

City of Santa Cruz



Adopted Capital Improvement Program

Budget Fiscal Years 2018-2020

Guide to the Adopted Capital Improvement Program Budget FY 2018 – FY 2020

CAPITAL IMPROVEMENT PROGRAM

The City faces an ongoing challenge to meet its capital needs with limited resources. The preparation and adoption of the Capital Improvement Program (CIP) is an important part of the City's planning process to identify and meet those needs. It is a multi-year schedule of projects with their associated costs and proposed funding sources. The CIP represents the best efforts to allocate available resources toward projects that provide the most benefit for the people of Santa Cruz. It also highlights areas where funding is deficient.

Generally, projects in the CIP are relatively large-dollar amount, nonrecurring outlays and are for the purpose of constructing, purchasing, improving, replacing or restoring assets with multi-year useful life. In addition, certain special projects and activities are included.

The CIP includes proposed projects for the next three fiscal years. It also describes projects that will be carried over from the current fiscal year. The first year of the CIP is, by and large, incorporated into and adopted with the annual budget.

FINANCING

The two basic methods to fund the CIP projects are (1) pay-as-you-go, which requires use of current revenues or cash on hand; and (2) pay-as-you-use, which uses debt financing to spread acquisition costs over the period of time the City plans to use a capital asset. Funds dedicated to pay-as-you-go include a share of transient occupancy taxes, grants, parks facilities taxes and fees, traffic impact and other development fees, and user fees in the enterprise funds. Both of these funding methods are useful, depending on the nature of the projects.

USING THE CIP

The Capital Improvement Program is divided into three sections:

- Listing of Projects by Category
- Projects that Support the City's Climate Action Plan
- New Projects
- Existing Projects
- Completed Projects

PROJECTS

This section provides information on proposed capital improvements over the next 3 years. It is organized by primary fund or funding source and function. Within each subsection projects are arranged alphabetically.

Each project is identified by a project name and number (if previously assigned), and a project description/justification. It also includes a total project cost estimate. If applicable, the project cost estimate is reduced by additional outside funding sources, to arrive at a "net expenditure". This is the net amount that must be funded by the primary funding source of the fund. This information is provided for each of the periods displayed:

- **"Prior Years"** Shows the total amount that has been spent on the project in prior years up to the end of the last fiscal year.
- **"2017 Budget"** Shows the total amount appropriated for the current fiscal year.
- **"2017 Estimated"** Shows the total amount of the FY 2017 funding that will be spent on the project, including what has been spent or encumbered and what will be carried forward into FY 2018.
- **"2018 Adopted", "FY 2019 Estimated", and "FY 2020 Estimated"** Each individual column shows the adopted (year 2018 only) and the future estimated funding required for the project for each identified fiscal year.
- **"Total 2018 - 2020"** Shows the total adopted funding required for the projects in FY 2018, and the total estimated funding required for FY 2019, and FY 2020.

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At the end of each section is a summary of total project costs, funding sources, and net project costs for capital projects, maintenance and other projects, and a combined total for the fund(s).

UNFUNDED PROJECTS

The Unfunded Projects section includes those projects that will be proposed once funding can be identified, and staff resources are available.

FUND BALANCE PROJECTIONS

This section includes a three-year projection of sources, uses and fund balances for each fund or funding source included in the CIP. An overview of the impact of projected revenue and expenditures on fund balances over time can be seen in these tables. Fund balance projections for the following funds are included in the “Fund Balance Projection” section of the CIP. The following table identifies funding sources for each fund:

| | | |
|--|-------------------------------------|--|
| Capital Improvement Fund - Arterial Streets and Roads Fund | Grants, City Public Trust Fund | Transportation |
| Clean Rivers, Beaches, and Ocean Tax Fund | Tax assessments | Environmental, education |
| Community Development Block Grant (CDBG) Fund | Grants | Housing and Community Development |
| Gas Tax Fund | State gasoline tax | Transportation |
| Parks and Recreation Fee Fund | Subdivision developer impact fees | Parks, playgrounds, community centers, and other Parks and Recreation facilities |
| Parks and Recreation Facility Tax Fund | Residential construction excise tax | Parks, playgrounds, community centers, and other Parks and Recreation facilities |
| RDA/SA-Redevelopment Obligation Retirement Fund | Property Tax | Successor Agency Funds |
| RDA/SA - Low/Mod Income Housing Funds | Property Tax | Affordable Housing Construction |
| RDA/SA-Capital Projects Fund | Property Tax | Street improvements, property rehabilitation, economic development, and other capital improvements |
| RDA/SA-Capital Projects-Admin | Property Tax | Administrative Costs of Successor Agency. |
| RDA/SA-Capital Projects-Del Mar Theater | Property Tax | Property management, maintenance and capital improvements to the Del Mar |
| SA City Low/Mod Income Housing Funds | Property Tax | Housing and Community Development |
| Enterprise: | | |
| Water Fund | User Fees | Water system infrastructure |
| Water Fund - SDC | User Fees | Water system Development |
| Wastewater Fund | User Fees | Wastewater system infrastructure |
| Refuse Fund | User Fees | Sanitation, recycling and landfill infrastructure |
| Parking Fund | User Fees | Downtown parking district facilities, including parking lots and structures |
| Storm Water Fund | Storm water fees | Flood control facilities |
| Storm Water Overlay Fund | Storm water fees | Flood control facilities |