

Guide to the Proposed Capital Investment Program

FY 2025 – FY 2029 Budget

Capital Investment Program

The City faces an ongoing challenge to meet its capital needs with limited resources. The preparation and adoption of the Capital Investment 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 five 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 during which 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 funding methods are useful, depending on the nature of the projects.



Using the CIP

The Capital Investment Program is divided into the following sections:

- Projects that support the Climate Action Plan and the Climate Adaptation Plan
- Criteria used to prioritize CIP projects
- Listing of unfunded and underfunded projects
- Maps of projects
- Summary of projects with Fact Sheets for projects that are receiving FY 2025 funds

Climate Action Plan and Climate Adaptation Plan

The Climate Action Plan (CAP) adopted in 2012 specifies the greenhouse gas emissions targets and specific milestones as well as 254 measures to reach those targets and milestones by 2020. The CAP 2020 has now sunset and the Climate Action Plan 2030 was adopted by Council on September 13, 2022. The Climate Adaptation Plan was adopted in 2018 and is an appendix to the Local Hazard Mitigation Plan (2018). It includes 44 prioritized measures for the City to adapt

to the impacts of climate change. Since 2015, the City's Sustainability Team has evaluated the adopted Capital Improvements Program (CIP) projects to identify those that implement the Climate Action Plan and the Climate Adaptation Plan. The result is a list of CIP projects that is included in this document to give City leaders and decision-makers more information in considering the budget. City staff may also reference these lists in preparing Health in All Policies agenda report language.

Criteria to Prioritize CIP Projects

In recognition of the reality that the City of Santa Cruz has more capital needs than funds available, the strategic approach being taken to decide which projects to fund is explained.

Maps

Eight maps are provided to aid in understanding where the funding and efforts towards capital investments are going in FY 2025 and how these align with the City's priorities. The first map is a map of the entire City of Santa Cruz and the locations of projects. The next map is of the Opportunity Zone in Santa Cruz, which is the portion of the City that has the largest equity needs. This zone is pink colored and shows the locations of CIP projects occurring within its area. This helps inform decision-makers and the public of the investments the City is making in the areas of most need, since our goal is to ensure equity in budgeting and Health in All Policies. The following six maps are of each of the six districts of Santa Cruz with numbered markers of the CIP projects located within them. The maps have an accompanying list that provide the name and department working on the projects for each of the numbered markers. The last part of this section is a listing of unmapped CIP projects: these are projects that are either Citywide or in another way do not have a distinct geographical location where they occur.

Project Summary and Fact Sheets

Project summaries are a new addition to the CIP section of the Annual Budget document this year. The summaries provide information on the expenditure budgets for the next five years. It is organized by primary fund and then projects are arranged alphabetically.

Fact Sheets are provided for projects that are receiving funding in FY 2025. On Fact Sheets, each project is identified by a project name and number (if previously assigned), and a project description and justification.

Following general information about a given project is a chart that provides the project's intended funding for the current fiscal year, the next fiscal year, and then an estimate for the following four fiscal years. 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 project cost." This is the net amount that must be funded by the primary funding source of the fund. Here is more detail about the columns on this funding chart:

- **"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.
- **"2024 Budget"** Shows the total amount appropriated for the current fiscal year.
- **"2024 Estimated Actuals"** Shows the total amount of the FY 2024 funding that will be spent on the project, including what has been spent or encumbered and what will be carried forward into FY 2025.
- **"2025 Proposed", "FY 2026 Estimated", "FY 2027 Estimated", "FY 2028 Estimated", and "FY 2029 Estimated"** Each individual column shows the proposed (FY 2025 only) and the future estimated funding required for the project for each identified fiscal year.
- **"Total 2025 - 2029"** Shows the total adopted funding required for the project in FY 2025, and the total estimated funding required for FY 2026, FY 2027, FY 2028, and FY 2029.

Funding Sources

The table below identifies the funding sources for each fund:

Fund	Primary Funding Source	Major Project Types
Governmental:		
Capital Improvement Fund-General	Grants, share of transient occupancy tax, General Fund subsidy	Storm drains, transportation, government, buildings, parks, playgrounds, wharf, sidewalks, utility undergrounding, and lighting
Capital Improvement Fund - Arterial Streets and Roads Fund	Grants, City Public Trust Fund, General Fund	Transportation
Information Technology Fund	General Fund, Enterprise Fund	Information Technology applications and infrastructure
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
2016 Transportation Measure D	Sales 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
Federal American rescue plan funding	Grants	Homelessness Response
CA14 Homelessness Action Plan	Grants	Homelessness Response

Enterprise funded-CIP projects often do not have a listed funding source or may not have funding sources that are equal to the total cost of a project. Where this occurs, the net cost of the project is paid for from the fund balance related to the project. For example, for the project below, the \$30,000 net project cost for FY 2025 would come from the fund balance for Fund 721.

Project Description:	Project # c402104
Pelton Ave Pump Station Generator installation was completed; fencing is still required to prevent vandalism.	
Project Benefit:	Project Location:
Reduces sewer overflows during emergencies and protects the neighborhood and Lighthouse Field.	Pelton Avenue Pump Station
Operating Budget Impact:	
Included in project and reduces future calls for service.	
Project Schedule:	
FY 2024	
Project Contact Email:	
kstewart@santacruzca.gov	

	Prior	Fiscal Year 2024							
	Year		Estimated	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
	Totals	Budget	Actuals	Proposed	Estimate	Estimate	Estimate	Estimate	2025-2029
Account # 721-40-62-7259-57312									
Project Cost Estimates:	76,059	33,941	-	30,000	-	-	-	-	30,000
Net Project Cost:	76,059	33,941	-	30,000	-	-	-	-	30,000