

CITY OF CAPITOLA
&
CAPITOLA REDEVELOPMENT AGENCY

ADOPTED BUDGET
FY11-12



Wharf Rd. Mural

CITY COUNCIL
Dennis Norton, Mayor
Michael Termini, Vice Mayor
Sam Storey
Kirby Nicol
Stephanie Harlan



City Council

Dennis Norton, Mayor
Michael Termini, Vice Mayor
Sam Storey
Kirby Nicol
Stephanie Harlan

Jacques Bertrand, City Treasurer
Debbie Johnson, Redevelopment Agency Treasurer

Jamie Goldstein, City Manager

Staff

Mike Card, Chief of Police
Pamela Greeninger, City Clerk
Steven Jesberg, Public Works Director
Derek Johnson, Community Development Director
Lisa Murphy, Administrative Services Director

TABLE OF CONTENTS

Mission Statement.....	1
City Manager’s Budget Message & Budget Principles	3
Summary Information.....	9
General Fund Revenue.....	19
General Fund Expenditures.....	25
<u>Department Overview</u>	43
City Council.....	44
City Manager	46
City Attorney	52
Finance	54
Community Development.....	56
Police	58
Public Works	68
Recreation	78
Museum.....	80
Art & Cultural Commission.....	82
<u>Internal Service Funds</u>	85
Information Technology Fund	87
Self Insurance Liability Fund.....	88
Workers Compensation Fund	89
Stores Fund	91
Equipment Replacement Fund.....	92
Public Employees Retirement Fund.....	93
<u>Special Revenue Funds</u>	95
Supplemental Law Enforcement Fund.....	97
Santa Cruz County Anti Crime Team	98
Gas Tax.....	99
Wharf Fund	100
Development Fees.....	101
Public Education & Government	102
Public Art.....	103
Community Development Block Grants (CDBG)	104
CDBG: Program Income.....	105
Home Program Reuse Fund (Home).....	106
HOME Grant.....	107
Housing Trust Fund	108
BEGIN Grant Fund	109
General Plan Maintenance Fee.....	110
Green Building Education Fund.....	111
Information Technology Fee Fund.....	112
Parking Reserve Fund	113
Capitola Village & Wharf BIA Fund	114
<u>Other Fund</u>	115
Compensated Absences.....	117
Emergency Reserves	119
Flood Expenditures	120
Contingency Reserves.....	121
<u>Multi-Year Assets & Obligations</u>	123
<u>Capital Improvement Program Overview</u>	129
<u>Redevelopment Agency</u>	131
Operating Fund	133
Low & Moderate Income Housing Fund	138

Attachments

Organization Chart	A
Financial Policies	B
City Investment Policy.....	C
FY11/12 & FY 12/13 City and CIP Budget – Adoption Resolution	D
FY11/12 & FY12/13 RDA Budget – Adoption Resolution.....	E
GANN/Annual Appropriation Report.....	F



MISSION STATEMENT

MISSION

Our mission as the employees of the City of Capitola is to provide high quality service for our residents, visitors, businesses & employees.

VISION

Our vision is to be recognized as a model organization that provides excellent and responsive public service that values the people it employs and the community we serve and to always perpetuate a strong work ethic that fosters pride in the work that we do. We will maintain the highest trust and confidence of our City Council and our Community.

VALUES

- We believe in being open, honest and ethical.
- We believe in treating everyone with respect, courtesy and dignity.
- We believe in being responsive to all the people we work with and serve, and to act in a timely and sensitive manner.
- We believe in participatory management and teamwork. We are united in our belief to support, respect and encourage individual talents and contributions.
- We value innovation and creativity and believe in taking reasonable risks.
- We believe in a philosophy of constantly improving the services we provide.
- We believe in working with our residents & businesses to prepare for and resolve community issues.
- We believe in the vital nature of planning as a continuing process, to achieve the matching of expectations and resources.

In performing our mission, attaining our vision and adhering to our values, we will first look to our core values: *Upholding the Public Trust, Practicing Sound Financial Management and Maintaining a Safe & Healthy Environment.*

THIS PAGE INTENTIONALLY LEFT BLANK



TO: City Council
FROM: City Manager
SUBJECT: FY2011-12 & FY12-13 Budget

*People underestimate their capacity for change.
There is never a right time to do a difficult thing.
A leader's job is to help people have vision of
their potential.*

John Porter, author

BUDGET PROCESS OVERVIEW

The City of Capitola has received broad recognition for its sound fiscal planning during the recent economic downturn, and for its budget process that emphasizes long-range planning and effective program management.

Significant features of this year's two-year Budget include the integration of Council goal-setting into the budget process and the extensive use of measurable objectives.

The Budget includes operating budgets for two years and a five year Capital Improvement Plan (CIP). While appropriations continue to be made annually under this process, this Budget is the foundation for preparing the budget in the second year.

Additionally, unexpended operating appropriations from the first year may be carried over into the second year with the approval of the City Manager, and automatically for approved CIP and grant-funded projects.

The budget process began in February of this year, with the mid-year report, followed by

Council's establishment of Budgeting Principles. Those principles are contained in the next section, and include specific implementation targets.

The draft Budget is prepared by staff based on the Council's established Budgeting Principles and first reviewed by the City's Finance Advisory Committee. That Committee's recommendation is then presented to the Council for their consideration of the draft Budget. Through a series of Budget hearings in May and June, Council may modify and adjust the Budget, with final approval due prior to the end of the closing fiscal year on June 30th.

Fiscal Status

Recent fiscal years have been problematic for the City. Overall, total General Fund revenue declined from a high of \$13,483,100 in fiscal year 2007/08 to a low of \$11,994,305 in fiscal year 2009/10, a 12.5% decline over two years. However over the last two years, total revenue has rebounded to a degree, with revenue for fiscal year 2010/11 projected to be \$12.3 million, a 3% increase over the 2009/10 low.

The Budget includes very little change in revenue for FY11-12 over FY10-11. Losses primarily due the loss of revenue from Police Department Grants were off-set by revenue increases from Transient Occupancy Tax from the Fairfield Inn, the new credit card-enabled parking meters, and a slight increase in sales tax. However, expenditures continue to rise due to filling the long-standing Finance Director vacancy, and slight increases in previously negotiated MOU benefits with the employee groups resulting in a budget that remains constrained in discretionary expenditures.

Unlike other jurisdictions in the region, the City has established a cap on the City's contribution to employee pensions. As a result, the City's pension costs have remained flat over the last several years. Pension cost increases have been passed onto employees, and resulted in an actual decrease in employee take-home salary.

Looking forward to future fiscal years, the City can anticipate increased revenue from Target opening in the Capitola Mall, and longer term efforts to redevelop the Mall in partnership with the Mall owner. Looking further ahead, the City's adopted economic development plan calls for the City to prioritize the rehabilitation of existing, and development of new overnight accommodations, while maintaining the character of the City's neighborhoods and shopping districts.

In response to the March floods, the City was forced to allocate a significant amount of its Emergency and Contingency Reserves. While a considerable portion of those expenditures may be reimbursed by the State Office of Emergency Services and through insurance claims, the City's cash flow position during this coming fiscal year is significantly impacted.

Based on cash flow projections, staff does not anticipate a need to issue short term debt to cover operating expenditures this coming fiscal year. Instead staff proposes covering operating expenditures through inter-fund loans. However, the cash situation deserves close attention and Council will be updated during the fiscal year.

Once all reimbursements have been paid, it is expected the City's Emergency Reserve fund

will be underfunded pursuant to the City's financial policies. This proposed budget does not correct that due to the limited resources available for discretionary spending; however staff will present options to begin refunding the Emergency Reserve Fund during this year's budget hearings.

Prior Year Accomplishments

This last fiscal year has been eventful. The year began with the appointment of a new City Manager and Community Development Director, who joined an experienced and accomplished team of existing Department Heads. A settlement agreement potentially ending major litigation regarding the City's Rent Control Ordinance was reached, and the City experienced its worst natural disaster in recent memory with a two day flooding event in March. In addition:

- Long standing issues regarding the use of the Rispin property were resolved, and the building preserved.
- Target announced purchase of site formerly occupied by Gottschalks in the Capitola Mall.
- Council directed staff to prepare documents to consider closing the City-owned Pacific Cove Mobile Home Park.
- A deal to facilitate the acquisition of Castle MHP was reached with a nonprofit, ending more than 8 years of litigation.
- The City entered into a public/private partnership to facilitate Mall redevelopment.
- The Police Department continued to provide high level of service, increasing DUI arrests 37% and traffic citations to levels significantly higher than 2009, with very low staff levels.
- Council/RDA meetings were consolidated to simplify public-meeting protocols.
- The General Plan update process began on schedule.

Mobile Home Litigation

While this last fiscal year agreements were reached to settle litigation with mobile home park owners, should those agreements fail to be

implemented, this proposed budget would require adjustment. In order to bring the three pending cases to trial, staff recommends the allocation of \$1 million in funds to cover litigation expenses. Those expenses would require City-service reductions.

Below is a proposed strategy to fund \$1 million in litigation expenses should the existing agreements with park owners break down.

Source	Amount
Cut 50% Lifeguards	\$45,000
Cut two police officer positions	\$260,000
Cut 70% Community Grants	\$190,000
Cut one parks maintenance crew	\$75,000
Cut one Finance position	\$80,000
Cut one position in City Manager's Department	\$70,000
Cut all CIP expenditures	\$250,000
Cut 50% Museum	\$30,000
Total	\$1,000,000

Budget Principles

The table on the following page outlines the City's adopted budget principles for FY 2011-12. Included in that table are staff-recommended goals for the fiscal year. In addition, the table includes budget items necessary to accomplish those goals.

The goals and budget items represent a summary of staff's proposed mechanisms to implement the City's budget principles. The table is intended to be an easily accessible document that summarizes the key City goals and projects. The table may be updated and amended during the budget hearing process.

Adopted Budget Principles	Staff Recommended Fiscal Year Goal	Proposed Budget Items
<i>Purpose: Develop projects and programs to maintain and enhance the quality of life in Capitola</i>		
<i>I. Fiscal Policy Principles</i>		
1. Maintain a balanced budget without depleting reserves or selling assets solely for the purpose of balancing the budget	<ul style="list-style-type: none"> • Maintain City operations within adopted budget, ending year with a positive fund balance • Negotiate updates with employee bargaining units with expiring agreements 	a) Recruit and hire Finance Director
2. Support economic development programs along 41 st Avenue, in the Village, and other commercial areas	<ul style="list-style-type: none"> • Obtain CDGB planning grant for Village hotel • Develop plan for revenue positive uses for McGregor site • Develop 41st Ave. redevelopment plans in coordination with General Plan 	b) Continue to provide staff support in City Manager and Community Development departments for economic development.
3. Maintain responsible level of fees for service throughout the city organization	<ul style="list-style-type: none"> • Consider strategic Recreation fee increases to maintain high quality program with fees in line with other area programs • Increase other City fees by CPI 	c) Consider 10% increase for some Recreation fees for 2012/13 d) Raise City fees by CPI including previous waivers
<i>II. Public Services Principles</i>		
1. Maintain a transparent efficient government by ensuring programs are in place that insure public access to city officials and staff, financial reports, project data, and other information	<ul style="list-style-type: none"> • Upgrade City website • Implement on-line payment for appropriate City fees/permits • Make searchable archive of Council meeting agendas/packets available on-line • Establish a City social media presence 	e) Allocate \$30,000 from IT Fund for website update f) Increase City's ability to accept credit cards, while including reasonable fees
2. Recognize the high priority the community puts on public safety by funding a fully budgeted and staffed Police Department	<ul style="list-style-type: none"> • Implement pilot Village foot patrol program through public/private partnership during busy summer evenings • Fill officer vacancies • Increase PD administrative capacity 	g) Maintain PD staffing levels at fiscal year 2010/11 h) \$10,000 for officer recruitment and backgrounds i) Transfer one Finance staff person to PD
3. Recognize and continue to support Capitola's rich art and cultural programs	<ul style="list-style-type: none"> • Continue to implement public art projects as money in the Arts Fund is available • Maintain existing cultural programming through the summer concert, movies and art events minimizing General Fund impacts 	j) Allocate \$150,000 for 41 st Ave art project k) Allocate \$10,000 for mural on Monterey Ave l) Continue budgeting for concerts, movies, and art at the beach
<i>III. Public Improvement Principles</i>		
1. Continue to maintain the City infrastructure by providing maximum funding for the pavement management system throughout the city	<ul style="list-style-type: none"> • Continue implementation of Pavement Management Plan • Complete Clares traffic calming project, • Pending funding authorization, complete Parking Structure design for CEQA 	m) Allocate \$250,000 in CIP for PMP projects n) Carry forward \$200,000 in RDA funding for Clares traffic calming o) Allocate \$50,000 from Parking Fund to continue work on parking structure

<p>2. Ensure programs are in place to judiciously respond to development projects on the Rispin, McGregor and other public and private properties</p>	<ul style="list-style-type: none"> • Develop long term plan for Pacific Cove MHP site • Complete CEQA/permits for new uses at Rispin Property • Develop revenue positive project plan for McGregor 	<p>p) Allocate \$250,000 in RDA for Rispin property improvements</p> <p>q) Obtain \$70,000 CDBG grant for PCMHP site plan</p>
<p>3. Maintain and improve Capitola's natural recreation resources and support sustainable programs that keep Capitola government and the community green</p>	<ul style="list-style-type: none"> • Develop alternative community garden site • Continue to increase solid waste diversion rates throughout city 	<p>r) Allocate \$270,000 from the General Plan Maintenance Fund to continue the General Plan update.</p> <p>s) Continue \$90,000 funding for NPDES program and water quality monitoring.</p> <p>t) Continue staffing to monitor 2-year pilot commercial composting program and propose revisions as necessary</p> <p>u) Maintain \$9,000 in funding for recycling education</p>
<p><i>IV. Public Improvement Possibilities</i></p>		
<p>1. Support the Capitola Library</p>	<ul style="list-style-type: none"> • Complete Library program needs assessment process • Begin library design process 	<p>v) Allocate \$125,000 in RDA funding to commence library design</p> <p>w) Continue to fund payments pursuant to agreement with County</p>
<p>2. Explore options to develop a skate park and dog park</p>	<ul style="list-style-type: none"> • Develop options for skate and dog park locations 	<p>x) Allocate staff resources to hold hearings</p>
<p>3. Improve pedestrian/ADA access in the City</p>	<ul style="list-style-type: none"> • Continue to closely monitor ADA compliance in all new construction • Integrate complete-street requirements into GP update • Ensure ADA access to all public projects 	<p>y) Continue \$10,000 allocation for ADA improvements in PW budget</p> <p>z) Fund ADA ramp at Rispin through RDA</p>

THIS PAGE INTENTIONALLY LEFT BLANK

**GENERAL FUND
SUMMARY**



BUDGET PROCESS OVERVIEW

Each year the City of Capitola prepares an Operating Budget, a Redevelopment Budget, and a five-year Capital Improvement Program (CIP) budget. The Operating Budget contains the summary and detail information for revenue and expenditure appropriations for the fiscal year (beginning July 1st and ending June 30th) for several funds as well as a projection for the second fiscal year. The information from the CIP is incorporated in summary form in the City's annual budget. The Redevelopment Agency budget is included in its entirety in the City's annual budget.

Budgeted revenues and expenditures related to deposit accounts are not included as part of the budget process. Transfer of funds from deposit accounts to revenue accounts are made by Finance staff at the time related expenditures as incurred.

The Municipal Code (3.200.020 E.) defines a balanced budget as one in which "financing uses including expenditures, interfund transfers out, reserves and contingencies should equal financing sources including beginning available fund balance, revenues and inter-fund transfers in." A key concept in the developmental process for the General Fund Budget revolves around City fiscal policy that the current year expenditures are balanced with current year revenue. Budgeting for one-time expenditures can result in efficiencies; streamlining processes, or future cost reductions whenever appropriate.

The Operating Budget and the Redevelopment Agency Budget process is incorporated into weekly Department Head meetings with the City Manager. The Public Works Department prepares the Capital Improvement Program Budget. Information is exchanged, budget worksheets are distributed and collected, and target and meeting dates are clearly identified. This process begins in October and concludes in June.

Basis of Budgeting

The City's operating budget consists of governmental funds that include General Fund, Special Revenue Funds, Internal Service Funds, Debt Services Funds and Capital Project Funds for both the City and the Redevelopment Agency. Governmental fund types and agency funds budgets are developed using the modified accrual basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year under the condition that they are identifiable and will be collected within sixty (60) days of the close of the fiscal year. Principal and interest on general long-term debt are budgeted as expenditures become due, whereas other expenditures are budgeted for liabilities expected to be incurred (services rendered or items received no later than June 30th) during the fiscal year.

Basis of Accounting

The basis of accounting is explained here to assist readers of the budget document, and to provide a bridge between the budget presentation in this document and the accounting presentation in the Comprehensive Annual Financial Report. The City's *Governmental Funds* consist of the General Fund, Special Revenue Funds, Debt Service Funds, and the Capital project Funds for both the City and the RDA. Governmental Fund type and Expendable Trust fund budgets are developed using

the modified accrual basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter to pay current liabilities.

Level of Budget Control

Both the City and the Redevelopment Agency appropriate (control) the budget at the Budget Unit level. The Budget Unit level is defined as “department, fund, or other organizational unit whose financial activities are accounted for separately.”

Expenditures for the General Fund are considered a Budget Unit at the Department level, with Community Grants controlled at the grantee level. The Redevelopment Agency (including Housing Set-Aside) considered Budget Units to be at the category level as defined in the budget document.

Budget Adjustments

Throughout the fiscal year, staff reports to the City Council or Agency Board that requests a budget amendment, must include a fiscal impact section and a resolution. The City’s Municipal Code requires that budget amendments of ten thousand dollars (\$10,000) or more should be placed on the Council’s regular agenda for consideration and discussion. Budget amendments less than ten thousand dollars (\$10,000) may be placed on the Council’s consent agenda.

Reports submitted to Council by a Department that is requesting a budget amendment must clearly identify the sources and use of funds. A resolution is included in the packet to Council, if acted upon favorably by the City Council; the resolution includes the following language:

“BE IT FURTHER RESOLVED that the Finance Director is directed to record these changes into the City’s accounting records in accordance with appropriate accounting practices.”

If the City Council approves the resolution, the budget adjustments are entered into the City’s accounting records within five (5) working days.

GENERAL FUND SUMMARY

Below is a summary of the historical and projected General Fund revenues, expenditures and fund balances. FY 10-11 had a shortfall of -\$27,326. The FY 11-12 proposed budget was presented with a projected short fall of -\$347,700. To close that gap the City Council increased revenues and decreased expenditures as detailed in the appropriate sections during budget hearings. The FY12-13 Planned Budget also shows a shortfall of -\$10,000.

There are several factors in revenues and expenditures that are significantly different in the adopted budget as compared to the previous fiscal year. Expenditures decreased by over \$400,000 due to attorney fees decreasing and over \$165,000 related to grant funded expenditures decreasing. Revenues have little change from the previous year because of the lack of grant funded revenues of over \$320,000 in the Police Department which were offset by an increase in sales and TOT tax. The loss of revenue due to grants continues into the FY12-13 planned budget.

The General Fund summary below does not include the expenditures related to the City's March flood response, but are detailed in the Emergency Reserve Budget and on page 17.

GENERAL FUND REVENUES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue - By Major Category						
TX - Taxes Totals	\$ 7,852,553	\$ 7,984,409	\$ 8,091,991	\$ 8,044,291	\$ 8,371,200	\$ 8,876,700
LP - Licenses and permits Totals	\$ 354,593	\$ 307,797	\$ 229,000	\$ 231,450	\$ 229,500	\$ 224,500
IR - Intergovernmental revenues Totals	\$ 178,923	\$ 281,968	\$ 386,900	\$ 622,505	\$ 252,700	\$ 85,000
CFS - Charges for services Totals	\$ 2,092,783	\$ 2,193,556	\$ 2,360,000	\$ 2,196,400	\$ 2,276,400	\$ 2,251,400
FF - Fines and forfeitures Totals	\$ 673,892	\$ 803,398	\$ 859,000	\$ 819,000	\$ 814,000	\$ 814,000
UMP - Use of money & property Totals	\$ 409,801	\$ 361,994	\$ 339,800	\$ 325,100	\$ 330,300	\$ 200,600
OR - Other revenues Totals	\$ 85,447	\$ 61,183	\$ 63,500	\$ 58,100	\$ 59,500	\$ 59,500
OFS - Other financing sources Totals	\$ 611,957	\$ -	\$ -	\$ 4,000	\$ 25,000	\$ -
Revenue	\$ 12,259,948	\$ 11,994,305	\$ 12,330,191	\$ 12,300,846	\$ 12,358,600	\$ 12,511,700
Expenditures						
Personnel Totals	\$ 7,976,795	\$ 7,370,399	\$ 7,527,500	\$ 7,459,416	\$ 7,741,400	\$ 7,903,500
Contract services Totals	\$ 2,579,524	\$ 2,420,782	\$ 2,467,500	\$ 3,093,679	\$ 2,264,950	\$ 2,309,500
Supplies Totals	\$ 519,245	\$ 458,487	\$ 490,000	\$ 529,136	\$ 508,250	\$ 503,890
Community Grants	\$ 274,637	\$ 275,000	\$ 275,000	\$ 275,000	\$ 137,500	\$ 275,000
CAP - Capital outlay Totals	\$ -	\$ 32,324	\$ -	\$ 12,204	\$ -	\$ -
ISFC - Internal service fund charges Totals	\$ 788,700	\$ 773,500	\$ 859,500	\$ 859,500	\$ 846,700	\$ 844,100
Sub Total Before Fund Transfers	\$ 12,138,901	\$ 11,330,493	\$ 11,619,500	\$ 12,228,935	\$ 11,498,800	\$ 11,835,990
Fund Transfers	\$ 444,846	\$ 547,549	\$ 710,000	\$ 494,500	\$ 832,500	\$ 685,000
Expenditure Grand Totals:	\$ 12,583,747	\$ 11,878,042	\$ 12,329,500	\$ 12,723,435	\$ 12,331,300	\$ 12,520,990
Impact on Fund Balance	\$ 116,263	\$ 691	\$ (422,589)	\$ 27,300	\$ (9,290)	
Fund Balance on June 30th	\$ 279,000	\$ 395,263	\$ 701,056	\$ (27,326)	\$ (26)	\$ (9,316)

REVENUE SUMMARY

REVENUE SUMMARY	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Grand Total - General Fund	\$ 12,259,948	\$ 11,994,305	\$ 12,330,191	\$ 12,300,846	\$ 12,358,600	\$ 12,511,700
<u>Designated Reserves</u>						
Fund Total: ISF - Compensated Absence	\$ 207,700	\$ 112,700	\$ 120,000	\$ 120,000	\$ 110,000	\$ 100,000
Fund Total: Contingency Reserve	\$ 6,200	\$ -	\$ -	\$ -	\$ -	\$ -
Fund Total: Emergency Reserve	\$ 12,800	\$ -	\$ -	\$ 312,253	\$ 867,500	\$ -
Fund Total: Capital Improvement Fund	\$ 166,300	\$ 150,000	\$ 250,000	\$ 250,000	\$ 50,000	\$ 250,000
<u>Debt Service</u>						
Fund Total: Pension Obligation Bond	\$ 661,818	\$ 622,800	\$ 680,000	\$ 791,100	\$ 900,500	\$ 690,000
<u>Internal Service Funds</u>						
Fund Total: ISF - Stores Fund	\$ 37,918	\$ 37,796	\$ 28,500	\$ 28,500	\$ 30,700	\$ 30,700
Fund Total: ISF - Information Technology	\$ 110,600	\$ 116,800	\$ 115,200	\$ 115,200	\$ 117,000	\$ 117,400
Fund Total: ISF - Equipment Replacement	\$ 64,800	\$ 64,800	\$ 100,000	\$ 100,000	\$ 153,000	\$ 83,000
Fund Total: ISF - Self-Insurance Liability	\$ 144,600	\$ 116,900	\$ 142,800	\$ 142,800	\$ 128,400	\$ 133,100
Fund Total: ISF - Workers Comp	\$ 431,000	\$ 437,300	\$ 473,000	\$ 473,000	\$ 467,700	\$ 479,900
Fund Total: ISF - PERS	\$ 1,734,590	\$ 1,564,672	\$ 1,425,400	\$ 1,425,400	\$ 1,453,100	\$ 1,460,300
<u>Special Revenues</u>						
Fund Total: SLESF - Supplemental Law	\$ 100,000	\$ 108,140	\$ 100,100	\$ 100,000	\$ -	\$ -
Fund Total: SCCACT - SCC ANTI CRIME	\$ 58,294	\$ 73,481	\$ 69,400	\$ 69,400	\$ 71,400	\$ 75,200
Fund Total: Gas Tax Fund	\$ 256,089	\$ 263,021	\$ 279,200	\$ 271,572	\$ 263,400	\$ 269,600
Fund Total: Wharf Fund	\$ 75,897	\$ 77,143	\$ 74,000	\$ 78,800	\$ 80,850	\$ 81,400
Fund Total: Development Fees Fund	\$ 1,351	\$ -	\$ 10,000	\$ 3,441	\$ 10,000	\$ -
Fund Total: General Plan Update and Maint	\$ 254,949	\$ 155,833	\$ 125,000	\$ 128,000	\$ 127,000	\$ 127,000
Fund Total: Green Building Education Fund	\$ 6,024	\$ 39,373	\$ 20,000	\$ 5,000	\$ 10,000	\$ 10,000
Fund Total: Public Arts Fee Fund	\$ 112,399	\$ 36,836	\$ 25,000	\$ 136,000	\$ 120,000	\$ 20,000
Fund Total: Parking Reserve Fund	\$ -	\$ 78,649	\$ 100,000	\$ 130,000	\$ 100,000	\$ 100,000
Fund Total: Technology Fee Fund	\$ -	\$ 3,902	\$ 1,000	\$ 5,900	\$ 5,900	\$ 5,900
Fund Total: PEG - Public Education and Gover	\$ 22,443	\$ 19,836	\$ 20,100	\$ 20,100	\$ 20,100	\$ 20,100
Fund Total: BIA - Capitola Village-Wharf	\$ 74,743	\$ 70,178	\$ 72,800	\$ 68,500	\$ 70,300	\$ 69,900
Fund Total: CDBG Grants	\$ 80,676	\$ 11,848	\$ 70,000	\$ (17,800)	\$ 70,000	\$ -
Fund Total: CDBG Programs	\$ 6,269	\$ -	\$ -	\$ 28,400	\$ -	\$ -
Fund Total: CDBG Program Inc 07-08 RLF	\$ 56,176	\$ 116	\$ -	\$ -	\$ -	\$ -
Fund Total: HOME ReUse Funds	\$ 43,424	\$ 12,305	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
Fund Total: HOME Grant Fund	\$ -	\$ 1,169,180	\$ 425,000	\$ 706,300	\$ -	\$ -
Fund Total: Housing Trust Fund	\$ 81,839	\$ 15,879	\$ 10,000	\$ 17,500	\$ 18,000	\$ 18,000
Fund Total: BEGIN Grant Fund	\$ 60,000	\$ -	\$ 180,000	\$ -	\$ -	\$ -
TOTAL SPECIAL REVENUES	\$ 1,290,573	\$ 2,135,719	\$ 1,593,900	\$ 1,763,413	\$ 979,250	\$ 809,400
<u>Redevelopment Agency</u>						
Fund Total: RDA Operating Fund	\$ 2,588,338	\$ 2,449,401	\$ 2,316,800	\$ 2,378,800	\$ 2,410,000	\$ 2,510,000
Fund Total: RDA Low/Mod Housing Fund	\$ 536,612	\$ 488,996	\$ 463,400	\$ 463,400	\$ 550,000	\$ 550,000
TOTAL RDA	\$ 3,124,949	\$ 2,938,397	\$ 2,780,200	\$ 2,842,200	\$ 2,960,000	\$ 3,060,000

EXPENDITURE SUMMARY

Expenditures	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Grand Total - General Fund	\$ (12,583,747)	\$ (11,878,041)	\$ (12,329,500)	\$ (12,723,435)	\$ (12,331,300)	\$ (12,520,990)
<u>Designated Reserves</u>						
Fund Total: ISF - Compensated Absence Fund	\$ (352,005)	\$ (189,318)	\$ (158,000)	\$ (158,000)	\$ (121,000)	\$ (91,300)
Fund Total: Contingency Reserve	\$ -	\$ -	\$ -	\$ (312,256)	\$ (530,000)	\$ -
Fund Total: Emergency Reserve				\$ (939,356)	\$ (530,000)	
<u>Fund Total: Capital Improvement Fund</u>	\$ (166,300)	\$ (150,000)	\$ (250,000)	\$ (250,000)	\$ (50,000)	\$ (250,000)
<u>Debt Service</u>						
Fund Total: Pension Obligation Bond	\$ (665,184)	\$ (674,992)	\$ (680,300)	\$ (680,300)	\$ (673,500)	\$ (673,300)
<u>Internal Service Funds</u>						
Fund Total: ISF - Stores Fund	\$ (28,047)	\$ (26,268)	\$ (28,500)	\$ (28,000)	\$ (28,500)	\$ (28,500)
Fund Total: ISF - Information Technology	\$ (342,078)	\$ (88,597)	\$ (115,300)	\$ (113,500)	\$ (117,100)	\$ (142,500)
Fund Total: ISF - Equipment Replacement	\$ (68,162)	\$ (38,021)	\$ (80,000)	\$ (130,000)	\$ (128,000)	\$ (83,000)
Fund Total: ISF - Self-Insurance Liability	\$ (87,418)	\$ (61,125)	\$ (142,900)	\$ (131,900)	\$ (128,300)	\$ (132,900)
Fund Total: ISF - Workers Compensation	\$ (441,464)	\$ (437,451)	\$ (473,000)	\$ (473,000)	\$ (467,400)	\$ (480,000)
Fund Total: ISF - PERS	\$ (1,540,003)	\$ (1,413,810)	\$ (1,514,100)	\$ (1,513,600)	\$ (1,755,400)	\$ (1,535,100)
<u>Special Revenues Funds</u>						
Fund Total: SLESF - Supplemental Law Enforce	\$ (111,691)	\$ (99,747)	\$ (100,000)	\$ (85,600)	\$ -	\$ -
Fund Total: SCCACT - SCC ANTI CRIME TEAM	\$ (66,389)	\$ (65,455)	\$ (69,400)	\$ (69,400)	\$ (71,400)	\$ (75,200)
Fund Total: Gas Tax Fund	\$ (246,294)	\$ (271,597)	\$ (274,100)	\$ (305,200)	\$ (292,800)	\$ (255,000)
Fund Total: Wharf Fund	\$ (163,993)	\$ (172,696)	\$ (193,000)	\$ (116,100)	\$ (80,000)	\$ (71,000)
Fund Total: Development Fees Fund	\$ (174,129)	\$ -	\$ -	\$ (3,441)	\$ -	\$ -
Fund Total: General Plan Update and Maint	\$ (361,987)	\$ (99,313)	\$ (468,500)	\$ (322,400)	\$ (238,300)	\$ (275,000)
Fund Total: Green Building Education Fund	\$ -	\$ -	\$ (20,000)	\$ (5,000)	\$ (30,000)	\$ (10,000)
Fund Total: Public Arts Fee Fund	\$ (3,404)	\$ (7,524)	\$ (156,700)	\$ (62,000)	\$ (211,700)	\$ (31,700)
Fund Total: Parking Reserve Fund	\$ -	\$ -	\$ (100,000)	\$ (196,000)	\$ (75,000)	\$ (25,000)
Fund Total: PEG - Public Education and Gover	\$ (23,072)	\$ (23,704)	\$ (24,500)	\$ (22,000)	\$ (54,500)	\$ (24,500)
Fund Total: BIA - Capitola Village-Wharf BIA	\$ (76,531)	\$ (77,350)	\$ (78,200)	\$ (74,900)	\$ (71,600)	\$ (76,600)
Fund Total: CDBG Grants	\$ (32,991)	\$ (5,428)	\$ (75,000)	\$ (3,900)	\$ (7,100)	\$ (5,000)
Fund Total: CDBG Programs	\$ (78,215)	\$ (3,000)	\$ -	\$ (3,000)	\$ -	\$ -
Fund Total: CDBG Program Inc 07-08 RLF	\$ (33,878)	\$ (17,111)	\$ -	\$ (5,300)	\$ -	\$ -
Fund Total: HOME ReUse Funds	\$ (260,888)	\$ (1,953)	\$ -	\$ (12,300)	\$ -	\$ -
Fund Total: HOME Grant Fund	\$ -	\$ (1,176,701)	\$ (430,000)	\$ (703,500)	\$ (10,000)	\$ -
Fund Total: Housing Trust Fund	\$ (1,784)	\$ (47,093)	\$ (127,000)	\$ (43,400)	\$ (193,000)	\$ (22,000)
Fund Total: BEGIN Grant Fund	\$ -	\$ -	\$ (240,000)	\$ -	\$ (60,000)	\$ -
Fund Total: Technology				\$ (5,000)		
TOTAL SPECIAL REVENUES	\$ (1,635,244)	\$ (2,068,671)	\$ (2,356,400)	\$ (2,033,441)	\$ (1,400,400)	\$ (871,000)
<u>Redevelopment Agency</u>						
Fund Total: RDA Operating Fund	\$ (2,166,973)	\$ (2,871,895)	\$ (2,638,500)	\$ (3,598,800)	\$ (3,027,100)	\$ (2,253,600)
Fund Total: RDA Low/Mod Housing Fund	\$ (1,046,140)	\$ (354,695)	\$ (458,700)	\$ (504,800)	\$ (1,455,700)	\$ (539,100)
TOTAL RDA	\$ (3,213,113)	\$ (3,226,590)	\$ (3,097,200)	\$ (4,103,600)	\$ (4,482,800)	\$ (2,792,700)

On-going Revenue & Expenditures Analysis

This chart shows that ongoing expenditures exceed ongoing revenues, this calculation is made without recognizing Measure D revenue. Measure D revenue represents approximately \$880,000 in year 1 and \$1.0 million in year 2 in annual receipts. The gap between on-going revenues & expenditures is not changing in year 2.

On-Going Revenues & Expenditures Detail	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
General Fund - Revenues			
Total Revenues	\$ 12,300,846	\$ 12,358,600	\$ 12,511,700
<u>One-Time Revenues</u>			
Measure D	\$ 870,537	\$ 883,800	\$ 1,000,300
Grants	\$ 537,505	\$ 167,700	\$ -
Sub-Total	\$ 1,408,042	\$ 1,051,500	\$ 1,000,300
<u>On-Going Revenues (Total less One-Time)</u>			
Sub-Total	\$ 10,892,804	\$ 11,307,100	\$ 11,511,400
General Fund - Expenditures			
Total Expenditures	\$ (12,723,435)	\$ (12,331,300)	\$ (12,520,990)
<u>One-Time Expenditures</u>			
Pension Obligation Bond	\$ (680,300)	\$ (673,500)	\$ (673,300)
Grants & Election	\$ (454,400)	\$ (68,400)	\$ (54,600)
Sub-Total	\$ (1,134,700)	\$ (741,900)	\$ (727,900)
<u>On-Going Expenditures (Total less One-Time)</u>			
Sub-Total	\$ (11,588,735)	\$ (11,589,400)	\$ (11,793,090)
On-Going Revenues	\$ 10,892,804	\$ 11,307,100	\$ 11,511,400
On-Going Expenditures	\$ (11,588,735)	\$ (11,589,400)	\$ (11,793,090)
TOTAL	\$ (695,931)	\$ (282,300)	\$ (281,690)

FY11-12 & FY12-13 Reserves

The City's fiscal management policy states the Emergency and Contingency Reserves shall be 5% and 10% of the General Fund Expenditures, respectively. The General Fund Expenditures are determined based upon the General Fund budget expenditures less fund transfers.

The target for the Emergency Reserve is \$574,900. Due to the flooding the City of Capitola experienced on March 24 and again on March 26 the City experienced major infrastructure damages to the Capitola Village, Pacific Cove Mobile Home Park, City Hall and the Police Department. The estimated cost for repairs is \$1.6 million. Initial funding will come from the Emergency Reserves, then backfilled with the Contingency Reserve. Aid is not expected from CALEMA , FEMA or the City's insurance carrier because they have denied the claims but the City is appealing these decisions.

The Contingency Reserve is not at the required target level of 10% of the General Fund Expenditures, less fund transfers. The Reserve target amount for FY11-12 is \$1.149 million but due to the inter-loan fund to the Emergency Reserve fund for the flood, the amount is \$404,844, a shortfall of \$745,000. This will be updated at Mid-Year due to the lack of reimbursements from the disaster.

The table below shows the ending fund balance for FY11-12 & FY12-13.

Estimated Ending Fund Balance	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
<u>Designated Reserves</u>			
Emergency Reserves	(3)	337,500	337,500
Contingency Reserves	\$ 934,844	\$ 404,844	\$ 404,844
Compensated Absences	\$ 78,857	\$ 67,857	\$ 76,557
<u>Internal Service Fund Balance</u>			
Equipment Replacement	\$ 252,517	\$ 277,517	\$ 277,517
Information Technology	\$ 143,025	\$ 142,925	\$ 117,825
Public Employees Retirement	\$ 432,300	\$ 130,000	\$ 55,200
Self Insurance Liability	\$ 264,857	\$ 264,957	\$ 265,157
Workers Compensation	\$ 175,000	\$ 175,300	\$ 175,200
Stores	\$ 25,800	\$ 28,000	\$ 30,200
General Fund Ending Fund Balance	\$ 2,307,196	\$ 1,828,899	\$ 1,739,999

FLOOD EXPENDITURES

The table below depicts the expenditures related to the flood. Expenditures related to the March 2011 flood event were paid through the City's Emergency Reserve Fund. As available funding in the Emergency Reserve Fund falls short of the projected flood-related expenditures, additional funding to respond to the flood event was provided through an inter-fund loan from the Contingency Reserve Fund. Based on the current flood cost estimates, it is anticipated the Emergency Reserve will begin the year with a liability to Contingency Reserve fund in the amount of \$312,253 and an additional \$530,000 in FY11-12.

