

RESOLUTION NO. NS-30,515

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ ADOPTING A
BUDGET FOR FISCAL YEAR 2026

WHEREAS, the City of Santa Cruz has a responsibility to its citizens to provide for their well-being through essential services, including public safety, infrastructure, and community resources;

WHEREAS, the proposed budget for Fiscal Year 2026 has been developed through a transparent and participatory process, including community forums and public hearings;

WHEREAS, the adoption of this budget is essential for ensuring the continued operation of City services and the implementation of vital projects;

WHEREAS, the City of Santa Cruz is committed to fiscal sustainability and transparency, including balancing revenues and expenditures;

WHEREAS, the City Council seeks to provide a budget that supports the long term financial health and stability of the City, and envisions a vibrant, healthy, and resilient community for all;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz as follows:

that the budget of the City of Santa Cruz for Fiscal Year (FY) 2026, including the Capital Investment Program (CIP), as proposed in that certain document entitled "City of Santa Cruz Proposed Annual Budget Fiscal Year 2025," on file with the City Clerk, is hereby adopted for FY 2026, effective July 1, 2026, with the addenda thereto as determined by the City Council and detailed in the attached Exhibits:

Exhibit A: Schedule of Budget Corrections

BE IT FURTHER RESOLVED that the Finance Director is authorized to create additional appropriations in order to provide for necessary commitments carried over from the prior fiscal year, including contract and purchase order encumbrances and unexpended project balances, so long as there is a sufficient fund balance to finance these commitments.

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PASSED AND ADOPTED this 10th day of June, 2026 by the following vote:

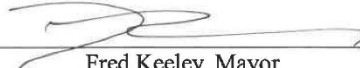
AYES: Councilmembers Brunner, Newsome, Golder, O'Hara; Mayor Keeley.

NOES: None.

ABSENT: Councilmember Trigueiro; Vice Mayor Kalantari-Johnson.

DISQUALIFIED: None.

APPROVED:


Fred Keeley, Mayor

ATTEST:


Bonnie Bush, City Clerk Administrator

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EXHIBIT A

Changes to the Proposed Budget – Narrative Fixes

Citywide

1. Update personnel information to reflect changes to Library Department positions from proposed budget to adopted.

Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
111	Add Librarian I/II 1.0 FTE Position	Add Librarian I/II 2.0 FTE Position <i>Rationale added</i>
111	N/A	Delete Library Information Specialist 1.0 FTE Position <i>Rationale added</i>
117	Librarian I/II – 24.00 FTE	Librarian I/II – 25.00 FTE
117	Library Information Specialist – 4.00 FTE	Library Information Specialist – 3.00 FTE

2. Add an explanation of the tools available for tracking CIP projects throughout the year, made available by the Public Works department.

Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
303	N/A	Project Tracking Throughout the Year section added, with links to Major Project Maps and Public Works Projects websites provided

3. Update list of projects that support the Climate Action Plan and the 2025-2030 Local Hazard Mitigation Plan – Climate Adaptation Plan.

Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
304	N/A	c512402 IIG Paseos and Parks
308	N/A	c512501 Wharf Resilience Improvements

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Finance

4. Add an FY 2025 Accomplishment and an FY 2026 goal to Finance's department summary.

Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
167	N/A	Add FY 2025 accomplishment: Created an online, interactive version of the FY 2026 Annual Budget and educated staff, City Council, and the public on its existence and possible ways to utilize the tool
168	N/A	Add FY 2026 goal: Aid City Council decision-making by providing a comprehensive list of fees across the City that includes information on the degree to which they fully recover costs

Public Works

5. Add a statement to the Public Works Capital Investment Program (CIP) project, c601403, SLR Mouth & Lagoon Management Plan Development, regarding the decision that a General Fund transfer will be made to bring the project more into balance. The project shows on page 393 (proposed) that the project cost has been \$633,922 greater than the funded amount for the project. The General Fund will add \$166,353 to this project in FY 2026 to bring this project within \$500,000 of its approved funding amount. This was already budgeted in the proposed budget for FY 2026.

Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
393	Funding Estimate- From General Fund: \$0	Funding Estimate- From General Fund: \$166,353 Add note- In FY 2026, this project will receive \$166,353 from a General Fund transfer. The additional funds will be used to cover the project's past spending and is not meant to increase the project's expenditure budget further.

6. The Public Works CIP project c402404, Traffic Calming Pilot Program, showed a revenue and expenditure budget for FY 2026 of \$250,000, but this amount should be \$130,000. The correct amount was budgeted in the City's financial system, but the project budget information shown was incorrect.

