Third Quarter Financial Report

Fiscal Year 2024-25

Introduction

This financial report provides an overview of the City's revenues and expenditures through the third quarter of the fiscal year (July 1, 2024 – March 31, 2025). 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 two months after quarter-end or more 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 three quarters into the year should not always be expected to equal 75% 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

Three quarters through the year, two areas of risk to revenue budget attainment remain elevated. As noted in the Second Quarter Budget Report, 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 do 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**	**$ 64,765,070**	**62%**
Local Revenue Measure G	30,597,288	31,855,000	17,871,298	56%
Sales Tax (Bradley Burns)	22,285,972	23,962,099	13,315,699	56%
Property Tax	23,723,431	23,446,385	15,457,996	66%
Transient Occupancy Tax	11,063,012	10,586,256	6,915,102	65%
Utility User Tax	6,301,505	6,622,639	4,552,277	69%
Business Tax	2,941,928	3,317,338	3,161,619	95%
Cannabis Tax	1,116,495	1,100,000	713,841	65%
Franchise Fees	2,366,286	2,091,800	1,443,076	69%
Gas Tax	1,341,857	1,419,353	978,374	69%
Safety Prop 172	520,952	566,500	355,787	63%
Fees and Other Revenue	**18,689,524**	**22,557,685**	**13,123,021**	**58%**
Development Review	6,168,815	6,585,331	3,811,982	58%
Parks & Recreation	2,413,314	2,060,627	1,576,521	77%
Fire	1,731,537	1,577,836	1,156,298	73%
Police	1,022,488	654,645	596,743	91%
General Government	7,353,369	2,946,959	5,981,478	203%
Storm Reimbursement	-	8,732,287	-	0%
Total	**$ 120,948,251**	**$ 127,525,055**	**$ 77,888,092**	**61%**

Tax Revenue:

Sales Tax (including Local Revenue Measure & Prop 172 Safety Tax): Year-to-date results include July through January only as the California Department of Tax and Fee Administration reports on a 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 expect 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 notes that collections are up more than 7% from the prior year due to a combination of improved compliance efforts and collection of past-due prior year receipts. Staff issued the first of three rounds of citations at the end of January for past due business tax and expect collections to increase before year end. The second round of citations was issued in March. Both efforts were successful in bringing delinquent operators into compliance. As of the writing of this report, staff expects to send the third and final round of citations out to approximately 330 operators who are still out of compliance.

Cannabis Tax: The legal cannabis industry has faced headwinds statewide and based on current year trends, cannabis revenue is expected to underperform budget by at least $0.1M.

While other tax revenue categories show year to date results lower than 75%, staff do 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 is pacing to finish the year as much as $1.5M below budget in the current fiscal year, which would be 23% below anticipated revenues for the 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 and the Department has kept a Permit Tech Position vacant. In addition, Community Development has re-forecasted 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

[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.

the fact that FEMA has obligated some of the City's projects. 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 do not expect significant variances for the full year.

Operating Expenditures:

	FY 2023-24	FY 2024-25		
General Fund Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$55,754,042	$62,709,295	$44,616,329	71%
Unfunded Pension Liability	12,994,935	12,886,419	12,682,728	98%
Contract Services	10,721,258	13,420,932	10,650,884	79%
Other Operating Expenditures	7,674,086	8,600,833	6,392,098	74%
Total	**$87,144,321**	**$97,617,478**	**$74,342,039**	**76%**

Staffing: Salaries and benefits are as expected at this point in the year. If vacancies and overtime utilization continue at this rate, this indicates year end staffing savings of at least 4%.

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 79% of budget has been obligated or expended, just 54% has been paid to vendors. Staff expect modest savings at year-end.

Other Operating Expenditures: Similar to Contract Services, actuals for this line include obligations on open purchase orders and just 59% of budget has been expended. Staff expect modest savings at year-end.

