

# THE CITY OF CAPITOLA & CAPITOLA SUCCESSOR AGENCY FISCAL YEAR 2012-2013 ADOPTED BUDGET





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Susan Westman, Interim Community Development Director

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# 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.*

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TO: City Council

FROM: City Manager

SUBJECT: FY 2012/13 and FY 2013/14 Budget

### **Overview**

On behalf of City Staff, I am pleased to submit for review and consideration a balanced budget for Fiscal Year (FY) 2012/2013. The City of Capitola, like many local governments, has been challenged due to the economic downturn, recent state take-aways, and depleted reserve accounts. While the Adopted Budget represents a balanced plan for the next year, at the City Council's direction, funding for several discretionary expenditures was reduced to meet the current fiscal constraints.

The Fiscal Year 2012/2013 budget has been impacted by a number of factors including:

- State-mandated dissolution of the City's Redevelopment Agency
- Closure of the Pacific Cove Mobile Home Park
- Downturn in development activity due to the slow pace of economic recovery, and reduced workload on the City's General Plan update
- Expiration of the Federal COPS grant, which funded a City police officer for the past three years
- Underfunded reserve accounts, which were used to respond to the March 2011 pipe failure in Pacific Cove Others
- Lack of State and Federal funding for important transportation projects

These combined actions reduced the City's FY2012/2013 budget by approximately \$1,000,000.

To a limited degree, these impacts are reduced by the expected opening of Target at the Capitola Mall, which is anticipated to increase sales tax revenue by approximately \$350,000. Nevertheless, the overall impact to the City's General Fund is a contraction of nearly \$521,000 in available resources. The challenge which staff faced was preparing a balanced budget in the face of the decrease in funding while providing the same high-level of services and programs for Capitola residents and visitors.

## Budget Process

The City's budget process begins in February of each year with a mid-year report, followed by the establishment of Budgeting Principles. Each department prepares a draft operating budget that is reviewed by the Finance Director, City Manager, and then forwarded to the Finance Advisory Committee (FAC) for review.

During a public hearing in March, the City Council directed staff to defund a number of programs in the Proposed Budget, and provide the City Council with an unallocated source of funds which could be allocated during the budget process based on Council priorities.

Defunded Items FY12/13 Proposed Budget	Historic Budget	FY 12/13 Adopted Budget
CIP	\$250,000	\$22,500
Community Grant Funding	275,000	249,561
Chamber	30,000	22,500
CVC	23,000	17,250
Begonia Festival	5,000	5,000
Bike to Work	1,000	-
United Way Community Assessment	1,000	1,000
Total Discretionary	\$585,000	\$317,811

Based on the Council direction, and the adopted Budget Principles, staff prepared a Proposed Budget for FY 12/13 which included defunding the items listed in the table above. These items were typically funded based on the amounts listed in the Historic Budget column. In addition, there were a number of other cost reductions as compared to the Planned FY 12/13 Budget which was adopted last year, including:

- Establishing a contract for Lifeguard services with the City of Santa Cruz
- Decreasing the full time Community Development Director to part time
- Deleting the additional full time Community Service Officer
- Decreasing the additional full time Records Clerk to a part time hourly position
- Realizing contract savings in parking meter repair/maintenance

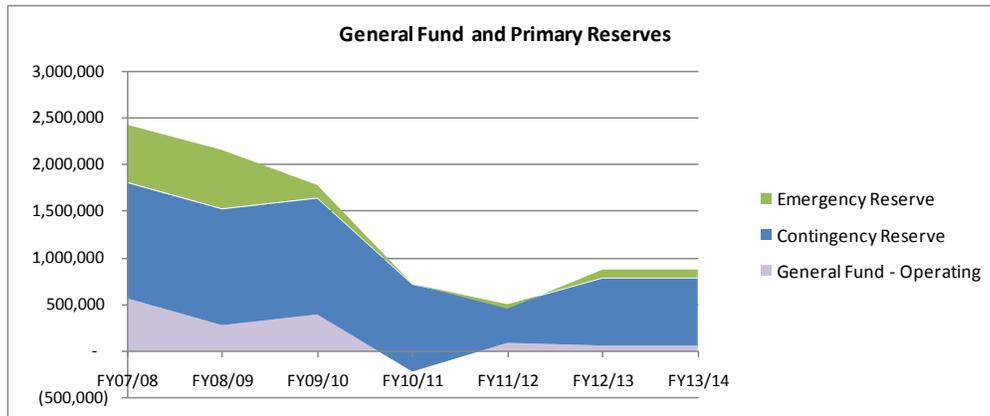
With these savings, and defunding the items outlined above, the Proposed FY12/13 Budget included a net surplus of \$339,721. Of that amount, \$265,000 was generated from one-time funding sources. During the Budget Hearings, City Council allocated funding to the various programs listed in the preceding table.

## Fiscal Status

The recent fiscal years have been financially difficult for the City. In March of 2011, an underground storm drain failed sending water through the Pacific Cove Mobile Home Park, City Hall, and portions of Capitola Village. As a result of the damages, the City had to pay over \$1.4 million in flood related costs from the Emergency Reserve Fund, with an additional \$200,000 of anticipated expenses to rebuild retaining walls in Pacific Cove.

At the end of FY11/12 staff was projecting the City would have only \$358,000 in reserves; which is \$1.4 million below the policy funding level. During the FY12/13 Budget Hearings, a transfer of \$50,000 from the General Fund and \$400,000 from the internal service funds was approved to assist in replenishing the reserves. This action increased the reserve balance to \$808,000; which brought them within \$960,000 of the policy funding level. While this assisted the City in achieving short-term funding objectives, it reduced the amount of funds set aside for the replacement of vehicles and information technology equipment. While the City is continuing to pursue loss recovery from the City's insurance provider, there is still much uncertainty as to whether the City will receive any reimbursement.

The overall trends related to the City's primary reserve accounts are presented in the following chart.



On a more positive note, the City is anticipating a 2% increase in sales tax revenue, along with an additional \$350,000 annually from the opening of a new Target. Parking Meter revenue is also trending positive towards the last quarter of FY11/12 and property taxes are projected to remain stable. Transient occupancy tax (TOT), which accounts for over 7% of general fund revenues, is also projected to increase by 2% in FY12/13 and FY13/14;

Nevertheless, due to loss of the RDA, declining development projects, and closing Pacific Cove Mobile Home Park, the City's FY12/13 receipts are projected to be closer to the 2010 levels.

In the past, to respond to the declining revenue environment, the City has made strategic decisions that have helped the City to maintain resiliency in difficult economic times. To assist in cost containment, the City has successfully insulated itself from rising payroll costs by negotiating caps on retirement and health care. As a result, the City's pension costs have remained flat over the last several years. These increased costs have been passed onto employees, and have resulted in a reduction in employee take-home pay.

### Prior Year Accomplishments

Although the City had several fiscal issues, there were many accomplishments in FY11/12. These accomplishments include:

- Continuing process of recovery from significant infrastructure damage as a result of the failed storm drain in March 2011
- Establishing new agreements with several employee groups that expand on the City's past significant pension reform actions.
- Developing process to close Pacific Cove Mobile Home Park, and began effort to determine new uses for the site.
- Installing pay stations in the Village that accept credit cards

- Using expiring Redevelopment Agency funds to secure the Rispin Mansion
- Managing close-out of the former RDA, in an attempt to secure valuable programs to the community which includes funding for the Capitola Library, money to help ensure affordability at several mobile home parks, and resources to help facilitate mall redevelopment
- Resolving mobile home litigation
- Completing remodel of the Police Department after the water damage from March 2011 disaster
- Continuing to work with the General Plan Advisory Committee on the General Plan including the completion of special study area plans for 41st Avenue, Bay Avenue, Central Village and the Pacific Cove/City Hall site
- Recruiting and hiring a new Police Chief and a Finance Director

### **Budget Principles**

The table on the following page outlines the City's adopted budget principles for FY2012/13. Included in that table are staff-recommended goals for the fiscal year.

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.

### **Conclusion**

In the words of Winston Churchill, *A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.*

As the new fiscal year approaches, there will be many opportunities to find new and better ways of serving the community. With continued citizen participation, City Council leadership, and ongoing efforts of dedicated employees I am confident Capitola will continue to be a great place to live, work, and enjoy.

## FY12/13 BUDGET PRINCIPLES

Adopted Budget Principles	Staff Recommended Fiscal Year Goal	Proposed Budget Items
<b>I. Fiscal Policy Principles</b>		
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"> <li>• Maintain City operations within adopted budget, ending year with a positive fund balance</li> <li>• Reestablish the reserve accounts in 5-7 years (minimum of \$300,000 per year)</li> <li>• Identify essential and non-essential City services</li> <li>• Develop a sustainable cost allocation model</li> </ul>	<ul style="list-style-type: none"> <li>a) Present options to Council to reestablish reserves</li> <li>b) City Manager and Department heads to review and prioritize city services</li> </ul>
2. Support economic development programs along 41 <sup>st</sup> Avenue, in the Village, and other commercial areas	<ul style="list-style-type: none"> <li>• Obtain CDGB planning grant for Village hotel</li> <li>• Develop plan for revenue positive uses for McGregor site</li> <li>• Develop 41<sup>st</sup> Ave. redevelopment plans in coordination with General Plan</li> </ul>	<ul style="list-style-type: none"> <li>c) Continue to provide staff support in City Manager and Community Development departments for economic development.</li> </ul>
3. Maintain responsible level of fees for service throughout the city organization – do not increase fees	<ul style="list-style-type: none"> <li>• Consider strategic Recreation fee levels to maintain high quality program with fees in line with other area programs</li> </ul>	<ul style="list-style-type: none"> <li>d) Review and revise the City's overall fee schedule</li> <li>e) Review and revise the Community Development fee structure</li> </ul>
<b>II. Public Service Principles</b>		
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"> <li>• Upgrade City website</li> <li>• Implement on-line payment for appropriate City fees/permits</li> <li>• Make searchable archive of Council meeting agendas/packets available on-line</li> <li>• Establish a City social media presence</li> </ul>	<ul style="list-style-type: none"> <li>f) Allocate \$30,000 from IT Fund for website update</li> <li>g) Expand City's ability to accept credit cards, while including reasonable fees</li> </ul>
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"> <li>• Implement pilot Village foot patrol program through public/private partnership during busy summer evenings</li> <li>• Fill officer vacancies</li> <li>• Continue to explore ways to improve service to the community</li> <li>• Continue to examine contract services to reduce costs and increase efficiency levels</li> </ul>	<ul style="list-style-type: none"> <li>h) Consider consolidation with other agencies to increase or maintain services and reduce costs</li> <li>i) Explore using Capitola's share of asset seizure funds to start Capitola Police Athletic League surf team</li> <li>j) Replace dated vehicles</li> </ul>
3. Continue to fund or review funding sources for the CIP, Chamber of Commerce, CVC, Begonia Festival, and Community Health and Human Service Providers	<ul style="list-style-type: none"> <li>• Fund key components of Capitola public service for residents and visitors</li> </ul>	<ul style="list-style-type: none"> <li>k) Prioritize CIP funding for use of one time funds</li> <li>l) Council to weigh importance of returning reserves to Financial Policy levels versus consideration of other uses of City funds</li> </ul>

<b>III. Public Improvement Principles</b>		
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"> <li>• Continue implementation of Pavement Management Plan</li> <li>• Complete Clares traffic calming project</li> <li>• Pending funding authorization, complete Parking Structure design for CEQA</li> </ul>	m) Update the Pavement Management Plan and develop a funding strategy
2. Ensure programs are in place to judiciously respond to development projects on the McGregor and other public and private properties	<ul style="list-style-type: none"> <li>• Develop long term plan for Pacific Cove MHP site</li> <li>• Complete CEQA/permits for new uses at Rispin Property</li> <li>• Develop revenue positive project plan for McGregor</li> </ul>	n) Establish a framework to develop Council consensus on the future use and development of public properties
3. Maintain and improve Capitola's natural recreation resources and support sustainable programs that keep Capitola government and the community green	<ul style="list-style-type: none"> <li>• Develop alternative community garden site</li> <li>• Continue to increase solid waste diversion rates throughout city</li> <li>• Enhance environmental programs through education and outreach</li> <li>• Review purchases of cleaning and other materials to make sure safest materials are used</li> <li>• Continue implementation of storm water and other environmental programs</li> <li>•</li> </ul>	<p>o) Continue to increase recycling diversion rates through expansion of existing programs</p> <p>p) Continue \$90,000 funding for NPDES program and water quality monitoring.</p> <p>q) Continue staffing to monitor 2-year pilot commercial composting program and propose revisions as necessary</p> <p>r) Maintain \$9,000 in funding for recycling education</p>
<b>IV. Public Improvement Possibilities</b>		
1. Support the Capitola Library	<ul style="list-style-type: none"> <li>• Complete Library program needs assessment process</li> <li>• Begin library design process</li> </ul>	s) Continue Trust payments pursuant to the certified Recognized Obligation Payment Schedule
2. Explore options to develop a skate park and dog park	<ul style="list-style-type: none"> <li>• Develop options for skate and dog park locations</li> </ul>	t) Allocate staff resources to hold hearings
3. Improve pedestrian/ADA access in the City	<ul style="list-style-type: none"> <li>• Continue to closely monitor ADA compliance in all new construction</li> <li>• Integrate complete-street requirements into GP update</li> <li>• Ensure ADA access to all public projects</li> </ul>	<p>u) Continue \$10,000 allocation for ADA improvements</p> <p>v) Fund ADA ramp at Rispin through RDA</p>
4. Open the entire Rispin property to the public	<ul style="list-style-type: none"> <li>• Pursue park improvement grants to complete Rispin Park</li> </ul>	w) As CIP funds are available, consider use of a portion of them for Rispin improvements

# COMMUNITY PROFILE



# Community Profile

The City of Capitola is a small coastal community located in Santa Cruz County. Situated on the northern edge of the Monterey Bay, 35 miles north of Monterey and 75 miles south of San Francisco, Capitola enjoys a rich history and offers residents diverse recreational opportunities. Capitola Village is located along a wide beach with expansive views of Monterey Bay and is home to numerous craft galleries, boutiques and restaurants. The City is host to numerous events, including the Begonia Festival, Capitola Art & Wine Festival, and the annual Wharf to Wharf Race.



Voted one of the best beach locations on the California Coast by Sunset Magazine, Capitola has fishing and boating services in addition to its beachfront restaurants, shops and entertainment. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

Capitola's history began with Frederick Hihn, a native of Germany who came to California during the Gold Rush, obtained the land that is now Capitola Village in 1865 from the heirs of rancho grantee Martina Castro. A few years later, Hihn leased the parcel near the wharf at Soquel Landing to S. A.



Hall, a former contractor who planned to settle down as a farmer. In 1874, his daughter, Lulu Hall Wolbach, suggested that he set up a tent camp along the beach for the summer. It may have been Lulu, a former Soquel teacher, who named the resort "Capitola" after the heroine in a series of popular novels. Camp Capitola welcomed its first guests on July 4, 1874.

The Hall family set up the tents along a dirt path every summer for five years, until increases in rent forced them to give up the lease. A series of other tenants continued the camp and began to make improvements. By the time the Santa Cruz-Watsonville Railroad was broad gauged in 1883, Capitola had become the destination of thousands of summer visitors who wanted to escape the sweltering heat of the state's interior. Hihn himself took

over direction of the resort's progress in 1884, when he created a subdivision map and began to sell lots for summer homes. Visitors stayed at the big hotel or in cabins and tents along the beach, and enjoyed themselves on land and sea.

Following Hihn's death in 1913, Capitola was inherited by his daughter, Katherine Henderson, who sold it shortly after World War I to Henry Allen Rispin of San Francisco. Rispin's dream was to renovate and modernize Capitola so that it would be appealing to vacationers from the San Francisco Bay Area. He spent a fortune on his schemes for "Capitola-by-the-Sea," until he went bankrupt just before the start of the Great Depression in 1929.

Lulu and S. A. Hall, Frederick Hihn, and Henry Rispin were the early builders and protectors of a small seaside camp that may today be California's oldest continuing resort.

## Summary Statistics

Date of Incorporation: 1949

Form of Government: Council – Manager

Area – Square Miles: Approx. 2 square miles

Average Temperature: 59 Degrees



## Demographics

Calendar Year	Population	Per Capita Personal Income \$	Median Age	Unemployment Rate %
2001	10,091	38,600	35.0	4.2
2002	10,089	37,900	35.0	4.6
2003	10,084	37,500	38.0	3.8
2004	10,011	39,800	38.0	3.4
2005	9,914	41,917	37.0	3.1
2006	9,901	45,925	37.0	4.9
2007	9,921	51,669	37.0	5.3
2008	9,988	51,140	38.0	7.1
2009	10,073	51,140	38.0	11.6
2010	10,198	51,140	39.4	11.4
2011	9,974	36,330	38.3	5.7

## Education

Capitola is fortunate to have outstanding educational opportunities. In addition, to the having New Brighton Middle School within its City limits, both Cabrillo Community College and the University of California Santa Cruz are both within eight miles of the city. An educational profile is listed below:

- High School Graduates 92.4%
- College Graduates – Bachelor’s Degree or Higher 37.0%

## Housing

- Median Household Income <sup>(1)</sup> \$52,389
- Median Value <sup>(1)</sup> \$531,900
- Persons per Household <sup>(1)</sup> 2.04
- Assessed Valuation <sup>(2)</sup> :
  - Total Assessed Value: \$1,784,300,000
  - Secured \$1,715,000,000
  - Unsecured \$69,300,000

(1) Source: US Census Bureau, US Department of Commerce, 2010 data

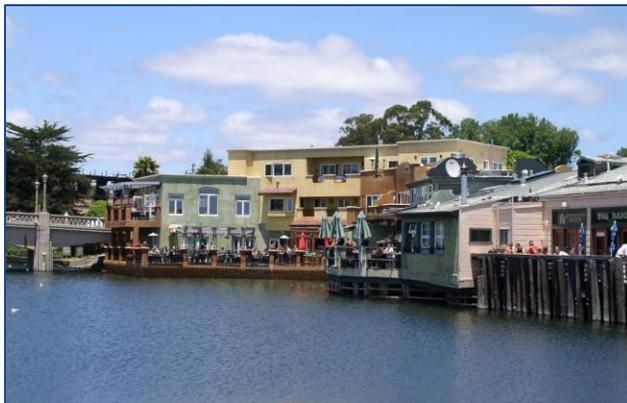
(2) Source: Santa Cruz County Assessor’s District Valuation by Fund, FY 2011 (Includes combined City and RDA adjusted for exemptions)

## Commercial

Although Capitola's location and atmosphere as a Central Coast beach town has made it a day trip and vacation destination city, it is also one of two major retail centers in the County. The Capitola Mall, combined with Brown's Ranch and 41<sup>st</sup> Avenue businesses are the retail hub of the central county. With major retailers such as Target, Macy's, Sears, Kohl's, CVS, Orchard Supply, Ross, and Bed Bath and Beyond, Capitola is a "net regional retail provider" bringing in five to six times the City household retail demand within Capitola. Total sales tax revenue for 2011-12 is anticipated to be \$5 million or 39.6% of Capitola's total general fund revenue. The City anticipates that the July, 2012 opening of a 100,000 square foot Target in Capitola Mall will increase sales tax revenue by \$350,000.



The economic challenges of the past few years continued in fiscal 2011-12. Many smaller and mid-sized businesses and restaurants in Capitola have been negatively affected throughout this period; however there have seen some signs of recovery. Consumer confidence and spending continue to be guarded. The City continues to seek redevelopment opportunities that will help to update and upgrade the City's major retail corridor and mall area. In this regard, the City and the



RDA/Successor Agency signed a public infrastructure deal with The Macerich Partnership, the Capitola Mall management company and majority owner. This agreement includes a pledge of \$1 million in Successor Agency funds associated with Macerich's frontage improvements on 41<sup>st</sup> Avenue and updating architectural features. These funds would be used for sidewalk widening, landscaping, improved bicycle and public access, and assisting with the reconstruction of the existing public transit center located at the Mall.

### Principal Employers <sup>(1)</sup>

Employer	Ranking	Number of Employees	% of Total Employment
Macy's	1	150	2.5%
Subaru, Toyota, Kia of Santa Cruz	2	149	2.5%
Gayle's Bakery & Rosticceria	3	140	2.3%
Whole Foods Market	4	123	2.1%
Shadowbrook Restaurant	5	120	2.0%
Kohl's	6	108	1.8%
Orchard Supply Hardware	7	100	1.7%
Sears	8	95	1.6%
Pacific Coast Manor	9	90	1.5%
Trader Joe's	10	90	1.5%
Number of Employees: Principal Employers		1,165	19.4%
Total Employment:		5,992	100.0%

(1) MuniServices, LLC: 2011

## Police

The mission of the Capitola Police Department is to provide highly visible and responsive police service to our community. The department welcomes the opportunity and challenge of working with the community and other Criminal Justice Agencies to provide enhanced public safety and security in a diverse and dynamic community.

In a 2012 survey conducted by FM3, more than 92% of the surveyed residents indicated that they were satisfied with police protection services. This is an increase of four percentage points higher than the 2008 satisfaction levels.

The City of Capitola Police Department is comprised of the following 31.25 positions and 2 canines:

- Sworn Officers: 21
- Community Service Officers: 2
- Parking Enforcement Officers: 3.5
- Administrative Staff: 4.25
- K-9's/Canines: 2



Key services related to Council's Public Safety Principle include:

Police Responses	FY07/08	FY08/09	FY09/10	FY10/11
Calls for Service	20,437	18,458	19,693	17,760
Crimes - Felonies	779	794	833	708
Crimes - Misdemeanors	1,299	1,156	1,180	1,095
Arrests	1,155	1,080	1,096	946
Citations	2,376	1,968	4,020	2,126

## Fire

The City of Capitola does not provide fire protection services. Fire protection services are provided through the Central Fire Protection District of Santa Cruz County. The Fire District has four fire stations, with Fire Station Four located within the city limits.

## Parks

The City maintains over 16.5 acres of park lands and 12 acres of beach, including:

- Esplanade Park
- Noble Gulch
- Soquel Creek
- Cortez Park
- Jade Street Park
- Peery Park
- Monterey Park
- Capitola Main Beach



## Capitola Wharf



The City Public Works Department maintains the Capitola Wharf. The structure was nearly rebuilt in the mid-1980's following storm damage. In addition to providing expansive views of the area and fishing opportunities, the wharf has one restaurant and a boat and bait shop.