At the time the budget was adopted, the City expected to receive funding from either insurance, FEMA or CALEMA for flood damages. After the budget was adopted the City was denied by all agencies for any type of reimbursement, therefore there is a revised expenditure column which was not part of the adopted budget but will be addressed as part of the Mid-Year review.

<u>Flood Expenditures</u>	<u>FY10/11 Estimated</u>	<u>FY11/12 Adopted</u>	<u>TOTAL</u>	<u>FY11/12 Revised</u>	<u>TOTAL</u>
City Overtime	\$ 20,456				
Permanent Work-City Infrastructure	\$ 810,800				
Debris Removal	\$ 53,200				
Emergency Protective Measures	\$ 54,900				
Subtotal expenditures through May 2011	\$ 939,356				
Projected additional expenditures					
Police Department Remodel		\$ 30,000		\$ 360,000	
Pacific Cove Relocation Plan		\$ 50,000		\$ 50,000	
Slip Outs on Soquel Creek		\$ 100,000		\$ 40,000	
City Hall		\$ -		\$ 50,000	
Pacific Cove Building Repairs		\$ -		\$ 5,000	
Retaining Wall at Pacific Cove		\$ 350,000		\$ 200,000	
Total Projected Flood Expenditures	\$ 939,356	\$ 530,000	\$ 1,469,356	\$ 705,000	\$ 1,644,356
Flood Revenues					
Emergency Reserves	\$ 627,100				
Contingency Reserve Loan	\$ 312,256	\$ 530,000		\$ 705,000	
TOTAL Flood Revenue	\$ 939,356	\$ 530,000	\$ 1,469,356	\$ 705,000	\$ 1,644,356

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL FUND REVENUES



GENERAL FUND REVENUES

Revenues for the FY11-12 General Fund operating budget are \$12,358,600, which is a slight increase from the FY10-11 Mid-Year Estimate and is primarily due to a decrease in Police Department Grants. Revenues for Sales Tax are projected to increase as well as a significant increase from the Transient Occupancy Tax. The Revenues for the FY12-13 are \$12,511,700 which is an increase just slightly over FY11-12 primarily due to increased Recreation Fees, Special Event fees and projected sales tax increase from Target. A decrease in the category of Use of Money & Property is due to the loss of revenue from the leases at Pacific Cove Mobile Home Park and in the Intergovernmental Revenues category, the loss of revenues is due to expiring police grants.

GENERAL FUND REVENUES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue - By Major Category						
TX - Taxes Totals	\$ 7,852,553	\$ 7,984,409	\$ 8,091,991	\$ 8,044,291	\$ 8,371,200	\$ 8,876,700
LP - Licenses and permits Totals	\$ 354,593	\$ 307,797	\$ 229,000	\$ 231,450	\$ 229,500	\$ 224,500
IR - Intergovernmental revenues Totals	\$ 178,923	\$ 281,968	\$ 386,900	\$ 622,505	\$ 252,700	\$ 85,000
CFS - Charges for services Totals	\$ 2,092,783	\$ 2,193,556	\$ 2,360,000	\$ 2,196,400	\$ 2,276,400	\$ 2,251,400
FF - Fines and forfeitures Totals	\$ 673,892	\$ 803,398	\$ 859,000	\$ 819,000	\$ 814,000	\$ 814,000
UMP - Use of money & property Totals	\$ 409,801	\$ 361,994	\$ 339,800	\$ 325,100	\$ 330,300	\$ 200,600
OR - Other revenues Totals	\$ 85,447	\$ 61,183	\$ 63,500	\$ 58,100	\$ 59,500	\$ 59,500
OFS - Other financing sources Totals	\$ 611,957	\$ -	\$ -	\$ 4,000	\$ 25,000	\$ -
Revenue	\$ 12,259,948	\$ 11,994,305	\$ 12,330,191	\$ 12,300,846	\$ 12,358,600	\$ 12,511,700

GENERAL FUND REVENUES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
<u>TX - Taxes</u>						
3110 100 - Property taxes Current secured	\$ 836,396	\$ 829,730	\$ 840,000	\$ 865,000	\$ 865,000	\$ 865,000
3110 200 - Property taxes Supplemental-current	\$ 18,234	\$ 13,365	\$ 15,000	\$ 10,000	\$ 10,000	\$ 10,000
3110 300 - Property taxes In lieu of motor vehicle	\$ 796,462	\$ 797,238	\$ 794,200	\$ 815,000	\$ 815,000	\$ 815,000
General Sales Tax	\$ 4,071,390	\$ 4,060,431	\$ 4,115,817	\$ 4,115,054	\$ 4,173,700	\$ 4,557,200
General Sales Tax - Measure D	\$ 787,706	\$ 948,045	\$ 869,774	\$ 870,537	\$ 883,800	\$ 1,000,300
3150 100 - Business license Tax	\$ 277,958	\$ 281,739	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000
3160 100 - Franchise tax Electric	\$ 93,872	\$ 95,230	\$ 100,000	\$ 95,000	\$ 95,000	\$ 95,000
3160 200 - Franchise tax Gas	\$ 38,427	\$ 27,913	\$ 38,000	\$ 28,000	\$ 28,000	\$ 28,000
3160 300 - Franchise tax Refuse	\$ 217,002	\$ 228,592	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000
3160 350 - Franchise tax Refuse AB939	\$ 3,535	\$ 5,035	\$ -	\$ 5,000	\$ 5,000	\$ 5,000
3160 400 - Franchise tax Cable tv	\$ 102,006	\$ 100,122	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
3160 450 - Franchise tax Uverse-AT&T	\$ -	\$ 845	\$ -	\$ 1,500	\$ 1,500	\$ 2,000
3160 500 - Franchise tax Recycling grant	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200	\$ 4,200
3170 000 - Transient occupancy tax Transient	\$ 605,365	\$ 591,925	\$ 700,000	\$ 620,000	\$ 875,000	\$ 880,000
TX - Taxes Totals	\$ 7,852,553	\$ 7,984,409	\$ 8,091,991	\$ 8,044,291	\$ 8,371,200	\$ 8,876,700
<u>LP - Licenses and permits</u>						
3200 100 Building permits	\$ 314,684	\$ 231,381	\$ 176,000	\$ 177,700	\$ 176,500	\$ 176,500
3200 200 - Encroachment permit	\$ 10,391	\$ 26,841	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000
3200 300 - Special Events permit		\$ 8,747				
3200 310 -Entertainment permit	\$ 2,970	\$ 2,946	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
3200 400 - Parking permits	\$ 25,357	\$ 34,666	\$ 27,000	\$ 27,750	\$ 27,000	\$ 27,000
3200 600 -Other permits	\$ 890	\$ 3,216	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
LP - Licenses and permits Totals	\$ 354,293	\$ 307,797	\$ 229,000	\$ 231,450	\$ 229,500	\$ 224,500
<u>IR - Intergovernmental revenues</u>						
3310 100 Federal grant-operating category	\$ 72,366	\$ 182,699	\$ 252,600	\$ 457,801	\$ 167,700	\$ -
3310 200 Federal grant-capital category	\$ -	\$ -	\$ 14,300	\$ 76,811	\$ -	\$ -
3320 100 State grants- operating category	\$ -	\$ 9,607	\$ -	\$ 2,893	\$ -	\$ -
3320 200 State grants- capital category	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3330 100 -Prop 172 Sales tax Police	\$ 31,759	\$ 29,212	\$ 38,000	\$ 38,000	\$ 38,000	\$ 38,000
3330 110 -Abandoned vehicle abatement fee	\$ 14,509	\$ 9,068	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
3330 130 - POST Police offcr sfty training	\$ 11,038	\$ 4,827	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
3330 250 - Motor vehicle in-lieu tax	\$ 34,620	\$ 29,889	\$ 50,000	\$ 20,000	\$ 20,000	\$ 20,000
3330 300 - State recycling grant	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
3330 310 -HOPTER	\$ 6,903	\$ 7,038	\$ 7,000	\$ 7,000	\$ 7,000	\$ 7,000
3330 320 - SB90 State mandated cost reimb	\$ 2,727	\$ 4,628	\$ 5,000	\$ -	\$ -	\$ -
IR - Intergovernmental revenues Totals	\$ 178,923	\$ 281,968	\$ 386,900	\$ 622,505	\$ 252,700	\$ 85,000
<u>CFS - Charges for services</u>						
3410 010 - Gen gov't RDA business services	\$ 220,088	\$ 219,664	\$ 205,200	\$ 205,200	\$ 205,200	\$ 205,200
3410 011 - Gen gov't RDA business services-	\$ (134,000)	\$ (133,400)	\$ (133,400)	\$ (130,000)	\$ (130,000)	\$ (130,000)
3410 020 - Gen gov't Parking meters - village	\$ 384,667	\$ 517,814	\$ 670,000	\$ 550,000	\$ 620,000	\$ 620,000
3410 021 - Gen gov't Parking meters - cliff drive	\$ 51,393	\$ 53,563	\$ 55,000	\$ 55,000	\$ 55,000	\$ 55,000
3410 022 - Gen gov't Parking meters - pacific	\$ 35,526	\$ 77,336	\$ 75,000	\$ 77,000	\$ 75,000	\$ 75,000
3410 040 - Gen gov't Mobile home admin	\$ 93,522	\$ 63,380	\$ 50,000	\$ 15,000	\$ -	\$ -
3410 041 - Gen gov't BIA - finance support	\$ 4,200	\$ 4,200	\$ 3,000	\$ 4,200	\$ 4,200	\$ 4,200
3410 044 - Gen gov't HOME Grant	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -
3410 045 - Gen gov't CVC-Finance Support	\$ -	\$ -	\$ -	\$ 500	\$ 500	\$ 500
3410 046 Green Building Program Mgmt					\$ 10,000	\$ 10,000
3420 010 - Public safety Vehicle release fee	\$ 13,426	\$ 14,227	\$ 4,500	\$ 9,000	\$ 10,000	\$ 10,000
3420 012 - Public safety Police reports and others	\$ 5,341	\$ 5,407	\$ 6,000	\$ 6,000	\$ 5,000	\$ 5,000
3420 013 - Public safety Booking fees	\$ 6,208	\$ 5,632	\$ 4,000	\$ 7,000	\$ 6,000	\$ 6,000

GENERAL FUND REVENUES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
3420 014 - Public safety DUI collections	\$ 2,341	\$ 1,480	\$ 6,200	\$ 1,000	\$ 3,500	\$ 3,500
3420 020 - Public safety Animal services	\$ 2,277	\$ 2,559	\$ 2,500	\$ 4,000	\$ 3,500	\$ 3,500
3420 030 - Public safety Rispin - police services	\$ 16,599	\$ 21,918	\$ 25,000	\$ 20,000	\$ -	\$ -
3420 031 - Public safety Special events - police	\$ -	\$ 2,760	\$ -	\$ -	\$ 10,000	\$ 10,000
3440 001 - Public works BIA - public works	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
3440 002 - Public works Rispin - public works	\$ 4,110	\$ 16,158	\$ 7,500	\$ 7,000	\$ -	\$ -
3440 003 - Public works Wharf - public works	\$ 38,940	\$ 37,070	\$ 25,000	\$ 40,000	\$ -	\$ -
3440 004 - Public works - Special events					\$ 10,000	\$ 10,000
3440 005 - Public works Sweeper Svc Provided to	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
3450 010 - Building fees Building plan check fees	\$ 121,719	\$ 114,615	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
3460 010 - Comm dev Planning fee - sr plnr cost	\$ 80,833	\$ 65,866	\$ 110,000	\$ 75,000	\$ 90,000	\$ 90,000
3460 011 - Comm dev Planning fee - assoc plnr	\$ 72,940	\$ 21,910	\$ -	\$ -	\$ -	\$ -
3460 012 - Comm dev Planning fee - director cost	\$ 2,025	\$ 16,600	\$ 5,000	\$ 5,000	\$ 8,000	\$ 8,000
3460 020 - Comm dev Planning plan check fee	\$ 35,767	\$ 32,714	\$ 33,000	\$ 33,000	\$ 22,000	\$ 22,000
3460 030 - Comm dev Planning application fee	\$ 15,408	\$ 13,256	\$ 17,000	\$ 17,000	\$ 13,000	\$ 13,000
3460 040 - Comm dev Hsg admin billing - RDA	\$ 223,194	\$ 112,367	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
3460 041 - Comm dev Hsg admin billing-HOME	\$ 25,019	\$ -	\$ -	\$ -	\$ -	\$ -
3460 044 - Comm dev Planning - Billing to Gen	\$ 20,000	\$ 88,800	\$ 125,000	\$ 125,000	\$ 150,000	\$ 125,000
3460 045 - Comm dev Hsg Admin Billing - HOME	\$ -	\$ 80,714	\$ -	\$ -	\$ -	\$ -
3460 050 - Comm dev Planning - other fees	\$ 16,375	\$ 11,732	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
3460 060 - Comm dev Planner developer review	\$ 6,311	\$ 374	\$ 500	\$ 500	\$ 500	\$ 500
3470 010 - Recreation fees Class fees	\$ 336,075	\$ 318,550	\$ 367,000	\$ 325,000	\$ 335,000	\$ 335,000
3470 020 - Recreation fees Jr. guard fees	\$ 193,827	\$ 213,946	\$ 189,000	\$ 225,000	\$ 240,000	\$ 240,000
3470 030 - Recreation fees Camp Capitola fees	\$ 79,716	\$ 79,459	\$ 84,000	\$ 120,000	\$ 125,000	\$ 125,000
3470 040 - Recreation fees Sports fees	\$ 70,937	\$ 58,888	\$ 84,000	\$ 60,000	\$ 65,000	\$ 65,000
CFS - Charges for services Totals	\$ 2,092,783	\$ 2,193,556	\$ 2,360,000	\$ 2,196,400	\$ 2,276,400	\$ 2,251,400
FF - Fines and forfeitures						
3510 001 - Fines and forfeitures Redlight camera	\$ 56,809	\$ 96,835	\$ 67,000	\$ 67,000	\$ 62,000	\$ 62,000
3510 011 - Fines and forfeitures General fines	\$ 94,190	\$ 47,780	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000
3510 017 - Fines and forfeitures Vehicle Code		\$ 105,800				
3510 018 - Fines and forfeitures Municipal Code	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -
3510 100 - Fines and forfeitures False alarm	\$ 15,750	\$ 15,600	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
3510 200 - Fines and forfeitures Parking citations	\$ 507,144	\$ 537,383	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
FF - Fines and forfeitures Totals	\$ 673,892	\$ 803,398	\$ 859,000	\$ 819,000	\$ 814,000	\$ 814,000
UMP - Use of money & property						
3610 100 - Investment earnings LAIF	\$ 61,476	\$ 17,546	\$ 30,000	\$ 15,000	\$ 10,000	\$ 10,000
3610 201 - Investment earnings RDA \$1.35M	\$ 104,655	\$ 104,655	\$ 104,600	\$ 104,600	\$ 104,600	\$ 104,600
3610 202 - Investment earnings RDA \$618k loan	\$ 47,895	\$ 47,895	\$ 47,900	\$ 47,900	\$ 47,900	\$ 47,900
3610 203 - Investment earnings RDA annual loan	\$ 33,290	\$ 33,200	\$ -	\$ -	\$ 30,000	\$ 30,000
3620 010 - Rents Pac cove park - space lease	\$ 96,474	\$ 98,021	\$ 100,000	\$ 100,000	\$ 90,000	\$ -
3620 011 - Rents Pac Cove Coach Rent	\$ 52,673	\$ 49,948	\$ 47,500	\$ 47,500	\$ 40,000	\$ -
3620 012 - Rents Lease #80 FY04/05-07/08	\$ 3,333	\$ -	\$ -	\$ -	\$ -	\$ -
3620 020 - Rents Beulah	\$ -	\$ -	\$ -	\$ -	\$ 200	\$ 500
3620 030 - Rents Jade Street facility	\$ 4,044	\$ 5,212	\$ 5,000	\$ 5,000	\$ 3,000	\$ 3,000
3620 040 - Rents Esplanade restaurants	\$ 3,621	\$ 3,621	\$ 2,600	\$ 3,600	\$ 2,600	\$ 2,600
3620 041 - Rents Esplanade - surf trailer	\$ 1,139	\$ 1,445	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
3620 042 - Rents Esplanade bandstand	\$ 1,050	\$ 600	\$ 1,000	\$ 500	\$ 1,000	\$ 1,000
3620 090 - Rents Boat spaces	\$ 150	\$ (150)	\$ 200	\$ -	\$ -	\$ -
UMP - Use of money & property Totals	\$ 409,801	\$ 361,994	\$ 339,800	\$ 325,100	\$ 330,300	\$ 200,600

GENERAL FUND REVENUES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
<u>OR - Other revenues</u>						
3700 002 - Other revenue Surf camera	\$ 3,413	\$ 3,468	\$ 6,000	\$ 3,600	\$ 3,600	\$ 3,600
3700 100 - Arts - twilight concert sponsors	\$ 15,600	\$ 14,000	\$ 15,000	\$ 15,000	\$ 12,200	\$ 12,200
3700 101 - Arts - movies at the beach spons	\$ 5,000	\$ 1,500	\$ 4,000	\$ 4,000	\$ 2,000	\$ 2,000
3700 102 - Arts - art at the beach fee	\$ 2,305	\$ 4,130	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
3700 103 - Jazz Concerts	\$ -	\$ -	\$ 5,300	\$ 5,300	\$ 2,500	\$ 2,500
3700 200 - Other revenue Museum donations-	\$ 921	\$ 924	\$ 600	\$ 600	\$ 600	\$ 600
3700 250 - Other revenue Memorial plaques	\$ 7,750	\$ 9,525	\$ 6,000	\$ 6,000	\$ -	\$ -
3700 300 - Other revenue Miscellaneous	\$ 27,834	\$ 4,393	\$ -	\$ -	\$ -	\$ -
3700 301 - Other revenue BASAPA property tax	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -
3700 302 - Returned Check Fees		\$ 527				
3700 801 - Reimburse - fuel by CFD/school	\$ 23,304	\$ 26,760	\$ 20,000	\$ 20,000	\$ 35,000	\$ 35,000
3700 900 - Other revenue Change Machine-Misc	\$ (681)	\$ (4,044)	\$ -	\$ -	\$ -	\$ -
OR - Other revenues Totals	\$ 85,447	\$ 61,183	\$ 63,500	\$ 58,100	\$ 59,500	\$ 59,500
<u>OFS - Other financing sources</u>						
CIP	\$ 297,957	\$ -	\$ -	\$ -	\$ -	\$ -
General Plan Maintenance	\$ 314,000	\$ -	\$ -	\$ -	\$ -	\$ -
Public Art	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ -
3910 212 - Interfund Equip. Replacement					\$ 25,000	
OFS - Other financing sources Totals	\$ 611,957	\$ -	\$ -	\$ 4,000	\$ 25,000	\$ -
Fund Total: General Fund	\$ 12,259,948	\$ 11,845,279	\$ 12,330,191	\$ 12,300,846	\$ 12,358,600	\$ 12,511,700

THIS PAGE INTENTIONALLY LEFT BLANK

GENERAL FUND EXPENDITURES



GENERAL FUND EXPENDITURES

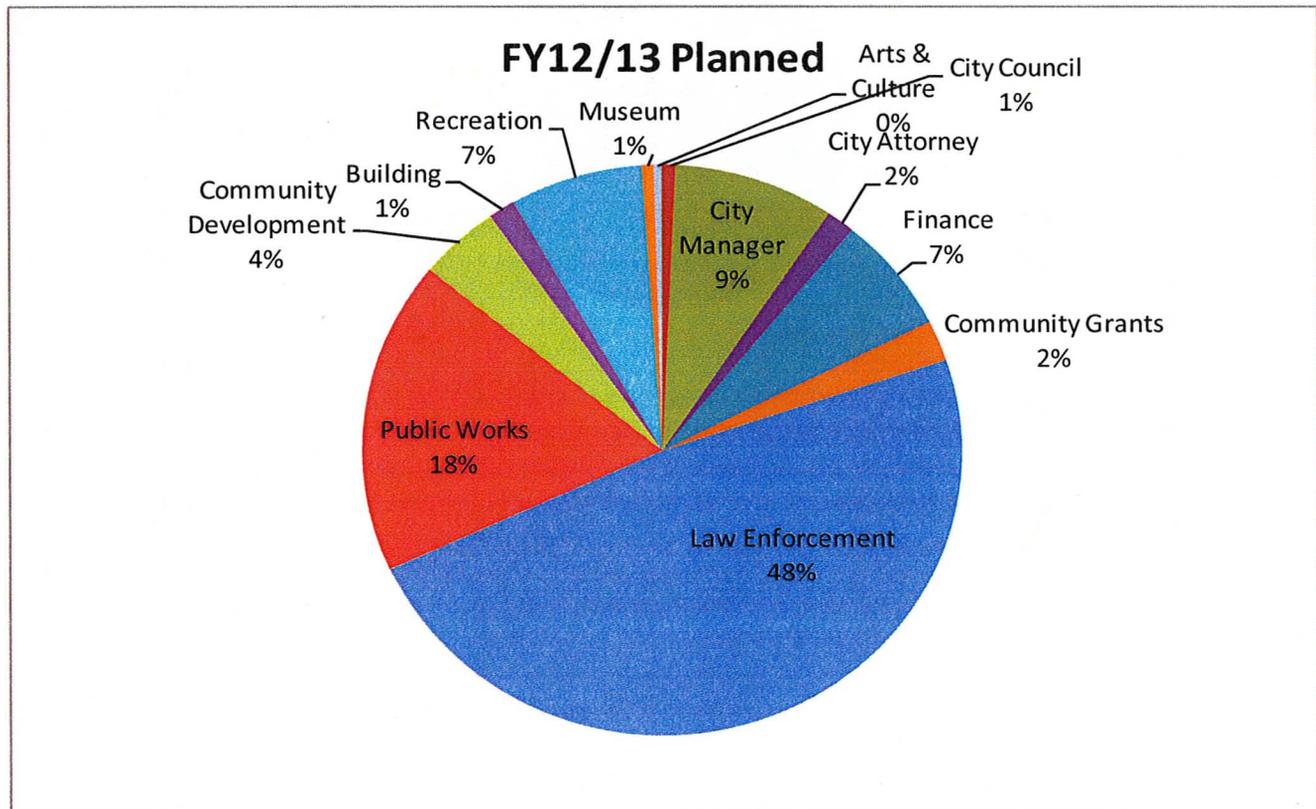
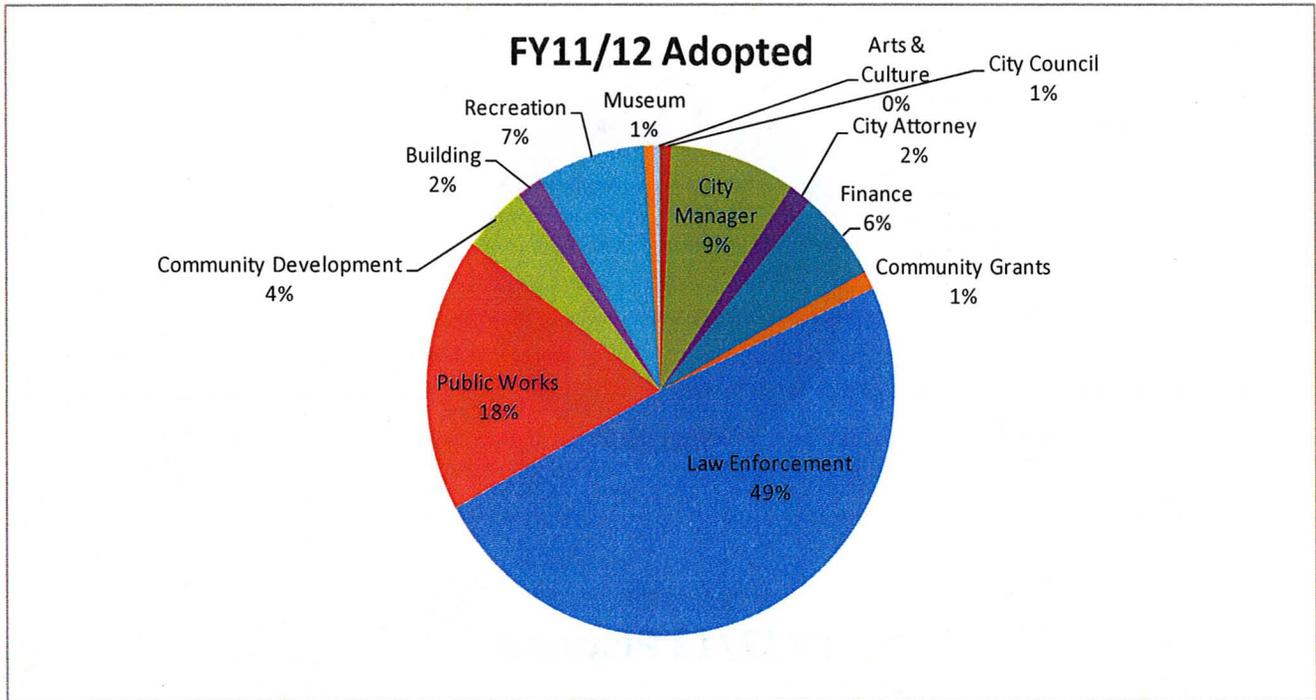
Expenditures for the FY 11-12 Adopted Operating Budget are \$12,331,300, a significant decrease from the FY10-11 estimated budget expenditures. Differences between the years are primarily due to a decrease in Contract Services and Community Grant funding. The FY11-12 personnel budget adds a Finance Director at 75% and includes previously negotiated increases in salary and benefits for the Police Dept of 2% and the possibility of a 1% to 2% increase for the misc. employees, the Chief and the City Manager. Contract Services were reduced primarily due to resolving Mobile Home litigation and elimination of the lease at 411 Capitola Ave. In addition, the Community Grants were reduced by 50% and the other 50% was placed in the Emergency Reserve Fund on the condition that if the City receives \$500,000 in reimbursement for flood damages, then the Community groups would receive the remaining 50%.

The following is the budget by major administrative categories and departments.

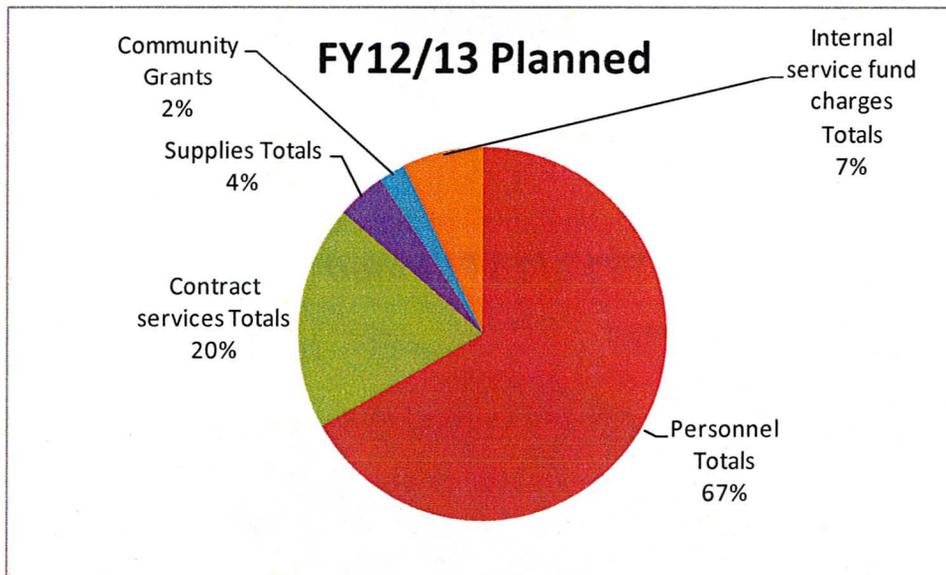
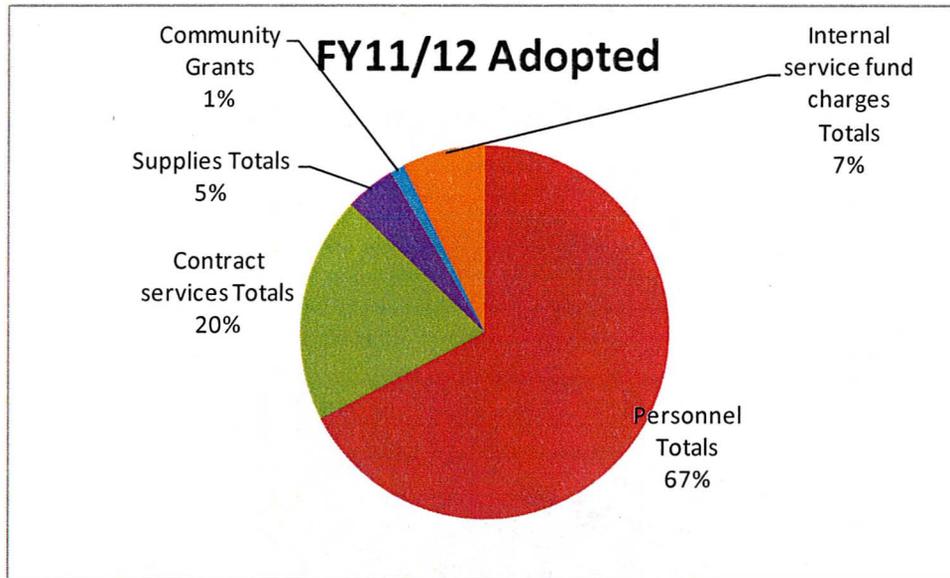
GENERAL FUND EXPENDITURES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Expenditures by Category						
Personnel Totals	\$ 7,976,795	\$ 7,370,399	\$ 7,527,500	\$ 7,459,416	\$ 7,741,400	\$ 7,903,500
Contract services Totals	\$ 2,579,524	\$ 2,420,782	\$ 2,467,500	\$ 3,093,679	\$ 2,264,950	\$ 2,309,500
Supplies Totals	\$ 519,245	\$ 458,487	\$ 490,000	\$ 529,136	\$ 508,250	\$ 503,890
Community Grants	\$ 274,637	\$ 275,000	\$ 275,000	\$ 275,000	\$ 137,500	\$ 275,000
CAP - Capital outlay Totals	\$ -	\$ 32,324	\$ -	\$ 12,204	\$ -	\$ -
ISFC - Internal service fund charges Totals	\$ 788,700	\$ 773,500	\$ 859,500	\$ 859,500	\$ 846,700	\$ 844,100
Sub Total Before Fund Transfers	\$ 12,138,901	\$ 11,330,493	\$ 11,619,500	\$ 12,228,935	\$ 11,498,800	\$ 11,835,990
Fund Transfers	\$ 444,846	\$ 547,549	\$ 710,000	\$ 494,500	\$ 832,500	\$ 685,000
Expenditure Grand Totals:	\$ 12,583,747	\$ 11,878,042	\$ 12,329,500	\$ 12,723,435	\$ 12,331,300	\$ 12,520,990

GENERAL FUND EXPENDITURES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
DEPARTMENT TOTALS						
City Council	\$ 72,446	\$ 78,704	\$ 87,100	\$ 87,100	\$ 88,700	\$ 88,700
City Manager	\$ 753,972	\$ 758,101	\$ 766,200	\$ 752,700	\$ 785,100	\$ 808,600
Personnel	\$ 165,312	\$ 148,328	\$ 197,600	\$ 192,500	\$ 212,800	\$ 213,900
City Attorney	\$ 200,245	\$ 322,999	\$ 273,600	\$ 718,900	\$ 183,600	\$ 183,600
Finance	\$ 736,454	\$ 562,580	\$ 690,800	\$ 613,400	\$ 678,300	\$ 766,300
Community Grants	\$ 274,637	\$ 275,000	\$ 275,000	\$ 275,000	\$ 137,500	\$ 275,000
Police-Law Enforcement	\$ 5,203,451	\$ 4,970,063	\$ 5,116,000	\$ 5,171,091	\$ 5,094,770	\$ 5,093,210
Police-Parking Enforcement	\$ 487,056	\$ 492,781	\$ 448,800	\$ 504,800	\$ 419,400	\$ 516,000
Police-Lifeguard	\$ 84,036	\$ 95,781	\$ 91,200	\$ 91,200	\$ 89,700	\$ 90,700
Police-Animal Services	\$ 7,317	\$ 16,953	\$ 14,200	\$ 17,200	\$ 16,200	\$ 16,200
Public Works -Streets	\$ 1,222,585	\$ 945,300	\$ 1,044,700	\$ 1,158,709	\$ 1,092,195	\$ 1,102,570
Public Works - Facilities	\$ 270,352	\$ 229,134	\$ 229,300	\$ 228,800	\$ 277,000	\$ 275,200
Public Works-Fleet	\$ 279,278	\$ 264,465	\$ 285,400	\$ 285,400	\$ 285,320	\$ 287,820
Public Works-Parks	\$ 550,148	\$ 420,239	\$ 453,300	\$ 429,910	\$ 436,270	\$ 440,470
Community Development	\$ 649,684	\$ 624,364	\$ 487,900	\$ 542,750	\$ 518,900	\$ 524,200
Building	\$ 272,652	\$ 190,536	\$ 206,100	\$ 186,025	\$ 203,785	\$ 171,860
Recreation	\$ 800,725	\$ 830,155	\$ 836,800	\$ 853,950	\$ 853,760	\$ 855,160
Museum	\$ 65,246	\$ 64,725	\$ 67,200	\$ 67,200	\$ 77,300	\$ 78,300
Arts & Culture	\$ 43,305	\$ 40,285	\$ 48,300	\$ 52,300	\$ 48,200	\$ 48,200
Subtotal Before Fund Transfers	\$ 12,138,901	\$ 11,330,493	\$ 11,619,500	\$ 12,228,935	\$ 11,498,800	\$ 11,835,990
General Fund Transfers	\$ 444,846	\$ 547,549	\$ 710,000	\$ 494,500	\$ 832,500	\$ 685,000
Expenditure Totals	\$ 12,583,747	\$ 11,878,041	\$ 12,329,500	\$ 12,723,435	\$ 12,331,300	\$ 12,520,990

General Fund Expenditures - By Department



General Fund Expenditures – By Category



SALARIES & BENEFITS

All positions listed in the General Fund are fully funded with full benefit costing. Fully benefited non-safety employees have been budgeted at top step; an average rate was estimated for Police Officers, Sergeants and the Captain are based on the current employees; specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range. Changes which occurred in FY10-11 include the following: creation of the Maintenance Worker class series I, II, III, and a Building Inspector I & II class series which resulted in a salary savings. Changes in FY11-12 will be the creation of an Administrative Services Director class, (defunding the Assistant to the City Manager position), defunding a position in Finance and creating an Administrative Records Analyst in the Police Department, the reduction of 1 Parking Enforcement position for 1 year in exchange for an hourly position and a Finance Director funded for 75% of the year. The FY12-13 planned budget restores 1 FTE Parking Enforcement Officer, the Finance Director is fully funded and a Grant Funded Officer position is eliminated due to the grant expiring, but there is a requirement by the grant to retain 1 additional officer for 1 year.

The table below summarizes the budget positions & hours, and the following page provides a detail summary of the staffing budget changes.

GENERAL FUND	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12	FY12-13
	Actual	Actual	Actual	Actual	Actual	Actual	Adopted	Planned
<u>Elected</u>								
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elected - Total FTE's	6.00							
<u>Fully Benefited by Dept</u>								
City Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance	5.25	5.25	5.25	5.38	5.38	4.38	4.13	4.38
City Manager	7.00	6.75	6.75	6.75	6.75	6.75	6.95	6.95
Museum	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Arts Commission	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police	31.75	30.25	32.75	32.75	30.25	30.75	30.25	31.75
CDD	5.67	5.67	5.67	6.67	6.17	4.67	5.17	5.17
Public Works	14.33	14.33	14.33	14.33	12.33	12.33	12.33	12.33
Recreation	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Dept - Total FTEs	68.25	66.00	68.50	69.63	64.63	62.63	62.58	64.33
Change from prior year		(2.25)	2.50	1.13	(5.00)	(2.00)	(0.05)	1.75

SALARIES & BENEFITS (continued)

City services are primarily staff delivered, therefore staffing is the most significant expenditure. For the FY11-12 budget staffing costs total \$7,741,400 in the General Fund. This represents a 2% increase from the FY10-11 Adopted Budget. That is a largely a result of a Finance Director for 75% of the year, the POA will receive a 2% salary increase as per a negotiated agreement July 1 and the Miscellaneous employees will receive a COLA in January of 2012. Staffing is 67% of the total General Fund expenditure. In FY12-13 there is a 1% increase. The following tables provide an overview of staffing cost by major budget category and a cross reference by department.

