

## CONSOLIDATED OPERATING BUDGET

For the period ending June 30, 2026

(in thousands)

	ACTUAL FISCAL YEAR 2023-24 RESULTS			PROJECTED FISCAL YEAR 2024-25 RESULTS			BUDGETED FISCAL YEAR 2025-26 RESULTS			PROJ 25 vs BUD 26 VARIANCE	
	Core Operations	University Programs	Partners Total	Core Operations	University Programs	Partners Total	Core Operations	University Programs	Partners Total	\$ Favorable / (Unfavorable)	%
<b>Revenues</b>											
Sales	41,525	8,301	49,826	46,530	9,886	56,416	48,416	9,554	57,970	1,554	3%
Assessments	4,021	-	4,021	4,417	-	4,417	4,889	-	4,889	472	11%
Fees for Service	1,079	208	1,287	970	248	1,218	1,048	248	1,296	78	6%
Rental Income	1,421	104	1,525	3,923	163	4,086	6,578	185	6,763	2,677	66%
Gifts	-	453	453	-	466	466	-	454	454	(12)	-3%
Other Revenues	8,146	2,836	10,982	8,957	3,041	11,998	8,868	2,722	11,590	(408)	-3%
Total Revenues	56,192	11,901	68,094	64,797	13,804	78,601	69,799	13,163	82,962	4,361	6%
<b>Expenses</b>											
Cost of Sales	15,584	1,871	17,455	16,508	1,883	18,391	17,110	1,745	18,855	(464)	-3%
Payroll Expenses	22,210	4,091	26,301	24,501	4,410	28,911	25,559	4,729	30,288	(1,378)	-5%
Operating Expenses	19,121	8,997	28,118	23,182	9,481	32,663	26,080	9,548	35,627	(2,965)	-9%
Total Expenses	56,915	14,959	71,874	64,191	15,774	79,964	68,749	16,022	84,771	(4,806)	-6%
<b>Net Operating Income (Loss)</b>	(723)	(3,058)	(3,781)	606	(1,970)	(1,363)	1,050	(2,859)	(1,809)	(445)	-33%
<b>Other Income (Expense)</b>											
Transfers (To) / From **	310	2,893	3,203	(620)	2,683	2,063	(620)	3,092	2,472	409	20%
University Services	(1,125)	-	(1,125)	(1,125)	-	(1,125)	(1,125)	-	(1,125)	-	0%
Investment Income *	4,104	-	4,104	3,503	-	3,503	3,049	-	3,049	(454)	-13%
Interest Expense	(2,051)	(70)	(2,121)	(3,050)	(65)	(3,115)	(3,674)	(30)	(3,704)	(589)	-19%
Other Income (Expense)	(867)	133	(734)	125	190	315	145	352	497	182	58%
Total Other Income (Expense)	371	2,956	3,327	(1,166)	2,807	1,641	(2,225)	3,414	1,189	(452)	-28%
<b>Net to (from) Reserves</b>	(352)	(102)	(454)	(560)	838	278	(1,175)	555	(620)	(897)	-323%

\* Due to the unpredictable nature of investments, market value gains (losses) are not included in this presentation.

\*\* Transfers (To) / From the Plant Fund are excluded for purposes of this presentation.

## CORE-BUSINESS CONSOLIDATING OPERATING BUDGET PROPOSAL

For the period ending June 30, 2026

(in thousands)

	General Administration	Investment Fund*	Mustang Shop	Cal Poly Print & Copy	Campus Dining	Real Estate Services	Technology Park	Conference and Event Planning	BUDGET 2025-26 TOTAL
<b>Revenues</b>									
Sales	-	-	62	166	48,188	-	-	-	48,416
Assessments	4,314	-	-	-	-	575	-	-	4,889
Fees for Service	1,048	-	-	-	-	-	-	-	1,048
Rental Income	-	-	-	-	-	5,401	1,177	-	6,578
Gifts	-	-	-	-	-	-	-	-	-
Other Revenues	1,702	-	1,338	-	2,548	1,404	14	1,862	8,868
Total Revenues	7,064	-	1,400	166	50,736	7,380	1,191	1,862	69,799
<b>Expenses</b>									
Cost of Sales	-	-	37	43	17,030	-	-	-	17,110
Payroll Expenses	5,904	-	-	120	17,852	728	-	955	25,559
Operating Expenses	2,897	636	801	85	15,363	4,408	1,150	740	26,080
Total Expenses	8,801	636	838	248	50,245	5,136	1,150	1,695	68,749
<b>Net Operating Income (Loss)</b>	(1,737)	(636)	562	(82)	491	2,244	41	167	1,050
<b>Other Income (Expense)</b>									
Transfers (To) / From	1,788	(1,788)	-	-	(620)	-	-	-	(620)
University Services	-	(27)	(322)	(3)	(742)	-	-	(31)	(1,125)
Investment Income	-	3,049	-	-	-	-	-	-	3,049
Interest Expense	-	-	-	-	(1,275)	(2,300)	(99)	-	(3,674)
Other Income (Expense)	-	-	(310)	-	455	-	-	-	145
Total Other Income (Expense)	1,788	1,234	(632)	(3)	(2,182)	(2,300)	(99)	(31)	(2,225)
<b>Net to (from) Reserves</b>	51	598	(70)	(85)	(1,691)	(56)	(58)	136	(1,175)

\* Due to the unpredictable nature of investments, the Investment Fund budget is not approved by the Board but is provided for informational purposes and analysis only.

\*\* Columns may not tie to individual department budget due to rounding.

# UNIVERSITY PROGRAMS CONSOLIDATING OPERATING BUDGET PROPOSAL

For the period ending June 30, 2026

(in thousands)

	University Graphic Systems	Cal Poly Arts	Sponsored Programs Admin	Swanton Pacific Ranch	Commercial Ag Operations	Bartleson Ranch	BUDGET 2025-26 TOTAL
<b>Revenues</b>							
Sales	93	1,650	-	20	4,791	3,000	9,554
Assessments	-	-	-	-	-	-	-
Fees for Service	-	-	248	-	-	-	248
Rental Income	-	-	-	84	-	101	185
Gifts	-	454	-	-	-	-	454
Other Revenues	-	818	166	700	1,038	-	2,722
Total Revenues	93	2,922	414	804	5,829	3,101	13,163
<b>Expenses</b>							
Cost of Sales	44	-	-	-	1,701	-	1,745
Payroll Expenses	66	742	1,885	611	1,215	210	4,729
Operating Expenses	69	1,989	1,564	429	2,945	2,552	9,548
Total Expenses	179	2,731	3,449	1,040	5,861	2,762	16,022
<b>Net Operating Income (Loss)</b>	(86)	191	(3,035)	(236)	(32)	339	(2,859)
<b>Other Income (Expense)</b>							
Transfers (To) / From	-	-	3,092	-	-	-	3,092
University Services	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	(24)	(6)	(30)
Other Income (Expense)	105	-	-	185	62	-	352
Total Other Income (Expense)	105	-	3,092	185	38	(6)	3,414
<b>Net to (from) Reserves</b>	19	191	57	(51)	6	333	555

\* Additional reserves exist within University Programs beyond those included in this schedule. Operating budgets are not prepared for those accounts.

\*\* Columns may not tie to individual department budget due to rounding.



OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

## **University Graphic Systems**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

University Graphic Systems (UGS) is committed to learning and service. Through shared knowledge and the support of the Graphic Communication Department at Cal Poly, UGS delivers print and design services that enable its clients to move forward in their business and personal initiatives.

As a student-run enterprise, UGS values continuous learning, constructive self-criticism, continual self-improvement, integrity, relationships, mutual respect, teamwork, openness, clear communication, and personal and organizational excellence. UGS appreciates creative design, vibrant color, and understands the importance of personal customer service. It places a high value on relationships with UGS clients and has a passion for print and design. It prides itself in accomplishing any challenge and surpassing clients' expectations. It pursues the opportunity to learn and grow its skills through partnerships with corporate sponsors, the Graphic Communication Department, Cal Poly Partners, and the Cal Poly campus.



## 2024-25 ACCOMPLISHMENTS

- UGS installed new equipment including spider screen printing tables, a Zund cutting table, a Baum folder, and a Direct-to-Film (DTF) printer to expand our production capabilities.
- Improved our workflow by updating Trello boards for better automation and fully revising our estimating sheets and quote forms to match our updated pricing and services. We are implementing a new project management, Print Smith, for the new team which contains more automated capabilities to improve overall efficiency in the workflow.
- Rolled out strategic price increases in key areas - Quick Print, screen printing, stickers, and wide format - in Spring 2025, positioning UGS for sustained revenue growth.
- Transitioned our website to Squarespace to allow for easier updates and long-term management by future teams, replacing the more complex AWS-based system.
- Launched a new direct-to-consumer (D2C) merchandise line for Fall and Spring quarters. Within the first three weeks of Fall, we saw over 200% profit. This has established a steady merch presence in the front office alongside our existing print and sticker offerings.
- Created a comprehensive UGS Product Portfolio booklet for clients, helping communicate our full range of services and strengthening client relationships through bundled service opportunities.
- We continued to hold in-person events in our Specialty Lab in Building 26A, as well as various booth events in the University Union and Dexter Lawn. We have seen significant interest in the in-person printing events, whether we are holding them as a solo event or as a collaboration with another on-campus club. We recently introduced apparel into our event products, where we saw significant interest and an increase in sales.
- We ran successful campaigns, which brought increased sales for the months where promotions were run.
- UGS worked closely with the UGS Advisory Board to increase opportunities for industry insight and donations. We developed partnerships that have allowed us to outsource some of the large quantity jobs we cannot fulfill. A partnership portfolio has been made to reference in the future.

## 2025-26 GOALS & OBJECTIVES

### **Continue to Expand Community Outreach:**

Continuing off the previous team's efforts, UGS has budgeted for \$4,000 in event income, as we will continue to hold more in person events on campus for student outreach and involvement. Events like screen-printing workshops and a continuation of UGS's partnership with other on campus organizations such as Fraternity and Sorority Life. By presenting the capabilities of UGS and promoting our services along with hosting private events as well. We plan to increase our booth presence and promote services and events in populated areas of campus such as University Union and Dexter Lawn. In addition to the increase in booth presence, UGS also plans to increase printing events for maximum outreach. Another method of outreach we wish to further expand is our Instagram and social media presence by having a consistent posting schedule and showcasing the services UGS has to offer.

### **Continue Expanding Digital Printing Services:**

If possible, UGS would like to continue to make the digital storefront more accessible by adding a pay option to the website. UGS will continue to work with and improve the services of the digital storefront in the upcoming year to streamline quick print services for clientele. Our goal is to streamline workflow processes which may incur costs if new software is needed. We plan to give the digital storefront an overall update with new product images, descriptions, and organize products to allow for easy and quick use.

### **More focus on Expanding Specialty Services:**

UGS plans to increase specialty sales by expanding its outreach to other on-campus organizations. UGS plans to also encourage on-campus organizations to plan private events such as screen-printing and dye sublimation workshops. In addition, UGS also plans on expanding an apparel line that will be sold on Dexter Lawn, Health Center Lawn, and other booth locations. This will expand our specialty services to reach the everyday student. Account Managers will promote these services and acquire new clients and customers once established.

### **Emphasize Quickprint services:**

UGS plans to emphasize Quickprint services to students through our social media platforms and signage around campus. Creating flyers and social media posts specifically around the times when career fairs are happening will increase sales. UGS plans to reach out to other departments to work with them to find a way to let their students know about our services.

### **Continue to be a vital resource to the Graphic Communication Department:**

UGS has always been a continuous supporter and resource to the Graphic Communication Department. In the past year, UGS has offered its services and materials to students and professors alike in the department, ranging from mounting boards to specified paper for a book design class. UGS is a case study to find improvements and reduce waste and creates an internship-like experience in the form of a class. We plan to continue to increase our services to the various clubs and research groups under the Graphic Communication Department. UGS will continue to provide and create wide format applications for the Graphic Communication Department such as building wall graphics, door signage, and floor

signage. UGS also plans to start a creative magazine to be handed out during WOW week. This is a great way to get future GRC students excited for the 4 years ahead of them in the GRC department.

**Continue to cultivate UGS' relationship with Cal Poly Partners:**

UGS will continue to have regular meetings with the Cal Poly Partners in order to ensure proper and accurate finances are maintained. In addition, UGS will continue efforts to maintain an accurate job log and ensure we properly account for payments on all jobs.

**Continue working closely with UGS Advisory Board:**

UGS maintains several connections with industry representatives who sit on the UGS Advisory Board. UGS aims to continue the use of this board to provide insight to new technologies, practices in the industry, and advise on new process implementation. This board also provides opportunities for UGS to receive monetary and equipment donations and sponsorships for managers to attend industry conferences and trade shows.

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$57	\$102	\$63	\$93	\$30	48%
Cost of Goods Sold	24	56	32	44	(12)	(36%)
<b>Gross Margin</b>	<b>33</b>	<b>46</b>	<b>31</b>	<b>49</b>	<b>18</b>	<b>60%</b>
Other Revenue	1	0	4	0	(3)	(87%)
<b>Net Sales &amp; Other Revenue</b>	<b>34</b>	<b>46</b>	<b>34</b>	<b>49</b>	<b>15</b>	<b>43%</b>
Salaries & Wages	56	60	69	64	6	8%
Benefits	2	2	2	2	(0)	(28%)
<b>Total Payroll Expense</b>	<b>57</b>	<b>62</b>	<b>71</b>	<b>66</b>	<b>5</b>	<b>7%</b>
Depreciation & Amortization	-	-	1	1	(0)	(50%)
Supplies & Equipment	14	5	11	19	(8)	(67%)
Rent / Lease Expense	10	24	8	9	(0)	(5%)
Travel Expense	6	6	1	7	(6)	(536%)
CP Partners Administrative Services	17	27	27	29	(2)	(6%)
Other Operating Expenses	20	8	4	4	0	2%
<b>Total Operating Expenses</b>	<b>67</b>	<b>70</b>	<b>53</b>	<b>69</b>	<b>(16)</b>	<b>(30%)</b>
<b>Total Expenses</b>	<b>124</b>	<b>131</b>	<b>124</b>	<b>135</b>	<b>(11)</b>	<b>(9%)</b>
<b>Net from Operations</b>	<b>(90)</b>	<b>(85)</b>	<b>(90)</b>	<b>(85)</b>	<b>4</b>	<b>5%</b>
Other Income (Expense)	86	88	90	105	15	16%
<b>Total Other Income (Expense)</b>	<b>86</b>	<b>88</b>	<b>90</b>	<b>105</b>	<b>15</b>	<b>16%</b>
<b>Net to Reserves</b>	<b>\$(5)</b>	<b>\$3</b>	<b>\$1</b>	<b>\$20</b>	<b>\$19</b>	<b>2955%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

### **Sales and Cost of Goods Sold:**

Sales for FY 2024-25 are expected to end below budget primarily the result of lower than anticipated specialty print, digital print, and wide-format sales. Sales are budgeted to increase in FY 2025-26 over the FY 2024-25 projection as UGS increases its prices and gains operating efficiencies with a new software system.

### **Payroll Expenses:**

Student managers are the students hired to manage the business. They receive class credit for hours worked. UGS will employ nine student managers for 44 weeks out of the year, at \$16.50. The general manager will be receiving \$18 per hour.

### **Operating Expenses:**

Operating expenses for FY 2025-26 are budgeted to increase approximately \$16,000, or 30%, over FY 2024-25 projection primarily from the purchase of a new software. Any new printing technology or software that may be explored and used in FY 2024-25 will be provided by UGS sponsors such as the Graphic Communication Advisory Board.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$146,141	\$(496)	\$145,645
FY 2023-24 Change in Reserves	(4,607)	(67)	(4,674)
June 30, 2024 Reserve Balance	141,534	(562)	140,972
FY 2024-25 Change in Reserves (estimate)	1,316	(677)	639
June 30, 2025 Reserve Balance (estimate)	142,850	(1,239)	141,611
FY 2025-26 Change in Reserves (budget)	20,540	(1,016)	19,524
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$163,390</b>	<b>\$(2,255)</b>	<b>\$161,135</b>

Reserves represent an accumulation of prior earnings. The schedule above reflects the current balance of the reserve account and the expected changes over the current and next fiscal years. The **Operating Reserve** represents the portion of the net position held for contingencies and continuing operations of UGS. The total operating reserve is equal to total unrestricted net assets and may not be a negative amount.

## CAPITAL OUTLAY REQUEST

There are no capital outlays requested for FY 2025-26.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Technology Park**

*(A unit within the Real Estate Division)*

Fiscal Year 2025-26





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## BUSINESS OVERVIEW

The Cal Poly Technology Park (Tech Park) serves as an on-campus hub for technology-based businesses and public and private sector partners - regional and beyond - focused on applied research and development, workforce advancement, and economic development. Its primary goals are to:

- Increase collaboration between Cal Poly and third-party partners and enhance their ability to draw from the expertise of university faculty and students
- Provide professional development and "Learn by Doing" opportunities for faculty and students through employment, research, workforce, and project-based activities
- Catalyze high-tech economic development for San Luis Obispo

The Technology Park is located on Mount Bishop Road via Highland Drive and Highway 1, north and west of the campus instructional core. Currently two phases of the Technology Park have been developed, representing 41,200 square feet. The Cal Poly Master Plan 2035 calls for additional phases for an aggregate Technology Park totaling over 100,000 square feet.

The Tech Park I (25,000 square feet) building was completed in June of 2010 and was financed with a mix of CSU revenues bonds and equity (grant funds). The Tech Park II (16,200 square foot) expansion building will be completed in July 2025 and is financed with a mix of internal program financing and equity (campus/grant funds).

There is also annex space to Tech Park, which includes a greenhouse on campus. The greenhouse is located in crop science building 17-H, on the corner of Highland Drive and Mount Bishop Road. Cal Poly Partners (Partners) is currently looking for alternative on-campus greenhouse solutions to accommodate growing demand.

In addition, approximately 5,000 square feet in building 50J is being renovated for incorporation into Tech Park operations. The renovation of the space comes pursuant to a \$500,000 grant from the United States Geological Survey (USGS) to support their tenancy and future collaborations between Cal Poly and USGS.

Partners holds a long-term ground lease with California Polytechnic State University (CPSU) to construct and operate the Tech Park. Partners is the main liaison between tenants and CPSU faculty, staff, and students for engagement opportunity of mutual benefit.

## 2024-25 ACCOMPLISHMENTS

Over thirty companies have resided in the Tech Park since 2010, employing or providing opportunities to more than 320 students. Companies have donated labor and equipment to various departments across campus with an estimated value of approximately \$2 million. As of May 2025, nine tenants are operating at the Tech Park, representing 100% occupancy.

Some highlights for FY 2024-25 include:

### Capital Improvements

- Phase II Expansion Project - Cal Poly Partners secured an additional \$1.8 million in grant funding from the Economic Development Administration (EDA) to complete the second floor of the building and make the space revenue ready at Certificate of Occupancy.
- Cal Poly Partners secured a \$500,000 grant from the United States Geological Survey (USGS) for renovations to Building 50J to support their tenancy and future collaborations between Cal Poly and USGS.
- Cal Poly Partners facilitated tenant improvement to suite 1C-1 in Tech Park I to support tenant acquisition (National Oceanic and Atmospheric Administration (NOAA)).

### Programmatic Support

- Cal Poly Partners supported the largest Strawberry Center Field Day hosted at the Tech Park I building with over 400 industry, university, and community members attending.
- Cal secured several new tenants.

## 2025-26 GOALS & OBJECTIVES

Capital project and operational goals for the Tech Park include:

- Complete Phase II construction project close out of the EDA Grant Agreement at 80:20 cost share level.
- Maintain over 90% occupancy by December 2025 for both Phase I and Phase II.
- Complete improvements to 50J building and facilitate USGS move to site.

In addition, Cal Poly Partners will continue to make connections between the tenants and the academic community to support collaboration and information exchange. Some potential outcomes may include:

- Company-sponsored research and student senior project support
- Guest lectures conducted by company subject matter experts in Cal Poly classes
- Student internships and employment opportunities
- Cal Poly intellectual property licensing opportunities
- Company participation in department-level industrial advisory boards
- Companies utilizing established fee-for-service agreements for specialized laboratories and equipment

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Rental Income	\$517	\$575	\$603	\$1,177	\$574	95%
Other Revenues	29	9	21	14	(7)	(34%)
<b>Income Before Operations</b>	<b>547</b>	<b>585</b>	<b>624</b>	<b>1,191</b>	<b>567</b>	<b>91%</b>
Salaries & Wages	66	70	65	-	65	100%
Benefits	39	38	40	-	40	100%
<b>Total Payroll Expense</b>	<b>105</b>	<b>108</b>	<b>104</b>	<b>-</b>	<b>104</b>	<b>100%</b>
Depreciation & Amortization	219	224	218	550	(332)	(152%)
General Maintenance	77	73	72	134	(63)	(88%)
Utilities	62	62	62	108	(45)	(73%)
Supplies & Equipment	1	16	9	22	(13)	(143%)
Fees for Services	36	35	35	65	(29)	(83%)
CP Partners Allocated Services	-	33	17	202	(185)	(1120%)
Other Operating Expenses	35	57	42	69	(27)	(64%)
<b>Total Operating Expenses</b>	<b>429</b>	<b>500</b>	<b>455</b>	<b>1,150</b>	<b>(695)</b>	<b>(153%)</b>
<b>Total Expenses</b>	<b>534</b>	<b>608</b>	<b>560</b>	<b>1,150</b>	<b>(591)</b>	<b>(106%)</b>
<b>Net from Operations</b>	<b>13</b>	<b>(23)</b>	<b>64</b>	<b>41</b>	<b>(23)</b>	<b>(36%)</b>
Other Income (Expense)	(4)	-	(1)	-	1	100%
Interest Expense	(73)	(68)	(68)	(99)	(31)	(45%)
<b>Total Other Income (Expense)</b>	<b>(77)</b>	<b>(68)</b>	<b>(70)</b>	<b>(99)</b>	<b>(29)</b>	<b>(42%)</b>
<b>Net to Reserves</b>	<b>\$(65)</b>	<b>\$(91)</b>	<b>\$(5)</b>	<b>\$(58)</b>	<b>\$(53)</b>	<b>(1045%)</b>
<b>Adjustments:</b>						
<b>Less:</b> Principal Debt Payments	(100)	(105)	(105)	(110)	5	5%
<b>Add:</b> Depreciation & Amortization	219	224	218	550	(332)	(152%)
<b>Adjusted Net to Reserves</b>	<b>\$54</b>	<b>\$28</b>	<b>\$108</b>	<b>\$382</b>	<b>\$274</b>	<b>254%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

The operating budget represents a consolidated view of both Phase I and II buildings. It includes rental income and related operating expenses, as well as depreciation expenses, on both facilities and related tenant improvements. The high variances from FY 2024-2025 to FY 2025-2026 are attributed to adding Phase II operations to the program in July 2025.

Total projected rental income for FY 2024-25 is slightly above budget estimates due to achieving 100% occupancy for the Tech Park I building. The FY 2025-26 budget anticipates full occupancy for Tech Park I and approaching 100% for Tech Park II.

Payroll expense is projected to be 3% under budget for FY 2024-25 due to less student wages than anticipated. Historically, a portion of the payroll related to the Tech Park manager and the administrative assistant have been included directly in the Tech Park budget. Beginning with FY 2025-26, supporting the growth of the CP Partners Real Estate Division, staff time will be allocated to each program budget indirectly as an operating expense.

Operating expenses for FY 2024-25 are projected to be 8% under budget, primarily due to savings in project equipment, marketing sponsorships, and travel. FY 2025-26 budgeted operating expenses are expected to almost double from FY 2024-25 due to additional space and associated operating expenses with the Tech Park II building.

Principal and interest payments on long-term System Wide Revenue debt is approximately \$184,000 annually for the Phase I building. Short-term obligations for the Phase II project include internal program financing to be paid within a 5-year period.

Net to reserves is negative due to depreciation expense on the Tech Park facility and related equipment and tenant improvements. Net income, excluding depreciation, is expected to be \$213,000 for FY 2024-25 and \$492,000 for FY 2025-26.

Income from operations is used to service the debt on the facilities and fund reserves. Overall, Tech Park Operations are in a positive cash position and income from operations is sufficient to service the annual debt payments.



## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non- cash)	Debt Service Reserve	Capital Replacement & Renewal Reserve	Total
June 30, 2023 Reserve Balance	\$347,499	\$1,484,252	\$292,353	\$295,032	\$2,419,136
FY 2023-24 Change in Reserves	42,685	5,841,594	2,315	(323,227)	5,563,367
June 30, 2024 Reserve Balance	390,184	7,325,846	294,668	(28,195)	7,982,503
FY 2024-25 Change in Reserves (estimate)	209,995	2,892,501	1,986	193,768	3,298,250
June 30, 2025 Reserve Balance (estimate)	600,179	10,218,347	296,654	165,573	11,280,753
FY 2025-26 Change in Reserves (budget)	18,005	2,173,730	1,985	33,214	2,226,934
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$618,184</b>	<b>\$12,392,077</b>	<b>\$298,639</b>	<b>\$198,787</b>	<b>\$13,507,687</b>

Tech Park Operations maintains four separate reserves for the following designated purposes:

**Operating Reserves** represents working capital held for contingencies and continuing operations for Tech Park. These reserves are calculated based on 100% of the subsequent year's budgeted operating expenses, excluding interest and depreciation expenses.

**Debt Service Reserves** represent 115% of the subsequent year's debt service, including both principal and interest.

**Investment in Operating Assets** represents an investment in plant and equipment assets of the Tech Park facilities. The balance at the end of each fiscal year is equal to the cost of the operating assets, less accumulated depreciation and any debt related to those assets.

The **Capital Replacement & Renewal Reserve** is used to fund capital replacement and renewal of building subsystems such as roofs, electrical systems, HVAC systems, and plumbing systems. Reserve funds are accumulated based on building subsystems and components and their useful lives. Funds also may be requested from time to time for tenant improvements.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
Tech Park Expansion - Additional Funding	\$1,789,752	30	\$59,658
Building 50J Renovation	696,410	30	23,214
Building 50J Addition	50,000	10	5,000
<b>Total Major Capital Outlay</b>	<b>\$2,536,162</b>		<b>\$87,872</b>
Minor Capital Equipment Outlay (Up To \$25,000)			
Tenant Improvements - Phase II	\$20,000	10	\$2,000
Electric Vehicle Chargers (2) - Phase II	20,000	10	2,000
Truncated Domes - Phase I	10,000	5	2,000
Tenant Improvements - USGS	10,000	10	1,000
<b>Total Minor Capital Outlay</b>	<b>\$60,000</b>		<b>\$7,000</b>
<b>Total Capital Outlay</b>	<b>\$2,596,162</b>		<b>\$94,872</b>
Previously Approved Capital Outlay Requests (1)			
Tech Park Expansion	\$12,173,000	30	\$405,767
Building 50J Addition	75,000	10	7,500
Misc. Tenant Improvements	15,000	5	3,000
Air Conditioning Units - Phase I	10,000	10	1,000
<b>Total Capital Outlay Request</b>	<b>\$14,869,162</b>		<b>\$512,139</b>

## CAPITAL OUTLAY DETAIL

Of the \$2,536,162 in Major Capital Outlay request, \$2,486,162 (representing the **Tech Park Expansion - Additional Funding** and the **Building 50J Renovation**) will be sourced from grant funds from the US Economic Development Administration and the US Geological Survey, respectively. This funding will complete both projects, as further described below.

**Tech Park Expansion - Additional Funding:** The overall approved funding model for the Phase II expansion building project is budgeted to increase by \$1,789,752. This increase will be funded by an EDA grant.

**Building 50J Renovation:** An additional \$50,000 is requested from reserves to support the tenant improvement project in 50J for US Geological Survey. Combined with the previously approved capital outlay request (below), this brings the total request to \$125,000.

**Tenant Improvements - Phase II and USGS:** A combined \$30,000 is requested to support building renovations to accommodate new tenants moving into the Phase II building and 50J to support USGS. It is typical and customary for owners to provide a tenant improvement allowance in the range of \$30-\$100 per square feet to incentivize tenants to lease space. The Tech Park program has approximately

1,000 square feet of space requiring renovation to accommodate new tenants.

