



First Quarter Financial Report

Fiscal Year 2022-23

Introduction

This financial report provides an overview of the City's financial position through the first quarter of fiscal year 2022-23 (July 1 - September 30, 2022) for the General Fund and the City's four enterprise funds. It also provides an update on the status of the City's Capital Improvement Program (CIP) projects and City's adopted Major City Goals. Notable milestones or trends within the first quarter are addressed and detailed throughout the document. The report is divided into the following sections:

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General Fund Update

As of September 30, 2022, operating expenditures trend on target with past years' first quarters. Revenues have almost entirely recovered to pre-pandemic levels. The City is also on track to meet its overall revenue forecast for 2022-23.



General Fund Revenue

		2021-22		2022-23			
Table 1: General Fund Revenues		Q1 Actuals	% Received	Total Budget	Q1 Actuals	% Received	Variance from prior year
Tax & Franchise Revenue							
1	Sales and Use Tax (July-Aug)	\$ 3,748,186	20%	\$ 21,789,000	\$ 3,945,734	18%	5.3%
2	Local Revenue Measure G (July-Aug)	\$ 4,849,726	20%	\$ 27,049,000	\$ 5,114,415	19%	5.5%
3	Property Tax	\$ 541,073	3%	\$ 20,746,387	\$ 311,029	1%	-42.5%
4	Safety Prop 172	\$ 91,695	27%	\$ 497,000	\$ 99,220	20%	8.2%
5	Transient Occupancy Tax	\$ 3,062,114	42%	\$ 8,636,000	\$ 3,490,625	40%	14.0%
6	Utility User Tax	\$ 657,317	12%	\$ 5,544,000	\$ 1,397,746	25%	112.6%
7	Business Tax	\$ 2,784,624	115%	\$ 2,889,000	\$ 3,108,125	108%	11.6%
8	Cannabis Tax	\$ 156,419	12%	\$ 1,400,000	\$ 244,581	17%	56.4%
9	Franchise Fees	\$ 186,950	12%	\$ 1,606,000	\$ 207,841	13%	11.2%
10	Gas Tax (Special Revenue Fund)	\$ 327,690	27%	\$ 1,245,024	\$ 339,663	27%	3.7%
11	SB1 Gas Tax (Special Revenue Fund)	\$ 164,687	18%	\$ 1,049,877	\$ 176,565	17%	7.2%
12	Total Tax & Franchise Revenue	\$ 16,570,482	20%	\$ 92,451,288	\$ 18,435,543	20%	11%
13	Development Review	\$ 1,145,320	18%	\$ 6,145,665	\$ 1,734,393	28.2%	51.4%
14	Parks & Recreation	\$ 443,318	28%	\$ 1,978,920	\$ 377,831	19.1%	-14.8%
15	Fire	\$ 282,691	20%	\$ 1,576,322	\$ 329,467	20.9%	16.5%
16	Police	\$ 113,638	18%	\$ 638,597	\$ 93,182	14.6%	-18.0%
17	Business Licenses (Incl Cannabis)	\$ 530,449	73%	\$ 655,911	\$ 598,226	91.2%	12.8%
18	Other Revenue	\$ 168,391	13%	\$ 1,020,630	\$ 159,518	15.6%	-5.3%
19	Grants & Subventions	\$ 70,474		\$ 668,008	\$ 287,097	43.0%	307.4%
20	Total	\$ 19,324,764	20%	\$ 105,135,342	\$ 22,015,256	21%	14%

Sales and Use Tax (including Measure G): The actuals listed above are for July and August remittals from the California Department of Tax and Fee Administration (CDTFA). While these are a good indicator of actual receipts; the City will have a clearer picture when it receives the September amount and any first quarter “cleanup” in November. The FY 2022-23 forecast assumed 3.8% growth in sales tax revenue over the FY 2021-22 budget. Based on the year-to-date numbers, growth is about 1.5% higher than the assumption, but it is too soon to say if this is indicative of any longer-term trend. This was due to many new transaction tax measures adopted throughout the state (including our own) and a backlog in the CDTFA system.

Property Tax: The City receives most of its property tax revenue in the 3rd and 4th quarters of the fiscal year. The County recently sent the City updated property tax estimates and the currently adopted budget is still in line with the new estimates.

