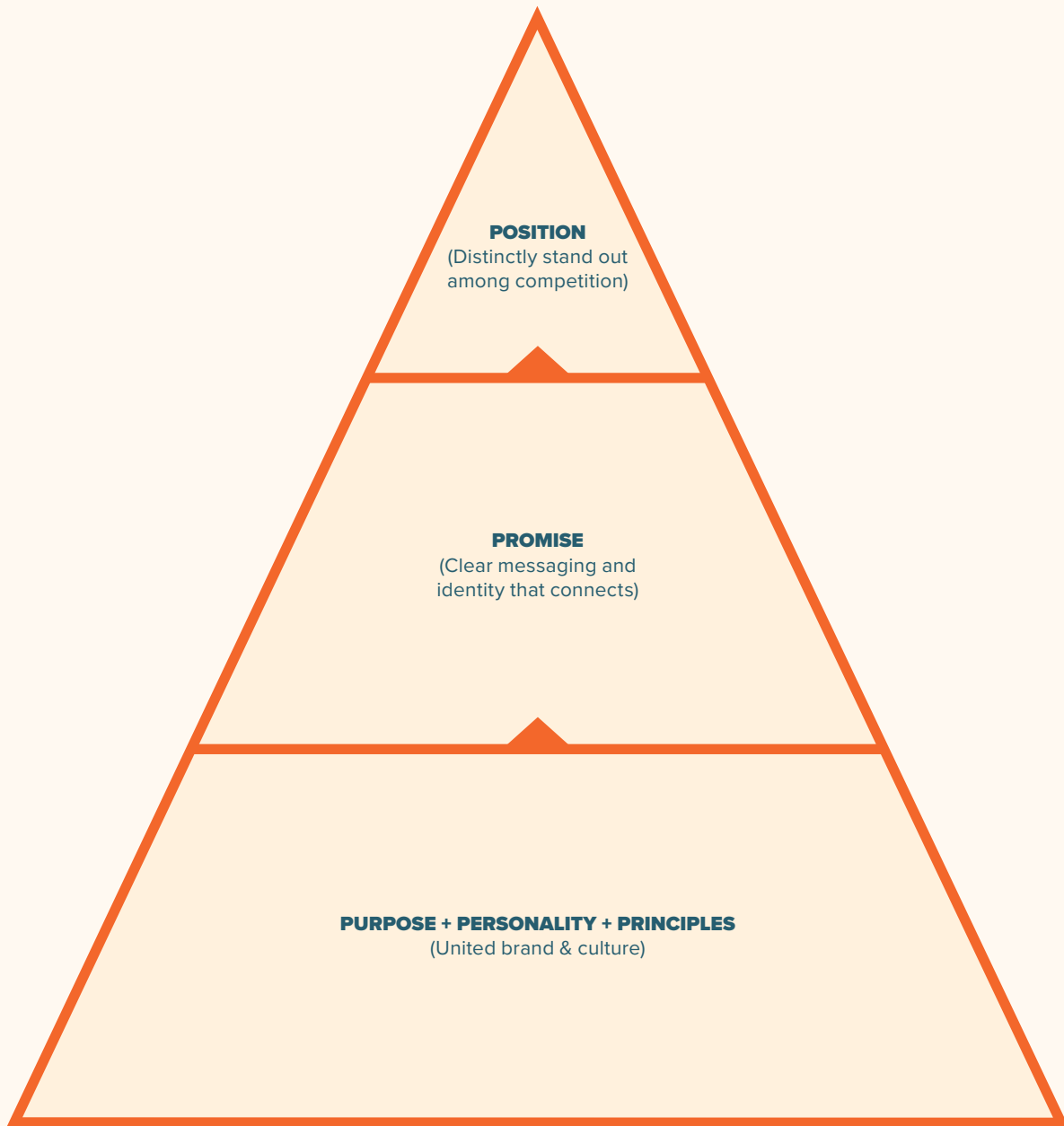
DREAMING →	PLANNING →	BOOKING →	EXPERIENCING →	SHARING
<ul style="list-style-type: none"> <li>• Aim to create brand awareness &amp; connection</li> <li>• Create shareable content that inspires travel</li> </ul>	<ul style="list-style-type: none"> <li>• Bring prospects to the website to encourage research and discovery about what makes the destination special and unique</li> <li>• Help prospective travelers plan with destination-specific content</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage travelers to visit key stakeholder pages to book &amp; plan their trip</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize website to plan in-destination moments and activities</li> <li>• Find up-to-date travel information</li> </ul>	<ul style="list-style-type: none"> <li>• Keep the conversation going to amplify our message</li> </ul>
<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Organic Social</li> <li>• Paid Social</li> <li>• Display Ads</li> <li>• Email</li> <li>• PR</li> <li>• Influencers</li> </ul>	<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Website Experience</li> <li>• Organic Search</li> <li>• Paid Search</li> <li>• Organic Social</li> <li>• Paid Social</li> <li>• Display Ads</li> <li>• 3rd Party Ads</li> <li>• Email</li> <li>• Public Relations</li> <li>• Print</li> </ul>	<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Organic Search</li> <li>• Paid Search</li> <li>• Paid Social</li> <li>• 3rd Party Ads</li> <li>• Website Experience</li> <li>• Email</li> </ul>	<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Website Experience</li> <li>• Email</li> <li>• Organic Social</li> </ul>	<p><b>SERVICES</b></p> <ul style="list-style-type: none"> <li>• Organic Social</li> </ul>

# BRANDING & CAMPAIGN

The TBID, known as Visit San Luis Obispo, manages the tourism brand for the destination of San Luis Obispo, delivering balanced growth of tourism with creativity and integrity. The Visit San Luis Obispo brand supports the TBID's initiatives to share the abundance of SLO, drive prosperity to the lodging economy and serve as the voice of all stakeholders.

In FY 23-24, Visit San Luis Obispo continued to utilize the recently updated brand book. The guide describes what the destination marketing organization stands for, how it benefits travelers and locals and why it stands out. It contains the brand's essence and spirit, as well as how it can be brought to life visually, verbally and culturally. It contains everything from guidelines for messaging and logo use to color palettes and brand partnership examples, as well as outlines the philosophies and beliefs for Visit San Luis Obispo.

If putting "heads in beds" is Visit San Luis Obispo's business purpose, putting "hearts in beds" is its brand purpose. We live to share all that SLO stands for so we can emotionally connect with and welcome people who will fall in love with our community in such a way that they actually become part of it, caring for it as if it were their home and returning time and time again.







#### POSITION

### HOMEBASE AWAY FROM HOME

You don't just visit SLO on vacation, you become part of our community and culture, an honorary local. The welcoming waves hello, neighborly nods and small-town California charm instantly make you feel comfortable and allow you to start living the "SLO Life." As you immerse yourself in our city, you bond with it and start to feel a sense of belonging that blends with the beauty of life's stresses being released because you're away—it truly feels like a home away from home. And with the beaches, iconic sites and stunning beauty of the world-class Central Coast nearby, it's also an incredible homebase during your vacation. SLO is the ideal homebase away from home.



#### PROMISE

### A CHANCE TO LIVE THE SLO LIFE

The "SLO Life" is a deep breath that releases life's pressures. It's a change of pace. It's a fresh take. It's a warm embrace. It's a feeling of comfort and calm in a welcoming place filled with a special energy, connection, creativity and a wholehearted spirit. You can feel the "SLO Life" wrap its arms around you and pull you close. It's tangible. And you'll never want to let that feeling go, so you live the "SLO Life" to its fullest while you're here and take a piece of it with you when you head back home.



#### PURPOSE

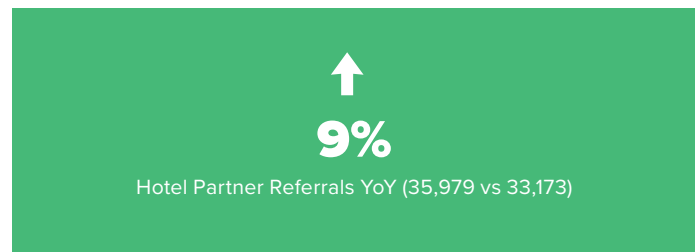
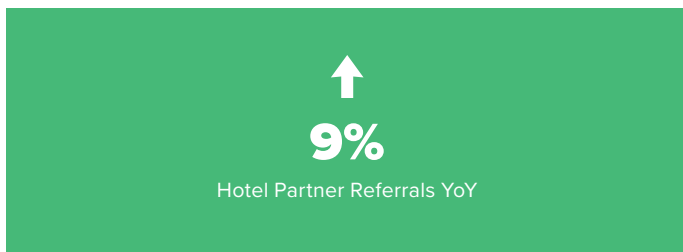
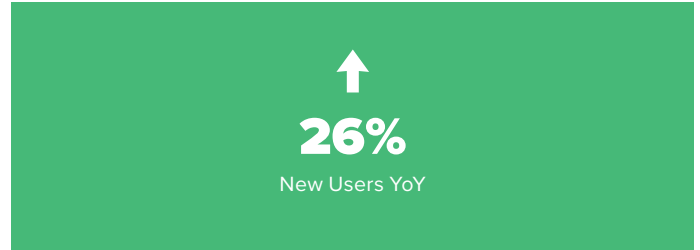
### HEARTS IN BEDS

If putting "heads in beds" is our business purpose, putting "hearts in beds" is our brand purpose. We live to share all that San Luis Obispo stands for so we can emotionally connect with and welcome people who will fall in love with our community in such a way that they actually become part of it, caring for it like they live here and returning time and time again.

# WEBSITE

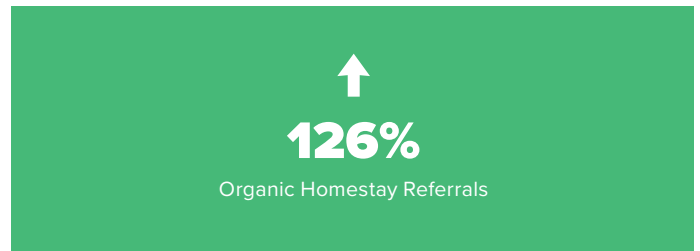
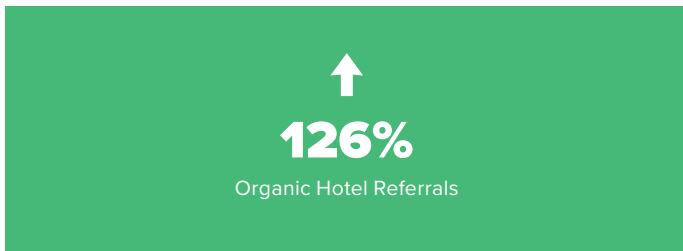
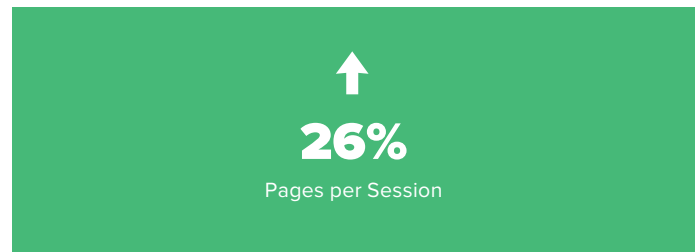
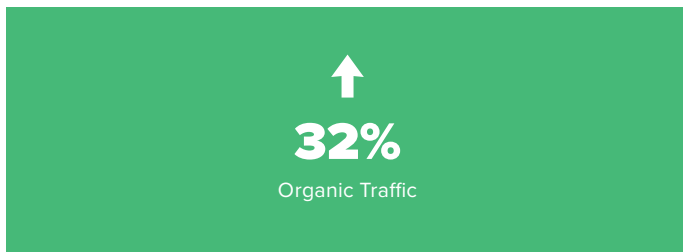
VisitSLO.com is the City's official tourism website and the primary marketing tool used to represent the destination. It's designed mainly for consumers but also serves the travel trade, meeting planners, TBID members and media.

The website is the cornerstone for all of Visit San Luis Obispo's marketing efforts — everything flows to or from the website. In July 2023, the TBID launched a redesign of VisitSLO.com, a process years in the making.



# SEO

Search Engine Optimization (SEO) ensures the relevancy and success of the TBID's website. It also builds website authority to improve VisitSLO.com's positioning and findability on search pages. By developing the depth of content and optimizing existing content, VisitSLO.com saw increased organic traffic to optimized pages and encouraged users to engage with the website by improving user experience. The decrease in blog views is due to many of those articles being repurposed into pages instead. The decrease in blog views is due to many of those articles being repurposed into pages instead, and pulling traffic with it.

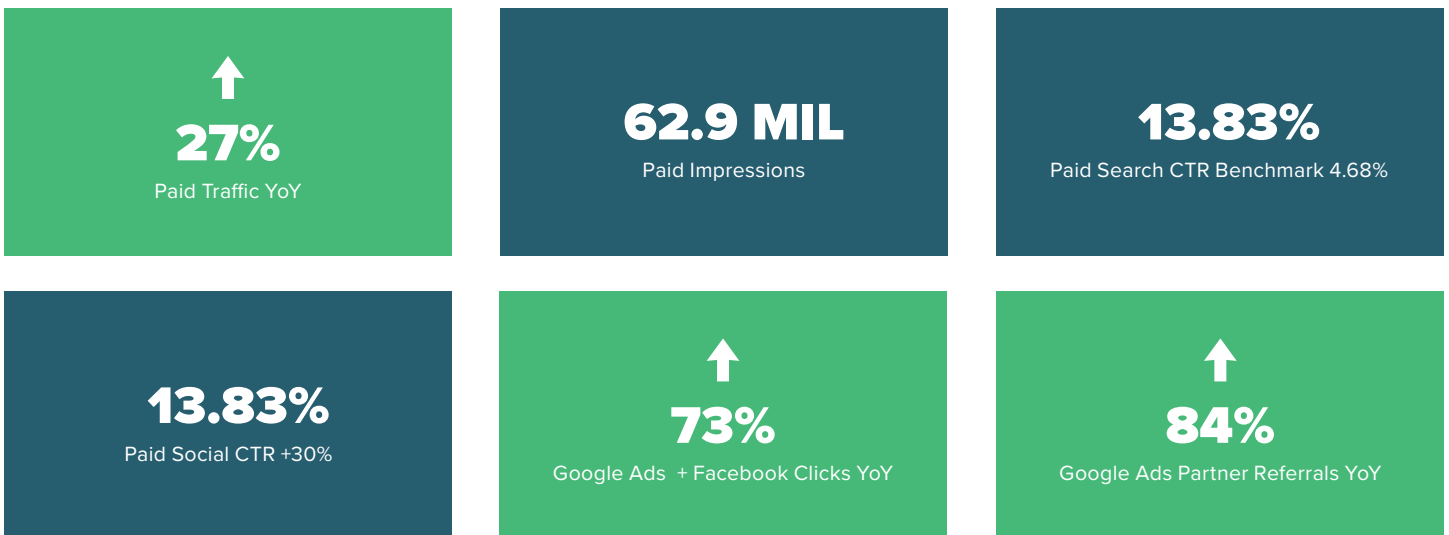


# DIGITAL MEDIA

Leveraging a 7% budget increase, our FY23-24 digital media strategy employed a comprehensive, integrated approach combining traditional and digital tactics. Building on past successes, we focused on increasing awareness and interest for San Luis Obispo in key markets. Our goals included:

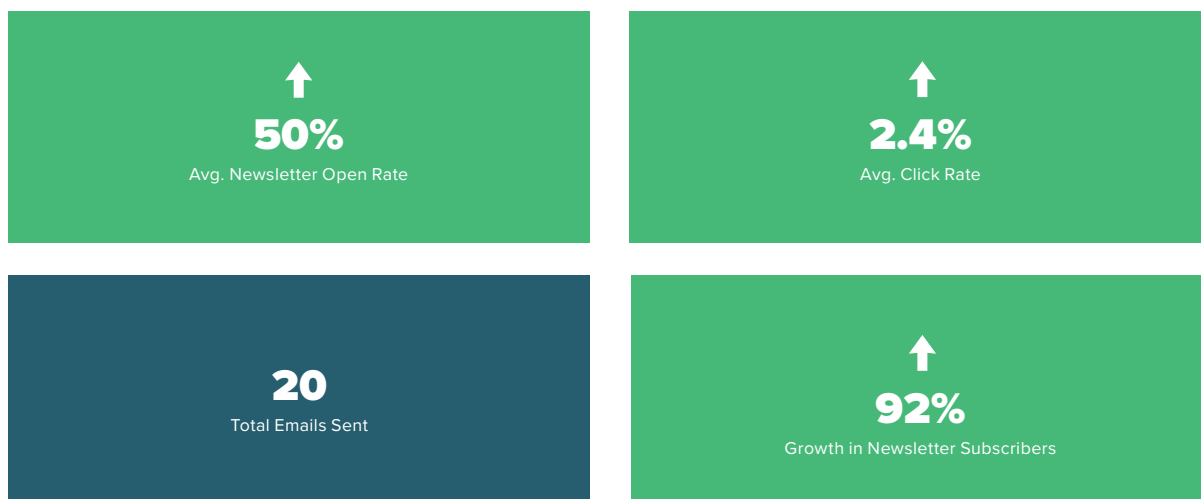
- **Brand Awareness & Interest:** Increase brand awareness and build desire to visit San Luis Obispo in target drive and fly markets. Strategically managing spend, efficiently and effectively to maximize budget.
- **Increase Engagement & Planning:** Encourage further engagement and consideration of San Luis Obispo among potential travelers by driving them to VisitSLO.com
- **Encourage Conversions & Booking:** Optimize digital media strategies in order to encourage high-intent audiences to engage with

The strategy proved successful, and we continue to gain valuable performance insights that will help us build upon previous years to consistently position San Luis Obispo as a top destination among our target audiences.



# EMAIL MARKETING

Building on the foundation laid in FY 22-23 with a revamped email template, segmented subscriber database, welcome series and re-engagement strategy, our FY 23-24 efforts centered on boosting audience engagement and growing our subscriber list. Through the monthly creation of hyper-personalized content, we aimed to foster stronger connections with SLO visitors. By offering gated content, giveaways and prominent sign-up buttons across the newly redesigned VisitSLO.com, we grew our email list while delivering tailored content to existing subscribers.





# PRINT ADVERTISING

Limited print advertising placements were continued in Visit San Luis Obispo's media mix for FY 23-24. Traditional print campaigns are an important tool to reach niche market visitors primarily in the mature demographic and to reinforce travel inspiration while building brand awareness for the destination.

Placements Included:

- Visit SLO CAL Visitors Guide
- SLO Chamber Visitors Guide
- Visit California Visitors Guide & Road Trips Guide
- Destination Brochure Distribution through Certified Folders
- Cal Poly Program Ad & Visiting Teams Guide
- Central Coast Tourism Council Map Cover and Regional Listing
- Women's Day Magazine



SLO Chamber Visitors Guide

Women's Day Magazine



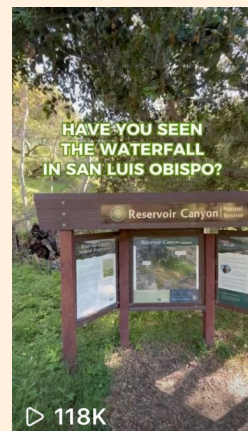
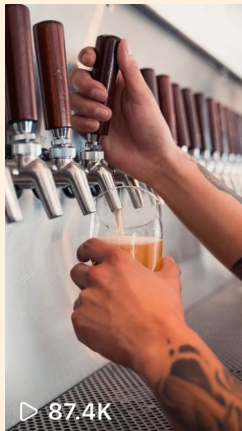
# SOCIAL MEDIA

ShareSLO — Visit San Luis Obispo’s social media — is a platform for locals and visitors alike to find inspiration, information and connection to and within San Luis Obispo. The goal of ShareSLO is to optimize Visit San Luis Obispo’s efforts and further establish clear value for following ShareSLO across social media.

Some of the highlights include:


- Creating an organic viral reel each quarter — We’re in SLO (337k), Hidden Gems Hike (217k), SLO Restaurant Week (100k), Waterfall Tiktok (47k) & Waterfall Reel (77k).
- Partnering with Amtrak on collaborative reel getting in front of their audience of 301k.
- Substantial follower increase, 7,800 across all platforms with a 10% increase in out-of-area followers.
- Shoutout from Visit California for the Top Short-Form Video in their California Now Travel Story Network June Newsletter.

## Visit San Luis Obispo Social Media Channels:



**Visit San Luis Obispo**  
Thu 4/11/2024 11:17 am PDT

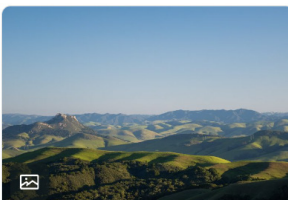
4 MOVIES FILMED IN (or about) SLO 🎬  
Discover the silver screen magic of San Luis Obispo! From iconic classics to...



**Impressions** **66,366**

**Visit San Luis Obispo**  
Thu 10/5/2023 10:39 am PDT


! NEW HIKING TRAIL ! That's right, San Luis Obispo invites you to celebrate the completion of 1.3 miles of new hiki...



**Impressions** **86,932**

**Visit San Luis Obispo**  
Wed 3/27/2024 6:52 am PDT

We bet you didn't know... 🌞 SLO popular spot, Palm Theatre, became the first solar-powered theater in the Unite...



**Impressions** **95,545**



# PUBLIC RELATIONS

In FY 23-24, Visit San Luis Obispo continued the shared approach to Public Relations contract efforts which included a joint contract between the TBID and the Promotional Coordinating Committee (PCC) with the San Luis Obispo Chamber of Commerce for Public Relations efforts, plus the TBID continued with the national Public Relations agency, DCI. On behalf of the City's Community Promotions program, the SLO Chamber is responsible for establishing professional relationships with local and regional strategic partners and journalists to build and maintain awareness of San Luis Obispo as an ideal place to live, play and stay. To further expand the proactive destination Public Relations efforts, DCI is responsible for national media relations.

Our Public Relations efforts resulted in dozens of individual media visits and a group press trip, The Art of SLO(wing) Down. A significant new undertaking was the Southern California Media Mission, a dedicated activation for SLO on the road. Over five days, staff and SLO Chamber's PR representative met with 23 national and regional media across three events and individual meetings spanning from Los Angeles to San Diego. The goal for PR in FY 23-24 was to curate fresh, unique content to continue inspiring travel, generate and secure media leads that speak to our target audiences — including drive markets — as well as build and strengthen relationships with key media who are the catalyst to generating awareness of the destination and its diverse experiences.

Overall, San Luis Obispo received 276 mentions in media articles as a result of Public Relations efforts in FY 23-24, of which 133 placements were attributed to the proactive work. Top media coverage included: CNN Travel, Los Angeles Times, Forbes and AFAR.

**605 MIL**

Circulation

**23.4 MIL**

Media Impressions

**\$5.8 MIL**

Ad Equivalency

**571/1032**

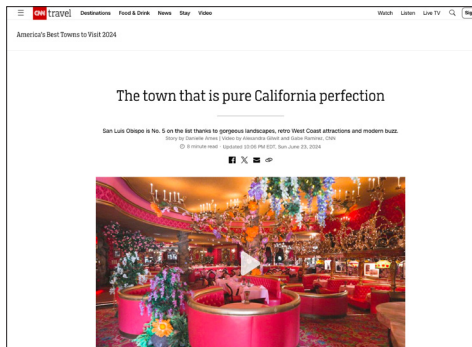
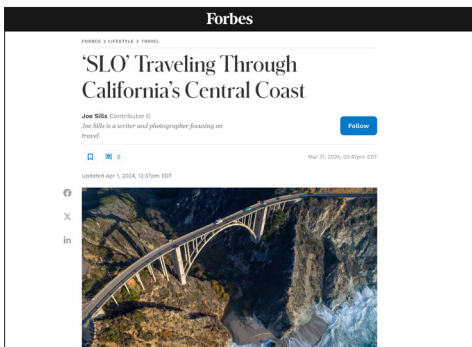
Qualitative Score

**86**

Total Number of Placements

**17 PLACEMENTS**

20% MWM List Penetration



# PROMOTIONS

This year, Visit San Luis Obispo continued a promotion that began in FY 21-22 to drive midweek stays. The MidWeekend supports the strategic imperative to Deliver Smart Growth, as well as aligns with the destination stewardship and sustainability efforts by encouraging travel outside peak periods..

## The MidWeekend

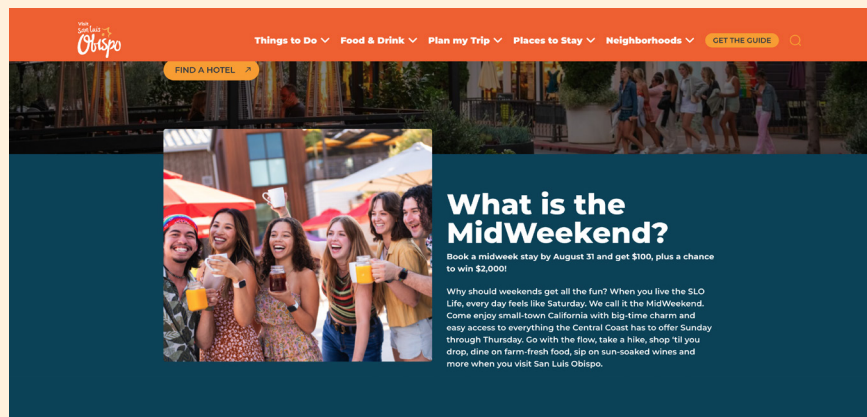
In the winter of 2024, the MidWeekend promotional campaign returned to help drive midweek stays in San Luis Obispo. From February 1 to March 31, 2024, visitors were offered \$100 cash when they booked two nights between Sunday and Thursday. The promotional campaign was integrated into the existing paid media plan with a focus on reaching our outdoor, relaxation, wine and dine and remarketing audiences to send potential travelers to the MidWeekend landing page to get direct access to information on the special offer. In total, 216 visitors took advantage of the promotion, resulting in 531 total room nights and more than \$93,000 in revenue across 33 of SLO's 42 lodging properties.



**WEEKENDS DON'T GET ALL THE FUN**

Get Special Offer

Visit San Luis Obispo



Things to Do | Food & Drink | Plan my Trip | Places to Stay | Neighborhoods | GET THE GUIDE

FIND A HOTEL

### What is the MidWeekend?

Book a midweek stay by August 31 and get \$100, plus a chance to win \$2,000!

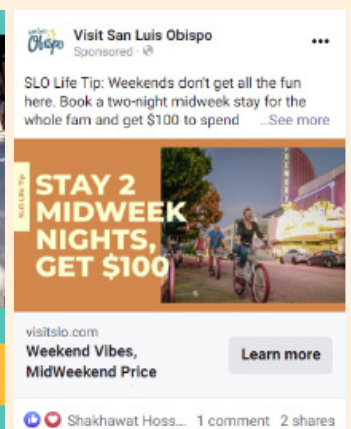
Why should weekends get all the fun? When you live the SLO Life, every day feels like Saturday. We call it the MidWeekend. Come enjoy small-town California with big-time charm and easy access to everything the Central Coast has to offer: Sunday through Thursday. Go with the flow, take a hike, shop 'til you drop, dine on farm-fresh food, sip on sun-soaked wines and more when you visit San Luis Obispo.



**MAKE ANY DAY SATURDAY**

Visit San Luis Obispo

Get Special Offer



Visit San Luis Obispo Sponsored

SLO Life Tip: Weekends don't get all the fun here. Book a two-night midweek stay for the whole fam and get \$100 to spend... See more

**STAY 2 MIDWEEK NIGHTS, GET \$100**

visit slo.com

Weekend Vibes, MidWeekend Price

Learn more

Shakhawat Hoss... 1 comment 2 shares



# GUEST SERVICES

Through a dedicated contract with the Visit San Luis Obispo, the San Luis Obispo Chamber of Commerce provides a suite of guest services to Visit San Luis Obispo. In FY 23-24, the SLO Chamber Visitor Center was contracted to answer each call made to Visit San Luis Obispo 1-877-SLO-TOWN number, which serves as a response tool to Visit San Luis Obispo's advertising efforts and digital presence. This creates the option for a "real person" to assist in trip planning, ensuring that travelers seeking personal guidance have a friendly, live voice to shape their experience of San Luis Obispo before even arriving. The telephone number, 1-877-SLO-TOWN, is a separate line that rings in the Chamber and is used solely to refer Visit San Luis Obispo properties and promote San Luis Obispo as a destination. During FY 23-24, nearly 500 calls were answered on the 1-877-SLO-TOWN line. The Guest Services also included the Live Chat widget on VisitSLO.com which received hundreds of conversations throughout the year







## EVENTS

In FY 23-24, destination events continued to return to San Luis Obispo and the TBID Board considered the funding for these events on a case-by-case basis using the general application established in FY 19-20.

### Events Sponsored:

- **SLO COAST WINE COLLECTIVE, HARVEST ON THE COAST - NOVEMBER 4, 2023**

For the first time in more than a decade, Harvest on the Coast was held in Edna Valley, SLO's wine region. The previous 11 years SLO Coast Wine Collective's signature event had been held in Avila Beach. Visit San Luis Obispo supported the event with funding as its exclusive lodging partner as well as with marketing and advertising support leading up to the event. Additionally, any guests staying in a SLO lodging property received complimentary early access to a VIP tasting prior to the main event.

- **VINEYARD TEAM, SUSTAINABLE AG EXPO – NOVEMBER 13-15, 2023**

The Sustainable Ag Expo was a three-day, mid-week, off-season educational symposium and tradeshow attracting over 500 wine industry professionals to San Luis Obispo. The Expo in 2023 marked the 18th year of the event. Visit San Luis Obispo supported this event with cash sponsorship for industry-specific promotion and funding to support lodging for speakers and presenters.

- **MISSION COLLEGE PREP HIGH SCHOOL, MISSION PREP CHRISTMAS CLASSIC, DECEMBER 19-22, 2023**

The Mission Prep Christmas Classic is a four-day premier California High School Basketball tournament featuring some of the best high school basketball players from the state and beyond. The event draws a majority of out-of-area attendees and livestreams to thousands more. Visit San Luis Obispo was the exclusive lodging partner and supported the event with funding to host teams in SLO properties.

- **SLO INTERNATIONAL FILM FESTIVAL, 30TH FESTIVAL– APRIL 25-30, 2024**

The 30th San Luis Obispo International Film Festival hosted a six-day event and screened over 100 films throughout the week. The event featured a VIP Festival Lounge, Red Carpet events, live music, educational conversations with filmmakers and industry leaders and capstone events each night that brought the community together to celebrate the arts and expose our audience to important topics around the world. Visit San Luis Obispo supported the festival in various promotional ways including funding and managing the out-of-area paid media campaign, funding to provide lodging for filmmakers, media and industry professionals and promoting a complimentary See + Stay film fest package in exchange for overnight reservations.

- **GALA PRIDE & DIVERSITY CENTER, PRIDE AND CULTURAL PROGRAM - YEAR ROUND**

Gala Pride and Diversity Center celebrated 30 years in 2024 and turned the success of their signature event, Central Coast Pride, into an ongoing Pride and Cultural Program. Visit San Luis Obispo invested as a legacy partner supporting not only the three-day kick-off Pride celebration which was held at venues throughout SLO like the Fremont Theater, Meadow Park and at Mission Plaza for PRIDE in the Plaza, but year-round programming. As part of the partnership, Visit San Luis Obispo funded and managed the out-of-area paid media campaign for Central Coast Pride, remains Gala's exclusive lodging partner and continues to partner on overall cross-promotional efforts.

In addition, the Visit San Luis Obispo continued participating in the multi-jurisdictional working group of 18 destination partners, event organizers and community leaders convened by Visit SLO CAL to provide input and guidance for the Events & Festivals Strategy. The Events & Festivals Working Group (EFWG) was pivotal in the development of the SLO CAL Events & Festivals strategy and alignment to drive new countywide visitation, to achieve incremental growth in the economic impact of tourism and enhance residents' quality of life. The project work focused on creating a strategy for existing and future events that attract overnight visitors to the county, more efficiently utilize off-peak periods, drive collaboration and/or pairing of events for a positive economic outcome for SLO CAL and



## STRATEGIC PARTNERSHIPS

Visit San Luis Obispo collaborates with numerous community partners and industry nonprofit organizations in marketing San Luis Obispo as a destination, which makes the TBID more efficient in promotional activities. Visit San Luis Obispo's strategic partnerships provide the opportunity for the marketing agencies and team to build relationships with the organizations below, elevating the destination as a whole. Promotional opportunities with each organization give Visit San Luis Obispo new platforms and audiences to build brand awareness.

In April of 2024, Visit San Luis Obispo officially launched a new partnership with Kind Traveler, a responsible travel platform that empowers travelers to create positive change in the communities they visit. Through their Every Stay Gives Back Program, Visit San Luis Obispo has been able to showcase its Keys for Trees initiative and appeal directly to sustainably minded travelers within Kind Traveler's network.

In FY 23-24, the partnerships with Cal Poly continued to be essential to making a first and lasting impression of San Luis Obispo to supporters and their students. The partnership with Cal Poly's Office of Student Affairs was extremely valuable this year with SLO Days, where during thirteen separate 45-minute long presentations about discovering San Luis Obispo, the team is able to connect with thousands of new Cal Poly Parents and Supporters. In addition to SLO Days, Visit San Luis Obispo has a presence on campus during Mustang Family Weekend and Open House.

The TBID also continued the partnership with Cal Poly Athletics and Mustang Sports. This partnership included the sponsorship of the athletic program in exchange for marketing benefits and the hosting of the rooms using the sponsorship fee in SLO TBID properties.

### Top partnerships included:

- Cal Poly's Office of Student Affairs – New Student & Transition Programs and Parent Program
- Cal Poly Athletics – Mustang Sports
- Kind Traveler
- ECOSLO with Keys for Trees
- SLO Coast Wine Collective
- Gala Pride & Diversity Center





## INDUSTRY RELATIONS

### CALIFORNIA HOTEL & LODGING ASSOCIATION (CHLA)

The California Hotel & Lodging Association (CHLA) protects the rights and interests of the California lodging industry. Legislative advocacy, educational training, communication and cost-saving programs are provided for all segments of the industry. Through the TBID, all lodging properties in the City of SLO are members of CHLA and can utilize the services offered. This year, CHLA attended the second Visit San Luis Obispo Partner Reception presenting statewide legislative updates.

### VISIT CALIFORNIA

The Visit California partnership has been critical in the growth of Visit San Luis Obispo's brand within the California Tourism product. SLO has received coverage through the marketing activities performed by Visit California including travel trade, press and industry outreach. Monthly submissions are uploaded to Visit California for media leads, trade contacts and newsletter content.

### CENTRAL COAST TOURISM COUNCIL

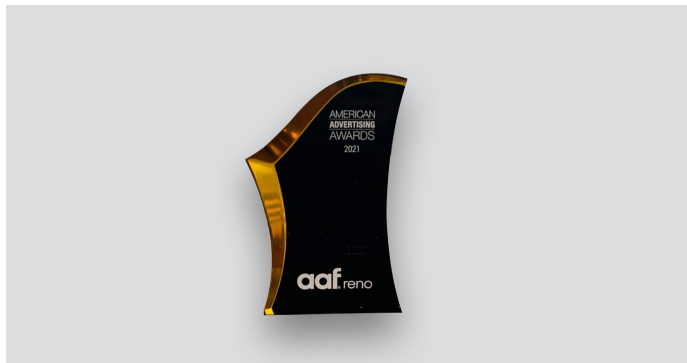
The Central Coast Tourism Council (CCTC) is an organization of tourism and hospitality professionals whose marketing efforts accomplish collectively what no single tourism entity can do alone — promote the entire California Central Coast as a destination and maximize our members' tourism revenue. The CCTC serves as the Central Coast's voice in Sacramento and partners with California Tourism's global marketing and advertising campaigns. The TBID is actively involved in CCTC with a seat on the board from staff and the SLO Chamber public relations representative on the PR committee.

### VISIT SLO CAL

The TBID maintains participation with Visit SLO CAL by having a representative on the Board of Directors and the Economic Development & Tourism Manager on the Marketing Committee. The TBID Board leverages the partnership with Visit SLO CAL to promote San Luis Obispo on a national and international level — beyond the local and state reach the TBID's marketing plan focuses to achieve. The TBID's participation in Visit SLO CAL also encompasses group sales, film commission, countywide public relations and countywide strategic planning like the SLO CAL Events & Festivals Strategy.

# 2022-23 AWARDS & ACCOLADES

Through the work of Noble Studios, the TBID received multiple awards for integrated campaign and brand book development.



## AAAF RENO ADDY

Silver - Specialty Advertising / Merchandise



## AAAF RENO ADDY

Silver - User Experience



## HSMIA ADRIAN AWARD

Bronze - Environmental, Social, Governance (Sustainable SLO)



## HSMIA ADRIAN AWARD

Bronze - Digital Website



## HSMIA ADRIAN AWARD

Bronze - Brand Campaign

### FINALIST IN THE 2024 ETSY AWARDS IN THREE CATEGORIES:

- Best Email Marketing Campaign
- Best Website
- Best Use of Sustainability and Social Responsibility (Sustainable SLO)

# 2023-24 FINANCIAL STATEMENT

INCOME SOURCE	2023-24
2023-24 TOT Revenue Assumption *	\$10,704,000
2023-24 TBID Assessment Revenue Assumption *	\$2,140,800
Fund Balance Transfer	
Fund Reserve	\$200,000
<b>2023-24 TBID Program Budget</b>	<b>\$2,140,800</b>

EXPENDITURE	ALLOCATED
<b>Operations/Staffing</b>	
Administration Overhead (2% of TBID Assessment)	\$42,816
Staffing (FTE & .75 FTE)	\$276,698
Staffing Contingency	\$276,698
<b>Contracts &amp; Marketing Services</b>	
Marketing Contract - Noble Studios/DCI	\$1,000,000
Chamber of Commerce - PR	\$50,000
Chamber of Commerce - Guest Services	\$51,975
Chamber of Commerce - Media Monitoring Service Fee	\$3,713
Co-op Marketing Program Funding	\$45,000
Content Marketing Services - Badger Branding	\$87,800
<b>Partnerships &amp; Promotions</b>	
Cal Poly Athletics	\$65,000
EcoSLO - Sustainability Initiative	\$21,408
SLO Coast Wine Collective Membership	\$4,500
<b>Events &amp; Promotions</b>	
General Events Promotion	\$100,000
Event Activation + Collateral	\$40,000
Seasonal Promotion	\$25,000
<b>Tradeshows</b>	
Tradeshows	\$25,000
Tourism Conferences	\$8,000
<b>Tourism Organizations</b>	
CCTC Dues	\$1,000
Smith Travel Report	\$3,629
CalTravel Membership	\$1,000
California Hotel & Lodging Association	\$30,000
<b>Research + Program</b>	
Research + Program Development	\$160,000
<b>Support / Meetings</b>	
Tourism Program Expenses	\$7,500
FAM Trip Hosting	\$8,000
Services/Online Tools/ Fulfillment (Dropbox, Crowdiff, Survey Monkey)	\$15,000
<b>Contingency</b>	
Contingency Fund	\$29,000
<b>Totals Committed</b>	<b>\$2,140,341</b>
<b>Funds Remaining</b>	
<b>Total Allocated Expenditures **</b>	

\* This figure was not adjusted within the TBID operating program budget following the Adopted Supplement Budget

\*\* This figure represents the total allocated expenditures. The difference will be available for carryover to the 2022-23 program budget.





## LOOKING AHEAD

As the TBID moves into FY 24-25, the key focus areas that remain top of mind for the work of the Board in the next fiscal year:

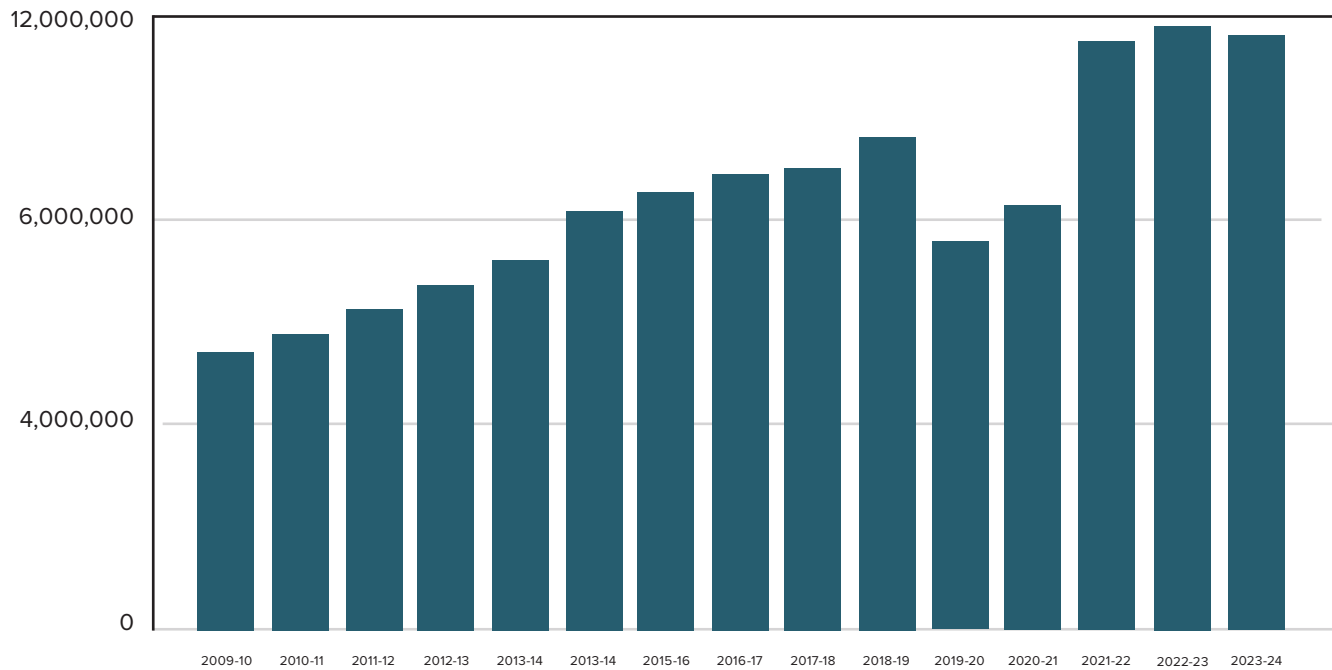
- Updating the TBID Strategic Plan for 2025-2030, setting the tone and tenor for Visit San Luis Obispo's impact.
- Developing the next evolution of Visit San Luis Obispo's brand campaign with "the SLO Life Coach."
- Expanding Destination Stewardship through Sustainable SLO and Visit San Luis Obispo's commitment to fostering a thriving and balanced tourism economy.
- Continuing a thoughtful and intentional approach to Diversity, Equity and Inclusion across all TBID programs emphasizing the new opportunity utilizing TBID's new public relations agency, Uniquely Driven and their network and expertise.

While these are not the only subjects that the TBID Board will be focused on, these four areas will require a significant amount of dedication as Visit San Luis Obispo works toward successful implementation of each.

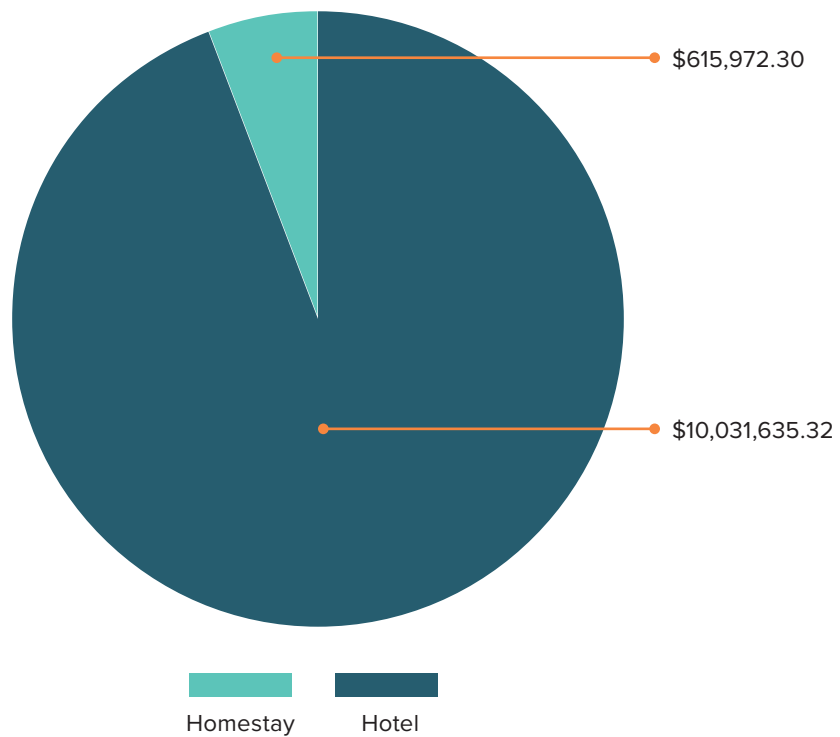
Additionally, the TBID Board will implement the defined imperatives from the recently updated 2024-26 Strategic Marketing & Business Plan. In alignment and building off the forthcoming 2025-2030 Strategic Plan, the two-year marketing plan is truly a guide for the overarching marketing initiatives for Visit San Luis Obispo, and also the individual tactics and specific efforts that will help achieve them.