	FY 2023-24	FY 2024-25		
Operating Expenditures by Department	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Admin/IT	$ 10,767,778	$ 12,208,276	$ 9,177,290	75%
City Attorney	1,472,411	1,898,569	1,389,846	73%
Community Development Department	7,157,271	9,772,915	6,904,101	71%
CSG Admin	829,900	666,056	410,128	62%
Finance	2,275,677	2,661,555	1,998,003	75%
Fire	15,960,639	18,087,494	14,683,613	81%
Human Resources	2,179,463	2,046,878	1,537,145	75%
Non-Dept/Support Services	403,735	1,083,110	220,554	20%
Parks & Recreation	5,414,249	6,031,062	4,370,014	72%
Police	23,233,179	23,882,116	19,529,330	82%
Public Works	17,038,967	18,867,172	13,815,389	73%
Utilities	411,052	412,275	306,626	74%
Total	**$ 87,144,321**	**$ 97,617,478**	**$ 74,342,039**	**76%**

While the year to date results for the General Fund as a whole are largely as expected, the following areas of risk to operating budgets stand out:

Fire Department: Several vacant positions are driving higher than expected overtime expenditures. Four firefighter positions were vacant until March, when four new recruits began the department's internal, ten-week training academy. The academy finishes in early May, followed by a three to six-week paramedic certification period, when the new hires will fill the vacant positions, and overtime will no longer be a daily necessity. The department will utilize all means to reduce impacts to the budget, including the offset of unused regular salaries from the vacancies. Staff expect 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.

Police: Total staffing expenditures are trending higher than budget and it is likely that the department will be over-expended in staffing at year end. The main contributor is a Police Officers Association labor contract increase which, as is typical for labor negotiations, is included in the non-departmental budget. Including the labor contingency amount, the department is expected to finish under budget.

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. While the Disaster Relief Fund (which funds public assistance to impact agencies) was allocated additional funding, the newly formed Department of Government Efficiency (DOGE) is now focused on FEMA programs. As reported last quarter, the new Federal administration has previously signaled the possibility of disaster response shifting to states. Given all of the changes at the Federal level, it is expected that FEMA processes will slow even more.

The City has expended approximately $13.5 million on storm response to date, including debris removal, emergency protective measures, and projects to make permanent repairs to damaged facilities. This amount is approximately $2 million lower than what was reported in the FY 2024-25 Second Quarter Budget Report, due to Oracle double-counting purchase orders and invoices, which has since been corrected. The $13.5 million is close to what was reported in the First Quarter Budget Report, as many projects are in the design phase and significant costs have not been incurred. Currently, the estimated total cost to repair all storm related damage is $48.4 million, consistent with what was reported in prior reports. 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. As of the writing of this report, a total of nine projects totaling $717,125 have been obligated by FEMA, meaning that FEMA has determined that reimbursement should be provided. Once a project is obligated, notification is made to the State for payment. Agencies typically receive payment within three months of a project being obligated, but CalOES has reported that the timeline has slowed due to a significant volume of reimbursement payments to process. CalOES has provided the City with notification that payments are currently being processed for five of the City's projects.

As reported in prior quarters, staff has struggled to navigate FEMA processes due to inconsistent guidance provided by FEMA Program Delivery Managers, inaccurate FEMA site inspections and lack of clarity about what jurisdiction certain projects fall under. In early May, staff met with a representative from Congressmember Salud Carbajal's office, and as a result of that meeting, the Congressmember's office will be writing letters on the City's behalf to try to move submitted projects forward, through FEMA's 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 believe should advance, including their respective current phases and the percentage of work completed to date. All of these projects have been included as part of the 2025-27 Financial Plan. The second table outlines work that is not deemed urgent at this time and will be assessed as part of a future financial plan. Staff continue to monitor these sites to access priorities.

Projects by Phase - Advancing Projects in the 2025-27 Financial Plan	Percentage Complete	Cost Estimate
1 - Project Initiation	**0%**	**$1,683,000.00**
Mitigation Planting	**0%**	**$1,683,000.00**
Replant and vegetate emergency project areas	0%	$1,683,000.00
2 - Design	**24%**	**$8,493,000.00**
Prefumo Creek Grade Structure	**25%**	**$1,666,000.00**
Phase I - Remove damaged grade control structure and install RSP roughened ramp.	25%	$916,000.00
Phase II - Install new sewer siphon.	25%	$750,000.00
Prefumo through Golf Course	**50%**	**$600,000.00**
Phase 1 - Install City Owned Ped bridge	50%	$600,000.00
SLO Creek at Elks Lodge	**18%**	**$5,357,000.00**
Phase 2 - Install creek bank revetment on Elks Lodge side downstream of Elks Lodge	25%	$1,856,000.00
Phase 3 - Install soil nail wall on Hwy 101 side of SL Creek near Elks Lodge	5%	$3,501,000.00
SLO Creek at Mission Plaza	**10%**	**$870,000.00**
Remove and install structural sidewalk	10%	$870,000.00
Grand Total	**21%**	**$12,260,000.00**

