

City of Arroyo Grande
Fiscal Year 2024-25
Second Quarter Financial Status Report

INTRODUCTION

The following report is an overview of the City's fiscal position at the end of the second quarter for Fiscal Year (FY) 2024-25. The purpose of this report is to update the public and the City Council on the City's financial position at the end of the second quarter and compare actual results to the prior year and the Adjusted Budget to determine the City's performance. The second quarter timeframe is July 1, 2024 through December 31, 2024.

The financial report is organized in the following sections:

Section 1 – an overview of City's financial position after the end of the second quarter of FY 2024-25. This includes a comparison of second quarter results between the current and prior year. In addition, second quarter results will be compared to the budgeted Target. As part of the analysis, brief explanations of significant revenue and expenditure variances are included.

Section 2 – a listing of any personnel changes occurring during the second quarter and a summary of headcount by department. This section also includes the City's calculated vacancy rate.

Section 3 – an update on the Capital Improvement Projects (CIP) managed by the Public Works and Community Development Departments. This section includes CIP that were completed in the second quarter along with their final costs.

Section 4 – a listing of Budget Amendment Requests previously approved by Council and completed in the second quarter of the fiscal year, as well as a list of additional budget adjustments that are being presented to Council along with the second quarter report for consideration and approval.

Section 5 – an update on the Goal Status Reports to Council that includes progress towards completing Major City Goals and Capital Improvement Plan.

ENSURING FISCAL STABILITY:

In Fall 2020, the City Council established a goal to ensure financial stability for the organization throughout the planning, budgeting, and expenditure process, including preparation and presentation of year-end and quarterly financial reports.

SECTION 1: OVERVIEW OF FINANCIAL POSITION

CITY FUND STRUCTURE

The overall City budget is comprised of many individual funds, which are categorized below. This financial report will focus primarily on the Consolidated General Fund but will also report on all Governmental Funds.

Consolidated General Fund – The Consolidated General Fund is the primary operating fund of the City, which accounts for resources and services traditionally associated with government. The Consolidated General Fund provides administrative, financial, police protection, community development, public works, fire, and recreation services to the community and other funds. The Consolidated General Fund accounts for revenues that have unrestricted uses and are not required legally or by contractual agreement to be accounted for in another fund. The City has historically reported on the Consolidated General Fund separately from the Measure O 2006 Sales Tax Fund, although the City's auditors traditionally combine this information in the Annual Comprehensive Financial Report (ACFR). The Measure O 2006 Sales Tax Fund accounts for the revenues derived from Measure O 2006, a local 1/2% sales tax approved by the City's voters in November 2006. Measure O 2006 included advisory measures when passed providing direction on the uses to which the funding should be allocated. To ensure accountability, the measure included a provision requiring the City to publish and distribute an annual report to each household on the revenues and expenditures from the sales tax proceeds. To aid in the collection and reporting of this information, the City has accounted for this fund in a separate account. This report will present information for the Consolidated General Fund that includes Measure O 2006 Sales Tax Fund revenues and expenditures.

Special Revenue Funds – Special revenue funds are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – This fund is used to account for the accumulation of resources and payment of long-term debt principal interest. This includes the USDA loan issued by the City to finance the relocation of City Hall.

Enterprise Funds - An enterprise fund is a separate accounting and financial reporting mechanism for which revenues and expenditures are segregated into a fund with financial statements separate from all other governmental activities. These funds include Water and Sewer services provided to City residents.

Private Purpose Fund – The private-purpose fund was created to hold the assets of the former Redevelopment Agency of the City of Arroyo Grande until they are distributed.

Agency Funds – Agency funds are funds that the City holds on behalf of another entity. Currently, there are three Agency funds. One is the Sanitation District fund, which accounts for the receipt and remittance of wastewater processing fees on behalf of the South San Luis Obispo County Sanitation District. The second is the Downtown Parking Fund, which collects assessments from Arroyo Grande Village merchants within the boundaries of the Parking and Business Improvement Area for maintenance of the Village parking lots. The third is the San Luis Obispo Tourism Marketing District (SLOTMD) Fund, which accounts for the receipt and remittance of assessments collected from lodging operators on behalf of the SLOTMD.

The following chart below shows an overview of the City's fund structure.

ALL FUNDS							
GOVERNMENTAL FUNDS				PROPRIETARY FUNDS	FIDUCIARY FUNDS		
General Fund	Legislative & Information Services	Fire Protection Impact Fees	City Hall Debt Service	Sewer	Successor Agency to RDA	Downtown Parking	Sanitation Distribution
	Administrative Services	Public Access Television					
Special Revenue Funds	Community Development	Police Protection Impact	Debt Service Funds	Sewer Facility	Private Purpose Fund	Agency Funds	San Luis Obispo Tourism
	Police Department	Park Development					
	Recreation Services	Park Improvement	Enterprise Funds	Water			Marketing District
	Public Works	Recreation Community Center					
	Local Sales Tax Fund	Grace Lane Assessment District		Water Facility			SLOTMD)
		Parkside Assessment District					
		Street (Gas Tax)		Lopez Water			
		Traffic Signalization					
		Traffic Circulation					
		Transportation Facility Impact					
		Transportation					
		In-Lieu Water Neutralization					
		In-Lieu Affordable Housing					
		Tourism Business Improvement Dist.					
		Water Availability					
		CDBG Grant Fund					
		American Rescue Plan Act (ARPA)					
		State COPS Block Grant					

CURRENT YEAR ACTUALS COMPARED TO PRIOR YEAR

Table 1 below reflects revenue and expenditure patterns through the end of the second quarter of FY 2024-25 and compares the current quarter results against the prior year's results for all Governmental Funds as well as the City's Consolidated General Fund. The totals in the table reflect the second quarter actuals for both revenue and expenditures, divided by that fiscal year's annual budget.