# APPENDIX

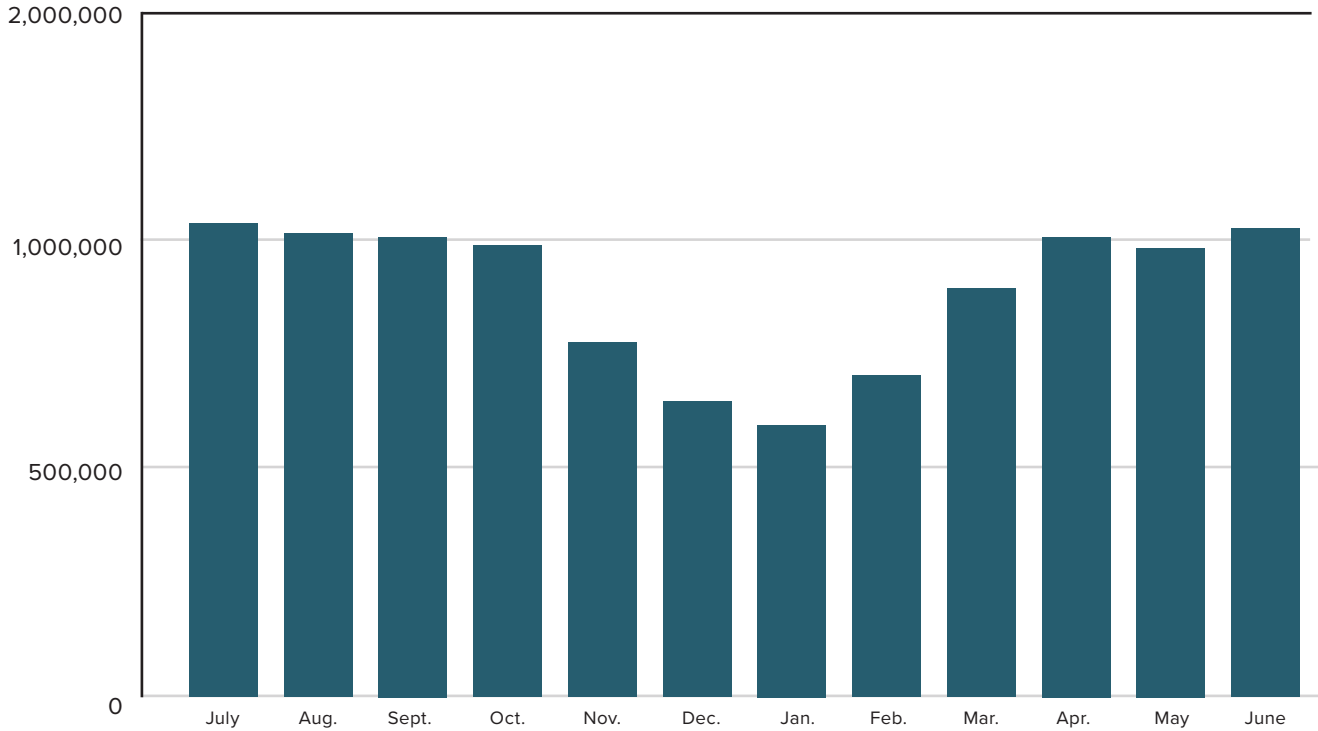
## TOT CHART FOR 2023-24



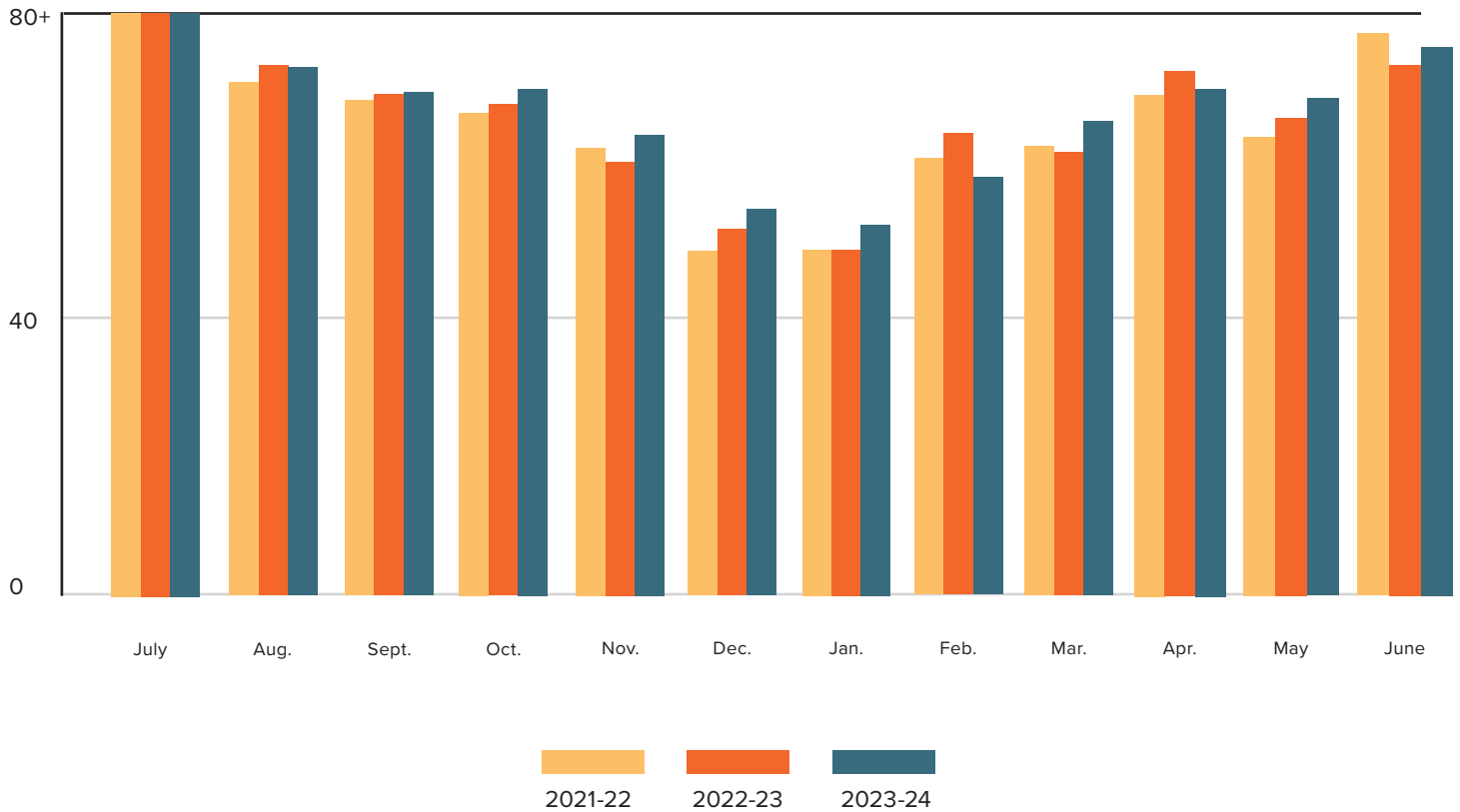
## TOT DISTRIBUTION FOR 2023-24



## TOT MONTH TO MONTH 2023-24



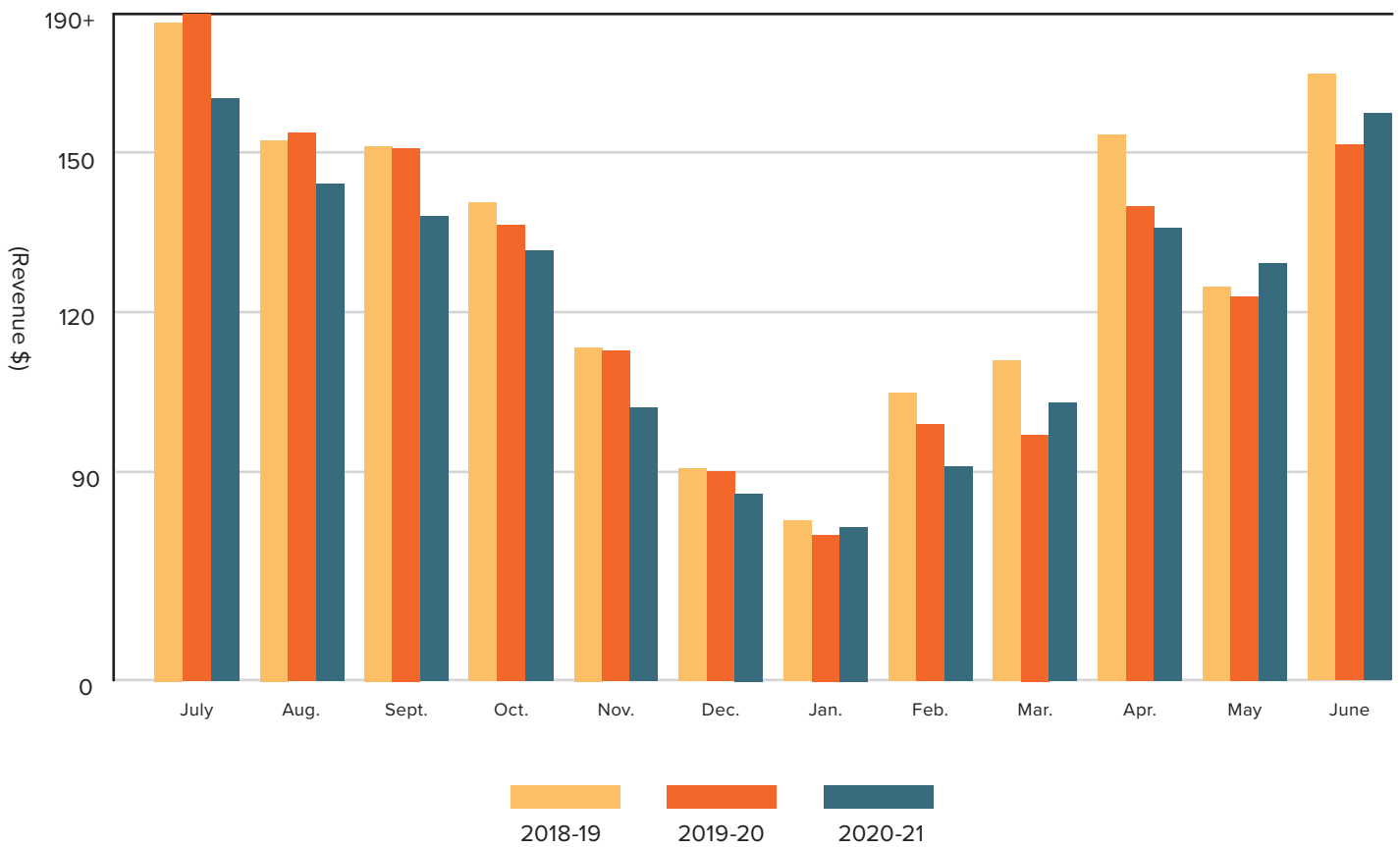
## OCC MONTH TO MONTH



## ADR MONTH TO MONTH



## REVPAR MONTH TO MONTH



# SLO TBID STRATEGIC IMPERATIVES - FY 19-24

IMPERATIVE	OBJECTIVES	INITIATIVES
<b>Elevate the SLO Brand and Experience</b>	<ul style="list-style-type: none"> <li>• Increase visitor awareness in target markets</li> <li>• Increase positive visitor perception</li> </ul>	<p><b>PRIORITY 1:</b></p> <ul style="list-style-type: none"> <li>• Integrate the City’s priorities into the execution of the TBID’s marketing strategies</li> <li>• Identify the core SLO identity and develop a plan to market it</li> </ul> <p><b>PRIORITY 2:</b></p> <ul style="list-style-type: none"> <li>• Develop a TBID Destination Stewardship approach</li> </ul> <p><b>PRIORITY 3:</b></p> <ul style="list-style-type: none"> <li>• Identify opportunities to influence community placemaking and destination management efforts</li> </ul>
<b>Deliver Smart Growth</b>	<ul style="list-style-type: none"> <li>• Exceed California’s RevPAR growth over FY21 baseline</li> <li>• Year-over-year growth in ratio of weekday to weekend occupancy</li> </ul>	<p><b>PRIORITY 1:</b></p> <ul style="list-style-type: none"> <li>• Develop an approach to monitoring local sentiment related to tourism</li> </ul> <p><b>PRIORITY 2:</b></p> <ul style="list-style-type: none"> <li>• Influence the SLO conference center development plan and effort</li> <li>• Identify structure and budget allocation for midweek and group business</li> </ul> <p><b>PRIORITY 3:</b></p> <ul style="list-style-type: none"> <li>• Develop a local business travel program to drive visitation</li> </ul>
<b>Build Meaningful Partnerships</b>	<ul style="list-style-type: none"> <li>• Increase average Earned Partnership Value score over 2022 baseline</li> <li>• Grow economic impact of tourism in SLO by 2024, over 2017 baseline</li> </ul>	<p><b>PRIORITY 3:</b></p> <ul style="list-style-type: none"> <li>• Identify and develop BOLD partnerships that generate overnight stays</li> <li>• Create a partnership management plan using measurable goals that are in line with our TBID mission</li> </ul>
<b>Ensure Organizational Excellence</b>	<ul style="list-style-type: none"> <li>• Growth in member newsletter open rates</li> <li>• Growth in stakeholder satisfaction score on survey</li> </ul>	<p><b>PRIORITY 1:</b></p> <ul style="list-style-type: none"> <li>• Establish and document a process to execute, evaluate and track strategic plan</li> </ul> <p><b>PRIORITY 2:</b></p> <ul style="list-style-type: none"> <li>• Identify opportunities to streamline governance and leverage constituency of TBID</li> </ul>
<b>Foster Destination Resilience</b>	<ul style="list-style-type: none"> <li>• Year-over-year growth in TOT over FY21 baseline</li> </ul>	<p><b>PRIORITY 1:</b></p> <ul style="list-style-type: none"> <li>• Implement COVID-19 Response Plan</li> </ul> <p><b>PRIORITY 2:</b></p> <ul style="list-style-type: none"> <li>• Document lessons learned from COVID era to feed resilience assessment</li> </ul> <p><b>PRIORITY 3:</b></p> <ul style="list-style-type: none"> <li>• Perform a destination resilience assessment</li> </ul>

Visit  
San Luis  
Obispo

Live the SLO Life

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RESOLUTION NO. \_\_\_\_\_ (2024 SERIES)

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN LUIS OBISPO, CALIFORNIA, DECLARING ITS INTENTION TO CONTINUE THE SAN LUIS OBISPO TOURISM BUSINESS IMPROVEMENT DISTRICT, TO CONTINUE THE BASIS FOR AND TO LEVY THE ASSESSMENT FOR THE DISTRICT, AND TO SET A DATE FOR THE PUBLIC HEARING ON THE DISTRICT AND THE ASSESSMENT FOR 2024-25**

**WHEREAS**, the Parking and Business Improvement Law of 1989, sections 36500 *et seq.* of the Streets and Highways Code, authorizes cities to establish business improvement districts for several purposes, one of which is promotion of tourism; and

**WHEREAS**, the lodging businesses within the proposed City of San Luis Obispo Tourism Business Improvement District had requested the City of San Luis Obispo establish such a self-assessment improvement district in 2008; and

**WHEREAS**, the San Luis Obispo Tourism Business Improvement District was established in July 2008 and incorporated into the Municipal Code under Chapter 12.42; and

**WHEREAS**, the assessment went into effect on October 1, 2008; and

**WHEREAS**, the City Council appointed an advisory board to provide oversight, guidance, and recommendations regarding the use of the assessment funds; and

**WHEREAS**, the City Municipal Code and the Parking and Business Improvement Law require the advisory board to prepare and submit an annual report stating proposed changes, improvements and activities for the fiscal year; and

**WHEREAS**, an annual report was prepared pursuant to Section 36533 of the Streets and Highway Code; and

**WHEREAS**, notices regarding the approval of the annual report were sent on September 19, 2024 to all assessed properties.

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of San Luis Obispo as follows:

- a) That the Tourism Business Improvement District Annual Report for fiscal year 2023-24 as filed by the advisory body is hereby approved.

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- b) The San Luis Obispo City Council proposes to continue the established Tourism Business Improvement District in the City of San Luis Obispo in accordance with City Municipal Code Chapter 12.42 and the California Streets and Highways Code, sections 36500 *et seq.* (Parking and Business Improvement Law of 1989).
- c) The assessment levied by the Tourism Business Improvement District shall be used to promote lodging at the hotels within the district and administer a marketing program that increases overnight hotel stays pursuant to the set goals.
- d) The assessment will be levied and allocated by the City of San Luis Obispo.
- e) The assessment is proposed to be levied on all “hotels”, as that term is defined in San Luis Obispo Municipal Code section 3.04.020, to wit: any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.
- f) The assessment shall be based on two percent (2%) of gross room rent.
- g) New hotels shall not be exempt from immediate assessment.
- h) The public hearing, held pursuant to the City Municipal Code Chapter 12.42 and the Parking and Business Improvement Law of 1989, section 36535 of the Streets and Highways Code, is to allow for comments on the District and proposed assessment, and is hereby set for 5:30 P.M., Tuesday, October 15, 2024, before the City Council of San Luis Obispo.
- i) At the public hearing, the testimony of all interested persons for or against the continuation of the District, the boundaries of the District, or the furnishing of specified types of improvements or activities will be heard.
- j) Any protest against the continuation of the City of San Luis Obispo Tourism Business Improvement District and the levying of the assessment, or any aspect thereof, may be made in writing. A protest may be withdrawn at any time before the conclusion of the public hearing. Any written protest shall contain a description of the business in which the person signing the protest is not shown on the official records of the City of San Luis Obispo as the owner of the business, then the protest shall contain or be accompanied by written evidence that the person is the owner of the authorized representative of the business. Any protest as to the regularity or evidence of the proceedings shall be in writing and clearly state the irregularity or defect to the City of San Luis Obispo at 990 Palm Street, San Luis Obispo, CA 93401.

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- k) If, at the conclusion of the public hearing, there are of record, written protests by the owners of businesses within the proposed San Luis Obispo Tourism Business Improvement District that will pay fifty percent (50%) or more of the total assessments of the entire San Luis Obispo Tourism Business Improvement District, no further proceedings to continue the San Luis Obispo Tourism Business Improvement District shall occur. New proceedings to form the San Luis Obispo Tourism Business Improvement District shall not be undertaken again for a period of at least one (1) year from the date of the finding. If the majority of written protests are only as to an improvement or activity proposed, then that type of improvement or activity shall not be included in the San Luis Obispo Tourism Improvement District.

**BE IT FURTHER THEREFORE RESOLVED**, the City Clerk is instructed to provide notice as required by the City Municipal Code Chapter 12.42 and the Parking and Business Improvement Law of 1989, section 36534, subpart (a)(7) of the Streets and Highways Code, to wit: the City Clerk shall give notice of the public hearing by causing the resolution of intention to be published once in a newspaper of general circulation in the City no less than seven days before the public hearing.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, and on the following roll call vote:

AYES:  
NOES:  
ABSENT:

The foregoing resolution was adopted this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

\_\_\_\_\_  
Mayor Erica A. Stewart

ATTEST:

\_\_\_\_\_  
Teresa Purrington  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
J. Christine Dietrick  
City Attorney

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of San Luis Obispo, California, on \_\_\_\_\_.

\_\_\_\_\_  
Teresa Purrington  
City Clerk

R \_\_\_\_\_



## Tourism Business Improvement District Board Minutes

September 4, 2024, 10:00 a.m.  
City Hall, 990 Palm Street, San Luis Obispo

TBID Board Present: Member Winston Newland, Member Nipool Patel, Member Prashant Patel, Member Sandy Sandoval, Vice Chair Clint Pearce, Chair Lydia Bates

TBID Board Absent: Member Lori Keller

City Staff Present: Economic Development & Tourism Manager Molly Cano, Tourism & Community Promotions Manager Jacqui Clark-Charlesworth

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### 1. CALL TO ORDER

A Special Meeting of the San Luis Obispo Tourism Business Improvement District Board was called to order on September 4, 2024 at 10:03 a.m. in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo, by Chair Bates.

### 2. PUBLIC COMMENT FOR ITEMS NOT ON THE AGENDA

Public Comment:

None

*--End of Public Comment--*

### 3. BUSINESS ITEMS

#### 3.a FY 23-24 TBID ANNUAL REPORT APPROVAL (15 MIN)

Economic Development & Tourism Manager Molly Cano presented the staff report and responded to inquiries.

Public Comment:

None

*--End of Public Comment--*

**Motion By** Member Sandoval

**Second By** Member Nipool Patel

To approve the 2023-24 TBID Annual Report.

Ayes (6): Member Newland, Member Nipool Patel, Member Patel, Member Sandoval, Vice Chair Pearce, and Chair Bates

Absent (1): Member Keller

CARRIED (6 to 0)

3.b STRATEGIC MARKETING & BUSINESS PLAN APPROVAL (15 MIN)

Tourism & Community Promotions Manager Jacqui Clark-Charlesworth presented the staff report and responded to inquiries.

Public Comment:

None

*--End of Public Comment--*

**Motion By** Vice Chair Pearce

**Second By** Member Newland

To approve the marketing and business plan for 2024-26.

Ayes (6): Member Newland, Member Nipool Patel, Member Patel, Member Sandoval, Vice Chair Pearce, and Chair Bates

Absent (1): Member Keller

CARRIED (6 to 0)

3.c FY 2024-25 MEDIA PLAN REVIEW AND APPROVAL (25 MIN)

Hayley Corbett and Danni Winter of Noble Studios presented the FY 2024-25 media plan and rollover budget from FY2023-24 for the Board's review and approval.

Public Comment:

None

*--End of Public Comment--*

**Motion By** Member Sandoval

**Second By** Member Nipool Patel

To approve the media plan and roll over the remaining balance of \$11,994.25 from FY 23-24 to FY 24-25's paid media budget.

Ayes (6): Member Newland, Member Nipool Patel, Member Patel, Member Sandoval, Vice Chair Pearce, and Chair Bates

Absent (1): Member Keller

CARRIED (6 to 0)

3.d STRATEGIC PLAN CONSULTANT APPROVAL (15 MIN)

Tourism & Community Promotions Manager Jacqui Clark-Charlesworth presented the staff report and responded to inquiries.

Public Comment:

None

*--End of Public Comment--*

**Motion By** Member Sandoval

**Second By** Member Nipool Patel

To approve the consultant of Whereabout for the TBID's 2025-2030 Strategic Plan.

Ayes (6): Member Newland, Member Nipool Patel, Member Patel, Member Sandoval, Vice Chair Pearce, and Chair Bates

Absent (1): Member Keller

CARRIED (6 to 0)

3.e BUDGET UPDATES (10 MIN)

Tourism & Community Promotions Manager Jacqui Clark-Charlesworth presented the staff report and responded to inquiries.

Public Comment:

None

*--End of Public Comment--*

**Motion By** Member Nipool Patel

**Second By** Vice Chair Pearce

To approved staff's recommendation to replenish the FAM Trip Hosting Budget in an amount up to \$7,500 from available fund balance and to approve up to \$3,500 from the Event Activation + Collateral to create Visit

SLO branded socks to be distributed to Spartan Race attendees at the on-site activation.

Ayes (6): Member Newland, Member Nipool Patel, Member Patel, Member Sandoval, Vice Chair Pearce, and Chair Bates

Absent (1): Member Keller

CARRIED (6 to 0)

**4. ADJOURNMENT**

The meeting was adjourned at 11:25 a.m. The next Regular Meeting of the Tourism Business Improvement District Board is scheduled for October 9, 2024 at 10:00 a.m. in the Council Hearing Room at City Hall, 990 Palm Street, San Luis Obispo.

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APPROVED BY TOURISM BUSINESS IMPROVEMENT DISTRICT BOARD:  
XX/XX/202X



**Department:** Administration  
**Cost Center:** 1004  
**For Agenda of:** 10/1/2024  
**Placement:** Business  
**Estimated Time:** 20 minutes

**FROM:** Greg Hermann, Deputy City Manager  
**Prepared By:** Molly Cano, Economic Development & Tourism Manager; McKenzie Taffe, Economic Development Analyst

**SUBJECT:** UPDATE ON IMPLEMENTATION OF THE ECONOMIC DEVELOPMENT STRATEGIC PLAN

## RECOMMENDATION

Receive and file the annual update on the implementation status of the Economic Development Strategic Plan (EDSP).

## POLICY CONTEXT

The City's 2023-25 Financial Plan Major City Goal (MCG) for Economic Resiliency, Cultural Vitality and Fiscal Sustainability includes the direction to staff to implement initiatives that reinforce a thriving and sustainable local economy, support a diverse, inclusive, and vibrant community, preserve arts and culture, and ensure fiscally responsible and sustainable City operations. Based on the adoption of the [Economic Development Strategic Plan \(EDSP\)](#) by City Council on July 18, 2023, staff began work on MCG task 1.1.a. to implement relevant actions in the updated EDSP focusing on those relevant to Economic Resiliency, Cultural Vitality and Fiscal Sustainability.

Additionally, the City's [General Plan Land Use Element, Chapter 1: Society and Economy](#), outlines that "San Luis Obispo should be a well-balanced community. Environmental, social, and economic factors must be taken into account in important decisions about San Luis Obispo's future. A healthy economy depends on a healthy environment. The social fabric of the community for both residents and visitors must also be a part of that balance. Therefore, complementary to the goals and objectives of this element, the City shall maintain and bi-annually review goals and objectives that promote the economic well-being of the community."

## REPORT-IN-BRIEF

Since the development of the Economic Development program in the City of San Luis Obispo in 1996, a number of Economic Development strategic plans have been created and implemented based on the relevant needs of the community at that specific point in time. In July 2023, the City Council approved the update to the EDSP and since that time

staff has been implementing the work program in accordance with the corresponding implementation matrix (Attachment A). The EDSP is organized into three pillar areas: (1) Business and Entrepreneur Vitality; (2) Placemaking and Promotion; and (3) Talent Development and Attraction. The comprehensive EDSP implementation matrix is included as Attachment A to this report for reference to all completed work in alignment with the work progress of the EDSP. As reflected on the implementation matrix, all the initiatives outlined in the work plan for FY 24 are completed or in progress.

## **DISCUSSION**

### **Background**

The City's Economic Development Program was established in 1996. The original focus of the program was the generation of revenue, primarily through increasing sales tax and Transient Occupancy Tax (TOT). The economic challenges of 2008-2010 created additional focus on the City's role in economic development. As a result of this focus, the City Council approved the first EDSP in 2012. The primary objective of that plan was focusing on a system to create Head of Household (HOH) jobs, now referred to as Moderate Income Plus Jobs. Then in 2015, the original EDSP received a minor update to redirect the focus to property development in conjunction with the update of the Land Use and Circulation Element of the City's General Plan. After 2015, an update the EDSP was recommended every five years to ensure that the work of the newly titled "Economic Development and Tourism Program" remained relevant and consistent with the goals of the community. The next update was originally planned in the 2019-20 fiscal year, but due to the pandemic was delayed to fiscal year 2022-23 and was subsequently approved by the City Council in July 2023.

In the updated 2023 EDSP, the plan advanced into a framework designed to respond to the changes that occurred in the intervening years, both in terms of the City's internal efforts and the external economic development landscape. These changes include the effects of the economic and social changes resulting from the COVID-19 pandemic; the increasing economic threats posed by the climate crisis and the related economic opportunities created by the transition to a clean energy economy; and the growing attention and value being placed on diversity, equity, and inclusion (DEI) across the economic development community. The program also evolved into the Office of Economic Development & Tourism (Office of ED&T), bringing more alignment between the economic development and community promotion work for and in the City.

### **Current Economic Development Strategic Plan**

The EDSP framework contains three sections: the mission statement, guiding principles, and major pillars. The mission statement is the primary foundational element of the plan as it sets the tone, provides direction, and informs the development of the strategies in the sections that follow. The guiding principles reflect the impact of the changes outlined above. Guiding principles shape the direction of the plan and are interwoven throughout the strategies and actions. The guiding principles are:



## Item 7b

1. Economic Resilience. Maintaining a dynamic economic and business environment.
2. Equitable and Inclusive Economic Development. Expanding economic opportunities for all residents and businesses in San Luis Obispo.
3. Sustainable Economic Development. Ensuring economic vitality through climate- and system-focused sustainable growth.
4. Holistic Approach. Enhancing internal and external collaboration for effective execution and implementation.
5. Regional Collaboration. Expanding partnerships with organizations across the region.

Finally, the major pillars are the broad focus areas that underpin the overall strategy. The pillars are streamlined and refined to three areas:

1. Business and Entrepreneur Vitality: Improving the local business environment and helping entrepreneurs to thrive, adapt, innovate, and grow in the face of challenges and opportunities.
2. Placemaking and Promotion: Maintaining the City's quality of place while increasing awareness of local amenities and fostering a sense of inclusion among residents and visitors.
3. Talent Development and Attraction: Supporting initiatives that develop the skills needed to secure quality jobs as well as attract and retain a skilled and diverse workforce.

The EDSP then expands each of the three major pillars into robust action plan that outlines initiatives that make up the EDSP detailed work plan. Additionally, given the timing with the Major City Goal process for the 2023-25 Financial Plan, all strategies and actions related to the Economic Resiliency, Cultural Vitality and Fiscal Sustainability MCG work plan were integrated into the action plan. In total the EDSP outlines 121 priority initiatives for implementation.

With the plan established, the implementation of the EDSP is paramount in continuing to advance the economic vitality of the City. Successful implementation of the plan encourages job creation, support for infrastructure developments, public-private and public-public partnerships, and business retention and expansion. A five-year implementation matrix was created to guide City staff and community partners in realizing the outlined recommendations. The implementation matrix includes detailed strategies, staff roles and responsibilities, potential partnerships, a timeframe for implementation, and metrics for measuring success. The implementation matrix is similar in format to the Major City Goal work plans. The matrix is designed to be a flexible, ever-evolving tool for tracking progress toward realization of the plan. While it is intended to serve as a guide for implementation, the document is meant to be updated with changes to realized timelines, key accomplishments or as other aspects of the plan as it evolves.

Additionally, the Office of ED&T has operationalized many of the metrics that are used to track the impact of the work being implemented. These measurements are available on the City's website where applicable and maintained on a consistent basis. The Office of ED&T updates the implementation matrix quarterly and posts the updated version to the City's website. As described at the time of the EDSP adoption, staff will continue to update the City Council in the fall of each year in conjunction with the annual report from the Tourism Business Improvement District (TBID), for a comprehensive update from the Office of Economic Development & Tourism.

### **Implementation and Key Accomplishments**

Implementation of the EDSP is an ongoing process and staff continues to adapt to emerging needs, constraints, and opportunities to address economic development in the City. To address the 121 individual priority initiatives outlined between the three major pillars of the EDSP for the 5-year plan, in FY 23-24 staff has focused on the first-year priorities for implementation. These priorities are identified within the implementation matrix timeline column under the heading "FY24" along the corresponding quarter in which the work effort was underway by staff. Since fiscal year 2023-24 was the first year of the plan, all the initiatives identified within the time "Ongoing" column were also addressed in the first year as priorities as well, along with actions related to the Economic Resiliency, Cultural Vitality and Fiscal Sustainability MCG. In total 86 of the 121 individual priority initiatives were addressed within the first year of the plan's implementation, including 77 Ongoing tasks and 9 FY24 tasks.

When considering the implementation and key accomplishments of those priority initiatives in FY 23-24, the work is best described with the three pillar areas: (1) Business and Entrepreneur Vitality; (2) Placemaking and Promotion; and (3) Talent Development and Attraction. The comprehensive summary of the key accomplishments for each of the priority initiatives addressed in FY 23-24 are outlined on the EDSP implementation matrix included as Attachment A to this report. Select key accomplishments within each pillar, however, have been highlighted below to showcase focused areas of achievement for the EDSP this fiscal year.

#### Pillar 1. Business and Entrepreneur Vitality

Improving the local business environment and helping entrepreneurs to thrive, adapt, innovate, and grow in the face of challenges and opportunities.

##### *Key Accomplishments Include:*

- Implementation of business communication and outreach activities that proactively communicate with the business community on a regular basis as it relates to important economic development programs, opportunities, and activities. (1.1.2)
  - A total of 28 business emails were sent to approximately 8,000 local business owners during FY 23-24.

## Item 7b

- Expand business outreach efforts with a formal business retention and expansion program that assists new and existing businesses, monitors employer trends, and pinpoints enterprises and sectors that require support. (1.1.3)
  - Over 100 businesses were supported through retention and expansion efforts. Approximately 30 were new businesses and nearly 70 were existing businesses. Assistance provided to these businesses included business resource referrals, site selection, building and planning permit guidance, and assistance with other government agencies.
  - Staff established and documented standard operating procedures for monitoring employer and consumer trends utilizing data commissioned and prepared by a contractor on a quarterly and semi-annual basis which will be used to establish guidelines for more formalized programs.
- Establish a business welcome program that provides support to new businesses. This can include everything from welcome materials, business visits and training, and support. The appropriate partners can be included in this process where relevant.
  - Proactive outreach to new businesses focused on business visits after openings and support through the City processes. Trainings were also provided by strategic partners (Cal Poly, SBDC, SCORE, etc.) through sponsorship funding by the City.
  - Staff has researched best practices for a business welcome program and is currently developing program materials including cross departmental resource checklists that will be made available online and for delivery during in-person business visits. Expected completion of the materials is in Q3 of FY25.
- Maintain and build on the efforts with the Cal Poly CIE (CIE), which includes the Hothouse and other activities, to help ensure its continued success and the success of the local entrepreneurs it supports. (1.2.2)
  - One specific accomplishment was the support provided for Angel Con where startup companies Mense and Nexstera Tech were the winners of the 7<sup>th</sup> annual AngelCon Pitch Competition, which raised a total of \$215,000 from 21 investors.
- Supported organizations like the SBDC, the Service Corps of Retired Executives (SCORE), and Softec to address the needs of both startup and existing businesses. (1.2.4)
  - According to the SBDC Consulting Services for the period June 1, 2023, to May 31, 2024, the Cal Poly CIE SBDC counseled 485 clients; totaling 3,797 hours of counseling (not including 4,450 Cal Poly student project counseling hours - nearly double compared to the last reporting period). Through the SBDC, 14 businesses started, 127 jobs were created, and \$1,708,494 of capital was secured regionally.

- Execution of ongoing Support Local campaigns to support the small business community to sustain growth. (1.4.1)
  - Buy Local Bonus during the holiday season resulted in nearly 8,000 qualified receipts that were submitted by shoppers during the program totaling \$818,547 in local spending. When added with the City's investment, the total direct local spending was \$943,547.
  - Eat Local Bonus in January resulted in \$255,660 total local spending based on submitted receipts. While the results were significant, the real spotlight in January was the new program SLO Restaurant Week. The first-ever SLO Restaurant Week took place from January 12-21, 2024 and included 41 restaurants that signed up to take part and offer a "Perfect Pairing". More than 1,000 diners participated during the "10 Delicious Days" and participants in the program, both businesses and diners, have requested a more robust program in 2025.
- Inclusive business practices were encouraged and promoted Citywide this fiscal year by capturing and showcasing best practices discovered from the DEI Business Grant program. Staff from the Office of DEI and ED&T collaborated to support seven of the DEI SLO Business Grant recipients to discuss their experience with the grant and the community impact. To highlight the learnings, a symposium is in development to share best practices for diversity, equity, and inclusion in business. (1.4.4)

### Pillar 2. Placemaking and Promotion

Maintaining the City's quality of place while increasing awareness of local amenities and fostering a sense of inclusion among residents and visitors.

#### *Key Accomplishments Include:*

- Continued elevation of the unique identity of each business neighborhood to increase awareness of amenities beyond the Downtown core. (2.1.4) Develop and promote an identity for each business neighborhood that reflects its culture and history. (2.1.4.1)
  - This effort is in partnership with the City's Promotional Coordinating Committee (PCC). Along with the launch of the new VisitSLO.com, in FY 23-24 the "[Neighborhood](#)" section of the site was launched including interactive map, unique storytelling opportunities to highlight the unique businesses and commerce options across the nine business neighborhoods of SLO, and supported with creative assets like videos, logos and blogs that were created.
  - Additionally, a strategic consultant has been commissioned and a study is underway to evaluate best practices to guide the implementation of the business neighborhood identity project. The study is expected to be completed by Q3 of FY25 for PCC continued assessment and implementation.

- A refresh to the conference center feasibility study was commissioned in FY 23-24 including the addition of new sites that were studied. The study is in the final review and is expected to be published on the City's website before the end of the calendar year. (2.3.3)
- In Q4 of FY24, Staff prepared a comprehensive review of the status of Downtown vibrancy including considerations for addressing vacancies and other economic opportunities. This effort resulted in Staff's support of business expansion, addressing two large downtown vacancies. (2.3.6)
- Together with community partners, the cultural vitality of the City was recognized and celebrated in a number of new programs including ARTober, Piano in the Plaza, and the Lunar New Year celebration and 150<sup>th</sup> anniversary of the Ah Louis Store in the historic Chinatown which welcomed thousands of residents and visitors. (2.4.6)

### Pillar 3. Talent Development and Attraction

Supporting initiatives that develop the skills needed to secure quality jobs as well as attract and retain a skilled and diverse workforce.

#### *Key Accomplishments Include:*

- Updates continued to be made on the employment scorecard and the economic activity scorecard published on the [City's website](#) on a frequent and consistent basis. These important data sources educate and inform the City, community and prospective businesses and workforce. (3.1.1)
- The City continued to support new and expanded private childcare options through the use of grant funding and other programs. As of July 2024, the grant has created 11 newly licensed businesses and 116 slots for children, with 8 applicants pending licensure with potential to create an additional 92 slots. (3.1.7)
- Ongoing collaboration continued with the Chamber on initiatives like the SLO Onboarding Assistance Resource (SOAR) program that help to attract and retain talent. The SOAR program has aided more than 440 relocating employees since October 2022 when the pilot program launched. The top three areas of assistance have been social connections, housing search assistance, and partner employment opportunities. As the program evolves from the pilot into an evergreen program, staff will continue to elevate collaboration. (3.2.3)

### **Next Steps**

Over the first year of the EDSP implementation, significant progress has been made on the work program and initiatives within the action plan. Many of the priority initiatives, including those that were started in FY24, will continue to be further developed in subsequent years. Elevated programs, expanded partnerships, and proactive business and workforce activities will continue to be enhanced as the plan progresses through implementation in the second year and beyond. Some of the expected initiatives of focus in FY25 include, but are not limited to:

- Formalizing business retention and expansion efforts including development of the Business Welcome program. (1.1.3)
- Supporting innovative and alternative funding methods and service models to address the needs of the Downtown area. (2.3.4)
- Supporting the creation of coworking, shared resource facilities, maker spaces, and other innovative ways to lower the barriers to entry and provide additional resources. (1.2.1)
- Continuing to elevate the unique identity of each business neighborhood to increase awareness of amenities beyond the Downtown core through the business neighborhood identity study currently underway in partnership with the Promotional Coordinating Committee. (2.1.4)
- Supporting community-based neighborhood planning efforts with the Community Development Department and the Community Services Group. (2.5.2)
- Initiate an update to the zoning regulations to further incentivize and streamline the review and permitting of day care centers, including consideration of relaxed property development standards. (3.1.8.)
- Develop relationships with the coworking facilities to promote opportunities to engage with and contribute to the community. (3.2.2.)

**Previous Council or Advisory Body Action**

The City Council approved the EDSP on [July 18, 2023](#).

**Public Engagement**

Staff consistently engages with strategic partner organizations, stakeholder groups, the business community and residents and visitors. Information and data are made available on the City’s website for the public to access. A form for business support is available through the website as well, as a means for the public and business community to connect directly with Economic Development staff.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

**FISCAL IMPACT**

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Yes

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

The current FY 2024-25 program budget for Economic Development includes sufficient funding for resources, partnerships and services to implement the workplan as programmed. The work efforts to implement the key tasks outlined in the EDSP for FY 2024-25 have been budgeted for, however, those are primarily one-time funds and those programs will require additional funding to be continued in the future. Staff will evaluate all programs and funding through the development of the 2025-27 Financial along with any funding recommendations to the Council.

**ALTERNATIVES**

1. **Council could decide not to receive the status report on the Economic Development Strategic Plan.** This action is not recommended by staff because the plan is a key component of managing the City’s economic development efforts and would result in delayed implementation.
2. **Council could choose to direct changes to the Economic Development Strategic Plan implementation.** This is not recommended as changes could cause delays in accomplishing goals and derail timelines that are based on extensive work with stakeholders.

**ATTACHMENTS**

A - EDSP Implementation Matrix updated July 1,2024





UPDATE DATE: 1-Jul-24

**ABOUT THIS DOCUMENT**

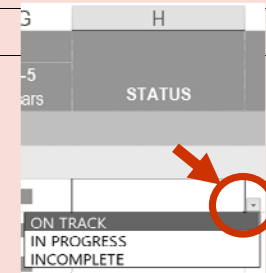
This implementation matrix is designed to be a flexible, ever-evolving tool for tracking progress towards implementation of your strategic plan. In addition to identifying lead organizations and establishing priorities, it provides a graphic representation of when actions should realistically be implemented and suggests potential partners to help carry them out. The status column provides a visual indicator for monitoring where each strategy and action stands. Finally, space is provided for logging key milestones and accomplishments or capturing notes about barriers encountered.

**MATRIX COMPONENTS**

<b>Lead Organization</b>	Organization responsible for implementation of this task.	
<b>Supporting Partners</b>	Stakeholder and partner organizations that will serve as collaborators or that can help move implementation forward.	
<b>Timeline</b>	A visual representation of the suggested timing of implementation	
<b>Status</b>	ON TRACK	<i>This item has been accomplished or action is on track toward meeting or maintaining this task.</i>
	IN PROGRESS	<i>Action has been initiated, but is delayed or otherwise not fully on track. Requires removal of barriers or other actions to achieve implementation.</i>
	INCOMPLETE	<i>Action has not begun on this item or barriers may prevent implementation.</i>

**Key Accomplishments / Notes** Brief description of relevant activities, major milestones, and/or accomplishments related to this task.

**NOTE:** The "Lead Organization" and "Status" columns have been conveniently formatted with drop-down lists. Please use one of the provided list items to populate these fields by clicking arrow that appears at the bottom right of each cell in these columns. See illustration. For the Status column, your selection will be automatically color-coded to match the indicators shown above. (These cells populate the drop-down menu and should not be edited or deleted. Likewise, the abbreviations shown in Column G are used to populate the Lead Organization drop-down list.) The remaining fields are free-form and will accommodate any length of text.



