



Council Agenda Correspondence

DATE: November 10, 2022

TO: Mayor and Council

FROM: Brigitte Elke, Finance Director

VIA: Derek Johnson, City Manager

SUBJECT: Item 6a – 2023-25 Financial Plan – Setting the Stage and the Strategic Scan

The Council Agenda Report for Item 6a, scheduled on November 15, 2022, mentioned that, due to its length and wealth of information, the staff presentation would be distributed ahead of the City Council meeting. The early distribution should allow the public and the City Council the opportunity to review the information before the meeting.

The presentation (Attachment A) includes the “Strategic Scan” material that was first introduced as part of the financial planning process in FY 2018-19. The scan contains important statistical information pertaining to social, economic, and environmental factors. It addresses issues pertinent to the delivery of City services and provides important context for decision making through the budget process. The scan is not exhaustive of all data relevant to the City and its program and service delivery but is intended to illustrate indicators that should be considered when establishing the new two-year budget.

Attachment:

A – Setting the Stage and Strategic Scan PowerPoint



Setting the Stage for the 2023-25 Financial Plan

November 15, 2022



CITY OF SAN LUIS OBISPO

Recommendations

1. Receive and discuss the following framework in preparation for the 2023-25 goal-setting and Financial Plan process:
 - a. FY 2022-23 1st quarter results
 - b. 2021-23 Adopted Major City Goals
 - c. General Plan and Climate Action Plan Update
 - d. Setting the stage framework including **core services** and a **scan of strategic indicators** for all major funds.
 - e. Introduce a recommended approach to the budgeting and management of the Capital Improvement Plan (CIP) and receive Council feedback (Attachment D)
2. Adopt a resolution entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving an amendment to the 2022-23 Budget Allocation” to appropriate \$40,000 of the City’s General Fund Unassigned Fund Balance into operating budget to contribute to the Housing Trust Fund and correction to the 2022-23 Appropriations Limit.



Goal Setting & the Budget Process

2023-25 Financial Plan



Community Priorities Survey



About Open City Hall

Join the discussion. City officials will consider all input in their decision process.

[READ MORE](#)

- www.slocity.org/OpenCityHall
- November 14th- December 15th
- Community's opportunity to help shape the City's Major City Goals



CITY OF SAN LUIS OBISPO



COMMUNITY FORUM



- Ludwick Community Center
- January 26, 2023, 6PM
- Community's opportunity to help mold how the City will implement the potential Major City Goals



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Purpose of Setting the Stage and the Strategic Scan

- ☐ Take a look at the financial standing after Q1 of the current fiscal year
- ☐ Provide updates on the **current Major City Goals and other strategic goals**
- ☐ Review the **City's core services**
- ☐ Provide context on how new goals and initiatives fit in with the City's responsibility to deliver core services
- ☐ Help Council determine strategic priorities for the 2023-25 Financial Plan
- ☐ Provide a **Strategic Scan** of important statistical information that provides important context for decision making through the budget process



Where are we
now

2022-23 1st Quarter Financial Review



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
Updates

Setting the
Stage
Framework

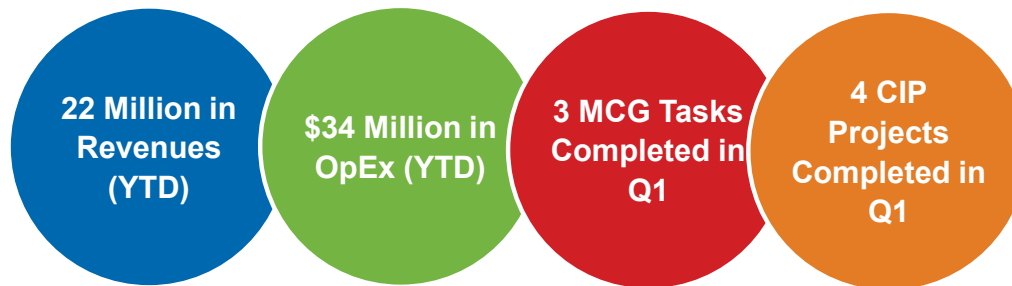
Strategic Scan

Other/
Conclusion

2022-23 1st Quarter Financial Review

- Revenues and expenditures for all funds are track as anticipated
- Current salary savings due to vacancies and expired SLOCEA agreement

General Fund Q1 Status



What does the current picture mean for financial planning?



The upside

Strong Q1 sales and transaction tax remittals
Record high TOT continues into Q1



The downside

Consumer confidence is declining, and many signs point to a slowdown in tourism activity and consumer spending
Cannabis tax and fee budget will need to be adjusted at mid-year



General Plan & Other Strategic Plan Updates



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
Updates

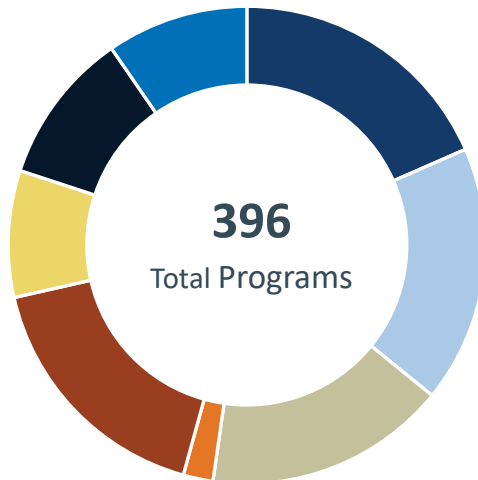
Setting the
Stage
Framework

Strategic Scan

Other/
Conclusion

General Plan Programs Summary

- The City's General Plan is composed of a "building block" hierarchy of goals, objectives, policies, and programs.
- Monitoring the City's progress in implementing General Plan programs assists with decision making in ongoing pursuit of the adopted plan and implementation of the City's vision.

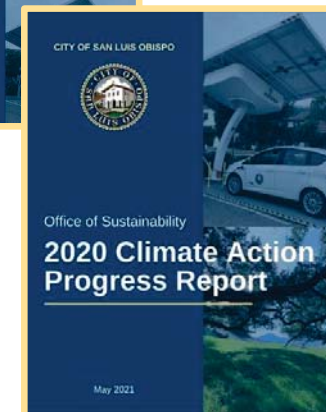
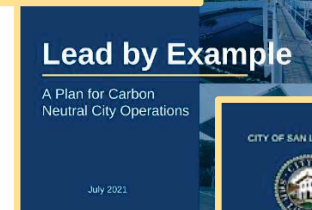


	Total	% complete	% ongoing
LAND USE ELEMENT	73	26%	74%
CIRCULATION ELEMENT	69	10%	87%
HOUSING ELEMENT	65	15%	85%
NOISE ELEMENT	8	25%	75%
CONSERVATION AND OPENS SPACE ELEMENT	68	15%	85%
SAFETY ELEMENT	34	21%	79%
PARKS AND RECREATION ELEMENT	41	12%	85%
WATER AND WASTEWATER ELEMENT	38	8%	89%



Climate Action Plan

- Nearly every foundational action in the 2020 Climate Action Plan is implemented or is in progress
- Work to date has reaffirmed the 2020 Climate Action Plans goals and actions and historic federal and state funding will enable rapid implementation of the next implementation phase
- 2023-27 Work Program, which includes the 2022 Climate Action Progress Report will be presented to Council on December 13, 2022 and is available for public review on the City website.



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
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Setting the
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Other/
Conclusion

Other Major Strategic Efforts Underway



DEI Strategic Plan

Currently being scoped
In Progress



Economic Development Strategic Plan

Released for RFP
Tentative **May 2023**



Homelessness Strategic Plan

Actively drafting
Present to Council **February 2023**



Parking and Access Plan

Spring of 2023



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2021-23 Major City Goals



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Economic Recovery, Resiliency and Fiscal Sustainability

- Many new initiatives that came out of the pandemic
- A “pulse” survey executed to gather data to help develop the Economic Development related DEI initiatives
- Added a 3rd fulltime Ambassador downtown (1.2a-6)
- TBID Mid-week promotion which resulted in 421 qualified stays
- Most Major City Goal efforts were funded on a one-time basis in 2021-23

\$119,000

in grants to non-profit and arts organizations
(1.2)

\$45,000

to help facilitate talent relocation and retention

\$54,000

in funding to incentivize additional childcare start-ups
(1.2a-8)



CITY OF SAN LUIS OBISPO

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Climate Action, Open Space, and Sustainable Transportation



Adopted policy requiring **all-electric new buildings** starting in 2023



Conducted **17 stakeholder and community meetings** and hosted the SLO Climate Party



Purchased first **all-electric fleet vehicles**



Completed key **Active Transportation Plan projects** including the Orcutt Road Roundabout and Railroad Safety Trail.



Opened the new trail at Miossi Open Space that **advances conservation easement projects** throughout the Greenbelt



CITY OF SAN LUIS OBISPO

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Other/Conclusion

Diversity, Equity, and Inclusion

- Launched Community Diversity Speaker Series
- Expanded staffing of DEI office to include a DEI Management Fellow
- Expanded inclusive language in hiring and recruitment documents and embedded DEI component to employee self-evaluations
- DEI embedded into Legislative Platform
- Expanded internal DEI committee workplan and objectives



\$300,000

in grants to non-profit organizations

MOU

executed between Cal Poly & the City to advance DEI

HRC

embedded DEI into purpose and goals for 2023-25



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Other/ Conclusion



Housing and Homelessness

Housing

- Develop Objective Design Standards & Update Development Review Process (3.1c)
- Support a 25% expansion of the number of beds at the 40 Prado Homeless Services Center (3.11b)
- Zoning Regulations Update - Housing (3.1d)

Homelessness

- Pair a crisis worker with an Emergency Medical Technician (EMT) to provide non-emergency response and care to unhoused community members (MCU). (3.10a)
- Created an *ongoing* Homelessness Response Manager position
- \$1.7 million from the State and Local Fiscal Recovery Fund allocation for the Anderson hotel
- \$300,000 to support Transition Mental Health Association to provide eight homes for homeless individuals



Setting the Stage Framework



CITY OF SAN LUIS OBISPO

Q1 Review

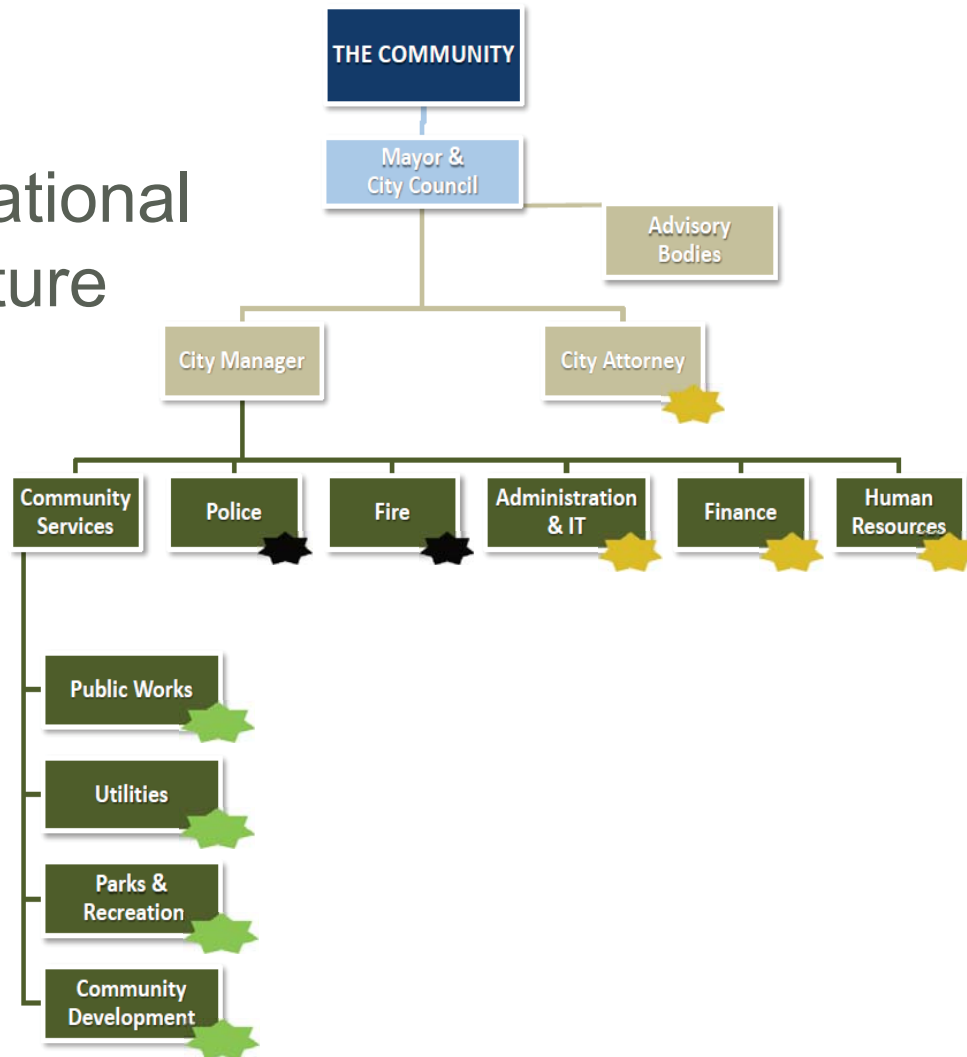
Strategic Plan
Updates

Setting the
Stage
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Strategic Scan

Other/
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Organizational Structure



	FTE Count*
Public Safety	150.5
Community Services	238.5
Internal Services	70.25

**Permanent, ongoing employees only. Does not include contract or temporary staff.*



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Q1 Review

Strategic Plan
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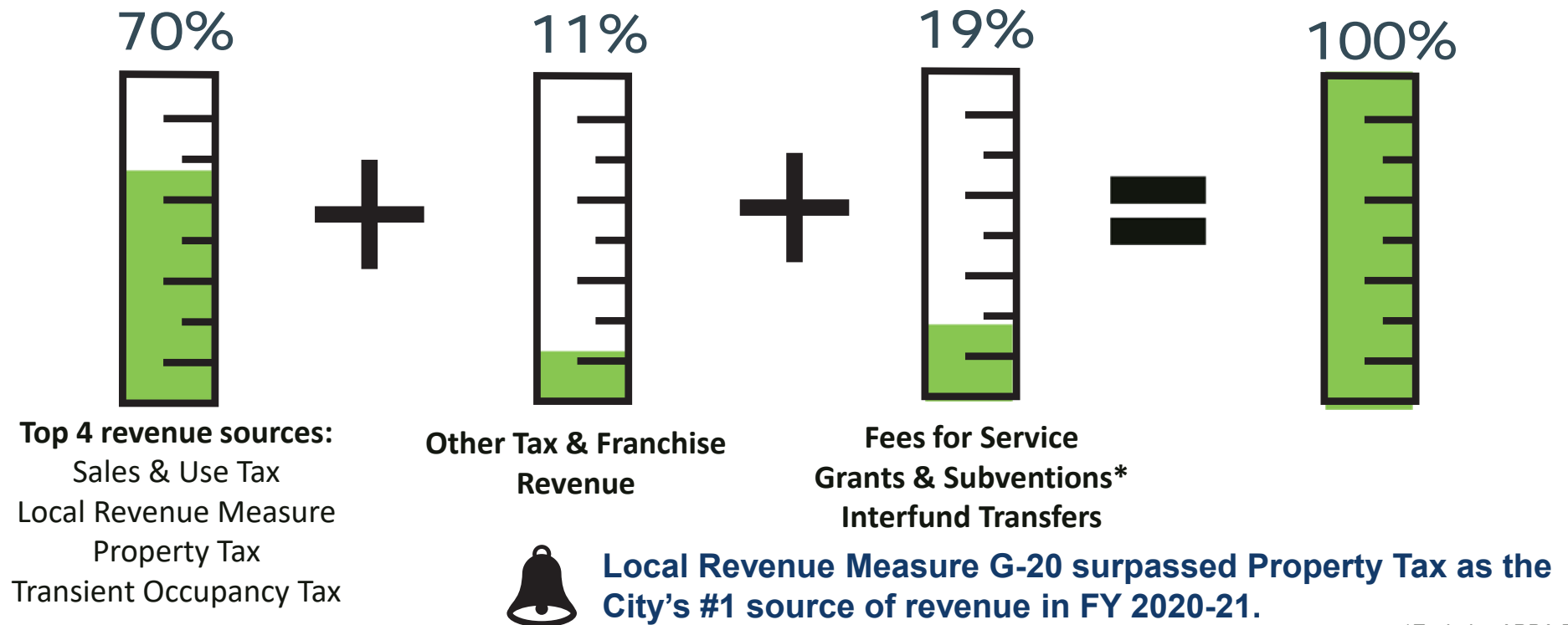
Setting the
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Strategic Scan