STAFFING BY CATEGORY	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Salary	\$ 4,740,100	\$ 4,334,500	\$ 4,667,200	\$ 4,498,000	\$ 4,731,000	\$ 4,914,100
Seasonal/Temp	\$ 321,500	\$ 398,500	\$ 285,800	\$ 307,300	\$ 308,800	\$ 292,500
Overtime	\$ 218,300	\$ 171,400	\$ 200,400	\$ 282,100	\$ 301,500	\$ 285,200
Specialty Pays	\$ 241,700	\$ 225,700	\$ 240,500	\$ 240,000	\$ 240,700	\$ 239,700
Subtotal - Staffing	\$ 5,521,600	\$ 5,130,100	\$ 5,393,900	\$ 5,327,400	\$ 5,582,000	\$ 5,731,500
Benefits	\$ 2,455,200	\$ 2,240,300	\$ 2,133,600	\$ 2,132,000	\$ 2,159,400	\$ 2,172,000
TOTAL	\$ 7,976,800	\$ 7,370,400	\$ 7,527,500	\$ 7,459,400	\$ 7,741,400	\$ 7,903,500

STAFFING BY CATEGORY	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
City Council	\$ 42,625	\$ 37,527	\$ 41,200	\$ 41,200	\$ 41,300	\$ 41,300
Finance	\$ 530,213	\$ 398,977	\$ 506,600	\$ 425,600	\$ 490,000	\$ 587,300
City Manager	\$ 736,570	\$ 751,080	\$ 734,300	\$ 734,300	\$ 795,700	\$ 804,400
Police Dept	\$ 4,133,557	\$ 3,897,449	\$ 4,109,400	\$ 4,090,866	\$ 4,173,500	\$ 4,204,500
Public Works	\$ 1,259,573	\$ 1,072,374	\$ 1,093,000	\$ 1,075,100	\$ 1,095,100	\$ 1,110,800
Community Development	\$ 758,114	\$ 681,196	\$ 534,600	\$ 562,450	\$ 604,500	\$ 612,000
Recreation	\$ 450,039	\$ 466,802	\$ 441,300	\$ 462,800	\$ 469,500	\$ 470,400
Museum	\$ 54,288	\$ 53,552	\$ 54,900	\$ 54,900	\$ 59,600	\$ 60,600
Art & Culture	\$ 11,815	\$ 11,443	\$ 12,200	\$ 12,200	\$ 12,200	\$ 12,200
TOTAL	\$ 7,976,795	\$ 7,370,399	\$ 7,527,500	\$ 7,459,416	\$ 7,741,400	\$ 7,903,500

Staffing Budget Assumptions - Salary

There are five bargaining groups in the City. The Management employees are on individual contracts. The hourly employees are not included in any of these groups and are not represented by a union. The following table lists the different groups, the start and end dates of their current agreements.

<u>Group</u>	<u>Date Current Agreement Begin</u>	<u>Date Current Agreement Expires</u>
Assoc. of Capitola Employees/General Govt.	1/1/2011	6/30/2012
Confidential Group	1/1/2011	6/30/2012
Mid-Management	1/1/2011	6/30/2012
Police Captains	7/1/2011	6/30/2012
Police Officers Association (POA)	7/1/2008	6/30/2012

For budgeting purposes, for employees within all bargaining groups & management employees except POA the assumed COLA of 1% to 2%. The POA agreed to a modification of their MOU that spreads their approved 4% salary increase over 2 years, year one is 2% that occurred in FY10-11 and year two is the final 2% in FY11-12. This was in exchange for not freezing one currently vacant officer position in FY10-11.

Seasonal/Temporary Hours

The following table lists the departments and the number of temporary hours budgeted. Included in the Department Overview section of the budget document is a listing by job classifications.

GENERAL FUND EXPENDITURES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
SEASONAL/TEMP /HOURLY	\$ 321,500	\$ 398,500	\$ 285,800	\$ 307,300	\$ 308,800	\$ 292,500
	Hours	Hours	Hours	Hours	Hours	Hours
<u>By Department</u>						
City Manager	0.00	297.00	0.00	0.00	0.00	0.00
Arts & Cultural	392.75	480.00	480.00	480.00	480.00	480.00
Police	4946.00	5379.75	3650.00	3650.00	4550.00	3650.00
Comm Dev	0.00	14.50	0.00	0.00	0.00	0.00
Recreation	18912.25	20053.75	16850.00	16850.00	18440.00	18440.00
TOTAL HOURS	24,251.00	26,225.00	20,980.00	20,980.00	23,470.00	22,570.00

Staffing Budget Assumptions - Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department increased in FY10-11 due to multiple vacancies, the FY 11-12 overtime budget will significantly increase due to officer vacancies and in large part due to the elimination of the SLESF program which paid \$50,000 towards overtime.

STAFFING - OVERTIME	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Finance	\$ 27,854	\$ 14,648	\$ 18,600	\$ 18,600	\$ 18,800	\$ 19,100
City Manager	\$ -	\$ -	\$ 200	\$ 200	\$ 300	\$ 300
Police Dept*	\$ 174,532	\$ 138,245	\$ 159,700	\$ 241,016	\$ 260,000	\$ 243,000
Public Works	\$ 12,096	\$ 14,840	\$ 16,700	\$ 17,100	\$ 17,200	\$ 17,500
Community Development	\$ 85	\$ 288	\$ 300	\$ 300	\$ 400	\$ 300
Recreation	\$ 3,737	\$ 3,361	\$ 4,900	\$ 4,900	\$ 4,800	\$ 5,000
TOTAL - OVERTIME	\$ 218,304	\$ 171,382	\$ 200,400	\$ 282,116	\$ 301,500	\$ 285,200

*Police Overtime

General Fund	\$ 225,300
Grant -Funded	<u>\$ 34,700</u>
	\$ 260,000

Staffing Budget Assumptions – Specialty Pay

The FY11-12 & FY12-13 budget includes the following specialty pays in the calculation of staffing costs; these are also added to the calculation of the overtime rate. Specialty pays include education, longevity, bi-lingual as well as a variety of others mainly in the police department.

STAFFING - SPECIALTY PAYS	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Finance	\$ 1,700	\$ 1,500	\$ 1,600	\$ 1,600	\$ 1,600	\$ 1,600
City Manager	\$ 10,400	\$ 10,700	\$ 13,000	\$ 13,000	\$ 13,400	\$ 13,600
Police Dept	\$ 158,800	\$ 157,200	\$ 174,400	\$ 174,400	\$ 178,700	\$ 176,900
Public Works	\$ 55,100	\$ 45,600	\$ 45,800	\$ 45,300	\$ 41,200	\$ 41,600
Museum	\$ 1,800	\$ 1,800	\$ 1,900	\$ 1,900	\$ 2,000	\$ 2,100
Community Development	\$ 13,900	\$ 8,800	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,900
TOTAL - SPECIALTY PAYS	\$ 241,700	\$ 225,600	\$ 240,500	\$ 240,000	\$ 240,700	\$ 239,700

Staffing Budget Assumptions – Benefits

Benefits – Post Retirement Medical Benefit

The City of Capitola’s contribution toward employee and annuitant Health Benefit enrollment is at the minimum amount provided under Government Code Section 22826 of the Public Employees Medical and Hospital Care Act. This is contract expenditure within the City Manager’s Personnel Department budget. The table of minimum monthly contribution per retired employee is as follows:

January 1, 2008	\$97.00	January 1, 2010	\$105.00
January 1, 2009	\$101.00	January 1, 2011	\$108.00

Benefits – Public Employee Retirement System (PERS)

The City offers defined benefit retirement plans to safety and non-sworn employees, except hourly/seasonal employees. The safety plan is 3% @ 50 and the miscellaneous plan is 2.5% @ 55 with a PERS cap. A CalPERS member becomes eligible for retirement benefits upon reaching the age of 50 with at least 5 years of credited services (total service across all CalPERS employers). These retirement plans are administered by California Public Employee Retirement Systems (“CalPERS” or “PERS”). The City’s retirement costs are defined as a percentage of payroll, which is actuarially determined annual by CalPERS.

Caps. The FY11-12 budgets estimate expenditures based upon the Safety and Miscellaneous PERS caps of 28.291% and 16.488%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively). The actual PERS rate for Safety effective July 1, 1011 is 36.092%, employees pay 7.801%, for Misc. the actual PERS rate is 23.999%, employees pay 7.511%. On July 1, 2012 the new rates for Safety is 37.496% employee pays 9.205% and for Misc. the rate is 24.624% and the employee pays 8.136%.

Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds to be used to pay down the PERS unfunded liability by June 30, 2007.

For additional information, refer to the PERS Internal Service Fund and Debt Service – PERS Pension Obligation Bond sections of this budget.

CONTRACT SERVICES

Dept	Contract	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Art & Culture	Art at the Beach coordinator	\$ 3,200	\$ 3,200	\$ 3,200
Art & Culture	Twilight concert-sound engineer	\$ 5,000	\$ 5,500	\$ 5,500
Art & Culture	Twilight concert-band costs	\$ 12,700	\$ 12,700	\$ 12,700
Art & Culture	Events & Tourism Art & Music in the Park	\$ 5,300	\$ 2,500	\$ 2,500
Art & Culture Total		\$ 26,200	\$ 23,900	\$ 23,900
Building	Building permit tracking system	\$ 3,000	\$ 1,500	\$ 1,500
Building	Bldg Svcs Engineering & Inspections	\$ 2,500	\$ 2,000	\$ 2,000
Building	Bldg plan checks - outsourced	\$ 17,000	\$ 8,000	\$ 8,000
Building Total		\$ 22,500	\$ 11,500	\$ 11,500
City Attorney	Legal services - general	\$ 133,600	\$ 133,600	\$ 133,600
City Attorney	Legal svcs Rent Control Litigation	\$ 540,000	\$ 50,000	\$ 50,000
City Attorney	Soquel Union School District	\$ 45,300	\$ -	\$ -
City Attorney Total		\$ 718,900	\$ 183,600	\$ 183,600
City Council	Winter shelter	\$ 14,200	\$ 14,200	\$ 14,200
City Council	Begonia Fesitival	\$ 5,000	\$ 5,000	\$ 5,000
City Council	Admin United Way	\$ 2,000	\$ -	\$ -
City Council	Admin Contracts - general	\$ 1,500	\$ 1,500	\$ 1,500
City Council Total		\$ 22,700	\$ 20,700	\$ 20,700
City Manager	Newsletter	\$ 6,000	\$ 6,000	\$ 6,000
City Manager	Council Election	\$ 22,000	\$ -	\$ 15,000
City Manager	Contracts - general	\$ 4,500	\$ 4,500	\$ 4,500
City Manager	City web site services	\$ 4,000	\$ 4,000	\$ 4,000
City Manager	Central coast recycling media	\$ 5,000	\$ 5,000	\$ 5,000
City Manager	Garage sale day	\$ 1,500	\$ 1,500	\$ 1,500
City Manager	SCC-Hazardouse waste disp fee	\$ 25,000	\$ 30,000	\$ 30,000
City Manager	Recycling services	\$ 7,200	\$ 7,200	\$ 7,200
City Manager	NB Middle School	\$ 5,700	\$ 4,200	\$ 4,200
City Manager	JPA-Pollution control	\$ 2,500	\$ 2,500	\$ 2,500
City Manager	Temp. Staff & Instr. Temporary staff	\$ 3,500	\$ 3,500	\$ 3,500
City Council	Muni code codification services	\$ 4,000	\$ 4,000	\$ 4,000
City Council	Records management-storage	\$ 2,000	\$ 2,000	\$ 2,000
City Manager	Unanticipated events budget	\$ 10,000	\$ 10,000	\$ 10,000
City Manager Total		\$ 102,900	\$ 84,400	\$ 99,400
CDD	Building Inspections	\$ 34,325	\$ 34,325	\$ -
CDD	Contracts - general	\$ 45,000	\$ 10,000	\$ 10,000
CDD	Geographic information systems	\$ 5,000	\$ 5,000	\$ 5,000
CDD	Legal notices	\$ 2,000	\$ 2,000	\$ 2,000
CDD Total		\$ 86,325	\$ 51,325	\$ 17,000

Dept	Contract	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Finance	Contracts - general	\$ 5,000	\$ 7,000	\$ -
Finance	Annual financial audit	\$ 35,000	\$ 25,000	\$ 25,000
Finance	Audit-Sales tax (1%)	\$ 2,000	\$ 2,000	\$ 2,000
Finance	Audit-Sales tax(city 1/4%)	\$ 300	\$ 300	\$ 300
Finance	State mandated claims svcs	\$ 2,700	\$ 2,700	\$ 2,700
Finance	Collections services	\$ 700	\$ 2,000	\$ 2,000
Finance	Bank fees (excl cr card fees)	\$ 5,700	\$ 3,500	\$ 3,500
Finance	SCC-Property tax admin fee	\$ 33,800	\$ 36,000	\$ 38,000
Finance	State of CA Admin services	\$ -	\$ 11,100	\$ -
Finance	State of CA-ST admin fee, 1%	\$ 44,000	\$ 44,800	\$ 49,000
Finance	State of CA-ST admin fee, local	\$ 17,000	\$ 15,200	\$ 17,200
Finance Total		\$ 146,200	\$ 149,600	\$ 139,700
Museum	local & long distance	\$ 1,400	\$ 1,400	\$ 1,400
Museum	Rental - Storage	\$ -	\$ 4,200	\$ 4,200
Museum Total		\$ 1,400	\$ 5,600	\$ 5,600
PD-Animal Services	Animal services	\$ 13,000	\$ 12,000	\$ 12,000
PD-Animal Services	SPCA Donation	\$ 3,000	\$ 3,000	\$ 3,000
Animal Services Total		\$ 16,000	\$ 15,000	\$ 15,000
PD-Law Enforcement	Investigation and hearing svcs	\$ 2,105	\$ -	\$ -
PD-Law Enforcement	Hazardous material response - SV	\$ 4,471	\$ 3,500	\$ 4,500
PD-Law Enforcement	Towing service	\$ 1,500	\$ 1,500	\$ 1,000
PD-Law Enforcement	SCCECC JPA-SCRMS	\$ 16,800	\$ 14,900	\$ 15,000
PD-Law Enforcement	SCCECC-911 JPA	\$ 457,700	\$ 415,900	\$ 435,200
PD-Law Enforcement	Red light enforcement	\$ 62,000	\$ 62,000	\$ 62,000
PD-Law Enforcement	SCC-Booking fees	\$ 8,000	\$ 6,600	\$ 7,800
PD-Law Enforcement	SCC-Blood alcohol trust fund	\$ 5,000	\$ 1,200	\$ 3,000
PD-Law Enforcement	SCC-Anti-Crime Team	\$ 18,000	\$ 17,500	\$ 17,500
PD-Law Enforcement	SCC-Sexual assault response prog	\$ 5,300	\$ 4,400	\$ 5,300
PD-Law Enforcement	SCC-Info svcs for SCAN chgs	\$ 6,300	\$ 5,300	\$ 6,300
PD-Law Enforcement	Collections-booking fees	\$ -	\$ 3,000	\$ 3,000
PD-Law Enforcement	Collections-DUI cost recovery	\$ -	\$ 300	\$ 300
PD-Law Enforcement	Background investigations	\$ 8,300	\$ 7,000	\$ 8,300
PD-Law Enforcement	Comm - local & long distance	\$ 6,800	\$ 5,800	\$ 6,800
PD-Law Enforcement	Comm - T-1 line	\$ 15,000	\$ 15,000	\$ 15,000
PD-Law Enforcement	Comm - mobile phone	\$ 18,000	\$ 15,000	\$ 18,500
PD-Law Enforcement	Property alarm service	\$ 900	\$ 900	\$ 900
PD-Law Enforcement	Property repair and maintenance	\$ 1,500	\$ 1,500	\$ 1,500
PD-Law Enforcement	Equipment repair and maintenance	\$ 6,000	\$ 3,000	\$ 9,000
PD-Law Enforcement	Uniform cleaning services	\$ 10,600	\$ 10,600	\$ 10,600
Police-Law Enforcement	Grant funded Allied Agencies	\$ 87,059	\$ 30,300	\$ 16,900
PD-Law Enforcement Total		\$ 741,335	\$ 625,200	\$ 648,400
PD-Parking	Courier-Cash & Coin	\$ 15,400	\$ 6,500	\$ 15,400
PD-Parking	Utility serv - gas and electric	\$ 2,000	\$ 2,000	\$ 2,000
PD-Parking	Coin meter collection svc	\$ 33,900	\$ 10,900	\$ 28,000
PD-Parking	Equipment repair and maintenance	\$ 12,000	\$ 12,000	\$ 12,000
PD-Parking	Wheelchair purchase and repairs	\$ 3,000	\$ 2,000	\$ 4,000
PD-Parking	Parking Meter Repairs	\$ -	\$ 2,000	\$ 2,000

Dept	Contract	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
PD-Parking	Change Machine Repair	\$ -	\$ 1,000	\$ 1,000
PD-Parking	411 Rental	\$ 30,000	\$ -	\$ -
PD- Parking	State of CA-DMV processing fee	\$ 9,500	\$ 5,700	\$ 9,500
PD- Parking	State of CA-Equip Assess	\$ 7,000	\$ 7,000	\$ 7,000
PD- Parking	State of CA-Reg assess	\$ 33,000	\$ 33,000	\$ 33,000
PD- Parking	State of CA-Immed & Critical nd	\$ 26,000	\$ 26,000	\$ 26,000
PD- Parking	State of CA-St Court Facilities	\$ 14,000	\$ 14,000	\$ 14,000
PD- Parking	State of CA-Trial Court Trust Fd	\$ 500	\$ 500	\$ 500
PD- Parking	SCC-Citation processing	\$ 38,000	\$ 38,000	\$ 38,000
PD- Parking	SCC-Criminal Justice Fac surchg	\$ 14,000	\$ 14,000	\$ 14,000
PD- Parking	SCC-Courthouse surcharge	\$ 14,000	\$ 14,000	\$ 14,000
PD-Parking Total		\$ 252,300	\$ 188,600	\$ 220,400
Personnel	Contracts - general	\$ 1,000	\$ 1,000	\$ 1,000
Personnel	Legal svcs Labor and personnel related	\$ 3,000	\$ 4,000	\$ 4,000
Personnel	Personnel Svcs Recruitment services	\$ -	\$ 2,000	\$ 2,000
Personnel	Personnel Svcs Background investigations	\$ 10,000	\$ 10,000	\$ 10,000
Personnel	CS-Personnel Svcs Medical examinations	\$ 3,500	\$ 3,500	\$ 3,500
Personnel	Education reimbursement	\$ -	\$ 2,000	\$ 2,000
Personnel	Flex-Health Admin	\$ 4,800	\$ 4,800	\$ 4,800
Personnel	Advertising	\$ -	\$ 1,000	\$ 1,000
Personnel	Volunteer and staff recognition	\$ 5,000	\$ 5,000	\$ 5,000
Personnel Total		\$ 27,300	\$ 33,300	\$ 33,300
PW-Facilities	ADA compliance	\$ 10,000	\$ 10,000	\$ 15,000
PW-Facilities	Comm - local & long distance	\$ 2,200	\$ 2,200	\$ 2,200
PW-Facilities	Comm - T-1 line	\$ 2,000	\$ 2,000	\$ 2,000
PW-Facilities	Utility serv - gas and electric	\$ 51,000	\$ 55,000	\$ 55,000
PW-Facilities	Utility serv - sanitation distr	\$ 23,800	\$ 30,000	\$ 32,000
PW-Facilities	Utility serv - water	\$ 9,700	\$ 22,500	\$ 24,200
PW-Facilities	Janitorial services	\$ 41,500	\$ 45,000	\$ 47,400
PW-Facilities	Landscape services	\$ 7,000	\$ 7,000	\$ 7,000
PW-Facilities	Property alarm service	\$ 1,000	\$ 1,000	\$ 1,000
PW-Facilities	Property repair and maintenance	\$ 23,400	\$ 31,000	\$ 28,000
PW-Facilities	Property mgmt fee - pac cove mhp	\$ 3,200	\$ 3,200	\$ 3,200
PW-Facilities	Pacific Cove MHP maintenance	\$ 8,000	\$ 10,000	\$ 10,000
PW-Facilities Total		\$ 182,800	\$ 218,900	\$ 227,000
PW-Fleet	Temp. Staff & Instr. Mechanic	\$ 32,000	\$ 32,000	\$ 32,000
PW-Fleet	Equipment repair and maintenance	\$ 5,500	\$ 6,000	\$ 6,000
PW-Fleet Total		\$ 37,500	\$ 38,000	\$ 38,000
PW-Parks	Tree services	\$ 13,000	\$ 15,000	\$ 15,000
PW-Parks	Inspections	\$ 4,000	\$ 2,000	\$ 2,000
PW-Parks	Comm - mobile phone	\$ 1,800	\$ 2,500	\$ 2,500
PW-Parks	Utility serv - gas and electric	\$ 6,700	\$ 7,100	\$ 7,100
PW-Parks	Utility serv - sanitation distr	\$ 8,400	\$ 6,000	\$ 6,000
PW-Parks	Utility serv - water	\$ 65,900	\$ 68,300	\$ 68,300
PW-Parks	Equipment repair and maintenance	\$ 580	\$ -	\$ -
PW-Parks	Rental contracts	\$ 230	\$ -	\$ -
PW-Parks Total		\$ 100,610	\$ 100,900	\$ 100,900

Dept	Contract	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
PW-Streets	Pass Through Safe Routes to School	\$ 46,000	\$ -	\$ -
PW-Streets	Transportation-Beach shuttle svc	\$ 27,000	\$ 28,000	\$ 29,000
PW-Streets	Lagoon grading	\$ 10,000	\$ 10,000	\$ 10,000
PW-Streets	Soquel Crk monitoring-fish	\$ 28,300	\$ 30,000	\$ 32,000
PW-Streets	Soquel Crk monitoring-water qual	\$ 13,000	\$ 20,000	\$ 20,000
PW-Streets	Electrical services	\$ 5,000	\$ 8,000	\$ 8,000
PW-Streets	Engineering services	\$ 54,054	\$ 28,225	\$ 30,000
PW-Streets	CA NPDES-storm water mgmt prog	\$ 61,475	\$ 45,000	\$ 50,000
PW-Streets	Temporary staff	\$ 45,000	\$ 25,000	\$ 25,000
PW-Streets	Hope Services	\$ 10,080	\$ 12,600	\$ 13,500
PW-Streets	local & long distance	\$ 900	\$ 900	\$ 900
PW-Streets	Comm - T-1 line	\$ 2,200	\$ 2,200	\$ 2,200
PW-Streets	mobile phone	\$ 6,500	\$ 6,500	\$ 6,500
PW-Streets	Eucalyptus maintenance -Park Ave	\$ 5,500	\$ 4,000	\$ 4,000
PW-Streets	Riparian-Grant Match	\$ 6,500	\$ 8,000	\$ 8,000
PW-Streets	Unanticipated events budget	\$ 5,000	\$ 10,000	\$ 10,000
PW-Streets Total		\$ 326,509	\$ 238,425	\$ 249,100
Recreation	Contracts - general	\$ 1,700	\$ 6,200	\$ 6,200
Recreation	Credit card merchant fees	\$ 20,000	\$ 20,000	\$ 20,000
Recreation	Background investigations	\$ 1,000	\$ 1,000	\$ 1,000
Recreation	Transportation-Rec program	\$ 8,800	\$ 9,000	\$ 9,000
Recreation	Rec contract inst and sports off	\$ 197,000	\$ 197,000	\$ 197,000
Recreation	Staff & Instr. Recreation youth	\$ 4,500	\$ 2,500	\$ 2,500
Recreation	local & long distance	\$ 2,000	\$ 2,000	\$ 2,000
Recreation	Comm - T-1 line	\$ 2,000	\$ 2,000	\$ 2,000
Recreation	Property repair and maintenance	\$ 200	\$ 300	\$ 300
Recreation	Rental contracts Office equipment	\$ 1,500	\$ 1,500	\$ 1,500
Recreation	Events liability insurance	\$ 2,500	\$ 3,500	\$ 3,500
Recreation	Copying, printing and binding	\$ 37,000	\$ 27,000	\$ 27,000
Recreation	Photography	\$ 4,000	\$ 4,000	\$ 4,000
Recreation Total		\$ 282,200	\$ 276,000	\$ 276,000
Grand Total		3,093,679	2,264,950	2,309,500

COMMUNITY GRANTS

Community Grants is a program that is entirely funded by the General Fund. Each year the City Council makes a final determination on the total amount available for distribution to the recipients. When developing the proposed budget, the amount used is the previous years' amount of \$275,000. Grants were awarded at the same level as the previous year with 50% withheld until the City receives a minimum of \$500,000 in reimbursements for flood related damages. The amount shown is the 50% of the award.

AGENCY	FY06-07 Budget	FY07-08 Budget	FY08-09 Budget	FY09-10 Budget	FY10-11 Budget	FY11-12 Budget	FY12-13 Planned
ARTS:							
Cultural Council of Santa Cruz County	4,190	4,147	4,147	4,147	4,147	2,074	2,074
TOTAL - ARTS	4,190	4,147	4,147	4,147	4,147	2,074	2,074
ENVIRONMENTAL:							
Save Our Shores						690	
O'Neill Sea Odyssey	5,623	5,816	5,816	5,816	5,816	2,908	2,908
TOTAL - ENVIRONMENTAL	5,623	5,816	5,816	5,816	5,816	3,598	2,908
COMMUNITY CONTRIBUTIONS							
Community Action Board, Inc/	1,311	1,356	1,356	1,356	1,356	678	678
Conflict Resolution Program	2,666	2,758	2,758	2,758	2,758	1,379	1,379
Native Animal Rescue	1,188	1,188	1,188	1,188	1,188	594	594
Volunteer Center of Santa Cruz County	1,311	1,356	1,356	1,356	1,356	678	678
TOTAL - COMMUNITY CONTRIBUTIONS	6,476	6,658	6,658	6,658	6,658	3,329	3,329
HUMAN SERVICES:							
Above the Line	-	-	-	-	-	-	-
Advocacy, Inc.	3,376	4,235	4,235	4,235	4,235	2,118	2,118
Big Brothers/Big sisters	2,670	2,762	2,762	2,762	2,762	1,381	1,381
Cabrillo College Stroke Center	6,533	6,758	6,758	6,758	6,758	3,379	3,379
California Grey Bears, Inc.	13,477	13,941	13,941	13,941	13,941	6,971	6,971
California Rural Legal Assistance	3,505	3,626	3,626	3,626	3,626	1,813	1,813
Campus Kids Connection - After School	16,015	16,565	16,565	16,565	16,565	8,283	8,283
Central Coast Center for Independent Living	14,209	14,697	14,697	14,697	14,697	7,349	7,349
Child Development Resource Center	1,311	1,356	1,356	1,356	1,356	678	678
Community Bridges	106,855	110,528	110,528	110,528	110,528	55,264	55,264
Court-Appointed Special Advocates	2,189	2,227	2,227	2,227	2,227	1,114	1,114
Dientes Community Dental Care	1,333	1,378	1,378	1,378	1,378	689	689
Families in Transition of Santa Cruz County	2,342	2,422	2,422	2,422	2,422	1,211	1,211
Family Service Agency of Santa Cruz	8,313	8,599	8,599	8,599	8,599	4,300	4,300
Homeless Services Center	2,425	2,508	2,508	2,508	2,508	1,254	1,254
Hospice Caring Project	1,334	1,380	1,380	1,380	1,380	690	690
Mid-County Senior Center	8,000	-	-	-	-	-	-
Parents Center, Inc.	6,853	7,088	7,088	7,088	7,088	3,544	3,544
Santa Cruz AIDS Project	8,847	9,150	9,150	9,150	9,150	4,575	4,575
Santa Cruz Community Counseling Ctr - Youth Services	6,657	6,886	6,886	6,886	6,886	3,443	3,443
Santa Cruz County Child Abuse Prevention Council (Childrens Network)		6,107	6,107	6,107	6,107	3,054	3,054
Santa Cruz County Red Cross	1,333	1,379	1,379	1,379	1,379	-	-
Santa Cruz Toddler Care Center	1,193	1,234	1,234	1,234	1,234	617	617
Second Harvest Food Bank - Santa Cruz/San Benito	9,499	9,825	9,825	9,825	9,825	4,913	4,913
Senior Citizens Legal Services	9,419	9,743	9,743	9,743	9,743	4,872	4,872
Senior Network Services	2,379	2,461	2,461	2,461	2,461	1,231	1,231
Seniors Council - Santa Cruz/San Benito	3,168	3,277	3,277	3,277	3,277	1,639	1,639
Survivor's Healing Center	510	528	528	528	528	264	264
Vista Center for the Blind (formerly Doran)	1,788	1,841	1,841	1,841	1,841	921	921
Women Care	2,190	2,265	2,265	2,265	2,265	1,133	1,133
Women's Crisis Support	3,493	3,613	3,613	3,613	3,613	1,807	1,807
TOTAL - HUMAN SERVICES	251,215	258,378	258,378	258,378	258,378	128,499	128,499
TOTAL COMMUNITY GRANTS	267,505	275,000	275,000	275,000	275,000	137,500	136,811

MATERIALS & SUPPLIES

The following table provides a history of the material and supply budgets by department. The FY11-12 less than than Adopted FY10-11 because all departments were directed to reduce current costs in their budget. The FY12-13 budget represents decrease from the FY11-12 budget. Refer to the General Fund Department section for additional information.

MATERIALS & SUPPLIES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
DEPARTMENT						
City Council	\$ 20,194	\$ 20,097	\$ 21,000	\$ 21,000	\$ 21,400	\$ 21,400
Finance	\$ 6,144	\$ 1,684	\$ 2,500	\$ 7,300	\$ 6,000	\$ 6,000
City Manager	\$ 24,177	\$ 18,667	\$ 32,300	\$ 32,200	\$ 32,300	\$ 32,300
Police Dept	\$ 146,574	\$ 106,515	\$ 79,700	\$ 111,886	\$ 74,950	\$ 78,790
Public Works	\$ 240,834	\$ 234,621	\$ 261,000	\$ 261,000	\$ 279,700	\$ 271,500
Community Development	\$ 11,529	\$ 3,996	\$ 12,500	\$ 11,600	\$ 10,100	\$ 10,100
Recreation	\$ 55,024	\$ 57,667	\$ 65,000	\$ 64,150	\$ 65,000	\$ 65,000
Museum	\$ 7,828	\$ 8,398	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500
Art & Culture	\$ 6,942	\$ 6,842	\$ 8,000	\$ 12,000	\$ 10,300	\$ 10,300
TOTAL EXPENDITURES	\$ 519,246	\$ 458,487	\$ 490,000	\$ 529,136	\$ 508,250	\$ 503,890

INTERNAL SERVICES

Internal Service Funds are used to finance special activities and services performed by one City department for another on a cost and reimbursement basis. Shared costs are identified, designated reserves are targeted, and costs are allocated to all departments benefiting from these activities and services. The methodology for cost allocation for each Internal Service Fund (Workers Compensation; Self Insurance Liability; Stores; Information Technology; Equipment Replacement; PERS) is described in the Internal Service Fund section. For consistency in staffing cost analysis, the charges for PERS are excluded from the following tables, and instead reported as PERS benefits in the Staffing Cost section.

Internal Services	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Impact on the General Fund						
Revenues From Departments						
Workers Comp	\$ 431,000	\$ 437,300	\$ 473,000	\$ 473,000	\$ 467,700	\$ 479,900
Liability	\$ 144,600	\$ 116,900	\$ 142,800	\$ 142,800	\$ 128,400	\$ 133,100
Stores	\$ 37,700	\$ 37,700	\$ 28,500	\$ 28,500	\$ 30,700	\$ 30,700
Info Tech	\$ 110,600	\$ 116,800	\$ 115,200	\$ 115,200	\$ 117,000	\$ 117,400
Equipment Replacement	\$ 64,800	\$ 64,800	\$ 100,000	\$ 100,000	\$ 103,000	\$ 83,000
TOTAL	\$ 788,700	\$ 773,500	\$ 859,500	\$ 859,500	\$ 846,800	\$ 844,100

GENERAL FUND TRANSFERS

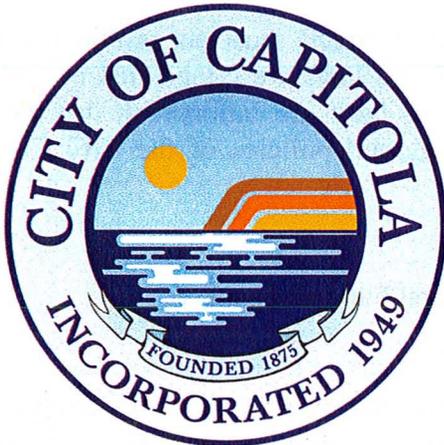
General Fund Transfers are funds that are moved directly from the General Fund to a specific fund for specified expenditures not expressly attributed to a department. Each of the funds listed in the table below are detailed in the section titled "Other Funds" for the Contingency Reserve, Emergency Reserve and the Compensated Absences Fund. The CIP is detailed in a separate section and the Pension Obligation Bond is detailed in the "Obligations" section. The flood disaster in March of 2011 depleted the emergency reserve fund; therefore in order to help restore some funding the CIP fund is receiving \$50,000 and the other \$200,000 will go to the emergency reserve fund. In addition, the Community Grants received 50% of the contracted amount and the other 50% went into the emergency reserve fund. If the City receives funding of at least \$500,000 for flood related reimbursement, then the Community Grants will receive the remaining 50%.

Below is a summary of the transfers from the General Fund to other funds/reserves:

GENERAL FUND TRANSFERS	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Expenditures						
Contingency res	\$ 6,200	\$ -	\$ -	\$ -	\$ -	\$ -
Emergency Res	\$ 12,800	\$ -	\$ -	\$ -	\$ 337,500	\$ -
CIP	\$ 166,346	\$ 150,000	\$ 250,000	\$ 250,000	\$ 50,000	\$ 250,000
Compensated ab	\$ 57,700	\$ 112,700	\$ 120,000	\$ 120,000	\$ 110,000	\$ 100,000
Parking Reserve	\$ -	\$ 78,649	\$ 100,000	\$ 100,000	\$ 95,000	\$ 95,000
Debt Service - Pension Obligation Bond	\$ 201,800	\$ 206,200	\$ 240,000	\$ 24,500	\$ 240,000	\$ 240,000
Expenditure Totals	\$ 444,846	\$ 547,549	\$ 710,000	\$ 494,500	\$ 832,500	\$ 685,000

THIS PAGE INTENTIONALLY LEFT BLANK

DEPARTMENT OVERVIEW



CITY COUNCIL DEPARTMENT

DEPARTMENT PURPOSE

The City Council is composed of four Council Members and the Mayor, all of who are directly elected by the people. The Council elects the Mayor and Vice-Mayor annually and the Council Members serve four-year staggered terms. Although not granted special decision-making powers, the Mayor does represent the City in all ceremonial and official affairs. In 2002, the voters approved term limits of 2 consecutive terms for council members. The City's Municipal elections are held the first Tuesday of November in each even-numbered year.

The Council meets regularly twice monthly on the second and fourth Thursdays. The purpose of the City Council is to establish local laws, to set policy, to reject or to approve programs, to allocate funds and provide direction, through the City Manager, to City staff to implement its policy. The Council can also appoint members to various local and regional committees, commissions and other boards.

As Capitola is a General Law City, its Council must act within the framework of limitations and procedures established by State Law. Local laws are established by ordinance and are compiled in a book called the Municipal Code. These laws are enforceable by the City, and violations thereof constitute an infraction. Other directives and policies of the City Council are recorded in Council resolutions and Council minutes.

Revenues:

This program is funded entirely by General Fund revenues.

Expenditures:

Salary & Benefits: Council Members receive compensation of \$500/month for serving on the City Council as approved on March 23, 2006, In addition the Council members receive \$30 per meeting attended when acting as a Director of the City of Capitola Redevelopment Agency with a cap of \$120/month.

Contract Services: Funding includes the Chamber of Commerce, the Santa Cruz Conference & Visitors Council, Begonia Festival, Winter Shelter Program and Bike to Work.

Materials & Supplies: Expenses are related to dues, memberships, subscriptions, supplies, training, and travel. Council Members must submit reimbursement statements for expenditures. Council contributions to AMBAG (Association of Monterey Bay Area Governments), United Way Community Assessment Program, Monterey Bay Sanctuary and LAFCO (Local Agency Formation Commission) are also in this category as well as a contribution of \$1,000 to the Monterey Bay Sanctuary Task Force is also in this budget. This budget includes \$600 per council member for training.

CITY COUNCIL DEPARTMENT BUDGET SUMMARY

City Council	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 72,446	\$ 78,703	\$ 87,100	\$ 87,100	\$ 88,700	\$ 88,700
Revenue Total	\$ 72,446	\$ 78,703	\$ 87,100	\$ 87,100	\$ 88,700	\$ 88,700
Expenditures						
PER - Personnel	\$ 42,625	\$ 37,527	\$ 41,200	\$ 41,200	\$ 41,300	\$ 41,300
CS - Contract services	\$ 6,627	\$ 18,979	\$ 22,700	\$ 22,700	\$ 20,700	\$ 20,700
SUP - Supplies	\$ 20,194	\$ 20,097	\$ 21,000	\$ 21,000	\$ 21,400	\$ 21,400
ISFC - Internal service fund	\$ 3,000	\$ 2,100	\$ 2,200	\$ 2,200	\$ 5,300	\$ 5,300
Expenditure Totals	\$ 72,446	\$ 78,703	\$ 87,100	\$ 87,100	\$ 88,700	\$ 88,700
Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Vice Mayor	1.0	1.0	1.0	1.0	1.0	1.0
Council Members	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL FTE's	5.0	5.0	5.0	5.0	5.0	5.0

CITY MANAGER DEPARTMENT - OVERVIEW

MISSION STATEMENT

The City Manager's Department is responsible for the overall administration of the City. Working closely with the City Council, this department's priority is to assist the City Council with policy legislation and direct policy implementation. In pursuing these endeavors, emphasis is placed on excellence in customer service, thorough community outreach, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources.

DEPARTMENT PURPOSE

Under the Council-Manager form of government used by Capitola, the City Council appoints a City Manager to serve as the City's chief administrative officer who is responsible for ensuring the policies of the City Council are implemented. The City Manager provides administrative direction and leadership to all City departments. The City Manager's Office is responsible for a wide variety of activities including general administration, personnel and labor relations and the Redevelopment program.

