

10. Consider approval of the Proposed 2025-26 Budget for Community Development and Infrastructure, including any supplemental materials, and take related actions, as outlined in the referenced budget documents, and as recommended by the County Executive Officer ()



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: Proposed 2025-26 Budget for Community Development and Infrastructure

Meeting Date: June 4, 2025

Formal Title: Consider approval of the Proposed 2025-26 Budget for Community Development and Infrastructure, including any supplemental materials, and take related actions, as outlined in the referenced budget documents, and as recommended by the County Executive Officer

Recommended Action

Approve the Proposed 2025-26 Budget for Community Development and Infrastructure, including any supplemental materials, as provided in the referenced budget documents:

- [Proposed Budget](#)
- [Supplemental Budget](#)
- [Fixed Assets](#)
- [Continuing Agreements List](#)
- [Unified Fee Schedule](#)
- Presentation

Executive Summary

The Proposed 2025-26 Budget with Supplemental changes for the Community Development and Infrastructure Department supports two branches: Community Planning and Public Works, with funded staffing of 362.5 full-time equivalent (FTE) positions. The Community Planning budget includes 79.5 FTE positions, and the Public Works budget includes 283.0 FTE positions. The total budget consists of \$8,440,646 in General Fund contributions and \$4,100,000 in District Sales Tax contributions.

Discussion

The mission of the Community Development and Infrastructure Department (CDI) is to align public infrastructure and private development to further County goals of attainable housing, reliable transportation, and a sustainable environment. Department and division operational objectives are shown in the 2025-26 Proposed Budget document and 2025-27 Operational Plan. Both are available online at: www.SCCVision.us

Community Planning and Housing Funds

The Community Planning budget includes negotiated salary and benefit increases as well as a change in facility charges to properly reflect the cost of facility services and utilities.

Anticipated reductions in state or federal funding include a loss of state funding for planning initiatives and also reductions in both state and federal housing grants (\$1,663,664 reduction in state grants; \$830,306 reduction in federal grants).

The budget reflects important service changes, including a reduction in anticipated permit activity and fees, upgrades in building and inspection software, and professional services to support building plan check and environmental review.

Funded staffing totals 79.5 FTE positions with the addition of 2.0 FTE Building Permit Technicians needed to support permitting in the Unified Permit Center and implement Board-directed permit process improvements that are underway.

Budgeted funding will continue to support ongoing staff work, including development permitting, housing development, code compliance operations, environmental protection, fiscal and operational improvements, and several permitting process and inspection improvements.

Over the next fiscal year, the Community Planning branch will be focused primarily on the transition of the recovery permits into the Unified Permit Center, the Building Permit Organizational Assessment (Baker Tilly Report), and implementing a multitude of new state laws.

Public Works

The Public Works budget includes negotiated salary and benefit increases as well as a change in facility charges to properly reflect the cost of facility services and utilities. Also included are approximately 117 capital projects that provide \$70,447,291 of investment into County infrastructure. These projects can be reviewed in the in the [2025-30 Capital Improvement Plan \(CIP\)](#).

Because the Public Works branch is not housed in the General Fund, revenues include a General Fund contribution of \$1,932,500 and District Sales Tax contribution (from Measure K) transfer of \$2,100,000 for a total transfer-in of \$4,032,500 from General County Revenues. Most of the General Fund investment, a total of \$3,932,500, is for road and drainage infrastructure maintenance. This is a significant increase, recognizing the County's deferred maintenance needs, deteriorating conditions, and aging infrastructure. The remaining District Sales Tax contribution of \$100,000 is from District 3's Measure K allocation for environmental and parks improvements.

Changes for the Public Works branch in the 2025-26 Proposed and Supplemental Budgets as compared to the 2024-25 Adopted Budget are summarized below:

Special Services

- Sanitation Districts: Capital Projects are budgeted to decrease by (\$9,464,797) due to the completion of major capital improvement projects. The Freedom Sanitation District completed Phase 2 of the Freedom Sewer Rehabilitation and Davenport Sanitation completed two Storage Tank Projects.
- Recycling and Solid Waste: Budgeted increase of \$2,915,000 for required minimum investments in future Landfill Closure and Post Closure costs.
- Flood Control: Budgeted increase of \$5,000,000 for the County match related to the Watsonville Slough Ecosystem Restoration Project and \$500,000 for costs related to the Capitola Road Culvert Replacement project.