Each July, thousands of runners and walkers participate in the annual six-mile Wharf-to-Wharf Race that begins in Santa Cruz and ends in Capitola.

## Recreation

The City of Capitola's recreational programs are over 94% funded by participant fees. It provides City-staffed activities, including Junior Lifeguards and Camp Capitola. The recreation department offers adult and youth sports leagues; runs open gym basketball, futsal and volleyball; and manages the rental of the Jade Street Park tennis courts, softball field, soccer field, Monterey Park and the gymnasium.

Classes offered include:

- Preschool play, dance, tennis, martial arts
- School-age sports, drama, music, tennis, dance, art
- Adult/Teen arts & crafts, foreign language, tai chi, yoga, music, dance, martial arts, ocean & water sports, fitness, pilates, bone building, strength training, tennis and volleyball



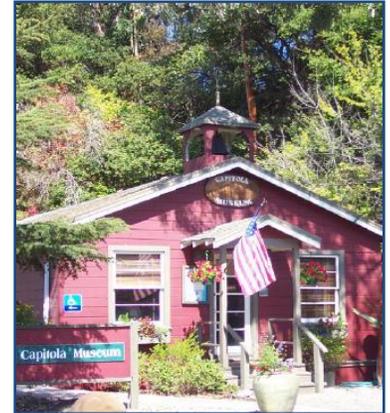
Service indicators related to community services, Council's Public Service, and Fiscal Policy Principles are listed below:

<b>Recreation Enrollments</b>	<b>FY07/08</b>	<b>FY08/09</b>	<b>FY09/10</b>	<b>FY10/11</b>	<b>FY11/12</b>
Recreational Classes	5,945	5,037	4,878	4,627	4,386
Junior Guards - Session I/II	811	926	1,020	1,029	1,054
Camp - Regular and Extended Care	627	662	663	775	908
Junior Guard Photos	655	577	512	509	502
Junior Guard Regional Competition	82	80	77	70	74
Camp/Junior Guard Transport	78	70	87	78	115
<b>Sports Activities</b>	<b>FY07/08</b>	<b>FY08/09</b>	<b>FY09/10</b>	<b>FY10/11</b>	<b>FY11/12</b>
Sports Leagues (Teams)	93	84	81	90	69
Sports Rentals (Teams/Groups)	39	42	40	72	48
Open Gym (Individuals)	2,084	1,381	1,622	1,016	975

## Museum

The Capitola Historical Museum maintains extensive collections of photographs and artifacts related to Capitola's history, and offers changing exhibits on the history and art of the area, as well as on special seasonal and topical themes. Museum grounds now include a reconstructed cottage from the era of the early 20th century beach resort, and a wash house. The museum welcomes over 6,000 guests annually.

In FY11/12 the museum opened two new exhibits "Capitola History – It's About Time" and "Capitola – Where Sky Land Meet Sea and Sand". In addition, the museum is currently working to produce an edition of the "Images of America" book which documents the history of Capitola between 1874-1974.



## Arts and Cultural



Capitola has an abundant arts community. Capitola's art galleries provide an inventory of colorful sea and landscapes to fit a variety of tastes. Fine crafts are also readily available in Capitola, many of which are created by local artists.

The Art & Cultural Commission has a rich history of providing for the community a wide variety of visual and performing art events. This includes twilight concerts at the beach, movies at the beach; and children's art events at the Begonia and Art & Wine Festivals. The Commission is also responsible for the overseeing the newly created Public Art Program.



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# SUMMARY INFORMATION



# BUDGET PROCESS OVERVIEW

Each year the City of Capitola prepares an Operating Budget, a Successor Agency 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 1<sup>st</sup> and ending June 30<sup>th</sup>) 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 Successor 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.

The City's budget process continues throughout the year, with quarterly financial updates published to the Finance Department website at the end of the following month; and at weekly department head meetings with the City Manager. An outline of the on-going budget processes are listed below:

Month	Responsibility	Budget Function
December	Finance	Budget Cycle Begins
January	Finance	Finance prepares mid-year calculations
	City Manager / Departments	Review accomplishments related to prior year Budget Principles
	Finance / Departments	Provides year-end estimates
	Finance	Publishes quarterly reports for October - December
February	Finance / City Manager	Presents mid-year report to Council and FAC
	City Council	Establishes Budget Principles
	Finance	Projects non-departmental revenues and position costs
	Departments	Prepares budget and CIP
March	Finance / Departments	Continue budget projections
	Finance Advisory Committee	FAC discusses elements of the budget
April	City Manager	Reviews departments budget requests
	Finance	Adjusts proposed budget based on City Manager review
	Planning Commission	Reviews CIP
	Finance	Publishes quarterly reports for January - March
May	Finance Advisory Committee	Distributes proposed budget
	Finance / City Manager	Presents proposed budget and CIP to City Council
	Finance Advisory Committee	Provides recommendations to Council
	Community Organizations	Provides funding request information to Council
June	City Council	Deliberates
	City Council	Adopts Budget
July	Finance	Publishes quarterly reports for April - June
October	Finance	Publishes quarterly reports for July - September

## **Basis of Accounting**

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 Successor Agency. Governmental fund types and agency funds budgets are developed using the modified accrual basis of accounting. This method is consistent with the presentation of the City's Annual Financial Statements. 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 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 Successor 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 Successor Agency (including Housing Set-Aside) are considered Budget Units to be at the category level as defined in the budget document.

## **Budget Adjustments**

After the budget adoption, any supplemental appropriations of fund balance, or budget transfers over \$25,000 within a Budget Unit will require Council approval. Budget adjustments that are less than \$25,000 and within the same Budget Unit may be approved by the City Manager.

All requests for budget adjustments will include an explanation for the change; along with a discussion of fiscal impact. This information will also be documented on a Budget Adjustment Form which will be reviewed by the Finance Department for fiscal impact, correct account coding, and policy consistency prior to receiving City Council or City Manager approval.

## **Financial Committees and Boards**

The following committees and boards, assist the City in the budget review and development process:

### Finance Advisory Committee

The Finance Advisory Committee (FAC) works closely with the Finance Director to make recommendations on financial projections or policies identified by the City Council or City Manager. The Committee consists of four Council-appointed members, the Mayor, a Council Member, and the City Treasurer. The FAC meets several times throughout the year; and operates in an advisory capacity with the overall fiscal well-being of the City serving as its guiding principle.

### Oversight Board to the Successor Agency of the Former Redevelopment Agency

As part of the Redevelopment Agency Dissolution Act, the City of Capitola elected to be the Successor Agency to the former Redevelopment Agency (RDA). As part of the dissolution process a seven member Oversight Board was established to review and approve recognized obligation payments of the Successor Agency. The Oversight Board also has a fiduciary responsibility to the holders of enforceable obligations and the taxing entities that benefit from property tax distributions. The Capitola Oversight Board will meet a minimum of two times a year to approve a six-month Recognized Obligation Payment Schedule (ROPS).

# GENERAL FUND SUMMARY

A summary of projected and historical General Fund revenues, expenditures, and fund balances is presented below. The chart and graph show significant reductions between FY11-12 Adopted, FY11-12 Estimated, and FY12-13 Adopted Budgets. Significant events between these years include the costs associated with the March 2011 flood response, the dissolution of the RDA, slow pace of economic recovery; reduced grant funding; and the loss of Pacific Cove Mobile Home Park Revenue. These reductions are offset by an estimated \$467,000 in sales tax revenue. The FY12-13 Budget also includes a one-time credit of \$180,000 from the closure of the PERS internal service fund and an additional \$85,000 in revenue from the sale of land. Without these one-time solutions, the net reduction in revenue between FY11-12 and FY12-13 would be close to \$1,000,000.

The City's primary operating reserves are also projected to be \$1.37 million below their recommended funding level.

Information relating to flood expenditures, a chart identifying key changes, and a review of the reserves are also presented in this section.

Major Categories	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
Taxes	\$8,018,517	\$7,947,592	\$8,371,200	\$8,295,025	\$8,816,600	\$8,992,500
Licenses and permits	273,845	155,266	229,500	245,200	186,700	231,700
Intergovernmental revenues	281,968	363,293	252,700	536,054	176,000	110,000
Charges for services	2,193,556	2,114,322	2,276,400	2,460,600	2,068,200	2,075,500
Fines and forfeitures	803,398	702,045	814,000	704,000	707,000	707,000
Use of money & property	361,994	307,518	330,300	279,800	12,600	12,600
Other revenues	60,656	82,540	59,500	101,500	84,400	79,400
Other financing sources	-	4,000	25,000	248,500	85,000	-
<b>Revenue Totals</b>	<b>\$11,993,933</b>	<b>\$11,676,577</b>	<b>\$12,358,600</b>	<b>\$12,870,679</b>	<b>\$12,136,500</b>	<b>\$12,208,700</b>
<b>Expenditures</b>						
Personnel	\$7,370,399	\$7,258,883	\$7,741,400	\$7,534,745	\$7,477,200	\$7,508,500
Contract services	2,420,782	2,927,049	2,264,950	2,526,100	2,526,678	2,430,000
Training & Memberships	35,900	53,845	34,650	32,832	51,050	47,650
Supplies	422,587	467,760	473,600	540,754	540,500	526,400
Grants and Subsidies	275,000	275,002	137,500	275,000	249,561	-
Capital outlay	32,324	10,696	-	-	-	-
Internal service fund charges	773,500	859,500	846,700	846,700	940,373	931,173
Other financing uses	547,549	471,599	832,500	832,500	379,706	465,606
<b>Expenditure Totals</b>	<b>\$11,878,041</b>	<b>\$12,324,332</b>	<b>\$12,331,300</b>	<b>\$12,588,631</b>	<b>\$12,165,068</b>	<b>\$11,909,329</b>
<b>Council Discretionary</b>						<b>\$299,371</b>
<b>Impact on Fund Balance</b>	<b>\$115,892</b>	<b>(\$647,755)</b>	<b>\$27,300</b>	<b>\$282,048</b>	<b>(\$28,568)</b>	<b>-</b>
<b>Budgetary Fund Balance</b>	<b>\$395,592</b>	<b>(\$219,914)</b>	<b>(\$192,614)</b>	<b>\$89,434</b>	<b>\$60,866</b>	<b>\$60,866</b>

# Revenue Summary

Fund Title	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY 11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>General Fund</b>	<b>\$ 11,993,933</b>	<b>\$ 11,676,577</b>	<b>\$ 12,358,600</b>	<b>\$ 12,870,679</b>	<b>\$ 12,136,500</b>	<b>\$ 12,208,700</b>
<b>Designated Reserves</b>						
Contingency Reserve	\$ -	\$ -	\$ -	\$ -	\$ 366,750	\$ -
Emergency Reserve	-	312,256	867,500	867,500	133,250	-
Compensated Absence Fund	112,700	120,000	110,000	110,000	94,000	74,000
<b>Total Designated Reserves</b>	<b>\$ 112,700</b>	<b>\$ 432,256</b>	<b>\$ 977,500</b>	<b>\$ 977,500</b>	<b>\$ 594,000</b>	<b>\$ 74,000</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 622,800	\$ 464,498	\$ 900,500	\$ 679,000	\$ 673,300	\$ 673,300
Pacific Cove Bond	-	-	-	2,390,000	181,211	193,006
<b>Total Debt Service</b>	<b>\$ 622,800</b>	<b>\$ 464,498</b>	<b>\$ 900,500</b>	<b>\$ 3,069,000</b>	<b>\$ 854,511</b>	<b>\$ 866,306</b>
<b>Capital Improvement Fund</b>	<b>\$ 537,650</b>	<b>\$ 1,289,219</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 22,500</b>	<b>\$ -</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 37,796	\$ 28,510	\$ 30,700	\$ 30,753	\$ 34,450	\$ 34,450
Information Technology	116,800	115,200	117,000	117,000	144,400	124,000
Equipment Replacement	64,800	100,000	153,000	158,000	89,973	89,973
Self-Insurance Liability	116,900	142,800	128,400	128,400	146,450	147,450
Workers Compensation	437,300	473,000	467,700	467,700	528,100	528,100
PERS	1,564,672	1,425,200	1,453,100	1,453,100	-	-
<b>Total Internal Service Funds</b>	<b>\$ 2,338,268</b>	<b>\$ 2,284,710</b>	<b>\$ 2,349,900</b>	<b>\$ 2,354,953</b>	<b>\$ 943,373</b>	<b>\$ 923,973</b>
<b>Special Revenue Funds</b>						
SLESF - Supplemental Law Enforce	\$ 108,140	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
SCCACT - SCC ANTI CRIME TEAM	73,481	70,283	71,400	71,400	74,100	77,300
Gas Tax Fund	263,021	258,473	263,400	263,400	271,500	271,000
Wharf Fund	77,143	81,301	80,850	105,050	83,700	85,000
Development Fees Fund	-	3,441	10,000	-	-	-
General Plan Update and Maint	155,833	56,559	127,000	152,400	166,000	127,000
Green Building Education Fund	39,373	4,104	10,000	45,500	10,000	10,000
Public Arts Fee Fund	36,836	5,972	120,000	283,900	15,000	15,000
Parking Reserve Fund	78,649	127,099	100,000	90,000	84,800	86,400
Technology Fee Fund	3,902	7,386	5,900	11,100	5,900	5,900
PEG - Public Education and Gover	19,836	19,442	20,100	19,800	20,100	20,100
BIA - Capitola Village-Wharf BIA	70,178	70,472	70,300	70,300	70,300	70,300
CDBG Grants	11,848	9,297	70,000	148,836	143,200	25,000
CDBG Programs	-	5,343	-	-	-	-
CDBG Prog Inc 07-08 RLF (CLOSED)	116	26	-	-	-	-
HOME ReUse Funds	12,305	12,303	12,300	12,200	12,200	12,200
HOME Grant Fund	1,169,180	706,266	-	1,091,276	-	-
Housing Trust Fund	15,879	17,123	18,000	10,000	5,500	7,700
BEGIN Grant Fund	-	-	-	-	-	-
Low Mod Housing/Housing Successor	488,996	492,677	550,000	245,200	-	-
Housing Successor Program Income	-	-	-	-	-	-
<b>Total Special Revenue Funds</b>	<b>\$ 2,624,714</b>	<b>\$ 2,047,566</b>	<b>\$ 1,529,250</b>	<b>\$ 2,720,362</b>	<b>\$ 962,300</b>	<b>\$ 812,900</b>
<b>Redevelopment/Successor Agency</b>						
Redevelopment/Successor Agency	\$ 2,449,401	\$ 2,462,645	\$ 2,410,000	\$ 1,236,100	\$ -	\$ -
Redevelop Property Tax Trust (RPTTF)	-	-	-	-	1,092,024	702,267
<b>Total Redevelopment/Successor Agency</b>	<b>\$ 2,449,401</b>	<b>\$ 2,462,645</b>	<b>\$ 2,410,000</b>	<b>\$ 1,236,100</b>	<b>\$ 1,092,024</b>	<b>\$ 702,267</b>
<b>Total Revenues - All Funds</b>	<b>\$ 20,679,466</b>	<b>\$ 20,657,471</b>	<b>\$ 20,575,750</b>	<b>\$ 23,278,594</b>	<b>\$ 16,605,208</b>	<b>\$ 15,588,146</b>

# Expense Summary

Fund Title	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>General Fund</b>	<b>\$11,878,041</b>	<b>\$12,324,332</b>	<b>\$12,331,300</b>	<b>\$12,588,631</b>	<b>\$12,165,068</b>	<b>\$11,909,329</b>
<b>Designated Reserves</b>						
Contingency Reserve	\$ -	\$ 312,256	\$ 530,000	\$ 530,000	\$ -	\$ -
Emergency Reserve	-	804,662	530,000	1,049,132	-	-
Compensated Absence Fund	189,318	172,119	121,000	123,000	74,000	74,000
<b>Total Designated Reserves</b>	<b>\$ 189,318</b>	<b>\$ 1,289,037</b>	<b>\$ 1,181,000</b>	<b>\$ 1,702,132</b>	<b>\$ 74,000</b>	<b>\$ 74,000</b>
<b>Capital Improvement Fund</b>	<b>\$ 714,777</b>	<b>\$ 653,894</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 22,500</b>	<b>\$ -</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 674,992	\$ 679,752	\$ 673,500	\$ 673,000	\$ 674,800	\$ 674,800
Pacific Cove Bond	-	-	-	2,104,840	466,371	193,006
<b>Total Debt Service</b>	<b>\$ 674,992</b>	<b>\$ 679,752</b>	<b>\$ 673,500</b>	<b>\$ 2,777,840</b>	<b>\$ 1,141,171</b>	<b>\$ 867,806</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 26,268	\$ 39,476	\$ 28,500	\$ 32,120	\$ 36,850	\$ 32,050
Information Technology	88,597	83,423	117,100	117,900	288,800	156,300
Equipment Replacement	38,021	76,605	128,000	106,000	390,000	50,000
Self-Insurance Liability	61,125	119,317	128,300	176,720	146,450	147,450
Workers Compensation	437,451	473,220	467,400	480,000	528,000	528,000
PERS	1,413,810	1,471,993	1,755,400	1,755,400	171,431	-
<b>Total Internal Service Funds</b>	<b>\$ 2,065,272</b>	<b>\$ 2,264,034</b>	<b>\$ 2,624,700</b>	<b>\$ 2,668,140</b>	<b>\$ 1,561,531</b>	<b>\$ 913,800</b>
<b>Special Revenue Funds</b>						
SLESF - Supplemental Law Enforce	\$ 99,747	\$ 91,430	\$ -	\$ 105,000	\$ -	\$ -
SCCACT - SCC ANTI CRIME TEAM	65,455	69,875	71,400	71,400	72,200	75,500
Gas Tax Fund	271,597	323,001	292,800	263,300	267,100	275,000
Wharf Fund	172,696	72,998	80,000	151,400	83,700	83,700
Development Fees Fund	-	-	-	-	-	-
General Plan Update and Maint	99,313	351,948	238,300	211,750	242,100	240,000
Green Building Education Fund	-	797	30,000	5,560	35,500	23,000
Public Arts Fee Fund	7,524	40,978	211,700	268,700	26,700	6,700
Parking Reserve Fund	-	25,029	75,000	270,000	84,800	86,400
Technology Fee Fund	-	-	5,000	-	5,000	5,000
PEG - Public Education and Gover	23,704	24,373	54,500	54,500	24,500	24,500
BIA - Capitola Village-Wharf BIA	77,350	72,454	71,600	71,600	71,600	71,600
CDBG Grants	5,428	47,411	7,100	168,338	174,389	20,000
CDBG Program Income	3,000	3,000	-	2,300	2,500	2,500
CDBG Prog Inc 07-08 RLF (Closed)	17,111	5,322	-	12	-	-
HOME Program Reuse	1,954	12,305	-	19,228	10,000	10,000
HOME Grant Fund	1,176,701	693,515	10,000	1,091,276	15,000	-
Housing Trust Fund	47,093	41,796	193,000	176,600	55,000	52,000
BEGIN Grant Fund	-	23	60,000	-	60,000	-
Capitola Housing Successor	354,695	415,044	1,455,700	1,131,036	-	-
Housing Successor Program Income	-	-	-	137,964	14,500	12,000
<b>Total Special Revenue Funds</b>	<b>\$ 2,423,366</b>	<b>\$ 2,291,298</b>	<b>\$ 2,856,100</b>	<b>\$ 4,199,964</b>	<b>\$ 1,244,589</b>	<b>\$ 987,900</b>
<b>Redevelopment/Successor Agency</b>						
Redevelopment/Successor Agency	\$ 2,871,895	\$ 3,102,870	\$ 3,027,100	\$ 2,312,845	\$ -	\$ -
Redevelop. Property Tax Trust (RPTTF)	-	-	-	(1,829,993)	2,292,024	702,267
<b>Redevelopment/Successor Agency</b>	<b>\$ 2,871,895</b>	<b>\$ 3,102,870</b>	<b>\$ 3,027,100</b>	<b>\$ 482,852</b>	<b>\$ 2,292,024</b>	<b>\$ 702,267</b>
<b>Total Expenditures - All Funds</b>	<b>\$20,817,662</b>	<b>\$22,605,217</b>	<b>\$22,743,700</b>	<b>\$24,469,559</b>	<b>\$18,500,883</b>	<b>\$15,455,102</b>

## Emergency Reserves

The City of Capitola adopted an emergency reserve policy as part of the City's Financial Management Policies. This reserve was established to protect against significant one-time costs which may arise from major unpredictable emergency events. In addition to maintaining a Contingency Fund balance equivalent to 10% of the General Fund expenditures, the policy also requires the City to fund the emergency reserves equal to 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 feet of Noble Gulch Creek and caused significant damage to Pacific Cove Mobile Home Park which is located adjacent 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 water damage to the Police Department and businesses along Capitola Avenue. Flooding also occurred in Capitola Village and the surrounding area. It is estimated that the final costs to the City will be \$1.6 million. Reimbursement 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 storm drain failure were paid through the City's Emergency Reserve Fund. As funding in the Emergency Reserve Fund fell short of the flood-related costs, additional funding to respond to the emergency was provided through interfund loans from the Contingency Reserve Fund. Amounts related to the flood are listed below and on the following table.

In addition to emergency funding, the City transferred \$137,500 from the Emergency Reserves to the General Fund during FY11/12 to fund the Community Grant program.