**Electric Vehicle Chargers:** This request supports the installation of electric vehicle chargers utilizing existing conduit infrastructure as part of Phase II of the Tech Park development, promoting sustainability and supporting growing EV demand.

**Truncated Domes:** This request is to replace aging truncated domes for Phase I in order to maintain ADA compliance and ensure pedestrian safety.

*(1) The Capital Outlay Requests below were announced to the Board of Directors at their previous meetings. They are repeated here for informational purposes only. No further action is required.*

**Tech Park Expansion:** Below is a summary of the overall approved funding model for the Phase II expansion building project.

- \$ 6,745,200 EDA Grant of Financial Assistance
- \$ 4,000,000 Cal Poly Extended Education
- \$ 1,427,800 Cal Poly Partners Internal Loan
- \$ 12,173,000 Total Estimated Project Cost

**Addition of Building 50J to the Tech Park building:** An addition of approximately 5,000 square feet in building 50J is expected to be incorporated into Tech Park operations and is expected to generate approximately \$100,000 of annual lease revenue. Projected cost of the project is estimated to be \$75,000, which represents building improvements to the existing space by adding a telecom link to the existing Tech Park Phase I.

**Miscellaneous Tenant Improvements:** To account for new tenant acquisitions and the need for modifying suites, Tech Park anticipates providing \$15,000 for tenant improvement allowances in the future.

**Air Conditioning Units:** The original Tech Park (building 83) needs to install new air conditioning units. The total project is estimated to cost \$10,000.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Real Estate Services Division**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

The Real Estate Services Division plays a strategic role in supporting institutional goals through focused efforts in real estate management and development. As of June 2025, the Division operates with a team of two full-time employees: the Associate Executive Director and a Real Estate Administrator. A part-time administrative support coordinator supports on-going efforts. The Division manages a growing portfolio that includes 120,500 square feet of commercial space and 184,000 square feet of residential property, collectively serving approximately 300 tenants.

The Division's efforts are concentrated in two primary areas aligned with the university's strategic priorities:

- *Faculty and Staff Housing* - To attract and retain world-class faculty and staff, the Division is advancing a comprehensive approach to housing. This includes transitional, near-term, mid-term, and long-term housing solutions that are responsive to enrollment growth and evolving workforce needs. These efforts are critical to maintaining the university's competitiveness as an employer and ensuring a supportive living environment for its academic community.
- *Commercial Development* - The Division is also responsible for planning, developing, and managing commercial real estate infrastructure that enhances the campus environment and supports institutional advancement. These strategically designed spaces generate revenue, foster community engagement, and serve as platforms for innovation and collaboration.

In addition to its operational responsibilities, the Division is regularly called upon to evaluate acquisition opportunities, assess the acceptance of real property gifts, and analyze development proposals. It performs due diligence to inform decision-making processes that serve the best interests of the university — balancing opportunity, risk, and long-term value.

Included in this budget are the following Division-managed properties:

**Bella Montaña** – This residential housing community was originally designed and constructed under the management of Cal Poly Housing Corporation (CPHC) with funding provided by the Corporation. Its purpose is to provide affordable housing for Cal Poly faculty and staff. In February of 2012, the Partners accepted all of the assets, liabilities, and activities of CPHC. Ground subleases are executed between the Partners and individual homeowners. Ground subleases are maintained by Partners administration, including the collection of ground rents.

The Partners owns four condominiums within Bella Montaña. One condominium is available for corporate transitional housing, two units are rented to Cal Poly faculty and staff, and one unit is held on behalf of the Orfalea College of Business (OCOB) for visiting lecturers and faculty. Operating expenses for this unit are funded by Cal Poly Foundation gift funds and endowment payouts.

**Grand Avenue** – In December of 2013, the Partners purchased four houses on Grand Avenue at Slack Street. These transactions were considered a strategic opportunity to purchase property right at the entrance to the campus. The properties were placed in service during FY 2014-15 and are subject to a lease, which had an initial term through June 2018, but has been extended through June 2026.



**Mustang Business Park** – On September 20, 2023, the Cal Poly Partners executed the purchase of a commercial building located at 4800 Morabito Place in the City of SLO. The property, known as the Cal Poly Mustang Business Park (CPMBP), is approximately 48,000 square feet and was acquired for \$16,800,000.

The acquisition was financed with proceeds from the issuance of CSU Institute Commercial Paper Notes (ICPNs). The commercial paper notes were replaced with proceeds from the issuance of the CSU SRBs during the summer of 2024. In connection with the acquisition of the building, the Partners entered into a long-term lease with the University for use of the entire building. Terms of the lease will cover annual debt service and operating expenses related to the building. The University has a need for additional office and academic space on-campus and will use the CPMBP to accommodate several administrative functions of the University. The building is also expected to house certain administrative functions of Cal Poly Partners, which moved into the building during FY 2024-25.

**Technology Park** – The Technology Park is a home on campus for technology-based businesses, and facilitates collaboration between university faculty and students and industry professionals engaged in applied research and development. Information regarding the Technology Park and its budget is presented in a separate document.

**Harvest Lofts** – Harvest Lofts is a multi-family project on 1.92 acres within the San Luis Ranch master plan at 845 Madonna Road in San Luis Obispo. It consists of 120 units in six, three-story garden apartment buildings that are identical. All units are studio or one-bedroom units with balconies or porches. Units range from 403 to 514 square feet and average 442 square feet. There are six units designated for lease to workforce households at below market rents. Units were initially completed in 2023, with the remainder completed in October 2024. This product type is designed to provide temporary living accommodation specifically for individuals or small households requiring short-term housing solutions. Limited to a maximum term of 1-2 years, these residential spaces are intended to serve as a bridge between more permanent housing arrangements.

The \$44 million acquisition has been financed through the CSU with proceeds from the issuance of CSU Institute Commercial Paper Notes (ICPNs). It is anticipated that the commercial paper notes will be replaced with proceeds from the issuance of the CSU SRBs within the next year.

**1144 Chorro Street** – This 25,000 square foot commercial building is located in downtown San Luis Obispo. The building is subject to a 30-year lease and will be used to support the co-location of the Mustang Shop Downtown (MSDT) and The Center for Innovation and Entrepreneurship (CIE). The space is currently in the build-out process. It is anticipated that MSDT and CIE will begin operating in the space in February of 2026.

## 2024-25 ACCOMPLISHMENTS

- Started site development on the Vista Meadows housing project.
- Completed the purchase of the Harvest Lofts, adding multi-family housing to the Partners real estate portfolio.
- Contracted with a third-party property management firm for Harvest Lofts operations.
- Applied for a property tax exemption for Harvest Lofts, which is available under the public school exemption.
- Completed all necessary improvements at the Mustang Business Park.
- Completed the relocation of several administrative functions from Building 15 to the CPMBP.
- Bella Montaña units were rented for the majority of the fiscal year.
- The Grand Avenue properties were rented for the entire fiscal-year subject to a lease with the SLO Classical Academy.
- Completed the design of the 1144 Chorro Street space and executed a contract for construction.

## 2025-26 GOALS & OBJECTIVES

- Increase occupancy of Harvest Lofts to 95% and grow the proportion of Cal Poly faculty and staff residents.
- Conduct a comprehensive analysis of transitioning the Harvest Lofts property management function from a third-party firm to an in-house model.
- Complete the refinancing of Harvest Lofts from interim commercial paper to long-term CSU systemwide revenue bonds.
- Continue enhancing the property management function for Partners-owned real property.
- Start vertical construction on the Vista Meadows housing project, and deliver first homes.
- Secure the property tax exemption for Harvest Lofts, which is available under the public school exemption.
- Complete the buildout of the 1144 Chorro Street space.
- Continue building reserve accounts for all Partners-owned properties.

## REAL ESTATE SERVICES - CONSOLIDATED

### 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	\$1,421	\$2,272	\$3,923	\$6,578	\$2,655	68%
Departmental Assessments	-	-	-	575	575	100%
Other Revenues	543	403	1,478	1,418	(59)	(4%)
<b>Income Before Operations</b>	<b>1,964</b>	<b>2,674</b>	<b>5,401</b>	<b>8,571</b>	<b>3,170</b>	<b>59%</b>
Salaries & Wages	119	147	226	471	(245)	(108%)
Benefits	70	85	104	258	(153)	(147%)
<b>Total Payroll Expense</b>	<b>189</b>	<b>232</b>	<b>331</b>	<b>728</b>	<b>(398)</b>	<b>(120%)</b>
Depreciation & Amortization	641	834	1,808	2,635	(827)	(46%)
General Maintenance	136	222	279	450	(171)	(61%)
Utilities	70	71	174	215	(42)	(24%)
Supplies & Equipment	5	42	18	76	(57)	(309%)
Rent / Lease Expense	3	3	71	231	(160)	(226%)
Taxes / Insurance	257	164	457	595	(138)	(30%)
Fees & Services	116	119	371	601	(230)	(62%)
CP Partners Administrative Assessment	80	82	82	14	69	83%
CP Partners Allocated Services	15	49	41	608	(568)	(1397%)
Other Operating Expenses	53	72	120	133	(13)	(10%)
<b>Total Operating Expenses</b>	<b>1,377</b>	<b>1,657</b>	<b>3,422</b>	<b>5,557</b>	<b>(2,135)</b>	<b>(62%)</b>
<b>Total Expenses</b>	<b>1,566</b>	<b>1,889</b>	<b>3,753</b>	<b>6,286</b>	<b>(2,533)</b>	<b>(67%)</b>
<b>Net from Operations</b>	<b>398</b>	<b>786</b>	<b>1,648</b>	<b>2,285</b>	<b>638</b>	<b>39%</b>
Other Income (Expense)	(4)	-	28	-	(28)	(100%)
Interest Expense	(679)	(1,360)	(1,746)	(2,399)	(653)	(37%)
<b>Total Other Income (Expense)</b>	<b>(683)</b>	<b>(1,360)</b>	<b>(1,718)</b>	<b>(2,399)</b>	<b>(681)</b>	<b>(40%)</b>
<b>Transfers In (Out)</b>	<b>1,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Change in Net Position</b>	<b>\$1,201</b>	<b>\$(575)</b>	<b>\$(70)</b>	<b>\$(114)</b>	<b>\$(44)</b>	<b>(62%)</b>
<b>Adjustments:</b>						
<b>Less:</b> Principal Debt Payments	(100)	(105)	(105)	(420)	315	300%
<b>Add:</b> Depreciation & Amortization	641	834	1,808	2,635	(827)	(46%)
<b>Adjusted Change in Net Position</b>	<b>\$1,742</b>	<b>\$154</b>	<b>\$1,633</b>	<b>\$2,101</b>	<b>\$363</b>	<b>21%</b>

\* The Technology Park budget is included in the consolidated totals above. See separate budget document for further information.

## HARVEST LOFTS

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	-	-	\$1,736	\$3,184	\$1,448	83%
Other Revenues	-	-	731	748	17	2%
<b>Income Before Operations</b>	-	-	<b>2,467</b>	<b>3,932</b>	<b>1,465</b>	<b>59%</b>
Salaries & Wages	-	-	91	143	(52)	(57%)
Benefits	-	-	22	39	(17)	(80%)
<b>Total Payroll Expense</b>	-	-	<b>113</b>	<b>182</b>	<b>(69)</b>	<b>(61%)</b>
Depreciation & Amortization	-	-	980	1,470	(490)	(50%)
General Maintenance	-	-	10	95	(85)	(816%)
Utilities	-	-	101	97	4	4%
Supplies & Equipment	-	-	4	25	(21)	(490%)
Rent / Lease Expense	-	-	4	6	(2)	(36%)
Taxes / Insurance	-	-	367	486	(119)	(32%)
Fees & Services	-	-	251	441	(190)	(76%)
CP Partners Allocated Services	-	-	-	94	(94)	(100%)
Other Operating Expenses	-	-	77	57	21	27%
<b>Total Operating Expenses</b>	-	-	<b>1,795</b>	<b>2,771</b>	<b>(975)</b>	<b>(54%)</b>
<b>Total Expenses</b>	-	-	<b>1,908</b>	<b>2,953</b>	<b>(1,045)</b>	<b>(55%)</b>
<b>Net from Operations</b>	-	-	<b>559</b>	<b>979</b>	<b>420</b>	<b>75%</b>
Interest Expense	-	-	(999)	(942)	57	6%
<b>Total Other Income (Expense)</b>	-	-	<b>(999)</b>	<b>(942)</b>	<b>57</b>	<b>6%</b>
<b>Change in Net Position</b>	-	-	<b>\$(440)</b>	<b>\$37</b>	<b>\$478</b>	<b>108%</b>
<b>Noncash transactions (add back):</b>						
Depreciation & Amortization	-	-	980	1,470	(490)	(50%)
<b>Adjusted Change in Net Position</b>	-	-	<b>\$540</b>	<b>\$1,507</b>	<b>\$968</b>	<b>179%</b>

## MUSTANG BUSINESS PARK

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	\$621	\$1,520	\$1,340	\$1,728	\$388	29%
Other Revenues	1,002	373	708	636	(72)	(10%)
<b>Income Before Operations</b>	<b>1,623</b>	<b>1,892</b>	<b>2,048</b>	<b>2,363</b>	<b>316</b>	<b>15%</b>
Salaries & Wages	53	77	71	-	71	100%
Benefits	31	47	43	-	43	100%
<b>Total Payroll Expense</b>	<b>84</b>	<b>124</b>	<b>113</b>	<b>-</b>	<b>113</b>	<b>100%</b>
Depreciation & Amortization	375	562	564	567	(2)	0%
General Maintenance	54	135	170	195	(25)	(15%)
Supplies & Equipment	4	23	4	23	(19)	(519%)
Taxes / Insurance	213	111	39	39	0	1%
Fees & Services	61	62	64	62	2	3%
CP Partners Allocated Services	-	-	5	144	(138)	(2533%)
Other Operating Expenses	20	41	19	44	(26)	(135%)
<b>Total Operating Expenses</b>	<b>726</b>	<b>934</b>	<b>865</b>	<b>1,074</b>	<b>(209)</b>	<b>(24%)</b>
<b>Total Expenses</b>	<b>810</b>	<b>1,058</b>	<b>979</b>	<b>1,074</b>	<b>(95)</b>	<b>(10%)</b>
<b>Net from Operations</b>	<b>813</b>	<b>834</b>	<b>1,069</b>	<b>1,289</b>	<b>220</b>	<b>21%</b>
Other Income (Expense)	-	-	30	-	30	100%
Interest Expense	(606)	(1,292)	(678)	(1,358)	(680)	(100%)
<b>Total Other Income (Expense)</b>	<b>880</b>	<b>(1,292)</b>	<b>(648)</b>	<b>(1,358)</b>	<b>(710)</b>	<b>(110%)</b>
<b>Transfers In (Out)</b>	<b>1,486</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Change in Net Position</b>	<b>\$1,693</b>	<b>\$(458)</b>	<b>\$421</b>	<b>\$(69)</b>	<b>\$(490)</b>	<b>(116%)</b>
<b>Adjustments:</b>						
<b>Less: Principal Debt Payments</b>				(310)	310	100%
<b>Add: Depreciation &amp; Amortization</b>	375	562	564	567	(2)	0%
<b>Adjusted Change in Net Position</b>	<b>\$2,067</b>	<b>\$103</b>	<b>\$985</b>	<b>\$188</b>	<b>\$(797)</b>	<b>(80%)</b>

## 1144 CHORRO STREET

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	-	-	\$66	\$295	\$229	348%
Other Revenues	16	-	-	-	-	0%
<b>Income Before Operations</b>	<b>16</b>	<b>-</b>	<b>66</b>	<b>295</b>	<b>229</b>	<b>348%</b>
General Maintenance	0	-	1	-	1	100%
Utilities	-	-	1	2	(0)	(1%)
Supplies & Equipment	0	-	-	-	-	0%
Rent / Lease Expense	-	-	63	221	(158)	(252%)
Fees & Services	-	-	1	1	(0)	(1%)
CP Partners Allocated Services	-	-	-	69	(69)	(100%)
Other Operating Expenses	1	-	2	-	2	100%
<b>Total Operating Expenses</b>	<b>1</b>	<b>-</b>	<b>68</b>	<b>292</b>	<b>(224)</b>	<b>(328%)</b>
<b>Total Expenses</b>	<b>1</b>	<b>-</b>	<b>68</b>	<b>292</b>	<b>(224)</b>	<b>(328%)</b>
<b>Net from Operations</b>	<b>15</b>	<b>-</b>	<b>(2)</b>	<b>3</b>	<b>5</b>	<b>217%</b>
<b>Change in Net Position</b>	<b>\$15</b>	<b>-</b>	<b>\$(2)</b>	<b>\$3</b>	<b>\$5</b>	<b>217%</b>
<i>Noncash transactions (add back):</i>						
<b>Adjusted Change in Net Position</b>	<b>\$15</b>	<b>-</b>	<b>\$(2)</b>	<b>\$3</b>	<b>\$5</b>	<b>217%</b>

## GRAND AVENUE

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	\$36	\$38	\$38	\$39	\$1	3%
Other Revenues	1	-	-	-	-	0%
<b>Income Before Operations</b>	<b>37</b>	<b>38</b>	<b>38</b>	<b>39</b>	<b>1</b>	<b>3%</b>
Depreciation & Amortization	23	23	23	23	-	0%
General Maintenance	-	1	-	-	-	0%
Taxes / Insurance	26	27	30	30	(0)	(1%)
CP Partners Allocated Services	1	2	2	7	(5)	(326%)
<b>Total Operating Expenses</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>59</b>	<b>(5)</b>	<b>(10%)</b>
<b>Total Expenses</b>	<b>50</b>	<b>52</b>	<b>54</b>	<b>59</b>	<b>(5)</b>	<b>(10%)</b>
<b>Net from Operations</b>	<b>(13)</b>	<b>(14)</b>	<b>(16)</b>	<b>(20)</b>	<b>(4)</b>	<b>(29%)</b>
<b>Change in Net Position</b>	<b>\$(13)</b>	<b>\$(14)</b>	<b>\$(16)</b>	<b>\$(20)</b>	<b>\$(4)</b>	<b>(29%)</b>
<b>Noncash transactions (add back):</b>						
Depreciation & Amortization	23	23	23	23	-	0%
<b>Adjusted Change in Net Position</b>	<b>\$10</b>	<b>\$9</b>	<b>\$7</b>	<b>\$3</b>	<b>\$(4)</b>	<b>(63%)</b>



## BELLA MONTAÑA

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Occupancy Income	\$133	\$138	\$139	\$154	\$15	11%
Other Revenues	22	21	18	21	3	17%
<b>Income Before Operations</b>	<b>155</b>	<b>159</b>	<b>157</b>	<b>175</b>	<b>18</b>	<b>11%</b>
Depreciation & Amortization	25	25	23	25	(2)	(9%)
General Maintenance	4	13	27	25	2	6%
Utilities	9	9	9	10	(0)	(3%)
Supplies & Equipment	-	2	1	4	(2)	(193%)
Rent / Lease Expense	3	3	3	3	-	0%
Taxes / Insurance	2	3	2	2	0	1%
Fees & Services	16	18	17	19	(3)	(15%)
CP Partners Administrative Assessment	80	82	82	14	69	83%
CP Partners Allocated Services	14	14	17	81	(64)	(373%)
Other Operating Expenses	17	0	3	-	3	100%
<b>Total Operating Expenses</b>	<b>170</b>	<b>170</b>	<b>184</b>	<b>182</b>	<b>2</b>	<b>1%</b>
<b>Total Expenses</b>	<b>170</b>	<b>170</b>	<b>184</b>	<b>182</b>	<b>2</b>	<b>1%</b>
<b>Net from Operations</b>	<b>(15)</b>	<b>(11)</b>	<b>(27)</b>	<b>(7)</b>	<b>20</b>	<b>74%</b>
Other Income (Expense)	-	-	(1)	-	1	100%
<b>Total Other Income (Expense)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>100%</b>
<b>Change in Net Position</b>	<b>\$ (15)</b>	<b>\$ (11)</b>	<b>\$ (28)</b>	<b>\$ (7)</b>	<b>\$ 21</b>	<b>74%</b>
<b>Noncash transactions (add back):</b>						
Depreciation & Amortization	25	25	23	25	(2)	(9%)
<b>Adjusted Change in Net Position</b>	<b>\$10</b>	<b>\$14</b>	<b>\$ (5)</b>	<b>\$18</b>	<b>\$23</b>	<b>474%</b>

## OPERATING BUDGET DISCUSSION

### Revenues

Occupancy income includes rent revenue for Partners-managed real property included in this budget. Revenues for Bella Montaña include revenues related to the properties' ground subleases, which are executed between individual homeowners and CP Partners. In addition, the Partners owns four units, which collect rental income. For CPMBP, occupancy income includes base rents received from the University for their lease of the entire CPMBP.

FY 2024-25 projected total revenue is significantly over budget, resulting from the addition of Harvest Lofts. When the FY 2024-25 budget was created and approved, Harvest Lofts was not an anticipated addition to the Real Estate Division. For FY 2024-25, Harvest Lofts is projected to add an additional \$2.5 million in revenues. In FY 2025-26, Harvest Lofts is budgeted to generate \$3.9 million in revenues, which includes \$650,000 pursuant to the exclusive rights agreement with the university.

For FY 2024-25, the Grand Avenue properties are projected to generate approximately \$38,000 in rental income, which is consistent with the budget. The properties are subject to a lease, which ends in June 2026. FY 2025-26 revenues are budgeted to remain consistent.

Other Revenues include additional rents received from the university to cover operating costs at CPMBP. Other revenues also include funding received from the OCOB related to the operation and maintenance of the condo unit owned by the Partners on the OCOB's behalf.

FY 2025-26 revenues also include Departmental Assessments. See discussion below related to Payroll for further information.

### Expenses

For FY 2024-25 (and earlier), payroll expenses included only a portion of Real Estate Division staff and was charged directly charged to individual property operating budgets, including the Tech Park and CPMBP. FY 2024-25 payroll also includes payroll for off-campus wages paid to the third-party property manager of the Harvest Lofts. Beginning with FY 2025-26, all wages of the Real Estate Division will be recorded centrally and allocated to each property operating budget indirectly as an operating expense. Corresponding cost allocation revenues are included as Departmental Assessments in the Revenues section of the budget.

Total operating expenses for FY 2024-25 are significantly over budget, resulting from the addition of Harvest Lofts. For FY 2024-25, Harvest Lofts is projected to add an additional \$1.8 million in operating expenses. In FY 2025-26, Harvest Lofts is budgeted to generate \$2.8 million in operating expenses.

Other Expense for FY 2024-25 and FY 2025-26 includes approximately \$1.7 million and \$2.4 million in interest expense related to debt acquired from CSU (commercial paper and revenues bonds) for the acquisition of CPMPB and Harvest Lofts.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Capital Replacement & Renewal	Debt Service Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$454,243	\$2,385,681	\$292,353	\$4,086,128	\$7,218,405
FY 2023-24 Change in Reserves	182,061	6,668,365	1,488,341	(1,095,469)	7,243,298
June 30, 2024 Reserve Balance	636,303	9,054,046	1,780,693	2,990,660	14,461,702
FY 2024-25 Change in Reserves (estimate)	1,141,240	714,126	75,332	1,302,406	3,233,104
June 30, 2025 Reserve Balance (estimate)	1,777,543	9,785,817	1,856,025	4,003,354	17,422,739
FY 2025-26 Change in Reserves (budget)	1,543,968	459,385	979	166,490	2,170,822
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$1,830,214</b>	<b>\$10,245,202</b>	<b>\$1,857,004</b>	<b>\$4,169,843</b>	<b>\$18,102,263</b>

Real Estate Services maintains four separate reserves as follows:

The **Operating Reserve** represents working capital held for contingencies and continuing operations of properties within the Real Estate Division portfolio. These reserves are calculated based on 100% of the subsequent year's budgeted operating expenses, excluding depreciation expense.

The **Capital Replacement & Renewal Reserve** is used to fund capital projects such as roof repairs, window replacement, and infrastructure upgrades. The reserve funds are accumulated based on a survey of building components and their useful life. The reserve is fully funded.

**Investment in Operating Assets** represents an investment in capital assets of the facilities. The balance at the end of each fiscal year is equal to the cost of these assets, less accumulated depreciation and any debt related to those assets.

**Debt Service Reserves** represent 115% of the subsequent year's debt service, including both principal and interest.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
Mustang Business Park - Roof Repairs	\$60,000	30	\$2,000
<b>Total Major Capital Outlay</b>	<b>\$60,000</b>		<b>\$2,000</b>
Minor Capital Equipment Outlay (Up To \$25,000)			
Mustang Business Park - Parking Lot Sealcoat	\$10,000	10	\$1,000
Mustang Business Park - Surveillance/Motion Detection Lights	7,500	5	1,500
<b>Total Minor Capital Outlay</b>	<b>\$17,500</b>		<b>\$2,500</b>
<b>Total Capital Outlay Request</b>	<b>\$77,500</b>		<b>\$4,500</b>

### CAPITAL OUTLAY REQUEST DETAIL

**Mustang Business Park - Roof Repairs:** Roof repairs to be made at Mustang Business Park.

**Mustang Business Park - Parking Lot Sealcoat:** Parking lot sealcoat at Mustang Business Park.

**Mustang Business Park - Surveillance/Motion Detection Lights:** Installation of either surveillance or motion detection lights at Mustang Business Park for tenant safety.



OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

## **Other Commercial Activities**

*(Units within the Commercial Services Division)*

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Through its delegation from the university, Cal Poly Partners ("Partners") has the exclusive right and responsibility to provide campus commercial and enterprise services. Those services include food services, conference and event planning services, bookstores, print services, and other retail outlets. This delegation includes the right to self-operate or contract for the services, and to appropriately manage the operation or contract in its responsibility as a self-support service to the campus community.

Budgets for food services operations and conference and event planning services are prepared separately. This budget incorporates the following other commercial activities of the Partners:

**Cal Poly Mustang Shop** - The Mustang Shop has two physical locations, one on-campus and one in downtown San Luis Obispo, and a robust e-commerce platform. The store has been serving the campus community since 1933, offering textbooks, technology, and academic supplies, along with Cal Poly branded apparel and gifts that encourage and support the Mustang spirit both locally and across the country. The Mustang Shop is a certified Apple retailer with Apple-certified Mac technicians on the premises.

Effective July 1, 2017, the Partners executed a contract with Follett Higher Education Group (Follett) to operate its campus bookstore, downtown location, and e-commerce store. Follett agreed to fund an extensive renovation of the store, leading to a restated contract in 2021. The restated contract extends the relationship to 2029, with three one-year renewals. As part of this arrangement, the Partners earns a commission based on certain sales. The commission funds continuing expenses (i.e. downtown lease expense, taxes, depreciation, and utilities) as well as contract management support. Residual income is used to support on-going Partners operations and contributions to university services.

In addition to managing the retail operations of the two stores, Follett facilitates Cal Poly University's compliance with the U.S. Department of Education's Higher Education Opportunity Act, requiring that all course materials be adopted by faculty prior to registration.

**Cal Poly Print & Copy** - Cal Poly Print & Copy offers a variety of print solutions. Three distinct revenue streams make up the majority of its business: (1) walk-up windows primarily for students, (2) online ordering primarily for faculty and staff, and (3) the production of course packs to Follett for resale to students. The largest source of revenue comes from the work produced for faculty and staff followed closely by the production of course packs.

Historically, Cal Poly Print & Copy has been located in Cal Poly's Robert E. Kennedy Library. With the library under renovation, Cal Poly Print & Copy has a temporary service center located in the Crandall building. Cal Poly Print & Copy specializes in small and large format printing to produce materials for presentations, events, and the classroom. They feature online ordering and flexible hours to meet campus printing needs.

**Other Retail Outlets** - From time to time, the Partners will enter into nominal contracts with other retail providers to sell products or services for a limited time. These vendors require little setup or infrastructure. These contracts generate income to the Partners through revenue-sharing or rent charges in exchange for allowing these vendors to do business on campus.

