Second Quarter Financial Report

Fiscal Year 2024-25

Introduction

This financial report provides an overview of the City's revenues and expenditures through the first quarter of the fiscal year (July 1, 2024 – December 31, 2024). It also provides an update on the status of the City's Capital Improvement Plan (CIP) projects and progress on Major City Goal tasks.

Throughout the document, reference will be made to the data available as of the time the report was drafted. Revenues are often not available for up to two months after month-end and in some cases, revenues are not received evenly throughout the year. Expenditures are often recorded in advance for annual costs or for purchase orders opened at the beginning of the year. The net impact is that actual results booked halfway into the year should not always be expected to equal one half of budgeted amounts. Commentary will be provided only when analysis suggests that full-year results may differ significantly from budget.

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General Fund Summary

Halfway through the year, two areas of risk to revenue budget attainment have emerged. Sales tax has not grown as expected and development review fees are in decline. Expenditures are trending broadly in line with expectations and, at this point, staff does not see risk to fund balance at year end. The tables below detail year-to-date results as compared to budget and prior year actuals. Commentary is provided where results are not in line with expectations.

Revenue:

	FY 2023-24	FY 2024-25		
General Fund	**Actual**	**Budget**	**YTD Actuals**	**% Received**
Tax and Franchise Revenue	**$ 102,258,726**	**$ 104,967,371**	**$ 35,095,851**	**33%**
Local Revenue Measure G	30,597,288	31,855,000	9,938,456	31%
Sales Tax (Bradley Burns)	22,285,972	23,962,099	7,297,111	30%
Property Tax	23,723,431	23,446,385	4,971,853	21%
Transient Occupancy Tax	11,063,012	10,586,256	4,873,981	46%
Utility User Tax	6,301,505	6,622,639	2,732,613	41%
Business Tax	2,941,928	3,317,338	3,078,556	93%
Cannabis Tax	1,116,495	1,100,000	457,970	42%
Franchise Fees	2,366,286	2,091,800	660,694	32%
Gas Tax	1,341,857	1,419,353	864,854	61%
Safety Prop 172	520,952	566,500	219,762	39%
Fees and Other Revenue	**18,829,578**	**22,233,056**	**8,431,109**	**38%**
Development Review	6,168,815	6,585,331	2,240,330	34%
Parks & Recreation	2,413,314	2,068,787	1,069,348	52%
Fire	1,731,537	1,577,836	703,325	45%
Police	1,022,488	468,217	335,640	72%
General Government	7,493,423	2,800,598	4,082,467	146%
Storm Reimbursement	-	8,732,287	-	0%
Total	**$ 121,088,304**	**$ 127,200,427**	**$ 43,526,960**	**34%**

Tax Revenue:

Sales Tax (including Local Revenue Measure & Prop 172 Safety Tax): Year-to-date results include July through October only as the California Department of Tax and Fee Administration reports with an up to two-month delay. The budget assumed a return to typical growth rates in sales tax revenue driven by reductions in interest rates that are no longer expected to materialize. Recent statewide forecasts from the City's consultants have been revised downwards based on macroeconomic conditions and, as a result, staff expects risk to budget attainment.

Property Tax: The City participates in the Teeter Plan, which means that the City is not exposed to delinquent payments and can reasonably expect to collect 100% of budgeted amounts. Staff expects to exceed budget by year-end.

Business Tax: This tax is due at the beginning of the year and should be largely collected. Staff note that collections are up more than 5% from prior year due to a combination of improved compliance efforts and collection of past-due prior year receipts. On January 31st, staff issued the first of three rounds of citations for past due business tax and expect collections to increase before year end.

While other tax revenue categories show year to date results lower than 50%, staff does not expect significant variances for the full year.

Fee & Other Revenue:

Development Review Fees: This revenue stream finished 2% below budget last fiscal year and below target every month this fiscal year through the second quarter. Halfway through the year, the Community Development Department has realized only 34% of the anticipated annual revenue (approximately $1M below expectations). If Development Review Fees continue at this rate, staff expect a $2M shortfall for the full-year. This downward trend in development and related fees aligns with nationwide trends due to external factors such as high interest rates, political uncertainty, and elevated construction, labor, land, and energy costs. This trend could also suggest a leveling out of development in the City, after several years of development occurring at a high pace due to several large-scale projects and the build-out of several subdivisions.

As a result of applications being down, Community Development is completing the vast majority of plan checks in-house. This preserves the consultant budget, which would typically be expended if there were more projects. The Director has directed program managers to pay close attention to discretionary budgets for the remainder of the fiscal year. In addition, Community Development will re-forecast the anticipated development revenue in the next financial plan, taking into consideration the trends that have emerged this year.

General Government: This line includes earnings on cash and investment balances which have benefited greatly from elevated interest rates. Staff expect cash interest payments to outperform budget once again, although to a lesser degree due to recent policy actions by the Federal Reserve. Staff also caution that if interest rates do not decrease throughout the year as expected, this may result in negative fair market value adjustments[1].

Storm Reimbursement: Staff's original assumption was that the City would receive reimbursement for Winter 2023 Storm expenditures from the Federal Emergency Management Agency (FEMA) and the California Office of Emergency Services (CalOES) within 12 months. That timeframe passed in October 2024 and the City has yet to receive reimbursement, despite the fact that FEMA has obligated some of the City's projects. Tremendous uncertainty remains as to the timing and amount of reimbursement to be received and staff will revisit this assumption for the 2025-27 Financial Plan. More information is included in the 'Storm Update' section of this report.

Though other fee categories show year to date results other than 50% of budget, staff does not expect significant variances for the full year.

Operating Expenditures:

[1] Fair Market Value adjustments are non-cash adjustments to investment income that reflect changes in the current market price of our bond holdings. Bond values are inversely correlated with interest rates, so if interest rates do not fall as expected the adjustment will reduce revenue. If rates fall more quickly than expected, the adjustment will increase revenue. Because the City generally holds investments until maturity, we do not expect any cash impact from these changes in fair value.

