



Fourth Quarter Financial Report (Year-End)

Fiscal Year 2024-25

Introduction

The fourth quarter (Year-End Report) provides an overview of the City’s financial position and results as of and for the year ended June 30, 2025. This report includes the General Fund, the Special Revenue Funds, and the City’s four enterprise funds. These results are shared on a preliminary basis in the interest of transparency. All figures are subject to change until the audit is complete and the FY 2024-25 Annual Comprehensive Financial Report is published in late 2025.

Table of contents

General Fund Overview.....	2
General Fund Expenditures	4
General Fund Revenue	5
Storm Update.....	9
Department Summaries and Updates.....	12
Capital Improvement Program Update.....	71

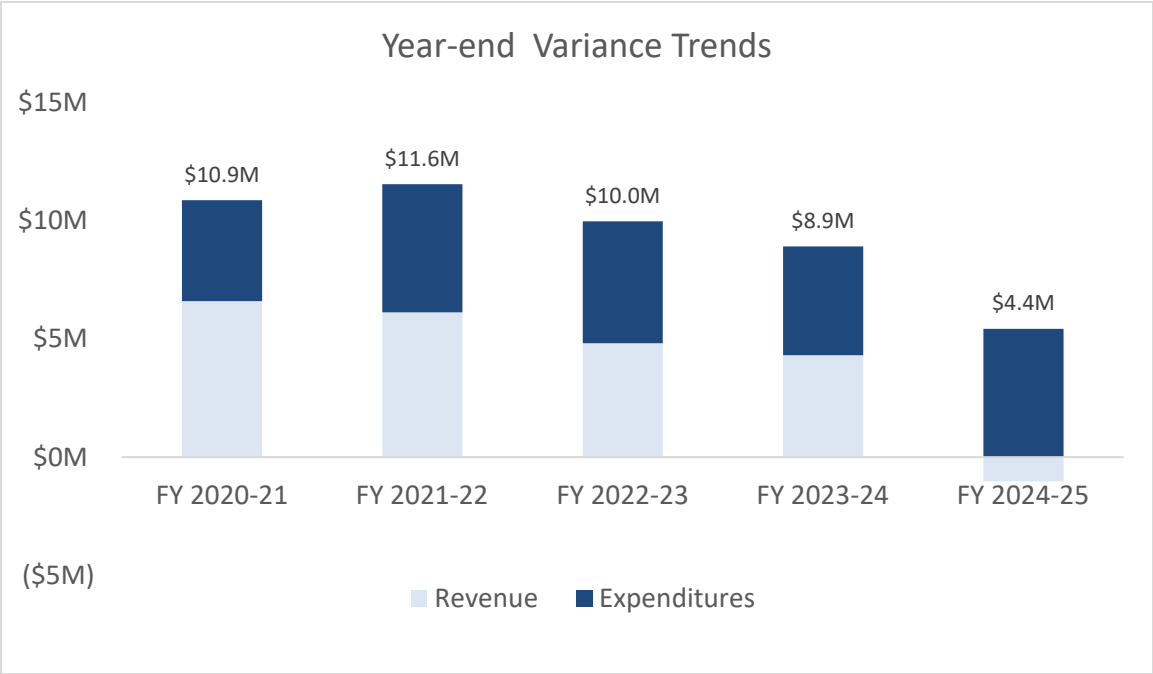
General Fund Overview

The General Fund finished the year with operating expenditures \$5.4M or 5% favorable to budget driven largely by staffing vacancies. The remainder of the savings came from Contract Services and Other Operating Expenditures. The City Manager activated the Fiscal Health Contingency Plan in April 2025 in order to address economic uncertainty and an identified future budget deficit. Due to its activation late in the fiscal year, the FHCP did not contribute significantly toward the expenditure savings at year end, but did help to preserve some flexibility to address the forecasted deficit in future years.

Total revenue finished \$1.0M below budget driven by lower sales tax receipts, a decline in development fee revenue, and delays in reimbursement for Winter 2023 storms. Of the \$8.7M budgeted for storm reimbursement, just \$0.9M was received. While some individual line items underperformed, the broader categories of tax revenue, user fees, and general government revenue all exceeded budget.

General Fund Summary	
Unfavorable Revenue Variance	(\$1,026,950)
Operating Budget Savings	5,431,097
Net variance to budget	\$4,404,147

As shown in the table below, this net favorable variance of \$4.4M represents a narrowing of the gap between budget and actuals relative to prior years. In other words, Fiscal Year 2024-25 ended with less year-end savings than prior years.



The variance shown above represents the difference between budgeted and actual revenue and expenditures. This is not the same as the fund balance available for appropriation at year-end, which is

based on the long-term forecast for the General Fund and includes certain unbudgeted assumptions including salary savings due to vacancies and changes in reserved, committed, and assigned fund balances. In order to present these preliminary results on a timely basis, this report was drafted concurrently with the annual audit and as a result, all numbers presented here are subject to change.

The table below represents a preliminary estimate of the fund balance available and will be updated with audited results which will be used as the basis for Staff’s appropriation recommendations as a part of the FY 2025-26 Second Quarter Budget Report in February 2026.

Fund Balance	<i>(in millions)</i>
Beginning Balance	\$43.1
+Revenue	126.7
-Expenditures	122.4
Ending Balance	47.4
-Committed & Assigned	28.7
-Reserved	14.6
Unassigned Fund Balance	\$4.1

Assigned fund balance includes \$2.0M to fund the annual Additional Discretionary Payment (ADP) to CalPERS. Based on Council Guidance from development of the 2025-27 Financial Plan, the recommended ADP will be inflated in line with staffing costs and is expected to be approximately \$2.9M. This recommendation to appropriate approximately \$0.9M from the unassigned fund balance to increase the ADP to approximately \$2.9M, and other appropriation recommendations, will be made as part of the FY 2025-26 Second Quarter Budget Report.

Staff recommendations will be consistent with Section 8 of the City’s Budget Policies in the 2025-27 Financial Plan, which calls for prioritization of additional discretionary payments to CalPERS, infrastructure investments, and addressing emerging health and safety needs of the community.

The City’s policy related to budget carryover for operating programs specifies that operating program appropriations not spent during the first year of a Financial Plan may be carried over for specific purposes, to the second year. As FY 2024-25 was the second year of the 2023-25 Financial Plan, no budget carryover was approved by the City Manager.

A detailed analysis of expenditures and revenue follows, and additional information can be found in each department’s writeup.

General Fund Expenditures

The General Fund finished the year with roughly 5% of its operating budget unspent, with savings in Staffing (4%), Contract Services (15%) and Other Operating Expenditures (8%). These results are in line with historical trends and were driven in part by deliberate reductions in spending in response to changes in revenue trends.

General Fund Expenditures by Type

	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 68,748,977	\$ 78,514,398	\$ 75,489,526	\$ 3,024,872	4%	\$ 78,804,551
Contract Services	10,721,258	11,529,330	9,839,883	1,689,448	15%	11,995,946
Other Operating Expenditures	7,674,086	8,971,435	8,254,657	716,778	8%	9,158,906
Total	\$ 87,144,321	\$ 99,015,163	\$ 93,584,065	\$ 5,431,097	5%	\$ 99,959,403

Unspent budgets were primarily driven by staffing vacancies. There is a difference in methodology between budgets, which departments are accountable to, and the Long-Term Forecast for the General Fund, which is used to determine if the budget is balanced. The General Fund budget assumes 100% staffing for all positions with no vacancies, and the long-term forecast assumes 4% or \$2.5M in staffing savings for vacancies. Net of assumed vacancy, the Fund realized \$0.6M in true savings, detailed in the table below.

Staffing Savings	
Total Savings	\$ 3,024,872
(Vacancy Assumption)	(2,460,959)
Net Savings	\$ 563,912

Contract Services contributed an additional \$1.7M in savings, primarily from the Community Development Department which intentionally reduced spending in response to slowing development activity and collection of associated user fee revenues.

Other Operating Expenditures were \$0.7M below budget with contributions from all departments, the largest of which came from Public Works due to favorable weather conditions reducing the cost of water and sewer services for the City's parks.

General Fund Expenditures by Department

	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Admin & IT	10,767,663	11,591,856	10,859,649	732,208	6%	11,752,023
City Attorney	1,472,411	1,758,600	1,651,262	107,337	6%	1,863,615
CDD	7,157,271	9,328,340	7,862,336	1,466,003	16%	9,059,766
CSG Admin	829,900	688,761	554,193	134,569	20%	614,367
Finance	2,275,677	2,785,589	2,681,624	103,965	4%	2,850,096
Fire	15,960,639	18,950,508	18,785,025	165,483	1%	18,108,272
Human Resources	2,179,463	2,395,349	2,080,416	314,933	13%	2,061,730
Non-Departmental	403,850	1,097,273	349,186	748,087	68%	2,399,772
Parks & Recreation	5,414,249	6,183,784	5,997,819	185,965	3%	6,231,512
Police	23,233,179	24,787,837	24,657,118	130,719	1%	25,600,253
Public Works	17,038,967	19,041,802	17,707,935	1,333,867	7%	19,022,753
Utilities	411,052	405,464	397,502	7,962	2%	395,243
Total	\$ 87,144,321	\$ 99,015,163	\$ 93,584,065	\$ 5,431,098	5%	\$ 99,959,403

All departments finished the year under budget. For detailed analysis and commentary on individual departments' results, please refer to the 'Department Summaries and Updates' section.

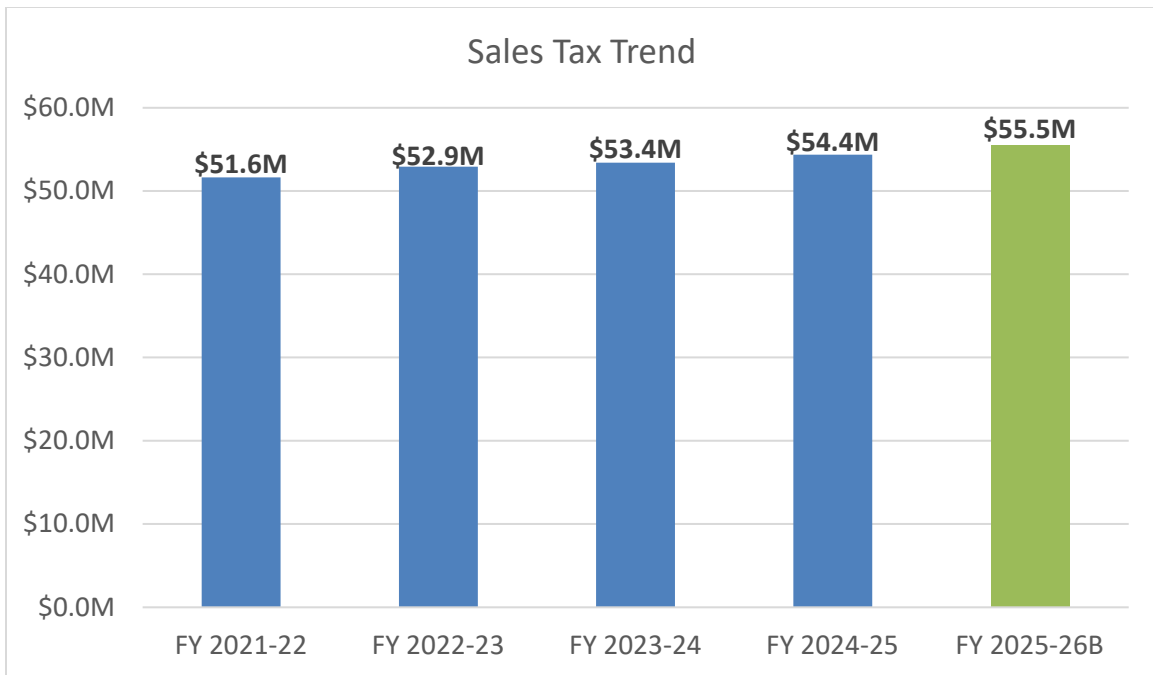
General Fund Revenue

The table below provides an overview of actual General Fund revenue compared to budget for the last fiscal year, prior year actuals, and current year budgets.

General Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Tax & Franchise Revenue						
Sales Tax	\$ 53,404,212	\$ 56,383,599	\$ 54,357,111	\$(2,026,488)	-4%	\$ 55,470,441
Property Tax	23,723,431	23,446,385	24,923,847	1,477,461	6%	25,944,966
Transient Occupancy Tax	11,063,012	10,586,256	11,417,888	831,632	8%	11,099,705
Utility User Tax	6,301,505	6,622,639	7,501,436	878,797	13%	6,605,306
Business Tax	2,942,923	3,317,338	3,138,271	(179,067)	-5%	3,230,170
Franchise Fees	2,366,286	2,091,800	2,622,351	530,551	25%	2,242,429
Cannabis Tax	1,116,495	1,100,000	814,502	(285,498)	-26%	1,000,000
Subtotal	100,917,864	103,548,018	104,775,406	1,227,388	1%	105,593,017
User Fees						
Development Review	6,276,972	6,585,331	5,697,332	(887,999)	-13%	4,606,812
Parks & Recreation	2,415,605	2,082,847	2,643,907	561,060	27%	2,280,283
Fire	2,267,237	2,882,464	3,331,998	449,534	16%	1,759,183
Police	1,022,145	844,790	834,584	(10,206)	-1%	690,200
Business Licenses	703,544	700,600	792,548	91,948	13%	632,470
Subtotal	12,685,503	13,096,032	13,300,370	204,338	2%	9,968,947
General Government	6,235,698	2,326,768	7,691,002	5,364,234	231%	1,669,077
2023 Storm Reimbursement		8,732,000	909,090	(7,822,910)	-90%	-
Total Revenue	\$119,839,064	\$127,702,817	\$126,675,868	\$(1,026,950)	-1%	\$117,231,041

Sales and Use Tax Revenue (Including Local Revenue Measure): This cyclical revenue stream was expected to rebound after several years of tepid growth. Shortly after supplemental budget adoption for FY 2024-25, these expectations were revised downwards and staff signaled in the [Q1 Budget Report](#) that sales tax revenue was expected to underperform. In February 2025, the City’s sales tax consultants projected that this line item would miss budget by \$2.7M. While the FY 2024-25 result is lower than budget, it is also not as low as previously feared, and, at +1.7% higher than the prior year, indicates that the local economy is still growing on a nominal basis. This compares favorably to the broader Central Coast which grew by +1.5% year over year and the state which contracted by -0.1%.

The table below visualizes recent sales tax trends and the FY 2025-26 budget:



This highly cyclical revenue stream remains under pressure from macroeconomic conditions and even the modest growth forecasted in the 2025-27 Financial Plan may prove elusive. The FY 2025-26 budget assumes year over year growth of +2.1%, well below the inflationary rate and in line with recent trends. However, the City’s consultants have advised that consumer discretionary spending is under pressure and the City’s sales tax revenue may underperform expectations by up to \$1.3M in FY 2025-26 which would indicate year over year decline of \$0.2M or -0.3%.

Property Tax: This revenue stream is relatively stable year over year due to Prop 13 which limits assessment increases on existing homes to 2% each year. In FY 2024-25, this revenue stream grew at +5.1% year over year driven by existing homes with artificially low assessed values being sold and reassessed at market value. Home prices in San Luis Obispo continued to increase during the fiscal year despite persistently elevated mortgage rates.

This revenue stream is typically forecasted based on conservative estimates from the County Assessor’s Office, leading to large favorable variances at year-end. In the 2025-27 Financial Plan, staff made modest

adjustments to this budget in an effort to more accurately forecast revenue and expect a smaller favorable variance from a FY 2025-26 budget that assumes +4.1% year over year growth.

Transient Occupancy Tax (TOT): TOT exceeded budget by \$0.8M and delivered +3.2% year-over-year growth. Staff attribute this growth to new hotel properties that added supply to the market that were met with strong consumer demand. Key performance indicators such as Occupancy and Revenue per Available Room saw modest increases, and Average Daily Rates remained essentially flat. TOT has been conservatively forecasted for FY 2025-26.

Utility User Tax (UUT): UUT revenue exceeded budget by \$0.9M and increased by 19% year-over-year. This revenue stream is based on both market price and consumer utilization of utilities and, as such, can be highly volatile. This revenue stream is once again conservatively forecasted for FY 2025-26.

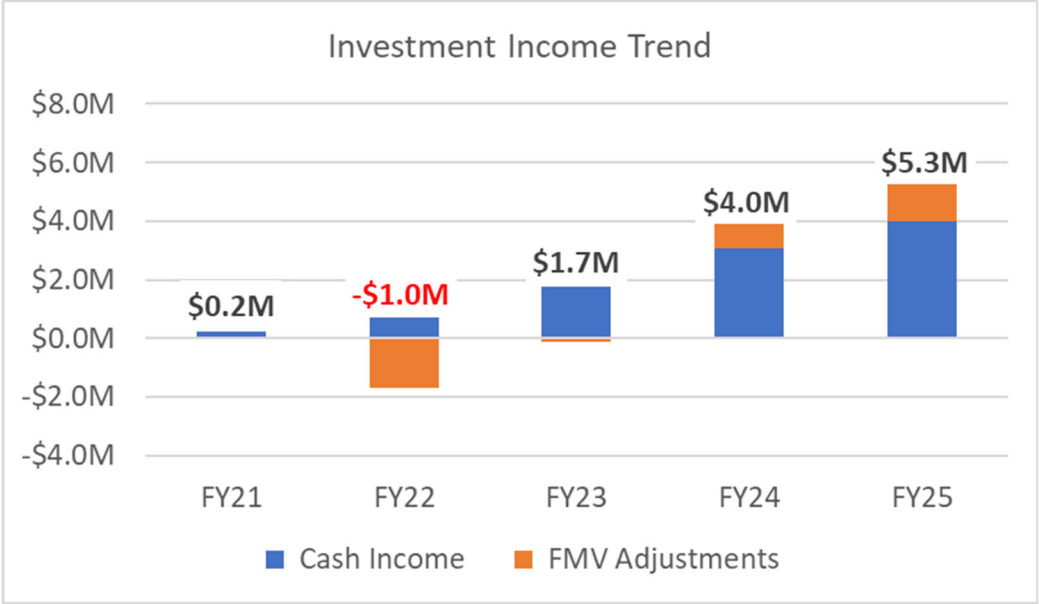
Business Tax: This revenue stream finished under budget due to acquisitions of taxpaying businesses by tax exempt entities. Current budgets have been adjusted downwards to reflect recent collections trends and budget attainment at this lower level is expected in FY 2025-26.

Cannabis Tax: Cannabis Tax revenue missed budget by \$0.3M or 26%. This revenue stream has declined for two years in a row after reaching its peak in FY 2022-23. The legal cannabis industry in California has struggled in recent years, prompting the State to pass [AB 564](#) to reduce excise taxes.

Franchise Fees: Similar to UUT, Franchise Fees are assessed against utilities companies and exceeded an intentionally conservative budget by \$0.5M or 25%.

General Government: This line item includes all of the City's non-departmental, non-tax revenues including investment income, rent, grants, and other miscellaneous revenue. The most notable variance in general government revenue was investment income which exceeded budget by \$4.7M. The City generally invests its cash in safe and highly liquid short duration credit securities which have benefited from exceptionally high yields in recent years.

The table below details the trend in investment income received over the last five years, broken down by Cash Income received from investments and Fair Market Value (FMV) adjustments which represent the fluctuations in value that fixed income investments experience when market interest rates change. Assuming the City does not sell its investments prior to maturity, FMV Adjustments are non-cash in nature, but are treated as a reduction to revenue and fund balance for accounting purposes.



In Fiscal Year 2020-21, investment income was minimal as monetary policy actions by the Federal Reserve held interest rates near zero to stimulate the economy after the COVID pandemic. In FY 2021-22, interest rates rose in response to rapid inflation. This led to an increase in cash income received as newly purchased investments paid higher rates of interest, however, the market value of the City’s portfolio decreased by \$1.7M as its average interest rate was well below the market rate leading to a net loss of \$1.0M in FY 2021-22. Market interest rates fell in FY 2023-24 as the Federal Reserve was widely expected to cut rates to avoid sending the economy into recession and, in FY 2024-25 the Federal Reserve did reduce its benchmark rate and the market rate decreased further. As interest rates decreased, the average interest rate of the City’s portfolio became higher than the market rate and positive FMV adjustments were recorded. This trend accelerated in FY 2024-25.