The City Clerk, under the administrative direction of the City Manager, is custodian of the City's records and City Seal. The City Clerk serves as the city's Elections Official. The City Clerk acts as general secretary to the City Council, taking minutes, publishing agendas, certifying records and administers oaths.

Revenues:

This program is funded entirely by General Fund revenues.

Expenditures:

Salary & Benefits: There is a slight increase in FTE's from 6.75 FTE's to 6.95 FTE's. A new position, Administrative Services Director has been added at .95 FTE and the Assistant to the City Manager Position will become vacant. There is a previously negotiated CPI cost of living increase for the Misc. employees effective Jan.1, 2012.

Contract Services: The following are the largest contracts: Household Hazardous Waste Contract with the County of Santa Cruz, the Recycling Programs, and health/retirement benefit management. The Unanticipated Events budget was reduced to \$10,000. In year 2 contracts will increase due to a council election.

Materials & Supplies: This budget is composed of memberships, subscriptions, travel, training, advertising and recycling supplies. Also, part of this category is Education Reimbursement.

CITY MANAGER DEPARTMENT BUDGET SUMMARY

City Manager Department Summary	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
General Fund	\$ 919,283	\$ 906,429	\$ 963,800	\$ 945,200	\$ 997,900	\$ 1,032,500
Revenue Totals	\$ 919,283	\$ 906,429	\$ 963,800	\$ 945,200	\$ 997,900	\$ 1,032,500

Expenditures						
PER - Personnel Totals	\$ 736,570	\$ 751,080	\$ 734,300	\$ 734,300	\$ 795,700	\$ 804,400
CS - Contract services Totals	\$ 111,436	\$ 85,682	\$ 148,700	\$ 130,200	\$ 117,700	\$ 132,700
SUP - Supplies Totals	\$ 24,177	\$ 18,667	\$ 32,300	\$ 32,200	\$ 32,300	\$ 32,300
CAP - Capital outlay Totals	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
ISFC - Internal service fund charges	\$ 47,100	\$ 46,000	\$ 48,500	\$ 48,500	\$ 52,200	\$ 53,100
Expenditure Grand Totals:	\$ 919,283	\$ 906,429	\$ 963,800	\$ 945,200	\$ 997,900	\$ 1,032,500

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Services Director	0.00	0.00	0.00	0.00	0.95	0.95
Assistant to the City Manager	0.75	0.75	0.75	0.75	0.00	0.00
Executive Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	6.75	6.75	6.75	6.75	6.95	6.95

CITY MANAGER DEPT: ADMINISTRATION

MISSION STATEMENT

The City Manager's Department is responsible for the overall administration of the City. Working closely with the City Council this department's priority is to assist the City Council with policy legislation and direct policy implementation. In pursuing these endeavors emphasis is placed on excellence in customer services, thorough community out reach, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources.

DEPARTMENT PURPOSE

The purpose of this division is to implement the policies of the City Council and provide leadership and direction to the City departments.

Revenues:

This program is funded entirely by General Fund revenues.

Expenditures:

Salary and Benefits: There are 5.85 FTE's. There is a previously negotiated COLA increase for the Misc. employees effective Jan.1, 2012.

Contract Services: The largest expenditure is for the Household Hazardous Waste Contract with the County. Other contract services include Recycling Programs, the City newsletter, a council election in year 2 and the web site.

Unanticipated Events: Funding was reduced to \$10,000.

Materials & Supplies: Funding includes memberships, subscriptions, travel to conferences, training, and recycling supplies.

CITY MANAGER DEPARTMENT: ADMINISTRATION
BUDGET SUMMARY

City Manager Administration	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 752,217	\$ 758,100	\$ 766,200	\$ 752,700	\$ 785,100	\$ 808,600
REVENUE TOTAL	\$ 752,217	\$ 758,100	\$ 766,200	\$ 752,700	\$ 785,100	\$ 808,600

Expenditures						
PER - Personnel	\$ 609,582	\$ 639,482	\$ 591,300	\$ 591,300	\$ 638,800	\$ 646,500
CS - Contract services	\$ 88,567	\$ 57,025	\$ 116,400	\$ 102,900	\$ 84,400	\$ 99,400
SUP - Supplies	\$ 12,068	\$ 15,293	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200
CAP - Capital outlay	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -
ISFC - Internal service fund charges	\$ 42,000	\$ 41,300	\$ 43,300	\$ 43,300	\$ 46,700	\$ 47,500
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 752,217	\$ 758,100	\$ 766,200	\$ 752,700	\$ 785,100	\$ 808,600

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
City Manager	0.65	0.65	0.65	0.65	0.65	0.65
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Services Director	0.00	0.00	0.00	0.00	0.70	0.70
Assistant to the City Manager	0.65	0.65	0.65	0.65	0.00	0.00
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Information System Specialist	1.00	1.00	1.00	1.00	1.00	1.00
Records Coordinator	1.00	1.00	1.00	1.00	1.00	1.00
Receptionist	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	5.80	5.80	5.80	5.80	5.85	5.85

CITY MANAGER DEPT: PERSONNEL DIVISION

MISSION STATEMENT

To provide excellent internal and external customer service and assist departments in recruiting and retaining exceptional employees.

DIVISION PURPOSE

The Personnel Division is a subdivision of the City Managers Department. Personnel functions are the responsibility of the City Manager and all programs associated with personnel including:

- Employee Recruitment and Selection Testing, including examination development and administration.
- Benefits Coordination, including administration of the employee insurance and retirement benefit programs.
- Employee Relations, including labor negotiations.
- Classification and Compensation, including development and maintenance of job descriptions and compensation plans.
- Employee Development, including coordination of the citywide employee training program.
- Risk Management, including the administration of liability claims against the City, and the purchase of excess liability and property insurance policies. Workers Compensation Administration
- Safety Programs

Revenues:

This program is funded entirely by General Fund revenues.

Expenditures:

Salary & Benefits: There is a slight increase of dedicated FTE's from 0.95 to 1.10 due to the increased hours of the Administrative Services Director. This division is composed of the City Manager (.35), the Administrative Services Director (.25) and the Executive Assistant to the City Manager (.50).

Contract Services: Contracts include: benefit administration, staff training, legal labor issues, police department background investigations, medical exams, and employee fingerprinting. The Employee Assistance Program was moved to the Liability Fund.

Materials & Supplies: This category includes costs associated with education reimbursement, advertising and recruiting, memberships & subscriptions, recognition & awards.

CITY MANAGER DEPARTMENT: PERSONNEL DIVISION
BUDGET SUMMARY

City Manager -Personnel	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 165,312	\$ 148,328	\$ 197,600	\$ 192,500	\$ 212,800	\$ 213,900
REVENUE TOTAL	\$ 165,312	\$ 148,328	\$ 197,600	\$ 192,500	\$ 212,800	\$ 213,900
Expenditures						
PER - Personnel	\$ 126,988	\$ 111,597	\$ 143,000	\$ 143,000	\$ 156,900	\$ 157,900
CS - Contract services	\$ 22,869	\$ 28,657	\$ 32,300	\$ 27,300	\$ 33,300	\$ 33,300
SUP - Supplies	\$ 10,355	\$ 3,374	\$ 17,100	\$ 17,000	\$ 17,100	\$ 17,100
ISFC - Internal service fund charges	\$ 5,100	\$ 4,700	\$ 5,200	\$ 5,200	\$ 5,500	\$ 5,600
Expenditure Totals	\$ 165,312	\$ 148,328	\$ 197,600	\$ 192,500	\$ 212,800	\$ 213,900

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
City Manager	0.35	0.35	0.35	0.35	0.35	0.35
Administrative Services Director	0.00	0.00	0.00	0.00	0.25	0.25
Assistant to the City Manager	0.10	0.10	0.10	0.10	0.00	0.00
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
TOTAL FTE's	0.95	0.95	0.95	0.95	1.10	1.10

CITY ATTORNEY DEPARTMENT

DEPARTMENT PURPOSE

The City Attorney became a contract position during FY01-02. The City Attorney represents the City as primary Counsel in all legal matters. To this end, the City Attorney provides legal analysis and advice on a variety of matters; assists staff with legal issues such as: municipal code interpretation, understanding and complying with state and federal laws, drafting various legal documents such as agreements, resolutions and ordinances; provides counsel on labor matters and employee/employer relations; provides counsel on mobile home rent control; and, acts as General Counsel to the Redevelopment Agency.

Revenues:

This program is primarily funded by General Fund revenues. The Mobile Home Administrative Service Fee, adopted by the City Council in 2003 which requires mobile home residents to contribute funds to be used to offset the cost of litigation defending rent control. The original fee was \$60 per year; in 2005 the fee was increased to \$240 per year at the resident's request. This fee was repealed in July 2011 because the litigation related to the fee was settled.

Expenditures:

Salary & Benefits: There are no FTE's assigned to this department.

Contract Services: The City has a contract with the firm of Atchison, Barisone, Condotti & Kovasivich. In addition to the monthly retainer fee, the firm also provides additional services for special legal actions. The City also contracts with the firm of Endeman, Lincoln, Turek and Heater for Mobile Home Rent Control related litigation. The mobile home related litigation has been ongoing since 2000 and the city has expended just over \$1.0 million dollars since that time. Costs rose significantly in FY10-11 by an additional \$500,000. Those costs are not projected to continue due to recent settlement of those cases.

The budget is a combination of the City Attorney annual contract of \$133,600 and additional litigation services \$50,000.

CITY ATTORNEY DEPARTMENT
BUDGET SUMMARY

City Attorney	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 106,723	\$ 259,619	\$ 223,600	\$ 703,900	\$ 183,600	\$ 183,600
CFS - Charges for services	\$ 93,522	\$ 63,380	\$ 50,000	\$ 15,000	\$ -	\$ -
Revenue Totals	\$ 200,245	\$ 322,999	\$ 273,600	\$ 718,900	\$ 183,600	\$ 183,600
Expenditures						
CS - Contract services	\$ 200,245	\$ 322,999	\$ 273,600	\$ 718,900	\$ 183,600	\$ 183,600
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 200,245	\$ 322,999	\$ 273,600	\$ 718,900	\$ 183,600	\$ 183,600

Contract Services Detail

Contract Detail	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
<i>Rent Control - City Attorney</i>	\$ 6,000	\$ 55,610	\$ -	\$ 146,865		
<i>Rent Control - ELTH</i>	\$ 21,000	\$ 119,346	\$ 100,000	\$ 386,000		
Jade St				\$ 45,300		
City Attorney	\$ 173,245	\$ 148,043	\$ 173,600	\$ 140,735	\$ 183,600	\$ 183,600
Total City Attorney	\$ 200,245	\$ 322,999	\$ 273,600	\$ 718,900	\$ 183,600	\$ 183,600

FINANCE DEPARTMENT

MISSION STATEMENT

The Finance Department encourages innovation and promotes learning and growth in the individual, the team, and the organization. Our goals are to provide timely, value-added information and excellent service to our customers. We use empowered teams, continuous feedback, enabling technology, and professional responsibility at all levels to accomplish our goals. We take pride in being of service to our community.

DEPARTMENT PURPOSE

Finance provides staff support to internal departments, assures legal and financial accountability to the public, and provides superior customer service to both internal and external clientele. Finance maintains a standard of excellence in financial reporting and oversight, and administers all of the City and RDA funds and accounts, as well as the Comprehensive Annual Financial Report. Finance directs the City's finance functions, including accounts payable, payroll, accounts receivable, cash receipts, bank statement reconciliation, business licenses, collection of Transient Occupancy Tax, operating budget, preparation of financial reports, preparation of monthly Treasurer's Reports, and analysis of fiscal impact.

Revenues:

Business Licenses: Business Licenses are issued on a calendar year basis per Municipal Code 5.04.

Transient Occupancy Tax (TOT): TOT is collected on a monthly basis. The rate is 10%. A description and analysis of each of these unrestricted sources of funds is in the General Fund Revenue section of the budget document.

Expenditures:

Salary & Benefits: The budget includes 4.13 FTE's. There has been no Finance Director since FY08-09, this budget adds back a Director but funded at .75. In addition, the Account Technician position was frozen. The City Treasurer receives \$250 per month.

Contract Services: The budget includes County and State administrative services for sales, property, VLF and Measure D taxes and auditing services.

Materials & Supplies: This budget includes funding for memberships, training, subscriptions and supplies.

FINANCE DEPARTMENT BUDGET SUMMARY

Finance	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 454,296	\$ 276,641	\$ 407,800	\$ 328,700	\$ 393,600	\$ 481,600
Business License Tax	\$ 277,958	\$ 281,739	\$ 280,000	\$ 280,000	\$ 280,000	\$ 280,000
BIA Support	\$ 4,200	\$ 4,200	\$ 3,000	\$ 4,700	\$ 4,700	\$ 4,700
Revenue Totals	\$ 736,454	\$ 562,580	\$ 690,800	\$ 613,400	\$ 678,300	\$ 766,300

Expenditures

PER - Personnel	\$ 530,213	\$ 398,977	\$ 506,600	\$ 425,600	\$ 490,000	\$ 587,300
CS - Contract services	\$ 166,997	\$ 129,419	\$ 147,400	\$ 146,200	\$ 149,600	\$ 139,700
SUP - Supplies	\$ 6,144	\$ 1,684	\$ 2,500	\$ 7,300	\$ 6,000	\$ 6,000
ISFC - Internal service fund charges	\$ 33,100	\$ 32,500	\$ 34,300	\$ 34,300	\$ 32,700	\$ 33,300
Expenditure Totals	\$ 736,454	\$ 562,580	\$ 690,800	\$ 613,400	\$ 678,300	\$ 766,300

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Finance Director	1.00	0.00	0.61	0.00	0.75	1.00
Supervising Accountant	1.00	1.00	1.00	1.00	1.00	1.00
Accountant II	1.00	1.00	1.00	1.00	1.00	1.00
Accts Rec/Payable Clerk	1.38	1.38	1.38	1.38	1.38	1.38
Account Technician	1.00	1.00	1.00	1.00	0.00	0.00
TOTAL FTE's	5.38	4.38	4.99	4.38	4.13	4.38

Elected Official Treasurer (Annual Salary \$3,000)	1.00	1.00	1.00	1.00	1.00	1.00
---	------	------	------	------	------	------

COMMUNITY DEVELOPMENT DEPARTMENT

MISSION STATEMENT

The mission of the Community Development Department (CDD) is to provide accurate and high-quality information, analysis and facilitation services in a responsive and responsible manner to the community, applicants, advisory committees and decision-makers. The Department is responsible for:

- Reviewing development applications
- Maintaining the General Plan and Local Coastal Plan
- Completing special studies
- Ensuring zoning code compliance
- Implementing projects to protect and enhance community character, environmental quality, and affordable housing.

DEPARTMENT PURPOSE

The CDD has an integral role in carrying out the land use goals, policies and standards that are adopted by the City Council in the General Plan, Local Coastal Program, zoning ordinance, and other regulations. Key functions include activities related to: reviewing development applications; implementing the California Environmental Quality Act; maintaining the General Plan, Housing Element, and Local Coastal Program, ensuring zoning code compliance; preserving neighborhood character; implementing affordable housing and CDBG (Community Development Block Grant) programs. The Department provides staff support to the City Council, RDA, Planning Commission, Architectural and Site Review Committee, General Plan Advisory Committee, and the Commission on the Environment.

Beginning last fiscal year, the Building Department was incorporated into the Community Development Department. The Building Official provides plan checking and building inspection services to assure compliance with the California Building Code and enforces the provisions of the State Housing Code and Abatement of Dangerous Buildings. A half-time building inspector position was added this past fiscal year to assist with building code enforcement, inspections, and plan checks.

Revenues

In the past, revenues generated by the Community Development Department accounted for approximately 30% of the department budget. A cost recovery fee system has been adopted by the City Council and the combination of all planning fees, grants, and non-General Fund revenues now cover the majority of the department budget. However, counter and code enforcement activities are typically non-fee recoverable services and require an allocation of General Fund revenues. For information on Community Development Department revenue, please see the General Fund Revenue/Revenue Detail section of the budget.

Expenditures

Salary & Benefits: There are 5.17 FTE in this department.

Contracts: Includes contracts for plan checking, engineering & inspection contracts.

Materials & Supplies: Maintain the Materials & Supplies budget to provide staff and Planning Commission training to keep up with changes in State Planning Law, and California Environmental Quality Act changes. Funds are also used for legal notices and supplies, the costs of which have increased.

COMMUNITY DEVELOPMENT DEPARTMENT
BUDGET SUMMARY

Community Development	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
General Fund	\$ (13,129)	\$ 21,910	\$ (67,500)	\$ (39,425)	\$ (32,315)	\$ 36,060
Licenses and permits Totals	\$ 315,874	\$ 234,043	\$ 179,000	\$ 180,700	\$ 179,500	\$ 179,500
Intergovernmental revenues Totals	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -
Charges for services Totals	\$ 619,591	\$ 558,947	\$ 582,500	\$ 547,500	\$ 575,500	\$ 480,500
Other Revenue					\$ 10,000	
Fines and forfeitures Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 922,336	\$ 814,900	\$ 694,000	\$ 728,775	\$ 732,685	\$ 696,060

Expenditures						
PER - Personnel Totals	\$ 758,114	\$ 681,196	\$ 534,600	\$ 562,450	\$ 604,500	\$ 612,000
CS - Contract services Totals	\$ 99,794	\$ 79,209	\$ 101,000	\$ 108,825	\$ 62,825	\$ 28,500
SUP - Supplies Totals	\$ 11,529	\$ 3,996	\$ 12,500	\$ 11,600	\$ 10,100	\$ 10,100
Internal service fund charges Totals	\$ 52,900	\$ 50,500	\$ 45,900	\$ 45,900	\$ 45,260	\$ 45,460
Expenditure Grand Totals:	\$ 922,336	\$ 814,900	\$ 694,000	\$ 728,775	\$ 722,685	\$ 696,060

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Community Dev. Director	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	1.00	1.00	0.00	0.00	0.00	0.00
Senior Planner	1.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech	0.67	0.67	0.67	0.67	0.67	0.67
Housing & RDA Proj Manager	1.00	1.00	1.00	1.00	1.00	1.00
Building Official	1.00	0.50	1.00	1.00	1.00	1.00
Building Inspector	1.00	1.00	0.00	0.50	0.50	0.50
TOTAL FTE's	6.67	6.17	4.67	5.17	5.17	5.17

Officials						
Planning Commissioner	5.0	5.0	5.0	5.0	5.0	5.0
Annual Payment	\$ 15,000	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500	\$ 7,500
Arc & Site Committee	2.0	2.0	2.0	2.0	2.0	2.0
Annual Payment	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200

POLICE DEPARTMENT OVERVIEW

MISSION STATEMENT

To provide highly visible and responsive police service to our community. Staff takes great pride in the professionalism, creativity and dedication of our staff. We welcome the opportunity and challenge of working with the Community, City Departments, and other Criminal Justice Agencies to provide enhanced public safety and security in a diverse and dynamic community.

DEPARTMENT PURPOSE

The Department carries out implementation of the mission of prevention and deterrence of crime by the utilization of patrol in response to calls for service; POP projects and directed patrol; Detectives performing comprehensive investigations and liaison with other local law enforcement agencies; parking enforcement; Juvenile Diversion programs, and city-wide traffic enforcement. For the second year the Police Department has been broken out by Program to include: Law Enforcement; Parking Enforcement; Lifeguards and the Animal Services Unit.

Revenues:

The revenues generated by the Police Department are derived from fees, fines and grants.

Expenditures:

Salary & Benefits: The Police Department includes the Law Enforcement Unit, Parking Enforcement, Animal Services and the Lifeguard Unit. There are 30.25 FTE's, which is a reduction from 32.75 FTE's in FY08-09. A Captain retired on July 1, 2009, and this position is frozen until further notice. On July 1, 2009 the Administrative Assistant was reduced to .75 FTE, and in December 2009, .5 FTE Records Clerk was frozen. In October 2009, a CSO was frozen and one Police Officer was hired through a federal grant which will expire in FY12-13, requirements of the Grant is that 1 additional officer remain after the grant for 1 year for a total of 16 officers. That officer is not funded in year 2. The CSO is listed in the FTE's for year 2 but is not funded. One Parking Enforcement Officer position will be frozen but backfilled with temporary hours, that position will come back in year 2. The Records Manager was frozen for 1 year, and an Administrative Records Analyst was added. The POA agreed to defer a 4% COLA due on July 1, 2010 and instead received a 2% COLA on July 1, 2010 and received the remaining 2% on 7/1/2011. Detailed information is in each program's description.

Contract Services: See each section for details.

Material & Supplies: In FY10-11 the supplies actuals exceeded the budget. The 2 year budget is at the FY10-11 adopted amounts.

Fixed Assets: There are no fixed assets purchased in the General Fund. Within the Equipment Replacement Fund, are 2 motorcycles and a vehicle licensing recognition unit are proposed to be purchased in FY11-12. In FY12-13, there are two police vehicles and one Mobile Data Computer to be replaced.

POLICE DEPARTMENT BUDGET SUMMARY

Police Department Summary	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
General Fund	\$ 4,906,748	\$ 4,587,318	\$ 4,416,100	\$ 4,386,036	\$ 4,530,370	\$ 4,794,110
LP - Licenses and permits Totals	\$ 25,357	\$ 1,268	\$ 27,000	\$ 27,750	\$ 27,000	\$ 27,000
IR - Intergovernmental revenues Totals	\$ 129,672	\$ 235,413	\$ 319,900	\$ 504,505	\$ 220,700	\$ 53,000
CFS - Charges for services Totals	\$ 46,191	\$ 53,982	\$ 48,200	\$ 47,000	\$ 28,000	\$ 28,000
FF - Fines and forfeitures Totals	\$ 673,892	\$ 697,599	\$ 859,000	\$ 819,000	\$ 814,000	\$ 814,000
Revenue Totals	\$ 5,781,860	\$ 5,575,579	\$ 5,670,200	\$ 5,784,291	\$ 5,620,070	\$ 5,716,110

Expenditures						
PER - Personnel Totals	\$ 4,133,557	\$ 3,897,449	\$ 4,109,400	\$ 4,090,866	\$ 4,173,500	\$ 4,204,500
CS - Contract services Totals	\$ 991,928	\$ 1,036,391	\$ 921,400	\$ 1,009,635	\$ 828,800	\$ 883,800
SUP - Supplies Totals	\$ 146,574	\$ 106,515	\$ 79,700	\$ 111,886	\$ 74,950	\$ 78,790
CAP - Capital outlay Totals	\$ -	\$ 27,324	\$ -	\$ 12,204	\$ -	\$ -
Internal service fund charges Totals	\$ 509,800	\$ 507,900	\$ 559,700	\$ 559,700	\$ 542,820	\$ 549,020
Expenditure Grand Totals:	\$ 5,781,860	\$ 5,575,579	\$ 5,670,200	\$ 5,784,291	\$ 5,620,070	\$ 5,716,110

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Chief of Police	1.00	0.50	1.00	1.00	1.00	1.00
Police Captain	2.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer*	15.00	15.00	15.00	15.00	14.50	15.00
Police Officer - Grant Funded	0.00	1.00	1.00	1.00	1.00	0.00
Community Service Officer	3.00	2.00	2.00	2.00	2.00	3.00
Parking Enforcement Officer	3.00	3.00	3.00	3.00	2.00	3.00
Records Manager	1.00	1.00	1.00	1.00	0.00	1.00
Records Clerk	2.75	2.00	2.00	2.00	3.00	2.00
Administrative Records Analyst					1.00	1.00
Administrative Assistant	1.00	0.75	0.75	0.75	0.75	0.75
TOTAL FTE's	32.75	30.25	30.75	30.75	30.25	31.75

Hourly Employee Allocation - Annual

Hours						
Temp Parking Enforcement Officer	900	900	900	900	1,800	900
Senior Lifeguard	1,050	1,050	1,050	1,050	1,050	1,050
Lifeguards	1,700	1,700	1,700	1,700	1,700	1,700

* Terms of Grant require 1 officer for 1 additional year after grant expires in 2012. FY12-13 will need to be 16 officers

POLICE DEPT: LAW ENFORCEMENT

MISSION STATEMENT

To provide highly visible and responsive police service to our community. Staff takes great pride in the professionalism, creativity and dedication of our staff. We welcome the opportunity and challenge of working with the Community, City Departments, and other Criminal Justice Agencies to provide enhanced public safety and security in a diverse and dynamic community.

DEPARTMENT PURPOSE

The Department carries out implementation of the mission of prevention and deterrence of crime by the utilization of patrol in response to calls for service; POP projects and directed patrol; Detectives performing comprehensive investigations and liaison with other local law enforcement agencies; parking enforcement Juvenile Diversion programs, and city wide traffic enforcement.

Revenues:

The revenues generated by the Police Department – Law Enforcement includes the 4th year of the Red Light Enforcement Program, False Alarm fines, Vehicle Release fees, Traffic Citation fees, Booking Fee Reimbursements, etc. Parking Citation revenues have been moved to its own program. There is a significant decline in grant funded revenue of over \$200,000 in year one, and no budget in year two. Detailed information is located in the General Fund Revenue Section.

Expenditures:

Salary & Benefits: This division includes the Law Enforcement Unit, Parking Enforcement, Animal Services and the Lifeguard Unit. There are 27.75 FTE's. A Captain retired on July 1, 2009, and this position is frozen until further notice. On July 1, 2009 the Administrative Assistant was reduced to .75 FTE, and in December 2009, a .5 FTE Records Clerk was frozen. In October 2009, a CSO was frozen and one Police Officer was hired through a federal grant which expires in FY12-13, but the grant requires that officer to remain for 1 more year but does not appear in the FY12-13 budget.. The POA deferred a 4% Cola due on 7/1/10 and instead received a 2% COLA on 7/1/10 and another 2% on 7/1/11. One officer vacancy will be filled Jan. 1, 2012.

Contract Services: The largest contract is for the Communications JPA (911 Center). Other large contracts include Red Light Enforcement Program, narcotics task force, booking and jail fees, utilities and communications equipment.

Material & Supplies: In FY10-11 the division exceeded its budget. The FY11-12 & FY12-13 budget remains at the FY10-11 adopted budget amount.

POLICE DEPARTMENT – LAW ENFORCEMENT BUDGET SUMMARY

Police Department Summary	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 4,837,759	\$ 4,521,744	\$ 4,464,400	\$ 4,376,836	\$ 4,598,570	\$ 4,774,710
LP - Licenses and permits	\$ 25,357	\$ 1,268	\$ 27,000	\$ 27,750	\$ 37,000	\$ 27,000
IR - Intergovernmental revenues	\$ 129,672	\$ 235,413	\$ 319,900	\$ 504,505	\$ 220,700	\$ 53,000
CFS - Charges for services	\$ 43,914	\$ 51,423	\$ 45,700	\$ 43,000	\$ 24,500	\$ 24,500
FF - Fines and forfeitures	\$ 166,748	\$ 160,216	\$ 259,000	\$ 219,000	\$ 214,000	\$ 214,000
Revenue Totals	\$ 5,203,451	\$ 4,970,063	\$ 5,116,000	\$ 5,171,091	\$ 5,094,770	\$ 5,093,210

Expenditures						
PER - Personnel	\$ 3,834,598	\$ 3,590,185	\$ 3,795,400	\$ 3,776,866	\$ 3,883,900	\$ 3,849,600
CS - Contract services	\$ 740,834	\$ 771,095	\$ 713,100	\$ 741,335	\$ 625,200	\$ 648,400
SUP - Supplies	\$ 132,418	\$ 89,659	\$ 65,000	\$ 98,186	\$ 61,250	\$ 65,090
CAP - Capital outlay	\$ -	\$ 27,324	\$ -	\$ 12,204	\$ -	\$ -
ISFC - Internal service fund charges	\$ 495,600	\$ 491,800	\$ 542,500	\$ 542,500	\$ 524,420	\$ 530,120
Expenditure Totals	\$ 5,203,451	\$ 4,970,063	\$ 5,116,000	\$ 5,171,091	\$ 5,094,770	\$ 5,093,210

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Chief of Police	1.00	0.50	1.00	1.00	1.00	1.00
Police Captain	2.00	1.00	1.00	1.00	1.00	1.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	15.00	15.00	15.00	15.00	14.50	15.00
Police Officer - Grant Funded	0.00	1.00	1.00	1.00	1.00	0.00
Community Service Officer	2.50	1.50	1.50	1.50	1.50	2.50
Records Manager	1.00	1.00	1.00	1.00	0.00	1.00
Records Clerk	2.75	2.00	2.00	2.00	3.00	1.00
Administrative Assistant	1.00	0.75	0.75	0.75	0.75	0.75
Administrative Records Analyst					1.00	1.00
TOTAL FTE's	29.25	26.75	27.25	27.25	27.75	27.25

POLICE DEPT: PARKING ENFORCEMENT

MISSION STATEMENT

To provide highly visible and responsive parking enforcement and public assistance to visitors, merchants and the residents of Capitola, who are the most heavily impacted by parking problems and traffic congestion.

DEPARTMENT PURPOSE

The Parking Enforcement Unit enforces California Vehicle Code regulations and Municipal Parking Ordinances to minimize parking problems, reduce traffic congestion and maximize access to parking by visitors and residents alike.

Revenues: Revenues are primarily generated from parking citations. The estimate was based on FY10-11 mid-year actuals and an increase in citation fees.

Expenditures:

Salary & Benefits: There are 2 FTE's as part of this program which reflects a decrease to staffing levels. There will be additional seasonal employees hired. In FY12-13 the PEO position is restored to an FTE.

Contract Services: This division includes contracts for, Coin Meter Collection, State and County Service Charges, and processing citations through the DMV.

Materials and Supplies: There is no significant change from FY10-11. Funding includes Uniform Purchases, and Uniform Cleaning.

PARKING ENFORCEMENT

Police Department - Parking	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ (20,087)	\$ (44,602)	\$ (151,200)	\$ (95,200)	\$ (180,600)	\$ (84,000)
FF - Fines and forfeitures	\$ 507,144	\$ 537,383	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Revenue Totals	\$ 487,056	\$ 492,781	\$ 448,800	\$ 504,800	\$ 419,400	\$ 516,000

Expenditures						
PER - Personnel	\$ 219,908	\$ 219,500	\$ 228,300	\$ 228,300	\$ 205,200	\$ 269,700
CS - Contract services	\$ 244,270	\$ 248,543	\$ 196,300	\$ 252,300	\$ 188,600	\$ 220,400
SUP - Supplies	\$ 11,578	\$ 11,238	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
ISFC - Internal service fund charges	\$ 11,300	\$ 13,500	\$ 14,200	\$ 14,200	\$ 15,600	\$ 15,900
Expenditure Totals	\$ 487,056	\$ 492,781	\$ 448,800	\$ 504,800	\$ 419,400	\$ 516,000

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Parking Enforcement Officer	3.00	3.00	3.00	3.00	2.00	3.00
TOTAL FTE's	3.00	3.00	3.00	3.00	2.00	3.00

Hourly Employee Allocation

Temp Parking Enforcement Officer	900	900	900	900	1,800	900
----------------------------------	-----	-----	-----	-----	-------	-----

POLICE DEPT: LIFEGUARDS

MISSION STATEMENT

To serve and protect the visitors of Capitola Beach from the natural and manmade hazards inherent in the ocean environment, with the ultimate focus being the prevention of drowning and other serious injuries, while providing a highly visible and responsive lifeguard staff.

DEPARTMENT PURPOSE

The Lifeguard Program protects swimmers, surfers, and waders in the Capitola Beach area during the summer months and the surrounding weekends. Lifeguards respond to water rescues, major and minor first aid calls, basic law enforcement issues on the beach and various animal calls, in addition to educating the public on a variety of marine environmental issues.

Revenues:

The Lifeguard program budget is entirely funded by the General Fund.

Expenditures:

Salary & Benefits: There is 1 FTE Community Service Officer, which is ½ funded in this program and ½ funded in the Law Enforcement program. The remaining funds are for 1,050 for a Senior Lifeguard, and 1,700 hours for the remaining lifeguards for the summer which is a slight reduction on service hours.

Contract Services: None

Materials and Supplies. The materials and supplies expenditures include: Lifeguard Jackets/Uniforms, Paddleboard/Equipment, First Aid Supplies, Tower Repair and Radio/Telephone Service.

LIFEGUARD BUDGET SUMMARY

Police Department - Lifeguards	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 84,036	\$ 95,781	\$ 91,200	\$ 91,200	\$ 89,700	\$ 90,700
REVENUE TOTAL	\$ 84,036	\$ 95,781	\$ 91,200	\$ 91,200	\$ 89,700	\$ 90,700

Expenditures						
PER - Personnel	\$ 79,052	\$ 87,763	\$ 85,700	\$ 85,700	\$ 84,400	\$ 85,200
CS - Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUP - Supplies	\$ 2,485	\$ 5,618	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700
ISFC - Internal service fund charges	\$ 2,500	\$ 2,400	\$ 2,800	\$ 2,800	\$ 2,600	\$ 2,800
Expenditure Totals	\$ 84,036	\$ 95,781	\$ 91,200	\$ 91,200	\$ 89,700	\$ 90,700

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Community Service Officer	0.50	0.50	0.50	0.50	0.50	0.50
TOTAL FTE's	0.50	0.50	0.50	0.50	0.50	0.50

Hourly Employee Allocation						
Senior Lifeguard	1,050	1,050	1,050	1,050	1,050	1,050
Lifeguard	1,700	1,700	1,700	1,700	1,700	1,700

POLICE DEPARTMENT - ANIMAL SERVICES

MISSION STATEMENT

To balance the health, public safety, and welfare needs of people and animals in the City of Capitola by responsibly and humanely enforcing animal-related laws; providing nourishment and a safe environment for unwanted, stray, abused, and impounded animals; educating the public about responsible companion animal ownership; investigating cases where animal care is questionable; and assist in finding new homes for homeless animals.

DEPARTMENT PURPOSE

The Animal Services Unit (ASU) promotes and protects public safety and animal care through sheltering, pet placement programs, education, and animal law enforcement. Our purpose is to provide responsive, efficient and quality animal control services that preserves and protects the public and promotes animal safety.

REVENUES

In FY10-11 revenues were approximately \$4,000 in animal related fees and fines collected. These fees and fines will be returned to the program in an effort to offset material, training, and equipment costs. No additional personnel are needed to run the program.

EXPENDITURES

Salary and Benefits: Existing personnel will continue to run the program.

Contract Services: This is the fifth year of implementing the new animal service unit controlled solely by the City of Capitola. Currently, the City contracts with Chanticleer Veterinary Hospital, Westside Animal Hospital, Pacific Veterinary Hospital, the Santa Cruz County SPCA and Santa Cruz County Animal Services Association for animal licensing. Funds will be utilized to pay for contract veterinarian services and board care facilities.

Material and Supplies: The budget includes a full range of specialized equipment such as snares, common a-longs, cages, and other humane treatment equipment/supplies. This amount also includes required training for CSO's and Officers to successfully and without injury fulfill our mission.

POLICE DEPARTMENT – ANIMAL SERVICES
BUDGET SUMMARY

Police Department - Animal Services	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 5,040	\$ 14,394	\$ 11,700	\$ 13,200	\$ 12,700	\$ 12,700
CFS - Charges for services	\$ 2,277	\$ 2,559	\$ 2,500	\$ 4,000	\$ 3,500	\$ 3,500
Revenue Totals	\$ 7,317	\$ 16,953	\$ 14,200	\$ 17,200	\$ 16,200	\$ 16,200

Expenditures						
CS - Contract services	\$ 6,824	\$ 16,753	\$ 12,000	\$ 16,000	\$ 15,000	\$ 15,000
SUP - Supplies	\$ 92	\$ -	\$ 2,000	\$ 1,000	\$ 1,000	\$ 1,000
ISFC - Internal service fund charges	\$ 400	\$ 200	\$ 200	\$ 200	\$ 200	\$ 200
Expenditure Totals	\$ 7,317	\$ 16,953	\$ 14,200	\$ 17,200	\$ 16,200	\$ 16,200

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00

PUBLIC WORKS DEPARTMENT - OVERVIEW

The Public Works Department is composed of four divisions: Streets, Parks, Facilities and Fleet Maintenance. A summary of the department's budget is presented below. Each division has its own budget as detailed in the following pages.

Revenues:

General Fund: The Public Works Department is almost entirely funded by the General Fund, with only 4% funded by gas sales, encroachment permit fees, and charges for direct staff services from the Gas Tax fund for street sweeping costs.

Expenditures:

Salary & Benefits: In FY09-10 two positions were frozen; Maintenance Worker and Parks Supervisor. Based on the crew position reorganization approved by the City Council in FY 10-11 the frozen positions are now a Maintenance Worker I and a Maintenance Worker III. The salary savings for these two positions is \$91,000 annually. The reorganization of the crew positions has resulted in a \$24,000 reduction in costs.

Contract Services: For a detailed analysis of the proposed expenditures, refer to each division's budget on the following pages.

Unanticipated Events Fund: For FY11-12, and FY12-13 \$10,000 has been included in the budget.

Materials and Supplies: The materials and supply budget has increased slightly.