Fund - 1020	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 627,083	\$ 627,083	\$ 134,677	\$ 134,677	\$ (46,955)	\$ 86,295
Other financing sources	\$ -	\$ 312,256	\$ 867,500	\$ 867,500	\$ 133,250	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 312,256</b>	<b>\$ 867,500</b>	<b>\$ 867,500</b>	<b>\$ 86,295</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 796,173	\$ 500,000	\$ 795,632	\$ -	\$ -
Supplies	-	8,489	30,000	30,000	-	-
Other financing uses	-	-	-	223,500	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 804,662</b>	<b>\$ 530,000</b>	<b>\$ 1,049,132</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 627,083</b>	<b>\$ 134,677</b>	<b>\$ 472,177</b>	<b>\$ (46,955)</b>	<b>\$ 86,295</b>	<b>\$ 86,295</b>
<b>Calculation of 5% Target:</b>						
Gen. Fund Expense - Excludes Transfers	\$11,330,492	\$ 11,852,735	\$11,498,800	\$11,776,131	\$11,785,362	\$11,443,723
Designated at 5%	5%	5%	5%	5%	5%	5%
Target Balance	\$ 566,525	\$ 592,637	\$ 574,940	\$ 588,806	\$ 589,268	\$ 572,186
<b>Over/(Short) of Target</b>	<b>\$ 60,558</b>	<b>\$ (457,960)</b>	<b>\$ (102,763)</b>	<b>\$ (635,761)</b>	<b>\$ (502,973)</b>	<b>\$ (485,891)</b>

# Emergency Expenditures

The expenditures related to the March 2011 storm drain failure are provided in the following chart:

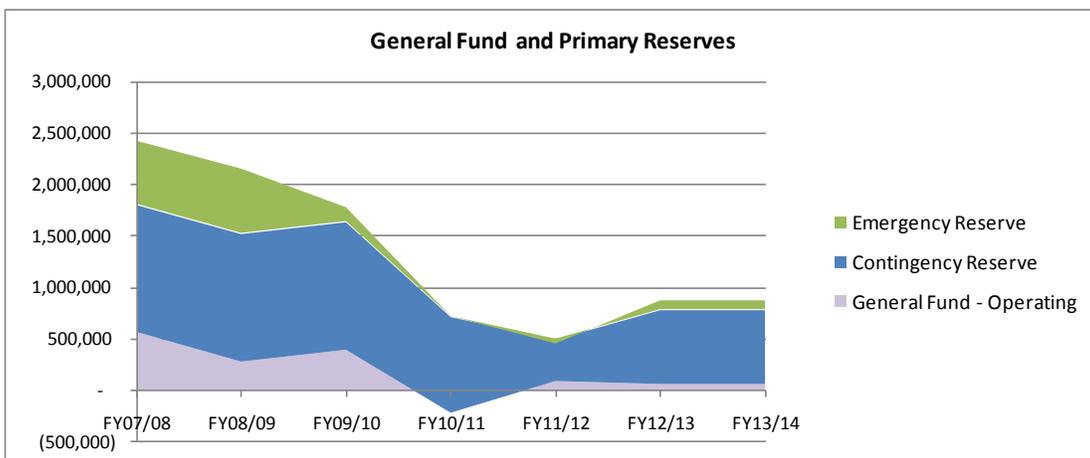
	FY10/11	FY11/12	Totals
<b>Storm Drain Expenditures</b>			
Debris Removal	\$ 48,858	\$ 54,140	\$ 102,998
Protective Measures	120,507	109,651	230,158
Permanent Work	635,296	451,841	1,087,137
Claims		10,000	10,000
	\$ 804,661	\$ 625,632	\$ 1,430,293
Estimated Additional Repairs - Retaining Wall		200,000	200,000
<b>Estimated Storm Drain Expenditures</b>		\$ 825,632	\$ 1,630,293

These expenditures are estimated to reduce the City's Emergency and Contingency Reserve funds to a balance of \$358,000 at the end of FY11/12. When this is combined with reductions to the General Fund's operating balance, the five-year impact to the City's reserves is estimated to be \$2 million.

As part of the FY12/13 budget adoption process, City Council appropriated \$50,000 from the General Fund's operating budget and transferred \$400,000 from the internal service funds to assist in replenishing the reserves. While this assisted the City in achieving in short-term funding objectives, it reduced the amount of funds set aside for the replacement of vehicles and information technology equipment.



A seven-year graph of the General Fund and primary reserve funds is presented below:



## General Fund Resources

In addition to the Emergency Reserve Fund, the City also has a Contingency Reserve Fund, and Internal Service Funds that are designated for equipment purchases, risk management, and pension obligations. In FY12/13, the City closed the PERS Internal Service Fund due to a change in accounting practice. The remaining balance was credited to FY12/13 PERS Pension Obligation Bond payment.

The following table shows the estimated Total General Fund available resources:

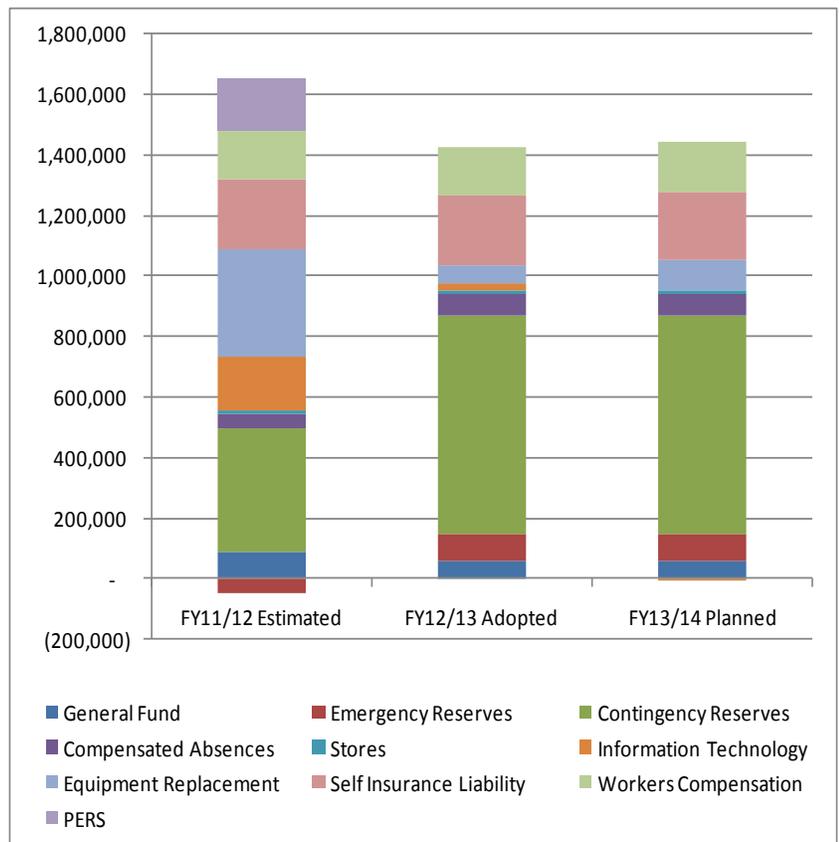
	FY11/12	FY12/13	FY13/14
Estimated Fund Balance	Estimated	Adopted	Planned
General Fund	\$ 89,434	\$ 60,866	\$ 60,866
<b>Designated Reserves</b>			
Emergency Reserves	(46,955)	86,295	86,295
Contingency Reserves	404,896	721,646	721,646
Compensated Absences	51,738	71,738	71,738
<b>Internal Service Funds</b>			
Stores	12,939	10,539	12,939
Information Technology	172,278	27,878	(4,422)
Equipment Replacement	357,933	57,906	97,879
Self Insurance Liability	229,075	229,075	229,075
Workers Compensation	162,479	162,579	162,679
PERS	171,431	-	-
	<u>\$ 1,605,248</u>	<u>\$ 1,428,522</u>	<u>\$ 1,438,695</u>

The City's Financial Management Policy requires the City to retain balances in the Emergency and Contingency funds in the following amounts:

- Contingency Fund - Ten percent (10%) of General Fund Expenditures.
- Emergency Fund – Five percent (5%) of General Fund Expenditures

Based on these percentages, the Emergency and Contingency Reserve funds should have balances of approximately \$550,000 and \$1.1 million, respectively. This requirement is independent from the internal service fund balances which are held for committed obligations and anticipated functional needs.

In FY12/13, \$400,000 was transferred from the Equipment, Information Technology, and Stores Funds to assist in restoring the City's primary reserves. In addition, the PERS internal service fund was discontinued due to a change in accounting practice. The corresponding chart and graph illustrate the impact of the transfers on the affected funds.



## FY12/13 Estimated Fund Balances

Fund Title	Balance 07/01/2012	Revenues	Transfers In	Expenditures	Transfers Out	Balance 06/30/2013
<b>General Fund</b>	<b>\$ 89,434</b>	<b>\$ 12,136,500</b>	<b>\$ -</b>	<b>\$ 11,785,362</b>	<b>\$ 379,706</b>	<b>\$ 60,866</b>
<b>Designated Reserves</b>						
Contingency Reserve	\$ 404,896	\$ 316,750	\$ -	\$ -	\$ -	\$ 721,646
Emergency Reserve	(46,955)	-	133,250	-	-	86,295
Compensated Absence Fund	51,738	-	94,000	74,000	-	71,738
<b>Total Designated Reserves</b>	<b>\$ 409,679</b>	<b>316,750</b>	<b>227,250</b>	<b>74,000</b>	<b>-</b>	<b>\$ 879,679</b>
<b>Debt Service</b>						
Pension Obligation Bond	\$ 258,932	\$ -	\$ 673,300	\$ 674,800	-	257,432
Pacific Cove Bond	285,160	-	181,211	466,371	-	-
<b>Total Debt Service</b>	<b>\$ 544,092</b>	<b>\$ -</b>	<b>\$ 854,511</b>	<b>\$ 1,141,171</b>	<b>\$ -</b>	<b>\$ 257,432</b>
<b>Capital Improvement Fund</b>	<b>\$ 208,000</b>	<b>\$ -</b>	<b>\$ 22,500</b>	<b>\$ 22,500</b>	<b>\$ -</b>	<b>\$ 208,000</b>
<b>Internal Service Funds</b>						
Stores Fund	\$ 12,939	\$ -	\$ 34,450	\$ 32,050	\$ 4,800	\$ 10,539
Information Technology	172,278	3,000	141,400	176,600	112,200	27,878
Equipment Replacement	357,933	-	89,973	390,000	-	57,906
Self-Insurance Liability	229,075	-	146,450	146,450	-	229,075
Workers Compensation	162,479	-	528,100	528,000	-	162,579
PERS	171,431	-	-	-	171,431	-
<b>Total Internal Service Funds</b>	<b>\$ 1,106,135</b>	<b>\$ 3,000</b>	<b>\$ 940,373</b>	<b>\$ 1,273,100</b>	<b>\$ 288,431</b>	<b>\$ 487,977</b>
<b>Special Revenue Funds</b>						
SLESF - Supplemental Law	\$ 4,911	\$ -	-	\$ -	-	\$ 4,911
SCCACT - SCC ANTI CRIME	21	74,100	-	72,200	-	1,921
Gas Tax Fund	153	271,500	-	267,100	-	4,553
Wharf Fund	64	83,700	-	83,700	-	64
Development Fees Fund	2,026	-	-	-	-	2,026
General Plan Update and Maint	244,426	166,000	-	242,100	-	168,326
Green Building Education Fund	88,644	10,000	-	35,500	-	63,144
Public Arts Fee Fund	142,948	15,000	-	26,700	-	131,248
Parking Reserve Fund	719	84,800	-	84,800	-	719
Technology Fee Fund	22,388	5,900	-	5,000	-	23,288
PEG - Public Education and	43,236	20,100	-	24,500	-	38,836
BIA - Capitola Village-Wharf BIA	4,155	70,300	-	71,600	-	2,855
CDBG Grants	(23,569)	143,200	-	174,389	-	(54,758)
CDBG Programs	(17,745)	-	-	2,500	-	(20,245)
CDBG Prog Inc 07-08 RLF	(6)	-	-	-	-	(6)
HOME Reuse Funds	(1,899)	12,200	-	10,000	-	301
HOME Grant Fund	5,230	-	-	15,000	-	(9,770)
Housing Trust Fund	176,532	5,500	-	55,000	-	127,032
BEGIN Grant Fund	59,977	-	-	60,000	-	(23)
Capitola Housing Successor	885,836	245,200	-	1,131,036	-	-
Housing Successor Program	(137,964)	-	-	14,500	-	(152,464)
<b>Total Special Revenue Funds</b>	<b>\$ 1,500,083</b>	<b>\$ 1,207,500</b>	<b>\$ -</b>	<b>\$ 2,375,625</b>	<b>\$ -</b>	<b>\$ 331,958</b>
<b>RDA/ Successor Agency</b>	<b>1,829,993</b>	<b>\$ 1,092,024</b>	<b>\$ -</b>	<b>\$ 2,292,024</b>	<b>\$ -</b>	<b>\$ 629,993</b>
<b>Total All Funds</b>	<b>\$ 5,687,416</b>	<b>\$ 14,755,774</b>	<b>\$ 2,044,634</b>	<b>\$ 18,963,782</b>	<b>\$ 668,137</b>	<b>\$ 2,855,905</b>

## FY13/14 Estimated Fund Balances

Fund Title	Balance 07/01/2013	Revenues	Transfers In	Expenditures <sup>(1)</sup>	Transfers Out	Balance 06/30/2014
<b>General Fund</b>	\$ 60,866	\$ 12,208,700	\$ -	\$ 11,743,094	\$ 465,606	\$ 60,866
<b>Designated Reserves</b>						
Contingency Reserve	\$ 721,646	\$ -	\$ -	\$ -	\$ -	\$ 721,646
Emergency Reserve	\$ 86,295	-	-	-	-	86,295
Compensated Absence Fund	\$ 71,738		74,000	74,000		71,738
<b>Total Designated Reserves</b>	\$ 879,679	\$ -	\$ 74,000	\$ 74,000	\$ -	\$ 879,679
<b>Debt Service</b>						
Pension Obligation Bond	\$ 257,432	\$ -	\$ 673,300	\$ 674,800	\$ -	\$ 255,932
Pacific Cove Bond	-		193,306	193,306	-	-
<b>Total Debt Service</b>	\$ 257,432	\$ -	\$ 866,606	\$ 868,106	\$ -	\$ 255,932
<b>Capital Improvement Fund</b>	\$ 208,000	\$ -	\$ -	\$ -	\$ -	\$ 208,000
<b>Internal Service Funds</b>						
Stores Fund	\$ 10,539	\$ -	\$ 34,450	\$ 32,050	\$ -	\$ 12,939
Information Technology	\$ 27,878	3,000	121,000	156,300		(4,422)
Equipment Replacement	\$ 57,906	-	89,973	50,000	-	97,879
Self-Insurance Liability	\$ 229,075	-	147,450	147,450		229,075
Workers Compensation	\$ 162,579	-	528,100	528,000		162,679
PERS	\$ -	-	-	-	-	-
<b>Total Internal Service Funds</b>	\$ 487,977	\$ 3,000	\$ 920,973	\$ 913,800	\$ -	\$ 498,150
<b>Special Revenue Funds</b>						
SLESF - Supplemental Law Enforce	\$ 4,911	\$ -	\$ -	\$ -		\$ 4,911
SCCACT - SCC ANTI CRIME TEAM	1,921	77,300	-	-	75,500	3,721
Gas Tax Fund	4,553	271,000	-	-	275,000	553
Wharf Fund	64	85,000	-	83,700	-	1,364
Development Fees Fund	2,026	-	-	-		2,026
General Plan Update and Maint	168,326	127,000	-	240,000		55,326
Green Building Education Fund	63,144	10,000	-	23,000		50,144
Public Arts Fee Fund	131,248	15,000	-	6,700		139,548
Parking Reserve Fund	719	86,400	-	86,400		719
Technology Fee Fund	23,288	5,900	-	5,000		24,188
PEG - Public Education and Gover	38,836	20,100	-	24,500		34,436
BIA - Capitola Village-Wharf BIA	2,855	70,300	-	71,600		1,555
CDBG Grants	(54,758)	25,000	-	20,000		(49,758)
CDBG Programs	(20,245)	-	-	2,500		(22,745)
CDBG Prog Inc 07-08 RLF (CLOSED)	(6)	-	-	-		(6)
HOME Reuse Funds	301	12,200	-	10,000		2,501
HOME Grant Fund	(9,770)	-	-	-		(9,770)
Housing Trust Fund	127,032	7,700	-	52,000		82,732
BEGIN Grant Fund	(23)	-	-	-		(23)
Capitola Housing Successor	-	-	-	-		-
Housing Successor Program Income	(152,464)	-	-	12,000		(164,464)
<b>Total Special Revenue Funds</b>	\$ 331,958	\$ 812,900	\$ -	\$ 637,400	\$ 350,500	\$ 156,958
<b>RDA/ Successor Agency</b>	\$ 629,993	702,267	-	702,267	-	629,993
<b>Total All Funds</b>	\$ 2,855,905	\$ 13,726,867	\$ 1,861,579	\$ 14,938,667	\$ 816,106	\$ 2,689,578

(1) General Fund Expenditures include Council Discretionary funds of \$299,371

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# GENERAL FUND REVENUES



# GENERAL FUND REVENUES

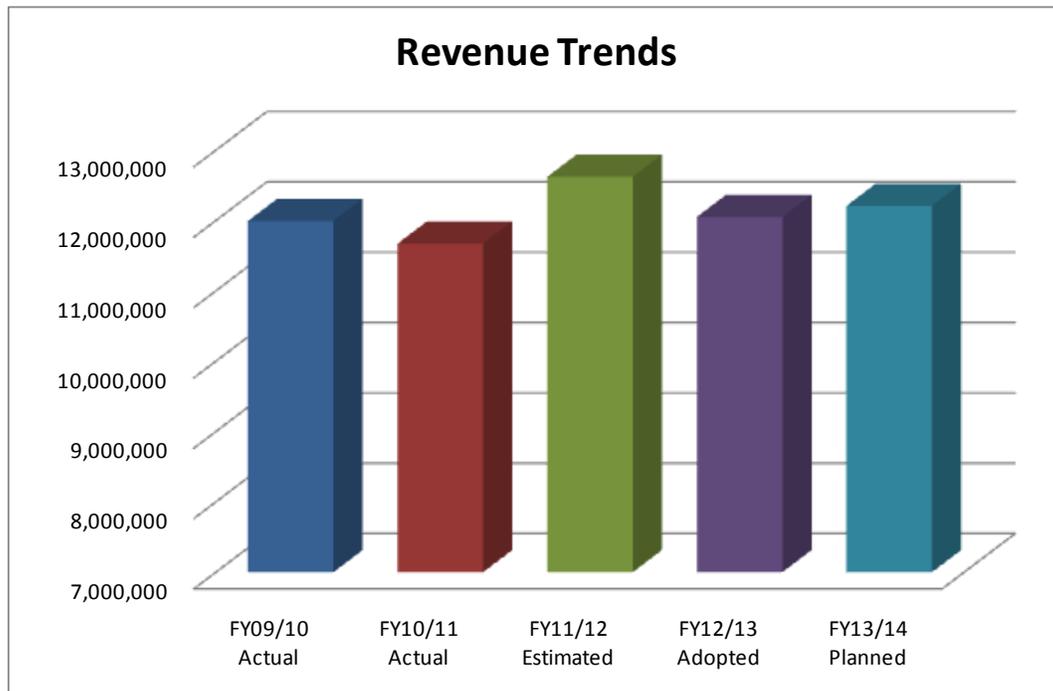
Revenues for the FY12/13 General Fund operating budget are projected to be \$12,136,500 which is a decrease of approximately \$222,100 from the FY11/12 Adopted Budget. Sales taxes are projected to rise by approximately 2% in FY12/13 and FY13/14; along with a \$350,000 increase due to the opening of a Target retail store. While the combined sales tax increase of \$467,000 and a one-time land sale of \$85,000 resulted in additional revenues of \$552,000, the net effect was a reduction when the following revenue reductions were projected:

- Parking meters and fines \$230,000
- Dissolution of the RDA 208,000
- Community Development charges for services 165,000
- Pacific Cove Mobile Home rents 130,000
- General Fund grants 130,000
- \$863,000**

This reduction becomes inflated in the FY12/13 Estimated Budget due to the carry-over and expiration of a \$429,000 grant combined, along with updated mid-year adjustments.

An overview of revenues and the related history is presented below. The chart excludes the Other Financing Sources, which are typically one-time revenues.

Revenues by Major Category	FY 09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Taxes	\$ 8,018,517	\$ 7,947,592	\$ 8,371,200	\$ 8,295,025	\$ 8,816,600	\$ 8,992,500
Licenses and Permits	273,845	155,266	229,500	245,200	186,700	231,700
Intergovernmental revenues	281,968	363,293	252,700	536,054	176,000	110,000
Charges for services	2,193,556	2,114,322	2,276,400	2,460,600	2,068,200	2,075,500
Fines and Forfeitures	803,398	702,045	814,000	704,000	707,000	707,000
Use of money & property	361,994	307,518	330,300	279,800	12,600	12,600
Other revenues	60,656	82,540	59,500	101,500	84,400	79,400
Other financing sources	-	4,000	25,000	248,500	85,000	-
	<b>\$ 11,993,933</b>	<b>\$ 11,676,577</b>	<b>\$ 12,358,600</b>	<b>\$ 12,870,679</b>	<b>\$ 12,136,500</b>	<b>\$ 12,208,700</b>



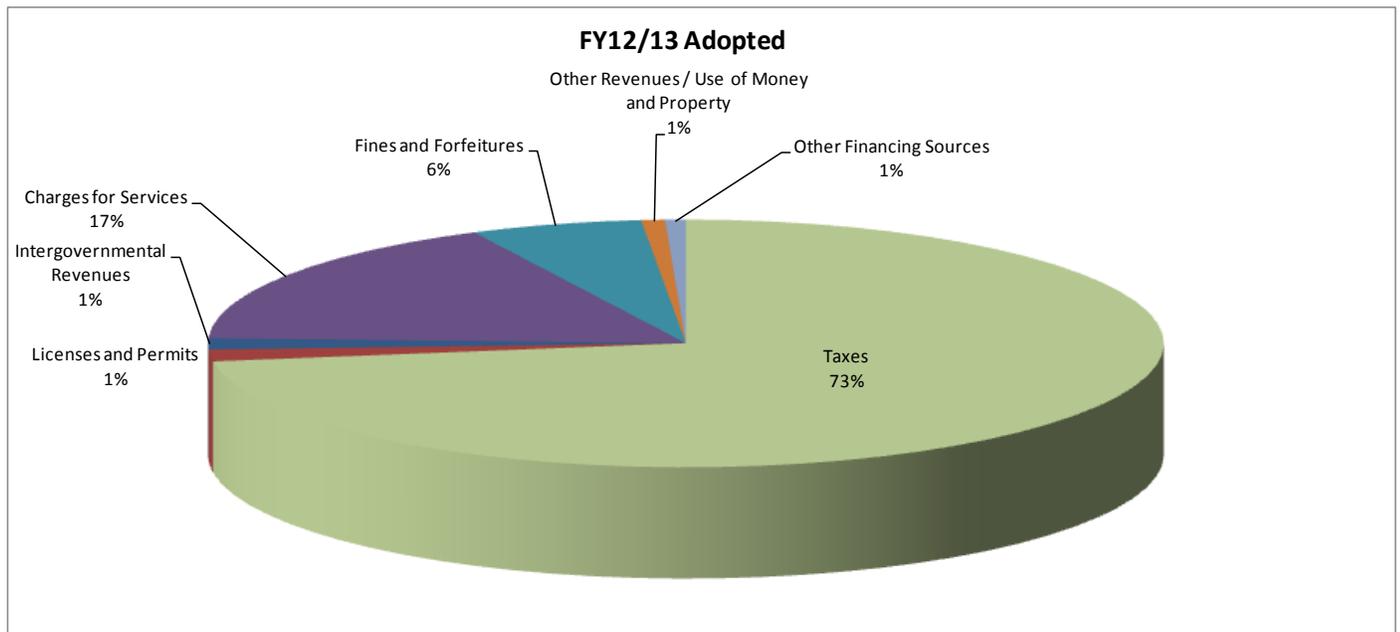
## General Revenue Information

General Fund revenues are not received in equal monthly increments. While many revenues are received regularly throughout the fiscal year, others are received quarterly or annually. The variable nature of these revenues results in an uneven cash flow. For example, the City of Capitola's lowest cash balance occurs in November, while property tax revenues received in December and April are used to assist in replenishing the General Fund balance. The City has developed a cash flow model to assist with on-going cash flow projections and to identify reserve requirements. While monitoring the City's cash flow has always been a priority, it has become more critical due to the reduction in reserve balances.