Throughout this period the City has maintained a conservative forecast for investment income of approximately \$0.5M annually. Market interest rates have been volatile in recent years. Should rates increase in the future, the City could realize negative investment income once again. If interest rates continue to fall as expected, investment income will exceed a conservative FY 2025-26 budget but this variance is expected to shrink as the City reinvests proceeds from maturing securities at lower yields.

User Fees: This broad category of fees for service finished in line with expectations, exceeding budget by just \$0.2M or 2%. Development Review revenue underperformed by \$0.9M driven by a slowdown in building activity locally that mirrors national trends. This was offset by outperformance from Parks & Recreation and Fire which each exceeded their projections by approximately \$0.5M. Detailed writeups for the individual fees can be found within the writeup of the relevant department.

2023 Winter Storms 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 Budget Supplement. 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. At the Federal level, there is increasing conversation about the current administration's plans to shift the burden of disaster relief and recovery onto states. While some communities are already experiencing this, it is not currently expected that this shift will put the City's projects in danger, as the 2023 Winter Storms occurred nearly three years ago.

To address some of the delays in obtaining reimbursement, City staff met with Congressman Carbajal's Office in May 2025 to seek assistance in navigating FEMA's processes. Since that time, the City has been able to make some good progress on getting projects obligated for reimbursement. As of the writing of this report, the City has received just under \$1 million in reimbursement, with another \$1 million obligated. The table below provides a high-level summary of the status of the project costs that have been submitted to FEMA:

Storm Project Reimbursement Status

Status	Amount	# of Projects	Notes
Obligated for reimbursement	\$1.94M	19	The City has received \$962,213 of this amount.
Pending final FEMA review	\$6.74M	5	Includes San Luis Drive project (\$5.36M) and Citywide Debris Removal project (\$1.34M), which both require Congressional review prior to formal obligation.
FEMA review ongoing	\$8.86M	15	Three of these projects including two at Stenner Creek and one at Old Garden Creek total \$4.75M are planned future projects and may be canceled if FEMA does not approve reimbursement.
Determined ineligible	\$18.01M	10	Staff have formally appealed three of the projects determined to be ineligible (a total of \$7.03M of the total amount determined ineligible). Staff are sending all appeals to Congressman Carbajal's office for awareness and follow-up with FEMA.

Despite the current Federal shutdown, staff continues to receive and respond to requests for information (RFIs) from FEMA related to the City's projects. While FEMA has not provided a formal communication to the City about the impact of the Federal shutdown, it is expected that further reimbursement will be delayed due to a lack of funding in the Disaster Relief Fund. In addition, two of the City's most costly projects (the San Luis Drive project and the Citywide Debris Removal project) are awaiting Congressional review prior to formal obligation, due to the total cost of each being in excess of \$1 million. Congressional review of these projects will be delayed due to Congress not being in session.

Based upon staff delivery capacity and FEMA reimbursement timeframes, staff continues to work on the highest priority storm damage projects. The projects that are shown in the table below represent the highest priority projects for delivery at this time based upon the need to mitigate previously completed projects, protect existing infrastructure, and/or represent projects that must be completed. The Elks Lane Projects are included in this list due to an existing easement agreement.

Storm Projects

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

Administration & IT

A Year in Review

The Office of the City Manager continued to provide information and recommendations to the City Council, implemented Council policies and programs and managed the day-to-day operations of the City. The City Communications Program worked to support City departments and the City Council in communicating effectively with the community during FY 2024-25. The Economic Development and Tourism Program was a major contributor to The Economic Resiliency, Cultural Vitality & Fiscal Sustainability Major City Goal. The team piloted the Business Navigator program to provide support to people looking to start or expand businesses and supported cultural vitality and placemaking. The Office of Sustainability and Natural Resources team worked in close collaboration with Ranger Service to implement the *Righetti Hill Open Space Conservation Plan (2023)*. The Office of Diversity, Equity, and Inclusion office completed the Community Belonging Series which provided opportunities throughout the city to hear from diverse speakers on topics of access and inclusion. Network Services Staff continued to advance the City’s Broadband Plan, securing \$4.8 million in Last Mile FFA Grant Funding, and the Information Services team, comprised of Geographic Information Systems (GIS) and enterprise application support, completed a major project to streamline the way overtime calculation is handled in the Oracle system, simplifying the process to complete the City’s payroll, in collaboration with Finance and Human Resources staff.

The Administration and IT Department ended the year with overall savings of 6% (\$732,208). The majority of savings (\$481,161) was in salaries and benefits due to the number vacancies and positions held vacant during the year. Other savings included contract services at \$154,030 and other operating expenditures at \$97,016.

Variance Analysis

	FY 2023-24	FY 2024-25				FY 2025-26
Admin & IT	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 6,038,015	\$ 6,839,367	\$ 6,358,206	\$ 481,161	7%	\$ 6,591,776
Contract Services	3,682,510	3,672,746	3,518,715	154,030	4%	4,000,403
Other Operating Expenditures	1,047,253	1,079,743	982,728	97,016	9%	1,159,845
Total	\$10,767,778	\$11,591,856	\$10,859,649	\$ 732,208	6%	\$11,752,023

Staffing: The Administration and IT Department ended the year with 7% (\$481,161) in salary savings representing the majority of departmental savings. The savings are attributed to various vacancies throughout the year including the City Manager, Executive Administrative Assistant, DEI Manager and Administrative Specialist, Economic Development & Tourism Manager, Information Services System Application Specialists supporting Oracle and GIS applications, and Deputy City Clerk. Several of these positions were also held vacant to provide options for future budget balancing work. To ensure continuity on key projects and services, \$85,000 in salary savings was utilized for contract support for the City’s Oracle system. Additional savings are tied to changes in benefit elections.

Contract Services: The contract services budget supported delivering on the objectives and commitments outlined in the Major City Goals and work programs. This included the Buy Local Bonus and Restaurant

Administration & IT

programs, Childcare grants, Downtown activations, DEI High Impact grants, Human Services grants, IT infrastructure maintenance and more. Contract services were under budget by 4% (\$154,030). There was \$32,000 in savings due to some program delays resulting from the vacancy in the Economic Development and Tourism Manager position. The Office of Sustainability and Natural Resources had savings of approximately \$22,800; this was due to the year-end close out of the Buildings Upgrade Prize funds (\$10,300) and purchase orders with vendors and community partners coming in less than anticipated (\$12,500). Savings from the City Clerk's Office of \$20,000 were due to delays in regular maintenance and updates to the Council Hearing Room and Chambers audio/video equipment. There was \$15,000 in savings in the Office of DEI, which is budgeted annually to support the biannual Community Academy or another community engagement program in alternating years. When the program was made ongoing in 2023, the intent was to alternate the Community Academy with a new "Candidate Education Offering" developed as part of the City's 2024 CVRA settlement. Due to election timing, the first Candidate Education Offering will occur in November 2025 (FY 2025-26). Beginning in spring 2026, it will alternate with the Community Academy in future years.

Other Operating Expenditures: The majority of savings in other operating expenditures was in professional development and training (\$48,000). This was the result of the number of positions that became vacant, the number of positions held vacant and implementation of the Travel Chill in April 2025. The majority of professional development occurs during the last quarter of the fiscal year coinciding with the activation of the travel chill resulting in a larger amount of savings.

The completion of Information Technology Capital Improvement Projects, including replacement of Uninterrupted Power Supply (UPS), ECC Computers, and CAD Servers and Storage reduced the need for annual maintenance of those systems and the corresponding operating expenditures for a one-time savings of approximately \$25,000.

Administration & IT

Performance Measures

Administration & IT Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Provides City-wide communications to the community. <i>Strategic Goal: Citywide Communications</i>	Open City Hall Participant Satisfaction Rating	92%	92%
	# of Pageviews for City News Pages	150,000	54,829
	# of news e-mail subscribers	6,000	11,375
Provides reliable IT resources to the organization and community. <i>Strategic Goal: Information Technology</i>	Maintain City Network Reliability Uptime Status	99.9%	99.9%
	Data backed up in Terabytes	173	147
	Number of GIS layers maintained	920	920
Economic Stability <i>Strategic Goal: Economic Recovery and Stability</i>	Contacts with businesses regarding starting, expanding, and/or staying in the city	75	128
	One-time funds used for direct aid to local businesses and non-profits	\$175,000	\$170,000
Supports our commitment to sustainability and provides open space resources to the community. <i>Strategic Goal: Climate Action, Open Space, and Sustainable Transportation</i>	# of Green Team Meetings	10	10
	# of Open Space Conservation Plans that will guide the long-term protection and stewardship of natural resource values while guiding appropriate use	1	0
Strengthens the City's commitment to advancing Diversity Equity and Inclusion <i>Strategic Goal: DEI</i>	# of City-wide DEI Trainings Offered	6	1
	# of DEI Newsletters for Staff	6	6
	Funds for High-Impact DEI Grants Awarded	\$150,000	\$150,000

of Pageviews for City News Pages

Staff discovered in FY 2024-25 that Google changed how they track this metric resulting in fewer views than expected. According to reports, Google now automatically filters out bot traffic, which provides the city with a much more accurate count of human pageviews, but also significantly reduces the total number of pageviews. During FY 2024-25, many other websites have reported a similar decline in pageviews. Staff will consider adjusting its targets or removing this metric altogether in the coming years due to inconsistent methods used by Google Analytics.

Data backed up in Terabytes

Staff deployed a new Body worn Camera platform for the Police Department, which stores data in the cloud rather than on servers hosted and maintained by the city. The new platform also handles backups for data. Due to this operational shift, as well as the clean-up of aged records per the City's Record Retention Schedule, the city has reduced the total amount of data that it stores and backs up. Staff are

Administration & IT

seeing an increase in digital evidence and general document storage that will likely increase this number in future years.

One-time funds used for direct aid to local businesses and non-profits

This year, \$125,000 was spent on the Buy Local Bonus program, \$20,000 was spent on SLO Restaurant Month, and \$25,000 for childcare expansion grants through CAPSLO. Additional funding to economic development partnerships and business support services includes \$210,000 to Downtown SLO, \$50,000 to REACH, \$30,000 in annual services with the Cal Poly Center for Innovation and Entrepreneurship (CIE), \$2,500 to Score, and \$2,500 to Softec which totals to \$465,000 when considering support for economic development partners.

of Open Space Conservation Plans

Office of Sustainability & Natural Resources program staff did not complete a new open space conservation plan document in FY 2024-25; rather, focus was on implementation of the *Righetti Hill Open Space Conservation Plan* that was adopted by City Council during FY 2023-24. See further discussion below.

of City-wide Trainings Offered

The Office of DEI had reduced capacity to complete workshops this year due to vacancies in the Administrative Specialist and DEI Manager roles. The Office of DEI was able to complete one internal workshop and eight Community Belonging Series events for the community. Staff anticipate being able to provide six City-wide workshops to staff in FY 2025-26.

Accomplishments & Challenges

Office of the City Manager:

This year, staff completed the design and installation of a Chinatown historic informational panel honoring the contributions of the Chinese community and submitted more than 25 legislative advocacy letters on behalf of the city. In collaboration with Finance, Office of the City Manager staff coordinated the 2026 Community Forum, which achieved record attendance and informed development of the 2025–27 Financial Plan.

Because the local news media market is small, one of the City's communications strategies is providing information directly to community members through social media and e-notifications. During FY 2024-25, the City's Communications Team continued to regularly share engaging and timely content with the community. The city also consolidated its mass email lists and consistently promoted e-notifications and social media pages to community members. As a result, the City's Instagram account successfully reached more than 18,000 followers and the City's e-mail list nearly doubled, reaching more than 11,000 subscribers this fiscal year. These channels of communication offer direct, personalized communication, offer wide reach and are cost-effective. They also help the city build relationships with community members and provide measurable results.

Office of City Clerk:

The City Clerk's Office successfully transitioned all the Advisory Bodies into Escribe, providing the public with a single location to find all City Council and Advisory Body Agenda Packets and videos. The office also supported a new Council Member and onboarded a new Deputy City Clerk.

Administration & IT

Office of Economic Development & Tourism:

The Economic Development program was a major contributor to the Economic Resiliency, Cultural Vitality & Fiscal Sustainability Major City Goal and implemented several tasks from the Economic Development Strategic Plan. The additional program funding allocated through the Major City Goal supported programs contributed to sense of place including the Downtown activations for the holidays, promotional campaigns to drive business like the return of the Buy Local Bonus program and the new SLO Restaurant Month. Funding also supported grants to support the establishment or expansion of childcare businesses, acquisition of data for the employment and economic scorecard and other smaller initiatives.

FY 2024-25 was the second year of implementation for the 5-year Economic Development Strategic Plan, and one highlight was the development and piloting of a formal business retention and expansion (BRE) program called "SLO Grown Business Support." As part of the program, the Economic Development Analyst serves as the "business navigator" to provide guidance and support to people looking to start or expand a business, with a focus on creating and providing start-up checklists for the 17 most common business types. Mapping the permitting process for these 17 business types represented a significant lift for this project.

Additionally, the Community Promotions program through the Promotional Coordinating Committee (PCC), and tourism marketing through the Tourism Business Improvement District (TBID) continued to drive significant economic impact to SLO. Through the PCC, the city awarded \$100,000 in grant funding to local non-profit organizations through the Cultural Arts & Community Promotions (CACP) grant program. Additionally, the PCC also brought back the ARTober campaign honoring National Arts & Humanities month in October for the second year. Tourism in the City remained strong, resulting in \$11.4 million in transient occupancy tax (TOT) revenue. This contributed to the General Fund and outperformed the budget by 7.9%. Tourism promotion continued to be led by the City's TBID through Visit San Luis Obispo. More details are in the TBID section of this report.

Challenges ahead for the Economic Development & Tourism program include macroeconomic factors and concerns regarding tariffs, inflation, interest rates, and economic uncertainty that affect local businesses, industries, and workers. Continuing to invest in supporting businesses and keeping our community a vibrant, safe, and clean place to live, work, invest, and visit will continue to be a focus for the ED&T in the year ahead in partnership with local stakeholders and organizations.

Office of Sustainability and Natural Resources:

Office of Sustainability & Natural Resources staff worked in close collaboration with Ranger Service to implement the *Righetti Hill Open Space Conservation Plan* (2023) with the installation of new sustainable trail segments for both hiking and biking uses, as well as all standard open space amenities including two informational and educational kiosks, trails signs, bike parking, mutt-mitts and trash service, and a viewing platform. This effort culminated with a ribbon-cutting ceremony with the City Council, staff, and numerous community members and community groups that took place in early summer 2025.

The current federal regulatory and policy environment and cessation of most federal funding, rebate, or incentive opportunities introduces uncertainty as to achieving the City's community and municipal climate goals. Staff look forward to a Study Session with the City Council in early 2026 to discuss the Climate Action Plan update and opportunities to navigate this challenge.

Administration & IT

Office of Diversity, Equity, and Inclusion:

The Office of Diversity, Equity, and Inclusion welcomed and successfully onboarded a new Administrative Specialist and DEI Manager. The office is now fully staffed and advancing the tasks outlined in the DEI Strategic Plan and Major City Goal. This year, the office completed the Community Belonging Series which provided opportunities throughout the city to hear from diverse speakers on topics of access and inclusion. The office also finalized the City's Title VI Plan in partnership with Public Works, strengthening compliance and access. In addition, staff secured two professional expert contracts to develop four DEI workshops for staff, expanding internal development and knowledge sharing.

Information Technology:

Staff advanced the City's Broadband Plan, securing \$4.8 million in Last Mile FFA Grant Funding from the California Public Utilities Commission to support infrastructure buildout. Final plans are being reviewed to be brought to the City Council for approval to advertise for bids, and the project is on track to complete Phase 1 of the Broadband Plan by completing the Last Mile FFA build by November 2026.

The Information Services team, comprised of Geographic Information Systems (GIS) and enterprise application support, have provided mapping and geospatial analysis for a number of critical City projects, including the City's St. Fratty's Day operations, the Fire Hazard Severity Zone (FHSZ) update, and the City's response to the Grand Jury report "Round & Round with Town & Gown." The Information Services team also completed a major project to streamline the way overtime calculation is handled in the Oracle system, simplifying the process to complete the City's payroll, in collaboration with Finance and Human Resources staff.

Information Technology staff will need to continue to look for innovative ways to support the City's Information Technology needs, given current budget constraints. Additional broadband network expansion will be challenging as the City has relied on grant funding for this work, and future grant funds may be more difficult to obtain under the current Federal administration's approach to broadband grants.

Administration & IT - TBID

A Year in Review

Tourism in the city of San Luis Obispo stayed strong with a record-breaking \$11.4 million in Transient Occupancy Tax (TOT) revenue collected, outperforming the budget by 7.9%. San Luis Obispo saw five \$1 million revenue-collection months in July, August, April, May and June. This year’s increase in revenue exceeded forecasts and San Luis Obispo also saw modest increases in key performance indicators, such as Occupancy and Revenue Per Available Room, while Average Daily Rate remained essentially flat. This means that the increase in revenue is coming from hotels selling more rooms, indicating that demand is strong, but also that competition is high and that is keeping room rates flat. Occupancy increased 2.9% compared to last fiscal year, with an average occupancy rate of 70%. This growth reflects a continued recovery in overnight travel, with the average occupancy rate now approaching the pre-pandemic level of just below 71% seen in FY 2018-19.

Variance Analysis

TBID	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 260,092	\$ 280,579	\$ 241,390	\$ 39,189	14%	\$ 262,464
Contract Services	1,869,690	1,917,153	1,871,886	45,266	2%	1,977,377
Other Operating Expenditures	20,130	216,624	16,266	200,358	92%	42,772
Transfers Out	43,611	\$ 44,914	\$ 44,914	-	0%	44,399
Total	\$ 2,193,523	\$ 2,459,269	\$ 2,174,457	\$ 284,813	12%	\$ 2,327,012

Staffing – The program ended the year with 14% savings due to a temporary vacancy following the resignation and hiring for the role of Economic Development and Tourism Manager.

Other Operating Expenditures – The 92% variance is mainly due to TBID not fully expending its undesignated funds (\$191,162 remaining for the year, comprising 96% of the remaining funds for Other Operating Expenditures). The program also had a small amount of savings in other tourism program expenses, primarily memberships/certifications and publications and subscriptions. The undesignated funding was intended to allow flexibility for responding to changes in the market or the staffing plan, but it was not needed. In accordance with the City’s Municipal Code, 12.42.080 any funds remaining at the end of any TBID term may be used in subsequent years, therefore unspent funds from FY 2024-25 are added to the undesignated fund balance available to TBID, which is now more than \$1.6 million.

Accomplishments & Challenges

The Average Daily Rate (ADR) in San Luis Obispo was \$177, nearly flat compared to the prior year, but still \$24 higher than the pre-pandemic year of FY 2018-19 for comparison. However, the current ADR is below the peak of \$195 achieved in FY 2021-22. Another indicator used by the TBID to gauge impact is RevPAR, defined as Revenue Per Available Room. In FY 2024-25 the annual average RevPAR was up 2.9% from the prior year at the rate of \$125.31 on average.

In spring 2025, the City received a report from Tourism Economics on the economic impact of tourism in the community which found that in 2024, San Luis Obispo welcomed approximately 1.5 million visitors,

Administration & IT

including 1 million overnight visitors- an increase of 1% from 2023. In total, the direct visitor spending impact of \$455 million generated a total economic impact of \$648 million in the regional economy (including indirect and induced impacts) and sustained approximately 4,700 total jobs (including indirect and induced jobs).

The Tourism Business Improvement District (TBID) known as 'Visit San Luis Obispo' (Visit SLO) continued to lead tourism work on behalf of the City. In January 2025, the TBID Board adopted a 5-year Strategic Plan to provide a clear and unified framework for the Board's priorities and decision-making. The plan outlines the TBID's key roles in stewarding the Visit San Luis Obispo brand, representing its lodging partners and driving overnight visitation through targeted marketing strategies, strategic partnerships and destination advocacy.

