



City of Santa Barbara
Sustainability & Resilience Department

Memorandum

DATE: April 24, 2024

TO: Creek Restoration/Water Quality Improvement Program
Citizen Advisory Committee

FROM: Erin Markey, Interim Creek Restoration/Clean Water Manager

SUBJECT: **Recommended Fiscal Year 2025 Budget – For Action**

COMMITTEE DIRECTION

That the Committee recommend approval of the proposed Creeks Division Fiscal Year 2025 Budget to the City Council.

DISCUSSION

Each year the Creeks Advisory Committee (Committee) reviews the Creeks Division budget and makes recommendations to the City Council. This year the City will be adopting a budget for Fiscal Year 2025 (FY 25). The Committee also has a Budget Subcommittee that meets after the proposed budget is prepared for public review. The Budget Subcommittee met March 14, 2024, to review and discuss the proposed budget. The Budget Subcommittee unanimously voted to recommend that the full Committee support the proposed FY 25 budget.

Executive Summary

The Creeks Division is proposing a \$6,926,031 budget for FY 25. The FY 25 budget includes \$4,276,031 for operating expenses and \$2,650,000 for the capital program. FY25 Projected Measure B, interest, and other revenues are proposed at \$6,522,314, with an expense budget of \$6,926,031 resulting in the proposed use of \$403,717 in fund reserves. Proposed FY 25 funding for the capital program will be used to match grant funding, and to plan, design, and construct creek restoration and water quality improvement projects. Proposed funding for the FY 25 operating budget represents a \$530,675 increase over the adopted FY 24 budget (from \$3,745,356 to \$4,276,031), and a slight decrease in the capital budget of \$50,000 (from \$2,700,000 to \$2,650,000).

Key projects to be advanced in FY25 include initiating implementation of the restoration project on Mission Creek at Oak Park, finalizing designs for the creek restoration project

on Lower Mission Creek at De La Vina Street, continued planning of Urban Creek Trails project, and the initiation of the Parkway Retrofits project.

The proposed expenditures are allocated to projects and programs approximately as follows: water quality – 51%, creek restoration – 31%, and community outreach and education – 18%.

Revenue Analysis

With projected Measure B revenues of \$5,830,000, street sweeping transfer in of \$300,000, interest income of \$380,000, and \$12,314 in advertising contributions from adjacent local jurisdictions, total projected FY 25 revenue is \$6,522,314, a \$475,243 increase from the adopted FY 24 budget.

Expenditure Analysis

Salaries and Benefits

The proposed FY 25 salaries and benefits costs are \$2,013,377, representing a \$211,120 increase over the adopted FY 24 budget (\$1,802,257). The increase is due to a new Associate Planner position being added and the recently adopted cost-of-living salary increases and changes to staff benefits.

Supplies And Services

The proposed FY 25 supplies and services costs are \$1,827,352, representing a \$294,141 increase from the adopted FY 24 budget (\$1,533,211). Proposed FY 25 supplies and service budget includes the following changes compared to the status quo:

- Street Sweeping - Creeks staff began to administer the Residential Street Sweeping program in FY24. Because the move from Public Works occurred relatively late in the budget calendar, moving budget occurred during the year and was not included in the FY24 adopted budget. This explains the large year-over-year increase (+\$423,487) in this area. The transfer from the Police Department remained consistent at \$300,000 and Measure B contributions increased by \$19,779 in FY25 from the adopted FY 24 budget.
- Mission Lagoon Maintenance - New line item included in FY 25 budget for maintenance of restored vegetation at the Mission Creek Estuary. FY 25 contract costs are expected to be \$20,000.
- Mission Creek Fishway - New line item included in FY 25 budget for maintenance of the Caltrans fish passage channel. FY 25 contract costs are expected to be \$40,000.
- Portable Restrooms – New line item in the FY 25 budget to separate portable restrooms from creek cleanups line item. We have also increased the service

level at a few highly trafficked locations. FY25 contract costs are expected to be \$20,000.

- Upper Arroyo Burro Restoration Maintenance – Reduced funding from \$30,000 to \$15,000 in FY 25 reflecting decreasing maintenance needs as the project matures.
- Mission Creek at Oak Park Maintenance – Increase FY 25 funding by \$15,000 (from \$10,000 to \$25,000) to reflect the additional creek restoration area through the park expected to be complete by FY 25.
- Andrée Clark Bird Refuge Restoration Project Maintenance –Increase FY 25 funding by \$5,000 (from \$25,000 to \$30,000).
- Youth Watershed Education Program – Increase FY 25 funding by \$5,000 (from \$75,000 to \$80,000) to reflect anticipated cost increase for contracted watershed education services.

Special Projects

The proposed FY 25 special projects costs are \$9,900, representing a \$5,200 decrease from the adopted FY 24 budget. Anticipated special project costs in FY25 include community promotion and events, and sign maintenance activities.

Capital Budget

Over the past decade, the largest expenditures in the proposed Creeks Division budgets have been the capital outlay transfers. Over the past few years, as a result of the Covid-19 pandemic, the capital program transfers were dramatically reduced (from nearly \$2 million per year to less than one million in FY 21). The FY 25 proposed budget, similar to FY 24, continues capital funding to a pre-pandemic level. Proposed capital program funding will be used for grant matches, planning, design, and construction of water quality improvement and creek restoration projects. The capital projects included in Table 1 and the proposed funding levels, were reviewed in detail and approved by the Committee at its October 18, 2023 meeting. Changes and additions since include \$100,000 for the initiation of the Urban Creek Trails project.

Table 1 – Proposed Capital Budgets

Project	FY25
Bacterial Reduction Program	50,000
Storm Water Treatment Retrofit Projects	150,000
Las Positas Creek Restoration Project	300,000
Arroyo Burro Restoration at Palermo Drive	250,000
San Roque Creek Restoration Project	150,000
Mid-Arroyo Burro Restoration	200,000
Lower Arroyo Burro Restoration	200,000
Upper Mission Creek Restoration	250,000
Lower Mission Creek Restoration Project	300,000
Old Mission Creek at West Figueroa	250,000
Rattlesnake Creek Restoration	200,000
Sycamore Creek Restoration Project	250,000
Urban Creek Trails	100,000
Total	\$2,650,000

Creeks Fund Reserve

The Creeks Fund Reserve is intended to be used for capital projects, grant matches, and as an emergency funding resource during lean economic times. The Creeks Advisory Committee has recommended a target reserve balance equivalent to the cost of two large capital projects – approximately \$3 million. Significant cuts in capital spending occurred during the pandemic, due to lower than expected TOT tax revenues. Over the last few years there has been a significant rebound in post-pandemic transient occupancy tax (TOT) revenue, and the Creeks Fund Reserve grew to slightly over six million dollars at the close of FY 23.

The proposed FY 25 budget includes the proposed use of \$403,717 of Creeks Fund operating reserves. These transfers largely reflect proposed increases in capital improvement project funding. In addition, the Creeks Division will complete an FY 24 creek-side property acquisition at the Lower Mission Creek at De la Vina Street Restoration Project in the amount of \$1,086,647 as a reserve fund transfer to the Public Works Department. After the proposed budget transfers, the Creeks Fund Reserve balance is expected to be above the target reserve balance at the end of FY 25.

cc: Alelia Parenteau, Sustainability & Resilience Director