Projections for each source of revenue include a review of historical trends, the local economy, new business development, and pending legislation. Due to significant changes, the City is closely monitoring the following five core revenues which represent over 75% of the General Fund:



Additional information related the five core revenues; along with a review of recreational fees are detailed within this section. In addition, five-year trends for each revenue source are provided in the Revenue Summary.



## Sales Tax

The City of Capitola sales tax consists of 1% Bradley Burnes and ¼% Capitola District Tax (Measure D). In FY11/12, annual sales tax revenue was \$4.1 million and \$892,000 respectively. The combined amount represents over 40% of the general fund revenue; with over 84% of the revenues generated from the 41<sup>st</sup> Avenue Corridor, which includes a regional mall.

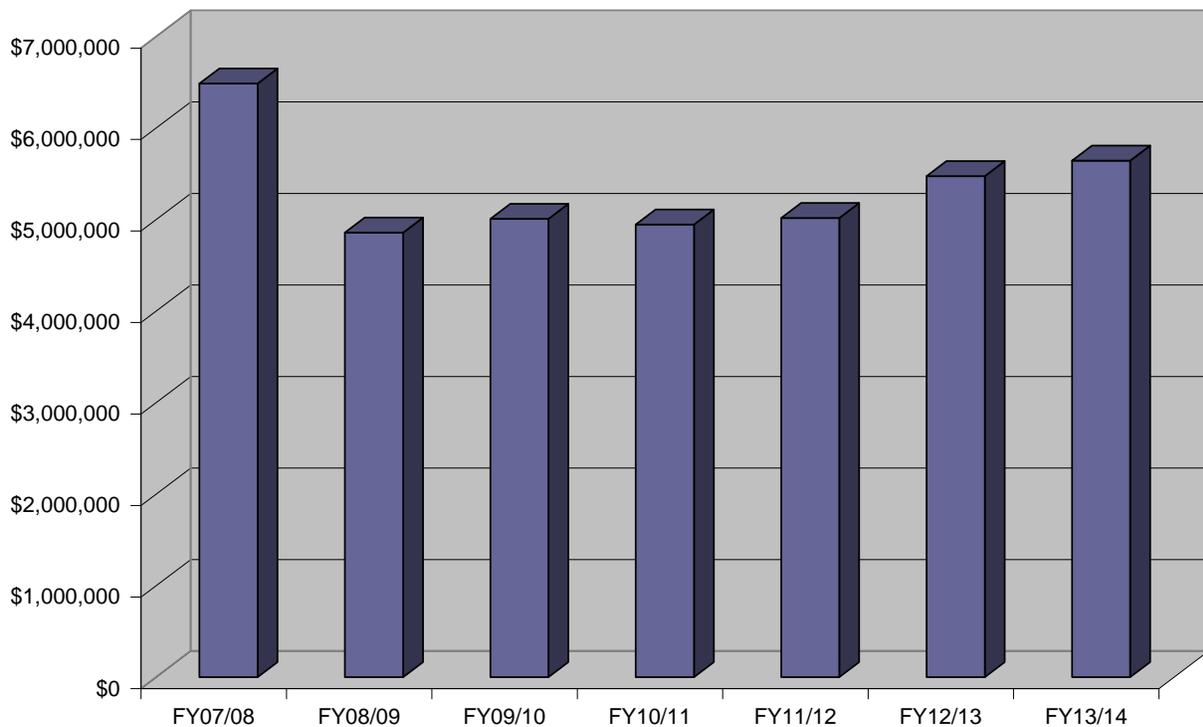
As a result of the economic downturn; and the loss of both a major auto dealership and retailer in FY08/09, the City's sales tax revenue was reduced from \$6.5 to \$4.9 million. As the economy slowly recovers, the FY11/12 sales tax revenue has gradually increased to \$5 million.

Sales Tax by Geographic Area	
Area	% of Sales
41 St. Avenue Corridor	83.9%
Upper Village	7.8%
Village	5.4%
Kennedy Drive	0.9%
Other	2.0%
<b>Total Sales</b>	<b>100.0%</b>

The Finance Department staff work closely with MuniServices, the City's sales tax consultant, on tax recovery, statistics, and projections. Sales tax projections are based on a combination of "most likely" estimates provided by MuniServices, internal quarter over quarter analyses; and the impact of one-time events. This information, along with standard sales per square foot estimates were used to develop the FY12/13 and FY13/14 projections. In FY12/13, sales tax revenue is anticipated to increase by \$456,000. This includes an estimated 2% growth rate in sales tax, along with \$350,000 in anticipated revenue from the opening of a new Target retail store.

In 2017, the Measure D sales tax is scheduled to sunset. To assist with fiscal recovery, the City plans to add another ¼ cent sales tax to the November ballot. Projections for this increase were not included in the FY12/13 or FY13/14 budget.

Sales Tax

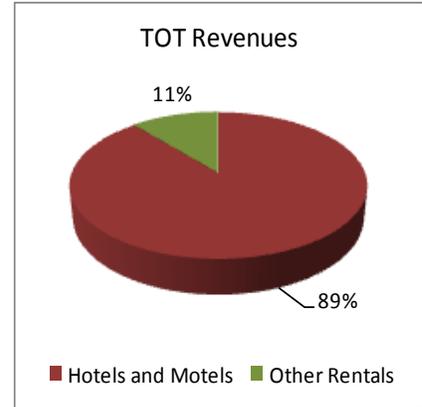


## Transient Occupancy Taxes (TOT)

Hotel tax, also known as the Transient Occupancy Tax (TOT) is a 10% tax that is applied to rental accommodations of less than 30 days. In FY12/13, TOT tax is expected to account for over 7% of the General Fund operating revenues. The City's TOT revenues come from the following sources:

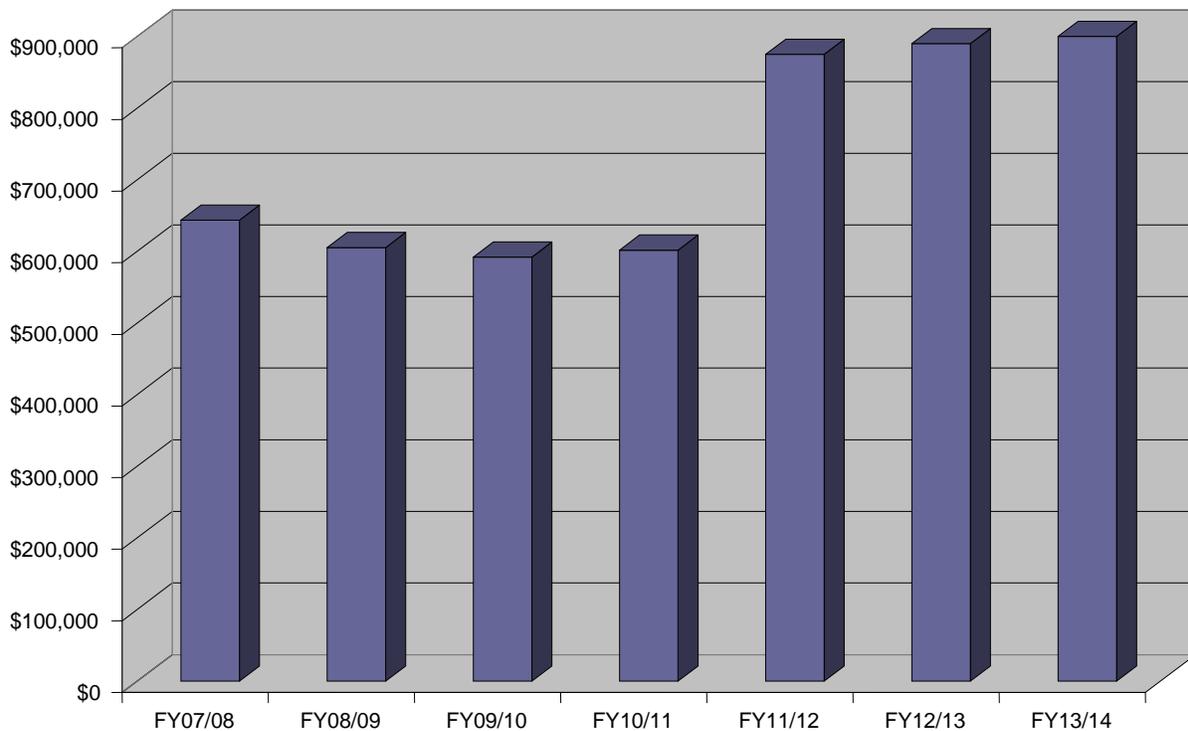
- Hotels and Motels
- Other Rentals
  - Bed and Breakfasts
  - Vacation Rentals

In FY11/12, the City experienced a 30% increase in revenue; with the largest share attributed to the addition of a new hotel. The remaining increase resulted from signs of economic and flood recovery. Due to Capitola's seaside location, proximity to regional attractions, and beginning signs of economic recovery, the City is continuing efforts to attract another hotel to the area.



The FY12/13 and FY13/14 projections have incorporated a conservative growth estimate of approximately 2.0%, and a 1.2% respectively. This estimate was derived internally by monitoring quarterly revenues, reviewing local tourism trends, and referencing CPI as an indicator of growth.

TOT Trends



## Parking Meters and Parking Fines

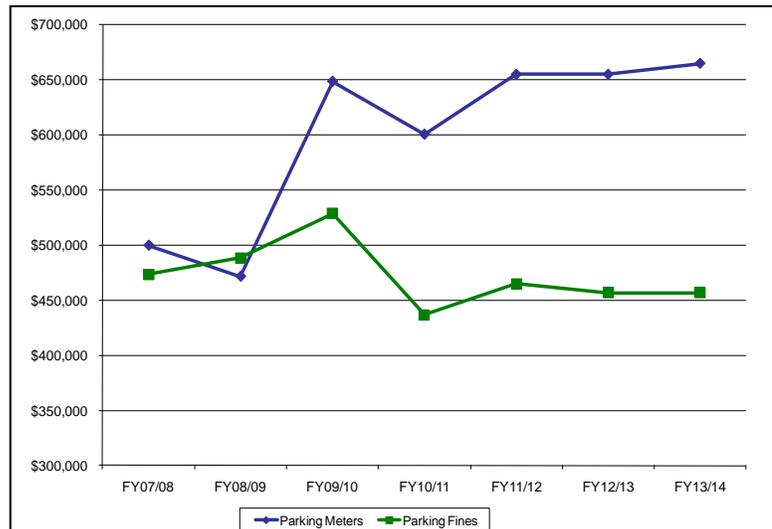
In FY 11/12, parking meter and parking fine revenues contributed over \$1.1 million to the General Fund. Revenue sources include fees collected from the meters, as well as fines resulting from expired meters and improper parking. Factors affecting these revenues include tourism and seasonal trends. The City collects parking revenues from the following locations:

Location	Spaces	Estimated FY12/13 Projected Revenue	Meter Revenue per Space
Village	195	\$ 530,000	\$ 2,718
Cliff Drive	65	\$ 50,000	\$ 769
Pacific Cove	232	\$ 75,000	\$ 323

Parking meter and parking fine revenues peaked in FY09/10 due to increased parking fees and fine costs. In FY10/11, these combined revenues declined by over \$140,000 due to damage caused by the ruptured storm drain, installation time associated with new paystations, parking meter holidays, and reduced parking enforcement staff. In November of 2011, the City completed the installation of paystations in the Capitola Village. It was estimated that the use of paystations would generate additional revenue, while adding the convenience of credit card acceptance. While the FY11/12 paystation revenues did not meet the vendor's initial projections, they assisted the City in realizing parking meter revenues greater than the FY 09/10 receipts.

In the FY12/13 budgetary projections, the City chose to take a conservative approach to parking meter and parking fine projections due to the variances experienced in prior years. Factors influencing the FY12/13 and FY13/14 parking meter projections include historical information and monitoring monthly trends in FY10/11. Based on this information, it was estimated that meter revenues would be relatively close to the FY11/12 expected levels. The following chart shows the relationship between the two revenues.

At the close of FY11/12, parking fines were anticipated to be less than the year-end estimate. This was primarily due to reduced staffing and meter holidays. The FY12/13 budget includes the elimination of temporary Parking Enforcement Officer hours and the establishment of a full-time Parking Enforcement Officer position. The addition of this position, along with a review of monthly trends, and the average citations issued per a Parking Enforcement Officer were used to develop budgetary projections.



The City will be monitoring these revenues closely in FY12/13 to determine the effectiveness of the paystations, as well as the impact of adding a full-time Parking Enforcement Officer.

## **Property Taxes**

Property taxes are an Ad Valorem Tax imposed on real property, as well as tangible personal property. Property Tax Revenue is levied at one percent of the assessed value of the property.

In FY10/11, property taxes were responsible for over \$852,000 in revenues. In FY11/12, the City's Adopted Budget estimated that revenues would increase to \$875,000. This amount was reduced during the mid-year budget review to \$839,000 based on actual receipts and updated information from the Santa Cruz County Auditor-Controller's Office.

In the FY12/13 Adopted budget, property tax revenues were estimated to remain constant at \$840,000. This projection was based on information from the Auditor-Controller's Office which indicated that property taxes revenues would continue to remain flat and property tax processing fees would increase; uncertainty over supplemental and unsecured assessments; and a review of the current housing market. This information also prompted the City to maintain the FY13/14 estimated amounts at the projected FY11/12 levels.

Property taxes are received based on the following distribution schedule:

- December: 50%
- April: 45%
- June: 5%

## **Property Taxes in Lieu of Vehicle License Fees**

There has been little change to Property Taxes in Lieu of Vehicle License Fees. In FY07/08, total revenues were \$769,000, which increased by \$34,400 over a four-year period to \$803,400. In FY11/12, it was estimated that the City would receive \$808,000 in revenues from this source.

Property Taxes in Lieu of Vehicle License Fees are calculated based on the same methods used to derive property tax revenues. Based on the recommendation of the Santa Cruz Auditor-Controller's Office and an internal review of trends, the FY12/13 and FY13/14 revenues have been estimated to remain constant at \$810,000.

## **Recreational Fees**

In 2004, the City began working towards aligning the Recreation Department's budget with business practices and national self-sufficiency standards. In FY11/12, it was estimated that the Recreation Department would recover 93% of its expenses through program revenues; while requiring only \$57,150 from the General Fund. This can be compared to the FY 07/08 Actual amounts, where the Recreation Department was 85.5% funded by program revenues and received \$111,505 in assistance from the General Fund.

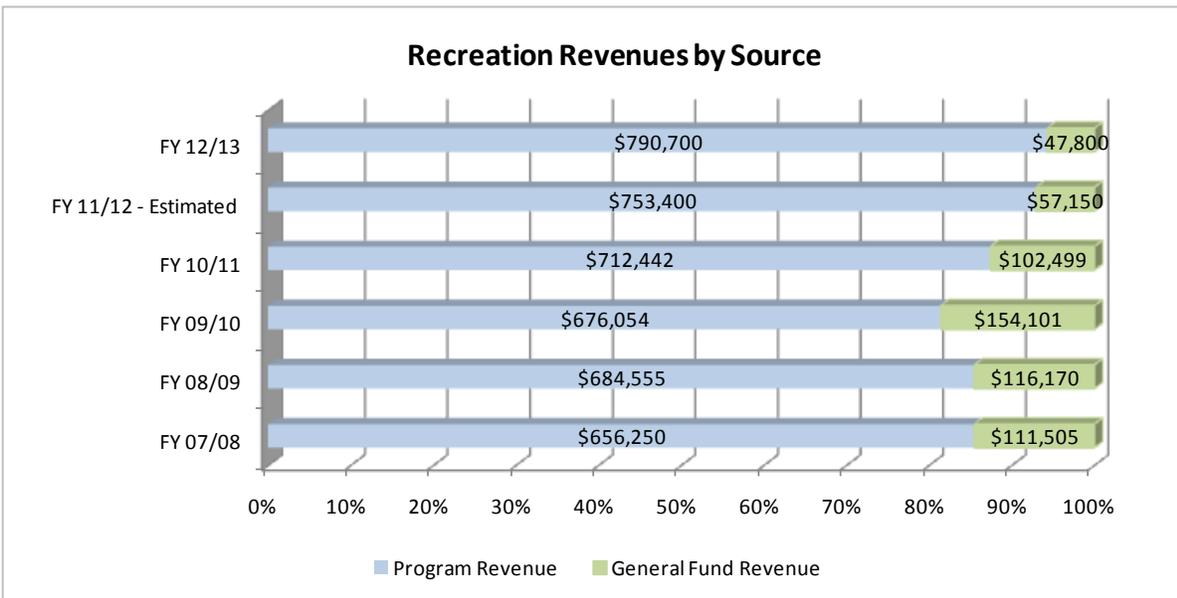
Recreational fees are primarily derived from the following sources:

- Class fees
- Junior Lifeguards
- Camp Capitola
- Sports Fees

Program revenues for contract courses are directly tied to course fees. In addition, the amounts that are paid to contract instructors and officials are based on the amount of fees received from each class.

During the FY12/13 Budget Study Session, the original recreational fee estimates were increased by \$24,500 to assist in covering revenue shortfalls in the General Fund. This increased the Recreation Department's program revenue to 94%, while only relying on the General Fund for \$47,800.

The following chart provides compares General Fund resources to program revenues over a six-year period:



# Revenue Summary

	FY09/10	FY10/11	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Fund: 1000 General Fund</b>						
<b>Revenue</b>						
<u>Taxes</u>						
Property taxes Current secured	\$ 855,461	\$ 830,545	\$ 875,000	\$ 839,000	\$ 840,000	\$ 840,000
Property taxes Current unsecured	21,742	21,690	-	-	-	-
Property taxes In lieu of motor vehicle fee	797,238	803,407	815,000	808,000	810,000	810,000
General sales tax	4,060,431	4,080,705	4,173,700	4,106,425	4,551,200	4,687,800
General Sales Tax - Measure D	948,045	865,010	883,800	891,800	973,200	1,002,500
Business license Tax	281,739	267,427	280,000	306,600	270,000	270,000
Franchise tax Electric	95,230	100,669	95,000	95,000	100,000	100,000
Franchise tax Gas	27,913	28,907	28,000	28,000	29,000	29,000
Franchise tax Refuse	228,592	227,831	235,000	230,000	235,000	235,000
Franchise tax Refuse AB939 Surcharge	5,035	5,039	5,000	5,000	5,000	5,000
Franchise tax Cable tv	100,122	105,854	100,000	100,000	100,000	100,000
Franchise tax Uverse-AT&T	845	4,584	1,500	6,000	9,000	9,000
Franchise tax Recycling grant	4,200	4,200	4,200	4,200	4,200	4,200
Transient Occupancy Tax	591,925	601,726	875,000	875,000	890,000	900,000
<b>Taxes Totals</b>	<b>\$ 8,018,517</b>	<b>\$ 7,947,592</b>	<b>\$ 8,371,200</b>	<b>\$ 8,295,025</b>	<b>\$ 8,816,600</b>	<b>\$ 8,992,500</b>
<u>Licenses and permits</u>						
Building Permits	\$ 231,381	\$ 129,384	\$ 176,500	\$ 189,200	\$ 131,500	\$ 176,500
Encroachment Permits	26,841	16,130	20,000	20,000	15,000	15,000
Special Events Permit	8,747	224	-	-	700	700
Entertainment Permit	2,946	3,443	3,000	3,000	3,000	3,000
Parking Permits	1,268	420	27,000	30,000	33,500	33,500
Other Permits	2,662	5,665	3,000	3,000	3,000	3,000
<b>Licenses and permits Totals</b>	<b>\$ 273,845</b>	<b>\$ 155,266</b>	<b>\$ 229,500</b>	<b>\$ 245,200</b>	<b>\$ 186,700</b>	<b>\$ 231,700</b>
<u>Intergovernmental revenues</u>						
Federal government grant-Operating	\$ 182,699	\$ 205,731	\$ 167,700	\$ 428,454	\$ 84,000	\$ 38,000
Federal government grants-Capital category	-	59,672	-	2,700	-	-
State government grants - Operating category	9,607	2,841	-	-	-	-
State gov't shared revenues State- Prop 172	29,212	30,956	38,000	38,000	38,000	38,000
State gov't shared revenues Abandoned vehicle	9,068	10,604	10,000	10,000	10,000	10,000
State gov't shared revenues POST Police offcr	4,827	2,266	5,000	12,000	12,000	12,000
State gov't - Motor vehicle in-lieu tax	29,889	25,183	20,000	27,000	20,000	-
State gov't shared revenues State recycling grant	5,000	5,000	5,000	5,000	5,000	5,000
State gov't shared revenues Homeowner prop tax	7,038	7,071	7,000	7,000	7,000	7,000
State gov't shared revenues SB90 State	4,628	13,968	-	5,900	-	-
<b>Intergovernmental revenues Totals</b>	<b>\$ 281,968</b>	<b>\$ 363,293</b>	<b>\$ 252,700</b>	<b>\$ 536,054</b>	<b>\$ 176,000</b>	<b>\$ 110,000</b>
<u>Charges for services</u>						
Gen gov't RDA bus svcs/OSB admin	\$ 219,664	\$ 220,915	\$ 205,200	\$ 357,000	\$ 250,000	\$ 250,000
Gen gov't RDA bus. Services - Reimburse	(133,400)	(133,400)	(130,000)	-	-	-
Gen gov't Parking meters - Village	517,814	481,866	620,000	530,000	530,000	540,000
Gen gov't Parking meters - Cliff drive	53,563	50,814	55,000	50,000	50,000	50,000
Gen gov't Parking meters - Pacific cove	77,336	67,947	75,000	75,000	75,000	75,000
Gen gov't Mobile home admin services fee	63,380	62,750	-	-	-	-
Gen gov't BIA - Finance support services	4,200	4,200	4,200	4,200	4,200	4,200
Gen gov't HOME Grant	6,000	-	-	-	-	-
Gen gov't CVC-Finance Support Services	-	505	500	500	500	500
Gen gov't Green Building Program Mgmt	-	-	10,000	22,500	10,000	10,000