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

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	270,828	103%
Investment and Property Revenue	1,759,115	50,000	948,810	1898%
Other Revenue	525,148	240,694	2,924,639	1215%
Service Charges and Base Fees	26,088,324	28,102,022	19,842,646	71%
State Grants	613,814	-	860,876	
Total	**$ 29,219,426**	**$ 28,656,148**	**$ 24,847,799**	**87%**

Revenues are 87% received as of report drafting, which is in line with anticipated revenue collection at this point in the fiscal year. Staff are monitoring collections and 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 from Transfers In revenues, which come from Development Impact Fees. Actuals show as overrealized, because Impact Fees for water are budgeted for under the individual fund that they are received in to and are then transferred to the Water Fund during the annual AB 1600 review and reporting process. The Other Revenue line item also includes Other City Licenses and Permits (recycled water construction water permits), Miscellaneous Penalties (customer late fees), Credit Collections, Sales of Surplus Property, Development Review Fees, and Utilities Setup Fees. **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. These discrepancies are expected to be resolved by year-end as accounting processes catch up with the actual collections.

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	$ 3,343,941	66%
Unfunded Pension Liability	833,466	789,926	779,802	99%
Contract Services	810,950	1,212,318	929,843	77%
Other Operating Expenditures	11,882,398	15,566,981	13,975,881	90%
Total	**$ 18,120,818**	**$ 22,651,940**	**$ 19,029,468**	**84%**

Staffing: As of the current reporting period, 66% 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 requests to address these vacancies, including the hiring of a retired annuitant who has been helping fill the Utility Billing vacancy. 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. Many contracts are structured around milestone-based payments or periodic billing cycles, meaning payments lag behind the recorded obligations. Staff anticipate 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	1,566,239	3132%
Other Revenue	497,324	224,000	1,268,259	566%
Service Charges and Base Fees	19,893,378	20,052,366	13,892,344	69%
State Grants	887,167	-	197,070	
Long Term Debt Proceeds	15,353,992	-	13,405,480	
Total	**$ 39,224,514**	**$ 20,798,900**	**$ 30,801,925**	**148%**

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.

Other Revenue: The Other Revenue line item is primarily funded from Transfers In revenues, which come from Development Impact Fees. Actuals show as overrealized, because Impact Fee revenues for sewer are budgeted for under the individual fund that they are received into and are then transferred to the Sewer Fund during the annual AB 1600 review and reporting process. The Other Revenue line item also includes sources contributed positively to the fund's position. Miscellaneous Penalties (customer late fees), and Utilities Set-up Fees, 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.

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.

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 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:

Sewer Expenditures	FY 2023-24 Actual	FY 2024-25 Budget	FY 2024-25 YTD Actuals	FY 2024-25 % Expended
Staffing	$ 4,558,064	$ 5,113,385	$ 3,367,064	66%
Unfunded Pension Liability	851,453	782,976	772,941	99%
Contract Services	1,256,919	1,345,978	1,315,494	98%
Other Operating Expenditures	2,647,401	2,874,769	2,028,178	71%
Total	**$ 9,313,836**	**$ 10,117,108**	**$ 7,483,678**	**74%**

Staffing: At 66% 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. Staff do not expect a variance to the 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, 63% 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 against its revenue targets for the year. The revenue budget is based on the 2024 Rate Study report projections, with reduced rates effective July 1, 2024. Overall, staff is estimating a $1.48M shortfall in FY 2024-25 Parking Fund actual revenues compared to the budgeted amount. The Parking Fund has adequate reserves to absorb the estimated one-time revenue shortfall. Additionally, staff are reducing expenditures in accordance with the Fiscal Health Contingency Plan and intend to use fund balance to address this year's revenue shortfall, while continuing to resolve the technology issues affecting revenue collection. There is approximately $5.9M unreserved working capital from the year end of FY 2023-24.

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	430,435	48%
Parking Fines	1,190,030	1,252,200	789,971	63%
Parking Meters	5,927,488	4,312,367	3,441,137	80%
Parking Structures	1,757,776	2,860,504	1,121,485	39%
Other Revenue	3,733,272	664,884	690,895	104%
Total	**$ 13,311,364**	**$ 9,991,861**	**$ 6,473,923**	**65%**

Overall, there were some unexpected failures in the technology systems 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 some of the current revenue shortfall this year and achieve 2024 Rate Study revenue projections moving forward into future years. Recently completed projects this spring include implementation of a new citation management system and new gated system at 842 Palm garage.