Other/
Conclusion

How does the City fund its services? (General Fund) ²¹

Based on 2022-23 Budget



**Excludes ARPA Funding*



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Q1 Review

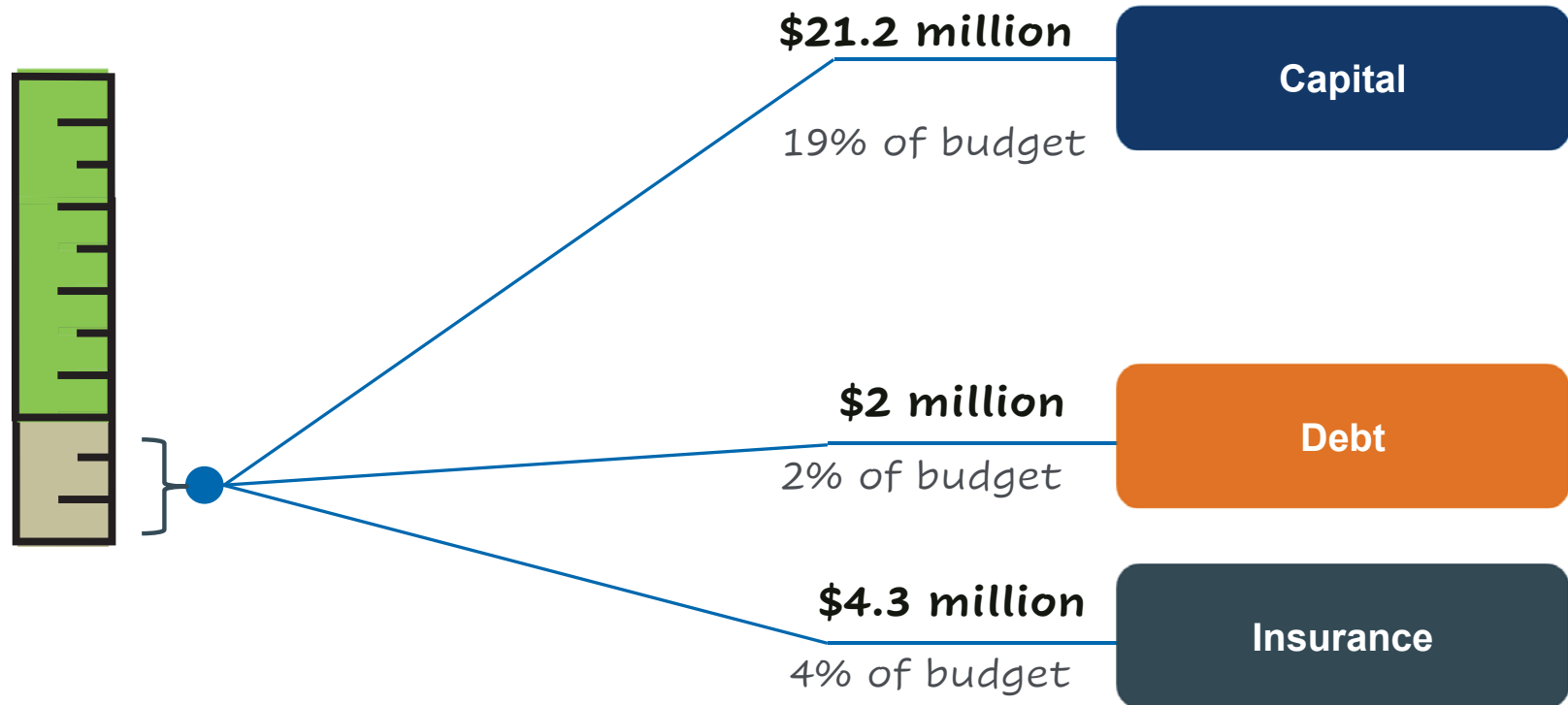
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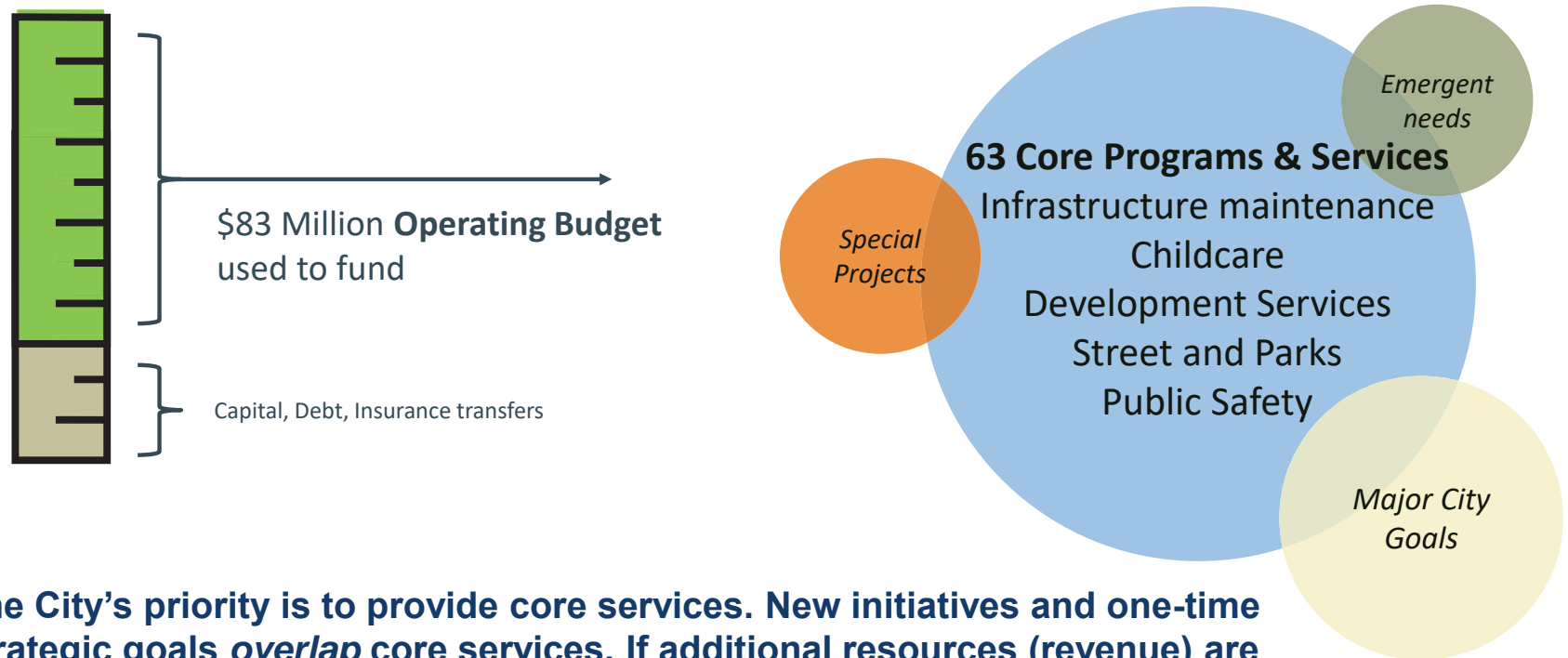
Strategic Scan

Other/
Conclusion

Capital, Debt, Insurance



How does the City fund its services? (General Fund)



The City's priority is to provide core services. New initiatives and one-time strategic goals *overlap* core services. If additional resources (revenue) are not available, tradeoffs are necessary.



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Q1 Review

Strategic Plan
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Setting the
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Strategic Scan

Other/
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Department Budgets, Core Programs and Program Structures



CITY OF SAN LUIS OBISPO

Q1 Review

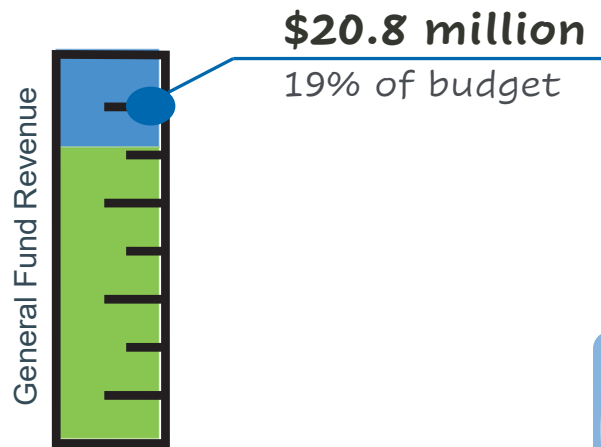
Strategic Plan
Updates

Setting the
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Strategic Scan

Other/
Conclusion

Police Services



Fire Services



\$14.5 million
13% of budget

**4 Stations /
45
Firefighters.
59.5 total staff**

=

**Responded to
over 6,000 calls
for service YTD
in 2022. On
schedule for
a 15% increase
from 2021.**



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Other/
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Administration and Information Technology



\$10.4 million
9% of budget

\$300,000
Allocated to
Non-profits
to Advance
DEI in the
Community

=

42 Eligible
Applications
and \$1.5M
in Requests

=

Direct
Support to
21
Organizations

38.75 FTE Staff



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
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Strategic Scan

Other/
Conclusion

City Attorney

28

Internal
Services

6 Full-time
Regular Staff
2 Contract/
Temp Staff

=

All City Legal
Advice,
Answers, and
Review



\$1.3 million
1% of budget



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Q1 Review

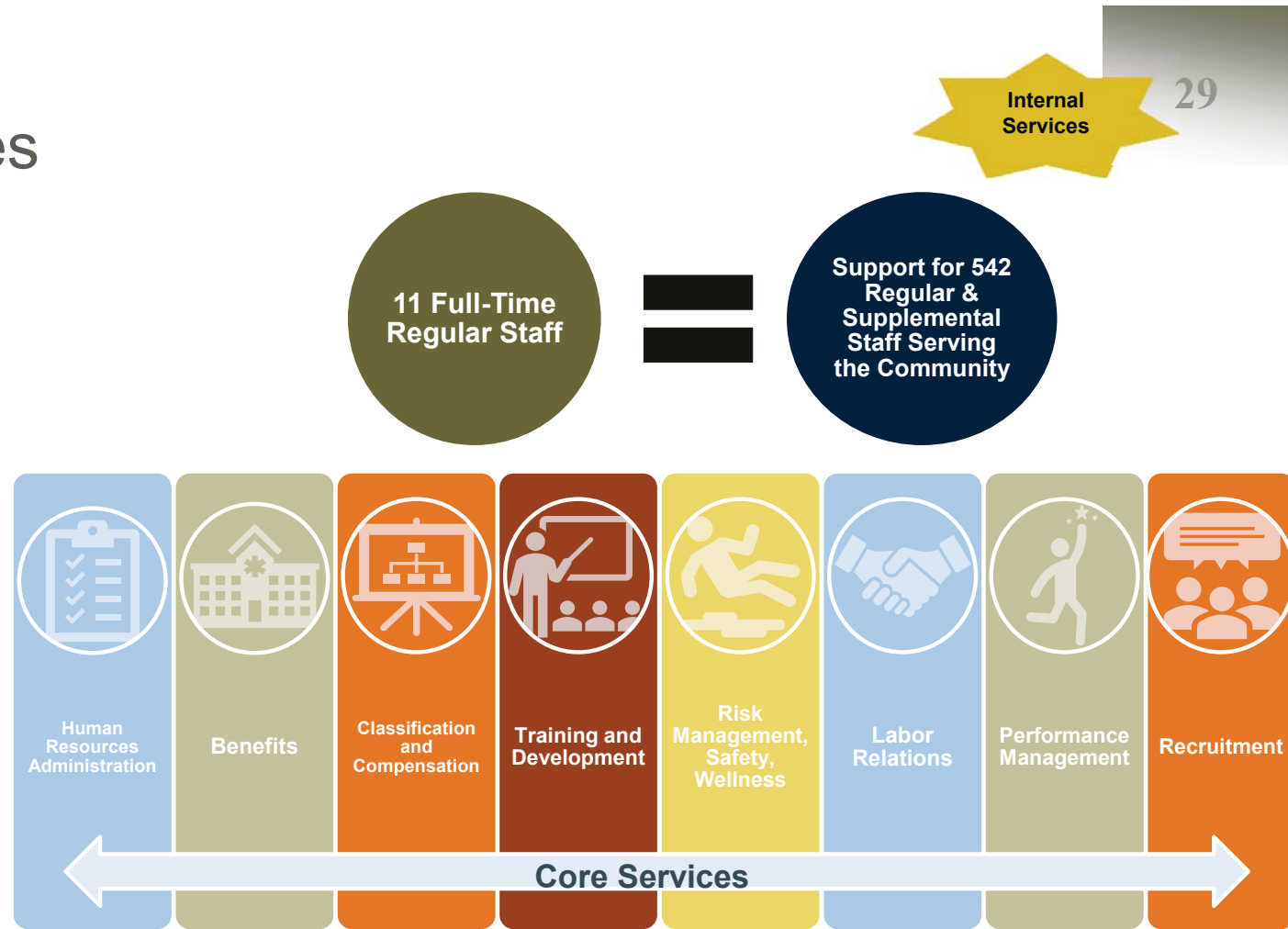
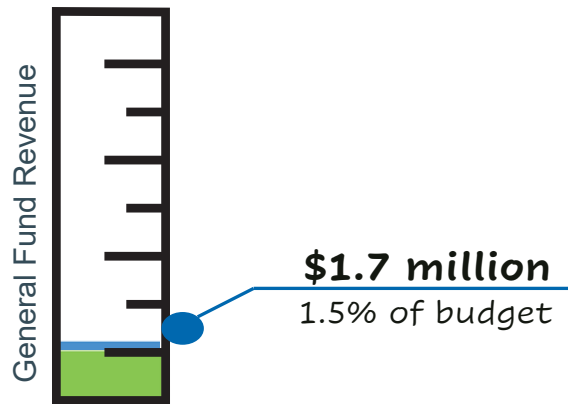
Strategic Plan
Updates