In the end of FY 2024-25, Visit SLO marked a major milestone by evolving its core brand message with the development and launch of the SLO Life Coach campaign. This creative platform builds on the success of the established brand line, "Live the SLO Life," which has served as a powerful anchor for the destination's messaging over the past few years. The SLO Life Coach campaign marked a significant investment in creative storytelling and brand amplification. It introduced a fresh, personified expression of the Visit San Luis Obispo brand—embodied by a charismatic, laidback and witty character who shares "SLO Life Tips" with charm and a touch of bold energy. Performance metrics from the first few months of the new campaign show that it is performing strongly.

In addition, Visit SLO continued to drive midweek travel by transitioning its MidWeekend campaign previously driven by offseason promotions to an evergreen, "always-on" campaign. Visit SLO also continued its strategic partnerships with Cal Poly, Kind Traveler, ECOSLO (in support of the Keys for Trees program), and the Gala Pride and Diversity Center.

On the supply side, one contributing factor is that in spring 2025 a dual-branded property opened in the San Luis Ranch Development that increased the number of available rooms in the city by 8%. Additional new hotels have opened in neighboring communities, with more slated to open in the years to come, particularly in North County, which will further increase supply and potentially keep room rates down.

On the demand side, the travel industry is experiencing macroeconomic headwinds as travelers are adjusting their travel plans in response to economic uncertainty/inflation and geopolitical tensions. Travelers are looking to stay closer to home and are looking for value, particularly those at lower income levels.

With increased supply and indicators of potentially softening demand, Visit SLO's strong performance in FY 2024-25 can be interpreted as a win. The TBID, however, continues to remain vigilant and will continue to guide Visit SLO's growing success, driving overnight stays and increasing economic impact for the community.

Community Services Group Administration

A Year in Review

Community Services Group (CSG) Administration includes the Assistant City Manager, a half-time Administrative Assistant, and the Financial Analyst for Infrastructure Finance, and provides oversight of the various CSG departments including Public Works, Community Development, Utilities, and Parks & Recreation. As part of the 2025-27 Financial Plan, CSG Administration was integrated as a program within the Administration & Information Technology Department. Since CSG Administration was budgeted as a department in the FY 2024-25 budget, it is presented on a standalone basis here.

Variance Analysis

CSG Admin	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 692,323	\$ 637,968	\$ 510,789	\$ 127,179	20%	\$ 551,990
Contract Services	127,900	38,794	39,118	(324)	-1%	50,353
Other Operating Expenditures	181,838	12,000	4,286	7,714	64%	12,025
Total	\$ 1,002,060	\$ 688,761	\$ 554,193	\$ 134,569	20%	\$ 614,367

Staffing savings were generated as a result of the former Assistant City Manager being promoted to the City Manager role, leaving the position vacant for three months. After a successful recruitment, the position was filled and staffing savings are not expected to persist.

Contract Services was overspent by \$324 or 1% as a result of an invoice from the City’s user fee consultant to attend a City Council hearing. The user fee study was budgeted for and primarily occurred in FY 2023-24, and this additional charge was not budgeted for. No ongoing variance is expected in this line item.

Other Operating Expenditures generated savings of \$7,714 or 64% driven by vacancies which impacted the expenditure of non-staffing accounts. Education & Training, Trips & Meetings, Employee Recognition, and Office Supplies budgets were minimally utilized. Staff will evaluate the appropriate level of funding for this program and adjust as needed in future budgets.

City Attorney

A Year in Review

During FY 2024-25, a staff member on extended leave of absence, a recurring position vacancy, and a limited number of supplemental hours worked generated a large amount of salary savings even after using a substantial portion of the accumulated funds to hire a full-time contract Deputy City Attorney. In a year of high impact staffing fluctuations, the department was still able to support the pre-litigation settlement of a California Voter Rights Act demand; assist with various personnel matters; resolve or tender several high-dollar, time-intensive claims and litigation; support a significant receivership action; and advise on many other important issues, agreements, and development and CIP projects.

Variance Analysis

	FY 2023-24	FY 2024-25				FY 2025-26
City Attorney	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,232,227	\$ 1,451,228	\$ 1,351,385	\$ 99,843	7%	\$ 1,518,977
Contract Services	204,219	272,521	265,465	7,056	3%	295,153
Other Operating Expenditures	35,965	34,851	34,412	438	1%	49,485
Total	\$ 1,472,411	\$ 1,758,600	\$ 1,651,262	\$ 107,337	6%	\$ 1,863,615

Staffing accounts were under budget due to the regular Assistant City Attorney being out on family leave for six months of the fiscal year; the department’s second legal assistant position being vacant for a total of eight months following two different resignations; and the supplemental Assistant City Attorney working less than 600 hours when the position was budgeted for 1,248 annually. Knowing the regular Assistant City Attorney would be out of office for the second half of the year, staff proposed and gained City Manager approval to hire a full-time contract Deputy City Attorney. That contract employee started work at the beginning of November, but even after covering eight months of their salary and benefits, and in June moving \$35,000 of salary savings to legal services to fund an outside counsel contract, the department’s Staffing budget ended the year 7% under budget.

The variables that combined to create these savings are expected to be a one-time occurrence. The regular Assistant City Attorney has returned from leave, and the second legal assistant position is currently filled with a qualified staff member predicted to be with the City long-term. Also, the Deputy City Attorney contract term continues through November 2026 and that contract is expected to be supported by any budget surplus that accumulates.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
<i>Efficient and Transparent Administrative Appeals Program</i>	Administrative Citation Appeals Received by the City	120	117
	Appeals closed without need of a hearing	25	54
	City assisted corrections to defective appeals to allow access to hearing	15	30
	City facilitated hearings on the record without need for personal appearance by Appellant	30	37
	# of hearing days scheduled	18	19

<i>Legal Training & Compliance</i>	# of Council, Staff, and Advisory Body legal trainings, legal updates, and compliance advisory sessions	12	18
<i>Municipal Claims, Litigation & Prosecution Management</i>	Percentage of Claims Resulting in Litigation	<5%	7.8%
	Liability Claims Against the City Reviewed/Managed	70	77
	Number of multi-count complaints filed for misdemeanor municipal code violations	45	39

A higher-than-expected number of appeals were closed without need of a hearing due to the large number of potential appellants who failed to correct a deficiency in their appeal after being notified by staff, along with another dozen appeals for which the underlying citation was voided by the City. The similarly higher than expected rate of City assisted corrections coincided with the implementation of a fee for hearing officer review. In general, in FY 2024-25 there were more rejections due to the change in process (adding the appeal fee) with many people choosing to pay their fee and proceed to hearing.

Six claims received in FY 2024-25 have gone to litigation, which drove a higher-than-expected litigation percentage. One of the six claims was a \$5,000 property damage claim that settled shortly after being filed but the plaintiff would not settle during the claim stage; two are vexatious, unfounded allegations of misconduct by City staff; another is a cross-complaint by a developer blaming the City for damages it caused to a hillside above its property; one is from a bicyclist injured in a crash whose claim was rejected since he was riding on Highway 1 outside of City limits but the City was named as a defendant regardless; and the last is another bicyclist injured in a crash, this one on California Blvd., due to an alleged defect in the asphalt that the City believes can be safely traversed when used with due care.

The 39 multi-count complaints filed for misdemeanor municipal code violations contained a combined 394 citations.

Accomplishments & Challenges

While the department did have to manage numerous time-intensive, persistent matters, such as the repeated attempts of a construction company to file untimely damages claims stemming from its contract for a Public Works project, staff still had many successes this year, including:

- Support for the pre-litigation settlement of a California Voter Rights Act demand that will transition the City to a new method of voting called Citywide Single Vote, instead of implementing by-district City Council elections.
- Streamlining the misdemeanor complaint process, with staff gaining direct, electronic access to Police-issued citations and developing a new method of attorney review compliant with new State rules for race-blind charging.
- Increased coordination among City staff and community partners at the County for misdemeanor arraignments resulting in more defendants appearing and being connected to services.
- Advising on or conducting investigation into multiple complex personnel matters.
- Advising City code enforcement staff on the 1150 Laurel code violations and notice to vacate.
- Working with outside counsel to tender multiple complex, potentially high-dollar litigations to the insurance providers for construction contractors.
- Receiving payment for reimbursement of City staff time related to the Siever receivership (48/46 Prado Road commercial property with decades of hoarded vehicles and other debris).

Finance Department

A Year in Review

Fiscal Year 2024-25 was a year full of accomplishments for the department. During the year, the Finance Department led and supported several initiatives to improve transparency and enhance operations for the benefit of the organization and community. Highlights include improvements to the business license renewal program, citywide payroll trainings, and ongoing work to receive reimbursement for winter 2023 storm damages. The Infrastructure Financing Program was temporarily reassigned to the department during FY 2024-25, which provided the opportunity to focus on training and report development to support the ongoing fee program administration.

Variance Analysis

Finance	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,780,850	\$ 2,210,387	\$ 2,108,755	\$ 101,632	5%	\$ 2,221,065
Contract Services	468,417	431,791	412,098	19,693	5%	497,506
Other Operating Expenditures	26,410	143,410	160,771	(17,360)	-12%	131,525
Total	\$ 2,275,677	\$ 2,785,589	\$ 2,681,624	\$ 103,965	4%	\$ 2,850,096

The department finished the year with savings of approximately \$104k or 4% of its operating budget. 98% of the savings were delivered from staffing budgets due to vacancies in the Financial Analyst position in the Revenue Division and the Finance Specialist in the Accounting Division. The Financial Analyst position was vacant for two months and was filled with an internal hire and the Finance Specialist took roughly eight months to fill.

Overages in Other Operating Expenditures were driven by credit card processing fees which have increased 20% per year over the last two years as a growing share of fees and taxes are now paid by credit card. This line item exceeded budget by approximately \$40k. As the department became aware of this looming overage, other expenditures were reduced or avoided if possible, including savings of more than \$20k in Education & Training, Trips & Meetings, and Memberships & Certifications, as these are the most discretionary budget lines for the department. Finance staff utilized free or low-cost webinars in place of attending conferences and events.

The primary driver of savings in Contract Services was that no new specialized consulting engagements were funded during the fiscal year as there was no identified need. The Finance Administration division budgets approximately \$20k per year for ad-hoc consulting; recent engagements have included debt financing support and pension actuarial analysis. These savings are not expected to persist unless other funding sources for needed consulting work are identified.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
<i>Enables & enhances transparency, accountability & integrity</i>	# of calendar days following year-end until ACFR is issued	170	177
	# of audits/reviews conducted / # of additional agreed upon procedure audits performed	2/2	2/2
<i>Protects & prudently manages its financial resources</i>	# of funds within fund balance requirements / total funds with fund balance requirements	8/8	8/8
	Net direct debt per capita (General Fund)	\$42	\$35
	Twelve-month total rate of return / City portfolio	3%	6.02%

The department is pleased to report that four out of five targets were met or exceeded during the fiscal year, including a twelve-month total return on the City's investment portfolio that more than doubled the target thanks to strong market conditions.

The Annual Comprehensive Financial Report (ACFR) was published within 177 days of year-end, slightly behind the target of 170 days but within the statutory limit of 180 days. The department changed its target from 180 to 170 with the 2023-25 Financial Plan, but due to timing of receipts, auditor dependencies, and the high standards to which the City's ACFR is prepared, staff find the 180 day statutory timeline sufficiently challenging to meet and intend to revise the target going forward.

The net direct debt per capita for the General Fund was \$35, better than the target of \$42, largely due to repayment of a fire truck lease and energy conservation loan. Targets were set based on prior year actuals and did not include these payoffs.

Accomplishments & Challenges

The department is proud to have delivered several significant accomplishments. In the later half of FY 2024-25, the revenue division focused heavily on enhancing the City's outreach efforts to increase compliance with business license requirements. While the FY 2025-26 renewal cycle is not yet complete, the work effort has been successful, as the division has sent a first citation to only 538 businesses, compared to 767 businesses who were cited in the prior cycle. The payroll team led an initiative to provide various trainings to departments Citywide, including training for all new hires before their first timecard is due, in an effort to improve compliance and reduce errors in timecards for hourly employees. The procurement division completed all applications to the Federal Emergency Management Agency (FEMA) for reimbursement of damages incurred in the Winter 2023 Storm events, and is in the midst of appealing FEMA's determination that some projects are ineligible for reimbursement. To date, nearly \$1 million has been received in reimbursement and an additional \$1 million has been obligated for reimbursement by FEMA. As of the writing of this report, an additional \$6.74 million in projects is pending final review by FEMA. In the later part of FY 2023-24, the department stepped in to lead the User and Regulatory Fee Study to completion, culminating with the successful adoption of a new Comprehensive Fee Schedule early in FY 2024-25. Leading up to Council's adoption of the fee schedule and in the months following, the department led efforts to communicate fee changes to customers and other key stakeholders. The budget division helped City leadership navigate flattening revenue and a looming deficit and deliver a financial plan that preserves service levels. This slowdown in revenue growth is expected to persist to some degree, and the Finance department looks forward to helping guide the City through measures to address the anticipated future budget deficit.

Human Resources

A Year in Review

The Human Resources Department (HR) continued to support the organization while also striving to establish staffing stability within the department. With so many employees new to their roles, the department provided an array of learning and development opportunities for employees across the organization as well as performance management and coaching support. The department successfully negotiated a timely multi-year successor resolution with the City's largest bargaining unit, implemented various process improvements, provided support for complex personnel issues, and completed a recruitment process for a new City Manager and Assistant City Manager.

Variance Analysis

Human Resources	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,321,146	\$ 1,628,410	\$ 1,492,891	\$ 135,519	8%	\$ 1,592,978
Contract Services	797,660	190,251	133,293	56,958	30%	159,034
Other Operating Expenditures	60,657	576,688	454,232	122,456	21%	309,718
Total	\$ 2,179,463	\$ 2,395,349	\$ 2,080,416	\$ 314,933	13%	\$ 2,061,730

Staffing was under budget due to four department positions that remained vacant for an average of four months each, due to internal promotions as well as other transitions. This savings is not expected to persist, as the department is fully staffed as of early October 2025.

Contract Services was under budget primarily due to unspent one-time carryover budget that was intended for consultant support for policy and training related work. These tasks ended up being completed with temporary and contract staff that was paid for using salary savings from unanticipated vacancies as described above.

Other Operating Expenditures were under budget due to several factors. Approximately half of the savings were due to the cost for department's leased office space being overbudgeted. This has been corrected in the current year's budget. Recruitment activity was lower than the prior three years, which were exceptionally high recruitment years. When the Fiscal Health Contingency Plan was implemented in April 2025, it further slowed recruitment activity and associated expenses. While vacancy rates are difficult to predict, several years of trend data were analyzed to budget for the 2025-27 Financial Plan. The learning and development program pursued more City-led rather than consultant-led training and other lower cost alternatives. The program will continue to pursue options for delivering high value professional development opportunities at a reduced cost. Due to transitions and activation of the Fiscal Health Contingency Plan, Human Resources staff attended fewer professional conferences overall.

All of these savings are expected to be one-time in nature. For the 2025-27 financial plan, adjustments have been made to address line items that may have been previously overbudgeted. Although some contracted expenses will increase, reductions were made elsewhere to constrain growth moving into FY 2025-26.

Performance Measures

Human Resources Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Integrated HR Services	Average Days between injury and Workers' Compensation claim filed.	3	4
Integrated HR Services	Achieved lower severity of Workers' Compensation claims than the risk pool	Yes	Yes
Integrated HR Services	Annual liability claims payment under the Self-Insured Retention amount	Yes	Yes
Employee Development & Growth	Percentage of On-Time Employee Performance Evaluations	98%	97%
Employee Development & Growth	Percentage of Internal Promotions	35%	45%
Employee Development & Growth	Training Sessions Coordinated	20	26
Engaged and Aware Culture	Number of Policies Communicated	90	100
Engaged and Aware Culture	Informational Sessions Coordinated	130	150

The 2024-25 targets for timely workers' compensation claims and on-time performance evaluations were narrowly missed, with an average of 4 days to file claims (target 3) and 97% of evaluations completed on time (target 98%). These minor delays were largely due to new supervisors adjusting to their roles, which affected documentation submission and evaluation completion. To address this, HR provided department-specific trainings, conducted performance management sessions for supervisors, and continued monthly reminders to support timely submission of evaluations.

Accomplishments & Challenges

Accomplishments

Benefits: Staff collaborated with the Police Department to implement annual wellness checks. The goal of this new program is to provide proactive mental health support.

Recruitment, Classification and Compensation: A total of 116 recruitments were completed, of which 85 were for regular positions, 4 for limited-term contract positions, and 27 for temporary positions. Four of the recruitments were for Police and Fire department promotions, which are more robust processes. The average time to hire for regular positions was 88 days. Staff completed assessment centers to support the selection of a new City Manager and Assistant City Manager.

Labor Relations: For the first time in 25 years, the City and its largest bargaining group, the San Luis Obispo City Employees' Association (SLOCEA), reached a successor MOU before the current one expired. The City also provided educational sessions for unrepresented managers and confidential employees and renewed their Resolutions. These agreements are in place through June 30, 2028. Multi-year agreements are in place through June 30, 2027 with the Police Officers' Association, Police Staff Officers' Association, and the International Association of Firefighters Local 3523.

Learning and Development: The City provided a comprehensive training program that included professional development, supervisor coaching, and compliance training, highlighted by two robust performance management sessions for supervisors. In addition, four Day of Welcome events were offered for new hires.

Risk Management and Wellness: The California Joint Powers Insurance Authority awarded the City a Liability Risk Management Award in recognition of its success in managing claim costs. In May 2025, the City implemented an enhanced process to improve the recovery of costs resulting from third-party damage to City property. Because the program was live for just six weeks in FY 2024-25, the revenue impact was minimal. However, year to date cost recovery as of the time of report drafting was +65% higher than the same period in the prior year.

Administrative Initiatives: City employee personnel files were transitioned from paper to a secure virtual storage system. Following an extensive pilot program, the City also adopted a formal Telework Policy.

Challenges

Department Staffing: Vacant positions and departmental transitions due to promotions continue to force HR staff to shift priorities and adapt to changing circumstances.

Complex Personnel Matters: The department continues to experience a noticeable increase in the number of complex personnel matters, including extended leaves of absence, disability accommodations, and performance management/investigation oversight.

Citywide Leadership Development: In FY 2024-25, the City onboarded 35 new supervisors, representing approximately 30% of the supervisory positions across the organization, creating an opportunity to strengthen leadership across departments. These newly appointed leaders received targeted support through structured training, mentorship, and coaching, equipping them to manage their teams effectively and align their efforts with organizational goals.

Insurance Fund

A Year in Review

The City is a member of the California Joint Powers Insurance Authority (CJPIA) which provides coverage for general liability and workers' compensation through pooling of losses among its members and coordinates oversight and management of claims administration. The City is a member of the excess program for both liability and workers' compensation, with a \$500,000 self-insured retention level for each. Effective July 1, 2025, the liability program has a \$1,000,000 self-insured retention. Claims are managed by third party administrators, Carl Warren for Liability and Athens for Workers' Compensation.

The City strives to maintain a reserve sufficient to guard against unpredictable and substantial claims. The reserve amount is determined based on annual actuarial report information. In addition to the CJPIA member contributions for liability and workers' compensation, the Fund also covers premiums for ancillary insurances such as property, crime, pollution, volunteers, and special events.

Variance Analysis – Insurance Fund Expenditures

Insurance Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Workers' Compensation	\$ 1,605,230	\$ 2,610,281	\$ 1,094,776	\$ 1,515,505	58%	\$ 2,069,183
Liability	2,502,805	2,333,686	2,435,666	(101,980)	-4%	2,547,586
Other	646,521	781,152	869,361	(88,209)	-11%	910,389
Total	\$ 4,754,556	\$ 5,725,119	\$ 4,399,803	\$ 1,325,316	23%	\$ 5,527,158

The Workers' Compensation insurance account came in under budget, primarily because claim expenses were originally projected over the full life of each claim rather than being allocated to the current fiscal year. This created one-time savings, which has been adjusted in future budgets to more accurately reflect annual claim costs.

