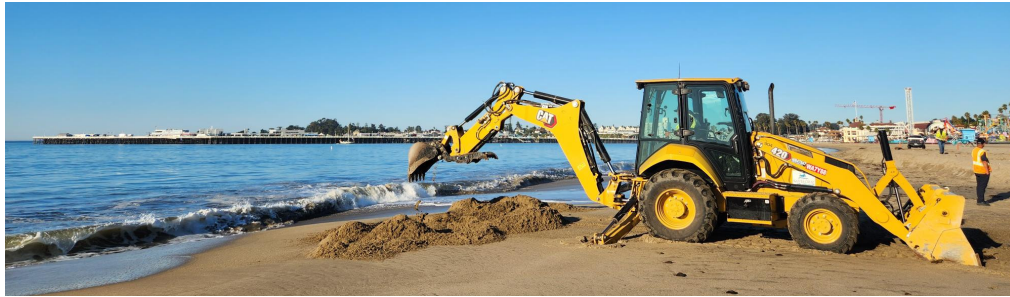




Making

Funds Make Sense



POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR 2023

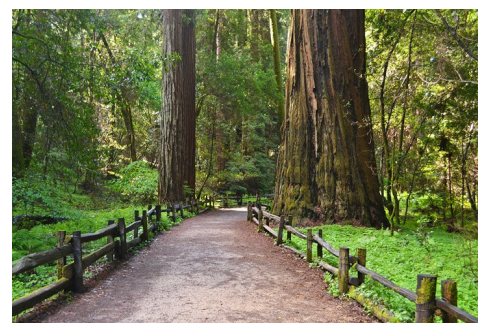




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MESSAGE FROM THE CITY MANAGER



Matt Huffaker

City Manager
City of Santa Cruz

I'm pleased to present the Popular Annual Financial Report (PAFR) for the City of Santa Cruz for the fiscal year ended June 30, 2023. The City of Santa Cruz continuously strives to provide the highest level of financial reporting and transparency. This document is the newest addition to our reporting series and was developed to provide a clear overview of our operations, services, and financial standing in an uncomplicated, understandable format that is inviting and easy to read.

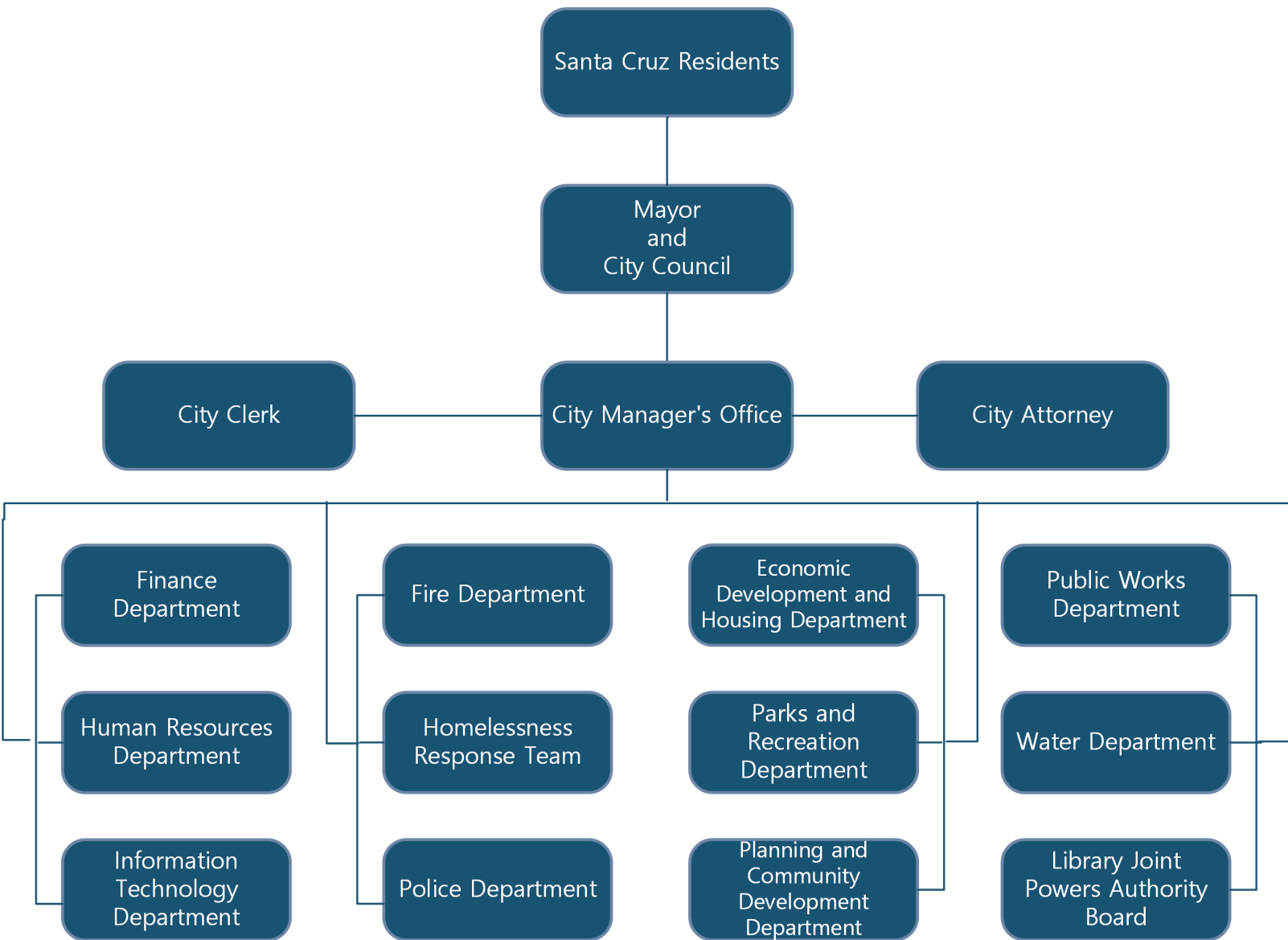
In addition to providing an overview of City finances, the PAFR presents an opportunity to share information about important projects and activities as well as the City Council's strategic priorities and goals. This report contains condensed and simplified financial information from the City's Annual Comprehensive Financial Report (ACFR) which has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for each of the last fifteen years.

As stewards of your tax dollars, our primary goal is to maintain a fiscally sound City. It is our intent that this PAFR provide insight and a greater understanding of the financial activities and health of the City. I thank everyone who contributed to our many important accomplishments this year. Collectively, we are ensuring that Santa Cruz is a place where all residents can thrive.





CITY ORGANIZATION CHART





YOUR MAYOR & CITY COUNCILMEMBERS



Mayor Fred Keeley

fkeeley@santacruzca.gov

District: At-Large

Term expires: December 2026

Vice Mayor Renee Golder

rgolder@santacruzca.gov

District: 6

Term expires: December 2026



Councilmember Sandy Brown

sbrown@santacruzca.gov

District: 5

Term expires: December 2024

Councilmember Sonja Brunner

sbrunner@santacruzca.gov

District: 2

Term expires: December 2024



Councilmember Shebreh Kalantari-Johnson

skalantari-johnson@santacruzca.gov

District: 3

Term expires: December 2024

Councilmember Scott Newsome

snewsome@santacruzca.gov

District: 4

Term expires: December 2026



Councilmember Martine Watkins

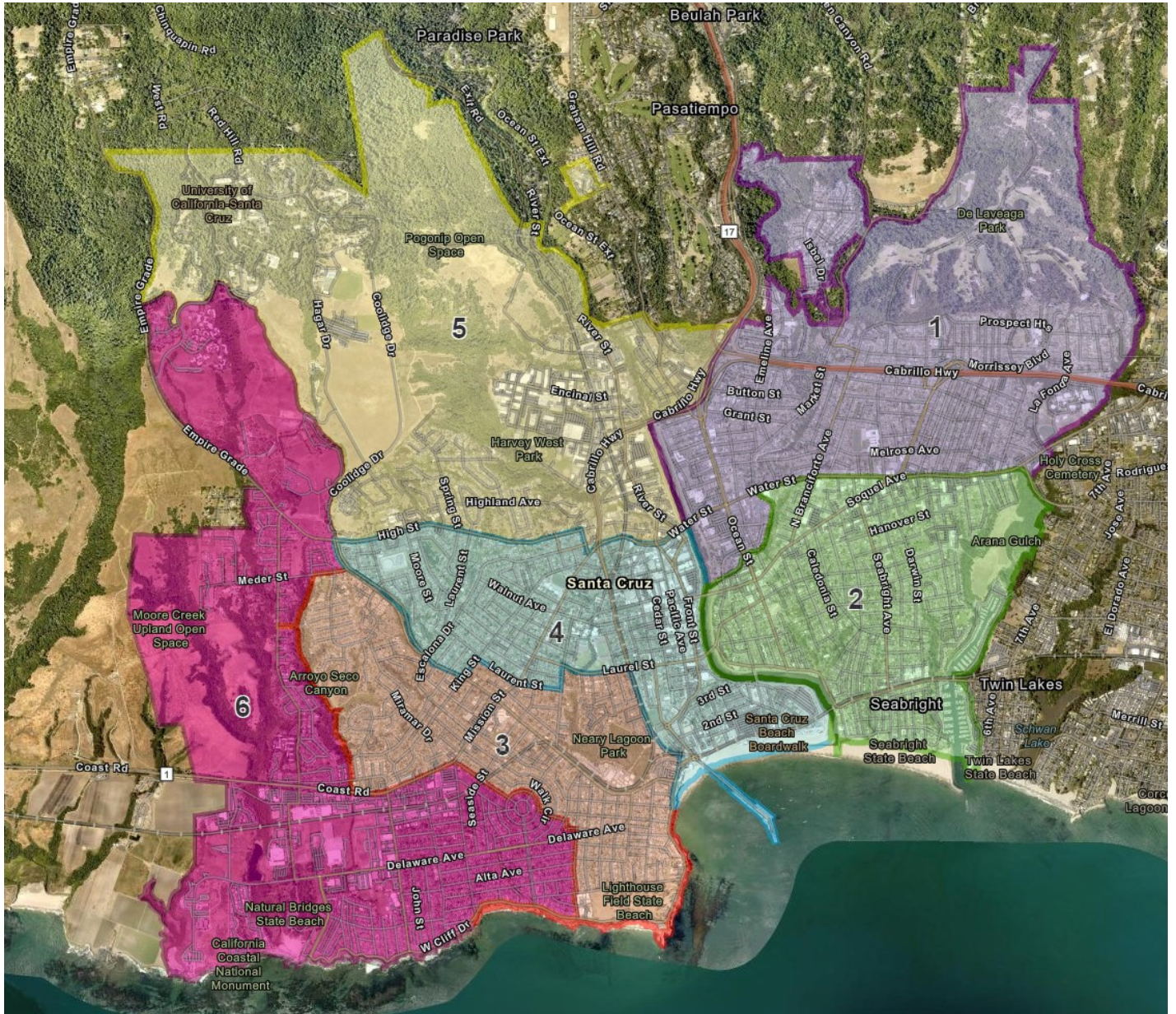
mwatkins@santacruzca.gov

District: 1

Term expires: December 2024



CITY PROFILE



The City of Santa Cruz operates under the council-manager form of government. Members of the City Council are elected to four-year terms. The mayor is elected at large and the six councilmembers each represent one of six geographic districts defined above.