Transportation

- Road Repair and Improvements: Decrease to budgeted expenditures of \$25,513,799 driven by the completion of major capital improvement projects including Soquel Drive Buffered Bike Lane, Green Valley Multi-Use Path and the Holohan Road at Hwy 152 Intersection projects.
- Storm Damage Repairs: Decrease to budgeted expenditures of \$13,765,606 in

planned storm damage repairs driven by limited funding to cover the local match requirement for these projects.

- Road Fund Debt Service: An overall reduction of (\$5,396,916) in budgeted debt service costs driven primarily by the slowdown in expected Federal Emergency Management Agency (FEMA) reimbursements used to pay down debt.

Administration

- Public Works Administration: Decrease of \$4,454,757 budgeted for At Cost project costs driven by the completion of services being provided to the Santa Cruz County Regional Transportation Commission (RTC) for the Rail Trail project.

Public Works staffing totals 283.0 FTE positions with the addition of 6.0 FTE Recycle Center Specialists in Recycling and Solid Waste. These positions will perform work currently being provided through contracted services. Bringing these positions in-house will significantly lower the cost of providing the services and will ensure public and worker safety by providing direct County supervision of all recycling operations staff.

Budgeted funding will continue to support ongoing staff work in all areas of public infrastructure including Transportation, (Roads and Bridges), Recycle and Solid Waste, Sanitation and Water, Flood Control and Drainage and all administrative functions related to providing those services.

Over the next fiscal year, the Public Works branch will be focused primarily on advancing programmed bridge repairs, completing storm damage repair projects, resurfacing roads, making upgrades to the Ben Lomond transfer station, and designing flood control projects in South County.

Financial Impact

The CDI Proposed Budget with Supplemental changes includes expenditures totaling \$247,715,744. The funding sources for these expenditures are revenues of \$200,326,117, General Fund contributions of \$8,460,646, District Sales Tax contributions of \$4,100,000 and Other Funds of \$34,828,981. This reflects a total expenditure decrease of \$35,494,427 or 12.5% from the Fiscal Year 2024-25 Adopted Budget.

The CDI Supplemental Budget adds 8.0 FTE positions (2.0 FTE positions in Planning and 6.0 FTE positions in Public Works), \$643,840 in expenditures, \$593,840 in revenues, and \$50,000 in additional use of other funds. Increases mainly cover the cost of new positions offset by a decrease in contracted services that were erroneously included in the Proposed Budget.

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure, Plans, Policies & Budgets, Leadership, Operations & Services

Operational Plan - Attainable Housing, Reliable Transportation, Sustainable Environment, Operational Excellence

Climate Action - Transportation, Natural & Working Lands, Government Operations

Submitted By:

Matt Machado, Deputy CEO / Director of Community Development and Infrastructure

Recommended By:

Carlos J. Palacios, County Executive Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.