## 2024-25 ACCOMPLISHMENTS

### Cal Poly Mustang Shop:

- **Course Materials:** Faculty adoption of Poly Access has increased significantly this year. Follett's outreach to each faculty member with classes that have a Poly Access option, and communication to college deans and department heads increased penetration to 17% of all classes with purchased course materials. Orfalea College of Business has 60% of their classes enrolled in Poly Access. The growth of this program increased revenue of digital course materials by 35%, or \$354K and has saved students over \$3 million. OER (Open Education Resources) adoption has also increased, with 8% of courses offered adopting free course materials. On-time adoption rates are also improving, assisting students in making informed decisions when registering for classes. Increased adoption of Poly Access and growing OER are both strategies employed two years ago to bring down the cost of course materials and pave the way to a low-cost equitable access program, where all course materials are available for one low flat fee on day one of classes.
- **Stockroom:** After working out of remote locations for three years, the Mustang Shop finally moved back into their 4,500 square foot stockroom Spring Quarter 2024, enabling improved out of stocks and decreased labor cost this year.
- **Campus Partnerships:** The Mustang Shop is working closely with athletics to feature merchandise and marks in store that are on athlete's uniforms. Additionally, the Shop developed six t-shirt and hoodie SKUs and four caps featuring Cal Poly Rodeo marks. The Mustang Shop is working with UCM for faster turnaround of vintage items, limited time only merchandise, and athletic marked gear.
- **Student engagement:** The Mustang Shop opened a beauty bar store within a store featuring a wide array of affordable cosmetics, contributing to convenience sales growth of 20%.
- **Revenue growth:** Commissionable sales are down 4% driven by decreases in printed text books and supplies, offset with strong growth of digital course materials. Gifts and apparel are growing slightly, a positive turnaround from the yearly decline since 2021. Mustang Shop Downtown sales are up 1% this year, driven by a 13% increase in gifts. The downtown store features a wide variety of Cal Poly food products, including wine and cheese. Cal Poly is the second best performing of the 14 CSU stores that Follett operates and is one of the largest stores in the nation.

### Cal Poly Print & Copy:

- **Increase in Wide Format Printing:** Cal Poly Print and Copy has seen a 25% increase in sales of wide format printing this year. Assisting faculty, staff, and students in their needs on campus.
- **Student courseware support:** Cal Poly Print & Copy has successfully produced 100% of all course packs for Follett on time since inception of the Follett contract. In the Fall of the 2024-2025 academic year, Cal Poly Print and Copy offered free black and white printing to students as a service to their success while also hoping it would assist in helping students find their location

within Bldg. 52 and see their services.

- **Partnering with New Focus Groups:** Cal Poly Print and Copy partnered with three Orfalea College of Business classes. The partnership had over 30 student group presentations to Cal Poly Partners MARCOM and Print and Copy team with new business development ideas and needs from students on campus. Many of the ideas are being worked on to implement as we move into the new fiscal year of 2025-2026.
- **New Print and Copy Location On Campus:** The library renovation is nearing completion and Cal Poly Print & Copy has worked with Facilities Capital Planning and Projects designing their new home in the library. The location will feature new equipment and printing services to ensure students, faculty, and staff success.
- **New Business Opportunities and Revenue Growth:** Cal Poly Print & Copy has partnered with Print Shop Pro, a digital storefront to allow students, faculty, and staff to place orders digitally. The web-based platform will allow customers the ability to see their work and access pricing at the click of a button. Print Shop Pro will streamline work for the team at Print and Copy and provide a better experience for the customer.

## 2025-26 GOALS & OBJECTIVES

### Cal Poly Mustang Shop:

- **New downtown store location:** The Partners has signed a lease for 1144 Chorro Street. The space will be the new home of the Mustang Shop and CIE (Center for Innovation and Entrepreneurship). In addition to the benefits of co-locating two Cal Poly entities, the new lease will be half the cost of the current location and expand the shoppable space from 2,900 to 3,500 square feet. Renovation will begin in May, and the store will be open for business in February 2026. Follett has agreed to provide \$600,000 in capital and will contribute \$130K in rent for a reduction in commission. The Partners is fully funding the lease for the current location. With these favorable terms, we will have an estimated payback of 7 years to fund the additional \$900K investment the Partners is contributing to the project. The current lease expires in 2026. The goal is to negotiate with the current landlord to reduce the cost of the remaining lease term through either an early termination or partial rent abatement.
- **Course materials partnership:** Driven by the growth of Poly Access, Follett's market share of purchased course materials has increased from 24% to 41%. The course materials subcommittee and Follett will continue to strengthen relationships with assistant deans and department heads to increase on-time adoptions and increase digital and inclusive access adoptions. Using a consultative approach with data each quarter on timely adoptions and selection of digital, OER, and inclusive access course materials, the goal is to increase market share, while decreasing the cost for students. In addition to continuing to grow inclusive (Poly) access, we continue to build a road map for implementation of equitable access (EA). EA is a campus wide program where all students pay one flat fee for all course materials.
- **Technology:** Follett is moving from Red Shelf to Kortext. Kortext provides students with enhanced learning tools for e-books, including natural sounding AI read-aloud functionality to provide an engaging reading experience. Configurable accessibility features include adjustable fonts, colors, and layouts to fit individual learning needs. Students can collaborate real-time and form study groups. 20,000 OER materials are available in the Kortext catalog to supplement learning. Faculty will be able to monitor their students' interaction with the e-book, facilitating student success.

### Cal Poly Print & Copy:

- **Library renovation collaboration:** Cal Poly Partners and Cal Poly Print and Copy have partnered with Facilities Capital Projects and Planning in finalizing the construction of their new home within the library on campus. This has been a three-year collaboration with the library renovation project. Opening is set for August 2025 with a new convenient storefront that will put student success at the forefront.
- **New Business Opportunities:** Cal Poly Partners will continue to support Cal Poly Print & Copy. A new partnership with Print Shop Pro (digital storefront) will make it easier and more convenient to students, faculty, and staff to place orders and see all the services Print and Copy offers. We are also excited to get a new storefront within the library that will be front facing and make it easier to serve the campus community. Print and Copy has also entered into a new equipment agreement with UBEO for new printing equipment to offer more services to the campus. We will continue to create focus groups and surveys to establish new services Print & Copy can offer to better support the needs of the Cal Poly community.

## 2025-26 OPERATING BUDGET PROPOSAL

### CAL POLY MUSTANG SHOP

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$55	100%	\$56	100%	\$62	100%	\$62	100%	-	0%
Cost of Goods Sold	32	59%	33	58%	37	59%	37	59%	-	0%
<b>Gross Margin</b>	<b>23</b>	<b>41%</b>	<b>23</b>	<b>42%</b>	<b>26</b>	<b>41%</b>	<b>26</b>	<b>41%</b>	<b>-</b>	<b>0%</b>
Other Revenues	1,298	2347%	1,383	2456%	1,298	2078%	1,338	2142%	39	3%
<b>Income before Operations</b>	<b>1,321</b>	<b>2388%</b>	<b>1,406</b>	<b>2498%</b>	<b>1,324</b>	<b>2120%</b>	<b>1,364</b>	<b>2183%</b>	<b>39</b>	<b>3%</b>
Depreciation & Amortization	33	61%	32	57%	40	65%	42	67%	(1)	(3%)
General Maintenance	7	12%	6	10%	13	21%	9	14%	4	34%
Rent / Lease Expense	151	273%	178	316%	186	298%	268	429%	(82)	(44%)
Fees for Services	3	5%	1	1%	2	3%	2	3%	(0)	(8%)
CP Partners Administrative Services	602	1088%	265	472%	263	421%	236	378%	27	10%
CP Partners Allocated Services	154	278%	143	255%	140	224%	118	189%	22	16%
Utilities	60	109%	60	107%	63	101%	67	107%	(4)	(6%)
Other Operating Expenses	99	180%	41	72%	63	100%	60	96%	3	4%
<b>Total Operating Expenses</b>	<b>1,109</b>	<b>2005%</b>	<b>725</b>	<b>1289%</b>	<b>757</b>	<b>1212%</b>	<b>801</b>	<b>1283%</b>	<b>(44)</b>	<b>(6%)</b>
<b>Total Expenses</b>	<b>1,109</b>	<b>2005%</b>	<b>725</b>	<b>1289%</b>	<b>757</b>	<b>1212%</b>	<b>801</b>	<b>1283%</b>	<b>(44)</b>	<b>(6%)</b>
<b>Net from Operations</b>	<b>212</b>	<b>384%</b>	<b>680</b>	<b>1209%</b>	<b>567</b>	<b>907%</b>	<b>562</b>	<b>900%</b>	<b>(4)</b>	<b>(1%)</b>
Other Income (Expense)	20	36%	(335)	(595%)	(307)	(492%)	(310)	(496%)	(3)	(1%)
University Services	(322)	(583%)	(322)	(573%)	(322)	(516%)	(322)	(516%)	-	0%
<b>Total Other Income (Expense)</b>	<b>(302)</b>	<b>(547%)</b>	<b>(658)</b>	<b>(1168%)</b>	<b>(630)</b>	<b>(1008%)</b>	<b>(632)</b>	<b>(1013%)</b>	<b>(3)</b>	<b>0%</b>
<b>Transfer From (To) Plant Fund Reserves</b>	<b>(242)</b>	<b>(437%)</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b>\$(332)</b>	<b>(600%)</b>	<b>\$23</b>	<b>41%</b>	<b>\$(63)</b>	<b>(101%)</b>	<b>\$(70)</b>	<b>(112%)</b>	<b>\$(7)</b>	<b>(11%)</b>
<b>Noncash transactions (add back):</b>										
Depreciation & Amortization	33	61%	32	57%	40	65%	42	67%	(1)	(3%)
<b>Adjusted Net to Reserves</b>	<b>\$(298)</b>	<b>(539%)</b>	<b>\$55</b>	<b>97%</b>	<b>\$(23)</b>	<b>(37%)</b>	<b>\$(29)</b>	<b>(46%)</b>	<b>\$(6)</b>	<b>(25%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## CAL POLY PRINT & COPY

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$181	100%	\$224	100%	\$154	100%	\$166	100%	\$12	8%
Cost of Goods Sold	53	29%	44	20%	58	38%	43	26%	15	25%
<b>Gross Margin</b>	<b>128</b>	<b>71%</b>	<b>180</b>	<b>80%</b>	<b>96</b>	<b>62%</b>	<b>123</b>	<b>74%</b>	<b>27</b>	<b>28%</b>
Other Revenues	-	0%	-	0%	14	9%	-	0%	(14)	(100%)
<b>Income before Operations</b>	<b>128</b>	<b>71%</b>	<b>180</b>	<b>80%</b>	<b>110</b>	<b>72%</b>	<b>123</b>	<b>74%</b>	<b>13</b>	<b>12%</b>
Salaries & Wages	96	53%	84	38%	111	72%	89	54%	22	20%
Benefits	27	15%	26	12%	34	22%	31	19%	3	8%
<b>Total Payroll Expense</b>	<b>123</b>	<b>68%</b>	<b>111</b>	<b>49%</b>	<b>145</b>	<b>94%</b>	<b>120</b>	<b>72%</b>	<b>25</b>	<b>17%</b>
General Maintenance	25	14%	21	9%	15	10%	9	6%	5	37%
Fees for Services	-	0%	-	0%	9	6%	6	4%	2	28%
CP Partners Administrative Services	29	16%	34	15%	34	22%	34	20%	(0)	(1%)
CP Partners Allocated Services	13	7%	8	3%	8	5%	29	17%	(21)	(282%)
Other Operating Expenses	7	4%	11	5%	6	4%	7	4%	(0)	(4%)
<b>Total Operating Expenses</b>	<b>74</b>	<b>41%</b>	<b>73</b>	<b>33%</b>	<b>71</b>	<b>46%</b>	<b>85</b>	<b>51%</b>	<b>(14)</b>	<b>(20%)</b>
<b>Total Expenses</b>	<b>197</b>	<b>109%</b>	<b>184</b>	<b>82%</b>	<b>216</b>	<b>140%</b>	<b>205</b>	<b>123%</b>	<b>10</b>	<b>5%</b>
<b>Net from Operations</b>	<b>(69)</b>	<b>(38%)</b>	<b>(4)</b>	<b>(2%)</b>	<b>(106)</b>	<b>(68%)</b>	<b>(82)</b>	<b>(49%)</b>	<b>23</b>	<b>22%</b>
Other Income (Expense)	(0)	0%	-	0%	(4)	(2%)	-	0%	4	100%
University Services	(2)	0%	(2)	(1%)	(2)	(2%)	(2)	(2%)	-	0%
<b>Total Other Income (Expense)</b>	<b>(2)</b>	<b>0%</b>	<b>(2)</b>	<b>(1%)</b>	<b>(6)</b>	<b>(4%)</b>	<b>(2)</b>	<b>(2%)</b>	<b>4</b>	<b>58%</b>
<b>Transfer From (To) Plant Fund Reserves</b>	<b>74</b>	<b>41%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b>\$2</b>	<b>2%</b>	<b>\$(7)</b>	<b>(3%)</b>	<b>\$(112)</b>	<b>(72%)</b>	<b>\$(85)</b>	<b>(51%)</b>	<b>\$27</b>	<b>24%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

**Sales and Cost of Sales** at Cal Poly Mustang Shop includes wine sales at Cal Poly Downtown. At Cal Poly Print & Copy, the biggest area of revenue growth in 2024-25 was in wide format sales. Despite this growth, Cal Poly Print & Copy experienced an overall unfavorable variance in sales from budget of approximately \$55,000, primarily the result of lower than anticipated sales in course packs.

**Sales** at Cal Poly Print & Copy for FY 2025-26 assumes 8% growth over the prior year, as Cal Poly Print & Copy increases its marketing efforts moves into its permanent home within the library, and implements price adjustments to move more in line with the market. In addition, we are also anticipating an increase in sales with the addition of a new digital storefront following the partnership with Print Shop Pro. Outreach on campus will continue with the effort to implement Print Shop Pro for students, faculty, and staff.

One of the biggest areas of growth is in wide format sales, with a 10% increase. While Print and Copy still prints 100% of course packs with Follett, there has been a tremendous shift to all digital course packs for students. We are expect this shift to continue next year, reflective of a 25% budget decrease.

Cal Poly Print & Copy will work to increase sales by adjusting pricing to align closer to general market prices. Cost of Sales for FY 2025-26 reflect margins consistent with prior years, including the adjustment in pricing.

**Other Revenues** for Cal Poly Mustang Shop primarily represent commissions earned from Follett, which is generally calculated at 7% of digital commissionable sales and 17% of non-digital commissionable sales. The 2025-26 budget assumes 10% growth in digital course materials, 1% growth in all other campus store sales and flat growth in the downtown store. This shift towards more digital sales reflects the growth of Poly Access and other digital materials. Notwithstanding these increases, overall 2025-26 commissions are down slightly due to changes in the commission structure for the Mustang Shop downtown starting in February 2026. With Follett's \$600,000 capital investment in the new downtown store, and annual support for rent payments (approximately \$54,000 in support for 2025-26), our commission from Follett at that location will decrease from 17% to 10%.

**Total Payroll Expense** relates solely to Cal Poly Print & Copy and is projected to end FY 2024-25 approximately \$34,000 or 31% over budget. The unfavorable variance from budget reflects more than anticipated labor costs related to the temporary relocation of operations out of the library. Payroll expenses FY 2025-26 includes a 17% decrease in overall labor. This budgeted decrease accounts for the new location based out of the library and the more convenient way of operating the space.

**Total Operating Expenses** for the Mustang Shop include direct expenses such as rents, taxes, depreciation, utilities, contract management and indirect cost support. The increase in operating expenses primarily reflects an overlap of rent for the current location (Higuera) and the commencement of rent for the new location (Chorro) starting in October 2025. The Higuera location's lease expires October 31, 2026.

FY 2025-26 Operating Expenses for Cal Poly Print & Copy are expected to increase \$16,000, primarily the result of increases in administrative allocations.

**Other Income (expense)** includes funding for University Services and additional contributions from Mustang Shop to cover CP Partners general administrative overhead costs.

The **Net Loss to Reserve** reflects an overlap of rent for the current location and 1144 Chorro rent starting in October 2025. The loss is not reflective of the Mustang Shop's on-going or long-term operating structure. Further, the Mustang Shop has sufficient reserves to cover the shortfall.



## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Facilities Reserves	Investment in Operating Assets (non-cash)	Capital Outlay Reserve	Total
June 30, 2023 Reserve Balance	\$1,082,175	\$6,640,317	\$59,052	\$0	\$7,781,544
FY 2023-24 Change in Reserves	(321,437)	(3,985,598)	(8,938)	0	(4,315,973)
June 30, 2024 Reserve Balance	760,738	2,654,719	50,114	0	3,465,571
FY 2024-25 Change in Reserves (estimate)	71,449	(340,913)	94,655	0	(174,809)
June 30, 2025 Reserve Balance (estimate)	832,187	2,313,806	144,769	0	3,290,762
FY 2025-26 Change in Reserves (budget)	24,331	(272,731)	93,394	0	(155,006)
June 30, 2026 Reserve Balance (budget)	\$856,518	\$2,041,075	\$238,163	\$0	\$3,135,756

Reserves for other commercial activities are designated as follows:

**Operating Reserves** represents working capital held for contingencies and continuing operations. The reserve balance for the University Store contract is equal to 100% of the subsequent year's budgeted operating expenses (less depreciation expense), which reflects the difference in business model compared to other commercial operations. Operating reserves at Cal Poly Print & Copy for June 30, 2025 (estimate) and June 30, 2026 (budget) are equal to 25% of the subsequent year's budgeted payroll and operating expenses (less depreciation expense).

**Facilities Reserves** represent accumulated earnings after all other reserve requirements have been met. These funds will be used for future construction, renovation, or replacement of campus facilities. These funds are transferred to the Plant Fund on an annual basis.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents the investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

**Capital Outlay Reserves** are held to fund, at a minimum, the subsequent year's capital outlay request.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
<b>Previously Approved Capital Outlay Requests (1)</b>			
1144 Chorro Street tenant improvements	\$900,000	10	\$90,000
<b>Total Capital Outlay Request</b>	<b>\$900,000</b>		<b>\$90,000</b>

### CAPITAL OUTLAY REQUEST DETAIL

*(1) The Capital Outlay Request below was approved by the Board of Directors in previous meetings. It is repeated here for informational purposes only. No further action is required.*

**1144 Chorro Street tenant improvements:** The Partners has signed a lease for 1144 Chorro Street. The new space will be the new home of the Mustang Shop and CIE (Center for Innovation and Entrepreneurship). In addition to the benefits of co-locating two Cal Poly entities, the new lease will be half the cost of the current location and expand the shoppable space from 2,900 to 3,500 square feet. It is anticipated that the store will be open for business in February 2026. Follett has agreed to provide \$600,000 in capital for tenant improvements. An additional \$900,000 investment in tenant improvement will come from Mustang Shop reserves.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Business Services Division**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Cal Poly Partners' (Partners) Business Services Division (BSD) provides a variety of fiscal, business and administrative services to assist the Partners in fulfilling its mission to provide vital commercial services, research support, administrative services, and funding resources, while serving the campus community in effective and innovative ways. BSD staff is committed to enhancing the quality of education at the university by:

- Providing professional customer service that meets the needs of those we serve
- Building economic strength through skillful use of BSD financial and human resources
- Complying with all applicable laws and regulations and ensuring open and transparent fiscal reporting

In addition to other divisions of the Partners, BSD provides fiscal, business and administrative support services to other on-campus organizations including the university, Cal Poly Foundation, the Alumni Association, Associated Students, Inc., and the Performing Arts Center.

The BSD budget includes the following Partners operations:

**Executive Office** - The Partners' Executive Office is responsible for setting strategic direction and priorities for the organization, ensuring alignment with university priorities and direction, board and organizational administration and compliance, business and policy development, legal affairs, contract administration and management, capital development and public relations. Under the leadership of the chief executive officer, the Executive Office works directly with campus senior leadership and the Partners Board of Directors to lead the overall management of the Partners. The Executive Office also collaborates with other on-campus organizations to assist the university in achieving its long-term goals and objectives.

**Human Resources** - Through collaboration with other Partners departments, Human Resources recruits, develops, trains, and retains a workforce of approximately 150 full-time employees and 2,000 part-time employees. HR also manages employee relations for all Partners employees. Its goal is to foster a healthy, safe, and productive work environment and position the Partners as an employer of choice.

**Business and Finance Office** - The Partners' Business and Finance Office is responsible for managing the financial resources of the Partners consistent with its strategic direction and priorities. It oversees financial planning and forecasting, investment and cash management, manages financial risk, and provides financial reporting to executive and senior management. The Business and Finance Office manages fiscal services for internal departments and external organizations, providing centralized business and financial analysis, accounting, record keeping, and financial reporting for Partners units, and maintains an integrated, online financial reporting system. Departments within the Business and Finance Office include Payroll, Accounts Receivable, Travel, Accounts Payable, General Accounting, Campus Programs, Investment and Treasury Management, Income and Gift Management, Cashiering, and Financial Services.

**Marketing and Communications (MARCOM)** - The MARCOM department provides marketing and communication services to the Partners' administrative and commercial operations as well as to other campus units and organizations. MARCOM is responsible for internal and external communications, including media point of contact and press releases. MARCOM's goal is to use creatively developed integrated marketing solutions that enable and support the Partners and other customer units to achieve and then exceed their business objectives. Services provided by MARCOM include strategic planning support, public relations, social media marketing, digital and offline advertising, direct mail marketing, website development, email marketing, media planning and buying, graphic design, video production, and photography.

Business Service operations are funded through cost-recovery allocations and assessments charged to Partners departments and operations, fees for fiscal and administrative services provided to external organizations and the net investment income (interest plus dividends, less fees) from the General Investment Fund.



## 2024-25 ACCOMPLISHMENTS

- Financed the purchase of Harvest Lofts, a 120 unit multi-family community in San Luis Obispo. The \$44 million acquisition was financed through the CSU with proceeds from the issuance of CSU Institute Commercial Paper Notes.
- Launched the Cal Poly Partners brand campaign. As a result, brand awareness increased and engagement consistently outperformed benchmarks.
- Led several cross-campus campaign collaborations to increase external engagement with our university and community partners to build positive relationships.
- Earned 11 MARCOM Awards for Excellence in Communication.
- In coordination with the University, established a shared service center for students and all employees on campus.
- Optimized internal business processes for a successful transition of most BSD employees to the Cal Poly Mustang Business Park.
- After several years of effort, gained critical access to Concur (Chancellor's Office software system to administer travel) for CP Partners BSD staff that process CP Partner funded travel by University employees.
- Collaborated with outside council to update the Employee Handbooks and created a combined handbook that is now available on the CP Partners intranet.
- Continued the Workday implementation effort including: finalizing several module designs, conducting extensive end-to-end testing, creating training job aides and launching an intranet training site. In addition, supported the university's assessment of research workflow, resulting in the addition of the grants management module into Workday.
- Began the assumption of Cal Maritime Corporation operations, which serves as the commercial service auxiliary for Cal Maritime Academy. CP Partners will be responsible for overseeing the operations of that auxiliary, which include campus dining and conference and events. In addition to those functions, CP Partners will be responsible for the campus bookstore, which is currently run as a university enterprise. CP Partners will continue to maintain Cal Maritime Corporation as a separate auxiliary.

## 2025-26 GOALS & OBJECTIVES

- Complete the implementation of Workday, including training all system users and stakeholders and providing communications and change management.
- Raise awareness of Cal Poly Partners services and impact to demonstrate our value.
- Build Workday user support infrastructure for post launch.
- Increase external engagement with our university and community partners to build positive relationships.
- Deepen understanding of Cal Poly Partners' stakeholders' needs and aspirations to provide relevant programs and services.
- Continue the assumption of Cal Maritime Corporation operations, update its business processes, and take responsibility for all administrative and fiscal functions.

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Assessment Income	\$3,544	\$3,915	\$3,915	\$3,818	\$(96)	(2%)
Fee for Service Income	1,079	1,042	970	1,048	78	8%
CP Partners Allocated Services	477	468	502	496	(6)	(1%)
Other Revenues	1,792	1,611	1,742	1,702	(40)	(2%)
<b>Income Before Operations</b>	<b>6,892</b>	<b>7,036</b>	<b>7,129</b>	<b>7,064</b>	<b>(65)</b>	<b>(1%)</b>
Salaries & Wages	3,529	3,604	3,806	3,603	203	5%
Benefits	1,950	2,029	2,198	2,301	(102)	(5%)
<b>Total Payroll Expense</b>	<b>5,478</b>	<b>5,633</b>	<b>6,004</b>	<b>5,904</b>	<b>101</b>	<b>2%</b>
Depreciation & Amortization	4	3	3	78	(75)	(2570%)
Software / Hardware Maintenance	426	747	717	799	(81)	(11%)
General Maintenance	37	27	31	31	0	1%
Supplies & Equipment	42	54	40	43	(4)	(10%)
Rent / Lease Expense	209	233	165	-	165	100%
Audit & Tax	116	123	124	124	(0)	0%
Other Operating Expenses	1,669	1,703	1,729	1,823	(94)	(5%)
<b>Total Operating Expenses</b>	<b>2,503</b>	<b>2,890</b>	<b>2,809</b>	<b>2,897</b>	<b>(89)</b>	<b>(3%)</b>
<b>Total Expenses</b>	<b>7,982</b>	<b>8,524</b>	<b>8,813</b>	<b>8,801</b>	<b>12</b>	<b>0%</b>
<b>Net from Operations</b>	<b>(1,090)</b>	<b>(1,487)</b>	<b>(1,684)</b>	<b>(1,737)</b>	<b>(53)</b>	<b>(3%)</b>
Other Income (Expense)	(85)	-	(1)	-	1	100%
<b>Total Other Income (Expense)</b>	<b>(85)</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>1</b>	<b>100%</b>
<b>Transfers In (Out)</b>	<b>2,796</b>	<b>1,586</b>	<b>2,068</b>	<b>1,788</b>	<b>(280)</b>	<b>(14%)</b>
<b>Net to Reserves</b>	<b>\$1,621</b>	<b>\$99</b>	<b>\$382</b>	<b>\$51</b>	<b>\$(332)</b>	<b>(87%)</b>
<b>Noncash transactions (add back):</b>						
Depreciation & Amortization	4	3	3	78	(75)	(2570%)
<b>Adjusted Net to Reserves</b>	<b>\$1,624</b>	<b>\$102</b>	<b>\$385</b>	<b>\$129</b>	<b>\$(257)</b>	<b>(67%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

### REVENUES

Income Before Operations for FY 2024-25 is projected to end \$92,000, or 1% over budget. This favorable variance is primarily the result of higher income than anticipated for investment management fees and special activity fees.

Income Before Operations for FY 2025-26 is expected to decrease \$65,000 or 0.9% over FY 2024-25 projections primarily from decreased departmental assessments. The decrease in departmental assessments is primarily the result of migrating real estate division functions to the newly established real estate division budget.

### PAYROLL

Payroll expense for FY 2024-25 is projected to end \$414,000 over budget. The increase over budget includes the addition of a system administrator to support the Workday implementation and provide ongoing support post-implementation. In addition, adjustments to critical positions, along with a higher amount of paid overtime to support the Workday implementation and physical office move resulted in the variance.

Payroll expense for FY 2025-26 includes a 2% performance based compensation pool, and higher fringe benefit rates.

### OPERATING EXPENSES

Total operating expenses for FY 2024-25 are expected to end the year approximately \$86,000 under budget. The decrease from budget is primarily the result of decreases in rent expenses and software maintenance. Operating Expenses budgeted for FY 2025-26 are expected to increase approximately \$118,000, or 4% over FY 2024-25. The increase is primarily the result of increases in ITS fees and software maintenance costs.

### NET FROM OPERATIONS

Business Service operations are partially funded by net investment income (interest plus dividends, less fees) from the General Investment Fund. FY 2024-25 Transfers-in represent approximately \$2.1 million in net investment income from the General Investment Fund and is expected to decrease to approximately \$1.8 million for FY 2025-26. The change is reflective of expected changes in revenues and expenses as described above.