A VIBRANT, HEALTHY, AND RESILIENT COMMUNITY FOR ALL

In 2023, Santa Cruz adopted a five-year Strategic Plan with the goal of making Santa Cruz "a vibrant, healthy, and resilient community for all." This plan established seven focus areas with specific strategies and outcomes.



FOCUS AREAS

This ambitious plan is the culmination of extensive collaboration, incorporating guidance from the City Council, insights from the community, and valuable feedback from our dedicated leadership team and City staff.

Our focus areas highlight the pillars that will shape our City's success - from fiscal sustainability and transparency to a thriving organization - together we will make this vision a reality.



Scan to view the Citywide Strategic Plan



Fiscal Sustainability and Transparency

Ensure that the City is on a strong financial trajectory, through planful investments and revenue development.

Strong Business Communities and a Vibrant Downtown

Cultivate a thriving downtown and local businesses citywide to support economic health and vitality.



Housing

Create and preserve housing for all with a focus on affordable and workforce housing.

Homelessness Response

Move toward positive outcomes in homelessness response, safety and health, balancing the interests of persons who are unhoused and housed, and the business community.



Public Safety and Community Well-Being

Provide public safety services that support well-being and healthy communities.

Natural and Built Infrastructure

Invest in sustainable, climate-adapted infrastructure and community assets in both the natural and built environment.



Thriving Organization

Advance a high-performing organization where employees are empowered to deliver outstanding services to the community.



HEALTH IN ALL POLICIES

On November 26, 2019, the Santa Cruz City Council demonstrated their commitment to community well-being by voting unanimously to adopt the Health in All Policies (HiAP) policy and implement recommendations. City leaders recognize that community well-being is influenced by the interactions of many factors including the decisions by and policies of local government. The City of Santa Cruz has made the three pillars of equity, public health, and sustainability major priorities in development of workplans and budgets.



The HiAP program identified 8 interconnected conditions that are necessary for health and wellbeing throughout the community.



Scan to view the Health in All Policies Ordinance

DEFINING THE CONDITIONS

Health and Wellness

Optimal physical, mental, social-emotional, behavioral, and spiritual health.



Lifelong Learning & Education

High-quality education and learning opportunities from birth through adulthood.

Economic Security & Mobility

Stable employment, livable wages, food security, ability to afford basic needs, wealth accumulation, and prosperity.



Thriving Families

Safe, nurturing relationships and environments that promote optimal health and well-being of all family members across generations.

Community Connectedness

A sense of belonging, diverse and inclusive neighborhoods and institutions, vibrant arts and cultural life, and the power of civic engagement.



Healthy Environments-Natural & Built

A clean and safe natural environment and a built environment that supports health and well-being.

A Safe and Just Community

Fair, humane approaches to ensuring personal, public, and workplace safety that foster trust, respect, and dignity.



Safe, Affordable Housing & Shelter

An adequate supply of housing and shelter that is safe, healthy, affordable, and accessible.



FISCAL YEAR 2023

ACCOMPLISHMENTS

The last few years we have faced many challenges – the COVID-19 pandemic, CZU Fire, extreme weather events, and the highest inflation in half a century. In spite of the challenges, we continue to show remarkable resilience and determination to improve our community. We have made tremendous progress and are proud of our 2023 accomplishments which include:

- **Strong revenue growth.** We reached pre-pandemic revenue levels faster than expected and made significant strides in rebuilding organizational capacity and supporting our dedicated employees.
- Our **Homelessness Response Team** served 428 individuals through the 1220 River Street Transitional Community Camp, City Overlook Shelter at the Armory, and the Safe Parking Program. Additionally, the team assisted 66 people in finding stable housing.
- In April 2023, we achieved the **5th Cycle Regional Housing Needs Allocation (RHNA)** targets across all income categories, a milestone reached by only 6% of jurisdictions in the state. We are currently working on three new projects in the heart of our downtown that will add another 320 units of affordable housing in the next few years.
- Our Water and Public Works Departments have successfully deployed major **capital investment program projects**, including storm-related repairs along West Cliff and several projects aimed at rehabilitating and replacing aging back-bone water infrastructure and facilities.

With all these successes, the City continues to struggle with long-term financial sustainability. The recent completion of a **10-year financial plan** underscores the need to develop new revenue and expenditure strategies to close an ongoing annual operating deficit.

More Highlights to See!

- An overview of the past five years of City revenues can be found on page 13
- A discussion of the City's major expenditure categories located on page 15
- Highlights from City departments begin on page 19
- Check out completed and upcoming Capital Investment Program projects on page 38
- See page 40 for updates on the West Cliff citywide response





NUMBERS AT-A-GLANCE



63,224 People*



15.83 Sq. miles



\$139.6M General Fund Budget



\$426M Citywide Expenditures



14 Departments



927.7 Authorized Positions



46 Parks



294 mi. of Water distribution mains



9,386 Fire emergency calls**



86,634 Police calls for service**



20 capital improvement projects completed**



136 affordable housing units developed**

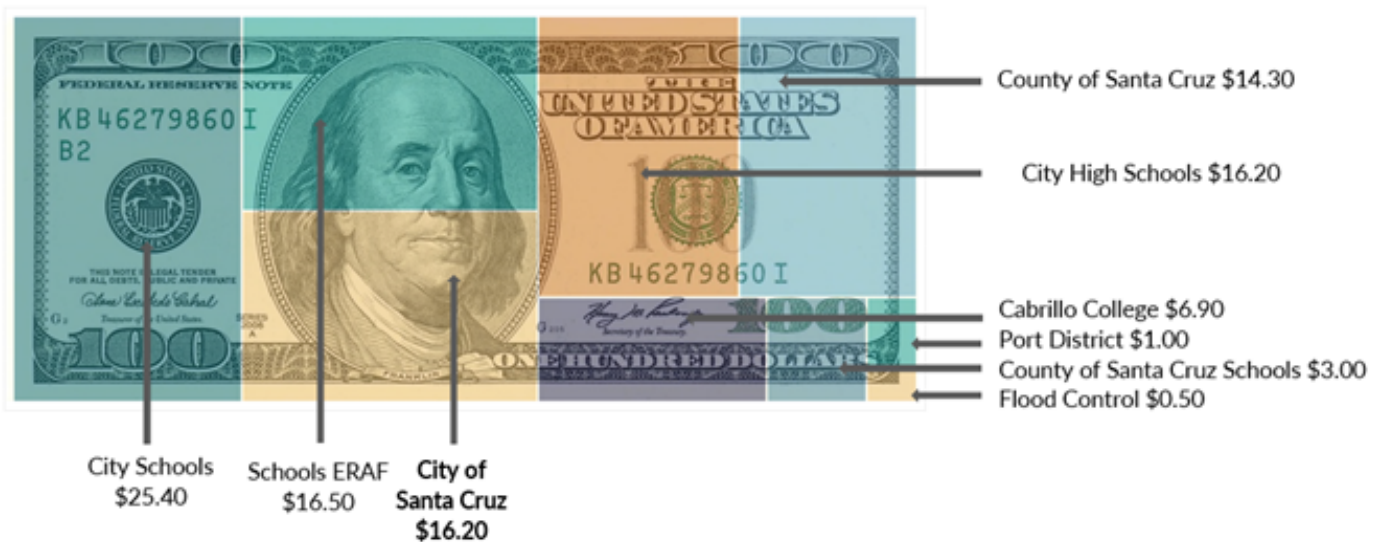
*Data from California Department of Finance

** Data from 2022



WHERE YOUR TAX DOLLAR GOES

Property Taxes: For every \$100 paid in property tax:



Sales Taxes: For every \$1 paid in sales tax:





TYPES OF FUNDS: EXPLAINED

The City uses Fund accounting to report the use of resources and to demonstrate accountability and compliance with granting authorities and government agencies. Fund accounting emphasizes accountability rather than profitability. All of the City's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.



Definitions

- **Governmental** funds focus on near-term inflows and outflows of resources. This includes taxes, licenses, permits, fines, and charges for services. The General Fund is a governmental fund that acts as the main operating fund of the City. It is used to account for all revenues and expenditures that are not required to be reported in another fund and is the only fund that every government has.
- **Proprietary** funds operate in a manner similar to that of a private business and are supported by rate revenue. The City uses proprietary, or enterprise, funds to account for the four municipal utilities (water, wastewater, storm water, refuse) as well as the parking enterprise.
- **Fiduciary** funds are used to account for resources held for the benefit of parties outside the City. This includes the Redevelopment Successor Agency and the Library Trust funds.

The Enterprise Funds

Scan the QR code or click the fund name below for information about each of our proprietary funds.