	FY 2023-24	FY 2024-25		
General Fund Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$55,754,042	$61,713,904	$28,551,116	46%
Unfunded Pension Liability	12,994,935	12,886,419	12,682,728	98%
Contract Services	10,721,258	13,264,780	9,062,301	68%
Other Operating Expenditures	7,674,086	8,615,177	4,863,791	56%
Total	**$87,144,321**	**$96,480,280**	**$55,159,936**	**57%**

Staffing: Salaries and benefits are as expected at this point in the year at 46% expended. If vacancies and overtime utilization continue at this rate, this indicates year end staffing savings of roughly 5%. Staff will utilize these savings to ensure the work performed by vacant positions is still completed wherever possible.

Unfunded Pension Liability: This annual cost is prepaid upfront. Savings are realized as a result of this prepayment.

Contract Services: Actuals for this budget line include obligations on open purchase orders. While 68% of budget has been obligated or expended, just 36% has been paid to vendors. Staff do not expect a variance to budget at year-end.

Other Operating Expenditures: Similar to Contract Services, actuals for this line include obligations on open purchase orders and just 17% of budget has been expended. Staff do not expect a variance to budget at year-end.

	FY 2023-24	FY 2024-25		
Operating Expenditures by Department	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Admin/IT	$ 10,767,778	$ 12,200,996	$ 6,708,995	55%
City Attorney	1,472,411	1,898,569	1,037,437	55%
Community Development	7,157,271	9,772,915	5,551,212	57%
CSG Admin	829,900	669,322	286,100	43%
Finance	2,275,677	2,661,555	1,489,151	56%
Fire	15,960,639	17,044,586	10,762,405	63%
Human Resources	2,179,463	2,043,612	1,154,727	57%
Non-Dept/Support Services	403,850	1,090,390	166,914	15%
Parks & Recreation	5,414,249	6,023,370	3,074,244	51%
Police	23,233,179	23,855,517	14,426,102	60%
Public Works	17,038,967	18,807,172	10,278,390	55%
Utilities	411,052	412,275	224,257	54%
Total	**$ 87,144,436**	**$ 96,480,280**	**$ 55,159,936**	**57%**

While the year to date results for the General Fund as a whole are largely as expected, one area of risk to operating budgets stands out:

Fire Department: Several vacant positions are driving higher than expected overtime expenditures. Four firefighter positions are currently vacant, meaning at least one shift will be filled at overtime rates daily. The department anticipates the positions will be filled by Spring, allowing for a reduction in overtime. The department will utilize all means to reduce impacts to the budget including the offset of unused regular salaries from the vacancies. Staff expects this year's increased mutual aid revenue resulting from the high fire activity around the state and other reimbursements will provide budget capacity to cover staffing costs for the remainder of the year.

Recommended Use of FY 2023-24 Unassigned Fund Balance

The City's Annual Comprehensive Financial Report, including audited financial statements, was presented to Council on January 21, 2025. The report included the following table detailing General Fund unassigned fund balance of $9,167,831 as of June 30, 2024:

General Fund – Fund Balance per June 30, 2024		
Non-spendable		$23,481
Committed		
	Contingency Fund	10,826,500
	General government programs	1,776,826
	Risk Management	585,456
Assigned to:		
	Encumbrances & Commitments	6,009,831
	SLO Rep Theater grant	3,940,000
	115 Trust Fund	2,000,000
	CalPERS Payment	2,000,000
	Revenue Stabilization	2,000,000
	Storm Related Expenses	5,125,068
	Tenant Improvement	1,400,000
	Development Services	214,136
	Solid Waste AB939	237,147
Unassigned		9,167,831
Total Fund Balance		**$45,329,766**

In addition to the unassigned fund balance, the assigned balance includes General Fund balance for purposes including:

115 Trust Fund: As part of the 2019-21 Financial Plan, the City Council identified establishment of a 115 Trust Fund as a work task under the Fiscal Sustainability Major City Goal. Establishment of the Trust was to be completed by February 2020 but was delayed due to uncertainty about the budgetary impacts of COVID-19. The Trust was established in early 2023 and prior to its establishment, $2 million was assigned in the General Fund (shown above) to be deposited to the Trust upon establishment. In addition to the $2 million assigned for this purpose, staff had planned to recommend allocation of $2.4 million of FY 2022-23 unassigned fund balance to make an initial contribution to the Trust, but instead recommended allocation of that funding to the Infrastructure Investment Fund to address increased infrastructure costs due to inflationary factors. Despite $2 million being assigned for the 115 Trust, the City has not made an initial contribution to the Trust. The $2 million could be deposited into the Trust, paid directly to CalPERS, or unassigned and moved into the General Fund budget to support capital or operating costs.

Tenant Improvement: Funding for tenant improvements was assigned via Resolution No. 11203, using funding that arose from passage of Local Revenue Measure in November, 2020. Originally intended to be used for tenant improvements in the downtown area, this money has since been used to fund Economic Development initiatives like the Buy Local Bonus program. The expected balance of $608,000 at June 30, 2025 is expected to be drawn down entirely in the 2025-27 Financial Plan.

Financial Plan Fiscal Policies Section 8. sets the following prioritization for use of unassigned General Fund balance:

a. Additional Discretionary Payments (ADP) to CalPERS
b. Infrastructure investments
c. Emerging Health and Safety needs of the community

In line with this policy, staff make the following recommendations for one-time use of FY 2023-24 unassigned fund balance:

FY 2023-24 Unassigned Fund Balance*	**$**	**9,167,831**
Recommended uses:		
CVRA legal fees		75,000
Increased CalPERS ADP amount		660,859
Additional SLO Rep funding		2,760,000
Final 1166 Higuera payment		845,000
Infrastructure Fund investments		4,826,972
Remaining Balance	**$**	**-**

*After $2M CalPERS ADP

California Voting Rights Act legal fees: Previously appropriated by Council on November 19, 2024.

Increased CalPERS Additional Discretionary Payment (ADP) amount: As previewed to Council on January 14, 2025, staff recommend increasing the annual ADP amount based on increases in salaries and wages since the City began making ADPs to CalPERS. This funding is the amount above and beyond the $2,000,000 already assigned within Fund Balance, and the total General Fund payment would be $2,660,859. Each fund's ADP increase is calculated based on its increases in salaries and wages since FY 2018-19 when the City began making these payments, and if approved by Council, payments for the General Fund and Enterprise Funds will be made in April with the City's unfunded liability payments.