	FY09/10	FY10/11	FY11/12 Adopted	FY11/12 Estimated	2013 Adopted	2014 Planned
<b>Charges for services (Cont.)</b>						
Public safety Vehicle release fee	\$ 14,227	\$ 11,526	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Public safety Police reports and others	5,407	4,606	5,000	5,000	4,600	4,600
Public safety Booking fees	5,632	8,715	6,000	6,000	6,000	6,000
Public safety DUI collections	1,480	2,620	3,500	3,500	3,500	3,500
Public safety Animal services	2,559	4,330	3,500	3,500	3,500	3,500
Public safety Rispin - Police services	21,918	21,349	-	-	-	-
Public safety Special events - Police services	2,760	2,760	10,000	10,000	21,000	10,000
Public works BIA - Public works services	3,000	3,000	3,000	3,000	3,000	3,000
Public works Rispin - Public works services	16,158	2,415	-	-	-	-
Public works Wharf - Public works services	37,070	21,838	-	-	-	-
Public works Special events - PW services	-	-	10,000	10,000	10,000	10,000
Public works Sweeper Svc Provided to Gas Tax	45,000	45,000	45,000	45,000	45,000	45,000
Building fees Building plan check fees	114,615	79,868	80,000	90,000	70,000	80,000
Comm dev Planning fee - Sr plnr cost	65,866	70,000	90,000	70,000	60,000	65,000
Comm dev Planning fee - Assoc plnr cost	21,910	-	-	-	-	-
Comm dev Planning fee - Director cost	16,600	7,425	8,000	2,700	2,700	3,500
Comm dev Planning fee - Cost recovery adj	-	(241)	-	4,800	-	-
Comm dev Planning plan check fee	32,714	10,957	22,000	30,000	30,000	32,000
Comm dev Planning application fee	13,256	13,792	13,000	13,000	13,000	13,000
Comm dev Hsg admin billing - RDA Low/Mod	112,367	200,000	200,000	100,000	-	5,000
Comm dev Hsg admin billing-HOME ReUse	-	-	-	-	-	-
Comm dev Hsg admin billing-CDBG	-	-	-	-	-	-
Comm dev Hsg admin billing-Afford Hsg	-	-	-	-	-	-
Comm dev Planning - Billing to Gen Plan	88,800	120,000	150,000	150,000	70,000	80,000
Comm dev Hsg Admin Billing - HOME Grant	80,714	5,500	-	-	-	-
Comm dev Billing to Green Building	-	-	-	-	-	-
Comm dev Succ Agency & Succ Hsg Ag admin	-	-	-	104,000	-	-
Comm dev Planning - other fees	11,732	16,316	12,000	12,000	12,000	12,000
Comm Dev Planner Developer Review	374	-	500	500	500	500
Recreation fees Class fees	318,550	325,146	335,000	297,000	340,000	320,000
Recreation fees Jr. guard fees	213,946	220,076	240,000	250,800	248,000	248,000
Recreation fees Camp Capitola fees	79,459	101,830	125,000	135,000	127,200	127,200
Recreation fees Sports fees	58,888	59,898	65,000	65,600	68,500	64,000
<b>Charges for services Totals</b>	<b>\$ 2,193,556</b>	<b>\$ 2,114,322</b>	<b>\$ 2,276,400</b>	<b>\$ 2,460,600</b>	<b>\$ 2,068,200</b>	<b>\$ 2,075,500</b>
<b>Fines and forfeitures</b>						
Fines and forfeitures Redlight camera	\$ 96,835	\$ 92,258	\$ 62,000	\$ 62,000	\$ 90,000	\$ 90,000
Fines and forfeitures General fines	47,780	52,667	140,000	140,000	140,000	140,000
Fines and forfeitures Vehicle Code	105,800	95,163	-	-	-	-
Fines and forfeitures Municipal Code Fines	-	-	-	25,000	-	-
Fines and forfeitures False alarm	15,600	12,750	12,000	12,000	12,000	12,000
Fines and forfeitures Parking citations	537,383	449,207	600,000	465,000	465,000	465,000
<b>Fines and forfeitures Totals</b>	<b>\$ 803,398</b>	<b>\$ 702,045</b>	<b>\$ 814,000</b>	<b>\$ 704,000</b>	<b>\$ 707,000</b>	<b>\$ 707,000</b>
<b>Use of money &amp; property</b>						
Investment earnings LAIF	\$ 17,546	\$ 15,791	\$ 10,000	\$ 4,000	\$ 2,000	\$ 2,000
Investment earnings RDA \$1.35M	104,655	104,625	104,600	104,600	-	-
Investment earnings RDA \$618k loan	47,895	47,895	47,900	47,900	-	-
Investment earnings RDA annual loan	33,200	-	30,000	-	-	-
Rents Pac cove park - Space lease	98,021	88,365	90,000	85,000	-	-
Rents Pac Cove Coach Rent	49,948	40,363	40,000	28,000	-	-
Rents Lease #80 FY04/05-07/08 \$8,000	-	-	-	-	-	-
Rents Beulah	-	200	200	300	-	-
Rents Jade Street facility	6,193	6,384	3,000	5,000	6,000	6,000
Rents Jade Street facility refunds	(981)	(842)	-	-	-	-
Rents Esplanade restaurants	3,621	3,653	2,600	3,000	2,600	2,600
Rents Esplanade - Surf trailer	1,445	884	1,000	1,000	1,000	1,000
Rents Esplanade bandstand	600	200	1,000	1,000	1,000	1,000
Rents Boat spaces	(150)	-	-	-	-	-
<b>Use of money &amp; property Totals</b>	<b>\$ 361,994</b>	<b>\$ 307,518</b>	<b>\$ 330,300</b>	<b>\$ 279,800</b>	<b>\$ 12,600</b>	<b>\$ 12,600</b>

	FY09/10	FY10/11	FY11/12 Adopted	FY11/12 Estimated	2013 Adopted	2014 Planned
<u>Other Revenues</u>						
Surf camera contribution	\$ 3,468	\$ 3,468	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600
Twilight concert sponsors	14,000	14,400	12,200	12,200	13,200	13,200
Movies at the beach spons	1,500	2,000	2,000	2,000	2,000	2,000
Art at the beach fee	4,130	3,945	3,600	3,600	3,600	3,600
Sunday Art & Music Concerts	-	201	2,500	2,500	2,400	2,400
Museum donations-Box Revenue	924	694	600	600	600	600
Museum Donations-Fundraising	-	-	-	5,000	5,000	-
Memorial plaques and benches	9,525	10,790	-	5,000	3,000	3,000
Miscellaneous revenues	4,393	12,611	-	42,000	10,000	10,000
Recreation Donation	-	-	-	-	1,000	1,000
Reimburse - Fuel (CFD/School)	26,760	33,961	35,000	25,000	40,000	40,000
Change Machine-Misc Rev	(4,044)	469	-	-	-	-
<b>Other revenues Totals</b>	<b>\$ 60,656</b>	<b>\$ 82,540</b>	<b>\$ 59,500</b>	<b>\$ 101,500</b>	<b>\$ 84,400</b>	<b>\$ 79,400</b>
<u>Other financing sources</u>						
Interfund transfer in Emergency Rsv	\$ -	\$ -	\$ -	\$ 223,500	\$ -	\$ -
Interfund transfer in ISF Equip	-	-	25,000	25,000	-	-
Interfund transfer in Public Art	-	4,000	-	-	-	-
Proceeds from capital assets	-	-	-	-	85,000	-
<b>Other Financing Sources Totals</b>	<b>\$ -</b>	<b>\$ 4,000</b>	<b>\$ 25,000</b>	<b>\$ 248,500</b>	<b>\$ 85,000</b>	<b>\$ -</b>
<b>Fund Total: General Fund</b>	<b>\$ 11,993,933</b>	<b>\$ 11,676,577</b>	<b>\$ 12,358,600</b>	<b>\$ 12,870,679</b>	<b>\$ 12,136,500</b>	<b>\$ 12,208,700</b>

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# GENERAL FUND EXPENDITURES



## GENERAL FUND EXPENDITURES

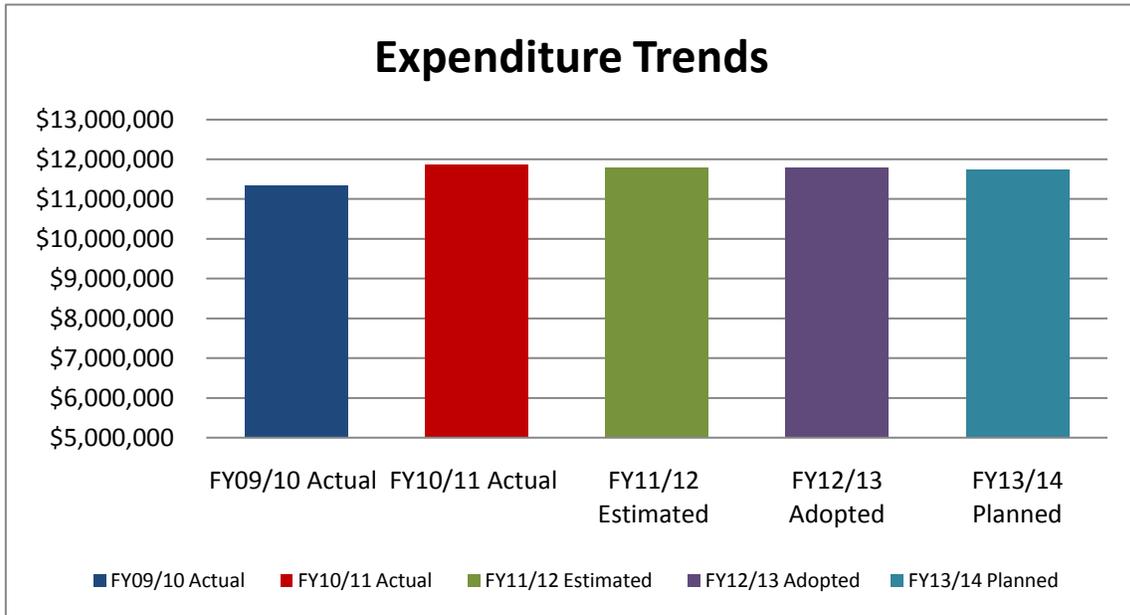
The FY12/13 General Fund operating expenditures are projected to remain relatively constant, with an increase of \$29,000 above the FY11/12 Estimated year-end amounts. Key differences between the FY11/12 Adopted Budget and the FY12/13 Adopted Budget include:

- Community Grants were initially funded at \$137,500 in the Adopted Budget; however this was increased to \$275,000 during FY11/12. In FY12/13 Community Grants were funded at \$249,561.
- Salary reductions due to defunded positions, including a Maintenance Superintendant, Housing and RDA Project Manager, and partial funding of a Community Development Director. This amount net of estimated salary savings and additional position changes is approximately \$264,200.
- Increased contract services in the amount of \$67,000 for lifeguard services, which were offset by salary reductions
- Increased fuel and auto repair costs by \$55,200.
- Absorbed costs that were previously funded by the former Redevelopment Agency, including contract costs for the Santa Cruz County Conference and Visitors Council and the Chamber of Commerce for \$39,750.
- New debt service for the Pacific Cove Relocation Plan of \$181,211 which was offset by \$135,000 in transfers from the Housing Trust and Parking Funds
- Increased workers compensation and liability fund costs of \$67,000
- One-time credit PERS Internal Service Fund credit of \$180,000. This credit was applied towards the Pension Obligation Bond transfer.

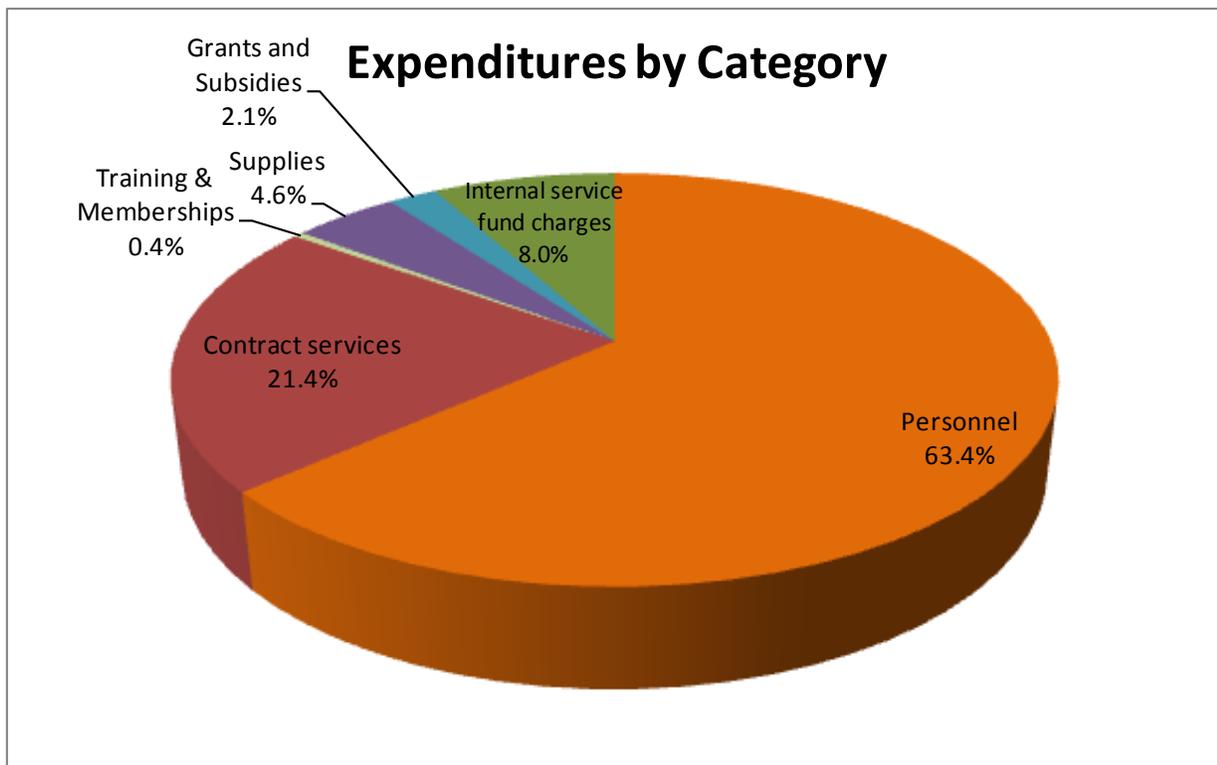
The following chart provides an overview of expenditures for the period from FY09/10 to FY13/14 Planned. The largest variances in the fiscal years presented below are related to fund transfers. Transfers related to CIP and reserve funding were reduced in the FY12/13 Adopted Budget and omitted from the FY13/14 Planned Budget. It should also be noted that the FY11/12 amounts for CIP and Emergency transfers were not the typical. These were adjusted to assist with the flood recovery costs.

Category	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Personnel	\$7,370,399	\$7,258,883	\$7,741,400	\$7,534,745	\$7,477,200	\$7,508,500
Contract services	2,420,782	2,927,049	2,264,950	2,526,100	2,526,678	2,430,000
Training	35,900	53,845	34,650	32,832	51,050	47,650
Supplies	422,587	467,760	473,600	540,754	540,500	526,400
Grants and Subsidies	275,000	275,002	137,500	275,000	249,561	-
Capital outlay	32,324	10,696	-	-	-	-
Internal service fund charges	773,500	859,500	846,700	846,700	940,373	931,173
<b>Sub Total</b>	<b>\$11,330,492</b>	<b>\$11,852,735</b>	<b>\$11,498,800</b>	<b>\$11,756,131</b>	<b>\$11,785,362</b>	<b>\$11,443,723</b>
Council Discretionary						\$299,371
Fund Transfers	\$547,549	\$471,599	\$832,500	\$832,500	\$379,706	\$465,606
<b>Expenditure Grand Totals:</b>	<b>\$11,878,041</b>	<b>\$12,324,334</b>	<b>\$12,331,300</b>	<b>\$12,588,631</b>	<b>\$12,165,068</b>	<b>\$12,208,700</b>

The following chart provides an overview of expenditure trends, excluding transfers. The chart demonstrates that operating costs have remained relatively constant.

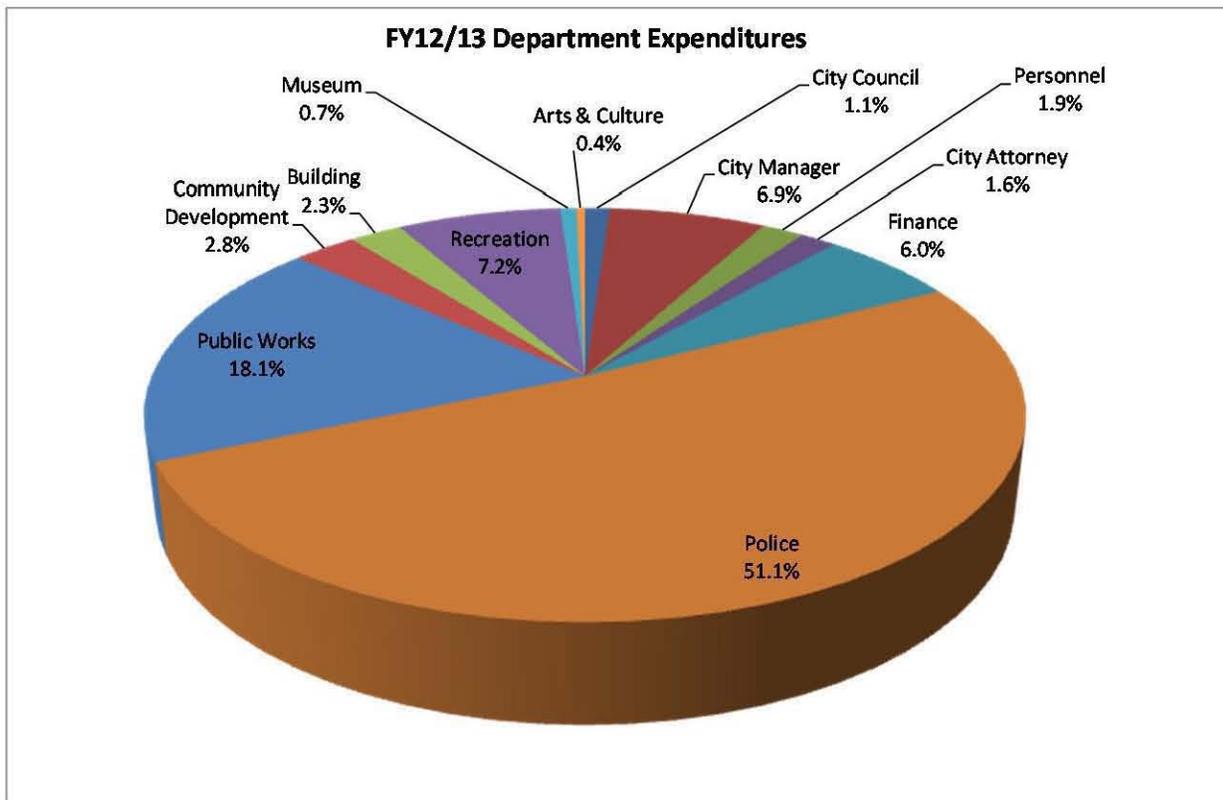


A chart displaying the percentages of expenditures by category is also provided for reference. The ratio of salaries to operating expenditures has remained relatively constant over the previous and projected years.



## General Fund Expenditures - By Department

Department	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
City Council	\$ 78,704	\$ 81,248	\$ 88,700	\$ 138,059	\$ 126,150	\$ 81,500
City Manager	758,101	734,135	785,100	793,100	800,178	781,000
Personnel	148,328	167,503	212,800	211,275	215,300	203,700
City Attorney	322,999	822,649	183,600	218,600	183,600	183,600
Finance	562,580	575,192	678,300	633,650	695,000	711,200
Community Grants	275,000	275,002	137,500	275,000	249,561	-
Police-Law Enforcement	4,970,063	4,929,004	5,094,770	5,238,327	5,366,169	5,243,669
Police-Parking Enforcement	492,781	472,002	419,400	465,100	490,400	490,900
Police-Lifeguard	95,781	74,502	89,700	81,000	73,900	73,000
Police-Animal Services	16,953	18,685	16,200	16,200	16,200	16,400
Public Works-Streets	945,300	1,072,704	1,092,195	1,093,070	1,055,168	1,027,168
Public Works-Facilities	229,134	243,701	277,000	237,300	251,800	248,550
Public Works-Fleet	264,465	306,911	285,320	262,120	321,100	321,200
Public Works-Parks	420,239	438,363	436,270	433,630	476,376	478,476
Community Development	624,364	538,868	518,900	529,700	326,750	391,750
Building	190,536	183,081	203,785	188,060	266,810	234,610
Recreation	830,155	814,941	853,760	810,550	838,500	835,800
Museum	64,725	66,890	77,300	83,190	83,400	78,200
Arts & Culture	40,285	37,353	48,200	48,200	43,000	43,000
Non-Dept. - Est. Salary Savings	-	-	-	-	(94,000)	-
<b>Subtotal</b>	<b>\$ 11,330,493</b>	<b>\$ 11,852,733</b>	<b>\$ 11,498,800</b>	<b>\$ 11,756,131</b>	<b>\$ 11,785,362</b>	<b>\$ 11,443,723</b>
General Fund Transfers	547,549	471,599	832,500	832,500	379,706	465,606
<b>Expenditure Totals:</b>	<b>\$ 11,878,041</b>	<b>\$ 12,324,332</b>	<b>\$ 12,331,300</b>	<b>\$ 12,588,631</b>	<b>\$ 12,165,068</b>	<b>\$ 11,909,329</b>



## 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 in FY11-12 included the creation of an Administrative Services Director class, (defunding the Assistant to the City Manager position); defunding a Finance position and creating an Administrative Records Analyst in the Police Department; the exchange of a full-time Parking Enforcement position for an hourly position; and funding a Finance Director for 50% of the year. The FY12-13 Adopted budget restores a 1.0 FTE Parking Enforcement Officer, fully funds the Finance Director position, partially funds the Community Development Director position, and defunds a Maintenance Superintendent and a Housing and RDA Project Manager.