Transient Occupancy Tax (TOT): The central coast had a remarkably busy tourism summer. The first quarter of TOT remittals reflect the high demand for hotels and homestays, with July setting an all-time record high of \$1.3 million in TOT. However, August showed an 8% decline over the prior year. Other indicators that can be used to analyze trends are Average Daily Rate (ADR) and Occupancy Rate (Occ). Both indicators show almost no change from the prior year. Although the start of the year looks promising, the City’s tourism program along with the countywide tourism office expect to see a decline in FY 2022-23. When and to what degree it declines remains uncertain, but with the budget adoption, staff consider a slow-down and budget TOT accordingly.

Utility User Tax (UUT): Year-to-date UUT revenue is tracking higher than it did in FY 2021-22 because of a change in collection and administrative responsibilities to a third-party vendor, HDL which caused a delay in last year's collection. Current year actuals are on trend with years prior to FY 2021-22. Staff will continue to monitor monthly UUT remittals and adjust the budget at mid-year if necessary.

Business Tax: The City collects business taxes at the beginning of the fiscal year and they are based on the gross receipts of the previous calendar year. FY 2022-23 business tax revenues are significantly higher than the previous year because FY 2021-22 receipts were based on 2020, the year hardest hit by the pandemic. When looking back to FY 2019-20 as the base year, business tax revenue grew by about 6.4% or an average of approximately 3.2% per year. This is more than the City had assumed in its projections but is in line with the spike in economic activity that is reflected in sales and tourism taxes.

Cannabis Tax: Monthly cannabis tax revenue has stayed very consistent since the second retail location opened in April 2022. Given that the third retail business did not open as expected, staff will need to adjust the budget and forecast at mid-year. The new FY 2022-23 projection is forecasted to be around \$1 million.

Franchise Fees: These are fees on privately owned utility companies and other businesses that use the City's infrastructure during daily business. The fees are calculated based upon contracts with the businesses. The City has collected all of the fees expected as of Q1 and is on track to meet its budget projection for the year.

Gas Taxes: Both the Highway User Tax (*line 10*) and the SB1 Road Maintenance and Rehabilitation Apportionment (*line 11*) are tracking as expected. The budget for FY 2022-23 is based on information provided by the State. This revenue is a fee per gallon and *not* based on gas prices.

Development Review: The revenues in Development Review are trending higher than the previous year primarily due to building permit and infrastructure plan check/inspection revenues. More building permits were issued compared to the same time last year with a higher average valuation per building permit. With respect to infrastructure, the first quarter revenues included the collection of subdivision improvement plan review fees for two large development projects located in the City.

Police: Police revenue is lower than last year for a couple of reasons. The first being a problem with the Parking division issuing permits in some residential areas. Therefore, officers were only giving warnings (as opposed to citations) for the first quarter in these areas. This issue has been resolved and the losses from Q1 will have only a minor impact on the overall revenue picture. The second reason is that some annual invoices were billed earlier in the year last year, inflating the Q1 actual. By mid-year, these variances should smooth out and the department is on track to meet its current forecasts.

Fire: Fire Department related revenues are on track with the projections and in the same position that they were at last year (20% of budget). The reason for the increase in actual revenue over the prior year is due to an increase to the Cal Poly annual agreement amount as well as an increase in Fire Plan Check & Inspection revenue which is line with development activity trends mentioned in the Development Review section above.

Parks & Recreation: Parks and Recreation saw a 15% decrease in revenue from the first quarter of FY2021-22. This is due to a shift in the timing of childcare registration costs from July to May and June of 2022. Since FY 2023-24 childcare registration will occur in April through June of FY 2022-23, there should not be

any impact to the annual budget. Additionally, the summer camp programs were restructured to supplement San Luis Coastal Unified School District's no-cost, full day summer school programming. This reduced operating hours (and revenue) for the Department's summer camp program, but also resulted in temporary salary savings.

Business and Cannabis Licenses: Business licenses fees are on track with projections. Business licenses are renewed at the beginning of the fiscal year; therefore, most of the revenue for the year has been collected. An update on the number of renewed licenses is provided in [Section 5](#) of this report. The cannabis operator license fee budget was developed based on the projected number of businesses that would be open this year. Two businesses did not open as anticipated; therefore, the budget will need to be reduced by about \$90,000 at mid-year.