Water
Funds



Wastewater
Funds



Refuse
Funds



Parking
Funds



Stormwater
Funds



For Further Information

Has the information you've read so far piqued your interest in City finances? This report is meant to provide a high-level overview. Scan the code below for detailed financial information in our [Annual Comprehensive Financial Report \(ACFR\)](#):



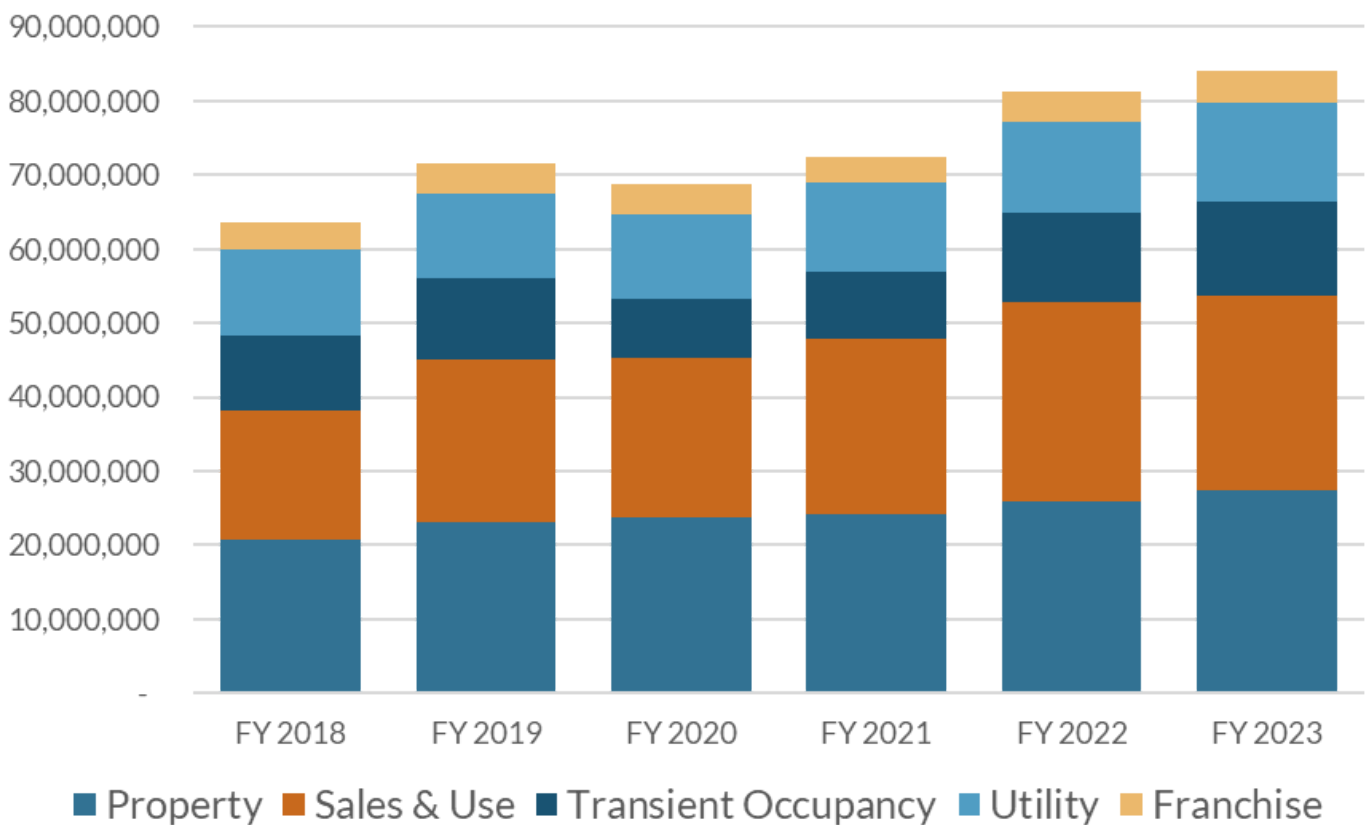
The financial information in this report is from the City's ACFR and is presented in accordance with Generally Accepted Accounting Principles (GAAP).



WHERE THE MONEY COMES FROM

The core administrative and operational tasks of the City are paid for through the General Fund. Over 70% of General Fund revenue is generated by taxes. In FY 2023, the largest were sales tax and property tax at 21% each, followed by transient occupancy tax and utility tax at 10% each. Other taxes include admissions tax, parking lot tax, business license tax, and cannabis tax.

Top Five Revenue Sources



Other revenue:

General Fund revenue also comes from licenses, permits, service charges, and fines.

License and Permits include:

Short-term rental permits
Construction / building permits
Cannabis retail permits

Service Charge include:

Golf Course Fees
Parks and Recreation Classes
Plan Check Fees

Fines include:

Parking citations
Transient Occupancy Tax audit fines
Code enforcement citations



THE TOP 10 EMPLOYERS

The following are the top 10 employers in the City of Santa Cruz, representing 45.4% of total employment in the City.

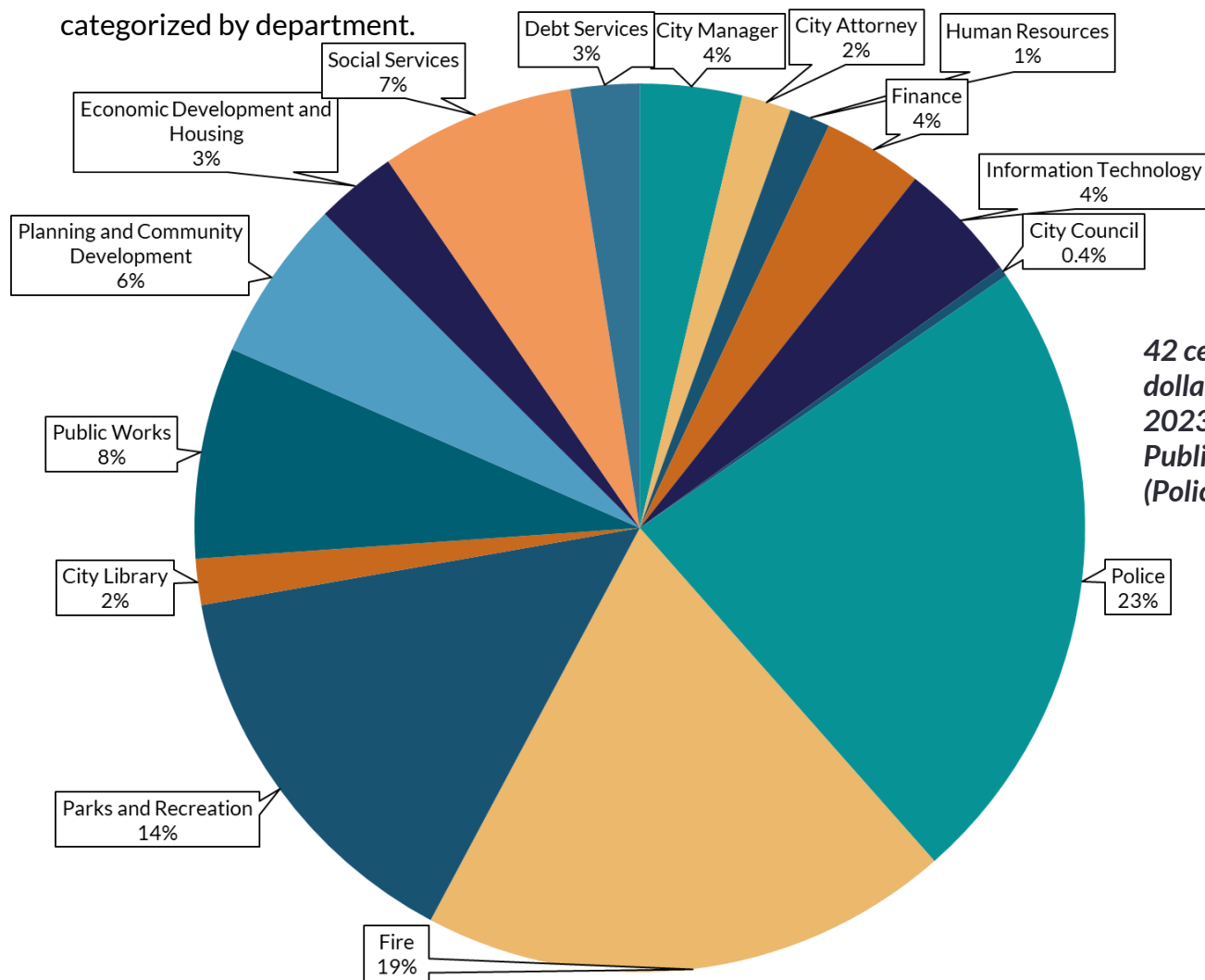
- University of California at Santa Cruz
 - 9,105 employees, 28.9% of total employment
- County of Santa Cruz
 - 2,804 employees, 8.9% of employment
- City of Santa Cruz
 - 914 employees, 2.9% of employment
- Costco Wholesale Corporation
 - 314 employees, 1.0% of employment
- Safeway Stores, Inc.
 - 224 employees, .7% of employment
- New Leaf Community Market
 - 202 employees, 0.6% of employment
- DBA Santa Cruz Nutritionals
 - 200 employees, 0.6% of employment
- Crow's Nest
 - 194 employees, 0.6% employment
- Santa Cruz Beach Boardwalk
 - 186 employees, 0.5% of employment
- NHS Inc.
 - 148 employees, 0.5% of employment



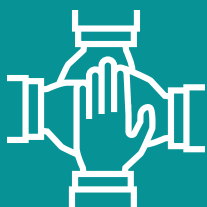


WHERE THE MONEY GOES

The City's planful investments and careful spending are fundamental to the City's Financial Sustainability and Transparency focus area. The City's General Fund expenditures are categorized by department.



42 cents of every dollar spent in FY 2023 was on Public Safety (Police and Fire).





BEYOND ANNUAL REVENUE & EXPENSES

Fund balance is the term used to describe the difference between total assets and total liabilities in governmental funds. It serves as a measure of available financial resources and can increase or decrease depending on revenue and expenditure activity.

Types of Fund Balance

There are five different classifications of fund balance. They are defined by the constraints placed on how resources can be spent and the sources of those constraints.



Non-Spendable

These funds are in a form that cannot be spent such as inventories and prepaid expenses.

Restricted

These are funds that have constraints imposed by law, the federal government, debt covenants and/or external parties such as grantors.



Committed



This classification includes amounts that can only be used for specific purposes pursuant to action taken by Council. This includes purchase orders and multiyear projects.

Assigned

Assigned fund balance includes monies set aside for unexpected, one-time operational needs. This is often referred to as an operating reserve.



Unassigned

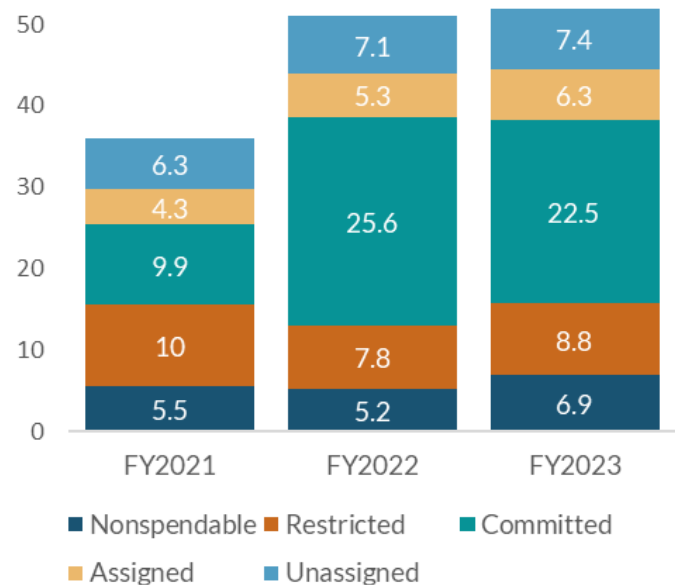


The "rainy day" funds of the City are considered unassigned. These are emergency funds that can only be used in unforeseen and nonrecurring events.