**ABBREVIATIONS USED**

Abbreviation	Organization Name
Cal Poly	California Polytechnic State University
CIE	Center for Innovation and Entrepreneurship at Cal Poly
SLO City	City of San Luis Obispo
COM	City of SLO Communications
CDD	City of SLO Community Development Department
ED&T	City of SLO Economic Development and Tourism
FIRE	City of SLO Emergency Management
FIN	City of SLO Finance Department
IT	City of SLO IT Department
DEI	City of SLO Office of Diversity, Equity & Inclusion
SNR	City of SLO Office of Sustainability & Natural Resources
PR	City of SLO Parks and Recreation
PW	City of SLO Public Works
CC	Climate Coalition

CAPSLO	Community Action Partnership of San Luis Obispo County
CCC	Cuesta Community College
DCSLO	Diversity Coalition San Luis Obispo County
DSLO	Downtown SLO
ECOSLO	Environmental Center of San Luis Obispo
HCSLO	History Center of San Luis Obispo County
REACH	Regional Economic Action Coalition
SLCUSD	San Luis Coastal Unified School District
SLOCC	San Luis Obispo Chamber of Commerce
SLOCOG	San Luis Obispo Council of Governments
SLOC	San Luis Obispo County
SLOWDB	San Luis Obispo County Workforce Development Board
SLOMA	San Luis Obispo Museum of Art
SCORE	SCORE San Luis Obispo
SLOAC	SLO County Arts Council
SLOP	SLO Partners
SOFTEC	SOFTEC
UCC	Uplift the Central Coast
SLO CAL	Visit SLO CAL

NOTE: FY26-FY28 are subject to evaluation, resource allocation, and funding during the Major City Goal and Budget process for the respective year.	LEAD ORGANIZATION	SUPPORTING PARTNERS	TIMELINE			STATUS	KEY ACCOMPLISHMENTS / NOTES
			ONGOING	FY24	FY25		
<b>PILLAR 1: BUSINESS AND ENTREPRENEUR VITALITY</b>							
<b>1.1. BUSINESS RETENTION AND EXPANSION (BRE). Develop a proactive and targeted approach to identify and address the needs of existing businesses, while creating an environment that fosters growth and innovation.</b>							
1.1.1. Continue to work with partners at the Chamber, REACH, Cal Poly, Downtown SLO, SCORE and others to support the business community through retention, creation, attraction, education, and communication efforts. <a href="#">(M.C.G. 1.2(b))</a>	ED&T	SLOCC, REACH, Cal Poly, DSLO, SCORE SLO	✓				ON TRACK Ongoing reoccurring meetings are held with Cal Poly, Chamber, DSLO, and REACH. Scheduling annual discussion with all business support agencies for August
1.1.2. Continue to proactively communicate with the business community on a regular basis as it relates to important economic development programs, opportunities, and activities.	ED&T	SLOCC, DSLO, CIE, COM	✓				ON TRACK Periodic updates continue to be sent to all business license holders and interested parties. During FY24, a total of 28 separate business emails were sent.
1.1.3. Expand business outreach efforts with a formal BRE program that assists new and existing businesses, monitors employer trends, and pinpoints enterprises and sectors that require support.	ED&T	SLOCC, DSLO, CIE		Q4			IN PROGRESS FY24: 100+ businesses contacts made. Assistance provided to these businesses included business resource referrals, site selection, building and planning permit guidance, and assistance with other government agencies. This FY ED&T established and documented standard operating procedures for monitoring employer and consumer trends utilizing data commissioned and prepared by a contractor on a quarterly and semi-annual basis. Additional research and outreach into the BRE program has started with internal and external
1.1.3.1 Establish a business welcome program that provides support to new businesses. This can include everything from welcome materials, business visits and training, and support. The appropriate partners can be included in this process where relevant.	ED&T	SLOCC, DSLO		Q4			IN PROGRESS Drafting the business welcome program with input from other City Departments and prospective new businesses in the City. Expected completion of the materials is in FY25 Q3 due to the complex coordination of more than eight internal programs and other external partners.
1.1.3.2 Reestablish the business visit program with the Chamber of Commerce (including all businesses) to identify needs of important geographic areas or business sectors in the community.	ED&T	SLOCC		Q3			IN PROGRESS Discussions with SLO Chamber on the program are underway, the return of the program is anticipated for FY25 Q2.
1.1.3.3 Participate in the Downtown SLO business visits program on a regular basis.	ED&T	DSLO		Q3			ON TRACK Following onboarding of new ED&T staff + DSLO staff discussions are underway for coordinated business visits when applicable. In FY24 visits were separate and referral based. Expected implementation of cooperative visits in FY25 Q1.
1.1.3.4 Determine the feasibility of an ongoing annual business survey to begin to develop data and trend analysis specific to the City and the business community.	ED&T	SLOCC			Q1		IN PROGRESS Basic information is available from the BW Research project to serve as a basis for discussion.
1.1.3.5 Investigate the use of an existing City technology platform (e.g., Ask SLO) to act as a customer relationship management system to document detailed notes, follow-ups, and touchpoints over time.	ED&T	IT			Q3		
1.1.3.6 Continue to maintain relationships with the development real estate community through the Developer's Roundtable; the Building, Design, and Construction Group; and other formal and informal meetings to understand potential commercial and residential development projects, potential tenants, and upcoming	ED&T	CDD	✓				ON TRACK ED&T team participated in Developer's Roundtable in Q3 FY24 which included changes to the format based on industry input. ED&T staff considering additional and alternative industry group forums with CDD Director in the future as needed.
1.1.3.7 Compile information collected from business licenses, surveys, visits, and other sources to track trends among employers and distribute these findings to business support partners, such as business and workforce training providers, as well as other local and regional economic development partners.	ED&T	FIN				✓	
1.1.3.8 Highlight the City's BRE accomplishments to showcase successful economic development efforts, maintain the confidence of the local business community, and encourage continued investment in business support activities.	ED&T	COM	✓				ON TRACK Successful results from the FY24 Buy Local Bonus, Eat Local Bonus, and Restaurant Week programs were communicated to local media and the public through City communication channels. Development of new downtown summer spending promotion to coincide with upcoming
1.1.4. Ensure broad and inclusive engagement in area and specific plans updated by the Community Development Department to represent the needs of local businesses. <a href="#">(M.C.G. 1.2(e))</a>	ED&T	CDD	✓				ON TRACK Monthly check in meetings established with the ED&T and Community Development Director to stay informed and involved.
1.1.5. Connect businesses to the SLO Green Business Network and other third-party resources for operational sustainability and efficiency (e.g., electric fleet rebates and lighting rebates).	ED&T	SNR, ECOSLO	✓				ON TRACK Monthly check in meetings established with the City's Sustainability Team to move this forward. ED&T meeting with EcoSLO for the advancement of Green Business Network. Met with new CEO for EcoSLO in FY24 Q4. EcoSLO expected to relaunch program in FY25 Q1.
1.1.6. Provide support to help entrepreneurs, innovators, and new businesses participate in the clean energy transition.	ED&T	SNR, ECOSLO	✓				ON TRACK Monthly check in meetings established with the City's Sustainability Team to move this forward.
<b>1.2. ENTREPRENEURIAL SUPPORT. Continue to bolster the entrepreneurial ecosystem by improving access to resources, education, and networks for entrepreneurs.</b>							
1.2.1. Support the creation of coworking, shared resource facilities, maker spaces, and other innovative ways to lower the barriers to entry and provide additional resources.	ED&T	CDD, CIE, DSLO, SLOCC	✓				ON TRACK Continued discussions with the HotHouse and Cal Poly to support efforts to expand services.

NOTE: FY26-FY28 are subject to evaluation, resource allocation, and funding during the Major City Goal and Budget process for the respective year.	LEAD ORGANIZATION	SUPPORTING PARTNERS	TIMELINE			STATUS	KEY ACCOMPLISHMENTS / NOTES
			ONGOING	FY24	FY25		
<b>PILLAR 1: BUSINESS AND ENTREPRENEUR VITALITY</b>							
1.2.2. Maintain and build on the efforts with the Cal Poly CIE (CIE), which includes the Hothouse and other activities, to help ensure its continued success and the success of the local entrepreneurs it supports.	ED&T	CIE	✓			ON TRACK	Quarterly check in meetings established with the CIE team to ensure alignment.
1.2.3. Develop tools to anchor businesses that graduate from the CIE programs and other incubator programs into the community. In addition to the location assistance and other support, address continued access to business support resources and funding.	ED&T	CIE, REACH, SLOCC, DSLO			Q3		
1.2.4. Maintain support of organizations like the SBDC, the Service Corps of Retired Executives (SCORE), and Softec to address the needs of both startup and existing businesses.	ED&T	CIE, SCORE, SOFTEC	✓			ON TRACK	Sponsorship support is ongoing on an annual basis. Currently using one-time funding. Ongoing funding to be established in the 2025-27 Financial plan. Successful integration of promotion for business training opportunities have been added to City's Business email.
1.2.5. Collaborate with the CIE, the Chamber, REACH, and other partners to conduct familiarization tours with venture capitalists mirroring the successful approach used in the City's tourism marketing.	ED&T	CIE, DSLO, REACH, SLOCC					Started discussions with CIE to explore feasibility of a venture capital familiarization tour and advised on best practices.
1.2.6. Work with REACH and other partners to promote the region in general and the City specifically as an entrepreneur destination in select markets, such as the Silicon Valley area. Target high-growth entrepreneurs who do not require a significant amount of operating space to grow.	ED&T	CIE, DSLO, REACH, SLOCC	✓			ON TRACK	Ongoing support and collaboration between the ED&T team and REACH to respond to RFI's and to perform marketing of the area for business relocation.
1.2.6.1 Create a clear message about what the City has to offer entrepreneurs and highlight the City's values, culture, quality-of-place amenities, and other strengths.	ED&T	CIE, DSLO, REACH, SLOCC			Q4	ON TRACK	Marketing agency contract has been funded and established for this work effort.
1.2.6.2 Continue to enhance the online presence of the region and the City to attract entrepreneurs and investors.	ED&T	CIE, DSLO, REACH, SLOCC	✓			ON TRACK	Initial updates have been made to Business section of the City's website.
1.2.6.3 Partner with local organizations to amplify the City's messaging and reach a wider audience.	ED&T	CIE, DSLO, REACH, SLOCC	✓			ON TRACK	Continued partnership with the SLO Chamber for media outreach. Support of REACH digital ad placement for regional ED positioning.
1.2.6.4 Publicize current success stories by showcasing successful startups, highlighting innovation in critical industries, and promoting successful entrepreneurs who have made SLO their home.	ED&T	CIE, DSLO, REACH, SLOCC, COM	✓			ON TRACK	Discussing with CIE and SLO Chamber on how best to showcase the story of entrepreneurship in San Luis Obispo.
<b>1.3. BUSINESS PREPAREDNESS, SUSTAINABILITY, AND RESILIENCY. Implement disaster preparedness measures that enhance the City's ability to respond to economic disruptions and effectively support business recovery.</b>							
1.3.1. Build capacity for post-disaster recovery by working in conjunction with the emergency management function to develop a plan for business preparedness and recovery.	ED&T	FIRE	✓			ON TRACK	Meeting quarterly with the Emergency Management team to address the recovery planning efforts will restart, pending the hiring of new Emergency Manager.
1.3.1.1 Continue to build on existing education efforts around natural disasters identified in the City's Local Hazard Mitigation Plan and relevant hazard mitigation resources.	ED&T	FIRE	✓			ON TRACK	SLO Children's Museum received a grant for installing floodgates and will be working with the emergency management team to film a PSA on the installation.
1.3.1.2 Increase the business community's awareness of the City's emergency management preparation and response protocols related to business operations, in advance of disruptive incidents.	ED&T	FIRE, SLOCC, DSLO, COM	✓			ON TRACK	Communicated various storm preparation resources to the business community during the Q3 storm events.
1.3.1.3 Outline a protocol for business re-entry in the event of an evacuation or temporary business closures. Establishing a tiered re-entry system will help to ensure an orderly return to operations by clarifying which businesses and industries are to be prioritized for reentry.	ED&T	FIRE					✓
1.3.1.4 Include a communications plan for keeping businesses informed before, during, and after a disaster.	ED&T	SLOCC, DSLO, COM					✓
1.3.1.5 Specify the roles and responsibilities of business support partners pre-disaster, during, and post-disaster.	ED&T	FIRE, CIE, DSLO, SLOCC					✓
1.3.2. Leverage partners, such as the SBDC and Downtown SLO, as well as the Chamber, to improve business disaster preparedness, awareness, and response.	ED&T	CIE, DSLO, SLOCC	✓			ON TRACK	Communicated various storm preparation resources to the business community during the Q3 storm events.
1.3.2.1 Increase awareness of, the need for, and benefits of, continuity planning through seminars, workshops, webinars, or other educational programs.	ED&T	FIRE, CIE, DSLO, SLOCC, COM					✓
1.3.2.2 Expand the continuity planning resources on slocity.org. Videos or recordings of previous training sessions will increase accessibility for business owners who do not have the time to attend live training.	ED&T	FIRE					✓
1.3.3. Partner with the SBDC to evaluate post-disaster funding options and increase local business awareness of federal post-disaster financial resources, such as US Small Business Administration disaster loans.	ED&T	CIE	✓			ON TRACK	Ongoing reoccurring meetings are held with Cal Poly & CIE staff.
1.3.4. Facilitate the communication of City programs that support preparedness, sustainability, and resiliency to the business community, including but not limited to fire and disaster preparedness, water conservation, building retrofit, and waste	ED&T	SNR, FIRE, SLOCC, DSLO, CIE, COM	✓			ON TRACK	Working with City partners to communicate information via the business email as available.

NOTE: FY26-FY28 are subject to evaluation, resource allocation, and funding during the Major City Goal and Budget process for the respective year.	LEAD ORGANIZATION	SUPPORTING PARTNERS	TIMELINE			STATUS	KEY ACCOMPLISHMENTS / NOTES
			ONGOING	FY24	FY25		
<b>PILLAR 1: BUSINESS AND ENTREPRENEUR VITALITY</b>							
1.3.5. Advocate for regional transportation initiatives and other solutions that support lower cost, more sustainable, and more efficient transportation and infrastructure for employees and businesses.	ED&T	PW, CDD	✓				ON TRACK Worked with City partners to communicate information related to this topic via the business email when relevant including communication on the Transit Innovation Study.
<b>1.4. SMALL BUSINESS DEVELOPMENT. Continue to support the small business community to sustain growth.</b>							
1.4.1. Continue activations, promotions, and programs like "Buy Local Bonus," "Eat Local Bonus," and "Shop Local" to build economic resiliency throughout the City and including Downtown. [M.C.G. 1.2(a)]	ED&T	SLOCC, DSLO	✓				ON TRACK Continued high engagement of the Support Local programs including successful implementation and expansion of the BLB/ELB programs resulting in \$1.2 million local spending through the FY24 promotional programs.
1.4.2. Encourage business development in sectors that support the long-term goals of the City as it relates to sustainability and diversity, equity, and inclusion.	ED&T	SNR, DEI, CIE, SLOCC, DSLO	✓				ON TRACK ED&T team met with recipients of the DEI Business Grant to understand the successes and challenges of the program and anticipate future demand for grants of this nature.
1.4.3. Use information gathered from the business license demographic questions to reach out to specific types of businesses to help determine the unique needs of minority-owned businesses and develop a plan to address identified challenges with assistance from relevant partners.	ED&T	DEI, SLOCC, CIE				✓	ON TRACK ED&T and Finance discussed having a demographic survey go out in 2025 along with business license renewals.
1.4.4. Encourage and promote inclusive business practices Citywide by capturing and showcasing best practices discovered from the DEI Business Grant program and other relevant programs. Share and distribute creative solutions to the broader business community.	ED&T	DEI, SLOCC, DSLO, COM			Q1		ON TRACK Meeting monthly with the City's DEI team to determine opportunities for promotion. ED&T and DEI team evaluating community engagement and informational opportunity with grant recipients for FY25 Q2.
<b>1.5. BUSINESS SUPPORT INFRASTRUCTURE. Maintain efforts to develop and grow business support infrastructure and tools.</b>							
1.5.1. Continue to partner with the Office of Sustainability to implement the economic development related actions in the Climate Action Plan (CAP) as well as the sustainability related actions in the updated Economic Development Strategic Plan.	ED&T	SNR	✓				ON TRACK Monthly check in meetings established with the City's Sustainability Team to move this forward.
1.5.2. Continue to partner with the Office of Diversity, Equity, and Inclusion (DEI) to implement the economic development related actions in the DEI Major City Goal and planned DEI strategic framework as well as the DEI related actions in the updated Economic Development Strategic Plan (EDSP). [M.C.G. 1.1(c)]	ED&T	DEI	✓				ON TRACK Monthly check in meetings established with the City's DEI Team to move this forward.
1.5.3. Leverage information gathered from surveys, business visitations, insights from local partners, and other sources to determine business support gaps and monitor improvements over time.	ED&T	DEI, SLOCC, DSLO				✓	
1.5.4. Ensure awareness of business support and economic development resources, especially within minority communities and among business owners who are new to the area or may have language barriers.	ED&T	DEI, SLOCC, DSLO				✓	ON TRACK Monthly check in meetings established with the City's DEI Team to move this forward. Held cooperative businesses visits to support business owners and connected them to bilingual resources.
1.5.5. Build on efforts to improve the entitlement and permitting processes. Continue to make improvements, as needed, based on data and community feedback.	ED&T	CDD	✓				ON TRACK Internal meetings to discuss opportunities for enhanced communication and information-sharing with businesses in the permitting process.
1.5.5.1 Attend the Developer's Roundtable events and other economic development related sessions.	ED&T	CDD	✓				ON TRACK ED&T team participated in Developer's Roundtable in Q3 FY24 which included changes to the format based on
1.5.5.2 Support the new Community Development Department and Community Services leadership on process improvements.	ED&T	CDD	✓				ON TRACK Established monthly check in meetings with Community Development Director.
1.5.6. Continue to focus on efficiency and transparency in the permitting process through implementation of new tools, performance management reporting, and enhanced customer transparency tools. Report recurring performance measures or permit processing times during General Plan Annual Report. [M.C.G. 1.2(d)]	ED&T	CDD	✓				ON TRACK The 2023 General Plan Annual Report was received at the 4/16/2024 City Council Meeting.
1.5.7. Represent the interests of the business community during the implementation of the broadband strategic plan. [M.C.G. 1.2(i)]	ED&T	IT, SLOCC	✓				ON TRACK The ED&T team participated in the evaluation and selection of the City's partner.
1.5.8. Continue to advocate for solutions to macroeconomic and systemic issues, like housing, transportation, and childcare, in line with the City's legislative platform, in economic development related settings at the local, regional (REACH), super-regional (Uplift the Central Coast), and state levels.	ED&T	REACH, UCC	✓				ON TRACK Worked with CDD to provide a letter of support for the Housing and infrastructure plan at the County Board of Supervisor meeting in August 2023.

NOTE: FY26-FY28 are subject to evaluation, resource allocation, and funding during the Major City Goal and Budget process for the respective year.	LEAD ORGANIZATION	SUPPORTING PARTNERS	TIMELINE				STATUS	KEY ACCOMPLISHMENTS / NOTES
			ONGOING	FY24	FY25	FY26-FY28		
<b>PILLAR 2: PLACEMAKING AND PROMOTION</b>								
<b>2.1. QUALITY-OF-PLACE PROMOTION. Bolster efforts to promote the City as an appealing destination for all people to live, work, visit, and invest.</b>								
2.1.1. Continue to promote the City to tourists, visitors, and locals through the efforts of the TBID and the PCC. [M.C.G. 1.2(c)]	ED&T	SLO CAL, SLOCC	✓				ON TRACK	Ongoing work effort is underway with both TBID and PCC.
2.1.1.1 Support activities as outlined in the City's Tourism Business Improvement District (TBID) Strategic Marketing and Business Plan and sustain promotional activities targeted toward visitors and locals through continued engagement with the TBID and the Promotional Coordinating Committee (PCC)	ED&T	SLO CAL, SLOCC	✓				ON TRACK	ED&T team lead the development of the amended TBID marketing plan for FY24 and the program work for the PCC for FY24. Efforts underway for FY25 TBID Marketing Plan and PCC program work.
2.1.2. Ensure that the City's efforts related to sustainability and open space protection (as documented in the CAP) and DEI (as documented in the forthcoming DEI Strategic Plan) are incorporated into the ED&T work program, as appropriate	ED&T	SNR, DEI	✓				ON TRACK	Meeting monthly with the Sustainability and DEI teams to ensure progress and alignment.
2.1.3. Ensure continued messaging alignment with Visit SLO CAL where appropriate.	ED&T	SLO CAL	✓				ON TRACK	ED&T team participated in the development and review of the Visit SLO CAL FY25 Marketing Plan.
2.1.4. Elevate the unique identity of each neighborhood to increase awareness of amenities beyond the Downtown core.	ED&T	CDD, SLOCC			Q2		IN PROGRESS	Neighborhood section of VisitSLO.com has been developed including promotional content. Advertising program for neighborhoods has been initiated.
2.1.4.1 Develop and promote an identity for each neighborhood that reflects its culture and history.	ED&T	CDD, SLOCC			Q2		IN PROGRESS	Unique identities have been created for all SLO areas including video and other content. Retained consultant for the comprehensive evaluation of the neighborhood identity
2.1.4.2 Showcase and support neighborhood businesses through marketing and promotional efforts.	ED&T	CDD, SLOCC	✓				ON TRACK	Neighborhood section of VisitSLO.com has been developed including promotional content.
2.1.4.3 Involve residents in the process of identifying and celebrating the unique attributes and character of their neighborhoods. Convene interested parties in the neighborhood to discuss priority economic development and tourism opportunities.	ED&T	CDD				✓	IN PROGRESS	First neighborhood meeting held, based on input and feedback. PCC evaluated the public outreach plan for identity adoption, programming and coordination and retained consultant for the comprehensive evaluation of the
2.1.4.4 Empower neighborhood leaders or identify champions to take an active role in highlighting the unique characteristics of their communities.	ED&T	CDD				✓	ON TRACK	Worked with Palm Street business owners to implement a successful celebration of the historic Chinatown during Lunar New Year as pilot program to support neighborhood promotional collaborations. Worked with business owner in the LoBro neighborhood to share promotional plan with neighborhood representatives in a business-led community meeting.
<b>2.2. WELCOMING ENVIRONMENT. Create an inclusive and friendly environment for residents, workers, and visitors.</b>								
2.2.1. Personalize the SLO experience and advance the "Live the SLO Life" brand by leveraging storytelling.	ED&T	SLOCC, DSLO	✓				ON TRACK	Secured extensive PR placements in local, regional and national media outlets. SLO named in top 10 small towns in America by CNN.
2.2.1.1 Highlight diverse residents, visitors, business owners, and employees to share testimonials of their experiences in SLO. This could be individuals sharing stories of their business, occupation, hobbies, personal history, or experience with local events and destinations.	ED&T	SLOCC, DSLO, SCORE SLO			Q1		ON TRACK	The City's sponsorship of SCORE helped fund a BIPOC Business event on August 29th, 2023. Continued work efforts still underway.
2.2.1.2 Manage online sources that highlight local information—including Wikipedia pages for the City—and ensure they reflect the "Live the SLO Life" brand	ED&T		✓				ON TRACK	ED&T team in the process of evaluating and accessing the platforms.
2.2.2. Highlight the diverse culture, history, assets, and amenities of the City to help foster a sense of inclusion.	ED&T	SLOAC, SLOCC, DSLO, HCSLO, SLOMA	✓				ON TRACK	Developed the ARTober program to celebrate national Arts & Humanities month in San Luis Obispo. ARTober will return in FY25 Q2.
2.2.2.1 Leverage the History Center of San Luis Obispo County and other community partners in telling the SLO story.	ED&T	SLOAC, SLOCC, DSLO, HCSLO, SLOMA				✓	ON TRACK	Worked with over a dozen local arts & cultural organizations to promote and implement ARTober. ARTober will return in FY25 Q2.
2.2.2.2 Publicize historical or cultural landmarks that represent diverse communities.	ED&T	DEI, SLOHC				✓	ON TRACK	Through the "Art Starts With" campaign, the City promoted various public art installations that depict historical or cultural significance.
2.2.2.3 Continue to support cultural events that celebrate the various cultures within the City through the Cultural Grants-in-Aid Program (GIA) and the Tourism and Community Promotions Program.	ED&T	SLOCC	✓				ON TRACK	PCC has awarded \$100,000 in grant funding to organizations through the GIA and CACP program in FY24. FY25 CACP program underway with grant recommendations going to Council in July 2024.
2.2.2.4 Partner with local business that reflect the diversity of the City.	ED&T	SLOCC, DSLO	✓				ON TRACK	Diverse businesses are included in PR and marketing efforts through TBID and PCC. Example of results include CNN Travel feature.
2.2.3. Continue to support the Downtown SLO programs like Clean & Safe, the Ambassadors, and homelessness support. [M.C.G. 1.3(c)]	ED&T	DSLO	✓				ON TRACK	Annual contract in place with Downtown SLO along with on-going creative collaboration on program implementation and business responsiveness.
2.2.4. Continue to work with Downtown SLO to build on the success of the historic Thursday Night Farmers' Market and the Concerts in the Plaza program	ED&T	DSLO	✓				ON TRACK	Provided grant funding and promotional support for Farmers' Market and Concerts in the Plaza.
2.2.5. Enhance both the virtual and the physical wayfinding between the various areas of the City and Downtown.	ED&T	PW, CDD, DSLO	✓				ON TRACK	Funded the design update and installation of the large acrylic maps in the downtown area. Wayfinding signs were installed in Mission Plaza and along the creek.
<b>2.3. DOWNTOWN VITALITY. Continue to support and maintain a vibrant and dynamic urban core that attracts people and businesses.</b>								
2.3.1. Continue to partner with Downtown SLO to ensure the promotion, resiliency, growth, and vitality of the Downtown. [M.C.G. 1.3(a)]	ED&T	DSLO	✓				ON TRACK	Collaborated closely with DSLO in response to business challenges including construction, parking and visitation.



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			ONGOING	FY24	FY25	FY26-FY28		
<b>PILLAR 2: PLACEMAKING AND PROMOTION</b>								
2.3.2. Continue to financially and operationally support Downtown SLO during the winter holidays including incentivizing private participation through the matching program. <a href="#">[M.C.G. 1.3(b)]</a>	ED&T	DSLO	✓				ON TRACK	Holiday contract has been signed and efforts for this year are underway. The 47th annual Holiday Parade had 15,000 attendees.
2.3.3. Restart discussions with partners regarding the potential of a conference facility and explore potential funding structures (i.e., public, private, or public-private partnership).	ED&T	SLO City, SLOC, SLO CAL, DSLO		Q1			ON TRACK	Conference center study "refresh" is in progress. Final report expected to be complete in FY25 Q2.
2.3.3.1 Determine additional sites to be added to the current feasibility study.	ED&T	CDD		Q1			ON TRACK	Two additional sites have been added to the study including the current Courthouse building and the area near 1166 Higuera St.
2.3.4. Support innovative and alternative funding methods and service models to address the needs of the Downtown area.	ED&T	DSLO	✓				ON TRACK	DSLO is evaluating a new PBID.
2.3.5. Support opportunities that speed the implementation of the Downtown Concept Plan.	ED&T	CDD	✓				ON TRACK	Several "sidewalk bulb outs" are in the review process. Maintaining communication in the Mission Plaza restoration project.
2.3.6. Develop a Council Report and Study Session on downtown vacancies, the status, and possible options to address any issues identified. <a href="#">[M.C.G. 1.3(d)]</a>	ED&T			Q4			ON TRACK	Completed FY24 Q4. In place of a study session, staff held meetings with individual Council members to review the status and vibrancy of downtown.
<b>2.4. CULTURAL VITALITY. Strengthen working relationships with and maintain financial support of the arts community to enrich the cultural offerings throughout the City.</b>								
2.4.1. Develop a Council Memorandum on the current base level of economic support for Arts and Cultural activities across the various departments in the City. <a href="#">[M.C.G. 1.4(h)]</a>	ED&T			Q2			ON TRACK	Completed FY24 Q4. Memo released in Q2 2024.
2.4.2. Continue to financially support the Arts and Cultural activities of the City through the PCC's GIA program and the additional grant funding via the PCC. <a href="#">[M.C.G. 1.4(d)]</a>	ED&T		✓				ON TRACK	PCC has awarded \$100,000 in grant funding to organizations through the GIA and CACP program in FY24. FY25 CACP program underway with grant recommendations going to Council in July 2024.
2.4.3. Investigate the alignment of artistic and cultural initiatives across the City.	ED&T	SLOAC, SLOMA, CDD, DSLO, DEI			Q2			
2.4.4. Ensure that the City promotes the various City and privately owned art installations through programs like the public art promotional plan developed by the PCC. <a href="#">[M.C.G. 1.4(c)]</a>	ED&T	PR, COM	✓				ON TRACK	The 8-month "Art Starts With" campaign was completed in September which established 8 themed public art promotional "treels" and garnered over 650k impressions on social media. FY25 ongoing coordination with Public Art Coordinator.
2.4.5. Engage the Office of DEI to develop initiatives that encourage increased participation in arts programming by underserved groups, including youth	ED&T	DEI, SLOAC				✓		
2.4.6. Continue to work with community partners to ensure the cultural vitality of the City. <a href="#">[M.C.G. 1.4(a)]</a>	ED&T	SLOAC, SLOMA, HCSLO	✓				ON TRACK	Worked with over a dozen local arts & cultural organizations to promote and implement ARTober. ARTober will return in FY25 Q2.
2.4.7. Continue the Citywide banner program. <a href="#">[M.C.G. 1.4(e)]</a>	ED&T	DSLO	✓				ON TRACK	Evaluating the addition of a street banner location on Morro Street. New banners being added in FY25 Q1 for
2.4.8. Evaluate additional opportunities to expand support of the cultural vitality of the community as part of the 2025-2027 goal-setting process	ED&T					✓		
<b>2.5. INCLUSIVE NEIGHBORHOOD PLANNING. Encourage inclusive neighborhood planning efforts that benefit residents and encourage both housing production and economic activity.</b>								
2.5.1. Maintain joint efforts with the Community Development Department and other partners to communicate the need to increase the supply of workforce and multifamily housing by supporting the implementation of the City's Housing Element Policies and Programs as they align with the City's Major City Goals	ED&T	CDD	✓				ON TRACK	Coordinated the City's representation at the SLO County Housing Summit. Supported the outreach and communication of the City's ProHousing designation.
2.5.2. Evaluate a more structured community-based neighborhood planning effort with the Community Development Department and the Community Services Group for inclusion in the 2025-2027 goal-setting process	ED&T	CDD				✓		
2.5.3. Advocate for greater accessibility to commercial centers, jobs, parks and open spaces, amenities, hospitals, and schools as outlined in the City's various planning documents, like the Conservation and Open Space Element, Parks and Recreation Blueprint for the Future, and Active Transportation Plan	ED&T	CDD, PW, SNR, PR	✓				ON TRACK	ED&T staff involvement as applicable.
2.5.4. Support the development and expansion of multimodal transportation solutions that encourage access to and around Downtown as well as between residential and commercial corridors. Options should address the following	ED&T	PW	✓				ON TRACK	Worked with City partners to communicate information related to this topic via the business email when relevant including communication on the Transit Innovation Study.
2.5.4.1 Aligning with the City's sustainability goals.	ED&T	PW, SNR	✓				ON TRACK	Support of the Sustainable SLO implementation.
2.5.4.2 Expanding mass transit by increasing frequency of service and providing more routes.	ED&T	PW	✓				ON TRACK	Communication on the Transit Innovation Study and transit options for customers and employees Downtown.
2.5.4.3 Integrating different modes of transportation, such as shared bikes or electric scooters.	ED&T	PW	✓				ON TRACK	PCC reviewed and provided support of the Bikeshare RFP.
2.5.4.4 Improving the pedestrian and cycling infrastructure.	ED&T	PW	✓				ON TRACK	PCC reviewed and provided support of the Bikeshare RFP.

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			ONGOING	FY24	FY25	FY26-FY28		
<b>PILLAR 3: TALENT DEVELOPMENT AND ATTRACTION</b>								
<b>3.1. SYSTEM DEVELOPMENT. Encourage the continued strengthening of the system to create Moderate Income+ jobs.</b>								
3.1.1. Continue to update the employment scorecard and the economic activity scorecard. [M.C.G. 1.1(e)]	ED&T	CDD	✓				ON TRACK	Unemployment data updated monthly, employment trends updated biannually, and all other data updated quarterly.
3.1.2. Promote and increase awareness of Moderate Income+ jobs with existing and potential employers.	ED&T	SLOCC, SLOP, SLOWDB	✓				ON TRACK	Employment trends updated biannually.
3.1.2.1 Work with the Chamber to recruit local business leaders willing to speak out on the need for improved job quality as a driver of inclusive economic growth with their peers.	ED&T	SLOCC		Q4			ON TRACK	Discussions with SLO Chamber on the program are underway. Utilizing the forum of the Business Visits to incorporate these conversations in FY25 Q2.
3.1.3. Prioritize support for talent development efforts that target occupations offering higher wages and benefits.	ED&T	SLOCC, SLOP, SLOWDB, CCC	✓				ON TRACK	Initial meetings have been held with the Workforce Development Board.
3.1.4. Partner with industry and workforce training providers and encourage the County to broaden and measure the effectiveness of the Workforce Investment Board (WIB) to proactively identify and address skilled labor gaps.	ED&T	SLOP, SLOWDB				✓		
3.1.5. Investigate ways to determine a proxy measurement to track progress of growing Moderate Income+ jobs.	ED&T	CDD				✓		
3.1.6. Work with local employers to identify and promote professional and career development opportunities for workers outside the workplace.	ED&T	SLOP, SLOWDB				✓		
3.1.7. Continue to support new and expanded private childcare options through the use of grant funding and other programs. [M.C.G. 1.2(g)]	ED&T	CAPSLO	✓				ON TRACK	To date, the grant has created 11 newly licensed businesses and 116 slots for children, with 8 applicants pending licensure with potential to create an additional 92 slots.
3.1.8. Initiate an update to the zoning regulations to further incentivize and streamline the review and permitting of day care centers, including consideration of relaxed property development standards.	ED&T	CDD			Q4		IN PROGRESS	Only item added to 23-25 work program with agreement from CDD on June 6, 2023. Language slight changed to remove "with Community Development leaders" to match agreed language.
3.1.9. Proactively evaluate opportunities to partner with Cal Poly, San Luis Coastal Unified School District and other major employers for employer-supported childcare programs. [M.C.G. 1.2(f)]	PR	PR, Cal Poly, SLCUS	✓				ON TRACK	Lead organization updated to Parks and Recreation Department.
<b>3.2. EMPLOYER AND EMPLOYEE INTEGRATION. Develop methodologies, tools, and programs to welcome and acclimate new employers and employees to the community.</b>								
3.2.1. Promote the availability of the coworking space available to remote workers and home-based business owners. Coworking spaces help to foster a sense of community and connect workers to potential clients, partners, and mentors.	ED&T	Cal Poly, SLOCC			Q1		ON TRACK	Met with CIE to understand the day-to-day operations of the HotHouse and support needs.
3.2.2. Develop relationships with the coworking facilities to promote opportunities to engage with and contribute to the community.	ED&T	Cal Poly			Q1		ON TRACK	Met with CIE to understand the day-to-day operations of the HotHouse and support needs.
3.2.3. Maintain and expand partnerships with the Chamber on initiatives like the SLO Onboarding Assistance Resource (SOAR) program that help to attract and retain talent.	ED&T	SLOCC	✓				ON TRACK	The SOAR program has offered assistance to 440 relocating employees since October 2022 when the pilot program launched. The top three areas of assistance have been social connections, housing search assistance, and partner employment opportunities.
3.2.4. Investigate with partners opportunities to develop programs and tools to help engage new employees.	ED&T	SLOCC, DSLO				✓		
<b>3.3. TALENT ATTRACTION AND RETENTION. Position the City as not just a place to visit but also a desirable location to live and work.</b>								
3.3.1. Leverage existing tourism marketing materials and strategies detailed in the TBID marketing plan to support any new talent attraction efforts.	ED&T				Q3			
3.3.2. Enhance collaboration with local and regional partners to showcase the unique selling points of the City, such as its natural beauty, the vibrant arts and culture scene, and recreational activities.	ED&T	SLOCAL, SLOCC	✓				ON TRACK	Promotional conversations are ongoing with Visit SLO CAL, Chamber and Cal Poly.
3.3.3. Facilitate stronger connections among students, employers, and the broader community to help retain graduating high school and college students.	ED&T	Cal Poly, CIE, SLCUSD	✓				ON TRACK	Presented to the SLCUSD contoining educaion teachers on carree pathways in FY24 Q3.
3.3.4. Initiate a talent re-attraction or boomerang campaign targeting adjacent markets where there are likely concentrations of former SLO residents or Cal Poly students.	ED&T	Cal Poly, REACH				✓		
3.3.5. Support the talent recruitment efforts of local employers.	ED&T	SLOCC	✓				ON TRACK	Supported connections between employeers and SLO Chamber realted to SOAR resoures.



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			ONGOING	FY24	FY25	FY26-FY28		
<b>PILLAR 3: TALENT DEVELOPMENT AND ATTRACTION</b>								
3.3.5.1 Ensure that employers are aware of the data and information available that can inform potential employees about the community.	ED&T	SLOCC	✓				ON TRACK	Provide information in outreach with links to the Business section of the City's website where data is located.
3.3.5.2 Respond to specific employer requests for community data and information.	ED&T	SLOCC	✓				ON TRACK	Provide information in outreach with links to the Business section of the City's website where data is located.
3.3.5.3 Work with employers to identify other sources of community data and information that would assist in their employee recruitment efforts.	ED&T	SLOCC	✓				ON TRACK	Maintain weekly meeting with the SLO Chamber to share information and business needs. Provide information in outreach with links to the Business section of the City's website where data is located.
<b>3.4. EDUCATIONAL PARTNERSHIPS. Leverage educational partnerships to create and grow pathways to Moderate Income+ jobs that strengthen the local economy.</b>								
3.4.1. Support the creation of a talent pipeline for green jobs and supporting businesses that align with the goals and objectives of the Climate Action Plan.	ED&T	SLOCC, SNR	✓				ON TRACK	Meeting monthly with the City's Sustainability team to determine opportunities for effort.
3.4.2. Continue to advocate for solutions that can help to address the systemic issues with childcare.	ED&T	UWSLO, CFSLO	✓				ON TRACK	Continue ongoing communication with CAPSLO.
3.4.3. Partner with the Chamber to regularly inform local and regional training providers of skilled labor needs of employers.	ED&T	SLOCC	✓				ON TRACK	Working with the Chamber to put structure around this work.
3.4.3.1 Organize regular meeting or forums where local businesses can meet with workforce training providers to discuss their needs and collaborate on solutions.	ED&T	SLOCC	✓				ON TRACK	Coordinating an annual roundtable of business support agencies to understand opportunities for collaboration.
3.4.3.2 Share relevant BRE visit insights as well as industry and workforce trends with training partners.	ED&T	SLOCC	✓				ON TRACK	Maintain weekly meeting with the SLO Chamber to share information and business needs.
3.4.3.3 Facilitate introductions between workforce training providers and major employers to build relationships and identify areas of need.	ED&T	SLOCC	✓				ON TRACK	Maintain weekly meeting with the SLO Chamber to share information and business needs.





**Department:** Finance  
**Cost Center:** 2002  
**For Agenda of:** 10/1/2024  
**Placement:** Business  
**Estimated Time:** 90 minutes

**FROM:** Emily Jackson, Finance Director  
**Prepared By:** Riley Kuhn, Principal Budget Analyst

**SUBJECT:** FY 2023-24 YEAR END BUDGET REPORT

## RECOMMENDATION

1. Receive and file the FY 2023-24 Year End Budget Report; and
2. Receive and discuss the Revised Long-Term Forecast, 2025-27 Financial Plan calendar and community outreach survey in preparation for the 2025-27 financial planning process.

## POLICY CONTEXT

The City's budget policies require that the City Council review the City's budget and financial condition through periodic reports. This year end report satisfies the requirement for the fourth of four quarterly budget updates to Council under Financial Management Manual Section 560. This report also includes information on the City Manager's re-appropriations of unspent operating budgets to be carried over to the current fiscal year under Financial Management Manual Section 550-A.

## DISCUSSION

### Background

Discussion about the Year End Report and upcoming Financial Plan timeline and community outreach efforts is included in the following attachments to this report:

- **Attachment A: FY 2023-24 Year End Budget Report** is based on unaudited results which are subject to change. These preliminary results show that all major funds ended the year in good financial standing. Major tax revenue sources exceeded projections and expenditures came in below budget for all funds, though the remaining balance for the General Fund has narrowed compared to prior years.

The report also includes an update on those Major City Goal tasks scheduled for completion in FY 2023-24.

Staff is not recommending appropriation of unassigned fund balance at this time, due to the FY 2023-24 audit not having been completed and in an effort to reduce the number of times that the budget is adjusted throughout the year. Staff will make

recommendations for allocation of unassigned fund balance in February 2025, as part of the FY 2024-25 Mid-Year Budget Report. This timeline also aligns with Council's direction to staff that \$2.76 million of unassigned fund balance (if available) should be allocated to the Infrastructure Investment Fund to support the increased grant amount to be provided to the San Luis Obispo Repertory Theatre with the FY 2024-25 Mid-Year Budget Report.

- **Attachment B: General Fund Long-Term Forecast** reflects one update to the General Fund forecast published with the June 4<sup>th</sup> Supplemental Budget hearing to incorporate Council action on July 2<sup>nd</sup>, 2024 to adopt new user fee rates. No other changes have been made to the forecast since it was presented to Council with the FY 2024-25 Supplemental Budget.
- **Attachment C: 2025-27 Financial Plan Calendar** is the first document published as part of the financial planning process and will serve as a guide through budget adoption in June. The calendar provides an overview of key dates and summary of items to be discussed at each point along the way.
- **Attachment D: Draft Community Priorities Survey** includes the questions that staff recommend be included in the survey to help guide resource allocation and major city goals for the next Financial Plan.

**Previous Council or Advisory Body Action**

The 2023-25 Financial Plan and FY 2023-24 Budget was adopted by Council on June 6<sup>th</sup>, 2023 and mid-year changes were approved by Council on February 6<sup>th</sup>, 2024. The Revenue Enhancement Oversight Commission (REOC) has concurred with all budgeted uses of Local Revenue Measure funds.

**Public Engagement**

Public comment on this item can be provided to the City Council through written correspondence prior to the meeting and through public testimony at the meeting. The FY 2023-24 Year End Budget Report will also be posted to the City's website for public review.

**CONCURRENCE**

All departments were involved in the preparation of the year-end budget report. Department Heads and Fiscal Officers were given ample time to review their numbers and collaborate with the Finance Department to complete their sections and review the report as a whole.

**FISCAL IMPACT**

Budgeted: N/A  
Funding Identified: N/A

Budget Year: 2023-24

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost</b>
General Fund	\$0	\$0	\$0	\$0
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

The quarterly budget report provides important information on current revenue and expenditure trends to keep the Council and community informed about the City’s financial standing and program efforts as adopted with the annual budget appropriation.

There is no fiscal impact associated with the recommendations to receive, file, and discuss the attachments including the FY 2023-24 Year-End Budget Report.

**ALTERNATIVES**

***Council could direct staff to adjust financial planning dates.*** This action is not recommended by staff because these dates were carefully selected to allow for sufficient time to be spent on each step of the process.

**ATTACHMENTS**

- A - FY 2023-24 Year-End Budget Report
- B - General Fund Long-Term Forecast
- C - Budget Calendar for 2025-27 Financial Plan
- D - Draft 2025-27 Community Priorities Survey





# Fourth Quarter Financial Report (Year-End)

Fiscal Year 2023-24

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## Introduction

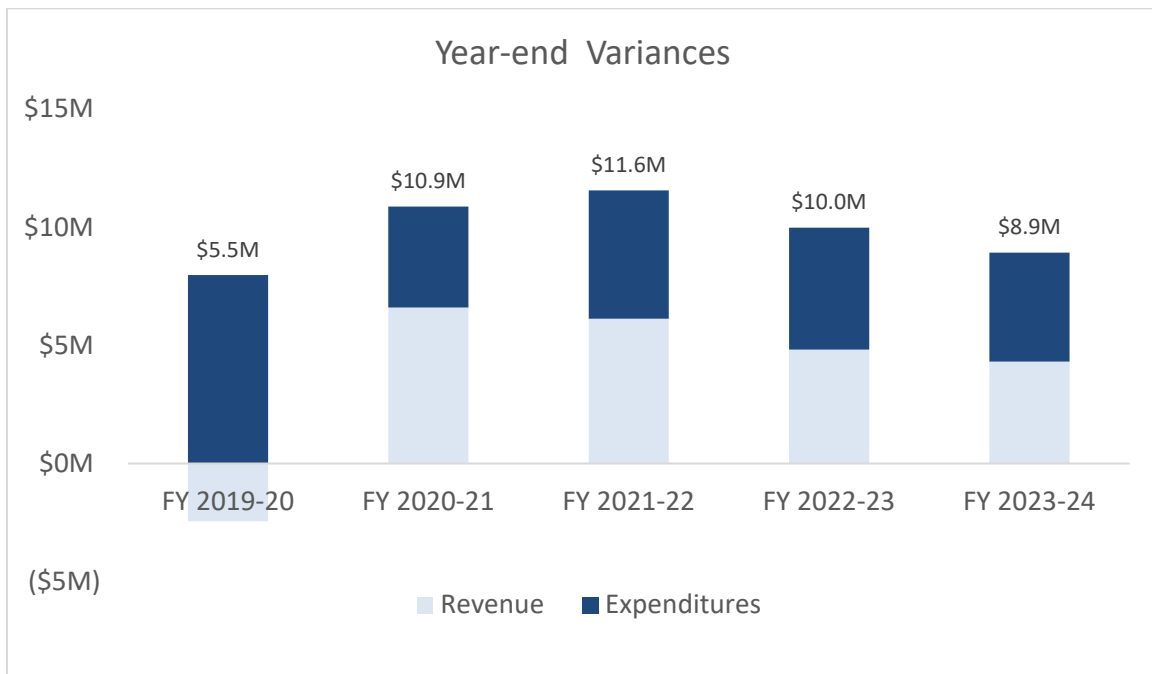
The fourth quarter and year-end report provides an overview of the City’s financial position and results as of and for the year ended June 30, 2024. This report includes the General Fund and the City’s four enterprise funds. These results are shared on a preliminary basis in the interest of transparency. All figures are subject to change until the audit is completed and the FY 2023-24 Annual Comprehensive Financial Report is published in early 2025.

## Table of contents

General Fund Overview.....	2
General Fund Expenditures.....	3
General Fund Carryover.....	4
Storm Update.....	7
General Fund Revenue.....	9
Department Summaries and Updates.....	11
Major City Goals Update.....	79

## General Fund Overview

The General Fund finished the year with operating budget savings and higher than budgeted revenues, resulting in an (unaudited) fund balance of \$8.9M. When compared to prior years, these results represent a narrowing of the favorable gap between budgeted and actual results. The drivers of these variances are also changing. In recent years, cyclical revenue streams like Sales Tax and Transient Occupancy Tax have experienced sustained growth and driven favorable revenue variances. In FY 2023-24, the major driver of revenue performance was Investment Income, which was driven largely by market interest rates and is not expected to persist. Expenditure savings also decreased compared to prior years, reflective of lower vacancy rates and a resulting decrease to staffing savings. The chart below compares revenue and expenditure variances to prior years.



The General Fund finished the year with a positive variance of \$8.9M compared to budget. The City Manager authorized \$1.2M in carryover requests, leaving a fund balance available of \$7.7M, as shown in the table below.

**Table 1. General Fund Summary**

General Fund Summary	
Favorable Revenue Variance	4,309,913
Operating Budget Savings	4,608,011
(Less carryover)	(1,182,357)
<b>Fund Balance Available</b>	<b>7,735,567</b>



Per Council direction on June 4<sup>th</sup> with adoption of the FY 2024-25 Supplemental Budget, staff will recommend that \$2.76M of the fund balance available be allocated to the Infrastructure Investment Fund with the FY 2024-25 Mid-Year Budget Report in February 2025 to fund the increased contribution to the San Luis Obispo Repertory Theatre. Staff will make recommendations for allocation of the remaining balance for one-time purposes, consistent with Section 8 of the City’s Budget Policies in the 2023-25 Financial Plan which calls for prioritization of additional discretionary payments to CalPERS, infrastructure investments, and addressing emerging health and safety needs of the community.