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 the initial increase did not occur as quickly as anticipated due to technology issues. Permit sales have continued to increase each month since July 1, 2024, and are expected to continue to increase with the launch of a new digital permit platform in April 2025 and the installation of the new gating system at 842 Palm Street.

The initial reports from the new digital permit platform show an increase in permit sales, most likely related to the new gating system at the 842 Palm Street garage however the increase in permit sales remain unlikely to meet the revenue projections presented in the Rate Study, due the reduced price of the permit. The availability of garage permits is advertised with signs in the garages, the parking webpages, and printed promotional material. An increased communication plan advertising garage permits will be rolled out when all garages have a consistent gating system. Staff expects to miss budget this year by $325,000, based on year-to-date actuals.

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 prior citation management vendor and staff turnover. Consistent with the Technology Roadmap recommendations, the City completed implementation of a new citation management vendor in March 2025. As of the end of March 2025 when all citation data was converted to the new citation management vendor, there were 24,616 unpaid citations with a total balance due of $1,717,310. While all citations may not be collected, the collection of even a portion of the unpaid citations could significantly impact citation revenue.

With the vendor change and updated noticing to those with unpaid citations, revenue is expected to increase. It is highly likely that the bulk of this citation revenue will be realized in FY 2025-26. Based on year-to-date actuals, there is an expected budget deficit of $295,000 in Parking Fines Revenue. However, based on collection reports from the initial noticing sent by the citation management vendor in April, staff expects to recover the deficit amount in Q4 and does not expect significant variances to budget by year-end.

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 was negatively impacted by the operation of a gateless parking system at the 842 Palm Street garage. In November 2024, Council approved appropriation of $1.2 million from Parking Fund balance for the purchase of new garage payment and gating equipment for 842 Palm Street garage, as well as 919 Palm Street and Marsh Street garages. New gating equipment will provide better access and revenue controls that staff anticipates will increase revenue collections. The equipment at 842 Palm Street was replaced in March 2025, but will not be in operation long enough to make up for revenue losses in the current fiscal year. The first 30 days of operation of the new gated system at 842 Palm Street has shown a significant increase in revenue and revenues are expected to meet the projected budget in future years. Once the new gated system has been installed on the remaining City Parking Garages which are the 919 Palm and the Marsh Street garages, Staff expect to meet revenue projects for Parking Garages. Currently, Staff expects to miss budget by $1,160,000, based on year-to-date actuals.

Operating Expenditures:

	FY 2023-24	FY 2024-25		
Parking Expenditures	**Actual**	Budget	YTD Actuals	**% Expended**
Staffing	$ 1,735,699	$ 1,849,702	$ 1,270,668	69%
Unfunded Pension Liability	238,826	244,373	241,241	99%
Contract Services	862,591	782,601	640,606	82%
Other Operating Expenditures	967,528	965,304	672,450	70%
Total	**$ 3,804,644**	**$ 3,841,980**	**$ 2,824,965**	**74%**

Staffing: The staffing budget is 69% expended through the first three quarters of the fiscal year due to vacancies in multiple administrative and enforcement positions. These vacant 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 82% of the budget has been obligated or expended, just 55% 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, 70% of the budget has been expended. Due to lower than budgeted revenues, staff expect savings of $40,000 in credit card merchant fees, corresponding with revenue trends.

Transit Fund Summary

The Transit Fund's year-to-date results are generally in line with expectations. Staff note that the Transit Fund is largely funded by Federal and State grants. As such, staff are monitoring the new administration's executive orders, budget recommendations, and actions and what effects they may have on the availability of future federal funds.

Revenue:

	FY 2023-24	FY 2024-25		
Transit Revenue	**Actual**	Budget	**YTD Actuals**	**% Received**
Federal	$ 3,486,773	$ 12,469,861	$ 3,157,784	25%
Local (Bus Fare)	1,000,790	976,000	748,516	77%
Other / Interest Revenue	379,651	-	250,134	
State	1,607,897	3,613,325	1,932,290	53%
Total	**$ 6,475,111**	**$ 17,059,186**	**$ 6,088,723**	**36%**

Federal: This line includes capital and operating revenue from discretionary and formula federal grants. Discretionary grants are competitive in nature and are included in the budget to offset related capital costs, but they are not guaranteed. Formula grants are typically allocated to the region and the amount is calculated using various factors like population and transit metrics. Both discretionary and formula grants are reimbursement-based grants, meaning funds are disbursed after expenses have been incurred.