CalPERS ADP		
General Fund	$	2,660,859
Water Fund		245,418
Sewer Fund		250,875
Parking Fund		97,543
Transit Fund		15,973
Whale Rock		27,324
TBID		10,879
Total	**$**	**3,308,870**

Additional SLO Rep funding: Based on Council direction during the hearing for adoption of the FY 2024-25 budget, staff recommends assigning $2,760,000 in the General Fund balance to a future contribution to the San Luis Obispo Repertory Theatre to support construction of the new theater in the Cultural Arts District. This amount supplements $3,940,000 previously assigned in the General Fund for this purpose.

Infrastructure Fund Investments: As called for by policy, staff recommend that the remainder of the unassigned fund balance be transferred to the Infrastructure Investment Fund (IIF) for the following purposes:

- **Final repayment of 1166 Higuera:** As detailed in R-11459, $4,845,000 of the Infrastructure Investment Fund (IIF) was appropriated to purchase 1166 Higuera Street. Council approved reimbursement of $4,000,000 from the General Fund to the IIF with the FY 2023-24 Second Quarter Budget Report, and staff are recommending that the remaining $845,000 be transferred to the IIF with FY 2023-24 unassigned fund balance. The General Fund will be reimbursed through a 30-year interfund loan between the General Fund and the Parking Fund.
- **Additional Infrastructure Investments:** Staff recommends that the remainder of unassigned fund balance be transferred to the Infrastructure Investment Fund to supplement existing funding in the IIF planned to be used for the Prado Bridge Widening project or other projects.

Total CalPERS Additional Discretionary Payments: Staff recommend the following ADPs to CalPERs, which have been increased on a one-time basis to reflect increased staffing costs since the City began making these payments.

CalPERS ADP		
General Fund	$	2,660,859
Water Fund		245,418
Sewer Fund		250,875
Parking Fund		97,543
Transit Fund		15,973
Whale Rock		27,324
TBID		10,879
Total	**$**	**3,308,870**

Local Revenue Measure Fund Balance: In addition to the General Fund unassigned balance, the Local Revenue Measure had a fund balance of $1,776,828 at the end of FY 2023-24. Staff do not recommend appropriation of Local Revenue Measure Fund Balance since the balance is expected to be necessary to offset revenue shortfalls in the current year. Appropriation of Local Revenue Measure funds requires review and approval of recommendations by the Revenue Enhancement Oversight Commission. The table below summarizes the Local Revenue Measure revenue, uses, and fund balance in FY 2023-24:

Local Sales Tax Measure Revenue & Uses Summary 2023-24		
Revenues:		
Sales and use tax - Measure G add-on tax		$ 30,596,293
	Total Revenues	$ 30,596,293
Uses:		
Operating Programs		($6,990,046)
Capital Projects		(27,137,408)
	Total Uses	($34,127,454)
Change in Fund Balance		($3,531,160)
Prior Sales Tax Measure Balance		$5,307,988
Net available for future year appropriations		**$ 1,776,828**

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. FEMA continues to be in a holding pattern for new obligations as the federal Disaster Relief Fund, which funds public assistance to impacted agencies, has been expended due to a record number of costly disasters. As of the writing of this report, Congress has still not taken action to replenish the fund. As previously reported, the current lack of Federal funding is causing delays in projects being obligated for funding, which is has impacted the timing of reimbursement. In the last several weeks, the new Federal administration has signaled the possibility of disaster response shifting to states. Given that, and discussion about a pause to Federal aid, staff continues to closely monitor actions at the Federal level, as the 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 $15.7 million on storm response to date, including debris removal, emergency protective measures, and projects to make permanent repairs to damaged facilities. As noted in the prior quarter, total expenditures have not changed significantly from the prior quarter because many projects are in the design phase. 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, consistent with what was reported in the FY 2024-25 Year-End Budget Report. As previously noted, 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 two tables below provide an overview of the status of storm projects. The first table details all storm projects that staff believes should advance, including their respective current phases and the percentage of work completed to date. The second table outlines work that is not deemed urgent at this time and will be assessed as part of the 2025-2027 Financial Plan to determine priority and appropriate funding sources.

Row #	Projects by Phase - Storm Funding and Staff Resources Advancing Project Development	Percentage Complete	Cost Estimate
1	**1 - Project Initiation**	**0%**	**$1,910,000.00**
2	**Mitigation Planting**	**0%**	**$1,910,000.00**
3	Replant and vegetate emergency project areas	0%	$1,910,000.00
4	**2 - Design**	**24%**	**$10,350,000.00**
5	**Prefumo Creek Grade Structure**	**25%**	**$2,450,000.00**
6	Phase I - Remove damaged grade control structure and install RSP roughened ramp.	25%	$1,700,000.00
7	Phase II - Install new sewer siphon.	25%	$750,000.00
8	**Prefumo through Golf Course**	**50%**	**$800,000.00**
9	Phase 1 - Install City Owned Ped bridge	50%	$800,000.00
10	**SLO Creek at Elks Lodge**	**18%**	**$5,700,000.00**
11	Phase 1 - Install RSP on East Side (Elks Side) - armor embankment due to Caltrans revetment	25%	$800,000.00
12	Phase 2 - Install creek bank revetment on Elks Lodge side downstream of Elks Lodge	25%	$1,500,000.00
13	Phase 3 - Install soil nail wall on Hwy 101 side of SL Creek near Elks Lodge	5%	$3,400,000.00
14	**SLO Creek at Mission Plaza**	**10%**	**$1,400,000.00**
15	Remove and install structural sidewalk	10%	$1,400,000.00
16	**Grand Total**	**21%**	**$12,260,000.00**

Row #	Projects by Phase - Work Pending 2025-27 Financial Plan Funding	Percent Completed	Cost Estimate
1	**1 - Project Initiation**	**0%**	**$4,180,000.00**
2	**Old Garden Creek at Mission Street**	**0%**	**$2,040,000**
3	Armor damaged abutments. Repair culvert bottom	0%	$2,040,000
4	**Stenner Creek at Olive Street**	**0%**	**$2,140,000**
5	Remove and install new culvert. Armor damaged slopes	0%	$2,140,000
6	**2 - Design**	**25%**	**$18,950,000.00**
7	**Nipomo Bridge over Stenner Creek**	**10%**	**$2,000,000**
8	Remove damaged revetment and install new revetment upstream and downstream of bridge. Revetment was undermined during storm event.	10%	$2,000,000
9	**Prefumo through Golf Course**	**10%**	**$16,000,000**
10	Phase 2 - Install creek bank revetment in golf course	5%	$7,000,000
11	Phase 3 - Stabilze creek banks upstream of golf course	5%	$9,000,000
12	**SLO Creek at Elks Lodge**	**5%**	**$950,000**
13	Phase 4 - Armor bridge abutments at Elks Lane and SL Creek	5%	$950,000
14	**Grand Total**	**25%**	**$23,130,000**

Water Fund Summary

The Water Fund's year-to-date results are generally in line with expectations, showing expected trends across revenue and expenditure categories.