## GENERAL INVESTMENT FUND DISCUSSION

The General Investment Fund is held within the General Fund and is comprised of three investment pools. The Corporate Investment Pool and the Student Investment Management Program (SIMP) are long-term pools invested in traditional instruments (stocks and bonds and, in the case of SIMP, exchange traded funds). The Internal Fund holds assets comprised of cash management accounts (money market funds, certificates of deposit and short- to mid-term fixed income mutual funds).

Due to the unpredictable nature of the investment market, activities of the General Investment Fund are not consolidated with the Business Services budget. Market gains have totaled \$2.2 million for the first nine months of the fiscal year, resulting in an overall net operating income of \$2.9 million over the same period. Current year results are driven by asset allocation and rising interest rates. Domestic large cap equities have been a source of outperformance for the portfolio this fiscal year.

Net investment income from the General Investment Fund helps to support the Business Services budget, assist with Partners' special projects, and build Partners' reserves. The Partners anticipates that approximately \$2.1 million in current year dividend and interest income will be used to support Business Services operations in FY 2024-25. For FY 2025-26, the Partners anticipates that approximately \$1.8 million in dividend and interest income will be used to support Business Services operations.

Net investment income in excess of transfers to Business Services operations are kept in the following reserves:

**Investment Reserve** –This reserve is intended to establish a contingency reserve to cover potential General Investment Fund losses. The reserve balance is currently equal to 30% of the value of General Fund investment equity securities as prescribed by Partners policy.

**General Administration Reserve** –This reserve represents prior years' accumulation of net earnings in excess of General Fund reserve requirements. It is primarily used to ensure the Investment Reserve and General Administrations reserves remain fully funded. The reserve can also be used to support other Partners and university strategic initiatives when funding is available.

Past and projected reserve balances are as follows:

	Investment Reserves	General Administration Reserves
June 30, 2024 Reserve Balance	\$12,681,139	\$7,028,086
FY 2024-25 Change in Reserves (estimate)*	684,435	2,429,851
June 30, 2025 Reserve Balance (estimate)*	13,365,574	9,457,937

*(\*Current year estimates are based on actual 9-month activity for the current year and estimated results for April, May and June of 2025. Note that market value gains (losses) are not estimated.)*

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non-cash)	Capital Outlay Reserve	Total
June 30, 2023 Reserve Balance	\$2,146,976	\$10,807	\$50,000	\$2,207,783
FY 2023-24 Change in Reserves	409,224	61,355	1,150,000	1,620,579
June 30, 2024 Reserve Balance	2,556,200	72,162	1,200,000	3,828,362
FY 2024-25 Change in Reserves (estimate)	60,688	1,021,507	(700,000)	382,195
June 30, 2025 Reserve Balance (estimate)	2,616,888	1,093,669	500,000	4,210,557
FY 2025-26 Change in Reserves (budget)	78,507	422,082	(450,000)	50,589
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$2,695,395</b>	<b>\$1,515,751</b>	<b>\$50,000</b>	<b>\$4,261,146</b>

Business Services reserves represent an accumulation of prior earnings and are separated into three major categories: Operating Reserves (working capital reserves), Investment in Operating Assets, and Capital Outlay Reserves.

**Operating Reserves** represents working capital held for contingencies and continuing operations. The targeted reserve balance is equal to 30% of the subsequent year's payroll and operating expense budget (less depreciation expense). It is anticipated that FY 2025-26 earnings will be sufficient to fully fund the reserve.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents our investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

**Capital Outlay Reserves** are held to fund, at a minimum, the subsequent year's capital outlay request.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
ERP System Implementation - Workday	\$400,000	10	\$40,000
<b>Total Major Capital Outlay</b>	<b>\$400,000</b>		<b>\$40,000</b>
<b>Total Capital Outlay</b>	<b>\$400,000</b>		<b>\$40,000</b>
<b>Previously Approved Capital Outlay Requests (1)</b>			
ERP System Change	\$1,200,000	10	\$120,000
<b>Total Capital Outlay Request</b>	<b>\$1,600,000</b>		<b>\$160,000</b>

### CAPITAL OUTLAY REQUEST DETAIL

**ERP System Implementation - Workday:** The project commenced in April of 2024 with a full-scale implementation effort. Towards the end of fall quarter 2024, the University requested a pause on the project to evaluate the proposed system architecture to ensure that it meets the needs of the division of research. An evaluation has been completed, and the project is expected to relaunch soon with an anticipated go-live date in early 2026. The University has committed to support the project financially. Management now estimates costs closer to \$1.6 million. This capital outlay request is for the board to appropriate an additional \$400,000 towards the implementation of Workday.

*(1) The Capital Outlay Request below was approved by the Board of Directors at their June 2024 meeting.*

**ERP System Change:** The Partners' current ERP system, ONESolution, is past its useful life. The last upgrade occurred in 2016, and now falls short of university IT security requirements. In a 2020 campus-wide IT audit performed by the Chancellor's Office, it was noted that the Partners' version of ONESolution does not support multifactor authentication (MFA). In 2023, Partners staff worked closely with ITS staff to attempt an upgrade of ONESolution to the most current version available, which supports MFA. After three failed go-live attempts with the vendor (Central Square), the upgrade project was cancelled. Partners management was not comfortable about the reliability of the product or the vendor team that would support the product.

Central Square has consistently not met our customer service needs for years. Historically, the Partners was able to mitigate poor vendor support with a highly trained local IT support team. However, in 2022, the campus went through an IT centralization effort and the CPC IT support team was disbanded. In the over years since centralization, the Partners has had to rely more on vendor support for its ERP system.

In October 2023, the Partners issued a request for proposal soliciting bids from various vendors. Proposals were received, evaluated, and ranked. All proposals come at a significantly higher cost than ONESolution. However, a new system would allow Partners to not only decommission ONESolution, but a handful of other software products and applications the Partners currently pays for. A new ERP system would also result in multiple operational efficiencies that would allow the Partners to mitigate increasing operating costs over time.

In February 2024, the Board appropriated \$1 million towards the implementation of a new system. Since then, a contract was negotiated and awarded to Workday, the preferred vendor following the RFP evaluation process. In their June 2024 meeting, the Board appropriated an additional \$200,000 towards the implementation of a new system.





**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Cal Poly Arts**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Cal Poly Arts serves the Central Coast and Cal Poly communities as a presenter of public performing arts events for a diverse constituency. As a presenter, Cal Poly Arts provides a broad program of high quality, professional touring productions, concerts, and speakers, while also offering student engagement opportunities at Cal Poly and in K-12 schools within the region through various artist-residency activities.

Cal Poly Arts was established by the College of Liberal Arts (CLA) in 1985 as a small classical music presenter. By 1988, largely through the involvement and support of the local community, the presenting series was expanded to include other performing arts disciplines (theater, dance, jazz) as well as exhibitions and readings.

By 1990, Cal Poly Arts had integrated world music and dance, folk/traditional music, and family programming into the series. In 1993, the Stone Soup Music Festival – a series of free performances presented in outlying communities – was launched.

With Cal Poly Arts as a key participant in the drive to build a new venue, the Performing Arts Center (PAC) opened in 1996. With the new venue in place, the organization again expanded the scope and size of its programming to include Broadway shows, major speakers, comedians, and pop and country music artists.

In 2000, Cal Poly Arts launched Poly Arts for Youth, an arts education program serving 6,000 local students through Performing Arts Center school matinees and in-school arts activities. In 2011, Cal Poly Arts ceded its presentation of the matinee performances to the Performing Arts Center's PAC Outreach department, shifting Cal Poly Arts' education focus to expanded residency activities at both local school campuses and in the community.

The COVID-19 pandemic presented new and significant challenges for Cal Poly Arts. Despite not being able to present live programming in FY 2020-21, Cal Poly Arts kept engaged with local audiences through virtual programs. While Cal Poly Arts was able to return to live performances in FY 2021-22, the challenges of COVID-19 continued. With emerging COVID variants came reticence for audiences to return to venues, resulting in ticket sales coming in less than projected on nearly every event presented. Consistent with performing arts industry trends across the country, the shifts in audience behavior continued in FY 2022-23, with lower than projected ticket sales continuing and unprecedented volatility in budget projections. In FY 2023-24, audience trends began to stabilize more. Cal Poly Arts is constantly evaluating the data we are receiving from our audience and adjusting to the current challenges to stabilize and thrive in these new times.

Cal Poly Arts will continue to fulfill its mission of bringing a professional, diverse, and dynamic performing arts series to the Central Coast. In addition to 39 years of experience in presenting artists, Cal Poly Arts consults with experts in the presenting field to inform its programmatic decisions. Staff members attend regional and national booking conferences and collaborate with other presenters in its network to explore which artists would be locally viable and are currently touring. It also relies on feedback audience data to determine which artists will be desirable to the community. All of this input is used to determine which programs are appropriate for Cal Poly Arts' market, venue capacities, and presenting budget.

Ticket prices are driven by artist fees, production expenses, and attendance projections. While all ticket revenue goes to support Cal Poly Arts' operational expenses, ticket sales alone invariably leave a substantial budget shortfall. As is the industry standard, contributed income, comprised of support from individuals, businesses, foundations, and the public sector is necessary to supplement earned box office revenue. Establishing and reaching an achievable annual fundraising goal is a key component to realizing financial success.

The variables in determining the Cal Poly Arts budget are extremely volatile and complex, and the ability to control them is far from exact. Thus, Cal Poly Arts typically budgets for a modest annual surplus, but lives on a very thin margin in an industry that is highly unpredictable. Local market activity and other influencing factors, which are ever evolving, are key elements in establishing an annual budget. Evolving challenges in the wake of the COVID-19 pandemic also have an impact on Cal Poly Arts' budget.

Beyond fundraising, Cal Poly Arts will strive to develop strategic partnerships when applicable to shoulder the risk of presenting artists. This will also be an important strategy as it relates to building new audiences. It is important to continue monitoring the local performing arts scene and to react as needed, with adjustments to programs, marketing, and operations.

## 2024-25 ACCOMPLISHMENTS

- Cal Poly Arts increased overall attendance by 10% at public ticketed events, and subscriptions increased by 15%. Overall ticketing projections were exceeded, and we experienced the highest attendance in the last 4 years. This is due to presenting a diverse program that engages many different demographics in the community, with targeted and intentional outreach to connect with specific communities.
- 32 mainstage public performances were held, and 34 activities were held beyond the stage in community spaces, in K-12 schools, and in classrooms and student-centered spaces on campus. Through our Passport to the Arts Program which expands access to the arts for marginalized communities and through our Poly Arts for Youth program for K-12 schools, we touched over 5,600 people.
- Cal Poly Arts successfully increased its national Broadway capacity and revenue with three touring shows and a two-day run for each production. The ticket sales for these six days of Broadway either sold out or were close to sold out. Tech expenses for the Broadway shows came in lower than estimated, contributing to the increased profit margins. In addition, Cal Poly Arts partnered with Broadway touring performers to connect with Cal Poly students, offering rare opportunities for students to participate in Broadway performance focused workshops.
- The Cal Poly Arts endowment campaign began in the 2024-25 fiscal year with numerous meetings and outreach efforts as part of a quiet phase to engage long-time donors to contribute leadership funding before the public launch which will coincide with the FY 2025-26 40th Anniversary season. Thus far over \$275,000 in leadership funding has been pledged to reach our \$2.5 million multi-year goal. Our Year End Appeal mailing also contained information on how to give to the endowment campaign.
- In December of 2024, Cal Poly Arts conducted a dedicated Year End Appeal mailing. Sent to approximately 5,000 households of ticket buyers, the theme of the letter was “Pulling Back the Curtain on Cal Poly Arts.” It highlighted where donations make impact, illuminating the percentage of performance costs covered by ticket sales and how much contributed income is needed to make performances viable. A “Beyond the Stage” section highlighted the arts outreach Cal Poly Arts offers the community, with photos from these programs, participant numbers and impact statements. Establishing the Cal Poly Arts Year End Appeal begins to educate our donors and prospective donors on the importance of annual giving to sustain Cal Poly Arts’ program.
- Cal Poly Arts gradually increased show sponsorships levels, with variable increases of approximately \$500 per sponsorship, depending on the genre of the performance. These increases slowly build Cal Poly Arts sponsorship levels to current peer organization amounts and are necessary as costs to produce programs are on the rise.
- Cal Poly Arts increased ticket prices nominally in response to rising production costs and artist fees, while balancing our mission of offering high quality shows to the community at an attainable price. Ticket price increases were aligned with the cost of presenting the performance in an economical and equitable manner.

- The Cal Poly Arts FY 2024-25 season brochure increased in distribution by expanding the number of households based on geographic and economic-based parameters, widening the area reach beyond San Luis Obispo County, by including outlying geographic locations that fall within the income-based parameters. The season brochure is a marketing strategy that impacts ticket sales throughout the performing season. Brochure distribution also increased via one-on-one outreach events, fairs, farmer's market and targeted presentations.
- Cal Poly Arts continues to grow its social media presence with compelling organic content and strategic paid ads. Facebook and Instagram ads play an integral part in driving ticket sales, and the focus of spending on this platform increased by 75%, contributing to the increase of ticket sales overall.
- Cal Poly Arts successfully built up an audience for dance and jazz genres by increasing the variety in the types of dance and jazz performances, and through targeted outreach to prospective audience members. For the first time in 14 years, a dance presentation was sold out when Cal Poly Arts presented MOMIX's Alice in the fall of 2024.
- Cal Poly Arts established its own "Cal Poly Arts Sponsor Lounge" presence at the PAC. Offering sponsors, donors and invited guests a Cal Poly Arts branded reception experience at every performance, where all Cal Poly Arts staff can interact on a personal level with our supporters. Not only does the Cal Poly Arts Sponsor Lounge fulfill a donor benefit, but it offers an opportunity to express appreciation and celebrate our accomplishments with our supporting partners. This has been an important strategy in cultivating and retaining donors.



## 2025-26 GOALS & OBJECTIVES

- Cal Poly Arts will celebrate its 40th Anniversary in the FY 2025-26 season. This milestone season will be celebrated through an increase in the number of public performances. The season will feature impactful well-established artists as well as new important artists who will be introduced to the community for the first time. The programming will continue to cement Cal Poly Arts as a vital cultural force in the region.
- Cal Poly Arts will continue to grow its Latinx audience through performances that will serve as cultural celebrations for the community. Cal Poly Arts will develop strategic partnerships in Santa Maria and Paso Robles specifically to continue to build the audience base outside of campus and will continue to nurture partnerships on campus to connect Latinx students on campus to Cal Poly Arts programs. This aligns with campus efforts to achieve Hispanic Serving Institution status.
- We will continue to provide a diverse program that represents an array of genres, cultures, and identities in an effort to continue to engage as many diverse demographics as possible of the Central Coast in Cal Poly Arts' programming and to build new audiences while retaining those who have been supporting the program for many years.
- The Encore Endowment Initiative campaign will move from its quiet phase to its public phase in a multi-year effort to raise \$2.5 million to provide \$100,000 in annual operating and program support. Messaging about endowment giving will feature prominently in Cal Poly Arts' materials throughout the season, and the team will continue to cultivate prospective donors for the campaign.
- We will continue to explore other performance genres, expanding our speaker series to include actors, celebrity chefs, comedy, and a return to presenting National Geographic explorers and experts. This also allows for strategic partnerships on campus and in the community.
- Cal Poly Arts will make an increased effort to cultivate and secure corporate sponsorship to diversify funding revenue. We will create compelling corporate sponsorship packages to attract new businesses to support Cal Poly Arts performances.
- We will continue to expand the Broadway series to meet market demand, offering four different Broadway titles, and seven overall Broadway nights.
- We will secure new Passport to the Arts community partners to continue to expand access to the program for those low-income and marginalized community members who need it most.
- Cal Poly Arts will increase its season brochure distribution to 40,000 households in an effort to continue to grow ticket sales and subscriber rates.

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Gifts	\$453	\$512	\$466	\$454	\$(12)	(3%)
Ticket Sales	1,058	1,200	1,400	1,650	250	18%
Other Revenues	710	782	798	818	20	3%
<b>Income Before Operations</b>	<b>2,222</b>	<b>2,494</b>	<b>2,664</b>	<b>2,922</b>	<b>258</b>	<b>10%</b>
Salaries & Wages	407	442	467	449	18	4%
Benefits	240	266	277	293	(16)	(6%)
<b>Total Payroll Expense</b>	<b>647</b>	<b>708</b>	<b>744</b>	<b>742</b>	<b>2</b>	<b>0%</b>
Artist Fees	601	922	952	1,122	(170)	(18%)
PAC Services	325	468	359	517	(158)	(44%)
CP Partners Administrative Services	78	88	89	89	(0)	0%
Advertising & Marketing	51	74	56	65	(8)	(14%)
Fundraising Expenses	24	23	36	36	(0)	(1%)
Other Operating Expenses	133	154	139	160	(21)	(15%)
<b>Total Operating Expenses</b>	<b>1,212</b>	<b>1,730</b>	<b>1,631</b>	<b>1,989</b>	<b>(358)</b>	<b>(22%)</b>
<b>Total Expenses</b>	<b>1,859</b>	<b>2,439</b>	<b>2,375</b>	<b>2,731</b>	<b>(356)</b>	<b>(15%)</b>
<b>Net from Operations</b>	<b>363</b>	<b>55</b>	<b>289</b>	<b>191</b>	<b>(97)</b>	<b>(34%)</b>
Other Income (Expense)	(4)	-	(0)	-	0	0%
<b>Total Other Income (Expense)</b>	<b>(4)</b>	<b>-</b>	<b>(0)</b>	<b>-</b>	<b>0</b>	<b>0%</b>
<b>Transfers In (Out)</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b>\$360</b>	<b>\$55</b>	<b>\$289</b>	<b>\$191</b>	<b>\$(97)</b>	<b>(34%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

Cal Poly Arts met our ticketing projections for the majority of performances and in some cases exceeded our ticketing projections for the FY 2024-25 season. This resulted in approximately \$200,000 more in ticket sales than was originally budgeted. This was due to enthusiasm about the Cal Poly Arts season overall, strong season curation as well as increased community trust in the season curators. The strategy of offering 2 nights for each Broadway title paid off with each night being nearly sold out or completely sold out. Ticket sales are budgeted to increase in FY 2025-26 by approximately \$250,000. This projection is based on the trends we are currently experiencing, and also due to increased ticket prices for high profile artists that will be appearing in the FY 2025-26 season. Appearances of high-profile artists will also increase spending on artist fees, but we believe the investment in those names will be a driver for ticket sales growth as well.

Events such as our Spotlight season preview and sponsorship drive, continue to be an important focus in our fundraising. The 2025 Spotlight event saw a 25% increase in gifts and pledges from the year prior. This is due to strengthened relationships with donors and more donor touch points throughout the season. We were able to maintain our current sponsors from last year and also added a few new sponsors. The donor lounge at Cal Poly Arts performances has been incredibly helpful in creating goodwill for Cal Poly Arts amongst our donor base.

Endowment returns continue to grow with intentional efforts to inspire endowment giving. We aim to increase the endowment level to provide strengthened sustainability of the organization, especially as it relates to programming high-quality artists and taking artistic risks. Diversifying our funding portfolio is important as the financial landscape becomes more tumultuous for donors whose capacity for annual giving and sponsorships may be linked to stock performance or factors beyond our control.

Production expenses for some shows came in less than originally projected. Namely Broadway show technical costs came in less than initial estimates. With less overall expenses for these costly productions, profit margins increased with sell-out shows. Production expenses will continue to fluctuate year to year depending on what shows are being presented.

Marketing spending came in less than expected throughout the season. Cal Poly Arts continues to analyze marketing spending, concentrating most on social media as opposed to print, radio, and tv advertising. Social media marketing is more cost effective with a demonstrable return on investment and does not cost as much as more traditional marketing approaches.

Budgeted payroll expenses for FY 2025-26 are projected to increase year-over-year compared to the FY 2024-25 budget. Certain positions earned salary increases commensurate with performance in programming and development for Cal Poly Arts.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Total
June 30, 2023 Reserve Balance	\$647,791	\$647,791
FY 2023-24 Change in Reserves	360,066	360,066
June 30, 2024 Reserve Balance	1,007,857	1,007,857
FY 2024-25 Change in Reserves (estimate)	288,636	288,636
June 30, 2025 Reserve Balance (estimate)	1,296,493	1,296,493
FY 2025-26 Change in Reserves (budget)	191,347	191,347
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$1,487,840</b>	<b>\$1,487,840</b>

Reserves represent an accumulation of prior earnings. The schedule above reflects the current balance of the reserve account and the expected changes over the current and next fiscal years. The **Operating Reserve** represents the portion of the net position held for contingencies and continuing operations of Cal Poly Arts. The total operating reserve is equal to total unrestricted net assets and may not be a negative amount.

## CAPITAL OUTLAY REQUEST

There are no capital outlays requested for FY 2025-26.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Campus Dining**

*(A unit within the Commercial Services Division)*

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Campus Dining is a self-supporting operation, supporting the university community's health, well being, and educational mission. As Cal Poly Partners' (Partners) largest commercial service, our program:

- Provides a variety of fresh and delicious food options along with wellness and sustainability learning opportunities to help students make smart eating choices.
- Employs over 1,000 associates each academic year (the largest employer of students on campus) and operates over 40 different food venues.
- Serves over 5.1 million customers annually with a range of 14,000 to 27,000 daily transactions.
- Is a supporter of combatting food insecurity through its partnership with the Food Pantry, administration of the Mustang Meal Share program, and support of student financial needs through athletic scholarships.
- Actively partners with campus departments and organizations to assist with their individual missions.

### Chartwells Partnership

In 2018, Cal Poly Partners entered into a management and consulting service agreement with Chartwells Higher Education, which included providing a full-time onsite dining director and an executive chef. In FY 2021-22, the Partners helped lead a CSU Master Sponsorship Agreement, establishing Chartwells as a single system-wide partner to provide food services to participating campuses. In FY 2023-24, the Partners expanded its relationship with Chartwells to a management fee agreement, to oversee daily operations. Under the management fee model:

- Chartwells is the employer for all foodservice employees.
- Food purchases are procured through the Chartwells Foodbuy program, along with a majority of Campus Dining variable operating expenses.
- Cal Poly Partners reimburses Chartwells for these program expenses, along with a management fee of 1.5% of program revenues.
- All program revenues and expenses continue to be recorded on the Partners' accounting records.
- Cal Poly Partners retains ultimate decision-making power for all program-related decisions, such as concepts, meal plans, capital investments, etc.

### Revenues

Campus Dining primarily generates three distinct sources of revenue: dining plan revenue from first-year on-campus residents, community dining plan revenue from campus participants, and walk-up sales from the Cal Poly community. Over 10,000 students have a first-year or community dining plan. Dining plan revenue varies with the first-year enrollment numbers and represents approximately 67% of Campus Dining's historical sales. All first-year students living on campus are required to have a dining plan.

For the 2025-26 academic year, all dining plan options will remain on a declining balance system. There are three dining plans available for first-year students, and six community dining plans with low buy-ins offered to continuing students and the entire campus community. First-year plans will have an increase in dining dollars and a 3.8% price increase. Community plans will remain the same.

### Facilities

Campus Dining operates more than 285,000 square feet of space throughout 43 venues across 4 neighborhoods on campus. This encompasses multiple mobile food operations as well as third party vendors that include Subway, Shake Smart, G Brothers, Jewel of India, What's Cookin' Kosher, and Plant Ivy.

## 2024-25 HIGHLIGHTS & ACCOMPLISHMENTS

Campus Dining operations are constantly evolving. We continue to collect data and invest heavily in focus group feedback to structure the program both in short-term and long-term needs. Some highlights from the year include the following:

- Creating a great first impression for students replicated our successful opening strategy from prior years, as we now have a model that we know is sustainable. Used Chartwells' expanded resources to bring outside assistance during fall opening to better train and develop staff early in the school year.
- This is the first full year that campus dining has had a truly complete program since 2017 with both Vista Grande and 1901 Marketplace operations open for the full year. We are aligned in our capacity to serve the University's future growth within our existing infrastructure.
- Spanos Stadium and Cal Poly Partners Plaza opened Fall 2024 to great fanfare and was embraced by the community in a very positive manner. The project won two awards from the American Society of Civil Engineers (ASCE): Outstanding Community Improvement Project and Outstanding Urban Or Land Development. This expansion aligns with the facilities of peer schools and allows us to expand into larger events and concerts in the future.
- Engaged students with multiple events throughout the year. Student experience events included YouFirst Week, JoyFul, ThankFul, DelightFul, and ThoughtFul. Highlights included student appreciation, band performances, Self-Care Fair, National Coca-Cola Events, Teaching Kitchen, Trivia Night, Freebie Friday, and free samples and swag from Campus Dining and outside vendors.
- Created a program to thank and honor Campus Dining student employees called Dining After Dark, a four-hour event with games, prizes and food.
- Won three awards that were submitted to the National Association of College & University Food Services (NACUFS):
  - Innovative Dining Program – Gold, eligible for grand prize to be announced this summer
  - Outreach & Education – Gold, eligible for grand prize to be announced at National Conference
  - Renovation of the Year for 1901 Marketplace – Silver
- Starship delivery robots launched successfully at the start of the year and have brought more flexibility to the campus community on how they choose to use our services.
- For the fifth consecutive year campus dining has the highest percentage of participation in voluntary meal plans of all Chartwells' campuses by population in the Western Division. This shows program loyalty continues to grow and improve in non-mandatory plans.

## 2025-26 GOALS & OBJECTIVES

Campus Dining's mission is to build the best program that aligns with the University's mission. Our expanded partnership with Chartwells and the ability to leverage their full system capability enables us to be more productive and enhance the student experience as well as manage costs more proactively.

Goals and objectives for the year include the following:

- Our main objective is to support students' success by providing quality food and service to the campus community, and to enhance their experience on campus.
- Opening the second Julian's Café at Kennedy Library this September. This location will have an expanded food offering to better serve the community around the academic center of campus.
- Sequel Tea, a Boba concept, is a Cal Poly student owned business that has operated as a pop-up vendor on campus for the past two years. Based on their success we have partnered and entered into a franchise agreement, and this location will replace Starbucks at Campus Market.
- Based on having 1901 Kitchen open for a year, we will be offering plateware as an option and expanding to Vista Grande Express.
- Establishing a neighborhood grocery store at Poly Canyon Village that will enable us to sell groceries at a reasonable margin compared to local grocery stores.