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Page number in the Proposed Budget	Proposed Budget Text	Adopted Budget Text
395	Project Cost Estimate- \$250,000 Funding Estimate from the General Fund- \$250,000	Project Cost Estimate- \$130,000 Funding Estimate from the General Fund- \$130,000

Changes to the Proposed Budget – Changes to the Budget

City Manager's Office

1. Council Policy 5.19 Stipend for Advisory Body Members, adopted by Resolution No. NS-30,375 on August 27, 2024 established a stipend program with an annual cap of \$25,000/\$75 per meeting for all advisory body members across the City who opt-in. Recognizing this is a city-wide program, a first-come first-served program, with an annual cap of \$25,000 means the management of this program works best in a project (p102504-100-2020-0) rather than the current set-up, which is combined with other line items in the current GL string (101-10-03-1217-54990) and could bring accounting complications when we near the top of the cap each year.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
138	101-10-03-1217-54990	Misc Supplies and services	25,000	-	(25,000)
	101-10-03-1217-54990 p102504-100-2020-0	Advisory Body Compensation	-	25,000	25,000

2. The City's Administrative Procedure Order I-88 on the Carbon Reduction Fund specifies that the revenue sources to be approved for deposit into the Carbon Reduction Fund be recommended by the Climate Action Coordinator. The budgeted revenues for FY 2026 were not updated in the proposed budget, so they will be adjusted in the adopted budget.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
97	101-00-00-0000-59138	To Carbon Reduction Fund	12,345	25,520	13,175
98	221-00-00-0000-59138		161	-	(161)

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Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
98	235-00-00-0000-59138		344	-	(344)
100	711-00-00-0000-59138		4,019	8,308	4,290
	721-00-00-0000-59138		1,224	2,530	1,306
	731-00-00-0000-59138		12,767	26,392	13,625
	741-00-00-0000-59138		622	1,286	664
101	811-00-00-0000-59138		1,628	3,365	1,737
102	133-00-00-0000-49101	From General Fund	12,345	25,520	13,175
	133-00-00-0000-49103	From Equipment Fund	1,628	3,365	1,737
	133-00-00-0000-49110	From Water Fund	4,019	8,308	4,290
	133-00-00-0000-49111	From Wastewater Fund	1,224	2,530	1,306
	133-00-00-0000-49112	From Refuse Fund	12,767	26,392	13,625
	133-00-00-0000-49113	From Parking Fund	622	1,286	664
	133-00-00-0000-49130	From Gas Tax Fund	161	-	(161)
	133-00-00-0000-49149	From Clean River, Beaches, & Ocean Fund	344	-	(344)

Economic Development and Housing

3. Increase the FY 2026 expenditure and revenue budgets for Fund 122 from \$410,000 to \$454,310.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
161	122-51-80-1506-41932	CRM assessment	410,000	454,310	44,310
160	122-51-80-1506-54990	Miscellaneous supplies and services	410,000	454,310	44,310

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4. Increase Fund 123 expenditure budget from 10,000 to 26,500. The increase in expenditures will be offset by the revenue collected.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
160	123-51-80-1504-54990	Miscellaneous supplies and services	10,000	26,500	16,500

5. Correct the FY 2026 budget for the Downtown Library & Affordable Housing Project: the amount budgeted in FY 2025, which will be carried forward, was budgeted within the GL account for FY 2026 in error.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
161	253-51-81-0000-43110	Loans and grants	1,901,659	-	(1,901,659)
160	253-51-81-5201-56960	Federal operating grants & contributions	1,901,659	-	(1,901,659)

6. Adjust the CDBG Admin & Planning project's budget, h512115, as a higher HUD award was received than expected.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
161	261-51-81-0000-43110 h512115-105-1015-0	Federal operating grants & contributions	100,000	110,578	10,578
160	261-51-81-5204-54990 h512115-100-2020-0	Miscellaneous supplies and services	15,000	16,587	1,587
160	261-51-81-5204-52121 h512115-100-2010-0	Interfund labor - charge	85,000	93,991	8,991

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7. Adjust HOME Admin & Planning project, h512001 as a higher HUD award was received than expected.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
161	253-51-81-0000-43110 h512001-105-1050-0	Federal operating grants & contributions	34,846	35,598	752
160	253-51-81-5207-52121 h512001-100-2020-0	Interfund labor - charge	34,846	35,598	752

8. Budget funds for a future affordable housing project, h512601, as a higher HUD award was received than originally anticipated.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
161	253-51-81-0000-43110 h512601-1020-3015	Federal operating grant & operations	-	456,760	456,760
160	253-51-81-5201-56960 h512601-100-2020-0	Loans and grants	-	456,760	456,760