Other Revenue/ Grants & Subventions: Grant revenues fluctuate from year-to-year based on availability and award success. The "Other Revenue" category includes things like interest revenue, lease revenue, and miscellaneous revenue that is not department specific. In most cases, the City has just not received these revenues yet which is why the percent received is low. This category also includes "net zero" revenues that are offset by expenditures. Although the year-to-date amount is lower than last year, staff expect to receive the projected revenue by year-end.

General Fund Expenditures

Overall expenditure trends track with the adopted budget. The graphs below include first quarter consumption for FY 2022-23 compared to budget. The “Total Expenditures & Obligations” column includes both costs that have already been incurred and costs that are obligated on purchase orders.

Table 2 - Expenditures by Type:

Expenditure Type	Initial Budget	Budget Adjustments & Carryover	Total Budget	Total Expenditures/ Obligations	% Consumed
Staffing	\$54,336,034	\$583,457	\$54,919,491	\$12,296,212	22%
Contract Services	\$7,946,644	\$3,176,312	\$11,122,956	\$5,838,042	52%
Other Operating Exp	\$6,094,224	\$1,317,226	\$7,411,450	\$2,895,219	39%
Utilities	\$2,963,728	\$162,213	\$3,125,941	\$1,199,672	38%
Unfunded Liability ¹	\$11,853,918	\$0	\$11,853,918	\$11,853,918	100%
Grand Total	\$83,194,548	\$5,239,208	\$88,433,756	\$34,083,062	39%

There are no significant variances to point out in the General Fund. *It is expected that contract services and other operating expenses may track above 25% because annual purchase orders are set up at the beginning of the year and the funds are considered “Obligated” from that point forward.* Staffing should track at a consistent level and 22% is consistent with expected expenditure levels.

Table 3: Expenditures by Department:

Department*	Initial Budget	Budget Adjustments & Carryover	Total Budget	Total Expenditures/ Obligations	% Consumed
Public Safety					
Police	\$ 16,324,782	\$ 353,727	\$ 16,678,508	\$ 3,964,041	24%
Fire	\$ 11,585,358	\$ 157,193	\$ 11,742,551	\$ 3,342,975	28%
Community Services Group (CSG)					
CSG Admin	\$ 496,566	\$ 188,219	\$ 684,785	\$ 190,670	28%
Community Development	\$ 5,968,524	\$ 751,532	\$ 6,720,057	\$ 1,920,442	29%
Parks & Recreation	\$ 4,758,728	\$ 47,402	\$ 4,806,130	\$ 1,221,129	25%
Public Works	\$ 14,674,305	\$ 1,062,271	\$ 15,736,575	\$ 5,724,329	36%
Utilities - Solid Waste (AB939)	\$ 296,743	\$ 108,088	\$ 404,831	\$ 65,897	16%
Internal Services					
Administration	\$ 9,690,216	\$ 1,272,134	\$ 10,962,350	\$ 3,940,141	36%
City Attorney	\$ 1,132,935	\$ 278,322	\$ 1,411,256	\$ 518,729	37%
Finance	\$ 2,019,427	\$ 75,072	\$ 2,094,499	\$ 639,020	31%
Human Resources	\$ 1,480,118	\$ 263,112	\$ 1,743,230	\$ 569,652	33%
Non-Departmental/Support Services	\$ 2,912,928	\$ 682,138	\$ 3,595,066	\$ 130,932	4%
Grand Total	\$ 71,340,630	\$ 5,239,208	\$ 76,579,838	\$ 22,227,956	29%

*Excludes unfunded liability

¹The City paid the entire CalPERS unfunded liability payment at the beginning of the year. This saves the City approximately \$300,000 when compared to the monthly payment option.

Enterprise Fund Update

Utilities: Water and Sewer Funds

The tables below include first quarter actuals for FY 2022-23 compared to the projection. The “Total Expenditures & Obligations” column includes both costs that have already been incurred and costs that are obligated on purchase orders.