Setting the
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Strategic Scan

Other/
Conclusion

Human Resources



CITY OF SAN LUIS OBISPO

Q1 Review

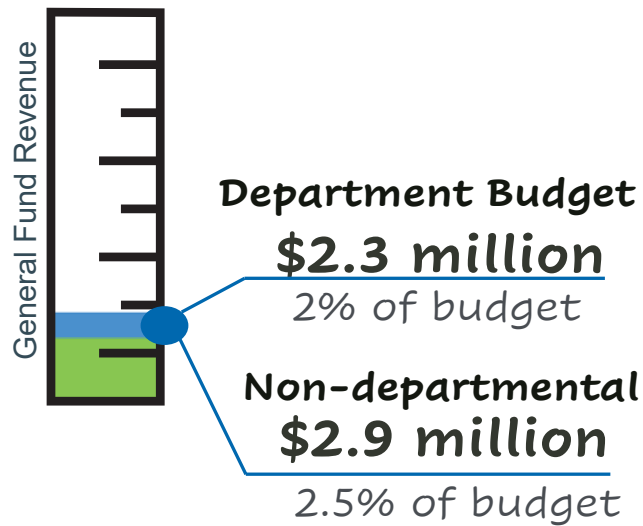
Strategic Plan
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Finance



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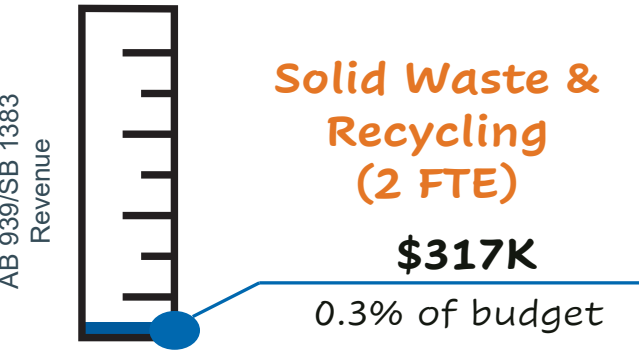
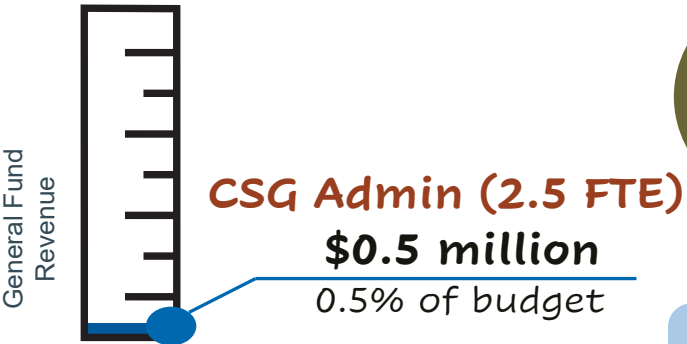
Setting the
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Other/
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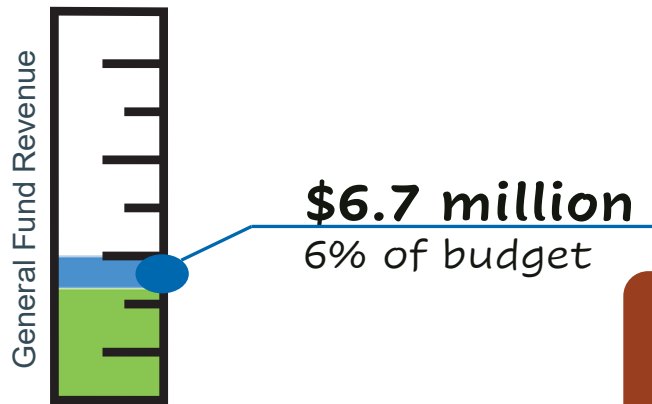
Community Services Group Administration



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Community Development



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Q1 Review

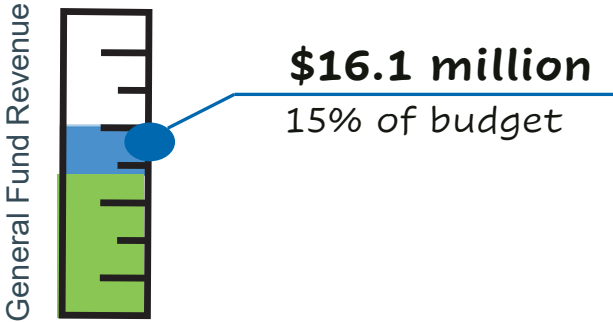
Strategic Plan Updates

Setting the Stage Framework

Strategic Scan

Other/ Conclusion

Public Works



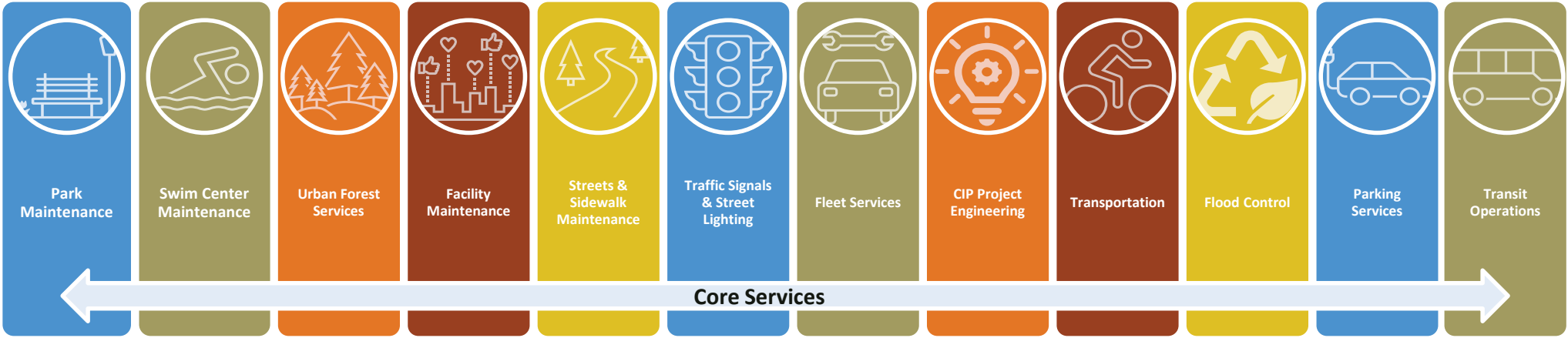
94 FTE

=

12
Divisions

=

71 MCG
Tasks

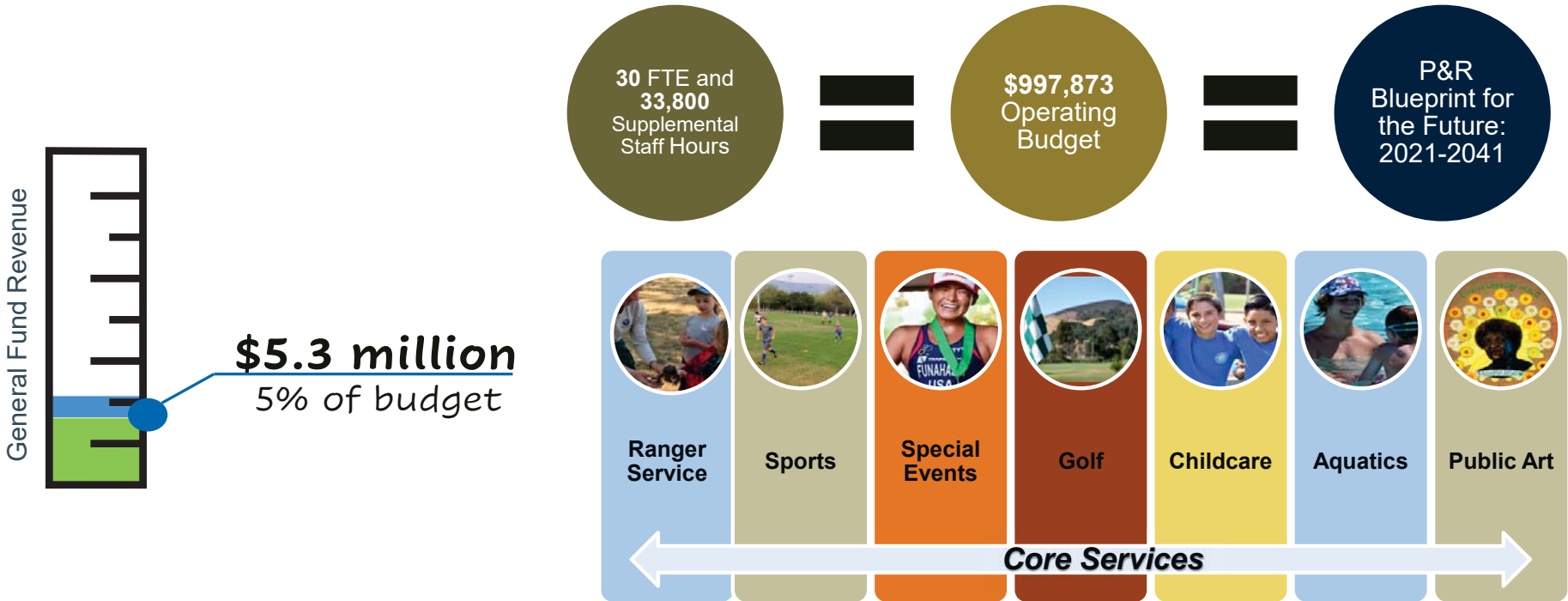


CITY OF SAN LUIS OBISPO





Parks & Recreation

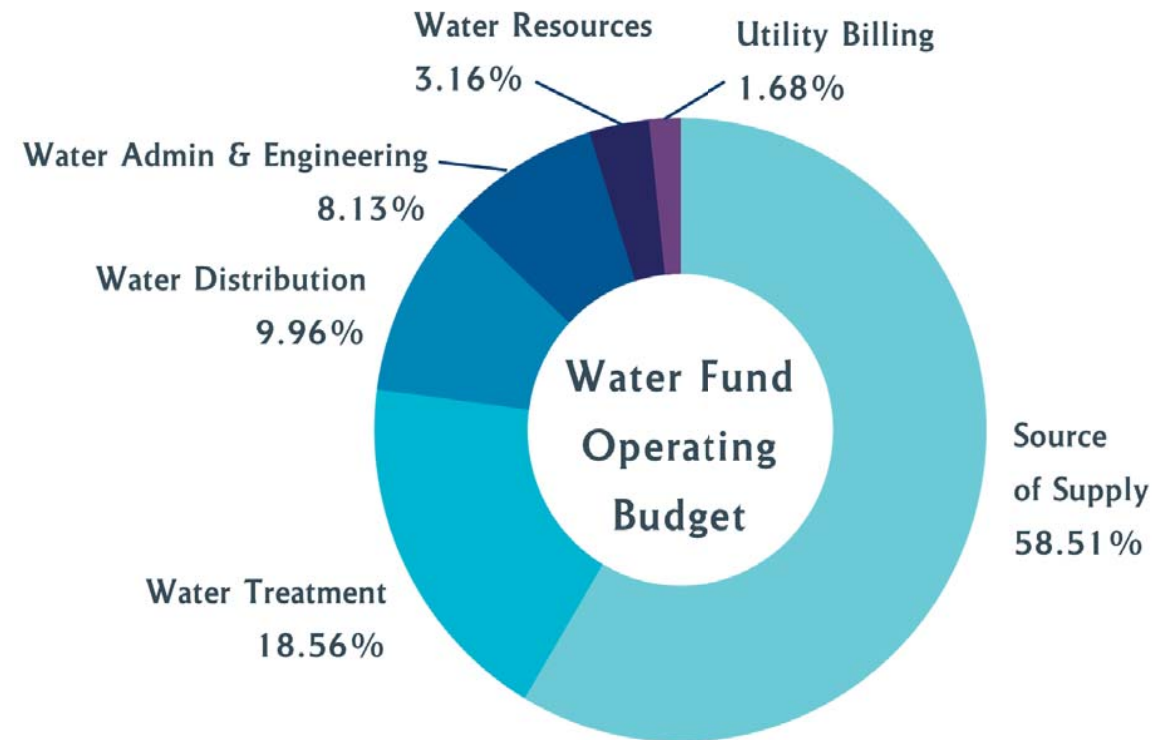


Utilities - Water Fund

Community
Services

1.87B

Gallons of
Water
Delivered



Total Budget: \$28.3 Million



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
Updates

Setting the
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Strategic Scan

Other/
Conclusion

Utilities - Sewer Fund

36

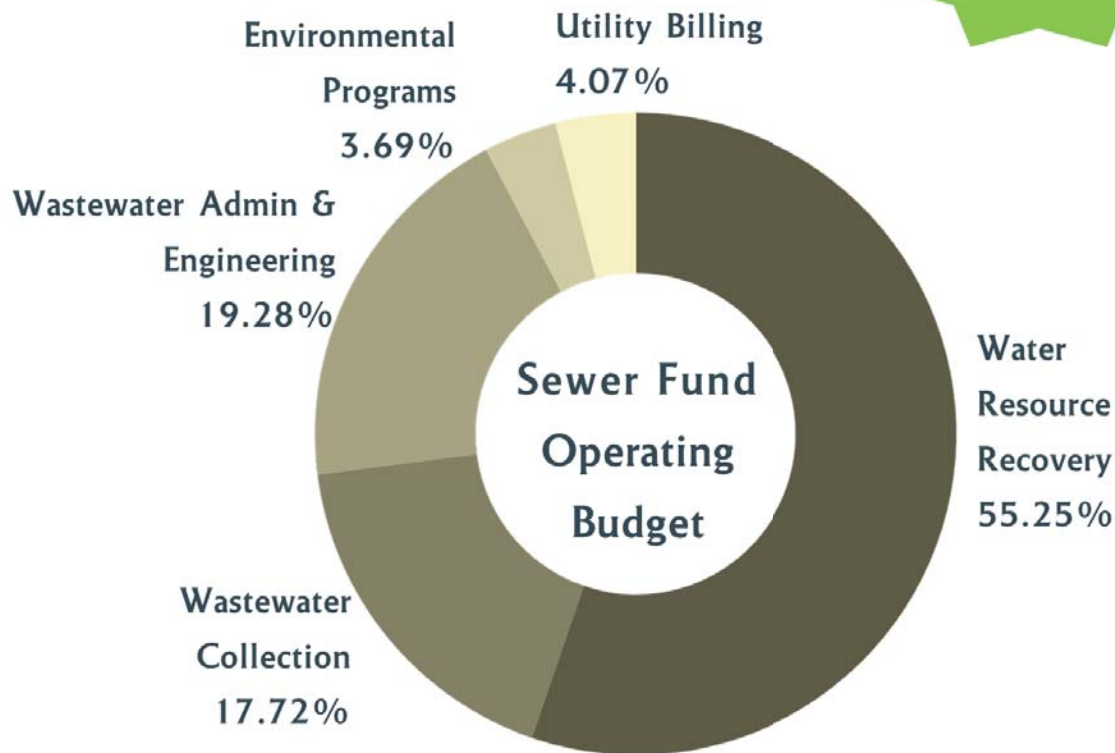
Community Services

1.09B

Gallons of Wastewater Treated

90M

Gallons of Recycled Water Delivered



Total Budget: \$20.6 Million



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan Updates

Setting the Stage Framework

Strategic Scan

Other/ Conclusion

Parking Fund: Core Services

Community
Services

37

2022-23 Expenditure Budget*
\$4.4 million

2022-23 Revenue Projection
\$6.5 million

* Operating budget only.
Excludes debt service and
capital (\$10.8 million)