Reserve Policy

The City Council adopted Resolution NS-28, 655 in 2013 establishing a stabilization reserve equivalent to two-months of the current year's General Fund operating expenditure adopted budget. \$8.6M of this reserve is in the Restricted portion of fund balance, The balance is in the Unassigned. Reserve fund can only be used with Council approval and only under specific emergency conditions.

Fund Balance - General Fund



Long-Term Financial Planning

The City's strategic plan involves ensuring that the City is on a strong financial trajectory through fiscal sustainability and transparency. In FY 2024, a ten-year long-range financial plan was presented to Council that included strategies to address the fiscal gap and capital needs.



Scan to view the Long-Range Financial Plan



CITY DEBT: EXPLAINED

There are two ways for the City to pay for large capital projects: pay-as-you-go and debt financing. Pay-as-you-go means that the City pays for current projects with current funds. Debt financing is an approach in which the city takes on debt (usually in the form of a bond or loan) to complete projects.

When making the decision to fund a project using debt, we first ask, "who is going to benefit?" and "how long will this asset last?". If we are constructing an asset that will benefit current and future generations, then it makes sense to use debt financing to spread the cost out over several decades.



Long-Term Debt

The City's long-term liabilities for governmental activities is comprised of compensated absences, claims and judgments, lease and subscription liabilities and loans. As of June 30, 2023, the balance of long term debt for governmental activities was \$21.0 million.



2009 General Obligation Refunding Bonds

Refinanced 1999 GO Bonds issued for the acquisition and construction of municipal improvements: \$3.5 M

2012 Golf COP 13 Refunding

Issued for golf course improvements- refunding of 2004 Golf COP 13: \$1.3 M



2015 I-Bank Arterial Roads Loan

For City-wide improvements: \$3.0 M

2017 Refunding 2007 Lease Revenue Bonds

Refinanced 2007 Lease Revenue Bonds, whose original issue was for land acquisition and improvements for public library and water department purposes: \$4.2 M



Public Works Loans Payable to PG&E

For City-wide enhancements: \$136,000

2017 Refunding 2010 Refunding Lease Revenue Bonds, Series B

Refinanced 2010 Series B Refunding, whose original issue was for Civic Center acquisition, construction, and improvement: \$1.7M



2018 California Energy Commission Loan

For comprehensive energy efficiency retrofit project: \$1.0 M

2023 California Energy Commission Loan

To support the solar improvements at the Civic Auditorium, Soquel/Front Parking Garage, and Harvey West Park: \$2.4 M



2023 Site logiQ BofA Municipal Loan

To finance energy efficiency projects to be undertaken, pursuant to an agreement with Site logiQ: \$3.7 M



WATER ENTERPRISE LIABILITIES

Investing in Water Infrastructure

The Water Enterprise uses debt financing to provide funding for their Capital Investment Program.

Projects completed in 2023 include:

- Aerators at Loch Lomond
- Meter Replacement Project
- Rodriguez Street Water Main Replacement

Projects scheduled to being in 2024 include:

- Brackney Landslide Area Pipeline Risk Reduction
- Intertie 1-Santa Cruz - Scotts Valley
- Newell Creek Pipeline Replacement - Felton/Graham Hill
- University Tank No. 4 Rehab/Replacement



Long-Term Debt

As of June 30, 2023, the balance of long term debt fin the Water Enterprise Fund was \$116.3 M

2014 Water Revenue Bonds

Issued to refinance 2006 Water Revenue Bonds and Water Note Payable to the State: \$7.3 M



2019 Water Revenue Bonds

Issued to finance capital investment program projects for the City's water system and to repay outstanding amounts on bank loans: \$19.8 M

2016 I-Bank Water Infrastructure Loan

For City-wide improvements to the water system: \$21.7 M



2020 Water California State Water Resources Control Board Loan

For the Newell Creek Inlet-Outlet Replacement Project: \$77.4 M

2021 Water California State Water Resources Control Board Loan

For the Graham Hill Water Treatment Plan Concrete Tanks Replacement Project: \$19.5 M



2021 Water Fund Bank of America Loan

For water-related projects: \$16 M

2023 Water Infrastructure Finance and Innovation Act (WIFIA) Loan

For City-wide improvements to the Water system: \$4.6 M net balance





FUNDS AT WORK: CITY DEPARTMENTS

There are 14 departments in the City of Santa Cruz dedicated to serving its citizens and ensuring the city remains vibrant, healthy, and resilient.

The following pages highlight the important work carried out by each department during FY 2023 and their goals for FY 2024.

Please visit <https://www.cityofsantacruz.com/government/city-departments> for more information.



City Attorney

The City Attorney is appointed by the City Council and provides general legal services to all departments and the City Council.

City Clerk

The City Clerk is part of the City Manager's office and stewards and protects the democratic process.



City Manager

The City Manager is the City's chief administrator and is responsible for conducting the affairs of the City pursuant to the policies set by the City Council.

Economic Development and Housing

Economic Development and Housing promotes economic vitality and growth citywide. Their programs ensure that people know Santa Cruz is a profitable and economically healthy city in which to live, work, play and run a business.



Finance

The Finance Department provides chief financial support of, and advises on, financial matters for the City.

Fire

The Fire Department suppresses structure and wildland fires, provides hazardous materials incident response, and emergency medical and marine rescue, services.



Homelessness Response

The Homelessness Response Team is part of the City Manager's office and coordinates City response efforts for individuals experiencing homelessness.



Human Resources

The Human Resources team cultivates an inspiring, fulfilling work environment that attracts and engages a talented workforce.

Information Technology

The Information Technology Department delivers business-driven, quality technology solutions and services.



Library

The Santa Cruz Public Libraries connects, inspires, and informs community residents, enabling them to transform their lives and strengthen communities.

Parks and Recreation

The Parks and Recreation Department provides quality public spaces and experiences that build a healthy community, foster equity, and better the environment.



Planning and Community Development

The Planning and Community Development Department provides land use and development guidance.

Police

The Police Department provides exceptional public safety services and takes a leadership role in building community partnerships.



Public Works

Services provided by Public Works include engineering design, traffic engineering and maintenance, storm water management, street maintenance, resource recovery, waste reduction programs, wastewater management, flood control, and parking.

Water

The Water Department provides the City with safe, high-quality water services that protects public health and is essential to everyday life.





ECONOMIC DEVELOPMENT & HOUSING DEPARTMENT HIGHLIGHTS

The Economic Development and Housing Department promotes economic vitality and growth citywide. The department develops programs that expand tax revenue and lead the City in economic recovery following natural disasters and economic downturns along with its mission to increase and support viable, sustainable, and innovative economic and housing activities throughout the City. In collaboration with other City departments, the department advocates for the City of Santa Cruz among the community and the rest of the world, letting people know that Santa Cruz is a profitable and economically healthy city in which to live, work, play, and run a business.

2023 Accomplishments

- Launched "The Santa Cruz" beach to downtown electric shuttle program
- Expanded Midtown Fridays
- Achieved Prohousing designation
- Administered \$60.5M of state funding for affordable housing and mixed-use projects downtown



2024 Goals:

- Complete the transition of the Permanent Parklet Program
- Complete construction on the Pacific Station South and break ground on the Pacific Station North affordable housing projects
- Operationalize the Coastal Rail Trail Master Right-of-Way Agreement and install two new art works
- Continue revitalization of Downtown with downtown alley, paseo, and other improvements



In 2023, the department had an estimated:

- 418 contacts with businesses for assistance
- 70 affordable housing units developed
- 100% of federally funded community grant (CDBG) contracts executed and ready to fund or in progress

The department plans to achieve their 2024 goals with:

15.5 full-time employees in four major divisions:

- Business Services
- Housing Development and Preservation
- Infrastructure Development and Asset Management
- Arts and Culture Development

A General Fund expenditure budget of \$4,031,606 and a total expenditure budget across all funds of \$21,110,207 for FY 2024





CITY MANAGER'S OFFICE

HIGHLIGHTS

The City Manager is the City's chief administrator responsible for developing the City's budget, appointing department heads, and conducting the affairs of the City pursuant to the policies set by the City Council. The City Manager and his/her staff also handle special projects and Council assignments which do not fall within the jurisdiction of any other department. The City Manager's Office (CMO) includes the City Clerk, Climate Action Program, homelessness response, communications and the independent police auditor function. The CMO also staffs various boards, commissions, and committees, including the Children's Fund Committee, Commission for the Prevention of Violence Against Women, Health in All Policies Committee, and Public Safety Committee.

2023 Accomplishments:

- Developed five-year strategic plan
- Completed and adopted the Climate Action Plan 2030
- Implemented the Children's Fund Oversight Committee and hosted the City's first State of Youth Summit



2024 Goals:

- Deliver a 50-year vision for West Cliff and translate vision to implementation
- Complete the Climate Adaptation Plan Update
- Deliver existing-building electrification policy and program based on City Council direction
- Implement 2023 Citywide Grant Strategy Roadmap
- Successfully execute second election for remaining districts in new election format



In 2023, the department had an estimated:

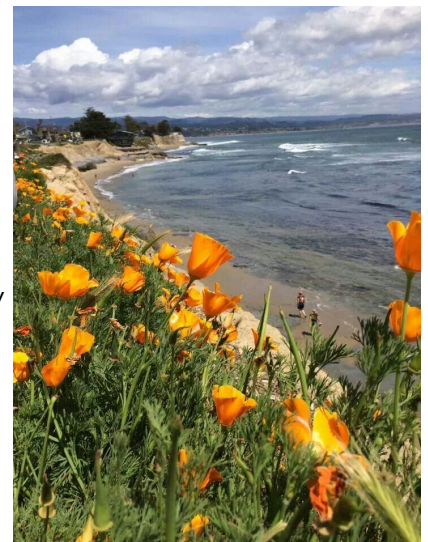
- 32 regular and special Council meetings
- 270 public record requests
- 4 Citywide employee engagement and communications meetings

The department plans to achieve their 2024 goals with:

22 full-time employees in four major divisions

- City Clerk
- Citywide Communications
- Homelessness Response
- City Council Support and City Administration, which includes programs and projects related to climate, sustainability, and equity

An expenditure budget of \$14,605,992 for FY 2024 (which includes the \$8.6 million budget for Homelessness Response, noted on page 23)





Happily Serving the Community



City Clerk Bonnie Bush (back) and Deputy City Clerk Julia Woods (front) are ready for a Council meeting to start.