Table 1

Governmental Funds			
	Second Quarter FY 2024-25	Second Quarter FY 2023-24	Variance
Revenue	\$ 11,794,226	\$ 11,518,272	\$ 275,954
Expenditures	\$ 15,205,653	\$ 13,413,229	\$ 1,792,424

Consolidated General Fund			
	Second Quarter FY 2024-25	Second Quarter FY 2023-24	Variance
Revenue	\$ 8,372,875	\$ 7,125,292	\$ 1,247,583
Expenditures	\$ 13,158,337	\$ 12,350,574	\$ 807,763

The following discussion focuses on both the City's Governmental Funds and the Consolidated General Fund and provides a comparison between second quarter results for the current and prior year for both revenue and expenditures. Governmental Funds and Consolidated General Fund revenue and expenditures for the second quarter of this year are generally on Target with prior year. The Governmental Funds category includes Special Revenue Funds, Debt Service Funds, as well as the Consolidated General Fund.

Governmental Funds – At the end of the second quarter of FY 2024-25, Governmental Fund revenue was 2.4% or \$275,954 higher than prior year, and expenditures were higher by 13.4% or \$1.8 million.

The majority of the revenue and expenditure variances in Governmental Funds were attributed to variances within the Consolidated General Fund and the American Rescue Plan Act (ARPA) Fund, which is separate from the Consolidated General Fund and not otherwise addressed in this report. The Governmental Funds category includes the Consolidated General Fund as well as other Special Revenue Funds. The Consolidated General Fund and ARPA Fund variances are explained as follows:

Consolidated General Fund - The Consolidated General Fund is the primary operating fund of the City and accounts for resources and services traditionally associated with government. Consolidated General Fund revenue in the second quarter was 17.5%, or \$1.2 million higher than the second quarter of the prior year. Expenditures increased by 6.5%, or \$807,763 higher than the second quarter of the prior year. The majority of the variance between the two fiscal years is related to increased costs of one-time payments for Liability and Property Insurance, CalPERS Unfunded Accrued Liability, and Workers Compensation.

ARPA Fund – The ARPA Fund was created to help separately track funding provided pursuant to the American Rescue Plan Act. This Act is intended to provide financial aid to families, governments, businesses, schools, non-profits and others impacted by the COVID-19 public health crisis. To date the City has received the full amount allocated totaling \$4,300,241. In FY 2021-22 expenditures totaled \$604,246. In FY 2022-23 expenditures totaled \$745,837. In FY 2023-24 expenditures incurred totaled \$1,163,495 the remaining \$1,786,663 is currently recognized as revenue in FY 2024-25.

CONSOLIDATED GENERAL FUND IMPACTS

The following discussion focuses on the City's Consolidated General Fund performance. Chart 1 starts off with a simple overview of Consolidated General Fund performance compared to the Target. Next are expenditures by category (Table 2). This is followed by a summarized look at FY 2024-25 second quarter actual expenditures compared to the Target (Table 3). Lastly, a discussion of Consolidated General Fund revenue is included, which compares second quarter actual results to the Target (Table 4).

Using the Target as a comparator against actual results provides a simplified method to evaluate performance for each quarter. The Target for revenues does not use the 50% Target but a Target of 35% that more accurately reflects the anticipated revenues to be received in the second quarter of the fiscal year. Revenue realization is typically low at the end of the second quarter of the fiscal year due to the timing of receipt of major tax revenues, the time lag involved in billing cycles, and the receipt of reimbursements. The City's actual second quarter financial results will be compared to both the prior year's second quarter and the budgeted Target. The Target for expenditures is calculated as one-half (50%) of the FY 2024-25 Budget and represents the 6-month period from July 2024 through December 2024, except for the Non-Departmental Annual Payments line that has a Target of the full budget. This approach increased the Target from 50% to 51% for the second quarter.

Chart 1

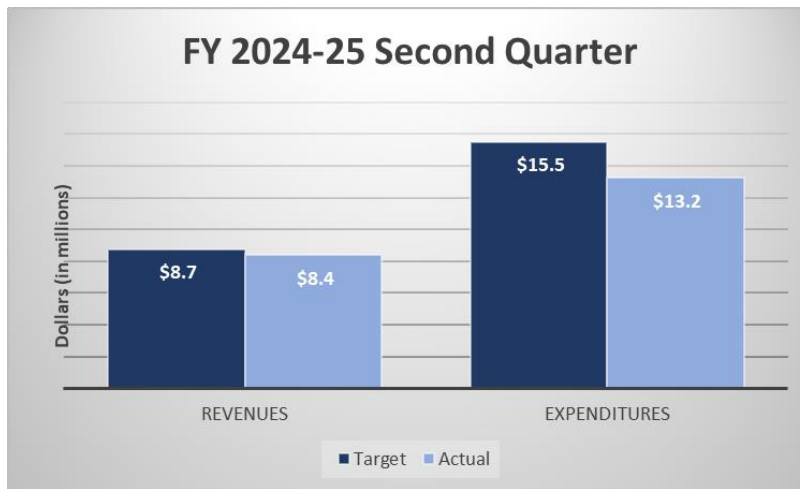


Chart 1 shows a simple comparison of actual second quarter revenue and expenditures to the Target. The actual second quarter Consolidated General Fund revenue is less than the budgeted Target by \$365,978, which is not unusual since revenue realization is typically lower than the Target through the second quarter due to the time lag involved in billing cycles and the receipt of reimbursements. Likewise, actual

expenditures through second quarter totaled \$13.2 million, or 43% of the full year's Budget, and are under the Target by \$2.3 million. A more detailed discussion on Consolidated General Fund revenue and expenditure variances is included later in this report.