Enforcement of State and Local Regulations

Operation & Maintenance of Three (3) Parking Structures

Operation & Maintenance of Nine (9) parking lots & 1,000+ parking meters

Administration and planning of parking permit programs



CITY OF SAN LUIS OBISPO

Q1 Review

Strategic Plan
Updates

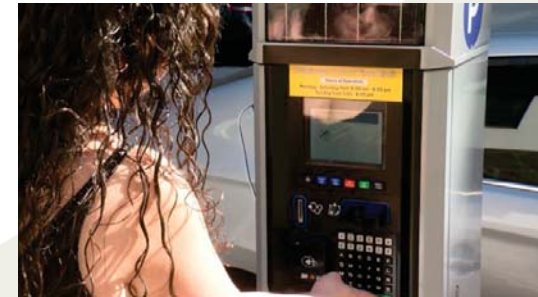
Setting the
Stage
Framework

Strategic Scan

Other/
Conclusion

Parking Fund – Deferred Projects Now Underway

Cultural Arts District Parking Structure Groundbreaking Phase 1A Anticipated Winter



Additional Centralized Pay Stations in Railroad/Monterey Areas and **Credit Card Capable Street Meters**

- Access & Parking Management Plan (*Adoption Anticipated Spring 2023*)
 - Rate Increase Begins January 2023 through July 2025



CITY OF SAN LUIS OBISPO

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Strategic Plan
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Setting the
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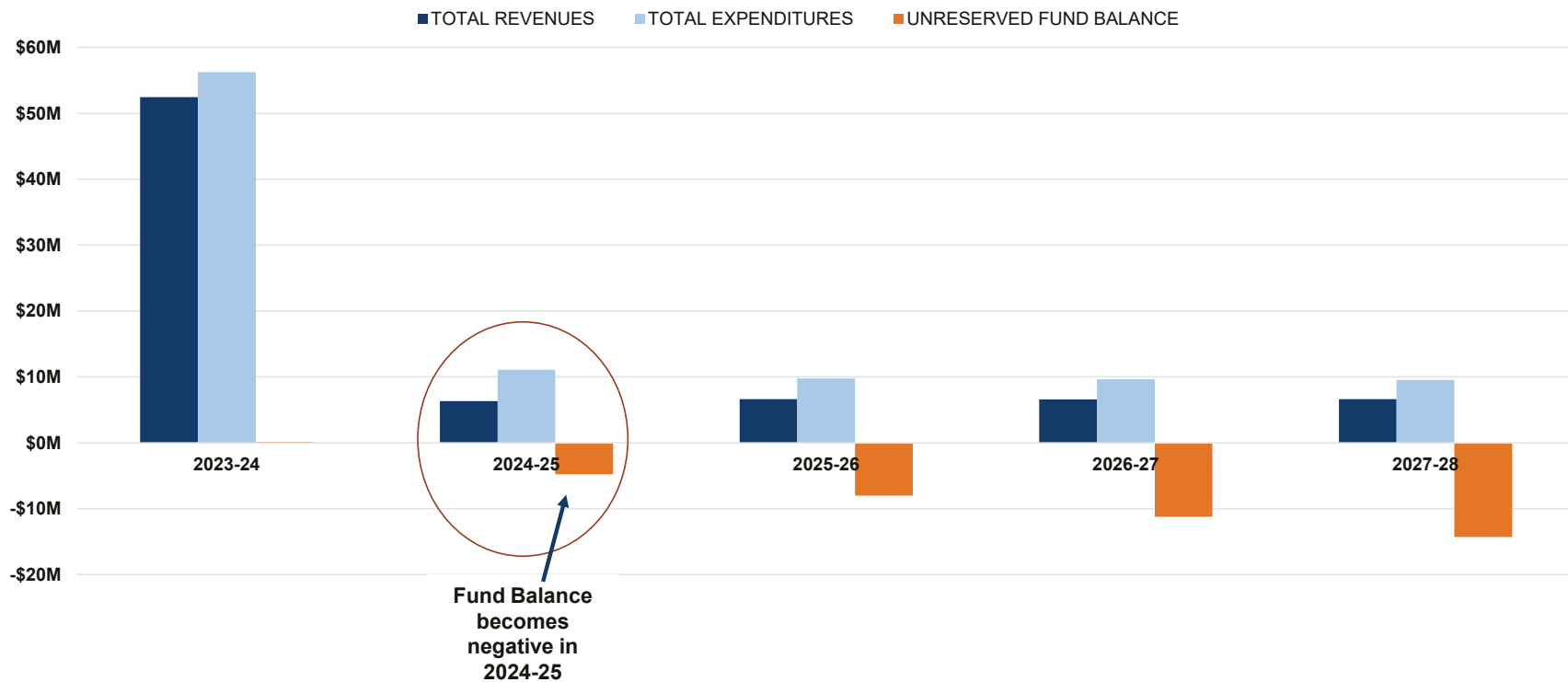
Strategic Scan

Other/
Conclusion

Previous Parking Fund Forecast with No Rate Increases

39

Community
Services



CITY OF SAN LUIS OBISPO

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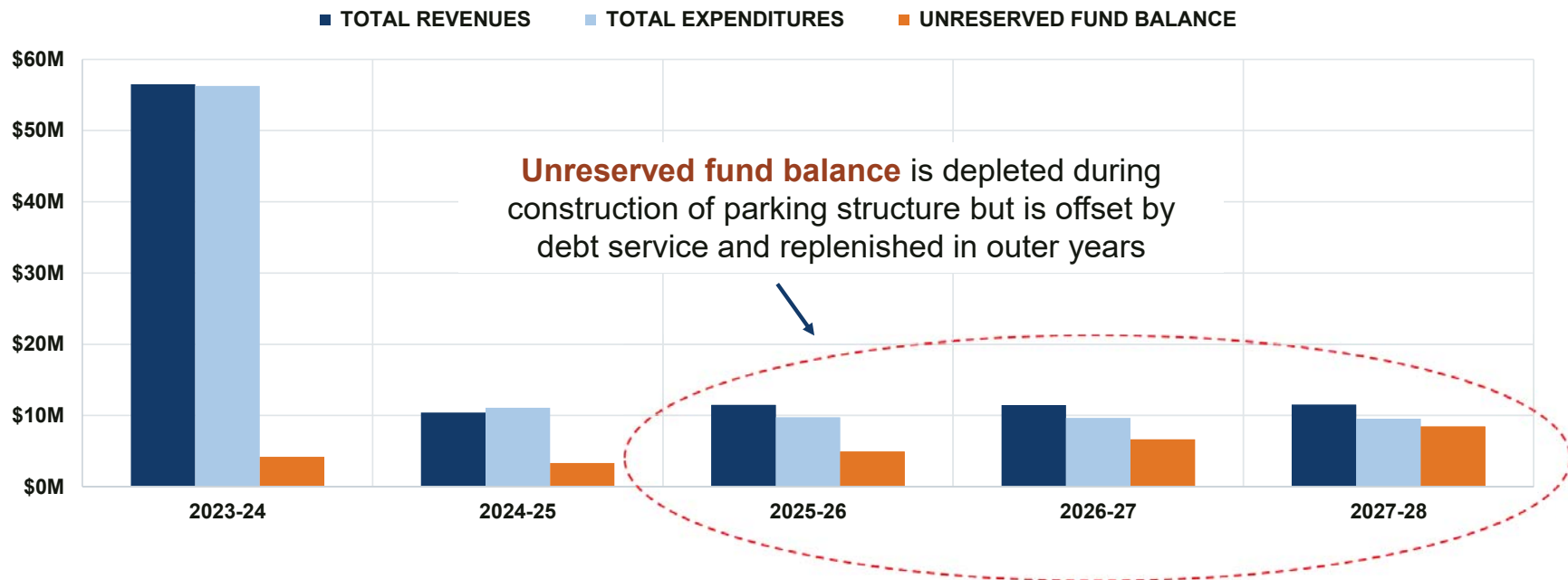
Strategic Scan

Other/
Conclusion

Parking Fund Forecast with approved Rate Increases and Program Adjustments



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Other/
Conclusion

Transit

41

Community
Services

2022-23 Expenditure Budget*
\$8 million

2022-23 Revenue Projection*
\$11.1 million



**Safe, reliable transportation for
seniors, students, working
professional, and visitors**

* Includes some unsecured grant funding



CITY OF SAN LUIS OBISPO

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Transit Fund - Grants will help advance the CIP

Significant Grant Funding

1. American Rescue Plan Act (\$12.3M)
2. SLO Regional Transit Authority (\$4.9M)



Capital Projects

1. Electric Bus Purchases (up to 6)
2. EV Infrastructure Construction
3. Transit Center Rehabilitation
4. Bus Stop Improvements
5. Office Space Remodel to Enhance Customer Service



positive
high
fiscally
environmental
diversity
change
economic
cost
priorities
investment
labor
quality
inclusive
support
education
council
life
water
demographics
citywide
livability
funding
improvements
uncertainty
forecasts
social
inclusion
incentive

Strategic Scan

city
climate
community
challenges
revenue
supply
wildfires
fiscal
action
gender
maintains
health
hyperinflation
recovery
work
living
housing
unemployment
homelessness
opportunities
landscape
shortages
cautious
welcoming
assets
increases
major
crime
outlook
culture
race
employment
goals
invests
community's



CITY OF SAN LUIS OBISPO

Q1 Review

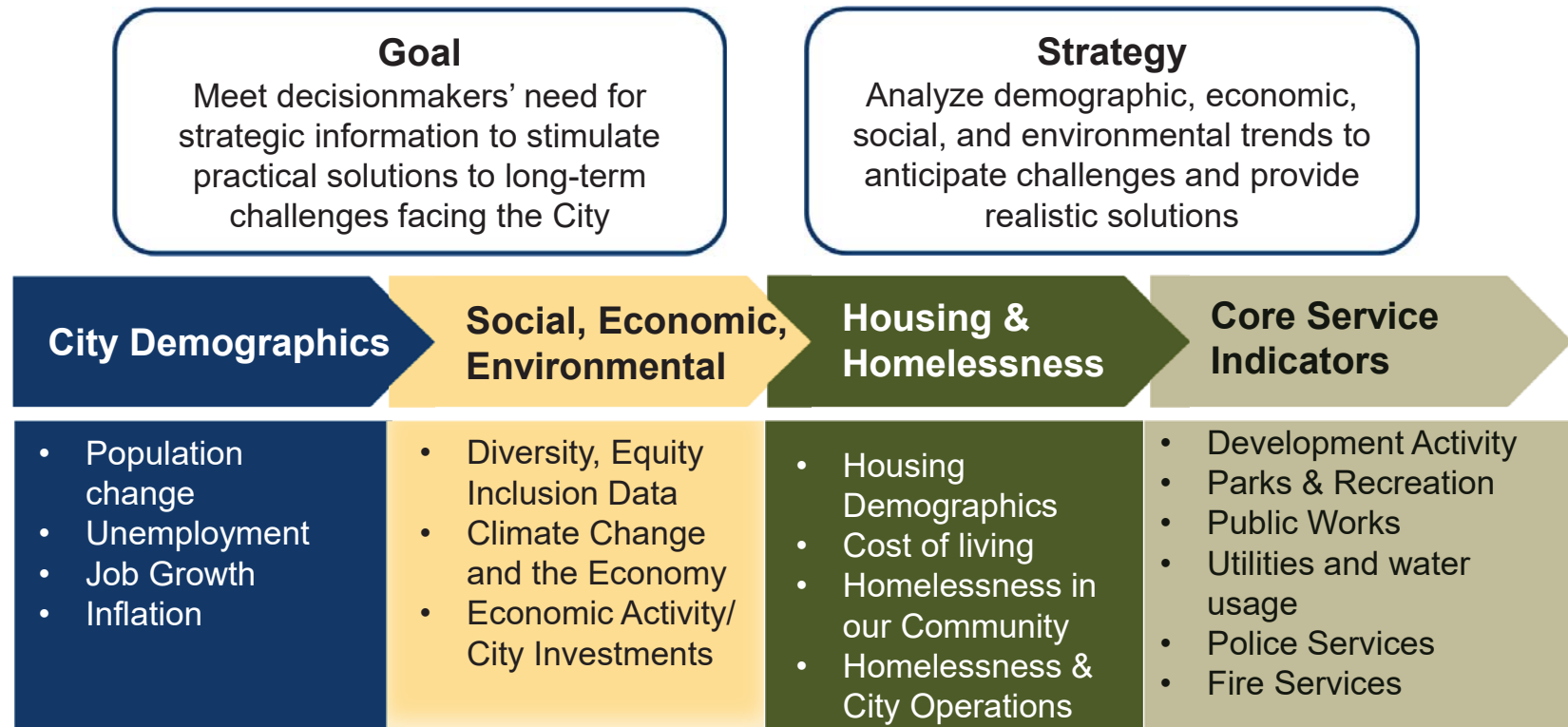
Strategic Plan
Updates

Setting the
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Conclusion

Understanding Decision Making and the Effects on the City's Future



The population of SLO City

Based on census data

45

Age Distribution

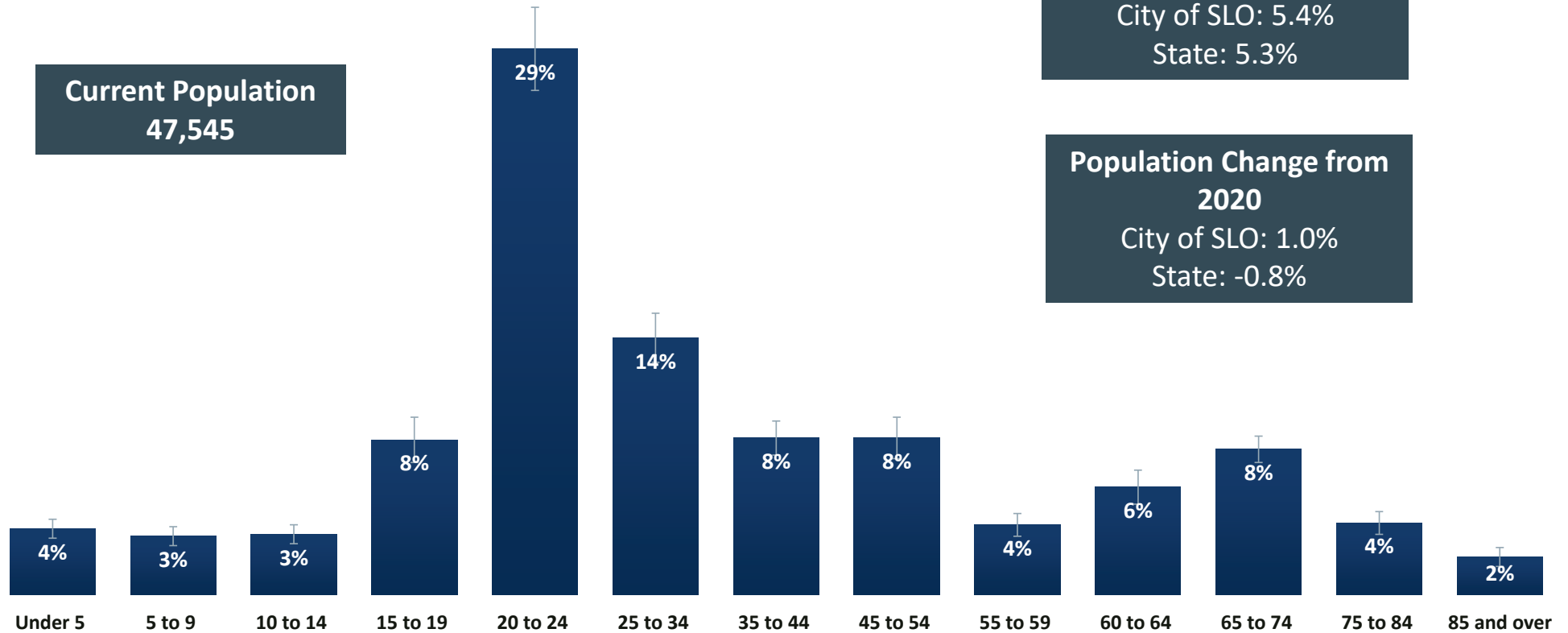
Current Population
47,545

Population Change from 2010

City of SLO: 5.4%
State: 5.3%

Population Change from 2020

City of SLO: 1.0%
State: -0.8%



CITY OF SAN LUIS OBISPO

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Unemployment Rate by Geographical Area