City Manager's Office team

City Manager Matt Huffaker opens a community meeting at the London Nelson Community Center to share and discuss plans for West Cliff Drive after a punishing winter storm season.





Scan to view the Homelessness Response Plan

HOMELESSNESS RESPONSE TEAM

HIGHLIGHTS

The Homelessness Response Team (HRT) is part of the City Manager's Office and is a collaborative effort between the Homelessness Response Outreach Team, the Public Works Homelessness Response Field Team, the Parking Division, and the Parks and Rec, Fire, and Police departments. The City adopted its [Homelessness Response Action Plan](#) in 2022, with a commitment to balance individual needs and community impacts from prevention to exit. The Action Plan's focus areas are on building capacity and partnerships, permanent affordable and supportive housing, basic support services, care and stewardship, and community safety.

2023 Accomplishments:

- Opened the City Overlook emergency shelter program, with a 135-person capacity
- Operated the 1220 River St. Transitional Community Camp, with a 30-person capacity
- Operated the City's oversized vehicle Safe Parking programs



2024 Goals:

- Develop a state lobbying plan for homelessness response
- Support the rehousing of 75 unhoused individuals
- Complete visioning for the Coral St. Navigation Center
- Work with county partners to create additional temporary shelter capacity
- Improve services to support the unhoused community by obtaining grants to fund case worker positions

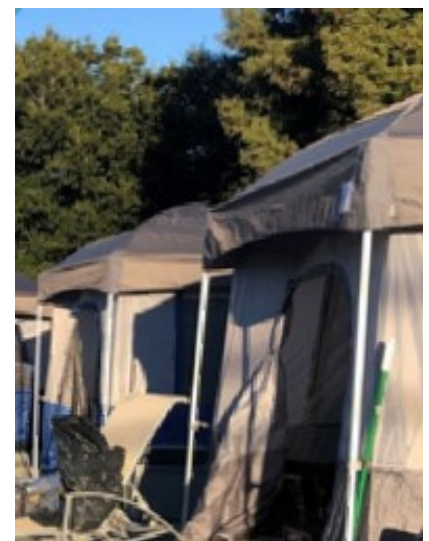


In 2023, the HRT:

- Saw a 29% year over year decrease in unhoused people within the city limits
- Served 428 individuals and assisted 66 people in finding stable housing
- Removed 724 tons of refuse from public spaces

The HRT plans to achieve their 2024 goals with:

- 15.1 full-time employees in the City Manager, Police and Public Works departments.
- A general fund expenditure budget of \$8,565,910 for FY 2024 (which is counted in the total City Manager's Office budget noted on page 21).





FINANCE DEPARTMENT HIGHLIGHTS

The Finance Department provides key services to the City Council, the City Manager, all City departments, and the public. The department manages the City's financial operations in accordance with industry standards and established fiscal policies. Prudent fiscal stewardship, customer service, compliance, strategic planning, transparency, and effective financial reporting are key elements of its mission. Each of the six divisions in the Finance Department provides essential customer service and support to the City Council, the City Manager, all departments and the residents of Santa Cruz.

2023 Accomplishments:

- Initiated a citywide long-range financial plan and fiscal outlook model
- Earned the Government Finance Officers' Association (GFOA) Award for Excellence in Financial Reporting and the Distinguished Budget Presentation Award



2024 Goals:

- Facilitate the selection and preparation of a new Enterprise Resource Planning (ERP) solution
- Implement an e-procurement solution and an internal procurement training series
- Implement a city-side safety program
- Upgrade fraud protection and ACH protocols



In 2023, the department had an estimated:

- 34,000 vendor invoices processed
- 1,350 purchase orders issued
- 35 Transient Occupancy tax audits completed
- 48,427 journal entries
- 98% of tort claims resolved within 180 days

The department plans to achieve their 2024 goals with:

31 full-time employees in six divisions:

- Accounting
- Budgeting
- Accounts Payable and Payroll
- Revenue, Treasury, and Tax Compliance Auditing
- Risk and Safety Management
- Purchasing

A General Fund expenditure budget of \$4,391,501 for FY 2024





FIRE DEPARTMENT

HIGHLIGHTS

The Santa Cruz Fire Department includes four fire stations, one lifeguard headquarters, one administrative building, and an emergency operations center. Frontline apparatus includes four Type 1 engines, one Type 3 engine and one ladder truck. Staffing includes 70 full-time equivalent personnel, including firefighter/paramedics, fire engineers, fire captains, battalion chiefs, division chiefs, fire prevention staff, training, and administrative staff. Additionally, the department employs about 70 seasonal lifeguards as well as six temporary workers that service fire hydrants and conduct life safety inspections throughout the City.

2023 Accomplishments:

- Managed Emergency Operations Center (EOC) activation for 2023 storms
- Purchased and installed a station alerting/paging system at four stations
- Hired and trained six new firefighters and 24 new lifeguards



2024 Goals:

- Review the 2023 storms event and implement corrective action plan
- Establish a backup EOC with appropriate technology, supplies, and services
- Conduct a Standards of Coverage study
- Increase availability of mental health service counseling for all personnel and expand wellness program
- Implement five-year City Wildfire Resiliency Plan



In 2023, the department had an estimated:

- 100 fire investigations
- 400 construction project inspections
- 146,087 lifeguard contacts with the public
- 9,500 911 calls for service
- 90% of 911 service calls responded to within 8-minutes

The department plans to achieve their 2024 goals with:

70 full-time employees
70 seasonal lifeguards
6 temporary workers in multiple divisions

An expenditure budget of \$25,795,443 for FY 2024





SANTA CRUZ'S BRAVEST

A firefighter actively engages in a controlled fire training exercise. This live fire training program spans 40 hours, with firefighters mandated to fulfill a total of 240 hours of comprehensive firefighting training.



Truck 3170 deployed an aerial master stream in response to a structure fire. This incident necessitated the collaboration of multiple agencies throughout Santa Cruz County to provide mutual aid.

Santa Cruz fire crews conduct a technical cliff rescue on the north coast. Santa Cruz Fire responds throughout the county on a variety of incidents, including fire, water rescues, and vehicle accidents.





HUMAN RESOURCES DEPARTMENT

HIGHLIGHTS

The mission of the Human Resources (HR) Department is to be a resource, trusted advisor, and cultivator of an inspiring and fulfilling work environment that attracts and engages a talented workforce. The department's core values include communication, continuous improvement, integrity, collaboration, humor, and fun. The purpose of the Human Resources Department is to provide a variety of support and assistance to employees and departments. The department accomplishes this by providing a range of services, including recruitment, professional development training, compensation and classification administration, labor relations, employee relations, and benefits and workers' compensation administration.

2023 Accomplishments:

- Updated Employee Training resources by broadening scope
- Completed Memorandum of Understanding (MOU) negotiations with six bargaining units
- Instituted online feedback mechanisms for HR services



2024 Goals:

- Complete a service delivery strategic plan
- Collectively redefine the Employee Engagement survey/program and the training program
- Continue implementation of the Succession Development program
- Continue to review and assess HR processes to improve customer experience, efficiency, data, and reporting



In 2023, the department had an estimated:

- 2,400 applicants for City jobs
- 15-day average from closing a recruitment to providing a department with a referral list
- 100% rate of workforce attendance at all City-required trainings

The department plans to achieve their 2024 goals with:

12 full-time employees in six divisions:

- Benefits, including Workers' Compensation
- Recruitment
- Classification, and Compensation
- Employee and Labor Relations, including Training and Organizational Development

A General Fund expenditure budget of \$1,820,115 for FY 2024



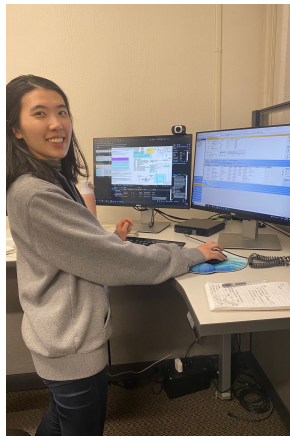


INFORMATION TECHNOLOGY DEPARTMENT HIGHLIGHTS

The Information Technology (IT) Department provides technology services to support City departments and the community through online platforms. The department's primary objective is to deliver business-driven, efficient, quality technology solutions and services for the City of Santa Cruz staff and the public.

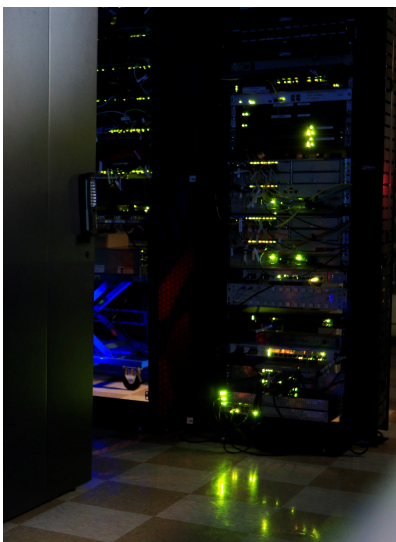
2023 Accomplishments:

- Completed the citywide Microsoft Office 365 (M365) implementation
- Made the camera systems and physical access and door controls sustainable
- Expanded cybersecurity monitoring and detection tools



2024 Goals:

- Begin a project to implement a new land use, permitting, and business license application
- Upgrade the City's timekeeping software solution to a more modern and secure platform
- Upgrade the City's Community Request for Service Portal (CRSP)
- Complete a Request for Proposals (RFP) for a new Enterprise Resource Planning (ERP) software system to replace the City's current ERP



In 2023, the department had an estimated:

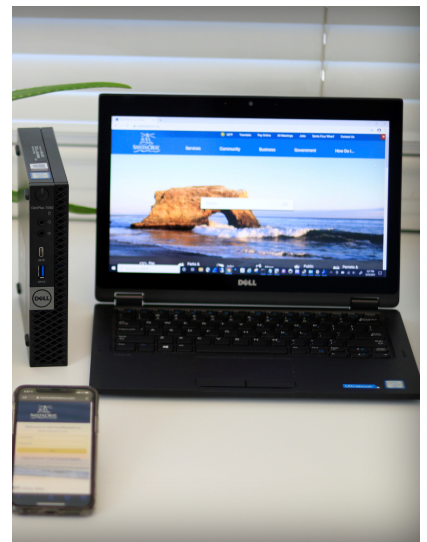
- 99.90% network availability
- 99.97% critical server availability
- 99.92% website availability
- 117 personal computers replaced
- 5,700 Help Desk Tickets completed
- An average of 3.7 days to close Help Desk tickets

The department plans to achieve their 2024 goals with:

23 full-time employees in three divisions:

- Infrastructure and Client Services
- Strategic and Administrative Services
- Process and Application Solutions

An expenditure budget of \$6,201,604 for FY 2024





SANTA CRUZ PUBLIC LIBRARY / JPA

HIGHLIGHTS

The Santa Cruz Public Library System (SCPL) / Joint Powers Authority (JPA) transforms lives and strengthens communities. The JPA is a governing board made up of representatives from the City and County of Santa Cruz and oversees a network of ten neighborhood branches, the Live Oak Annex, a bookmobile, and an online digital library. Branch locations include Aptos, Boulder Creek, Branciforte, Capitola, downtown Santa Cruz, Felton, Garfield Park, La Selva Beach, Live Oak, and Scotts Valley. The City of Santa Cruz acts as a fiduciary for the JPA. The downtown Santa Cruz branch maintains the genealogical and Santa Cruz local history collections. SCPL transform the lives of individuals and the community through programs, services, and materials that support learning, digital inclusion, and community building.