	2021-22		2022-23			
Table 4: Water/Sewer Fund Revenue	Q1 Actuals	% Received	Total Budget	Q1 Actuals	% Received	Variance from prior year
Water Fund	\$ 5,186,017	21%	\$ 26,036,569	\$ 5,578,487	21.4%	7.6%
Sewer Fund	\$ 3,918,338	17%	\$ 19,218,757	\$ 3,845,425	20.0%	-1.9%
Total	\$ 9,104,355	20%	\$ 45,255,326	\$ 9,423,912	21%	4%

Table 5: Expense Type by Fund	Initial Budget	Budget Adjustments	Total Budget	Total Expenditures & Obligations	% Consumed
Water Fund					
Staffing	\$ 4,270,177	\$ (6,720)	\$ 4,263,457	\$ 958,015	22%
Contract Services	\$ 665,420	\$ 210,824	\$ 876,244	\$ 454,484	52%
Other Operating Expenditures	\$ 12,175,243	\$ 443,564	\$ 12,618,807	\$ 9,314,130	74%
Utilities	\$ 691,085	\$ 7,040	\$ 698,125	\$ 243,410	35%
Unfunded Liability	\$ 698,149	\$ -	\$ 698,149	\$ 698,149	100%
Water Fund Total	\$ 18,500,074	\$ 654,709	\$ 19,154,782	\$ 11,668,188	61%
Sewer Fund					
Staffing	\$ 4,167,076	\$ 101,394	\$ 4,268,470	\$ 905,525	21%
Contract Services	\$ 863,361	\$ 324,524	\$ 1,187,885	\$ 706,481	59%
Other Operating Expenditures	\$ 1,741,111	\$ 262,160	\$ 2,003,271	\$ 1,285,435	64%
Utilities	\$ 937,710	\$ 4,713	\$ 942,423	\$ 173,889	18%
Unfunded Liability	\$ 722,419	\$ -	\$ 722,419	\$ 722,419	100%
Sewer Fund Total	\$ 8,431,676	\$ 692,791	\$ 9,124,467	\$ 3,793,748	42%

Revenue: Due to utility billing timings, revenues reflect roughly two months of revenue. Relative to projected revenues for fiscal year 2022-23, first quarter revenues put the Utilities department on track to hit revenue targets. Relative to the fiscal year 2021-22 revenue actuals, water revenue is trending higher, and sewer revenue is trending lower. Water revenue is trending higher for two reasons:

1. Rates were increased by 3.5% on July 1, 2022 ([Resolution No. 11257](#))
2. The Utilities department delivered 3.2 million more gallons of recycled water in the first quarter of fiscal year 2022-23 than fiscal year 2021-22

Sewer revenues are trending lower because Cal Poly sales were substantially higher in fiscal year 2021-22. Cal Poly had drained a tank in August 2021 that resulted in 1.48 million additional gallons of billable outflow.

Expenditures: There are no significant variances to point out at this time. It is normal and expected that contract services and other operating expenses track above 25% because annual purchase orders are set up at the beginning of the year and the funds are considered “Obligated” from that point forward. Staffing

should track at a consistent level and the actuals seen above are due to staffing vacancies and subsequent savings during staffing transitions.

Parking Fund

The tables below include first quarter actuals for FY 2022-23 compared to budget projection. The “Total Expenditures & Obligations” column includes both costs that have already been incurred and costs that are obligated on purchase orders.

	2021-22		2022-23			
Table 6: Parking Fund Revenue	Q1 Actuals	% Received	Total Budget	Q1 Actuals	% Received	Variance from prior year
Parking Fund	\$ 1,421,963	26%	\$ 5,830,750	\$ 1,866,772	32%	31.3%
Total	\$ 1,421,963	26%	\$ 5,830,750	\$ 1,866,772	32%	31%

Table 7: Expenditure by Type	Initial Budget	Budget Adjustments	Total Budget	Total Expenditures & Obligations	% Consumed
Staffing	\$ 1,689,924	\$ -	\$ 1,689,924	\$ 306,294	18%
Contract Services	\$ 584,065	\$ 243,327	\$ 827,392	\$ 561,714	68%
Other Operating Expenditures	\$ 401,525	\$ 20,782	\$ 422,307	\$ 141,362	33%
Utilities	\$ 221,933	\$ -	\$ 221,933	\$ 53,446	24%
Unfunded Liability	\$ 227,997	\$ -	\$ 227,997	\$ 227,997	100%
Parking Fund Total	\$ 3,125,444	\$ 264,108	\$ 3,389,552	\$ 1,290,813	38%

Revenue: Parking revenues have recovered back to “normal”. FY 2021-22 revenues were particularly low because of staffing shortages and lack of resources needed to enforce parking. Additionally, the parking structure control systems were not functioning correctly which led to some lost revenue. In FY 2022-23, the combination of increased foot traffic downtown, more consistent staffing levels, expanded enforcement hours, and properly functioning technology have greatly improved the revenue picture for parking.