PUBLIC WORKS DEPARTMENT BUDGET SUMMARY

Public Works Department Summary	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
General Fund	\$ 2,197,617	\$ 1,704,309	\$ 1,892,200	\$ 1,921,819	\$ 1,987,785	\$ 2,008,060
LP - Licenses and permits Totals	\$ 10,391	\$ 26,841	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000
IR - Intergovernmental revenues Totals	\$ -	\$ -	\$ -	\$ 46,000	\$ -	\$ -
CFS - Charges for services Totals	\$ 91,050	\$ 101,228	\$ 80,500	\$ 95,000	\$ 58,000	\$ 48,000
OR - Other revenues Totals	\$ 23,304	\$ 26,760	\$ 20,000	\$ 20,000	\$ 35,000	\$ 35,000
Revenue Totals	\$ 2,322,363	\$ 1,859,138	\$ 2,012,700	\$ 2,102,819	\$ 2,100,785	\$ 2,106,060

Expenditures

PER - Personnel Totals	\$ 1,259,573	\$ 1,072,374	\$ 1,093,000	\$ 1,075,100	\$ 1,095,100	\$ 1,110,800
CS - Contract services Totals	\$ 723,756	\$ 461,243	\$ 539,400	\$ 647,419	\$ 606,225	\$ 615,000
SUP - Supplies Totals	\$ 240,834	\$ 234,621	\$ 261,000	\$ 261,000	\$ 279,700	\$ 271,500
ISFC - Internal service fund charges	\$ 98,200	\$ 90,900	\$ 119,300	\$ 119,300	\$ 119,760	\$ 108,760
Totals						
Expenditure Grand Totals:	\$ 2,322,363	\$ 1,859,138	\$ 2,012,700	\$ 2,102,819	\$ 2,100,785	\$ 2,106,060

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Str. & Facilities Maint. Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Parks Maint. Supervisor	1.00	0.00	0.00	0.00	0.00	0.00
Development Services Tech	0.33	0.33	0.33	0.33	0.33	0.33
Equipment Operator	1.00	0.00	0.00	0.00	0.00	0.00
Maintenance Worker I & II	8.00	8.00	8.00	8.00	7.00	7.00
Maintenance Worker III	0.00	0.00	0.00	0.00	1.00	1.00
Mechnic	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	14.33	12.33	12.33	12.33	12.33	12.33

PUBLIC WORKS: STREETS DIVISION

MISSION STATEMENT

The Public Works Street Department combines administration, engineering and maintenance activities into a cohesive unit to develop and maintain a responsive and coordinated team. The Department goals are to serve the public while developing employee growth and development. New and old technologies are used to best achieve outstanding results.

DEPARTMENT PURPOSE

The Street Department provides for maintenance and improvement of the City's streets. It also provides maintenance of Soquel Creek, Capitola Lagoon, City owned buildings and the municipal wharf. Project design and construction, pavement program management, and transportation and related grant oversight is also performed by this department. Public Works staff serves as City representative to the Inter-Agency Technical Advisory Committee of the Santa Cruz County Regional Transportation Commission, and is currently staffing the Capitola Traffic and Parking Commission.

Revenues:

General Fund: The majority of funding is from the general fund. Additional revenue sources include: Encroachment Permit Fees, charges to the Gas Tax Fund to offset a portion of the costs of street sweeping.

Expenditures:

Salary & Benefits: There are 7.33 FTE's including the Public Works Director and Maintenance Superintendent funded in the Streets division. Currently one Maintenance Worker I position is frozen.

Contract Services: Contract services include costs for implementation of the City's storm water program and required creek monitoring for the lagoon management plan. Season labor contract levels have been reduced to one employee from May – September from previous levels. Overall the streets contract expenditures have increase \$20,000 from the FY 10-11 levels due to increased costs for utilities and mandatory contract expenditures for storm water and lagoon management costs.

Materials and Supplies: Expenditures for materials & supplies were: traffic control signs and devices, general supplies and small tools.

PUBLIC WORKS DEPARTMENT: STREET MAINTENANCE
BUDGET SUMMARY

Public Works Department STREETS	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 1,212,194	\$ 918,459	\$ 1,024,700	\$ 1,092,709	\$ 1,072,195	\$ 1,087,570
LP - Licenses and permits Totals	\$ 10,391	\$ 26,841	\$ 20,000	\$ 20,000	\$ 20,000	\$ 15,000
Charges for Services					\$ 58,000	
IR - Intergovernmental revenues Totals	\$ -	\$ -	\$ -	\$ 46,000	\$ -	\$ -
REVENUE TOTAL	\$ 1,222,585	\$ 945,300	\$ 1,044,700	\$ 1,158,709	\$ 1,150,195	\$ 1,102,570

Expenditures						
PER - Personnel Totals	\$ 782,524	\$ 699,189	\$ 710,800	\$ 716,400	\$ 730,000	\$ 738,700
CS - Contract services Totals	\$ 345,190	\$ 143,726	\$ 218,100	\$ 326,509	\$ 238,425	\$ 249,100
SUP - Supplies Totals	\$ 29,071	\$ 40,284	\$ 35,000	\$ 35,000	\$ 40,500	\$ 40,500
ISFC - Internal service fund charges	\$ 65,800	\$ 62,100	\$ 80,800	\$ 80,800	\$ 83,270	\$ 74,270
Totals						
Expenditure Grand Totals:	\$ 1,222,585	\$ 945,300	\$ 1,044,700	\$ 1,158,709	\$ 1,092,195	\$ 1,102,570

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Str. & Facilities Maint. Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech	0.33	0.33	0.33	0.33	0.33	0.33
Equipment Operator	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Worker I & II	4.00	4.00	4.00	4.00	3.00	3.00
Maintenance Worker III					1.00	1.00
TOTAL FTE's	7.33	7.33	7.33	7.33	7.33	7.33

PUBLIC WORKS: FACILITIES MAINTENANCE

MISSION STATEMENT

The Public Works Facilities Department strives to improve and maintain the existing city owned buildings and other facilities in such a way as to maximize the benefit to both the Public and City Staff.

DEPARTMENT PURPOSE

Maintenance and operation of all city owned buildings, including City Hall, Jade Street Community Center, Pacific Cove Mobile Home Park and the Municipal Wharf.

Revenues:

The Facilities budget is entirely funded by the General Fund.

Expenditures:

Salary & Benefits: There is no staff assigned to this division. Staff services are paid out of the Streets Division budget.

Contract Services: The Facility contract expenditures include all of the utility bills for the facilities which represent's over 40% of the budget amount. The second largest expenditure is for the janitorial service contract. This budget has been significantly reduced due to elimination of all but essential services to the facilities. All painting, HVAC, plumbing improvement projects have been deferred at this time.

Materials and Supplies: Funds are for building maintenance and repairs. The majority of the costs in this budget is for cleaning and bathroom supplies used in all City buildings.

PUBLIC WORKS DEPARTMENT: FACILITIES MAINTENANCE
BUDGET SUMMARY

Public Works Department FACILITIES	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 270,352	\$ 229,134	\$ 229,300	\$ 228,800	\$ 277,000	\$ 275,200
REVENUE TOTAL	\$ 270,352	\$ 229,134	\$ 229,300	\$ 228,800	\$ 277,000	\$ 275,200

Expenditures						
PER - Personnel Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CS - Contract services Totals	\$ 225,772	\$ 192,138	\$ 183,300	\$ 182,800	\$ 218,900	\$ 227,000
SUP - Supplies Totals	\$ 40,179	\$ 33,596	\$ 41,800	\$ 41,800	\$ 55,000	\$ 45,000
ISFC - Internal service fund charges	\$ 4,400	\$ 3,400	\$ 4,200	\$ 4,200	\$ 3,100	\$ 3,200
Expenditure Grand Totals:	\$ 270,352	\$ 229,134	\$ 229,300	\$ 228,800	\$ 277,000	\$ 275,200

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00

PUBLIC WORKS: PARK MAINTENANCE

MISSION STATEMENT

The Public Works Parks Department is committed to developing and maintaining the City parks and other landscaped areas in such a manner as to allow all members of our community to enjoy these jewels. Using professional staff and technologies to maintain top rated playing surfaces, beautiful landscaping and safe facilities are top priorities for this department.

DEPARTMENT PURPOSE

To maintain City parks and landscaped areas throughout the City.

Revenues:

This program is fully funded with General Fund Revenues.

Expenditures:

Salary & Benefits: There remains one frozen Maintenance Worker III which was previously funded in the Parks Department as a Maintenance Supervisor. The Parks crew is currently being supervised by the Streets & Facilities Supervisor.

Contract Services: No significant changes are proposed.

Materials and Supplies: The budget is to cover the costs of landscaping supplies, equipment, tools, and utilities for the parks and landscape medians.

PUBLIC WORKS DEPARTMENT: PARK MAINTENANCE
BUDGET SUMMARY

Public Works Department PARKS	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 550,148	\$ 420,248	\$ 453,300	\$ 429,910	\$ 436,270	\$ 440,470
REVENUE TOTAL	\$ 550,148	\$ 420,248	\$ 453,300	\$ 429,910	\$ 436,270	\$ 440,470

Expenditures

PER - Personnel Totals	\$ 398,022	\$ 293,092	\$ 301,900	\$ 278,400	\$ 285,400	\$ 291,000
CS - Contract services Totals	\$ 109,597	\$ 91,790	\$ 100,500	\$ 100,610	\$ 100,900	\$ 100,900
SUP - Supplies Totals	\$ 21,029	\$ 16,167	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
ISFC - Internal service fund charges	\$ 21,500	\$ 19,200	\$ 24,900	\$ 24,900	\$ 23,970	\$ 22,570
Expenditure Grand Totals:	\$ 550,148	\$ 420,248	\$ 453,300	\$ 429,910	\$ 436,270	\$ 440,470

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Park Maint. Supervisor	1.00	0.00	0.00	0.00		
Maintenance Worker III					0.00	0.00
Maintenance Worker I & II	4.00	4.00	4.00	4.00	4.00	4.00
TOTAL FTE's	5.00	4.00	4.00	4.00	4.00	4.00

PUBLIC WORKS: FLEET MAINTENANCE

MISSION STATEMENT

The Public Works Fleet Department will maintain all mobile equipment for the City in the safest operating condition possible while striving to minimize repair times and costs.

DEPARTMENT PURPOSE

This Department services all City vehicles, equipment, purchases fuel, and maintains a parts inventory.

Revenues:

Revenues attributed to this department are the fuel sales to the Soquel Union Elementary School District and Central Fire District. Both the School District and the Fire District are charged the City's cost for fuel. The remaining funding is from the General Fund.

Expenditures:

Salary & Benefits: There is one full time employee, which represents no change from prior years.

Contract Services: This category includes one full time contract mechanic and specialized contract repair costs, which represents no change from prior years.

Materials & Supplies: This cost covers the cost of fuel, repairs, and equipment for all city vehicles. Primary funding is for cost of fuel and oil. This fund has been increased by over the last several years due to the increasing cost of fuel.

PUBLIC WORKS DEPARTMENT: FLEET MAINTENANCE
BUDGET SUMMARY

Public Works Department FLEET	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenues						
General Fund	\$ 255,974	\$ 237,705	\$ 265,400	\$ 265,400	\$ 250,320	\$ 252,820
Fuel Reimbursement	\$ 23,304	\$ 26,760	\$ 20,000	\$ 20,000	\$ 35,000	\$ 35,000
REVENUE TOTAL	\$ 279,278	\$ 264,465	\$ 285,400	\$ 285,400	\$ 285,320	\$ 287,820
Expenditures						
PER - Personnel Totals	\$ 79,027	\$ 80,093	\$ 80,300	\$ 80,300	\$ 79,700	\$ 81,100
CS - Contract services Totals	\$ 43,196	\$ 33,589	\$ 37,500	\$ 37,500	\$ 38,000	\$ 38,000
SUP - Supplies Totals	\$ 150,555	\$ 144,583	\$ 158,200	\$ 158,200	\$ 158,200	\$ 160,000
ISFC - Internal service fund charges	\$ 6,500	\$ 6,200	\$ 9,400	\$ 9,400	\$ 9,420	\$ 8,720
Expenditure Grand Totals:	\$ 279,278	\$ 264,465	\$ 285,400	\$ 285,400	\$ 285,320	\$ 287,820

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
TOTAL FTE's	1.00	1.00	1.00	1.00	1.00	1.00

RECREATION DEPARTMENT

MISSION STATEMENT

The Capitola Recreation Department's mission is to enhance the leisure lifestyle and quality of life for the people of Capitola through recreational activities and opportunities. The department is committed to providing affordable, fun, integrated, and safe recreational activities to people of all ages, races, and ability levels. The department has a commitment to excellence, and continually strives to improve its programs, procedures, and services, to best meet the needs and interests of the community.

DEPARTMENT PURPOSE

The Recreation Department plans, organizes, schedules, markets, oversees and evaluates recreation and leisure services offered to the City of Capitola and the broader community beyond the City's borders. These services come in a variety of formats, including City-staffed programs such as Junior Lifeguards and Camp Capitola and approximately 35 Adult Sports Leagues as well as over 1,050 Classes offered by Contract Instructors. The department also manages the Capitola Community Center, the Capitola Community Gymnasium, and Jade Street and Monterey Parks.

Revenues: Revenues include Contract Classes, Junior Lifeguards, Camp Capitola, Adult Sports Leagues, and Facility Rentals.

Expenditures:

Salary & Benefits: The department has the equivalent of 3 FTE's (the .5 Recreation Assistant position is currently unfilled, and is being filled under seasonal/temporary staffing); all other positions are temporary/seasonal. Staff reviewed the seasonal/temporary hours and re-allocated them based on the revenue mix.

Contract Services: Contract Services include: Class Instructors, Sports Officials, photographs, brochure printing, finger-printing, credit card merchant fees, Pacific Bell, T-1 line, Outside services, youth volunteer honorarium, and event insurance. The budget was increased in FY09-10 to accommodate the new credit card processing software program and associated fees. Fees were increased to recover the associated cost.

Materials & Supplies: This includes: office supplies; sports equipment; general supplies; awards; equipment and supplies for Camp Capitola and Junior Guards; occasional equipment for classes; and some supplies for the Capitola Community Center.

RECREATION DEPARTMENT
BUDGET SUMMARY

Recreation	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
General Fund	\$ 116,125	\$ 154,101	\$ 107,800	\$ 118,950	\$ 85,760	\$ 62,160
CFS - Charges for services Totals	\$ 680,556	\$ 670,842	\$ 724,000	\$ 730,000	\$ 765,000	\$ 790,000
UMP - Use of money & property Totals	\$ 4,044	\$ 5,212	\$ 5,000	\$ 5,000	\$ 3,000	\$ 3,000
Revenue Totals	\$ 800,725	\$ 830,155	\$ 836,800	\$ 853,950	\$ 853,760	\$ 855,160

Expenditures						
PER - Personnel Totals	\$ 450,039	\$ 466,802	\$ 441,300	\$ 462,800	\$ 469,500	\$ 470,400
CS - Contract services Totals	\$ 255,262	\$ 266,286	\$ 285,700	\$ 282,200	\$ 276,000	\$ 276,000
SUP - Supplies Totals	\$ 55,024	\$ 57,667	\$ 65,000	\$ 64,150	\$ 65,000	\$ 65,000
ISFC - Internal service fund charges	\$ 40,400	\$ 39,400	\$ 44,800	\$ 44,800	\$ 43,260	\$ 43,760
Expenditure Grand Totals:	\$ 800,725	\$ 830,155	\$ 836,800	\$ 853,950	\$ 853,760	\$ 855,160

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Calss Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
Recreation Assistant *	0.50	0.50	0.50	0.50	0.50	0.50
Sports Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
TOTAL FTE's	3.00	3.00	3.00	3.00	3.00	3.00

Hourly Employee Allocation

Aquatics Coordinator	225	-	-	-	-	-
Aquatics Instructor	1,120	-	-	-	-	-
Sports Scorekeepers	2,350	2,100	2,100	2,100	2,100	2,100
Camp Capitola Coordinator	850	850	480	480	480	480
CC Jr. Leader Coordinator	400	400	400	400	400	400
CC Leader	3,000	2,900	2,500	2,500	2,500	2,500
Jr. Lifeguard Coordinator	450	450	450	450	450	450
Jr. Lifeguard Instructor	8,000	7,000	7,000	7,000	7,000	7,000
Recreation Program Assistant	3,500	3,300	3,300	3,300	3,300	3,300
Recreation Facility Assistant	1,350	1,100	1,100	1,100	1,100	1,100
SHOWN IN HOURS	21,245	18,100	17,330	17,330	17,330	17,330

*The Recreation Assistant "authorized position"- Dependent upon the available workforce, the Rec. Assist. Authorized position may be filled by a seasonal/temp emp. In conjunction with the Recr Program Assist. Hours.

MUSEUM

MISSION STATEMENT

The Capitola Historical Museum preserves and promotes the history of Capitola.

DEPARTMENT PURPOSE

To promote, through the establishment and maintenance of a museum and allied projects, a program that will bring a better understanding and appreciation by the Capitola community of its history, architecture, culture, technology, and its creative and natural environments.

Revenues:

This department is funded primarily through the General Fund and donations from a donation box at the Museum, but the Historical Museum Board of Directors also supplements the budget provided by the city with private donations.

Expenditures:

Salary & Benefits: There continues to be one 3/4 employee. This represents no change from previous years.

Contract Services: The budget for utilities such as phone and electricity. New this year is \$4,200 for Museum storage facilities. With the loss of the coaches in the Pacific Cove Mobile Home Park, the Museum now has to utilize a storage facility.

Materials & Supplies: Funding is for the acquisition of exhibit materials, restoration and conservation materials.

MUSEUM DEPARTMENT
BUDGET SUMMARY

Museum	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 64,325	\$ 63,801	\$ 66,600	\$ 66,600	\$ 76,700	\$ 77,700
OR - Other revenues	\$ 921	\$ 924	\$ 600	\$ 600	\$ 600	\$ 600
Revenue Totals	\$ 65,246	\$ 64,725	\$ 67,200	\$ 67,200	\$ 77,300	\$ 78,300

Expenditures						
PER - Personnel	\$ 54,288	\$ 53,552	\$ 54,900	\$ 54,900	\$ 59,600	\$ 60,600
CS - Contract services	\$ 530	\$ 175	\$ 1,400	\$ 1,400	\$ 5,600	\$ 5,600
SUP - Supplies	\$ 7,828	\$ 8,398	\$ 8,000	\$ 8,000	\$ 8,500	\$ 8,500
ISFC - Internal service fund charges	\$ 2,600	\$ 2,600	\$ 2,900	\$ 2,900	\$ 3,600	\$ 3,600
Expenditure Totals	\$ 65,246	\$ 64,725	\$ 67,200	\$ 67,200	\$ 77,300	\$ 78,300

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Museum Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
TOTAL FTE's	0.75	0.75	0.75	0.75	0.75	0.75

ART & CULTURAL COMMISSION

MISSION STATEMENT

The Mission of the Capitola Art & Cultural Commission is to foster, assist and or plan events for the City of Capitola and its residents to enhance the community's cultural fabric, support local artists, create an interesting environment for art and cultural growth, and provide both residents and visitors the opportunity to experience local art and cultural events.

DEPARTMENT PURPOSE

The first Arts Commission was created in 1984. The commission was reorganized by Ordinance #851 effective May 10, 2003 under the new title of Art & Cultural Commission. The composition, term of office, duties and responsibilities were modified to empower the commission to accomplish the development of arts and culture within the City of Capitola. With the adopted Arts & Cultural Master Plan, the Art & Cultural Commission develops and reviews Public Art projects and creates opportunities for a variety of art and cultural experiences for City Council approval.

The City Council, under the City Manager's direction, provides an Administrative Assistant to the Art & Cultural Commission. Clerical duties include: preparing agendas; taking minutes; coordinating correspondence; researching and preparing reports; reviewing and processing financial functions; assisting in coordination of cultural events; filing and keeping records; providing information for the city scroll and website, and informing the city and other agencies of Art & Cultural Commission activities.

Revenues:

Sponsorships of a Twilight Concert series, music on Sundays & Movies at the Beach and Art at the Beach generate revenues to help offset the expenditures of the events.

Expenditures:

Salary & Benefits: There is an hourly Administrative Assistant whose hours are 40 hours per month for a total of 480 hours per year. In addition, another 268 are allocated to the Public Art Fund to administer that program.

Contract Services: Contract services fund the 11 Twilight Concert musical groups, a Sound Engineer and Program Coordinator for the Art in the Park. The Contract Services along with Materials and Supplies budget consume nearly 2/3 of the Art & Cultural Commissions budget. A majority of the contract services are funded by sponsors.

Materials & Supplies: Miscellaneous supplies such as postage, posters and postcards.

ART & CULTURAL COMMISSION BUDGET SUMMARY

Art & Cultural Commission	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1000 General Fund						
Revenue						
General Fund	\$ 20,400	\$ 20,655	\$ 20,400	\$ 24,400	\$ 27,900	\$ 27,900
OR - Other revenues	\$ 22,905	\$ 19,630	\$ 27,900	\$ 27,900	\$ 20,300	\$ 20,300
Revenue Totals	\$ 43,305	\$ 40,285	\$ 48,300	\$ 52,300	\$ 48,200	\$ 48,200

Expenditures						
PER - Personnel	\$ 11,815	\$ 11,443	\$ 12,200	\$ 12,200	\$ 12,200	\$ 12,200
CS - Contract services	\$ 22,949	\$ 20,400	\$ 26,200	\$ 26,200	\$ 23,900	\$ 23,900
SUP - Supplies	\$ 6,942	\$ 6,842	\$ 8,000	\$ 12,000	\$ 10,300	\$ 10,300
ISFC - Internal service fund charges	\$ 1,600	\$ 1,600	\$ 1,900	\$ 1,900	\$ 1,800	\$ 1,800
Expenditure Totals	\$ 43,305	\$ 40,285	\$ 48,300	\$ 52,300	\$ 48,200	\$ 48,200

Authorized Positions	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
None	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00

Hourly Employee Allocation

Administrative Assistant - shown in hours	480	480	480	480	480	480
---	-----	-----	-----	-----	-----	-----

Expenditures By Program

Program Cost	FY08/09 Actual	FY09/10 Actual	FY10/11 Actual	FY11/12 Budget
TWILIGHT CONCERT				
Bands	\$ 11,000	\$ 11,000	\$ 12,700	\$ 12,700
Sound Man	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Materials & Supplies	\$ 3,500	\$ 3,500	\$ 4,852	\$ 4,000
Total	\$ 20,000	\$ 20,000	\$ 23,052	\$ 22,200
Art at the Beach				
Program Coordinator	\$ 3,200	\$ 3,200	\$ 3,200	\$ 3,200
Publicity	\$ 400	\$ 400	\$ 500	\$ 500
Music			\$ 1,200	\$ 2,500
Total	\$ 3,600	\$ 3,600	\$ 4,900	\$ 6,200
Movies at the Beach				
Materials & Supplies	\$ 2,000	\$ 2,000	\$ 3,800	\$ 3,800
Total	\$ 2,000	\$ 2,000	\$ 3,800	\$ 3,800
OTHER COSTS				
Materials & Supplies OP				\$ 2,000
Salary & Benefits	\$ 11,700	\$ 12,200	\$ 11,000	\$ 12,200
Internal Service Charge	\$ 1,600	\$ 1,600	\$ 1,900	\$ 1,800
Grand Total	\$ 38,900	\$ 39,400	\$ 44,652	\$ 48,200

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS

Information Technology Fund (City Manager): This fund supports the replacement and upgrade of the existing computer network. Replacement costs are charged to the departments based upon a percentage that is associated with the number of personal computers, laptops, printers, and servers each department uses.

Self-Insurance Liability Program (City Manager): An Internal Service Fund was established for a Self Insurance Liability fund and the property protection insurance at Mid-Year in 2001-02. The annual appropriation to this fund will represent self-insurance premiums paid by the operating departments.

Workers Compensation Fund (City Manager): An Internal Service Fund was established for a Worker's Compensation program at Mid-Year in 2001-02. The annual appropriation to this fund will represent self-insurance premiums paid by the operating departments.

Stores Fund (City Manager): This Internal Service Fund accounts for general supplies, postage, and rental of office equipment formerly recorded in the City General Program. Supplies are ordered and maintained by the Receptionist, as overseen by the Executive Assistant to the City Manager

Equipment Acquisition & Replacement Fund (Public Works): This Internal Service Fund has been established to provide adequate levels of funding for the replacement of passenger cars, parks maintenance vehicles, police vehicles and other specialty vehicles. The future budget needs will be estimated by increasing the cost at time of purchase by 130%. As vehicles are used for trade in or sold as surplus these funds are recorded as revenue to this Internal Service Fund.

Public Employees Retirement Fund (PERS) (Finance): A PERS Fund was established in FY04-05 budget process.

Information Technology Fund

Funds are designated for the future replacement hardware and software citywide hardware. This annual cost is combined with the on going cost of the Fund and charged to each department on a percentage based that was derived from their use of the resources listed in table 2.

Table 1 Source and Use of Funds

Information Tech	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
Fund Balance	\$ 344,600	\$ 113,122	\$ 123,200	\$ 141,325	\$ 143,025	\$ 142,925
ISFR - Internal service fund revenue	\$ 110,600	\$ 116,800	\$ 115,200	\$ 115,200	\$ 117,000	\$ 117,400
Revenue Totals	\$ 455,200	\$ 229,922	\$ 238,400	\$ 256,525	\$ 260,025	\$ 260,325
Expenditures						
CS - Contract services	\$ 54,811	\$ 48,829	\$ 64,000	\$ 64,000	\$ 66,000	\$ 66,000
TR - Training	\$ 9	\$ -	\$ 2,000	\$ 500	\$ 1,100	\$ 1,500
SUP - Supplies	\$ 43,662	\$ 29,825	\$ 49,300	\$ 49,000	\$ 50,000	\$ 50,000
CAP - Capital outlay	\$ 243,596	\$ 9,943	\$ -	\$ -	\$ -	\$ 25,000
Expenditure Totals	\$ 342,078	\$ 88,597	\$ 115,300	\$ 113,500	\$ 117,100	\$ 142,500
Fund Balance at 6/30	\$ 113,122	\$ 141,325	\$ 123,100	\$ 143,025	\$ 142,925	\$ 117,825

Department	PC	Laptop	MDC	Printers	Servers	Hardware - only Annual Charge
Council		2				1,700
Finance	6	0		2	2	6,800
Attorney						-
Manager	9	7		1	4	16,700
Personnel	1					500
Museum	1	1				900
Arts	1					500
Police - Law Enf	25	6	10	4	3.00	37,500
Police - Parking Enf	1	0		1	0	900
Police - Lifeguard	1	0		0	0	500
CDD	4	1		1	0.25	3,600
Building	2	0		1	0.25	1,800
Public Works						-
Streets	4				0.25	2,400
Facilities	1					500
Parks	2					1,000
Fleet						-
Recreation	7			1	1	5,400
Total	65	17	10	11	11	\$ 80,700
	PC	Laptop	MDC	Printers	Servers	
Replacement Cost/Each	\$ 1,500	\$ 2,500	\$ 7,000	\$ 1,500	\$ 6,000	
Estimated Life	3	3	5	4	4	
Total Replacement Cost	\$ 97,500	\$ 41,250	\$ 70,000	\$ 16,500	\$ 64,500	\$ 289,750
Replacement Budget - Target Balance 25% of Replacement Budget						\$ 72,400

◆ *Self-Insurance Liability Program Fund* ◆

CITY MANAGER

The City belongs to a joint powers authority (JPA) called the Monterey Bay Area Self Insurance Authority (MBASIA), formerly known as Monterey Bay Area Insurance Fund. This program covers all liability expenses and property protection. In 2003, MBASIA added fire protection as part of their services. Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence. The fund carries excess loss coverage for general liability claims between \$990,000 and \$20,000,000 per insured events, and is uninsured for losses in excess of \$20,000,000 per event. There was no reduction in the City's insurance coverage as compared to the previous fiscal year, nor have there been any losses exceeding coverage during the last three previous years.

In FY07-08 Alliant Insurance, through MBASIA, began providing comprehensive vehicle & equipment coverage for vehicles and equipment with a purchase value of \$35,000 or more. The annual premium is \$4,200 with a \$2,000 deductible, additional coverage for property/boiler coverage premium is \$7,400.

For Unemployment Insurance the City is defined as a "State Unemployment Insurance Reimbursement Client" by the California Employment Development Department (EDD). The City does not pay unemployment insurance to the State of California Employment Development Department. When an employee files for and receives unemployment benefits from the State of California, the City is responsible for that benefit. The City is billed quarterly. This expenditure is included in the Self Insurance Liability budget as "EDD Payments."

Charges for services are allocated to each of the General Fund Departments on their percent of the total operating budget from the prior fiscal year less the budget for unanticipated events.

This budget proposes an accumulation of fund balance to provide for deductible expenditures and excess incidents beyond the liability coverage.

Liability	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10-11 Mid-Yr Est	FY11/12 Adopted	FY12/13 Planned
2213 ISF - Self-Insurance Liability						
Revenue						
Fund Balance	\$ 141,000	\$ 198,182	\$ 256,300	\$ 253,957	\$ 264,857	\$ 264,957
ISFR - Internal service fund revenue	\$ 144,600	\$ 116,900	\$ 142,800	\$ 142,800	\$ 128,400	\$ 133,100
Revenue Totals	\$ 285,600	\$ 315,082	\$ 399,100	\$ 396,757	\$ 393,257	\$ 398,057
Expenditures						
CS - Contract services						
Liability Insurance	41,816	26,135	54,000	54,000	65,400	70,000
EAP	0	0	4,000	4,000	4,000	4,000
Vehicle	9,802	8,483	9,800	3,000	3,000	3,000
Employee bond	2,435	1,096	2,600	1,200	1,200	1,200
EDD Payments	5,069	13,965	50,000	40,000	25,000	25,000
Liability Claims	28,296	9,542	20,000	20,000	20,000	20,000
Other Insurance	0	1,585	1,500	9,200	9,200	9,200
Contract Services Total	87,418	60,806	141,900	131,400	127,800	132,400
GS - Grants and Subsidies	\$ -	\$ 319	\$ 1,000	\$ 500	\$ 500	\$ 500
Expenditure Totals	\$ 87,418	\$ 61,125	\$ 142,900	\$ 131,900	\$ 128,300	\$ 132,900
Fund Balance at 6/30	\$ 198,182	\$ 253,957	\$ 256,200	\$ 264,857	\$ 264,957	\$ 265,157

◆ *Workers Compensation Fund* ◆

CITY MANAGER

This Internal Service Fund was established to satisfy the requirements of the Capitola Municipal Code, 3.24.030, Workers Compensation Reserve Fund, states “The City Manager and City Treasurer shall establish a reserve fund for purposes of paying future workers compensation claims and shall, hereafter, make such annual deposits into that fund as the city is advised are actually necessary to provide a suitable reserve”. This program also covers City volunteers.

The City belongs to a Joint Powers Authority (JPA), Monterey Bay Area Self Insurance Authority, composed of several local agencies, Del Rey Oaks, Gonzales, Greenfield, Hollister, King City, Marina, Sand City, Scotts Valley and Soledad. The City retains exposure to temporary disability payments as long as the injured worker remains an employee of the City. MBASIA purchases excess coverage beyond \$500,000 per occurrence up to statutory requirements.

The annual premium that is assessed to each of the participating Cities in the JPA is based on three primary factors: (1) the number of employees in each of the two major categories (Safety & Miscellaneous); (2) the experience rate (cost incurred) of each the participating agency and (3) debt service allocation. The greater a City experience rate (the number of Worker’s Compensation claims) the more the annual premium assessment to that City exceeds its FTE participation level. Containment of worker’s compensation claims results in a lower premium.

◆ *Workers Compensation Fund* ◆

When an employee makes a claim, the City pays the employee's salary portion directly from the general fund based upon the standard worker's compensation formula, while the claim is considered "temporary". The formulas for employees receiving Workers Compensation are as follows:

1. Public Safety: Compensation is 100% of salary, non-taxable
2. Miscellaneous: Compensation is 2/3 of salary with a cap of \$840 per week, non-taxable.

For non-safety staff, City policy allows that accruals (i.e. sick, vacation, etc.) may be used to supplement the Worker's Compensation salary. If the person becomes "permanently disabled" then the JPA picks up the salary portion. The JPA pays all other costs including legal and medical. While on Worker's Compensation status, the safety and non-safety staff continue to accrue sick and vacation leave balances.

Distribution to General Fund Departments:

The allocation methodology for Worker's Compensation charges to the General Fund Departments corresponds closely to the cost allocation method used by the JPA. Employees are divided into three classifications: Sworn, Non-Sworn and Volunteers, with cost per FTE calculated.

There is a fund balance to accommodate future premium fluctuations, deductibles and for excess liability.

Workers Compensation	FY 08-09	FY 09-10	FY10-11	FY10-11	FY11/12	FY12/13
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
2214 ISF - Workers Compensation						
Revenue						
Fund Balance	\$ 185,600	\$ 175,136	\$ 170,900	\$ 175,000	\$ 175,000	\$ 175,300
Internal service fund revenue	\$ 431,000	\$ 437,300	\$ 473,000	\$ 473,000	\$ 467,700	\$ 479,900
Revenue Totals	\$ 616,600	\$ 612,436	\$ 643,900	\$ 648,000	\$ 642,700	\$ 655,200
Expenditures						
CS - Contract services	\$ 441,464	\$ 437,451	\$ 473,000	\$ 473,000	\$ 467,400	\$ 480,000
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 441,464	\$ 437,451	\$ 473,000	\$ 473,000	\$ 467,400	\$ 480,000
Fund Balance at 6/30	\$ 175,136	\$ 174,985	\$ 170,900	\$ 175,000	\$ 175,300	\$ 175,200

◆ *Stores Fund* ◆

CITY MANAGER

This fund accounts for general supplies and postage. Supplies are ordered and maintained by the Receptionist, as overseen by the Executive Assistant to the City Manager. This also includes the rental of the postage machine, the repair and maintenance of shared office equipment and the city hall copier maintenance.

Past experience was reviewed and a percentage of usage assigned to each of the departments using the supply room, and the central postage machine. The following table represents the two-year budget plan.

Stores	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10-11 Mid-Yr Est	FY11/12 Adopted	FY12/13 Planned
Revenue						
Fund Balance	\$ 3,900	\$ 13,771	\$ 23,750	\$ 25,300	\$ 25,800	\$ 28,000
OR - Other revenues	\$ 218	\$ 96	\$ -	\$ -	\$ -	\$ -
ISFR - Internal service fund revenue	\$ 37,700	\$ 37,700	\$ 28,500	\$ 28,500	\$ 30,700	\$ 30,700
Revenue Totals	\$ 41,818	\$ 51,567	\$ 52,250	\$ 53,800	\$ 56,500	\$ 58,700
Expenditures						
CS - Contract services	\$ 4,239	\$ 4,660	\$ 4,500	\$ 6,000	\$ 6,500	\$ 6,500
SUP - Supplies	\$ 23,808	\$ 21,607	\$ 24,000	\$ 22,000	\$ 22,000	\$ 22,000
Expenditure Totals	\$ 28,047	\$ 26,268	\$ 28,500	\$ 28,000	\$ 28,500	\$ 28,500
Fund Balance at 6/30	\$ 13,771	\$ 25,299	\$ 23,750	\$ 25,800	\$ 28,000	\$ 30,200

◆ *Equipment Acquisition & Replacement Fund* ◆

PUBLIC WORKS

This Internal Service Fund has been established to provide adequate levels of funding for the replacement of various large equipment, and City vehicles. As vehicles are used for trade-in or sold as surplus, these proceeds are recorded as revenue to this Internal Service Fund. As funds are accumulated, they are generally not designated to any particular vehicle. The charges for services to the General Fund Department are based upon the vehicle replacement cost divided by the estimated useful life.

During the annual budget process, the Public Works Director and Fleet staff review's the listing of all vehicles, and make recommendations based upon actual life of the vehicle, replacement vs. maintenance costs, and probability of replacing the vehicle within the calculated replacement cost. Departments are apprised of the results of this analysis and given the opportunity to make recommendations. On an annual basis, the equipment/vehicle file is updated to reflect the changes. Annual contribution, based upon the asset useful life schedule, the annual contribution should be \$100,000. The FY11-12 budget includes \$58,000 for the purchase of 2 new motorcycles and an Automatic Vehicle License Recognition program. There is also \$45,000 for the Public Works Department to purchase a new vehicle and a pressure washer.

To assist in closing the budget gap in FY11-12, \$25,000 was transferred from the Equipment Replacement fund to the General Fund as per Council direction.

Equipment Replacement	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 2212 ISF - Equipment Replacement						
Revenue						
Fund Balance	\$ 259,100	\$ 255,738	\$ 255,700	\$ 282,517	\$ 252,517	\$ 277,517
ISFR - Internal service fund revenue	\$ 64,800	\$ 64,800	\$ 100,000	\$ 100,000	\$ 103,000	\$ 83,000
OFS - Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
Revenue Totals	\$ 323,900	\$ 320,538	\$ 355,700	\$ 382,517	\$ 405,517	\$ 360,517
Expenditures						
CAP - Capital outlay	\$ 68,162	\$ 38,021	\$ 80,000	\$ 80,000	\$ 103,000	\$ 83,000
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ 50,000	\$ 25,000	\$ -
Expenditure Totals	\$ 68,162	\$ 38,021	\$ 80,000	\$ 130,000	\$ 128,000	\$ 83,000
Fund Balance at 6/30	\$ 255,738	\$ 282,517	\$ 275,700	\$ 252,517	\$ 277,517	\$ 277,517

◆ *Public Employees Retirement Fund* ◆

The Public Employees Retirement Internal Service Fund was established in the 2004-05 fiscal year. This Internal Service Fund allows the City to accumulate funds for the purpose of General Fund PERS expenditures and PERS unfunded liability. For consistency in staffing cost analysis, the PERS expenditures are excluded from the General Fund Internal Service Fund Expenditures, and instead reported as PERS benefits in the General Fund Staffing Cost section.

The City offers defined benefit retirement plans to safety and non-sworn employees, except hourly/seasonal employees. The safety plan is 3% @ 50 and the miscellaneous plan increased from 2% @ 55 to 2.5% @ 55 effective Jan.1, 2008 with a PERS cap. A CalPERS member becomes eligible for retirement benefits upon reaching the age of 50 with at least 5 years of credited services (total service across all CalPERS employers). These retirement plans are administered by California Public Employee Retirement Systems ("CalPERS" or "PERS"). The City's retirement costs are defined as a percentage of payroll, which is actuarially determined annual by CalPERS.