In April 2024, staff applied for $5.1 million in discretionary grant funding 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 adjusted 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. Five total drawdowns for both operating and capital expenses are reflected in the table above.

There has been no communication from the U.S. Department of Transportation or Federal Transit Administration (FTA) that active grants like the ARPA operating assistance grant are at risk of loss of funding. Staff continues to submit draw down requests and, as of March 2025, funds continue to be disbursed. Staff expects that ARPA operating assistance funds will be available for the remainder of this fiscal year and that approximately $2.7 million (22 percent of total budgeted revenue) will be available next fiscal year to cover operating costs. Remaining operating costs will be covered through a combination of FTA Section 5307 funds and Transportation Development Act (TDA) revenue.

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, investment balances, and sale of surplus property. 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. Staff expects to receive $2.57 million in TDA revenue based on the San Luis Obispo Council of Government's (SLOCOG) revised allocation, which is $158,000 less than originally budgeted. The Transit Fund received $376,368 for two capital projects and was reimbursed $498,473 for the construction of the Transit Yard electric vehicle charging infrastructure project, both of which are reflected in the table above.

Expenditures:

	FY 2023-24	FY 2024-25		
Transit Expenditures	**Actual**	**Budget**	**YTD Actuals**	**% Expended**
Staffing	$ 328,784	$ 344,223	$ 221,537	64%
Unfunded Pension Liability	57,283	45,725	45,139	99%
Contract Services	3,592,192	4,630,217	4,514,744	98%
Other Operating Expenditures	431,255	424,715	406,837	96%
Total	**$ 4,409,514**	**$ 5,444,879**	**$ 5,188,256**	**95%**

Staffing: This line is tracking below budget primarily 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. A slight savings is realized as a result of this prepayment.

Contract Services: This line primarily consists of costs paid via a third-party contract to Transdev for SLO Transit's operations and maintenance services. Actuals for this budget line include obligations on open purchase orders. While 98% of budget has been obligated, just 65% has been paid to vendors. Staff expects a savings of $107,000 at the end of this fiscal year in the Contract Services line item.

Other Operating Expenditures: Actuals for this line include obligations on open purchase orders. Staff expects expenditures to be $83,000 greater than budgeted amount due to a 38% increase in average fuel costs per gallon since the beginning of the fiscal year. This variance will be covered by savings in the Contract Services line item discussed above.

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	$ 1,382,507	65%
Other Revenue	56,643	-	28,359	
Total	**$ 2,323,947**	**$ 2,117,251**	**$ 1,410,866**	**67%**

While less than 75% 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	$ 149,597	64%
Unfunded Pension Liability	43,573	32,234	31,821	99%
Contract Services	1,869,690	1,871,237	1,716,996	92%
Other Operating Expenditures	20,130	34,100	10,776	32%
Total	**$ 2,146,866**	**$ 2,171,900**	**$ 1,909,191**	**88%**

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	$ 10,603	459%
Total	**$ 18,353**	**$ 2,000**	**$ 10,603**	**530%**

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 this fiscal year 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	$ 4,500,000	75%
Total	**$ 6,333,317**	**$ 6,000,000**	**$ 4,500,000**	**75%**

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	$ 4,754,556	$ 5,725,119	$ 3,768,453	66%
Total	**$ 4,754,556**	**$ 5,725,119**	**$ 3,768,453**	**66%**

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	$ 125,501	75%
Total	**$ 171,322**	**$ 167,334**	**$ 125,501**	**75%**

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	384,877	95%
Total	**$ 601,116**	**$ 404,020**	**$ 384,877**	**95%**

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	$ 840,375	84%
Interest on Investment	592,271	-	18,912	
Total	**$ 1,867,271**	**$ 1,000,250**	**$ 859,287**	**86%**

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	$ 189,666	$ 176,858	93%
Debt Service	911,650	949,450	927,450	98%
Transfers Out		26,530	219,133	826%
Total	**$ 920,795**	**$ 1,165,646**	**$ 1,323,442**	**114%**

The fund budgets for authorized expenditures, largely debt service, and is expected to finish the year on budget. Transfers out exceed the budget due to transfers of amounts authorized and budgeted but not transferred in prior years. There is no expected ongoing impact as the transfers will be made annually within budgeted amounts going forward.