Table 2

Expenditure Category	FY 2024-25 Q2 Actuals	% of Actuals
Personnel Costs	\$ 7,667,357	58.0%
Operating Costs	5,090,493	38.5%
Debt Service	296,622	2.2%
Capital Outlay	3,260	0.0%
Transfers Out	171,648	1.3%
Total	<u>\$ 13,229,380</u>	

Table 2 reflects major expenditure cost categories within the Consolidated General Fund. This chart is intended to explain where the City's resources were spent during the second quarter. Within the total expenditures of \$7.7 million, 58% of the City's costs are associated with personnel, 38.5% with operating and maintenance, 2.2% for the City's debt service, 0.0% for Capital Outlay, and 1.3%

with transfers to other funds.

Table 3 reflects the second quarter status of all Consolidated General Fund operating departments. Some departments include multiple divisions. The divisions are consolidated under their respective department, rather than reflected individually within the table.

Table 3 – Consolidated General Fund Expenditures by Department

Consolidated General Fund Department Variances - Second Quarter					
Consolidated General Fund Department	FY 2024-25 Budget	FY 2024-25 Q2 Target	FY 2024-25 Actuals	Dollar Fav/(Unfav)	% Fav/(Unfav)
City Administration	\$ 1,859,650	\$ 929,825	\$ 683,942	\$ 245,883	13%
Legislative & Information Services	577,060	288,530	200,127	88,403	15%
Measure O 2006 Sales Tax Fund	1,331,900	665,950	623,400	42,550	3%
Measure O 2006 CIP Allocation	2,720,912	-	-	-	0%
Administration Services	7,326,705	3,663,353	2,766,356	896,997	12%
Non-Departmental Annual Payments	3,066,141	3,066,141	3,174,467	(108,326)	-4%
Community Development	2,079,622	1,039,811	721,581	318,230	15%
Police Department	7,635,615	3,817,808	3,256,447	561,361	7%
Recreation Services	768,750	384,375	489,095	(104,720)	-14%
Public Works	3,284,359	1,642,180	1,313,964	328,215	10%
TOTAL EXPEDITURES	30,650,714	15,497,973	13,229,380	2,268,593	7%

Overall, second quarter expenditures were \$2.3 million under the Target. The majority of City departments were under spent, except for Non-Departmental Annual Payments and Recreation Services. Some of the more significant savings occurred in the Administrative Services, Police, Public Works, and Community Development Departments. A more detailed explanation of key expenditure variances by individual department/division is provided below.

KEY EXPENDITURE VARIANCES FOR INDIVIDUAL DIVISIONS/DEPARTMENTS FOR FISCAL YEAR 2024-25

Department: Administrative Services
 Division: Various (4120, 4140, 4145)
 Issue: Overall savings in Transfers Out to CIP Projects and debt service
 Impact to Consolidated General Fund: \$896,997 savings

The Administrative Services Department includes the City's Fiscal and Information Technology functions, as well as Non-Departmental expenditures. This budget included a line item reflecting budgeted Transfers Out to Capital Improvement Program (CIP) Projects; the July through December allocation towards projects is completed once a project is finished or at the end of the fiscal year. This represents all of the second quarter favorable variance to the Target.

Department: Police Services
 Division: Various (4201, 4203, 4204, 4207)
 Issue: Overall savings in salaries and benefits and contractual services
 Impact to Consolidated General Fund: \$561,361 savings

Police Services includes the functions of Administration, Patrol Services, Support Services and the Office of Traffic Safety (OTS) Grant for Traffic/DUI Enforcement Program. For simplicity, Police Services will be analyzed in total rather than by individual divisions. Some of the more significant variances include:

- The Police Department currently has three vacancies throughout the second quarter fiscal year, resulting in labor savings of approximately \$314,300.

- The contract with the County Sheriff Department for dispatch services is paid semiannually in the months of January and June. Payments for these services will not be made until the third and fourth quarters, resulting in a second quarter favorable variance to the Target of \$254,700.

Department: Public Works
Division: Various (4301, 4305, 4307, 4308, 4320, 4330)
Issue: Overall savings in salaries and contractual services
Impact to Consolidated General Fund: \$328,215 savings

The Public Works Department includes the functions of Government Buildings, Engineering, Auto Shop, Administration, Park Maintenance, and Soto Sports Complex Divisions within the Consolidated General Fund. The majority of the favorable variance in this department can be attributed to salary savings. For simplicity. Some of the more significant variances

include:

- The Public Works Administration Division has a vacant Capital Projects Manager, Assistant Capital Projects Manager, and Engineering Inspector during portions of the first half of the fiscal year resulting in labor savings of approximately \$229,700.
- The Public Works Administration Division has savings of approximately \$46,000 can be attributed to lower spending in contractual services. Contractual Services in this Division is generally spent towards street sweeping, upgrading signal controls, installation of new street name signs, and monthly routine maintenance costs for traffic signals and miscellaneous consultant services.
- The Engineering Division has savings of approximately \$38,000 that can be attributed to lower spending in contractual services. Contractual Services in this Division is generally spent towards contract engineering services, including services for State and Federal grant coordination, development review, special assignments, checking of maps and plans, surveying services, traffic engineering, GIS, and other related storm water permits and reports.