Caps. FY11-12 budget estimate expenditures based upon the Safety and Miscellaneous PERS caps of 28.291% and 16.488%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively). The actual PERS rate is 36.092% for Sworn, and 23.999% for Misc., but because of the cap employees will contribute the following: Misc: 7.511% and Safety 7.801%.

Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds also be used to pay down the PERS unfunded liability.

PUBLIC EMPLOYEE RETIREMENT FUND

This fund was established in FY04-05 and is based on actual salaries. The source of funds comes from charges to the departments based on salaries, and also includes a portion of the actual PERS payment to the P.O.B. This chart does not include the employee's portion that they pay to PERS due to the cap. That payment comes directly from the employee.

Caps. The FY11-12 Safety and Miscellaneous PERS caps of 28.291% and 16.488%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively). The actual PERS rate for Safety effective July 1, 1011 is 36.092%, employees pay 7.801%, for Misc. the actual PERS rate is 23.999%, employees pay 7.511%. On July 1, 2012 the new rates will be for Safety is 37.496% employee pays 9.205% and for Misc. the rate will be 24.624% and the employee pays 8.136%.

Pers Fund	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11/12 Adopted	FY12/13 Planned
Revenues						
FUND BALANCE	\$ 175,100	\$ 369,687	\$ 497,800	\$ 520,500	\$ 432,300	\$ 130,000
City Council	\$ 8,398	\$ 8,000	\$ 7,100	\$ 7,100	\$ 7,100	\$ 7,100
City Manager	\$ 110,812	\$ 108,500	\$ 96,200	\$ 96,200	\$ 102,700	\$ 104,000
Personnel	\$ 24,596	\$ 24,500	\$ 21,400	\$ 21,400	\$ 25,000	\$ 25,100
Finance	\$ 101,504	\$ 66,770	\$ 76,400	\$ 76,400	\$ 88,100	\$ 89,300
PD-Law Enforcement	\$ 1,016,184	\$ 942,002	\$ 880,900	\$ 880,900	\$ 883,400	\$ 876,900
PD-Parking Enforcement	\$ 36,088	\$ 35,000	\$ 31,100	\$ 31,100	\$ 25,500	\$ 37,500
PD - Lifeguard	\$ 7,592	\$ 7,600	\$ 6,900	\$ 6,900	\$ 7,500	\$ 7,500
PW - Streets	\$ 141,206	\$ 123,700	\$ 110,200	\$ 110,200	\$ 111,800	\$ 113,400
PW - Fleet	\$ 14,404	\$ 13,900	\$ 12,300	\$ 12,300	\$ 12,000	\$ 12,200
PW - Parks	\$ 71,890	\$ 51,200	\$ 45,300	\$ 45,300	\$ 42,100	\$ 42,900
Community Development	\$ 99,398	\$ 96,200	\$ 68,400	\$ 68,400	\$ 71,700	\$ 72,600
Building	\$ 42,406	\$ 28,800	\$ 15,500	\$ 15,500	\$ 21,800	\$ 22,300
Recreation	\$ 50,804	\$ 49,500	\$ 45,300	\$ 45,300	\$ 45,400	\$ 40,400
Museum	\$ 9,308	\$ 9,000	\$ 8,400	\$ 8,400	\$ 9,000	\$ 9,100
Total Revenues	\$ 1,909,690	\$ 1,934,359	\$ 1,923,200	\$ 1,945,900	\$ 1,885,400	\$ 1,590,300
Expenditures						
PERS Safety	\$ 545,263	\$ 524,735	\$ 605,900	\$ 605,900	\$ 617,600	\$ 612,100
PERS Miscellaneous	\$ 534,722	\$ 472,476	\$ 468,200	\$ 468,200	\$ 477,300	\$ 473,000
Sub total	\$ 1,079,985	\$ 997,210	\$ 1,074,100	\$ 1,074,100	\$ 1,094,900	\$ 1,085,100
Interfund transfer out POB	\$ 460,018	\$ 416,600	\$ 440,000	\$ 439,500	\$ 660,500	\$ 450,000
Total Expenditures	\$ 1,540,003	\$ 1,413,810	\$ 1,514,100	\$ 1,513,600	\$ 1,755,400	\$ 1,535,100
Fund Balance	\$ 369,687	\$ 520,548	\$ 409,100	\$ 432,300	\$ 130,000	\$ 55,200

SPECIAL REVENUE FUNDS



SPECIAL REVENUE FUNDS

Supplemental Law Enforcement Services Fund (Police): These funds are provided by a State of California COPS grant to provide funding for Community Oriented Policing & Problem Solving (COPPS) programs.

Santa Cruz County Anti-Crime Team (Police): A joint task force by all county law enforcement agencies to address sales of drugs in and around Santa Cruz County.

Gas Tax Fund (Public Works): This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund is used for new construction, maintenance and the reconstruction of City streets.

Wharf Fund (Public Works): The Wharf Fund accounts for rents and other income generated from wharf operations and related costs involving major improvements.

Development Fees (Public Works): This Fund accounts for fees imposed on building permits for new development or substantial improvements in specific areas to pay for traffic improvements, which mitigate the effect of that development.

Public Education & Government Fund (PEG) (City Manager): This Special Revenue Fund accounts for PEG cable television fees. The expenditures are restricted to PEG access-related activities.

Public Arts Fee (City Manager Department): This fund accumulates money received as Public Arts Fee to acquire works of art to be displayed in or about public places within the city.

Community Development Block Grants (CDBG) (Community Development): This Fund accounts for active CDBG grants that are awarded to the City on a project-by-project basis. Typically these grants are conducted with CDBG on a reimbursement basis.

Community Development Block Grant Housing Program Loan Fund (Community Development): This fund accounts for income from housing loans that are funded with Community Development Block Grant Funds. Loan payoffs and interest earning in this fund are restricted to CDBG approved uses.

Home Program Reuse Fund (Community Development): This fund accounts for housing loans due to the City from the recipients of previous "HOME Program" grants. Receipts in the Home Program Reuse Fund are restricted to affordable housing activities in accordance with the federal "HOME Program Re-use Guidelines".

Housing Trust Fund: (Community Development): City Council adopted an Inclusionary Housing Ordinance in November 2004. This ordinance will create an Affordable Housing Trust Fund, funded from in-lieu fees, which can be used to provide a local, flexible source of funding for the creation of new affordable housing, the rehabilitation of existing affordable housing.

HOME Grant: (Community Development): This Special Revenue Fund is the depository for loan payments made on prior year HOME program loans made by the City using funds from the federal Home Investments Partnership Program (HOME).

BEGIN Grant: (Community Development): A Building Equity and Growth in Neighborhoods (BEGIN) grant through the California Department of Housing and Community Development to assist the First Time Homebuyer Loans the Inclusionary housing units as a part of the Capitola Beach Villas condominium project

General Plan Maintenance Fee (Community Development): This fund accumulates money received as General Plan Maintenance Fee to cover the cost of a future comprehensive update of the City's General Plan.

Green Building Education Fund (Building): A Green Building Education Fund is to be used only for program management, training, publications and public educational purposes.

Parking Reserve Fund: In 2009 the Council authorized a special reserve fund from the Village parking meters that is restricted for parking purposes.

Technology Fee: The fee is 5% of the building permit fee to fund new software for permit processing.

Capitola Village & Wharf Business Improvement Area (CVW BIA) (Finance): Established to generate revenue for the exclusive purpose of promoting business in the Capitola Village and Wharf Business Improvement Area.

◆ Supplemental Law Enforcement Fund ◆
POLICE

Funding for this program has been eliminated by the state. This grant was from the State of California which distributed \$100,000,000 a year in funding to criminal justice agencies throughout California. These funds were used last year to fund Police Overtime and salaries for Reserves and Annuitant officers.

SOURCE AND USE OF FUNDS

SLESF	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1300 SLESF -						
Revenue						
Fund Balance	\$ 4,700	\$ (7,000)	\$ 100	\$ 2,000		
IR - Intergovernmental revenues	\$ 100,000	\$ 108,140	\$ 100,000	\$ 100,000	\$ -	\$ -
UMP - Use of money & property	\$ -	\$ -	\$ 100	\$ -	\$ -	\$ -
OFS - Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 104,700	\$ 101,140	\$ 100,200	\$ 102,000	\$ -	\$ -
Expenditures						
PER - Personnel	\$ 102,349	\$ 97,755	\$ 90,000	\$ 75,600	\$ -	\$ -
CS - Contract services	\$ 1,816	\$ 1,238	\$ 6,000	\$ 10,000	\$ -	\$ -
SUP - Supplies	\$ 3,305	\$ 753	\$ 4,000	\$ -	\$ -	\$ -
CAP - Capital outlay	\$ 4,221	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 111,691	\$ 99,747	\$ 100,000	\$ 85,600	\$ -	\$ -
Fund Balance	\$ (6,991)	\$ 1,393	\$ 200	\$ 16,400	\$ -	\$ -

◆ *Santa Cruz County Anti-Crime Team* ◆

POLICE

The Santa Cruz County Anti Crime Team (SCCACT) is a joint task force which includes participation by all county law enforcement agencies (either staffing of funding), the State Department of Justice's Bureau of Narcotics Enforcement (BNE) and the U.S. Department of Justice's Drug Enforcement Administration (DEA) to address sales of drugs in and around Santa Cruz County. SCCACT provides investigative and undercover assistance in drug sales investigations to local police agencies and the Sheriff's Department, which require special equipment, training and/or expertise. The DA's Office provides assistance in filing, collecting and distributing asset forfeiture collections from the courts. SCCACT is based in Santa Cruz County and receives additional funding and resources from State and Federal drug enforcement agencies during large-scale investigations.

The City of Capitola contributes \$17,500 to the SCCACT for operations costs from the General Fund, which is budgeted in the Police Department, Contract Services. This program is essentially a pass-through of Byrne grant and HIDTA funds to the city with which we in-turn pay for clerical support of the county's narcotics task force. Additionally the City pays for an Administrative Assistant. In FY04-05 the City eliminated funding for a part time clerical position. Staffing costs are reimbursed by SCCACT from their Adjudicated Asset Forfeiture Account on a monthly basis.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1301 SCCACT - SCC ANTI CRIME						
Revenue						
Fund Balance	\$ -	\$ (8,400)	\$ (300)	\$ (300)	\$ (300)	\$ (300)
OR - Other revenues	\$ 58,294	\$ 73,481	\$ 69,400	\$ 69,400	\$ 71,400	\$ 75,200
Revenue Totals	\$ 58,294	\$ 65,081	\$ 69,100	\$ 69,100	\$ 71,100	\$ 74,900
Expenditures						
PER - Personnel	\$ 66,700	\$ 65,455	\$ 69,400	\$ 69,400	\$ 71,400	\$ 75,200
CS - Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 66,700	\$ 65,455	\$ 69,400	\$ 69,400	\$ 71,400	\$ 75,200
Fund Balance	\$ (8,406)	\$ (374)	\$ (300)	\$ (300)	\$ (300)	\$ (300)

◆ Gas Tax ◆

PUBLIC WORKS

This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund is used for new construction, maintenance and the reconstruction of City streets. More information is located at the State Controllers Office web site: www.sco.ca.gov/ard/payments/highway/highmos.shtml.

Gas Tax Fund Programs includes maintenance and operations of the traffic signals and streetlights, street maintenance activities, street sweeper lease payments, and \$45,000 of street sweeper operator costs.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1310 Gas Tax Fund						
Revenue						
Fund Balance	\$ 63,400	\$ 73,195	\$ 74,300	\$ 64,619	\$ 30,991	\$ 1,591
IR - Intergovernmental revenues	\$ 253,412	\$ 262,821	\$ 278,800	\$ 271,172	\$ 263,000	\$ 269,200
UMP - Use of money & property	\$ 2,677	\$ 200	\$ 400	\$ 400	\$ 400	\$ 400
Revenue Totals	\$ 319,489	\$ 336,216	\$ 353,500	\$ 336,191	\$ 294,391	\$ 271,191
Expenditures						
CS - Contract services	\$ 207,287	\$ 227,811	\$ 237,100	\$ 265,000	\$ 252,600	\$ 255,000
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAP - Capital outlay	\$ -	\$ -	\$ 37,000	\$ -	\$ -	\$ -
DS - Debt service	\$ 39,007	\$ 43,785	\$ -	\$ 40,200	\$ 40,200	\$ -
Expenditure Totals	\$ 246,294	\$ 271,597	\$ 274,100	\$ 305,200	\$ 292,800	\$ 255,000
Fund Balance	\$ 73,195	\$ 64,619	\$ 79,400	\$ 30,991	\$ 1,591	\$ 16,191

◆ *Wharf Fund* ◆
PUBLIC WORKS

The Wharf Fund accounts for rents and other income generated from wharf operations and related costs including maintenance and improvements. Over the past three years this fund has paid the General Fund for the staff time costs of maintaining the wharf. The practice has resulted in depletion of reserves in this fund and has been discontinued in FY 11-12. Currently, the wharf does not have reserves necessary to pay for a piling replacement project should any get damaged in a winter storm, also the floating docks are in need of replacement. It is anticipated that as the reserves are replaced, the floating dock replacement will be budgeted.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1311 Wharf Fund						
Revenue						
Fund Balance	\$ 221,800	\$ 133,700	\$ 119,000	\$ 38,148	\$ 848	\$ 1,698
UMP - Use of money & property	\$ 74,822	\$ 77,143	\$ 73,000	\$ 77,800	\$ 79,850	\$ 80,400
OR - Other revenues	\$ 1,075	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Revenue Totals	\$ 297,697	\$ 210,843	\$ 193,000	\$ 116,948	\$ 81,698	\$ 83,098
Expenditures						
CS - Contract services	\$ 101,689	\$ 70,932	\$ 115,000	\$ 112,450	\$ 75,000	\$ 66,000
SUP - Supplies	\$ 2,129	\$ 1,222	\$ 5,000	\$ 3,650	\$ 5,000	\$ 5,000
CAP - Capital outlay	\$ 60,175	\$ 100,541	\$ 73,000	\$ -	\$ -	\$ -
Expenditure Totals	\$ 163,993	\$ 172,696	\$ 193,000	\$ 116,100	\$ 80,000	\$ 71,000
Fund Balance	\$ 133,704	\$ 38,148	\$ -	\$ 848	\$ 1,698	\$ 12,098

◆ *Development Fees Fund* ◆
PUBLIC WORKS

The Development Fee Fund accounts for fees imposed as part of development agreements for new development or substantial improvements in certain areas, to pay for traffic improvements, which mitigate the effect of that development. Simple interest is recorded on an annual basis and attributed to the corresponding deposit.

The following deposit was recorded in 1996 and remains part of this fund until expended:

<u>Depositor</u>	<u>Date</u>	<u>Amount</u>	<u>Future Project</u>
Kaufman and Broad	4/30/98	\$17,325.00	Francesco Circle Maintenance

The deposit from Kaufman and Broad was a modification of the Application #96-41 condition #13. In December of 1996 the Developer and the City agreed to substitute the requirement for former Condition #13 with a one time deposit from the developer of \$17,325 to be held by the City for future maintenance of Francesco Circle. The parties anticipate that the maintenance of Francesco Circle will not occur for fifteen to twenty years. According to the agreement in the event that the funds are not wholly used for that purpose, any reimbursement would be on a pro rata basis to the then-owners of the properties located within the subdivision.

In FY 10-11 a development fee of \$3,441 from the Fairfield Inn was paid. The funding was put toward the Capitola Road Traffic Calming project for the restriping of the westbound lanes on Capitola Road to accommodate two left turn lanes onto southbound 41st Avenue.

In FY 11-12 a new development on 42nd Avenue is anticipated that will contribute funding to the Clares Street Traffic Calming project. This fee is estimated at \$10,000.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1312 Development Fees Fund						
Revenue						
Fund Balance	\$ 171,400	\$ (1,378)	\$ (1,378)	\$ (1,378)	\$ (1,378)	\$ 8,622
CFS - Charges for services	\$ -	\$ -	\$ 10,000	\$ 3,441	\$ 10,000	\$ -
UMP - Use of money & property	\$ 1,351	\$ -	\$ -	\$ -	\$ -	\$ -
OFS - Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 172,751	\$ (1,378)	\$ 8,622	\$ 2,063	\$ 8,622	\$ 8,622
Expenditures						
CS - Contract services	\$ 140	\$ -	\$ -	\$ 3,441	\$ -	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAP - Capital outlay	\$ 173,989	\$ -	\$ -	\$ -	\$ -	\$ -
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 174,129	\$ -	\$ -	\$ 3,441	\$ -	\$ -
Fund Balance	\$ (1,378)	\$ (1,378)	\$ 8,622	\$ (1,378)	\$ 8,622	\$ 8,622

Public Education & Government Cable TV Access Fund

CITY MANAGER

This Special Revenue Fund accounts for Public, Education & Government (PEG) cable television fees; expenditures are restricted to PEG access-related activities. The \$19,500 is a pass through to Community Television of Santa Cruz (CTV) for PEG services now that the connection between the Charter service area and the Comcast service area has occurred and CTV operates the PEG channels for the City.

The PEG Access fee from all cable service providers is 64 cents per Subscriber and is due to the City concurrent with the Franchise Fee Payments. The City is required to segregate (PEG) access fees in a separate fund, to be used for PEG Access services using the cable system within the Franchise Area of the City. Funds have been budgeted in FY11-12 to upgrade the equipment in the Council Chambers.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1320 PEG - Public Education and						
Revenue						
Fund Balance	\$ 87,300	\$ 86,671	\$ 92,800	\$ 82,803	\$ 80,903	\$ 46,503
LP - Licenses and permits	\$ 20,653	\$ 19,304	\$ 19,500	\$ 19,500	\$ 19,500	\$ 19,500
UMP - Use of money & property	\$ 1,790	\$ 532	\$ 600	\$ 600	\$ 600	\$ 600
Revenue Totals	\$ 109,743	\$ 106,507	\$ 112,900	\$ 102,903	\$ 101,003	\$ 66,603
Expenditures						
CS - Contract services	\$ 23,072	\$ 23,704	\$ 24,500	\$ 22,000	\$ 54,500	\$ 24,500
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 23,072	\$ 23,704	\$ 24,500	\$ 22,000	\$ 54,500	\$ 24,500
Fund Balance	\$ 86,671	\$ 82,803	\$ 88,400	\$ 80,903	\$ 46,503	\$ 42,103

◆ *Public Arts Fee* ◆

CITY MANAGER

The City established a Public Arts Fee in 2004. The purpose is to ensure that 2% of the cost of eligible municipal capital improvement, renovation, or restoration projects funded in whole or in part by the City of Capitola or any private, non-residential development project with a total building permit valuation of \$250,000 or more is set aside for the acquisition of works of art to be displayed in or about public places within the City. For a private development, there is an “in lieu” option to contribute 1% of the total budget to the Public Art Program. As part of the program expenses, up to 20% of the art allocations may be expended on program administration, project management and community outreach activities. There will be 268 hours of the Administrative Assistant for the Art & Cultural Commission time allocated to administering projects.

Art Projects:

- Historical Directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall Tiles
- Graphic Traffic Box Art Project.
- Wharf Road Mural & 41st Ave Median Project
- FY11-12 Bay Ave. tile project and the 41st Ave Median Project (partially funded in FY10-11)

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1315 Public Arts Fee Fund						
Revenue						
Fund Balance	\$ 24,500	\$ 133,500	\$ 395,200	\$ 162,812	\$ 236,812	\$ 145,112
CFS - Charges for services	\$ 112,399	\$ 36,836	\$ 25,000	\$ 136,000	\$ 120,000	\$ 20,000
Revenue Totals	\$ 136,899	\$ 170,336	\$ 420,200	\$ 298,812	\$ 356,812	\$ 165,112
Expenditures						
PER - Personnel	\$ 300	\$ 1,300	\$ 6,700	\$ 6,000	\$ 6,700	\$ 6,700
CS - Contract services	\$ 3,104	\$ 6,224	\$ 150,000	\$ 52,000	\$ 205,000	\$ 25,000
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ -
Expenditure Totals	\$ 3,404	\$ 7,524	\$ 156,700	\$ 62,000	\$ 211,700	\$ 31,700
Fund Balance	\$ 133,496	\$ 162,812	\$ 263,500	\$ 236,812	\$ 145,112	\$ 133,412

◆ Community Development Block Grants ◆
COMMUNITY DEVELOPMENT

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The program is funded through the federal Department of Housing and Urban Development (HUD) and Capitola participates in its competitive Small Cities Grant Program administered by the California Department of Housing and Community Development.

SOURCE & USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1350 CDBG Grants						
Revenue						
Fund Balance	\$ (20,000)	\$ 27,685	\$ 34,185	\$ 34,105	\$ 12,405	\$ 75,305
IR - Intergovernmental revenues	\$ 80,676	\$ 11,848	\$ 70,000	\$ -	\$ 70,000	\$ -
UMP - Use of money & property	\$ -	\$ -	\$ -	\$ (17,800)	\$ -	\$ -
Revenue Totals	\$ 60,676	\$ 39,533	\$ 104,185	\$ 16,305	\$ 82,405	\$ 75,305
Expenditures						
CS - Contract services	\$ 32,991	\$ 5,428	\$ 75,000	\$ 3,900	\$ 7,100	\$ 5,000
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 32,991	\$ 5,428	\$ 75,000	\$ 3,900	\$ 7,100	\$ 7,000
Fund Balance	\$ 27,685	\$ 34,105	\$ 29,185	\$ 12,405	\$ 75,305	\$ 68,305

◆ *Community Development Block Grant: Program Income* ◆ COMMUNITY DEVELOPMENT

This Special Revenue Fund accounts for revenue from the repayment of CDBG-funded housing loans made by the City to income-qualifying households. These funds are referred to as "CDBG Program Income." CDBG Program Income must be used for CDBG-approved purposes. The three primary sources of CDBG Program Income are the payoff of: Loma Vista Mobilehome Park resident loans, CDBG-funded First Time Homebuyer Program loans, and CDBG-funded Rehabilitation Program loans.

If the total amount of Program Income received in any fiscal year is less than \$25,000, then the funds received are not subject to Federal CDBG regulations. If the amount exceeds \$25,000, then all Program Income received during that fiscal year is restricted to CDBG-approved Federal spending guidelines.

In FY11/12, the City does not anticipate receiving more than \$25,000 in Program Income revenue.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1351 CDBG Programs						
Revenue						
Fund Balance	\$ 57,100	\$ (14,800)	\$ (17,750)	\$ (17,800)	\$ 2,300	\$ 2,300
UMP - Use of money & property	\$ 6,269	\$ -	\$ -	\$ -	\$ -	\$ -
OFS - Other financing sources	\$ -	\$ -	\$ -	\$ 23,100	\$ -	\$ -
Revenue Totals	\$ 63,369	\$ (14,800)	\$ (17,750)	\$ 5,300	\$ 2,300	\$ 2,300
Expenditures						
CS - Contract services	\$ 23,018	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OFU - Other financing uses	\$ 55,196	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 78,215	\$ 3,000	\$ -	\$ 3,000	\$ -	\$ -
Fund Balance	\$ (14,846)	\$ (17,800)	\$ (17,750)	\$ 2,300	\$ 2,300	\$ 2,300
 Fund: 1352 CDBG Program Inc 07-08						
Revenue						
Fund Balance	\$ -	\$ 22,300	\$ 5,200	\$ 5,305		
IR - Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UMP - Use of money & property	\$ 980	\$ 116	\$ -	\$ -	\$ -	\$ -
OFS - Other financing sources	\$ 55,196	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 56,176	\$ 22,416	\$ 5,200	\$ 5,305	\$ -	\$ -
Expenditures						
CS - Contract services	\$ 6,000	\$ 620	\$ -	\$ -	\$ -	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ 27,878	\$ 16,491	\$ -	\$ -	\$ -	\$ -
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ 5,300	\$ -	\$ -
Expenditure Totals	\$ 33,878	\$ 17,111	\$ -	\$ 5,300	\$ -	\$ -
Fund Balance	\$ 22,298	\$ 5,305	\$ 5,200	\$ 5	\$ -	\$ -

◆ HOME Reuse Fund ◆
COMMUNITY DEVELOPMENT

This Special Revenue Fund accounts for revenue from the repayment of Federal Home Investments Partnership Program (HOME) loans. Expenditures in this fund must be used for affordable housing activities in accordance with the Federal "HOME Program Re-use Guidelines."

Prior to the disbursement of new HOME Program grants to the City, any balance in the HOME Program Reuse Loan Fund is deducted from the grant amount. As a result, staff recommends maintaining a zero balance in this account by using the funds for HOME approved activities.

SOURCE AND USE OF FUNDS

	FY 08-09	FY 09-10	FY10-11	FY10-11	FY11-12	FY12-13
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Fund: 1370 HOME ReUse Funds						
Revenue						
Fund Balance	\$ 207,200	\$ -	\$ 5,080	\$ (9,700)	\$ (9,700)	\$ 2,600
UMP - Use of money & property	\$ 32,700	\$ 4,800	\$ 12,300	\$ 12,300	\$ 12,300	\$ 12,300
Revenue Totals	\$ 239,900	\$ 4,800	\$ 17,380	\$ 2,600	\$ 2,600	\$ 14,900
Expenditures						
CS - Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ 239,900	\$ 14,500	\$ -	\$ 12,300	\$ -	\$ -
Expenditure Totals	\$ 239,900	\$ 14,500	\$ -	\$ 12,300	\$ -	\$ -
Fund Balance	\$ -	\$ (9,700)	\$ 17,380	\$ (9,700)	\$ 2,600	\$ 14,900

◆ HOME GRANT ◆
COMMUNITY DEVELOPMENT DEPARTMENT

In January 2009 the City of Capitola entered into a Standard Agreement with the California Department of Housing and Community Development for a HOME grant in the amount of \$2,000,000 for rehabilitation expenses related to the 109-unit Bay Avenue Senior Apartments Project. Construction of the project was completed in May 2011 and the final draw of the HOME funds will be completed by August 2011.

\$100,000 of the grant was used to cover administrative costs for the project. The balance of the grant was provided to First Community Housing, the Bay Avenue Senior Apartments project developer, as a 3% interest residual receipts payment loan.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1371 HOME Grant Fund						
Revenue						
Fund Balance			\$ (17,500)	\$ (7,521)	\$ (4,721)	
IR - Intergovernmental revenues	\$ -	\$ 1,169,180	\$ 425,000	\$ 706,300	\$ -	\$ -
UMP - Use of money & property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ -	\$ 1,169,180	\$ 407,500	\$ 698,779	\$ (4,721)	\$ -
Expenditures						
CS - Contract services	\$ -	\$ 7,500	\$ 5,000	\$ 10,000	\$ 10,000	\$ -
SUP - Supplies	\$ -	\$ 21	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ -	\$ 1,169,180	\$ 425,000	\$ 693,500	\$ -	\$ -
Expenditure Totals	\$ -	\$ 1,176,701	\$ 430,000	\$ 703,500	\$ 10,000	\$ -
Fund Balance		\$ (7,521)	\$ (22,500)	\$ (4,721)	\$ (14,721)	\$ -

◆ Housing Trust Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

As part of the City’s ongoing efforts to provide affordable housing the City Council adopted an Inclusionary Housing Ordinance on November 10, 2004. This ordinance created an Affordable Housing Trust Fund, funded from in-lieu fees, which can be used to provide a local, flexible source of funding for the creation of new affordable housing, the rehabilitation of existing affordable housing, for the funding of local programs to assist lower and moderate income purchasers find affordable housing, and for use as leverage of local funds for larger State and Federal grants. The in-lieu fees collected will depend on the amount of development that occurs. The fees are a source of funding for affordable housing and will not impact the General Fund.

The Affordable “Inclusionary” Housing Ordinance refers to a City Municipal Code Section that requires that fifteen percent (15%) of the units in a new for- sale residential construction project be made available to low or moderate-income buyers. Condominium conversion projects are also covered under this Ordinance. As outlined in the Ordinance, project developers provide the affordable set aside units or under certain conditions can pay an in-lieu fee. The economic downturn has resulted in a slowing of residential construction projects the annual estimate of in-lieu fee payments has been reduced to \$10,000.

The City’s Housing Trust Fund allows for up to \$75,000 per year to be spent on affordable housing program administration. This includes working with developers on fee collection, and administration of the Housing Trust Fund, as well as implementation of the Inclusionary Ordinance.

The City of Capitola and the RDA entered into an agreement with Millennium Housing in March of 2011 to provide \$1.0 million dollars in funding towards the acquisition of Castle Mobile Home Park. \$160,000 is budgeted towards the acquisition costs and the remaining \$840,000 is budgeted in the RDA Low & Moderate Housing fund.

Source & Use of Funds

	FY 08-09	FY 09-10	FY10-11	FY10-11	FY11-12	FY12-13
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Fund: 1372 Housing Trust Fund						
Revenue						
Fund Balance	\$ 325,500	\$ 400,000	\$ 364,500	\$ 368,786	\$ 342,886	\$ 167,886
CFS - Charges for services	\$ 81,839	\$ 15,879	\$ 10,000	\$ 17,500	\$ 18,000	\$ 18,000
UMP - Use of money & property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 407,339	\$ 415,879	\$ 374,500	\$ 386,286	\$ 360,886	\$ 185,886
Expenditures						
CS - Contract services	\$ 1,784	\$ 47,093	\$ 32,000	\$ 13,000	\$ 33,000	\$ 22,000
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ -	\$ -	\$ 95,000	\$ 30,400	\$ 160,000	\$ -
Expenditure Totals	\$ 1,784	\$ 47,093	\$ 127,000	\$ 43,400	\$ 193,000	\$ 22,000
Fund Balance	\$ 405,554	\$ 368,786	\$ 247,500	\$ 342,886	\$ 167,886	\$ 163,886

◆ BEGIN Grant Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

In February 2008 the City entered into a Standard Agreement with the California Department of Housing and Community Development (HCD) for a grant commitment from the Building Equity and Growth in Neighborhoods (BEGIN) Program in the amount of \$240,000. The exclusive purpose of the grant is to assist in the provision of First Time Homebuyer Loans for the eight Inclusionary housing units that were built as a part of the 55-unit Capitola Beach Villas condominium project on 41st Ave. Due to financial hardship ownership of the completed project has been transferred and the sale of the individual units has been delayed. HCD has agreed to extend the BEGIN program completion deadline until June 30, 2011.

\$60,000 of the \$240,000 has been released to the City and will be returned to HCD in 2011.

SOURCE AND USE OF FUNDS

Begin Grant Fund	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1380 BEGIN Grant Fund						
Revenue						
Fund Balance		\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	
IR - Intergovernmental revenues	\$ 60,000	\$ -	\$ 180,000	\$ -	\$ -	\$ -
UMP - Use of money & property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 60,000	\$ -	\$ 240,000	\$ 60,000	\$ 60,000	\$ -
Expenditures						
CS - Contract services	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -
SUP - Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GS - Grants and Subsidies	\$ -	\$ -	\$ 240,000	\$ -	\$ -	\$ -
Expenditure Totals	\$ -	\$ -	\$ 240,000	\$ -	\$ 60,000	\$ -
Fund Balance	\$ 60,000	\$ 60,000	\$ -	\$ 60,000	0	

◆ General Plan Maintenance Fee ◆
COMMUNITY DEVELOPMENT

In 2002, the State Legislature passed AB 2936 to enable cities to collect fees “reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations”. The General Plan Maintenance Fee is currently 0.6% of the total building valuation with a cap of \$100,000 to cover the cost of a future comprehensive update of the City’s General Plan.

Valuation is calculated on a cost per square foot basis. The City of Capitola uses \$200/square foot valuation for the average house, and \$300/square foot for houses with increased values. These valuations are close to market rates.

The City kicked off the General Plan update this year and authorized a contract with Design, Community, and Environment to lead an extensive public outreach effort to update the General Plan, Local Coastal Plan, and Zoning Ordinance. The City formed a General Plan Advisory Committee (GPAC) to provide public input. The proposed budget provides adequate resources to fund consultant contracts and staff time to continue the effort as identified in the scope of work.

Source & Use of Funds

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1313 General Plan Update						
Revenue						
Fund Balance	\$ 639,600	\$ 543,000	\$ 675,300	\$ 599,520	\$ 405,120	\$ 293,820
CFS - Charges for services	\$ 241,103	\$ 151,881	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
UMP - Use of money & property	\$ 13,846	\$ 3,952	\$ -	\$ 3,000	\$ 2,000	\$ 2,000
OFS - Other financing sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 894,549	\$ 698,833	\$ 800,300	\$ 727,520	\$ 532,120	\$ 420,820
Expenditures						
CS - Contract services	\$ 47,881	\$ 99,170	\$ 448,500	\$ 310,400	\$ 228,300	\$ 275,000
SUP - Supplies	\$ 106	\$ 142	\$ 20,000	\$ 12,000	\$ 10,000	\$ -
OFU - Other financing uses	\$ 314,000	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 361,987	\$ 99,313	\$ 468,500	\$ 322,400	\$ 238,300	\$ 275,000
Fund Balance	\$ 532,562	\$ 599,520	\$ 331,800	\$ 405,120	\$ 293,820	\$ 145,820

◆ Green Building Education Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

On May 22, 2008, the City of Capitola adopted an ordinance, which added Chapter 17.10 to the Capitola Municipal Code establishing the Capitola Green Building Regulations. The City finds that green building design, construction and operation can have a significant positive effect on energy and resource efficiency, waste and pollution generation, and the health and productivity of a building's occupants over the life of the building. The second purpose is to create healthy work and living environments increasing the productivity of workers and residents and visitors to the city by improving indoor air quality and lighting.

The intent of this section is to help promote the environmental sustainability of natural resources and improvement of the interior environment by efficiently redirecting the use of recyclable materials away from landfills, by introducing recycled-content and materials created with a low embodied energy materials in construction, and by reducing the energy consumption needs of structures by making use of efficient construction methods.

The City also finds that green design and construction decisions made by the City in the construction and remodeling of City buildings can result in significant cost savings to the City over the life of the buildings. The City also recognizes that it must lead by example in order to have the general populace follow suit and therefore commits itself to the practice of green building for all new and remodeling construction on City owned buildings and structures.

Application and Use of Funds (per City municipal code): The Capitola Green Building Regulation applies to non-residential additions and/or exterior remodels totaling 1,000 or more square feet and residential additions and/or remodels totaling 350 square feet or more. Building permits which are required to comply with the Green Building Regulations shall be assessed a fee of 0.0025 times the overall valuation of the project. Revenues collected shall be maintained by the Finance Department as a revolving Green Building Education Fund and shall be used only for program management, training, publications and public educational purposes.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1314 Green Building Education						
Revenue						
Fund Balance		\$ 6,000	\$ 51,000	\$ 45,373	\$ 45,373	\$ 25,373
CFS - Charges for services	\$ 6,024	\$ 39,373	\$ 20,000	\$ 5,000	\$ 10,000	\$ 10,000
Revenue Totals	\$ 6,024	\$ 45,373	\$ 71,000	\$ 50,373	\$ 55,373	\$ 35,373
Expenditures						
Personnel					\$ 10,000	
CS - Contract services	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ -
TR - Training	\$ -	\$ -	\$ 5,000	\$ 2,500	\$ 5,000	\$ 5,000
SUP - Supplies	\$ -	\$ -	\$ 5,000	\$ 2,500	\$ 5,000	\$ 5,000
Expenditure Totals	\$ -	\$ -	\$ 20,000	\$ 5,000	\$ 30,000	\$ 10,000
Fund Balance	\$ 6,024	\$ 45,373	\$ 51,000	\$ 45,373	\$ 25,373	\$ 25,373

◆ Information Technology Fee Fund ◆
COMMUNITY DEVELOPMENT DEPARTMENT

On November 12, 2009, the City of Capitola adopted a resolution establishing the Information Technology Fee. The fee is 5% of the Building, CDD and Public Works permit fees. Permit processing in the City of Capitola is currently a “paper process” in the Community Development and Public Works departments and an outdated and antiquated computer process in the Building Department. All three departments need to upgrade to current computer software in order to provide the minimum service level the development community has come to expect when dealing with local government permitting. The industry standard is quickly becoming electronic communication, with the internet as the primary conduit between city services and our customers. Installing a new “.net” based software system will provide up-to-date communications, as well as improve in-house productivity. The system will better coordinate plan review activities between departments and will allow the public to inquire and search records and monitor progress of applications through the Internet. The General Plan update and its ongoing maintenance will also benefit from the system’s data resources and enhanced reporting capabilities. The estimated cost is \$20,000.

SOURCE AND USE OF FUNDS

	FY 08-09	FY 09-10	FY10-11	FY10-11	FY11-12	FY12-13
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Fund: 1317 Technology Fee Fund						
Revenue						
Fund Balance			\$ 2,000	\$ 3,902	\$ 9,802	\$ 10,702
CFS - Charges for services	\$ -	\$ 3,902	\$ 1,000	\$ 5,900	\$ 5,900	\$ 5,900
Revenue Totals	\$ -	\$ 3,902	\$ 3,000	\$ 9,802	\$ 15,702	\$ 16,602
Expenditure Totals						
	\$ -				\$ 5,000	
Fund Balance	\$ -	\$ 3,902	\$ 3,000	\$ 9,802	\$ 10,702	\$ 16,602

◆ *Parking Reserve Fund* ◆

PUBLIC WORKS DEPARTMENT

In 2009, as part of a parking meter rate increase, the City Council established the Parking Reserve Fund. Revenues into this fund are comprised solely of 16% of parking meter revenue from the Village area (Parking Meter Zone A1). The fund was established to fund parking improvement projects throughout the Village.

In FY10-11 the City Council approved a \$50,000 one-time loan from the Equipment Replacement Fund to fund the purchase of 14 pay stations for the Village area. The pay stations will replace over 100 single space meters and will accept coins, dollar bills and credit cards. This loan is budgeted as an expense to be repaid in FY11-12.

