



# Fourth Quarter Financial Report (Year-End)

Fiscal Year 2023-24

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## Introduction

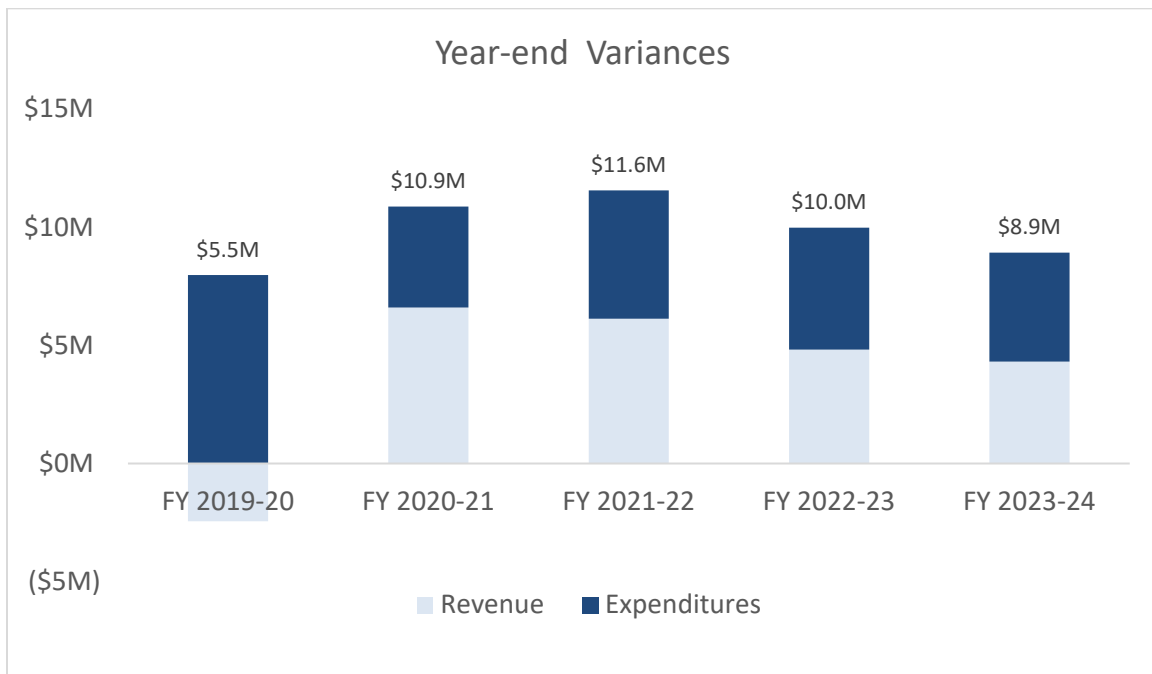
The fourth quarter and year-end report provides an overview of the City's financial position and results as of and for the year ended June 30, 2024. This report includes the General Fund and the City's four enterprise funds. These results are shared on a preliminary basis in the interest of transparency. 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.

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## 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.

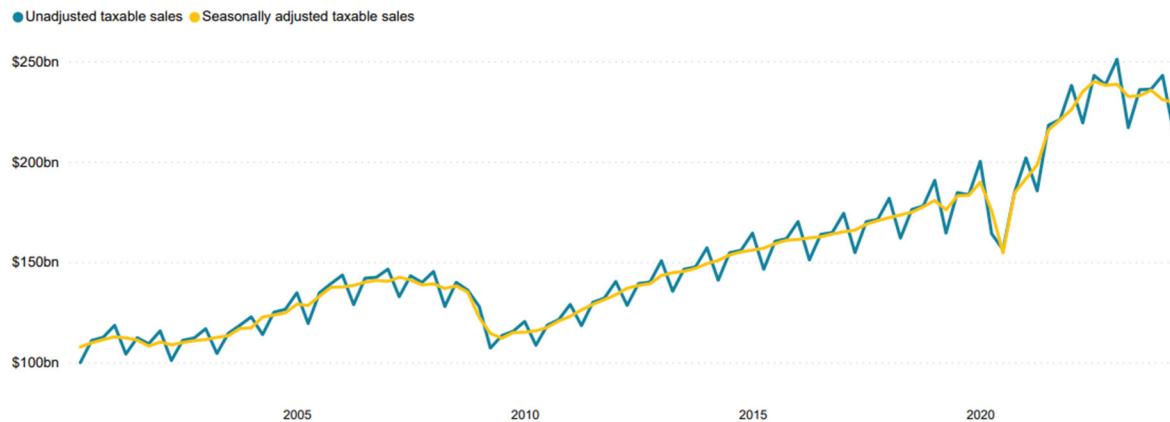
**Table 7. General Fund Revenue**

	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 Miozzi 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 in 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)	14.6/31.0/2 5.1/2.8	14.6/31.0/2 5.1/2.8
	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.</p> <p><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>**

	FY 2022-23	FY 2023-24				FY 2024-25
Water	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

## Utilities Department

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).

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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
	# of children receiving subsidy	60 CAPSLO 50 City Sponsorships	72 CAPSLO 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

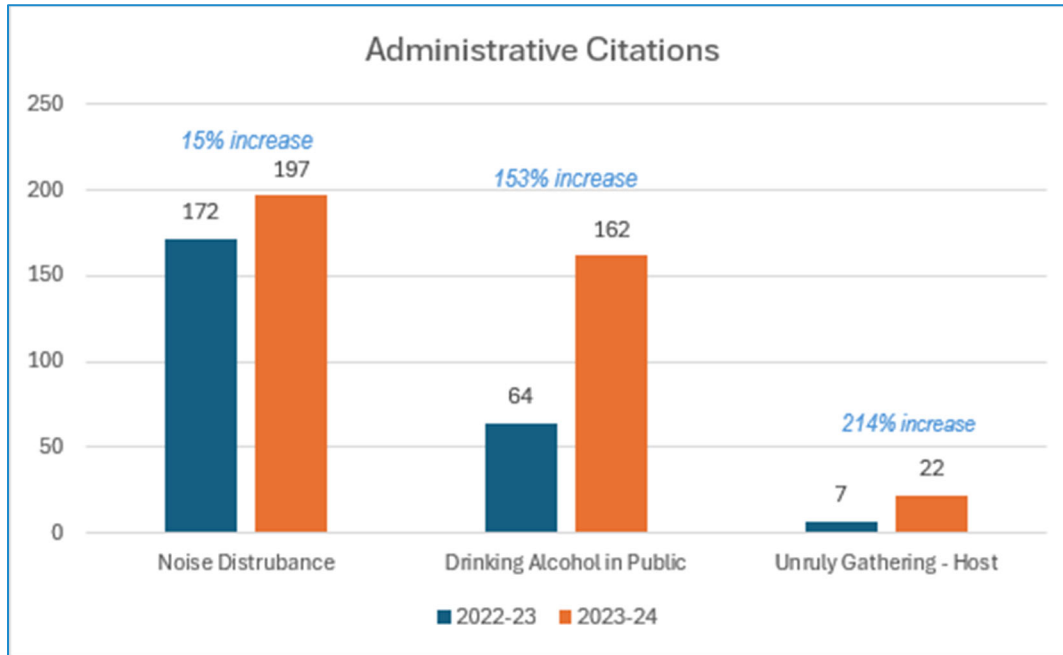
**Table 44. Police Department Revenue**

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.