Department: Community Development
Division: Various (4130, 4160)
Issue: Overall savings in salaries and contractual services
Impact to Consolidated General Fund: \$318,230 savings

The Community Development Department includes the functions of Planning and Building & Safety Divisions. The majority of the favorable variance in this department can be attributed to salary savings and lower spending in contractual services. Some of the more significant variances include:

- Contractual services for the Planning Division had savings of approximately \$197,400 related to the Comprehensive General Plan Update, this is an ongoing update that is anticipated to be carried over in FY 2024-25.
- The Building Division contractual services has a variance of \$84,400 related to the timing of invoices from CSG Consultants, the billing is based on services provided in each month. The December invoice was paid in January.
- The Building Permit Technician position has been on medical leave and the Intern position has been vacant the second quarter of the fiscal year resulted in a portion of the Division's overall labor savings totaling approximately \$42,100.

KEY REVENUE VARIANCES BY ACCOUNT FOR THE SECOND QUARTER

Table 4 – Consolidated General Fund Revenue

Consolidated General Fund Revenue Variances - Second Quarter					
REVENUE BY CATEGORY	FY 2024-25 Budget	FY 2024-25 Q2 Target	FY 2024-25 Q2 Actuals	Dollar (Unfav)/Fav	% Fav/(Unfav)
Property Tax	\$ 6,458,359	\$ 2,152,786	\$ 1,986,270	\$ (166,516)	-3%
Sales Tax	5,236,392	1,745,464	1,654,935	(90,529)	-2%
Measure O-06 Sales & Use Tax	2,955,000	985,000	1,051,064	66,064	2%
Transient Occ. Tax	1,591,350	663,063	683,378	20,315	1%
Property Tax in Lieu of VLF	2,215,938	-	-	-	0%
Franchise Fees	811,500	338,125	298,070	(40,055)	-5%
License & Permit Fees	590,800	295,400	293,743	(1,657)	0%
User Fees	682,340	341,170	297,005	(44,165)	-6%
Planning Fees	402,100	201,050	244,613	43,563	11%
Recreation Fees	371,600	185,800	180,213	(5,587)	-2%
Transfers In	2,796,300	1,398,150	1,377,504	(20,646)	-1%
Other Revenue	865,691	432,846	306,080	(126,766)	-15%
TOTAL	\$ 24,977,370	\$ 8,738,854	\$ 8,372,875	\$ (365,979)	-1%

As reflected in Table 4, second quarter revenue is below the Target by \$365,979. This table uses a Target of 12.4% that more accurately reflects the anticipated revenues to be received in the second quarter of the fiscal year. Revenue realization is typically low at the end of the second quarter of the fiscal year due to the time lag involved in billing cycles and the receipt of reimbursements. A more detailed discussion is included below to help explain actual revenue variances through the second quarter compared to the Target.

Property Tax – The majority of the City’s property tax revenue comes from Secured Property Taxes. This tax is billed on a fiscal year (July 1- June 30) basis and is payable in two (2) annual installments. Property owners typically receive their first property tax bill at the end of September or early October, with a due date of November 1st. The majority of property tax related to the first installment was received in December 2024. The second property tax bill installment is received in April 2025 and will be included in the fourth quarter report. Property tax typically represents around 26% of the City’s annual revenue. The Target is based on four month of Property Tax revenue. Actual revenue received in this category was lower than this conservative Target.

Sales Tax and Measure O 2006 Sales Tax Fund – Sales tax and Measure O 2006 Sales Tax Fund realization through second quarter is on track. Actual sales tax revenue received through second quarter was \$1.6 million and Measure O 2006 Sales Tax Fund revenue received through second quarter was \$1.1 million which represents four month of payments (July-October 2024). The Target is also based on four months of revenue, taking into account the timing of anticipated payments.

Transient Occupancy Tax (TOT) – TOT revenue is reflecting a \$20,315 favorable variance to the Target. The Target and actual TOT revenue represents only five months of TOT receipts due to the timing of payments. Lodging facilities have thirty days after the month’s end to make their TOT payments.

Property Tax in Lieu of Vehicle License Fees (VLF) – Property tax in lieu of VLF is received in two installments during the fiscal year. Typically, the revenue is received in the months of January (3rd quarter) and June (4th quarter). The Target for this revenue is zero in the second quarter.

Franchise Fees – Only five months of Waste Connection franchise fees were received through the second quarter. In addition, Charter Communications franchise fees earned in the second quarter will not be paid and received until the second quarter. In light of the timing of payments, the Target is based on 5 months of revenue. Without the Charter communications franchise fee receipts, the actual revenue at the end of the second quarter is lower than the Target by \$40,055.

License & Permit Fees, User Fees, and Planning Fees – License and permit revenue is below the Target by \$1,657. User fee revenue is below the Target by \$44,165. Planning revenue exceeded the Target by \$43,563. The Target is based on 50% or 6 months of the fiscal year's total budget. Revenue in this category is customer driven and fluctuates over the course of a year as well as year over year based on demand.

Recreation Fees – Recreation revenue is under the Target by \$5,587. The Target is based on 6 months of the fiscal year's total budget.