Additional future expenses are budgeted for parking management review and implementation programs and also for continued planning efforts for a parking structure in the Pacific Cove Parking Lot.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1316 Parking Reserve Fund						
Revenue						
Fund Balance			\$ 91,000	\$ 78,649	\$ 12,649	\$ 37,649
OFS - Other financing sources	\$ -	\$ 78,649	\$ 100,000	\$ 130,000	\$ 100,000	\$ 100,000
Revenue Totals	\$ -	\$ 78,649	\$ 191,000	\$ 208,649	\$ 112,649	\$ 137,649
Expenditures						
CS - Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CAP - Capital outlay	\$ -	\$ -	\$ 100,000	\$ 196,000	\$ 25,000	\$ 25,000
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -
Expenditure Totals	\$ -	\$ -	\$ 100,000	\$ 196,000	\$ 75,000	\$ 25,000
Fund Balance		\$ 78,649	\$ 91,000	\$ 12,649	\$ 37,649	\$ 112,649

◆ *Capitola Village & Wharf Business Improvement Area Fund* ◆

FINANCE DEPARTMENT

In June 2005, the City of Capitola adopted Ordinance No. 889, which added Chapter 5.10 to the Capitola Municipal Code establishing the Capitola Village and Wharf Business Improvement Area ("CVWBIA"), which was established to generate revenue for the exclusive purpose of promoting business in the Capitola Village and Wharf Business Improvement Area. The governing State law requires certain annual actions and public hearing to continue this assessment district.

This program has been running since FY04-05 with the assistances of the BIA Board of Directors. These BIA Directors will provide their budget proposal to Council in a separate document and public hearing during May and June 2011.

SOURCE AND USE OF FUNDS

	FY 08-09 Actual	FY 09-10 Actual	FY10-11 Adopted	FY10-11 Mid-Yr Est	FY11-12 Adopted	FY12-13 Planned
Fund: 1321 BIA - Capitola Village-Wharf						
Revenue						
Fund Balance	\$ 16,400	\$ 14,612	\$ 7,400	\$ 7,440	\$ 1,040	\$ (260)
CFS - Charges for services	\$ 73,705	\$ 69,975	\$ 72,600	\$ 68,400	\$ 70,200	\$ 70,200
UMP - Use of money & property	\$ 1,038	\$ 203	\$ 200	\$ 100	\$ 100	\$ 100
Revenue Totals	\$ 91,143	\$ 84,790	\$ 80,200	\$ 75,940	\$ 71,340	\$ 70,040
Expenditures						
CS - Contract services	\$ 64,380	\$ 62,926	\$ 66,700	\$ 61,600	\$ 70,600	\$ 70,600
SUP - Supplies	\$ 12,152	\$ 14,424	\$ 11,500	\$ 13,300	\$ 1,000	\$ 1,000
Expenditure Totals	\$ 76,531	\$ 77,350	\$ 78,200	\$ 74,900	\$ 71,600	\$ 71,600
Fund Balance	\$ 14,612	\$ 7,440	\$ 2,000	\$ 1,040	\$ (260)	\$ (1,560)

OTHER FUNDS



OTHER FUNDS

Compensated Absences Fund (Finance Department): This fund accumulates money to pay future employee benefit costs such as vacation and sick leave payouts for termination or retirements. Funding levels necessary to assure that these obligations can be met are policy matters within the City Council's discretion.

Emergency Reserves (Finance Department): The Reserve Fund accumulates money designated by the City Council to meet future unanticipated needs. The City of Capitola Administrative Policy III-3, Financial Management Policy, adopted June 8, 2000, specifically states in regards to emergency reserves:

"To protect against significant one-time costs which may arise from major unpredictable emergency events, in addition to the Contingency Appropriations the City shall maintain a funded emergency reserve equal to five percent (5%) of General Fund budgeted expenditures."

Contingency Reserve (Finance Department): For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to ten percent (10%) of General Fund expenditures. The Contingency Appropriation "will provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements."

◆ *Compensated Absences* ◆

FINANCE

This fund was established to accumulate reserves to pay for employee cash-outs, such as accumulated sick leave and vacation, which are due to employees upon termination or retirement. Following is an itemized description of the various liabilities to this fund.

Police Captain Cashable Sick Leave – Refer to contract.

Vacation > 360 hours -- In accordance with the standard memorandum of understanding between the all employee bargaining groups and the City of Capitola, Sub-Section 12.C. states that an employee who has accumulated more than 360 hours as of the last pay period in April of any year shall be paid in cash at a rate equal to 100% of his/her current hourly pay rate for all hours in excess of 360 except that such payment shall not exceed the employee's annual vacation accrual amount.

Vacation - Voluntary Cash Out-- In accordance with various memoranda of understanding between the employee bargaining groups and the City of Capitola, employees may elect to voluntarily cash out between 40 hours to 80 hours of vacation hours.

Final Pay -- Upon resignation, employees are eligible for various cash outs, dependent upon his/her memorandum of understanding with the City of Capitola.

◆ *Compensated Absences* ◆

Retirement Program: Due to the economic status of the City, the Council authorized an early retirement package to 4 employees in FY08-09. Those positions are not filled in this budget, resulting in a net savings to the City. The Compensated Absences Fund was used to fund the retirement packages. To keep this budget at adequate funding level, \$150,000 was transferred into the fund in April 2009. In FY09-10 there were two employees who retired and had payments due to them upon retirement. In FY10-11 there will be 1 retirement the FY11-12 budget anticipates just 1 retirement.

Severance Pay – The City provides the following severance payout packages:

City Manager	12 months	Finance Director	4 months
Public Works Director	4 months	Police Chief	4 months
Comm. Dev. Director	4 months		

Compensated Absence Liability -- Governmental Accounting Standards Board Statement No. 16 identifies that certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefit through cash payments conditioned on the employee's termination or retirement. As of June 30, 2010, the vested benefits, payable in accordance with various collective bargaining agreements totaled \$752,300 (source: Capitola Comprehensive Annual Financial Reports for fiscal year ended June 30, 2010).

Compensated Absence	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 2216 ISF - Compensated Absence						
Revenue						
Fund Balance	\$ 337,780	\$ 193,475	\$ 164,200	\$ 116,857	\$ 78,857	\$ 67,857
OFS - Other financing sources	\$ 207,700	\$ 112,700	\$ 120,000	\$ 120,000	\$ 110,000	\$ 100,000
Revenue Totals	\$ 545,480	\$ 306,175	\$ 284,200	\$ 236,857	\$ 188,857	\$ 167,857
Expenditures						
PER - Personnel	\$ 352,005	\$ 189,318	\$ 158,000	\$ 158,000	\$ 121,000	\$ 91,300
OFU - Other financing uses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditure Totals	\$ 352,005	\$ 189,318	\$ 158,000	\$ 158,000	\$ 121,000	\$ 91,300
Fund Balance	\$ 193,475	\$ 116,857	\$ 126,200	\$ 78,857	\$ 67,857	\$ 76,557

◆ *Emergency Reserves* ◆

The City of Capitola Administrative Policy III-3, Financial Management Policy, adopted June 8, 2000, specifically states in regards to emergency reserves: "To protect against significant one-time costs which may arise from major unpredictable emergency events, in addition to the Contingency Appropriations the City shall maintain a funded emergency reserve equal to five percent (5%) of General Fund budgeted expenditures."

On March 24 and on March 26 2011 an underground storm drain that transmits water from Noble Gulch Creek between Bay Avenue and Capitola Avenue failed flooding the Pacific Cover Mobile Home Park and portions of Capitola Village. The pipeline failure day lighted approximately 100' of Noble Gulch Creek and caused significant damage to Pacific Cove Mobile Home Park located next door to City Hall and the Capitola Police Department. During the peak of the flood, the creek ran under the mobile homes undermining foundations and tearing off porches. Flooding continued through the park and to Capitola Avenue causing flooding of the Police Department and businesses along Capitola Avenue. Flooding also occurred in Capitola Village and the area. Estimates for the repairs are \$1.469 million at the time the budget was adopted, new estimates are \$1.64 million. Funding in the future is not expected as CalEMA, FEMA and the City's insurance carrier have all denied funding.

Expenditures related to the March 2011 flood event were paid through the City's Emergency Reserve Fund. As available funding in the Emergency Reserve Fund fell short of the flood-related expenditures, additional funding to respond to the flood event was provided through an inter-fund loan from the Contingency Reserve Fund and CIP were diverted to the Emergency Reserve Fund. In addition, the Community Grantees were awarded 50% of their contract while the other 50% went to the Emergency Reserves. If the City receives a minimum of \$500,000 in reimbursement for repairs, then the Community Grantees will receive the remaining 50%. Based on the current flood cost estimates the Emergency Reserve will begin the year with a liability to the Contingency Reserve fund in the amount of \$312,253 and an additional \$530,000 in FY11-12. See table on the next page.

Emergency Reserve	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Revenue						
Fund Balance	\$ 614,300	\$ 627,100	\$ 627,100	\$ 627,100		\$ 337,500
3910 100 - Interfund transfer in General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OFS - Other financing sources Totals	\$ 12,800	\$ -	\$ -	\$ 312,253	\$ 867,500	\$ -
Revenue Totals	\$ 627,100	\$ 627,100	\$ 627,100	\$ 939,353	\$ 867,500	\$ 337,500
Expenditures						
<u>OFU - Other financing uses</u>						
Flood Disaster 3/24/11	\$ -	\$ -	\$ -	\$ 939,356	\$ 530,000	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ 939,356	\$ 530,000	\$ -
Fund Balance	\$ 627,100	\$ 627,100	\$ 627,100	\$ (3)	\$ 337,500	\$ 337,500

CALCULATION OF 5% TARGET:	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Gen. Fund Expense - exclude transfers	12,138,901	11,330,493	11,619,500	12,228,935	11,498,800	11,835,990
Designated @ 5%	5%	5%	5%	5%	5%	5%
Target Balance	606,900	566,500	581,000	611,400	574,900	591,800
OVER OR (SHORT) OF TARGET	20,200	60,600	46,100	(611,403)	(237,400)	(254,300)

FLOOD DISASTER EXPENDITURES

At the time that the budget was adopted in June, the City expected reimbursement for the disaster expenditures from either the City's insurance carrier, FEMA or CAL EMA. Recently, those agencies all denied funding to the City, therefore a new column has been included to show a revised estimate for expenditure and the impact on the Contingency Reserve Fund. The revised amount of the loan from the Contingency Reserve is \$705,000 which will be addressed at the Mid-Year review in January 2012.

<u>Flood Expenditures</u>	<u>FY10/11 Estimated</u>	<u>FY11/12 Adopted</u>	<u>TOTAL</u>	<u>FY11/12 Revised</u>	<u>TOTAL</u>
City Overtime	\$ 20,456				
Permanent Work-City Infrastructure	\$ 810,800				
Debris Removal	\$ 53,200				
Emergency Protective Measures	\$ 54,900				
Subtotal expenditures through May 2011	\$ 939,356				
<u>Projected additional expenditures</u>					
Police Department Remodel		\$ 30,000		\$ 360,000	
Pacific Cove Relocation Plan		\$ 50,000		\$ 50,000	
Slip Outs on Soquel Creek		\$ 100,000		\$ 40,000	
City Hall		\$ -		\$ 50,000	
Pacific Cove Building Repairs		\$ -		\$ 5,000	
Retaining Wall at Pacific Cove		\$ 350,000		\$ 200,000	
Total Projected Flood Expenditures	\$ 939,356	\$ 530,000	\$ 1,469,356	\$ 705,000	\$ 1,644,356
<u>Flood Revenues</u>					
Emergency Reserves	\$ 627,100				
Contingency Reserve Loan	\$ 312,256	\$ 530,000		\$ 705,000	
TOTAL Flood Revenue	\$ 939,356	\$ 530,000	\$ 1,469,356	\$ 705,000	\$ 1,644,356

◆ *Contingency Reserves* ◆

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to ten percent (10%) of General Fund expenditures. Per the City Financial management Policies adopted June 8, 2000, the City shall implement a strategy to reach the required funding level in no more than five fiscal years. The Contingency Appropriation “will provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements.”

FY11-12 & FY12-13 Budget. The Contingency Reserve fund will be used to loan funding to the Emergency Reserve Fund for expenditures related to the Flood in March 2011. The balance in FY10-11 is estimated to be \$934,844 which is below the target by \$288,056 on June 30, 2011, on June 30, 2012 the fund will below target by \$745,056 and on June 30, 2013 it will below target by \$778,756.

Contingency Reserve	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1010 Contingency Reserve						
Revenue						
Fund Balance	\$ 1,243,900	\$ 1,248,000	\$ 1,247,100	\$ 1,247,100	\$ 934,844	\$ 404,844
Interfund transfer in General Fund	\$ 6,200	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Totals	\$ 1,250,100	\$ 1,248,000	\$ 1,247,100	\$ 1,247,100	\$ 934,844	\$ 404,844
Expenditures						
OFU - Other financing uses						
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer to Emergency Reserves	\$ -	\$ -	\$ -	\$ 312,256	\$ 530,000	\$ -
Expenditure Totals	\$ -	\$ -	\$ -	\$ 312,256	\$ 530,000	\$ -
Fund Balance	\$ 1,250,100	\$ 1,248,000	\$ 1,247,100	\$ 934,844	\$ 404,844	\$ 404,844
CALCULATION OF 5% TARGET:						
Gen. Fund Expense - exclude transfers	12,138,901	11,330,493	11,619,500	12,228,935	11,498,800	11,835,990
Designated @ 10%	10%	10%	10%	10%	10%	10%
Target Balance	1,213,900	1,133,000	1,162,000	1,222,900	1,149,900	1,183,600
OVER OR (SHORT) OF TARGET	36,200	115,000	85,100	(288,056)	(745,056)	(778,756)

THIS PAGE INTENTIONALLY LEFT BLANK

MULTI-YEAR
OBLIGATIONS



MULTI-YEAR OBLIGATIONS

City & Joint Powers Authority (JPA) Multi-Year Obligations: The City of Capitola has various multi-year obligations, with which debt service is paid from various funding sources and paid in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets.

Debt Service – 2007 Pension Obligation Bonds: The City of Capitola issued \$5,160,000 in pension obligation bonds (POB) dated June 30, 2007 to refinance the public employee retirement system (PERS) unfunded liability.

City & Joint Powers Authority Multi-Year Obligation Listing

The City of Capitola has various multi-year obligations, with which debt service is paid from various funding sources and paid in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets. As of June 30, 2010, the City's multi-year obligations are summarized as follows:

City Multi-Year Obligations	Balance 6/30/10	Form	Years	Other Terms
Street Sweeper - Gas Tax	\$ 101,400	Notes Payable	5	Interest 4.2%, 5 yrs, FY07/08 - FY11/12
LED Street Light Loan - Gas Tax	\$ 16,600	Notes Payable	5	Interest 4.5%, 5 yrs, FY06/07 - FY10/11
Current employee compensated absences	\$ 752,300	accrued	on-going	On-going. No interest due. (Refer to Compensated Absence Fund)
Other Post Employment Benefits (OPEB) - Capitola Retiree Healthcare Plan (CRHP)	\$ 1,043,809	Financial Statement Footnote	on-going	The City of Capitola's OPEB unfunded actuarial accrued liability was determined to be \$967,200 under the pay-as-go option chosen for the initial three years of funding. The City contributes the PEMHCA minimum of \$108 for calendar 2011.
Pension Obligation Bond	\$ 4,265,000	Note payable	10	Original 18 yr term with CalPERS, 7.75% with CalPERS, Budget appropriates a new pension obligation bond (POB) of 10 years (Refer to Debt Service - PERS POB Fund)
Total City Multi-Year Obligation	\$ 6,179,109			

JPA Bonds	Orig. Principal	Form	Other Terms
Monterey Bay Area Self-Insurance Authority (MBASIA) JPA Bond	\$5,150,000	JPA membership and paid via premiums	On Oct. 1, 2004, MBASIA issued debt in the amount of \$5,150,000. Each year the debt service is included in the MBASIA budget and used to determine each member agency's premium. While the MBASIA debt is amortized over 30 years, the first fixed term is for five years. At the end of this initial five year term MBASIA has the option to a 30 day variable payment, indexed to 60 basis points above LIBOR or negotiate another fixed term for a yet to be determined interest rate.
Santa Cruz Consolidated Emergency Communications Center (SCCECC) JPA Bond	\$5,760,000	JPA membership and paid via premiums	In 2002, SCCECC issued lease revenue refunding bonds in the amount of \$5,760,000. Each member agency entered into a Use Agreement which obligates the member agencies to pay use payments each year as rental for the use and occupancy of the related facilities. These payments are included in the City's contracts services budget to SCCECC. The Use Agreement between Capitola and SCCECC is effective through 2024.

Debt Service – 2007 Pension Obligation Bonds

The City of Capitola contracts with California Public Employee Retirement Systems (“PERS”) for two retirement plans, Public Safety for sworn police personnel and Miscellaneous for the remaining employees. Contribution rates for each plan are the sum of the “normal cost” for the plan, (i.e. the cost the City would incur if provisions of the plan don’t change, actuarial assumptions are accurate and the return on investment is as expected) and the City’s pension cost related to each plan’s “funded status.”

Since each of the City’s plans had less than 100 members since June 30, 2003, PERS has included them in a risk pool with other public agency plans. When a City enters a risk pool and has an existing Unfunded Actuarial Accrued Liability (the “Prior UAAL”), the Prior UAAL is put in a side fund (the “Side Fund”) for the individual agency outside of the risk pool. The Side Fund functions like a loan. The loan repayment schedule to pay off the prior UAAL is developed by PERS, the loan is amortized over 18 years at the current interest rate of 7.75% and the annual payments are restated as a percentage of the payroll. As of June 30, 2007, the City of Capitola Prior UAAL’s was \$5,912,220, \$3.0 million for Safety and \$2.9 million for miscellaneous. On July 13, 2007, the PERS obligation was refinanced with \$1 million of City funds and \$5,040,000 of pension obligation bonds (POB), with an interest rate of 6.09%, 10-year duration and level debt service payments instead.

	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund: 1410 - Pension Obligation Bond						
Beginning Fund Balance	\$ 523,744	\$ 520,378	\$ 675,500	\$ 468,186	\$ 252,386	\$ 479,386
Revenues						
Interfund transfer in General Fund	\$ 201,800	\$ 206,200	\$ 240,000	\$ 24,500	\$ 240,000	\$ 240,000
Interfund transfer in ISF PERS	\$ 460,018	\$ 416,600	\$ 440,000	\$ 440,000	\$ 660,500	\$ 450,000
OFS - Other financing sources	\$ 661,818	\$ 622,800	\$ 680,000	\$ 464,500	\$ 900,500	\$ 690,000
Total Sources	\$ 1,185,562	\$ 1,143,178	\$ 1,355,500	\$ 932,686	\$ 1,152,886	\$ 1,169,386
Expenditures						
CS - Contract services						
CS-Gen/Admin Contracts - general	\$ -	\$ 1,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Account Classification Total: CS - Contract svcs	\$ -	\$ 1,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
DS - Debt service						
Debt principal Other debt principal	\$ 370,000	\$ 405,000	\$ 435,000	\$ 435,000	\$ 455,000	\$ 485,000
Interest and fiscal charges	\$ 295,184	\$ 268,492	\$ 243,300	\$ 243,300	\$ 216,500	\$ 188,300
Fund Expenditures	\$ 665,184	\$ 674,992	\$ 680,300	\$ 680,300	\$ 673,500	\$ 675,300
Fund Balance	\$ 520,378	\$ 468,186	\$ 675,200	\$ 252,386	\$ 479,386	\$ 494,086

Semi-Annual Debt Service Schedule

Payment Dates	Principal	Interest	Total	Fiscal Year
2/1/2008		166,597	166,597	166,597
8/1/2008	370,000	151,452	521,452	
2/1/2009		140,334	140,334	661,786
8/1/2009	405,000	140,334	545,334	
2/1/2010		128,163	128,163	673,497
8/1/2010	435,000	128,163	563,163	
2/1/2011		115,092	115,092	678,255
8/1/2011	455,000	115,092	570,092	
2/1/2012		101,419	101,419	671,510
8/1/2012	485,000	101,419	586,419	
2/1/2013		86,845	86,845	673,263
8/1/2013	515,000	86,845	601,845	
2/1/2014		71,369	71,369	673,213
8/1/2014	545,000	71,369	616,369	
2/1/2015		54,992	54,992	671,360
8/1/2015	575,000	54,992	629,992	
2/1/2016		37,713	37,713	667,704
8/1/2016	610,000	37,713	647,713	
2/1/2017		19,382	19,382	667,095
8/1/2017	645,000	19,382	664,382	664,382
TOTAL	\$ 5,040,000	\$ 1,828,663	\$ 6,868,663	\$ 6,868,663

THIS PAGE INTENTIONALLY LEFT BLANK

CAPITAL IMPROVEMENT PROGRAM OVERVIEW



CAPITAL IMPROVEMENT PROGRAM (CIP)

Capitola Five-Year Capital Improvement Program

The City of Capitola and the Capitola Redevelopment Agency adopts a joint five-year Capital Improvement Program, which is amended annually. The purpose of the program is to identify and prioritize capital improvement projects and funding sources. The Public Works staff prepares the Capital Improvement Program document.

This section of the budget contains recommended allocation of Capital Improvement Program funds for fiscal year 2011-12 and 2012-13. Project details for the full five-year Program, including on-going projects will be presented in the Capital Improvement Program document.

RDA: 5550 RDA Low/Mod Housing Fund

	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated Amount	FY11/12 Adopted	FY12/13 Planned
Fund: 5550 RDA Low/Mod Housing Fund						
Fund Balance	\$ 1,183,430	\$ 673,902	\$ 725,512	\$ 808,200	\$ 766,800	\$ (138,900)
Revenue						
3310 100 - Federal grant-operating category	\$ -	\$ (18)	\$ -	\$ -	\$ -	\$ -
3610 100 - Investment earnings LAIF	\$ 15,863	\$ 3,901	\$ -	\$ -	\$ -	\$ -
3630 100 - Loan repmt Princ repmt - Hsg loans	\$ 16,159	\$ -	\$ -	\$ -	\$ -	\$ -
3630 200 - Loan repmt Int earnings - Hsg loans	\$ 5,316	\$ -	\$ -	\$ -	\$ -	\$ -
3910 500 - Interfund transfer in RDA Oper	\$ 499,274	\$ 485,113	\$ 463,360	\$ 463,400	\$ 550,000	\$ 550,000
Total Sources	\$ 1,720,042	\$ 1,162,898	\$ 1,188,872	\$ 1,271,600	\$ 1,316,800	\$ 411,100
Expenditures						
<u>CS - Contract services</u>						
4305 900 - CS-Gen/Admin Contracts - general	\$ 38,375	\$ 143,447	\$ 30,000	\$ 10,000	\$ 20,000	\$ 20,000
4320 101 - CS-Legal svcs Legal services - general	\$ 32,078	\$ 9,142	\$ 20,000	\$ 15,000	\$ -	\$ -
4335 200 - CS-Fin Svcs Audit services	\$ 1,140	\$ -	\$ -	\$ -	\$ -	\$ -
4335 201 - CS-Fin Svcs Audit-Annual financial audit	\$ 490	\$ 670	\$ 1,400	\$ 2,000	\$ 1,500	\$ 1,500
4345 101 - CS-Plng & Hsg CDD staff services	\$ -	\$ -	\$ -	\$ 71,200	\$ -	\$ -
4345 202 - CS-Plng & Hsg Housing grant admin	\$ 26,354	\$ 22,848	\$ -	\$ 10,100	\$ -	\$ -
4345 206 - CS-Plng & Hsg Housing admin services	\$ 223,000	\$ 112,370	\$ 200,000	\$ 200,000	\$ 200,000	\$ 130,000
CS - Contract services Totals	\$ 321,437	\$ 288,477	\$ 251,400	\$ 308,300	\$ 221,500	\$ 151,500
TR - Training Totals	\$ -	\$ -	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
SUP - Supplies Totals	\$ -	\$ -	\$ 500	\$ 500	\$ 500	\$ 500
<u>GS - Grants and Subsidies</u>						
4500 100 - Hsg Grants & subsidies	\$ 724,703	\$ 11,471	\$ -	\$ -	\$ -	\$ -
4500 110 - Hsg Loma Vista rent subsidy	\$ -	\$ -	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
4500 111 - Hsg Wharf Road Manor rent subsidy	\$ -	\$ -	\$ 11,000	\$ 11,000	\$ 7,600	\$ 11,000
4500 112 - Hsg HSA Security Deposit Assistance	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -
4500 113 - Hsg CAB Emergency Hsg (rent) Assist	\$ -	\$ -	\$ 95,000	\$ 95,000	\$ 76,200	\$ 76,200
4500 120 - Hsg HSA Eligibility Screening	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ 10,000	\$ 5,000
4500 121 - Hsg HSA other prof svcs	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 35,000	\$ 30,000
4500 199 - Hsg Other grants & subsidies	\$ -	\$ -	\$ -	\$ -	\$ 259,100	\$ 259,100
4500 500 - Hsg Loans - Initial funding of loans	\$ -	\$ 54,750	\$ 60,000	\$ 49,200	\$ 840,000	\$ -
GS - Grants and Subsidies Totals	\$ 724,703	\$ 66,221	\$ 205,000	\$ 194,200	\$ 1,231,900	\$ 385,300
Total Expenditures	\$ 1,046,140	\$ 354,698	\$ 458,700	\$ 504,800	\$ 1,455,700	\$ 539,100
Fund Balance	\$ 673,902	\$ 808,200	\$ 730,172	\$ 766,800	\$ (138,900)	\$ (128,000)

Redevelopment Agency Low & Moderate Income Housing

Under the California Redevelopment Law ("CRL"), contained in the CA Health & Safety Code, Redevelopment Agencies must allocate at least 20% of their gross tax increment revenue to a separate fund, known as the Low and Moderate-Income Housing Fund. Expenditures in the Low and Moderate-Income Housing Fund must be used to maintain and expand the supply of housing affordable to low and moderate-income households. The proposed FY 10-11 budget includes the following general types of expenditures:

Administration: Administration includes salaries, wages and related costs of Agency staff for general administration of the Agency's housing program. These expenditures can be found in the *CS-Gen Plan/Housing* line item.

Professional Services: Professional Services include Expenditures incurred by the Agency for legal, audit, planning consultants and other professional services that are related to the general planning and development of Agency housing activities. These expenditures can be found in the *CS-Gen /Admin, CS-Legal svcs* and *CS-Financial Svcs* line items.

Assistance Programs: Assistance programs provide assistance to income eligible residents on an individual basis. The City, Agency and the Housing Authority of Santa Cruz County entered into a cooperative agreement for the Housing Authority to administer housing assistance programs. The proposal includes; Emergency Housing Assistance Program (\$76,200), and the Rental Subsidy programs for Loma Vista, Wharf Road Manor, Surf and Sand, and Cabrillo Mobile Home Parks (\$159,100). The agreement is for up to \$365,000/yr pursuant to the approval of a annual housing plan reviewed and approved by the City and Agency. Additionally, the City and Agency allocated funding towards Millennium Rental Subsidy/Infrastructure Program (\$100,000/yr). These expenditures can be found in the *grants & subsidies* section.

Special Projects: Special projects are focused on the production and preservation of multi-unit affordable housing projects through the provision of loans or grants to non-profit or for-profit housing developers. Special projects can also involve the acquisition of land the provision of predevelopment assistance, or other types of assistance to make development of affordable housing feasible. The partnership with Millenium Housing to acquire Castle Mobile Home Park is budgeted for \$840,000 pursuant to a loan agreement. The Agency's participation in this acquisition will deplete the Agency's Low and Moderate-Income Housing fund balance.

Section 33334.2(g) of the California Community Redevelopment Law provides that redevelopment agencies may use low and moderate income housing funds both inside and outside of a project area, upon a resolution of the Agency and legislative body finding that the use of funds outside the project area will be of benefit to the project area. Because the City's rental assistance program intends to use redevelopment agency housing funds outside of the Agency's project area the resolution adopting the FY 2010-2011 budget includes language making this finding. If additional Low and Moderate Housing Funds are committed to uses outside of the Agency project area a specific resolution making these findings will be required.

THIS PAGE INTENTIONALLY LEFT BLANK

Payments to Other Government Entities

Pass-Through Agreements

The Agency is required to distribute a portion of the gross tax increment to four other taxing agencies. Santa Cruz County Office of the Auditor Controller performs the calculation and makes the distribution for these pass-thru agreements:

- Santa Cruz County – This pass-thru is set in the tax sharing agreement at 22.96% of the Gross Tax Increment received by the Redevelopment Agency. Currently, Santa Cruz County is distributing to the County at the annual AB8 factor.
- Santa Cruz County Library District - This pass-through is estimated in the tax sharing agreement at 1.6% of the Gross Tax Increment received by the Redevelopment Agency beginning in year 21 (July 1st, 2002-June 30th 2003). Currently, Santa Cruz County is distributing to the Library District at the annual AB8 factor.
- Special Districts - This pass-through is estimated in the tax sharing agreement at 1.35% of the Gross Tax Increment received by the Redevelopment Agency beginning in year 21 (July 1st, 2002-June 30th 2003). Currently, Santa Cruz County is distributing to the Special District at the annual AB8 factor.

In addition, the Agency passes tax increment back to Central Fire District pursuant to a 1993 agreement. The annual distribution to Central Fire District is made by the Agency no later than June 30th of each fiscal year in an amount equal to 17.39% of the gross tax increment, minus: Housing Set Aside, ERAF payments, and funds deducted by the County pursuant to Revenue and Taxation Code Section 97.5(d).

Agency Debt and Obligations

The Agency currently has several forms of debt, which includes contractual obligations, loans from the City, and debt held by third parties. The proposed FY11-12 budget includes no new proposed debt. A summary of the existing Agency debt is included in the table below:

Debt	Loan Amount	Date initiated	Due/End date	Terms	Interest rate	2010-11 Payment	2011-12 Payment
Library District	\$ 459,101	11/30/1984	June 30, 2012	Amortized	n/a	\$ 45,900	\$ 45,900
Special Districts	\$ 201,161	11/30/1984	June 30, 2012	Amortized	n/a	\$ 20,100	\$ 20,100
Co-op agreement with City	\$ 618,028	10/11/2001	On demand or 12/13/2026	Interest only	7.75%	\$ 47,900	\$ 47,900
Chase NYC \$1 million loan	\$ 1,000,000	2/1/2002	September 29,2014	Interest only	4.75%	\$ 47,500	\$ 47,500
Short term loan from City	\$ 332,000	7/1/2002	June 30 annually through 2017	Interest only	10.00%	\$ -	\$ -
Rispin loan from City	\$ 1,350,000	7/24/2003	On demand or last day of tax increment eligibility	Interest only	7.75%	\$ 104,600	\$ 104,600
Capitola Library Trust	\$ 2,640,000	8/13/2004	February 1, 2018	Scheduled pmts	n/a	\$ 162,900	\$ 179,500
						<u>\$ 428,900</u>	<u>\$ 445,500</u>

Included in the table above as Capitola Library Trust Debt is an Agreement between the County of Santa Cruz and the City of Capitola requiring the Agency to provide funding to construct a Capitola Branch Library. The following is the current status of the scheduled library payments:

Capitola Branch Library Trust 76-126
Remaining Minimum Payments (a)

<u>Fiscal Year End</u>	<u>Minimum Payment</u>	<u>Accrued Interest</u>	<u>Cumulative Balance</u>
June 30th 2011 (b)	\$ 162,900	\$ 7,366	\$ 325,623
June 30th 2012	\$ 179,502	\$ 12,725	\$ 517,850
June 30th 2013	\$ 211,720	\$ 18,975	\$ 748,545
June 30th 2014	\$ 250,243	\$ 26,473	\$ 1,025,261
June 30th 2015	\$ 287,116	\$ 35,328	\$ 1,347,705
June 30th 2016	\$ 325,579	\$ 45,578	\$ 1,718,862
June 30th 2017	\$ 366,577	\$ 57,328	\$ 2,142,767
June 30th 2018	\$ 426,420	\$ 70,813	\$ 2,640,000
	<u>\$ 2,210,057</u>	<u>\$ 274,586</u>	

(a) Based on final library construction contract "First Implementation Agreement" signed and dated 8/13/05. Minimum scheduled payment is subject to increase based on any 2005 RDA Added Area (Rispin) tax increment. Figures are presented at a 3% interest rate for purposes of example. Actual rate is variable based on interest earnings from the County's pooled investment fund.

(b) June 30, 2011 cumulative balance represents contract-to-date principal and interest.

RDA Operating	FY08/09 Actual	FY09/10 Actual	FY10/11 Adopted	FY10/11 Estimated	FY11/12 Adopted	FY12/13 Planned
Fund Balance	\$ 3,068,100	\$ 3,489,465	\$ 2,955,796	\$ 3,066,971	\$ 1,846,971	\$ 1,229,871
Revenue						
3110 410 - Property taxes Tax increment - gross	\$ 2,328,374	\$ 2,396,817	\$ 2,316,800	\$ 2,316,800	\$ 2,400,000	\$ 2,500,000
3110 420 - Property taxes Tax increment - supplemental	\$ 167,994	\$ 28,747	\$ -	\$ 57,000	\$ -	\$ -
3610 100 - Investment earnings LAIF	\$ 91,970	\$ 23,837	\$ -	\$ 5,000	\$ 10,000	\$ 10,000
Total Sources	\$ 5,656,438	\$ 5,938,866	\$ 5,272,596	\$ 5,445,771	\$ 4,256,971	\$ 3,739,871
Expenditures						
PER - Personnel Totals	\$ -	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
<u>CS - Contract services</u>						
4305 106 - CS-Gen/Admin Chamber of Commerce	\$ -	\$ -	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
4305 108 - CS-Gen/Admin SCC Conf & Visitors Council	\$ -	\$ -	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
4305 300 - CS-Gen/Admin RDA co-op agreement	\$ 221,863	\$ 233,229	\$ 201,300	\$ 206,400	\$ 200,000	\$ 200,000
4305 301 - CS-Gen/Admin RDA co-op agreement-	\$ (134,000)	\$ (133,434)	\$ (130,800)	\$ (134,200)	\$ (130,000)	\$ (130,000)
4305 350 - CS-Gen/Admin Rispin-clnup,secure,use	\$ 6,907	\$ 69,158	\$ -	\$ 34,240	\$ -	\$ -
4305 900 - CS-Gen/Admin Contracts - general	\$ 143,510	\$ 46,830	\$ 50,000	\$ 45,000	\$ 25,000	\$ 25,000
4320 101 - CS-Legal svcs Legal services - general	\$ 503	\$ 5,871	\$ 25,000	\$ 20,000	\$ 15,000	\$ 15,000
4320 107 - CS-Legal svcs Rispin	\$ -	\$ 12	\$ -	\$ 5,000	\$ 5,000	\$ 5,000
4325 500 - Police Svcs Police City staff services	\$ 11,756	\$ 13,260	\$ -	\$ 20,000	\$ -	\$ -
4335 201 - CS-Fin Svcs Audit-Annual financial audit	\$ 6,521	\$ 2,679	\$ 5,500	\$ 7,500	\$ 7,000	\$ 7,000
4335 204 - CS-Fin Svcs Sales tax report (STAR)	\$ 3,213	\$ 5,394	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500
4335 601 - CS-Fin Svcs SCC-Property tax admin fee	\$ 29,177	\$ 31,277	\$ 31,000	\$ 35,200	\$ 35,000	\$ 35,000
4345 202 - CS-Plng & Hsg Housing grant admin	\$ 6,800	\$ 4,913	\$ -	\$ 5,000	\$ 5,000	\$ 5,000
4350 501 - CS-Plan Svc Rispin Site Planning	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 125,000	\$ -
4350 700 - CS-Plan Svc Library Planning	\$ -	\$ -	\$ 50,000	\$ 50,000	\$ 100,000	\$ -
4355 301 - CS-PW & Trans. Public Works & Utilities	\$ 6,838	\$ 9,732	\$ 10,400	\$ 10,400	\$ 10,400	\$ 10,400
4390 200 - Construction service Design services	\$ -	\$ 15,440	\$ -	\$ 32,660	\$ -	\$ -
4390 400 - Construction service Project constr	\$ 17,933	\$ 181,687	\$ 300,000	\$ 415,200	\$ -	\$ -
CS - Contract services Totals	\$ 321,021	\$ 486,050	\$ 624,900	\$ 834,900	\$ 454,900	\$ 229,900
SUP - Supplies Totals	\$ 590	\$ 112	\$ 6,200	\$ 6,200	\$ 6,200	\$ 6,200
CAP - Capital outlay Totals	\$ -	\$ -	\$ 25,000	\$ 25,000	\$ 550,000	\$ 25,000
DS - Debt service Totals	\$ 324,366	\$ 324,276	\$ 428,900	\$ 428,900	\$ 475,500	\$ 411,700
<u>PT - Pass through</u>						
4790 001 - Pass thru Santa Cruz County	\$ 580,529	\$ 564,671	\$ 528,000	\$ 540,000	\$ 560,000	\$ 582,500
4790 002 - Pass thru Fire District	\$ 343,960	\$ 209,996	\$ 323,000	\$ 446,400	\$ 336,000	\$ 350,000
4790 003 - Pass thru Library district	\$ 67,526	\$ 65,733	\$ 62,800	\$ 60,600	\$ 62,800	\$ 65,400
Special Districts	\$ 29,707	\$ 28,864	\$ 27,700	\$ 26,800	\$ 27,700	\$ 28,900
PT - Pass through Totals	\$ 1,021,722	\$ 869,264	\$ 941,500	\$ 1,073,800	\$ 986,500	\$ 1,026,800
<u>IGE - Intergovernmental expenditures</u>						
4810 001 - ERAF/SERAF SERAF payment	\$ -	\$ 703,080	\$ 144,600	\$ 144,600	\$ -	\$ -
<u>OFU - Other financing uses</u>						
4910.200 Interfund transfer out CIP capital pr				\$ 618,000		
4910 550 - Interfund transfer out RDA housing	\$ 499,274	\$ 485,113	\$ 463,400	\$ 463,400	\$ 550,000	\$ 550,000
OFU - Other financing uses Totals	\$ 499,274	\$ 485,113	\$ 463,400	\$ 1,081,400	\$ 480,000	\$ 500,000
Total Expenditures	\$ 2,166,973	\$ 2,871,895	\$ 2,638,500	\$ 3,598,800	\$ 3,027,100	\$ 2,253,600
Fund Balance	\$ 3,489,465	\$ 3,066,971	\$ 2,634,096	\$ 1,846,971	\$ 1,229,871	\$ 1,486,271

Revenue/Expenditures

The FY11-12 revenue projections for the Agency include a 3.47% growth in the total tax increment based on the State Board of Equalization assessment roll announcement to County Assessor. Total revenue to the Agency is projected to be \$2,400,000, with \$1,850,000 in the Redevelopment Operating Fund and 550,000 in the Housing Set Aside Fund. The Housing Set Aside was increased beyond the required minimum 20% to 23% to fund the Mobile Home Rental Assistance Program and fund the Emergency Rental Assistance Program.