Revenue:

	FY 2023-24	FY 2024-25		
Water Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Cal Poly Capacity & Resilience	233,025	263,433	271,026	103%
Investment and Property Revenue	1,759,115	50,000	818,233	1636%
Other Revenue	525,148	139,000	217,881	157%
Service Charges and Base Fees	26,088,324	28,102,022	11,450,519	41%
State Grants	613,814	-	22,946	
Total	**$ 29,219,426**	**$ 28,554,454**	**$ 12,780,605**	**45%**

Revenues are 45% received as of report drafting, which is in line with anticipated revenue collection at this point in the fiscal year. Staff do not expect a significant variance in budget by year end.

Investment and Property Revenue: This line includes earnings on cash and investment balances. The fund has benefited from the current interest rate environment and exceeds its revenue budget as budgets are set conservatively in case earnings on investments are low. The higher interest earnings can help offset other revenue shortfalls, should they occur, and strengthen the Water Fund's financial position.

Other Revenue: The Other Revenue line item is primarily funded through revenues in the Other City Licenses and Permits (recycled water construction water permits), Miscellaneous Penalties (customer late fees), Sales of Surplus Property, Development Review Fees, and Utilities Setup Fees. This line reflects an greater than expected revenues partially due to the timing of allocation of a portion of Setup Fees and Miscellaneous Penalties (customer late fees) to the Sewer Fund, as well as unbudgeted revenue from Sales of Surplus Property and Construction Water Permits.

Service Charges and Base Fees: Service Charges and Base Fees are currently showing an under-collection, primarily due to a timing gap between the receipt of revenue and their allocation in the accounting system. Specifically, sales to Cal Poly and Water Sales are impacted by this timing delay, leading to a temporary misalignment in reported revenues. However, staff closely monitor these collections and do not expect large variances to arise at the end of the fiscal year after accounting for such delays.

State Grants: Funds received are attributable to a Proposition 1B Grant, which aligns with the funding levels projected. These funds were received this fiscal year as a result of modified project schedules. Staff are actively coordinating with the grant administrators to ensure compliance with reporting and administrative requirements for disbursements.

Expenditures:

	FY 2023-24	FY 2024-25		
Water Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$ 4,594,003	$ 5,082,715	$ 2,114,115	42%
Unfunded Pension Liability	833,466	789,926	779,802	99%
Contract Services	810,950	1,212,318	682,883	56%
Other Operating Expenditures	11,882,398	15,566,981	12,324,263	79%
Total	**$18,120,818**	**$22,651,940**	**$15,901,063**	**70%**

Staffing: As of the current reporting period, 42% of the staffing budget has been expended. Budget savings are driven by multiple vacancies throughout the department, as unfilled positions have temporarily reduced personnel costs. Some staffing savings are being spent on approved staffing increases to address these vacancies, including outsourcing specific functions and increasing one ¾ time employee to full time during an approved leave. The Fund remains on track and within budget with these approved costs.

Unfunded Pension Liability: This annual cost is fully prepaid at the beginning of the fiscal year. This prepayment strategy results in savings over the course of the year, as it reduces accruals and maximizes the impact of the payment.

Contract Services: The Contract Services budget line reflects a significant portion of obligations tied to open purchase orders, many of which are created at the start of the fiscal year for larger, ongoing contracts. While 56% of the budget has been obligated or expended, just 32% has been paid to vendors. Many contracts are structured around milestone-based payments or periodic billing cycles, meaning payments lag behind the recorded obligations. Staff anticipates no variance from the budget by year-end, as these expenditures align with the scope and timelines of contracted services.

Other Operating Expenditures: Similar to the Contract Services category, the Other Operating Expenditures line includes obligations tied to open purchase orders. This line also accounts for significant annual prepayments for key water sources of supply, including Nacimiento, Salinas, and Whale Rock. These prepayments ensure a stable and predictable supply of water, supporting operational needs and reducing the risk of funding shortfalls. By making these payments upfront, the organization safeguards against future cost increases or potential disruptions.

Sewer Fund Summary

The Sewer Fund's year-to-date results are generally in line with expectations.

Revenue:

	FY 2023-24	FY 2024-25		
Sewer Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Cal Poly Capacity & Resilience	-	472,534	472,534	100%
Investment and Property Revenue	2,592,653	50,000	1,331,463	2663%
Other Revenue	488,678	224,000	355,777	159%
Service Charges and Base Fees	19,893,378	20,052,366	7,239,897	36%
State Grants	887,167	-	210,683	
Long Term Debt Proceeds	15,353,992	-	12,231,459	
Total	**$ 39,215,868**	**$ 20,798,900**	**$ 21,841,812**	**105%**

Investment and Property Revenue: This line includes earnings on cash and investment balances. Budgets for investment income are set conservatively because changes in fair market value could lead the City to recognize negative investment income.. The fund has benefited from the current interest rate environment and now exceeds its revenue budget for this account line. The higher interest earnings can offset other revenue shortfalls, should they occur, and strengthen the Sewer Fund's financial position.

State Grants: Funds received are attributable to a CalOES Grant at the Water Resource Recovery Facility (WRRF) and aligns with the grant funding levels projected. These funds were received this fiscal year as a result of modified project schedules. Staff are actively coordinating with the grant administrators to ensure compliance with reporting and administrative requirements for disbursements.