## General Fund Expenditures

The General Fund finished the year with roughly 5% of its operating budget unspent, with savings in Staffing (4%), Contract Services (9%) and Other Operating Expenditures (10%). These results are in line with historical trends and are driven in part by disciplined financial management. These savings are especially important in light of expenditures incurred as a result of the Winter 2023 storms and uncertainty around reimbursement from state and federal agencies.

**Table 2. General Fund Expenditures by Department**

General Fund	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Admin/IT	\$ 11,500,518	\$ 12,096,627	\$ 11,461,262	\$ 635,366	5%	\$ 11,389,425
City Attorney	1,424,496	1,708,554	1,639,424	69,131	4%	1,514,049
Community Development	7,439,031	8,982,719	8,054,778	927,941	10%	8,779,002
CSG Admin	703,825	850,725	829,679	21,045	2%	658,925
Finance	2,378,451	2,536,415	2,327,980	208,435	8%	2,616,331
Fire	15,396,897	16,148,464	15,992,147	156,317	1%	16,737,567
Human Resources	2,126,740	2,307,223	2,203,843	103,380	4%	1,957,587
Non-Dept/Support Services	385,440	1,139,968	407,737	732,231	64%	1,225,038
Parks & Recreation	5,092,322	5,741,071	5,420,484	320,587	6%	5,981,428
Police	21,430,400	23,477,525	23,302,899	174,626	1%	23,628,167
Public Works	16,710,736	18,382,411	17,172,090	1,210,321	7%	18,205,803
Utilities	261,605	492,085	443,453	48,632	10%	363,874
<b>Total</b>	<b>\$ 84,850,462</b>	<b>\$ 93,863,787</b>	<b>\$ 89,255,776</b>	<b>\$ 4,608,011</b>	<b>5%</b>	<b>\$ 93,057,195</b>

All departments finished the year under budget. For detailed analysis and commentary on individual departments’ results, please refer to the ‘Department Summaries and Updates’ section.

**Table 3. General Fund Expenditures by Type**

General Fund	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 65,543,634	\$ 71,267,436	\$ 68,759,814	\$ 2,507,621	4%	\$ 74,136,769
Contract Services	11,641,737	13,895,745	12,679,382	1,216,363	9%	10,569,698
Other Operating Expenditures	7,665,092	8,700,605	7,816,579	884,026	10%	8,350,728
<b>Total</b>	<b>\$ 84,850,462</b>	<b>\$ 93,863,787</b>	<b>\$ 89,255,776</b>	<b>\$ 4,608,011</b>	<b>5%</b>	<b>\$ 93,057,195</b>

Unspent budgets were primarily driven by staffing vacancies. Non-staffing savings were seen across most departments and in many instances reflect budgeted projects that were not completed and will be funded in the current year with carryover. The table below compares actual staffing savings to the 3% of salary costs that staff assumed would be saved in FY 2023-24. In total, staffing savings contributed \$2.5M to fund balance available at year end.

**Table 4. Staffing Savings**

Staffing Savings	
Total Staffing Savings	\$ 2,507,621
(Less 3% vacancy assumption)	2,138,023
<b>Additional Savings Beyond Assumption</b>	<b>\$ 369,598</b>

**General Fund Carryover**

As allowed by Financial Management Manual Section 550-A, operating program appropriations not spent during the first year of the Financial Plan may be carried over for specific purposes into the second year with the approval of the City Manager. Of the \$4.6m in unspent operating budgets, \$1.9m was requested for carryover to FY 2024-25. The City Manager approved \$1.2m of these requests after eliminating requests that would create ongoing funding obligations, had other available funding sources, or were otherwise not in line with policy. This marks a significant reduction from approved carryover amounts of \$2.6m from FY 2021-22 and \$1.5m from FY 2019-20. The reduced carryover prioritizes a year-end contribution to the Infrastructure Investment Fund (IIF) to ensure availability of funding for the additional contribution to the San Luis Obispo Repertory Theatre approved by Council with adoption of the FY 2024-25 Supplemental Budget, as well as other projects that rely on funding from the IIF.

Detail on requests for carryover approved by the City Manager can be found on the following pages.

**Table 5. Carryover Funding**

Dept	Title	Description	Amount
Admin/IT	Community/City DEI Programs	Funding was budgeted for internal staff training as specified in the Major City Goal and DEI Strategic Plan. This effort was not completed in FY 2023-24 due to staffing issues/changes. The carryover request will allow for the trainings to be developed and implemented as originally intended.	\$20,000
Admin/IT	Arts, Culture and Community Partner Support	Based on Council direction, \$25k was allocated each year to the economic development budget for Arts, Culture and Community Partner Support in FY23-24 and FY 24-25. In FY 23-24, this funding had been designated to support a public art piece Downtown and sponsorship funding for community arts organizations. Due to the timing of these projects, however, commitments were not facilitated prior to June 30, 2024. This carry-over funding will be used to achieve the MCG task to continue to work with our community partners to ensure the Cultural Vitality of the City (MCG 1.4a).	25,000
Admin/IT	EDSP Implementation and Community Activations & Promotions	The funds remaining in the contract services budget for economic development will be carried over to fund Economic Development Strategic Plan implementation programs (MCG 1.1a), such as business welcome packets/checklists including relevant local and state regulations, that were unable to be completed while the department was understaffed, but will be completed in the current fiscal year.	53,000
CDD	FY25 Building & Safety Temporary Salaries	The Building and Safety division carry-over request will fund temporary administrative support for records digitization projects that were begun and not finished in FY 23-24. These projects are crucial for record retention and making records available to staff and the public. This staff member will also assist in enhancing front counter operations.	48,720
CDD	(CIP) SOBC Approved Supplement Carryover Request - 3 Fleet Vehicle Request	The addition of three new fleet vehicles funded through operational savings for a full-time Building Inspector, to replace a grey fleet vehicle from 2002, and a vehicle for the Stormwater Code Enforcement Officer. These positions and vehicle purchases were approved with the FY 2024-25 Supplemental Budget and operating budget carryover was identified as the funding source.	98,000
CDD	Impact Fee Consulting	This carry-over request will provide funding to implement impact fee changes. The funds would be used to fund IT consultants to program the Energov system with new fees once established.	30,000
City Attorney	Mediation Training	Funding for the City Attorney to attend an advanced, in-person training on negotiation, conflict resolution and mediation was placed in the budget, but the training session was cancelled by the provider (Pepperdine, Caruso School of Law, Straus Institute). The new session likely will not be scheduled until early 2025, so funding will be carried over to cover the costs of this rescheduled training.	1,500
City Attorney	League Board of Directors Meetings	The City Attorney is currently on the Board of Directors for the League of California Cities. This role includes travel for board meetings. Many of the expenses for these trips are covered by the League but for those that are not, surplus budget is being requested for carryover and use in the new fiscal year.	2,000
Fire	Fire Recruit Academy	Recruit Academy is traditionally held every other year. Due to a high number of vacancies, academies were held two years in a row, both FY 2021-22 and FY 2022-23, negating the need for an academy in FY2023-24. It is anticipated that an academy will be held in FY2024-25 for a group of new hires.	76,600
Fire	Intern Program	Funding to provide interns to assist Utilities in fire hydrant inspection to increase the inspection frequency from every 5 years to every 3 years. Funds were provided by Council in FY2023-24 but there were delays getting the intern program established. Intern positions are staffed and Utilities is eager to increase frequency of inspections.	33,297
GF - Utilities	Solid Waste and Recycling Intern	Carry over \$8,500 of savings from a contract staff member to the temporary staffing account to fund a Solid Waste and Recycling Intern to assist with implementing waste reduction initiatives outlined in the Lead by Example and Municipal Waste Reduction Plan.	8,500
GF - Utilities	Bird Exclusion Project	This project was planned to be phased out over two years, due to funding limitations; however, by using carry-over funds to complete this project during the current FY, the City will be able to make greater progress towards obtaining Total Maximum Daily Load (TMDL) compliance for a water quality violation of the MS4 permit due to high coliform concentrations caused by pigeon guano in San Luis Obispo Creek.	35,000
HR	Temporary Salaries for HR	Due to a long term HR manager vacancy, HR is seeking additional temporary staff or an outside consultant to assist with compliance based policy work and training development related to internal policies and practices	50,000
HR	Legal Support for HR	Complex personnel and labor issues continue to pop up, requiring unplanned/unbudgeted outside legal support. HR requests one time carryover to cover these unbudgeted costs that cannot be supported internally given the workload in the City Attorney's Office and the specialized expertise required.	86,000



**Table 5. Carryover Funding (continued)**

Dept	Title	Description	Amount
HR	Day of Welcome (Citywide)	This program has been unbudgeted from its inception and it cannot be sustained using HR's existing budget. Events for new hires are held quarterly. The FY 25-27 Financial Plan will address the ongoing funding needs for this program.	2,500
HR	Employee Recognition (Citywide)	This program is underbudgeted and cannot be sustained using HR's existing budget. The FY 25-27 Financial Plan will address the ongoing funding needs for this program.	5,000
HR	Pre-Employment Physicals (Citywide)	This program is underbudgeted due to higher numbers of new hires than anticipated and additional services being rendered than a standard physical, determined at time of service and not predictable. The overage cannot be sustained using HR's existing budget. In the next financial plan, HR may explore a model where departments pay for their own pre-employment physicals.	8,000
Parks & Rec	SESLOC Parking Agreement at Damon-Garcia Sports Complex	An amended contract with SESLOC was negotiated after the 2023-2025 Financial Plan was adopted. Under the new agreement, the City is now required to pay \$10,000 annually for use of the SESLOC parking lot, adjacent to the Damon-Garcia Sports Complex which has limited parking. These costs have been incorporated into the approved User Fee Study, which will not take effect until later in the year after community facility reservations have already occurred. Parks and Recreation is requesting to utilize \$10,000 of carry over funds to cover this year's payment.	10,000
Parks & Rec	Remaining Fee Reduction Assistance Program Funds	City Council approved \$20,000 for FY 2023-2024 to bolster fee reduction efforts for youth programming, including youth services, aquatics programs, and key youth classes. Of the \$20,000 approved, \$16,450 was awarded to qualifying families. In addition, \$1,856 was donated by community members for the program. The remaining \$5,406 from FY 23-24 is being carried over to continue to make this funding available to the community. It should be noted that award amounts were increased in Spring 2024 to encourage greater use of available funding. The award amount was increased from \$150 to \$500 to families in Tier 2 eligibility and from \$300 to \$1,000 for Tier 1 eligible families.	5,406
Police	Crosswalk Striping Project	A City Manager Report was approved on April 10, 2024, authorizing the use of Ventures and Contingencies funding in the amount of \$20,000 to hire a contractor for crosswalk striping located at the intersection of Walnut Street and Santa Rosa. The V & C funds were then transferred to the Police Administration Contract Services Account waiting for the contract award, which was being managed by Public Works staff as part of the 1106 Walnut project. PW staff received 1 bid for the project and the bid amount was about \$31,100. Staff is carrying over the approved \$20,000 and an additional \$11,100 from Police Administration Contract Services for this specific project.	31,100
Police	Vehicle Evidence Storage	The police department does not have the capacity to store vehicles onsite for evidentiary purposes. Costs to store these vehicles at a tow yard is estimated at \$12,000 per year and will be covered in FY24 through this carry-over. The Police department would request the amount be added to the department budget in the next financial plan as an ongoing cost.	12,000
Police	CSO Contract Position	In July 2024, a City Manager Report was approved to extend a current contract with a Community Service Officer (CSO) position until June 2025. In the CMR, funding was identified by using salary savings from a vacant Data Analyst position and a vacant Records Supervisor position. Available carry over will be used for this contract in FY 24-25, which would provide an opportunity to fill the vacant records or data analyst positions during the year if possible. The CSO would be assigned to the Community Action Team as their primary assignment.	102,300
Public Works	Overtime Augmentation - Streets Maintenance	\$50,000 in carry-over funding will be added to the Streets Maint. overtime budget for the setup and takedown of Farmers Market barriers, after-hours events, additional hours needed as part of City's updated storm response plan, or other occasions when program staff is requested by the Police Department for traffic control.	30,000
Public Works	Urban Forest Staffing	\$25,000 in carry-over funding will be used to continue funding a retired annuitant part-time role to water the City's young trees. The alternative is paying upwards of \$160,000/year for a contractor to do the same job.	25,000
Public Works	Mobility Services Communications Coordinator	GENERAL FUND PORTION - Carry-over funds will be used to provide a contract extension for the Mobility Services Comms Coordinator position, which was set to expire in August as part of the incumbent's contract. This position has proved invaluable and will be extended through FY25.	8,934
Public Works	Graffiti Abatement	The Streets Maintenance Program will use \$25,000 in carry-over funding for graffiti abatement in the public right-of-way and on City properties and managed by the department's Maintenance Contract Coordinators. This funding would also allow the department to be proactive on graffiti abatement response.	25,000

**Table 5. Carryover Funding (continued)**

Dept	Title	Description	Amount
Public Works	N. Broad Street Park Contract Services	With the North Broad Street Park complete, the Parks Maintenance Program does not have the staffing to adequately maintain this new facility at this time, and is requesting \$25,000 to contract out the maintenance at this location.	25,000
Public Works	N. Chorro Greenway Maintenance	The addition of new bike lanes and planters along the N. Chorro Greenway will add to street sweeping and landscape maintenance costs. The landscaping has a one-year maintenance agreement included in the construction contract, but this will end a couple months prior to the end of the fiscal year. Staff is requesting \$25,000 additional for Street Sweeping and \$10,000 additional for Landscape Maintenance.	35,000
Public Works	Signals & Streetlights	\$25,000 in carry-over funding will be used to ensure the City can meet its financial obligations with Caltrans on upgrades for signals and streetlights that are shared responsibility. An additional \$25,000 in carry-over funds will cover the costs of unforeseen (emergency) repairs due to traffic accidents and underground conductors; and \$100,000 will be used to replace underground conductors at LOVR/Madonna and Orcutt/Righetti.	150,000
Public Works	Swim Center Variable Frequency Drive (VFD)	\$20,000 in carry-over funds will be used to install a new VFD at the Swim Center, which is needed to ensure compliance with Health Department requirements and to save energy by not having the motor operate at full capacity.	20,000
Public Works	Commercial Driver's License Training	In 2022, the Department of Motor Vehicles amended the requirements to obtain a commercial driver's license, which now includes mandatory behind the wheel training by a certified instructor. The department has a found a certified trainer that will train staff on location, eliminating the need to send staff out of town. Carry-over funds will cover the additional costs associated with the increased training requirements.	16,500
Public Works	City Hall Landscape Design	The state has implemented irrigation restrictions for non-recreational turf, and City Hall falls within this category. This funding would be used for a new landscape design that complies with the state mandate, is attractive, and drought tolerant. The work would likely be installed in phases based on the initial plan.	35,000
Public Works	Backup Traffic Signal Controllers/Underground Location Equipment	The Signal and Streetlight Program only keeps one back-up traffic signal controller in stock due to cost and limited budget. This funding would allow the program to keep a stock of three back-up controllers and replace antiquated underground locating equipment used for locating underground traffic signal and streetlight conductors prior to construction projects.	15,000
Public Works	Baseball/Softball Infield Mix	The funding request would be used to add infield mix, specifically for baseball/softball field to the facilities maintained by the Parks Maintenance. The material for the necessary mix is not available locally, which escalates the cost beyond what can be absorbed by the program's operating budget. This funding would be used to make all little league and adult softball field safe and playable.	20,000
Public Works	Trash/Recycling Receptacle Wrapping	Carry-over funds will be used to wrap 18 trash and recycling receptacles (9 locations) with the City Sustainable SLO branding that has been installed on all other new receptacles in the downtown.	8,000
Public Works	LED Lighting	Funding will be used to purchase interior LED light fixtures to be installed by Facilities Maintenance. Fluorescent lamps will no longer be available in California after 12/31/24, and this funding would be used to complete remaining fluorescent retro-fits in small facilities that have not been converted. Prior to replacement, staff will investigate rebate programs to ensure maximum cost recovery for this energy efficiency upgrade.	25,000
<b>Total</b>			<b>\$1,182,357</b>

## Storm Update

As noted in prior budget reports, the winter storms in January and March 2023 caused significant damage to City infrastructure and resulted in emergency declarations at the Federal and State level, in addition to the Emergency Services Director's local emergency proclamation. The City Council authorized use of up to \$9 million from the City's operating reserve in FY 2022-23 and FY 2023-24 to address unbudgeted storm costs, and with adoption of the 2023-25 Financial Plan, the City Council also allocated \$2.75 million in the CIP to fund projects to repair storm damages and mitigate against future damage. An additional \$2.1 million was allocated to storm damage repair with adoption of the FY 2024-25 Supplemental Budget. The Federal and State declarations enable the City to seek reimbursement for certain storm related costs. The

maximum reimbursement for eligible costs is 93.75% (75% from the Federal Emergency Management Agency (FEMA) and 18.75% from the California Office of Emergency Services (CalOES), meaning that the City will pay a minimum of 6.25% for certain storm related costs.

The FEMA reimbursement process continues to move slowly due to turnover in the FEMA Program Delivery Managers assigned to assist local agencies in submitting projects for reimbursement and a lack of clarity about the information required in order to submit projects. In addition, FEMA is currently in a holding pattern for new obligations as the federal Disaster Relief Fund which funds public assistance to impacted agencies is nearly expended due to a record number of costly disasters. This lack of funding is not expected to put the City's projects in danger, but it may cause a delay in projects being obligated for funding, which may impact the timing of reimbursement. The timing of reimbursement is being closely tracked, as the City's ability to pay back the operating reserve and fund future storm-related projects is dependent on receiving reimbursement for incurred storm costs.

The City has expended approximately \$12.9 million on storm response to date, including debris removal, emergency protective measures, and projects to make permanent repairs to damaged facilities. Total expenditures have not changed significantly from the prior quarter due to the fact that many projects are in the design phase. As noted in prior updates, storm related cost estimates continue to shift as projects are scoped, designed and completed. Currently, the estimated total cost to repair all storm related damage is \$48.4 million, which is an increase from the \$35.2 million that was reported in the Third Quarter Financial Report. This is largely related to more developed project scopes and increased level of design. Up to this point, in order to expedite project delivery to mitigate storm damage, staff has used a streamlined procurement process, including the authorization of construction contracts and change orders by the City Manager where necessary and allowable to expedite work in order to protect community health and safety. As of the writing of this report, all storm-related expenditures have been submitted to FEMA for reimbursement and are in various stages of FEMA's review and evaluation process.

Based upon staff delivery capacity, FEMA reimbursement timeframes, and the upcoming 2025-27 Financial Plan process, staff continues to work on the highest priority storm damage projects in order to advance them for funding consideration with the 2025-27 Financial Plan and will continue the process to obtain FEMA reimbursement during the delivery process. The projects that are shown in Table 6 below represent the highest priority projects for delivery at this time based upon the need to mitigate previously completed projects, protect existing infrastructure, and/or represent projects that must be completed. The Elks Lane Projects are included in this list due to previous easement agreements.



**Table 6. Storm Projects**

Row #	Projects by Phase - Storm Funding and Staff Resources Advancing Project Development	Percentage Complete
1	1 - Project Initiation	0%
2	Mitigation Planting	0%
3	Replant and vegetate emergency project areas	0%
4	2 - Design	24%
5	Prefumo Creek Grade Structure	25%
6	Phase I - Remove damaged grade control structure and install RSP roughened ramp.	25%
7	Phase II - Install new sewer siphon.	25%
8	Prefumo through Golf Course	50%
9	Phase 1 - Install City Owned Ped bridge	50%
10	SLO Creek at Elks Lodge	18%
11	Phase 1 - Install RSP on East Side (Elks Side) - armor embankment due to Caltrans revetment	25%
12	Phase 2 - Install creek bank revetment on Elks Lodge side downstream of Elks Lodge	25%
13	Phase 3 - Install soil nail wall on Hwy 101 side of SL Creek near Elks Lodge	5%
14	SLO Creek at Mission Plaza	10%
15	Remove and install structural sidewalk	10%
16	<b>Grand Total</b>	<b>21%</b>

**General Fund Revenue**

The table below provides an overview of actual General Fund revenue compared to budget for the last fiscal year. For additional detail on fees for service, please see the relevant department writeup.

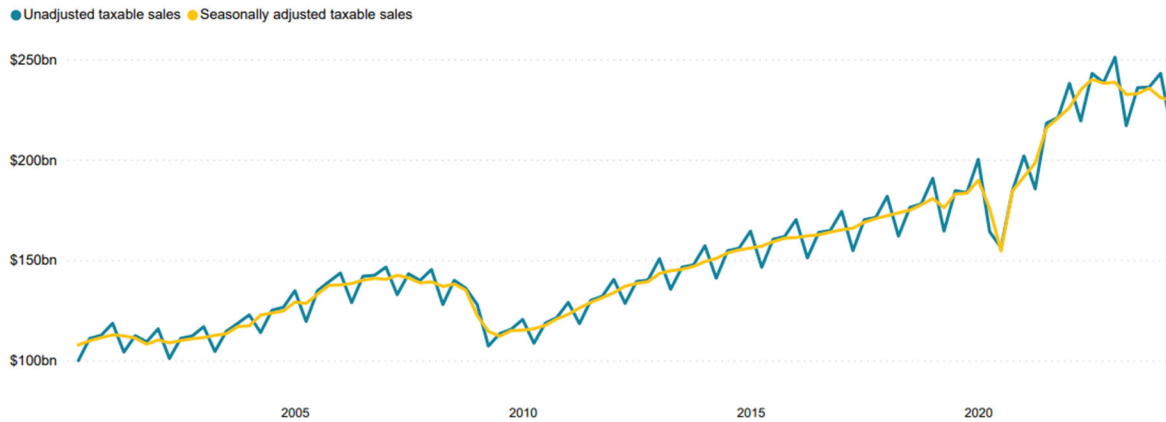
**Table 7. General Fund Revenue**

	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance (\$)	Variance (%)	Budget
1 Tax and Franchise Revenue	\$ 101,074,041	\$ 101,032,448	\$ 101,605,256	\$ 572,809	1%	\$ 104,967,371
2 Local Revenue Measure G	30,508,731	30,262,098	30,597,288	335,190	1%	31,855,000
3 Sales Tax (Bradley Burns)	21,865,468	22,578,995	22,285,972	(293,023)	-1%	23,962,099
4 Property Tax	22,216,031	22,863,770	23,261,942	398,172	2%	23,446,385
5 Transient Occupancy Tax	11,037,037	10,704,000	10,995,912	291,912	3%	10,586,256
6 Utility User Tax	6,904,194	6,332,000	6,301,505	(30,495)	0%	6,622,639
7 Business Tax	3,281,010	3,252,293	2,942,425	(309,867)	-10%	3,317,338
8 Cannabis Tax	1,127,744	1,100,000	1,031,124	(68,876)	-6%	1,100,000
9 Franchise Fees	2,349,603	2,000,000	2,366,286	366,286	18%	2,091,800
10 Gas Tax	1,239,701	1,389,292	1,341,857	(47,435)	-3%	1,419,353
11 Safety Prop 172	544,521	550,000	480,944	(69,056)	-13%	566,500
12 Fees and Other Revenue	15,356,185	14,522,524	18,259,629	3,737,105	26%	13,500,769
13 Development Review	6,424,716	6,275,536	6,168,815	(106,721)	-2%	6,585,331
14 Parks & Recreation	1,813,831	2,030,077	2,413,314	383,237	19%	2,068,787
15 Fire	1,612,981	1,694,542	1,762,336	67,794	4%	1,577,836
16 Police	763,511	766,497	1,029,274	262,778	34%	468,217
17 General Government	4,741,147	3,755,873	6,885,889	3,130,016	83%	2,800,598
18 Total	\$ 116,430,226	\$ 115,554,972	\$ 119,864,885	\$ 4,309,913	4%	\$ 118,468,140

**Sales and Use Tax Revenue (Including Local Revenue Measure):** This revenue stream finished on budget for the year. In recent years sales tax has benefited greatly from post-pandemic economic trends. Spending on taxable goods increased rapidly when travel and experiences were limited and stimulus checks were distributed. The inflation that followed drove continued growth. As inflation has subsided and the economy has stabilized, this rate of growth is proving unsustainable. State-wide taxable sales are seen returning to pre-pandemic trends in the chart from the CDTFA below.

# Taxable Sales Over Time

Seasonally adjusted taxable sales appear to be declining from their 2022 peak.



<https://www.cdtfa.ca.gov/formspubs/pub443ppt-2024Q2.pdf>

**Property Tax:** This revenue stream is generally stable year over year as forecasts are provided by the County Assessor’s office. While assessments on existing homes are generally limited to 2% increases each year, the City consistently sees higher growth rates in property tax revenue. This can be attributed to growth in the tax base from newly constructed homes and changes in ownership where Prop 13 kept taxable assessed values significantly below market values. Home prices in San Luis Obispo continued to increase during the fiscal year despite mortgage rates reaching 20+ year highs.

**Transient Occupancy Tax (TOT):** TOT finished above budget and roughly flat year over year. After another wet winter dragged on occupancy and room rates, TOT in Q4 performed very well.

**Utility User Tax (UUT):** UUT revenue slightly exceeded budget. Due to the volatility experienced in recent years, this revenue stream is conservatively forecasted.

**Business Tax:** This revenue stream finished under budget as delinquent payments were not collected as expected. Outreach and enforcement activities will continue in an effort to collect taxes due.

**Cannabis Tax:** Cannabis Tax revenue was just under budget and down year over year, in line with statewide trends.

**Franchise Fees:** Similar to UUT, Franchise Fees are assessed against utilities companies and exceeded an intentionally conservative budget.

**General Government:** This line item includes all of the City’s non-departmental, non-tax revenues including business license fees, investment income, rent, grants, and other miscellaneous revenue. The most notable variance in general government revenue was investment income, which continued to outperform a conservative budget. The City generally invests its cash in highly liquid, risk free or low risk short duration credit instruments which have benefited from exceptionally high yields in recent years. The Federal Reserve has indicated that their policy rates will decrease in the current fiscal year and the City’s investment income is expected to decrease accordingly.



## City Administration Department

### **A Year in Review**

The Office of the City Manager continued to provide information and recommendations to the City Council, implemented Council policies and programs and managed the day-to-day operations of the City including the completion of many Major City Goal (MCG) tasks.

The City Communications Program team worked to support City departments and the City Council in communicating effectively with the community during FY 2023-24. A significant amount of effort went into supporting Community Development regarding housing and homelessness information, as well as in supporting Public Works and the Parking Services team to help communicate changes to parking in the downtown, including Council-adopted changes based on community input.

The Economic Development program was a major contributor to the Economic Resiliency, Cultural Vitality & Fiscal Sustainability Major City Goal and the tasks managed by the program were completed as planned, including an update of the Economic Development Strategic Plan and new placemaking activities Downtown.

The Office of Sustainability and Natural Resources helped manage the Climate Action, Open Space, and Sustainable Transportation Major City Goal, including a new ordinance for additions and remodels of existing residential buildings along with other policy work.

The Office of Diversity, Equity, & Inclusion embarked on various projects that further build the foundation of DEI in the City and has meaningful impacts in the community, including adoption of the DEI Strategic Plan.

Information Technology staff continued to advance recommendations outlined in the City's Broadband Plan by issuing a Request for Proposals and contracting for design and engineering of the entirety of the Broadband Plan build out. The City also formalized a private-public partnership for broadband services, leading closer to connecting underserved areas of the city and capitalizing on grant opportunities with shovel ready projects.

Network Services continues to develop strategic partnerships with other local agencies to share resources resulting in increased services at a reduced cost.

The Control System Administrators completed design, installation and commissioning of the Supervisory Control Access and Data Acquisition (SCADA) systems at the Calle Joaquin Lift facility and have continued to support the installation and programming of the SCADA systems at the Water Resource Recovery Facility (WRRF).

The Information Services team (which includes Geographic Information Systems and enterprise application support) established working relationships with the Wildland Urban Interface Fire Institute to share resources and knowledge between the agencies in our region.

**Variance Analysis**

**Table 8. Administration Department Results**

	FY 2022-23	FY 2023-24				FY 2024-25
Admin/IT	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 5,892,994	\$ 6,303,472	\$ 6,038,015	\$ 265,458	4%	\$ 6,454,682
Contract Services	4,516,159	4,639,610	4,318,503	321,108	7%	3,807,060
Other Operating Expenditures	1,091,366	1,153,545	1,104,745	48,800	4%	1,127,682
<b>Total</b>	<b>\$ 11,500,518</b>	<b>\$ 12,096,627</b>	<b>\$ 11,461,262</b>	<b>\$ 635,366</b>	<b>5%</b>	<b>\$ 11,389,425</b>

**Staffing:**

The Department ended the year with 4% salary savings. The savings are attributed to brief staffing vacancies throughout the year, including the transition of the City Manager in the Spring. In some cases, a portion of the salary savings were utilized for contract consultants to ensure continuity on projects and service delivery.

**Contract Services:**

The contract services budget supported delivering on the objectives and commitments outlined in the Major City Goals. This included DEI High Impact grants, Human Services grants, Economic Development Strategic Plan implementation, Buy and Eat Local Bonus incentives, IT infrastructure maintenance and more.

The contract services budget was under budget by 7% or \$321,108 primarily due to the following:

Economic Development was under budget due to the timing of projects that were delayed based on shifts in staffing priorities, new team onboarding and the implementation of projects beyond June 30 outside staff control. The variance in funding and program will be addressed by utilizing carryover for program implementation within the current fiscal year.

Office of the City Clerk was under budget because funding for election services was allocated and Fiscal Year 2023-24 was not an election year.

**Other Operating Expenditures:**

There were no significant variances in the Department’s other operating budget this fiscal year. Staff effectively used the operating budgets to deliver programs and services.

**Accomplishments & Challenges**

**Office of the City Manager** – The Office of the City Manager continued to provide information and recommendations to the City Council, implemented Council policies and programs and managed the day-to-day operations of the City including the completion of many Major City Goal (MCG) tasks.

The City Communications Program team worked to support City departments and the City Council in communicating effectively with the community during FY 2023-24. A significant amount of effort went into supporting Community Development regarding housing and homelessness information, as well as in supporting Public Works and the Parking Services team in the past fiscal year to help communicate changes

to parking in the Downtown, including Council-adopted changes based on community input. This required the hiring and onboarding of a new temporary contract position- a full-time Communications Coordinator. The contract for this position has been extended through the end of the current fiscal year, and the position will transfer to the Mobility Services Division of the Public Works Department. The team supported the creation and launch of the City's new online portal for volunteers as well as Volunteer Month; the creation and rollout of the Sustainable SLO program assets; and communications focusing on the City's Public Art Program. The team provided City staff with important learning and training opportunities, including media interview training, Public Engagement & Noticing training, crisis communications training, website content training, and more. The Communications Team helped create, finalize and distribute more than 400 news stories and public notices on the City's website and via e-notifications.

The Office of the City Manager also completed a comprehensive update of the Legislative Platform and submitted 23 advocacy letters to local, regional, state and federal policy makers on legislative matters important to the City. The department hosted the bi-annual Community Academy which gave 30 community members an opportunity to spend six three-hour sessions learning about the City. The 2024 Academy had the best attendance to-date with over 90% of the participants graduating. Academy participants provided positive feedback on the program such as "I left every session feeling even more inspired and in love with our city!"

**Office of Economic Development and Tourism** - The Economic Development program was a major contributor to the Economic Resiliency, Cultural Vitality & Fiscal Sustainability Major City Goal and the tasks managed by the program were completed as planned. The additional program funding allocated through the Major City Goal supported programs that contributed to sense of place including the Downtown activations for the holidays, promotional campaigns to drive business like the return of the Buy Local Bonus and Eat Local Bonus programs and the development of new campaigns like SLO Restaurant Week and Downtown Summer Spending program. Funding also supported childcare grants to support our local workforce, acquisition of data for the [employment and economic scorecard](#) and other smaller initiatives.

In July 2023, the update of the Economic Development Strategic plan was approved by City Council which set into place the reorganization of the Office of Economic Development and Tourism resulting in the hiring of the two program staff positions - the Economic Development & Tourism Manager and the Economic Development Analyst.

Additionally, the Community Promotions program through the Promotional Coordinating Committee (PCC), and tourism marketing through the Tourism Business Improvement District (TBID) continued to drive significant economic impact to SLO. Through the PCC, the City awarded \$100,000 in grant funding to local non-profit organizations through two grant opportunities in the FY2023-24, the Cultural Grants-in-Aid (GIA) and the Cultural Arts & Community Promotions (CACP) grant programs. Additionally, the PCC also developed the ARTober campaign honoring National Arts & Humanities month in October and supported the Lunar New Year Block Party by funding the drone show, as well as created a downtown light pole banner series to celebrate Independence Day. Tourism in the City remained strong, resulting in \$10.9 million in transient occupancy tax (TOT). This contributed to the general fund and outperformed the budget by 2%, with additional revenue still expected from remaining lodging properties. Tourism promotion continued to be led by the City's TBID through Visit San Luis Obispo.

**Office of Sustainability and Natural Resources** – The Office of Sustainability and Natural Resources (OOSNR) helped manage the Climate Action, Open Space, and Sustainable Transportation Major City Goal. Following the pillars of the Climate Action Plan, the OOSNR achieved the following:

- *Lead by Example* – OOSNR staff continued to implement Lead by Example tasks ranging from supporting electric vehicle procurement to processing federal rebates in support of electrifying City facilities. Staff completed and presented to Council the 2024 Lead by Example Progress Report (May 21, 2024) and has initiated the 2025-29 Lead by Example Plan Update.
- *Clean Energy* - OOSNR staff continued to work closely with 3CE staff to ensure that programs such as “Electrify your Fleet” and “Electrify your Home” benefit the community and the City’s Lead by Example Efforts and act as the City liaison to 3CE, including supporting City representatives on the Operations and Policy Boards. Since 2018, the community and City organization have received \$2,529,283 in rebates for building and vehicle electrification projects with 55%, or \$1,392,533, of those funds being received in Fiscal Year 2023-24.
- *Green Buildings* – After the *California Restaurant Association v. City of Berkeley* Ruling upheld the City’s approach to all-electric new buildings, staff developed an alternative approach for lower emissions new buildings (adopted by Council in 2023). Staff subsequently conducted a study session on policy to support existing building retrofits in December of 2023 and returned to Council with a major additions and alterations policy, which was adopted on month 2024. Staff also worked with the City of Santa Barbara to submit a Department of Energy grant that would support a Building Performance Standard program (grant award notification is expected by Fall 2024). Regarding voluntary retrofit programs, the City applied for and received the Department of Energy Buildings Up Prize, which has provided funding to support CAPSLO’s deployment of energy efficiency and electrification improvements in mobile homes and has led to the initial pilot roll out of the SLO Green and Healthy Homes Helpline.
- *Connected Community* – OOSNR staff supported transit and micromobility efforts including extensive support on the Transit Innovation Study, which was presented to Council on January 23, 2024, and the release of a bike share program RFP following Council review on May 21, 2024.
- *Circular Economy* – Staff from the OOSNR supported Utilities in their municipal waste reduction efforts and SB 1383 implementation.
- *Natural Solutions* – OOSNR staff coordinated a cultural burn in partnership with the yak tityu tityu yak tilhini Northern Chumash Tribe (ytt) and CAL FIRE at Johnson Ranch Open Space. This burn was the first indigenous led intentional landscape fire in living memory. The City was awarded over \$200,000 for a riparian restoration project at Johnson Ranch Open Space that includes the construction of 30 beaver dam analogs with Nature’s Engineers, planting 300 trees with ECOSLO, and restoring native grasses with the ytt and the permitting process for these projects is underway.

In addition to the work mentioned above, OOSNR staff have led the initial Cal Poly College Corps cohort, which brought 9 college students for the Fiscal Year to support work in multiple departments including Administration, CDD, Utilities, and Public Works. OOSNR staff also led the new and improved Green Team. Additionally, OOSNR staff led the development and deployment of the Sustainable SLO graphic that has been added to the City’s various sustainability assets ranging from buses to vehicles to waste receptacles. To complement the physical branding, staff led an educational community campaign to highlight the City’s progress towards carbon neutral municipal operations.

**Office of the City Clerk** – The Office of the City Clerk processed and staffed 42 City Council meeting, which is a record number of meetings in a fiscal year. Staff also continued the implementation of the agenda management system by training and supporting the staff liaisons of the Tree Committee, Construction Board of Appeals, Human Relations Committee, Tourism Business Improvement Committee and Promotional Coordinating Committee to create and post their agenda packets in the system. In addition, Clerk’s Office prepared for the 2024 Municipal Election.

**Office of Diversity, Equity, and Inclusion** - The Office of Diversity, Equity, & Inclusion embarked on various projects that further build the foundation of DEI in the City and has meaningful impacts in the community. The first project was the 10-month in-depth development of the City’s first Diversity, Equity, & Inclusion Strategic Plan (DEISP). The DEISP establishes the overarching goals that intentionally integrate DEI principles into the fabric of the City’s community and organizational culture. The plan will benefit the City in providing clear direction propelled by well-defined objectives and tactics that carefully align with the City Council’s vision for the community, sets in motion realistic and ambitious initiatives that foster collective responsibility and deep collaboration with City Departments and community partners; and it sets the stage for the advancing innovation through equitable and inclusive employment practices, increased meaningful community outreach and engagement. The DEISP is spans for 5 years and it aims to build upon a strong foundation to further DEI in the City.

Another successful project was the 2-year Multicultural Programming Agreement signed with the Cal Poly Office of University Diversity and Inclusion (OUDI). The intended purpose of this program is to primarily coordinate and implement comprehensive cultural and social engagement programs to celebrate diverse cultural contributions by developing spaces for learning, challenging biases, and to promote unity and belonging in the entire community, while also identifying the needed requirements and programmatic efforts that lead to successful multicultural spaces. A series of events have taken place, which included film screenings, panel discussions, and workshops solely dedicated to understanding the feasibility of a multicultural space and its impact in the community. A total of eight (8) events are planned per fiscal year, with eight more planned for Fiscal Year 2024-25.

Additionally, the Office of DEI is proud to have partnered with various City Departments in key projects, which include the following:

- 1) Police Department: review and provided feedback on their strategic plan,
- 2) Community Development Department: development and soon to be-released Gender and Racial Equity Statements that are to be used to apply for state affordable housing funding.
- 3) Community Development Department: provided feedback to broaden the bylaws of the Construction Board of Appeals (CBOA) membership requirements to increase diversity.
- 4) Fire Department: reviewed and provided feedback to the fire internship program that resulted in a higher number and diverse background of applicants.

In the month of January 2024, the DEI Management Fellow, the support staff member for the Office of DEI, reduced their hours to part time, which impacted projects and processes for the last two quarters of the fiscal year. The limited capacity to develop training modules, content, and the ability to proctor trainings, resulted in fewer trainings completed. It is expected that these trainings can resume when the program becomes fully staffed in late 2024.

### **Information Technology**

*Network Services Division*

Information Technology staff continued to advance recommendations outlined in the City's Broadband Plan by issuing a Request for Proposals and contracting for design and engineering of the entirety of the Broadband Plan build out. The City also formalized a private-public partnership for broadband services, leading closer to connecting underserved areas of the city and capitalizing on grant opportunities with shovel ready projects.

Network Services continues to develop strategic partnerships with other local agencies to share resources resulting in increased services at a reduced cost. By partnering with the County of San Luis Obispo and California Polytechnic State University San Luis Obispo, the City of San Luis Obispo has access to geodiverse fiber optic network links to our Water Treatment Plant and multiple radio repeater sites that offer better coverage to the areas that City staff service.

The Control System Administrators completed design, installation and commissioning of the Supervisory Control Access and Data Acquisition (SCADA) systems at the Calle Joaquin Lift facility and have continued to support the installation and programming of the SCADA systems at the Water Resource Recovery Facility (WRRF). These systems are part of the ongoing WRRF CIP project. Control Systems Staff continue to work on the development of the Ignition SCADA platform to replace outdated iFix systems in Water Distribution and Wastewater Collections and is on schedule with that project.

Network Services resolved 3,357 support tickets over the year, covering a range of support activities including hardware and software installation, upgrades, and troubleshooting.

*Information Services Division*

The Oracle support team continues to support Human Resources and Finance processes, including Payroll. This year, the Oracle support team implemented over 80 change requests, with more than half focused on system improvements and new features. The Oracle project team also continues to produce step-by-step interactive user guides, called Oracle Guided Learning (OGL), which ease the end-user experience for staff. Additionally, the team resolved over 600 user support tickets.

The Information Services team completed implementing the new ArcGIS Enterprise 11.1 to maintain the resilient platform for critical enterprise systems such as Enterprise Permitting and Licensing (EPL, formerly EnerGov), Cityworks, and the ArcGIS Portal.

The Information Services team supported Broadband efforts by continuously updating and sharing the conduit data with other agencies as well as producing numerous maps for different phases of the Broadband Project.

System Application Specialists overseeing GIS worked on a site suitability study for the fifth fire station. The project involved collaboration with Cal Poly GIS students, Fire, CDD, and Information Services to use the Network Analysts GIS tool to determine the four-minute response area from potential fire station locations. This project was presented at the ESRI International User Conference.

The Information Services team implemented a new Contractor Coordinator workgroup in Cityworks, the City's work order and asset management system. Investments in training allows the Information Services team to do this work in-house, saving approximately \$28,000. Other notable accomplishments are:

- Launched eReview for the Building Division
- Implemented Self-service Open Enrollment in Oracle
- Created 181 Oracle Guided Learning interactive guides
- Completed mapping of Annexation 82 and open spaces near the Miossi Ranch
- Completed asset mapping of San Luis Ranch and Avila Ranch developments
- Supported Lizzie Fire with situational awareness and landslide preparation planning
- Completed Transparency Reporting for Community Development
- Supported Vision Zero initiative with a location-based survey and analysis
- Provided sustainable option for the Finance Plus reporting

The IS team established working relationships with the Wildland Urban Interface Fire Institute to share resources and knowledge between the agencies in our region. Currently, the City’s Fire Intern and GIS staff members are working with Cal Poly’s Natural Resources Management and Environmental Sciences (NRES) Department and WUI Fire Institute on using the Simtable for emergency management training and public outreach.

**Performance Measures:**

**Table 9. Administration Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Provides City-wide communications to the community. <i>Strategic Goal: Citywide Communications</i>	Open City Hall Participant Satisfaction Rating	93%	92%
	Number of pageviews for City News Pages	350,000	105,495
	Number of news e-mail subscribers	4,500	3,476
Provides reliable IT resources to the organization and community. <i>Strategic Goal: Information Technology</i>	Maintain City Network Reliability Uptime Status	99.9%	99.8%
	Data backed-up in Terabytes	173	160
	Number of GIS layers maintained	920	920
Economic Stability <i>Strategic Goal: Economic Recovery and Stability</i>	Contacts with businesses regarding starting, expanding and/or staying in the City	75	82
	Onetime funds used for direct aid to local businesses and non-profits	\$175,000	\$300,000
Supports our commitment to sustainability and provides open space resources to the community. <i>Strategic Goal: Climate Action, Open Space, and Sustainable Transportation</i>	Number of Green Team Meetings	10	10
	Number of Open Space Conservation Plans that will guide the long-term protection and stewardship of natural resource values while guiding appropriate public use	1	1
Strengthens the City’s commitment to advancing Diversity Equity and Inclusion <i>Strategic Goal: DEI</i>	Number of Citywide DEI Trainings Offered	10	6
	Number of DEI Newsletters for Staff	6	6
	Funds for High-Impact DEI Grants Awarded	\$150,000	\$150,000

*Number of pageviews for City News Pages*

This number only reflects the data captured from January through June 2024. This is due to factors outside of the City's control, namely Google Analytics changed the way it calculates metrics like pageviews when it had a complete system change in 2023. This metric will be revised accordingly in future budgets.

*Number of news e-mail subscribers*

This number only includes the City's e-notifications. There are an additional 6,087 email subscribers for Parks and Recreation email blasts.

*Maintain City Network Reliability Uptime Status*

The City's Core network reliability metric was affected by two significant service outages that were outside of the City's control. The first was a county-wide Verizon outage that disrupted access to some Utility telemetry networks and Public Safety vehicles for approximately eight hours. The second was the global CrowdStrike outage. The global CrowdStrike outage coincided with scheduled maintenance work, so Network Services staff were already on-site and were able to start mitigation efforts within a short period of time, placing us well ahead of the curve during this incident resulting in approximately six hours of core network downtime.

*Data Backed-Up in Terabytes*

The actual data backed up was reduced due to the exclusion of legacy systems that no longer require the same quantity of archive copies in accordance with the City's Records Retention policies. This metric will be revised accordingly in future budgets.

*Number of City-Wide DEI Trainings Offered*

The number of city-wide DEI trainings offered were under target due to staffing issues. It is expected that these trainings can resume when the program becomes fully staffed in late 2024



## Tourism Business Improvement District (TBID)

### A Year in Review

Tourism is the city of San Luis Obispo stayed strong with just under \$11 million in Transient Occupancy Tax (TOT) contribution into the general fund, outperforming the budget by 1.85%. Occupancy saw a very slight increase of less than 1% compared to last fiscal year, with an average annual rate of 68%. The growth of the Average Daily Rate (ADR) in San Luis Obispo has slowed. In 2023-24 the annual ADR was approximately \$176 dollars, which on average is essentially flat to the previous year, but still \$23 higher than the pre-pandemic year of 2018-19 for comparison. The last key indicator used by the TBID to gauge impact is RevPAR, defined as Revenue Per Available Room. In FY 2023-24 the annual average RevPAR was very slightly up from the prior year at the rate of \$121.77 on average.