Other Revenues – This revenue category includes business license tax, fines, revenue from other government agencies, charges for services and any other revenues accounts received in the consolidated general fund. The largest variance in this category is related to three revenue accounts. The revenue from other government agencies accounts for the SB 1090 funds earmarked for use of the general plan update. Once these funds are spent for this project, the revenue will be recognized at that time, resulting in a revenue shortfall to the Target of \$126,766.

SECTION 2: POSITION CHANGES AND HEADCOUNT NUMBERS

POSITION ALLOCATION CHANGES MADE BY THE CITY COUNCIL (Second Quarter)

None made during this quarter.

FULL TIME EQUIVALENT (FTE) BY DEPARTMENT – PERMANENT STAFF ONLY

The following table reflects FTE staffing by department. The table only includes permanent staff and does not include part-time or temporary staffing. While departments may hire part-time staff on a regular or seasonal basis, they are not included in the analysis below.

Department	Adopted Budget Headcount (FTE's)	Vacancies (2nd Qtr)	% of Total Staffing	Vacant Positions
City Manager & Human Resources	3	-	4%	
Administrative Services	7	1	9%	Accounting Manager
Community Development	10	-	13%	
Legislative & Info Services	2	-	3%	
Police Department	29	3	37%	Police Officer (2), Executive Assistant
Public Works	24	2	31%	CIP Assistant Manager, Maintenance Worker
Recreation Services	3	-	4%	
Total	78	6	100%	

EMPLOYEE VACANCY RATE

The City's employee vacancy rate at the end of the second quarter of FY 2024-25 was 7.7%. This equates to six (6) vacant positions. The vacancy rate tracks the number of permanent vacant positions at the end of the quarter in comparison to the total number of permanent positions available. Unlike a turnover rate, which tracks employees that separated during the period, the vacancy rate only looks at vacancies at the end of period. The costs associated with turnover includes the cost of advertising new positions, training, overtime, lowered productivity, and workload balance.

SECTION 3: UPDATE ON COMPLETED CAPITAL PROJECTS

This information is provided to keep the Council apprised of the status of the City's Capital Improvement Projects (CIP).

Project	Fund	Total Budget	Current Status	Project Budget Expended
Public Safety Video Cameras	COPS/Sales Tax	\$ 1,125,000	Completed	\$ 720,008
Swinging Bridge Rehabilitation	Sales Tax	\$ 1,100,292	Completed	\$ 1,054,175
Lift Station 3	FEMA, CalOES, Sales Tax	\$ 850,000	Completed	\$ 74,675
	Other Gov			
Replacement Generator at Fire Station 1	Agencies/General/Sales Tax	\$ 610,714	Completed	\$ 474,788
Phased Main Replacement - Highway 101 Crossing Upgrade, El Camino Real to West Branch Street	ARPA/Water Fund	\$ 335,000	Completed	\$ 178,695
Trenchless Sewer Rehabilitation -El Camino Real to West Branch St.	ARPA	\$ 282,000	Completed	\$ 360,703
Fire Station 1 Apparatus Bay Doors	Sales Tax	\$ 115,000	Completed	\$ 123,275
191 Tally Ho	Sales Tax	\$ 110,000	Completed	\$ 86,826
Public Works Office Space Remodel	Sales Tax	\$ 100,000	Completed	\$ 31,307
Galvanized Service Replacements	Water	\$ 63,655	Completed	\$ -
	USHA, General Fund, SB1, Sales Tax, Betterments			
Pavement Management Program	Grant, ARPA, CDBG	\$ 11,825,153	In Progress	\$ 5,540,356
Traffic Way Bridge Replacement	HBP/Sales Tax	\$ 8,077,062	In Progress	\$ 842,048
	HSIP, RSHA, USHA, Safe Routes to School, General, Sales Tax, ATP			
Halcyon Road Complete Streets		\$ 5,737,500	In Progress	\$ 1,259,934
Phased Mains Replacement - South Halcyon Road, Cornwall Street to Fair Oaks Avenue	Water Facility/ARPA	\$ 785,892	In Progress	\$ 705,530
Financial Management Software	Sewer/Water/Sales Tax	\$ 413,000	In Progress	\$ 154,138
	Sales Tax, FEMA,			
Arroyo Grande Creek Remediation	CalOES	\$ 400,000	In Progress	\$ 188,638
Active Transportation Plan	ATP/Sales Tax	\$ 250,000	In Progress	\$ 89,013
	Parkside Assessment			
New Play Structure - Parkside Park	District	\$ 250,000	In Progress	\$ -
ADA Bathrooms Elm Street Park	Sales Tax	\$ 235,000	In Progress	\$ -
Bridge Street Bridge Habitat Mitigation	HBP	\$ 148,918	In Progress	\$ 127,452
Ramp and Sidewalk Improvement	CDBG	\$ 56,749	Not Started	\$ -
Recreation/Community Center Building	Sales Tax	\$ 119,745	In progress	\$ 68,626
	CDBG/Other Gov			
ADA Transition Plan	Agencies/Sales Tax	\$ 111,725	In progress	\$ -
	Other Gov Agencies,			
EOC Upgrade at the Police Station	Sales Tax	\$ 100,000	In progress	\$ -
Wastewater Master Plan Update	Sewer Fund	\$ 100,000	In Progress	\$ 19,803
Water Plan Update	Water Fund	\$ 100,000	In Progress	\$ 36,754
Wayfinding	Sales Tax	\$ 60,000	In Progress	\$ 3,600
Arroyo Grande Creek Stabilization	Sales Tax	\$ 46,300	In progress	\$ 25,564
Le Point Street Parking Lot Expansion	Sales Tax, In-Lieu Parking	\$ 42,500	In Progress	\$ 1,695
Women's Club Lighting Project	Donations	\$ 821	In Progress	\$ -
Sidewalk Repairs and Improvements	Sales Tax, Betterments Grant	\$ 1,249,644	Not Started	\$ 486,776
SCADA Software/Electronics Design and Upgrade	Water Fund	\$ 330,000	Not Started	\$ -
Fair Oaks Ave Active Transportation Improvements, Valley Road - Traffic Way	Developer, Other Gov Agencies, Sales Tax	\$ 125,000	Not started	\$ -
Corrugated Metal Pipe (CMP)				
Investigation and Repair	Sales Tax	\$ 100,000	Not Started	\$ 3,200
City Hall Front Door ADA	CDBG	\$ 53,341	Not Started	\$ -
Water Well #11 Facilities	Water Availability	\$ 42,771	Not Started	\$ -
City Hall 2nd Story Water Leak Repair	Sales Tax	\$ 20,000	Not Started	\$ -