## 2025-26 OPERATING BUDGET PROPOSAL

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$41,289	100%	\$46,058	100%	\$46,314	100%	\$48,188	100%	\$1,874	4%
Cost of Goods Sold	15,499	38%	16,050	35%	16,413	35%	17,030	35%	(617)	(4%)
<b>Gross Margin</b>	<b>25,790</b>	<b>62%</b>	<b>30,008</b>	<b>65%</b>	<b>29,901</b>	<b>65%</b>	<b>31,158</b>	<b>65%</b>	<b>1,257</b>	<b>4%</b>
Other Revenues	2,940	7%	2,612	6%	2,835	6%	2,548	5%	(287)	(10%)
<b>Income Before Operations</b>	<b>28,730</b>	<b>70%</b>	<b>32,620</b>	<b>71%</b>	<b>32,736</b>	<b>71%</b>	<b>33,706</b>	<b>70%</b>	<b>970</b>	<b>3%</b>
Salaries & Wages	15,422	37%	16,519	36%	16,929	37%	17,586	36%	(657)	(4%)
Benefits	196	0%	250	1%	218	0%	266	1%	(48)	(22%)
<b>Total Payroll Expense</b>	<b>15,618</b>	<b>38%</b>	<b>16,768</b>	<b>36%</b>	<b>17,147</b>	<b>37%</b>	<b>17,852</b>	<b>37%</b>	<b>(705)</b>	<b>(4%)</b>
Depreciation & Amortization	3,362	8%	4,489	10%	4,392	9%	4,807	10%	(415)	(9%)
Software / Hardware Maintenance	299	1%	358	1%	290	1%	338	1%	(47)	(16%)
General Maintenance	481	1%	403	1%	516	1%	556	1%	(40)	(8%)
Utilities	1,104	3%	1,418	3%	1,419	3%	1,431	3%	(12)	(1%)
Supplies & Equipment	1,024	2%	925	2%	1,015	2%	1,191	2%	(175)	(17%)
Rent / Lease Expense	408	1%	222	0%	217	0%	202	0%	15	7%
Management Contract Labor	563	1%	613	1%	658	1%	653	1%	5	1%
CP Partners Administrative Services	1,413	3%	1,424	3%	1,424	3%	1,280	3%	144	10%
CP Partners Allocated Services	588	1%	565	1%	558	1%	582	1%	(24)	(4%)
Commissions & Royalties	866	2%	1,098	2%	1,180	3%	1,291	3%	(111)	(9%)
Other Operating Expenses	2,635	6%	2,748	6%	3,088	7%	3,033	6%	55	2%
<b>Total Operating Expenses</b>	<b>12,742</b>	<b>31%</b>	<b>14,262</b>	<b>31%</b>	<b>14,757</b>	<b>32%</b>	<b>15,363</b>	<b>32%</b>	<b>(606)</b>	<b>(4%)</b>
<b>Total Expenses</b>	<b>28,360</b>	<b>69%</b>	<b>31,031</b>	<b>67%</b>	<b>31,904</b>	<b>69%</b>	<b>33,215</b>	<b>69%</b>	<b>(1,311)</b>	<b>(4%)</b>
<b>Net from Operations</b>	<b>370</b>	<b>1%</b>	<b>1,589</b>	<b>3%</b>	<b>832</b>	<b>2%</b>	<b>491</b>	<b>1%</b>	<b>(341)</b>	<b>(41%)</b>
Other Income (Expense)	(799)	2%	445	1%	410	1%	455	1%	46	11%
University Services	(742)	(2%)	(742)	(2%)	(742)	(2%)	(742)	(2%)	-	0%
Interest Expense	(1,372)	(3%)	(1,304)	(3%)	(1,304)	(3%)	(1,275)	(3%)	28	2%
<b>Total Other Income (Expense)</b>	<b>(2,913)</b>	<b>(3%)</b>	<b>(1,600)</b>	<b>(3%)</b>	<b>(1,636)</b>	<b>(4%)</b>	<b>(1,562)</b>	<b>(3%)</b>	<b>74</b>	<b>5%</b>
<b>Transfers In (Out)</b>	<b>310</b>	<b>1%</b>	<b>(620)</b>	<b>(1%)</b>	<b>(620)</b>	<b>(1%)</b>	<b>(620)</b>	<b>(1%)</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b><u>\$(2,233)</u></b>	<b><u>(5%)</u></b>	<b><u>\$(631)</u></b>	<b><u>(1%)</u></b>	<b><u>\$(1,424)</u></b>	<b><u>(3%)</u></b>	<b><u>\$(1,691)</u></b>	<b><u>(4%)</u></b>	<b><u>\$(267)</u></b>	<b><u>(19%)</u></b>
<b>Adjustments:</b>										
<b>Less: Principal Debt Payments</b>	(650)	2%	(680)	1%	(680)	1%	(715)	1%	(35)	(5%)
<b>Add: Depreciation &amp; Amortization</b>	3,362	8%	4,489	10%	4,392	9%	4,807	10%	(415)	(9%)
<b>Adjusted Net to Reserves</b>	<b>\$479</b>	<b>1%</b>	<b>\$3,178</b>	<b>8%</b>	<b>\$2,288</b>	<b>6%</b>	<b>\$2,401</b>	<b>6%</b>	<b>\$148</b>	<b>5%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

**Sales** for FY 2024-25 are expected to be about 1% over budget. The FY 2025-26 budget reflects a 3.8% increase in meal plan pricing, a decrease in discounts from dining plan restructuring, and incorporates a conservative estimate of 5,150 residential first-year students. In addition, sales include 4,750 continuing student dining plans. Sales also include general price increases of 3% that will offset product cost and operating expense inflation for 2025-26, and incremental cash sales from the addition of Julian's Café at Kennedy Library.

**Cost of Goods Sold (COGS)** percentage of sales for FY 2024-25 is projected to be 35.4%, versus 34.8% budget. Balancing student menu pricing with product cost inflation contributes to this unfavorable variance. We must balance COGS with quality, variety, and value in our menus across all venues. FY 2025-26 is budgeted to be 35.3%, reflecting more revenue shifting toward the markets.

**Payroll Expense** is expected to be 37% of sales for FY 2024-25 compared to a budget of 36.4%. Staffing throughout Campus Dining venues is focused on providing high levels of service, especially during fall opening to create a great first impression for students and operating two large dining facilities. Payroll expense for FY 2025-26 is budgeted to stay consistent at 37% of sales, which includes extended hours of operation at Vista Grande, the addition of Julian's Café at Kennedy Library, and right-sizing fall opening schedules.

**Operating Expenses** for FY 2024-25 are projected to be about \$495K more than the budget, primarily from unexpected increases in maintenance, computer, training and recruitment costs, as well as higher than expected demand at franchise venues with royalty fees. Budgeted operating expenses for FY 2025-26 are expected to increase, mostly from increases in depreciation as capital projects are completed, as well as increases in royalty expense for high demand, and annual software licenses from inflation and student body expansion. The budget anticipates increases in supplies for inflation and small equipment replacement.

**Other Income** for FY 2024-25 and FY 2025-26 primarily represent income generated in relation to the Partners' exclusivity agreement with Coca-Cola. Although shown as income to Campus Dining, these funds are transferred to the Campus Programs fund in support of athletics (see **Transfers** below). A ten-year agreement with Coca-Cola was executed in 2020, generating significant additional revenue for the University.

**Other Expense** for FY 2024-25 and FY 2025-26 includes funding for University Services and contributions to the Partners' general administrative overhead costs. Other Expense also includes approximately \$1.3 million in interest expense from long-term debt acquired from CSU System wide revenue bonds issued for the construction of Vista Grande and renovation of 1901 Marketplace.

**Transfers** include the transfer of funds related to the agreement with Coca-Cola previously mentioned.

**Net to Reserves** for FY 2024-25 is expected to have a net loss of \$1.4 million. FY 2025-26 is budgeted to have a net loss of \$1.7 million. The increase in sales will be offset by variable increases in operating costs, including product costs, payroll, and operating expenses. The negative Net to Reserves amount includes \$4.9 million in depreciation and amortization. Overall, Campus Dining continues to produce positive cash from operations, which is sufficient to service the annual debt payments and maintain operating reserves.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Capital Outlay Reserve	Facilities Reserves	Debt Service Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$5,842,292	\$1,527,000	\$7,422,446	\$2,541,270	\$32,727,371	\$50,060,379
FY 2023-24 Change in Reserves	793,164	(712,000)	(350,765)	(3,738)	13,730,630	13,457,291
June 30, 2024 Reserve Balance	6,635,456	815,000	7,071,681	2,537,533	46,458,001	63,517,671
FY 2024-25 Change in Reserves (estimate)	466,526	3,027,850	(2,005,104)	144	(1,985,241)	(495,825)
June 30, 2025 Reserve Balance (estimate)	7,101,982	3,842,850	5,066,577	2,537,676	44,472,760	63,021,845
FY 2025-26 Change in Reserves (budget)	213,059	(2,842,850)	6,100,192	6,026	(4,239,190)	(762,763)
June 30, 2026 Reserve Balance (budget)	\$7,315,041	\$1,000,000	\$11,166,769	\$2,543,702	\$40,233,570	\$62,259,082

Campus Dining currently maintains four reserves for designated purposes:

**Operating Reserves** represent working capital held for operating contingencies and continuing operations. The reserve balance for June 30, 2025 (estimate) and June 30, 2026 (budget) is equal to three months of the subsequent year's budgeted payroll and operating expenses (less depreciation expense).

**Capital Outlay Reserves** are held, at a minimum, to fund the subsequent year's capital outlay request.

**Facilities Reserves** represent Campus Dining's accumulated earnings after all other reserves are funded. Facilities reserves will be used for future facility projects.

**Debt Service Reserves** represent 115% of the subsequent year's debt service, including both principal and interest.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents Campus Dining's investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
Sequel Tea Remodel	\$200,000	10	\$20,000
Renewal & Replacement - Capital	100,000	4	25,000
Outdoor Furniture - campus wide	35,000	3	11,667
Hot Holding Boxes - multiple locations	34,320	3	11,440
Village Market Grocery Conversion	30,000	10	3,000
<b>Total Major Capital Outlay</b>	<b>\$399,320</b>		<b>\$71,107</b>
Minor Capital Equipment Outlay (Up To \$25,000)			
Flat Top Grills - Streats and Brunch	\$19,310	7	\$2,759
Camshelving System - Vista Grande	14,000	10	1,400
Pallet Jack Batteries - Warehouse	10,730	5	2,146
POS Hardware - Renewal & Replacement	10,000	3	3,333
Pallet Jack - Warehouse	8,050	7	1,150
Clover Brewer - Starbucks UU	6,440	3	2,147
<b>Total Minor Capital Outlay</b>	<b>\$68,530</b>		<b>\$12,935</b>
<b>Total Capital Outlay</b>	<b>\$467,850</b>		<b>\$84,041</b>
Previously Approved Capital Outlay Requests (1)			
Julian's Café at Kennedy Library Build Out	\$3,075,000	30	\$102,500
Super App Development	200,000	10	20,000
Digital Signage	100,000	10	10,000
<b>Total Capital Outlay Request</b>	<b>\$3,842,850</b>		<b>\$216,541</b>



## **CAPITAL OUTLAY REQUEST DETAIL**

**Sequel Tea Remodel:** To convert existing Starbucks at Campus Market to Sequel Tea boba concept. Total project cost to be funded with zero interest debt financing.

**Renewal and Replacement - Capital:** For unexpected equipment replacements and major building repairs that may arise during the year.

**Outdoor Furniture - campus wide:** To replace worn out outdoor dining furniture at Campus Market, Performing Arts Center, Mott Lawn and Scout.

**Hot Holding Boxes - multiple locations:** To replace units that are at the end of their useful lives and add more hot food holding stations at Streets, Noodles, Picos, and Pom & Honey.

**Village Market Grocery Conversion:** To create a neighborhood grocery market at Poly Canyon Village for student residents to purchase groceries at costs comparable to local off-campus grocery stores.

**Flat Top Grills - Streets and Brunch:** To replace grills at the end of their useful lives.

**Camshelving System - Vista Grande:** To replace current shelving in Vista Grande's freezer that is light-duty and overloaded to a heavy-duty system and address safety issues.

**Pallet Jack Batteries - Warehouse:** To replace pallet jack batteries at the end of their useful lives.

**POS Hardware - Renewal & Replacement:** For unexpected Point-Of-Sale hardware replacements and repairs that may arise during the year.

**Pallet Jack - Warehouse:** To add a second jack for operation efficiency.

**Clover Brewer - Starbucks:** To replace brewer at the end of its useful life.

*(1) The Capital Outlay Requests below were approved by the Board of Directors in previous meetings. They are repeated here for informational purposes only. No further action required.*

**Julian's Café at Kennedy Library Build Out:** The library remodel presents an opportunity to add a dining destination to the library with a large footprint and offer more substantial food offerings. Location on the ground level will allow for full visibility from outside the library, with an entry from the main entry plaza. Will include outdoor seating for enhanced student experience. Total project cost of \$3 million funded by zero interest debt financing.

**Super App Development:** Beginning development of a modernization concept that will allow customers to go to a centralized site for online campus shopping.

**Digital Signage:** Campus-wide digital displays to display menus, student experience content, allow instant menu adaptability and display dietary information.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

## **Commercial Agriculture Operations**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

The Cal Poly Partners agriculture operations are an integral part of Cal Poly's Learn by Doing educational philosophy. The commercial funds and student enterprise classes and projects provide students from all majors the opportunity to learn about agricultural production, marketing, and sales. The programs are a critical complement to the College of Agriculture, Food and Environmental Sciences' (CAFES) academic curriculum. A high percentage of courses offered by Animal Science, Dairy Science, Horticulture and Crop Science, and Wine and Viticulture use the infrastructure that the Partners programs provide. In fact, classes are regularly held at a field facility rather than in a classroom.

Students are employed in a variety of Partners-supported agriculture jobs, from veterinary clinic interns and Poly Plant Shop employees to operators at the J and G Lau Family Meat Processing Center (MPC). Students learn marketable skills by participating in contract research, developing new jams and barbecue sauces with industry partners, and participating in cutting-edge animal fertility techniques.

Students benefit indirectly from Partners-supported agricultural operations as they participate in lab classes using plant materials, livestock, meats, processed foods, orchards, and other commercial and enterprise-project supported resources. In this way, agricultural operations provide the "raw material" and the setting for hands-on instruction in CAFES. This action is a critical function of Partners' agricultural operations, which cannot be overstated.

Operations cover the full spectrum of the agriculture industry on more than 6,000 acres. The areas of production activities are:

### **Animal Science and Dairy Science Programs**

*Dr. George Gallagher*

The Animal and Dairy Science programs collectively represent the greatest magnitude and diversity of production operations within CAFES. Providing hands-on experience with multiple species in production venues is indispensable, and these units not only allow student involvement in the application of concepts learned in typical coursework but also exposure to commercial agricultural operations. It should be noted that nationally, most incoming first-year students are from urban areas and have little animal agricultural experience. Thus, access to the production units to gain additional hands-on experience is critical. These concepts and opportunities that are available at Cal Poly are limited at most large land grant institutions.

Demand for admission in the Animal Science Department is strong, with about 800 undergraduate students enrolled. Because of this demand the Animal Science major was identified by the institution as a subject area for enrollment expansion. Enrollment for the Animal Science major increased by approximately 10% for the Fall 2023 quarter and since then the department continues to support and increase its enrollment. For the Fall 2025, over 2,000 applications were received for the 217 projected seats available for incoming first-time freshmen and transfer students.

While the primary objective of each facility is education, sales of products produced have both an educational value as well as the intent to decrease the cost of operation of each unit. The Cal Poly Creamery, Meat Processing Center, and Poultry Center each sells products both on and off campus. In addition to the direct income, the Cal Poly brand identity is also benefitted. Other operations such as dairy, beef, sheep and goat, and swine units provide animals destined to enter the food production

chain. As an institutional service center, the vet clinic provides direct educational support and maintenance of animal health while the Animal Nutrition Center is responsible for providing feed rations for campus livestock. The Western Bonanza youth livestock show creates revenue and provides Cal Poly recognition nationwide. Similarly, the Cal Poly Bull Test is well recognized in the West for providing an industry service in performance testing beef cattle sire prospects.

In the past three years, veterinary students from Western University have visited four times a year to gain practical hands-on experience with large animals at our beef, dairy sheep and goat, and swine units, as well as sessions in the Meat Processing Center. In addition to providing another revenue stream to Cal Poly, undergraduate students are exposed to the Western University veterinary program, veterinary medicine students and other instructors.

The cost of maintaining the operational production systems to facilitate the Animal Science Department's hands-on learning mission continues to be high. Across all production units the greatest expenses are those associated with feed, labor, and deferred maintenance. Efforts are being made to reduce feed costs, such as contracting with local producers to provide forage-based diets for dairy cattle. The "Earn by Doing" student manager program remains active, with student managers funded by donors at the equine center and creamery. This funding continues to alleviate some of the pressure on the budgets while allowing students more opportunities to develop leadership skills in a commercial operation. Significant efforts are underway to enhance the production units' sustainability and educational values. The implementation of the Climate Smart state funds intended for infrastructure and rolling stock renovation have begun and will be a significant factor in alleviating some of the deferred maintenance issues.

Facilities:

- Animal Nutrition Center
- Beef Cattle Evaluation Center and Ranches
- Bull Test Center
- Dairy Manufacturing
- Dairy Production
- Oppenheimer Family Equine Center
- J and G Lau Family Meat Processing Center
- Poultry Center
- Sheep and Goat Unit
- Swine Center
- Veterinary Clinic

## **Environmental Horticulture/Crop, Fruit and Vegetable Science**

*Dr. Scott Steinmaus*

The Plant Sciences units provide a living laboratory and exemplary commercial production operations for Cal Poly students who are primarily Plant Sciences majors but also include significant numbers of students from other majors within CAFES, as well as other colleges as well. Our philosophy and approach emphasize farming efficiency that simultaneously maximizes production while minimizing environmental, economic, and social impacts. These efficiencies include scheduled water and fertilizer use that ensures the resources necessary for growth get to the crop when and where they are needed

most by the crop. Significant effort has been and will be made to improve our precision technologies to support this philosophy. Food safety continues to be a critical area of department operations and remains a top priority.

This year, we experienced many staff transitions. Kelly O’Neil resigned from the Plant Sciences Manager in June 2024 to take a job in Washington. Johnny Rosecrans was hired as emergency crop technician II to help with the void of O’Neil. Johnny’s professional experience with the unit, along with professors Lauren Garner and Jeffrey Wong, made the transition go much more smoothly. Dominic Carmassi was hired in September as Crop Technician II to oversee the orchards, but he resigned February 26, 2025. An emergency hire was posted and Chrisann Periviolotis will stay on until June 2025, when we plan to replace Carmassi’s position.

The department typically accommodates up to 72 students per quarter in field crop, fruit, horticulture, and vegetable projects. The ongoing goal of these programs is to give students the best possible educational experience in sustainable farming and growing including organic production. The enterprise project program is a key component of that educational experience. Cal Poly’s Learn by Doing philosophy is a fundamental part of what distinguishes its graduates, and our Crops and Horticulture Unit epitomizes that philosophy.

We have broken ground on the Plant Sciences Complex building project. We are continuing to seek donor support for the new Plant Sciences Complex that will house a fruit and vegetable processing center, and a building complex that will house teaching and research lab facilities. We have received donor support to renovate, repair and upgrade the greenhouse complexes at the Horticulture Unit. The greenhouse renovation project was completed in March 2025. Cal Poly Leaning Pines Arboretum Director Tiffany Faulstich has done a great job of putting donor funds in motion by renovating the grounds, including the reconstruction of the gazebo (a collaborative project with construction management classes), as well as setting up more sustainable ways to host events.

#### Facilities:

- Crops Unit:
  - Field production: vegetable crops, forage crops, pumpkins
  - Orchard production: citrus, avocado, stone fruit
  - Honey
  - Cal Poly Organic Farm
- Horticulture Unit:
  - Poly Plant Shop
  - Leaning Pine Arboretum

### **Food Science and Nutrition (FSN)**

#### *Molly Lear*

The Food Science and Nutrition Department’s production unit is an integral part of Cal Poly’s Learn by Doing philosophy, helping to prepare both students in its majors and student employees for careers in the food industry. Students gain hands-on experience in all aspects of sanitation, equipment setup, production, shutdown procedures, product development, quality control, quality assurance,



recordkeeping, sales and marketing, food law, and more.

The production unit consists of one staff member and approximately 25 student employees who produce Cal Poly jams, barbecue sauces, mustard, salad dressing, and chocolates. Production takes place one day per week throughout the academic quarter (once weekly for jars and once weekly for chocolates). Because the facilities are multi-use, teaching takes priority in production spaces.

The department currently produces the following sauces and jams:

- Jams and Spreads: Olallieberry Spreadable Fruit, Raspberry Jam, Blackberry Jam, Olallieberry Jam, and Strawberry Jam.
- Sauces and Dressings: Sweet Hickory BBQ Sauce, Mustang Kick BBQ Sauce, Smooth Mustard, and Lemon Poppyseed Dressing.

The department also produces 23 different chocolate bar varieties, including: Milk, Dark, Peanut Butter Crunch, Pumpkin Spice, Coffee Crunch, Peppermint Crunch, Raspberry Crisp, Zesty Orange, S'mores, Green Tea Matcha Milk Bar, Birthday Cake, Hot Habanero, Strawberry Milk, Strawberry Dark ("You're Berry Special"), Dark with Sea Salt, Toffee Crunch (in both Milk and Dark), Coconut Crunch, Cookies & Cream, Lemon Lavender, Lemon Bar, Graduation Bar, and Salty Peanut Butter Cup.

All products are sold both on and off campus, with retail locations spanning from Santa Maria to Paso Robles and Cambria. Cal Poly products are available in major retail stores, winery tasting rooms, and as hospitality gifts for campus visitors.

The FSN production facility, known as the Pilot Plant, is located in Building 24, Room 106, and spans 4,000 square feet. Fifteen classes and their corresponding labs use the Pilot Plant throughout the year. Cal Poly Chocolates is located next door in Building 24, Room 107 (1,900 square feet) and is used for classes, production, sales, and finished product storage.

## **Wine and Viticulture**

*Dr. Benoît Lecat*

Cal Poly's on-campus vineyard is comprised of approximately 12 usable acres. It is split into 2 sections: one for commercial production (7.85 acres) and one for teaching (4 acres). The commercial vineyard produces Sauvignon Blanc, Syrah (in tiny quantity), Pinot Noir and Chardonnay. The commercial vineyard is mainly planted in Pinot Noir with 3 different clones for the Cal Poly Wine Brand. The teaching vineyard includes several teaching blocks (wild species, mission blocks, ampelography and table grape), a rootstock research block and a rotational block.

With the addition of the new JUSTIN and J. LOHR Center for Wine and Viticulture, the Wine and Viticulture department is able to provide students with a comprehensive educational experience, from growing grapes all the way to bottling wine. The 2022 fiscal year saw our first vintage from harvest to bottle and allowed us to now include the winery production budget as part of the overall Commercial Agriculture budget.

## **Bartleson Ranch and Conservatory**

The Bartleson Ranch and Conservatory is a 448-acre working ranch located in Arroyo Grande. The property was donated to the College of Agriculture, Food and Environmental Sciences in 2015, with the donors retaining a life interest. The ranch primarily produces lemons.

After the donation, the donors continued to manage ranch operations until June 2022. In fiscal year 2022-23, the College officially assumed operational responsibility and entered into a management contract with Bee Sweet Citrus. During fiscal year 2023-24, the College transitioned full management duties from Bee Sweet Citrus to its own internal team. Bee Sweet Citrus remains retained in the capacity of supporting each harvest. Ranch operations began generating profits in fiscal year 2024-25.

## 2024-25 ACCOMPLISHMENTS

### Animal Science and Dairy Science Programs

- The use of all production and operating units for academic courses remains a top priority. Additionally, hands-on learning opportunities through enterprise courses continue to expand.
- Meat product sales at the Meat Processing Center have remained strong. The center has also begun offering products from other departments, including flowers, vegetable boxes, and processed food items.
- The Oppenheimer Family Equine Center achieved another successful year with its annual sale of young performance horses, trained by Cal Poly students. In June 2024, 28 horses were sold, averaging \$12,437 each, for a total of \$348,250.
- The Equine Center continues to receive donated breedings from some of the most renowned stallions in the Quarter Horse industry.
- The Creamery's holiday cheese box sales remain a primary revenue source. Additionally, ice cream sales from the established "Friday Drive-Through" have grown in popularity.
- The Poultry Center has maintained steady community egg sales and has partnered with an industry collaborator to produce niche-market meat poultry breeds.
- Veterinary practicums continue under the Affiliation Agreement with Western University of Health Sciences. Veterinary students participate in planned activities at the beef, dairy, sheep and goat, swine units, and the Meat Processing Center. Discussions are ongoing to expand similar practicum opportunities to other veterinary schools and regional community colleges.
- The 40th anniversary of the Western Bonanza junior livestock show in February saw a record-breaking 5,600+ entries. This four-day event, held at the Paso Robles fairgrounds, is entirely student-run and involves up to 120 Cal Poly students. The event continues to generate significant national recognition for Cal Poly.
- The Sheep and Goat Unit supports a holistic, sustainable vegetation management program that plays a critical role in wildfire mitigation on campus. In Summer 2024, goats were deployed at Swanton Pacific Ranch to assist in brush control as part of post-fire recovery efforts.
- The Cal Poly Dairy continues to provide learning opportunities by maintaining the two primary dairy breeds in the U.S. Milk produced is used by the Cal Poly Creamery and sold to regional processors. Following a national search, a new Dairy Operations Manager was hired in March 2024.
- The 2024 Beef Cattle Bull Test, held from May to October, concluded with the sale of 68 bulls, averaging \$7,043 each. The facility is equipped with state-of-the-art instrumentation for measuring individual animal performance, supporting both teaching and research.
- The Swine Unit continues to provide valuable educational and research experiences. It has expanded its herd to include commercial pigs, show-type animals, and recently added Iberian pigs. These animals will support teaching and research efforts and offer a unique pork product for sale.
- The Beef Cattle Unit continues to operate as a sustainable system to optimize beef production practices. Cal Poly is now among the elite producers in the Prime Pursuits program, in partnership with 44 Farms, which supplies Angus beef to Walmart Inc. In June 2024, Cal Poly sold the highest-grossing lot in an internet auction: 75 steers averaging 800 lbs. each at \$2.80/lb. live weight — an exceptional price and a testament to the quality of livestock produced.
- Industry support for the Earn by Doing student manager program remains strong, with funding secured for two operations. This financial support helps offset the effects of rising minimum wages and allows more students to gain paid, hands-on experience while supporting their

educational expenses.

### **Environmental Horticulture/Crop, Fruit, and Vegetable Science**

- This year's accomplishments and next year's projections are closely linked to the evolving dynamics of current operations. Profitability is heavily influenced by orchard production, particularly citrus, avocado, pome (apple and pear), and nut trees, which contribute significantly to overall revenues.
- However, these same orchards also contributed to financial losses due to the removal of old, unproductive trees and the establishment of new plantings during fiscal year 2023-24. While these new plantings will not yield immediate economic returns, they represent a critical investment in the long-term sustainability of the unit's teaching, research, and commercial sales operations.
- Additionally, the Environmental Horticulture unit initiated discussions with Facilities to grow plant materials for campus landscaping and use. Once implemented, this partnership is expected to generate additional income and contribute positively to the unit's budget.

#### *Fruit Crop*

- Efforts continue to improve operational efficiency through the use of technology, including the implementation of separate farming equipment for conventional and organic fields as new equipment becomes available.
- A new avocado rootstock trial, supported by the California Avocado Commission, has been established on Radio Tower Hill. The trial is currently in its fifth leaf stage and entering its third year of fruit production.
- U-Pick operations continue on Saturdays, though attendance was lower this year and last due to inclement weather.
- Ongoing partnership with Talley Farms allows the sale of mandarin oranges for their produce boxes. This collaboration facilitates harvesting and enables sales of up to 7,000 pounds at a time.
- The Plant Sciences Department works with the SLO Food Bank and GleanSLO to harvest produce that cannot be sold or picked due to labor constraints.
- Micro-sprinklers were installed in the new avocado block to improve irrigation efficiency.
- Continued collaboration with Cal Poly's Real Food Collaborative to supply produce baskets at reduced prices to students and community members (<https://realfoodcollaborative.com>).

#### *Vegetable Production*

- Ernest Ford has accepted the offer to serve as the new Lead Crop Technician for vegetable production, overseeing staff at the Crops Unit.
- During the personnel transition, the unit is focusing on developing a new long-term crop rotation plan.

### *Organic Farm*

- The Organic Farm Supervisor position has been successfully filled.
- The liquid fertilizer injection system was rebuilt using a modular, scale-appropriate design to facilitate smooth student operation.
- Specialty software was used to create a detailed crop plan for the 2025 season. This plan supports effective crop rotation, targeted seed purchasing, student workflow organization, and accurate harvest and sales forecasting.
- Farm block layout, road width, and planting sections were restructured to better support crop rotation, tractor operations, and a more manageable student experience.
- Organic-designated dry fertilizer handling and application equipment was rebuilt and refurbished, improving the efficiency of both donated and purchased fertility material usage.
- A backpack mist blower (low-volume, high-pressure, hand-operated sprayer) was purchased to support more precise application of organic crop protection and foliar fertility products. Additional research is underway to identify the best boom sprayer for future purchase.