The Tourism Business Improvement District (TBID) known as Visit San Luis Obispo continued to lead tourism work on behalf of the City. Fiscal year 2023-24 was the second year of implementation of the two-year TBID Strategic Marketing & Business Plan. To achieve the laid-out goals, the TBID made new commitments with partners like Kind Traveler, a responsible travel platform, to further amplify their Sustainable SLO program Keys for Trees. The TBID also continued the MidWeekend Promotion incentivizing off-season, midweek travel and delivering more than \$93,000 in direct room bookings in February and March. Other positive community impacts include the support of events such as the SLO International Film Festival and Gala's Pride and Cultural Program.

In Q3, the reorganization of the Office of Economic Development & Tourism was complete with the onboarding of an Economic Development Analyst, in addition to the reclassified roles of Economic Development & Tourism Manager and Tourism & Community Promotions Manager.

### Variance Analysis

**Table 10. Department Results**

TBID	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 184,415	\$ 284,674	\$ 260,092	\$ 24,583	9%	\$ 269,700
Contract Services	1,691,196	2,066,799	1,895,822	170,978	8%	1,800,144
Other Operating Expenditures	28,757	34,303	20,130	14,173	41%	34,100
<b>Total</b>	<b>\$ 1,904,368</b>	<b>\$ 2,385,777</b>	<b>\$ 2,176,043</b>	<b>\$ 209,733</b>	<b>9%</b>	<b>\$ 2,103,944</b>

**Staffing** – The program ended the year with a 9% savings due to the Office of Economic Development & Tourism reorganization and adjustment of staff funding from TBID & PCC budgets for two FTE.

**Contract Services** – The 8% savings can be attributed almost entirely to media hosting and general event promotion expenses. A portion of the variance is due to the timing of funding commitments made by the TBID Board and while they were planned to be expended in FY 2023-24 the actual commitments were delayed and accommodated in FY 2024-25 budget. Additionally, the TBID did not expend the full budget for cooperative marketing programs that had been earmarked for use with partner organizations due to the limited offerings made available in the fiscal year. In accordance with the City's Municipal Code, 12.42.080, any funds remaining at the end of any TBID term may be used in subsequent years.

**Other Operating Expenses** – The 41% variance is due in large part to savings in various programs such as tradeshow partnerships and overall tourism program expenses. These savings are not expected to occur in future years. However, in accordance with the City’s Municipal Code, 12.42.080 any funds remaining at the end of any TBID term may be used in subsequent years.

### **Accomplishments & Challenges**

This year’s budget saw a modest increase in revenue with key performance indicators, such as Occupancy, Average Daily Rate and Revenue Per Available Room, remaining essentially flat. In a market and industry that has seen softening overall, this can be considered a win. The TBID continues to remain vigilant in its goals to stand out amongst a crowded landscape and be a leader in destination stewardship. This strategy will continue to guide Visit San Luis Obispo’s growing success, driving overnight stays and increasing economic impact for the community.

## City Attorney

### A Year in Review

As reported to City Council throughout the year, staff in the City Attorney’s Office have managed or assisted with multiple, complex litigation matters, including the successful settlement of the *Langley* federal court case, which alleged misapplication of evolving laws surrounding occupation of, and storage of private property in, public spaces by unhoused individuals. Staff are continuing to support the City’s homelessness response, including the coordination of programs outlined in the *Langley* settlement. Various long-standing personnel matters were also brought to closure or progressed significantly during FY 2023-24, all while staff accomplished significant code updates; supported capital improvement, private development review, and sustainability projects; produced documents for voluminous public record, subpoena, and discovery requests; and continued negotiations related to a California Voting Rights Act demand that the City transition to district-based elections, various development agreements implementation matters, and community partnership agreements.

### Variance Analysis

**Table 11. City Attorney Department Results**

	FY 2022-23	FY 2023-24				FY 2024-25
City Attorney	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,137,918	\$ 1,291,787	\$ 1,232,227	\$ 59,560	5%	\$ 1,426,135
Contract Services	265,696	376,507	371,151	5,356	1%	51,644
Other Operating Expenditures	20,881	40,260	36,045	4,215	10%	36,270
<b>Total</b>	<b>\$ 1,424,496</b>	<b>\$ 1,708,554</b>	<b>\$ 1,639,424</b>	<b>\$ 69,131</b>	<b>4%</b>	<b>\$ 1,514,049</b>

**Other Operating Expenditures:** The savings reflected here are a result of a training session being rescheduled. Additional Education and Training funding was approved for the City Attorney to attend the second in a series of mediation courses provided in the Spring of 2024 by Pepperdine University’s Straus Institute for Dispute Resolution. However, after registering, the session was cancelled and is being rescheduled for early 2025. The approved funds are being requested as carryover.

**Performance Measures**

**Table 12. City Attorney Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Timely and Responsive legal advice and support  Strategic Goal: Department Objectives	Administrative Citation Appeals Received by the City	120	113
	Appeals closed without need of a hearing <sup>1</sup>	25	33
	City assisted corrections to defective appeals to allow access to hearing	15	21
	City facilitated hearings on the record without need for personal appearance by Appellant	30	40
	# of hearing days scheduled <sup>2</sup>	12	19
Legal Training & Compliance Strategic Goal: Department Objectives	# of Council, Staff, and Advisory Body legal trainings, legal updates, and compliance advisory sessions	12	7
Municipal Claims, Litigation & Prosecution Management Strategic Goal: Department Objectives	Percentage of Claims Resulting in Litigation	<5%	4.2%
	Liability Claims Against the City Reviewed/Managed <sup>3</sup>	70	72
	Number of multi-count complaints filed for misdemeanor municipal code violations <sup>4</sup>	35	33

**Accomplishments & Challenges**

During the fiscal year, the City Attorney’s Office successfully onboarded a new legal assistant (probationary year ended August 2024) and continued the onboarding of a new paralegal (currently nearing the end of his second quarter of employment with the City). Also, the Deputy City Attorney (“DCA”), who finished her probationary year in the fall of 2023, continued to thrive in her position, further bolstering our team’s ability to deliver superior legal advice and support to City staff, Planning Commission, advisory bodies and the Council. The DCA was recently recognized as an Employee of the Year in light of her valuable contributions to the City and the department.

While the onboarding of new staff always, and rightfully, pulls time and resources away from other matters, the department was still able to make significant progress on internal document processing, and timely management of requests for public records and a significant volume of discovery and subpoena responses. The department also provided legal, investigative, and advocacy support for the successful conclusion of several long-standing labor and personnel matters, federal and state litigation, and provided continuing support for the implementation of, and resolution of issues related to, ongoing development projects, including Avila Ranch, 600 Tank Farm, San Luis Ranch, and Righetti Ranch. In the second half of the year, the City Attorney’s Office created and began managing a municipal code prosecution diversion

<sup>1</sup> Closed in some way that did not include a decision being issued (e.g., withdrawn by appellant, untimely filed, voided by the issuing department)

<sup>2</sup> If more than one hearing officer convened hearings on the same day, those are counted separately.

<sup>3</sup> Number of claims per year is a forecast and not a goal. Each year the City receives and the department coordinates review of, and response to, about this number of Claims Against the City.

<sup>4</sup> New measure being tracked due to rise of volume and importance to the community.

and fee waiver program for certain violations of the City's municipal code in alignment with settlement commitments related to the *Langley* litigation related to the city's management of encampments on public properties matter. After training field and other City staff on their roles, the program launched and has its first participants working through the steps of pursuing services and housing access support in lieu of prosecution of criminal charges. Staff in the department also continue to work with their non-profit, County and justice partners to connect those facing City misdemeanor criminal charges with services through the court process.

The City Attorney's Office also supported the conclusion of the receivership for the private property located at 48 Prado Road; a major code update by Utilities staff; provided legal support to City staff on various Capital Improvement, real property, affordable housing, and community partnership matters; managed litigation in-house and in partnership with contract counsel; and provided guidance and training to City staff on changing laws, conflicts of interest, citizen complaints, and many other complex legal matters.

Overall, the department workload volume and complexity remain high, resulting in challenges to maintain uninterrupted focus on strategic, structural and operational improvements. Those continuous improvements remain high priority issues for the office, but have to be balanced in the context of continuing efforts to recruit, train and retain highly skilled staff, and the continually changing priorities demanded by emerging, urgent or sensitive matters. Nonetheless, staff are pleased with ongoing progress and are looking forward to continued successes and the enhanced service possibilities afforded by a department staffed by such talented and dedicated employees.

## Finance Department

### A Year in Review

The Finance Department ended the year with 8% overall savings and was able to deliver on its goals. Staff turnover was the primary driver of these savings, but the department is pleased to have reached full staffing as of year-end.

During the fiscal year, the department completed and assisted with numerous projects to protect the City’s financial stability and provide value to the community. These include completion of the annual audit and the Annual Comprehensive Financial Report (ACFR), numerous budget updates to Council and adoption of the FY 2024-25 Supplemental Budget, a favorable debt issuance for the Cultural Arts District Parking Structure, annual business license renewal process, completion of the citywide user fee study, and ongoing payroll trainings across the organization. The department also continued to lead fiscal recovery from the Winter 2023 storm events and is working closely with the Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (Cal-OES) to submit expenditures for consideration of reimbursement. The Government Finance Officers Association once again recognized the City for excellence in financial reporting and budget presentation as a result of the department’s work. These awards represent the department’s commitment to preparing transparent financial documents of the highest quality.

### Variance Analysis

**Table 13. Finance Department Results**

Finance	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,965,155	\$ 1,895,372	\$ 1,780,850	\$ 114,522	6%	\$ 2,124,521
Contract Services	378,599	590,643	520,828	69,815	12%	441,410
Other Operating Expenditures	34,697	50,400	26,302	24,098	48%	50,400
<b>Total</b>	<b>\$ 2,378,451</b>	<b>\$ 2,536,415</b>	<b>\$ 2,327,980</b>	<b>\$ 208,435</b>	<b>8%</b>	<b>\$ 2,616,331</b>

**Staffing:** The department realized 6% salary savings, or \$114k, higher than the 3% citywide assumption for vacancies. This was largely driven by vacancies in the Purchasing and Budget programs which have since been filled; the department does not expect these savings to recur.

**Contract Services:** \$70k or 12% of this budget was not spent. The majority of the savings came from the Accounting program, as the division had anticipated additional auditing and actuarial services that ended up being less expensive than budgeted; the remainder was from the Finance Administration program due to a focus on unplanned high priority items. The savings in Accounting are not expected to recur in the current year due to the one-time nature of the additional auditing services budgeted for implementation of new Governmental Accounting Standards Board (GASB) pronouncements.

**Other Operating Expenditures:** The department ended the year with \$24k or 48% of this budget unspent. This included savings from Revenue Management due to budgeted Other Operating Expenditures being procured under Contract Services and driving offsetting overages in that category. Finance Administration

and Purchasing also had savings in this category driven largely by the prioritization of workstreams not requiring external resources. These variances are not expected to continue in FY 2024-25.

### Non-Departmental Budgets

The Non-Departmental and Support Services cost centers are managed by the Finance Department but are used to support expenditures that are not specific to an individual department.

**Table 14. Non-Departmental Budget Variance Analysis**

Non-Departmental	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 61,497	\$ 694,368	\$ 58,103	\$ 636,265	92%	\$ 793,338
Other Operating Expenditures	323,943	445,600	349,634	95,966	22%	431,700
<b>Total</b>	<b>\$ 385,440</b>	<b>\$ 1,139,968</b>	<b>\$ 407,737</b>	<b>\$ 732,231</b>	<b>64%</b>	<b>\$ 1,225,038</b>

**Staffing:** The Staffing budget includes contingencies for labor negotiations and other similar charges not budgeted within departments, and were largely unexpended due to departments being able to absorb the cost of unbudgeted labor cost increases. Actual costs incurred were for retiree benefits only.

**Other Operating Expenditures:** Savings of 22% or \$96k of budget were driven by underspending in credit card processing fees, postage, and the Ventures & Contingencies (V&C) account. V&C is an annual funding source for the City Manager to award to special projects throughout the year which cannot be funded out of existing operating budgets.

### Performance Measures

**Table 15. Finance Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Enables & enhances transparency, accountability & integrity. <i>Strategic Goal: Fiscal Policies</i>	# of calendar days following year-end until ACFR is issued	170	170*
	# of audits/reviews conducted / # of additional agreed upon procedure audits performed	2/2	2/2*
Protects and prudently manages its financial resources. <i>Strategic Goal: Fiscal Policies</i>	# of funds within fund balance requirements / total funds with fund balance requirements	8/8	8/8*
	Net annual direct debt per capita (General Fund)	\$39	\$55
	Twelve-month total rate of return for City investments	3%	4.62%

\*Results of FY 2022-23 ACFR and audits completed in FY 2023-24

The department achieved or exceeded four out of five of its Performance Measures for the year. The additional net annual direct debt per capita is a result of the City implementation of two new GASB pronouncements related to leases and subscription-based information technology arrangements (SBITAs). The impacts of these pronouncements were not known when the budget and original performance

measures were created. The department plans to update the target for net annual direct debt per capita as part of the 2025-27 Financial Plan.

### **Accomplishments & Challenges**

**Finance Administration:** The Administration Division successfully completed the issuance of lease revenue bonds to finance the construction of the Cultural Arts District Parking Structure. Staff also began a comprehensive review of the City's Financial Management Manual to ensure that financial policies and procedures meet the needs of the current organization—this effort will continue into FY 2024-25. Staff in Administration and Accounting also took a lead role in completing the Citywide User Fee Study which was previously being led by CSG. This was a significant unplanned work effort, but resulted in successful completion of the study, with new fees approved by Council in early July. At the beginning of the year, the department was the only without dedicated administrative support. During the year, the Department welcomed a part-time administrative assistant shared with CSG Administration and the entire Department is benefitting from this support, enabling other staff to focus on their assigned duties.

**Budget:** The Budget Division is staffed in entirety by the Principal Budget Analyst. This position was vacated in September 2023 when the previous employee accepted a position in Administration. The vacancy drove significant salary savings until the position was filled in January 2024, just in time to develop the Q3 Budget Report and FY 2024-25 Supplemental Budget and present both to Council. Staff has also been increasingly focused on providing training and support to departmental fiscal officers.

**Revenue Management:** The Revenue Management Division reclassified two of its three positions to allow team members to better approach the demands of the division. Following the reclassifications and two successful recruitments, the team was able to improve its ability to identify potential customer misreporting of business tax income. This practice has boosted customer service, by allowing team members to better identify and then confirm underpayments and overpayments. While staff is currently still working through potential reporting discrepancies, the team has so far identified over \$60,000 in business tax payment discrepancies. As noted in the 'General Fund Summary' section of the report, Business Tax receipts were 10% under budget in FY 2023-24. This was due to the division not being fully staffed during the last business license renewal period, when those taxes are collected. Now that the division is fully staffed with permanent employees, it is expected that Business Tax collections will come in closer to budget in future years.

**Purchasing:** The Purchasing Division was heavily focused on working with the Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (CalOES) to document and submit 2023 Winter Storm projects for consideration of reimbursement. Despite this unplanned workload, the division has been able to continue to meet internal customer service benchmarks for coordinating the City's RFP and contract administration and maintain its standard turnaround times for issuance of Purchase Orders to support departments in procuring the goods and services they need in order to carry out their responsibilities.

**Accounting:** The Accounting Division implemented two complex new Governmental Accounting Standards Board (GASB) pronouncements and enhanced the way the City's leases and subscription-based information technology arrangements (SBITAs) are tracked and accounted for. These changes will require ongoing monitoring and cooperation with all departments to remain in compliance with the GASB rules. The Accounts Payable function reclassified the Financial Assistant position to better reflect the work



performed and successfully recruited a new employee to the position. In addition, the Payroll function within the division continues to work with consultants and IT staff to implement the Oracle system and improve the automated aspects of a fully integrated Enterprise Resource Planning/Human Capital Management platform. Payroll has also been focused on providing timecard training to staff throughout the organization, which has helped to reduce payroll errors.

## Human Resources

### A Year in Review

The Human Resources Department continued to support the growing and changing organization while also striving to establish staffing stability within the department. In addition to ongoing tasks, there were multiple highly complex personnel and labor issues that demanded a great deal of staff time. Along with that came unanticipated expenses for outside attorneys to provide legal support. Despite these challenges, the department successfully completed a high volume of recruitments, provided an array of training opportunities, updated policies and procedures to comply with new regulations, and negotiated timely successor agreements with the three public safety bargaining units.

### Variance Analysis

**Table 16. Human Resources Department Results**

Human Resources	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$1,404,813	\$1,433,158	\$1,321,146	\$ 112,012	8%	\$1,567,596
Contract Services	640,935	813,065	822,040	(8,975)	-1%	148,491
Other Operating Expenditures	80,993	61,000	60,657	343	1%	241,500
<b>Total</b>	<b>\$2,126,740</b>	<b>\$2,307,223</b>	<b>\$2,203,843</b>	<b>\$ 103,380</b>	<b>4%</b>	<b>\$1,957,587</b>

**Contract Services** - The Human Resources (HR) Administration cost center (3001) was over budget due to unbudgeted and/or unanticipated expenses for outside legal counsel and hearing officers.

Further, the HR department is responsible for coordinating programs which have remained unbudgeted or underbudgeted for several years. For example, the City's Day of Welcome event to onboard new employees to the organization does not currently have an allocated budget. While this cost has been unbudgeted to date, it will be appropriately addressed with the next financial plan.

**Staffing** - The Human Resources Administration cost center (3001) was under budget due to an HR Manager vacancy for the majority of the year, an HR Analyst vacancy for two months, and an HR Specialist vacancy for four months. While temporary administrative staff was hired to backfill some work, salary savings were still attained. The HR Manager position remains vacant following three failed recruitments, so additional savings is expected in FY 2024-25.

## Performance Measures

**Table 17. Human Resources Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Integrated HR Services (Strategic Goal)	Average days between injury and Workers' Compensation claim filed.	3	3
	Achieved lower severity of Workers' Compensation claims than the risk pool	Yes	Yes
Employee Development & Growth (Strategic Goal)	Percentage of On-Time Employee Performance Evaluations	95%	97%
	Percentage of Internal Promotions	40%	40%
	Training Sessions Coordinated	20	23
Engaged and Aware Culture (Strategic Goal)	Number of Policies Communicated	75	110
	Informational Sessions Coordinated	200	245

## Accomplishments & Challenges

### Accomplishments

**Benefits:** Staff continues to seek ways to enhance benefit offerings while making efficient use of resources. Analyses of dental, life, and long-term disability carriers was completed that resulted in a change of carrier for life and long-term disability insurance as well as a cost savings on the premiums. The City's Human Resources Information System, Oracle, has also been configured to allow additional employee self-service for various life events, which will reduce the need for paper forms and staff time to administer changes to benefit selections.

**Recruitment, Classification and Compensation:** A total of 142 recruitments were completed, of which 111 of were for regular positions, 16 for limited-term contract positions, and 15 for supplemental positions. Five of the recruitments were for Police and Fire department promotions, which are more robust processes. Additionally, a nationwide search and extensive recruitment process was completed to fill the City Manager position. To ensure we are optimizing departmental organizational structures, HR staff supported various departments with position classification and departmental structure analyses.

**Labor Relations:** Agreements for successor Memoranda of Understanding (MOU) were reached with the City's three public safety bargaining groups. Police Management and Fire negotiations were completed without legal counsel present on either side, demonstrating a strong positive relationship and established trust. Agreement was reached with the Police Officers' Association in only four meetings and in advance of the prior MOU expiration date. Additionally, staff built a citywide labor costing model to have more accurate and efficient ways of costing proposals for negotiations.

**Training and Development:** A comprehensive training plan was created to ensure the City is offering training that meets employee and organization needs as identified in the 2023 Employee Engagement survey.

**Risk Management and Wellness:** The City's Paid Sick Leave Policy was updated and a new Workplace Violence Prevention Plan was implemented to comply with new legislation. A preventative mental health

program through The Counseling Team International was implemented for use by all employees in the Police and Fire departments. Those departments have also utilized a functional movement program funded by the California Joint Powers Insurance Authority to help reduce the cost of work-related injuries.

**Other:** System enhancements in Oracle and Laserfiche are being developed for the future implementation of electronic personnel files and an enhanced first day onboarding experience for new hires.

### Challenges

**Staffing:** Following three failed recruitments, the HR manager position is being intentionally left vacant until approximately June 2025. The duties for that position have been temporarily reassigned to both existing and temporary staff. However, there has been turnover even among the temporary staff, creating additional instability.

**High Volume of Requests:** The department continues to experience a noticeable increase in the volume of recruitments and complex personnel issues. Additionally, there is an increased level of requests for classification review, leaves of absence, disability accommodation, and benefits changes. New legislative mandates effective January 1, 2024, July 1, 2024 and in coming years have necessitated policy development and new system configurations, compounding the department's existing workload.

## Insurance Fund

### A Year in Review

The City is a member of the California Joint Powers Insurance Authority (CJPIA) which provides coverage for general liability and workers’ compensation through pooling of losses among its members and coordinates oversight and management of claims administration. The City is a member of the excess program for both liability and workers’ compensation, with a \$500,000 self-insured retention level. Claims are managed by third party administrators, Carl Warren for Liability and Athens for Workers’ Compensation.

The City strives to maintain a reserve sufficient to guard against unpredictable and substantial claims. The reserve amount is determined based on annual actuarial report information. In addition to the CJPIA member contributions for liability and workers’ compensation, the Fund also covers premiums for ancillary insurances such as property, crime, pollution, volunteers, and special events.

### Variance Analysis

**Table 18. Insurance Fund Results**

Human Resources	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Workers Comp Insurance	\$ 2,865,566	\$ 2,516,607	\$ 1,605,230	\$ 911,377	36%	\$ 2,610,281
Liability Insurance	\$ 2,844,913	\$ 2,431,373	\$ 2,502,805	\$ (71,432)	-3%	\$ 2,333,686
Other Insurance	\$ 515,818	\$ 607,493	\$ 612,097	\$ (4,604)	-1%	\$ 724,892
<b>Total</b>	<b>\$ 6,226,297</b>	<b>\$ 5,555,473</b>	<b>\$ 4,720,132</b>	<b>\$ 835,341</b>	<b>15%</b>	<b>\$ 5,668,859</b>

The Workers’ Compensation Insurance account is under budget because this was the City’s first year in the Workers’ Compensation excess program with CJPIA, so budgeted amounts were approximations. It is difficult to predict actual claims expenses and the timing that expenses will be incurred, as claim costs tend to develop over several years.

### Performance Measures

**Table 19. Insurance Fund Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Integrated HR Services	Annual liability claims payment under the Self-Insured Retention amount.	Yes	Yes

### Accomplishments & Challenges

CJPIA member contributions for both liability and workers’ compensation were in line with expectations for this fiscal year. This was the first year participating in the workers’ compensation excess program, which resulted in significant savings in the CJPIA member contribution. It appears that actual claim expenses to date were far less than anticipated. However, workers’ compensation costs tend to increase over the life of each claim, some spanning several years. Similarly, Liability claim costs are volatile and unpredictable. Therefore, it will be important to maintain an adequate reserve in the fund.

## Community Services Group (CSG)

### A Year in Review

The CSG Administrative team, led by the Assistant City Manager and a Business Services and Administrative Manager, oversees the Community Service Group Analysts, which support the smooth functioning of the CSG and the City's operating departments.

The CSG Analyst cohort is comprised of a total of five analysts: three (3) Business Analysts assigned to support Community Development, Parks & Recreation, and Public Works and two (2) Financial Analysts, one assigned to Utilities and the other overseeing Infrastructure Finance for the entire City. All five Analysts support Finance by tracking financial trends and reporting, and they serve as financial department liaisons and fiscal officers.

Due to recent vacancies of the CSG Business and Administrative Manager and the Assistant City Manager of Community Services, the oversight function of the analysts has been returned to the individual departments they are assisting. The Infrastructure Finance - Financial Analyst and one Administrative Assistant are now reporting to the Finance Director. The analyst cohort still coordinates and works together as much as possible as fiscal officers address similar issues across departments, suggest policy changes, and optimize and standardize processes. The City Manager and Department Heads will determine the future of CSG programs and staffing assignments in FY 2024-25.

### Variance Analysis

The costs listed below are not specific to a department but benefit each CSG department and support the cost of some functions currently assigned to the Finance Department. As noted in the table below, the CSG Administration did not overspend in any major areas of its budget.

**Table 20. CSG Administration Department Results**

CSG Admin	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 588,627	\$ 707,105	\$ 692,323	\$ 14,782	2%	\$ 605,905
Contract Services	104,369	131,620	127,900	3,720	3%	41,020
Other Operating Expenditures	10,829	12,000	9,457	2,543	21%	12,000
<b>Total</b>	<b>\$ 703,825</b>	<b>\$ 850,725</b>	<b>\$ 829,679</b>	<b>\$ 21,045</b>	<b>2%</b>	<b>\$ 658,925</b>

**Staffing**—This category had only a minor variance and ended the year with approximately 2% savings. The Administrative Assistant position was part-time but became full-time with half of their position assigned to the Finance Department.

**Contract Services** – Contract Services expenditures were under budget by approximately 3%. This budget continues to fund the Centralized Resident Engagement Platform, Ask SLO, and the Shopping Cart Containment Program.

**Other Operating Expenditures** – Expenses for this category were 21% under budget due to the vacancies of the Assistant City Manager and the CSG Business and Administrative Manager, creating fewer expenses in all expense accounts than budgeted.

## Community Development Department

### A Year in Review

During the first year of the 2023-25 Financial Plan, the Community Development Department (CDD) made substantial progress in implementing its work programs and hiring and training staff under a new Director to support the community’s success.

The department continues facilitating large development projects, and housing production is progressing. Homelessness remains a major city goal, and CDD continues to seek and secure grant funds to implement strategic plan efforts. Although the economy has experienced turbulence and inflation, general permit and inspection activity remained strong through the fiscal year.

Staff recruitment and retention have proven difficult in the Planning and Engineering divisions, as turnover has been an issue again this year. However, the Building and Safety division has been able to train new staff and is responding to the demands for service more efficiently than last year.

Public improvement projects and Code Enforcement inspection activity are increasing workload areas. Ask SLO requests increased, with June being the month with the highest number of requests in the fourth quarter. The city received property blight complaints, which led to two declarations of public nuisance, which has not happened in SLO for over a decade.

The CDD Administration team continues to provide process management and support for all the divisions within the Community Development Department. The division continues to support the department’s advisory bodies and Major City Goal work programs.

All divisions have worked on updating the user and regulatory fee study. This work has been a significant effort for the divisions, resulting in fees aligned with the current cost of providing services to the public. The Department’s strategic priorities for the 2023-25 Financial Plan are to help advance the City’s overall goals tied to Major City Goals, Department Strategic Plans, and other priorities as they may arise.

### Variance Analysis

**Table 21. Community Development Department Operating Expenditures**

Community Development Department	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$5,477,536	\$6,086,887	\$5,642,668	\$ 444,219	7%	\$6,484,865
Contract Services	1,796,447	2,636,172	2,230,394	405,778	15%	2,029,577
Other Operating Expenditures	165,049	259,660	181,716	77,944	30%	264,560
<b>Total</b>	<b>\$7,439,031</b>	<b>\$8,982,719</b>	<b>\$8,054,778</b>	<b>\$ 927,941</b>	<b>10%</b>	<b>\$8,779,002</b>

The Department ended the year under budget by 10% or \$927,941.

**Staffing**—This category ended the year with approximately 7% salary and benefit savings compared to last year’s 11%. While Community Development Department staff has generally stabilized in Building and Safety, the Engineering and the Planning Divisions continue to experience staffing challenges.

Building and Safety was fully staffed for the entire second half of the fiscal year and was able to hire a Stormwater Code Enforcement Officer and a Building Inspector as part of the budget supplement. These additional staff members were critical to ensure the continued provision of key services to the Building and Safety Division.

The Engineering Division experienced the departure of the Supervising Civil Engineer in April (this is the supervisor of the group) and has had several unsuccessful attempts at filling a vacant Senior Civil Engineer position, even after attempting to underfill the position with lower-level candidates. The Engineering Division is ensuring continuity of operations through the use of contract and temporary employees.

The Planning Division experienced relative stability; however, two planners left during the fiscal year, which impacted the Housing section specifically. The division successfully kept two Master Student Interns and recruited a new Housing Coordinator. Planning is currently recruiting for an Assistant Planner to fill a recent vacancy and a Planning Technician to assist with the public counter. Despite the turnover, the Planning Division continues to move forward with its work program items, which are crucial in advancing the Major City Goal of Housing and Homelessness.

**Contract Services**— Community Development contract services funds are crucial in managing workload challenges and addressing the need to hire consultants when the development workload increases. Consultant expenses are unpredictable yearly and the department did not spend 15% of the FY 2023-24 budget. The contract services budget continues to fund large-scale, multi-year projects.

**Other Operating Expenditures**—The 30% unspent funds in this category can be attributed to the Credit Card Merchant Fees and the Education and Training accounts. The department did not utilize the entirety of the Education and Training budgets for FY 2023-24, spending only \$30,000 of a \$75,000 department budget. Credit Card Merchant Fees are a moving target. Last year, the Department spent only 57% of this budget, but this year, 73% was spent. Building permit applications are now all being processed online as of February this year, which explains the 16% increase in the usage of these funds as fewer checks are being processed in person. Even with this increase, there was \$33,000 left of a \$120,000 budget for this expense. The percentage may increase as credit cards are the preferred payment method for smaller projects at the front counter. The department continues to track this account and will make recommendations in the next budget cycle for an educated projection in this account.

### **Development Services Revenue**

Development Services related fees produced over \$6 million in General Fund revenue for various activities supporting development, including planning, infrastructure plans check, subdivision map checks, and building permits. The table below illustrates that the variance between the budget and actual Development Review Fees totaled \$106,721 and were within 2% of revenue projections. While the department nearly met current year revenue projections, it did not meet projections in all areas. Building permits, encroachment permit activity, and plan check activity exceeded projections, helping compensate for the shortfall in other revenue categories. The Planning Applications and Development Review Planning fees were down approximately 15%. These fees are directly correlated with Engineering Development Review fees, which were also down. CDD underrealized Code Enforcement Fines but this is common as the fines can vary yearly and are difficult to predict. Staff will recommend adjustments to this category in future budget years since it met only 35% of its projections this year and any other categories at mid-year.



**Table 22. Community Development Department Revenue**

CDD	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance (\$)	Variance (%)	Budget
Building Permits	\$ 2,505,378	\$ 2,561,860	\$ 2,787,384	\$ 225,524	9%	\$2,689,953
Code Enforcement Fines	46,560	79,617	27,844	(51,773)	-65%	79,617
Development Review Fees	330,002	387,008	309,447	(77,561)	-20%	406,358
Encroachment Permits	418,019	324,437	367,913	43,476	13%	340,659
Engineering Development Review	153,878	160,058	102,449	(57,609)	-36%	168,061
Infrastructure Plan Check & Inspection	927,550	970,693	808,190	(162,503)	-17%	1,019,227
Plan Check Fees	1,371,473	1,180,266	1,239,026	58,760	5%	1,239,279
Planning & Zoning Fee	744,868	611,597	526,563	(85,034)	-14%	642,177
<b>Total</b>	<b>\$ 6,497,729</b>	<b>\$ 6,275,536</b>	<b>\$ 6,168,815</b>	<b>\$ (106,721)</b>	<b>-2%</b>	<b>\$ 6,585,331</b>

Drawing a comparison to last year in FY 2022-23, the department under-realized revenues by 3%. FY24 revenue projections were then revised slightly downward by approximately \$378,000. CDD was able to realize projected revenues within 2% this year. The Department’s revenue projections for FY 2024-25 are slightly higher than those for FY 2023-24. CDD plans to make adjustments mid-year if necessary, based on a close monitoring of individual revenue categories.

**Performance Measures**

**Table 23. Community Development Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Affordable housing production <b>Strategic Goal: Housing</b>	Number of affordable housing units secured through entitlements or construction	50	160
Provide Excellent Customer Service <b>Strategic Goal: Other Department Objective</b>	Customer survey response positivity rate	85%	90%
Ensure a Safe Community <b>Strategic Goal: Housing</b>	Percent of Code Enforcement cases investigated on-time: First Tier - 24 Hours, Second Tier - 2 Days, and Third Tier - 3-5 Days	85%	63%
Development Review activities <b>Strategic Goal: Other Department Objectives</b>	The target goal of meeting cycle times 75% of the time reflects an increase in more complex and resource-intensive development review activities	75%	79%
Building Permit Review activities <b>Strategic Goal: Economic Stability</b>	Percent of building permit reviews completed within established cycle times	85%	50%

CDD’s performance measures are outlined in the table above. Despite the staffing challenges experienced last year, the Department met three of the five targets. While the Building Permit review cycle time performance measure was not met, it did increase to 50% on time from 35% last year. The positive results in our performance measures are largely due to dedicated and efficient staff, technology, process improvements, and E-review implementation. In addition, staff continues to work on efficiencies that will improve actual outcomes in the coming year.

CDD is committed to increased customer satisfaction and finding ways to streamline processes, allow for online anytime building inspection scheduling, and increase performance transparency. It now offers online e-review processing of payments; in some cases, there is no need to make a trip to the office.

The department provides increased transparency and performance tracking through online reporting of key performance indicators. The Department has created Dashboards that provide accurate expectations for the City's customers regarding permit processing timelines, code enforcement responses, and customer service results, including planning cycle times, average review times, and division statistics.

Due to the performance data collected, additional internal efficiencies have materialized, such as a commitment to data-driven decision-making, assessing workloads, setting realistic expectations, and incorporating performance-based reporting and analysis for current and future budget decisions. With the recent technology upgrades, Building Inspection staff has been able to receive inspection requests through the online citizen self-serve portal. In addition, staff is working on an analysis of building permit review activities to understand where there are bottlenecks that can be addressed through technology or staff in order to increase the number of building permit reviews that are on time next year. Actions are also being taken to address the KPI related to code enforcement response times. The Code Enforcement team is now fully staffed and continues to analyze the types and number of complaints received to better understand where education and outreach could proactively address issues. Additionally, in an effort to address enforcement inconsistencies and efficiency issues, the Code Enforcement Supervisor has been assigned to create standard operating procedures (SOPs) for enforcement processes. These SOPs will allow for staff to have a clearer understanding of how to approach each enforcement situation to manage initial response more efficiently.

### **Accomplishments & Challenges**

Major highlights include the City being designated as a Pro-housing Jurisdiction by the State of California. The Housing staff continues to work diligently as 160 affordable housing units were secured through entitlements or construction this fiscal year. Several major construction projects also moved forward including HASLO's 31-unit Bridge Street Family Apartments and 40-unit Maxine Lewis Apartments. People's Self Help Housing (PSHH) opened the 40-unit Broad Street Place project; and state funding award for the 75-unit Calle Joaquin Homekey Project and the 80-unit transitional and permanent supportive housing at the Welcome Home Village at the County Health Campus.

The e-review project has hit major milestones this year. Staff worked diligently to launch the Citizen Self-Service Portal called [InfoSLO](#), an online portal which allows applicants to submit building permit applications online through a permit portal, search public records for permits, plans, inspections, and code case history as well as pay invoices online. This portal is intended to be used to submit final documents at permit issuance, revisions to permits that have already been "issued," and upload documents required for final inspection on active permits. This has allowed the Department to streamline permit intake and issuance and move toward a paperless process. Paperless is a goal of the department and we plan to dedicate resources to a backlog of files that need to be digitized making department files more accessible to staff and the public online.

In addition, the Department continues to facilitate the development of hundreds of housing units that are in the pipeline including units that are in Avila Ranch, San Luis Ranch, and the Orcutt Area Specific Plan. This work involves everyone in the division from entitlement to inspection and issuance of Certificates of Occupancy.

The Department dedicated a significant amount of time to the user fee study and update in FY 2023- 24. The majority of the user fees are located in Community Development, and staff worked closely with the project managers and the consultant to update the fees with the goal of simplifying and making fees more transparent to the public. Staff continues to dedicate time and resources to the roll-out of the updated fees in the Energov system.

The most significant challenge experienced by CDD during FY 2023-24 was staffing. The department continues to monitor the increased scale of development the City is experiencing. CDD will continue to focus on recruiting new staff, staff retention, and onboarding recently hired staff. Unfortunately, in some cases, these positions remain unfilled after multiple recruitments because qualified individuals were not identified or did not accept offers. The department is still experiencing an increase in vacancies, which may necessitate consultants if recruitment is unsuccessful for key positions in the Planning and CDD Engineering divisions. Currently, the department has six vacancies. Three engineers, two planners, and a Housing Policy and Homelessness Response Intern.

#### **Development Services Designation Account**

Due to a Policy Change that consolidated the Building Permit Plan Check and Development Services Designation Policies, the Development Services Designation was eliminated. A balance of \$145,136.00 remains in the assigned designation account. However, once drawn down, the account will be eliminated at the end of this fiscal year. Instead of using a designation fund, a percentage of revenues collected are directly appropriated to the Building & Safety division, and funds are allocated annually for operational expenses associated with processing development permit applications.

## Public Works

### A Year in Review

The Public Works Department managed expenses under budget overall, ending the year with expenditure budget savings of about 7%. Staff effectively delivered core services to the community and met its FY 2023-24 goals in the face of rising material costs and staff vacancies.

Staff vacancies in the Maintenance Division increased contracted maintenance costs in order to service parks, facilities and fleet at an effective level. This leveled out much of the department's staff savings and led to higher Other Contract Services costs across the department. Ask SLO, the City's resident response platform, remains immensely popular among residents, and has created workload challenges for the Maintenance Division based on current staffing levels. Likewise, the addition of new parks, roadways, and Active Transportation Plan (ATP) improvements due for completion in FY 2024-25, as well as the rising fleet count, will create additional strain. A staffing resource assessment was completed for the Maintenance Division and will be considered as part of the 2025-27 Financial Plan process.

The CIP Engineering and Transportation Planning & Engineering programs continue to face staffing challenges, with an ongoing vacancy in the Construction Engineering Manager position since the beginning of the calendar year and a recent vacancy in a Transportation Planning/Engineering position. Despite this, several CIP engineering positions have been filled over the last year and those staff have been making progress on project assignments despite the normal learning curves and time required to get up to speed on City processes. Over the last year, engineering resources redirected to storm projects have slowed progress on many current projects, but the recent Capital Improvement Plan true-up that occurred within the FY 2024-25 Supplemental Budget, wherein capital project funding was reallocated to the projects that will be ready to move forward in FY 2024-25, allowed staff to re-focus their attention on these funded projects.

### Variance Analysis

**Table 24. Public Works Department Results**

Public Works	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 10,187,359	\$ 11,248,480	\$ 10,632,237	\$ 616,242	5%	\$ 11,581,706
Contract Services	2,397,458	2,692,183	2,557,380	134,803	5%	2,310,275
Other Operating Expenditures	4,125,920	4,441,748	3,982,606	459,142	10%	4,313,822
<b>Total</b>	<b>\$ 16,710,736</b>	<b>\$ 18,382,411</b>	<b>\$ 17,172,223</b>	<b>\$ 1,210,187</b>	<b>7%</b>	<b>\$ 18,205,803</b>

**Staffing:** Staffing ended the year under budget as full-time position vacancies throughout the year resulted in salary savings in many programs, including Streets & Sidewalk Maintenance, Signals & Streetlights, CIP Engineering, Urban Forest, Facilities Maintenance, and Fleet Maintenance. Temporary (supplemental) position vacancies in Parks Maintenance, Swim Center Maintenance and Streets & Sidewalk Maintenance added to these savings. These vacancies resulted in additional, unbudgeted overtime costs (particularly during events like Farmers Market, and major storm events), as well as contracted maintenance support,

which draws from the Other Contract Services accounts. The CIP Engineering and Transportation Planning and Engineering programs have likewise struggled to recruit and retain staff. As staff retention continues to be a recurring issue, staff is in the process of implementing organizational changes, and considering other retention strategies in the upcoming 2025-27 Financial Plan.

**Other Operating Expenditures:** In our Maintenance Division, rising chemical and utility prices, as well as facility repair costs due to aging infrastructure and newly-added assets, drove other operating costs. As these trends are unlikely to reverse, we will plan for them in the 2025-27 Financial Plan. At the same time, Parks Maintenance electricity bills were significantly below what was budgeted. This is due to inaccurate information previously provided by the utility company for sport lighting cost increases caused by a change in time of use pricing. Also, the consolidation of software systems also offered significant ongoing savings to help mitigate these trends.

**Performance Measures**

**Table 25. Department Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Proactively enhances traffic safety by providing a system of safe, reliable, and well-maintained roadways, sidewalks, traffic signals and streetlights. <i>MCG: Climate Action Strategic Goal: Enhance Safe &amp; Efficient Transportation (PW Strategic Plan)</i>	Pavement Condition Index	75	73 <sup>1</sup>
	Bicycle network in total miles (Class I/II/III/IV)	14.6/31.0/25.1/2.8	14.6/31.0/25.1/2.8
	Street miles maintained	135	143
Enhance the City’s Urban Forest and maintains visually appealing public spaces. <i>MCG: Climate Action Strategic Goal: Proactively Manage Assets (PW Strategic Plan)</i>	# of trees maintained	13,080	13,414
	Number of Parks maintained/Improved area of Parks <sup>2</sup>	584	27/115 acres

<sup>1</sup> PCI change reflects recently completed pavement evaluation survey data provided by the City’s pavement assessment consultant. This survey data differs from the projections calculated by computer software projections.

<sup>2</sup> This performance measurement changed in 2023-24 from total park acreage to a two-fold measurement of 1) number of parks maintained and 2) acres of improved surface within the parks.

<p>Provide high quality services to the community through efficient and effective delivery of capital improvement projects and management of the City's infrastructure.  <i>MCG: Economic Recovery Strategic Goal: Connect with our Community (PW Strategic Plan)</i></p>	<p>Total value of CIP Managed</p>	<p>\$97M</p>	<p>\$83.6M<sup>3</sup></p>
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**Accomplishments & Challenges**

The Department continued to address Major City Goals as outlined in the 2023-25 Financial Plan, while also delivering on core services.

The Parks Maintenance program replenished the play surfacing at four playground locations, installed new aluminum picnic tables at two locations, upgraded several old drinking fountains with hydration stations, and converted many non-functional turf locations throughout the City to drought-tolerant landscaping. New efficiency upgrades implemented throughout the Swim Center will significantly mitigate rising chemical and utility costs. The Facilities Maintenance program oversaw critical improvements to City Hall, the 1106 Walnut Street facility and the Senior Center. The Urban Forest program is making progress toward the City goal of planting 10,000 new trees by 2035, and implemented a citywide Urban Forestry Stakeholder Committee to provide a cohesive approach to managing the City's urban forest. The Streets & Sidewalk Maintenance continued to address the City's sidewalk and pavement needs, patrolled the City during storm events, provided traffic control services for City events and emergencies, and increased maintenance and cleaning in the downtown. The Traffic Signals & Lighting program maintained safe and efficient traffic signal operations through preventative maintenance, repairs and upgrades, even despite the three-month vacancy of a signal technician and the ongoing challenge of damages from hit-and-run accidents, some of which cost recovery was not obtainable. The Fleet Maintenance program continued to advance the City's fleet electrification goals with nine (9) new EV pickups and five (5) other EV vehicles, and by installing six (6) additional EV chargers at the Corporation Yard.

The CIP Engineering program made significant progress in advancing Capital Improvement Plan projects, successfully completing 23 projects through construction and bringing 17 others into construction during FY 2023-24. These included emergency storm projects like the San Luis Drive and Prefumo Creek debris removal, San Luis Obispo Creek bank stabilization, and Old Garden Creek repairs. The Transportation Planning & Engineering program partnered with CIP Engineering to advance some critical traffic safety and active transportation projects, including construction of the City's Arterials Project, Railroad Safety Trail safety fencing, Santa Rosa/Monterey intersection improvements, and the completion of the Buchon Neighborhood Traffic Management project. Progress continues on the planning and design of several high-

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<sup>3</sup> This total reflects the rescheduling of projects that resulted in transfers during FY 2024-25 Supplement, which is why it is lower than the target approved in the 2023-25 Financial Plan.

priority transportation projects, including the Foothill/California Railroad Crossing Improvements, Higuera Widening (Bridge to Elks), Higuera Complete Street Project and South/King Crossing Improvement Project.

The North Chorro Greenway and new North Broad Street Neighborhood Park are now complete, and the Cultural Arts District Parking Structure, which started construction in November, is expected to be completed and operational in early calendar year 2026.

This past year, Public Works has had to navigate many challenges, including staff vacancies and growing workload; a surge in adoption and use of Ask SLO application; and an increase in construction of new assets (parks, roadways, fleet)—all coupled with rising material, labor and utility costs, unrecoverable damage repair costs to Traffic Signal Infrastructure and the time-sensitive need to complete many storm-related repair projects.

The department is in the process of implementing organizational changes in its Maintenance Division that were recommended as part of a staffing resource assessment to address the community's changing infrastructure needs. The department transferred its City Arborist position to the Community Development Department to allow the Urban Forest staff to focus their efforts on city-owned trees in the right-of-way, parks and bike paths. Staff is taking escalating construction costs into consideration as it updates the Capital Improvement Plan in the coming year and is making progress on the FY 2024-25 projects outlined in the Supplemental Budget.