2023 Accomplishments:

- Continued to restore open hours to pre-pandemic levels
- Collaborated with the City to support the approval of the Downtown Library and Affordable Housing Project
- Received a \$20,000 grant to purchase laptops for youth STEAM programming



2024 Goals:

- Collaborate with the County Office of Education on an early childhood literacy pilot
- Implement best practices for building a diverse and inclusive collection of materials, programming, and services
- Complete groundbreaking on the Downtown Library and Affordable Housing Project



In 2023, the SCPL:

- Enhanced communication with community partners around literacy and inclusion
- Increased collection materials available in international languages
- Obtained patron feedback on library spaces and use

The SCPL plans to achieve their 2024 goals with:

- 112.08 full-time employees throughout all branches
- A budget of \$1,814,751 for the City of Santa Cruz library and a total budget for the JPA of \$19,590,090 for FY 2024





PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT HIGHLIGHTS

The mission of the Planning and Community Development Department is to enhance quality of life, safety, and civic pride for our community by providing land use and development guidance through responsive, respectful, and efficient public service. Beyond conducting plan review, issuing permits for construction, and inspecting new and remodeled structures, the department also facilitates green building practices and coordinates and develops the City's sustainability programs, responds to code compliance issues, ensures safety of rental housing through inspections, and provides excellent service at its public counter.

2023 Accomplishments:

- Submitted the first draft of the 6th Cycle 2023-2031 Housing Element to the State
- Updated the Accessory Dwelling Unit Legalization Program
- Implemented the Sidewalk Vending Ordinance inspection, citation, and impoundment process



2024 Goals:

- Receive Housing Element Certification from the State
- Conduct a fee analysis for Building and other department fees
- Expand the new Land Management System, including an online payment feature
- Complete the Downtown Plan Expansion project
- Complete code amendments to facilitate housing production



In 2023, the department had an estimated:

- 1,650 building permits issued
- 11,500 phone calls and individuals served in person
- 20 City Council presentations delivered by the Advance Planning Division
- 92% of building plans reviewed and responses provided within established timelines

The department plans to achieve their 2024 goals with:

35 full-time employees in five major divisions:

- Administration
- Building and Safety
- Advance Planning
- Code Compliance
- Current Planning

An expenditure budget of \$9,068,641 for FY 2024





PARKS AND RECREATION DEPARTMENT HIGHLIGHTS

Parks and recreation are vitally important to establishing and maintaining the quality of life in a community, ensuring the health of families and youth, and contributing to the economic and environmental well-being of a community and region. The City's diverse portfolio of recreation programs along with a robust, world-class system of parks, beaches, open spaces, and urban forests allow the department to contribute to the vitality and health of the community, provide numerous popular tourist destinations, attract new businesses, and serve as environmental stewards of a vast and stunning array of natural resources.

2023 Accomplishments:

- Completed over five Capital Investment Program (CIP) projects, including stunning updates to Garfield Park
- Removed gender-based rules in Adult Sports leagues
- Collaborated with homelessness response team on encampment cleanup
- Restored teen internship program



2024 Goals:

- Complete San Lorenzo Park conceptual redesign process
- Translate all high-use public forms to Spanish
- Installation of LED lighting and solar panels at Civic Auditorium
- Secure new grants to support open space stewardship
- Create London Nelson Community Center business plan
- Expand activation at the Wharf through new events and activities



In 2023, the department had an estimated:

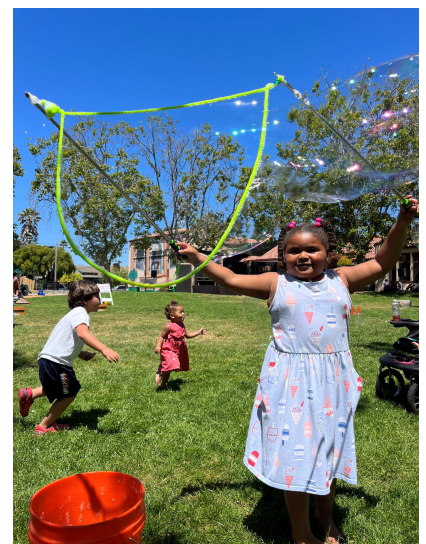
- 99,952 participants in programs, classes, and events
- 10,905 facility reservations
- 330 tons of refuse and 115 tons of green waste removed
- \$9,805 in operating expenditures per acre of parkland

The department plans to achieve their 2024 goals with:

86.5 full-time employee in three divisions:

- Recreation
- Administration
- Parks

A General Fund expenditure budget of \$17,591,825 and an overall budget of \$20,732,960 for FY 2024



OUR PARKS. OUR RECREATION. OUR SANTA CRUZ.



Kids from neighborhoods surrounding Garfield Park test out the new playground's amenities.

Junior Guard captains ring in the 2023 summer season by piling onto the Mile Buoy off of Cowell Beach.



San Lorenzo Park Neighbors (SLPN) celebrate the beautiful repainting of the park's unofficial mascot, the San Lorenzo serpent. Together with Park and Recreation staff, the SLPN, Coastal Watershed Council, and the Arts Council of Santa Cruz County brought in local artist Miguel Franco to give the sculpture a "new skin."





PUBLIC WORKS DEPARTMENT

HIGHLIGHTS

The Public Works Department is the largest City department and is organized into seven major divisions: Administration; Engineering; Operations; Parking; Resource Recovery; Transportation Engineering; and Wastewater. The Public Works Department's primary objective is to efficiently deliver its array of municipal services in a safe, professional, sustainable, and cost-effective manner to residents, businesses, and visitors of Santa Cruz with a focus on community responsiveness and customer service.

2023 Accomplishments:

- Rolled out residential food scrap collection to 13,500 customers
- Completed construction of the Route 1-9 intersection improvement project
- Took delivery of the first electric refuse truck, in support of the City's climate action goals



2024 Goals:

- Complete construction of the WWTF Headworks Project and Gravity Thickener No. 2 Rehabilitation
- Implement License Plate Recognition (LPR) for parking enforcement on streets and in residential permit zones
- Bid, award, and begin construction of Murray Street Bridge seismic upgrade project
- Complete the construction of Rail Trail Segment 7 Phase II



In 2023, the department had an estimated:

- 20 Capital Investment Program (CIP) projects completed
- 56,000 commercial and 15,000 street waste containers emptied
- 874 tons of illegal encampment debris removed
- 200 potholes filled
- 7 million gallons of effluent treated daily
- 154 equipment assets

The department plans to achieve their 2024 goals with:

265.4 full-time employees across seven divisions:

- Administration
- Engineering
- Operations
- Parking
- Resource Recovery
- Transportation Engineering
- Wastewater

A General Fund expenditure budget of \$11,103,183 and a total expenditure budget across all funds of \$77,588,692 for FY2024



PUBLIC WORKS AT WORK



Operators drain and clean the primary sedimentation tank at the Wastewater Treatment Facility. Once the sedimentation tank is drained, washing down the mechanical components and concrete walls and floor can take as long as two days.



Through collaboration between many divisions and departments, breaches are coordinated when the river is shoaling. Gradual and monitored breaches are required to connect the San Lorenzo River to the Monterey Bay. Routine breaches will be required less often when the culvert project is complete.

Leachate removal is accomplished by gravity drainage over sloped liners for the purpose of preventing contamination of surface water and groundwater. Continued work on the five planned lined refuse disposal cells extends the life of the landfill by a few decades.



The Curbside Food Scrap Collection Program was rolled out in compliance with SB 1383 to reduce greenhouse gas emissions. The program is part of the residential bundled Resource Recovery service that includes garbage, yard waste and recycling collection. Initially the scraps will be turned into mash that is processed into animal feed; eventually they will be transformed into energy.





WATER DEPARTMENT

HIGHLIGHTS

The Water Department collects water, treats, and tests it, moves it, stores it, distributes it, tracks how much is used, and bills customers for their use. Their work includes maintenance and operation of the Loch Lomond Recreation area as well as the protection of Majors, Liddell, Newell Creek, Zayante, and Laguna watersheds. The department is a steward of an important community asset - the water system and all it entails- as well as a range of natural resources and ecosystems that many species depend on. The department takes pride in meeting the diverse needs of the broad region served and values its partnerships with neighboring agencies to develop long-range solutions to the region's drinking water needs.