Other Revenue: Consistent with the first quarter, second quarter revenue is primarily attributed to Industrial User Permits, where revenues are received as user permits expire, Miscellaneous Penalties (customer late fees), and Utilities Set-up Fees. A small amount was also made up by Administrative Citations, Credit Collections, Sales of Surplus Property, Development Review Fees, and Sewer Wye Abandonment and Installations. Together, these sources provide supplemental financial support to the budget, reflecting a diverse revenue base. Setup Fees and Miscellaneous Penalties (customer late fees) are also impacted by the timing of Journal Entries allocating a portion of these revenues from the Water Fund to the Sewer Fund

Long-Term Debt Proceeds: Borrowings associated with the long-term debt proceeds are intended to fund the construction of the WRRF and were initially budgeted for FY 2023-24. The timing of these borrowings is contingent upon the progress of construction activities, which may not always align with the original budgetary projections. As a result, fluctuations in the timing of debt issuance are being carefully monitored to ensure that financing remains available.

Service Charges and Base Fees: Similar to the Water Fund, Service Charges and Base Fees show as under-collected in the second quarter due to a timing lag between revenue collection and revenue allocation. Despite this temporary discrepancy, staff do not anticipate significant variances in this revenue category by the end of the fiscal year.

Expenditures:

	FY 2023-24	FY 2024-25		
Sewer Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$ 4,558,064	$ 5,113,385	$ 2,045,712	40%
Unfunded Pension Liability	851,453	782,976	772,941	99%
Contract Services	1,256,919	1,345,978	1,101,160	82%
Other Operating Expenditures	2,647,401	2,874,769	1,481,230	52%
Total	**$ 9,313,836**	**$ 10,117,108**	**$ 5,401,042**	**53%**

Staffing: At 40% expended, the primary driver of budget savings for the Sewer Fund is also unfilled positions. These vacancies led to reduced personnel costs during the first and second quarters of the fiscal year. Recognizing the importance of maintaining operational capacity and service delivery, some staffing savings are being spent on approved staffing increases, including outsourcing specific functions and internal promotions. Efforts to address the staffing gaps include proactive recruitment campaigns, streamlining the hiring process to reduce time-to-hire, and leveraging all available resources to attract and secure qualified candidates.

Unfunded Pension Liability: This annual cost is fully prepaid at the beginning of the fiscal year. This prepayment strategy results in savings over the course of the year, as it reduces accruals and maximizes the impact of the payment.

Contract Services: Actuals for this budget line include obligations on open purchase orders. While 82% of the budget has been obligated or expended, just 39% has been paid to vendors. Staff do not expect a variance to budget at year-end. The discrepancy is due to the timing of payments, as many of the services are invoiced and paid after work is completed or milestones are achieved.

Other Operating Expenditures: Like Contract Services, actuals for this line include obligations on open purchase orders. As of the reporting date, 31% of the budget has been paid to vendors. This approach safeguards budget stability and ensures that key expenditures can be met as obligations are fulfilled.

Parking Fund Summary

The Parking Fund's year-to-date results indicate that the fund will underperform its revenue targets for the year. Additional analysis and commentary can be found below:

Revenue:

	FY 2023-24	FY 2024-25		
Parking Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Long Term Parking	702,797	901,906	276,444	31%
Other Revenue	3,733,272	664,884	526,046	79%
Parking Fines	1,190,030	1,252,200	468,118	37%
Parking Meters	5,927,488	4,312,367	2,331,617	54%
Parking Structures	1,757,776	2,860,504	753,313	26%
Total	**$ 13,311,364**	**$ 9,991,861**	**$ 4,355,539**	**44%**

The revenue budget is based on the Rate Study report projections, with reduced rates effective July 1, 2024. There were some unexpected failures in the technology systems associated with parking revenue which resulted in less overall revenue in the first half of the fiscal year. It is expected that the use of new technology recommended in the Technology Roadmap report will help to address the current revenue shortfall when it is implemented at the end of the third quarter.

Long Term Parking: Revenue from long term parking includes sales of on-street permits, residential district permits, and garage parking permits. The price of garage parking permits was reduced from $85/month to $45/month effective July 1, 2024. The reduction in permit costs was not forecasted in the Rate Study but was adopted by Council based on staff's recommendations. Permit sales have increased due to the price reduction but not to the extent anticipated when the Rate Study was presented to Council. Permit sales are expected to continue to increase with the launch of a new digital permit platform in Spring 2025, but it will likely not meet the revenue projections presented in the Rate Study. Staff expects to miss budget by $402,000, based on actuals through the first half of this year.

Parking Fines: Revenue from parking fines includes all revenue collected from paid parking citations. Citation revenue has decreased due to collection issues caused by the existing citation management vendor and staff turnover. Based on the Technology Roadmap recommendations, the City is implementing a new citation management vendor starting in Spring 2025. With the vendor change and updated noticing to those with unpaid citations, revenue is expected to increase but not enough to meet budget.

Parking Meters: Revenue from parking meters includes hourly parking sessions from on-street and surface parking lot areas as well as mobile app payments. Even with the reduced parking rates, parking meter revenue is tracking slightly higher than budget. This provides a strong indication that on-street parking activity is increasing with the reduced parking rates now in effect. Staff does not expect significant variances to budget by year-end.

Parking Structures: Parking structures revenue has been negatively impacted by the operation of a gateless parking system at the 842 Palm Street facility. In November 2024, Council approved appropriation of $1.2 million in fund balance for the purchase of new garage payment and gating equipment. New gating equipment will provide better access and revenue controls that staff anticipates will increase revenue collections. The equipment at 842 Palm Street is scheduled to be replaced in Spring 2025, but will not be in operation long enough to make up for revenue losses in the current fiscal year. Staff expects to miss budget by $1,160,000, based on actuals through the first half of this year.

Operating Expenditures:

	FY 2023-24	FY 2024-25		
Parking Expenditures	**Actual**	Budget	YTD Actuals	**% Expended**
Staffing	$ 1,735,699	$ 1,849,702	$ 782,391	42%
Unfunded Pension Liability	238,826	244,373	241,241	99%
Contract Services	862,591	782,601	573,733	73%
Other Operating Expenditures	967,528	965,304	465,947	48%
Total	**$ 3,804,644**	**$ 3,841,980**	**$ 2,063,311**	**54%**

Staffing: The staffing budget is 42% expended through the first half of the fiscal year due to vacancies in multiple administrative and enforcement positions. These positions have since been filled.