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%
Investment Income	$ 12,486	-	$ 7,812	
Total	**$ 268,985**	**$ 523,648**	**$ 549,056**	**105%**

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	252,602	39,661	16%
Transfers Out	17,085	110,814	386,517	349%
Total	**$ 17,085**	**$ 110,814**	**$ 386,517**	**349%**

The fund budgets for authorized service expenditures for maintenance and utilities and is expected to finish the year under budget. Transfers out exceed budget due to the inclusion of amounts authorized and budgeted but not transferred in prior years. There is no expected ongoing impact as the transfers will be made annually within budgeted amounts going forward. Prior year actuals were lower than budget because the development is new, still under construction, and therefore 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 are held in fund balance and are available for expenditure in future years.

CIP Update

During the third quarter of the fiscal year, the City continued to make strong progress in delivering its Capital Improvement Program (CIP) projects, with key advancements in infrastructure, public spaces, and essential facilities. Notable projects completed in Q3 include the North Chorro Greenway Underbelly Painting and Lighting, the installation of gated parking equipment at the 842 Palm Parking Garage, and the 2024 Roadway Sealing Project, which included upgrades to the Damon Garcia Sports Field Complex parking lot and the Johnson Park parking lot.

The CIP team also reached substantial completion on the Wash Water Tank #1 and Laguna Lake Dog Park projects. Final work on both is expected to be completed in the fourth quarter.

Construction remains active on several legacy projects, including the Mid-Higuera Bypass, Mission Plaza Enhancements, and the Cultural Arts District Parking Structure. These high-profile projects are on track for completion in fiscal year 2025–26.

The City also received favorable bids for several new projects that will enter the construction phase in the fourth quarter of FY 2024–25. These include tenant improvements at 1106 Walnut (Police Administration Building), improvements to the 1166 Higuera Parking Lot, the Bob Jones Trail Groundwater Well Drilling project, and the City Hall Finance/IT Remodel.

In preparation for the 2025–27 Financial Plan, staff is also gearing up to launch new CIP projects in year one of the plan. These include Righetti Community Park, the installation of improved parking infrastructure, and a sealing project on Grand Avenue.

A summary table of all completed and ongoing construction projects through the third quarter, along with updates on legacy projects, is included below.