Community Development & Infrastructure 2025-26 Proposed Budget

Matt Machado
June 4, 2025



Presentation Overview



Our Mission



Budget Overview



Fiscal & Staffing Details



Federal/State risks & Emerging Issues



Request & Questions



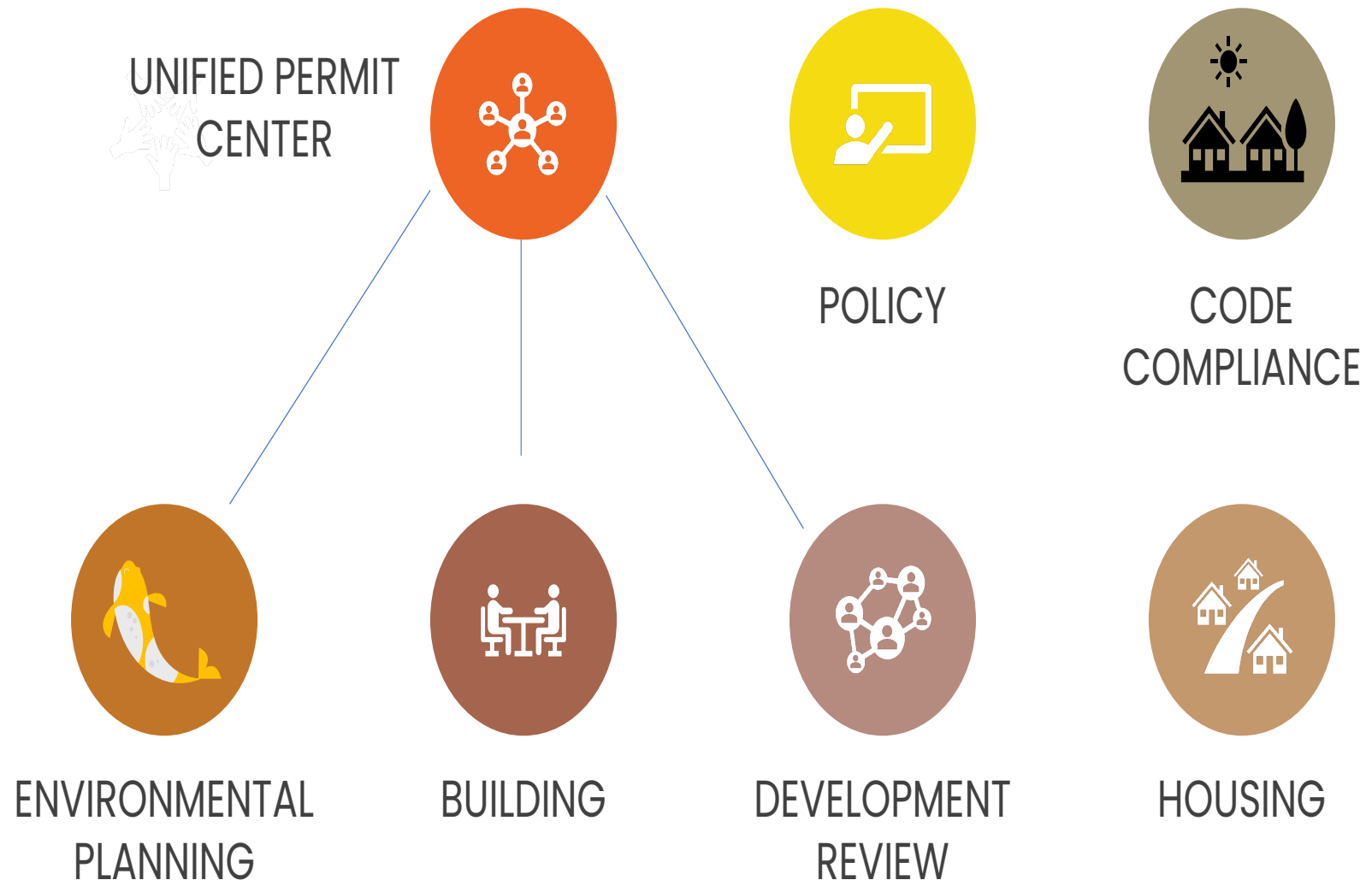
Our Mission

To improve customer service, streamline projects, and to align public infrastructure and private development to further County goals in attainable housing, reliable transportation, and sustainable environment.

Summary of Proposed CDI Budget

| | 2024-25 Adopted | 2025-26 Proposed | Amount of Change | Percent Change |
|---|--------------------|---------------------|---------------------|-------------------|
| Revenues | \$243,570,327 | \$200,326,117* | (\$43,244,210) | (18%) |
| Expenses | \$283,210,171 | \$247,715,744 | (\$35,494,427) | (13%) |
| District Sales Tax Contribution | \$0.00 | \$4,100,000 | \$4,100,000 | 100% |
| General Fund Contribution | \$8,227,735 | \$8,460,646 | \$232,911 | 3% |
| Other Funds Contribution | \$31,412,109 | \$34,828,981 | \$3,416,872 | 11% |
| Funded Staffing | 353.5 | 362.5 | 9.00 | 3% |
| * Note – the online budget shows revenue of \$204,358,617 as it includes \$2,100,000 of District Sales Tax and \$1,932,500 of General Fund contributions to Public works. | | | | |

Planning's Services



CDI – Planning Summary of Proposed Budget

| | 2024-25 Adopted | 2025-26 Proposed | 2025-26 Supple- mental | Amount of Change | Percent Change |
|--|--------------------|---------------------|------------------------------|---------------------|-------------------|
| Revenues | \$11,473,944 | \$9,295,774 | \$0 | (\$2,178,170) | (19%) |
| Expenses | \$19,701,679 | \$17,773,920 | \$0 | (\$1,927,759) | (10%) |
| District Sales Tax Contribution | \$0 | \$2,000,000 | \$0 | \$2,000,000 | 100% |
| General Fund Contribution | \$8,227,735 | \$6,478,146 | \$0 | (\$1,749,589) | (21%) |
| Funded Staffing | 76.5 | 77.5 | 2.0 | 3.0 | 4% |

CDI – Planning

Major Budget Changes from Adopted Revenues

| | Amount | Title of change in revenue |
|---|-------------|--|
| ↓ | \$ 703,640 | Inspection services revenue decrease due to timing of multi-family project issuance |
| ↑ | \$400,000 | Increase in plan check services for projected multi-family project submission |
| ↑ | \$200,000 | EIR for Battery Energy Storage (has an expense offset) |
| ↓ | \$2,059,130 | Decrease in State and Federal grant funding, revenue not received will be part of the rebudget process |