Expenditures: There are no significant variances to point out at this time. It is normal and expected that contract services and other operating expenses track above 25% because annual purchase orders are set up at the beginning of the year and the funds are considered “Obligated” from that point forward. Staffing should track at a consistent level and the actuals seen above are due to staffing vacancies and subsequent savings during staffing transitions.

Transit Fund

The tables below include first quarter actuals for FY 2022-23 compared to the projection. The “Total Expenditures & Obligations” column includes both costs that have already been incurred and costs that are obligated on purchase orders.

	2021-22		2022-23			
Table 8: Transit Fund Revenue	Q1 Actuals	% Received	Total Budget	Q1 Actuals	% Received	Variance from prior year
Federal	\$ 0	0%	\$ 7,248,297	\$ -	0%	-100.0%
Local (Bus Fare)	\$ 173,916	23%	\$ 850,000	\$ 194,947	23%	12.1%
Other Revenue/ Interest Revenue	\$ (5,539)	-85%	\$ 297,500	\$ 344,183	116%	-6313.5%
State	\$ -	0%	\$ 2,040,941	\$ 751,816	37%	
Total	\$ 168,376	4%	\$ 10,436,738	\$ 1,290,946	12.4%	666.7%

Table 9: Expenditure by Type	Initial Budget	Budget Adjustments	Total Budget	Total Expenditures & Obligations	% Consumed
Staffing	\$ 276,639	\$ -	\$ 276,639	\$ 45,739	17%
Contract Services	\$ 2,992,743	\$ 311,968	\$ 3,304,711	\$ 2,832,062	86%
Other Operating Expenditures	\$ 684,513	\$ 37,855	\$ 722,368	\$ 581,390	80%
Unfunded Liability	\$ 29,477	\$ -	\$ 29,477	\$ 29,477	100%
Transit Fund Total	\$ 3,983,371	\$ 349,823	\$ 4,333,194	\$ 3,488,668	81%

Revenue: This year, the City received a state grant for low carbon transit that was not receive last year. Additionally, the City received its Q1 TDA payments earlier this year, leading to a variance when compared to the prior year. There was also an update to the Cal Poly service contract which increased the Local Bus Fare amount for Q1. Transit won't receive most of its Federal and State reimbursements until the end of the fiscal year.

Expenditures: There are no significant variances to point out at this time. The Transit Fund's largest operational cost is for annual transportation services through its provider, First Transit. Since this purchase order has been set up for the year, most (86%) of the Contract Services budget has been obligated. The budget reflects the full service at pre-pandemic level. Transit is striving to restore bus service at pre-pandemic levels. However, due to driver shortages, the City's transit service is operating at reduce levels. First Transit is diligently recruiting drivers. Though First Transit has made progress in hiring drivers, the driver count is still below the driver requirement to operate the full schedule. Staff will be addressing this issue with discretionary grant funds to attract drivers and to achieve full service.