Unfunded Pension Liability: This annual cost is prepaid upfront. A slight savings is realized as a result of this prepayment.

Contract Services: Actuals for this budget line include obligations from open purchase orders. While 73% of the budget has been obligated or expended, just 36% has been paid to vendors. Staff does not expect a variance to budget at year-end.

Other Operating Expenditures: This line includes utility services, credit card merchant fees, and operational materials and supplies. So far, 46% of the budget has been expended. Due to lower than budgeted revenues, staff expect savings of $99,000 in credit card merchant fees.

Transit Fund Summary

The Transit Fund's year-to-date results are generally in line with expectations. Staff note that the Transit fund is heavily subsidized by Federal grants and it is unclear at this point how the new administration's actions will affect the availability of future discretionary funds.

Revenue:

	FY 2023-24	FY 2024-25		
Transit Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Federal	$ 3,486,773	$ 12,469,861	$ 334,279	3%
Local (Bus Fare)	1,000,790	976,000	498,202	51%
Other / Interest Revenue	379,651	-	212,338	
State	1,607,897	3,613,325	1,288,198	36%
Total	**$ 6,475,111**	**$ 17,059,186**	**$ 2,333,017**	**14%**

Federal: This line includes capital and operating revenue from discretionary and formula grants. Discretionary grants are competitive in nature and are included in the budget to offset related capital and/or operating costs but are not guaranteed. Formula grant revenue is dependent on the timing of capital expenditures and drawdowns needed to fund operations. In April 2024, staff applied for a discretionary grant application for the purchase of additional battery electric vehicles. The funding request was not awarded, so this revenue will not be received, and the project budget will be reduced accordingly. The City continues to draw down on the American Rescue Plan Act (ARPA) operating funds awarded to the City in 2022. Drawdowns occur quarterly to align with federal reporting requirements. So far, only one drawdown is reflected in the table above.

Local (Bus Fare): This line includes fares paid on the bus, pass sales, and revenue from Cal Poly's Transit Service Agreement. Staff expects minimal variance at year-end.

Other / Interest Revenue: This line includes earnings on cash and investment balances. Revenue from interest and investments are difficult to accurately estimate, so the Transit Fund budgets conservatively for this line.

State: This line includes revenue from state and regional discretionary and formula funding sources. The City received funding for multiple capital projects through the state's Senate Bill (SB) 125 program. Staff expects to exceed the budget by $238,000 as a result of the SB 125 funding.

Expenditures

	FY 2023-24	FY 2024-25		
Transit Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$ 328,784	$ 344,223	$ 133,105	39%
Unfunded Pension Liability	57,283	45,725	45,139	99%
Contract Services	3,592,192	4,630,217	4,496,420	97%
Other Operating Expenditures	431,255	424,715	386,216	91%
Total	**$ 4,409,514**	**$ 5,444,879**	**$ 5,060,880**	**93%**

Staffing: This line is tracking below budget due to limited use of part-time staff. As a result, staff anticipates a slight favorable variance at year-end.

Unfunded Pension Liability: This annual cost is prepaid upfront. Savings are realized as a result of this prepayment.

Contract Services: This line primarily consists of costs paid to a third-party contract for the operations and maintenance of SLO Transit's services. Actuals for this budget line include obligations on open purchase orders. While 97% of budget has been obligated or expended, just 42% has been paid to vendors. Staff does not expect a variance to budget at year-end.

Other Operating Expenditures: Similar to Contract Services, actuals for this line include obligations on open purchase orders. 47% of budget has been paid to vendors.

Special Revenue Fund Summaries

Tourism Business Improvement District

The Tourism Business Improvement District (TBID) assessment is set at 2% of the lodging industry's gross receipts. The program annually aligns its operating budget with its anticipated revenues.

Revenue:

	FY 2023-24	FY 2024-25		
TBID Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Tourism Assessment	$ 2,267,304	$ 2,117,251	$ 974,610	46%
Other Revenue	56,643	-	24,242	
Total	**$ 2,323,947**	**$ 2,117,251**	**$ 998,852**	**47%**

While less than half of the budget has been recorded to date, revenue is recorded on a more than one month delay and staff expect to collect the budgeted amount for the full year.

Expenditures:

	FY 2023-24	FY 2024-25		
TBID Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$ 213,472	$ 234,328	$ 96,322	41%
Unfunded Pension Liability	43,573	32,234	31,821	99%
Contract Services	1,869,690	1,871,237	1,683,044	90%
Other Operating Expenditures	20,130	34,100	5,159	15%
Total	**$ 2,146,866**	**$ 2,171,900**	**$ 1,816,346**	**84%**

The TBID procures many of its services in advance, leading to a high percent of budget expended early in the year. The fund is expected to finish on budget for the full year.

Boysen Ranch Conservation Fund

Boysen Ranch consists of approximately 116 acres bounded by Los Osos Valley Road, Foothill Boulevard, and O'Connor Way. The City holds a series of conservation easements that protect approximately 25 acres of the Ranch to mitigate impacts to wetlands and waters caused by the nearby commercial development projects on Los Osos Valley Road. As part of the original easement agreement, Boysen Ranch's owners provided the City with an endowment to fund required monitoring activities.

Revenue:

	FY 2023-24	FY 2024-25		
Boysen Ranch Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Investment Income	$ 18,353	$ 2,000	$ 9,186	459%
Total	**$ 18,353**	**$ 2,000**	**$ 9,186**	**459%**

The Boysen Ranch Conservation Fund is an endowment fund and its budgeted revenue is provided by investment income. The fund is expected to benefit from the current interest rate environment and meet or exceed its revenue budget, but this could change if fair market value adjustments offset interest income received.

Expenditures

	FY 2023-24	FY 2024-25		
Boysen Ranch Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Contract Services	9,135	10,136	10,136	100%
Total	**$ 9,135**	**$ 10,136**	**$ 10,136**	**100%**

The fund has made its budgeted payment for authorized conservation activities. Staff expect no further payments and the fund will finish on budget.

Insurance Fund

The Insurance Fund serves to pay the City's annual premiums for liability, workers' compensation, special events, volunteer, and property insurance needed to protect the City and to manage fluctuations in claims-related expenses. It is also intended to maintain adequate reserves for future claims and unpredictable increases in insurance costs.