## Parking Fund

### A Year in Review

The Cultural Arts District Parking Structure broke ground in November and construction is on schedule to be completed in early 2026. This highly anticipated structure, located at the corner of Nipomo and Palm, will add 397 spaces to the downtown core and will serve the current and future needs of the community. In addition, the City purchased and put into operation a new 44-space surface parking lot at 1166 Higuera Street. Starting in November, the City worked closely with a consultant on a Parking Rate Study that recommended parking rates and policy changes, informed by updated revenue forecast modeling and extensive community feedback. This effort culminated in May, when the City Council approved changes to make parking more affordable for locals and visitors alike, while still enabling the Parking Fund to remain financially sustainable.

### Variance Analysis

**Table 26. Parking Fund Results**

Parking	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,690,052	\$ 2,086,286	\$ 1,991,075	\$ 95,212	5%	\$ 2,111,121
Contract Services	906,613	969,370	941,233	28,137	3%	712,700
Other Operating Expenditures	733,262	841,622	961,585	(119,963)	-14%	964,803
<b>Total</b>	<b>\$ 3,329,927</b>	<b>\$ 3,897,278</b>	<b>\$ 3,893,893</b>	<b>\$ 3,385</b>	<b>0%</b>	<b>\$ 3,788,624</b>

**Staffing:** The vacancy of the Parking Program Manager from December to March, and the delayed hiring of an Administrative Assistant position, funded the staffing cost of a contract Mobility Services Communications Coordinator in FY 2023-24, and provided additional salary savings. Staff turnover in full-time and supplemental positions throughout the year resulted in further salary savings.

**Other Operating Expenditures:** Other operating expenditures exceeded budget primarily due to increased credit card merchant fees. Digital payments now represent over 90% of revenue collected at on-street and off-street locations. Parking Services’ operating budget was adjusted at Budget Supplement to accurately reflect anticipated transactional norms in FY 2024-25.

### Revenue:

**Table 27. Parking Fund Revenue**

Parking	FY 2022-23		FY 2023-24		
	Actuals	Budget	Actual	Variance	%
Long Term Parking	\$ 700,873	\$ 695,300	\$ 702,797	\$ 7,497	1%
Parking Fines	\$ 1,369,398	\$ 1,050,010	\$ 1,222,354	\$ 172,344	16%
Parking Meters	\$ 2,574,431	\$ 4,876,000	\$ 5,917,740	\$ 1,041,740	21%
Parking Structures	\$ 1,224,458	\$ 2,316,100	\$ 1,757,776	\$ (558,324)	-24%
Other Revenue	\$ 1,396,024	\$ 763,584	\$ 2,679,305	\$ 1,915,721	251%
<b>Total</b>	<b>\$ 7,265,184</b>	<b>\$ 9,700,994</b>	<b>\$ 12,279,974</b>	<b>\$ 2,578,980</b>	<b>27%</b>



**Parking Fines** – Even though Parking Services has relaxed enforcement significantly over the past year, Parking Fine revenue still generated 16% more revenue than forecasted. Parking Services will continue to focus on education and champion compliance as future technology improvements are implemented.

**Parking Meters** – Parking Services realized 21% more revenue than anticipated from parking meters. Parking meter revenue (revenue received from single space meters and pay stations on street and in surface lots) was forecasted conservatively due to lower observed occupancy at the beginning of the fiscal year. However, on-street and surface lot parking usage remained consistent throughout the year and led to an over-realization of parking meter revenue.

Additionally, gateless infrastructure was implemented at the 842 Palm Street Parking Structure, where a portion of those revenues are posted to parking meter revenue, accounting for an unanticipated increase in parking meter revenue and a complementary decrease in parking structure revenue. Revenue from 842 Palm will continue to be comingled with parking meters until new gating and payment equipment is installed at this location. Revenue forecasts will be revised at Mid-Year Budget Review to accurately reflect where funds are posting.

**Parking Structures** – Parking Services realized 24% less revenue than anticipated from parking structures. In general, the structures experienced a reduction in usage in FY 2023-24 from previous years. Additionally, as previously stated, the 842 Palm Street Parking Structure revenue is comingled with parking meter revenue since the implementation of a gateless parking system at this location. Revenue forecasts for 842 Palm will be revised at Mid-Year Budget Review.

**Other Revenue and Lease Revenue** – Parking Services yielded approximately \$2 million in interest on investments. This was due to parking structure bond proceeds yielding around 5% interest prior to the required payments to the contractor constructing the new Cultural Arts District Parking Structure (CADPS). Interest from the bond proceeds is a one-time in nature, as most of the bond proceeds will be expended in FY 2024-25 as construction of the parking structure continues.

### **Accomplishments & Challenges**

The newly established Mobility Services Division took root at the beginning of the fiscal year, unifying Parking Services, Transit and Active Transportation under one collaborative division. This new division features a new Deputy Director and Mobility Services Business Manager, and the reconfiguration also included administrative support changes to optimize overall customer service. Staff onboarded a new Parking Program Manager in March, after the position was left vacant in December.

When offering services to the community, communication and engagement is critical. This fiscal year, the program completed and began implementation of its Parking Communications Plan to more effectively engage with the community on issues ranging from construction to policy development and implementation. In February, the program onboarded a Mobility Services Communications Coordinator to provide timely updates and to engage the community on parking specific issues. The Parking program provided 100% of the position’s funding in FY 2023-24. For FY 2024-25, the position’s focus is being expanded to include Transit and Active Transportation which will share the funding with the Parking program.

The Mobility Services Division responded to community feedback and implemented many changes following the new rates that were effective July 1, 2023. Acknowledging the community’s concerns and

uncertainty about the future of downtown parking, the Mobility Services Division made community engagement, participation and collaboration a top priority as it worked toward feasible solutions. In November 2023, Council approved reestablishing the first hour free and free Sunday parking in the City's parking structures and authorized the release of an RFP to complete a parking rate study.

Parking Services engaged a consultant to prepare a comprehensive Parking Rate Study that melded together financial modeling and community feedback to develop options for a new parking rate structure. The option that the City Council ultimately selected in May 2024 garnered the support of both residents and the downtown business community. This option included a 33% decrease in in-structure parking rates, a 25% to 31% decrease in on-street parking rates, a 47% decrease in the monthly parking structure permit rate, an increase in on-street, downtown core parking time limits from two hours to three hours, and a 50% reduction in parking validation costs for businesses.

The City Council also supported improved user experience through several other changes, including a simplification of parking payment apps, an increase in parking permits issued, improved communications efforts, promotional discounts for locals visiting downtown, grace periods for customers and the move to a more consistent gated system and payment model for all parking structures.

Over the past year, Parking Services has faced technology challenges with downtown pay stations impacting revenue generation and user experience. While the program continues to navigate and overcome these challenges, it has also retained a consultant to prepare a Technology Roadmap to assist the City in troubleshooting these technology issues and to fully implement Parking Rate Study recommendations.

## Transit Fund

### A Year in Review

SLO Transit celebrated 50 years of service this past April and continues to provide reliable transit service for more than 500,000 passenger trips across 8 fixed routes, 1 tripper service, and 1 trolley service, using a fleet of 19 vehicles. This fiscal year, SLO Transit added two new battery electric buses to its fleet, purchased eight additional electric buses expected to be in operation in 2026, and installed charging stations at the Transit Yard to support the City’s growing electric fleet, in line with its Zero-Emission Bus Rollout Plan approved by Council in March 2024. SLO Transit continues to gradually restore services that were suspended during the pandemic to better serve the community. This year, the program also renewed its transit operations and maintenance agreement, extending the term through June 2025, and including hiring incentives (retention bonus and hourly wage bonus) for transit workers. Transit also executed a new three-year agreement with Cal Poly for transit services.

### Variance Analysis

**Table 28. Transit Fund Results**

Transit	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 195,979	\$ 380,134	\$ 389,893	\$ (9,759)	-3%	\$ 329,423
Contract Services	2,986,398	4,487,341	3,664,831	822,510	18%	4,316,433
Other Operating Expenditures	397,917	410,200	431,255	(21,055)	-5%	424,715
<b>Total</b>	<b>\$ 3,580,294</b>	<b>\$ 5,277,675</b>	<b>\$ 4,485,980</b>	<b>\$ 791,695</b>	<b>15%</b>	<b>\$ 5,070,571</b>

**Staffing:** Staffing expenditures were slightly higher than budgeted because, under the new accounting rules specified by GASB 101, sick leave liability is now based on the probability that it will be used for time off or otherwise paid in cash, which results in a bigger liability for Transit than what was originally budgeted.

**Contract Services:** Expenses were under budget due to Purchased Transportation budget being split out from Other Contract Services in early FY 2023-24, which resulted in a surplus of funds in Other Contract Services that remained in the FY 2023-24 budget. These respective accounts have been trued up in the FY 2024-25 budget.

**Other Operating Expenditures:** Expenses were overbudget due to higher than normal diesel fuel prices during the first six months of the fiscal year.

**Revenue:**

**Table 29. Transit Fund Revenue**

Transit	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance (\$)	Variance (%)	Budget
Federal	\$ 4,083,165	\$ 7,579,701	\$ 4,738,212	\$ (2,841,489)	-37%	\$ 12,469,861
Local (Bus Fare)	806,521	990,000	1,000,790	10,790	1%	976,000
Other Revenue	446,998	13,579	281,561	267,982	1974%	-
State	327,697	3,657,688	3,082,312	(575,376)	-16%	3,613,325
<b>Total</b>	<b>\$ 5,664,381</b>	<b>\$ 12,240,968</b>	<b>\$ 9,102,875</b>	<b>\$ (3,138,093)</b>	<b>-26%</b>	<b>\$ 17,059,186</b>

**Federal Revenue:** Revenue from federal grants is reimbursed after funds are expended. One capital project, the Electric Vehicle (EV) Charging Infrastructure project, was funded by federal grants and was drawn down this fiscal year. Operating costs were also funded by federal grants and drawn down quarterly. Drawdowns typically occur quarterly to align with federally financial reporting requirements as required by the respective grant award. Budgeted revenue not received this fiscal year will be available next fiscal year for reimbursement.

**Other Revenue:** Other Revenue is primarily made up of interest on investments, which varies based on market conditions, making it difficult to accurately forecast. Favorable interest rates resulted in higher revenue than forecasted.

**Table 30. Carryover Funding**

Dept	Request Title	Description	Amount
Transit Fund	Mobility Services Communications Coordinator (Contract FTE)	TRANSIT PORTION (60%) - Carry-over funds will be used to provide a contract extension for the Mobility Services Comms Coordinator position, which was set to expire in August as part of the incumbent's contract. This position has proved invaluable and will be extended through FY25.	\$ 53,601
Transit Fund	Transit Intern (Intern IV)	Carry-over funding will be used to support a Transit Program Intern, as the program has utilized successfully in the past.	9,855
Transit Fund	Transit Manager PERS Retiree	Carry-Over funding will be used to fund the part-time Transit Manager position through FY25 as he continues to transfer critical Transit knowledge and relationships to the Business Manager.	54,612
Transit Fund	Transit Hiring Incentives	Council approved \$233,140 in hiring incentives for FY24. Unfortunately, the negotiation with Transdev to provide the incentives took much longer than anticipated and the hiring incentives for FY24 have yet to be distributed. This funding will be carried over for use in the current fiscal year.	233,140
<b>Total Transit Fund</b>			<b>\$ 351,208</b>

**Accomplishments & Challenges**

In 2020, the City set an ambitious mode-split objective target for 12% of trips to occur on transit by 2035, while it simultaneously experienced a dramatic decline in transit ridership due to the COVID-19 pandemic. To help reach its mode-split objective and ridership goals, SLO Transit worked with a consultant to prepare a comprehensive Transit Innovation Plan. This plan, finalized in January 2024, recommends and prioritizes innovations such as technology upgrades, fare program updates for low-income, senior and youth populations, enhanced fixed-route service and complementary alternative mobility services, and infrastructure improvements. Staff has already begun implementing recommendations from the plan.

Compliance with federal and state guidelines is critical to SLO Transit's operations, which are heavily subsidized by federal and state grants. This year, staff completed the Federal Transit Administration (FTA)'s triennial review for FY 2019-20 to FY 2021-22, and Transportation Development Act (TDA)'s Triennial Performance Audit for FY 2020-21 to FY 2022-23. At the same time, SLO Transit staff applied for multiple federal and state grants for capital improvement projects aimed at modernizing the City's transit infrastructure, and making traveling around San Luis Obispo easy, convenient and safe. The program received part-time support from a PERS annuitant (filling the Transit Manager role) who has assisted in onboarding the Mobility Services Business Manager and with the time-intensive process of applying for, securing, and complying with the requirements of grant funding.

SLO Transit is in the process of updating its Short-Range Transit Plan (SRTP), through a joint effort with the San Luis Obispo Regional Transit Authority (RTA). This five-year business plan will serve as a road map to help SLO Transit make important decisions about how to run their buses and improve their services. By addressing current challenges and identifying future needs, the SRTP will create a more efficient, reliable, and sustainable transit system.

The opportunity to bolster and improve SLO Transit is further strengthened by the City's recent staffing and organizational changes. San Luis Obispo's new Mobility Services Division, brings together Transit, Active Transportation, and Parking Services to allow greater coordination between all forms of mobility the City oversees, including pedestrian, bike, car, and transit.

As SLO Transit advances, it continues to face recurring challenges. Driver shortages have hindered the program's ability to fully restore services to pre-pandemic levels. As part of the new amendment to its transit operations and maintenance services agreement, SLO Transit received Council approval to implement hiring incentives that will assist with recruitment and retention. The aging fleet has resulted in higher maintenance costs and more down time, while deferred maintenance at bus facilities take time and additional funding to restore them to City standards. Cost increases for zero-emission buses and associated technologies continue to outpace inflation, making it more difficult to budget. Staff has reflected these maintenance needs in the FY 2024-25 budget and will also address them in the 2025-27 Financial Plan.

## Utilities Department

### Utilities Department

The Utilities Department oversees two Enterprise Funds, an Agency Fund, and the Solid Waste and Recycling program in the General Fund. The Solid Waste and Recycling budget, while managed by the Utilities Department, is a General Fund program, funded by AB 939 and Franchise Fee funding (see Solid Waste write-up). In addition to the Water and Sewer Funds, the Utilities Department also manages the Whale Rock Fund, an Agency Fund, which is overseen by the Whale Rock Commission. The City's share of operational expenses and CIP contributions for Whale Rock operations are budgeted for in the Water Fund's Source of Supply budget.

**Table 31 - Utilities Department Programs**

Fund	Fund Type	Programs Funded	Notes
Water Fund	Enterprise Fund	Administration and Engineering Source of Supply Water Treatment Water Distribution Water Resources Utility Billing	The City's water operations are paid for by water service rate revenues and cover costs for operations, maintenance, infrastructure replacement, and debt service. Taxes, including utility user taxes, do not support these services.
Sewer Fund	Enterprise Fund	Administration and Engineering Wastewater Collection Environmental Programs Water Resource Recovery Water Quality Lab Utility Billing	The City's sewer operations are paid for by sewer service rate revenues and cover costs for operations, maintenance, infrastructure replacement, and debt service. Taxes, including utility user taxes, do not support these services.
Whale Rock Fund	Agency Fund	Reservoir Operations	The Whale Rock Fund is overseen by the Whale Rock Commission.
General Fund (AB 939)	General Fund	Solid Waste and Recycling	The Solid Waste program is paid for by AB 939 and Franchise fee funding. AB 939 funds may only be used to pay for activities that divert waste from the landfill, so any funds remaining at the end of the year must be designated for future activities related to solid waste diversion.

### A Year in Review

The Department's Enterprise Funds ended FY 2023-24 with expenditure savings in both the Water Fund and Sewer Fund. The Water Fund expenditures were \$2.4m under budget, primarily due to credits and savings in the water supply account, coupled with multiple staff vacancies. The Sewer Fund expenditures were \$26k under budget with the largest changes being time-sensitive, unique expenditures related to the WRRF upgrade project and revised Government Accounting Standards Board (GASB) 101 regulations. The Department continues to complete several work

## Utilities Department

plan items that support the Major City Goals adopted by the City Council. The Department's strategic priorities are to help advance the City's overall goals tied to the Major City Goals, Department Strategic Plans, and other priorities as they arise.

The Department's Water Fund revenues show as \$1.4m under budget due to a timing gap following standard billing and end-of-year reporting. The Sewer Fund revenues show as \$259k over budget primarily due to investments outperforming conservative budget estimates. These variances are discussed in further detail in the next sections.

### Variance Analysis

#### Water Fund

**Table 32. Water Fund Operating Expenditures<sup>1</sup>**

Water	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 5,068,398	\$ 5,662,416	\$ 5,427,469	\$ 234,947	4%	\$ 5,918,223
Contract Services	9,793,078	1,199,759	936,808	262,951	22%	1,083,894
Other Operating Expenditures	1,811,763	14,043,851	12,037,305	2,006,546	14%	15,362,717
<b>Total</b>	<b>\$ 16,673,239</b>	<b>\$ 20,906,027</b>	<b>\$ 18,401,582</b>	<b>\$ 2,504,444</b>	<b>12%</b>	<b>\$ 22,364,834</b>

<sup>1</sup> These numbers are accurate as of August 20, 2024. When compared to audited financials values may vary based on any journal entries that may have been posted after this date.

**Operating Expenditures-** Savings in water fund operating expenditures can be largely attributed to savings in electricity budgets for source water pumping and water treatment plant operations. With the Nacimiento pipeline being offline for repair work during the entirety of FY 2023-24, raw water deliveries were made from Whale Rock Reservoir and Salinas Reservoir, which are closer to the City and thus more cost-effective to pump. Typically, the City prioritizes using water from Nacimiento Reservoir because it allows the city to preserve water in its other reservoirs for use during critical water shortage periods. The Department did not use Nacimiento reservoir to the level as anticipated, which resulted in expenditures being \$1.8m under anticipated electrical pumping costs. Electrical savings of \$347k were also seen at the water treatment plant, which can be attributed to the lower than anticipated PG&E price increases, use of the Tesla Battery Pack, which has reduced peak electricity use for plant operations, and an exceptionally wet winter resulting in a lower volume of water being treated and delivered throughout the community. Electrical pumping budgets for 2024-25 have been adjusted to reflect updated cost estimates.

In addition to electrical savings, the water treatment plant also experienced savings on chemical purchases. The reduction in chemical expenditures is attributed to a normalization of chemical price increases and a reduction in overall chemical use. Water from Whale Rock reservoir requires lower volumes of chemicals in the treatment process, which resulted in significant savings on chemical purchases.

**Staffing Expenditures** – The major driver behind underspent staffing-related funding in the Water Fund is related to vacancies in the Water Administration and Engineering, Water Distribution, Water Treatment, and Water Resources sections. All sections had extended vacancies during FY

Utilities Department

2023-24, which resulted in staffing budgets being underspent when compared to initial projections.

**Table 33. Water Fund Revenue<sup>2</sup>**

Water	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance	%	Budget
Cal Poly Capacity & Resilience	\$ 233,025	\$ 251,072	\$ 233,025	\$ (18,047)	-7%	\$ 263,433
COVID Rate Relief Program	(53,940)	-	(138,255)	(138,255)	0%	-
Investment and Property Revenue	515,510	50,000	1,288,960	1,238,960	2478%	50,000
Grants/Subventions	425,142	1,237,171	361,499	(875,672)	-71%	
Other Revenue	517,927	236,560	525,148	288,588	122%	139,000
Water Sales, Service Charges, and Base Fees	23,407,610	26,146,099	26,073,447	(72,652)	0%	28,102,022
Transfers in (Impact Fees)	3,614,800	-	111,897	111,897	0%	
<b>Total</b>	<b>\$ 28,660,073</b>	<b>\$ 27,920,902</b>	<b>\$ 28,455,721</b>	<b>\$ 534,818</b>	<b>2%</b>	<b>\$ 28,554,454</b>

<sup>2</sup> These numbers are accurate as of September 5, 2024. When compared to audited financials, values may vary based on any journal entries that may have been posted after this date.

Water Revenues show as \$534k more than budgeted primarily due to Investment Property Revenue realization coupled with Other Revenues. Simultaneously, Grants and Subventions were \$875k under budget due to the timing of the revenue being realized in the following Fiscal Year rather than FY 2023-24.

The investment and property revenue budget was recently reverted to a flat \$50,000 in order to budget conservatively for potential investment gains. In this business cycle, revenues exceeded this mark at \$1.28m. An additional fair market value adjustment was completed for investment and property revenue actuals for the Water Fund on existing investments. Future budgets will continue to reflect a cautious outlook as investment revenue is strictly dependent on market conditions. The budget for forecasted years remains at the \$50,000 mark due to the uncertainty of returns.

Lastly, Water Fund “Other Revenue” was over budget by \$288k due to an increase in Utilities Set-Up fees. Setup fees have recently been reevaluated and adjusted down to account for efficiencies in the technology that the division uses. Additional factors that contributed to the revenue variance are shifting capital project schedules and associated disbursements.

**Table 34. Operating Budget Carryover**

Dept	Request Title	Description	Amount
Water Fund	Water Quality Measurement Devices	Carry-over funds will be used to purchase 3 Badger PQ-200W water quality measuring devices to allow staff to sample for 23 water quality metrics. Devices come with 12-month subscription for consumables and will allow staff to sample water quality parameters on the fly that currently have to be sent to third party laboratories for processing.	\$ 18,629
<b>Total Water Fund</b>			<b>\$ 18,629</b>



**Sewer Fund**

**Table 35. Sewer Fund Expenditures<sup>3</sup>**

Sewer	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 4,965,671	\$ 5,655,554	\$ 5,467,874	\$ 187,680	3%	\$ 5,910,888
Contract Services	921,169	1,291,283	1,394,113	(102,830)	-8%	1,163,717
Other Operating Expenditures	2,312,738	2,662,951	2,721,490	(58,540)	-2%	2,809,353
<b>Total</b>	<b>\$ 8,199,578</b>	<b>\$ 9,609,788</b>	<b>\$ 9,583,477</b>	<b>\$ 26,311</b>	<b>0%</b>	<b>\$ 9,883,958</b>

<sup>3</sup> These numbers are accurate as of August 20, 2024. When compared to audited financials, values may vary based on any journal entries that may have been posted after this date.

**Operating Expenditures** - The Sewer Fund encountered significant increases in material and contract services costs, leading to variances in both the *Contract Services* and *Other Operating Expenses*. Specifically, there were additional costs associated with several time-sensitive, unique expenditures related to the WRRF Upgrade Project and an equipment and personal safety project that evaluated and conditioned electrical arc-flash safety ratings as required per California state law.

The time-sensitive expenditures related to the WRRF Upgrade Project are not reoccurring expenditures and were unique events associated with project complications. Specifically, the facility’s anaerobic digesters were cleaned in preparation for significant retrofit and the scope of the work and corresponding impacts on the larger facility were significantly more than what was anticipated. Expenditures included mitigation measures to reduce odor impacts on the community. Other Operational accounts are anticipated to be drawn down in the coming year as various regulatory permits are issued in the Fall of 2024, and additional outreach is conducted to support the recently adopted municipal code ordinance that included amendments to Title 12 (Stormwater) and Title 13 (Water and Sewer) and to support public outreach related to WRRF plant commissioning. Staff will continue to closely monitor expenses and inflationary pressures to optimize the scheduling of system maintenance and repairs. Staff aim to increase in-house repairs as much as possible to reduce contract labor expenses. Ultimately, the additional expenditures from these projects were offset by underspent staffing funds and underspending for compliance and surveillance monitoring of illicit discharges during FY 2023-24. After these adjustments, the fund’s closing balance was \$26,311 under budget.

While there was reduced spending on investigative sampling and monitoring for illicit discharges this fiscal year, it is important to have funds available to track the source and resolve the issue in the case of an illicit discharge. Funding for this work varies greatly from year to year, depending on the number of illicit discharges that require investigation. This work may also require sampling multiple sites for a variety of pollutants. Therefore, it is important that some funding remains in the budget from year to year.

Lastly, *Contract Services* during FY 2023-24 includes services for contract laboratory analysis and associated permit fees, including funding administration of the Stormwater Program.

Utilities Department

Environmental Programs has since undergone a program reorganization, placing stormwater program management responsibilities under a newly assigned Stormwater Program Manager funded in part by the City’s General Fund. Additionally, the fiscal impact will result with a cost savings for the General Fund and a slight increase to the Utilities Department. As such, funding for stormwater monitoring is no longer necessary under this line item in Environmental Programs and will be addressed accordingly during FY 2024-25.

**Staffing Expenditures** – The major driver behind underspent funding in the Wastewater Fund for staffing is related to vacancies throughout the Division. Both the Water and Sewer Funds realized vacancies in the Administration Cost Center for vacancies of the Business Manager and Utilities Engineer roles. Additional vacancies and absences in the WRRF, Wastewater Collections, and Environmental Programs sections also contributed to the underspend. Variances are projected to be reduced in future years as the department fills these vacancies.

**Table 36. Sewer Fund Revenue<sup>4</sup>**

Sewer	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance	%	Budget
Cal Poly Capacity & Resilience	\$ 243,568	\$ 472,534	\$ -	\$ (472,534)	-100%	\$ 472,534
Federal Stimulus Grants	148,496	-	-	-	0%	-
Investment and Property Revenue	680,086	50,000	1,912,373	1,862,373	3725%	50,000
Other Revenue	374,652	224,000	488,678	264,678	118%	224,000
Service Charges and Base Fees	19,593,710	19,324,641	19,878,501	553,860	3%	20,052,366
State Grants	1,275,831	1,500,380	887,167	(613,213)	-41%	-
Transfer in (Impact Fees)	1,968,592	-	61,170	61,170	0%	-
<b>Total</b>	<b>\$ 24,284,937</b>	<b>\$ 21,571,555</b>	<b>\$ 23,227,889</b>	<b>\$ 1,656,335</b>	<b>8%</b>	<b>\$ 20,798,900</b>

<sup>4</sup> These numbers are accurate as of September 5, 2024. When compared to audited financials, values may vary based on any journal entries that may have been posted after this date.

Sewer Revenue was \$1.6m more than budgeted due to the investment outcomes, and realization of other unanticipated revenues.

The Sewer Fund realized additional revenues as noted in the “Other Revenues” line item. More specifically, Setup Fees, and Miscellaneous Penalties were the main contributors to the over realization in this line item. Combined, both of these accounts realized approximately 7% more revenue than what was anticipated. Additionally, the City took surplus assets to auction. The successful bidding process and sale of surplus assets left the Sewer Fund with additional revenues that were not included in the initial budget.

Investment and Property Revenue budget is calculated based on prior year’s working capital. Due to a volatile business cycle and the federal government’s monetary policy to address inflation, the investment and property actuals were adjusted to reflect the fair value of Utilities investments more accurately. Budgets have been adjusted to a more conservative outlook in FY 2024-25 until the economy returns to normal business cycles. Cal Poly Capacity & Resilience revenues for the University’s portion of construction costs related to the WRRF upgrade project were deferred this fiscal year, as the City did not start paying off debt services this fiscal year due to project delays. The City will ultimately collect the same amount from Cal Poly, strictly a delay in timing. The charges will start in FY 2024-25. Simultaneously, State Grants was \$613k under budget due to the timing of the WRRF construction and CalOES grant reimbursement requests associated with

grant awards. The remaining anticipated grant funding is still expected to be awarded upon the completion of various milestones during FY 2024-25.

**Performance Measures**

**Table 37. Utilities Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Maintain and manage infrastructure, assets, and facilities responsibly and transparently <i>Strategic Goal: Public Stewardship</i>	Sanitary Sewer Overflows per 100 miles of sewer main	0	0.68
Maintain and manage infrastructure, assets, and facilities responsibly and transparently <i>Strategic Goal: Public Stewardship</i>	Breaks/leaks per 100 miles of water main	<13.4	3.14
Provide the Community with High Quality and Reliable Service <i>Strategic Goal: Public Service</i>	Recycled Water Delivered (AF)	300	250.31
Provide the Community with High Quality and Reliable Service <i>Strategic Goal: Public Service</i>	Minimize Customer Shut-Off for Nonpayment	<450	268

**KPI Variance Explanations:**

- The variance in Recycled Water Delivered (AF) KPI is attributable to the wet winter decreasing demand for additional Recycled Water.
- The variance in Sanitary Sewer Overflows per 100 miles of sewer main is due to aged infrastructure with conditions that are exacerbated by climate change and consumer habits tied to restaurant activity. While the target remains zero, staff are optimistic that a recently adopted grease control ordinance, ongoing CIP, and expansion of remote monitoring systems will continue the trend of reducing SSOs that will maintain this KPI near zero.

**Accomplishments**

The Utilities Department completed a number of important work activities and initiatives during FY 2023-24. The most notable of these include:

1. Successful applications and payments were received from 116 customers under the Low-Income Household Water Assistance Program (LIWAP) and from 8 customers under the California Extended Water and Wastewater Arrearage Program.
2. During FY 2023-24, \$37,028 were subsidized from late fee charges to bills for low-income customers through the Customer Assistance Program (CAP).
3. The Waste Water Collections (WWC) team cleaned 112 miles of the City's sewer collection system, an 8% increase from the number of miles cleaned in FY 2022-23.
4. The Calle Joaquin Sewer Lift Station was completed (January of 2024).

## Utilities Department

5. Staff initiated the WWC Infrastructure Renewal Strategy project, which will assess the capacity of the wastewater collection system and reassess current capacity to inform the sewer lateral offset program. The project started in late 2023 and is scheduled to be completed and presented to Council in early 2025.
6. Minimization of sewer spills has proven effective, resulting in only one spill during this period. The single spill was associated with the accumulation of grease in city mains in the downtown corridor. A new ordinance adopted in June 2024 will allow staff to address this challenge.
7. The Water Resource Recovery Facility (WRRF) completed the new Digester and brought the construction contract into an overall 90% completion.
8. The Water Resources Program's Water Conservation Program was awarded Platinum status (the highest rating) by the Alliance for Water Efficiency.
9. Water Resources was awarded a Proposition 1 grant in the amount of \$7 million to further the City's groundwater development efforts.
10. Water Distribution staff collaborated with the Water Treatment Plant and other staff to successfully complete the replacement of the floating cover on Reservoir #2.
11. Water Distribution staff completed an in-house installation of a new pressure-reducing station which provides a secondary supply to the Patricia area pressure zone.
12. Staff received approval from Council to establish a Council subcommittee to develop proposed recycled water sales parameters and contracts.
13. Whale Rock maintenance improvements to the spillway were completed based on engineering evaluations and staff collaborations with Division of Safety of Dams (DSOD).

### **Challenges**

The Utilities Department experienced a number of ongoing challenges in FY 2023-24. These challenges are summarized below.

#### **Hiring and Retention:**

Hiring and retention continue to be a major challenge for the Utilities Department. During FY 2023-24 the department had a total of 17 vacant positions. While the water and wastewater industries have historically been highly competitive, the industry as a whole has had challenges in recruiting and retaining qualified staff in recent years. The high cost of living in San Luis Obispo County has made it more challenging to recruit qualified staff from areas across the state and country with lower living expenses or higher pay. Due to these challenges, the Utilities Department's management team has focused on improving onboarding and training programs for new staff. Improvements to these programs have allowed the team to more effectively onboard staff who may have limited experience in the water and wastewater industry. The department has also continued to leverage internship programs to build a pool of qualified candidates that may be hired if fulltime positions become open. This year, the Water Treatment Plant hired its first two interns, one focusing on treatment plant operations, and another focusing on mapping the plant in ArcGIS.

#### **Capital Project Delivery:**

Like most water and wastewater providers, the Utilities Department continues to face challenges associated with the maintenance and replacement of aging infrastructure. Capital project delivery costs continue to exceed historic norms and have placed uncharacteristically high burdens on water and wastewater budgets. The department is addressing this issue by conducting an in-depth analysis of several critical facilities to improve the accuracy of CIP forecasts. Currently, the

## Utilities Department

Water Treatment Plant is developing its first-ever Infrastructure Renewal Strategy (IRS), which will help assess the condition of major assets at the Water Treatment Plant, outline a phased approach to replacing aging assets, and define technological improvements that will assist operations staff with operating and maintaining the Water Treatment Plant. Staff are also completing an updated IRS for the City's Wastewater Collection System, which will update staff's understanding of sewer capacity limitations that guide the private sewer lateral offset program and prioritize capital replacement projects.

### **Increasing Regulatory Requirements:**

Changing regulatory requirements continue to be a major driver for CIP project investment, staff training, and operational improvements. Regulatory changes have driven major work efforts, such as the WRRF upgrade and projects to inspect and conduct repairs on the Whale Rock spillway. Increasing regulatory requirements have also resulted in several structural changes to the Utilities department. Over the last year, the utilities department reclassified two water resources technician positions to specialist-level positions where they will focus on regulatory compliance for water conservation, recycled water, water loss, and cross-connection control programs. The City also reclassified an environmental compliance inspector into a stormwater program manager. The new stormwater program manager will focus on compliance with the City's stormwater permit, coordinate the City's larger program and budget, and evaluate potential mechanisms to fund the City's overall stormwater management program. The City also anticipates the delivery of a new municipal stormwater permit in the latter half of 2024, which will include trash capture requirements. Environmental programs staff will also coordinate the City's response to a new Time Schedule Order (TSO) from the Regional Water Quality Control Board that requires the WRRF to reduce the amount of salts in the discharge of the plant (to San Luis Obispo Creek).

## Solid Waste & Recycling

### Solid Waste & Recycling (AB 939)

#### A Year in Review

The Solid Waste Program ended the year with expenditure savings. The Cost Center’s expenditures were \$48,632 under budget, primarily due to staffing vacancies. The Program focused on maintaining compliance with state recycling and organics legislation, such as Senate Bill 1383, while continuing to complete large-scale projects supporting the Council-adopted Climate Action Major City Goal and Climate Action Plan. To achieve these goals, the program successfully established staffing support through the Cal Poly College Corps Fellowship Program to assist with implementing waste reduction initiatives and secured grant funding for infrastructure promoting waste diversion efforts.

The San Luis Obispo County Integrated Waste Management Authority (IWMA) continues to be a key partner for the City, providing state-mandated outreach to community members and reporting to the State of California. The City continues expanding its solid waste management program to administer new and existing initiatives, thereby advancing waste reduction and sustainability efforts that align with State laws and local goals.

#### Variance Analysis

**Table 38. Utilities Department Results**

Solid Waste & Recycling	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 216,011	\$ 341,663	\$ 321,483	\$ 20,179	6%	\$ 307,790
Contract Services	28,844	104,480	93,205	11,276	11%	31,500
Other Operating Expenditures	16,751	45,942	28,765	17,177	37%	24,584
<b>Total</b>	<b>\$ 261,605</b>	<b>\$ 492,085</b>	<b>\$ 443,453</b>	<b>\$ 48,632</b>	<b>10%</b>	<b>\$ 363,874</b>

Staffing and operating expenditure accounts realized slight savings due to an extended leave during the fiscal year. The workload requirements from the temporary vacancy were offset with contract staffing and a College Corps Fellow.

#### AB 939/SB 1383 Revenue Carryover

AB 939/SB 1383 revenue is restricted funds only used for activities that divert waste from the landfill; therefore, any unspent AB 939/SB 1383 funds are calculated and put in an assigned designation account for eligible expenditures under AB 939/SB 1383 requirements.

**Table 39. Revenue Carryover**

	AB 939/SB 1383 Revenue	AB 939/SB 1383 Expenditures	AB 939/SB 1383 Unspent Restricted Funds
FY 19-20	\$169,642	\$87,156	\$82,486
FY 20-21	\$181,337	\$119,369	\$61,968
FY 21-22	\$190,196	\$185,884	\$4,312
FY 22-23	\$392,845	\$260,715	\$132,130
FY 23-24	\$351,096	\$300,021	\$51,075

## Solid Waste & Recycling

### Accomplishments & Challenges

1. State Compliance Efforts
  - a. AB 341: Mandatory Commercial Recycling - 100% compliance<sup>1</sup>
  - b. AB 1826: Mandatory Commercial Organics Recycling – 100% compliance
  - c. SB 1383: Short-Lived Climate Pollutants (Organics) – 100% compliance
2. Awarded the California Resource Recovery Association’s 2024 Outstanding Practices in Venue/Event Resource Recovery Award.
3. Received a competitive IWMA Technical Assistance Grant to order and install 35 trash, recycling, and food waste containers in 13 high-use and/or public City facilities.
4. Secured 101 tons of compost used in City parks or made available to community members at the Emerson Park Community Garden.
5. Developed and began implementation of a Municipal Waste Reduction Plan, outlining key initiatives to reduce municipally generated waste.
6. Completed a City facility Waste Characterization and Generation Study to determine a municipal waste diversion baseline.
7. Developed a Recycle Right Volunteer Program with training resources to utilize volunteers for large City and permitted events.
8. Processed 392 illegal dumping requests and facilitated the removal of items in the public right-of-way.
9. In coordination with the Public Works Department, facilitated the procurement, wrapping, and installation of 130 Big Belly units in the downtown area.
10. Developed and implemented special events sustainability guidelines to assist internal and external event organizers with City and State law compliance.

### Challenges:

The most significant challenge identified in the growing Solid Waste and Recycling Program is limited staff capacity to comply with State laws and implement the ambitious initiatives outlined in the City’s Climate Action Plan and Municipal Waste Reduction Plan. Other large-scale projects currently being completed include negotiations to renew the Solid Waste and Recycling Franchise Agreements and the development of a new methodology for Integrated Solid Waste Management rates.

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<sup>1</sup> Compliance efforts are monitored and measured through the SLO County Integrated Waste Management Authority and refers to the percentage of covered generators who are compliant with either a waiver or subscription to required services.

## Parks and Recreation

### A Year in Review

Over FY 2023-2024, the department has achieved several key accomplishments while facing notable challenges. Significant savings resulted from staffing vacancies across multiple divisions, including Youth Services, Community Services, Ranger Service, and Golf, leading to a position reclassification and the creation of internal committees aimed at improving employee retention. Effective budget management and resource allocation also led to savings in Contract Services and Other Operating Expenditures, although future expenditures are expected to align more closely with typical operational demands.

Facilities revenue exceeded expectations due to improved collection of overdue fees and increased special event permits, while Community Services saw higher-than-budgeted revenue from increased youth sports participation. Golf operations saw their most profitable year since 2019, driven by consistent rounds played and improved course conditions. Aquatics expanded community programming with a strong focus on diversity, equity, and inclusion (DEI), alongside increased swim lesson offerings. Park projects were under construction at North Broad Street, Cheng, and Mitchell parks with expected completion in August 2024. However, challenges persist, including the need for ongoing equipment replacement, fluctuating utility costs, and the unpredictable nature of encampments and related resource impacts. Staffing adjustments played a significant role in budget outcomes: savings from full-time vacancies helped offset the increased supplemental staff salaries, which were otherwise over budget. Despite these hurdles, the department's proactive strategies in managing resources and enhancing community services have driven notable progress and set a positive outlook for the current fiscal year.

### Variance Analysis

**Table 40. Parks and Recreation Expenditures**

Parks & Recreation	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 4,233,128	\$ 4,772,572	\$ 4,548,190	\$ 224,382	5%	\$ 5,003,999
Contract Services	309,930	371,003	306,639	64,364	17%	377,366
Other Operating Expenditures	549,263	597,496	565,655	31,841	5%	600,063
<b>Total</b>	<b>\$ 5,092,322</b>	<b>\$ 5,741,071</b>	<b>\$ 5,420,484</b>	<b>\$ 320,587</b>	<b>6%</b>	<b>\$ 5,981,428</b>

**Staffing** – Salary savings from multiple vacancies of full-time positions throughout the year within the department, including substantial savings from Youth Services, Community Services, Ranger Service, and Golf, contribute to the total salary savings for the department. In FY 2023-2024, Youth Services reclassified the vacant Program Assistant position to a Program Coordinator position using salary savings from two vacancies that persisted throughout the fiscal year. Additionally, five supplemental staff were enrolled in PERS, with four continuing to work for the City in FY 2024-2025. While most of these positions have since been filled, some positions are still in recruitment. The department created internal committees, including onboarding and employee recognition committees, with the goal of improving employee retention.

**Contract Services** – The savings in Contract Services is primarily due to reduced contract class offerings and better management of encampments and clean-ups. The position responsible for oversight of contract classes was vacant for 6 months but has since been filled and staff are prioritizing revitalizing this program.



Ranger Service increased enforcement presence in open space, which led to reduced encampments in conjunction with fuel reduction and management efforts along the Bob Jones Bike Trail, which was closed for longer than a month for a fence installation. Although these savings were realized in FY 2023-2024, the emphasis on increasing contract classes for the community is expected to reduce future savings in this area. Additionally, while the Ranger Service cannot predict future encampments, having a budget available to address them remains essential.

**Other Operating Expenditures** – Savings in a variety of accounts combined to create an overall savings in Other Operating Expenditures throughout Parks and Recreation. In FY 2022-2023, Community Services strategically repurchased expensive, frequently used equipment for sports and programs to cover needs for FY 2023-2024. As a result, the division avoided these costs last fiscal year, but will likely face them in FY 2024-2025 as the equipment approaches the end of its useful life. Additionally, the ample rainfall in Winter 2023 led to utility savings at the Laguna Lake Golf Course, a benefit not expected in future years. The vacancies in full-time positions also limited regular professional training opportunities for new employees, but with most positions now filled, staff are encouraged to take advantage of training opportunities in the current fiscal year. This included Volunteer program coordinator, which was their first year of program building with a dedicated budget and did not have the opportunity to attend trainings that had been budgeted for. In addition, as the program expands, staff will utilize additional funds in the Adopt-a-Park program. Overall, the proactive budget and resource management in the previous fiscal year provided significant savings and efficiencies, but as equipment reaches the end of its useful life and other variables like utility costs and training needs come into play, future expenditures are expected to align more closely with typical operational demands.

**Table 41. Parks and Recreation Revenues**

Parks & Recreation	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Variance	%	Budget
<b>Facilities</b>						
Indoor Rental & Use Fees	\$ 40,251	\$ 65,100	\$ 64,704	\$ (396)	-1%	\$ 65,100
Library Rental	3,493	6,500	3,400	(3,100)	-48%	6,816
Special Events Insurance	10,478	12,000	12,333	333	3%	12,000
Outdoor Rental & Use Fees	104,002	135,003	185,475	50,472	37%	140,253
Special Events App/Permit	33,841	30,000	51,394	21,394	71%	30,000
<b>Youth Services</b>						
Youth Services Camps	95,812	155,980	282,733	126,753	81%	163,202
Youth Services Childcare	708,004	663,616	743,247	79,631	12%	687,416
<b>Community Services</b>						
Adult Athletic Fees	102,428	138,000	135,895	(2,105)	-2%	145,000
Youth Athletic Fees	94,054	76,000	112,232	36,232	48%	100,000
Special Events - City Sponsored	1,345	4,037	4,037	-	0%	4,000
Instruction Fees	76,827	92,722	66,904	(25,818)	-28%	96,000
<b>Aquatics</b>						
Swim Instruction Fees	103,246	100,000	114,205	14,205	14%	105,000
Aquatics Daily Use Fees	86,573	130,000	105,403	(24,597)	-19%	105,000
Multi Day Swim Passes	67,049	65,000	72,597	7,597	12%	71,000
Therapy Pool Fees	5,324	16,000	9,250	(6,750)	-42%	10,000
<b>Golf</b>						
Golf Greens Fees	167,997	200,000	225,236	25,236	13%	210,000
Golf Lesson Fees	699	\$-	782	782		1,000
Golf Rental Fees	5,140	6,000	6,406	406	7%	6,000
Driving Range Fees	10,901	13,000	13,672	672	5%	13,000
Golf Cart Rentals	19,424	25,000	25,139	139	1%	25,000
<b>Other Revenue</b>						
Sales Taxable	7,242	10,000	10,804	804	8%	10,000
Other Revenue	61,339	78,119	159,051	80,932	104%	55,000
Junior Ranger Camps	8,361	8,000	8,415	415	5%	8,000
<b>Total</b>	<b>\$ 1,813,830</b>	<b>\$ 2,030,077</b>	<b>\$ 2,413,314</b>	<b>\$ 383,237</b>	<b>19%</b>	<b>\$2,068,787</b>

Facilities revenue exceeded budget due to a combination of the collection of overdue Outdoor Rental & Use Fee balances and the execution of fifteen additional Special Events App/Permits. Staff turnover in the position responsible for collecting outstanding balances heavily impacted the collection of the permit and facility fees on a fiscal year basis. However, this overage is not expected to be reoccurring as staff have created a system to avoid these shortfalls in the future. Additionally, the public is regaining momentum after COVID and returning to hosting more events, driving special event applications and permits which is expected to continue into the current fiscal year.

Youth Services revenue was higher than budgeted due to the increase in summer childcare offerings in partnership with the school district. The District is funding the care for 200 children during the summer to supplement the summer school program, with funds received through grants. The District is paying these funds directly to the City based on the enrollment. Staff are not sure how long this program will remain funded by the District; however, because of staff savings in other areas, the Youth Services division had the resources this year to match the need. The school year programs also increased in revenue as the

division continued to find creative solutions to add new childcare spots with the ongoing demand for childcare in the community and in support of the Magor City Goal.