Unemployment Averages:

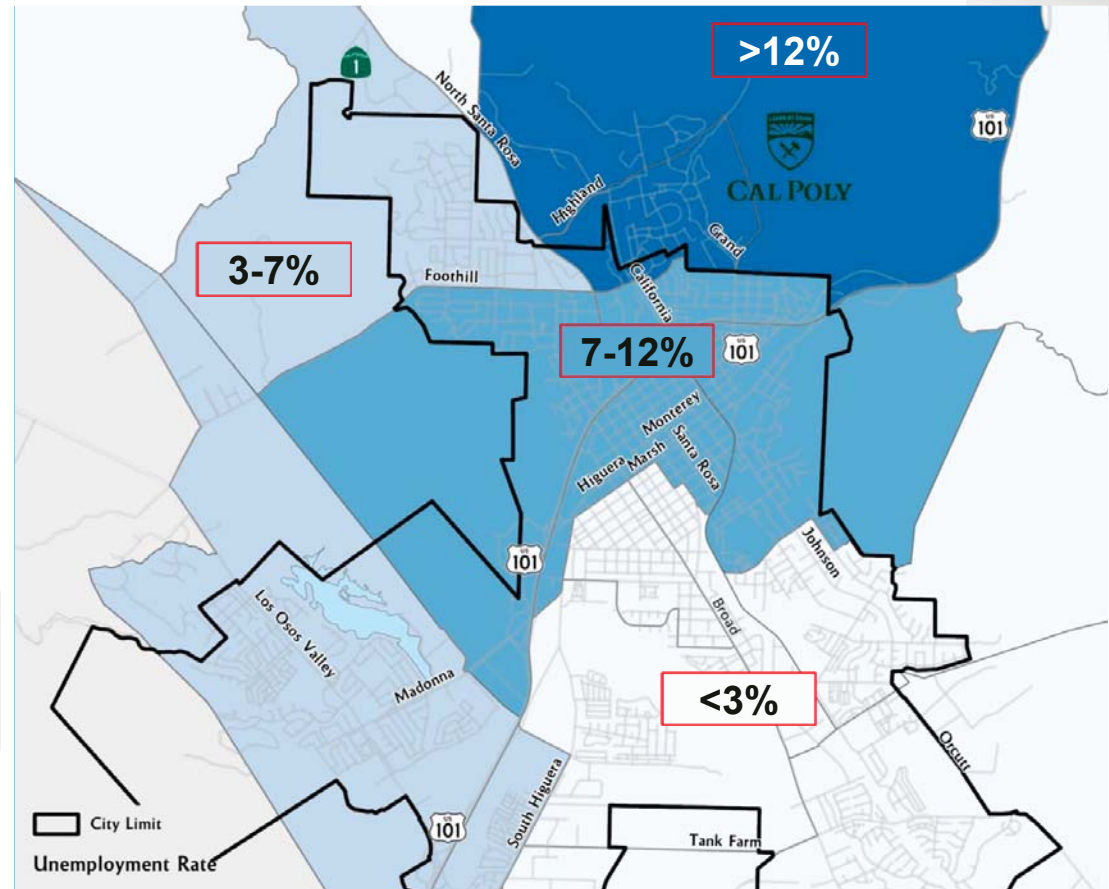
City of SLO: 2.5% (1.5% margin of error)

County of SLO: 2.3%

California: 3.9%

National: 3.5% (0.1% margin of error)

At height of pandemic, unemployment was ~8%, it has fully recovered and remains very low.



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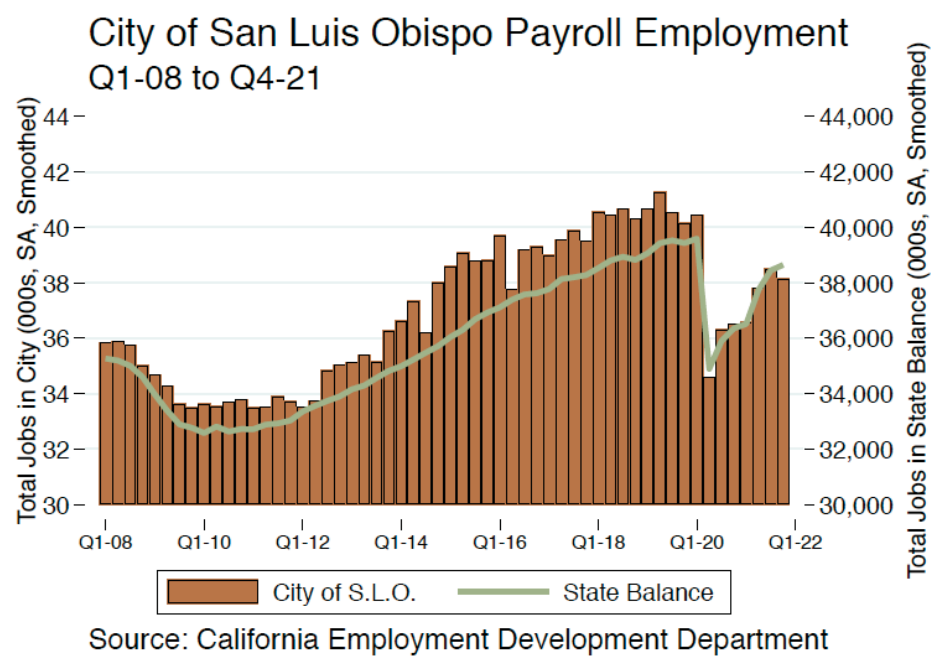
Setting the
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A closer look at job growth

- Payrolls Q4 2020 to 2021
 - City of San Luis Obispo grew 4.5%
 - Statewide 6.3% growth
- Job growth in San Luis Obispo
 - Small firms growing by +3.3%
 - Mid-size firms -1.7%
 - Large firms +0.3%.



CITY OF SAN LUIS OBISPO

Q1 Review

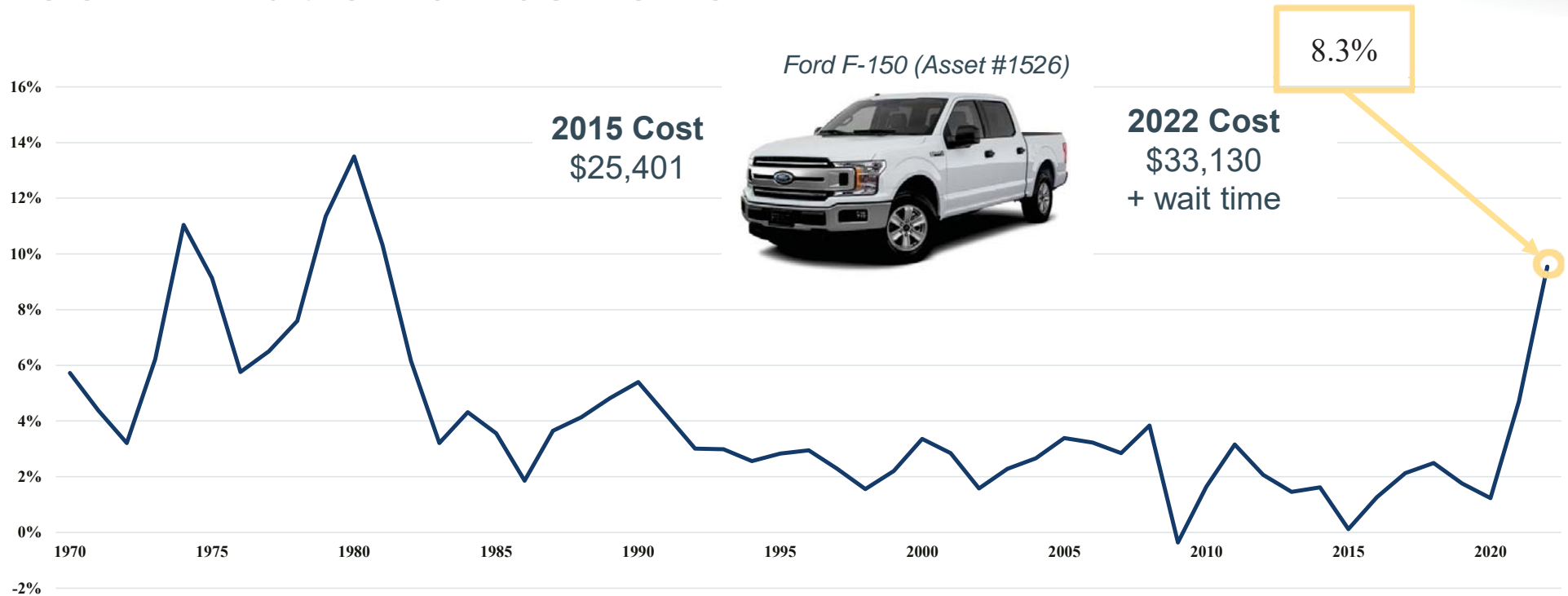
Strategic Plan
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USD Inflation since 1970



Inflation greatly impacts both the City's revenues and expenditures



CITY OF SAN LUIS OBISPO

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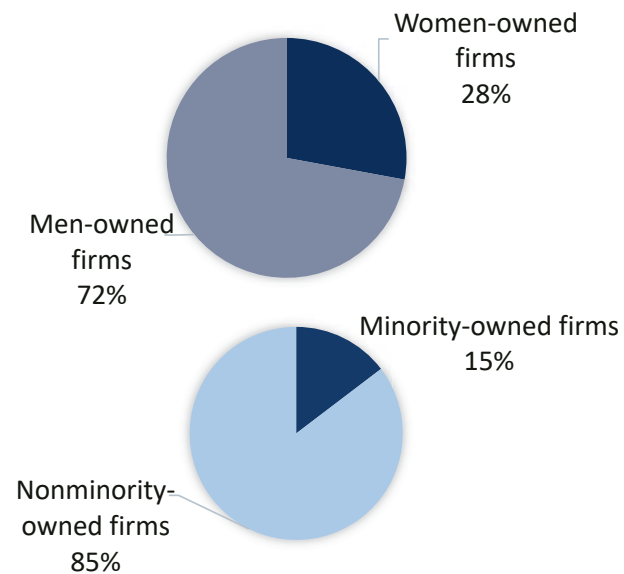
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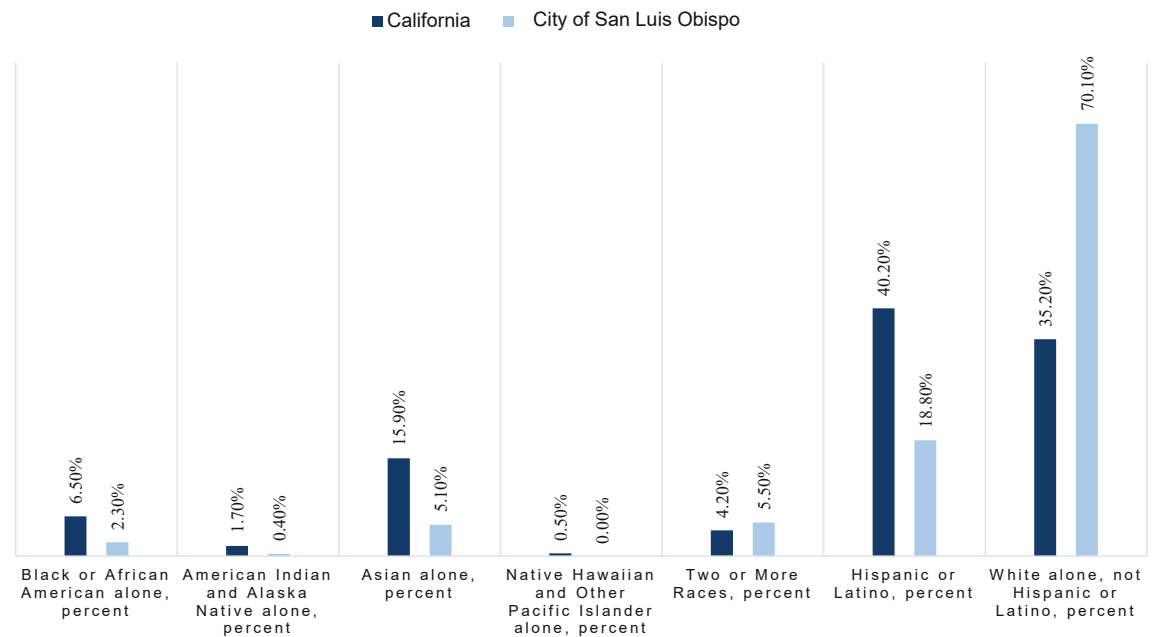
Other/
Conclusion

Diversity, Equity and Inclusion Demographics

SLO CITY BUSINESSES BY OWNERSHIP TYPE (2021)



POPULATION BY RACE (2021)



Source: "U.S. Census Bureau QuickFacts: California; San Luis Obispo City, California." *Census Bureau QuickFacts*, www.census.gov/quickfacts/fact/table/CA,sanluisobispocitycalifornia/PST045219.