Revenue:

	FY 2023-24	FY 2024-25		
Insurance Fund Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Transfers In	$ 6,333,317	$ 6,000,000	$ 3,000,000	50%
Total	**$ 6,333,317**	**$ 6,000,000**	**$ 3,000,000**	**50%**

Insurance Fund revenues are transfers in from the General Fund and will finish on budget.

Expenditures:

	FY 2023-24	FY 2024-25		
Insurance Fund Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Contract Services	$ 1,605,230	$ 2,610,281	$ 785,744	30%
Other Operating Expenditures	3,149,326	3,114,838	2,262,197	73%
Total	**$ 4,754,556**	**$ 5,725,119**	**$ 3,047,941**	**53%**

While recent actions to reduce premiums for Workers' Compensation have delivered savings, additional contributions from the General Fund may be necessary to build and maintain adequate reserves according to City policy and actuarial estimates. The City's Fund Balance and Reserve Policy establishes that the Insurance Fund will maintain funding to cover 150% of the average claim costs for the past five years. The policy also states that actuarial information will be taken into consideration. Based on the most recent actuarial study dated November 18, 2024, the City should maintain a reserve of $3,392,000 for liability claims and $1,578,000 for workers' compensation claims, totaling $4,970,000, if funding at a 75% probability level. The insurance fund reserve is anticipated to be $2,891,767 at the end of FY 2024-25. This is below the lowest probability level provided by the actuary, which is 55%, or a reserve of $4,553,000.

Public Safety Equipment Replacement Fund

The Public Safety Equipment Fund (PSEF) was created with the 2019-21 Financial Plan to help budget and forecast the replacement of Public Safety equipment that has expired or become damaged. The Fund had received an original seed amount with the FY 2019-20 budget and, going forward, an annual allocation is made from the Local Revenue Measure.

Revenue:

	FY 2023-24	FY 2024-25		
Public Safety Fund Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Transfers In	$ 171,322	$ 167,334	$ 83,667	50%
Total	**$ 171,322**	**$ 167,334**	**$ 83,667**	**50%**

The fund receives revenue in the form of transfers in from the General Fund and will finish on budget.

Expenditures:

	FY 2023-24	FY 2024-25		
Public Safety Fund Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Other Operating Expenditures	601,116	404,020	277,667	69%
Total	**$ 601,116**	**$ 404,020**	**$ 277,667**	**69%**

The fund budgets for replacement of public safety equipment currently in service and is expected to finish the year on budget.

San Luis Ranch CFD

A Mello-Roos Community Facilities District (CFD) was established and approved by City Council on April 16, 2019 (Ordinance No 1661) pursuant to section 5.02 of the San Luis Ranch Development Agreement. The boundaries of the CFD are identical to the San Luis Ranch Specific Plan and includes 131.4 acres approved for up to 580 dwelling units and commercial development, a 200-room hotel, 100,000 square feet of office space, 150,000 square feet of retail space, 7.8 acres of parks/ open space, and 52.3 acres of farmed agriculture land. The purpose of the CFD is to fund major road improvements, potable and non-potable water system improvements, drainage system improvements, wastewater system improvements, solid waste improvements, park and paseo improvements, open space improvements, and utilities.

Revenue:

	FY 2023-24	FY 2024-25		
San Luis Ranch CFD Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Property Tax	$ 1,274,999	$ 1,000,250	$ 338,379	34%
Interest on Investment	592,271	-	16,399	
Total	**$ 1,867,271**	**$ 1,000,250**	**$ 354,778**	**35%**

The fund collects property tax from residents under the Teeter Plan with the County and is expected to finish the year on budget or better.

Expenditures:

	FY 2023-24	FY 2024-25		
San Luis Ranch CFD Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Contract Services	$ 9,145	$ 22,043	$ 16,061	73%
Debt Service	911,650	949,450	539,850	57%
Staffing	-	26,530	-	0%
Total	**$ 920,795**	**$ 998,023**	**$ 555,911**	**56%**

The fund budgets for authorized expenditures, largely debt service, and is expected to finish the year on budget.

Avila Ranch CFD

A Mello-Roos Community Facilities District was established and approved by City Council on October 24, 2017 (Resolution No 10844) pursuant to section 5.02.1 of the Avila Ranch Development Agreement. The CFD boundaries are identical to that of the Avila Ranch Development project and located at the northeast corner of Buckley Road and Vachell Lane. The Avila Ranch Project will include up to 720 dwelling units, 15,000 square feet of office and retail, 18 acres of parks, 53 acres of open space, riparian corridors and farmed agricultural land. The CFD was formed with purpose of funding services as well as facilities of the CFD. Services to be funded can include the maintenance and lighting of parks, parkways, streets, roads, and open space; flood and storm protection services; police & fire protection services; maintenance and operation of real property. Facilities to be funded can include park, recreation, parkway, and open space facilities; construction and undergrounding of utilities (water, natural gas, telephone lines, electric, cable television); for the acquisition, improvement, or rehabilitation of real property.

Revenue:

	FY 2023-24	FY 2024-25		
Avila Ranch CFD Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Services Special Tax	$ 232,761	$ 477,025	$ 492,030	103%
Facilities Special Tax	$ 23,738	46,623	$ 49,214	106%
Total	**$ 256,499**	**$ 523,648**	**$ 541,244**	**103%**

The fund collects property tax from residents under the Teeter Plan with the County and is expected to finish the year on budget or better. Year to date results include accruals for tax payments to be made in April and are subject to change.

Expenditures:

	FY 2023-24	FY 2024-25		
Avila Ranch CFD Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Authorized Services	58,758	363,416	132,357	36%
Total	**$ 58,758**	**$ 363,416**	**$ 132,357**	**36%**

The fund budgets for authorized services expenditures including maintenance, utilities, and supplies, and is expected to finish the year on or under budget. Prior year actuals were lower than budget due to the timing of services performed. Because the development is new, maintenance costs are currently lower than revenues. At full buildout it is expected that costs to serve this neighborhood will exceed revenue and the General Fund will provide services above and beyond what the CFD pays for. All unexpended funds fall to fund balance and are available for expenditure in future years

CIP Update

During the second quarter of the fiscal year, the City continued to make significant progress in delivering its Capital Improvement Program (CIP) projects. The capital summary table below provides detail on completed and ongoing projects through the first two quarters, showcasing efforts to enhance infrastructure, maintain critical systems, and improve community spaces.