Community Services revenue was higher than budgeted due to an increase in participant numbers for youth basketball and futsal leagues. Additionally, a restructured community partnership agreement provided a higher percentage contribution by the YMCA increased with expanded participant numbers in both sport camps and internal sport clinics. Staff have accounted for the increased participation by increasing the budget for Youth Athletic Fees.

Aquatics revenue was under budget and driven by over estimated revenue expectations for Aquatics Daily Use Fees. As opposed to purchasing day passes as done in the past, the public showed more favorability to purchasing Multi Day Swim Passes in which the tenth swim is free. Both accounts were adjusted to reflect the new trend as it is foreseen to continue in fiscal year 2024-2025.

Golf revenue was higher than budgeted due to consistent hours of operation, fewer closure dates, and less comp and promotional rounds increasing the profits of Golf Green Fees significantly. Golf revenue is highly dependent on weather conditions and staff are unable to foresee if conditions will remain; however, staff will continue to provide fewer comp and promotional rounds and have increased the budget for this account for fiscal year 2024-2025.

Other Revenue was over budget because Other Revenue includes deferred revenue, including CAPSLO stipends awarded to Youth Services. Although funding will continue to roll over as deferred revenue, Parks & Recreation cannot guarantee stipend funds regularly from CAPSLO and should not be an anticipated revenue going forward.

**Performance Measures**

**Table 42. Parks and Recreation Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
Provide inclusive, accessible programming that serves the whole community.	# of Department Community Events	25	25
	# of non-profit permitted Facility Uses	120	125
	# of program registrations	4,500	4,864
<i>Strategic Goal: Programming is Directed to Diverse Users (P&amp;R Strategic Plan Goal), DEI and Economic Vitality MCGs</i>	# of program offerings	400	637
	# of childcare spots filled/offered	1500/1500	2357/2357
		60 CAPSLO	72 CAPSLO
	# of children receiving subsidy	50 City Sponsorships	26 City Sponsorships
In Coordination with Public Works, engage the public to prioritize new and revitalized Recreational Amenities <i>Strategic Goal: Expand Parks &amp; Facilities (P&amp;R Strategic Plan Goal), MCG Economic Stability</i>	# of public outreach meetings	6	6
	# of updated or new parks and amenities in process	5	7
Creates and fosters a sense of community through citizen involvement <i>Strategic Goal: Maximize Community Resources &amp; Collaborations (P&amp;R Strategic Plan Goal)</i>	# of recurring volunteers/total volunteer hours	380/4100 hours	115/5340
	# of temporary Public Art or Cultural Art Events	5	5

Leverage technology to engage the community and promote program offerings <i>Strategic Goal: Programming is Directed to Diverse Users (P&amp;R Strategic Plan Goal)</i>	# of Instagram followers	7,800	7,942
	# of Facebook followers	5,000	5,700
Open Space Preservation and Enhancement	# of miles of Open Space trails maintained	66.5	66.5
	# of staff hours dedicated to fuel reduction	4,000	4,000
<i>Strategic Goal: Nurture Open Space (P&amp;R Strategic Plan Goal), Climate Action MCG</i>	# of encampment site clean-ups removed from Open Spaces	110	70

# of Children Receiving Subsidy: Twenty-six of the targeted 50 City sponsorships were granted to local children for childcare and aquatics lessons. To help increase future awards to local children, the award amount was increased from \$150 to \$500 to families in Tier 2 eligibility and from \$300 to \$1,000 for Tier 1 eligible families. Staff recommended this increase when they recognized that the scholarship funding did not provide a significant amount of support for families. At their previous award amounts, the scholarships equated to only 50 hours of one-time care, or one and a half weeks of summer camp, when families may attend childcare for upwards of 23 hours per week during the school year and nine weeks of summer camp. Youth Services staff are marketing to provide more education to families about the scholarship opportunities that the City offers.

# of Recurring Volunteers/Total Volunteer Hours: The program has been rebuilt from the ground up under guidance of the new Volunteer Coordinator. During the transition to a new tracking system, it is possible that not all recurring volunteers were captured. However, even with less actual volunteers, the amount of service has exceeded the performance measure. Moving forward, staff will recommend modifying this performance measure to capture "volunteers" rather than "recurring volunteers".

# of Encampment Site Clean-Ups Removed from Open Spaces: Staff removed roughly 70 encampments totaling over 15,000 lbs. of trash in FY 2023-2024. The number of site clean-ups decreased due to the Bob Jones Bike Trail closure for fence installation and trail projects, including fuel reduction and management efforts, which lasted a over a month. Staff also increased presence with enforcement in open space, leading to reduced encampment opportunities and will continue to do so in FY 2024-2025.

**Accomplishments & Challenges**

Facilities

The Facilities Division continued to manage both indoor and outdoor City recreational spaces, catering to internal and community reservations. The Division effectively maintained the Downtown Dining program in Mission Plaza, providing daily set-up, maintenance, and clean-up. City fields and courts were regularly used for youth and adult sports tournaments, leagues, and practices. Facilities such as the Library Conference and Community Rooms, Ludwick Community Center, Senior Center, and Meadow Park Building serve various community functions, from social gatherings to meetings. Recent upgrades include new chairs for events at the Jack House Gardens and a new projector in the Library Community Room, with support from the IT department. The Division also updated court rule signage at tennis facilities and replaced damaged tables within the Downtown Dining Program to enhance the community experience.

Despite these improvements, indoor rentals and Jack House Gardens bookings continued to lag pre-pandemic levels. Many of the indoor reservations for the Library Community Room and Ludwick Community Center were considered in-house or comped due to utilization from City sponsored groups, resulting in reduced fee revenue collected. Staff have increased marketing efforts to reintroduce these venues to the community.

#### Youth Services

Youth Services continued to provide accessible and quality childcare to the community at all five (5) elementary school sites located within the City (C.L. Smith, Hawthorne, Pacheco, Sinsheimer, and Bishop's Peak), providing daily care to over 500 youth in the City program. Efforts to enroll more children off the waitlist have been successful, with 22 additional spots opened for children in February of 2024 due to strategic adjustments made by staff. Summer camp enrollment has more than doubled to over 350 through partnership with SLCUSD, accommodating more children and filling a more diverse need for care. The division recruited dozens of supplemental staff and provided extensive training to ensure high-quality care. Additionally, the division-maintained state licensing compliance and passed annual non-scheduled licensing site checks.

#### Community Services

The Community Services Division continued to foster community building with popular pop-up events like the Jack House & Gardens Spring Concert Series and five Monday Meetup events. The September Scramble returned with more than 650 participants, and the Spring Fling Egg Hunt, Leprechaun Lost, and Boo Bash events offered seasonal fun and festivities to local families. Senior programming has undergone significant expansion, with the introduction of new activities and events tailored to the interests and needs of older adults, including Senior walkers and hikers, multi-generational weekly trivia, Pet Week, holiday events, technology classes, and around-the-town excursions, enriching the lives of seniors and fostering social connections within the community. Staff expanded Youth Sport Clinic offerings, holding clinics from September through May. The City partnered again with the YMCA on the youth basketball and futsal leagues, achieving record participation numbers since the pandemic by expanding to 700 basketball participants with 71 teams, and 360 futsal participants with 40 teams this year. The annual free and award-winning youth Junior Giants sponsored program engaged over 250 participants with the assistance of 60 volunteer coaches. The Division also partnered with the local Central Coast Soccer group from August through May to provide adult soccer leagues and continues to collaborate with local groups to offer a myriad of free, drop-in activities at various locations, including Ultimate, Pickleball, Volleyball, Dodgeball, Boomers Softball, basketball, and table tennis. Despite the staffing challenges of maintaining current services, programs, and events with two full-time staffing positions being vacant at different times totally seven months, the Division managed to sustain its high level of service.

#### Volunteer Program

The Citywide Volunteer Program has made significant strides under the guidance of the City's full-time Volunteer Coordinator. Over the past year, the Volunteer Program launched Engage SLO, a new web portal designed to advertise both new and ongoing volunteer opportunities in support of City needs, as well as manage the tracking of volunteers. These opportunities include initiatives such as Adopt-a-Park, Arbor Day, September Scramble, Boo Bash, Fall Creek Clean Up, Senior Center volunteers, Community Garden Service Saturdays, the Jack House Docent Program, and Ranger Workdays. Notably, the Adopt-a-Park

program has expanded to encompass five City parks (from zero at the beginning of the fiscal year), demonstrating a growing commitment to community engagement. April is celebrated as Volunteer Appreciation Month, recognizing the invaluable contributions of regular and recurring volunteers, who collectively provided over 3,330 hours of service since July 1, 2023.

#### Public Art Program

With the hire of a new Public Art Coordinator in January, the City's Public Art program has been revitalized. Since January 2024, efforts have focused on engaging local artists, assessing the City's inventory, and collaborating with agencies like the SLO County Arts Council and NAACP. The Program has renewed the popular Box Art Program, with plans to install 11 new boxes and has taken responsibility for the Chorro Street Underpass artwork installation. In support of the Community Partnership Agreement with the SLO Museum of Art (SLOMA), a temporary sculpture at Mission Plaza lawn was replaced with a consigned piece by April Banks, and a new installation by Warren Hamrick is planned for San Luis Ranch. Additionally, SLOMA is working on a temporary art piece for Garden Street Alley. Notable accomplishments include commissioning an 8'x17' interactive mural by Rebekah Tennesen, which debuted at the NAACP's Juneteenth Event and has traveled to three of five Monday Meet Up events and directly interacting with 120 community members. The program also launched a monthly Art Talk Series with SLO County Arts, seeing a 38% attendance increase from June to July, with more events planned in the current fiscal year. Additionally, an online system is being used to evaluate the maintenance needs of the City's public art collection, with a similar system in development for the Box Art Program. However, in April 2024, staff was informed of a CA State Licensing Board (CSLB) code interpretation that hinders the commission, acquisition, and maintenance of public art murals, including the Box Art Program. Staff have been working with Parks and Recreation and other City departments to align practices with the CSLB code, a time-consuming process affecting the timelines and process within the entire Public Art program.

#### Ranger Service

The Ranger Service diligently maintains and patrols the City's 4,050 acres of open space across 12 City-managed properties, dedicating resources to fuel management in the Wildland Urban Interface (WUI) and addressing trash and debris in the City's open spaces and creeks. Effective management has reduced the presence of unhooded populations in these areas. The Ranger Service completed three new trail projects—Bog Thistle, King Trail Re-Route, and the Righetti Hill Summit Trail—and finalized the design and layout for the Righetti Hill Lower Loop Trail. Additionally, the Bob Jones Bike Trail temporarily closed for two months to facilitate fire fuel mitigation and creek clean-up, using goats from The Goat Girls for natural brush removal. The Ranger Service expanded its educational programming, offering more environmental web-based education videos, increasing social media presence, and providing Ranger-led classroom presentations and interpretive hikes. The Junior Ranger Camp sessions sold out and expanded to three one-week sessions. Notable accomplishments include completing phase 1 (Mt. Bike Loop trail and Kids Pump Track) of the Laguna Lake Bike Park using in-house resources; and regrading the main trails on Cerro San Luis Open Space to improve conditions after erosion from increased rains and heavy usage over the past 10 years. However, the Ranger Service faced staffing challenges with a variety of vacancies over the year, including a significant resource loss with the retirement of a Ranger who served for 19 years. Recruitment is currently underway resulting in one vacancy out of the six positions.

#### Aquatics

The year-round Aquatic Division achieved stronger staffing retention and recruitment this year through ongoing promotion of lifeguard training opportunities and effective forecasting of staffing levels for non-summer months. This enabled consistent operational hours for lap swimming and regular warm water programming surpassing pre-pandemic operational hours. Additionally, staff increased swim lesson offerings, including group and baby & me sessions, expanding from 195 to 268 lessons to provide more opportunities for the community. Monthly staff trainings continued, covering First Aid, CPR, water rescue techniques, customer service, and DEI discussions. The Division supported the year-round aquatic teams of the SLO Seahawks Swim Club, local SCUBA shops, Mission Prep High School, and concluded a short-term agreement with Atascadero High School as their pool construction was completed. Staff focused on new promotional strategies for community water safety, including videos, inter-County aquatic meetings, and focused in-person trainings, while continuing to offer public lifeguard training and instructor courses year-round. Notable accomplishments included offering new winter lessons and varied hours, transitioning private lessons to group sessions to enhance availability, and developing an online Water Safety Hub with community-based safety videos and tips. In May, the Division issued a proclamation for Water Safety Month and received the Golden Hard Hat Award at the annual Employee Recognition event for their commitment to safety. The Division partnered with local groups to meet diversity and inclusion goals, hosting Water Play Day with the Central Coast Autism Spectrum Center, Splash Bash with SLO County Friday Night Live for middle school teens, and Swim with Pride with SLO GALA Pride and Diversity Center to celebrate the end of Pride Month. However, staff recruitment during the school year posed challenges, leading to operational changes for programs and public offerings.

### Golf

Golf staff effectively maintained the 26-acre, 10-hole Laguna Lake Golf Course, providing regular programming despite occasional storm-related closures in the winter and ongoing remediation of the on-site Pro Shop. The course enjoyed consistent round play throughout the year, including during the typically slower post-Thanksgiving and winter period, due to ideal playing conditions. Staff expanded support for local community groups by hosting Cal Poly Kinesiology courses, Laguna Middle School PE courses, SLO High School courses, and free First Tee youth lessons. The course also saw a return of local tournament play. Innovative watering techniques ensured a consistently green course from August to October while conserving water. The parking lot was restriped, and parking stops were added to improve traffic flow and safety. Notable accomplishments include exceeding revenue goals through consistent operation and proper staffing, providing upgraded golf carts for rentals, and resurfacing and repainting the parking lot to enhance traffic flow. However, challenges include a bridge replacement project scheduled for Summer 2025, which required adjusting Hole #1 for safety reasons, ongoing irrigation leaks due to an aging system, and the Pro Shop remaining out of service while staff work with a consultant on its rehabilitation project resulting in operations being conducted from a temporary office trailer.

## Police

### A Year in Review

During FY 2023-24, the Department focused on maintaining service levels, hiring and recruitment, finalizing the Department's five-year strategic plan, deploying new community-policing software, increasing community engagement, and working with Public Works staff on the 1106 Walnut tenant improvement project.

Staffing continued to be a challenge throughout the year which had an impact on the budget; the Department ended the fiscal year with a savings of \$174,766, which is about 1% of the department's total budget. Unfortunately, this savings was a direct result of vacant positions, also utilized to cover the temporary CSO contract for downtown and overtime overages due to filling vacant police shifts.

As explained in more detail below, overtime expenditures reached the highest point in over ten years. Total overtime expenditures for the year were \$1.9M, an increase of about 24% from the previous fiscal year and almost a 50% increase from FY 2021-22. The department did not realize any salary savings despite having some vacancies throughout the year.

### Variance Analysis

**Table 43. Police Department Variance Analysis**

Police	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 19,960,789	\$ 21,644,505	\$ 21,644,505	\$ 0	0%	\$ 21,979,903
Contract Services	854,377	1,083,666	934,916	148,750	14%	1,063,082
Other Operating Expenditures	615,234	749,353	723,338	26,016	3%	585,182
<b>Total</b>	<b>\$ 21,430,400</b>	<b>\$ 23,477,525</b>	<b>\$ 23,302,759</b>	<b>\$ 174,766</b>	<b>1%</b>	<b>\$ 23,628,167</b>

**Staffing:** The table above indicates the department ended the year within budget and without salary savings. However, in mid-July 2023, Council adopted a Memorandum of Understanding between the City and the San Luis Obispo Police Staff Officer's Association. The impact of the labor agreement in FY 2023-24 was an increase of approximately \$463K, which was not budgeted due to timing of negotiations. The department was able to absorb some of the increase, but also used \$212,438 from the City's MOU Adjustments/Staffing Contingency account to cover the remaining impact at year end.

Increased overtime also affected the Department's budget. Paid overtime hours totaled 22,266 for the fiscal year, an increase of about 7% from FY 2022-23 and a 32% increase from FY 2021-22.



<b>Overtime Hours &amp; Expenditures</b>			
	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Paid OT Hours	16,843	20,838	22,266
OT Budget	\$708,187	\$718,069	\$858,334
Expended	\$1,307,379	\$1,569,470	\$1,952,924

Even prior to FY 2021-22, department expenditures in overtime have exceeded the overtime budget. In these instances, the department was able to use salary savings to cover the overage, which still resulted in some salary savings at year end. Because of this, the department has been unable to increase budgets related to overtime. Increased overtime has essentially been related to shift coverage as the department has not been fully staffed for many years. The result has been to use the “savings” from vacant positions to cover the overtime which typically nets out at year end with some salary savings.

Although the department had some vacancies this past fiscal year, there was not enough salary savings to cover the increase in staffing related costs and increased overtime.

The table below reflects overtime hours by *type* over the past three fiscal years. The data is not inclusive of all types of overtime, just those that have shown a considerable increase since FY 2021-22.

<b>Overtime Hours by Type</b>					
<b>OT Type</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>% increase in 2023-24</b>	
				<i>Compared to 21-22</i>	<i>Compared to 22-23</i>
Shift Coverage	6,944	7,270	7,669	10.4%	5.4%
Special Events	932	1,844	1,962	110%	6.4%
SWAT Training & Call Outs	698	1,064	1,754	151%	65%
Cal Poly	225	318	1,107	392%	248%
Farmers’ Market	368	374	543	47%	45%
Council Meeting	25	84	145	480%	72%

More detail on the type of events worked in FY 2023-24 related to “Special Events” and “Cal Poly” overtime hours are shown in the tables below. The events and hours listed below do not include all events worked, just those that had significant overtime hours.

<b>Special Events – Example by Type</b>	<b>FY 23-24 Hours</b>
St. Patrick's Day/St. Fratty's	535
Halloween	334
Protest Related	206
Assist Other Agencies (AOA)	170
Honor Guard Related	152
Holiday Parade	110
Other Events ( <i>including, but not limited to Career Fairs, Cops N' Kids Day, National Night Out, Law Enforcement Night, City to Sea, Mission Plaza Events, etc.</i> )	157

Overtime hours related to Special Events have continued to increase over the past few years. Specifically, deployment for St. Patrick’s Day and Halloween have increased due to the crowds and popularity of the events.

As shown in the table below, St. Patrick’s Day overtime increased 13% from FY 2022-23 and 400% from FY 2021-22. Halloween hours increased 68% from FY 22-23 and almost 200% from FY 2021-22. Department staff continues to work with Cal Poly to identify reasonable solutions that address student safety and the need for a public safety presence.

Event	Hours by Fiscal Year		
	FY 21-22	FY 22-23	FY 23-24
St. Patrick's Day/St. Fratty's	107	473	535
Halloween	112	199	334

Over the past few years, the Department has had an agreement with Cal Poly to provide staffing (as available) at preplanned events, such as football games or graduation, based on a predetermined officer rate. This MOU expired in October 2023 and staff is working with Cal Poly to renew the agreement and update officer costs to better reflect actuals.

Not all overtime hours are reimbursed by Cal Poly, just those that are requested through the MOU. For example, the hours shown in the chart below related to FY 2023-24 Graduation were reimbursed by Cal Poly; however, of the 673 hours worked related to the Start of School, only 35 hours were reimbursed for traffic control based on Cal Poly’s MOU request for officers.

The table below shows overtime hours related to Cal Poly. Not all hours are reflected, just those that have significantly increased over the past few years.

Cal Poly – Example by Type	Hours by Fiscal Year		
	FY 21-22	FY 22-23	FY 23-24
Start of School	131	233	673
Protest Related	0	0	249
Graduation	35	49	111

Lastly, SWAT overtime hours have significantly increased since FY 2021-22. This is due to the Regional SWAT team training twice per month as opposed to just one day per month in prior years. In FY 2023-24, approximately 218 hours (12% of total SWAT hours) were attributed to actual call outs and all other hours were training related.

Overtime Hours by Type					
OT Type	FY 2021-22	FY 2022-23	FY 2023-24	% increase in 2023-24	
				Compared to 21-22	Compared to 22-23
SWAT Training & Call Outs	698	1,064	1,754	151%	65%

**Contract Services:** The Department's Contract Services accounts ended the year with a 14% savings. The majority of savings was from the Administration cost center due to being unable to hire the Social Worker position (part of the Community Action Team). This position was funded by the City and contracted through Transitions Mental Health Association (TMHA); department staff worked with TMHA throughout the year to hire a successful candidate, but unfortunately the position remained unfilled.

In addition, the department had a savings of about \$31,100 that was supposed to be encumbered for sidewalk striping related to the 1106 Walnut Tenant Improvement project. Funding for the striping was not part of the original project budget, so the Police Department agreed to use \$10,000 from this account along with approved Ventures and Contingencies in the amount of \$20,000 for this project. The purchase order for this work was not completed in FY 2023-2024, and a carry over request in the amount of \$31,100 (the bid amount for the work) has been made to allow the work to be completed by the Public Works Department in fiscal year 2024-2025.

Lastly, the department did not use funds related to janitorial costs for the 1106 Walnut building that were approved as part of the Financial Plan. Due to several factors, including the tenant improvement schedule, staff has not been able to move into the new building. Savings in the amount of about \$20,000 were realized as a result.

**Other Operating:** All other operating accounts ended the year with a 3% savings. Some savings were attributed to officers not starting assignments in Bikes or Motors/Traffic during the year, and as a result the department did not purchase specialized equipment for the assignments. There were also savings in utilities accounts (PG&E) due to staff not occupying the 1106 Walnut building in the fiscal year.

## Police Revenue

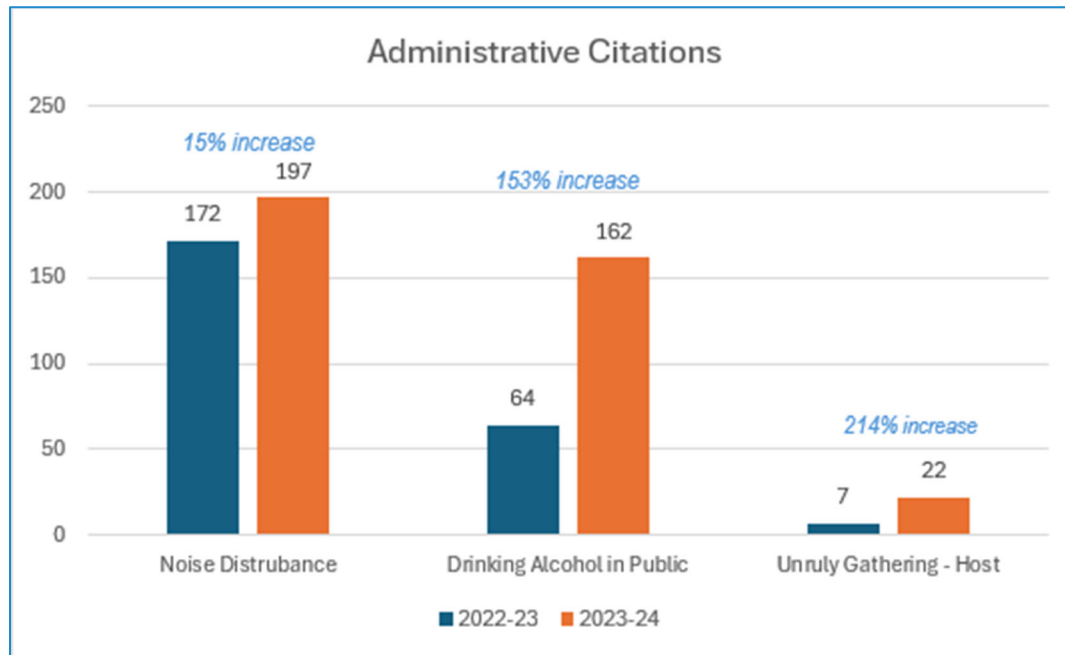
**Table 44. Police Department Revenue**

Police	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance (\$)	Variance (%)	Budget
Accident Reports	\$ 4,884	\$ 3,400	\$ 4,105	\$ 705	21%	\$ 3,400
Administrative Citations - Safety	148,616	155,833	281,074	125,241	80%	125,833
Alarm Permits - Contract (Police)	190,955	170,000	227,151	57,151	34%	90,000
Collision Investigation	972	1,000	1,272	272	27%	3,000
DUI Cost Recovery	28,138	45,000	73,098	28,098	62%	20,417
Miscellaneous Revenue	10,031	-	-	-	0%	-
Other Police Revenue	262,032	288,997	279,490	(9,507)	-3%	250,000
Police Department Permits	3,826	4,011	6,875	2,864	71%	4,011
Police Issued Parking Fines	53,115	53,000	44,878	(8,122)	-15%	70,000
Property Release Fees	1,181	-	200	200	0%	-
Second Response Fees	482	1,200	1,581	381	32%	1,200
Tobacco Permits	32,339	30,450	32,685	2,235	7%	30,450
Tow Release Fees	21,974	12,000	20,858	8,858	74%	12,000
Witness Fees	4,965	1,606	2,750	1,144	71%	1,606
<b>Total</b>	<b>\$ 763,511</b>	<b>\$ 766,497</b>	<b>\$ 976,018</b>	<b>\$ 209,521</b>	<b>27%</b>	<b>\$ 611,917</b>

Police revenue exceeded projections which was mostly attributed to Administrative Citations, Alarm revenue and DUI Cost Recovery.

1. Administrative Citations: In FY 2023-24 there was an increase of about 37% in the number of Administrative Citations written. A contributor was related to the Safety Enhancement Zones (SEZ) this past fiscal year which were for a longer period of time compared to FY 2022-23 and there were more tickets written, which were also set at a higher fee per the SEZ.

See chart for citations written related to noise and drinking alcohol in public.



2. Alarms: Alarm revenues exceeded projections by about 34%. After speaking with Finance staff, it was discovered that Fire Alarm revenue has also been included in this account when it was supposed to be transferred to the Fire revenue account throughout the year. Finance revenue staff indicated that revenue will be transferred to the proper accounts moving forward.

Another reason why revenues increased is related to alarm permit renewals; the total renewals in FY 2023-24 were much higher compared to the previous year. Permits are valid for 12 months and the renewal schedules are not all in synch; residential renewals increased by about 98% from FY 2022-23 and commercial renewals increased by about 56%.

3. DUI Cost Recovery: Revenues related to DUI Cost Recovery were 62% higher than projected. Included in the revenue for FY 2023-24 were also some significant amounts from the previous fiscal year which totaled about \$13K that were booked in the incorrect year. Finance staff also indicated that some revenue in this account (about \$6,500 in FY 2023-24) also includes restitution payments received from County probation which are not necessarily related to DUI Cost Recovery.

The actual number of DUI Cost Recovery invoices sent by Police to Finance were fairly similar from FY 2022-23 (42 total) to FY 2023-24 (37 total).

Lastly, Finance staff also indicated that some revenues may be inflated due to “write-offs” not being conducted during the fiscal year. Write-offs are reflected in the account by removing the expected invoice amount when payment is not made, and the amount is then sent to collections, thus reducing actual revenues.

**Performance Measures**

**Table 45. Police Performance Measures**

Objective	Measure	2023-24 Target	2023-24 Actual
<b>Reduce Crime</b> <i>Strategic Goal: Economic Recovery, Department Mission</i>	# of total Part I Crime by year. <sup>1</sup>	2,010	1,516
<b>Provide safe roadways for pedestrians, vehicles, and bicyclists.</b> <i>Strategic Goal: Patrol Objectives, Department Mission</i>	# of total traffic collisions. <sup>2</sup>	Vehicle: 420	Vehicle: 430
		Pedestrian: 34	Pedestrian: 25
		Bicycle: 32	Bicycle: 40
	# of targeted enforcement operations conducted under the Office of Traffic Safety Grant per year <sup>3</sup>	DUI Checkpoints: 2	DUI Checkpoints: 1
		DUI Saturation Patrols: 28	DUI Saturation Patrols: 15
		Traffic Enforcement Operations: 14	Traffic Enforcement Operations: 8
		Distracted Driving Enforcement: 5	Distracted Driving Enforcement: 4
Bicycle & Pedestrian Enforcement: 9	Bicycle & Pedestrian Enforcement: 4		
<b>Reduce Homeless related Calls for Service through proactive engagement.</b> <i>Strategic Goal: Economic Recovery, Department Mission, Patrol Objective</i>	# calls related to homelessness	6,300	8,716
	# of unique individuals contacted by CAT	305	400
	# of Family & Agency Reunification	8	6
	# of Local Permanent Housing	12	2
	# of Mental Health/Substance Abuse Treatment Referrals	100	202

<sup>1</sup> Part 1 Crimes include: homicide, forcible rape, robbery, aggravated assault, burglary, and motor vehicle theft. Figures shown represent calendar year 2023.

<sup>2</sup> Traffic Collision data is calendar year 2023.

<sup>3</sup> Enforcement operations shown for the OTS Grant are only reflective of October 2023 (when the grant started) to June 30, 2024. The grant continues until September 30, 2024, so more operations are planned but are not reflected in the “actuals” since reporting for the fiscal year ended on June 30<sup>th</sup>. It is anticipated that staff will meet grant objectives.

Performance Measure Variance Explanation:

1. The Target Number of Traffic Collisions are an estimate (typically based on the prior year) and actuals will vary depending on events that occur during the year. Unfortunately, actuals were higher than projected for vehicle and bicycle related collisions. Pedestrian collisions were lower than projected.
2. Total Number of Targeted Enforcement Operations for the OTS Grant are only reflective of October 2023 (when the grant started) to June 30, 2024. The grant continues until September 30, 2024, so more operations are planned but are not reflected in the “actuals” since reporting for the fiscal year ended on June 30th. It is anticipated that staff will meet grant objectives.
3. The Number of Family & Agency Reunifications were slightly lower than projected. Other outreach agencies such as Fire’s MCU and CAPSLO have now adopted this same type of program, so this service is now shared. The department’s total reunifications were six for the fiscal year; however, there were also two additional reunifications that were offered, but the individuals did not show up to finalize the process.
4. Total Number of Local Permanent Housing referrals were lower than projected. It’s important to note that the Department’s CAT team acts as a facilitator rather than a direct services provider. Their role is to guide and connect individuals to housing resources, but rely on the availability of those resources, including housing inventory, which may be limited. Factors that influence the complexity of housing referral process include housing availability, eligibility criteria, challenges with engagement, and various other external considerations.

**Accomplishments & Challenges**

Department accomplishments during FY 2023-24 include:

1. Reduction in crime: In 2023 the City experienced a 7% reduction in violent crime and a 27% decrease in property crime; this resulted in an overall reduction of 24% in Part 1 Crimes overall.
2. Five-Year Strategic Plan: In the fall of 2023, the Department held a staff retreat to discuss and develop the vision and goals for the five-year strategic plan. With the help of the consultant, staff focused on developing objectives based on department priorities, concerns and expectations. A robust plan was developed and ultimately adopted by Council in early April 2024. The goals include:
  - a. Service to Community
  - b. Community Engagement
  - c. Diversity Equity & Inclusion
  - d. Recruitment & Retention
  - e. Health & Wellness
  - f. Improving Infrastructure, Equipment & Technology

Staff have been assigned to each goal and objective and progress is well underway.

3. Department Staffing: In FY 2023-24, the department hired eighteen (18) employees to fill vacancies. These positions included 6 police officers, 2 police cadets, 5 communication technicians, 3 community service officers, a records clerk and a property & evidence technician.

4. **Community Service Officers:** In 2023, the department increased the number of civilian Community Service Officers from four to six. The CSO team has been extremely successful in supporting patrol by responding to non-hazardous calls for service, providing traffic control when needed, and issuing citations for non-moving traffic violations and enforcing other Municipal Code violations. Increased visibility in the downtown core has made an impact and business owners have noticed a positive impact.
5. **Staffing Study:** In February 2024, the department released a Request for Proposal for consultant services to conduct a staffing assessment. The need for a staffing study was identified during the creation of the department's five-year Strategic Plan as staffing numbers for sworn positions remain the same over the past twenty years. Staff has already started working with the consultant and will be sharing results with Council when the study is complete.
6. **New technology:** The department is leveraging technology to increase community engagement by utilizing software that automatically sends one-to-one text messages, emails, and mobile surveys to crime victims, reporting parties and other members of our community. The Police Department can use this insight from the surveys to keep a pulse on the quality of customer service provided to the community while providing a meaningful voice to those receiving direct services.

In addition, the department implemented software to better direct officer deployment based on crime data and daily calls for service. This software has already proven successful in making patrol operations more effective across the city. Directed patrol assignments have ensured officers have been in the right place at the right time deterring crime and at times on sighting crimes in progress.

Challenges the department encountered over the past fiscal year:

1. **Staffing:** Although the department hired 18 employees during the year, staffing continued to be a challenge. The department averaged a 10% vacancy rate each month throughout the year which impacted other employees and deployment strategies. Special assignments such as Traffic Safety was understaffed as well as the Community Action Team and Downtown Bikes. It continues to be difficult to recruit qualified applicants and retain good employees. Included in the Department's Strategic Plan is an objective to focus on Recruitment and Retention. Staff is working to increase recruitment opportunities and work to enhance the website and social media outlets related to staffing and hiring.
2. **Community Action Team Staffing:** While the Department's partnerships with County Behavioral Health and TMHA remain productive, 2023 presented challenges in filling the vacant social worker and case manager positions. The County is now in discussions with the City's Police and Fire Departments regarding Licensed Psych Tech positions that will be contracted through the County to work with CAT and the Fire's MCU.

## Fire Department

### A Year in Review

In FY 2023-24, Fire Department staff made significant progress on work efforts impacting every program within the Department budget and finished the year \$156,317, or 1%, under budget.

The savings came primarily from the Academy cost center 8505. Traditionally the academy is scheduled every other year, however, due to extensive vacancies an extra academy was held in FY 2022-23, negating the need in FY 2023-24. This allowed the department to realize \$76,600 in savings.

Apparatus repairs were an unexpected challenge in FY2023-24. Increased repairs on Truck 1 drove expenditures over budget by \$32,160. Truck 1 continually needs repairs to remain operational as it is experiencing engine failure. The budget in FY 2024-25 includes full refurbishment of Truck 1 and the hiring of an additional mechanic to complete the work, extending the life of Truck 1 to 2030.

Staffing continues to be a challenge with staff turnover and long-term injury absences. Overtime to backfill vacancies and upstaffing during unplanned emergencies caused Emergency Response overtime to end \$510,980.48 over budget.

### Variance Analysis

**Table 46. Fire Department Results**

Fire	FY 2022-23	FY 2023-24				FY 2024-25
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 14,417,808	\$ 14,848,067	\$ 14,848,067	\$ 0	0%	\$ 15,806,329
Contract Services	348,924	456,795	396,426	60,369	13%	268,273
Other Operating Expenditures	630,166	843,601	747,654	95,947	11%	662,965
<b>Total</b>	<b>\$ 15,396,897</b>	<b>\$ 16,148,464</b>	<b>\$ 15,992,147</b>	<b>\$ 156,317</b>	<b>1%</b>	<b>\$ 16,737,567</b>

**Staffing:** In January 2024, a new bargaining agreement was implemented between the City and the Local 3523, which represents nearly all of the City’s Fire Department staff members. This unbudgeted agreement included salary increases ranging from 4% to 10% depending on position. This increase affected not only wage costs but all related accounts as well, including retirement contributions, Medicare and overtime. The estimated increased cost of this agreement for the second half of the fiscal year totaled \$262,524.00.

The department saw the departure of both the Emergency Manager and Fire Marshal earlier this year; and, at the end of the year, the Community Resource Services Specialist, staffed on the Mobile Crisis Unit, departed. These vacancies allowed the Fire Department to realize some salary savings to help counter other increased salary costs.

A continuing challenge for the Emergency Response division is overtime. FY2023-24 overtime for the division exceeded budget by \$510,950.48, however, this was down from FY2022-23 when Emergency Response overtime exceeded budget by \$1,115,234.00. The reduction came mainly from injury backfill and general overtime where over 10,000 fewer hours of overtime were worked.



Overtime Hours and Expenditures			
	2023	2024	Decrease
<b>Overtime Budget</b>	\$1,013,136	1,137,513	n/a
<b>Total Hours Worked</b>	34,940	25,299	9,640
<b>Total OT Paid</b>	2,128,370	1,648,463	\$479,907

The Emergency Response division was nearly fully staffed for the first time since prior to COVID, greatly reducing the number of overtime hours due to vacancies. While injury backfill continued to affect overtime hours, the combination of hiring new employees and enhanced case management by Risk Management in Human Resources greatly reduced the lost time for long term injuries. It remains clear overtime is under budgeted for the division and, in the coming 2025-2027 Financial Plan cycle, overtime will be carefully evaluated for increased accuracy in future budgets.

**Contract Services:** The Fire Department realized 3% savings in contract services, for \$12,276 budget remaining. This small budget savings is due to some budgeted maintenance not being necessary in FY 2023-24. Several large Purchase Orders (PO) were opened in July 2023 for continuous use throughout the fiscal year. At the end of the year those PO's were closed and the unused funds were released as budget savings. The largest PO was for the case worker on the Mobile Crisis Unit. That position began the year as a position contracted with Transitions Mental Health Association (TMHA) then became a City contract position beginning in late March, allowing some savings for the remainder of the year as the salary was less than the contract cost.

**Other Operating:** Apparatus equipment maintenance was over budget due to Truck 1's high number of expensive repairs needed to remain operational. Since 2011 when Truck 1 was placed into service, it has responded to an unanticipated increase in annual call volume. These increased numbers have resulted in additional repairs to keep Truck 1 operational as it is beginning to experience engine failure. Truck 1 is scheduled to receive a full refurbishment that will include replacement of major parts, including the engine, in FY 2024-25. Upon refurbishment completion, Truck 1 is expected to extend its life to 2030.

Public Safety Supplies exceeded budget by \$18,519. These supplies are primarily medical supplies placed on apparatuses and used when responding to medical calls. While the budget was increased for this cycle, inflation outpaced expectations for the supplies. Secondly, an increase in the number of medical calls utilized more supplies than anticipated driving expenditures above the budget.

Fire Prevention implemented new inspection software that required an unforeseen upgrade of hardware, exceeding budget by 33%. These costs were onetime and have improved the ability of staff to complete inspections.

As previously discussed, a recruit academy was budgeted for this year but ultimately was determined to not be necessary after three consecutive years of hiring firefighters and academies. The department is anticipating a recruitment and subsequent academy in FY 2024-25 and is requesting carryover for the funds from the academy cost center.

**Fire Department Revenue**

**Table 47. Fire Department Revenue**

Fire	FY 2022-23	FY 2023-24				FY 2024-25
	Actuals	Budget	Actual	Variance (\$)	Variance (%)	Budget
Cal Poly Fire Services	\$ 362,109	\$ 466,287	\$ 466,187	\$ (100)	0%	\$ 361,684
CUPA Inspection Fees	217,335	176,954	223,681	46,727	26%	172,800
Fire Alarm Permits	4,743	10,010	1,853	(8,157)	-81%	10,010
Fire Department Permits	99,591	108,000	99,606	(8,394)	-8%	108,000
Fire Plan Check & Inspection	363,875	360,000	319,802	(40,198)	-11%	350,000
Medical ER Recovery	209,566	217,817	220,342	2,525	1%	218,452
Other Fire Department Revenue	(430)	16,074	56,713	40,640	253%	5,890
R1 Inspection Fees	356,192	351,000	374,150	23,150	7%	351,000
<b>Total</b>	<b>\$ 1,612,981</b>	<b>\$ 1,706,142</b>	<b>\$ 1,762,336</b>	<b>\$ 56,194</b>	<b>3%</b>	<b>\$ 1,577,836</b>

**CUPA Inspection Fees:** Increased revenue is a result of multiple Underground Storage Tank (UST) fees. These fees occur when a business is either installing a new tank or repairing an old tank. They are unpredictable and therefore budgeted conservatively.

**Fire Alarm Permits:** Fire Alarm Permit revenue is down 96% with only \$1,853 realized this fiscal year. In consultation with Finance, Fire’s revenue was included with Police’s alarm permit revenue. The Police Department exceeded budget for alarm permit revenue. Finance revenue staff indicated revenue will be transferred to proper accounts moving forward.

**Fire Plan Check & Inspection:** Revenue decreased 11% below budget due to cyclical nature of the construction industry. Previous years saw annual increases and in FY2023-24 plans submitted decreased. The retirement of the Fire Marshal in December 2023 also reduced staff capacity to complete plan review, forcing the department to send plans to a contracted vendor for review.

**R1 Inspection Fees:** The completion of several new hotels and apartment complexes have increased the inspections staff completes resulting in a revenue increase of 7% for these inspections.

**Cal Poly Fire Services and Medical ER Recovery:** Both of these are contractual agreements. Medical ER Recovery increases with CPI and is announced in late fall, well after the City’s budget is established. The increase is estimated and this year the actual was 1% higher than estimated.

**Table 48. Fire Department Performance Measures**

Objective	Metric	2023-24 Target	2023-24 Actual
Deliver Timely Effective Response to ensure rapid care and hazard mitigation <i>Strategic Goal: Other Department Objectives</i>	Meet the Total Response Time (TRT) goal of 7 minutes or less to 90% of all lights-and-siren emergencies in the City as defined by the Department’s Master Plan. TRT Includes Call Processing Time, Turnout Time, and Travel Time.	7:00	8:30

	Meet the Call Processing Time goal of 1 minute or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	1:00	1:32
	Meet the Turnout Time goal of 2 minutes or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	2:00	2:05
	Meet the Travel Time goal of 4 minutes or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	4:00	5:45
Provide timely service to the development community. Strategic Goal: Housing	% of Fire Department Development Review activities completed within published cycle times.	80%	58.2%
	Plan Review completed #	581	348
	Occupancy Inspections*	1119	637
	% of annual amount*	N/A	56%
	State Mandated Inspections*	667	527
	% of annual amount*	N/A	79%
	Hazardous Materials Inspections (CUPA)	N/A	334
Training	Training Hours for all personnel	N/A	19,528.25

\*Tracked by calendar year – Occupancy Inspections should be at approximately 50% for end of the fiscal year.

While the Fire Department did not meet the response time performance targets in FY 2023-24, the target remains unchanged in FY 2024-25 due to National Fire Protection Association recommended standards. The fire department successfully worked to implement process improvements based on data analysis and turnout times were improved by 15 seconds year over year.

Travel time is the most difficult time to improve in the short term as they are impacted by road construction, traffic, roadway design changes and expanded response zones due to annexations in the southern end of the City. Some locations which generate a large proportion of calls further increase travel time stats. The Homeless Services Center at 40 Prado Lane is outside the four-minute response zone but is the location of over 400 calls the department responds to annually. This location and others like it increase overall travel time outside of performance measure targets.

Fire Prevention staff encountered challenges largely resulting from the retirement of the Fire Marshal in December 2023 that reduced staff capacity. As of July 2024, a new Fire Marshal joined the department, and the part time inspector was increased to full time. The Fire Marshal is quickly coming up to speed and

implementing process improvements to Plan Review turnaround time and inspection completion. Occupational and state mandated inspections are tracked on the calendar year. The goal by December 31, 2024, will be 100%; as of June 30, 2024, 50% completion is the goal. Staff is steadily completing occupancy inspections and state mandated inspections. These are both tracked and reported to Council on a calendar year. As of June 30 staff is more than 50% complete and they will be 100% complete by December 31.

### **Accomplishments & Challenges**

In Administration, staff continued to provide planning, directing, and evaluation of all program activities through department leadership, public information, personnel management, fiscal and contract management, strategic coordination, and grant efforts.

The Fire Department had a busy year serving the City of San Luis Obispo. The Lizzie Fire on October 31 burned 125 acres around the East side of the City, threatening houses, but the quick work of the firefighters prevented any structure loss or damage, resulting in nearly \$10 million of averted property losses. In early June, the Legacy Fire destroyed three houses under construction in San Luis Ranch development. No occupied structures were damaged. Just two weeks later, an apartment fire left one family unable to return home, but the fire was quickly contained saving numerous other structures.

The department successfully held an Engineer and Captain promotional exam. Three firefighters have been promoted to Engineer. Staff anticipates several retirements in 2024 and the promotional list is ready to fill the vacancies.

The department completed 19,528 hours of training in FY 2023-24. Four firefighters were enrolled in paramedic school as a result of a grant award that funds education costs and backfill for students. One student has already completed the course and is working as a Paramedic.

Challenges for training are the high costs of travel, making sending staff out for training difficult as one person can utilize a large portion of the budget. With a large portion of new staff members, training needs are higher than previous years. The department has determined that offering trainings in house can include a large amount of staff for a much lower cost. When comparing the cost for out-of-town training to hosting locally, the savings were nearly \$90,000. The department held several trainings in house in FY 2023-24 and plans to continue in FY 2024-25.

The Mobile Crisis Unit (MCU) continued outreach to the unhoused community and was able to complete nearly 100 reunifications. The case worker began the year as a contracted position from Transitions Mental Health Association to a City contract position with the job title Community Resources Services Specialist (CRSS). The new bargaining agreement removed the department's ability to mandate a Firefighter/EMT to the MCU creating salary savings, as the department backfilled the second position on the MCU with interns temporarily to prevent breaks in service to the community. The department is working on partnering with the County to place Licensed Psych Techs on the MCU for increased and consistent service to the unhoused and at-risk community.

The Emergency Manager departed the City in February. Prior to the departure, the Emergency Manager oversaw the reduction of several areas of high hazard vegetative fuels and secured a grant to remove overgrown vegetation in the creek area of San Luis Drive. Filling the position has been challenging as the recruitment was unsuccessful.