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Strategic Plan Updates

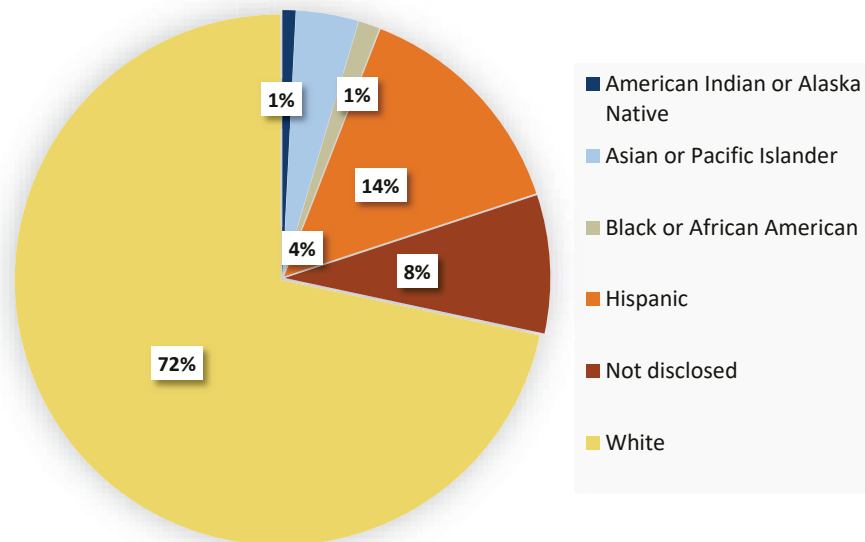
Setting the Stage Framework

Strategic Scan

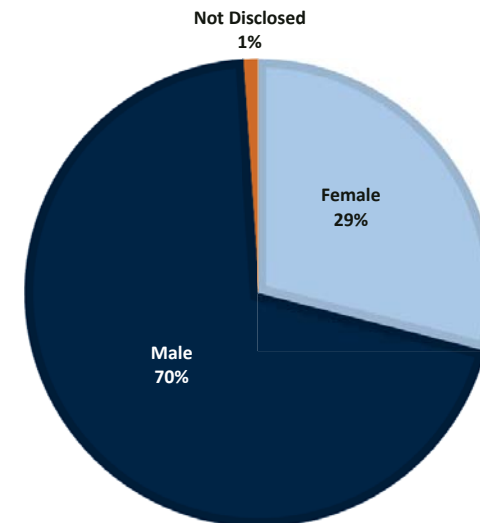
Other/Conclusion

Diversity, Equity and Inclusion Demographics: The City Organization

City of SLO Workforce Racial/Ethnic Demographics



CITY OF SLO WORKFORCE GENDER DEMOGRAPHICS



CITY OF SAN LUIS OBISPO

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Why Diversity, Equity, and Inclusion Matters?

For the Organization

- ☐ Racially diverse leadership leads to better performance
- ☐ 78% of workers think that a DEI commitment offers a competitive advantage in the recruitment and retention process
- ☐ The City must foster a workplace where all employees feel valued and respected.

In the Community

- ☐ Council has made a commitment to making San Luis Obispo a welcoming, inclusive and safe community.
- ☐ The city declared racism a public health crisis in 2020
- ☐ Social and economic inequality is embedded in our systems and culture, and that recovery must integrate deep structural changes.

At the State & Federal Level

- ☐ The Federal Economic Development Agency has declared **Equity** as their #1 for all Comprehensive Economic Development Strategies (CEDS) that seek federal funding.
- ☐ The state expanded its Bureau of Environmental Justice to have a greater focus on advancing racial equity and justice



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Climate Change and the Economy



Urgency

- Climate disruptions will continue to be a source of economic volatility.
- Federal, state, and the City all have near term (10-15 year) deep decarbonization goals

Opportunity

- **Unprecedented financial resources** are on their way. *In 2022 alone, California and the federal government committed over \$425 billion to a low carbon transition.*
- Additional substantial federal and state grant resources are expected.

The Future of SLO

With these resources available, the City can achieve its goals by drawing down these resources and deploying projects and programs at speed and scale in our community.

The Central Coast could become a renewable energy hub that would support a vibrant green tech/cleantech entrepreneurial environment.



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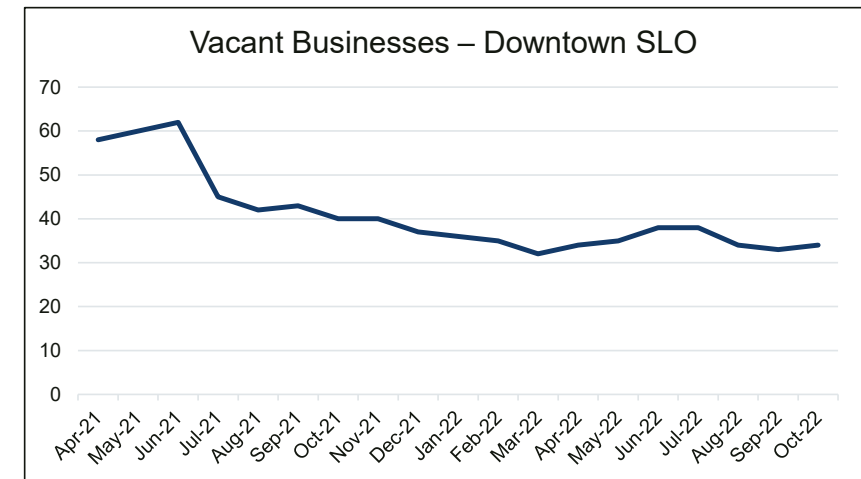
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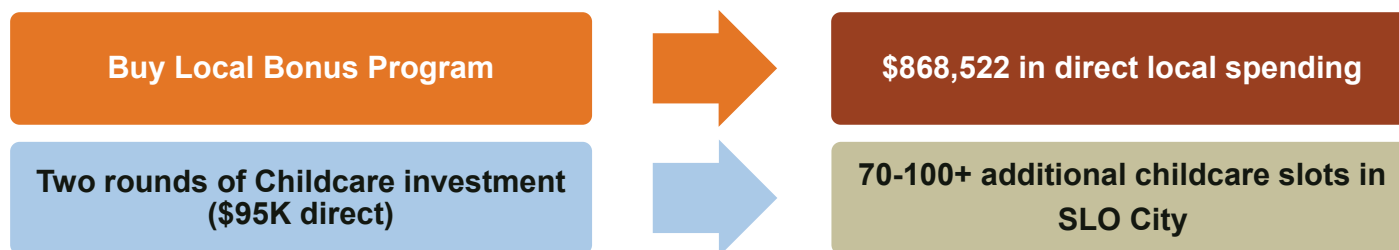
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Economic Activity and Local Investment

- Vacancy rates downtown are decreasing/plateauing
- Without the City's investment, economic development would have been set back.
- Faster than expected recovery of TOT and sales & transaction tax revenue is partially due to the City investments in recovery and resiliency.



Data from Downtown SLO



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Key Takeaways from the Central Coast Economic Forecast

- The future of San Luis Obispo is largely dependent on the City continuing to **attract and retain a diverse talent pool**.
- **More housing**, specifically affordable and multi-family housing, is crucial for economic growth and stability.
- Younger workers are moving to inland communities where housing is **more affordable**.



Housing

Year	Owner Occupied Housing Unit Rate	Median Value of Owner-Occupied Housing Units	Median Gross Rent	Median Household Income	Per Capita Income
2000	38.0%	\$278,800	\$724	\$31,926	\$20,386
2010	37.6%	\$588,400	\$1,153	\$40,812	\$26,204
2020	41.1%	\$662,300	\$1,611	\$58,546	\$36,232

Average cost of housing has increased 130% whereas per capita income has increased by 78%



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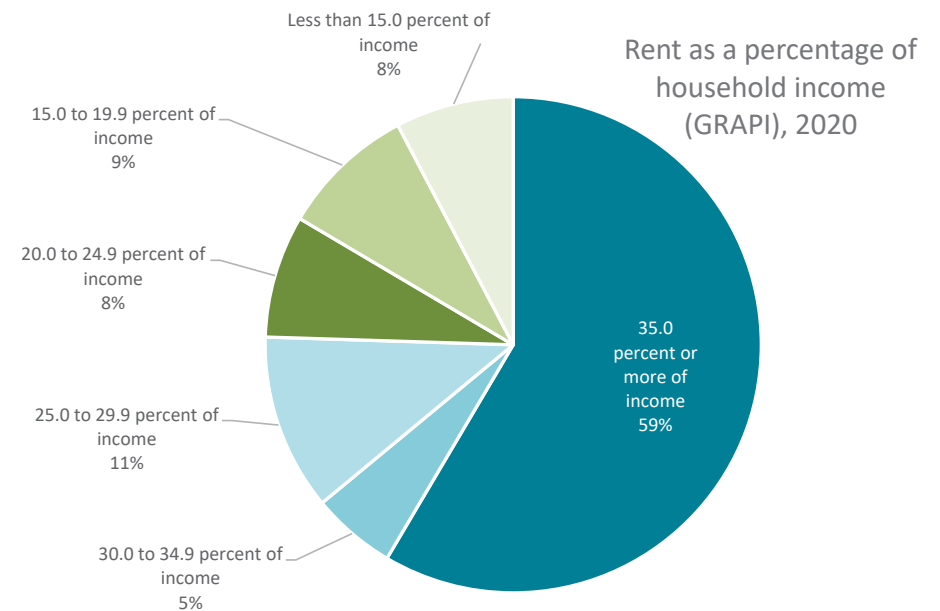
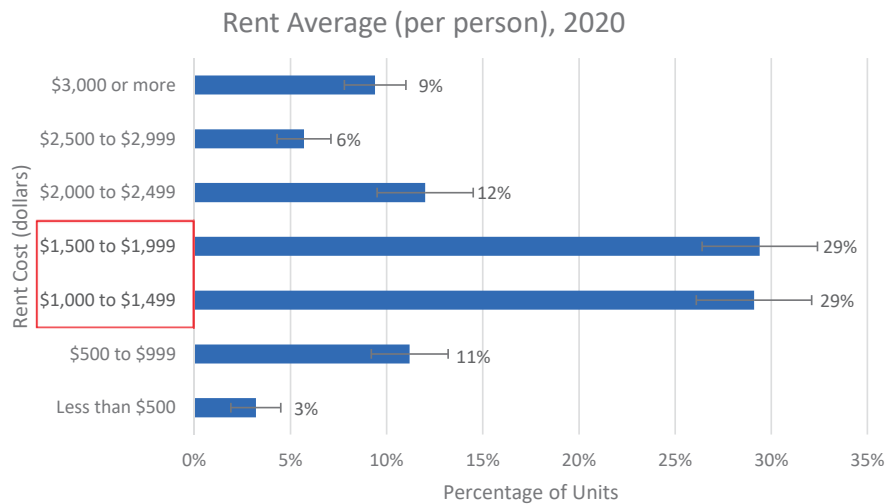
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Housing

Renting in San Luis Obispo



Majority of renters in San Luis Obispo spend more than 35% of their income on rent



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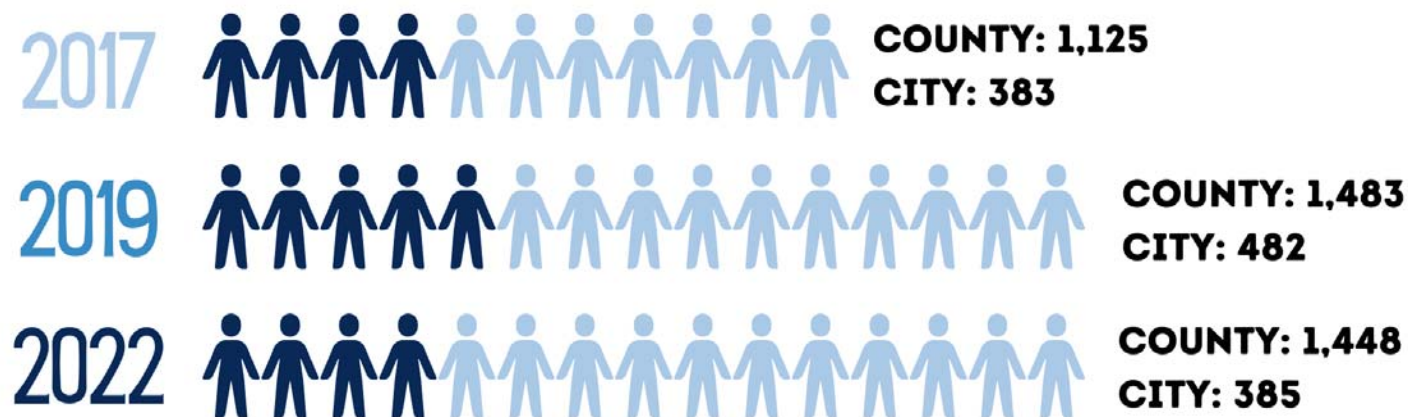
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Homelessness in our Community

Point in Time Count (PIT) - Homeless Population Totals:



- The PIT indicates a **slight decrease** in homelessness in SLO City compared to 2019.
- *However*, this data is representative of a single night and may vary based on weather conditions, resource availability, etc.



Homelessness and City Operations

Homeless Calls for Service



FY20: 7,411
FY21: 7,225
FY22: 7,441

Police Reports Taken Involving Homeless Persons



FY20: 1,513
FY21: 1,266
FY22: 1,273

Consistent calls for service and subsequent reports filed show the impact that homelessness has on City resources including first responders.



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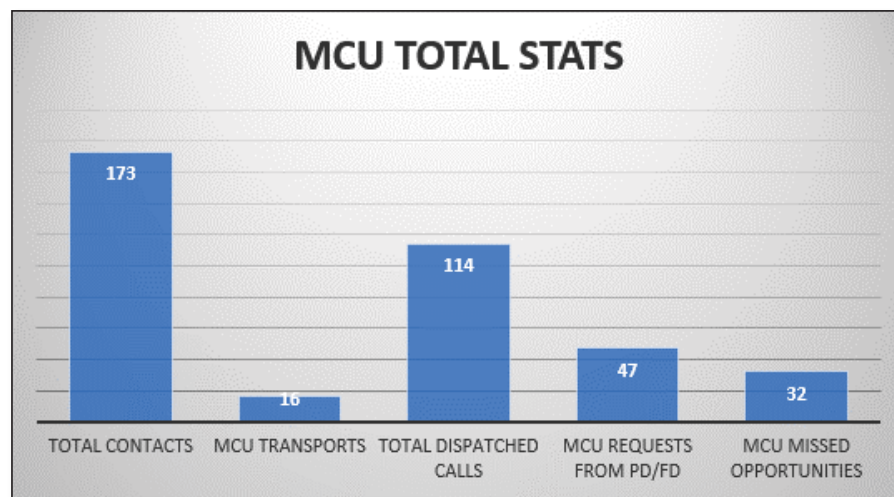
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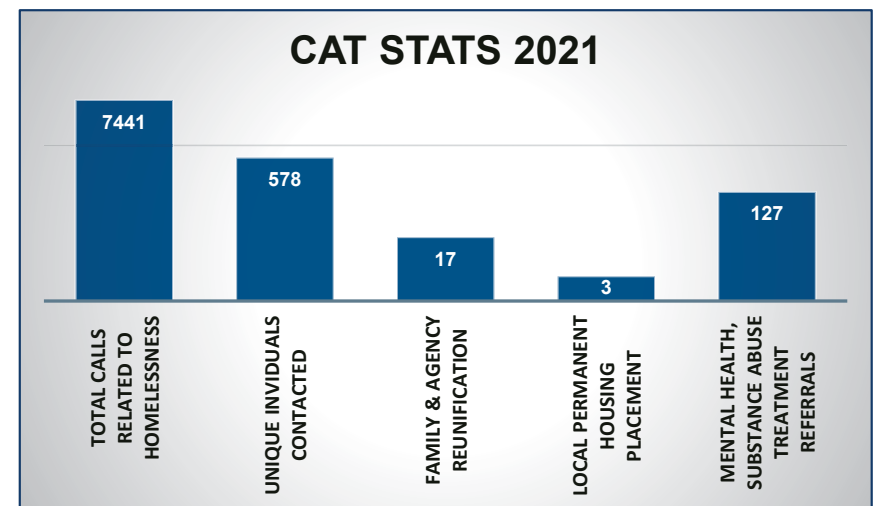
New Ongoing Resources Towards Homelessness: Mobile Crisis Unit & the Community Action Team

- MCU is a new program offering Crisis Support and resources in nonemergency situations such as mental health, substance abuse and chronic homelessness
- Both MCU and CAT provide services beyond emergency response: Build Trust, Provide Care, Offer Resources, Free up Emergency Personnel

MCU TOTAL STATS



CAT STATS 2021



Development in the City

Building Inspections Conducted

Increasing to record high levels



Development Permit Applications Received



Many large development projects occurring in the City. Lower development permit applications than the peak FY 2020, but still high.