City records show the Liability insurance account as over budget. However, the external trust account from which claim expenses are paid by the City's third-party administrator had a remaining balance of \$278,848 at year end. These funds will be used to pay claims expenses into FY 2025-26.

The Other insurance account was over budget due to larger-than-anticipated increases in premiums, particularly for property coverage. Given the ongoing volatility in the insurance market, these higher costs are expected to continue and the budget has been adjusted accordingly for future years.

Insurance Fund Balance

The table below details how the Insurance Fund Balance compares to the policy level:

Fund Balance	\$4,437,620
Policy Level	\$7,455,000
Variance	(\$3,017,380)

The policy level is calculated based on an actuarial analysis provided by the City’s consultants. The consultants calculate the 75% confidence level, or \$5.0M, and the City’s policy is to hold fund balance equal to 150% of the 75% confidence level, or \$7.5M.

The Fund balance above includes the savings from the FY 2024-25 budget and will benefit from any expenditures savings in future years.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Integrated HR Services	Annual liability claims payment under the Self-Insured Retention amount	Yes	Yes

Accomplishments & Challenges

Accomplishments

During FY 2024-25, the City achieved several notable accomplishments in managing its insurance programs. Membership in the Workers’ Compensation excess program has proven effective in containing overall costs, resulting in lower annual contributions to the CJPIA pool. Additionally, volunteer insurance premiums were reduced through accurate reporting of the number of volunteers participating in City programs, ensuring that costs more closely reflect actual exposure.

Challenges

The City faces ongoing challenges in managing insurance costs. Year-over-year changes in premiums remain difficult to predict, though several years of trend data were carefully analyzed in preparing the 2025–27 Financial Plan. Furthermore, the actuarial study prepared by Milliman (an independent actuarial) in November 2024 recommends higher reserves than the City has currently set aside, which could present future challenges in covering claim expenses.

Community Development Department

A Year in Review

The Community Development Department (CDD) completed all of the workplan items outlined in the City's two-year financial plan for FY 2024-25. While large-scale development and housing production continued, overall development activity declined compared to prior years. This trend, reflected in permitting and inspection volumes, aligns with national conditions influenced by high interest rates and construction costs, as well as the completion of several local major housing tracts in the previous fiscal year, resulting in fewer projects in FY 2024-25.

Variance Analysis

Community Development Department Operating Expenditures

CDD	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 5,642,668	\$ 6,789,924	\$ 6,313,612	\$ 476,313	7%	\$ 6,429,444
Contract Services	1,332,766	2,277,570	1,351,638	925,932	41%	2,395,627
Other Operating Expenditures	181,838	260,845	197,086	63,759	24%	234,695
Total	\$ 7,157,271	\$ 9,328,340	\$ 7,862,336	\$ 1,466,003	16%	\$ 9,059,766

The Department ended FY 2024-25 under budget by 16%, primarily due to unspent contract services funds. Revenues did not materialize as originally anticipated, prompting the Director to limit discretionary spending. Internal department projects were paused or delayed, including the initiative to digitize historical plans, reducing the need for consultant support. More plan reviews were completed in-house, and permit activity declined. Additional details on contract services are provided below.

Staffing

Staffing expenditures came in 7% under budget, consistent with the prior year. While staffing levels stabilized at the beginning of the year, the department experienced multiple employee leaves and continued recruitment challenges. The Engineering Division has faced persistent staffing shortages over the past three years. To maintain continuity of operations, the Engineering Division relied on contract and temporary staff for part of the fiscal year. A positive development was the successful hiring of a Supervising Civil Engineer, who will provide leadership and support to the division. The Deputy Director/Building Official position in the Building and Safety Division became vacant during the year. A consultant was retained to fulfill the duties of a Building Official, with oversight provided by the Community Development Director and supervisory staff. The Planning Division achieved greater stability through the hiring of three interns and permanent staff. The Division is currently focused on onboarding and training new staff.

Contract Services

Contract Services expenditures came in 41% under budget. Savings were generated due to department-specific contracts that were paused or not initiated, and subsequently closed out, based on the Director's aim to limit spending to align with the slowing pace of development in the community. An additional \$390,000 was unspent from the Plans Check account, which is used to hire consultants for

development reviews. Staff were directed to complete more work in-house to reduce costs, as permit activity declined and revenues were expected to fall short of projections. Plans Check budgets were reduced in line with revenue in the FY 2025-26 budget, and savings are expected to decrease.

Other Operating Expenditures

Other Operating Expenditures came in 24% under budget due largely to a spending pause set by the Community Development Director, which restricted all divisions to essential purchases only. An additional \$32,000 in savings was achieved following the implementation of the [Fiscal Health Contingency Plan](#) in April 2025, which suspended non-essential travel and training activities.

Fee Revenue

	FY 2023-24	FY 2024-25				FY 2025-26
Development Review	Actual	Budget	Actual	Variance	%	Budget
Planning & Zoning Fee	\$ 527,041	\$ 642,177	\$ 686,430	\$ 44,253	7%	\$ 589,625
Development Review Fees	309,447	406,358	289,843	(116,515)	-29%	251,100
Encroachment Permits	367,913	340,659	449,257	108,598	32%	410,105
Infrastructure Plan Check & Inspection	808,190	1,019,227	683,441	(335,786)	-33%	473,252
Engineering Development Review Fees	102,449	168,061	130,429	(37,632)	-22%	115,951
Building Permits	2,787,384	2,689,953	1,804,309	(885,644)	-33%	1,909,327
Code Enforcement Fines	27,844	79,617	30,436	(49,181)	-62%	33,352
Plan Check Fees	1,239,026	1,239,279	1,049,305	(189,974)	-15%	824,100
Early Residential Development Fees	104,800	-	-	-	0%	-
Building Inspection Fees	-	-	572,035	572,035	0%	-
Industrial User Permits	2,879	-	1,846	1,846	0%	-
Total Revenue	\$ 6,276,972	\$ 6,585,331	\$ 5,697,332	\$ (887,999)	-13%	\$ 4,606,812

Development Services Revenue

As noted in the above section, in FY 2024–25, development fees generated nearly \$5.7 million, 13% below projections. This was primarily due to a decrease in the number of building permits and plan reviews. This drop stemmed from economic uncertainty, inflation, and the completion of major projects in the prior year, which reduced the volume of new projects for FY 2024-25 and subsequent fiscal years. The department lowered its revenue forecast for FY 2025-26 by 30% to align with current trends (and will be monitored closely throughout the current year). Despite the slowdown in building permit applications, Planning and Zoning applications exceeded targets, and encroachment permits remained steady, indicating ongoing interest in development.

Based on these year-end results, staff now expect to exceed the reduced revenue budget in FY 2025-26.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Affordable housing production Strategic Goal: Housing	Number of affordable housing units secured through entitlements or construction	50	216
Provide Excellent Customer Service Strategic Goal: Other Department Objective	Customer survey response positivity rate	85%	93%

Community Development Department

Ensure a Safe Community Strategic Goal: Housing	Percent of Code Enforcement cases investigated on-time: First Tier - 24 Hours, Second Tier - 2 Days, and Third Tier - 3-5 Days	85%	60%
Development Review activities Strategic Goal: Other Department Objectives	Percent of time that the Department met or exceeded the established timelines for development review (such as review of entitlement applications)	75%	84%
Building Permit Review activities Strategic Goal: Economic Stability	Percent of building permit reviews completed within established cycle times (all departments)	85%	59%

The Department met three of five performance targets in FY 2024-25. The performance of each target is explained further below.

- Affordable Housing Units Secured:** A total of 216 affordable units were secured, exceeding the target of 50. This reflects the effectiveness of recent pro-housing policies and supports progress toward the City’s Regional Housing Needs Assessment (RHNA) goals. Below is a table of the City’s RHNA progress as of the end of FY2024-25.

Income Level (% of County Median Income)		6th Cycle RHNA Allocation	Building Permitted Units Issued by Affordability						Total Units by Income Level	Total Units Remaining by Income Level	
			Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)	Years 6 – 10 (2024 - 2028)			
Extremely Low	Deed Restricted	825	0	0	14	36	0	123	173	500	
	Non-Deed Restricted		0	0	0	0	0	0	0		
Very Low	Deed Restricted		0	14	42	14	22	60	152		
	Non-Deed Restricted		0	0	0	0	0	0	0		
Low	Deed Restricted		6	0	36	21	5	15	83		214
	Non-Deed Restricted		0	30	46	50	0	97	223		
Moderate	Deed Restricted	8	5	9	2	4	13	41	519		
	Non-Deed Restricted	0	0	0	0	43	0	43			

Community Development Department

Above Moderate		1,406	523	416	472	439	293	190	2,333	0
Total Units		3,354	537	465	619	562	367	442	2,992	
								Total Remaining for RHNA Period:	1,233	

- **Customer Satisfaction:** Satisfaction levels remain high. The department continues to improve transparency and efficiency through expanded online services and real-time performance dashboards that track permit timelines, code enforcement, and customer service metrics.
- **Code Enforcement Response Time:** The department fell below its response time goal of 85%. A total of 1,426 requests were received in FY 2025, which is a 26% increase from the prior year and a 232% increase since FY 2022. This significant rise in request volume, combined with the division retaining existing staffing levels over that same time period, has required prioritization of cases based on urgency. Priority 1 requests are generally in response to critical building failures such as a vehicle collision or structure fire. These requests come directly from Police Dispatch and receive an immediate on-call or next day response from Building Inspection or Code Enforcement personnel. Given the high priority of these calls, communication protocols are set to always meet the expected response time. Response rate for Priority 2 requests were 49%, Priority 3 request were 60% and response rate for Priority 4 requests were 61%. The lower rate for Priority 1 requests may be lower due to the requirements of gaining interior access to verify complaints.
- **Development Review Activities:** The department exceeded its target by meeting development review cycle times 84% of the time, surpassing the 75% goal despite an increase in complex and resource intensive applications.
- **Building Permit Review Cycle Time:** The target was not met; however, performance improved by 9% compared to the prior year. The department is analyzing review timelines across multiple departments involved in permit review to identify potential process bottlenecks. In the meantime, actions taken include enhanced staff training on required timeframes and increased oversight, particularly for housing-related permits.

Accomplishments & Challenges

The Community Development Department achieved several key milestones that strengthened internal operations and advanced citywide initiatives. The department expanded the use of digital tools to streamline development reviews, and improved interdepartmental coordination to support complex projects. The Planning Division advanced major development projects and initiatives including updating the Margarita Area and Airport Area Specific Plans to facilitate additional housing capacity and initiating the Broadstone Village and San Luis Ranch Lot 7 projects, two large infill housing development projects. Housing and Homelessness Response remained a priority, as staff facilitated the approval of more than 500 affordable units that are currently in the pipeline. Notable affordable housing projects that were initiated included the Waterman Village and Calle Joaquin Homekey. The City permitted an expansion of CAPSLO’s 40 Prado safe parking program from seven to twelve spaces and a new rotating overnight safe

parking pilot program for twelve additional spaces at five host site locations. Regular encampment clean ups occurred through coordination of homelessness response field team representatives, implementation of the CAMP standards and responding to ASK SLO requests. Participation in the National League of Cities Healthy Housing Innovation Cohort elevated the City's visibility in addressing housing equity and resilience. The Building and Safety Division processed thousands of building permits and worked closely with the development community to bring projects to completion. The building inspection team inspected and issued Certificates of Occupancy for several key projects including the Anderson Hotel, Springhill Suites and Residence Inn in San Luis Ranch, and Tiburon Place. The Code Enforcement team processed a record number of investigation requests and facilitated several large-scale investigations including extensive work related to 1150 Laurel Lane to attempt to bring a dangerous building into compliance.

Staff improvements across most divisions contributed to greater operational stability. The department filled long-standing vacancies and advanced succession planning efforts. However, the departure of the Chief Building Official created a gap in the Building & Safety Division, requiring interim adjustments to maintain continuity.

The department continued to navigate fiscal constraints, including a mid-year revenue shortfall and rising operational costs. These pressures required reprioritization of work programs and limited the ability to fund consultant support for plan review and technical services. Additionally, increased demand for code enforcement and administrative support presented a challenge for the department, however, the department was able to quickly pivot to address emerging issues such as 1150 Laurel Lane, and Fraternity zoning compliance issues.

To meet the challenges, the department remained agile, adjusting work programs, reallocating resources, and maintaining transparency through regular updates to city leadership, its public-facing website, and performance dashboards. These efforts reflect the department's commitment to continuous improvement, community responsiveness, and alignment with City goals. Looking ahead, the department is well-positioned to build on this progress through stabilized staffing, enhanced interdepartmental collaboration, and robust community partnerships.

Public Works

A Year in Review

The Public Works Department closed the fiscal year under budget, achieving approximately 7% in expenditure savings while successfully delivering core services to the community and meeting FY 2024–25 workplan goals.

Ask SLO, the City’s resident response platform, continues to be a well-used resource for community members. As part of the 2025–27 Financial Plan, Council approved the addition of a Heavy Equipment Mechanic, which is expected to reduce reliance on contracted services beginning in FY 2025–26. In the year ahead, the Maintenance Division will continue seeking creative strategies to control costs while maintaining service levels.

The CIP Engineering and Transportation Planning & Engineering programs filled several long-term vacancies (Supervising Civil Engineer, Construction Engineering Manager, and Transportation Planner-Engineer) with highly qualified staff. Turnover among Capital Project Managers remains a concern; however, adoption of the Capital Improvement Plan in June 2025 has helped balance workloads across the CIP Engineering Team, enabling staff to focus efforts more effectively.

The Parking Services program has continued its commitment to improving the customer experience while building operational efficiencies. Public outreach remains a priority to ensure that the community is informed about changes and has opportunities to provide feedback.

SLO Transit continues to provide reliable transit service for more than 660,000 passenger trips across eight fixed routes, one tripper service, and one trolley service, supported by a fleet of 19 vehicles. In FY 2024-25, six new buses were added to the fleet and are expected to enter service by Spring 2026. SLO Transit also advanced initiatives to increase ridership, including streamlining discount program applications, participating in community events, and extending the academic service schedule through June.

Variance Analysis

General Fund Expenditures

	FY 2023-24	FY 2024-25				FY 2025-26
Public Works	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 10,632,237	\$ 12,113,200	\$ 11,218,075	\$ 895,125	7%	\$ 12,143,529
Contract Services	2,465,258	2,606,070	2,468,516	137,554	5%	2,574,965
Other Operating Expenditures	3,941,471	4,322,533	4,021,344	301,188	7%	4,304,258
Total	\$17,038,967	\$19,041,802	\$17,707,935	\$1,333,867	7%	\$19,022,753

Staffing: Staffing ended the year 7% under budget as full-time position vacancies resulted in salary savings in many programs, including Public Works Administration, Parks Maintenance, Facilities Maintenance, Fleet Maintenance, Streets & Sidewalk Maintenance, CIP Engineering and Transportation Planning & Engineering. Temporary (supplemental) position vacancies likewise added to these savings. Staff sought out contracted services through funds available in Other Contract Services to support programs during staffing vacancies.

Other Operating Expenditures: Much of the remaining operating budget savings is due to savings on water and sewer costs in Parks Maintenance, driven by winter rain and temperate spring and summer months. Cost recovery on damaged City property (e.g. Sidewalks) through Citywide collection efforts at the end of the year also positively impacted the department's budget balance, as private reimbursements on previous years' repairs were applied to the operating budget.

Parking Fund Expenditures

Parking Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 1,991,075	\$ 2,208,664	\$ 2,138,507	\$ 70,157	3%	\$ 2,198,513
Contract Services	862,591	782,601	645,512	137,089	18%	683,580
Other Operating Expenditures	967,528	1,135,504	1,058,764	76,741	7%	1,066,951
Debt Service	3,016,362	\$ 3,827,322	\$ 3,500,278	327,044	9%	3,696,534
Transfers Out	1,387,281	\$ 1,632,053	\$ 1,632,053	-	0%	1,720,732
Total	\$ 8,224,837	\$ 9,586,144	\$ 8,975,113	\$ 611,030	6%	\$ 9,366,310

Contract Services: This category includes the budget for parking structure security services, legal support services, and additional consulting services; however, these allocations were not utilized, as operational adjustments reduced the need for these expenditures, resulting in savings in Contract Services. In lieu of a separate parking security service contract, staff made operational adjustments, including adding a late-night shift for the parking ambassador schedule, which eliminated the need for contracted security. The adopted budget for FY 2025-26 Other Contract Services accounts for these operational changes, reflecting a reduction in operating budget.

Other Operating Expenditures: Advertising & Public Outreach and Print & Reproduction costs decreased due to greater use of digital marketing and efficiencies in communication and permit management. These budgets have been reduced for FY 2025-26 with the expectation that such efficiencies will continue. Maintenance costs also declined compared to prior years, in part due to improvements implemented through the Parking Technology Roadmap. Additionally, some non-essential work, such as sign pole maintenance, was deferred to offset revenue losses caused by technology failures.

Debt Service: Debt Service is under budget due to an accounting adjustment.

Parking Fund Revenue

Parking Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Meters	\$ 5,927,488	\$ 4,312,367	\$ 4,589,728	\$ 277,361	6%	\$ 4,312,367
Structures	1,757,776	2,860,504	1,886,338	(974,166)	-34%	2,860,504
Long-Term Parking	702,797	901,906	522,895	(379,011)	-42%	500,000
Fines	1,190,030	1,252,200	1,113,016	(139,184)	-11%	1,231,100
Other Revenue	3,669,687	664,884	2,684,563	2,019,679	304%	671,984
Total Revenue	\$ 13,247,779	\$ 9,991,861	\$ 10,796,540	\$ 804,679	8%	\$ 9,575,955

Meters: Including the approximate 30% rate reduction effective July 8, 2024 following the completion of a Parking Rate Study presented to Council in May 2024, Parking Lot and Meter revenue (on-street parking and surface lots) exceeded budget and are expected to continue meeting or surpassing targets in FY 2025–26. This indicates that on-street parking activity has increased under the reduced rate structure.

Structures: Parking Structure revenue was negatively affected in FY 2024–25 by the gateless system at the 842 Palm Street garage and failing gated equipment at the 919 Palm and 871 Marsh garages. In November 2024, Council appropriated \$1.2 million from the Parking Fund balance to replace payment and gating equipment at all three garages. The upgrades, completed between March and June 2025, have already produced substantial revenue increases in the fourth quarter. Staff expect parking structure revenue in FY 2025–26 to meet or exceed projections, pending further data.

Fines: Collections in FY 2024-25 were hampered by both staff turnover and issues with the City’s former citation management vendor, which left citations dating back to 2022 uncollected. A new vendor has improved the system significantly, leading to a steady revenue increase beginning in the fourth quarter. As a result, fine revenue is projected to meet or exceed FY 2025–26 targets.

Other Revenue: Other Revenue was over budget by \$2 million, due largely to \$1.7 million generated through higher returns on investments. Elevated interest rates during FY 2024–25 produced stronger earnings on pooled cash balances, while budget assumptions remained conservative. Fair Market Value (FMV) adjustments were also recorded to capture unrealized gains in the portfolio. Investment interest is based on available cash, and as the Cultural Arts District Parking Structure construction progresses toward completion, cash balance will dwindle; therefore, staff do not expect investment income to remain at these levels next year. Other Rent & Lease Revenue exceeded budgeted amounts by \$115,000 primarily due to the implementation of GASB 87 (Governmental Accounting Standards Board 87), which changed how lease revenues are recognized. Under the new standard, the City must recognize the value of lease payments over the full term of the lease rather than only when payments are received, resulting in higher reported revenue in the current year.