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

	FY06/07	FY07/08	FY08/09	FY09/10	FY10/11	FY11/12	FY12/13	FY13/14
<b>General Fund</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
<b><u>Elected</u></b>								
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
<b>Elected - Total FTE's</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
<b><u>Fully Benefited by Dept</u></b>								
City Attorney	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance	5.25	5.25	5.38	4.38	4.38	3.95	4.38	4.38
City Manager	6.75	6.75	6.75	6.75	6.75	7.00	6.90	6.90
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	30.25	32.75	32.75	30.25	30.25	29.59	31.25	30.25
CDD	5.67	5.67	6.67	6.17	4.67	4.45	4.12	4.67
Public Works	14.33	14.33	14.33	12.33	12.33	11.83	11.33	11.33
Recreation	3.00	3.00	3.00	3.00	3.00	2.50	2.50	2.50
<b>Dept - Total FTEs</b>	<b>66.00</b>	<b>68.50</b>	<b>69.63</b>	<b>63.63</b>	<b>62.13</b>	<b>60.07</b>	<b>61.23</b>	<b>60.78</b>
<b>Change from prior year</b>	<b>(2.25)</b>	<b>2.50</b>	<b>1.13</b>	<b>(5.00)</b>	<b>(2.00)</b>	<b>(0.05)</b>	<b>1.16</b>	<b>(0.45)</b>

## SALARIES & BENEFITS (continued)

City services are primarily staff delivered, therefore staffing is the most significant expenditure. For the FY12/13 Budget staffing costs total \$7,477,200 in the General Fund. This represents a 3.4% reduction to the FY11/12 Adopted Budget. This is primarily due to net staffing changes in the Community Development and Public Works Departments; and anticipated vacant position salary savings of \$94,000.

A reduction in temporary salaries was also realized; however this was partially offset with an agreement with the City of Santa Cruz for lifeguard services.

<b>Staffing by Category</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
Salary	\$4,374,651	\$4,461,563	\$4,740,300	\$4,476,765	\$4,585,400	\$7,496,300
Salary Temp	398,516	322,870	308,800	310,400	270,800	12,200
Overtime	171,381	150,666	301,500	392,480	277,500	-
Specialty Pays	225,664	247,940	240,700	228,800	228,100	-
Benefits	2,200,188	2,075,843	2,150,100	2,126,300	2,115,400	-
<b>TOTAL</b>	<b>\$7,370,399</b>	<b>\$7,258,883</b>	<b>\$7,741,400</b>	<b>\$7,534,745</b>	<b>\$7,477,200</b>	<b>\$7,508,500</b>

<b>Staffing by Department</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
City Council	\$37,527	\$38,248	\$41,300	\$40,500	\$36,700	\$36,800
City Manager	639,482	607,166	638,800	638,800	610,800	623,600
Personnel	111,597	127,900	156,900	156,900	158,700	147,100
City Attorney	-	-	-	-	-	-
Finance	398,977	414,198	490,000	416,200	495,800	498,800
Law Enforcement	3,590,185	3,580,664	3,883,900	3,896,045	4,030,100	3,892,200
Parking Enforcement	219,500	221,803	205,200	205,200	241,300	240,700
Lifeguard	87,763	68,870	84,400	52,200	-	-
Animal Services	-	-	-	-	-	-
Streets	699,189	734,596	730,000	684,600	623,700	626,700
Facilities	-	-	-	-	-	-
Fleet	80,093	80,148	79,700	79,700	83,800	83,800
Parks	293,092	275,340	285,400	285,400	301,100	301,100
Community Development	562,047	463,873	465,300	380,200	253,400	325,400
Building	119,149	111,232	139,200	157,800	202,900	202,700
Recreation	466,802	474,325	469,500	469,400	460,600	457,500
Museum	53,552	55,707	59,600	59,600	60,100	59,900
Arts & Culture	11,443	4,813	12,200	12,200	12,200	12,200
Non Depart - Est. Salary Savings	-	-	-	-	(94,000)	-
<b>TOTAL</b>	<b>\$7,370,399</b>	<b>\$7,258,883</b>	<b>\$7,741,400</b>	<b>\$7,534,745</b>	<b>\$7,477,200</b>	<b>\$7,508,500</b>

## 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.

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

The City is currently in the process of negotiating contracts with all bargaining units. Due to the projected loss of revenues, the FY12/13 and FY13/14 budget does not contain any projected cost of living increases (COLAs).

Retirement costs are not projected to increase due to the existing caps on retirement costs.

## Staffing Budget Assumptions - Overtime

The following table provides the detail for the overtime budget. The overtime budget for the Police Department increased in FY11/12 due to multiple vacancies, a few significant police efforts; and the carry-forward of grant funding. This trend is anticipated to continue in FY12/13; however grant funding is anticipated to be reduced due to the elimination of the SLESF grant program which paid \$50,000 towards overtime.

<b>Overtime</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>
City Manager	\$0	\$796	\$300	\$300	\$300
Finance	14,648	5,302	18,800	17,300	11,600
Police *	138,245	123,716	260,000	352,480	248,300
Public Works	14,840	16,545	17,200	17,200	14,600
Community Development	288	1,542	400	400	400
Recreation	3,361	2,719	4,800	4,800	2,300
Arts & Culture	\$0	\$46	\$0	\$0	\$0
<b>TOTAL-OVERTIME</b>	<b>\$171,381</b>	<b>\$150,666</b>	<b>\$301,500</b>	<b>\$392,480</b>	<b>\$277,500</b>

\* Police Overtime

General Fund	\$227,300
Grant Funded	21,000
	<u>\$248,300</u>

## Staffing Budget Assumptions – Specialty Pay

The FY12/13 & FY13/14 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.

<b>Specialty Pays</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>
City Manager	\$10,731	\$13,071	\$13,400	\$13,400	\$4,600
Finance	\$1,526	\$1,601	\$1,600	\$1,600	\$1,600
Police	\$157,230	\$169,201	\$178,700	\$163,300	\$167,900
Public Works	\$45,551	\$58,009	\$41,200	\$41,200	\$42,100
Community Development	\$8,813	\$4,158	\$3,800	\$7,300	\$4,500
Recreation	\$0	\$0	\$0	\$0	\$3,400
Museum	\$1,813	\$1,900	\$2,000	\$2,000	\$4,000
<b>Total Specialty Pays</b>	<b>\$225,664</b>	<b>\$247,940</b>	<b>\$240,700</b>	<b>\$228,800</b>	<b>\$228,100</b>

## 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, 2009 \$101
- January 1, 2010 \$105
- January 1, 2011 \$108
- January 1, 2012 \$112
- January 1, 2013 \$115

### Benefits – Public Employee Retirement System (PERS)

The City offers defined benefit retirement plans to safety and non-sworn employees, except hourly/seasonal employees. These retirement plans are administered by California Public Employee Retirement Systems ("CalPERS" or "PERS"). The safety plan is 3% @ 50 and the miscellaneous plan is 2.5% @ 55. Both plans include a cap on the total amount the City contributes to employee's retirement costs. 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). The City's retirement costs are defined as a percentage of payroll, which is actuarially determined annual by CalPERS.

City Payment Cap In 2007, Capitola instituted a cap on the amount the City would contribute toward employee retirement costs at 28.291% for Safety and 16.488% for Miscellaneous. The FY 2012/13 PERS rate for Safety is 36.740% with employees paying 8.449%. For the Miscellaneous Group, the rate is 24.755% and employees pay 8.267%. Estimates for FY13/14 are PERS rates of 37.278% for Safety and 25.056% for Miscellaneous, with 8.987% paid by Safety employees and 8.568% paid by Miscellaneous employees.

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

Department	Contract Description	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
City Council	Other contract services Legal notices	\$ 130	\$ -	\$ -
City Council	Gen/Admin Winter shelter	14,200	14,600	14,600
City Council	Gen/Admin Contracts - general	2,000	1,500	1,500
City Council	Gen/Admin Begonia Festival	5,000	5,000	-
City Council	Gen/Admin CVC	23,000	17,250	-
City Council	Other, Events & Tourism Cap-Soq Chamber of Commerce	30,000	22,500	-
<b>City Council Total</b>		<b>\$ 74,330</b>	<b>\$ 60,850</b>	<b>\$ 16,100</b>
City Manager	Environmental Svcs SCC-Hazardouse waste disp fee	\$ 25,000	\$ 30,000	\$ 30,000
City Manager	Environmental Svcs JPA-Pollution control	2,500	2,700	2,700
City Manager	Environmental Svcs E-Waste day	-	200	200
City Manager	Environmental Svcs Garage sale day	1,500	1,300	1,300
City Manager	Environmental Svcs Central coast recycling media	5,000	5,000	5,000
City Manager	Environmental Svcs Recycling services	7,200	7,200	7,200
City Manager	Environmental Svcs Recycling prog-NB Middle School	4,200	4,200	4,200
City Manager	Gen/Admin Muni code codification services	4,000	4,000	4,000
City Manager	Gen/Voter Survey	23,000	-	-
City Manager	Gen/Admin Records management-storage	2,000	3,000	3,000
City Manager	Gen/Admin Council Election	-	20,000	-
City Manager	Gen/Admin Contracts - general	4,500	-	4,500
City Manager	Info Tech Contracts City web site services	4,000	4,000	4,000
City Manager	Environmental Svcs Mosquito and vector control	-	-	-
City Manager	Gen/Admin Newsletter	6,000	6,000	6,000
City Manager	Temp. Staff & Instr. Temporary staff	3,500	2,000	2,000
City Manager	Other contract services Unanticipated events budget	\$ -	\$ 5,000	\$ 10,000
<b>City Manager Total</b>		<b>\$ 92,400</b>	<b>\$ 94,600</b>	<b>\$ 84,100</b>
Personnel	Personnel Svcs Background investigations	\$ 10,000	\$ 10,000	\$ 10,000
Personnel	Personnel Svcs Medical examinations	3,500	3,500	3,500
Personnel	Other contract services EAP - emp assistance program	-	-	-
Personnel	Other contract services Flex-Health Admin	4,800	4,800	4,800
Personnel	Gen/Admin Contracts - general	1,000	4,000	4,000
Personnel	Legal svcs Labor and personnel related	4,000	6,000	6,000
Personnel	Personnel Svcs Recruitment services	2,000	2,000	2,000
Personnel	Personnel Svcs Education reimbursement	-	2,000	2,000
Personnel	Other contract services Advertising	2,500	-	-
Personnel	Other contract services Volunteer and staff recognition	5,000	-	-
<b>Personnel Total</b>		<b>\$ 32,800</b>	<b>\$ 32,300</b>	<b>\$ 32,300</b>
City Attorney	Gen/Admin Contracts - general	-	-	-
City Attorney	Legal svcs Legal services - general	\$ 133,600	\$ 133,600	\$ 133,600
City Attorney	Legal svcs Special services	85,000	50,000	50,000
<b>City Attorney Total</b>		<b>\$ 218,600</b>	<b>\$ 183,600</b>	<b>\$ 183,600</b>
Finance	Fin Svcs Audit-Annual financial audit	\$ 27,450	\$ 26,000	\$ 26,000
Finance	Fin Svcs Audit-OPEB valuation GASB 45	6,000	-	6,000
Finance	Fin Svcs Bank fees (excl cr card fees)	4,000	3,500	3,500
Finance	Fin Svcs SCC-Property tax admin fee	36,000	36,000	38,000
Finance	Fin Svcs State of CA Admin services	-	9,100	9,100
Finance	Fin Svcs Audit-Sales tax (1%)	2,000	2,000	2,000
Finance	Fin Svcs Audit-Sales tax(city 1/4%)	300	300	300
Finance	Fin Svcs Sales tax report (STAR)	4,500	4,500	4,500
Finance	Fin Svcs State mandated claims svcs	2,500	2,700	2,700
Finance	Fin Svcs State of CA-ST admin fee, 1%	41,500	46,000	49,000
Finance	Fin Svcs State of CA-ST admin fee, local	18,500	15,200	17,200
Finance	Gen/Admin Contracts - general	5,000	5,000	5,000
Finance	Fin Svcs Collections services	1,000	2,000	2,000
Finance	Fin Svcs Financial consultant	30,000	-	-
<b>Finance Total</b>		<b>\$ 178,750</b>	<b>\$ 152,300</b>	<b>\$ 165,300</b>

<b>Department</b>	<b>Contract Description</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
Law Enforcement	Police Svcs SCC-Booking fees	\$ 6,600	\$ 6,600	\$ 6,600
Law Enforcement	Police Svcs SCC-Blood alcohol trust fund	4,500	4,500	4,500
Law Enforcement	Police Svcs SCC-Anti-Crime Team	18,000	18,000	18,000
Law Enforcement	Police Svcs SCC-Sexual assault response prog	4,300	5,300	5,300
Law Enforcement	Personnel Svcs Background investigations	900	500	500
Law Enforcement	Other contract services Uniform cleaning services	8,000	8,000	8,200
Law Enforcement	Police Svcs Red light enforcement	62,000	85,500	85,500
Law Enforcement	Police Svcs SCC-Info svcs for SCAN chgs	6,100	6,100	6,100
Law Enforcement	Fin Svcs Collections-booking fees	3,000	2,500	2,500
Law Enforcement	Fin Svcs Collections-false alarms	300	300	300
Law Enforcement	Fin Svcs Collections-DUI cost recovery	2,000	2,000	2,000
Law Enforcement	Grant funded Allied Agencies	87,600	16,900	16,900
Law Enforcement	Prop & equip Comm - local & long distance	5,000	5,000	5,100
Law Enforcement	Prop & equip Comm - T-1 line	10,000	10,000	10,200
Law Enforcement	Prop & equip Comm - mobile phone	20,000	25,000	25,500
Law Enforcement	Police Svcs Hazardous material response - SV	4,500	4,500	4,500
Law Enforcement	Police Svcs Towing service	1,500	1,500	1,500
Law Enforcement	Police Svcs SCCECC JPA-SCRMS	14,900	19,600	20,000
Law Enforcement	Police Svcs SCCECC-911 JPA	415,900	420,300	428,700
Law Enforcement	Personnel Svcs Recruitment services	19,500	-	-
Law Enforcement	Prop & equip Property alarm service	1,000	2,400	2,500
Law Enforcement	Prop & equip Property repair and maintenance	1,000	1,000	1,000
Law Enforcement	Prop & equip Equipment repair and maintenance	3,000	12,500	12,800
Law Enforcement	Rental contracts Equipment and vehicles	2,000	3,000	4,000
Law Enforcement	Police Svcs Investigation and hearing svcs	500	500	500
<b>Law Enforcement Total</b>		<b>\$ 702,100</b>	<b>\$ 661,500</b>	<b>\$ 672,700</b>
Parking Enforcement	Police Svcs State of CA-DMV processing fee	\$ 5,700	\$ 7,800	\$ 7,800
Parking Enforcement	Police Svcs State of CA-Equip Assess	1,500	1,000	1,000
Parking Enforcement	Police Svcs State of CA-Reg assess	33,000	32,500	32,500
Parking Enforcement	Police Svcs State of CA-Immed & Critical nd	26,000	25,000	25,000
Parking Enforcement	Police Svcs State of CA-St Court Facilities	14,000	13,000	13,000
Parking Enforcement	Police Svcs State of CA-Trial Court Trust Fd	20,000	22,900	22,900
Parking Enforcement	Police Svcs SCC-Citation processing	38,000	38,000	38,000
Parking Enforcement	Police Svcs SCC-Criminal Justice Fac surchg	14,000	13,000	13,000
Parking Enforcement	Police Svcs SCC-Courthouse surcharge	14,000	13,000	13,000
Parking Enforcement	Fin Svcs Courier-Cash & Coin	15,000	15,000	15,600
Parking Enforcement	Fin Svcs Credit card merchant fees	8,500	20,000	20,000
Parking Enforcement	Prop & equip Utility serv - gas and electric	400	-	-
Parking Enforcement	Fin Svcs Coin meter collection svc	25,000	-	-
Parking Enforcement	Prop & equip Property repair and maintenance	7,600	7,600	7,600
Parking Enforcement	Prop & equip Equipment repair and maintenance	1,000	1,000	1,000
Parking Enforcement	Prop & equip Wheelchair purchase and repairs	3,000	3,000	3,100
Parking Enforcement	Prop & equip Parking Meter Repairs	2,500	7,500	7,700
Parking Enforcement	Prop & equip Change Machine Repair	1,000	1,500	1,500
Parking Enforcement	Rental contracts Land and buildings	4,100	-	-
<b>Parking Enforcement Total</b>		<b>\$ 234,300</b>	<b>\$ 221,800</b>	<b>\$ 222,700</b>
Lifeguard Services	Police Svcs Lifeguard Services	\$ 23,500	\$ 67,000	\$ 67,000
Lifeguard Services	Police Svcs - Lifeguard Special Events		\$ 1,000	
<b>Lifeguard Services Total</b>		<b>\$ 23,500</b>	<b>\$ 68,000</b>	<b>\$ 67,000</b>
Animal Services	Police Svcs Animal services	\$ 12,000	\$ 15,000	\$ 15,200
Animal Services	Police Svcs SPCA Donation	3,000	-	-
<b>Animal Services Total</b>		<b>\$15,000</b>	<b>\$15,000</b>	<b>\$15,200</b>

Department	Contract Description	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Streets	PW & Trans. Transportation-Beach shuttle svc	\$ 25,000	\$ 28,000	\$ 29,000
Streets	PW & Trans. Soquel Crk monitoring-fish	30,000	30,000	32,000
Streets	PW & Trans. Soquel Crk monitoring-water qual	20,000	23,000	27,000
Streets	PW & Trans. Inspections	15,000	30,000	30,000
Streets	PW & Trans. CA NPDES-storm water mgmt prog	57,500	50,000	50,000
Streets	Grant funded Pass Through	-	46,000	-
Streets	PW & Trans. Electrical services	6,000	6,000	6,000
Streets	Prop & equip Comm - local & long distance	900	-	-
Streets	Prop & equip Comm - T-1 line	2,200	2,200	2,200
Streets	Prop & equip Comm - mobile phone	6,500	6,500	6,500
Streets	PW & Trans. Lagoon grading	10,000	10,000	10,000
Streets	PW & Trans. PW Engineering services	25,000	30,000	30,000
Streets	Prop & equip Eucalyptus maintenance -Park Ave	2,000	4,000	4,000
Streets	Prop & equip Riparian Restoration	15,000	10,000	10,000
Streets	Rental contracts Union Pacific RR yearly	-	500	500
Streets	Temp. Staff & Instr. Temporary staff	35,000	30,000	32,000
Streets	Temp. Staff & Instr. Hope Services	12,600	12,600	13,500
Streets	Other contract services Unanticipated events budget	5,000	5,000	10,000
<b>Streets Total</b>		<b>\$ 267,700</b>	<b>\$ 323,800</b>	<b>\$ 292,700</b>
Facilities	PW & Trans. ADA compliance	\$ -	\$ 10,000	\$ 15,000
Facilities	Prop & equip Property mgmt fee - pac cove mhp	2,000	-	-
Facilities	PW & Trans. Electrical services	-	500	500
Facilities	Prop & equip Comm - local & long distance	2,200	1,800	1,800
Facilities	Prop & equip Comm - T-1 line	2,000	2,000	2,000
Facilities	Prop & equip Utility serv - gas and electric	36,500	45,200	45,200
Facilities	Prop & equip Utility serv - sanitation distr	30,000	22,450	22,400
Facilities	Prop & equip Utility serv - water	22,200	14,050	15,750
Facilities	Prop & equip Janitorial services	45,000	33,000	33,000
Facilities	Prop & equip Property alarm service	1,000	1,000	1,000
Facilities	Prop & equip Property repair and maintenance	31,000	39,000	39,000
Facilities	Prop & equip Pacific Cove MHP maintenance	5,000	10,000	10,000
Facilities	Prop & equip Equipment repair and maintenance	-	8,500	8,500
Facilities	Prop & equip Landscape services	5,000	2,100	2,100
<b>Facilities Total</b>	<b>Total Faciilites</b>	<b>\$ 181,900</b>	<b>\$ 189,600</b>	<b>\$ 196,250</b>
Fleet	Prop & equip Equipment repair and maintenance	\$ 6,000	\$ 6,000	\$ 6,000
Fleet	Temp. Staff & Instr. Mechanic	32,000	35,000	35,000
<b>Fleet Total</b>		<b>\$38,000</b>	<b>\$41,000</b>	<b>\$41,000</b>
Parks	Prop & equip Comm - mobile phone	\$ 2,500	\$ 2,500	\$ 2,500
Parks	Prop & equip Utility serv - gas and electric	7,100	5,850	5,850
Parks	Prop & equip Utility serv - sanitation distr	6,000	7,500	7,500
Parks	Prop & equip Utility serv - water	68,300	70,000	70,000
Parks	Gen/Admin Contracts - general	15,000	-	-
Parks	Prop & equip Property repair and maintenance	6,200	10,000	10,000
Parks	Prop & equip Equipment repair and maintenance	2,500	2,500	2,500
Parks	Rental contracts Equipment and vehicles	200	500	500
Parks	PW & Trans. Tree services	1,000	15,000	15,000
<b>Parks Total</b>		<b>\$ 108,800</b>	<b>\$ 113,850</b>	<b>\$ 113,850</b>
Community Develop.	Other contract services Legal notices	\$ 2,000	\$ 2,000	\$ 2,000
Community Develop.	Gen/Admin Contracts - general	80,000	15,000	10,000
Community Develop.	PIng & Hsg Housing grant admin	-	10,000	10,000
Community Develop.	Info Tech Contracts Geographic information systems	5,900	5,900	5,900
<b>Community Development Total</b>		<b>\$ 87,900</b>	<b>\$ 32,900</b>	<b>\$ 27,900</b>

Department	Contract Description	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Building	Bldg Svcs Engineering & Inspections	2,000	2,000	2,000
Building	Bldg Svcs Bldg plan checks - outsourced	8,000	8,000	8,000
Building	Gen/Admin Building Inspections	-	30,000	-
Building	Info Tech Contracts Building permit tracking system	1,500	1,500	1,500
<b>Building Total</b>		<b>\$ 11,500</b>	<b>\$ 41,500</b>	<b>\$ 11,500</b>
Recreation	Personnel Svcs Background investigations	\$ 600	\$ 600	\$ 600
Recreation	Other contract services Events liability insurance	3,500	3,500	3,500
Recreation	Fin Svcs Credit card merchant fees	18,000	20,000	20,000
Recreation	PW & Trans. Transportation-Rec program	7,420	8,000	8,000
Recreation	Temp. Staff & Instr. Rec contract inst and sports off	152,500	167,000	167,000
Recreation	Temp. Staff & Instr. Recreation youth volunteers	6,500	3,500	3,500
Recreation	Prop & equip Comm - local & long distance	2,200	2,200	2,200
Recreation	Prop & equip Comm - T-1 line	2,000	2,000	2,000
Recreation	Gen/Admin Contracts - general	6,200	3,000	3,200
Recreation	Prop & equip Property repair and maintenance	300	500	500
Recreation	Rental contracts Equipment and vehicles	-	500	500
Recreation	Rental contracts Office equipment	-	1,500	1,500
Recreation	Other contract services Advertising	-	300	300
Recreation	Other contract services Mailing service	-	10,500	10,500
Recreation	Other contract services Copying, printing and binding	25,000	31,000	31,000
Recreation	Other contract services Photography	\$ 4,000	\$ 4,500	\$ 4,500
<b>Recreation Total</b>		<b>\$ 228,220</b>	<b>\$ 258,600</b>	<b>\$ 258,800</b>
Museum	Prop & equip Comm - local & long distance	\$ 1,400	\$ 1,400	\$ 1,400
Museum	Rental contracts Land and buildings	5,000	4,200	4,200
<b>Museum Total</b>		<b>\$ 6,400</b>	<b>\$ 5,600</b>	<b>\$ 5,600</b>
Arts & Culture	Other, Events & Tourism Art at the Beach coordinator	\$ 3,200	\$ 3,200	\$ 3,200
Arts & Culture	Other, Events & Tourism Twilight concert-sound engineer	5,500	5,500	5,500
Arts & Culture	Other, Events & Tourism Twilight concert-band costs	12,700	12,200	12,200
Arts & Culture	Other, Events & Tourism Jazz in the Park	2,500	2,500	2,500
<b>Arts &amp; Culture Total</b>		<b>\$ 23,900</b>	<b>\$ 23,400</b>	<b>\$ 23,400</b>
<b>Grand Total</b>		<b>\$ 2,526,100</b>	<b>\$ 2,526,678</b>	<b>\$ 2,430,000</b>

## COMMUNITY BASED HEALTH AND HUMAN SERVICES PROVIDERS

Community Based Health and Human Service Providers' (previously reported as Community Grants) is a program that is entirely funded by the General Fund. Each year, a determination is made on the total funds available for distribution. In FY11/12, the City funded the grant program at 50% of the FY10/11 level, with additional funding contingent upon receiving flood damage reimbursements. Later in the fiscal year, the remaining 50% was funded, which brought the total program allocation to \$275,000.