SECTION 4: APPROPRIATION TRANSFERS AND BUDGET ADJUSTMENTS

Administrative and Previously-Approved Second Quarter Budget Adjustments

The following second quarter budget adjustments were previously approved by Council or are classified as administrative and not requiring Council approval.

Affordable Housing Trust Fund: Appropriate \$630,000 from the Affordable Housing Trust Fund Balance to support the development of Housing Authority of San Luis Obispo (HASLO)'s affordable housing project consisting of 63 affordable multi-family units located at 700 Oak Park Blvd. Approved on 10/22/2024 Council meeting, item 9.g.

Administrative Services Department: Appropriated funds for 12 budget adjustments reviewed in the First Quarter Financial Status Report. The overall impact to the budget increased the Consolidated General Fund expenditures by \$37,500, Water Fund expenditures by \$77,500, Water Availability expenditures by \$114,200 and COPS fund Expenditures by \$128,900, as reflected in the following table:

Request	Revenue	Expenditure	General Fund	Water Fund Impact	Water Availability Fund Impact	COPS Fund
Carryover Affordable Housing Trust Fund Balance to support the development of HASLO's affordable housing project consisting of 63 affordable MF units	448,370	448,370	-	-	-	-
Carryover Retraining Scholarship Program to Reallocate to "Buy Local" program	21,500	21,500	-	-	-	-
Carryover Economic Development Funding	-	37,500	37,500	-	-	-
Carryover Contractual Services related to the General Plan Update	243,900	243,900	-	-	-	-
Carryover related to replacing the pump on Well #3 from the Water Fund		52,200	-	52,200	-	-
Carryover related to replacing the galvanized service replacements from the Water Fund		25,300	-	25,300	-	-
Carryover Cash for Grass Program	-	114,200	-	-	114,200	-
Carryover OTS Grant for Traffic/DUI Enforcement	44,100	44,100	-	-	-	-
Carryover Alcoholic Beverage Control (ABC) Grant	28,047	28,047	-	-	-	-
New Duty Firearms	-	48,900	-	-	-	48,900
Radio Encryption Equipment	-	80,000	-	-	-	80,000
Reallocate ARPA Funds to Governmental Services	276,993	276,993	-	-	-	-
Totals	1,062,910	1,421,010	37,500	77,500	114,200	128,900

Capital Improvement: Administrative Carryover of \$6,107,699 for the Capital Projects listed in the table below. Capital Project funds do not have annual appropriated budgets. Control over capital projects is maintained by a project-length capital improvement budget. This project-length budget authorizes total expenditures over the duration of a construction project, rather than year by year.

Fund	Project #	Project Title	Project Budget Adjustment
350	5453	Financial Management Software	\$ 315,762
350	5463	Women's Club Lighting Project	821
350	5468	Public Safety Camera System	628,717
350	5476	City Hall Front Door Accessibility Improvements	53,341
350	5477	PW Office Space Remodel	98,994
350	5479	Fire Station 1 Apparatus Bay Doors	115,000
350	5556	Recreation Services / Community Center Building	44,745
350	5606	Halcyon Rd. Complete Streets	1,304,000
350	5616	Halcyon Rd. at Virginia Dr. Curb	56,749
350	5620	Swinging Bridge Reinforcement	343,271
350	5638	Pavement Management Program	1,130,128
350	5658	Concrete Improvements	99,868
350	5679	Traffic Way Bridge Replacement Project	607,723
350	5695	Active Transportation Plan (ATP)	144,217
640	5911	Phased Mains Replacement	80,361
640	5944	Water Well #11 Facilities	42,771
640	5973	Phased Main Replacement - Highway 101 Crossing Upgrade	291,200
640	5977	Phased Main Replacement - Cornwall	750,000
			\$ 6,107,669

Additional Requested Second Quarter Budget Adjustments

In addition to the administrative budget adjustments for the CIP and the adjustments previously-approved by the City Council during the second quarter, one new budget adjustment is proposed for approval along with the review and receipt of this report.