**Major City Goal Update**

The table below shows the Major City Goal tasks that were scheduled to be completed in FY 2023-24. Of the 21 tasks expected to be completed by the end of the fiscal year, three are behind schedule. Updated timelines for each task are included in the table below and the writeups that follow include additional information on tasks that were not completed as expected.

Table 49. Major City Goals

MCG	Strategy	Strategic Approach #	Task/ Action	Responsible Department(s)	Original Completion Date	Updated Completion Date	Status	Notes
ER,CV & FS	Downtown Vitality	1.3	d. Develop a Council report and Study Session on downtown vacancies, the status and possible options to address any issues identified.	ADM (ED&T)	FY24 Q2	Complete	●	Staff completed Council briefings on downtown vacancies and vibrancy in Spring 2024.
ER,CV & FS	Downtown Vitality	1.3	f. Begin construction of the Cultural Arts District Parking Structure.	PW	FY24 Q2	Complete	●	The Cultural Arts District Parking Structure broke ground in November and construction is on schedule to be completed in early 2026.
ER,CV & FS	Support Arts and Culture	1.4	h. Develop a Council Memorandum on the current base level of economic support for Arts and Cultural activities across the various departments in the City.	ADM (ED&T)	FY24 Q2	Complete	●	A memo was completed and distributed to Council in December 2023.
ER,CV & FS	Support Arts and Culture	1.4	g. Initiate implementation of the consultant recommended phased approach to update the City's historic resources inventory.	CDD	FY24 Q2	Complete	●	The City has initiated implementation of the phased approach to update the historic resources inventory. A consultant was hired in November 2023 and has conducted multiple study sessions with the CHC. The consultant is currently finalizing draft documents for staff review. Staff anticipates bringing the update forward for CHC review and recommendation in November 2024.
ER,CV & FS	Ensuring Fiscal Responsibility and Sustainable City Operations	1.5	c. Implement a City fee program update.	CSG	FY24 Q4	Complete	●	The User Fee Study and recommended fee changes were presented to and adopted by Council on July 2, 2024. The updated fees will go into effect on October 1, 2024.
ER,CV & FS	Ensuring Fiscal Responsibility and Sustainable City Operations	1.5	d. Implement a Development impact fee (AB1600) study and update.	CSG	FY24 Q3	FY26 Q2	●	See notes below.
DEI	Develop & Implement DEI Strategic Plan	2.2	a. Complete a DEI Strategic Plan for comprehensive DEI initiatives and programming for the organization and community based on needs, priorities, and resource assessments.	Admin-DEI	FY24 Q3	Complete	●	The DEI Strategic Plan was presented to and approved by Council in February 2024 and is being implemented. A yearly progress report will be presented to Council.
DEI	Enhance Inclusive & Equitable Workplace Environment	2.4	a. Develop and adopt a DEI statement for the organization.	Admin-DEI	FY24 Q1	Complete	●	A DEI statement was developed and included in the DEI Strategic Plan.
HH	Housing Element Implementation	3.1	d. Conduct a Study Session with the City Council to identify needs and opportunities across the housing spectrum, including various types of transitional and supportive housing options.	CDD	FY24 Q3	Complete	●	Study Session was held on March 5, 2024
HH	Housing Element Implementation	3.1	e. Develop a scope of work for possible funding as part of the 2023-25 Financial Plan Supplement to update the City's parking requirements in consideration of best practices that support housing production. Strategies may include lowering parking minimums, establishing parking maximums, reducing parking requirements in areas close to services and transit facilities, and other proven strategies.	CDD; PW Transportation; PW Parking Services	FY24 Q3	Complete	●	Staff developed a scope of work for a parking study as described and worked with several consultants to understand the budget needed. It was estimated that the project would cost more than \$200,000. Due to this cost, staff did not recommend that the project move forward during the Financial Plan supplement process.

Table 49. Major City Goals (Continued)

MCG	Strategy	Strategic Approach #	Task/ Action	Responsible Department(s)	Original Completion Date	Updated Completion Date	Status	Notes
HH	Housing Element Implementation	3.1	f. Implement Below Market Rate Housing best practices including leveraging affordable housing fund revenues, down payment assistance programs, streamlined processing of loan documents, and updated policies and procedures.	CDD; Attorney	FY24 Q4	FY25 Q1	● See notes below.	
HH	Homelessness Response Strategic Plan Implementation	3.2	a. Work collaboratively with County and key stakeholders to coordinate regional encampment and street outreach, including an expanded hotel voucher program to ensure a bridge for temporary emergency shelter	CDD; Attorney	FY24 Q4	Complete and ongoing	●	A hotel voucher program is funded by the City and continues to be administered by CAPSLO to address overflow needs at the 40 Prado Homelessness Services Center. Encampment outreach is coordinated between the City, the County and Caltrans as well as for critical encampments on private property.
HH	Homelessness Response Strategic Plan Implementation	3.2	b. Increase homelessness response communications, resource sharing, and education, including increased public use of Ask SLO app	CDD; Admin	FY24 Q4	Complete and ongoing	●	The City has communicated information to the public regarding current practice to address homeless encampments and consistency with recent Supreme Court rulings and recent orders by the Governor. In June, the City conducted a Community Forum and distributed a resource guide and FAQs which can be found on the City's website. The Homelessness Response team continually responds to public inquiries via AskSLO.
HH	Homelessness Response Strategic Plan Implementation	3.2	c. Expand implementation of digital encampment management tool internally and for potential countywide use or explore using other countywide systems shared with other regional partners.	CDD; PW; P&R; PD; Fire	FY24 Q4	Complete and ongoing	●	The City implements Compassionate Assistance Mitigation and Prevention (CAMP) Standards as a framework to help reduce the negative impacts of homelessness and coordinates cleanup activities through an internal management tool (Survey 123). Staff continue to explore additional options for access for City outreach workers with regional platforms in coordination with program goals.
HH	Homelessness Response Strategic Plan Implementation	3.2	d. Leverage additional funding from other partner agencies for Mobile Crisis Unit (MCU) program, and Community Action Team (CAT) and service expansion; develop sustainable safe parking programs; and pilot additional transitional shelter programs with regional partners	CDD; PD; Fire	FY24 Q4	Complete	●	City staff leverage funding programs including working with County Behavioral Health and the Licensed Psych Tech program as well as the MediCal Enhanced Case Management Outreach providers. A Homelessness Response Budget has been developed to track program funding and to assist in the open dialog with partner agencies regarding leveraging regional funds. The Overnight Safe Parking Program at 40Prado was expanded to 12 spaces in FY 2023-24.

Table 49. Major City Goals (Continued)

MCG	Strategy	Strategic Approach #	Task/ Action	Responsible Department(s)	Original Completion Date	Updated Completion Date	Status	Notes
HH	Homelessness Response Strategic Plan Implementation	3.2	e. Support County and regional partners in pursuing and implementing funding resources as appropriate given the City's role for services, and transitional and permanent supportive housing, including Encampment Resolution Funding and Project Homekey grants	CDD; Admin	FY24 Q4		Complete and ongoing	The Calle Joaquin Homekey closed escrow for acquisition on September 13, 2024 for 75 units of supportive housing; and the supportive housing units at the Anderson Hotel that were at-risk of loss, re-opened at the end of September. The City continues collaboration with SLO County on transitional and supportive units. For example, the Welcome Home Village project, which could break ground in
HH	Homelessness Response Strategic Plan Implementation	3.2	f. Continue to develop the City's Safe Housing Outreach and Education Program, including preparation of a Council Memo on options for protecting renters, including homelessness prevention strategies.	Attorney; CDD	FY24 Q4		Complete and ongoing	On July 2nd, 2024 a Memorandum on Renter Protections was released to address what protections are currently available to renters and what additional measures cities are permitted to take to protect their renting community. This information can be found online at <a href="http://www.slocity.org/housing">www.slocity.org/housing</a> . Code Enforcement continues to develop educational materials and strategies for
HH	Public Safety	3.4	b. Implement the new Community Service Officer program over the next fiscal year to ensure effectiveness and improvements in quality of life surrounding homelessness issues in the downtown (funding approved on March 7, 2023)	PD	FY24 Q1		Complete	The department increased the total number of Community Service Officers from three to six. Expanding the CSO program has enabled the department to provide additional focus efforts in the downtown and still provide ongoing support to the City. The department's CSO program is robust and an effective use of personnel to support Patrol,
CA, OS, ST	Implement the Climate Action Plan and Lead by Example 2023-25 Work Plans	4.1	h. Continue to monitor impacts to Municipal Code 8.11 (All-Electric New Buildings), and if necessary return to Council with an alternative approach to achieving the City's climate action goals as they relate to new buildings.	Administration / CDD	FY24 Q4		Complete	Residential and Non-residential Projects must comply with both the statewide energy code and local energy reach code. The compliance process for the clean energy program requirements on all projects submitting for permit on or after January 1st, 2023 are available online.
CA, OS, ST	Increase Community Resilience	4.4	f. Initiate the development of Wildland-Urban-Interface Defensible Space and Home Hardening Program as called for in CASE	Fire	FY24 Q4	FY26 Q4		See notes below.
CA, OS, ST	Continue to Build City and Community Capacity for Transformational Climate Action	4.5	f. Conduct GHG Emissions Inventory and Biennial CAP and Lead by Example Progress Reports as called for in CAP Administrative Action 2 and Lead by Example Plan	Administration	FY24 Q3		Complete	The Lead by Example biennial progress report was completed and presented to Council in May 2024.



### **Economic Resilience, Cultural Vitality, & Financial Stability**

*Strategic Approach 1.5 (d): Implement a Development impact fee (AB1600) study and update.*

This task has been delayed with a new expected completion date of FY 2025-26 Q2. This delay is attributed to turnover of staff who were managing this project. In addition, staff has identified multiple policy related items that are requiring additional review, analysis and decisions by the Leadership Team and further discussion with Council. Finally, it was determined that traffic modeling data to support Transportation Impact Fees was also needed which required the City to contract with an outside consulting firm and has taken longer than initially expected.

### **Diversity, Equity, & Inclusion**

All DEI Major City Goal tasks have been completed or are on track to complete within their original expected completion dates.

### **Housing & Homelessness**

*Strategic Approach 3.1 (f): Implement Below Market Rate Housing best practices including leveraging affordable housing fund revenues, down payment assistance programs, streamlined processing of loan documents, and updated policies and procedures.*

This task was delayed due to focus and attention required for other time sensitive projects with significant grant funding and resources at stake, such as Homekey and Welcome Home Village. Staff has been working on several pieces of this work program, such as seeking a new Below Market Rate administrator, with an RFP released in September, and will begin addressing the remaining aspects as resources allow. In September, staff also brought forward an ordinance to further refine the development impact fee deferral loan program for affordable units to provide greater certainty to developers in the community. Once a new Below Market Rate unit administrator is on-board, staff intends to work with this administrator to begin to implement other best practices for BMR units including refining policies and procedures and improving processing times for affordable renters and buyers.

### **Climate Action, Open Space, & Sustainable Transportation**

*Strategic Approach 4.4 (f): Initiate the development of Wildland-Urban-Interface (WUI) Defensible Space and Home Hardening Program as called for in CASE program FI-5.15.*

This task was originally scheduled for completion in Q4 of FY 2023-24. The work required to develop a WUI Defensible Space and Home Hardening program has begun but has not yet been presented to Council for consideration. The WUI Defensible Space Program is codified in State codes and is under review by the Fire Department, Office of Sustainability and the City Attorney's office to ensure that the correct ordinances have been adopted in order to implement the program. It should be noted that the baseline parameters of the Fire Codes for a Defensible Space program only apply to Very High Fire Hazard Severity Zones in the City. At present, there are 22 properties that fall in this designation under the existing maps. The current Statewide maps are under review and local maps will be updated by ordinance in accordance with State Code within the next 12-18 months. It is recommended that this task be completed after the Statewide maps are updated during Fiscal Year 2025-26.



## ATTACHMENT B – GENERAL FUND LONG-TERM FORECAST

### Introduction

The long-term forecast is an important planning tool for the City. While the City adopts annual budgets that must be balanced, the outer years of the forecast are presented to show the City's financial condition and availability of resources into the future absent intervention. The forecast is generally updated twice annually and was last updated with the FY 2024-25 Supplemental Budget. This intervening update is intended to reflect Council action on July 2<sup>nd</sup>, 2024 to adopt new user fees, which is estimated to result in \$500k of additional fee revenue in the current fiscal year, and \$1m of additional revenue in future years. While the revised forecast below reflects these estimates, it is important to note that fee revenue is driven as much by the volume of services provided as it is by the fees themselves.

The revised forecast is included in the Year End Budget Report to provide context for the Council's review of the survey tool that will be used to gather community input as part of the upcoming public engagement process for development of the 2025-27 Financial Plan. As discussed during the Third Quarter Report and FY 2024-25 Supplemental Budget presentations, the long-term forecast for the General Fund projects deficits in the coming years. While staff does not expect that budget reductions will be necessary, it will be important that expenditure growth is limited in future years in order to incrementally reduce the forecasted budget deficits. The Council's approval of updated user fees helps to reduce the forecasted deficit, but there are other considerations that are not currently included in the forecast, including macroeconomic impacts to revenue, upcoming labor negotiations, and expectation of service expansion over the coming years to serve our growing community (discussed in more detail below).

All forecasts of future results are reliant on assumptions. Significant assumptions in this forecast include:

- **Continued Economic Growth:** The City benefits from diversified revenue streams. However, many of these revenue streams rely on consumer spending and tourism and are therefore cyclical in nature. This forecast does not contemplate a recession or slowdown in spending.
- **3% cost of living adjustments:** All staffing costs except pension costs are assumed to grow at three% per year. This is consistent with the forecast presented to Council with the FY 2024-25 Supplemental Budget, but represents an increase from the 2% inflator that was previously used.
- **Additional Discretionary Payments (ADPs) to CalPERS:** We continue to forecast \$2m per year in ADPs. This amount was established with the Fiscal Health Response Plan in 2018 and has not changed to reflect increased staffing costs due to a significant increase in employee headcount over the last several years. This means that progress in paying down our unfunded pension liabilities is projected to slow, and consideration should be given to whether or not the \$2m ADP amount should be increased commensurate with increasing staffing costs.

Other possible changes to be reflected in the future when more information is available include:

- **Revenue Forecasts:** Our consultants provide forecasts for our major revenue streams annually. These forecasts updates reflect the constantly changing macroeconomic environment.
- **Labor Negotiations:** The existing agreements and resolutions with the City's three non-safety bargaining units (San Luis Obispo City Employees' Association, Unrepresented Management, and Unrepresented Confidential Employees) will expire on June 30, 2025. Should additional adjustments be necessary to address salaries and benefits for these groups, additional costs will need to be factored into the forecast. For context, a 1% percent increase to budgeted General Fund salary and benefit costs for these three groups in FY 2024-25 is shown in the table below:

**ATTACHMENT B – GENERAL FUND LONG-TERM FORECAST**

<b>Bargaining Unit</b>	<b>1% of General Fund Cost</b>
CEA – City Employees’ Association	\$141,278
CONF – Confidential	\$10,549
MME – Management Employee	\$145,728

- **Costs to Support Growing Population:** The costs to serve a growing population are expected to put significant pressure on the City’s finances. These costs are expected to include new capital investments like neighborhood parks and increased ongoing operating expenditures to operate and maintain those investments. Staff has begun an effort to identify and estimate those costs and whether population growth will deliver sufficient additional revenues to fund them.
- **Emergency Storm Expenditure Reimbursement:** The City is eligible to receive a maximum of 93.75% of eligible costs incurred as a result of the Winter 2023 storms from state and federal agencies, and it is assumed that reimbursements will be received within 12 months of formally submitting the necessary filings. The first projects were initially submitted in October 2023 and we will soon be able to test this assumption. As noted in Attachment A, the Federal Emergency Management Agency (FEMA) is currently in a holding pattern due to the Disaster Relief Fund which supports FEMA’s public assistance program being nearly expended. While this is not expected to put the City’s projects at risk, it may delay obligation of funding for projects.

While this updated forecast does show positive progress on closing the projected deficit, staff still expects expenditures to grow more quickly than revenues and some corrective action will be necessary. This forecast reflects only one change from the version presented with the Supplemental Budget, which is the addition of \$500k in the current year and \$1m annually going forward for the estimated impact of the new user fee rates adopted by Council in July. Staff will present more comprehensive updates to the forecast with the Financial Plan development process.

**ATTACHMENT B – GENERAL FUND LONG-TERM FORECAST**

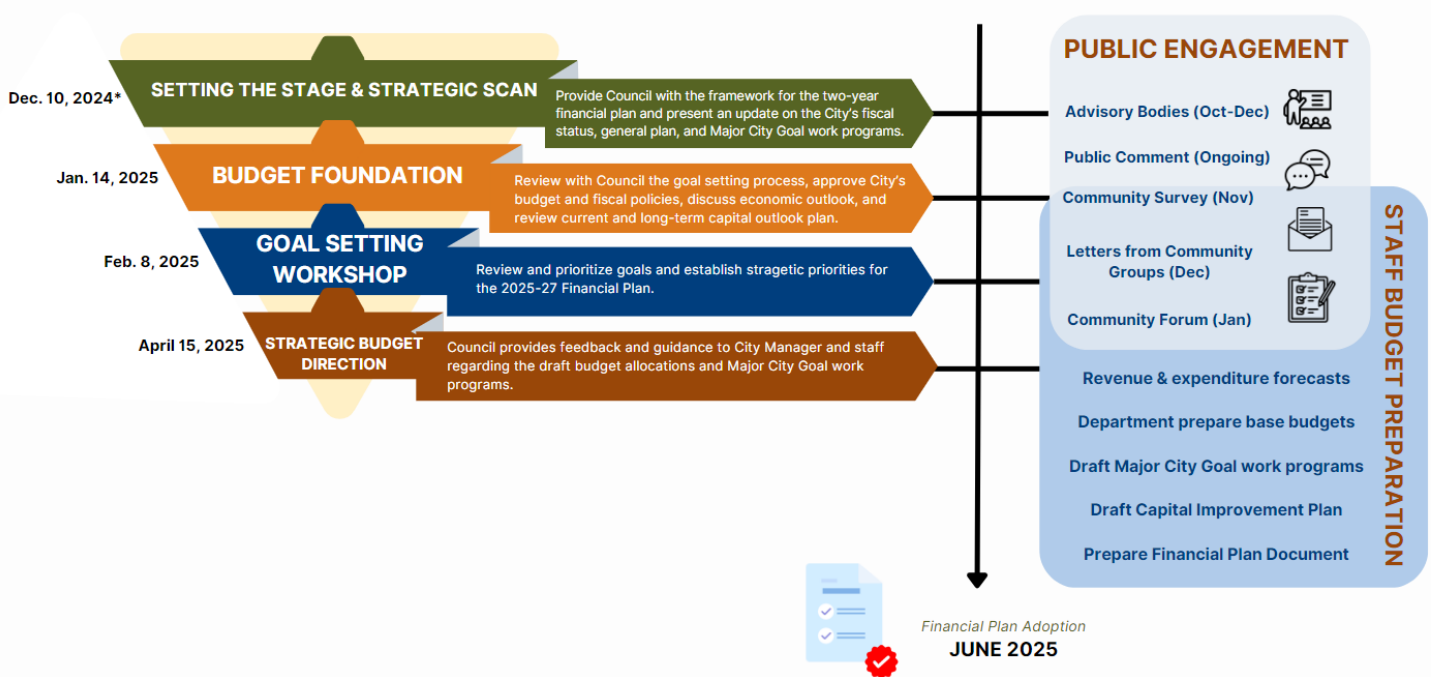
**Table 1. Long-Term Forecast**

	Financial Plan						
	(A) Actual 2022-23	(B) Budget 2023-24	(C) Budget 2024-25	(D) Projected 2025-26	(E) Projected 2026-27	(F) Projected 2027-28	(G) Projected 2028-29
<b>General Fund Five-Year Forecast (In Thousands)</b>							
<b>Tax &amp; Franchise Revenue</b>							
1 Sales & Use Tax	\$ 52,927	\$ 53,391	\$ 56,384	\$ 57,903	\$ 59,640	\$ 61,370	\$ 63,211
2 Property Tax	22,216	22,864	23,446	24,323	25,052	25,679	26,192
3 Transient Occupancy Tax	11,037	10,704	10,586	10,798	11,014	11,234	11,459
4 Utility Users Tax	6,904	6,332	6,623	6,755	6,890	7,028	7,169
5 Franchise Fees	2,350	2,000	2,092	2,134	2,176	2,220	2,264
6 Business Tax Certificates	3,281	3,252	3,317	3,384	3,451	3,520	3,591
7 Cannabis Tax	1,128	1,100	1,100	1,400	1,428	1,457	1,486
8 <b>Total Tax &amp; Franchise Revenue</b>	<b>\$ 99,842</b>	<b>\$ 99,643</b>	<b>\$ 103,548</b>	<b>\$ 106,696</b>	<b>\$ 109,652</b>	<b>\$ 112,507</b>	<b>\$ 115,371</b>
<b>Fees for Service &amp; Other Revenue</b>							
9 Police Services	\$ 753	\$ 745	\$ 612	\$ 624	\$ 637	\$ 649	\$ 662
10 Fire Services	1,613	1,648	1,578	1,609	1,642	1,674	1,708
11 Development Review	6,527	6,276	6,585	6,717	6,851	6,988	7,128
12 Parks & Recreation	1,868	2,026	2,069	2,110	2,152	2,195	2,239
13 Business Licenses	523	459	468	477	487	497	507
14 Cannabis Licenses	147	171	233	237	242	247	252
15 Other Revenues	3,708	2,911	2,319	2,376	2,392	2,412	2,429
16 Subventions & Grants	1,429	1,006	682	440	441	442	442
17 <i>Additional User Fee Revenue</i>			500	1,000	1,000	1,000	1,000
18 <i>Storm Reimbursement - ESTIMATE</i>			8,732	-	-	-	-
19 <b>Total Fees &amp; Other Revenue</b>	<b>\$ 16,568</b>	<b>\$ 15,241</b>	<b>\$ 23,778</b>	<b>\$ 15,591</b>	<b>\$ 15,844</b>	<b>\$ 16,105</b>	<b>\$ 16,367</b>
20 <b>Total Revenue</b>	<b>\$ 116,410</b>	<b>\$ 114,884</b>	<b>\$ 127,326</b>	<b>\$ 122,287</b>	<b>\$ 125,496</b>	<b>\$ 128,612</b>	<b>\$ 131,738</b>
<b>Use of Funds</b>							
21 Staffing	\$ 65,544	\$ 67,422	\$ 71,483	\$ 74,379	\$ 76,679	\$ 79,126	\$ 82,348
22 Contract Services	9,285	11,066	9,061	8,720	8,895	9,073	9,254
23 Other Operating Expenditures	9,471	11,097	10,193	10,499	10,709	10,923	11,142
24 Cost Allocation	(4,462)	(5,419)	(5,368)	(5,475)	(5,584)	(5,696)	(5,810)
25 <i>SOBC Recommendations</i>			485	218	224	231	238
26 <i>Fire Station 5 - ESTIMATE</i>				1,062	700	1,813	1,817
27 <i>Storm Expenditures - ESTIMATE</i>	3,646	5,354					
28 <i>Mid-Year One-time Budget Recommendations</i>		4,471	3,804				
29 <b>Total Operating Expenditure</b>	<b>\$ 83,484</b>	<b>\$ 93,991</b>	<b>\$ 89,659</b>	<b>\$ 89,403</b>	<b>\$ 91,623</b>	<b>\$ 95,470</b>	<b>\$ 98,989</b>
30 Debt Service	\$ 1,992	\$ 1,854	\$ 1,758	\$ 1,761	\$ 1,550	\$ 1,549	\$ 1,550
31 Capital	27,056	29,728	27,199	27,748	28,288	28,843	29,408
32 Transfers Out/(In)	2,085	1,490	1,086	1,486	1,844	2,251	2,352
33 <b>Total Expenditure</b>	<b>\$ 114,618</b>	<b>\$ 127,062</b>	<b>\$ 119,702</b>	<b>\$ 120,397</b>	<b>\$ 123,305</b>	<b>\$ 128,113</b>	<b>\$ 132,300</b>
34 <b>Revenue Over/(Under) Expenses</b>	<b>\$ 1,792</b>	<b>\$ (12,178)</b>	<b>\$ 7,624</b>	<b>\$ 1,890</b>	<b>\$ 2,192</b>	<b>\$ 500</b>	<b>\$ (562)</b>
35 <b>Beginning Fund Balance</b>	<b>\$ 40,746</b>	<b>\$ 40,538</b>	<b>\$ 26,360</b>	<b>\$ 31,984</b>	<b>\$ 31,873</b>	<b>\$ 32,065</b>	<b>\$ 30,565</b>
36 CalPERS ADP	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
37 <b>Ending Fund Balance</b>	<b>\$ 40,538</b>	<b>\$ 26,360</b>	<b>\$ 31,984</b>	<b>\$ 31,873</b>	<b>\$ 32,065</b>	<b>\$ 30,565</b>	<b>\$ 28,003</b>
38 General Fund Reserve	13,727	10,826	14,587	15,046	15,354	15,974	16,367
39 Revenue Stabilization Reserve	2,000	2,000	2,000	2,000	2,000	2,000	2,000
40 115 Pension Trust Fund	2,000	2,000	2,000	2,000	2,000	2,000	2,000
41 Committed or Restricted	14,536	11,534	11,000	10,500	10,500	10,500	10,500
42 <b>Undesignated Fund Balance</b>	<b>\$ 8,275</b>	<b>\$ 0</b>	<b>\$ 2,397</b>	<b>\$ 2,327</b>	<b>\$ 2,211</b>	<b>\$ 91</b>	<b>\$ (2,864)</b>
43 <i>Reserve funded level (Policy=20%)</i>	20%	14%	20%	20%	20%	20%	20%



## ATTACHMENT C – 2025-27 FINANCIAL PLAN SCHEDULE

There are a number of opportunities to provide input to the City Council to establish Major City Goals with the community’s interest in mind. These opportunities are highlighted on the following chart and also listed by date at the bottom of this document. Any specific dates identified in this document are estimated and subject to change.



\*December 10<sup>th</sup> meeting subject to Council approval of an additional meeting date

1. **Pre-work and Community Outreach:** The initial phase of the Public Engagement process involves assessing the community's priorities prior to Council discussions scheduled for the following months. Compiling a preliminary list of relevant topics enables staff to refine the focus of the Community Forum and ensure that the appropriate subject-matter experts and information are available as the process progresses. The pre-work includes:
  - a. **Community Outreach Efforts.** The City uses its [Public Engagement and Noticing Manual](#) as the guide for encouraging the broadest possible participation in the community engagement process. Staff plans to place display ads in The Tribune, SLO Journal, and New Times and use social media to promote participation. Information about the goal-setting and budget process will be placed on the City’s web site and at City Hall. There will also be an informational flyer in the November utility bills (in English and Spanish) inviting the public to participate in the online Community Priorities Survey, Community Forum, goal-setting, and budget process.
  - b. **The Community Priorities Survey (see Attachment D).** The survey is an effective tool for collecting feedback from a substantial number of community members. The participation rate has increased with each Financial Plan, reaching over 1,300 responses for the 2023-25 survey. This survey will be accessible from November 12, 2024, to December 13, 2024. Feedback from previous surveys and broader research indicate that a duration of three to four weeks is optimal for a web-based survey. Furthermore, concluding the survey in mid-December enables staff to obtain community feedback prior to the holiday season, a period when many individuals may be less accessible.

## ATTACHMENT C – 2025-27 FINANCIAL PLAN SCHEDULE

- c. **Community Letters.** The City mails notices to a comprehensive list of community partners, governmental agencies, media organizations and interested individuals inviting them to participate in the community engagement process. The letter includes a QR code linking to the survey and provides details regarding the financial planning process and the Community Forum.
  - d. **Advisory Body Input.** Consistent with past Council direction, the advisory bodies will again play an important role in the goal-setting process by providing the Council with their recommended goals for 2025-27. Staff will provide advisory body members with background materials outlining their important role in this process. An update on this process is also scheduled to be presented at the next quarterly meeting with the Mayor and advisory body chairs in October 2024. Lastly, staff liaisons are already beginning to work with Advisory Body Chairs in scheduling time for this purpose at upcoming advisory body meetings.
2. **“Setting the Stage” Workshop and the Strategic Scan.** This meeting on *Tuesday, December 10, 2024<sup>1</sup>*, will be devoted to a comprehensive review of the status of current City plans, goals, policies, and programs. This is an especially appropriate start as the Council goal-setting process should take into consideration the City’s adopted long-term plans, current two-year goals, and an updated economic outlook. Accordingly, staff plans to present reports on the following:
    - a. **FY 2024-25 1st Quarter Review.** Staff will present a brief budget update of the City’s current financial position as compared with the adopted FY 2024-25 Supplemental Budget.
    - b. **Strategic Scan/Setting the Stage.** Staff will provide an overview of important statistical information that provides trends and patterns pertaining to social, economic, and environmental factors. This will help set the stage for an overview of the City’s services and how the budget is allocated. This will provide important context for decision making through the 2025-27 financial planning process.
    - c. **Status of Major City Goals.** Staff will provide an update on the status of existing Major City Goals.
    - d. **Status of General Plan Programs.** As in past years, staff will present an overview of the status of each General Plan program in each of the ten elements (over 400 programs in total). Organized by element, staff will provide a short summary of each program, whether it has been completed, and if not, a high-level assessment of how challenging it will be to complete.
  3. **“Budget Foundation” Workshop.** This meeting on *Tuesday, January 14, 2025*, will be dedicated to seeking policy guidance from Council that will serve as the foundation for the City’s budget and goal-setting process. Staff plans to cover the following topics at this workshop:
    - a. **Review survey responses and advisory body input.** The report will include attachments containing the community survey responses and the advisory body input. These materials are intended to provide information to assist in the planning of the Community Forum; however, the responses will not be discussed in detail during the meeting.
    - b. **Finalize plans for the Community Forum and Council Goal-Setting Workshop.** Staff will present a proposed approach for the forum and goal-setting workshop at this meeting.

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<sup>1</sup> Tentative date pending future Council action on Council meeting dates.



## ATTACHMENT C – 2025-27 FINANCIAL PLAN SCHEDULE

- c. **Review of Financial Plan policies contained in the 2023-25 Financial Plan and update or recommend changes as appropriate.** This may include proposed changes to the existing fund balance targets for enterprise funds and the capital replacement funds.
  - d. **Review the organization of the Financial Plan and obtain Council guidance regarding the style of presentation expected or preferred by Council.**
  - e. **Review the long-term economic forecast.**
  - f. **Discuss additional discretionary payments (ADPs) to CalPERS intended to expedite paydown unfunded pension liabilities.** This will include an overview of the City’s adopted plan to paying down pension debt and consideration of increasing the annual ADP to reflect increases to staffing costs over the last several years.
  - g. **Review Long-Range Capital Improvement Plan (CIP).** The Long-Range CIP provides a look at future infrastructure needs as envisioned by the General Plan and other Council-adopted plans. The Long-Range CIP is presented to Council as part of the Budget Foundation discussion and Goal Setting Process to provide context for future capital needs.
4. **Community Forum.** The Community Forum is a public event held in person, designed for community members to engage in discussions regarding possible goals and feedback from the advisory bodies, community organizations, and individuals who participated in the online survey. The structure of this event will closely resemble that of the 2023-25 Community Forum, featuring a walk-through environment and interactive booths where attendees can interact with City staff and fellow community members. Participants will have the opportunity to scan a QR code using their mobile devices, or with assistance from staff, to rank various methods by which the City could achieve the potential Major City Goals. Attendees will be encouraged to submit additional suggestions or feedback that Council should consider that was not part of the ranking process. Community members can also email ideas to [communityforum@slocity.org](mailto:communityforum@slocity.org) if they are unable to attend the forum in person. The Community Forum is a joint meeting of the City Council and Revenue Enhancement Oversight Commission (REOC).
  5. **Council Goal-Setting Workshop.** Following collection of feedback during the Community Forum, the Council goal-setting workshop will be held on **Saturday, February 8, 2025**, in the Council Chambers. This will be an all-day workshop to answer the question, “What are the most important, highest priority things for the City to accomplish over the next two years?” Council will be asked to provide up to five goals before the workshop which staff will organize and distribute prior to the workshop. Use of an independent facilitator will allow all Council members to participate fully in the process; and allows staff to devote their efforts to listening to the discussion. Moreover, the facilitator can assist the Council to ensure that the number and scope of the goals established are appropriate.
  6. **Mid-Year Report and Guiding Principles for Allocation of Resources.** The Mid-Year Review and review of the updated Five-Year Forecast, scheduled for **Tuesday, February 18, 2025**, will allow the Council an early opportunity to provide guiding principles and direction for paying down unfunded pension liabilities and efficient allocation of resources with the 2025-27 Financial Plan, focusing on community priorities.
  7. **Major City Goal Work Programs and Strategic Budget Direction.** On **Tuesday, April 15, 2025**, staff will present the Major City Goal Work Programs developed out of the Goal-Setting Workshop and seek

## ATTACHMENT C – 2025-27 FINANCIAL PLAN SCHEDULE

strategic budget direction from Council on both the operating budget and Capital Improvement Plan. This process affords the City Council an opportunity to review the draft work programs and associated financial resources proposed to support existing services and accomplish Major City Goals established by the City Council in February. At this stage of the process, the City Council provides direction on any changes needed to refine these work programs and resource allocations to better achieve the desired outcomes. Additionally, the City Council is asked to provide the City Manager with the key policy direction needed to allocate resources in line with Council's expectations or to further amend budget or fiscal policies that align with Council direction. This process is extremely helpful so that the Preliminary Financial Plan that is presented to the City Council and community in June accurately reflects the Council's expectations.

At this meeting, staff will present detailed work programs for the *Major City Goals* in order to:

- a. Clearly define and scope the work programs.
- b. Ensure that there is a clear understanding of the means used in pursuing the goal.
- c. Convert the general goal into specific action steps, so progress can be measured.

Each work program will provide the following information:

**Objective.** What is to be accomplished? (This will be based on the objective adopted by the Council at the goal-setting workshop.)

**Discussion.** What are the factors driving the need for this goal? What actions have already been taken in trying to resolve this problem area? What are the key assumptions? What key challenges, constraints or obstacles can be expected in achieving this goal? What concerns, or issues will remain unresolved even if the goal is achieved? Who are the key stakeholders?

**Action Plan.** What specific tasks will need to be accomplished in order to achieve the goal, and when will they be completed? These "action steps" are the fundamental building blocks in defining and scoping the work program, and in monitoring the progress in accomplishing the goal over the next two years.

**Responsible Department.** Who is accountable for getting it done?

**Financial and Staff Resources Required to Achieve the Goal.** What will it take to achieve the goal? Will resources be needed (staffing, contract services, CIP project) to do this?

**Outcome: Final Work Product.** What are the "deliverables?"

8. **Budget Hearing and Budget Adoption.** The Budget Hearing is scheduled for **Tuesday, June 3, 2025**. State law requires that the City may not spend public funds without the authority to do so. The budget appropriates public funds, thereby providing the legal authorization from the governing body to expend these funds on operations and capital projects. Section 803 of the City Charter sets forth a requirement for a public hearing to consider adoption of the annual budget. The budget hearing is scheduled for the first meeting in June in order to hold time for the possibility of a second hearing, so that the budget can be adopted before the next fiscal year begins on July 1, 2025, pursuant to Section 804 of the City Charter.

### Budget Calendar Summary

**ATTACHMENT C – 2025-27 FINANCIAL PLAN SCHEDULE**

<b>Item #</b>	<b>Tentative Dates</b>	<b>Who</b>	<b>Action</b>
1	September 26, 2024	Finance	Release of goal template and instructions to advisory body liaisons.
2	October 1, 2024	Council	Review FY 2023-24 Year End Report and approve the 2025-27 Financial Plan schedule and survey tool
3	October 31, 2024	Council	Quarterly Mayor/Advisory Body Chairs Meeting
4	November 12, 2024	Finance/Admin	Release Community Priorities Survey
5	December 10, 2024	Council	Hold Setting the Stage & the Strategic Scan workshop (Operating and CIP)
6	December 11, 2024	Finance	Receive written comments from community groups and interested individuals, and goals from advisory bodies
7	December 13, 2024	Finance/Admin	Community Priorities Survey closes
8	January 7 or 14, 2025	Council	Review Budget Foundation report and provide guidance to staff on development of operating budget and CIP
9	January/February 2025 (exact date TBD)	Council	Receive FY 2023-24 Audit and Annual Comprehensive Financial Report (ACFR)
10	January 23, 2025	Council/REOC/ Staff	Community Forum
11	February 8, 2025	Council	Council Goal Setting Workshop (on Saturday)
12	February 18, 2025	Council	Review FY 2024-25 Mid-Year Budget Report including allocation of FY 2023-24 unassigned fund balance
13	March, 2025	REOC	Review Capital Improvement Plan for projects utilizing Local Revenue Measure funding
14	April 15, 2025	Council	Review strategic budget direction report (including CIP) and provide direction to staff
15	April 15, 2025	Council	Review Impact Fee Study and Capital projects associated with those impact fees and provide direction to staff.
16	May 14, 2025	Planning Commission	Review Capital Improvement Plan for conformity with General Plan
17	May 20, 2025	Council	Review FY 2024-25 Q3 Budget Report
18	May 23, 2025	City Manager	Issue proposed budget
19	June 3, 2025	Council	Budget Hearing and adoption of budget and CIP
20	June 17, 2025	Council	Continued Budget Hearing and adoption of budget and CIP (if necessary)



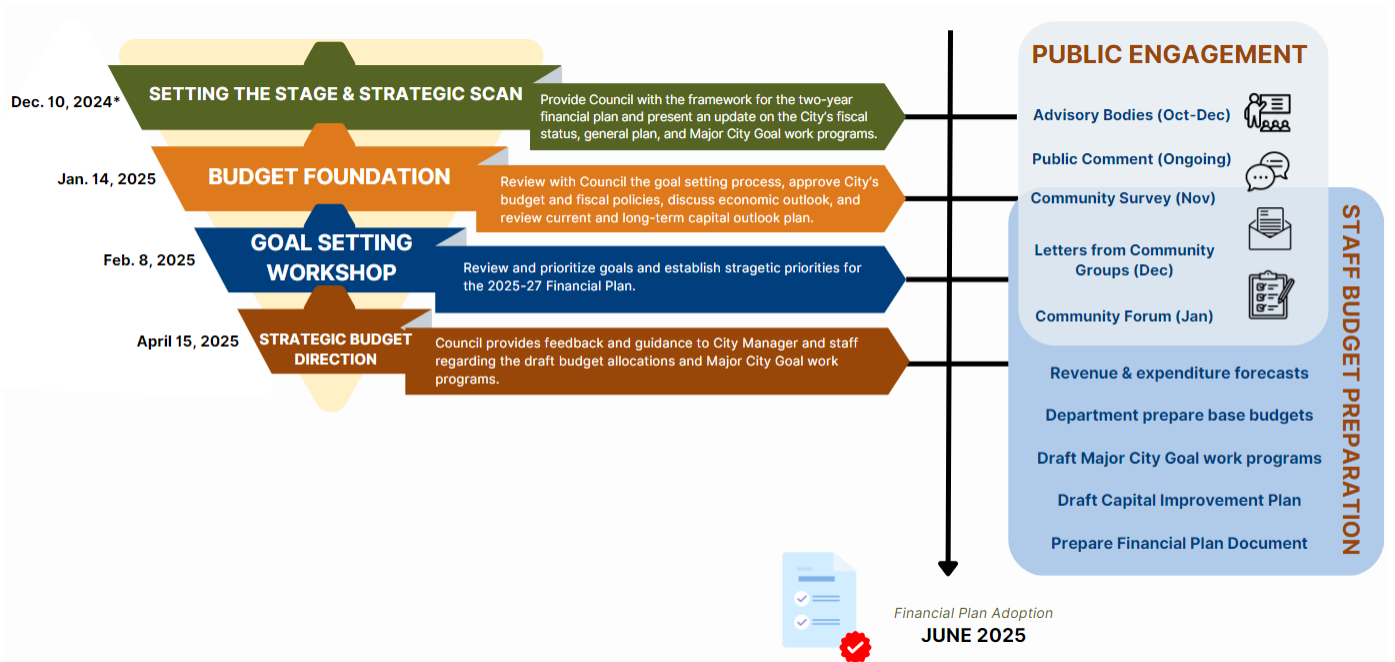
**ATTACHMENT D - DRAFT COMMUNITY PRIORITIES SURVEY**

About the Community Survey:

The City will conduct a survey as the first step in the process of gathering community feedback to support development of the 2025-27 Financial Plan. Results from the survey will help refine the focus areas for the Community Forum and the topics for Council to consider and discuss during the goal-setting process. The City uses an online civic engagement platform called [Open City Hall](#) to collect survey responses. The survey will be open to the public for four weeks, from November 12, 2024, to December 13, 2024. After the survey closes, the results will be sent to Council before the holidays as part of a package of materials to review for the “Budget Foundation” meeting in January (see Attachment C for more information). The City uses its [Public Engagement and Noticing Manual](#) as the guide for encouraging the broadest possible participation in the survey.

Below is the proposed survey for the 2025-27 Financial Plan:

**What should the City Council consider as the City’s top priorities during the next two years?**



Every two years, the City hosts a community-based goal setting process to establish the top priorities to make San Luis Obispo an even better place to live, work, and play. Through its budget process, the City Council then matches the resources necessary to achieve these priorities while also balancing the need to continue to provide the services that the community requires. The adopted budget then enables the City to provide high quality services, programs, and projects with the community’s priorities in mind.

The City Council adopted the following [Major City Goals for the 2023-25 Financial Plan](#):

## ATTACHMENT D - DRAFT COMMUNITY PRIORITIES SURVEY

- Economic Resiliency, Cultural Vitality & Fiscal Sustainability
- Diversity, Equity & Inclusion
- Housing and Homelessness
- Climate Action, Open Space & Sustainable Transportation

The City of San Luis Obispo has a strong foundation of sound financial management and fiscal policies as well as diverse revenue sources (including the [Local Revenue Measure](#)). These policies and revenue sources have provided the City with several years of expanding financial resources. However, cities across the nation, including San Luis Obispo, are expected to face more financial constraints in the years ahead. This current position is a shift from prior budget cycles which have supported significant augmentations to City services. While the City does not expect to be able to significantly expand ongoing programming in the next few years, your input is essential in helping the City Council make decisions about our City's future budget and how to best use existing resources to prioritize the services that our community wants to see.

The City Council is seeking your input on what the City's Major City Goals should be for its 2025-27 Financial Plan.

To learn more about the Financial Plan process, **click here**. (link to be added once published)

### Question Section 1:

**Which statement best describes you? Click all that apply**

I live in the City of San Luis Obispo.

I work in the City of San Luis Obispo.

I play (recreate, shop, eat, etc.) in the City of San Luis Obispo.

Other

### Question Section 2:

**What should the City Council consider as the City's top priorities during the next two years (select your highest five priorities)? The following are the priorities, listed in alphabetical order, that have been consistently identified by the community in the past. You may also add your own.**

Climate Action (e.g., implement the City's Climate Action Plan for Community Recovery to reduce greenhouse gas emissions, prepare for the impacts of climate change, and develop the local green economy)

Childcare (e.g., support policies, partnerships, and incentives to help expand childcare options)

Cultural Vitality (e.g. preserve arts and culture, expand public art programs, and support community partnerships)

Diversity, Equity, and Inclusion (e.g., focus on activities and initiatives that support marginalized racial, ethnic, and cultural groups)

## ATTACHMENT D - DRAFT COMMUNITY PRIORITIES SURVEY

Downtown Vitality (e.g., continue to improve safety and cleanliness, invest in infrastructure and maintenance in the Downtown)

Fiscal Sustainability and Responsibility (e.g., continue to implement efficiencies, strategic economic development, and plans to address unfunded liabilities)

Homelessness (e.g., partner with the County and community-based organizations to implement programs that prevent and support people experiencing homelessness, continue City Mobile Crisis Unit and Community Action Team efforts)

Housing Supply and Affordability (e.g., facilitate increased production of all housing types designed to be economically accessible to the area workforce and to low and very low-income residents)

Safe Housing and Neighborhood Wellness (e.g., promote safe housing and neighborhoods, expand renter protection programs, and support initiatives that foster community connection and inclusion among residents)

Infrastructure Maintenance (e.g., maintenance of roads, sidewalks, parks, and other City infrastructure)

Open Space (e.g., preserve and enhance open space and natural areas)

Public Safety (e.g., expand Fire/Police services, response for emergencies and disaster preparedness)

Sustainable and Multi-Modal Transportation (e.g., enhance accessible transit, bicycle, and pedestrian opportunities)

Other

Other

Other

Other

Other

**If you selected the option "Other" as a response to the question above, please elaborate here. (Please use one line per "Other" selection).**

### Question Section 3:

Given the current fiscal constraints, new projects or services may require prioritization and potential trade-offs unless they can generate offsetting revenue. How might the City adjust current projects or services to accomplish any new priorities?

### Question Section 4:

Thank you for participating in the Community Priorities Survey. Your responses will be used to help shape the future of the City of San Luis Obispo.

If you would like to share your thoughts on how the City could implement the Major City Goals please come to the Community Forum at the Ludwick Community Center (864 Santa Rosa St, San Luis Obispo, CA 93401) on January 23, 2025 at 6:00pm. If you are unable to attend the Community Forum, please send your feedback to: [CommunityForum@SLOCity.org](mailto:CommunityForum@SLOCity.org).