Transit Fund Expenditures

Transit Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 389,893	\$ 463,464	\$ 420,819	\$ 42,644	9%	\$ 391,095
Contract Services	3,592,192	4,622,175	4,393,486	228,689	5%	4,975,295
Other Operating Expenditures	431,255	483,670	612,639	(128,969)	-27%	637,680
Transfers Out	463,491	\$ 460,609	\$ 460,609	-	0%	467,804
Total	\$ 4,876,832	\$ 6,029,918	\$ 5,887,553	\$ 142,365	2%	\$ 6,471,873

Staffing: Staffing expenses came in under budget primarily due to delays in hiring a Transit Intern and an Administrative Assistant, whose position is shared across the Transit Fund, Parking Fund, and General Fund.

Contract Services: Contract Services expenses were under budget because the Transit Fund allocates for full-service levels, while SLO Transit continues to operate at slightly reduced levels compared to pre-pandemic service. Full operations are planned to resume in early 2026 in alignment with the adopted 2025 Short Range Transit Plan.

Other Operating Expenditures: Other Operating Expenditures exceeded budget due to a 38% increase in average fuel costs per gallon since the beginning of the fiscal year, as well as higher-than-anticipated electricity usage for electric buses. Fuel and electricity budgets have been adjusted for FY 2025–26, and will be monitored closely in the coming year.

Transit Fund Revenue:

Transit Fund	FY 2023-24		FY 2024-25			FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Fees for service						
46601-Bus Fare	250,790	226,000	234,855	8,855	4%	260,000
46602-Cal Poly Transit Agreement Revenues	750,000	750,000	750,000	-	0%	750,000
Other Revenue						
44101-Interest on Investment	257,261	-	314,219	314,219	0%	30,455
44107-Investment FMV Adjustment	120,063	-	180,234	180,234	0%	-
44301-Sale of Surplus Property	-	-	4,500	4,500	0%	-
44310-Miscellaneous Revenue	-	-	1,387	1,387	0%	-
45208-LTF Art 4 Sec 99260 (Discretionary LTF)	496,193	1,992,000	1,957,532	(34,468)	-2%	2,000,000
45209-STA Revenue	717,650	732,000	608,906	(123,094)	-17%	725,000
45211-Other State Grants	-	880,000	-	(880,000)	-100%	-
45216-Low Carbon Operation Revenue	-	-	376,368	376,368	0%	-
45302-FTA 5307 (Capital)	684,498	3,575,985	944,492	(2,631,493)	-74%	2,693,785
45303-FTA 5307 (Preventative Maintenance)	-	-	211,296	211,296	0%	210,765
45304-FTA 5307 (Operating)	-	-	-	-	0%	2,647,775
45305-Other Federal Grants	2,802,275	8,893,876	7,135,073	(1,758,803)	-20%	2,701,956
45215-State of Good Repair (SGR)	394,054	9,325	9,943	618	7%	8,722
45402-Other Grants/Subventions	-	-	498,473	498,473	0%	-
47003-Miscellaneous	2,326	-	2,332	2,332	0%	-
Total Revenue	6,475,111	17,059,186	13,229,610	(3,829,576)	-22%	12,028,458

Fees for Service: This line was accurately forecasted and staff are pleased to achieve farebox recovery targets for the fiscal year.

Other Revenue: State funding sources such as Local Transportation Fund (LTF), State Transit Assistance (STA), and State of Good Repair (SGR) are budgeted based on projected state revenues, which may be revised throughout the year as updated projections are released. In January 2025, the City executed an agreement with the San Luis Obispo Council of Governments (SLOCOG) to secure state grant funding for several capital projects, reflected in *Other State Grants*. Federal grants budgeted in various FTA 5307 accounts, as well as in *Other Federal Grants*, are reimbursement-based, meaning expenditures must occur before reimbursement requests can be submitted. Several capital projects budgeted in FY 2024-25 and funded with FTA 5307 grants are still in progress and have not yet incurred all eligible reimbursable expenses. The associated grant funds remain available for future reimbursement once project expenses are incurred.

Public Works Department Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Enhance safe and efficient transportation	Pavement Condition Index	73	74
Enhance safe and efficient transportation	Bicycle network in total miles (Class I/II/III/IV)	14.6/31.0/24.9/3.0	14.6/31.0/24.9/3.0
Enhance safe and efficient transportation	Street miles maintained	144	144

Enhance safe and efficient transportation	Citywide fatal and severe injury crashes (latest annual total/5-year running average)	18 / 17.6	25/20.0
Encourage sustainable transportation	Annual SLO Transit ridership	625,000	660,056
Effectively manage City assets	Public Works Maintenance Division Ask SLO requests addressed	1,660	1,567
Effectively manage City assets	# of trees maintained	13,479	13,494
Plan and develop critical infrastructure	Total # of projects managed	68	68

Annual SLO Transit Ridership: Ridership increased this fiscal year, driven primarily by a 22% rise in Cal Poly related trips compared to the prior year. The increase in ridership is due to a combination of factors including restoration of services, improved communication and outreach efforts, and Cal Poly’s continued commitment to limiting students that live on campus from bringing vehicles to campus.

Citywide Fatal and Severe Injury Crashes: Fatal crashes have shown an upward trend in the past five years, while severe injury crashes have been increasing for the past seven years. In 2024, 80% of these incidents occurred on the City’s High Injury Network, as defined in the [Draft Vision Zero Action Plan](#). Predominant factors included vehicle–bicycle and vehicle–pedestrian collisions, as well as crashes on higher-speed arterial roadways.

The 2024-25 Target for fatal/severe injury crashes was originally set at a desired reduction of 10% below the previous annual total/average; however, as shown in the above table, this target was not met in the 2024-25 year-end actuals. While it is difficult to identify a specific reason to explain the variation in collision totals from one year to the next, there are several safety projects currently in planning or design along high-injury network roadways that will hopefully lead to measurable progress in reducing fatal/severe collisions in the coming years. These include the Higuera Complete Streets Project (ETA – 2026), recent Grand Avenue Complete Street Pilot Project (completed in early 2025), Foothill Boulevard Complete Street Project, and South Broad Complete Street Project. More detailed data and strategies to improve traffic safety will be presented in the Final Vision Zero Action Plan, scheduled for City Council consideration in Spring 2026.

Accomplishments & Challenges

The department continued to address Major City Goals as outlined in the 2023-25 Financial Plan, while also delivering on core services.

The Maintenance Division completed LED lighting retrofits at the 879 Morro Street office (Utilities) and partially completed LED lighting retrofits at the 919 Palm Street offices (Public Works & CDD), as well as at eight park restrooms (French, Islay, Johnson, Mitchell, Santa Rosa, Throop, Laguna Lake, and Damon Garcia Parks), improving energy efficiency, reducing costs, and enhancing long-term safety. The Urban Forest Program advanced progress toward the City’s goal of planting 10,000 new trees by 2035, planting 63 new trees in FY 2024-25 and becoming fully staffed with certified arborists. Fleet Maintenance continued pursuing operational efficiencies by purchasing tires and parts through state contract pricing and optimizing inventory levels, while Signals & Streetlights strategically increased its stock of specialized parts to minimize downtime during repairs. Despite these accomplishments, new and aging City assets

combined with staff vacancies have increased workloads, requiring teams to prioritize tasks while maintaining service levels.

The CIP Engineering program advanced the Capital Improvement Plan, completing 31 projects and bringing 14 additional projects into construction in FY 2024–25. Despite staffing challenges, construction began on the Mid-Higuera Bypass Project and the Mission Plaza Enhancement Project, and work continued on the Cultural Arts District Parking Structure. The Transportation Planning & Engineering program completed the North Chorro Greenway and 2024 Roadway Sealing projects, while advancing design of the Higuera Complete Street Project and the California/Taft Roundabout.

The Parking Services program implemented several improvements outlined in the Parking Rate Study and Technology Roadmap, improving long-term challenges. These included streamlining mobile parking payments to a single mobile app, the transition to digital garage parking permits, implementation of new citation and permit management software, new consistent garage gating, and the selection of a new, user-friendly vendor for pay stations. These efforts were bolstered by a comprehensive public outreach campaign, working hand-in-hand with key stakeholders. Staff opened a new parking lot at 1166 Higuera Street, allowing for additional spaces in the Downtown Area while the City awaits completion of the new parking structure in early 2026. As the program works to better serve the community's needs, staff are embracing opportunities to strengthen capacity and identify efficiencies despite limited staffing and high turnover of supplemental staff.

The Transit Operations & Maintenance program continued efforts to expand ridership and meet community needs. Council adopted the Short-Range Transit Plan Update, which outlines service, fare, and program changes over FY 2025–26 through FY 2029–30, and approved additional funding to support its recommendations. Staff executed agreements for an open-loop payment system, which will allow riders to pay fares directly with contactless bank cards, smartphones, or other digital wallets, eliminating the need for a separate transit card. This system is expected to simplify rider experience, reduce barriers to use, and encourage ridership. The rollout of zero-emission technologies advanced through strong partnerships with federal, state, and local funding agencies. Recruitment and retention of transit workers has steadily improved, and services are expected to return to pre-pandemic levels by early 2026. However, uncertainty over future federal transit funding remains a concern and is being closely monitored.

Utilities Department

A Year in Review

The Utilities Department completed several projects and started many important initiatives in FY 2024-25, including:

1. Successful update of the solid waste, recycling, and organics franchise agreements into one Discarded Materials Agreement, which includes more service enhancements for ratepayers.
2. Update of a new regional integrated solid waste rate-setting methodology prioritizing transparency, ease of administration, and rate stability for ratepayers.
3. Successful adoption of water and sewer rates ensuring sustainable, cost-based utility funding.
4. Substantial completion of the Water Resources Recovery Facility (WRRF) upgrade project.
5. Completion of the Johnson – Iris to Bishop Water Pipeline Replacement project.
6. Completion of the Water Disinfection byproduct (TTHM) Reduction project.
7. Completion of the Verde, Luneta, Ramona Wastewater Collections Systems project.
8. Completion of the Wastewater Collection System Infrastructure Renewal Strategy – a long-range plan which will inform staff and Council on the future of the City’s private sewer lateral programs (rebates, offsets and inspections), system capacities to accommodate housing development and recommended City capital improvement projects.

Variance Analysis

Solid Waste and Recycling Expenditures

Utilities	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 321,483	\$ 329,587	\$ 329,587	\$ 0	0%	\$ 324,899
Contract Services	80,770	33,299	29,308	3,991	12%	52,636
Other Operating Expenditures	8,799	42,578	38,607	3,971	9%	17,708
Total	\$ 411,052	\$ 405,464	\$ 397,502	\$ 7,962	2%	\$ 395,243

Staffing – Staffing includes all salaries and benefits related to Solid Waste and Recycling operations. There is no variance in this cost category.

Contract Services – Some of the activities related to contract services include advertising and public outreach, recycling consulting services and long-range studies. Underspending in this account is the result of the deferral of the departmentwide comprehensive strategic plan. Due to the extended schedule of the Water Resource Recovery Facility (WRRF) upgrade project, staff deferred this study to allow this effort to be conducted department wide.

Other Operating Expenditures – Underspending within other operating expenditures resulted from not needing postage, as the majority of physical outreach and noticing responsibilities were carried out by the solid waste hauler and the Integrated Waste Management Authority (IWMA). Minor underspending also intentionally occurred in Miscellaneous Materials and Supplies to offset staff attendance to industry-

specific conferences. Budgets for these categories have been adjusted in the future years to more accurately reflect expected spending levels.

Solid Waste and Recycling Revenues

The Solid Waste and Recycling program is funded through a combination of AB 939 fees and General Fund support. AB 939 fees, which are collected from ratepayers, are restricted for use on activities that divert solid waste and organics from the landfill. Any portion of these fees that remains unspent at year-end is placed into the General Fund “assigned” fund balance (AB 939 Designation) and reserved exclusively for future diversion-related expenditures. This ensures that balances can be applied to larger-scale waste reduction initiatives as they arise.

Because the program also receives General Fund support for activities unrelated to waste diversion, the AB 939 expenses shown in the following table represent only the diversion-eligible portion of program costs and may not align with the program’s total operating expenditures.

FY 2024-25 AB 939 Designation Overview	Amount
AB 939 Beginning Balance	\$217,147
AB 939 Revenues	\$362,164
AB 939-Eligible Expenses	\$345,273
Revenues minus Expenses	\$16,891
AB 939 Ending Balance	\$234,038

Any remaining balance is transferred to the AB 939 Designation and used for future diversion efforts. Examples of potential future activities include:

1. Organics diversion program expansion
2. Expanded business and multi-family complex recycling outreach
3. Construction and demolition material recovery initiatives
4. Upgraded City recycling infrastructure

Water Fund

Water Fund Expenditures

Water Expenditures	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 5,427,469	\$ 6,118,060	\$ 5,589,266	\$ 528,793	9%	\$ 6,182,758
Contract Services	810,950	1,119,298	931,942	187,356	17%	1,372,520
Other Operating Expenditures	11,882,398	15,545,338	14,079,375	1,465,964	9%	19,644,682
Debt Service	1,755,022	\$ 1,868,807	\$ 1,762,421	106,386	6%	1,865,911
Transfers Out	2,826,143	\$ 2,947,417	\$ 2,947,417	-	0%	2,819,038
Total	\$ 22,701,983	\$ 27,598,920	\$ 25,310,420	\$2,288,499	8%	\$ 31,884,908

Staffing – Staffing includes all salaries and benefits related to Water Division operations. Variances were primarily driven by vacancies in several positions, including:

1. Utilities Business Manager

2. Supervising Utility Billing Assistant
3. Utilities Senior Engineer
4. Water Resources Technician
5. Administrative Assistant
6. Water Treatment Plant Maintenance Technician
7. Water Distribution Chief Operator
8. Water Distribution System Supervisor

Some of these positions were vacant for only a portion of the year, but collectively they contributed to lower-than-budgeted staffing costs.

Contract Services – Some of the activities related to contract services include permitting fees and regulatory sampling, meter reading services, routine asset maintenance, and various studies. A total underspend of \$187,000 is primarily attributed to deferred projects and reduced operating needs. For example, about \$25,000 resulted from lower diesel fuel purchases for the Water Treatment Plant’s emergency generator, which operated for only 16.9 hours due to the absence of PSPS events or outages. Another \$27,000 stemmed from delaying the department-wide strategic plan until completion of the WRRF upgrade to ensure alignment with post-project priorities. Additionally, \$28,000 is tied to deferring the rate structure analysis because of limited staff capacity. While a rate study update was completed, the full structure analysis—which may redesign rate applications in terms of tiers, base fees, etc.—will be initiated in FY 2025-26. Overall, the variances reflect timing and operational factors rather than ongoing cost reductions.

Other Operating Expenditures – Some of the activities related to other operating expenditures include costs associated with purchasing raw water supplies, electric utilities, construction materials and supplies, and chemicals. A total underspend of approximately \$1.47 million is primarily due to reduced operational costs at the Water Treatment Plant (WTP) and lower raw water pumping expenses. About \$691,000 resulted from reduced pumping charges for Nacimiento Reservoir supplies, as the pipeline was offline for repairs under Yerba Buena Creek. Electricity costs decreased by \$378,000 due to more efficient use of the Tesla Battery, a switch from PG&E to 3CE rates, and strategic adjustments to equipment operation times. Additionally, \$359,000 in savings came from reduced chemical usage for water treatment. Weather conditions were stable, resulting in fewer treatment adjustments, and reliance on less corrosive water sources further lowered chemical demand. Some of these savings will be considered in future financial plans and supplemental budget amendments, while others were one-time and temporary due to external conditions.

Debt Service – The debt service category represents debt the Water Fund holds for financing capital projects. There is a \$106,000 savings in the debt interest account due to amortization of bond premiums, discounts, and deferred amounts on refunding. Staff will correct this variance in future budgets.

Transfers Out – The transfers category represents transfers from the Water Fund to the General Fund for contributions to internal services and auxiliary services such as Human Resources, City Clerk, Information Technology, Public Works, etc. This is paid for in arrears and calculated based on the previous fiscal year’s actuals. In FY 2024-25, approximately \$2.94 million was transferred out of the Water Fund. There is no variance in this cost category.

Water Fund Revenues

Water Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Water Sales & Base Charges	26,356,629	28,428,148	29,332,417	904,269	3%	30,057,771
Other Revenue	2,110,028	228,000	4,921,710	4,693,710	2059%	256,000
Grants and Subventions	752,267	-	1,374,625	1,374,625	-	4,095,680
Total Revenue	29,218,924	28,656,148	35,628,752	6,972,604	24%	34,409,451

Water Fund revenues exceeded budget by approximately \$6.97 million, driven by higher impact fee collections, stronger investment performance, unbudgeted grant revenues, and increased water consumption. About \$1.8 million came from development-related impact fees, which remain difficult to forecast due to fluctuating project schedules but are essential for funding growth-related capital improvements. Another \$1.9 million was generated through elevated investment returns and fair market value adjustments as higher interest rates boosted earnings on pooled cash balances. Unbudgeted grants contributed roughly \$1.4 million, primarily from Proposition 1 and CalOES programs that were awarded in prior years but realized in FY 2024-25. Increased water usage, largely from greater landscape irrigation during a drier year, added an estimated \$1.4 million in additional revenue. The table below provides a year-over-year comparison of precipitation totals, highlighting the drier conditions that contributed to increased irrigation demand and corresponding revenue growth.

Fiscal Year	Precipitation (in inches)
FY 2020-21	11.58
FY 2021-22	9.89
FY 2022-23	52.78
FY 2023-24	24.67
FY 2024-25	14.52

Conservative budgeting in these areas is intentional, as revenues tied to development, investment performance, and weather are inherently difficult to predict—underperformance could otherwise necessitate mid-cycle rate increases. Conversely, overperformance in these categories helps offset or delay future rate adjustments, supporting long-term rate stability.

Sewer Fund

Sewer Fund Expenditures

Sewer Expenditures	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 5,467,874	\$ 6,207,344	\$ 5,656,187	\$ 551,158	9%	\$ 6,042,596
Contract Services	1,256,919	1,319,837	1,258,369	61,467	5%	1,790,967
Other Operating Expenditures	2,647,401	2,818,964	2,680,902	138,062	5%	3,037,743
Debt Service	1,386,962	\$ 7,005,933	\$ 6,825,920	180,013	3%	7,098,607
Transfers Out	3,104,155	\$ 3,290,250	\$ 3,290,250	-	0%	3,140,155
Total	\$ 13,863,311	\$ 20,642,328	\$ 19,711,628	\$ 930,700	5%	\$ 21,110,069

Staffing – Staffing includes all salaries and benefits related to Sewer Division operations. Variances were primarily driven by vacancies in several positions, including:

1. Utilities Business Manager
2. Supervising Utility Billing Assistant
3. Utilities Senior Engineer
4. Administrative Assistant
5. WRRF Operator
6. Environmental Compliance Inspector

Some of these positions were vacant for only a portion of the year, but collectively they contributed to lower-than-budgeted staffing costs.

Contract Services – Some of the activities related to contract services include permitting fees and regulatory sampling, meter reading services, routine asset maintenance, and various studies. A total underspend of \$55,000 is attributed to the deferral of key planning efforts. About \$27,000 resulted from postponing the department-wide strategic plan until completion of the WRRF upgrade, ensuring the plan reflects post-project operational needs. Another \$28,000 is tied to delaying the rate structure analysis due to limited staff capacity. While a rate study update recalculating rates within the current structure was completed, the more comprehensive structure analysis—potentially redesigning how rates are applied—requires additional consultant and staff effort. This work is scheduled to begin in Winter FY 2025-26. The remaining underspend reflects modest savings in routine asset maintenance, regulatory sampling, and other miscellaneous contract services.

Other Operating Expenditures – Some of the activities related to other operating expenditures include electric utilities, construction materials and supplies, and chemicals. A total underspend of \$138,000 is primarily due to reduced training, outreach, and variable operating expenses. About \$48,000 resulted from lower education and training costs, influenced by the City's April 18, 2025 travel chill and limited staff availability during the WRRF upgrade. Another \$30,000 came from reduced advertising and public outreach, a category that remains consistently underused and may be downsized in the next Financial Plan in favor of in-house communication efforts. The remaining \$60,000 reflects lower spending on postage, equipment maintenance and supplies, and credit card merchant fees—accounts that fluctuate based on customer billing preferences, maintenance needs, and special notifications. Collectively, these savings represent timing and operational adjustments rather than ongoing budget reductions.