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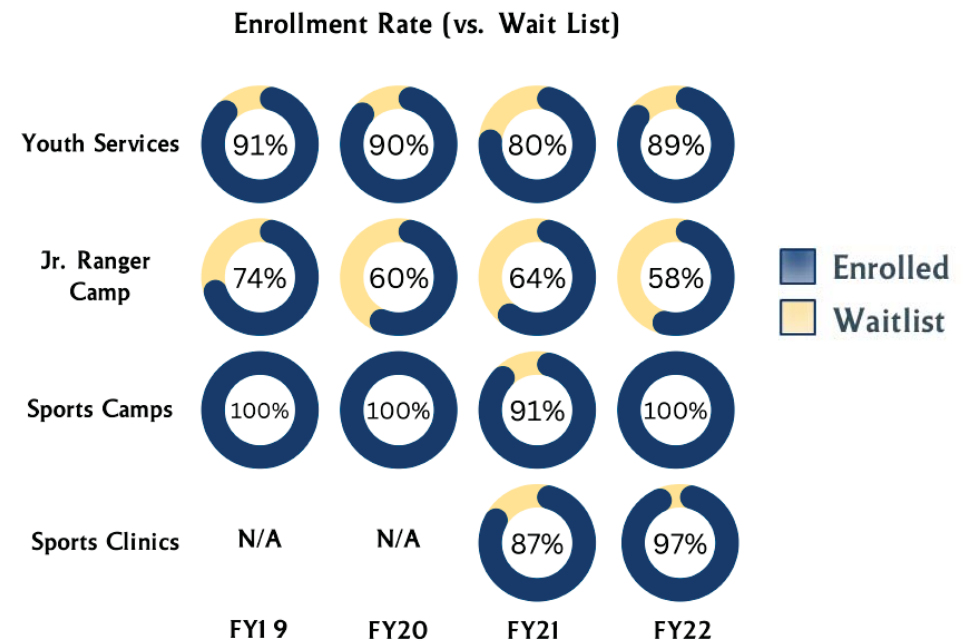
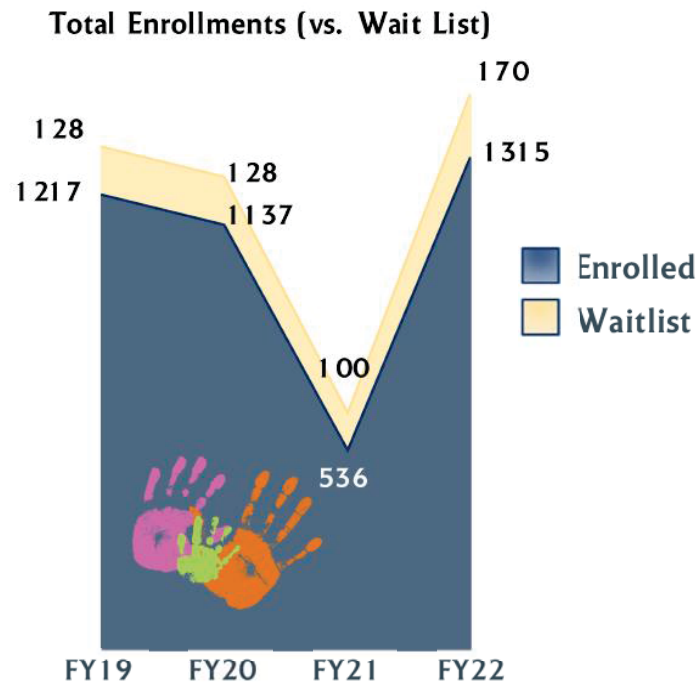
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The City as a Childcare Provider *Parks & Recreation*



Overall, the childcare waitlist has grown as demand increases among the different types.



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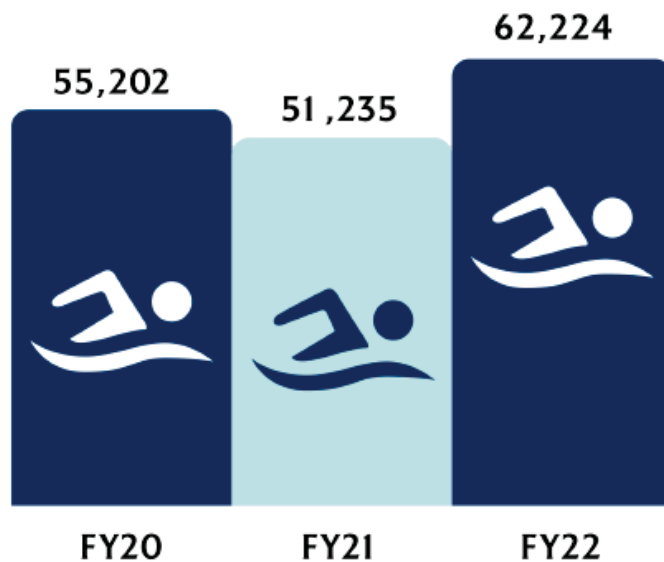
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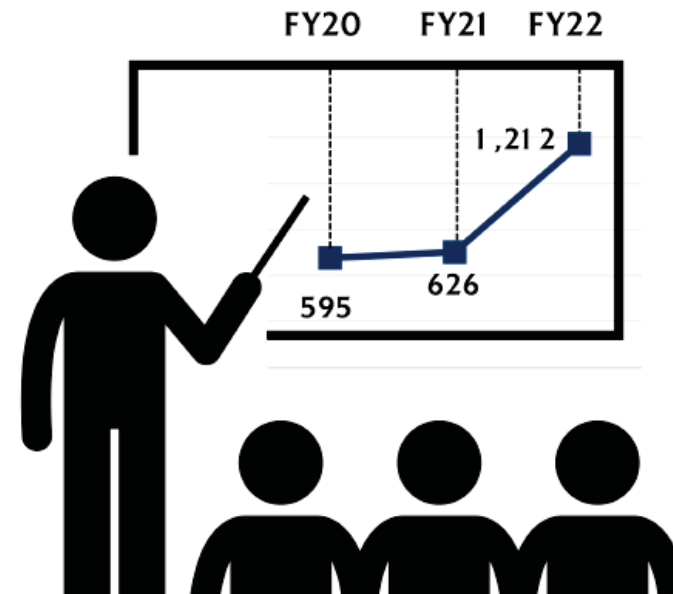
Parks & Recreation

Aquatics & Instructional Classes

Annual Aquatics Attendance



Instructional Class Enrollments



Aquatics programs have grown overall usage, and new and existing instructional class offerings continue to fill at high rates.



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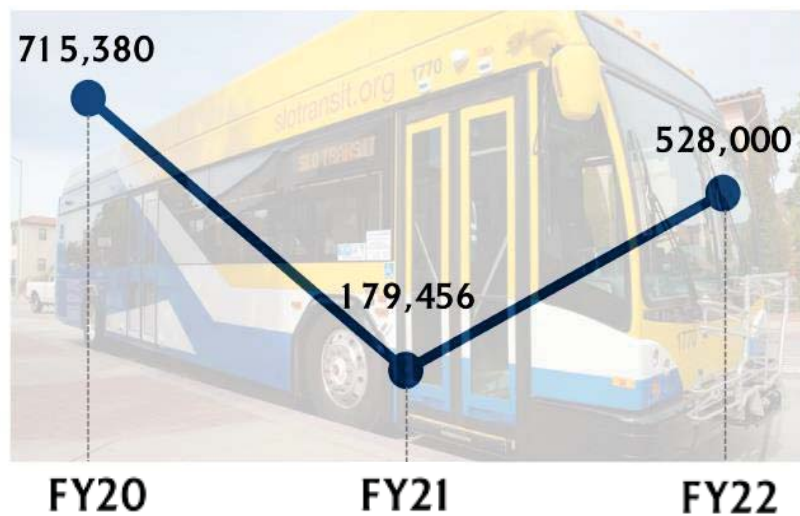
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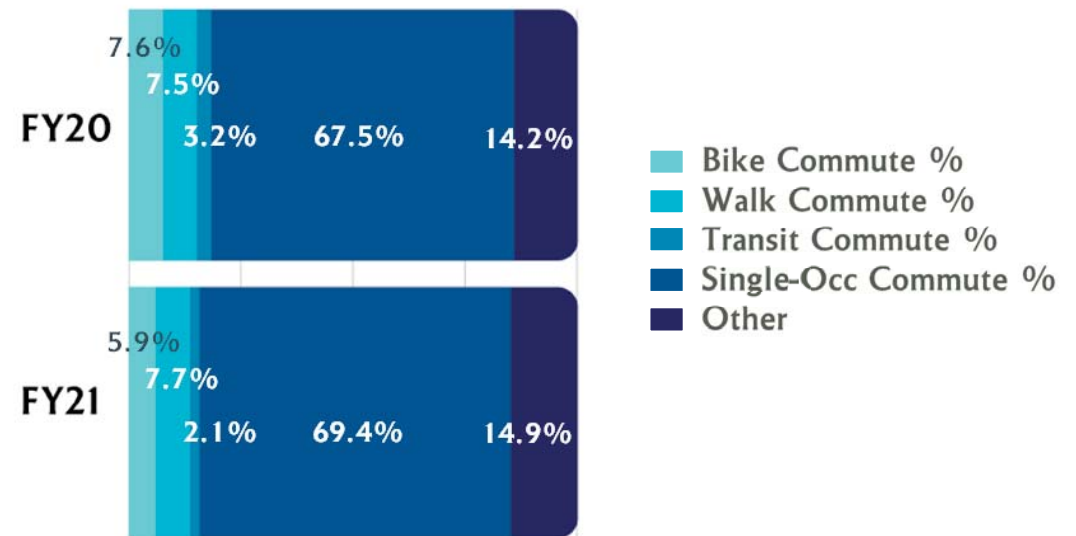
Public Works

Transit & Transportation

Public Transit Ridership Over Time



Commute Mode Share



The Transit Program anticipates an increase in ridership from previous years following the COVID-19 pandemic.



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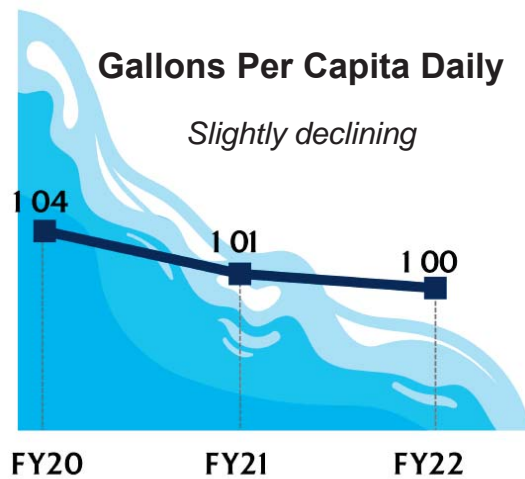
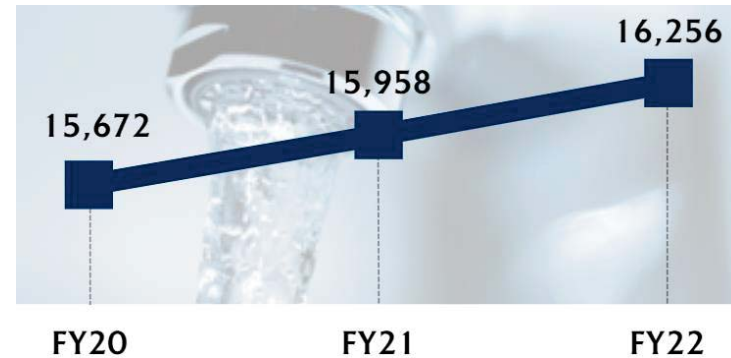
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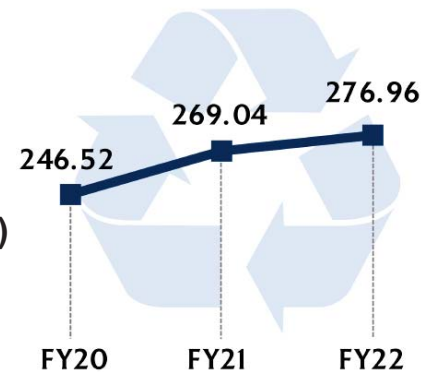
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Water Usage in the City

**Water/Sewer
Customer Accounts**
Increasing due to new units



**Recycled
Water (Acre-Feet)**
Increasing



From FY21 to FY22 the City increased annual recycled water delivered by **59%**.



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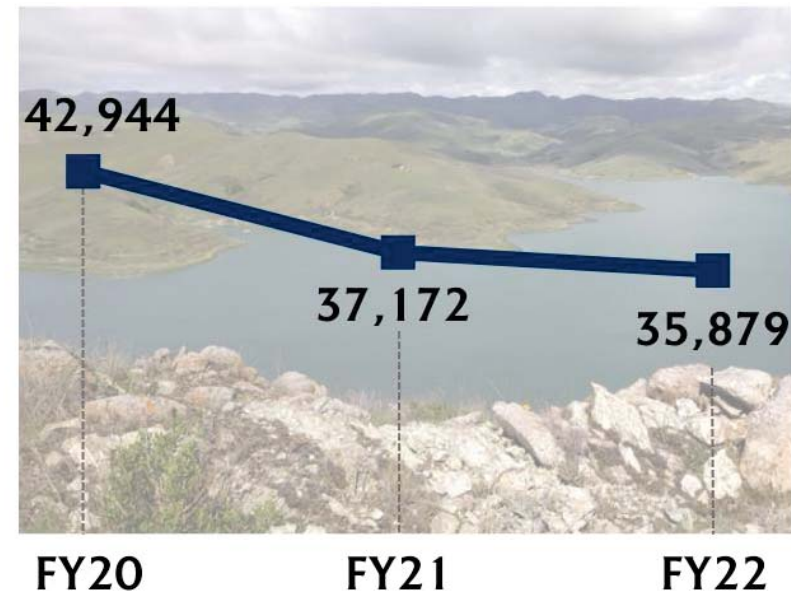
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Utilities

Considerations for the 23-25 Financial Plan

1. Ongoing drought is resulting in increased State-mandated water conservation and water use efficiency regulations, despite stable conditions locally.
2. Industry-specific rises in costs (i.e. chemicals, electricity, capital project delivery)
3. General inflation

Available City Water Supply (Acre-Feet, End of FY)



In CY 2021, the City used a total of 5,017 acre-feet of potable water from Nacimiento, Whale Rock, and Salinas Reservoirs.