Key projects completed during this period include the North Broad Park, Mitchell Park Revitalization, and the Reservoir 2 Cover Replacement. These accomplishments underscore the City's commitment to providing high-quality public facilities and ensuring long-term reliability of essential infrastructure.

In addition to completed projects, construction resources are being put toward projects such as the Mission Plaza Enhancements and the Cultural Arts District Parking Structure. Both projects are in the City's downtown core and are legacy projects which have been highly anticipated. Staff continues to push projects towards construction, including the California Waterline Replacement and 1106 Walnut tenant improvement projects, which are expected to go into construction in the third quarter of this fiscal year.

Completed & Ongoing Construction Capital Projects (July 2024-December 2024)				
Oracle Account Number	Project	Total Budget	Estimated Construction Completion Date	Additional Comments
2001010-01	Cheng Park Revitalization	$807,786.00	Completed	
2000049	842 & 919 Palm Parking Structure Repairs	$2,538,989.00	Completed	
2001050	Tank Farm Lift Station Discharge Pipe Replacement Phase 2	$223,678.00	Completed	
2000075-9.01	Corporation Yard Fuel Island and Wash Station Rehabilitation	$827,556.00	Completed	
2000188	Mitchell Park Revitalization	$471,253.00	Completed	
2001001-14	Higuera St Crack Sealing	$109,072.00	Completed	
2091368	Reservoir 2 Cover Replacement	$2,617,247.00	Completed	
2091683	North Broad Park	$1,533,939.00	Completed	
2001065	2023 Arterials	$9,823,766.00	Completed	
2001069	Righetti Hillside Emergency Repair	$1,540,000.00	Q3 FY 24-25	Project Closeout
2090742-10	Smith Augusta CMP Emergency Repair	$850,000.00	Q3 FY 24-25	Project Closeout
2000034-03	Wash Water Tank #1	$753,807.00	Q3 FY 24-25	Final Punchlist
2000578	Johnson Waterline	$5,204,444.00	Q3 FY 24-25	Final Punchlist
2091219	Wastewater Resource Recovery Facility	$143,376,754.12	Q3 FY 24-25	Construction Ongoing
2000126	Water Treatment Plant Generator Improvement Project at Facility 98	$3,527,523.00	Q3 FY 24-25	Construction Ongoing
2000075-06	Fire Station 4 Exterior Painting	$55,000.00	Q3 FY 24-25	Construction Ongoing
2000168	Laguna Lake Dog Park	$1,600,000.00	Q3 FY 24-25	Construction Ongoing
2000036-04	North Chorro Greenway Underbelly Lighting	$50,000.00	Q3 FY 24-25	Construction Ongoing
2000036-05	North Chorro Greenway Underbelly Painting	$60,000.00	Q3 FY 24-25	Construction Ongoing
2000075-07	Parking HVAC Replacement	$260,000.00	Q3 FY 24-25	Construction Ongoing
2000615	2024 Sealing Project	$3,000,000.00	Q4 FY 24-25	Construction Ongoing
2090649	Mid-Higuera Bypass	$11,550,000	Q4 FY 24-25	Construction Ongoing
2000539-02	Sierra Way Waterline Replacement	$2,766,449.00	Q1 FY 25-26	Construction Ongoing
2000545	California Waterline Replacement	$1,550,505.00	Q1 FY 25-26	Construction Starting End of January 2025
2091439	Mission Plaza Enhancements	$3,729,574.00	Q1 FY 25-26	Construction Ongoing
2000561	Morro and Mill Sewer Replacement	$2,800,000.00	Q1 FY 25-26	Construction Ongoing
2000577-04	1106 Walnut TI	$2,000,000.00	Q1 FY 25-26	Project Advertising for Bids.
2000117	Cultural Arts District Parking Structure	$ 47,000,000.00	Q3 FY 25-26	Construction Underway - pouring structure decks

Status of Major and Legacy Projects in Design				
Oracle Account Number	Project	TOTAL ESTIMATED PROJECT COST (Construction Phase)	Estimated Construction Start Date	Additional Comments
2091252	Prado Road Bridge and Road Widening	$28,210,000	Q2 FY 27-28	Working on regulatory permits and 90% constuction documents.
2091503	California and Taft Roundabout	$4,000,000	Q2 FY 25-26	Right of way acquisition in progress and finalizing design documents.
2091613	Prado Road Interchange	$124,000,000	Q2 FY 29-30	Starting final design phase of project, awarding contract to design firm.
2000522	Public Safety Center (1106 Walnut TI)	$1,940,000	Q3 FY 24-25 (for 1106 Walnut work)	Consultant to analyze two site option for public safety center project and present conceptual design for review. Currently working on 1106 Tenant Improvement and Site Security Fencing project.

Major City Goals Update

One Major City Goal task had an original completion date in the current quarter:

Climate Action, Open Space, & Sustainable Transportation | Implement the Climate Action Plan and Lead by Example 2023-25 Work Plans | Strategic Approach 4.1c

Responsible Departments: Public Works & Administration

Original Completion Date: FY 2024-25 Q2 | Updated Completion Date: FY 2025-26 Q3

Complete installation of solar panels at the City's Bus Yard, Fire Station 1, and Sinsheimer Pool as called for by CAP Lead by Example task 1.1.A

Status Update: On September 4, 2018, Council authorized a solar Power Purchase Agreement (PPA) to install solar panels at the above listed facilities. Under this agreement, the vendor would install and own the solar panels and the City would only pay for energy consumed. The rates contemplated by the initial agreement required installation at all sites simultaneously for efficiency.

The project was delayed prior to installation in 2019 in order to allow the City's Bus Yard to complete construction of its electric vehicle charging infrastructure project. That project was completed in 2024. On October 17, 2024, the City Manager approved revised PPA's for each of the three facilities to account for the changing conditions from when the agreements were originally authorized. In addition, a new PPA was approved for solar generation at the Cultural Arts District Parking Structure.

Final diligence, design, and permitting efforts are currently underway. Construction is expected to begin in October 2025 and the City expects to begin commercial operation in March 2026.