Due to reduced General Fund revenues in FY12/13, an in-depth review of all grants was conducted, with a renewed emphasis on health and human services. This new focus is reflected in the FY12/13 funding amounts. The FY13/14 distributions will be determined as part of the FY13/14 budget hearings.

	FY09-10	FY10-11	FY11-12	FY12-13	FY13-14
AGENCY	Actual	Actual	Actual	Adopted	Planned
<b>ARTS:</b>					
Cultural Council of Santa Cruz County	\$ 4,147	\$ 4,147	\$ 4,147	\$ 930	-
<b>TOTAL - ARTS</b>	<b>\$ 4,147</b>	<b>\$ 4,147</b>	<b>\$ 4,147</b>	<b>930</b>	<b>-</b>
<b>ENVIRONMENTAL:</b>					
Save Our Shores			\$ 1,379	\$ 1,309	
O'Neill Sea Odyssey	5,816	5,816	5,816	2,746	-
<b>TOTAL - ENVIRONMENTAL</b>	<b>\$ 5,816</b>	<b>\$ 5,816</b>	<b>\$ 7,195</b>	<b>\$ 4,055</b>	<b>-</b>
<b>COMMUNITY CONTRIBUTIONS</b>					
Community Action Board, Inc.	\$ 1,356	\$ 1,356	\$ 1,356	1,286	
Conflict Resolution Program	2,758	2,758	2,758	2,686	
Native Animal Rescue	1,188	1,188	1,188	1,118	
Volunteer Center of Santa Cruz County	1,356	1,356	1,356	1,286	
<b>TOTAL - COMMUNITY CONTRIBUTIONS</b>	<b>\$ 6,658</b>	<b>\$ 6,658</b>	<b>\$ 6,658</b>	<b>\$ 6,376</b>	<b>-</b>
<b>HUMAN SERVICES:</b>					
Advocacy, Inc.	\$ 4,235	\$ 4,235	\$ 4,235	\$ 7,165	
Big Brothers/Big sisters	2,762	2,762	2,762	2,692	
Cabrillo College Stroke Center	6,758	6,758	6,758	6,688	
California Grey Bears, Inc.	13,941	13,941	13,941	13,871	
California Rural Legal Assistance	3,626	3,626	3,626	-	
Campus Kids Connection - After School	16,565	16,565	16,565	16,495	
Central Coast Center for Independent Living	14,697	14,697	14,697	4,627	
Child Development Resource Center	1,356	1,356	1,356	-	
Community Bridges	110,528	110,528	110,528	105,748	
Court-Appointed Special Advocates	2,227	2,227	2,227	2,157	
Dientes Community Dental Care	1,378	1,378	1,378	1,308	
Families in Transition of Santa Cruz County	2,422	2,422	2,422	2,352	
Family Service Agency of Santa Cruz	8,599	8,599	8,599	8,777	
Homeless Services Center	2,508	2,508	2,508	2,500	
Hospice Caring Project	1,380	1,380	1,380	1,310	
Mid-County Senior Center	-	-	-	-	
Parents Center, Inc.	7,088	7,088	7,088	7,018	
Santa Cruz AIDS Project	9,150	9,150	9,150	7,080	
Santa Cruz Community Counseling Ctr - Youth Services	6,886	6,886	6,886	6,816	
Santa Cruz County Child Abuse Prevention Council (United Way)	6,107	6,107	6,107	6,037	
Santa Cruz County Red Cross	1,379	1,379	-	-	
Santa Cruz Toddler Care Center	1,234	1,234	1,234	1,164	
Second Harvest Food Bank - Santa Cruz/San Benito	9,825	9,825	9,825	9,755	
Senior Citizens Legal Services	9,743	9,743	9,743	9,673	
Senior Network Services	2,461	2,461	2,461	2,391	
Seniors Council - Santa Cruz/San Benito	3,277	3,277	3,277	3,207	
Survivor's Healing Center	528	528	528	-	
United Way - Community Asst., 2-1-1 Help Line	-	-	-	1,860	
Vista Center for the Blind (formerly Doran)	1,841	1,841	1,841	1,771	
WomenCare	2,265	2,265	2,265	2,195	
Women's Crisis Support	3,613	3,613	3,613	3,543	
<b>TOTAL - HUMAN SERVICES</b>	<b>\$ 258,378</b>	<b>\$ 258,378</b>	<b>\$ 256,999</b>	<b>\$ 238,199</b>	<b>-</b>
<b>TOTAL COMMUNITY GRANTS</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 275,000</b>	<b>\$ 249,561</b>	<b>-</b>

## MATERIALS, SUPPLIES, TRAINING, AND MEMBERSHIPS

The following table provides a history of the material and supply budgets by department. The FY11/12 and prior includes both Materials & Supplies and Training. Beginning with FY12/13, Training is a separately budgeted category. Refer to the General Fund Department section for additional information.

<b>Materials and Supplies</b>	<b>FY09/10</b>	<b>FY10/11</b>	<b>FY11/12</b>	<b>FY11/12</b>	<b>FY12/13</b>	<b>FY13/14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Council	\$ 3,653	\$ 2,793	\$ 3,500	\$ 2,422	\$ 3,500	\$ 3,500
City Manager	13,152	9,633	32,300	31,275	30,200	29,200
Finance	717	733	2,000	2,000	2,000	2,000
Police Department	96,598	94,573	66,300	120,812	91,600	93,500
Public Works	233,731	278,594	279,700	259,800	316,500	308,500
Community Development	3,227	5,372	6,000	31,000	8,000	6,000
Recreation	56,509	59,331	65,000	69,670	69,700	69,700
Museum	8,158	7,593	8,500	13,475	13,500	8,500
Arts & Culture	6,842	9,139	10,300	10,300	5,500	5,500
<b>TOTAL MATERIALS &amp; SUPPLIES</b>	<b>\$ 422,587</b>	<b>\$ 467,760</b>	<b>\$ 473,600</b>	<b>\$ 540,754</b>	<b>\$ 540,500</b>	<b>\$ 526,400</b>

<b>Training and Memberships</b>	<b>FY09/10</b>	<b>FY10/11</b>	<b>FY11/12</b>	<b>FY11/12</b>	<b>FY12/13</b>	<b>FY13/14</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Estimated</b>	<b>Adopted</b>	<b>Planned</b>
City Council	\$ 16,444	\$ 16,877	\$ 17,900	\$ 15,507	\$ 18,400	\$ 18,400
City Manager	5,515	6,157	-	-	6,500	3,500
Finance	967	4,603	4,000	4,000	4,300	4,300
Police	9,917	18,858	8,650	8,650	12,400	14,000
Public Works	890	950	-	460	1,350	1,350
Community Development	769	3,891	4,100	4,100	6,100	4,100
Recreation	1,158	2,048	-	-	2,000	2,000
Museum	240	460	-	115	-	-
<b>TOTAL TRAINING</b>	<b>\$ 35,900</b>	<b>\$ 53,845</b>	<b>\$ 34,650</b>	<b>\$ 32,832</b>	<b>\$ 51,050</b>	<b>\$ 47,650</b>

## 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; PERS; and Equipment Replacement) is described in the Internal Service Fund section. In FY12/13, the PERS Internal Service Fund was discontinued to simplify accounting. Payments for the employer's share of PERS payroll costs and pension obligation bond payments will now be paid directly from the General Fund. Previously, the employer's share of PERS payroll costs were excluded from the following tables, and instead reported as PERS benefits in the Staffing Cost section.

Internal Services	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Stores	\$ 37,700	\$ 28,500	\$ 30,700	\$ 30,700	\$ 34,450	\$ 34,450
Information Technology	116,800	115,200	117,000	117,000	141,400	131,200
Equipment Replacement	64,800	100,000	103,000	103,000	89,973	89,973
Liability	116,900	142,800	128,400	128,400	146,450	147,450
Workers Compensation	437,300	473,000	467,600	467,600	528,100	528,100
<b>TOTAL</b>	<b>\$ 773,500</b>	<b>\$ 859,500</b>	<b>\$ 846,700</b>	<b>\$ 846,700</b>	<b>\$ 940,373</b>	<b>\$ 931,173</b>

## 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.

In FY11/12 the flood disaster depleted the Emergency Reserve Fund. To assist in restoring emergency reserves, \$200,000 that was typically allocated to the CIP and \$137,500 that was used to fund Community Based Health and Human Service Providers (CBHHSP) were redirected to the Emergency Reserve Fund. In March of 2012, the decision was made to fully fund CBHHSP and the \$137,500 was transferred back to the General Fund. In FY13/14, a determination will be made on whether to allocate residual funds to the Emergency, Contingency, or CIP Funds.

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

General Fund Transfers	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Emergency Reserve	\$ -	\$ -	\$ 337,500	\$ 337,500	\$ -	\$ -
Contingency Reserve	-	-	-	-	50,000	-
CIP Capital Projects	150,000	250,000	50,000	50,000	22,500	-
Compensated Absences	112,700	120,000	110,000	110,000	94,000	74,000
Parking Reserve	78,649	77,099	95,000	95,000	95,000	95,000
POB Pension Obligation Bond	206,200	24,500	240,000	240,000	60,000	240,000
Pacific Cove Bond	-	-	-	-	58,206	56,606
<b>Total Transfer Out</b>	<b>\$ 547,549</b>	<b>\$ 471,599</b>	<b>\$ 832,500</b>	<b>\$ 832,500</b>	<b>\$ 379,706</b>	<b>\$ 465,606</b>

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# 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 a 2 consecutive terms limit 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.

## **KEY CHANGES:**

- The City Council no longer sits as board members of the Redevelopment Agency due to its elimination in 2012; therefore the compensation received has been eliminated.
- The FY11/12 Estimated and the FY12/13 budgets include funding for the Chamber of Commerce and the Santa Cruz County Conference and Visitors Council in the amount of \$53,000 and \$39,750, respectively. These costs were previously included in the RDA budget.

## **FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Maintained a balance budget while preserving existing programs and services
- Increased recycling diversion rates
- Resolved Mobile Home Rent Control Litigation
- Increased Public Art in the City
- Responsibly and rapidly recovered from significant infrastructure damage as a result of failed storm drain.
- Preserved the Rispin Mansion
- Began the General Plan process
- Implemented PERS retirement reform

## **FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS**

<b>Goal</b> Develop projects and programs to maintain and enhance the quality of life in Capitola
Fiscal Policy Principles
Public Services Principles
Public Improvement Principles
Public Improvement Possibilities

## CITY COUNCIL DEPARTMENT BUDGET SUMMARY

	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
General Fund	\$78,704	\$81,248	\$88,700	\$138,059	\$126,150	\$81,500
<b>Source Totals</b>	<b>\$78,704</b>	<b>\$81,248</b>	<b>\$88,700</b>	<b>\$138,059</b>	<b>\$126,150</b>	<b>\$81,500</b>
<b>Expenditures</b>						
Personnel	\$37,527	\$38,248	\$41,300	\$40,500	\$36,700	\$36,800
Contract services	18,979	21,130	20,700	74,330	60,850	16,100
Training & Memberships	16,444	16,877	17,900	15,507	18,400	18,400
Supplies	3,653	2,793	3,500	2,422	3,500	3,500
Internal service fund charges	2,100	2,200	5,300	5,300	6,700	6,700
<b>Expenditure Totals</b>	<b>\$78,704</b>	<b>\$81,248</b>	<b>\$88,700</b>	<b>\$138,059</b>	<b>\$126,150</b>	<b>\$81,500</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 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 DEPARTMENTS - 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 them with policy legislation and direct policy implementation. In pursuing these endeavors emphasis is placed on excellence in customer services, 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 and be 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.

## KEY CHANGES:

The City Managers Department had minor changes in the budget. Most significant is the additional \$15,000 for the City Council elections in November. Internal service costs have significantly increased primarily due to increased cost in workers compensation and liability cost sustained by MBASIA as a pool. This budget maintains existing programs such as, solid waste & recycling programs, and human resources including; liability & risk management, employee training, safety programs, and benefit administration.

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>Maintain and deliver a balanced budget with options for council to establish public service priorities in the City of Capitola.</li><li>Present options to council to reestablish reserves.</li></ul>	Fiscal Policy
<ul style="list-style-type: none"><li>Consider to research consolidation with other agencies to increase services and reduce cost.</li></ul>	Public Service
<ul style="list-style-type: none"><li>Establish a framework to develop council consensus on the future use and development on public properties.</li></ul>	Public Improvements

## CITY MANAGER DEPARTMENT: BUDGET SUMMARY

	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$887,958	\$889,624	\$994,900	\$1,001,375	\$1,014,478	\$981,700
Licenses and permits	2,946	3,444	3,000	3,000	3,000	3,000
Intergovernmental revenues	-	-	-	-	-	-
Charges for services	6,000	-	-	-	-	-
Other revenues	9,525	8,570	-	-	-	-
<b>Revenue Totals</b>	<b>\$906,429</b>	<b>\$901,638</b>	<b>\$997,900</b>	<b>\$1,004,375</b>	<b>\$1,015,478</b>	<b>\$984,700</b>

<b>Expenditures</b>						
Personnel	\$751,080	\$735,066	\$795,700	\$795,700	\$769,500	\$770,700
Contract services	85,682	102,282	117,700	125,200	134,378	116,400
Training & Memberships	5,515	6,157	-	-	6,500	3,500
Supplies	13,152	9,633	32,300	31,275	29,200	29,200
Capital outlay	5,000	-	-	-	-	-
Internal service fund charges	46,000	48,500	\$52,200	52,200	75,900	64,900
<b>Expenditure Totals</b>	<b>\$906,429</b>	<b>\$901,638</b>	<b>\$997,900</b>	<b>\$1,004,375</b>	<b>\$1,015,478</b>	<b>\$984,700</b>

	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Authorized Positions</b>						
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	0.90	0.90
Administrative Services Director	0.00	0.00	1.00	1.00	1.00	1.00
Assistant to the City Manager	0.75	0.75	0.00	0.00	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
<b>TOTAL FTE's</b>	<b>6.75</b>	<b>6.75</b>	<b>7.00</b>	<b>7.00</b>	<b>6.90</b>	<b>6.90</b>

# 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 them with policy legislation and direct policy implementation. In pursuing these endeavors emphasis is placed on excellence in customer services, 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

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

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Submitted a balance budget
- Successfully coordinated and administered the activities of the city
- Advised and informed the City Council on policy and action matters
- Developed, maintained and enhanced management team
- Reclassified Assistant to the City Manager to Administrative Services Director
- Increased Recycling Diversion Rate from 61% to 67%
- Expanded the Polystyrene Ban
- Conducted outreach and education to increase city recycling diversion rates.

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Manage, coordinate and administer city activities.</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Enhance environmental programs through education and outreach. Continue to increase recycling diversion rates through expansion of existing programs.</li></ul>	Public Service

**CITY MANAGER DEPARTMENT: ADMINISTRATION  
BUDGET SUMMARY**

City Manager Administration Summary	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$739,630	\$722,122	\$782,100	\$790,100	\$797,178	\$778,000
Licenses and permits	2,946	3,443	3,000	3,000	3,000	3,000
Charges for services	6,000	-	-	-	-	-
Other revenues	9,525	8,570	-	-	-	-
<b>Revenue Totals</b>	<b>\$758,101</b>	<b>\$734,135</b>	<b>\$785,100</b>	<b>\$793,100</b>	<b>\$800,178</b>	<b>\$778,000</b>

**Expenditures**

Personnel	\$639,482	\$607,166	\$638,800	\$638,800	\$610,800	\$623,600
Contract services	57,025	70,223	84,400	92,400	102,078	84,100
Training & Memberships	5,515	6,157	-	-	6,500	3,500
Supplies	9,778	7,289	15,200	15,200	11,700	11,700
Capital outlay	5,000	-	-	-	-	-
Internal service fund charges	41,300	43,300	46,700	46,700	69,100	58,100
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$758,101</b>	<b>\$734,135</b>	<b>\$785,100</b>	<b>\$793,100</b>	<b>\$800,178</b>	<b>\$781,000</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 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	0.90	0.90
Administrative Services Director	0.00	0.00	0.75	0.75	0.75	0.75
Assistant to the City Manager	0.65	0.65	0.00	0.00	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
<b>TOTAL FTE's</b>	<b>5.80</b>	<b>5.80</b>	<b>5.90</b>	<b>5.90</b>	<b>5.80</b>	<b>5.80</b>

<b>CITY MANAGER DEPT: PERSONNEL DIVISION</b>
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**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

**KEY CHANGES:**

The Personnel Division has no significant changes in the budget or existing programs for next fiscal year.

**FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Reduced City’s workers compensation claims from a high of 25 in 2009 to a low of 9.
- Restarted the City Safety Committee
- Completed Employee Negotiations
- Added a new retirement savings account for employees
- Conducted 2 Citywide employee trainings and multiple supervisor training courses.
- Implemented an on-line employee evaluation program
- Successfully recruited a Finance Director and Chief of Police.

**FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS**

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Reduce workers compensation claims through training and education on safety.</li> <li>• Continue to find free benefit enhancement programs for employees.</li> <li>• Provide employee education regarding existing benefit programs.</li> <li>• Seek new opportunities to provide managers and</li> <li>• Streamline existing processes with the use of technology.</li> </ul>	<p>Public Service</p>

**CITY MANAGER DEPARTMENT: PERSONNEL DIVISION  
BUDGET SUMMARY**

<b>City Manager-Personnel</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
General Fund	\$148,328	\$167,503	\$212,800	\$211,275	\$215,300	\$203,700
<b>Source Totals</b>	<b>\$148,328</b>	<b>\$167,503</b>	<b>\$212,800</b>	<b>\$211,275</b>	<b>\$215,300</b>	<b>\$203,700</b>
<b>Expenditures</b>						
Personnel	\$111,597	\$127,900	\$156,900	\$156,900	\$158,700	\$147,100
Contract services	28,657	32,058	33,300	32,800	32,300	32,300
Supplies	3,374	2,345	17,100	16,075	17,500	17,500
Internal service fund charges	4,700	5,200	5,500	5,500	6,800	6,800
<b>Expenditure Totals</b>	<b>\$148,328</b>	<b>\$167,503</b>	<b>\$212,800</b>	<b>\$211,275</b>	<b>\$215,300</b>	<b>\$203,700</b>

<b>Authorized Positions</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
City Manager	0.35	0.35	0.35	0.35	0.35	0.35
Administrative Services Director	0.00	0.00	0.25	0.25	0.25	0.25
Assistant to the City Manager	0.10	0.10	0.00	0.00	0.00	0.00
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
<b>TOTAL FTE's</b>	<b>0.95</b>	<b>0.95</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>	<b>1.10</b>

# CITY ATTORNEY DEPARTMENT

## DEPARTMENT PURPOSE

The City Attorney became a contract position during the 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.