Table 10: Major City Goal Tasks with Completion Dates in FY 2022-23 Q1

		● On track	● Problems emerged with no solution yet		
		● Task delayed or potential setbacks with workable solutions			
Strategy	Task	Status	Completion Date	Updated Completion Date	Comments (if applicable)
Economic Recovery, Resiliency & Fiscal Sustainability					
1.2	c-2. Set aside funding for the potential to expand the various Open Slo programs (Parklets, Street closures) to other areas of the City to support business recovery.	●	FY23 Q1	Completed	Council Adopted an Outdoor Dining/ Parklets ordinance (O-1716) on July 19, 2022.
1.4	d-13. City Hall lighting	●	FY23 Q1	FY24 Q4	Completion Date Updated. Project delayed due to staffing constraints.
1.7	b. Regional Transit Authority Analysis: The RTA is currently building a Regional Transit HUB 800 feet from the City's SLO Transit Bus Yard. Much of the infrastructure that supports SLO Transit is aged and nearing the end of its lifespan. All transit providers are required to shift the fleet of transit vehicles to zero emission vehicles. This funding would support the analysis and review of SLO Transit's operations and infrastructure to determine if there may be benefit to sharing infrastructure, equipment or centralizing services to provide increased community services at the same or reduced purchasing requirements, alternative project delivery methods and other options to support local businesses and employees. The Community Services Group will be leading this effort.	●	FY23 Q1	Completed	Presented to City Council as a Study Session on August 18, 2022.
Diversity, Equity, Inclusion					
2.1	h. Hire Interns - Cal Poly, Cuesta, community candidates - .25 FTE - 2 positions Y1 @ midyear / 2 - Y2, full year	●	FY23 Q1	FY23 Q2	The office of DEI recently hired a management fellow to support the staffing structure. Following that hire staff have evaluated the need for interns and plan to begin hiring process in January of 2023.
2.7	m. Park major maintenance and repairs specific to Cheng Park improvements and Mission Plaza railing improvements.	●	FY23 Q1	FY23 Q3	Staff are working on final design documents. Expect to advertise the project during November. Estimate completion of the project by end of Q3 (spring)
Housing and Homelessness					
3.1	e. Subdivision Regulations Update (HE 6.20)	●	FY23 Q1	FY23 Q4	Two vacant Associate Planner positions and a gap in hiring a Cannabis Coordinator have delayed the delivery of this work effort.
Climate Action, Open Space and Sustainable Transportation					
4.4	i. Complete construction of the Orcutt Road/Tank Farm Road Roundabout, reducing congestion and auto emissions and improving access and safety for bicycles, pedestrians and drivers.	●	FY23 Q1	Completed	

4 CIP Update – Completed and Ongoing

Table 11: Completed and Ongoing Construction Projects

Completed & Ongoing Construction Capital Projects (July 1, 2022 - September 30, 2022)					
ID#	Project	Current Construction Status	Approximate Project Budget Expended (as of 10/25/22)	Estimated Construction Completion Date	Additional Comments
1	Tank Farm Road and Orcutt Roundabout	Complete	\$ 4,776,311	Complete	
2	Area 6 and 7 Curb Ramps	Complete	\$ 880,783	Complete	
3	Silt Removal 2022	Complete	\$ 285,110	Complete	
4	2583 Greta Storm Drain Repair	Complete	\$ 128,428	Complete	
5	Verde/Luneta/Ramona/Broad Sewer Replacement	Construction Ongoing	\$ 1,967,027	Q2 FY 22-23	
6	2022 Roadway Sealing	Construction Ongoing	\$ 2,923,384	Q2 FY 22-23	
7	Groundwater Contamination Characterization Project	Construction Ongoing	\$ 825,488	Q2 FY 22-23	Grant funded.
8	40 Prado Bus Shelter Relocation	Construction Ongoing	\$ 76,005	Q2 FY 22-23	
9	Fire Station 2 Bathroom Remodel	Construction Ongoing	\$ 72,280	Q2 FY 22-23	
10	Fire Station 1 and Fleet Maintenance Roofing Replacement	Award Phase	\$ 58,550	Q2 FY 22-23	
11	Santa Rosa at Monterey Intersection Improvements	Construction Ongoing	\$ 920,102	Q3 FY 22-23	Project in suspension until January 2023, due to material delays.
12	Cultural Arts District Parking Structure Phase 1A	Advertising	\$ 2,261,026	Q3 FY 22-23	Budget reflects expenditures to date on entire project. Only Phase 1A is in the advertising phase.
13	City Hall Meeting Room Tenant Improvements	Award Phase	\$ 20,307	Q3 FY 22-23	
14	Walnut and Morro Strom Drain Repair	Advertising	\$ -	Q3 FY 22-23	No budget has been expended because design was done in house.
15	Parks and Recreation Office Rehabilitation	Construction Ongoing	\$ 558,945	Q4 FY 22-23	Construction is substantially completed, with staff occupying the offices. Project will be complete once delayed furniture and other materials are recieved.
16	Calle Joaquin Lift Station Replacement	Construction Ongoing	\$ 6,545,344	Q1 FY 23-24	
17	Wastewater Resource Recovery Facility Upgrade	Construction Ongoing	\$ 120,926,133	Q2 FY 23-24	
18	Water Treatment Plant Generator Improvement Project at Facility 98	Advertising	\$ 41,169	Q4 FY 23-24	

See next page for the status of major legacy projects in design.