Debt Service – The debt service category represents debt the Sewer Fund holds for financing capital projects. There is a \$180,000 savings in the debt interest account due to amortization of bond premiums, discounts, and deferred amounts on refunding.

Transfers Out – The transfers category represents transfers from the Sewer Fund to the General Fund for contributions to internal services and auxiliary services such as Human Resources, City Clerk, Information Technology, Public Works, etc. This is paid for in arrears and calculated based on the previous fiscal year's actuals. In FY 2024-25, approximately \$3.29 million was transferred out of the Sewer Fund. There is no variance in this cost category.

Sewer Fund Revenues

Sewer Fund	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Service Charges	20,204,743	20,596,900	21,144,366	547,466	3%	21,558,825
Other Revenue	2,779,496	202,000	4,301,762	4,099,762	2030%	210,000
Grants and Subventions	915,997	-	530,085	530,085	-	-
Total Revenue	23,900,236	20,798,900	26,002,176	5,203,276	25%	21,768,825

Sewer Fund revenues exceeded budget by approximately \$5.2 million, largely due to higher investment earnings, impact fees, unbudgeted grants, and increased Sales to Cal Poly. The largest contributor was \$3.1 million in additional investment income, driven by elevated interest rates that produced stronger returns on pooled cash balances, along with fair market value adjustments reflecting unrealized gains. Another \$343,000 came from higher development impact fees, which remain difficult to forecast given the variability of project schedules but are essential for funding growth-related capital improvements. Unbudgeted grants added \$530,000, primarily from Proposition 1 and CalOES programs realized in FY 2024-25 after prior-year delays. Sales to Cal Poly generated an additional \$304,000 as wastewater volumes exceeded projections; however, this revenue will decline once Cal Poly's new Water Reclamation Facility comes online. Conservative budgeting in these areas is intentional, as revenues tied to investment returns and development are inherently unpredictable—underperformance could necessitate mid-cycle rate increases. Conversely, overperformance helps offset or delay future rate adjustments, supporting long-term financial stability and ratepayer protection.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Maintain and manage infrastructure, assets, and facilities responsibly and transparently	Sanitary Sewer Overflows per 100 miles of sewer main	0	.7 ¹
	Breaks/leaks per 100 miles of water main	<13.4	6.9
Provide the Community with High Quality and Reliable Service	Recycled Water Delivered (Acre Feet)	237	353
	Minimize Customer Shut-Off for Nonpayment	<450	401

Performance Measures Variance Explanations:

The variance in Sanitary Sewer Overflows (SSOs) per 100 miles of sewer main is due to aged infrastructure with conditions that are exacerbated by climate change and consumer habits tied to restaurant activity. While the target remains zero, staff are optimistic that a recently adopted grease control ordinance, completion of planned Capital Improvement Plan (CIP) projects, ongoing success of the City's private sewer lateral programs, and expansion of remote monitoring systems will continue the trend of reducing SSOs that will maintain this Key Performance Indicator (KPI) near zero. Since the City initiated its long-range infrastructure renewal strategy in 2015, sanitary sewer overflows have steadily declined—from a peak of 35 in 2021 to just *one* in 2025—reflecting the cumulative impact of sustained public and private infrastructure improvements.

¹ There was one sanitary sewer overflow from the City's 148 miles of publicly owned system. This is down from a peak of 35 spill events in 2021.

Accomplishments & Challenges

In FY 2024-25, the Utilities Department delivered several major accomplishments while managing significant operational challenges. Key achievements included updating the City's solid waste franchise agreements and rate-setting methodology, completing multiple capital projects such as the WRRF upgrade, Johnson-Iris to Bishop Pipeline Replacement, and TTHM Byproduct Reduction, and advancing wastewater collection system improvements.

Parks and Recreation Department

A Year in Review

The Parks and Recreation Department continued to expand recreation opportunities and strengthen community connections across all divisions. The Facilities Division maintained high-use spaces and completed multiple upgrades, including new furnishings and improved signage, while addressing challenges with decreased post-pandemic event rentals and limited field inventory. Youth Services provided daily care to over 600 children at five different campuses and expanded Friday and summer programming through school district partnerships, though construction at school sites limited capacity growth. Community Services strengthened community engagement through well-attended events, expanded senior programming, and successful partnerships for youth and adult sports leagues. The Volunteer Program saw major growth with new initiatives such as Adopt-a-Pathway and increased park adoptions. The Public Art Program continued to thrive with new installations, workshops, and community collaborations, while planning future exhibits in coordination with SLOMA. Ranger Service improved open space safety and accessibility through new trail projects, bridge replacements, and ongoing fuel management efforts. Aquatics achieved record participation through expanded swim lessons and community events while maintaining consistent staffing and operational hours. The Golf Division exceeded revenue goals and supported local programs despite challenges with facility repairs and infrastructure needs.

In FY 2024–25, Parks & Recreation delivered strong financial performance in key areas while addressing operational challenges and implementing program improvements to enhance community engagement. Youth Services revenue grew from expanded summer childcare in partnership with the school district and expansion of school year childcare slots. Aquatics and Golf revenues exceeded budget, driven by higher participation in swim instruction, multi-day swim passes, improved golf course conditions, and expanded golf lessons, though golf revenue remains weather dependent. Community Services revenue fell short of budget expectations due to stagnant contract class enrollment and unrealized Adult Sports league additions, although there was increased attendance at no-cost interactive community building events. The Community Services Contract Classes realized savings from reduced enrollment in contract classes interest, though adult, senior, and low-cost classes continue to see strong participation despite limited revenue generation. Ranger Services improved encampment oversight and clean-up management resulting in lower expenditures within the Contract Services. Facilities revenue exceeded projections due to consistent fee collections, increased special event permits, and updated and new fees implemented in Fall 2024. Other Revenue remained above budget, including CAPSLO stipends, which are not guaranteed in future years.

Variance Analysis

	FY 2023-24	FY 2024-25				FY 2025-26
Parks & Recreation	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 4,548,190	\$ 5,180,460	\$ 5,099,308	\$ 81,152	2%	\$ 5,248,711
Contract Services	302,047	391,716	314,187	77,529	20%	360,391
Other Operating Expenditures	564,011	611,608	584,324	27,284	4%	622,409
Total	\$ 5,414,249	\$ 6,183,784	\$ 5,997,819	\$ 185,965	3%	\$ 6,231,512

Contract Services – Savings in Contract Services are primarily the result of reduced enrollment in contract class offerings and improved management of encampments and clean-up activities. While participation remains strongest in adult, senior, and low-cost classes, these offerings generate limited revenue due to the cost split with instructors. Staff will continue efforts to increase overall public engagement in FY 2025–26 and will evaluate program priorities if participation in other classes does not improve. Additionally, the Ranger Service has increased its enforcement presence in open space, which, in combination with fuel reduction and management efforts, has contributed to a reduction in encampments. While the occurrence of future encampments cannot be predicted, it remains essential to maintain sufficient budget capacity to respond effectively.

Revenue

	FY 2023-24	FY 2024-25				FY 2025-26
Parks & Rec	Actual	Budget	Actual	Variance	%	Budget
Facilities						
Library Rental	3,400	6,816	8,692	1,876	28%	5,000
Indoor Rental & Use Fees	56,476	65,100	43,735	(21,365)	-33%	65,000
Outdoor Rental & Use Fees	185,475	140,253	208,099	67,846	48%	147,000
Special Events Insurance	12,333	12,000	9,161	(2,839)	-24%	12,500
Special Event Fees - App/Permit	51,394	30,000	53,431	23,431	78%	38,000
Youth Services						
Youth Services Childcare	753,972	687,416	846,098	158,682	23%	727,500
Youth Services Camps	282,733	163,202	368,452	205,250	126%	292,000
Community Services						
Adult Athletic Fees	135,895	145,000	118,568	(26,432)	-18%	140,000
Youth Athletic Fees	112,232	100,000	129,050	29,050	29%	115,000
Instruction Fees	66,904	96,000	51,819	(44,181)	-46%	70,000
Special Events - City Sponsored	4,037	4,000	6,261	2,261	57%	6,663
Aquatics						
Aquatics Daily Use Fees	105,403	105,000	95,680	(9,320)	-9%	105,000
Swim Instruction Fees	114,205	105,000	125,064	20,064	19%	115,000
Multi Day Swim Passes	72,597	71,000	85,819	14,819	21%	75,000
Therapy Pool Fees	9,250	10,000	11,112	1,112	11%	10,500
Golf						
Driving Range Fees	13,672	13,000	18,914	5,914	45%	14,500
Golf Greens Fees	225,236	210,000	284,335	74,335	35%	230,000
Golf Lesson Fees	782	1,000	2,776	1,776	178%	1,000
Golf Rental Fees	6,406	6,000	8,839	2,839	47%	7,000
Golf Cart Rentals	25,139	25,000	41,876	16,876	68%	27,500
Other Revenue						
Sales Taxable	10,804	10,000	15,605	5,605	56%	12,000
Junior Ranger Camps	8,415	8,000	6,990	(1,010)	-13%	9,120
Other Parks & Recreation Revenue	158,846	46,840	101,053	54,213	116%	55,000
Disability Insurance Reimbursement	-	19,100	-	(19,100)	-100%	-
Total Revenue	2,415,605	2,079,727	2,641,429	561,702	27%	2,280,283

Facilities revenue exceeded budget due to a combination of consistent collection of Outdoor Rental and Use Fees, the issuance of fifteen additional Special Event applications and permits than the prior fiscal

year, in addition to adoption of new fees that were implemented in Fall 2024. Staff have maintained timely collection of permit and facility fee balances, an area that had historically been inconsistent. While it was initially anticipated that this revenue overage would not recur following the collection of outstanding balances in FY 2023–24, updated projections indicate continued growth in Outdoor Rental and Use Fees, and the 2025-27 Financial Plan has been adjusted accordingly. In addition, community demand for special events continues to increase, resulting in more applications and permits being issued, a trend expected to continue in FY 2025-26.

Youth Services revenue exceeded budget due to expanded summer childcare offerings provided in partnership with the School District. The School District funded care for an additional 250+ children during the summer session to supplement the summer school program, with payments made directly to support the staffing by the City. This expansion required Youth Services to exceed its Temporary Staffing budget to support the program, while receiving financial coverage through the agreement with the School District. School year childcare revenue also increased as the division added new childcare slots in response to high community demand and in support of the Council's adopted Major City Goal related to Economic Resiliency, Cultural Vitality and Fiscal Sustainability. The District has already begun discussions regarding these continued partnerships into the 2025-2026 and 2026-2027 school years. The division is currently providing an additional four hours of childcare per day, at each of the five school sites which will require additional temporary staff hours, resulting in increased revenue.

Community Services revenue did not meet budget due to reduced participation in the City's contract class offerings (charged as "Instruction Fees") and the anticipated addition of an Adult Sports league (indoor basketball) that did not materialize. Adult Sports leagues also experienced lower participation in softball, alongside the unrealized goal of adding two new leagues (basketball and volleyball). While Community Services expanded contract class offerings by adding 15 new classes, enrollment, particularly in adult classes, remained stagnant. For FY 2025-26, staff have adjusted both revenue and expenditure budgets to reflect decreased demand. In addition, Adult Athletic fees have been revised to align more closely with actual participation levels, and the assumption of an additional league has been removed. Youth sports offerings surpassed revenue projections with the expansion of Summer Sports camps, year-round sports clinics and expansion of rosters for youth basketball and futsal teams.

Aquatics revenue exceeded budget as multi-day swim passes continued to grow in popularity and the expanded swim instruction classes generated revenue above expectations. This increase was driven by a greater number of class offerings during peak seasons, with program priorities shifting from year-round scheduling to a concentrated focus on the spring and summer months. Looking ahead, staff project that multi-day swim passes will continue to outpace daily passes, and swim instruction is expected to remain in high demand. The FY 2025–26 budget has been adjusted to reflect these trends.

Golf revenue exceeded budget due to consistent hours of operation, fewer facility closures due to weather events, and upgrades to both the course and driving range. This year, consistent staffing and daily operations with the new Golf Coordinator contributed to increased participation in tee times and Golf Lessons. While revenue growth reflects these improvements, golf revenue remains highly dependent on weather conditions, which are unpredictable. For FY 2025–26, staff have adjusted the budget to reflect expected revenue while continuing to monitor operational factors and participation trends.

Other Revenue includes deferred revenue for CAPSLO stipends, formally known as Cost of Care Plus Rate Payments, which were established under Senate Bill 140. These stipends are funded by the California

Department of Social Services and administered locally through CAPSLO to support Youth Services in providing care for children enrolled in state-subsidized programs. Payments are calculated based on the number of eligible children served and the regional rate assigned to the provider’s county. Revenue from these stipends has continued to be over budget because contributions vary and receipt of future payments beyond June 2025 are not guaranteed, so they not officially budgeted. Although funding will continue to roll over as deferred revenue, Parks & Recreation cannot guarantee stipend funds regularly from CAPSLO and should not be anticipated revenue going forward.

Performance Measures

Parks and Recreation Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Provide inclusive, accessible programming that serves the whole community. <i>Strategic Goal: Programming is Directed to Diverse Users (P&R Strategic Plan Goal), DEI and Economic Vitality MCG’s</i>	# of Department Community Events	25	25
	# of non-profit permitted Facility Uses	120	115
	# of program registrations	4,500	6,659
	# of program offerings	450	491
	# of childcare spots filled/offered	1,500/1,500	2,594/2,594
	# of children receiving subsidy	60 CAPSLO 50 City Scholarships	69 CAPSLO 38 City Scholarships
In Coordination with Public Works, engage the public to prioritize new and revitalized Recreational Amenities <i>Strategic Goal: Expand Parks & Facilities (P&R Strategic Plan Goal), MCG Economic Stability</i>	# of public outreach meetings	6	6
	# of updated or new parks and amenities in process	5	5
Creates and fosters a sense of community through citizen involvement <i>Strategic Goal: Maximize Community Resources & Collaborations (P&R Strategic Plan Goal)</i>	# of volunteers/total volunteer hours	480/5,000hrs	753/7,173hrs
	# of temporary Public Art or Cultural Art Events	5	5
Leverage technology to engage the community and promote program offerings <i>Strategic Goal: Programming is Directed to Diverse Users (P&R Strategic Plan Goal)</i>	# of Instagram followers	8,700	8,970
	# of Facebook followers	5,800	5,900

Open Space Preservation and Enhancement <i>Strategic Goal: Nurture Open Space (P&R Strategic Plan Goal), Climate Action MGC</i>	# of miles of Open Space trails maintained	68	68.5
	# of staff hours dedicated to fuel reduction	4,000	4,000
	# of encampment site clean-ups removed from Open Spaces	120	18

of Non-Profit Permitted Facility Uses: Non-profit use of City facilities was slightly below target due to reduced interest compared to prior years and improved accuracy in data tracking. Staff will continue marketing discounted facility use rates to non-profits, with future utilization dependent on economic conditions and community demand.

of Program Registrations: Program registrations increased as Community Services expanded offerings, with a focus on youth, adult, senior, and low-cost programming. Youth sports programming also remain a strong contributor, with steady community participation supporting overall registration growth. Registrations are expected to continue increasing in future years.

of Program Offerings: General program offerings expanded, which include contract class programs offered. The Coordinator developed new partnerships and new offerings within the Contract Class areas. Despite the increased offerings, enrollment into the contract class programs remained low, with the exception of a few tried and true classes.

of Childcare Spots Filled/Offered: Increased attendance resulted from the partnership with the School District providing more space and support to an additional 250 youth on Fridays, funded through the District. Because of construction at each school site, the ability to increase attendance in the “regular” after school program was stagnated. Over the past several years, summer camp enrollment has steadily increased from 130 children per week to over 600 per week to meet both of our community needs, as well as the District’s request for increased care during the summer months. The additional summer district classes were funded by the District. Because of the increased attendance, both revenue and supplemental staff expenses have increased.

of Children Receiving Subsidy: In FY 2024-25, 38 scholarships were awarded, totaling \$33,500 in available funding. Of that amount, \$19,051 was utilized by awarded families to offset registration fees, reflecting underutilization of the funds. The scholarship awards are limited to Youth Services and Aquatics youth programming, which has limited the use of the funds by recipients. To address this, staff plan to expand the range of programs eligible for scholarship use and continue targeted outreach and education to ensure families are aware of opportunities and understand how to access the funding. These strategies are expected to increase utilization in FY 2025-26 and better align awarded funds with actual program participation. This is in addition to the average 60 children receiving subsidized care through CAPSLO, which is an additional administrative program managed by the Division.

of Recurring Volunteers/Total Volunteer Hours: In its second full year as a City program, the volunteer coordinator increased the total number of registered volunteers in Engage SLO to 753, an increase of 638 over the previous year. Volunteers contributed a total of 7,173 hours, with a monthly average of 70 recurring volunteers. Using the standard local rate of Volunteer Value of \$37.32/hour, this represents an estimated \$268,000 in value to the City. This was the first full year of using the Engage SLO tracking system,

and total volunteer numbers may have been initially underestimated because there was not a previous system in place.

of Encampment Site Clean-Ups Removed from Open Spaces: Staff cleaned and removed approximately 18 encampments, totaling over 6,100 pounds of trash in FY 2024-25. The significant reduction in encampment clean-ups can be attributed to staff dedication to management efforts, as well as increased enforcement presence in open space. Staff anticipate that the number of encampment clean-ups will remain similar in FY 2025-26; however, given the unpredictable nature of encampment activity, there is uncertainty regarding whether this trend can be sustained. Staff will continue to prioritize proactive management, enforcement, and coordination to minimize impacts to open spaces, as well as have adjusted future budget expenditures to meet the anticipated downward trend of clean-up activities.

Accomplishments & Challenges

Facilities

The Facilities Division accomplishments included the purchase of new tables, chairs, and carts to enhanced facilities at the Jack House, Mission Plaza, and Library Community Room. Staff met and exceeded goals in supporting the numerous community sports group reservations at all City managed fields throughout the year. Challenges include the indoor reservations as they were considered in-house or fees comped due to utilization from City sponsored groups, resulting in reduced to no fees collected, as well as the slower return of outside organizations' outreach for facility use to pre-pandemic levels, leading to decreased public usage. Jack House Gardens bookings were impacted due to the roof construction project in spring 2025.

Youth Services

Youth Services expanded programs providing daily care to over 600 youth per day over the academic year, including the District expanding capacity for an additional 250 youth on Fridays, funded through the District. Summer camp enrollment increased from 130 children per week to over 600 per week to meet both the community demands, as well as the District's request for increased care during the summer months supporting summer school schedules (funded by the District). Because of the increased attendance, both revenue and supplemental staff expenses have increased. Additionally, the division-maintained state licensing compliance and passed all annual non-scheduled licensing site checks. Due to construction by the District at each school site, the ability to increase attendance in the traditional after school program was stagnated due to facility capacity.

Community Services

The Community Services Division expanded Senior programming with the introduction of new activities and events, including Senior walkers and hikers, multi-generational weekly trivia, holiday events, technology classes, and Around-the-Town excursions. Challenges were identified within the Contract Classes being offered and not meeting community needs and staff are assessing this program for future offerings.

Volunteer Program

The Citywide Volunteer Program expanded opportunities with the Johnson Ranch Open Space restoration and storytellers, the new Adopt-a-Pathway initiative, Whale Rock trail support, multiple administrative support positions throughout the City departments, Adopt-a-Storm drain initiative, public art maintenance days, and the Adopt-a-Park program has grown from five (5) park adoptions to 11 parks. The Volunteer Coordinator worked with the Jack House Docent team to create an updated Standard Operating Procedures manual for future docents.