2023 Accomplishments:

- Completed installation of the systemwide Meter Replacement Project
- Responded to, and repaired, 47 main leaks
- Developed and proposed "Securing Our Water Future" to the City Council
- Finalized replacement of the Ocean St. water main



2024 Goals:

- Commence construction on two pipelines to enhance water delivery resilience
- Initiate a process to adopt a new Enterprise Resource Planning (ERP) software to replace the Utility Billing System
- Begin construction on an intertie between the City of Santa Cruz and Scotts Valley Water District to augment Santa Cruz Water District's water supply



In 2023, the department had an estimated:

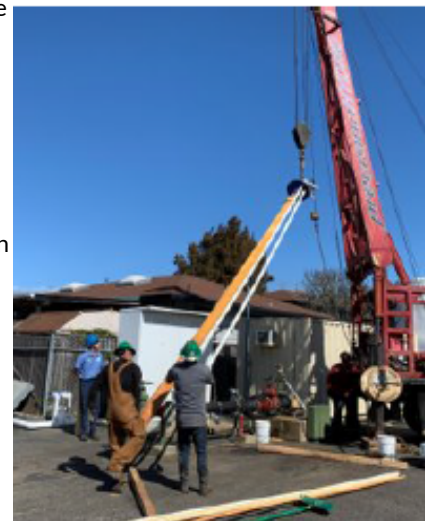
- 50,000 phone calls, emails, and lobby visits
- \$63.4 million dollars of new construction investments
- 2.3 billion gallons of drinking water consumed
- 100% compliance with drinking water standards

The department plans to achieve their 2024 goals with:

121.25 full-time employees led by the:

- Water Director
- Chief Financial Officer
- Customer Services Division Manager
- Deputy Director/ Engineering Manager
- Deputy Director/ Operations Manager

An operating expenditure budget of \$42,839,598 for FY 2024



OUR WATER, OUR FUTURE



Basins at the Graham Hill Water Treatment Plant, where drinking water is treated to remove sediment and other organic materials.

System-wide, if a water meter was over 3 years old, it was replaced with a smart water meter, which allows customers to track their water use goals and control costs as well as alerts them if they have a leak or unusual water use.



Loch Lomond Reservoir is owned and operated by the City of Santa Cruz Water Department. Its primary function is water storage for Santa Cruz residents.





POLICE DEPARTMENT HIGHLIGHTS

The Santa Cruz Police Department, or "SCPD," provides protection and law enforcement services to the community. The Police Department's primary objective is to reduce crime as well as the perception of crime and fear through a commitment to community-oriented policing and problem solving. Police efforts include the prevention of crime; detection and apprehension of offenders; the safe and orderly movement of traffic through traffic law enforcement accident prevention and investigation; ensuring public safety through regulation and control of hazardous conditions; the recovery and return of lost and stolen property; and the provision of non-enforcement services through programs reflecting community priorities.

2023 Accomplishments:

- Redeployed Downtown and Traffic special enforcement units
- Increased community engagement through National Night Out, Public Safety Teen Academy, and Citizens' Academy
- Dedicated two full-time Community Service Officers and a Sergeant to the Homelessness Response Team



2024 Goals:

- Improve its radio communication infrastructure
- Grow the Downtown and Traffic specialized units
- Promote the department's wellness program
- Expand community engagement initiatives to include a Spanish Citizens' Academy
- Develop an Integrated Health Response Team program



In 2023, the department had an estimated:

- 81,606 calls for service
- 2,942 arrests
- 4,000 citations
- 22,023 reports written

The department plans to achieve their 2024 goals with:

133 full-time employees including:

- 79 Officers
- 15 Sergeants
- 13 Community Service Officers

A General Fund expenditure budget of \$33,330,003 for FY 2024





Scan to view the FY 2024 CIP Projects

CAPITAL INVESTMENT PROGRAM

Large-dollar, nonrecurring projects that are for the purpose of constructing, purchasing, improving, replacing, or restoring assets with a multi-year asset life are a part of the City's Capital Investment Program, or CIP.

Descriptions and funding details on these projects can be found in the [FY 2024 Annual Budget](#), starting on page 241. (* projects that support the City's Climate Action and/or Adaptation Plan)

Sampling of Completed Projects in 2023:

- Benchland Restoration
- Chestnut Street Storm Drain Replacement*
- Citywide Safe Routes to School Crossing
- Corp Yard Solar Upgrade
- Fire Engine 1500 GPM Pierce Pumper*
- Fire Station Paging Systems*
- Garfield Park and Grant Park Improvements*
- Homelessness Response Field Division Shop Improvement
- Hygiene Bay
- HSIP Cycle 8 Crossing Improvements
- Landfill Design/Partial Construction of Cell 3
- LED Light Replacement (Citywide)
- Library Lane Sewer
- Mentel Aerial Sewer Improvement
- Miramar Demo and Wharf Piling Replacement
- Pacific Avenue Sidewalk- Front to Second
- RRF Household Hazardous Waste Facility Improvement
- San Lorenzo River Walk Lighting*
- State Route 1/9 Intersection Improvements
- Trevethan Storm Drain Project- Phase 1*
- University Terrace- Basketball Court Renovation*
- Wastewater Collections Storage
- Wharf Railing Improvements
- WWTF Ultraviolet Disinfections System Replacement

Sampling of Projects to Begin in 2024:

- Corp Yard Site Security Upgrades
- Fire Station 2 Exercise & Storage Facility
- Fire Station 3 Butler Building
- Fire Station 3 Generator
- Food Waste Pre-processing System Improvement*
- Harvey West Park Improvements*
- Homelessness Infrastructure Projects
- Lighthouse Avenue Park Fencing
- Navigation Center- Phase 2
- Ocean Street Beautification
- Parks Facilities Security Improvements
- Riverside Gardens Park Pathway*
- Sgt. Derby Park Playground renovation
- Traffic Calming Program (Annual)
- Walkway Improvements in Neighborhood Parks*
- Water Conservation and Irrigation System Improvements*
- West Cliff Design & Improvement Standards*

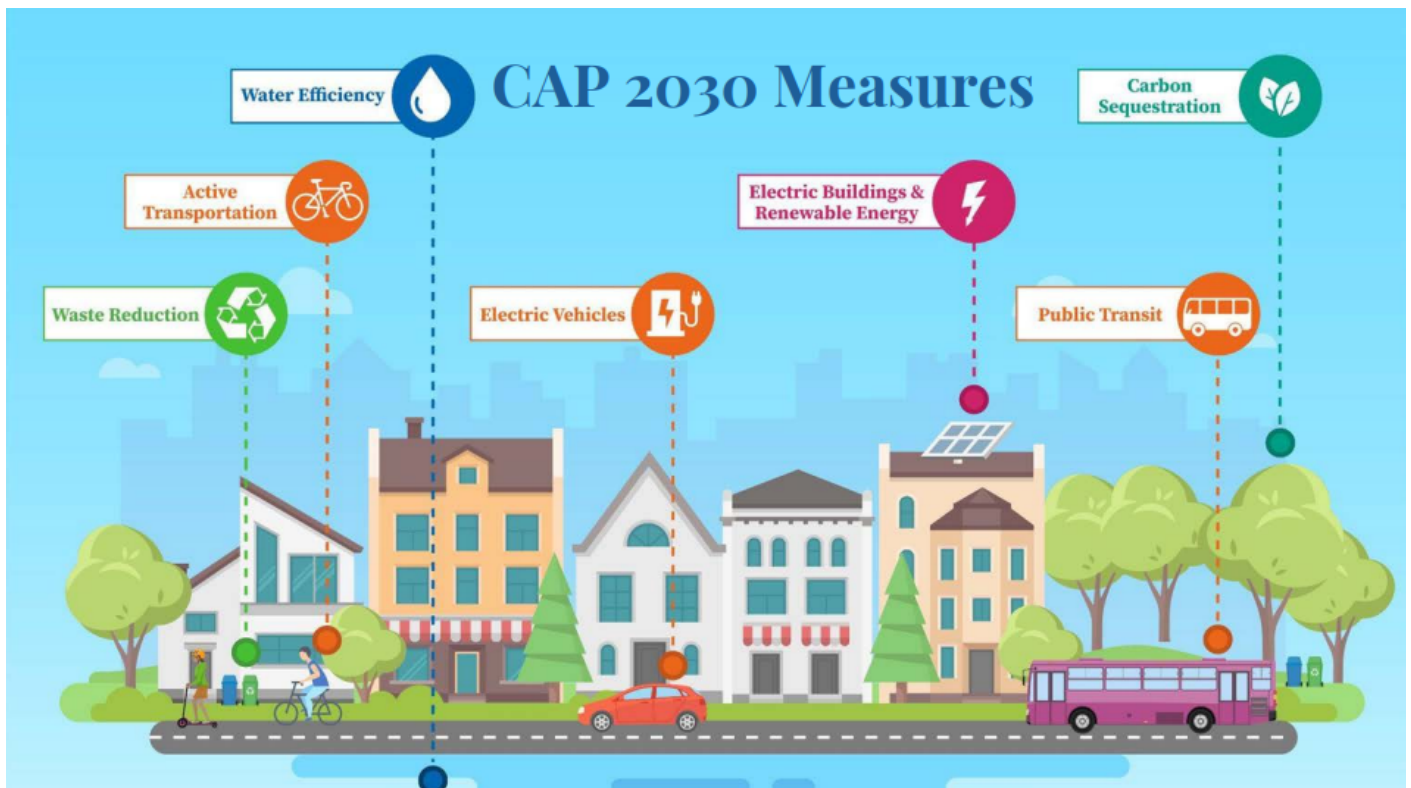




SUSTAINABILITY AND CLIMATE RESILIENCE

The City of Santa recognizes that humans are the main drivers of climate change. The Intergovernmental Panel on Climate Change (IPCC) issued a report in 2022 warning that the world is set to reach a 1.5 degree Celsius temperature increase above pre-industrial times within the next two decades. This report said that only the most drastic cuts in carbon emissions would prevent an environmental disaster.

In September, 2022, the City Council adopted the Climate Action Plan 2030, which defined a number of measurable actions to reduce community-wide greenhouse gas emissions by 40% by 2030 compared to 1990 levels. The long-term goal set was to reach carbon neutrality by 2035. A number of measures and actions were identified to reach these greenhouse gas emissions targets and to adapt to the impacts of climate change, with the areas of focus highlighted in the graphic below.



91% of the actions set in the Climate Action Plan 2030 advance progress on the Health in All Policies Community Well-Being outcome indicators described on page 8.



Scan to view the latest updates on West Cliff

WEST CLIFF DRIVE

CITYWIDE RESPONSE



Effect of the 2023 Storms

The January 2023 storms and accompanying wave activity caused significant damage to areas of West Cliff Drive. The storm caused pathway failures in multiple locations as well as significant damage to signage, fencing, and other infrastructure. City staff is diligently managing complicated timelines across regulatory agencies, funding decisions, reimbursement protocols, necessary repairs, and community interest to effectively respond to this damage.



City's Completed Work-to-Date

In late May, a temporary cul-de-sac was installed on Oxford at Bethany Drive to minimize cut-through traffic. In August, a temporary cul-de-sac was installed at Bethany Curve to minimize cut-through traffic on Alta. Project locations and installation order were determined by the magnitude of traffic volume increases. In September 2023, construction on West Cliff's "infill walls" between Columbia Avenue and David Way began and is expected to be completed in Spring 2024.