- Traffic Signalization: Appropriate \$48,200 from the Traffic Signalization Special Revenue Fund balance to fund the City's share of the Opticom preemptive devices on the traffic signals surrounding the Traffic Way Bridge closure that will interface with the FCFA Fleet Vehicles. Two Opticom preemptive devices were identified in the project scope previously, but the project team believe utilizing these on 7 traffic signals would have a larger benefit. The FCFA Board approved a similar action on February 3, 2025, to add the software to all seven fleet vehicles.

SECTION 5: UPDATE ON MAJOR CITY GOALS AND CAPITAL IMPROVEMENT PLAN

This information is provided to keep the Council apprised of the status of the Goal Status Reports to Council that includes progress towards completing Major City Goals and Capital Improvement Plan. These reports present updates and communications about the status of City projects, goals, and performance measures. The four major goals are:



Funding

Support a thriving community through fiscal responsibility, economic development efforts, and additional and alternative revenue streams.



Fire Services

Implement operational and fire and emergency service delivery improvements through the Five Cities Fire Authority, and complete the transition of services to Oceano due to its exit from the Authority.



Infrastructure

Invest in and complete critical infrastructure projects throughout the City through the strategic prioritization of projects based on available resources.





General Plan Update


Prioritize and complete major work efforts for the comprehensive General Plan update to provide a vision and framework for future development within the City.


The following tables provide a breakdown of the Council Goal's Work Plan by goal. Here is a key for purposes of defining each department.

Key	
CMO	City Manager's Office
AS	Administrative Services
LIS	Legislative and Information Services
PD	Police Department
PW	Public Works
Rec	Recreation Services
Fire	Five Cities Fire Authority
CD	Community Development

Goal	Strategy	Task/Action	Carryover Action or New	Responsible Department	Anticipated to Start	Completion Target	Update
Funding 	1. 1 Economic Development	1.1a Evaluate Economic Development Management Services	New	CMO	1Q FY2023-24	3Q FY 2024-25	In Progress
		1.1b Obtain Economic Development Management Services	New	CMO	3Q FY 2023-24	4Q FY 2024-25	Not started
		1.1c Support Modifications to the AGTBID	New	CMO/CA/Rec/LIS	In Progress	2Q FY 2023-24	Completed
		1.1c.i. Transition Administration to City staff	New	CMO/Rec/PW	In Progress	1Q FY 2023-24	Completed
		1.1c.ii. Complete Modifications to AGTBID Bylaws and Advisory Board Structure	New	CMO/CA/LIS	In Progress	2Q FY 2023-24	Completed
		1.1d 400 W. Branch Disposition and Development Agreement	New	CMO/CA/CD	In Progress	2Q FY 2024-25	In Progress
		1.1e Complete Transition of Temporary Parklets to Permanent Parklets	Carryover	CD/PW	In Progress	1Q FY2023-24	Completed
		1.1f Develop 1-3 Special Events that drive visitation during shoulder and winter months and build destination awareness	New	Rec	In Progress	2Q FY 2024-25	In Progress
	1.2 Pursue Revenue Measure	1.2a Issue an RFP for a consultant to develop a survey and outreach strategy to community	New	CMO/LIS	1Q FY2023-24	1Q FY2023-24	Completed
		1.2b Award contract with consultant to develop a survey and outreach strategy to community	New	CMO/LIS	1Q FY2023-24	1Q FY2023-24	Completed
		1.2c Conduct public outreach to the community to communicate need for additional revenue, including facilitation of a Citizen Committee	Carryover	CMO/LIS	1Q FY2023-24	1Q FY 2024-25	Completed
		1.2d Bring Revenue ballot measure to Council for consideration	Carryover	CMO/AS/LIS	3Q FY 2023-24	4Q FY 2023-24	Completed
	1.3 Evaluate Potential to Enable Cannabis Businesses within City	1.3a Conduct study session with the City Council regarding potential cannabis ordinance	Carryover	CD/CA/CMO	3Q FY 2023-24	4Q FY 2024-25	Not started
		1.3b Prepare and adopt cannabis ordinance, if directed by the City Council	New	CD/CA/CMO	3Q FY 2023-24	4Q FY 2024-25	Not started
		1.3c Evaluate feasibility of a Cannabis Tax	New	CD/AS/CA/CMO	3Q FY 2023-24	4Q FY 2024-25	In Progress
Fire Services 	2.1 Work with Regional Partners on Fire Services in 5 Cities	2.1a Pursue potential contract with the County to serve Oceano	New	Fire/CMO	3Q FY 2023-24	4Q FY 2023-24	Completed
	2.2 Funding for Fire Services	2.2a Consider including Public Safety in proposed Revenue measure	New	CMO/AS/LIS	3Q FY 2023-24	4Q FY 2023-24	Completed