Library

9. Update Library budget to reflect changes in dues, vendor costs, and facility costs, to bring the budget in the City's financial system into alignment with the Santa Cruz Public Library's budget adopted by its Joint Powers Authority.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
200	951-36-51-3601-52131	Claims management services- outside	6,000	8,950	2,950
	951-36-51-3601-52135	Financial services- outside	658,367	1,217,948	859,581

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Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
	951-36-51-3601-52248	Software maintenance services	53,642	600,531	546,889
	951-36-51-3601-52961	Dues and memberships	41,775	42,050	275
	951-36-51-3606-52145	Security patrols	120,000	156,400	36,400
	951-36-51-3613-52201	Water, sewer, and refuse	-	2,000	2,000
	951-36-51-3613-53311	Electricity	-	38,000	38,000
	951-36-51-3611-52201	Water, sewer, and refuse	3,600	13,250	9,650
	951-36-51-3611-52247	Landscaping maintenance services	2,500	13,250	10,750
	951-36-51-3611-53311	Electricity	42,000	46,200	4,200
	951-36-51-3611-53312	Natural gas	15,000	10,500	(4,500)

Non-Departmental/Multi-Departmental/Citywide

10. The General Fund annually transfers 20% of the revenues received from the Cannabis Tax to Fund 134, the Cannabis Children's Fund. The revenues, or transfer in, of these funds was budgeted in the proposed budget, but the related transfer out from the General Fund was incorrectly left out.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
97	101-00-00-0000-59191	Intra-entity fund transfer out	-	372,705	372,705

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11. Remove transfers incorrectly budgeted in the FY 2026 budget.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
102	101-00-00-0000-49111	From Wastewater Fund	29,500	-	(29,500)
100	721-00-00-0000-59101	To General Fund	29,500	-	(29,500)
102	101-00-00-0000-49112	From Refuse Fund	2,500	-	(2,500)
100	731-00-00-0000-59101	To General Fund	2,500	-	(2,500)

Parks and Recreation

12. Add CDBG funding for Senior Center Rehab project, c302101 and make corresponding change to the budget for h512103, Senior Center Renovation-Parks and Rec CIP.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
355	311-00-00-0000-49126 c302101-516-0-0	From CDBG Fund	-	118,600	118,600
	311-30-41-9120-57203 c302101-100-2020-0	Building Remodeling	-	118,600	118,600

13. Add CDBG funding for project c302305, Depot Freight Building Facility Improvements. Make corresponding change to the project budget for h512301, Parks & Rec CDBG Depot Park Reno.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
353	311-00-00-0000-49126 c302305-516-0-0	From CDBG Fund	-	92,814	92,814
	311-30-41-9120-57203 c302305-100-2020-0	Building Remodeling	-	92,814	92,814
161	261-51-81-0000-43110 h512301-105-1015-0	Federal operating	50,502	92,814	42,612

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Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
		grants & contributions			
160	261-00-00-0000-59103 h512301-100-2020-0	To General Capital Improvement Fund	50,502	92,814	42,612

14. Add CDBG funding for Teen Center CDBG Project, g301201 to match its expenditure budget and corresponding budget in h511209, Teen Center Operating.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
217	101-00-00-0000-49126 g301201-916-0-7013	From CDBG Fund	-	45,000	45,000

15. Add an FY 2026 budget of \$80,000 for project c302237, Depot Bike Park- Phase II of Bike Park Renovation, with the Park and Recreation Tax as its funding source.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
353	311-00-00-0000-49109 c302237-908-0-0	From Park and Recreation Tax	-	80,000	80,000
	311-30-41-9110-57312 c302237-100-2020-0	Park improvements	-	80,000	80,000
99	249-00-00-0000-59103	To General Capital Improvement Fund	-	80,000	80,000

16. Move \$100,000 from the CIP project, c402605, City Hall Space Renovation to project c402606, City Hall Campus (Lot 13) EV Charging Infrastructure. A project Fact Sheet will be added to the Public Works CIP section of the budget document that provides the rationale for the project.

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Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
383	311-00-00-0000-49101 c402605-912-0-0	From General Fund	100,000	-	(100,000)
	311-40-00-9410-57290 c402605-100-2020-0	Other building costs	100,000	-	(100,000)
N/A	311-00-00-0000-49101 c402606-912-0-0	From General Fund	-	100,000	100,000
	311-40-00-9410-57390 c402606-100-2020-0	Other infrastructure	-	100,000	100,000

Water

17. Add \$1,360,760 to the Water Department's revenues to reflect the Public Works Department's financial contribution for Santa Cruz Municipal Utility services.

Page number in the Proposed Budget	GL String	Account Description	Proposed Budget Amount	Adopted Budget Amount	Change from Proposed Budget
275	711-70-00-7103-44833	Work Order Charges	-	1,360,760	1,360,760