Current and Upcoming Work

Historic and current traffic patterns are being studied to gain insights on ways to enhance traffic flow, while prioritizing safety and accessibility to the whole area. Delaware Avenue striping and calming elements will be added between Almar and Surfside as a result of neighborhood meetings and feedback. The City has heard concerns about visibility at intersections and increased traffic on Almar, so changes are being developed to mitigate those concerns.



Long-Term Vision

Funding from the Federal Emergency Management Agency (FEMA) and the Federal Highway Administration (FHWA) are being sought and permits from the California Coastal Commission are required to accomplish the work of maintaining a resilient and accessible coastline for all. In May 2023, City Council directed staff to create a long term, 50-year plan to ensure a long-term vision is adhered to while performing these repairs.





CHANGE IN FUND BALANCE

Fund Balance is the difference between assets, liabilities, deferred inflows and deferred outflows of resources. The fund balance of the General Fund is a key measure of the City of Santa Cruz's overall financial health. The change in fund balance is the difference between revenues and expenditures during the year.



Governmental Funds

	General Funds	Other Funds	Total
Revenues:			
Taxes	89,795,560	4,370,837	94,166,397
Licenses and permits	1,684,201	-	1,684,201
Intergovernmental	2,121,784	22,504,741	24,626,525
Charges for services	21,121,206	75,531	21,196,737
Fines and forfeitures	1,341,043	-	1,341,043
Use of money and property	7,999,871	1,046,104	9,045,975
Other revenues	625,336	1,934,509	2,559,845
Total revenues	124,689,001	29,931,722	154,620,723
Expenditures:			
General government	17,855,264	1,051,665	18,906,929
Public safety	50,000,023	104,590	50,104,613
Parks and recreation/library	18,997,682	383,990	19,381,672
Public works	9,074,400	6,074,721	15,149,121
Transit	-	1,335,582	1,335,582
Community and economic development	10,739,198	5,400,282	16,139,480
Social services	8,326,322	-	8,326,322
Capital outlay	2,023,965	20,542,770	22,566,735
Debt service: principal and interest	2,946,673	1,217,898	4,164,571
Total expenditures	119,963,527	36,111,498	156,075,025
Excess of revenues over expenditures	4,725,474	(6,179,776)	(1,454,302)
Other financing services (or uses):			
Proceeds from notes/loans and sale of property	-	6,257,469	6,257,469
Proceeds from leases/subscriptions	2,208,706	-	2,208,706
Transfers in	6,774,164	19,061,766	25,835,930
Transfers out	(12,795,185)	(14,260,400)	(27,055,585)
Total other financing sources (uses)	(3,812,315)	11,058,835	7,246,520
Net change in fund balance	913,159	4,879,059	5,792,218
Fund balances, beginning of year	50,998,129	33,926,894	84,925,023
Fund balances, end of year	51,911,288	38,805,953	90,717,241



NET POSITION: PROPRIETARY FUNDS

Equity in Proprietary Funds is reported as Net Position. As with governmental funds, the change in net position is the difference between revenues and expenditures during the year.



	Water	Wastewater	Refuse
<u>Operating revenues:</u>			
Charges for services	41,344,448	25,245,183	22,676,166
Rental revenues	6,600	-	-
Other revenues	550,354	-	173,048
Total operating revenues	<u>41,901,402</u>	<u>25,245,183</u>	<u>22,849,214</u>
<u>Operating expenses:</u>			
Personnel services	15,820,873	9,328,685	12,193,655
Services, supplies, and other charges	14,254,039	16,804,287	10,767,954
Depreciation and amortization	4,739,598	4,930,779	2,294,471
Total operating expenses	<u>34,814,510</u>	<u>31,063,751</u>	<u>25,256,080</u>
Operating income (loss)	<u>7,086,892</u>	<u>(5,818,568)</u>	<u>(2,406,866)</u>
<u>Nonoperating revenues (expenses):</u>			
Intergovernmental	971,148	2,013,451	349,037
Investment earnings	573,017	130,252	260,893
Interest expense and fiscal charges	(4,297,265)	(112,464)	(30,169)
Gain (loss) on sale of capital assets	8,494	4,255	32,738
Total nonoperating revenues (expenses)	<u>(2,744,606)</u>	<u>2,035,494</u>	<u>612,499</u>
Income (loss) before transfers	<u>4,342,286</u>	<u>(3,783,074)</u>	<u>(1,794,367)</u>
Transfers in	-	-	10,000
Transfers out	<u>(84,890)</u>	<u>(66,509)</u>	<u>(32,249)</u>
Total transfers	<u>(84,890)</u>	<u>(66,509)</u>	<u>(22,249)</u>
Change in net position	<u>4,257,396</u>	<u>(3,849,583)</u>	<u>(1,816,616)</u>
<u>Net position:</u>			
Net position, beginning of year, restated	<u>108,600,010</u>	<u>86,554,129</u>	<u>22,904,102</u>
Net position, end of year	<u>112,857,406</u>	<u>82,704,546</u>	<u>21,087,486</u>



NET POSITION: PROPRIETARY FUNDS

	<u>Parking</u>	<u>Stormwater</u>	<u>Total Enterprise Funds</u>
<u>Operating revenues:</u>			
Charges for services	4,480,080	911,163	94,657,040
Rental revenues	123,988	-	130,588
Other revenues	45,553	4,500	773,455
Total operating revenues	<u>4,649,621</u>	<u>915,663</u>	<u>95,561,083</u>
<u>Operating expenses:</u>			
Personnel services	3,419,188	219,740	40,982,141
Services, supplies, and other charges	2,166,465	1,460,720	45,453,465
Depreciation and amortization	800,881	800,425	13,566,154
Total operating expenses	<u>6,386,534</u>	<u>2,480,885</u>	<u>100,001,760</u>
Operating income (loss)	<u>(1,736,913)</u>	<u>(1,565,222)</u>	<u>(4,440,677)</u>
<u>Nonoperating revenues (expenses):</u>			
Intergovernmental	288,972	651,676	4,274,284
Investment earnings	39,881	40,378	1,044,421
Interest expense and fiscal charges	(71,386)	(84,650)	(4,595,934)
Gain (loss) on sale of capital assets	(2,176)	-	43,311
Total nonoperating revenues (expenses)	<u>255,291</u>	<u>607,404</u>	<u>766,082</u>
Income (loss) before transfers	<u>(1,481,622)</u>	<u>(957,818)</u>	<u>(3,674,595)</u>
Transfers in	36,921	-	46,921
Transfers out	(15,430)	(780,718)	(979,796)
Total transfers	<u>21,491</u>	<u>(780,718)</u>	<u>(932,875)</u>
Change in net position	<u>(1,460,131)</u>	<u>(1,738,536)</u>	<u>(4,607,470)</u>
<u>Net position:</u>			
Net position, beginning of year, restated	<u>6,274,938</u>	<u>9,982,556</u>	<u>234,315,735</u>
Net position, end of year	<u>4,814,807</u>	<u>8,244,020</u>	<u>229,708,265</u>





GLOSSARY OF TERMS

Bonds - A form of borrowing (debt financing) which reflects a written promise from the City to repay a sum of money on a specific date at a specified interest rate. Bonds are used to finance large capital projects such as buildings, streets, and utility infrastructure.

Budget - A financial plan for a specified period of time that matches projected revenues and planned expenditures to municipal services, goals, and objectives.

Budget and Fiscal Policies - General and specific guidelines adopted by the Council that govern financial plan preparation and administration.

Capital Assets - Expenditures of a long-term nature such as land, buildings, machinery, furniture, and other equipment. The City defines capital assets as those having an estimated useful life more than one year and an initial, individual cost in excess of the capitalization thresholds, which are defined according to the type of asset.

Capital Investment Program (CIP) - A multi-year program (plan) for maintaining, replacing and acquiring new and existing public facilities and assets.

Capital Outlay - Expenditures to acquire, rehabilitate, or construct general capital assets and major improvements.

City Stabilization Reserve - Established by Council June 11, 2013, this policy was adopted to provide a reserve equal to two-months of the current fiscal year's Adopted Total General Fund Operating Expenditure Budget. The reserve can be used, with Council authorization, in the case of certain unforeseen and non-recurring events that create significant financial difficulty for the City and are in excess of the current year's appropriated contingency.

Climate Action Plan - In order to improve the energy efficiency of municipally owned and/or operated facilities, the City has developed a Climate Action Plan. Projects that support the Climate Action Plan have been identified in the CIP section of the budget.

Debt Financing - Borrowing funds for capital improvements needed today and pledging future revenues to repay principal and interest expenditures (see Debt Service).

Debt Service - Payments of principal and interest on bonds and other debt instruments according to a predetermined schedule.

Department - A major organizational unit of the City that has been assigned overall management responsibility for an operation or a group of related operations within a functional area.



GLOSSARY

CONTINUED

Expenditure - The outflow of funds paid or to be paid for assets, goods, or services, regardless of when the invoice is actually paid. This term applies to all funds. Note: An encumbrance is not an expenditure; an encumbrance reserves funds to be expended.

Financial Position - The term financial position is used generically to describe either fund balance or net position. Because governmental and enterprise funds use different bases of accounting, fund balance and net position are different measures of results under generally accepted accounting principles. However, they represent similar concepts: resources available at the beginning of the year to fund operations, debt service, and capital improvements in the upcoming year.

Fiscal Year - The beginning and ending period for recording financial transactions. The City has specified July 1 to June 30 as its fiscal year.

Fund Balance - Also known as financial position, fund balance for the governmental fund types is the excess of fund assets over liabilities and represents the cumulative effect of revenues and other financing sources over expenditures and other financing uses. Fund balance is a similar (although not exact) concept as Net Position in the enterprise funds.

Fund - An accounting entity that records all financial transactions for specific activities or government functions. The six generic fund types used by the City are: General Fund, Special Revenue, Debt Service, Capital Projects, Enterprise, and Internal Service Funds.

General Fund - The primary operating fund of the City, all revenues that are not allocated by law or contractual agreement to a specific fund are accounted for in the General Fund. Except for subvention or grant revenues restricted for specific uses, General Fund resources can be utilized for any legitimate governmental purpose (see Fund).

Governmental Funds - Funds generally used to account for tax-supported activities. The City utilizes four different types of governmental funds: the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

Investment Revenue - Interest income from the investment of funds not immediately required to meet cash disbursement obligations.

Operating Budget - The portion of the budget that pertains to daily operations and delivery of basic governmental services.

Reserve - An account used to indicate that a portion of a fund's balance is legally restricted for a specific purpose and is, therefore, not available for general operations.

Trust - A fund established to hold funds dedicated to a specific project or purpose.



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