Table 12: Status of Major and Legacy Projects in Design

Status of Major and Legacy Projects in Design					
ID#	Project	Current Status	Approximate Project Budget Expended (as of 10/25/22)	Estimated Construction Start Date	Additional Comments
1	Cheng Park Revitalization	Design Phase	\$ 49,000	Q3 FY 22-23	
2	North Broad Street Neighborhood Park	Design Phase	\$ 179,260	Q4 FY 22-23	
3	North Chorro Neighborhood Greenway	Design Phase	\$ 857,507	Q4 FY 22-23	This project was previously known as the 'Anholm Greenway'.
4	Mission Plaza Restrooms and Kiosk Cafe	Design Phase	\$ 443,638	Q2 FY 23-24	
5	Cultural Arts District Parking Structure Phase 2	Design Phase	\$ 2,261,026	Q2 FY 23-24	Budget reflects expenditures to date on entire project. Phase 2 of the project is currently in the design phase.
6	Mid-Higuera Bypass	Design Phase	\$ 695,401	Q3 FY 23-24	The majority of the project is funded with County Zone 9 funding.
7	Prado Road Bridge and Road Widening	Design Phase	\$ 2,161,281	Q1 FY 24-25	
8	California and Taft Roundabout	Design Phase	\$ 275,572	Q2 FY 24-25	Right of way acquisition has delayed this project. Due to delays, funding for this project was reduced to pay for the 2022 Roadway Sealing project which came in significantly over budget. This project is planned to be re-funded in the 2023-25 Financial Plan.
9	Prado Road Interchange	Project Approval/Env. Document Phase (PAED)	\$ 1,305,772	Q2 FY 25-26	
10	Public Safety Center	Planning and Entitlements	\$ 187,944	Q2 FY 25-26	

5 Fund Balances

The fund balance is the fund balance at the beginning of the fiscal year plus the difference between revenues and expenditures. The beginning fund balance represents the residual funds brought forward from the previous year (ending balance). In the case of the enterprise funds, the “Working Capital” is shown below. Working Capital is equal to the fund’s current assets minus current liabilities. The total balance includes reserved or restricted amounts.

Table 13: Fund Balance/Working Capital by Fund	
101 - General Fund	\$ 19,665,073
601 - Water Fund	\$ 25,655,380
602 - Sewer Fund	\$ 41,205,584
611 - Parking Fund	\$ 13,895,890
621 - Transit Fund	\$ 1,308,205

Q1 Update on Business License and Other Permit Renewals

Annual business licenses and various permit renewals and fees are due to the City in the first quarter of the fiscal year. Staff were successful in collecting most of the renewals by the due date (July 31, 2022). Delinquent customer accounts are now subject to late fees and/or administrative fines. The table below shows an update on where the City is at with collection of these license and permit renewals as of October 31, 2022.

Table 14: License/ Permit Type	Renewed	Delinquent
Business Licenses	8,389	274
Business Licenses – Homestays	132	3
Fire Permits	237	45
Industrial User Permits	258	28

6 Outlook and Conclusion

All the City’s major funds began FY 2022-23 in good financial standing. While revenue trends are looking favorable, most economists are signaling some degree of downturn that will begin either in late 2022 or early 2023. The establishment of the revenue stabilization reserve will help hedge against any sudden fluctuation, but Council will need to carefully consider the economic uncertainties when preparing for the 2023-25 Financial Plan. Not only has the City’s cost of doing business increased due to inflation and supply shortages but its core services have expanded over the past few years. New programs such as the Office of Diversity, Equity, and Inclusion as well as many of the Housing and Homelessness efforts are now part of the City’s base budget. Updated long-term forecasts that consider revenue trends and expenditure impacts will be presented to Council at the February 7, 2023 Mid-Year review.