The FY10-11 budget includes funding for several specific planning projects, including \$130,000 for Rispin site planning and \$100,000 for library planning work. Those items are included in the *CS-Plan Svc* line item under contract services.

In addition, the *Capital outlay* budget includes \$250,000 to continue stabilization efforts at the Rispin Mansion and \$300,000 to help fund the Clares Street Traffic Calming project.

Agency administrative expenses are controlled by an agreement between the City and the Agency (Cooperative Agreement). The Agreement established an administrative cost recovery rate at 15%. In an effort to provide enhanced staffing for Agency Housing Programs, in FY04-05 the City began to directly bill the Agency for administrative costs associated with Housing Fund.

The original Cooperative Agreement had previously established that 65% of the Agency's administration costs were associated with Housing Programs, while 35% were associated with general redevelopment activities. As the City now directly invoices the Housing Set-aside Fund for costs to administer housing activities, the FY10-11 Agency budget includes a refund of 65% of the Cooperative Agreement's 15% overhead rate back to the Agency Operating Fund.

Redevelopment Agency Operating Fund

Pursuant to Community Redevelopment Law, the City of Capitola formed the Redevelopment Agency of the City of Capitola to eliminate blight in the Redevelopment Project Area by facilitating the development of public infrastructure improvements and improving the quality and supply of affordable housing.

The Agency receives the majority of its funds from tax increment revenues. When the Agency was formed in 1982, the tax base for properties within the Project Area was “frozen” to form the base year. In 2004, additional land was added to the Project Area, creating a second base year, specific to those properties in the added area. As properties in the Project Area are reassessed due to sales or improvements, the tax base grows and the Agency receives the majority of the difference in property taxes paid between the “base year” and the new level.

This is called ‘tax increment financing’ and is the primary funding mechanism for redevelopment agencies in California. Tax increment financing does not result in an increase in taxes to property owners, but rather a redistribution of property taxes to the redevelopment agency to allow for reinvestment within the redevelopment project area. In general, redevelopment agencies result in more funding available to a local jurisdiction to improve a community.

FY11-12 Work Program

Project	Goals FY11-12
Rispin Mansion	Continue Rispin Mansion stabilization and safety improvements
Rispin Site Planning	Complete Rispin Property site planning.
Library design	Complete pre and schematic architectural design phases.
Crime prevention cameras	Install security cameras at strategic locations in the Project Area in partnership with private property owners using \$25,000 of RDA funding

FY 10/11 achievements

Project	June 30, 2010 Status
Rispin Mansion	Rispin Mansion stabilization and safety improvements
Rispin Site Planning	Council direction regarding Rispin site
Library design	Completing needs and program assessment
Crime prevention cameras	Install security cameras at strategic locations in the Project Area in partnership with private property owners using \$25,000 of RDA funding
Rispin Mansion Well	The water well was capped.

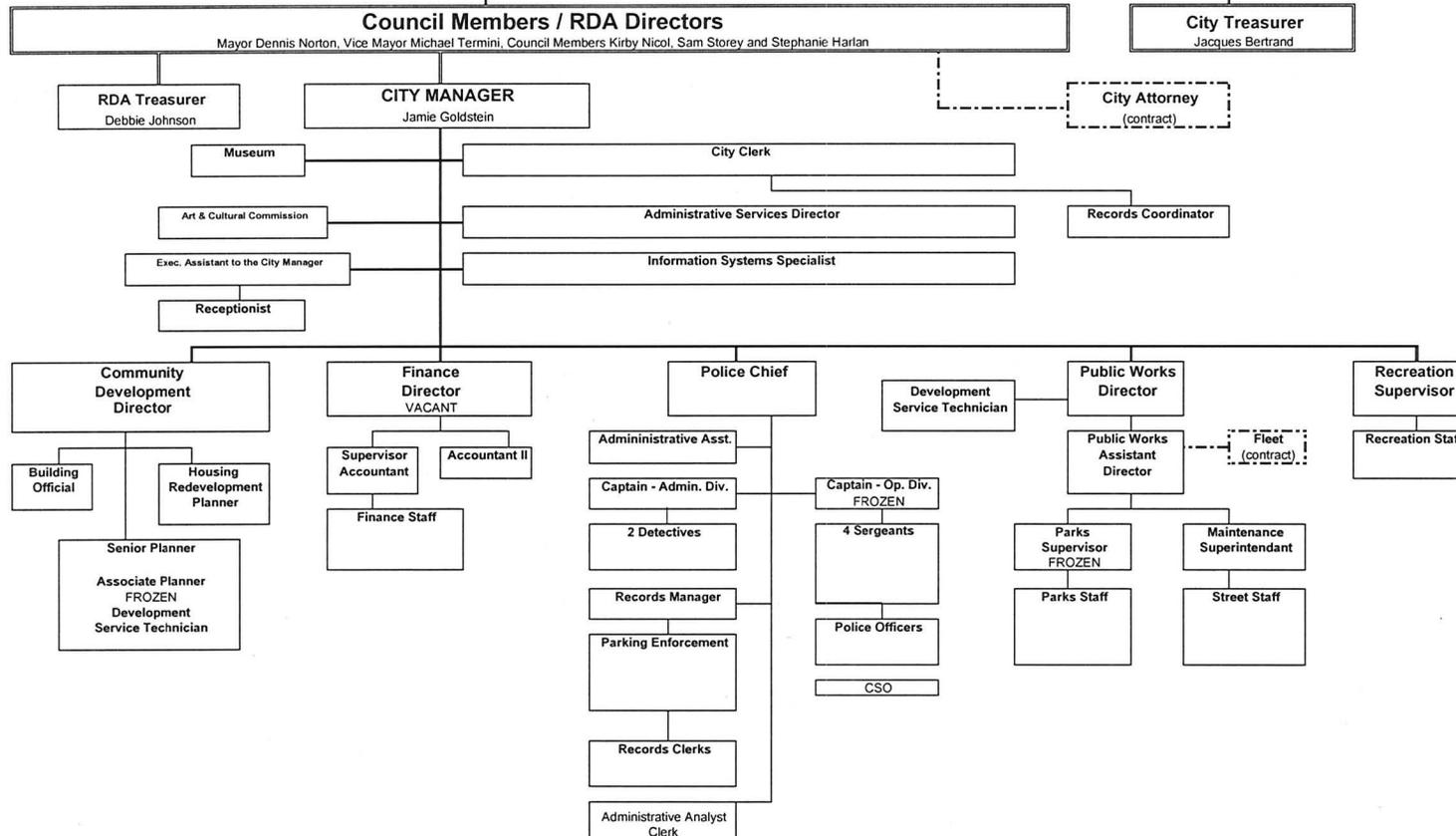
REDEVELOPMENT AGENCY



ATTACHMENT A

ORGANIZATION CHART

Citizens of the City of Capitola



ATTACHMENT B

FINANCIAL POLICIES



ADMINISTRATIVE POLICY

Number: III-3

Issued: June 8, 2000

Jurisdiction: City Council

FINANCIAL MANAGEMENT POLICIES

POLICY

The following financial policies (herein, the "Policies") were developed in an effort to assist the City of Capitola with the management of its operating and capital budgeting processes and to standardize and rationalize the issuance of debt by the City. Regular, updated policies are an important tool to insure the prudent use of the City's resources to meet its commitments, to provide needed services to the citizens of Capitola, and to maintain sound financial management practices. These Policies are therefore guidelines for general use, and allow for exceptions in extraordinary conditions. The Policies will have served their intended purpose if they stimulate an open debate about the City's operating and capital budget processes, existing and/ or proposed debt position, and they lead to informed decision-making by the City Council. In order to use the Policies properly, they should be applied in the context of the community's overall objectives and goals. The Policies are divided into three sections: Capital Budgeting and Reserves, Operating Budgeting and Reserves, and Other Policies.

A. CAPITAL BUDGETING AND RESERVES; ISSUANCE OF DEBT:

1. CAPITAL PLANNING -IN GENERAL:

To enhance creditworthiness and prudent financial management, the City of Capitola is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning, and implementation over a two-year period. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of an annual review of the City's five-year capital improvement budget.

2. USE OF LONG-TERM FINANCING METHODS:

Major capital improvements or acquisitions valued over \$250,000 may be made using long-term financing, methods, rather than out of operating revenue. The prioritization of capital projects eligible for debt financing is accomplished through a "needs assessments" undertaken in the formulation and development of the City's five-year capital improvement budget.

3. FISCAL ANALYSIS:

The City will require each capital appropriation request to include a fiscal analysis that identifies the amount of funds requested, the source of funds requested and the impact of the request on existing revenues and operations.

4. ASSET LIFE:

The City will consider long-term financing for the acquisition, maintenance, replacement, or expansion of physical assets (including land) only if they have a

useful life of at least five years. City debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

5. CAPITAL FINANCING -IN GENERAL:

The City will rely first on internally generated funds and/or grants and contributions from other government sources to finance its capital improvement needs. Capital improvements will be financed through user fees, service charges, assessments, special taxes or developer exactions so long as the benefits the City will derive from such improvements can be attributed to the users of the improvements. Moreover, the City will specifically consider the costs associated with any borrowing in order to determine that the above funding sources are adequate to service the proposed debt. Accordingly, the Policies assume that development fees will be set at a level that is sufficient at all times to insure that new development pays its fair share of the cost of constructing new facilities in the community.

Debt will be issued for a capital improvement project only in the case of emergency or when it is an appropriate means to achieve an equitable allocation of costs between current and future beneficiaries as determined by the City Council. Debt shall not, in general, be used for projects solely because insufficient funds are budgeted at the time of acquisition or construction. Debt will only be undertaken when the City believes that project revenues or specific resources will be available and sufficient to service the debt over its life. Debt financing will not be considered appropriate for any recurring purpose such as operating or maintenance costs.

The City will evaluate the use of debt in-Lieu of "pay-as-you-go" financing based on the following criteria:

Factors Favoring "Pay-as-you-Go" Financing:

1. current fund balances or project revenues are adequate to fund the project;
2. existing or proposed debt levels would have a deleterious effect on the City's credit rating;
3. credit market conditions are unstable or present extraordinary difficulty in marketing the proposed debt.

Factors Favoring Use of Debt:

1. revenues are deemed to be stable & reliable enough to support the proposed debt at investment grade ratings;
2. the nature of the financed project will support investment grade ratings;
3. credit market conditions present favorable interest rates and demand for financing such as the City's;
4. the project being financed is mandated by the state or federal government and resources are insufficient or unavailable;
5. the project being financed is immediately required to meet or relieve capacity needs and current resources are insufficient or unavailable;
6. the estimated useful life of the asset to be financed is greater than 5 years.

6. GENERAL OBLIGATION DEBT:

General obligation bonds provide the lowest borrowing costs for major public assets. The use of a general obligation pledge usually eliminates the need for a bond reserve and due to its high credit quality and the ability to levy a tax to repay it, produces borrowing terms and costs unavailable through other methods. Moreover, since the source of repayment of a general obligation bond is from proceeds of specific taxes, the City's operating funds and its operating position are not impacted by the issuance of general obligation bonds. Though the use of the term "general obligation bond" implies that the City's "full faith and credit" would be pledged to the repayment of the bond, the bond is actually repaid from an ad valorem tax on real property. Accordingly, the general obligation bond is more properly described as a "unlimited tax" bond.

Because of the absence of a limitation on the rate and amount of the tax that might be levied to pay a general obligation bond, state law and prudent finance practice require the submission of such a proposed debt to the electorate. Article XIII of the California Constitution requires that general obligation bonds be submitted to the voters for approval and that the issuance of such bonds be approved by a two-thirds vote.

Ad valorem property taxes affect various classes of taxpayers differently. Since the enactment of Proposition 13 in 1978, the increases in assessed value of real property have been limited for established property owners. This has the effect of disproportionately burdening newer property owners, who may have less wealth or taxpaying capacity than older, more established property owners. Moreover, business property owners, whose property turns over less frequently than residential property often benefit as a result of this phenomenon.

Cities in California may issue general obligation bonds only for the purpose of acquiring, improving or constructing real property. Accordingly, it shall be the City's policy to issue general obligation bonds only for such purposes and then only when the acquisition, improvement, or construction of the proposed real property will provide benefits to the community, in significant amounts, to both users and non-users of the facility.

7. USE OF OTHER DEBT, INCLUDING REVENUE BONDS, CERTIFICATES OF PARTICIPATION OR FINANCING LEASES.

Before issuing revenue debt or financing leases, the City will determine that the proposed facility is both necessary and desirable, and that no other financing method is practical to finance it. The City may use revenue debt or financing leases for those projects which are not sufficiently popular to obtain a two-thirds vote for the issuance of general obligation bonds or which must be financed at a time, or in a manner which do not permit the use of general obligation bonds. The City shall only use revenue debt or financing leases: if the project to be financed will generate

positive net revenues after debt service; or, if the project will significantly reduce City operating costs; or, if an equal or greater amount of non-City matching funds will be lost if City's revenue or financing lease funds are not applied in a timely manner; or, in the case of a financing lease, if the project to be financed is less than \$250,000; or, if the project to be financed provides essential City services or would so advance core City policy objectives that its value overrides the value of obtaining voter approval.

B. OPERATING BUDGETING AND RESERVES

1. TWO YEAR OPERATING BUDGET.

The City will maintain a long-range fiscal perspective through the use of a two-year operating budget and a five-year capital improvement budget.

2. BALANCED OPERATING BUDGET.

The City will maintain a balanced operating budget for all governmental funds with on-going revenues equal to or greater than on-going expenditures and debt service. This policy requires that in any given fiscal year we do not budget proposed expenditures in excess of the revenue we expect to receive in the same time frame.

3. "ONE-TIME" REVENUE.

The City will use "one-time" revenues, including fund balance carry-forwards, to fund nonrecurring expenditures. "One time" revenues cannot be relied on in future budget periods and should be used to stabilize existing revenues, retire early debt or for capital purchases.

4. NORMAL REVENUE INFLATION WILL GO TO PAY NORMAL INFLATION EXPENSES.

The City will assume that normal revenue inflation will go to pay normal inflation expenses. Any new or expanded programs will be required to identify funding sources. If normal revenue inflation does not keep up with expense inflation, expenses will be decreased or a new revenue source will be found. If revenues grow at a rate faster than expense inflation, expanded service levels may be considered.

5. CONTINGENCY APPROPRIATION.

For each fiscal year, the final adopted General Fund budget shall contain a funded Contingency Appropriation equal to ten percent (10%) of General Fund Expenditures. The City shall implement a strategy to reach the required funding level in no more than five fiscal years. The Contingency Appropriation " will provide a prudent level of financial resources to protect against temporary revenue shortfalls or unanticipated operating costs, and/or to meet short-term cash flow requirements. "

6. EMERGENCY RESERVES.

To protect against significant one-time costs, which might arise from major unpredictable emergency events, in addition to the Contingency Appropriation, the

City shall maintain a funded emergency reserve equal to five percent (5%) of General Fund budgeted expenditures.

7. REVENUE DIVERSIFICATION.

The City will endeavor to maintain a diversified and stable revenue base to minimize the effects of economic fluctuations on revenue generation and to protect it from short-term fluctuations in any revenue source.

8. REVENUE PROJECTIONS.

The City will prepare multi-year projections of revenues and other resources in order to understand the level of funding available for services and capital acquisition. The revenue projections will assist the City in understanding of revenue sensitivity to changes in assumptions and to controllable factors such as changes to tax rates or fees. The revenue projection will be for a period of at least two years into the future to evaluate how revenues may change over time, to isolate non-reoccurring revenues and to understand the impact of revenue growth. The major assumptions used in the revenue projection will be documented and identified and different scenarios may be developed to enable City Council to choose a preferred scenario.

9. EXPENDITURE PROJECTIONS.

The City will prepare multi-year projections of expenditures for each fund and for existing and proposed new programs. The expenditure projections will assist the City in determining whether projected expenditure levels can be sustained, whether new programs are affordable, and whether a program's current and future costs are acceptable compared to program benefits and projected revenue availability. The expenditure projections will be for a period of at least two years into the future to evaluate how expenditures may change over time. All expenditure projections should identify service level assumptions and key issues that may affect actual expenditures.

10. DEVELOPMENT FEES

The City's development process costs and related administrative expenses should be offset by development fees to the greatest extent possible. Fees will be reviewed and updated on an on-going basis to ensure that they keep pace with changes in the actual costs of service delivery as well as changes in the methods or levels of service delivery.

C. OTHER POLICIES

1. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The City will comply with all the requirements of Generally Accepted Accounting Principles. The City will always conduct its financial affairs and maintain its records in accordance with GAAP as established by the Government Accounting Standards Board, so as to maintain accuracy and public confidence in its financial reporting systems.

2. COUNCIL ACTION TO BE A SCHEDULED BUSINESS ITEM, NOT CONSENT CALENDAR.

For all debt sales, the City will require that the action taken by the City Council to incur the debt will be taken as a scheduled business item, and at a regular or special City Council meeting, consistent with state law. Generally, it shall be the City's policy to submit the proposed debt issuance to the City Council in a study session wherever possible prior to submittal to the full City Council as an action item at a regular or special meeting.

3. INTERNAL BORROWINGS

Provided sufficient resources are available, liquidity will not be impaired, and a defined source of repayment is available, the City will favor internal over external borrowings to achieve short-term liquidity. In accordance with the City Council Resolution #2683, the Finance Director will initiate and the City Manager will approve inter-fund borrowings, except for year-end accounting entries that create temporary inter-fund loans for the financial statement presentation purposes, and the City Manager will report such borrowings to the Council at its next regular meeting. Interest on inter-fund loans will be recorded only when necessitated by state or federal program requirements, or other contractual or legal obligations.

4. EMPLOYEE COMPENSATION

The City will continue to pay competitive market level compensation to our employees to ensure that the City has the ability to attract and retain well-qualified personnel while ensuring that the City's compensation practices are competitive and consistent with those of comparable employers.

This policy is approved and authorized by:



Richard Hill
City Manager

ATTACHMENT C

CITY INVESTMENT POLICY



ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: May 26, 2011

Jurisdiction: City Council

INVESTMENT POLICY

The policy for the investment of public funds shall at all times conform, by law, to Section 53601, et seq., of the California Government Code. In order of importance, the investment policy shall:

1. Provide for the safety of the funds
2. Assure the liquidity of the funds
3. Acquire earnings of the funds

This investment policy, or any modification thereof, shall be formulated by the City Treasurer and approved by the City Council and copies made available upon request.

The Treasurer's investment portfolio contains pooled investments of funds by both the City and of benefit assessment districts within the City. The earnings from pooled investments are shared proportionately with each investor.

City investment funds shall only be invested in the following permitted investments:

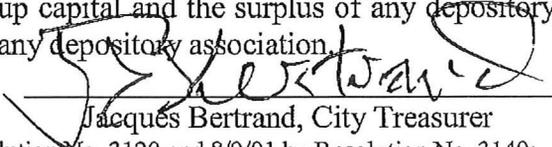
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months*

The following limitations shall apply to permitted investments:

T-Bills: Total dollar investment not to exceed 60% of total portfolio at time of investment.

Certificates of Deposit:

- A. Total dollar investment not to exceed 20% of total portfolio at time of investment.
- B. Maturity date of securities shall not be more than 365 days from date of purchase.
- C. Issuer must be one of top 20 national or state chartered banks, one of top 20 state or federal savings associations, or one of top 10 state licensed foreign banks as compiled by American Banker from Merrill Lynch.
- D. CD's may be purchased only from the issuer, a federal or state chartered bank, a federal or state association, or a brokerage firm designated as a primary dealer by the Federal Reserve Bank.
- E. The deposit shall not exceed the total of the paid-up capital and the surplus of any depository bank, nor shall the deposit exceed the net worth of any depository association.


Jacques Bertrand, City Treasurer

[City Council Resolution No. 2788, 5/9/96; Amended 3/22/01 by Resolution No. 3120 and 8/9/01 by Resolution No. 3149; Confirmed: 6/12/03; 6/10/04; 6/9/05; 5/25/06; 5/24/07; 6/12/08; 5/28/09; 5/13/10; 5/26/11]

ATTACHMENT D

CITY & CIP ADOPTION RESOLUTION

COPY

RESOLUTION NO. 3874

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
ADOPTING THE 2011/12 FISCAL YEAR CITY BUDGET AND CAPITAL
IMPROVEMENT PROGRAM (CIP) BUDGET**

WHEREAS, it is necessary to adopt the 2011/12 fiscal year budget for all City funds and Capital Improvement Program; and

WHEREAS, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budgets for the fiscal year July 1, 2011 through June 30, 2012; and

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2011/12 Fiscal Year Budget is hereby adopted as summarized on Exhibit A-1 (Budget Summary by Fund), Exhibit A-2 (General Fund Budget), Exhibit A-3 (Community Grant and Award Detail), Exhibit A-4 (Capital Improvement Projects) to this resolution.

BE IT FURTHER RESOLVED that the Finance Director is directed to enter the budget into the City's accounting records in accordance with appropriate accounting practices, and the City Manager, with the Finance Director's assistance, shall assure compliance therewith.

I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola at its special meeting held on the 15th day of June, 2011, by the following vote:

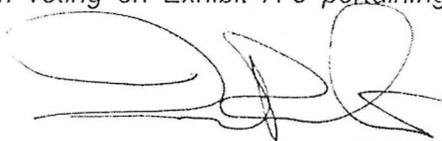
AYES: Council Members Harlan, Termini, Nicol, Storey, and Mayor Norton

NOES: None

ABSENT: None

ABSTAIN: None

(NOTE: Councilmember Storey abstained from voting on Exhibit A-3 pertaining to Community Grants only.)



Dennis R. Norton, Mayor

ATTEST:

 MMC
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3874 passed and adopted by the Capitola City Council on the 15th day of June, 2011.

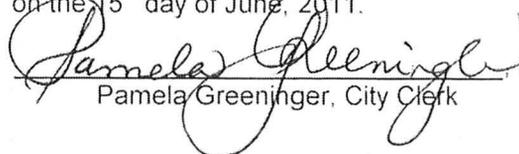
 MMC
Pamela Greeninger, City Clerk

EXHIBIT A-1 BUDGET SUMMARY BY FUND

City Funds	Estimated Balance 7/1/11	FY11/12 Adopted Revenue	FY11/12 Adopted Expenditures	Estimated Balance 6/30/12
Grand Total - General Fund	\$ (27,300)	\$ 12,358,600	\$ (12,331,300)	\$ -
<u>Designated Reserves</u>				\$ -
Fund Total: ISF - Compensated Absence	\$ 78,857	\$ 110,000	\$ (121,000)	\$ 67,857
Fund Total: Contingency Reserve	\$ 934,844	\$ -	\$ (530,000)	\$ 404,844
Fund Total: Emergency Reserve	\$ -	\$ 867,500	\$ (530,000)	\$ 337,500
Fund Total: Capital Improvement Fund		\$ 50,000	\$ (50,000)	\$ -
<u>Debt Service</u>				\$ -
Fund Total: Pension Obligation Bond	\$ 252,386	\$ 900,500	\$ (673,500)	\$ 479,386
<u>Internal Service Funds</u>				\$ -
Fund Total: ISF - Stores Fund	\$ 25,800	\$ 30,700	\$ (28,500)	\$ 28,000
Fund Total: ISF - Information Technology	\$ 143,025	\$ 117,000	\$ (117,100)	\$ 142,925
Fund Total: ISF - Equipment Replacement	\$ 252,517	\$ 153,000	\$ (128,000)	\$ 277,517
Fund Total: ISF - Self-Insurance Liability	\$ 254,857	\$ 128,400	\$ (128,300)	\$ 264,957
Fund Total: ISF - Workers Comp	\$ 175,000	\$ 467,700	\$ (467,400)	\$ 175,300
Fund Total: ISF - PERS	\$ 432,300	\$ 1,453,100	\$ (1,755,400)	\$ 130,000
<u>Special Revenues</u>				\$ -
Fund Total: SLESF	\$ -	\$ -	\$ -	\$ -
Fund Total: SCCACT - SCC ANTI CRIME	\$ (300)	\$ 71,400	\$ (71,400)	\$ (300)
Fund Total: Gas Tax Fund	\$ 30,991	\$ 263,400	\$ (292,800)	\$ 1,591
Fund Total: Wharf Fund	\$ 848	\$ 80,850	\$ (80,000)	\$ 1,698
Fund Total: Development Fees Fund	\$ (1,378)	\$ 10,000	\$ -	\$ 8,622
Fund Total: General Plan Update and Maint	\$ 405,120	\$ 127,000	\$ (238,300)	\$ 293,820
Fund Total: Green Building Education Fund	\$ 45,373	\$ 10,000	\$ (30,000)	\$ 25,373
Fund Total: Public Arts Fee Fund	\$ 236,812	\$ 120,000	\$ (211,700)	\$ 145,112
Fund Total: Parking Reserve Fund	\$ 12,649	\$ 100,000	\$ (75,000)	\$ 37,649
Fund Total: Technology Fee Fund	\$ 9,802	\$ 5,900	\$ (5,000)	\$ 10,702
Fund Total: PEG - Public Ed and Govern	\$ 80,903	\$ 20,100	\$ (54,500)	\$ 46,503
Fund Total: BIA - Capitola Village-Wharf	\$ 1,040	\$ 70,300	\$ (71,600)	\$ (260)
Fund Total: CDBG Grants	\$ 12,405	\$ 70,000	\$ (7,100)	\$ 75,305
Fund Total: CDBG Programs	\$ 2,300	\$ -	\$ -	\$ 2,300
Fund Total: CDBG Program Inc 07-08 RLF	\$ 5	\$ -	\$ -	\$ 5
Fund Total: HOME ReUse Funds	\$ (9,700)	\$ 12,300	\$ -	\$ 2,600
Fund Total: HOME Grant Fund	\$ (4,721)	\$ -	\$ (10,000)	\$ (14,721)
Fund Total: Housing Trust Fund	\$ 342,886	\$ 18,000	\$ (193,000)	\$ 167,886
Fund Total: BEGIN Grant Fund	\$ 60,000	\$ -	\$ (60,000)	\$ -
TOTAL SPECIAL REVENUES	\$ 1,225,035	\$ 979,250	\$ (1,400,400)	\$ 803,885
<u>Redevelopment Agency</u>				\$ -
Fund Total: RDA Operating Fund	\$ 1,810,071	\$ 2,410,000	\$ (2,997,100)	\$ 1,222,971
Fund Total: RDA Low/Mod Housing Fund	\$ 837,900	\$ 550,000	\$ (1,385,700)	\$ 2,200
TOTAL RDA		\$ 2,960,000	\$ (4,382,800)	\$ 1,225,171

EXHIBIT A-2 GENERAL FUND BUDGET

<u>GENERAL FUND SUMMARY</u>	<u>FY11/12 Adopted</u>
TX - Taxes Totals	\$ 8,371,200
LP - Licenses and permits Totals	\$ 229,500
IR - Intergovernmental revenues Totals	\$ 252,700
CFS - Charges for services Totals	\$ 2,276,400
FF - Fines and forfeitures Totals	\$ 814,000
UMP - Use of money & property Totals	\$ 330,300
OR - Other revenues Totals	\$ 59,500
OFS - Other financing sources Totals	\$ 25,000
<u>Revenue Totals</u>	<u>\$ 12,358,600</u>
Expenditures	
Personnel Totals	\$ 7,741,400
Contract services Totals	\$ 2,264,950
Supplies Totals	\$ 508,250
Community Grants	\$ 137,500
CAP - Capital outlay Totals	\$ -
Internal service fund charges Totals	\$ 846,700
<u>Sub Total Before Fund Transfers</u>	<u>\$ 11,498,800</u>
<u>Fund Transfers</u>	<u>\$ 832,500</u>
Expenditure Totals:	\$ 12,331,300

<u>GENERAL FUND EXPENDITURES</u>	<u>FY11/12 Budget</u>
DEPARTMENT TOTALS	
City Council	\$ 88,700
City Manager	\$ 785,100
Personnel	\$ 212,800
City Attorney	\$ 183,600
Finance	\$ 678,300
Community Grants	\$ 137,500
Police-Law Enforcement	\$ 5,028,870
Police-Parking Enforcement	\$ 485,300
Police-Lifeguard	\$ 89,700
Police-Animal Services	\$ 16,200
Public Works -Streets	\$ 1,092,195
Public Works - Facilities	\$ 277,000
Public Works-Fleet	\$ 285,320
Public Works-Parks	\$ 436,270
Community Development	\$ 518,900
Building	\$ 203,785
Recreation	\$ 853,760
Museum	\$ 77,300
Arts & Culture	\$ 48,200
Subtotal Before Fund Transfers	\$ 11,498,800
General Fund Transfers	\$ 832,500
Expenditure Totals	\$ 12,331,300

EXHIBIT A-3 COMMUNITY GRANT AWARDS

Community Grants	FY 11-12 Capitola Funding
Advocacy, Inc.	\$4,235
Big Brothers Big Sisters	\$2,762
Cabrillo Stroke and Disability Center	\$6,758
California Grey Bears, Inc.	\$13,941
California Rural Legal Assistance	\$3,626
Campus Kids Connection, Inc.	\$16,565
CASA of Santa Cruz County	\$2,227
Central Coast Center for Independent Living	\$14,697
The Shelter Project - Community Act Bd.	\$1,356
Community Bridges	\$110,528
Conflict Resolution Center of Santa Cruz	\$2,758
Dientes Community Dental Care	\$1,378
Families in Transition	\$2,422
Family Service Agency of the Central Coast	\$8,599
Homeless Services Center of Santa Cruz County	\$2,508
Hospice of Santa Cruz County	\$1,380
Parents Center Santa Cruz	\$7,088
Santa Cruz AIDS Project	\$9,150
Santa Cruz Community Counseling Center	\$6,886
Santa Cruz County Office of Education	\$1,356
Santa Cruz Toddler Care Center	\$1,234
Second Harvest Food Bank of Santa Cruz and San Benito Counties	\$9,825
Senior Citizens Legal Services	\$9,743
Senior Network Services, Inc.	\$2,461
Seniors Council of Santa Cruz and San Benito Counties	\$3,277
Survivors Healing Center	\$528
United Way-Child Abuse Prevention	\$6,107
Vista Center for the Blind and Visually Impaired	\$1,841
Volunteer Center of Santa Cruz County	\$1,356
Women's Crisis Support - Defensa de Mujeres	\$3,613
WomenCARE	\$2,265
Cultural Council of Santa Cruz County	\$4,147
Native Animal Rescue	\$1,188
O'Neill Sea Odyssey	\$5,816
Save our Shores	\$1,379
TOTAL	\$275,000

2011-12 FISCAL YEAR		All figures x1.000			2011-12 Proposed Funding						Adopted 2010-11 Appropriations	Total Appropriations
Project	Project Number	Location	Prior Budget Appropriations	Final cost	General Fund	Grants & Other	Gas Tax	TDA	RDA	Wharf		
				<u>Estimated Cost to date</u>								
<u>Completed Projects</u>												
Capitola Road Pedestrian Improvements	cs0002	41st Ave to 45th Ave		\$ 362								
41st Avenue Paving UPRR south	cs0013	Payment to County		\$ 10.0								
Beulah House Demolition	cp0001	504 Beulah Ave		\$ 18.7								
<u>On-Going Projects</u>												
Pacific Cove Parking Structure		Pacific Cove Parking Lot	\$ 42.5	\$ 42.5		\$ 50					\$ 50	\$ 92.5
Clares & Wharf Traffic Calming	ct0001	41st Ave to Wharf Rd	\$356.0	\$ 57.0							\$ -	\$ 356.0
38th Avenue Overlay	cs0008	Brommer St to Capitola Ave	\$ 590.0	\$ 53.0							\$ -	\$ 590.0
Esplanade Park Retaining Wall	cp0003	Esplanade Park	\$ 6.6								\$ -	\$ 6.6
Pavement Management Program	cs0011	Cherry Street	\$ 89.0	\$ 11.0							\$ -	\$ 89.0
Slurry Seal Program	cs0012	43rd,44th, 47th, 48th, & Grace	\$ 142.5								\$ -	\$ 142.5
Police Department HVAC	cf0001	Police Department	\$ 56.0	\$ 56.0							\$ -	\$ 56.0
Soquel Creek Flume Repairs	cc0001	Beach	\$ 10.0	\$ 10.0		\$ 30					\$ 30	\$ 40.0
Electric Vehicle Charging Stations	ct0001	Pacific Cove	\$ 4.5	\$ 4.5							\$ -	\$ 4.5
Rispin Hazard Abatement	cb0001	Rispin	\$ 650	\$ 300					\$250			\$ 900.0
<u>New Projects</u>												
Pavement Management Program		Monterey Ave, Bay Ave, Fanmar			\$50						\$ 50	\$ 50.0
Totals					\$ 50	\$ 80	\$-	\$-	\$ 250	\$-	\$ 130	\$ 2,327.1

ATTACHMENT E

RDA ADOPTION RESOLUTION

ATTACHMENT F

GANN/ANNUAL APPROPRIATION

COPY

RESOLUTION NO. 3869

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA
SETTING THE 2011-12 FISCAL YEAR APPROPRIATION LIMIT PURSUANT
TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION**

WHEREAS, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2011-2012 fiscal year appropriation limit shall be \$ 12,662,030, calculated as follows:

Change in Local Non-residential New Construction	1.21911
Population change within the county:	1.00720
2010-2011 Appropriation Limit:	\$ 10,312,043
Adjustment Factor (1.21911 X 1.00720)	x <u>1.22789</u>
2011-2012 Appropriation Limit:	<u>\$ 12,662,030</u>

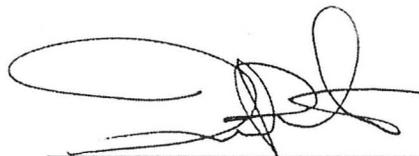
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 9th day of June, 2011, by the following vote:

AYES: Council Members Harlan, Termini, Nicol, Storey, and Mayor Norton

NOES: None

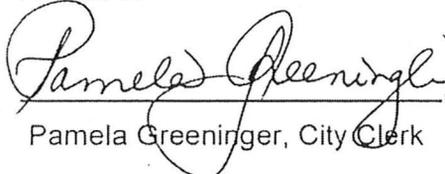
ABSENT: None

ABSTAIN: None

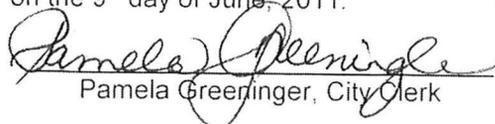


Dennis R. Norton, Mayor

ATTEST:

 MMC
Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3869 passed and adopted by the Capitola City Council on the 9th day of June, 2011.

 MMC
Pamela Greeninger, City Clerk



CITY COUNCIL AGENDA REPORT

MEETING OF JUNE 9, 2011

FROM: FINANCE DEPARTMENT

DATE: JUNE 1, 2011

SUBJECT: ADOPT RESOLUTION SETTING THE 2011-12 APPROPRIATION LIMIT AS
REQUIRED BY ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

Recommended Action: By motion and roll call vote, that the City Council adopt the proposed Resolution Setting the 2011-12 Fiscal Year Appropriation Limit Pursuant to Article XIII B of the California Constitution.

BACKGROUND

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Initiative, establishing Article XIII B of the State Constitution. This proposition places annual limits on the appropriation of tax proceeds that can be made, based on the 1978-79 base year, and adjusted each year for population growth and cost-of-living factors. It precludes state and local government from retaining "excess" revenues above the appropriation limit, and requires the State to reimburse local government for the cost of certain mandates.

Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the limit, adds additional exempted items, and further adjusts allocation of excess revenues.

The appropriations limit applies only to tax proceeds. Charges for services, fees, grants, loans, donations, and other non-tax based proceeds are excluded. Exemptions are also made for voter approved debt, debt that existed prior to January 1, 1979, and for the cost of compliance with court or Federal government mandates.

The State Constitution requires that prior to June 30 of each year, Council ratify calculation factors and set the City's appropriations limit for the following fiscal year.

DISCUSSION

The Appropriations Limit for a given fiscal year is established in the months preceding the beginning of that fiscal year. The California Revenue and Taxation Code, Section 2227, mandates that the Department of Finance transmit an estimate of the percentage change in population, "Annual Percent Change in Population Minus Exclusions", to local governments. Each local jurisdiction uses this percentage change in population factor for January 1, 2011 in conjunction with the County-issued "Local Nonresidential Property Value Increment By Fund" to calculate the Appropriation Factor used in determining the Limit.