CDI – Planning

Major Budget Changes from Adopted Expenses

| | Amount | Title of change in expenditure/expense |
|---|--------------|--|
| ↓ | \$ 1,497,313 | End of 4Leaf Agreement for CZU Fire permitting |
| ↑ | \$454,130 | Utilities expenses (GSD Charges) |
| ↑ | \$266,346 | GSD services and charges |
| ↑ | \$241,261 | Software improvements – Mobile Inspector |
| ↑ | \$218,257 | Increase in salaries and benefits |

CDI – Housing Funds Summary of Proposed Budget



| | 2024-25 Adopted | 2025-26 Proposed | Amount of Change | Percent Change |
|-----------------|--------------------|---------------------|---------------------|-------------------|
| Revenues | \$3,561,417 | \$2,972,389 | (\$589,028) | (17%) |
| Expenses | \$10,702,617 | \$11,115,344 | \$412,727 | 4% |

State & Federal Funding Risks – Planning

- Federal and state grant reductions for policy initiatives and housing funds
- Grant reductions also impacting affordable housing developers
- Economic uncertainty/interest rates



CDI – Planning – Emerging Issues

- Recovery Permit Center transition
- Building Permit Organizational Assessment
- Slowing development
- Reduced housing funding
- Evolving State regulations



Public Works' Services

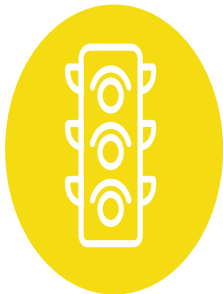
TRANSPORTATION



ROAD
OPERATIONS



ROAD REPAIR &
IMPROVEMENTS



TRAFFIC
PLANNING



PAVEMENT
MANAGEMENT

SPECIAL SERVICES



SANITATION



FLOOD CONTROL
& DRAINAGE



RECYCLING &
SOLID WASTE



CONSTRUCTION
MANAGEMENT



CDI – Public Works

Summary of Proposed Budget

| | 2024-25 Adopted | 2025-26 Proposed | Amount of Change | Percent Change |
|--|--------------------|---------------------|---------------------|-------------------|
| Revenues | \$228,534,966 | \$188,057,954* | (\$40,477,012) | (13%) |
| Expenses | \$252,805,875 | \$218,826,480 | (\$33,979,395) | (18%) |
| District Sales Tax Contribution | \$0.00 | \$2,100,000 | \$2,100,000 | 100% |
| General Fund Contribution | \$0.00 | \$1,982,500 | \$1,982,000 | 100% |
| Other Funds Contribution | \$24,270,909 | \$26,686,026 | \$2,415,117 | 10% |
| Funded Staffing | 277.0 | 283.0 | 6.0 | 2% |

* Note – the online budget shows revenue of \$192,090,454 as it includes \$2,100,000 of District Sales Tax and \$1,982,500 of General Fund contributions to Public works.

CDI – Public Works

Major Budget Changes from Adopted Revenues

| | Amount | Title of change in revenue |
|---|--------------|--|
| ↓ | \$25,513,799 | Grants and other one-time funding related to completion of major Transportation projects |
| ↓ | \$9,464,797 | Grants and other one-time funding related to completion of major Sanitation projects |
| ↓ | \$4,475,757 | At-Cost billings on Capital Projects (now moved to GSD) |
| ↑ | \$3,932,500 | General fund and Measure K transfers to Public Works |
| ↑ | \$5,000,000 | NOAA grant funding the Watsonville Slough Ecosystem Restoration Project |

CDI – Public Works

Major Budget Changes from Adopted Expenses

| | Amount | Title of change in expenditure/expense |
|---|--------------|---|
| ↓ | \$25,513,799 | Professional services expenses - Completion of Major Transportation Projects |
| ↓ | \$9,464,797 | Professional services expenses - Completion of Major Sanitation Projects |
| ↑ | \$2,250,000 | Road maintenance operations with focus on core maintenance tasks |
| ↑ | \$1,682,500 | Transportation and Drainage improvement projects – grant match funds |
| ↑ | \$1,688,000 | DPW Admin - \$765,000 Property & Liability Coverage, \$923,000 County Overhead charges (GSD services and charges) |

CDI-Public Works Projects with Measure K and GF Contributions

- \$1,932,500 GF Contribution - Transportation
- \$2,000,000 Measure K - Transportation