### *Environmental Horticulture*

- All planned greenhouse renovations were completed — an especially significant achievement.
- The roof and main entrance were repainted.
- The unit ended the fiscal year with a positive financial balance.
- Perimeter deer fencing was fully installed around the Environmental Horticulture and Soil Science (EHS) Unit property.
- All deer were successfully removed from the property.
- The outdated and red-tagged boiler system was decommissioned and removed.
- An unused cooler system was also decommissioned and removed.
- Worked with University Advancement to secure donor support for each greenhouse facility.

### **Food Science and Nutrition**

- Continued prioritization of the use of both pilot plants for academic courses.
- Ongoing efforts to increase productivity while training student employees for careers in the food industry.
- Collaborated with the Facilities Paint Shop to repaint the floor in Room 24-106 using durable epoxy-like paint.
- Coordinated with Facilities to replace two coolers and one freezer in Room 24-107 after 45 years of service.
- Maintained relationships with donors to secure continued support for ingredients such as chemicals, spices, tomato paste (for BBQ sauce), mustard powder, and various individually quick frozen (IQF) products.
- Partnered with Dr. Lammert (FSN 408 – Product Development) and Dr. Choudhury (FSN 474 – Advanced Food Processing) to transform a benchtop concept into a market-ready Lemon Poppyseed Dressing, available for sale since June 2024. This included R&D, labeling, nutritional information, processing, and food safety planning.

- Introduced three new white chocolate flavors: Cookies & Cream, Lemon Lavender, and Lemon Bar. Work included R&D, labeling, nutritional information, processing, and food safety planning.
- Smooth Mustard is now a consistent product offering.
- Continued management of the college's UPC program across all units.
- Sustained product development and support for teaching and lab activities within the FSN Pilot Plants.
- Completed a full rebranding of all FSN products under the "Cal Poly Made" label. This encompassed social media accounts, updated product labels, email communications, vendor relationships, and regulatory contacts.
- Launched the calpolymade.com website to enable online sales in conjunction with the rebranding initiative.
- Enhanced social media presence with a dedicated student assistant responsible for maintaining accounts and producing engaging content.
- Upgrading the CP Chocolates facility in Room 24-107 to become self-sufficient. Work included removal of the smokehouse (July 2024 - January 2025), freezer door replacement, and pending work orders for a roll-up door (for accessibility) and HVAC improvements.
- Collaborated with Cal Poly Marketing to redesign labels for over 35 products. Updates include the new CP logo, refreshed design, ingredient lists, and nutritional information. All labels have been transitioned to the new format.
- All "Cal Poly Made" products now include full nutritional facts, ingredient lists, and allergen statements.
- Partnered with Cal Poly Partners to produce updated promotional videos showcasing students and "learn by doing" activities in the Pilot Plant.

## **Wine and Viticulture**

The major long-term investments in the vineyards were made between 2014 and 2018.

### *Grape Sales - Harvest 2024*

Several tons of grapes were sold directly from the vineyard to industry partners:

- 3 tons of Chardonnay to Phase 2 (Tolosa) at \$2,500 per ton
- 1.2 tons of Pinot Noir to Keola (Aaron Jackson) at \$2,000 per ton
- 4 tons of Pinot Noir to Stephen Dooley/Ross at \$3,400 per ton
- 3 tons of Pinot Noir to Toshi/Campion/Larry Brookes at \$3,600 per ton
- 4 tons of Sauvignon Blanc to Stephen Dooley/Ross at \$3,400 per ton

### *Purchased Fruit and Wine*

- 224 cases of 2022 Paso Robles Cabernet Sauvignon "shiners" were purchased from SVP Winery for \$16,800
- 4 tons of Sauvignon Blanc at \$2,200 per ton
- 6 tons of Pinot Noir purchased at prices ranging from \$2,000 to \$3,600 per ton, depending on quality and clone

### *Winery Operations and Commercial Production*

Within the JUSTIN and J. LOHR Center for Wine and Viticulture ("the winery") now fully operational, 2024 marked the third year the wine program was included as a commercial agricultural production unit. This year, the winery processed a total of 15.55 tons for commercial programs:

- Cabernet Sauvignon – 1.9 tons
- Chardonnay – 1.1 tons
- Pinot Noir (Rosé) – 2.25 tons
- Sauvignon Blanc – 3.6 tons
- Syrah – 5 tons
- Semillon – 1.7 tons

### *Educational Winemaking ("Learn by Doing")*

Students enrolled in the winemaking course series (WVIT 404, 405, 406) produced 7 tons across five varieties:

- Clairette Blanche – 0.95 tons
- Chenin Blanc – 1.7 tons
- Malbec – 1.2 tons
- Merlot – 1.5 tons
- Tempranillo – 1.65 tons

Senior project students (WVIT 465) and graduate students enrolled in the MS program coordinated by the Plant Sciences and Food Science departments processed over 20 tons of various grape varieties.

### *Research Programs*

Dr. Casassa's research team applied 61 individual treatments across 12 different varieties (Grenache Blanc, Albariño, Cabernet Sauvignon, Nebbiolo, Pinot Noir, Petite Sirah, Syrah, Grenache, Mourvèdre, Tannat, Tempranillo, Touriga Nacional). They completed 183 individual fermentations, utilizing their research tanks approximately five times during the 2024 harvest and processing about 20.5 tons of fruit. Dr. Pedroza processed 4 tons of Syrah, Grenache, and Viognier for his research program.

### **Bartleson Ranch and Conservatory**

- Increased lemon yields to 50 bins/acre (previous year was 34 bins/acre)
- Negotiated a significant monthly increase from Davey Tree yard space rental
- Installed VFD computer controls on main booster pumps at reservoir for increased efficiency of power usage
- Removed 60 acres of dying avocados and reworked ground
- Mapped the entire ranch using GIS class
- Increased class visitations to ranch and worked on outreach
- Calculated total volume of reservoir using detailed mapping program

## 2025-26 GOALS & OBJECTIVES

### Animal Science and Dairy Science Programs

#### *Animal Nutrition Center*

- Operate as break-even service unit dedicated to feed production
- Support ongoing maintenance and replacement of equipment and parts as needed
- Continue the planning process for the addition of a new feed storage barn
- Develop and implement plans to relocate feed operations for the Dairy Unit to the Animal Nutrition Center to improve efficiency and reduce waste

#### *Beef Cattle Evaluation Center and Ranches*

- Develop plans to update the Beef Cattle Evaluation Center, with a focus on enhancing teaching and laboratory facilities
- Continue supporting the existing beef production operations plan to meet academic and industry standards

#### *Bull Test Center*

- Ensure the facility operates at a minimum of break-even as a service unit to support educational and research goals

#### *Dairy Manufacturing (Creamery)*

- Continue planning for renovations and equipment replacement to modernize operations
- Identify new product and marketing opportunities that align with and enhance student learning objectives
- Support the ongoing collaborative partnership with the Dairy Products Technology Center

#### *Dairy Production*

- Facility and Operations Renovations:
  - Continue the planning and implementation of the robotic milking system and upgraded manure handling systems
  - Advance the herd management strategy by “right-sizing” the lactating herd to align with teaching, research, and environmental objectives
- In 2024, the lactating herd was reduced by approximately one-third.
- In 2025, an additional reduction is anticipated, contingent on securing milk supply contracts that will allow for continued income generation with a smaller herd.
- Continue to evaluate strategies for reducing feed and operating costs, including consolidation of feed operations to the Animal Nutrition Center to improve consistency and reduce waste



### *Oppenheimer Family Equine Center*

- Install new donor funded paddocks in pastures located adjacent to the OH Unit
- Continue monitoring equine numbers and assessing the functional needs of animals

### *J and G Lau Family Meat Processing Center*

- Explore opportunities with campus dining
- Identify additional on-campus freezer space to mitigate existing product storage limitations
- Explore additional meat product opportunities, such as Iberian pork, to diversify offerings

### *Poultry Unit*

- Secure funding to convert existing houses into a cage-free egg production system
- Identifying funding to replace aging egg processing equipment

### *Sheep and Goat Unit*

- Expand the use of the goat and sheep herd for brush and forage control
- Support the expansion of grazing management practices at the Swanton Pacific Ranch

### *Swine Unit*

- Reduce the total number of pigs to align with current teaching and research objectives
- Identify and develop additional marketing outlets for commercial swine
- Explore and develop marketing outlets for Iberian pigs to increase market reach

### *Veterinary Clinic*

- Ensure the facility operates as a break-even service unit, providing essential animal care support for the animal production units
- Transition operations to the new Animal Health Center

## **Environmental Horticulture/Crop, Fruit, and Vegetable Science**

### *Fruit Crop*

- Improve efficiencies through technology and implement separate farming equipment for conventional and organic fields as new equipment becomes available
- Complete fencing and gate repairs/improvements, particularly near the new Plant Sciences Complex, to ensure crop health, staff and student safety, and food safety
- Install a new fertilization system for the Radio Tower Hill (RTH) orchard (awaiting Ag Ops)
- Add base rock to roads in the new orchard (ongoing with Negranti)
- Continue upgrading orchard equipment (ongoing)
- Install additional drain outlets at RTH to capture runoff missed by the original outlets (ongoing with Ag Ops)

- Develop a new nut tree and stone pomegranate orchard in Field 31 (ongoing)
- Continue fencing and gate repairs/improvements near the new Plant Sciences Complex to ensure crop health, staff and student safety, and food safety
- Acquire a produce delivery van to improve efficiency and enhance food safety for both conventional and organic fruit and vegetable crops

#### *Vegetable Crop*

- Install a permanent base station for GPS/RTK in collaboration with BRAE and TopCon
- Purchase new equipment with grant funding (equipment type to be determined); research and eventually acquire a GPS/laser level drag scraper
- Continue efforts to improve ground squirrel control (ongoing)
- Upgrade vegetable equipment by repairing or replacing the implement for the 4-row lister tractor
- Improve and clean up fields to meet Food Safety requirements
- Replace deer fencing along the creek in Field 25 (pending state funding approval)
- Develop and implement a three-year crop rotation plan for vegetable crop operations

#### *Organic Farm*

- Implement a comprehensive farm plan to increase the overall availability, variety, and sales of organic produce.
- Establish robust cultivation and tillage systems for organic weed management by building modular and versatile cultivation implements with new toolbar-mounted components and frames. This includes refurbishing or replacing the tractor-mounted, propane-fueled weed-burning torch implement.
- Reduce irrigation system leakage, and thereby decrease weed pressure, by refurbishing, replacing, and upgrading irrigation components.
- Secure in-kind donations through the Grimm Family Center and industry partners, focusing on organic materials and equipment that are capable, calibrated, and designated for handling and applying organic materials to minimize waste and prevent contamination with conventional materials.
- Develop and implement a professional-level, consistent organic crop protection and fertility program, using a robust set of management practices, industry-standard chemical inputs, and alternative tools and materials to enhance educational opportunities.
- Foster strong relationships with local nurseries to custom-grow carefully selected crops and varieties, ensuring scale-appropriate planting schedules that are focused on sales and production, with high educational value.
- Install and implement industry-level crop monitoring technology, including soil moisture sensing, soil and plant tissue sampling, crop refractometry, and other advanced tools.
- Achieve adequate control of vertebrate pests in and around organic fields using organic-approved and non-controversial methods.

### *Environmental Horticulture*

- Revise the position description and begin the search for a candidate to replace Wendy Robinson
- Develop a 3-year operational plan with the new Horticulture Unit manager
- Continue the long-term development and renovation of the Leaning Pine Arboretum

### **Food Science Production**

Many of our goals and objectives for fiscal year 2025-26 remain unchanged from the previous year, as progress on several projects has been delayed:

- Continue upgrades to the CP Chocolates facility to ensure the pilot plant in Building 24-107 is food-safe and fully functional. Two key projects are pending scheduling: increasing the door size (in progress) and receiving an estimate for HVAC controls in 24-107, as well as resolving the door access between rooms 107 and 107F. Work orders have been submitted.
- Install a card key access system for Buildings 24-106 and 24-107 to address food safety and access control concerns
- Utilize funding from the Provost's Office to replace trench drain covers, addressing critical safety hazards including slip/trip risks and issues with equipment and personnel movement
- Identify a consistent retail space — ideally at the Farm Store — for on and off campus purchases
- Collaborate with stakeholders to increase visibility and product placement in campus venues and expand off-campus distribution with a dedicated delivery vehicle
- Support three students currently working to bring an Olallieberry Balsamic Vinaigrette to market
- Increase sales through the Cal Poly Made website and campus-wide email outreach to alumni and supporters
- Explore the use of Provision software to digitize Cal Poly Made production records, allowing students to gain experience with food safety documentation practices commonly used in the food industry
- Transition Cal Poly Made nutritional labeling to a more cost-effective platform to reduce expenses

### **Wine and Viticulture**

The fiscal year 2024-25 budget year marked the first time the winery and wine sales were included in the commercial agriculture budget. While the first harvest using the new JUSTIN and J. LOHR Center for Wine and Viticulture took place in 2022, it resulted in the production of outstanding wines.

We anticipate continued growth in wine sales through our wine club and expanded distribution channels, including distributors, retailers, and restaurants. Additionally, we plan to collaborate with other production units, such as the Creamery and the Meat Processing Center, to create value-added product packages for customers throughout the year.

Revenues generated by the winery now help offset the costs associated with vineyard management, contributing to the overall financial sustainability of the program.

### **Bartleson Ranch and Conservatory**

- Pay off the debt incurred from previous years
- Continue to increase lemon production above 50 bins/acre
- Improve existing avocado block to reach California's yield average
- Replace irrigation systems to help improve distribution uniformities
- Incorporate more classes and projects at ranch

## 2025-26 OPERATING BUDGET PROPOSAL - COMMERCIAL AGRICULTURE

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$5,387	100%	\$4,849	100%	\$5,445	100%	\$4,791	100%	\$(654)	(12%)
Cost of Goods Sold	1,846	34%	1,630	34%	1,851	34%	1,701	35%	150	8%
<b>Gross Margin</b>	<b>3,541</b>	<b>66%</b>	<b>3,219</b>	<b>66%</b>	<b>3,595</b>	<b>66%</b>	<b>3,091</b>	<b>65%</b>	<b>(504)</b>	<b>(14%)</b>
Other Revenues	1,298	24%	909	19%	1,327	24%	1,038	22%	(289)	(22%)
<b>Income Before Operations</b>	<b>4,839</b>	<b>90%</b>	<b>4,128</b>	<b>85%</b>	<b>4,922</b>	<b>90%</b>	<b>4,128</b>	<b>86%</b>	<b>(793)</b>	<b>(16%)</b>
Salaries & Wages	1,276	24%	1,118	23%	1,244	23%	1,040	22%	204	16%
Benefits	151	3%	165	3%	170	3%	175	4%	(5)	(3%)
<b>Total Payroll Expense</b>	<b>1,427</b>	<b>26%</b>	<b>1,283</b>	<b>26%</b>	<b>1,414</b>	<b>26%</b>	<b>1,215</b>	<b>25%</b>	<b>199</b>	<b>14%</b>
Depreciation & Amortization	150	3%	126	3%	108	2%	94	2%	13	12%
General Maintenance	266	5%	128	3%	178	3%	87	2%	91	51%
Livestock / Feed Expense	1,787	33%	1,278	26%	1,634	30%	1,236	26%	398	24%
Supplies & Materials	490	9%	325	7%	421	8%	333	7%	88	21%
Fees & Services	408	8%	298	6%	329	6%	313	7%	17	5%
CP Partners Administrative Services	256	5%	276	6%	288	5%	300	6%	(12)	(4%)
Other Operating Expenses	674	13%	508	10%	629	12%	605	13%	23	4%
<b>Total Operating Expenses</b>	<b>4,031</b>	<b>75%</b>	<b>2,939</b>	<b>61%</b>	<b>3,586</b>	<b>66%</b>	<b>2,969</b>	<b>62%</b>	<b>617</b>	<b>17%</b>
<b>Total Expenses</b>	<b>5,458</b>	<b>101%</b>	<b>4,222</b>	<b>87%</b>	<b>5,000</b>	<b>92%</b>	<b>4,184</b>	<b>87%</b>	<b>817</b>	<b>16%</b>
<b>Net from Operations</b>	<b>(618)</b>	<b>(11%)</b>	<b>(94)</b>	<b>(2%)</b>	<b>(79)</b>	<b>(1%)</b>	<b>(56)</b>	<b>(1%)</b>	<b>23</b>	<b>29%</b>
Other Income (Expense)	(126)	(2%)	71	1%	53	1%	62	1%	9	17%
<b>Total Other Income (Expense)</b>	<b>(126)</b>	<b>(2%)</b>	<b>71</b>	<b>1%</b>	<b>53</b>	<b>1%</b>	<b>62</b>	<b>1%</b>	<b>9</b>	<b>17%</b>
<b>Transfers In (Out)</b>	<b>766</b>	<b>14%</b>	<b>25</b>	<b>1%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>-</b>
<b>Net to Reserves</b>	<b>\$22</b>	<b>0%</b>	<b>\$2</b>	<b>0%</b>	<b>\$(26)</b>	<b>0%</b>	<b>\$6</b>	<b>0%</b>	<b>\$32</b>	<b>125%</b>
<b>Noncash transactions (add back):</b>										
Depreciation & Amortization	150	3%	126	3%	108	2%	94	2%	13	12%
Other Expense	89	2%	-	0%	3	0%	-	0%	3	100%
<b>Adjusted Net to Reserves</b>	<b>\$260</b>	<b>5%</b>	<b>\$128</b>	<b>3%</b>	<b>\$85</b>	<b>2%</b>	<b>\$101</b>	<b>2%</b>	<b>\$16</b>	<b>18%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## 2025-26 OPERATING BUDGET PROPOSAL - BARTLESON RANCH

(in thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$1,769	100%	\$3,036	100%	\$2,959	100%	\$3,000	100%	\$41	1%
Rental Income	60	3%	59	2%	79	3%	101	3%	22	28%
<b>Income Before Operations</b>	<b>1,829</b>	<b>103%</b>	<b>3,095</b>	<b>102%</b>	<b>3,038</b>	<b>103%</b>	<b>3,101</b>	<b>103%</b>	<b>63</b>	<b>2%</b>
Salaries & Wages	109	6%	107	4%	123	4%	126	4%	(3)	(2%)
Benefits	55	3%	65	2%	75	3%	84	3%	(9)	(13%)
<b>Total Payroll Expense</b>	<b>164</b>	<b>9%</b>	<b>172</b>	<b>6%</b>	<b>198</b>	<b>7%</b>	<b>210</b>	<b>7%</b>	<b>(12)</b>	<b>(6%)</b>
Depreciation & Amortization	39	2%	39	1%	40	1%	79	3%	(39)	(96%)
Professional Services	1,297	73%	2,252	74%	1,684	57%	1,737	58%	(53)	(3%)
General Maintenance	39	2%	37	1%	108	4%	73	2%	35	32%
Utilities	23	1%	37	1%	64	2%	70	2%	(6)	(9%)
Supplies & Materials	104	6%	162	5%	130	4%	161	5%	(31)	(24%)
Management Contract Fees	388	22%	0	0%	0	0%	0	0%	0	0%
Fees & Services	205	12%	252	8%	262	9%	263	9%	(0)	0%
CP Partners Administrative Services	18	1%	42	1%	42	1%	42	1%	(0)	(1%)
Property Taxes	69	4%	0	0%	57	2%	69	2%	(13)	(22%)
Other Operating Expenses	26	1%	66	2%	77	3%	64	2%	13	17%
<b>Total Operating Expenses</b>	<b>2,209</b>	<b>125%</b>	<b>2,887</b>	<b>95%</b>	<b>2,464</b>	<b>83%</b>	<b>2,558</b>	<b>85%</b>	<b>(94)</b>	<b>(4%)</b>
<b>Total Expenses</b>	<b>2,373</b>	<b>134%</b>	<b>3,059</b>	<b>101%</b>	<b>2,662</b>	<b>90%</b>	<b>2,768</b>	<b>92%</b>	<b>(106)</b>	<b>(4%)</b>
<b>Net from Operations</b>	<b>(544)</b>	<b>(31%)</b>	<b>36</b>	<b>1%</b>	<b>377</b>	<b>13%</b>	<b>333</b>	<b>11%</b>	<b>(43)</b>	<b>(11%)</b>
Other Income (Expense)	(36)	(2%)	0	0%	0	0%	0	0%	0	0%
<b>Total Other Income</b>	<b>(36)</b>	<b>(2%)</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Net to Reserves</b>	<b><u>\$(580)</u></b>	<b><u>(33%)</u></b>	<b><u>\$36</u></b>	<b><u>1%</u></b>	<b><u>\$377</u></b>	<b><u>13%</u></b>	<b><u>\$333</u></b>	<b><u>11%</u></b>	<b><u>\$(43)</u></b>	<b><u>(11%)</u></b>
<b>Noncash transactions</b>										
Depreciation & Amortization	39	2%	39	1%	40	1%	79	3%	(39)	(96%)
<b>Adjusted Net to Reserves</b>	<b><u>\$(540)</u></b>	<b><u>(31%)</u></b>	<b><u>\$75</u></b>	<b><u>2%</u></b>	<b><u>\$417</u></b>	<b><u>14%</u></b>	<b><u>\$412</u></b>	<b><u>14%</u></b>	<b><u>\$(5)</u></b>	<b><u>(1%)</u></b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

**Income Before Operations** for Commercial Ag operations is projected to end 19% over budget for fiscal year 2024-25. This is mostly due to gift income from Cal Poly Foundation, along with strong sales out of the Dairy. We are continuing to insure our milk prices against market fluctuations whenever possible, resulting in more stable income. The budget for fiscal year 2025-26 continues to reflect high ongoing feed prices, but new product offerings from the creamery, including new ice cream flavors and cheese varieties, which will help to increase sales across retail locations. We will continue to decrease herd sizes over the next year, which will increase livestock sold, as well as significantly decrease costs for feed and student assistant salary.

Income Before Operations for Bartleson Ranch operations is projected to end very close to the original budget, approximately 3% under budget for FY 2024-25. Ranch operations had a solid year for lemon sales and is expected to stay consistent for FY 2025-26.

**Cost of Goods Sold** for Commercial Ag operations is projected to be approximately 34% of total sales for FY 2024-25, which is in line with the budget and previous years. We expect this percentage to increase slightly through FY 2025-26 as we continue to keep our product prices as low as possible in the face of nationwide inflation.

**Total Payroll Expense** for Commercial Ag operations is projected to be approximately 10% over the budget for FY 2024-25 due largely to increases in student labor. We expect payroll expense to decrease \$199,000, or 14%, next year. We have hired a new (state side) dairy manager, who we expect to help bring student labor expenses in line with past years, especially given the reduction in herd size.

Payroll Expense for Bartleson Ranch operations represents the salary and benefits of the is Ranch manager. Payroll expenses for FY 2025-26 are expected to remain consistent, increasing slightly due to higher fringe benefit rates.

**Operating Expenses** for Commercial Ag operations are projected to be approximately 22% over budget for FY 2024-25. This was mostly due to increases in feed expense and freight/transportation. The Operating Expense budget is expected to decrease significantly in FY 2025-26, as we reduce herd sizes and look for efficiencies in feed purchasing. We also hope that state funded improvements to the creamery and the dairy will create new opportunities and revenue lines, as well as increased efficiency in operations.

Operating Expenses for Bartleson Ranch operations are expected to be under budget by approximately 15%, largely due to over-estimating of Bee Sweet expenses. Operating expenses for FY 2025-26 are expected to remain consistent, increasing slightly due to expected tariffs on pesticides and other chemical supplies.

**Net from Reserves** for Commercial Ag operations for FY 2024-25 is expected to be approximately \$26,000, which includes non-cash depreciation expense of \$108,000 and is largely due to gift income Cal Poly Foundation to decrease deficits at the dairy. For FY 2025-26, the budgeted Net to Reserves of approximately \$6,000 includes non-cash depreciation expense of \$94,000, resulting in a positive cash reserve of \$101,000. Operating reserves are expected to remain positive through June 30, 2026.

Net to Reserves for Bartleson for both FY 2024-25 and FY 2025-26 are positive and are expected to eliminate the overall deficit net position of the Ranch by June 30, 2026.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$95,065	\$786,716	\$881,781
FY 2023-24 Change in Reserves	(217,319)	(266,797)	(484,116)
June 30, 2024 Reserve Balance	(122,255)	519,919	397,664
FY 2024-25 Change in Reserves (estimate)	498,915	(147,906)	351,009
June 30, 2025 Reserve Balance (estimate)	376,660	372,013	748,673
FY 2025-26 Change in Reserves (budget)	512,982	(173,291)	339,691
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$889,642</b>	<b>\$198,722</b>	<b>\$1,088,364</b>

The schedule above reflects the current balances of the reserve accounts and the expected changes over the current and next fiscal years. Reserves represent an accumulation of prior earnings and are separated into the following categories:

The **Operating Reserve** represents the portion of net position held for contingencies and continuing operations of CAFES. The total Operating Reserve shall equal total unrestricted net assets and may not be a negative amount.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

**Capital Outlay Reserves** are held to fund, at a minimum, the subsequent year's capital outlay request.



## CAPITAL OUTLAY REQUEST

There are no capital outlay requests for FY 2025-26 at this time. Capital outlays for facility and infrastructure improvements are contingent on outside funds. Requests for approval of capital expenditures will occur when funding is available, as appropriate.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Conference and Event Planning**

*(A unit within the Commercial Services Division)*

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Conference and Event Planning (CEP) provides a full array of event services from initial concept to completion of an event. CEP is committed to excellence, crafting tailored experiences and executing with a dynamic blend of professionalism and enthusiasm. Rooted in knowledge and reliability, our team is responsive and supportive at every turn. Leveraging our expertise and resources, we ensure that each event transcends mere success to become a truly memorable affair.

Amidst the picturesque landscapes of Cal Poly and the Central Coast, our proven team of Event Coordinators possess the transformative ability to bring visions to life. What distinguishes us is our unwavering focus on creating personalized experiences that resonate long after the event concludes. Whether orchestrating a corporate conference, a gala dinner or a community gathering, we infuse every moment with a spirit of helpfulness, energy and engagement.

CEP manages services for both University-sponsored and licensed events, each serving distinct yet equally significant roles in advancing the university's mission. University-sponsored events directly align with the objectives of Cal Poly's colleges and departments, whereas licensed events foster educational opportunities for participants sponsored by external organizations. CEP's expertise extends across a spectrum of events, encompassing varying scales, durations, and participant numbers, ranging from intimate gatherings to large-scale affairs spanning weeks.

CEP extends support to corporate sponsors and exhibitors, ensuring adherence to university regulations and alignment with its mission. Authorized to grant licenses for off-campus groups to utilize Cal Poly facilities and services, CEP strengthens the university's ties with the community, bolstering economic activity in San Luis Obispo.

Services offered to both off-campus organizations and university departments include:

- Budget formulation
- Comprehensive registration and reporting services\*
- Coordination of on-campus lodging arrangements
- Management of campus facilities and reservations
- Coordination of food and beverage services
- Facilitation of equipment rentals
- Provision of on-site event staffing
- Arrangement of liability and event-related insurance coverage
- Provision of payroll services\*
- Coordination of bus and shuttle services
- Development of signage solutions
- Provision of logistical support for event personnel\*

(\*Available exclusively for university-sponsored events)

Additionally, we have integrated facility management into our revenue model, paving the way for the expansion of this segment of our business.

