

City Manager's Message

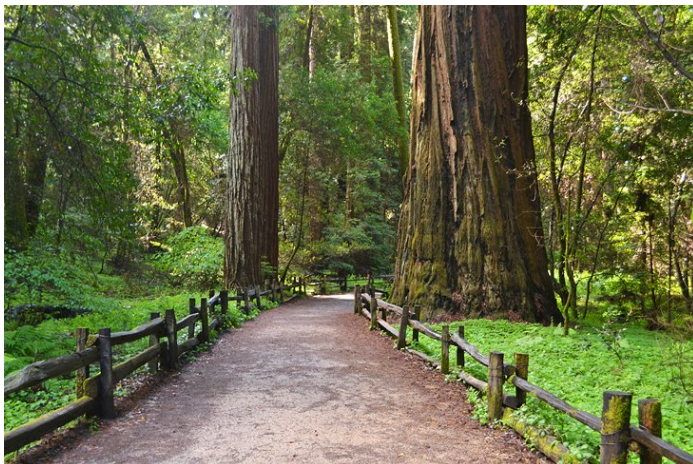
Dear Mayor and Members of the City Council,

As we approach Fiscal Year 2024, it's a great time to reflect on our journey as a community. Despite the challenges we have faced over the last few years through the pandemic, CZU Fire, recent extreme weather events, and the highest inflation in half a century, we have always shown remarkable resilience and determination to bounce back stronger. We have made tremendous progress in improving our community and should be proud of all we have accomplished. As we look forward, we will continue to work together, support one another, and leverage our collective strengths to achieve even greater success. With our unwavering commitment and resilient outlook, we can overcome challenges and create a brighter future for the City of Santa Cruz.

This year's budgeting process in the City of Santa Cruz is centered around the themes of **"Inform. Invest. Innovate."** Our goal is to provide our staff, residents, and businesses with the information and resources they need to succeed and thrive in the years ahead. We plan to invest in our people, prioritized services, and infrastructure to ensure continued progress and prosperity. By prioritizing informed investments and fostering innovative solutions, we aim to build a more resilient and sustainable future for our community.



I am proud to report that many of the goals we set out to achieve last year have been met or exceeded. Revenue growth has been encouraging, and we have made significant strides in rebuilding organizational capacity and supporting our dedicated employees while reaching pre-pandemic levels faster than expected. Our homelessness response efforts have been bolstered by the one-time funding we received in Fiscal Year 2022. Our Departments have made significant progress implementing the new Homelessness Response action plan. The Homelessness Response Team has served 428 people over the last year through the 1220



River Street Transitional Community Camp, City Overlook Shelter at the Armory, and the Safe Parking Program. Additionally, the team has assisted 66 people in finding stable housing.

In April 2023, the City met its 5th Cycle Regional Housing Needs Allocation (RHNA) targets in every income category, a major accomplishment that only about 6% of jurisdictions in the state have achieved. The benefits of affordable and high-density

housing are far-reaching, ranging from reducing traffic to improving employee retention and boosting the economic outlook of our residents. 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. We are now preparing for the 6th Cycle, which has five times the number of units as the 5th Cycle, and our team is ready to meet the challenge.

As we move forward, we must remain vigilant in managing inflationary effects and navigating the changing economic landscape. While our projections for Fiscal Year 2024 are optimistic, we must continue to explore new revenue streams and operate more efficiently and effectively as a City in order to pave the way to longer-term fiscal stability. We must also remain focused on the well-being of our staff, residents, and businesses. Continued investments in affordable housing, natural and built infrastructure, wildfire risk mitigation, and our local businesses will grow a more resilient and equitable community for all.

We look forward to embracing new ideas and innovative solutions in the coming year. We are committed to a vibrant, healthy, and resilient Santa Cruz for all.

Matt Huffaker