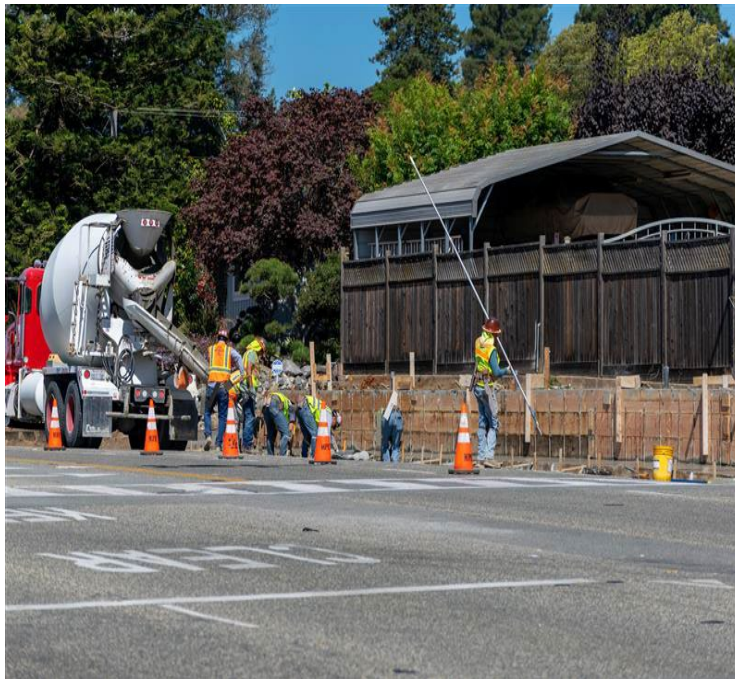
| Project | Amount |
|--|-------------|
| Road Operations Increase in Services | \$2,000,000 |
| Signal Maintenance and Utilities | \$250,000 |
| SS4A Safety Action Plan – Grant Match | \$77,500 |
| Capitola Road at Leona Creek – Failing Culvert | \$500,000 |
| Roadside Vegetation Control Contract/Grant | \$250,000 |
| Robertson/Soquel Signal – Grant Match | \$375,000 |
| Inter-County Routes Resurfacing – Grant Match | \$480,000 |
| Total GF and Measure K Funding | \$3,932,500 |

Public Works Major Projects



| 2025-26 Budget | Capital Project Title |
|-------------------|--|
| \$1,970,536 | Robertson St. & Soquel Dr. Signal |
| \$9,000,000 | San Lorenzo Way Bridge |
| \$3,192,148 | Soquel San Jose Rd./Porter St. Resurfacing |
| \$4,000,000 | 2026 Measure D Resurfacing Project |
| \$5,000,000 | Watsonville Slough Ecosystem Restoration Project |
| \$500,000 | Capitola Road Culvert Rehabilitation |
| \$1,494,000 | Inter-County Routes Resurfacing |

State & Federal Funding Risks – Public Works



Federal
transportation
grant funding
reductions

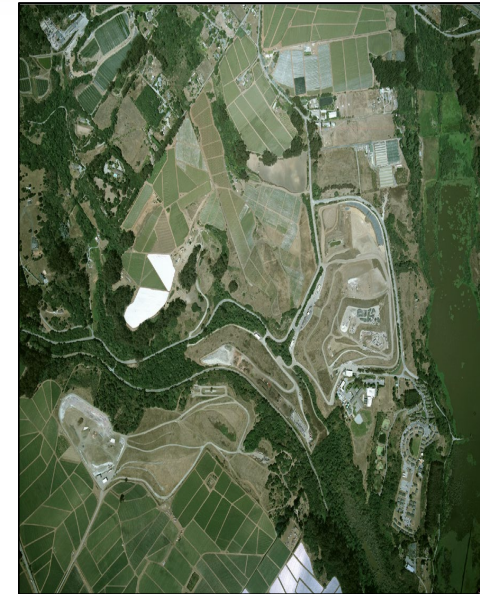
FEMA
Challenges

Special
Services -
NOAA Grant

HUTA revenue
impacted by
overall
economy and
tariff increases

CDI – Public Works – Emerging Issues

- Bridge Program
- Storm Damage Repairs
- SB1383 Grant Funding Ends
- Static Revenues – HUTA, CSA Assessments
- Landfill Energy Production
- FEMA challenges may affect ability to deliver projects



Community Development and Infrastructure Department

Approve the Proposed Budget for the Community Development and Infrastructure Department, including Supplemental Materials, which includes:

- Revenues of \$200,326,117
- Expenses of \$247,715,744
- General Fund Contribution of \$8,460,646
- District Sales Tax Contribution of \$4,100,000
- Other Funds Contribution of \$34,828,981
- Staffing of 362.5 funded FTEs

Questions?