Public Art Program

The City's Public Art program increased partnership with the SLO County Arts producing the five (5) free art-related lectures in the *Art Talk Series*. Other collaborations included summer art classes with the school district and City's childcare programs and Senior program tours. The Program revitalized the Box Art Program in preparation for the upcoming 15th anniversary, with over 20 new art installations of utility boxes, including a box art support workshop to make the process more accessible, and multiple staff led box-art tours for the community. The public art coordinator managed the installation of the *In the Shadow* mural and ironwork art fence project under the Chorro Street underpass. In support of the Community Partnership Agreement with the SLO Museum of Art (SLOMA), the installation of the temporary art piece for Garden Street Alley (fall 2024), the temporary sculpture at Mission Plaza lawn was decommissioned (spring 2025) and replacement scheduled for winter 2025, and the new sculpture ("Shift") installation by Warren Hamrick is planned for San Luis Ranch in late 2025.

Ranger Service

The Ranger Service expanded fuel management in the Wildland Urban Interface (WUI). New trail projects were completed within the Righetti Hill property, concluding with a grand opening in May 2025 of the Righetti Hill Lower Loop Trail and additions of two multi-use trails. Two new bridges were rebuilt within the Irish Hills network, along with a new switchback trail implementation at Bowden Ranch (Lizzie Street trailhead) which will continue into the new financial plan. Other accomplishments include completing Phase 2 of the Laguna Lake Bike Park of the new Jump Lines (beginner and advanced). The bike park now includes the Mountain Bike Loop, Kids Pump Track, and the dual Jump Lines.

Aquatics

The Aquatic Division achieved stronger staffing retention to enable consistent operational hours surpassing pre-pandemic schedules. Staff increased swim lesson offerings, including group and baby & me sessions, expanding from 195 to 268 lessons to provide more opportunities for the community and developed an award winning online Water Safety Hub with community-based safety videos and tips. Expansion in partnership with community groups to meet diversity and inclusion goals resulted in the hosting of Water Play Day with the Central Coast Autism Spectrum Center, Splash Bash with SLO County Friday Night Live for middle school teens, and Swim with Pride with SLO GALA Pride and Diversity Center to celebrate Pride Month. The Super Rec Saturdays program averaged nearly 700 attendees at each event, with the final event attendance exceeding 800 participants. Staff recruitment during the traditional school year remains a challenge to support the 7-day per week operations, City staff have adjusted pool availability to continue to meet daily operations and provide aquatic opportunities throughout the year.

Golf

The Golf Division maintained and expanded community play, including during the typically slower post-Thanksgiving and winter period, exceeding forecasted revenue expectations and attendance. Staff expanded support for local community groups by hosting Cal Poly Kinesiology courses, Laguna Middle School PE courses, SLO High School courses, Special Olympics and free First Tee youth lessons. Challenges include infrastructure related to the bridge replacement project scheduled for Summer 2026, ongoing irrigation leaks due to an aging system, and the Pro Shop remaining out of service while staff work with a consultant on its rehabilitation project set for 2026.

Police

A Year in Review

During FY 2024-25, the department focused on filling vacancies in patrol, records, and dispatch. Staff also continued to work on the Five-Year Strategic Plan which officially started in early 2024; more than half of the plan objectives are over 50% completed. The department also worked to expand the license plate recognition camera system to additional locations throughout the city.

The department ended FY 2024-25 with a savings of \$130,719, which is approximately 1% of the department’s total budget. This savings was attributed to contract services, which is explained in more detail below. Overtime expenditures for the year totaled \$1,726,389; which is a decrease of 11.6% from FY 2023-24. Due to overtime costs, the department did not realize any salary savings despite having some vacancies during the year.

Variance Analysis

Police Expenditures

Police	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 21,641,566	\$ 23,073,521	\$ 23,073,521	\$ 0	0%	\$ 23,791,744
Contract Services	868,301	1,090,364	930,100	160,265	15%	1,173,578
Other Operating Expenditures	723,312	623,951	653,497	(29,546)	-5%	634,931
Total	\$ 23,233,179	\$ 24,787,837	\$ 24,657,118	\$ 130,719	1%	\$ 25,600,253

Staffing: The table above indicates that the department ended the year without any salary savings; however, due to impacts of the Police Officer’s Association Memorandum of Understanding adopted in early July 2024, there were increases to staffing costs. The department was able to absorb some of the increase but also used approximately \$116,694 from the City’s MOU Adjustments/Staffing Contingency account to cover the remaining overage.

The table below reflects overtime hours worked and overtime expenditures by fiscal year. For FY 2024-25, overtime hours totaled 18,555 (a decrease of 17% from FY 2023-24) which equated to \$1,726,389 in expenditures.

Overtime Hours & Expenditures by FY				
	2021-22	2022-23	2023-24	2024-25
Paid OT Hours	16,843	20,838	22,266	18,555
OT Budget	\$708,187	\$718,069	\$858,334	\$912,257
Expended	\$1,307,379	\$1,569,470	\$1,952,924	\$1,726,389

Contract Services: The department ended the year with a savings of 15% in Contract Services. The majority of savings was realized in the Administration cost center due to the following: the annual debt service payment to County Animal Services (shared cost for the construction of the new animal shelter) was less than anticipated due to the County using available funds from the project to pay down the debt. This

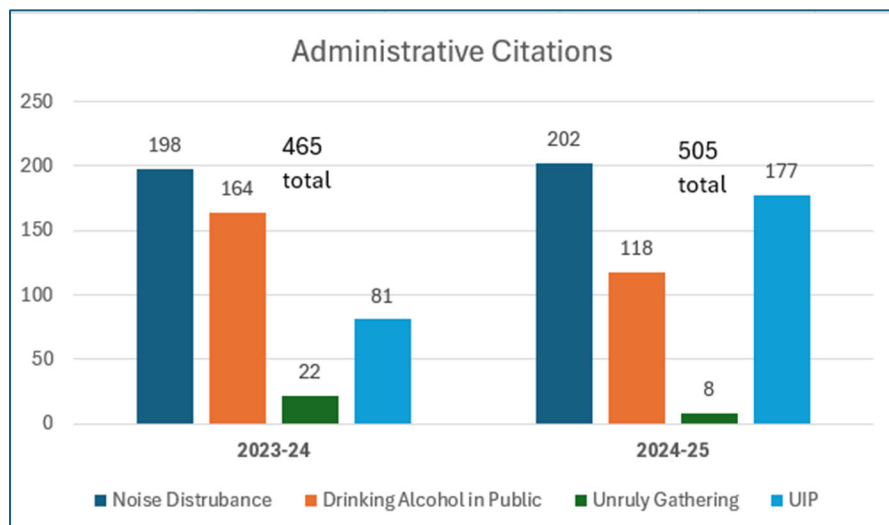
resulted in each city paying less for FY 2024-25. Additionally, the department did not use funds related to janitorial costs for the 1106 Walnut building since staff was unable to move into the building due to the tenant improvement construction schedule. These savings are not expected to recur.

Police Revenue

Police	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Police Department Permits	6,875	4,500	8,313	3,813	85%	4,500
Tobacco Permits	32,685	32,685	34,480	1,795	5%	33,000
Alarm Permits - Contract (Police)	246,139	235,000	167,588	(67,412)	-29%	150,000
Police Issued Parking Fines	77,202	50,000	87,651	37,651	75%	50,000
Administrative Citations - Safety	281,074	163,000	230,345	67,345	41%	150,000
Accident Reports	4,105	3,470	7,354	3,884	112%	4,000
Collision Investigation	1,128	1,500	347	(1,153)	-77%	1,500
Witness Fees	2,750	1,638	3,025	1,387	85%	2,000
Tow Release Fees	20,858	16,000	21,751	5,751	36%	14,000
Second Response Fees	1,581	1,500	415	(1,085)	-72%	1,200
DUI Cost Recovery	73,098	60,000	33,198	(26,802)	-45%	30,000
Other Police Revenue	274,650	250,000	264,523	14,523	6%	250,000
Total Revenue	1,022,145	819,293	858,990	39,697	5%	690,200

Overall, police revenue exceeded projections by 5%.

Although some accounts realized less revenue than anticipated, overages in other accounts helped offset this. Administrative Citation revenue was higher than projected by about \$67,000; as shown in the chart below, the quantity of Administrative Citations increased from the previous year by about 9%. However, the projection was too low based on the previous year’s actuals so staff will adjust the projection in future budgets.



Alarm revenue was lower than anticipated due to less alarm permit renewals compared to the previous year. Alarm permit renewals are valid for a 12-month period, and the renewal schedules do not occur at

the same time, so the number of renewals each fiscal year will vary. Additionally, the number of false alarms decreased by about 3.2% compared to FY 2023-24.

DUI Cost Recovery revenue was lower than projected. There was not a significant decrease in the number of billings from the prior year, so the decrease was most likely attributed to payments not being made.

Performance Measures

Objective	Measure	2024-25 Target	2024-25 Actual
Reduce Crime <i>Strategic Goal: Economic Recovery, Department Mission</i>	# of total Part I Crime by year. ¹	2,009	1,568
	Provide safe roadways for pedestrians, vehicles, and bicyclists. <i>Strategic Goal: Patrol Objectives, Department Mission</i>	# of total traffic collisions. ²	Vehicle: 418
Pedestrian: 32			Pedestrian: 29
Bicycle: 30			Bicycle: 47
# of targeted enforcement operations conducted under the Office of Traffic Safety Grant per year		DUI Checkpoints: 2	DUI Checkpoints: 3
		DUI Saturation Patrols: 28	DUI Saturation Patrols: 30
		Traffic Enforcement Operations: 15	Traffic Enforcement Operations:13
		Distracted Driving Enforcement: 5	Distracted Driving Enforcement:3
Bicycle & Pedestrian Enforcement: 9	Bicycle & Pedestrian Enforcement: 7		
Reduce Homeless related Calls for Service through proactive engagement. <i>Strategic Goal: Economic Recovery, Department Mission, Patrol Objective</i>	# calls related to homelessness ³	6,200	8,791
	# of unique individuals contacted by CAT	310	426
	# of Family & Agency Reunification	10	4
	# of Local Permanent Housing Referrals	13	2
	# of Mental Health/Substance	102	201

¹ Part 1 Crimes include: homicide, forcible rape, robbery, aggravated assault, burglary, and motor vehicle theft. Figures shown represent calendar year.

² Traffic Collision data is shown by calendar year.

³ All stats related to homelessness are based on calendar year.

	Abuse Treatment Referrals		
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Performance Measure Variance Explanation:

The Target Number for Traffic Collisions is an estimate typically based on the prior year and actuals will vary depending on events that occur during the year. Unfortunately, actuals were higher than projected for vehicle and bicycle related collisions. Pedestrian collisions were lower than projected.

Total Number of Targeted Enforcement Operations the OTS Grant are only reflective of October 2024 (when the grant started) to June 30, 2025. The grant period continues until September 30, 2025, so more operations are planned but are not reflected in the “actuals” since reporting for the fiscal year ended on June 30th. As of this time, it is anticipated that department staff will meet all grant objectives.

The Number of Family & Agency Reunifications were lower than projected. Other outreach agencies such as Fire’s MCU and CAPSLO have now adopted this type of program, so this service is now shared by other agencies.

Total Number of Local Permanent Housing referrals were lower than projected. The Department’s CAT team acts as a facilitator rather than a direct services provider. Their role is to guide and connect individuals to housing resources, but rely on the availability of those resources, including housing inventory, which has been limited. Factors that influence the complexity of housing referral process include housing availability, eligibility criteria, challenges with engagement, and various other external influences.

Accomplishments & Challenges

Department accomplishments during FY 2024-25 included:

1. Five-year Strategic Plan Progress: Department staff continued to work on the objectives outlined in the plan. In 2024, staff was able to complete 20 actions items. The goals of the plan include:
 - a. Service to the Community
 - b. Community Engagement
 - c. Diversity Equity & Inclusion
 - d. Recruitment & Retention
 - e. Health & Wellness
 - f. Improving Infrastructure, Equipment & Technology
2. Staffing: During FY 2024-25, the department continued to recruit and fill vacancies. Staff developed a more robust recruitment web page, Join SLOPD, that provides more detail about the hiring process and information about the department.
3. 1106 Walnut Facility: Staff continued to work in tandem with Public Works on the tenant improvement project. The contractor started interior construction and the project is progressing.
4. COPS Hiring Grant: The department was awarded the 2024 COPS Hiring Grant in the amount of \$250,000 for a period of three years and Council approved the addition of 2.00 FTE Police Officer positions as a result of grant funding.
5. Community Outreach: The department increased attendance at multiple community events throughout the year. Staff enjoy these opportunities to speak with the public at these events as it increases communication and allows the public to interact with officers on a more personal level.

6. SPIDR Department Ratings: The department uses software (SPIDR) to send automated surveys to individuals that have recently called 911 to collect feedback on their interactions with the department. The goal is to gather information to enhance service, create transparency, and ensure we are providing valuable and positive experiences. 88% of respondents rated their experience with the department as “very satisfied”.
7. Staff promotions: The department promoted four individuals during FY 2024-25 due to retirements. Promotions are a result of hard work and dedication, which leads to personal and professional growth. The department is very supportive of succession planning and as a result, employee development is also included in the five-year strategic plan.

Challenges included:

1. Staffing: During FY 2024-25, nine employees left the department. Three were related to career retirements and some were related to personal life changes. Hiring behind Police Officers and Dispatchers is challenging due to the training process. Two Dispatchers were hired but were unable to pass the training/probationary period which then leads to increased overtime and employee burn out. Special assignments such as Traffic Safety and Downtown Bikes continued to be understaffed due to vacancies in Patrol.
2. Crime: In 2024, there was an increase in Part 1 Crimes by 3.4%. Part 1 Crimes include Violent and Property Crimes, and it is important to note that Violent Crimes decreased by 14% and Property Crimes increased by 6.8% which nets the 3.4% increase.

Fire

Fire

A Year in Review

In FY 2024-25, Fire Department staff made significant progress on work efforts impacting every program within the department budget and finished the year \$165,483, or 1%, under budget.

The apparatus budget was challenged unexpectedly by fuel cost overruns and damage sustained from a vehicle collision with an ambulance which impacted the entire Fire Department's operating expenditure budget.

Staffing continues to be a challenge with staff turnover and long-term injury absences. Overtime to backfill vacancies and upstaffing during unplanned emergencies caused Emergency Response overtime to end \$1,242,193 over budget. Vacant positions created salary savings that offset much of the overtime overage. The department was unable to fill the contract Fire Vehicle Mechanic position, despite two recruitment efforts, providing savings of \$122,804. Overall staffing continues to be a challenge with retirements, resignations and long-term injury absences.

Variance Analysis

Fire	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Staffing	\$ 14,840,169	\$ 17,584,642	\$ 17,542,815	\$ 41,827	0%	\$ 16,858,269
Contract Services	391,409	524,210	377,445	146,765	28%	436,299
Other Operating Expenditures	729,061	841,656	864,765	(23,109)	-3%	813,703
Total	\$ 15,960,639	\$ 18,950,508	\$ 18,785,025	\$ 165,483	1%	\$ 18,108,272

Staffing: The department saw retirement of a Battalion Chief and Fire Captain in the Fall, bringing the total vacancies to four. The department hired four Firefighters in the winter and for a short period was fully staffed. Spring brought the unplanned departure of a Fire Engineer and a Firefighter, increasing the need for backfill overtime.

A continuing budget challenge for the Emergency Response division is overtime. This is driven by the need for backfill for standard leave and position vacancies, which includes multiple employees out on long-term injuries. In FY 2024-25 overtime was overbudget by \$1,200,870. However, it was balanced by salary savings within the Emergency Response division of \$967,3363 and department-wide salary savings for unfilled contract positions of \$68,842 for a total of \$1,036,205.00. The remaining savings balancing the overtime overage comes from reduced retirement contributions of \$84,597 due to vacancies without contributions and also \$77,472 in worker's compensation reimbursement.

Under normal circumstances, overtime fluctuates based on planned and unplanned leave such as illnesses and injuries over the course of the year. For FY 2024-25, the increase from the previous year in overall overtime expenditures stemmed largely from the following three specific factors.

1. From September to June, the department leveraged salary savings from the vacant Mobile Crisis Unit (MCU) Firefighter position to run a pilot program for a two-person Emergency Medical Services (EMS) unit operating out of Station 1. While there was an increase to overtime to operate the pilot program, it was offset by the salary savings from the vacant position. Furthermore, the

Fire

pilot program provided relief for Truck 1 from low-acuity medical responses, such as lift-assists and non-emergent medical responses. The reduction in responses for Truck 1 reduced overall fuel consumption, accumulation of hours, and wear and tear on Truck 1 prior to the drivetrain replacement. This reduction in call volume came at a critical time, as Truck 1 has exceeded its recommended life expectancy of 10,000 miles and underwent a drivetrain refurbishment, completed entirely inhouse by the Supervising Fire Vehicle Mechanic.

2. The Fire Department upstaffed for several events throughout the year, including Cal Poly graduation and St. Fratty's Day. Upstaffing of apparatus involves bringing in additional Firefighters on overtime to increase daily staffing.
3. A new-hire Academy held over 10 weeks from January to April increased the overall overtime expenditures for backfill and instructor time. An academy was not held in the previous year contributing to the decrease in overall overtime hours in FY 2023-24.

Overtime Hours and Expenditures			
	2023	2024	2025
Overtime Budget	\$1,013,136	\$1,137,513	\$1,192,293
Total Hours Worked	34,940	25,299	34,209
Total OT Paid	\$2,128,370	\$1,648,463	\$2,393,163

Contract Services: The 28% savings in Contract Services came primarily from the Mobile Crisis Unit (MCU). The budget was created when there was a contract with Transitions Mental Health Alliance (TMHA) for a case worker to staff the MCU. The MCU position then transitioned to a City position for increased efficiency, but the budget was not moved to the Staffing category. Other savings came from equipment maintenance specifically on the Plymovent system that historically needed extensive repairs that was not needed this year. Additional savings came from the academy not purchasing as much equipment as anticipated due to equipment being reused. This trend will not continue as equipment will be aged and purchasing new will be required.

Other Operating: Other Operating Expenditures finished the year over budget by \$23,109, primarily due to apparatus services. Engine 3 was involved in a collision caused by a private ambulance, resulting in body damage that required repairs at a specialized facility in Northern California. The department paid for the repairs and is waiting for the \$60,000 reimbursement from the at fault party's insurance company and anticipate reimbursement soon. The Fuel account closed the year \$30,000 over budget as a result of escalating fuel costs and increased call numbers. Both factors remain out of the control of the department and the budget has been adjusted for this in FY 2025-26.

Public Safety Supplies exceeded budget by \$18,004. These supplies are primarily medical supplies placed on apparatus and used when responding to medical calls. While the budget was increased for FY2024-25, inflation outpaced expectations for the supplies. Secondly, an increase in the number of medical calls utilized more supplies than anticipated, driving expenditures above the budget. The department receives \$218,452 from San Luis Ambulance in First Responder Fees. The First Responder Fees increase annually by CPI which does not adjust for call volume or changes in protocols that inflate costs of response to medical emergencies.

Fire

Fire Revenue

Fire	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Mutual Aid Reimbursements	535,700	1,157,658	1,444,510	286,853	25%	-
Medical ER Recovery	220,342	218,452	222,391	3,939	2%	229,513
Cal Poly Fire Services	466,187	361,684	432,337	70,653	20%	463,370
Fire Department Permits	99,606	108,000	102,259	(5,741)	-5%	108,000
Fire Alarm Permits	1,853	10,010	23,597	13,587	136%	11,000
Fire Plan Check & Inspection	319,802	350,000	273,969	(76,031)	-22%	320,000
Fire Inspection Fees	-	-	10,615	10,615	0%	-
R1 Inspection Fees	380,309	351,000	383,231	32,231	9%	380,300
CUPA Inspection Fees	234,027	172,800	214,288	41,488	24%	241,000
Other Fire Department Revenue	9,410	152,861	224,801	71,940	47%	6,000
Total Revenue	2,267,237	2,882,464	3,331,998	449,534	16%	1,759,183

Fire Department Revenue outperformed expectations by 16%.