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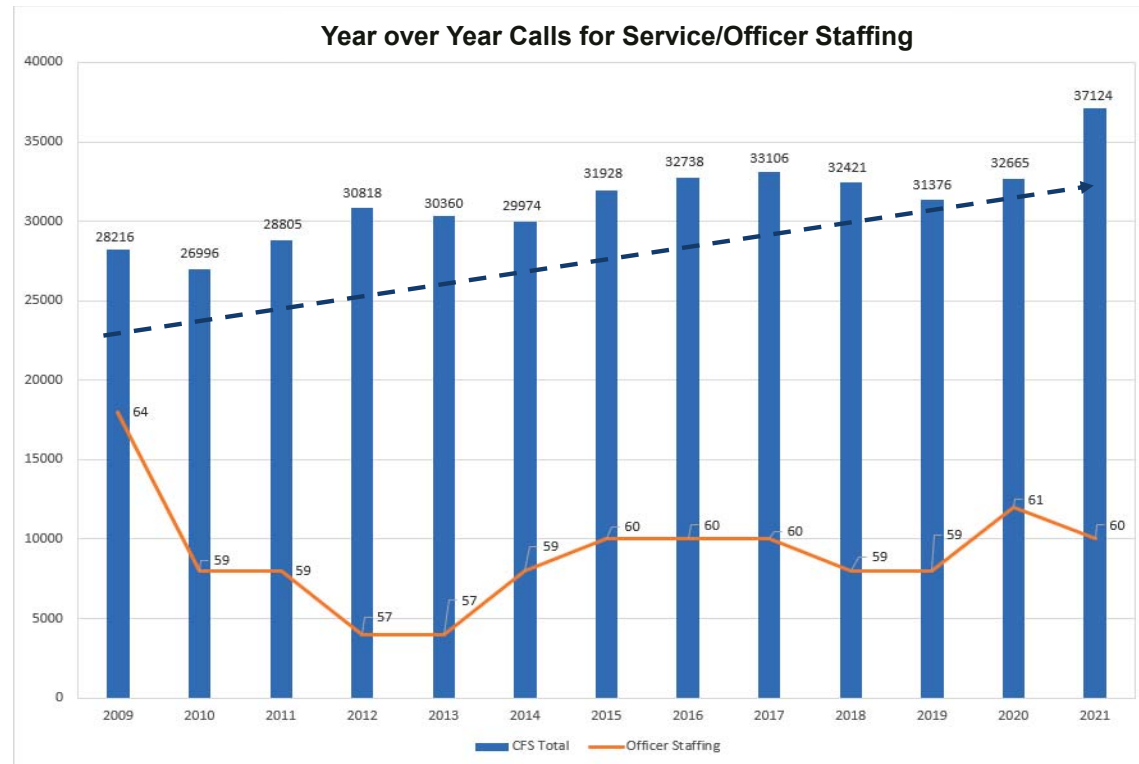
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Police: Calls for Service vs. Staffing

- Calls for service *increased* 14% in 2021 from 2020 and 32% since 2009. Staffing *decreased* 4% over the same period.
- **Only 42 of the 60 sworn positions were actively working shifts** (on average) in 2021-22 due to:
 - *Vacancies/recruitment*
 - *Workers' compensation leave*
 - *General time off (trainings, vacation, sick leave)*



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Police Department: Other Challenges

- Mandatory training for officers has increased and will continue to as a result of legislative changes related to policing.
- Currently, 8 hours of Crisis Intervention Training (CIT) is required for all officers – the goal of the department is to increase this to 20 hours and as a result officers would acquire the status of “Mental Health Peace Officer”.
- Public Safety Equipment Replacement Fund: Increase in costs for police protective equipment. New equipment is needed such as AEDs for vehicles and rifle rated vests for all police officers.



Emergency Response

A full-service all-risk fire department offering fire suppression, specialty rescue, hazardous materials mitigation, and paramedic advanced life support.

6,013 Calls for Service in 2022 YTD
15% increase from 2021

- 158 Fires
- 3,467 Medical Emergency
- 652 Service Calls
- Remaining: rescues, false alarms, hazardous conditions



Total Unit Responses

more units committed = less resources for other calls

2021 Count

6256

2022 YTD Count

7935

**26% Increase in Unit Responses
to Incidents**



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CIP Budgeting Approach and Other Recommendations



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CIP Budget Approach

- Use of 'Funding Buckets' for Asset Maintenance and Asset Replacement projects
 - Funding Buckets group like projects
 - Not recommended for New Asset projects (typically large scale, “legacy” projects)
- Governance
 - Purchasing policy
 - Budget adjustment process
 - CIP reporting
 - Policy language (previewing for January adoption)



Asset Maintenance/ Replacement Projects

Open Space
& Natural
Areas
Preservation

Creek & Flood
Protection

Wastewater
Collections &
Treatment

Water
Resources,
Treatment &
Distribution

Information
Technology

Fleet

Parks, Urban
Forestry &
Public Art

Facilities

Parking &
Transit

Streets,
Bridges &
Multimodal
Transportation



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CIP Budget Approach- Current vs. Recommended

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Current Approach

Project Type

Council Budget
Appropriation

Project

Staff discretion to
move budget
between tasks

Task

Recommended Approach

Project Type

Council Budget
Appropriation

Funding “ Bucket “

Staff discretion move
budget between
projects

Project

Task



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Current Budget Appropriation Process

Project #	Project	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1000503	Annual Public Art Maintenance & Projects	\$ 142,500	\$ 142,500	\$ 40,000	\$ 40,000	\$ 40,000
	Small Public Art Projects	\$ 102,500	\$ 102,500	\$ 0	\$ 0	\$ 0
	Utility Box Beautify	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
	Public Art Annual Asset Maintenance	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
1000030	Laguna Lake Golf Course Maintenance	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
1000532	Roundabout Art Installations	\$ 300,000	\$ 300,000	\$ 200,000	\$ 200,000	\$ 200,000
1000027	Urban Forest Maintenance	\$ 315,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
	Urban Forest Maintenance	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000
	Urban Forest Master Plan	\$ 140,000	\$ 0	\$ 0	\$ 0	\$ 0
1000033	Playground Equipment Replacement	\$ 110,000	\$ 100,000	\$ 700,000	\$ 800,000	\$ 1,175,000
	DeVaul Ranch Playground	\$ 60,000	\$ 0	\$ 375,000	\$ 0	\$ 0
	Vista Lago Mini Park Playground	\$ 50,000	\$ 0	\$ 250,000	\$ 0	\$ 0
	Laguna Hills Playground	\$ 0	\$ 0	\$ 75,000	\$ 0	\$ 750,000
	Mitchell Park Playground	\$ 0	\$ 100,000	\$ 0	\$ 750,000	\$ 0
	Playground Equipment Replacement	\$ 0	\$ 0	\$ 0	\$ 50,000	\$ 350,000
	French Park Playground Equipment Replacement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 75,000
91385	Park Major Maintenance & Repairs	\$ 1,835,000	\$ 160,000	\$ 1,000,000	\$ 690,000	\$ 840,000

Budget
appropriation
to individual
projects



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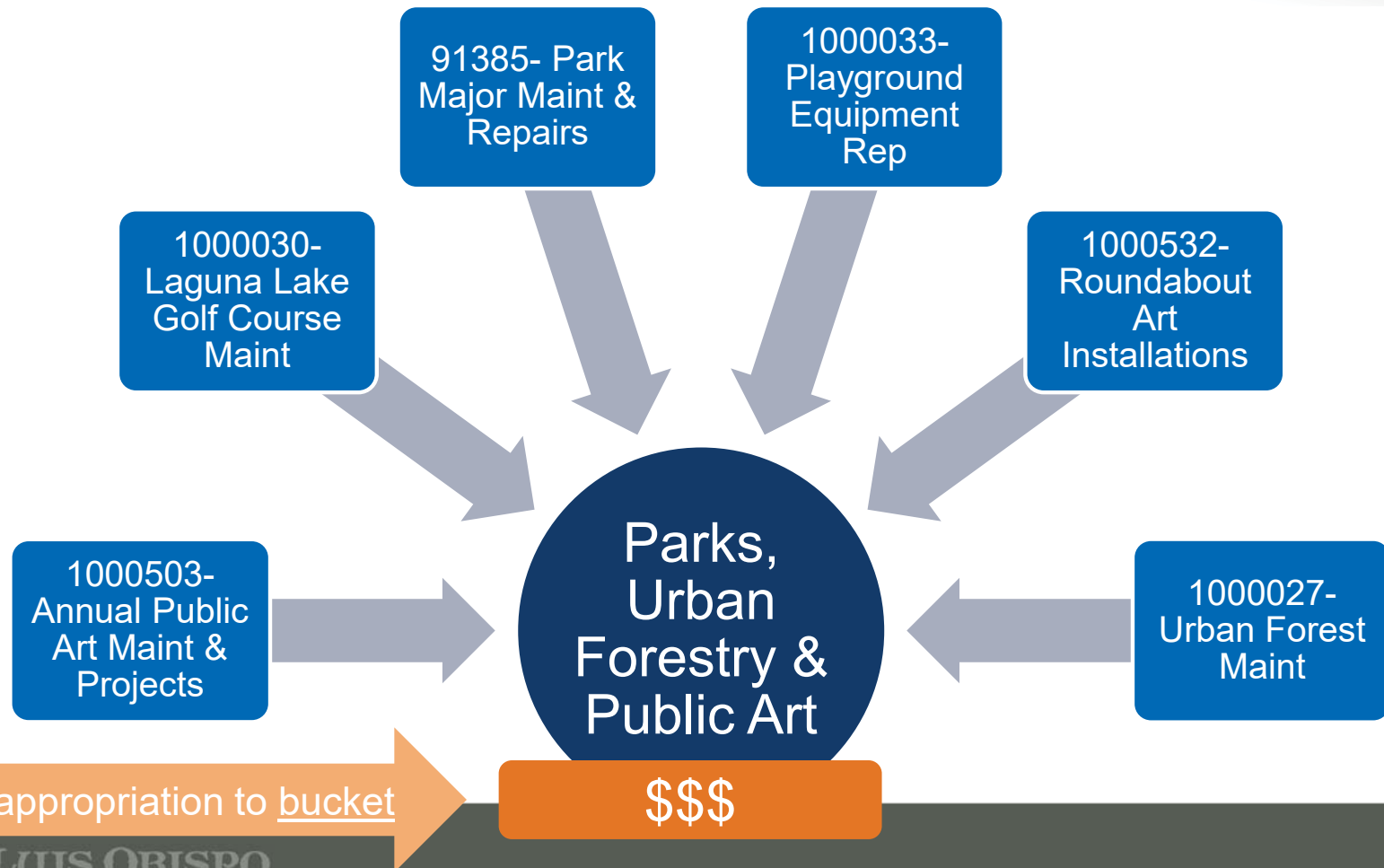
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Recommended New Approach to Budget Appropriation

Example: Parks, Urban Forestry & Public Art bucket for Asset Maintenance projects

- Estimated cost for individual projects determines recommended bucket amount
- Staff would have discretion to use bucket amount to fund all projects within the bucket



Benefits of Funding Bucket Approach

Enables the City to be nimbler in responding to cost overruns, as well as changes to project prioritization to deliver projects

Projects are priced closer to when they are initiated, rather than during budget development

Staff has additional time to develop project scopes which will result in more accurate and complete project scopes



CIP Budget Approach – Funding Bucket Governance

- Purchasing Policy requires Council authorization to award construction contracts over \$200,000
 - Staff will be in front of Council regularly for projects, providing opportunity for Council to provide direction
- Budget adjustment process
 - Forces consideration of overall CIP
- CIP reporting
 - Provided to REOC and Council quarterly
 - Focus on project status and expenditures from buckets
- Policy language



CIP Budget Approach – Policy Changes

Changes to Existing Policies

- Clarifies role of Project Managers
- Clarifies role of CIP Review Committee
- Outlined recommended new approach of City Council appropriation of funding to Asset Replacement and New Asset projects to "funding buckets"

New Policies

- Identifies and defines project types
- Requires use of Project Request Forms
- Establishes ongoing criteria used by CIP Review Committee to prioritize projects for funding
- Limits creation of new projects off-cycle to those that address emergency needs
- Establishes the process staff must follow to process administrative budget adjustments within a "funding bucket"
- Requires staff to publish CIP reports on a quarterly basis

Deletion of Existing Policies

- Eliminates policy that requires project phases to be listed as objectives in department program narratives (this is not current practice)



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Council Agenda Report: Recommendation #2

- Appropriate \$40,000 of the City's General Fund Unassigned Fund Balance into operating budget to contribute to the Housing Trust Fund.
- Correction to the 2022-23 Appropriations Limit:

Previously adopted Appropriations Limit 2022-23 (R-11332)	\$85,666,375
<u>Corrected Calculation</u>	
Appropriations Limit 2021-22	\$79,470,558
Consumer Price Index (revised)	7.55%
Population Factor: County Population Growth	0.28%
Compounded Percentage Factor (multiplicative not additive)	1.025%
<i>Appropriations Limit 2022-23 (revised)</i>	<i>\$85,706,220</i>



Conclusion: Planning for 2023-25

Continued commitment to...

Good Fiscal Management

Public Engagement

Quality Services

Many challenges, many opportunities, many efforts and endeavors ahead



CITY OF SAN LUIS OBISPO

Recommendations

1. Receive and discuss the following framework in preparation for the 2023-25 goal-setting and Financial Plan process:
 - a. FY 2022-23 1st quarter results
 - b. 2021-23 Adopted Major City Goals
 - c. General Plan and Climate Action Plan Update
 - d. Setting the stage framework including **core services** and a **scan of strategic indicators** for all major funds.
 - e. Introduce a recommended approach to the budgeting and management of the Capital Improvement Plan (CIP) and receive Council feedback (Attachment D)

2. Adopt a resolution entitled, “A Resolution of the City Council of the City of San Luis Obispo, California, approving an amendment to the 2022-23 Budget Allocation” to appropriate \$40,000 of the City’s General Fund Unassigned Fund Balance into operating budget to contribute to the Housing Trust Fund and correction to the 2022-23 Appropriations Limit.