## 2024-25 ACCOMPLISHMENTS

- **Athletic Department Partnership** - Established a Memorandum of Understanding (MOU) with the Athletics Department to manage all fundraising and donor events for the 2024-2025 academic year. This partnership is set to continue through a renewed contract in the 2025-2026 academic year. Additionally, CEP successfully secured the annual Mustang Madness fundraising event contract.
- **Expansion of Live Event Programming** - Successfully hosted high-profile live events at the Mott Athletic Center, including the Harlem Globetrotters and a Mixed Martial Arts event, increasing visibility and revenue for the campus.
- **Strategic Housing Model Transition** - Transitioned from a “rent-by-bed” to a “rent-by-building” model in coordination with University Housing. This shift provides increased flexibility and capacity to accommodate larger or additional summer group bookings.
- **Client Base Growth Through Fee Structure Optimization** - Revised event management fee structures to encourage more frequent event bookings, particularly during traditionally slower academic months. This strategic adjustment has helped broaden CEP’s client base and optimize year-round utilization.
- **Facility Management and Utilization** - Partnered with Commercial Services to support the management of new and existing campus venues, including the 1901 Pavilion, Mott Lawn, PAC Lawn, and the upcoming Spanos Concession VIP Terrace. Efforts included integrating venues into the 25Live system, developing promotional materials, and presenting at key campus committee meetings (e.g., CEMT), further positioning CEP as a leader in facility coordination and event support.
- **Youth Protection Program Leadership** - Collaborated with Risk Management to co-lead the implementation of Youth Protection Guidelines. Served as an active committee member, contributing to the selection and funding of a new, campus-wide youth program registration platform, underscoring CEP’s commitment to compliance, safety, and program integrity.
- **Cal Maritime Integration** - Began the assuming responsibility for Cal Maritime events, working closely with Cal Maritime leadership.

## 2025-26 GOALS & OBJECTIVES

- **Expand Live Event Offerings** - Continue to bring high-impact events to campus. Rodeo will return to the stadium in Spring 2026, with a goal to host a major live concert during the same season, expanding opportunities for student engagement and revenue generation across university departments.
- **Youth Protection Implementation Support** - With the Youth Protection Guidelines now fully adopted, CEP will serve as the liaison between youth program operators and Risk Management, supporting implementation and compliance efforts through Summer 2025 and beyond.
- **Custodial Operations Management** - CEP will assume full custodial oversight for summer programs. This includes hiring additional internal custodial staff and contracting external vendors to ensure high-quality cleaning and turnover services.
- **Flexible Staffing and Role Adaptability** - Promote a flexible staffing model that allows CEP team members to adapt to shifting business needs. By embracing multifunctional roles, staff contribute to increased operational efficiency and support new revenue opportunities.
- **Event Portfolio Diversification** - Expand the variety of events hosted on campus by exploring non-traditional formats and niche markets. This approach aims to attract broader audiences and respond to emerging trends in the event industry.
- **Strengthening Campus and Community Partnerships** - Enhance strategic collaborations with Cal Poly colleges, departments, and affiliated organizations. These partnerships will foster resource sharing, broaden CEP's reach, and support the university's engagement and development goals.
- **Cal Maritime Integration** - Complete the integration of Cal Maritime events.



## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$1,060	\$1,082	\$921	\$1,199	\$278	30%
Fee for Service Income	-	-	15	35	20	135%
Rental Income	5	57	36	35	(1)	(3%)
Other Revenues	508	584	618	593	(25)	(4%)
<b>Income Before Operations</b>	<b>1,573</b>	<b>1,723</b>	<b>1,590</b>	<b>1,862</b>	<b>272</b>	<b>17%</b>
Salaries & Wages	513	567	560	592	(32)	(6%)
Benefits	289	320	315	363	(48)	(15%)
<b>Total Payroll Expense</b>	<b>802</b>	<b>888</b>	<b>875</b>	<b>955</b>	<b>(79)</b>	<b>(9%)</b>
Software / Hardware Maintenance	22	22	24	23	0	1%
Supplies & Equipment	12	4	3	10	(7)	(202%)
University Housing Expense	462	536	438	350	88	20%
CP Partners Administrative Services	117	129	129	142	(14)	(11%)
CP Partners Allocated Services	30	30	30	28	2	6%
Bank Card Expense	67	62	67	66	0	0%
Other Operating Expenses	39	20	44	120	(76)	(174%)
<b>Total Operating Expenses</b>	<b>749</b>	<b>804</b>	<b>734</b>	<b>741</b>	<b>(7)</b>	<b>(1%)</b>
<b>Total Expenses</b>	<b>1,551</b>	<b>1,692</b>	<b>1,609</b>	<b>1,695</b>	<b>(86)</b>	<b>(5%)</b>
<b>Net from Operations</b>	<b>22</b>	<b>32</b>	<b>(19)</b>	<b>167</b>	<b>186</b>	<b>988%</b>
Other Income (Expense)	2	-	(0)	-	0	0%
University Services	(31)	(31)	(31)	(31)	-	0%
<b>Total Other Income (Expense)</b>	<b>(29)</b>	<b>(31)</b>	<b>(31)</b>	<b>(31)</b>	<b>0</b>	<b>2%</b>
<b>Net to Reserves</b>	<b>\$(7)</b>	<b>\$1</b>	<b>\$(50)</b>	<b>\$136</b>	<b>\$187</b>	<b>371%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

Revenues and expenses presented in this budget represent a summary of CEP operations; figures do not represent revenues and expenses of individual conferences and workshop events.

### Revenues:

In FY 2024-25, CEP experienced both successes and challenges in its financial performance. CEP is expected to finish the fiscal year with approximately \$1.6 million in revenue. That said, revenues are under budget primarily driven by the loss of a few key events and under-attendance at other events.

For FY 2025-26, CEP anticipates a 17% increase in revenues, or approximately \$272,000. This growth trajectory is attributed to several factors, including the acquisition of new clientele, strategic collaborations with Athletics, and supporting Cal Maritime's Conference Services.

### Payroll Expense:

As a service-oriented organization, CEP dedicates a significant portion of its budget to personnel costs, which constitute the largest expense. Payroll expenses for FY 2024-25 are projected to come in under budget. This variance is primarily due to the anticipated minimum wage increase, originally expected to take effect on January 1, 2025, not being implemented.

Payroll expenses for FY 2025-26 are projected to increase by 9% over the prior year. This increase is primarily driven by the staffing of summer custodial operations and expanded support for Cal Maritime's Conference Services. Payroll expenses for FY 2025-26 also includes a 2% performance-based compensation pool, and slightly higher fringe benefit rates.

CEP is committed to implementing strategies aimed at attracting and retaining student workers, a crucial component of our workforce. Additionally, we are exploring alternative staffing options to ensure the seamless execution of our events.

### Operating Expenses:

FY 2024-25 Operating Expenses are projected to close approximately \$70,000 under budget. This savings is primarily the result of reduced on-campus housing expenses, stemming from a lower number of housed groups during the summer of 2024. Looking ahead to FY 2025-26, total operating expenses are expected to increase by less than 1%. This modest growth is primarily attributed to a shift in the summer housing expense model.

Overall, CEP remains committed to maintaining a fiscally responsible approach to its operations while making strategic investments to support the continued growth and success of the organization.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non-cash)	Facilities Reserve	Total
June 30, 2023 Reserve Balance	\$154,395	-	-	\$154,395
FY 2023-24 Change in Reserves	(7,115)	-	-	(7,115)
June 30, 2024 Reserve Balance	147,280	-	-	147,280
FY 2024-25 Change in Reserves (estimate)	(50,311)	-	-	(50,311)
June 30, 2025 Reserve Balance (estimate)	96,969	-	-	96,969
FY 2025-26 Change in Reserves (budget)	136,228	-	-	136,228
June 30, 2026 Reserve Balance (budget)	\$233,197	-	-	\$233,197

CEP maintains three separate reserves for the following purposes:

**Operating Reserves** represents working capital held for contingencies and continuing operations. The operating reserve balance for June 30, 2025 (estimate) and June 30, 2026 (budget) are under the minimum reserve level of 25% of the subsequent year's budgeted payroll and operating expenses (less depreciation expense). This is the result of the economic impact of the COVID-19 pandemic on CEP operations. CEP continues to rebuild operating reserves, with an expectation to be at minimum reserve over a three-year period.

**Investment in Operating Assets** represents our investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

**Facilities Reserves** represent CEP's accumulated earnings after all other reserve requirements have been met. These funds were fully exhausted in supporting CEP through the economic impact of the COVID-19 pandemic.

## CAPITAL OUTLAY REQUEST

There are no capital outlays requested for FY 2025-26.



OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

## **Other Commercial Activities**

*(Units within the Commercial Services Division)*

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

Through its delegation from the university, Cal Poly Partners ("Partners") has the exclusive right and responsibility to provide campus commercial and enterprise services. Those services include food services, conference and event planning services, bookstores, print services, and other retail outlets. This delegation includes the right to self-operate or contract for the services, and to appropriately manage the operation or contract in its responsibility as a self-support service to the campus community.

Budgets for food services operations and conference and event planning services are prepared separately. This budget incorporates the following other commercial activities of the Partners:

**Cal Poly Mustang Shop** - The Mustang Shop has two physical locations, one on-campus and one in downtown San Luis Obispo, and a robust e-commerce platform. The store has been serving the campus community since 1933, offering textbooks, technology, and academic supplies, along with Cal Poly branded apparel and gifts that encourage and support the Mustang spirit both locally and across the country. The Mustang Shop is a certified Apple retailer with Apple-certified Mac technicians on the premises.

Effective July 1, 2017, the Partners executed a contract with Follett Higher Education Group (Follett) to operate its campus bookstore, downtown location, and e-commerce store. Follett agreed to fund an extensive renovation of the store, leading to a restated contract in 2021. The restated contract extends the relationship to 2029, with three one-year renewals. As part of this arrangement, the Partners earns a commission based on certain sales. The commission funds continuing expenses (i.e. downtown lease expense, taxes, depreciation, and utilities) as well as contract management support. Residual income is used to support on-going Partners operations and contributions to university services.

In addition to managing the retail operations of the two stores, Follett facilitates Cal Poly University's compliance with the U.S. Department of Education's Higher Education Opportunity Act, requiring that all course materials be adopted by faculty prior to registration.

**Cal Poly Print & Copy** - Cal Poly Print & Copy offers a variety of print solutions. Three distinct revenue streams make up the majority of its business: (1) walk-up windows primarily for students, (2) online ordering primarily for faculty and staff, and (3) the production of course packs to Follett for resale to students. The largest source of revenue comes from the work produced for faculty and staff followed closely by the production of course packs.

Historically, Cal Poly Print & Copy has been located in Cal Poly's Robert E. Kennedy Library. With the library under renovation, Cal Poly Print & Copy has a temporary service center located in the Crandall building. Cal Poly Print & Copy specializes in small and large format printing to produce materials for presentations, events, and the classroom. They feature online ordering and flexible hours to meet campus printing needs.

**Other Retail Outlets** - From time to time, the Partners will enter into nominal contracts with other retail providers to sell products or services for a limited time. These vendors require little setup or infrastructure. These contracts generate income to the Partners through revenue-sharing or rent charges in exchange for allowing these vendors to do business on campus.

## 2024-25 ACCOMPLISHMENTS

### Cal Poly Mustang Shop:

- **Course Materials:** Faculty adoption of Poly Access has increased significantly this year. Follett's outreach to each faculty member with classes that have a Poly Access option, and communication to college deans and department heads increased penetration to 17% of all classes with purchased course materials. Orfalea College of Business has 60% of their classes enrolled in Poly Access. The growth of this program increased revenue of digital course materials by 35%, or \$354K and has saved students over \$3 million. OER (Open Education Resources) adoption has also increased, with 8% of courses offered adopting free course materials. On-time adoption rates are also improving, assisting students in making informed decisions when registering for classes. Increased adoption of Poly Access and growing OER are both strategies employed two years ago to bring down the cost of course materials and pave the way to a low-cost equitable access program, where all course materials are available for one low flat fee on day one of classes.
- **Stockroom:** After working out of remote locations for three years, the Mustang Shop finally moved back into their 4,500 square foot stockroom Spring Quarter 2024, enabling improved out of stocks and decreased labor cost this year.
- **Campus Partnerships:** The Mustang Shop is working closely with athletics to feature merchandise and marks in store that are on athlete's uniforms. Additionally, the Shop developed six t-shirt and hoodie SKUs and four caps featuring Cal Poly Rodeo marks. The Mustang Shop is working with UCM for faster turnaround of vintage items, limited time only merchandise, and athletic marked gear.
- **Student engagement:** The Mustang Shop opened a beauty bar store within a store featuring a wide array of affordable cosmetics, contributing to convenience sales growth of 20%.
- **Revenue growth:** Commissionable sales are down 4% driven by decreases in printed text books and supplies, offset with strong growth of digital course materials. Gifts and apparel are growing slightly, a positive turnaround from the yearly decline since 2021. Mustang Shop Downtown sales are up 1% this year, driven by a 13% increase in gifts. The downtown store features a wide variety of Cal Poly food products, including wine and cheese. Cal Poly is the second best performing of the 14 CSU stores that Follett operates and is one of the largest stores in the nation.

### Cal Poly Print & Copy:

- **Increase in Wide Format Printing:** Cal Poly Print and Copy has seen a 25% increase in sales of wide format printing this year. Assisting faculty, staff, and students in their needs on campus.
- **Student courseware support:** Cal Poly Print & Copy has successfully produced 100% of all course packs for Follett on time since inception of the Follett contract. In the Fall of the 2024-2025 academic year, Cal Poly Print and Copy offered free black and white printing to students as a service to their success while also hoping it would assist in helping students find their location

within Bldg. 52 and see their services.

- **Partnering with New Focus Groups:** Cal Poly Print and Copy partnered with three Orfalea College of Business classes. The partnership had over 30 student group presentations to Cal Poly Partners MARCOM and Print and Copy team with new business development ideas and needs from students on campus. Many of the ideas are being worked on to implement as we move into the new fiscal year of 2025-2026.
- **New Print and Copy Location On Campus:** The library renovation is nearing completion and Cal Poly Print & Copy has worked with Facilities Capital Planning and Projects designing their new home in the library. The location will feature new equipment and printing services to ensure students, faculty, and staff success.
- **New Business Opportunities and Revenue Growth:** Cal Poly Print & Copy has partnered with Print Shop Pro, a digital storefront to allow students, faculty, and staff to place orders digitally. The web-based platform will allow customers the ability to see their work and access pricing at the click of a button. Print Shop Pro will streamline work for the team at Print and Copy and provide a better experience for the customer.

## 2025-26 GOALS & OBJECTIVES

### Cal Poly Mustang Shop:

- **New downtown store location:** The Partners has signed a lease for 1144 Chorro Street. The space will be the new home of the Mustang Shop and CIE (Center for Innovation and Entrepreneurship). In addition to the benefits of co-locating two Cal Poly entities, the new lease will be half the cost of the current location and expand the shoppable space from 2,900 to 3,500 square feet. Renovation will begin in May, and the store will be open for business in February 2026. Follett has agreed to provide \$600,000 in capital and will contribute \$130K in rent for a reduction in commission. The Partners is fully funding the lease for the current location. With these favorable terms, we will have an estimated payback of 7 years to fund the additional \$900K investment the Partners is contributing to the project. The current lease expires in 2026. The goal is to negotiate with the current landlord to reduce the cost of the remaining lease term through either an early termination or partial rent abatement.
- **Course materials partnership:** Driven by the growth of Poly Access, Follett's market share of purchased course materials has increased from 24% to 41%. The course materials subcommittee and Follett will continue to strengthen relationships with assistant deans and department heads to increase on-time adoptions and increase digital and inclusive access adoptions. Using a consultative approach with data each quarter on timely adoptions and selection of digital, OER, and inclusive access course materials, the goal is to increase market share, while decreasing the cost for students. In addition to continuing to grow inclusive (Poly) access, we continue to build a road map for implementation of equitable access (EA). EA is a campus wide program where all students pay one flat fee for all course materials.
- **Technology:** Follett is moving from Red Shelf to Kortext. Kortext provides students with enhanced learning tools for e-books, including natural sounding AI read-aloud functionality to provide an engaging reading experience. Configurable accessibility features include adjustable fonts, colors, and layouts to fit individual learning needs. Students can collaborate real-time and form study groups. 20,000 OER materials are available in the Kortext catalog to supplement learning. Faculty will be able to monitor their students' interaction with the e-book, facilitating student success.

### Cal Poly Print & Copy:

- **Library renovation collaboration:** Cal Poly Partners and Cal Poly Print and Copy have partnered with Facilities Capital Projects and Planning in finalizing the construction of their new home within the library on campus. This has been a three-year collaboration with the library renovation project. Opening is set for August 2025 with a new convenient storefront that will put student success at the forefront.
- **New Business Opportunities:** Cal Poly Partners will continue to support Cal Poly Print & Copy. A new partnership with Print Shop Pro (digital storefront) will make it easier and more convenient to students, faculty, and staff to place orders and see all the services Print and Copy offers. We are also excited to get a new storefront within the library that will be front facing and make it easier to serve the campus community. Print and Copy has also entered into a new equipment agreement with UBEO for new printing equipment to offer more services to the campus. We will continue to create focus groups and surveys to establish new services Print & Copy can offer to better support the needs of the Cal Poly community.

## 2025-26 OPERATING BUDGET PROPOSAL

### CAL POLY MUSTANG SHOP

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$55	100%	\$56	100%	\$62	100%	\$62	100%	-	0%
Cost of Goods Sold	32	59%	33	58%	37	59%	37	59%	-	0%
<b>Gross Margin</b>	<b>23</b>	<b>41%</b>	<b>23</b>	<b>42%</b>	<b>26</b>	<b>41%</b>	<b>26</b>	<b>41%</b>	<b>-</b>	<b>0%</b>
Other Revenues	1,298	2347%	1,383	2456%	1,298	2078%	1,338	2142%	39	3%
<b>Income before Operations</b>	<b>1,321</b>	<b>2388%</b>	<b>1,406</b>	<b>2498%</b>	<b>1,324</b>	<b>2120%</b>	<b>1,364</b>	<b>2183%</b>	<b>39</b>	<b>3%</b>
Depreciation & Amortization	33	61%	32	57%	40	65%	42	67%	(1)	(3%)
General Maintenance	7	12%	6	10%	13	21%	9	14%	4	34%
Rent / Lease Expense	151	273%	178	316%	186	298%	268	429%	(82)	(44%)
Fees for Services	3	5%	1	1%	2	3%	2	3%	(0)	(8%)
CP Partners Administrative Services	602	1088%	265	472%	263	421%	236	378%	27	10%
CP Partners Allocated Services	154	278%	143	255%	140	224%	118	189%	22	16%
Utilities	60	109%	60	107%	63	101%	67	107%	(4)	(6%)
Other Operating Expenses	99	180%	41	72%	63	100%	60	96%	3	4%
<b>Total Operating Expenses</b>	<b>1,109</b>	<b>2005%</b>	<b>725</b>	<b>1289%</b>	<b>757</b>	<b>1212%</b>	<b>801</b>	<b>1283%</b>	<b>(44)</b>	<b>(6%)</b>
<b>Total Expenses</b>	<b>1,109</b>	<b>2005%</b>	<b>725</b>	<b>1289%</b>	<b>757</b>	<b>1212%</b>	<b>801</b>	<b>1283%</b>	<b>(44)</b>	<b>(6%)</b>
<b>Net from Operations</b>	<b>212</b>	<b>384%</b>	<b>680</b>	<b>1209%</b>	<b>567</b>	<b>907%</b>	<b>562</b>	<b>900%</b>	<b>(4)</b>	<b>(1%)</b>
Other Income (Expense)	20	36%	(335)	(595%)	(307)	(492%)	(310)	(496%)	(3)	(1%)
University Services	(322)	(583%)	(322)	(573%)	(322)	(516%)	(322)	(516%)	-	0%
<b>Total Other Income (Expense)</b>	<b>(302)</b>	<b>(547%)</b>	<b>(658)</b>	<b>(1168%)</b>	<b>(630)</b>	<b>(1008%)</b>	<b>(632)</b>	<b>(1013%)</b>	<b>(3)</b>	<b>0%</b>
<b>Transfer From (To) Plant Fund Reserves</b>	<b>(242)</b>	<b>(437%)</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b>\$(332)</b>	<b>(600%)</b>	<b>\$23</b>	<b>41%</b>	<b>\$(63)</b>	<b>(101%)</b>	<b>\$(70)</b>	<b>(112%)</b>	<b>\$(7)</b>	<b>(11%)</b>
<b>Noncash transactions (add back):</b>										
Depreciation & Amortization	33	61%	32	57%	40	65%	42	67%	(1)	(3%)
<b>Adjusted Net to Reserves</b>	<b>\$(298)</b>	<b>(539%)</b>	<b>\$55</b>	<b>97%</b>	<b>\$(23)</b>	<b>(37%)</b>	<b>\$(29)</b>	<b>(46%)</b>	<b>\$(6)</b>	<b>(25%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## CAL POLY PRINT & COPY

(In thousands) **	Fiscal Year 2023-24 Actual	% of Sales	Fiscal Year 2024-25 Budget	% of Sales	Fiscal Year 2024-25 Estimate*	% of Sales	Fiscal Year 2025-26 Budget Proposal	% of Sales	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$181	100%	\$224	100%	\$154	100%	\$166	100%	\$12	8%
Cost of Goods Sold	53	29%	44	20%	58	38%	43	26%	15	25%
<b>Gross Margin</b>	<b>128</b>	<b>71%</b>	<b>180</b>	<b>80%</b>	<b>96</b>	<b>62%</b>	<b>123</b>	<b>74%</b>	<b>27</b>	<b>28%</b>
Other Revenues	-	0%	-	0%	14	9%	-	0%	(14)	(100%)
<b>Income before Operations</b>	<b>128</b>	<b>71%</b>	<b>180</b>	<b>80%</b>	<b>110</b>	<b>72%</b>	<b>123</b>	<b>74%</b>	<b>13</b>	<b>12%</b>
Salaries & Wages	96	53%	84	38%	111	72%	89	54%	22	20%
Benefits	27	15%	26	12%	34	22%	31	19%	3	8%
<b>Total Payroll Expense</b>	<b>123</b>	<b>68%</b>	<b>111</b>	<b>49%</b>	<b>145</b>	<b>94%</b>	<b>120</b>	<b>72%</b>	<b>25</b>	<b>17%</b>
General Maintenance	25	14%	21	9%	15	10%	9	6%	5	37%
Fees for Services	-	0%	-	0%	9	6%	6	4%	2	28%
CP Partners Administrative Services	29	16%	34	15%	34	22%	34	20%	(0)	(1%)
CP Partners Allocated Services	13	7%	8	3%	8	5%	29	17%	(21)	(282%)
Other Operating Expenses	7	4%	11	5%	6	4%	7	4%	(0)	(4%)
<b>Total Operating Expenses</b>	<b>74</b>	<b>41%</b>	<b>73</b>	<b>33%</b>	<b>71</b>	<b>46%</b>	<b>85</b>	<b>51%</b>	<b>(14)</b>	<b>(20%)</b>
<b>Total Expenses</b>	<b>197</b>	<b>109%</b>	<b>184</b>	<b>82%</b>	<b>216</b>	<b>140%</b>	<b>205</b>	<b>123%</b>	<b>10</b>	<b>5%</b>
<b>Net from Operations</b>	<b>(69)</b>	<b>(38%)</b>	<b>(4)</b>	<b>(2%)</b>	<b>(106)</b>	<b>(68%)</b>	<b>(82)</b>	<b>(49%)</b>	<b>23</b>	<b>22%</b>
Other Income (Expense)	(0)	0%	-	0%	(4)	(2%)	-	0%	4	100%
University Services	(2)	0%	(2)	(1%)	(2)	(2%)	(2)	(2%)	-	0%
<b>Total Other Income (Expense)</b>	<b>(2)</b>	<b>0%</b>	<b>(2)</b>	<b>(1%)</b>	<b>(6)</b>	<b>(4%)</b>	<b>(2)</b>	<b>(2%)</b>	<b>4</b>	<b>58%</b>
<b>Transfer From (To) Plant Fund Reserves</b>	<b>74</b>	<b>41%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>
<b>Net to Reserves</b>	<b>\$2</b>	<b>2%</b>	<b>\$(7)</b>	<b>(3%)</b>	<b>\$(112)</b>	<b>(72%)</b>	<b>\$(85)</b>	<b>(51%)</b>	<b>\$27</b>	<b>24%</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

**Sales and Cost of Sales** at Cal Poly Mustang Shop includes wine sales at Cal Poly Downtown. At Cal Poly Print & Copy, the biggest area of revenue growth in 2024-25 was in wide format sales. Despite this growth, Cal Poly Print & Copy experienced an overall unfavorable variance in sales from budget of approximately \$55,000, primarily the result of lower than anticipated sales in course packs.

**Sales** at Cal Poly Print & Copy for FY 2025-26 assumes 8% growth over the prior year, as Cal Poly Print & Copy increases its marketing efforts moves into its permanent home within the library, and implements price adjustments to move more in line with the market. In addition, we are also anticipating an increase in sales with the addition of a new digital storefront following the partnership with Print Shop Pro. Outreach on campus will continue with the effort to implement Print Shop Pro for students, faculty, and staff.

One of the biggest areas of growth is in wide format sales, with a 10% increase. While Print and Copy still prints 100% of course packs with Follett, there has been a tremendous shift to all digital course packs for students. We expect this shift to continue next year, reflective of a 25% budget decrease.

Cal Poly Print & Copy will work to increase sales by adjusting pricing to align closer to general market prices. Cost of Sales for FY 2025-26 reflect margins consistent with prior years, including the adjustment in pricing.

**Other Revenues** for Cal Poly Mustang Shop primarily represent commissions earned from Follett, which is generally calculated at 7% of digital commissionable sales and 17% of non-digital commissionable sales. The 2025-26 budget assumes 10% growth in digital course materials, 1% growth in all other campus store sales and flat growth in the downtown store. This shift towards more digital sales reflects the growth of Poly Access and other digital materials. Notwithstanding these increases, overall 2025-26 commissions are down slightly due to changes in the commission structure for the Mustang Shop downtown starting in February 2026. With Follett's \$600,000 capital investment in the new downtown store, and annual support for rent payments (approximately \$54,000 in support for 2025-26), our commission from Follett at that location will decrease from 17% to 10%.

**Total Payroll Expense** relates solely to Cal Poly Print & Copy and is projected to end FY 2024-25 approximately \$34,000 or 31% over budget. The unfavorable variance from budget reflects more than anticipated labor costs related to the temporary relocation of operations out of the library. Payroll expenses FY 2025-26 includes a 17% decrease in overall labor. This budgeted decrease accounts for the new location based out of the library and the more convenient way of operating the space.

**Total Operating Expenses** for the Mustang Shop include direct expenses such as rents, taxes, depreciation, utilities, contract management and indirect cost support. The increase in operating expenses primarily reflects an overlap of rent for the current location (Higuera) and the commencement of rent for the new location (Chorro) starting in October 2025. The Higuera location's lease expires October 31, 2026.

FY 2025-26 Operating Expenses for Cal Poly Print & Copy are expected to increase \$16,000, primarily the result of increases in administrative allocations.

**Other Income (expense)** includes funding for University Services and additional contributions from Mustang Shop to cover CP Partners general administrative overhead costs.

The **Net Loss to Reserve** reflects an overlap of rent for the current location and 1144 Chorro rent starting in October 2025. The loss is not reflective of the Mustang Shop's on-going or long-term operating structure. Further, the Mustang Shop has sufficient reserves to cover the shortfall.



## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Facilities Reserves	Investment in Operating Assets (non-cash)	Capital Outlay Reserve	Total
June 30, 2023 Reserve Balance	\$1,082,175	\$6,640,317	\$59,052	\$0	\$7,781,544
FY 2023-24 Change in Reserves	(321,437)	(3,985,598)	(8,938)	0	(4,315,973)
June 30, 2024 Reserve Balance	760,738	2,654,719	50,114	0	3,465,571
FY 2024-25 Change in Reserves (estimate)	71,449	(340,913)	94,655	0	(174,809)
June 30, 2025 Reserve Balance (estimate)	832,187	2,313,806	144,769	0	3,290,762
FY 2025-26 Change in Reserves (budget)	24,331	(272,731)	93,394	0	(155,006)
June 30, 2026 Reserve Balance (budget)	\$856,518	\$2,041,075	\$238,163	\$0	\$3,135,756

Reserves for other commercial activities are designated as follows:

**Operating Reserves** represents working capital held for contingencies and continuing operations. The reserve balance for the University Store contract is equal to 100% of the subsequent year's budgeted operating expenses (less depreciation expense), which reflects the difference in business model compared to other commercial operations. Operating reserves at Cal Poly Print & Copy for June 30, 2025 (estimate) and June 30, 2026 (budget) are equal to 25% of the subsequent year's budgeted payroll and operating expenses (less depreciation expense).