Goal	Strategy	Task/Action	Carryover Action or New	Responsible Department	Anticipated to Start	Completion Target	Update
Infrastructure 	3.1 Pursue Alternative Funding Sources for Infrastructure Needs	3.1a Consider Community partnership for Mark M. Millis Community Center construction	Carryover	CMO/Rec/PW	In progress	4Q FY 2024-25	In Progress
		3.1b Include infrastructure in new Revenue Measure plans and outreach	Carryover	AS/CMO/LIS/ PW/CD	1Q FY 2023-24	4Q FY 2024-25	Completed
		3.1c Collect FEMA reimbursement for January - March 2023 storm damage	New	AS	In progress	3Q FY 2024-25	In Progress
		3.1d Pursue Grant applications and administration for infrastructure projects	Carryover	PW/CD/AS	In progress	Ongoing	In Progress
	3.2 Work with Regional Partners on Infrastructure Projects	3.2a Support ongoing development and financing of Central Coast Blue project	Carryover	CMO/AS/PW	In Progress	2Q FY 2024-25	Project Stopped Due to Council Direction
		3.2b NCMA Management Agreement Amendments	New	PW	3Q FY 2023-24	Ongoing	In Progress
	3.3 Prioritize Key Infrastructure Projects	3.3a Traffic Way Bridge	Carryover	CD/PW	In progress	2Q FY 2025-26	In Progress
		3.3a.i. Traffic Way Bridge Design	Carryover	CD/PW	In progress	4Q FY 2023-24	Completed
		3.3a.ii. Traffic Way Bridge ROW	Carryover	CD/PW	Completed	1Q FY 2024-25	Completed
		3.3a.iii. Traffic Way Bridge Construction	Carryover	CD/PW	3Q FY 2024-25	2Q FY 2025-26	In Progress
		3.3b Swinging Bridge Rehabilitation	Carryover	CD/PW	Completed	2Q FY 2024-25	Completed
		3.3b.i. Swinging Bridge Rehabilitation NEPA	Carryover	CD/PW	Completed	3Q FY 2023-24	Completed
		3.3bii Swinging Bridge Rehabilitation Bid for Construction	Carryover	CD/PW	Completed	3Q FY 2023-24	Completed
		3.3b.iii. Swinging Bridge Construction	New	CD/PW	Completed	2Q FY 2024-25	Completed

Goal	Strategy	Task/Action	Carryover Action or New	Responsible Department	Anticipated to Start	Completion Target	Update
Infrastructure (continued) 		3.3c Halcyon Complete Streets	New	CD/PW			In Progress
		3.3c.i. Halcyon Complete Streets Design	New	CD/PW	1Q FY 2024-25	1Q FY 2024-25	In Progress
		3.3c.ii. Halcyon Complete Streets ROW acquisition	New	CD/PW	1Q FY 2023-24	1Q FY 2024-25	Not started
		3.3c.iii. Halcyon Complete Streets Construction	New	CD/PW	1Q FY 2024-25	2Q FY 2025-26	Not started
		3.3d ATP Development	New	CD/PW	In Progress	3Q FY 2024-25	In Progress
		3.3d.i. Award ATP Contract to Consultant	New	CD/PW	Completed	4Q FY 2022-23	Completed
		3.3d.ii. Final Approval of ATP by Council	New	CD/PW	3Q FY 2024-25	3Q FY 2024-25	In Progress
		3.3e 2022 Pavement Management Program Construction	New	CD/PW	1Q FY 2023-24	2Q FY 2023-24	Completed
		3.3f 2024 Pavement Management Program Design	New	CD/PW	2Q FY 2023-24	1Q FY 2024-25	Completed
		3.3g 2024 Pavement Management Program Construction	New	CD/PW	4Q FY 2023-24	3Q FY 2024-25	In Progress
		3.3h Community Safety Camera Network	Carryover	Police/CD	In Progress	4Q FY 2023-24	Completed
		3.3i Replacement Generator at Station 1	New	CD/PW/Fire	Completed	4Q FY 2023-24	Completed
		3.3j Lift Station 3	New	CD/PW	Completed	1Q FY 2024-25	Completed
		3.3k AG Creek Remediation (Debris removal and bank stabilization)	New	CD/PW	4Q FY 2022-23	4Q FY 2023-24	Completed
		3.3l Concrete Repair Program	New	CD/PW	1Q FY 2024-25	4Q FY 2024-25	In Progress
		3.3m Concept plan/design for new Mark M. Millis Community Center Building	New	CD/PW/Rec	1Q FY 2023-24	3Q FY 2024-25	In Progress
		3.3n CMP Lining	New	CD/PW	1Q FY 2024-25	Ongoing	Not started

Goal	Strategy	Task/Action	Carryover Action or New	Responsible Department	Anticipated to Start	Completion Target	Update
General Plan Update 	4.1 Public Outreach	4.1a Plan and Host a Kick-Off Meeting with Community	New	CD/LIS	1Q FY 2023-24	1Q FY 2023-24	Completed
	4.2 Diversity Equity Inclusivity Justice Lens	4.2a Management of DEIJ consultant	New	CD	In Progress	Ongoing	In Progress
	4.3 General Plan Elements		New	CD	2Q FY 2023-24	3Q FY 2024-25	In Progress
	4.4 Baseline Analysis of Existing and Future Business Needs	4.4a Survey Local Businesses	Carryover Action	CD	1Q FY 2023-24	3Q FY 2024-25	In Progress
		4.4b Conduct a Retail Market Analysis	New	CD	1Q FY 2023-24	3Q FY 2024-25	Not started
	4.5 Climate Action Plan		New	CD	2Q FY 2023-24	3Q FY 2025-26	In Progress
	4.6 Code Update	4.6a Bring code changes to Planning Commission for approval	New	CD	3Q FY 2025-26	3Q FY 2025-26	Not started
		4.6b Bring draft Ordinance of code revision update to Council	New	CD	4Q FY 2025-26	4Q FY 2025-26	Not started
	4.7 EIR	4.7a Complete draft EIR	New	CD	1Q FY 2024-25	3Q FY 2024-25	Not started
		4.7b Complete final EIR	New	CD	3Q FY 2024-25	4Q FY 2024-25	Not started
	4.8 Objective Design Standards		Carryover	CD/CA	1Q FY 2023-24	4Q FY 2024-25	In Progress