Completed & Ongoing Construction Capital Projects (January 2025-March 2025)				
Oracle Account Number	Project	Total Budget	Estimated Construction Completion Date	Additional Comments
2000049	842 & 919 Palm Parking Structure Repairs	$ 2,538,989.00	Completed	
2000126	Water Treatment Plant Generator Improvement Project at Facility 98	$ 3,527,523.00	Completed	
2000188	Mitchell Park Revitalization	$ 471,253.00	Completed	
2000525A	Parking Equiptment at Gate Entry (842 Palm)	$ 312,000.00	Completed	
2000578	Johnson Waterline	$ 5,204,444.00	Completed	
2000615	2024 Sealing Project	$ 3,000,000.00	Completed	
2001050	Tank Farm Lift Station Discharge Pipe Replacement Phase 2	$ 223,678.00	Completed	
2001065	2023 Arterials	$ 9,823,766.00	Completed	
2001069	Righetti Hillside Emergency Repair	$ 1,540,000.00	Completed	
2091368	Reservoir 2 Cover Replacement	$ 2,617,247.00	Completed	
2091683	North Broad Park	$ 1,533,939.00	Completed	
2000031-08.01	Damon Garcia Sports Field Complex Parking Lot Maintenance	$ 130,000.00	Completed	
2000031-08.05	Johnson Park Parking Lot Maintenance	$ 50,000.00	Completed	
2000032-04	Railroad Safety Trail from Cal Poly to Taft Street	$ 130,775.00	Completed	
2000036-04	North Chorro Greenway Underbelly Lighting	$ 50,000.00	Completed	
2000036-05	North Chorro Greenway Underbelly Painting	$ 60,000.00	Completed	
2000075-06	Fire Station 4 Exterior Painting	$ 55,000.00	Completed	
2000075-07	Parking HVAC Replacement	$ 260,000.00	Completed	
2000075-9.01	Corporation Yard Fuel Island and Wash Station Rehabilitation	$ 827,556.00	Completed	
2001001-14	Higuera St Crack Sealing	$ 109,072.00	Completed	
2001010-01	Cheng Park Revitalization	$ 807,786.00	Completed	
2090742-10	Smith Augusta CMP Emergency Repair	$ 850,000.00	Completed	
2001068	Laguna Lake Dog Park	$ 1,600,000.00	Q4 FY 24-25	Final Punchlist
2000034-03	Wash Water Tank #1	$ 753,807.00	Q4 FY 24-25	Final Punchlist
2001001-02	Palm Street Sidewalk Replacement	$ 176,205.00	Q4 FY 24-25	
2000545	California Waterline Replacement	$ 1,550,505.00	Q1 FY 25-26	Construction Ongoing
2000561	Morro and Mill Sewer Replacement	$ 2,800,000.00	Q1 FY 25-26	Construction Starting in Q4 FY24-25
2091219	Wastewater Resource Recovery Facility Upgrade	$ 143,376,754.12	Q1 FY 25-26	Construction Ongoing
2000075-13.01	Jack House Roof and Windows	$ 499,554.00	Q1 FY 25-26	Construction Ongoing
2000539-02	Sierra Way Waterline Replacement	$ 2,766,449.00	Q1 FY 25-26	Construction Ongoing
2000096	Sewer-main Replacement: Foothill and Santa Rosa CalTrans	$ 350,000.00	Q2 FY 25-26	Construction Starting in Q1 FY25-26
2001066B	1166 Higuera Parking Lot	$ 428,183.00	Q2 FY 25-26	Construction Starting in Q4 FY24-25
2090649	Mid-Higuera Bypass	$ 11,550,000.00	Q2 FY 25-26	Construction Ongoing
2091439	Mission Plaza Enhancements	$ 3,729,574.00	Q2 FY 25-26	Construction Ongoing
2000114-02	City Hall's Finance/IT Remodel	$ 1,337,705.00	Q2 FY 25-26	Construction Starting in Q4 FY24-25
2000574-01	Downtown Multi-Space Pay Station Installation	$ 1,400,000.00	Q2 FY 25-26	Construction Starting in Q1 FY25-26
2000577-04	1106 Walnut TI	$ 2,000,000.00	Q2 FY 25-26	Construction Starting in Q1 FY25-26
2000615-01	Grand Ave Sealing Project	$ 429,000.00	Q2 FY 25-26	Construction Starting in Q1 FY25-26
2091506-02	Bob Jones Trail Groundwater Well Drilling (Packet 2)		Q2 FY 25-26	Construction Starting in Q4 FY24-25
2000117	Cultural Arts District Parking Structure	$ 47,000,000.00	Q3 FY 25-26	Construction Ongoing
2000054-01	Righetti Community Park	$ 13,668,912.00	Q1 FY 26-27	Construction Starting in Q1 FY25-26

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	Value Analysis phase underway

Major City Goals Update

Two Major City Goal tasks had an original completion date in the third quarter:

Climate Action, Open Space, & Sustainable Transportation | Preserve and Enhance Convenient and Equitable Alternative and Sustainable Transportation Options | Strategic Approach 4.3a | Active Transportation Plan (ATP) Tier 1 Network – Higuera Complete Streets Project

Responsible Departments: Public Works

Original Completion Date: FY 2024-25 Q3 | Updated Completion Date: FY 2026-27 Q1

Status Update: This project has been delayed to allow for further feasibility analysis and design refinement based on community input requests to explore additional improvements on the Madonna Road Overpass and to refine traffic calming strategies in the Meadow Park Neighborhood. The project is on track to advertise by Q2 FY 2025-26, with completion anticipated by Q1 FY 2026-27.

Climate Action, Open Space, & Sustainable Transportation | Preserve and Enhance Convenient and Equitable Alternative and Sustainable Transportation Options | Strategic Approach 4.3b | Active Transportation Plan (ATP) Tier 1 Network – South / King Crossing

Responsible Departments: Public Works

Original Completion Date: FY 2024-25 Q3 | Updated Completion Date: FY 2025-26 Q4

Status Update: This project has been delayed due to staffing vacancies in the Transportation Planning-Engineering Division and the need to revise curb ramp designs due to changes in accessibility design standards. The project is on track to advertise for construction FY 2025-26 Q1, with completion Q4 2025-26.