**Facilities Reserves** represent accumulated earnings after all other reserve requirements have been met. These funds will be used for future construction, renovation, or replacement of campus facilities. These funds are transferred to the Plant Fund on an annual basis.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents the investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

**Capital Outlay Reserves** are held to fund, at a minimum, the subsequent year's capital outlay request.

## CAPITAL OUTLAY REQUEST

Major Capital Equipment Outlay (Over \$25,000)	Estimate	Years	Annual Depreciation
<b>Previously Approved Capital Outlay Requests (1)</b>			
1144 Chorro Street tenant improvements	\$900,000	10	\$90,000
<b>Total Capital Outlay Request</b>	<b>\$900,000</b>		<b>\$90,000</b>

### CAPITAL OUTLAY REQUEST DETAIL

*(1) The Capital Outlay Request below was approved by the Board of Directors in previous meetings. It is repeated here for informational purposes only. No further action is required.*

**1144 Chorro Street tenant improvements:** The Partners has signed a lease for 1144 Chorro Street. The new space will be the new home of the Mustang Shop and CIE (Center for Innovation and Entrepreneurship). In addition to the benefits of co-locating two Cal Poly entities, the new lease will be half the cost of the current location and expand the shoppable space from 2,900 to 3,500 square feet. It is anticipated that the store will be open for business in February 2026. Follett has agreed to provide \$600,000 in capital for tenant improvements. An additional \$900,000 investment in tenant improvement will come from Mustang Shop reserves.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Sponsored Programs Administration**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

The Sponsored Programs office provides essential functions and services to the Cal Poly community to further its educational mission and scholarly endeavors in support of the Teacher-Scholar model and in accordance with the Integrated CSU Administrative Manual (ICSUAM) section 11000. Cal Poly Partners (CP Partners) and the Division of Research collaborate to provide administration of Sponsored Programs.

The Sponsored Programs office provides efficient and effective post-award administration support for research projects, workshops and conferences, centers and institutes, fee-for-service, and other projects that enrich the scholarly endeavors of Cal Poly from award negotiation and acceptance through project closeout and record retention.

The primary objectives of the Sponsored Programs office are as follows:

- To support faculty scholarship and student “Learn by Doing” opportunities by providing financial, compliance and administrative oversight for sponsored projects and related activities.
- To collaborate with the Grants Development (GD) and Research Integrity and Compliance (RIC) offices on the successful transition of projects from pre-award to post-award, and effectively participate in the proposal submission process, when appropriate.
- To perform a thorough review of contracts and award agreements and, through negotiations, engage the appropriate campus units to affect favorable terms and conditions prior to acceptance.
- To provide administrative consulting services to project directors and staff to support their fulfillment of contractual obligations.
- To prepare, issue and manage contractual agreements with external collaborators, when needed, to support the completion of committed project scopes of work.
- To protect Cal Poly Partners and university interests by closely monitoring project accounts to avoid audit disallowance, over-expenditures, uninsured risks, or other potentially negative consequences.
- To satisfactorily provide stakeholders with pertinent financial and technical status information, as appropriate.
- To facilitate the Facilities and Administration proposal submission, rate negotiation, agreement acceptance, and extension request with the proper federal Division of Cost Allocation delegate.

The Sponsored Programs office is primarily supported by indirect cost (IDC) recovery charges to grants and contracts, in addition to fiscal fees for administrative support provided to workshops, conferences, centers and institutes, fee-for-service, and other projects. Recovered IDC charges from grants and contracts support multiple areas of the Division of Research. The proposed budget only pertains to activities of the Sponsored Programs office.

## 2024-25 ACCOMPLISHMENTS

- Collaborated with the Division of Research to welcome and integrate the new Interim Associate Vice Provost of Research.
- Successfully relocated the Sponsored Programs office to a new building on campus, integrating all units within the Division of Research in a common space.
- Managed unprecedented and rapidly changing federal administration policy and funding changes for research grants and sponsored projects.
- Conducted successful recruitment, hiring and training for a new Contacts and Grants Analyst to fill an open position.
- Formalized the Subaward Administrator position and successfully completed an internal hire to fill this vacant position.
- Collaborated with the Division of Research to update and revise research administration processes in development of the new Electronic Research Administration (eRA) system. This system will streamline the grant process from the proposal stage (pre-award) through the award acceptance stage (post-award) to better support the university in research activity and compliance, and increase accessibility and visibility for research faculty, staff and students.
- Collaborated with CP Partners, ITS, ASI and external consultants on the development, implementation and testing of the Workday system in the areas of finance, HR and payroll.
- Began implementation of the Grants Management module for Workday in collaboration with external consultants, ITS and CP Partners.
- Collaborated with Poly Travel and the CP Partners business office to review and revise Concur travel processes and procedures.
- Successfully completed the FY 2024 single audit and multiple desk audits with no findings.



## 2025-26 GOALS & OBJECTIVES

- Sponsored Programs will continue to monitor changing federal administration policies, regulations and funding practices, and will revise current procedures and guidelines where needed to ensure compliance.
- Sponsored Programs will continue working in collaboration with the Division of Research on the development, testing and implementation of the post-award and compliance sections of the Electronic Research Administration (eRA) system.
- Sponsored Programs will continue collaborating with CP Partners, ITS and external consultants on the implementation and testing of the Grants Management module in Workday, and integration with the eRA system.
- Sponsored Programs will develop new training resources for research faculty and staff for the Grants Management portion of Workday and the post-award section of the eRA system.
- Sponsored Programs will continue collaboration with the Division of Research on updating and refining research administration processes to most effectively leverage and utilize the Workday and eRA systems.
- Sponsored Programs will collaborate with the Division of Research to review and adapt, as needed, policies and procedures in preparation for the quarter-to-semester conversion.

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Contract & Grant Admin Fees	7	6	19	19	-	0%
Center & Institute Admin Fees	201	195	229	229	-	0%
Other Revenues	194	170	166	166	-	0%
<b>Income Before Operations</b>	<b>402</b>	<b>371</b>	<b>415</b>	<b>415</b>	<b>-</b>	<b>0%</b>
Salaries & Wages	772	1,179	923	1,144	(221)	(24%)
Benefits	462	689	554	741	(187)	(34%)
<b>Total Payroll Expense</b>	<b>1,234</b>	<b>1,867</b>	<b>1,476</b>	<b>1,885</b>	<b>(408)</b>	<b>(28%)</b>
Audit & Tax	12	12	12	12	-	0%
CP Partners Administrative Services	902	1,042	1,042	1,156	(114)	(11%)
Insurance	162	204	198	218	(20)	(10%)
University Cost Allocation	63	100	94	106	(12)	(13%)
Travel & Training	9	27	19	28	(9)	(46%)
Other Operating Expenses	16	35	40	46	(5)	(13%)
<b>Total Operating Expenses</b>	<b>1,165</b>	<b>1,420</b>	<b>1,405</b>	<b>1,565</b>	<b>(160)</b>	<b>(11%)</b>
<b>Total Expenses</b>	<b>2,399</b>	<b>3,288</b>	<b>2,881</b>	<b>3,450</b>	<b>(568)</b>	<b>(20%)</b>
<b>Net from Operations</b>	<b>(1,997)</b>	<b>(2,916)</b>	<b>(2,467)</b>	<b>(3,035)</b>	<b>(568)</b>	<b>(23%)</b>
Other Income (Expense)	(14)	-	(3)	-	3	100%
<b>Total Other Income (Expense)</b>	<b>(14)</b>	<b>-</b>	<b>(3)</b>	<b>-</b>	<b>3</b>	<b>100%</b>
<b>Transfers In (Out)</b>	<b>2,126</b>	<b>2,951</b>	<b>2,683</b>	<b>3,092</b>	<b>409</b>	<b>15%</b>
<b>Net to Reserves</b>	<b>\$115</b>	<b>\$35</b>	<b>\$214</b>	<b>\$57</b>	<b>\$(156)</b>	<b>(73%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding

## OPERATING BUDGET DISCUSSION

**Income Before Operations** is expected to end FY 2024-25 more than budget primarily due to an favorable variances in contract and grant administrative fees and Center & Institute administrative fees. Revenues for FY 2025-26 are budgeted to remain consistent with current year projections, primarily due to uncertainty regarding changes in availability of funds.

Total **Payroll Expense** for FY 2024-25 is projected to end below budget due to recruitment challenges for the subaward administrator, late hire of a new contracts and grant analyst, and hiring pause due to uncertainty in federal administration and funding. Payroll expense for FY 2025-26 reflects a fully staffed department, along with the inclusion of a 2% performance based compensation pool, and higher fringe benefit rates.

Total **Operating Expenses** for FY 2024-25 are anticipated to end 1%, or \$15,000, under budget. This variance is primarily the result of savings in registration, University cost allocation, and insurance charges. Total Operating Expenses for FY 2025-26 are anticipated to increase \$160,000 over FY 2024-25 projected primarily due to increases in administrative charges, University cost allocation, and insurance charges.

**Transfers In** for FY 2024-25 and FY 2025-26 represents IDC funds allocated to support the Sponsored Programs department. Total IDC funds projected for FY 2024-25 approximately \$6 million (and are not included in this budget). Due to the unpredictability of future federal award rates, it is difficult to predict expected IDC funds for FY 2025-26.

**Net to Reserves** are residual funds allocated to the Operating Reserve, Contract and Grant Audit Reserve, and Capital Outlay Reserve, as needed.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Contract & Grant Audit Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$576,203	\$417,555	\$0	\$993,758
FY 2023-24 Change in Reserves	79,377	35,148	0	114,525
June 30, 2024 Reserve Balance	655,580	452,703	0	1,108,283
FY 2024-25 Change in Reserves (estimated)	71,896	141,674	0	213,570
June 30, 2025 Reserve Balance (estimate)	727,476	594,377	0	1,321,853
FY 2025-26 Change in Reserves (budget)	21,824	35,459	0	57,283
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$749,300</b>	<b>\$629,836</b>	<b>\$0</b>	<b>\$1,379,136</b>

The **Operating Reserve** represents working capital held for contingencies and continuing operations. The reserve balance is targeted to equal 25% of the average of the past two years and subsequent year's budgeted payroll and operating expenditures or roughly three months of expenditures.

The **Contract & Grant Audit Reserve** is a contingency reserve established in the unlikely event that the Cal Poly Partners is not able to recover from sponsor funding expended on a project. The target reserve is equal to 1.5% of the average annual contract and grant expenditures over the past three years, not to exceed \$500,000.

**Investment in Operating Assets** for June 30, 2025 (estimate) and June 30, 2026 (budget) represents the investment in capital assets, net of accumulated depreciation and amortization, and also net of any outstanding principal balances of related debt.

## CAPITAL OUTLAY REQUEST

There are no capital outlays requested for FY 2025-26.



**CAL POLY**  
**Partners**

OPERATING BUDGET & CAPITAL OUTLAY PROPOSAL

**Swanton Pacific Ranch**

Fiscal Year 2025-26



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## BUSINESS OVERVIEW

The Swanton Pacific Ranch (SPR) is a 3,200-acre property along the coast in northern Santa Cruz County, operated as a functioning ranch and Learn by Doing facility for the students and faculty of the College of Agriculture, Food, and Environmental Sciences (CAFES) and others at Cal Poly. SPR was donated to CAFES in 1993 by the late Al Smith. A Cal Poly graduate and founder of Orchard Supply Hardware, Mr. Smith's greatest wish for SPR was, "to see this place kept intact and natural – a lab and a classroom – for the College of Agriculture for 'Learn by Doing' forever."

Building on Mr. Smith's stated desire, the vision for SPR is to be the premier experiential learning center in advancing whole systems thinking to create and maintain sustainable landscapes by helping to transform students' and practitioners' ability to address the critical ecological, economic, and social challenges facing working lands across California and the world. Our general mission is to excellently manage a Living Laboratory that fosters Cal Poly's Learn by Doing philosophy through leading-edge practice and research in a resilient, sustainable, and accessible working landscape.

In January 2025, we embarked on a specific mission to serve at least 1,500 education and research program visits, enhance five miles of access routes, and deliver five high impact events by July 2027 because more of Cal Poly deserves the opportunity to help make Al Smith's wish come true.

Operations at SPR include management of forestry resources, livestock and crop production, facilities and infrastructure, and program facilitation. Though SPR operations generate revenue through various channels, most operational expenses are offset through payouts from the Al Smith Endowment at Cal Poly Foundation. The director of the ranch, under the supervision of the CAFES dean, is responsible for overseeing all these activities.

In August 2020, the CZU Lightning Complex Fire burned a significant portion of the ranch destroying a vast majority of infrastructure. Since that time, the SPR team has focused on site cleanup, restoring critical infrastructure and services, and facilitating mission aligned programs in cooperation with a growing network of partners.

Though not reflected in this proposed budget, SPR leverages significant CAFES support and external funding to recover costs and expand impact. As context, external funding has enabled the completion of over \$15,000,000 in ecological restoration work and educational programming since 2020.

### **Fostering Learn by Doing**

Through the support, facilitation, and hosting of experiential education programs, applied research projects, and high impact extension and demonstration events, SPR intentionally connects students, faculty, and land management practitioners with relevant issues related to working landscape.

Historically, weekend field trips brought more Cal Poly students to the ranch than any other activity. Approximately 500 students from Cal Poly visited the ranch on weekend field trips in previous years with an additional 200-plus students and professionals visiting from other universities and organizations. Revenue generated from this visitation was used to help offset operating costs. Unfortunately, primarily due to the fire, visitation levels in recent years are down from historic numbers. As a result of reduced visitation and facility availability, associated fees collected for site and facility use, event attendance, and student registration have been far less than historic levels.

## **Forestry Management Operations**

Forestry operations are ongoing at the ranch and continue to focus on hazard tree removal and postfire forest restoration. Historically, timber operations at SPR and the no longer owned Valencia property were profitable. The sale of the Valencia property in March of 2019, which contributed significant timber revenue to the operating budget and reserves, has resulted in a significant long-term reduction in revenue, which over a 25-year period had averaged \$187,000 per year. Timber profits were used to supplement the ranch operating budget and to maintain ranch roads to safely accommodate traffic associated with education and research activities.

Recent postfire timber operations are not profitable and have only been possible due to external funding through FEMA Public Assistance and Cal Fire grants. Only a very small portion of the timber being removed was merchandisable, and the revenue collected was immediately reinvested into the project.

Substantial additional investment will be required in the coming years to maintain and expand the current forest restoration effort at SPR. A net return from timber operations at Swanton Pacific Ranch should not be expected for 30 to 50 years. Consultation and collaboration with external partners and representatives of the Natural Resources Management and Environmental Sciences Department is ongoing to scope and fund future forest restoration and maintenance.

## **Livestock Management Operations**

SPR partners with a local cattlegirl through a pasture use agreement to stock those portions of the ranch with adequate vegetation, fencing, and water to support livestock production. The livestock are managed to maintain coastal grasslands, and student employees contribute to these efforts through summer employment. Current annual revenue from this partnership is approximately \$35,000 depending on stocking levels. Consultation and collaboration with representatives of the Animal Science Department is ongoing.

## **Organic Crop Production Operations**

There are two distinct organic crop production operations at SPR, which include a 3-acre U-pick apple orchard managed by SPR staff, and a 65-acre commercial lease to Jacobs Farm Del Cabo (JFDC).

Apple Orchard - The organic apple orchard includes more than 12 varieties of dwarf apple trees. Prior to 2020, the orchard brought in an average annual revenue of \$30,000. Revenue levels dropped significantly following the fire, but have been trending favorably towards historic levels the past two years.

JFDC - Though 65 acres of SPR are leased to JFDC, only a few were in production this year. JFDC had historically grown culinary herbs, winter squash, strawberries, and other specialty crops extensively throughout their leased acreage at SPR but are now primarily growing dry farmed tomatoes due to apparent labor shortages. This year we developed an updated 5-year Educational Cooperative Lease which better aligns our interests by identifying specific performance objectives for JFDC related to our specific mission.

## **Capital Projects**

SPR, CAFES, Cal Poly Partners, and Cal Poly have worked diligently since the 2020 fire to plan and permit construction of support facilities and infrastructure. This work continues and is driven by permitting and cost recovery requirements, planned academic programming, and financial operating models.

## 2024-25 ACCOMPLISHMENTS

Goals for FY 2024-25 were to progress further with reconstruction planning, increase capacity for land management activities, and reduce wildland fuels. Accomplishment in support of these specific goals, and our mission in a broader sense, are listed below:

### Foster Learn by Doing

- 1,070 education and research related visits to SPR are projected to occur in FY 2024-25
  - 30% of those visits represent Cal Poly students
  - 2% represent staying one or more nights onsite
- 14 Applied Research Projects
  - Scott Creek Salmon Life Cycle Monitoring Station - University of California, Santa Cruz
  - Plate Boundary Observatory - EarthCope Consortium
  - Puma Project trapping/tracking mountain lions - University of California, Santa Cruz
  - Soil Climate Study - Natural Resource Conservation Service
  - Coastal Prairie Restoration and Management: Implications for soil carbon storage - Cal Poly
  - Pine Pitch Canker Spore Research - Cal Poly
  - Scott Creek Restoration Planning at Swanton Pacific Ranch - Cal Poly and Resource Conservation District of Santa Cruz County
  - Santa Cruz Mountains Post-Fire Redwood Defect Study - Coastal Conservancy
  - "Second growth redwood stands and response to disturbance –assessing forest growth response carbon storage under contrasting forest management scenarios post large-scale disturbance"- Cal Poly
  - Deer Population Study - California Department of Fish and Wildlife
  - Variable Canopy Retention - Cal Poly
  - Monterey Pine treatment analysis - Cal Poly
  - Using Artificial Intelligence to Map Soil Burn Severity: Decision Support Tools for Postfire Assessment - Cal Poly
- 1 High Impact Events
  - Cal Poly's School Forest Collaboration

### Recovery-Specific Accomplishments through FY 2024-25

- Damage assessment, debris removal and site stabilization (August 2020 – June 2021)
- Hazard Tree Removal (May 2022 – ongoing)
- Restore critical ranch operational capacity (October 2020 – ongoing):
  - Water supply and wastewater management
  - Radio & Internet
  - Road & culvert repairs
  - Livestock perimeter fence replacement
  - Livestock water system enhancements
- Restore critical ranch educational capacity:
  - Construction / Installation of onsite housing for staff (December 2020 – March 2022)
  - Construction of temporary housing & comfort station for students (May 2022 – October 2022)

- Secure temporary housing for visiting professors & Cal Poly staff (November 2022 – January 2022)
- Reconstruction Planning
  - County Consultation / Pre-Clearance for reconstruction (March 2021 – ongoing)
  - Documentation of Pre-Fire / Damaged structures & infrastructure (June 2021 – May 2022)
  - Analysis of environmental / jurisdictional constraints (June 2021 – May 2022)
  - Reconstruction Plan Programming Report (June 2023 – February 2024)
  - Schematic Design (October 2024 – ongoing)
  - CEQA process/Initial Study (March 2025 – ongoing)
- Cost Recovery
  - Secure and administer FEMA Public Assistance Grant Funding (September 2020 – ongoing)
  - Assemble and organize documentation for insurance claim submittals, including expenses and business interruption costs (September 2020 – ongoing)

#### Land Management Activities

- Planting site preparation and invasive species control measures on 152 acres of recovering forest (September 2024 to February 2025).
- In December 2024 and January 2025, approximately 5,100 Douglas-fir and 11,125 coast redwood seedlings from three different nurseries were planted across 117 acres.
- An Invasive Species Management Plan was developed for select forested areas of SPR.
- Permitted and replaced two critical culverts on a critical operations road.
- JFDC committed to 5-year cooperative educational lease
- Removed dead and downed wood on 45 acres of native Monterey Pine Forest to promote postfire regeneration.
- Removed 18,380 feet of deteriorated ranch fencing
- Hosted a commercial scale targeted grazing project with 900+ goats and sheep on 38.4 acres for a community fire break.
- Enhanced livestock water distribution by adding 60,000 gallons of new storage, 6 new troughs, and a solar powered pumping plant.
- Completed perimeter fencing for an additional approximately 175 acre grazing unit.
- Ongoing coordination with Resource Conservation District of Santa Cruz County and other key stakeholders to produce a 30% design package for the restoration of Lower Scott Creek.
- Partnered with the Resource Conservation District of Santa Cruz County and others on a grant application to CAL FIRE for \$500,000 of forest restoration work at SPR.

## 2025-26 GOALS & OBJECTIVES

Generally, we will continue progress with disaster recovery and support reconstruction permitting efforts towards stabilizing operations and enhancing the capacity to support academic programs.

As stated above, our specific mission is to serve at least 1,500 student, faculty, staff, and researcher visits, enhance five miles of access routes, and deliver five high impact events by July 2027 because more of Cal Poly deserves the opportunity to help make Al Smith's wish come true. As of April 1, we have already served 481 visits (with 20% of those visits being Cal Poly students), delivered one high impact event, and enhanced 1.5 miles of ranch trails.

## 2025-26 OPERATING BUDGET PROPOSAL

(in thousands) **	Fiscal Year 2023-24 Actual	Fiscal Year 2024-25 Budget	Fiscal Year 2024-25 Estimate*	Fiscal Year 2025-26 Budget Proposal	2025-26 Budget v. Estimate Variance	Favorable (Unfavorable) % Variance
Sales	\$29	\$31	\$19	\$20	\$1	6%
Cost of Goods Sold	1	-	-	-	-	0%
<b>Gross Margin</b>	<b>28</b>	<b>31</b>	<b>19</b>	<b>20</b>	<b>1</b>	<b>6%</b>
Fee for Service Income	11	35	-	-	-	0%
Rental Income	55	49	84	84	0	0%
Other Revenues	611	660	746	700	(46)	(6%)
<b>Income Before Operations</b>	<b>704</b>	<b>775</b>	<b>849</b>	<b>804</b>	<b>(45)</b>	<b>(5%)</b>
Salaries & Wages	368	435	336	404	(68)	(20%)
Benefits	195	222	171	207	(36)	(21%)
<b>Total Payroll Expense</b>	<b>563</b>	<b>658</b>	<b>507</b>	<b>611</b>	<b>(104)</b>	<b>(20%)</b>
Depreciation & Amortization	46	46	43	25	17	41%
General Maintenance	32	54	62	56	6	10%
Utilities	28	27	27	28	(1)	(4%)
Supplies & Equipment	65	18	15	59	(44)	(284%)
Taxes / Insurance	18	22	36	39	(3)	(8%)
CP Partners Administrative Services	96	111	111	116	(6)	(5%)
Livestock / Feed Expense	2	3	-	3	(3)	(100%)
University Cost Allocation	2	1	1	0	1	93%
Other Operating Expenses	94	95	112	102	10	9%
<b>Total Operating Expenses</b>	<b>383</b>	<b>375</b>	<b>408</b>	<b>429</b>	<b>(21)</b>	<b>(5%)</b>
<b>Total Expenses</b>	<b>947</b>	<b>1,033</b>	<b>915</b>	<b>1,040</b>	<b>(125)</b>	<b>(14%)</b>
<b>Net from Operations</b>	<b>(242)</b>	<b>(258)</b>	<b>(66)</b>	<b>(236)</b>	<b>(170)</b>	<b>(256%)</b>
Other Income (Expense)	228	185	49	185	136	277%
<b>Total Other Income (Expense)</b>	<b>228</b>	<b>185</b>	<b>49</b>	<b>185</b>	<b>136</b>	<b>277%</b>
<b>Net to Reserves</b>	<b>\$(14)</b>	<b>\$(73)</b>	<b>\$(17)</b>	<b>\$(51)</b>	<b>\$(34)</b>	<b>(196%)</b>
<b>Noncash transactions (add-back):</b>						
Depreciation & Amortization	46	46	43	25	17	41%
<b>Adjusted Net to Reserves</b>	<b>\$33</b>	<b>\$(27)</b>	<b>\$26</b>	<b>\$(26)</b>	<b>\$(51)</b>	<b>(200%)</b>

\* Estimate based on eight months actual and four months estimate

\*\* Columns may not foot due to rounding



## OPERATING BUDGET DISCUSSION

The budget for FY 2025-26 includes several baseline assumptions described in further detail below. Any changes to these assumptions could result in unforeseen changes or alterations to this budget. The budget does not include restoration expenses that are expected to be funded externally (i.e., insurance claim, state and federal grants, and/or philanthropic sources).

**Income Before Operations** for FY 2024-25 is projected to end above budget because of a \$100,000 increase in support from the Al Smith Endowment. Ranch operations for FY 2025-26 will continue with the following assumptions: the Jacobs Farm/Del Cabo crop lease will generate \$42,000, the Grazing Service Agreement with Pastorino Hay will generate \$35,000, the Apple Orchard will generate \$20,000, Cal Fire land lease will generate \$7,000, and no net proceeds from timber operations are expected. In FY 2025-26, the primary source of support to fund ranch operations will come from the Al Smith Endowment.

FY 2024-25 **Payroll Expense** is projected to end approximately \$150,000 or 30% under budget due to grant funding support and the deferment of filling vacant positions. FY 2025-26 payroll expense is budgeted approximately \$104,000 or 20% higher than FY 2024-25 projections. This increase is primarily due to increased costs of benefits and the sunsetting of external grant funding sources. Filling of vacant positions is projected to be deferred through FY 2025-26.

FY 2024-25 **Operating Expenses** are projected to be approximately \$32,000 or 8% over budget due primarily to the use of contractors for site maintenance work that would have otherwise been completed by staff in the now vacant positions. FY 2025-26 operating expenses are budgeted to be approximately \$429,000 compared to \$408,000 projected for FY 2024-25. The increase in operating expenses is primarily the result of planned 25% cost sharing for a FEMA Public Assistance Grant to replace two SPR vehicles.

FY 2024-25 **Other Income (Expense)** includes approximately \$62,000 from a FEMA Public Assistance Grant reimbursement for emergency response expenses and previous year's grazing fees. The FY 2024-25 budget of \$185,000 in other income represents an additional transfer of support from the Swanton endowment, but is not needed due to cost control measures. A similar transfer of \$185,000 is included in the fiscal year 2025-26 budget.

For FY 2024-25, the projected negative **Net to Reserves** of approximately \$17,000 includes non-cash depreciation expenses of \$43,000. Excluding depreciation, the FY 2024-25 positive net to reserves is projected to be \$26,000. Operating reserves are projected to remain positive through FY 2025-26.

## STATEMENT OF RESERVES OVERVIEW

	Operating Reserve	Investment in Operating Assets (non-cash)	Total
June 30, 2023 Reserve Balance	\$283,198	\$923,663	\$1,206,861
FY 2023-24 Change in Reserves	78,672	(92,411)	(13,739)
June 30, 2024 Reserve Balance	361,870	831,252	1,193,122
FY 2024-25 Change in Reserves (estimate)	25,635	(42,829)	(17,194)
June 30, 2025 Reserve Balance (estimate)	387,505	788,423	1,175,928
FY 2025-26 Change in Reserves (budget)	(25,609)	(25,361)	(50,970)
<b>June 30, 2026 Reserve Balance (budget)</b>	<b>\$361,896</b>	<b>\$763,062</b>	<b>\$1,124,958</b>

The schedule above reflects the current balances of the reserve accounts and the expected changes over the current and next fiscal years. Reserves represent an accumulation of prior earnings and are separated into the following categories:

The **Operating Reserve** represents the portion of net position held for contingencies and continuing operations of Swanton. The total Operating Reserve shall equal total unrestricted net assets less capital outlay reserves and may not be a negative amount.

**Investment in Operating Assets** represents investment in the plant and equipment assets of Swanton. The balance at the end of each fiscal year is equal to the cost of the operating assets, less accumulated depreciation and any debt related to those assets.

**Capital Outlay Reserves** are held to fund, at a minimum, the subsequent year's capital outlay request.

## CAPITAL OUTLAY REQUEST

Capital outlays for facility and infrastructure improvements are contingent on an influx of outside funds. There are no capital outlay requests being submitted for FY 2025-26 at this time. Requests may be made if alternative funding is attained.