Mutual Aid- FY 2024-25 was a very active year for California fires, and the department sent many resources to incidents around the state. These assignments bring in revenue in the form of direct salary reimbursements for staff assigned, payment for apparatus used, as well as an administrative fee that is paid as a percentage. These fees are based on actual costs incurred by the City ensuring full cost recovery for time committed. Fire season is unpredictable and therefore revenue is historically excluded from initial budgets. For FY 2024-25, staff processed several administrative budget amendments to utilize this revenue to offset unbudgeted costs, totaling \$1.2 million for overtime and materials costs incurred on mutual aid assignments.

Cal Poly Fire Services: Cal Poly's contract was renewed after the budget was established, which accounts for the variance. The new contract includes CPI inflators plus contributions to apparatus that are necessary to serve the new buildings on the campus.

Fire Alarm Permits- Improved internal processes led to accurate tracking of permit revenue showing that revenue is higher than budgeted due to previous incorrect revenue distribution. Staff anticipate this trend to continue.

Plan Check and Inspection- Revenue in this category came in 22% under budget due to the cyclical nature of the construction industry. Previous years saw annual increases in this revenue stream and in FY 2024-25, the volume of submitted plans decreased. Staff turnover and several vacancies also reduced staff capacity to complete plan review, forcing the department to send plans to a contracted vendor for review.

R1 Inspection Fees – The completion of several new hotels and apartment complexes have increased the number of inspections that Fire completes, resulting in a revenue increase of 9% for these inspections. Anticipating increases is challenging due to unknown projects and completion dates.

CUPA Inspection Fees- CUPA fee revenue came in 24% over budget due to unanticipated activities that generated additional fees.. The largest of these fees are the underground tank repairs, which required extra inspections and permit reissuance fees. Future revenues may fluctuate unpredictably depending on the number of unanticipated projects requiring additional inspections or permits.

Fire

Other Fire Revenue- The Fire Department has been awarded several grants to offset costs of training and equipment. When the reimbursements are issued, they are accounted for in this category.

Performance Measures

Objective	Metric	2024-25 Target	2024-25 Actual
Deliver Timely Effective Response to ensure rapid care and hazard mitigation <i>Strategic Goal: Other Department Objectives</i>	Meet the Total Response Time (TRT) goal of 7 minutes or less to 90% of all lights-and-siren emergencies in the City as defined by the Department’s Master Plan. TRT Includes Call Processing Time, Turnout Time, and Travel Time.	7:00	8:35
	Meet the Call Processing Time goal of 1 minute or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	1:00	1:31
	Meet the Turnout Time goal of 2 minutes or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	2:00	1:59
	Meet the Travel Time goal of 4 minutes or less to 90% of all lights-and-siren emergencies in the City as part of TRT.	4:00	5:51
Provide timely service to the development community. <i>Strategic Goal: Housing</i>	% of Fire Department Development Review activities completed within published cycle times.	80%	68%

While the Fire Department did not meet the response time performance targets in FY 2024-25, the target remains unchanged in FY 2025-26 due to National Fire Protection Association recommended standards. The Fire Department successfully worked to implement process improvements based on data analysis and turnout times consistently met the target. Turnout time is the one metric for which the Fire Department has complete control. FY 2024-25 was the first year since the metric was developed where staff met the stated goal. A combination of staff awareness and process improvement on dispatching contributed to meeting the objective.

Travel time is the most difficult time to improve in the short term as responding units are impacted by road construction, traffic, roadway design changes and expanded response zones due to annexations in

Fire

the southern end of the City. Some locations outside of the 4-minute response zones which generate a large proportion of calls further increase travel time stats. The Homeless Services Center at 40 Prado Lane is outside the four-minute response zone but is the location of nearly 400 calls the department responds to annually. This location and others like it increase overall travel time outside of performance measure targets. The planned opening of Interim Station 5 with Engine 5 in the fourth quarter of FY 2027-28 will positively impact the travel times as large portions of the southern portion of the City will fall under the 4-minute response coverage area.

Fire Prevention staff encountered challenges largely resulting from the departure of the Fire Marshal in November 2024 that reduced staff capacity. A new Fire Marshal joined the City in January. The Fire Marshal is quickly coming up to speed and implementing process improvements to Plan Review turnaround time and it is anticipated that times will continue to improve..

Accomplishments & Challenges

In Administration, staff continued to provide planning, directing, and evaluation of all program activities through department leadership, public information, personnel management, fiscal and contract management, strategic coordination, and grant efforts.

The Emergency Response division had a busy year serving the City of San Luis Obispo, responding to structure fires, car fires and vehicle accidents. In August 2024 the Bishop Fire burned adjacent to and threatened the City. Crews successfully stopped the fire's progress, and no structures were lost. The Fire Department sent staff to many of the fires around the state including the fires in southern California in January 2025.

Staff applied for and were awarded a grant from the California Office of Traffic Safety to purchase updated extrication tools. The new electric tools replace the previous diesel-powered tools in alignment with a Major City Goal. These new tools are also smaller and more powerful for quicker rescue of crash victims resulting in better patient outcomes.

CalFire released updated Fire Hazard Severity Zone maps in March and the number of homes in Fire Hazard Severity Zones increased from 35 parcels to well over 9,000 parcels. The Fire Marshal has worked in conjunction with other City departments to have the updated maps adopted and continues to work on updating City codes in alliance with the maps.

The department completed 19,620 hours of training in FY 2024-25. Four Firefighters completed grant funded paramedic school and are now working as licensed paramedics at no cost to the City.

The Mobile Crisis Unit (MCU) continued outreach to the unhoused community and was able to complete nearly 100 reunifications. The Community Resources Services Specialist position began the year vacant but was filled in early fall. Shortly after, an agreement with the County was finalized and a Licensed Psychiatric Tech (LPT) joined the MCU team. The LPT position has fundamentally changed the posture of the MCU in a positive manner. With the LPT onboard, the relationship with County Behavioral Health has become far more effective, improving overall efficiency and integration with behavioral health resources. Together with a temporary intern, they continue to make contact with unhoused and other at-risk community members needing services.

Fire

The Emergency Manager position was filled in February 2025 after a yearlong vacancy, and has strengthened coordination with the Fire Marshal on public outreach for vegetation management, defensible space, home hardening, the FireWise Neighborhood program, and AlertSLO public notifications. Additionally, the Emergency Manager has collaborated with a multiple departments on a variety of projects including the Office of Sustainability to apply for grant funding to protect critical water and IT infrastructure; with the Community Development Department to adopt the Local Hazard Mitigation Plan, with the Firesafe Council to advance citywide evacuation modeling.

Special Revenue & Other Funds

These funds include Community Facilities Districts, Business Improvement Districts, and Conservation Funds established to segregate special purpose money to ensure that it is spent for its intended purpose. Year-end results for each fund are presented below.

Avila Ranch CFD No. 2017-1

Operating Expenditures

Avila Ranch	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Funds Available	%	Budget
Contract Services	\$ 39,632	\$ 90,884	\$ 46,862	\$ 44,021	48%	\$ 74,511
Other Operating Expenditures	2,041	154,000	3,573	150,427	98%	24,500
Transfers Out	17,085	\$ 110,814	\$ 386,517	(275,703)	-249%	234,122
Total	\$ 58,758	\$ 355,698	\$ 436,952	\$ (81,255)	-23%	\$ 333,133

This fund budgets for authorized services which include maintenance within Avila Ranch CFD Boundaries and transfers out to the General Fund relating to Police Services, Fire Services and CFD Administration costs. Authorized Services have finished well below projections. This is due to the ongoing buildout of the Avila Ranch project with many of the authorized services not needed currently. Any budgeted amount not used will carry over with fund balance to next fiscal year and will be used for subsequent years' expenses. Transfers Out exceeded the budget due to the inclusion amounts that were budgeted in FY 2023-2024 but were not transferred until FY 2024-2025. There is no expected ongoing impact as the transfers will be made quarterly within budgeted amounts going forward now that a process is in place to accommodate those transfers. Overall, total expenditures finished 23% below estimates, exceeding budget only due to the one-time catchup transfers.

Revenue

Avila Ranch CFD	FY 2023-24	FY 2024-25				FY 2025-26
	Actual	Budget	Actual	Variance	%	Budget
Tax Revenue	258,289	523,648	539,453	15,805	3%	792,617
Investment Income	10,695	-	21,063	21,063	0%	-
Total Revenue	268,984	523,648	560,516	36,868	7%	792,617

The fund collects property tax from residents under the Teeter Plan with the County and finished the year exceeding budget estimates by 3%. The reason for exceeding budget revenue is due to the budgeted amount being based on an estimated number of permits issued as of June 30th, whereas the tax levy submitted to and collected by the County was based on the actual number of permits issued as of June 30th, which exceeded the budget projections. In addition, Interest on Investment is not budgeted for but was earned based on the fund balance during FY 2024-2025. The investment income is not budgeted for due to the variable nature of revenue which cannot be relied upon for annual CFD expenditure as a stable source of revenue.

San Luis Ranch CFD no. 2019-1

Operating Expenditures

	FY 2023-24	FY 2024-25				FY 2025-26
San Luis Ranch	Actual	Budget	Actual	Funds Available	%	Budget
Contract Services	\$ 9,145	\$ 187,205	\$ 181,313	\$ 5,892	3%	\$ 197,644
Other Operating Expenditures	-	-	-	-	0%	141,773
Debt Service	911,650	949,450	927,450	22,000	2%	946,700
Transfers Out	-	\$ 26,530	\$ 245,664	(219,134)	-826%	207,243
Total	\$ 920,795	\$ 1,163,185	\$ 1,354,427	\$ (191,242)	-16%	\$ 1,493,360

The fund budgets for authorized expenditures, which include CFD administration costs, trustee services, and arbitrage compliance. In addition, the fund budgets for transfers out to General Fund for City Staff costs and for PAYGO amounts identified by the administrator, and debt service for bonds issued by the San Luis Ranch CFD Contract Services and Debt Service expenditures have finished just below projections; however, Transfers Out exceeded the budget due to the inclusion of prior year amounts that were budgeted in FY 2023-2024 but were not transferred until FY 2024-2025. The prior year's transfer was made using fund balance held from prior year. There is no expected ongoing impact as the transfers will be made quarterly within budgeted amounts going forward now that a process is in place to accommodate those transfers. Overall, total expenditures finished 16% below estimates, exceeding budget only due to FY 2023-2024 transfers occurring in FY 2024-2025.

Revenue

	FY 2023-24	FY 2024-25				FY 2025-26
San Luis Ranch CFD	Actual	Budget	Actual	Variance	%	Budget
Tax Revenue	1,274,999	1,000,250	1,345,180	344,930	34%	1,360,981
Investment Income	592,271	-	566,745	566,745	0%	-
Total Revenue	1,867,271	1,000,250	1,911,925	911,675	91%	1,360,981

The fund collects property tax from residents under the Teeter Plan with the County and finished the year exceeding budget estimates. The reason for exceeding budget revenue is due to the budgeted amount being based on an estimated number of permits issued as of May 1st, whereas the tax levy submitted to and collected by the County was based on the actual number of permits issued as of May 1st, which exceeded the budget projections by 34%. In addition, Interest on Investment is not budgeted for and the fund receives substantial amount of interest each year due to the bond proceeds which have not yet been expended. Interest on Investment is subject to arbitrage payments to IRS and is highly dependent upon the bond proceeds still on deposit and therefore is not a stable source of revenue to rely upon for CFD annual expenditures.

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 the 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. Required monitoring activities are funded through investment income earned from this endowment.

Operating Expenditures

	FY 2023-24	FY 2024-25				FY 2025-26
Boysen Ranch	Actual	Budget	Actual	Funds Available	%	Budget
Contract Services	\$ 9,135	\$ 5,101	\$ 5,023	\$ 78	2%	\$ 12,535
Total	\$ 9,135	\$ 5,101	\$ 5,023	\$ 78	2%	\$ 12,535

Monitoring activities costs were largely in line with budget. The FY 2025-26 budget includes a carryover of unspent prior year funds which will be used as called for in the endowment agreement.

Revenue

	FY 2023-24	FY 2024-25				FY 2025-26
Boysen Ranch	Actual	Budget	Actual	Variance	%	Budget
Investment Income	18,353	7,500	20,157	12,657	169%	7,500
Total Revenue	18,353	7,500	20,157	12,657	169%	7,500

As an endowment fund, the Boysen Ranch fund depends on investment income to fund its operations and has benefited greatly from market conditions in recent years. Investment Income not spent in the current year will be reinvested and made available to offset any shortfalls in future years should they occur.

Downtown Business Improvement District

The City is the administrator for the Downtown Business Improvement District and collects the downtown assessment annually with the Business Tax renewals from businesses located within the geographical boundaries of the Downtown District. Business Tax certificates are renewed at the beginning of each fiscal year. The revenue is then remitted to Downtown SLO via the fund's Contract Services budget.

Operating Expenditures

	FY 2023-24	FY 2024-25				FY 2025-26
Downtown	Actual	Budget	Actual	Funds Available	%	Budget
Contract Services	\$ 396,392	\$ 258,462	\$ 185,341	\$ 73,121	28%	\$ 246,713
Total	\$ 396,392	\$ 258,462	\$ 185,341	\$ 73,121	28%	\$ 246,713

The fund remits all collections to Downtown SLO and any variances from revenue or budget are due to timing and amount of collections. Variances to budget here are expected due to this timing difference, however, total expenditures will always equal total revenue in the long run.

Revenue

	FY 2023-24	FY 2024-25				FY 2025-26
Downtown	Actual	Budget	Actual	Variance	%	Budget
Assessments	\$ 265,255	\$ 258,462	\$ 319,277	\$ 60,815	24%	\$ 246,713
Total Revenue	\$ 265,255	\$ 258,462	\$ 319,277	\$ 60,815	24%	\$ 246,713

Assessment revenues exceeded budget primarily due to an accounting adjustment for prior year assessments transferred to Downtown SLO in FY 2024-25. Based on year-to-date collections, it is expected that assessment revenue will modestly exceed budget in FY 2025-26 and further accounting adjustments will not be necessary.

Capital Improvement Plan Update

A Year in Review

This year, the City's Capital Improvement Program advanced several major projects that improved infrastructure, safety, and community spaces. Construction progressed on Mission Plaza improvements, including a new restroom and kiosk to enhance public use, and on the Mid-Higuera Bypass, which realigns the creek to reduce flood risk and improve regional resilience. Work continues on the Cultural Arts District Parking Structure, which is taking shape, while maintenance at the Palm Street garages and upgrades to parking systems improved reliability and user experience. This year, the City also completed the Laguna Lake Dog Park and North Broad Park, expanding access to recreation throughout the community. In addition, nearly \$13 million in street paving and sealing work was completed citywide, including the 2023 Arterials Project and the 2024 Sealing Project, improving roadway conditions, extending pavement life, and adding quick-build complete street improvements to increase safety on the roadway. Key water projects were completed, including the Johnson Avenue Waterline Replacement and California Boulevard Waterline Replacement, improved system reliability. Progress also continued on transit charging infrastructure in support of the City's carbon neutrality goals. Together, these efforts reflect the City's commitment to delivering sustainable, reliable, and community-focused infrastructure that meets both current and future needs.

Project Tables

The following tables detail the projects that were completed or ongoing during the fiscal year as well as the major and legacy projects in the design phase:

Completed & Ongoing Construction Capital Projects (July 2024 -June 2025)

Project Number	Project	Total Budget	Estimated Construction Completion Date	Additional Comments
2000049	842 & 919 Palm Parking Structure Repairs	\$ 2,538,989	Completed	
2000126	Water Treatment Plant Generator Improvement Project at Facility 98	\$ 3,527,523	Completed	
2000188	Mitchell Park Revitalization	\$ 471,253	Completed	
2000525A	Parking Equipment at Gate Entry (842 Palm)	\$ 312,000	Completed	
2000578	Johnson Waterline	\$ 5,204,444	Completed	
2000615	2024 Sealing Project	\$ 3,000,000	Completed	
2001050	Tank Farm Lift Station Discharge Pipe Replacement Phase 2	\$ 223,678	Completed	
2001065	2023 Arterials	\$ 9,823,766	Completed	
2001069	Righetti Hillside Emergency Repair	\$ 1,540,000	Completed	
2091368	Reservoir 2 Cover Replacement	\$ 2,617,247	Completed	
2091683	North Broad Park	\$ 1,533,939	Completed	
2000031-08.01	Damon Garcia Sports Field Complex Parking Lot Maintenance	\$ 130,000	Completed	
2000031-08.05	Johnson Park Parking Lot Maintenance	\$ 50,000	Completed	
2000032-04	Railroad Safety Trail from Cal Poly to Taft Street	\$ 130,775	Completed	
2000036-04	North Chorro Greenway Underbelly Lighting	\$ 50,000	Completed	
2090742-08	Trash Capture Phase I	\$ 23,575	Completed	
2090742-13	Chorro CMP Replacement	\$ 37,819	Completed	
2000036-05	North Chorro Greenway Underbelly Painting	\$ 60,000	Completed	
2000075-06	Fire Station 4 Exterior Painting	\$ 55,000	Completed	
2000075-07	Parking HVAC Replacement	\$ 260,000	Completed	
2000075-9.01	Corporation Yard Fuel Island and Wash Station Rehabilitation	\$ 827,556	Completed	
2001001-14	Higuera St Crack Sealing	\$ 109,072	Completed	
2001010-01	Cheng Park Revitalization	\$ 807,786	Completed	
2090742-10	Smith Augusta CMP Emergency Repair	\$ 850,000	Completed	
2001001-15	Santa Fe Bridge Railing Repair	\$ 127,000	Completed	
2001068	Laguna Lake Dog Park	\$ 1,600,000	Completed	
2000034-03	Wash Water Tank #1	\$ 753,807	Completed	
2001001-02	Palm Street Sidewalk Replacement	\$ 176,205	Completed	
2001066B	1166 Higuera Parking Lot	\$ 428,183	Completed	
2000545	California Waterline Replacement	\$ 1,550,505	Completed	
2000535	Transit EV Charging Infrastructure	\$ 2,300,000	Completed	
2000561	Morro and Mill Sewer Replacement	\$ 2,800,000	Q1 FY 25-26	Construction Ongoing
2091219	Wastewater Resource Recovery Facility Upgrade	\$ 143,376,754	Q1 FY 25-26	Construction Ongoing
2000075-13.01	Jack House Roof and Windows	\$ 499,554	Q1 FY 25-26	Construction Ongoing
2000539-02	Sierra Way Waterline Replacement	\$ 2,766,449	Q1 FY 25-26	Construction Ongoing
2000096	Sewer-main Replacement: Foothill and Santa Rosa CalTrans	\$ 598,591	Q2 FY 25-26	Construction Ongoing
2090649	Mid-Higuera Bypass	\$ 11,550,000	Q2 FY 25-26	Construction Ongoing
2091439	Mission Plaza Enhancements	\$ 3,729,574	Q2 FY 25-26	Construction Ongoing
2000114-02	City Hall's Finance/IT Remodel	\$ 1,337,705	Q2 FY 25-26	Construction Ongoing

2000574-01	Downtown Multi-Space Pay Station Installation	\$ 1,400,000	Q2 FY 25-26	Construction Starting in Q2 FY25-26
2000577-04	1106 Walnut TI	\$ 2,000,000	Q2 FY 25-26	Construction Ongoing
2000615-01	Grand Ave Sealing Project	\$ 429,000	Q2 FY 25-26	Construction Starting in Q2 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	Q3 FY 25-26	Construction Ongoing
2000054-01	Righetti Community Park	\$ 13,668,912	Q2 FY 26-27	Construction Starting in Q2 FY25-26

Status of Major and Legacy Projects in Design

Project Number	Project	TOTAL ESTIMATED PROJECT COST (Construction Phase)	Estimated Construction Start Date	Additional Comments
2091503	California and Taft Roundabout	\$ 4,000,000	Q1 FY 26-27	Right of way acquisition in progress and finalizing design documents.
2091252	Prado Road Bridge and Road Widening	\$ 28,210,000	Q2 FY 27-28	Working on regulatory permits and 90% construction documents.
2091613	Prado Road Interchange	\$ 124,000,000	Q2 FY 29-30	Value Analysis phase underway