## KEY CHANGES:

The City Attorney Department had several significant cases in FY11-12 which related to mobile home rent control. It is anticipated that litigation related to the disaster as a result of the broken storm drain in March 2011 will require additional funding in this year's budget.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Resolved the Mobile Home Rent Control related litigation

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Successfully advise the council regarding potential litigation matters.</li><li>• Provide assistance and advice to staff regarding contracts, labor relations and other legal assessments.</li></ul>	Fiscal Policy

Note: \$78,910 of expenditure in 10/11 was for bad debt write-off related to mobile home admin fee, as directed by City Council

**CITY ATTORNEY DEPARTMENT  
BUDGET SUMMARY**

<b>City Attorney</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
<b>Revenue</b>						
General Fund	\$259,619	\$759,899	\$183,600	\$218,600	\$183,600	\$183,600
Charges for services	63,380	62,750	-	-	-	-
<b>Revenue Totals</b>	<b>\$322,999</b>	<b>\$822,649</b>	<b>\$183,600</b>	<b>\$218,600</b>	<b>\$183,600</b>	<b>\$183,600</b>
<b>Expenditures</b>						
Contract services	\$322,999	\$822,649	\$183,600	\$218,600	\$183,600	\$183,600
<b>Expenditure Totals</b>	<b>\$322,999</b>	<b>\$822,649</b>	<b>\$183,600</b>	<b>\$218,600</b>	<b>\$183,600</b>	<b>\$183,600</b>

<b>Contract Detail</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
Rent Control – City Atty.	\$ 55,610	\$ 88,219	\$ -	\$ -	\$ -	\$ -
Rent Control – Jade St.	119,346	460,134	-	-	-	-
City Attorney	148,043	195,386	183,600	\$ 218,600	\$ 183,600	\$ 183,600
<b>Total City Attorney</b>	<b>\$ 322,999</b>	<b>\$ 743,739</b>	<b>\$ 183,600</b>	<b>\$ 218,600</b>	<b>\$ 183,600</b>	<b>\$ 183,600</b>

# 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 personal 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.

## KEY CHANGES:

In FY 11-12, the Finance Director position that was vacant since FY 08/09 was filled. The FY12-13 budget reflects the addition of this position. In addition, the Finance Department will take over administration of the Capitola Successor of the Former Redevelopment Agency of the City of Capitola; and assist in the winding down of the RDA's affairs.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Completed the issuance of debt to fund the Pacific Cove Mobile Home Relocation Plan
- Published enhanced quarterly financial reports to the City's website
- Received the CSMFO Excellence in Financial Statement Award
- Recovered \$10,000 through the collections process
- Updated the City's Budget Adjustment Ordinance and developed a comprehensive Budget Adjustment Policy
- Provided key financial and managerial support in the winding down of the RDA

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
• Maintain a balanced budget	Fiscal
• Increase City's ability to accept credit cards	Fiscal
• Update the Purchasing Ordinance and streamline the purchasing process	Fiscal
• Continue to publish innovative and information financial management reports to the City's website	Fiscal and Public Service
• Receive recognition from CSMFO or GFOA for Excellence in Financial Reporting and Budgeting	Fiscal and Public Service
• Review and revise the City's overall fee schedule	Fiscal and Public Service

## FINANCE DEPARTMENT: BUDGET SUMMARY

Finance Department	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$276,641	\$303,060	\$393,600	\$348,950	\$420,300	\$436,500
Taxes	281,739	267,427	280,000	280,000	270,000	270,000
Charges for services	4,200	4,705	4,700	4,700	4,700	4,700
<b>Revenue Totals</b>	<b>\$562,580</b>	<b>\$575,192</b>	<b>\$678,300</b>	<b>\$633,650</b>	<b>\$695,000</b>	<b>\$711,200</b>

<b>Expenditures</b>						
Personnel	\$398,977	\$414,198	\$490,000	\$416,200	\$495,800	\$498,800
Contract services	129,419	121,359	149,600	178,750	152,300	165,300
Training & Memberships	967	4,603	4,000	4,000	4,300	4,300
Supplies	717	733	2,000	2,000	2,000	2,000
Internal service fund charges	32,500	34,300	32,700	32,700	40,600	40,800
<b>Expenditures Totals</b>	<b>\$562,580</b>	<b>\$575,192</b>	<b>\$678,300</b>	<b>\$633,650</b>	<b>\$695,000</b>	<b>\$711,200</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Finance Director	0.00	0.00	0.75	0.41	1.00	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	0.00	0.16	0.00	0.00
<b>TOTAL FTE's</b>	<b>4.38</b>	<b>4.38</b>	<b>4.13</b>	<b>3.95</b>	<b>4.38</b>	<b>4.38</b>

<b>Elected Official</b>						
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 enhancing 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, Planning Commission, Architectural and Site Review Committee, and the Commission on the Environment.

Beginning this fiscal year, the Building Department is now 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 Building Code.

**KEY CHANGES:** The Housing Manager position was eliminated as a result of the end of Redevelopment Agency funding. Those duties have been absorbed by existing Community Development staff. The Community Development Director position will continue to be a part time interim position until the spring of 2013.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Continued work with the General Plan Advisory Committee on the General Plan including the completion of special study area plans for 41<sup>st</sup> Avenue, Bay Avenue, Central Village and the Pacific Cove/City Hall site
- Completion of a Green Economy Report
- Initiated a sea level rise study.
- Initiated development of a Local Hazards Mitigation Plan.

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
• Completed draft Sustainable General Plan, Local Coastal Plan and new Zoning Ordinance.	Fiscal and Public Service
• Revision of the Planning Departments Fee Structure.	Fiscal
• Full time Community Development Director changed to part time for 2013, full time for 2014	Fiscal and Public Service

**COMMUNITY DEVELOPMENT  
BUDGET SUMMARY**

<b>Community Development</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
<b>Revenue</b>						
General Fund	\$21,910	\$23,282	(\$42,315)	(\$98,940)	\$190,860	\$145,860
Licenses and permits	234,043	135,049	179,500	192,200	134,500	179,500
Intergovernmental revenues	-	40,000	-	-	-	-
Charges for services	558,947	523,617	585,500	599,500	268,200	301,000
Fines and forfeitures	-	-	-	25,000	-	-
<b>Revenue Totals</b>	<b>\$814,900</b>	<b>\$721,948</b>	<b>\$722,685</b>	<b>\$717,760</b>	<b>\$593,560</b>	<b>\$626,360</b>

<b>Expenditures</b>						
Personnel	\$681,196	\$575,105	\$604,500	\$538,000	\$456,300	\$528,100
Contract services	79,209	91,680	62,825	99,400	74,400	39,400
Training & Memberships	769	3,891	4,100	4,100	6,100	4,100
Supplies	3,227	5,372	6,000	31,000	8,000	6,000
Internal service fund charges	50,500	45,900	45,260	45,260	48,760	48,760
<b>Expenditure Totals</b>	<b>\$814,900</b>	<b>\$721,948</b>	<b>\$722,685</b>	<b>\$717,760</b>	<b>\$593,560</b>	<b>\$626,360</b>

<b>Authorized Positions</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
Community Dev. Director	1.00	1.00	1.00	0.33	0.45	1.00
Associate Planner	1.00	0.00	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 Project Manager	1.00	1.00	1.00	0.70	0.00	0.00
Building Official	0.50	1.00	1.00	1.00	1.00	1.00
Building Inspector	1.00	0.00	0.50	0.75	1.00	1.00
<b>TOTAL FTE's</b>	<b>6.17</b>	<b>4.67</b>	<b>5.17</b>	<b>4.45</b>	<b>4.12</b>	<b>4.67</b>

# 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.

## KEY CHANGES:

A new Chief of Police was hired to replace the retiring Chief. An Account Technician was moved from Finance to fill a newly created Administrative/Records Analyst position.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- 65% of residents surveyed rated Capitola Police service as good or better
- Completed department remodel to repair flood damage
- Streamlined special event permit process

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Continue to explore ways to improve service to the community</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Continue to examine contract services to reduce costs and increase efficiency levels</li></ul>	Public Service

**POLICE DEPARTMENT: BUDGET SUMMARY**

<b>Police Department Summary</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
<b>Revenue</b>						
General Fund	\$4,472,771	\$4,463,527	\$4,520,370	\$4,562,473	\$5,068,869	\$4,947,169
Licenses and permits	10,015	644	27,000	30,000	34,200	34,200
Intergovernmental revenues	235,413	272,070	220,700	491,154	98,000	98,000
Charges for services	53,982	55,906	38,000	38,000	38,600	37,600
Fines and forfeitures	803,398	702,045	814,000	679,000	707,000	707,000
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$5,575,579</b>	<b>\$5,494,193</b>	<b>\$5,620,070</b>	<b>\$5,800,627</b>	<b>\$5,946,669</b>	<b>\$5,823,969</b>

<b>Expenditures</b>						
Personnel	\$3,897,449	\$3,871,336	\$4,173,500	\$4,153,445	\$4,271,400	\$4,132,900
Contract services	1,036,391	939,030	828,800	974,900	966,300	977,600
Training & Memberships	9,917	18,858	8,650	8,650	12,400	14,000
Supplies	96,598	94,573	66,300	120,812	91,600	93,500
Capital outlay	27,324	10,696	-	-	-	-
Internal service fund charges	507,900	559,700	542,820	542,820	604,969	605,969
<b>Expenditure Totals</b>	<b>\$5,575,579</b>	<b>\$5,494,193</b>	<b>\$5,620,070</b>	<b>\$5,800,627</b>	<b>\$5,946,669</b>	<b>\$5,823,969</b>

<b>Authorized Positions</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
Chief of Police	0.50	0.50	1.00	1.00	1.00	1.00
Police Captain	1.00	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	14.50	15.00	15.00	15.00
Police Officer - Grant Funded	1.00	1.00	1.00	1.00	1.00	0.00
Community Service Officer	2.00	2.00	2.00	2.00	2.00	2.00
Parking Enforcement Officer	3.00	3.00	2.00	2.00	3.00	3.00
Records Manager	1.00	1.00	0.00	1.00	1.00	1.00
Records Clerk	2.00	2.00	3.00	1.00	1.50	1.50
Administrative Records Analyst	0.00	0.00	1.00	0.84	1.00	1.00
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
<b>TOTAL FTE's</b>	<b>30.25</b>	<b>30.25</b>	<b>30.25</b>	<b>29.59</b>	<b>31.25</b>	<b>30.25</b>

**Hourly Employee Allocation - Annual Hours**

Temp Parking Enforcement Offcr.	900	900	1,800	1,800	900	900
Senior Lifeguard	1,050	1,050	1,050	1,050	-	-
Lifeguards	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.

## KEY CHANGES:

The Police Officer positions will be reduced from 16 to 15 in fiscal year 2014 with the expiration of the COPS hiring grant.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Implemented hiring push to replace three retiring officers with high quality employees

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Fill vacant half time Records Clerk position in fiscal year 2013</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Explore using Capitola's share of asset seizure youth crime prevention money to start Capitola Police Athletic League surf team</li></ul>	Public Service and Fiscal
<ul style="list-style-type: none"><li>• Replace dated vehicles</li></ul>	Public Service

## POLICE DEPARTMENT - LAW ENFORCEMENT BUDGET SUMMARY

Law Enforcement	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$4,407,197	\$4,351,876	\$4,598,570	\$4,468,673	\$4,957,869	\$4,835,369
Licenses and permits	10,015	644	27,000	30,000	34,200	34,200
Intergovernmental revenues	235,413	272,070	220,700	491,154	98,000	98,000
Charges for services	51,423	51,576	34,500	34,500	34,100	34,100
Fines and forfeitures	266,015	252,838	214,000	214,000	242,000	242,000
Other revenues	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$4,970,063</b>	<b>\$4,929,004</b>	<b>\$5,094,770</b>	<b>\$5,238,327</b>	<b>\$5,366,169</b>	<b>\$5,243,669</b>

<b>Expenditures</b>						
Personnel	\$3,590,185	\$3,580,664	\$3,883,900	\$3,896,045	\$4,030,100	\$3,892,200
Contract services	771,095	694,729	625,200	702,100	661,500	672,700
Training & Memberships	9,917	18,858	8,650	8,650	12,400	14,000
Supplies	79,742	81,558	52,600	107,112	77,900	79,500
Capital outlay	27,324	10,696	-	-	-	-
Internal service fund charges	491,800	542,500	524,420	524,420	584,269	585,269
<b>Expenditure totals</b>	<b>\$4,970,063</b>	<b>\$4,929,004</b>	<b>\$5,094,770</b>	<b>\$5,238,327</b>	<b>\$5,366,169</b>	<b>\$5,243,669</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Chief of Police	0.50	1.00	1.00	1.00	1.00	1.00
Police Captain	1.00	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	14.50	14.50	15.00	15.00
Police Officer - Grant Funded	1.00	1.00	1.00	1.00	1.00	0.00
Community Service Officer	1.50	1.50	1.50	1.50	2.00	2.00
Records Manager	1.00	1.00	0.00	1.00	1.00	1.00
Records Clerk	2.00	2.00	3.00	1.00	1.50	1.50
Administrative Assistant	0.75	0.75	0.75	0.75	0.75	0.75
Administrative Records Analyst			1.00	0.84	1.00	1.00
<b>TOTAL FTE's</b>	<b>26.75</b>	<b>27.25</b>	<b>27.75</b>	<b>25.75</b>	<b>28.25</b>	<b>27.25</b>

# 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.

## KEY CHANGES:

The Parking Enforcement Officer positions were reduced from three to two in fiscal year 2012.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Implemented pay stations in the village that accept credit cards
- Parking Enforcement Officers absorbed meter collection and repair duties, significantly reducing contract service costs
- Removed change machine from the Village, while continuing to reduce armored car service costs

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"><li>• Fill vacant Parking Enforcement Officer position</li></ul>	Public Service

## PARKING ENFORCEMENT DEPARTMENT SUMMARY

Police Department-Parking	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	(\$44,602)	\$22,794	(\$180,600)	\$100	\$25,400	\$25,900
Fines and forfeitures	537,383	449,207	600,000	465,000	465,000	465,000
<b>Revenue Totals</b>	<b>\$492,781</b>	<b>\$472,002</b>	<b>\$419,400</b>	<b>\$465,100</b>	<b>\$490,400</b>	<b>\$490,900</b>

<b>Expenditures</b>						
Personnel	\$219,500	\$221,803	\$205,200	\$205,200	\$241,300	\$240,700
Contract services	248,543	225,816	188,600	234,300	221,800	222,700
Training	-	-	-	-	-	-
Supplies	11,238	10,183	10,000	10,000	10,000	10,200
Capital outlay	-	-	-	-	-	-
Internal service fund charges	13,500	14,200	15,600	15,600	17,300	17,300
<b>Expenditure Total</b>	<b>\$492,781</b>	<b>\$472,002</b>	<b>\$419,400</b>	<b>\$465,100</b>	<b>\$490,400</b>	<b>\$490,900</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Proposed	FY13/14 Planned
Parking Enforcement Officer	3.00	3.00	2.00	2.00	3.00	3.00
<b>TOTAL FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>2.00</b>	<b>2.00</b>	<b>3.00</b>	<b>3.00</b>

Hourly Employee Allocation

Temp Parking Enforcement Officer	900	900	1,800	1,800	900	900
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# 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.

## LIFEGUARD BUDGET SUMMARY

Police Department-Lifeguards	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
General Fund	\$95,781	\$74,502	\$89,700	\$81,000	\$73,900	\$73,000
<b>Source Totals</b>	<b>\$95,781</b>	<b>\$74,502</b>	<b>\$89,700</b>	<b>\$81,000</b>	<b>\$73,900</b>	<b>\$73,000</b>

<b>Expenditures</b>						
Personnel	\$87,763	\$68,870	\$84,400	\$52,200	\$ -	\$ -
Contract services	-	-	-	23,500	68,000	67,000
Supplies	5,618	2,832	2,700	2,700	2,700	2,800
Internal service fund charges	2,400	2,800	2,600	2,600	3,200	3,200
<b>Expenditure Totals</b>	<b>\$95,781</b>	<b>\$74,502</b>	<b>\$89,700</b>	<b>\$81,000</b>	<b>\$73,900</b>	<b>\$73,000</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Community Service Officer	0.50	0.50	0.50	0.33	0.00	0.00
<b>TOTAL FTE's</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.33</b>	<b>0.00</b>	<b>0.00</b>

### Hourly Employee Allocation

Senior Lifeguard	1,050	1,050	1,050	693	-	-
Lifeguard	1,700	1,700	1,700	1,122	-	-

# 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.

## POLICE DEPARTMENT- ANIMAL SERVICES BUDGET SUMMARY

Animal Services	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$14,394	\$14,355	\$12,700	\$12,700	\$12,700	\$12,900
Charges for services	2,559	4,330	3,500	3,500	3,500	3,500
<b>Revenue Totals</b>	<b>\$16,953</b>	<b>\$18,685</b>	<b>\$16,200</b>	<b>\$16,200</b>	<b>\$16,200</b>	<b>\$16,400</b>
<b>Expenditures</b>						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract services	16,753	18,485	15,000	15,000	15,000	15,200
Supplies	-	-	1,000	1,000	1,000	1,000
Internal service fund charges	200	200	200	200	200	200
<b>Expenditure Totals</b>	<b>\$16,953</b>	<b>\$18,685</b>	<b>\$16,200</b>	<b>\$16,200</b>	<b>\$16,200</b>	<b>\$16,400</b>
<b>Authorized Positions</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL FTE's</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

# 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.

## KEY CHANGES:

For 2012-13 the Department of Public Works has continued to maintain the level of service demand with less staff. In 2011-12, the Public Works work force was reduced by one full time position with the retirement, and subsequent position freeze, of the Maintenance Superintendent position. The department is now meeting our demands with three frozen positions.

In regards to the 2012-13 budget the Public Works Budget has increase less than 1% compared to the adopted 2011-12 budget. While personnel costs have dropped, contract services and materials and supply budgets have minor increases. The 2012-13 contract services budget includes a \$46,000 pass through grant and a \$30,000 inspections cost that were not included in the previous budget. The modest 3% increase in materials and supplies is primarily due to continued increases in gas costs.

## FISCAL YEAR 2012 ACCOMPLISHMENTS

- Oversaw the deployment of pay stations in the Village replacing single space meters
- Reorganized the public works crew organizational structure to reflect the reduced work force and the need to develop and rely on trained crew leaders
- Developed and began implementation of street sign replacement throughout the city to meet latest federal guidelines for large print signs
- Provided excellent service without replacing or purchasing any new equipment
- Managed and utilized tsunami work crew to complete many routine maintenance projects
- Completed mothballing Rispin Mansion

## FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Review purchases of cleaning and other materials to make sure safest materials are used</li> <li>• Continued implementation of storm water and other environmental programs</li> </ul>	Public Service and Improvement
<ul style="list-style-type: none"> <li>• Close negotiations on sale of portion of McGregor property for future water rights</li> </ul>	Public Improvement and Fiscal
<ul style="list-style-type: none"> <li>• Maintain Pavement Management Program</li> </ul>	Public Improvement

## PUBLIC WORKS DEPARTMENT BUDGET SUMMARY

Public Works Department Summary	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$1,704,309	\$1,937,116	\$1,977,785	\$1,918,120	\$1,942,444	\$1,959,394
Licenses and permits	26,841	16,130	20,000	20,000	15,000	15,000
Intergovernmental revenues	-	-	-	-	46,000	-
Charges for services	101,228	72,253	58,000	58,000	58,000	58,000
Other revenues	26,760	36,181	35,000	30,000	43,000	43,000
<b>Revenue Totals</b>	<b>\$1,859,138</b>	<b>\$2,061,680</b>	<b>\$2,090,785</b>	<b>\$2,026,120</b>	<b>\$2,104,444</b>	<b>\$2,075,394</b>

<b>Expenditures</b>						
Personnel	\$1,072,374	\$1,090,084	\$1,095,100	\$1,049,700	\$1,008,600	\$1,011,600
Contract services	461,243	572,752	596,225	596,400	668,250	643,800
Training & Memberships	890	950	-	460	1,350	1,350
Supplies	233,731	278,594	279,700	259,800	316,500	308,500
Capital outlay	-	-	-	-	-	-
Internal service fund charges	90,900	119,300	119,760	119,760	109,744	110,144
<b>Expenditure Totals</b>	<b>\$1,859,138</b>	<b>\$2,061,680</b>	<b>\$2,090,785</b>	<b>\$2,026,120</b>	<b>\$2,104,444</b>	<b>\$2,075,394</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	0.50	0.00	0.00
Str. & Facilities Maint. Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Parks Maint. Supervisor	0.00	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	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Worker I & II	8.00	8.00	8.00	7.00	7.00	7.00
Maintenance Worker III	0.00	0.00	0.00	1.00	1.00	1.00
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE's</b>	<b>12.33</b>	<b>12.33</b>	<b>12.33</b>	<b>11.83</b>	<b>11.33</b>	<b>11.33</b>

# 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.

## PUBLIC WORKS DEPARTMENT: STREET MAINTENANCE

Streets	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$790,472	\$948,140	\$979,195	\$985,070	\$933,168	\$951,168
Licenses and permits	26,841	16,130	20,000	20,000	15,000	15,000
Intergovernmental revenues	-	-	-	-	46,000	-
Charges for services	101,228	72,253	58,000	58,000	58,000	58,000
Other revenues	26,760	36,181	35,000	30,000	3,000	3,000
<b>Total Revenues</b>	<b>\$945,300</b>	<b>\$1,072,704</b>	<b>\$1,092,195</b>	<b>\$1,093,070</b>	<b>\$1,055,168</b>	<b>\$1,027,168</b>

<b>Expenditures</b>						
Personnel	\$699,189	\$734,596	\$730,000	\$684,600	\$623,700	\$626,700
Contract services	143,726	218,549	238,425	267,700	323,800	292,700
Supplies	40,284	38,759	40,500	57,500	41,500	41,500
Capital outlay	-	-	-	-	-	-
Internal service fund charges	62,100	80,800	83,270	83,270	66,168	66,268
<b>Expenditure Totals</b>	<b>\$945,300</b>	<b>\$1,072,704</b>	<b>\$1,092,195</b>	<b>\$1,093,070</b>	<b>\$1,055,168</b>	<b>\$1,027,168</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	0.50	0.00	0.00
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	3.00	3.00	3.00	3.00
Maintenance Worker III			1.00	1.00	1.00	1.00
<b>TOTAL FTE's</b>	<b>7.33</b>	<b>7.33</b>	<b>7.33</b>	<b>6.83</b>	<b>6.33</b>	<b>6.33</b>

# 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.

**PUBLIC WORKS DEPARTMENT: FACILITIES MAINTENANCE**

<b>Facilities</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
General Fund	\$229,134	\$243,701	\$277,000	\$237,300	\$251,800	\$248,550
<b>Source Totals</b>	<b>\$229,134</b>	<b>\$243,701</b>	<b>\$277,000</b>	<b>\$237,300</b>	<b>\$251,800</b>	<b>\$248,550</b>

<b>Expenditures</b>						
Personnel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contract services	192,138	199,166	218,900	181,900	189,600	196,250
Supplies	33,596	40,335	55,000	52,300	57,800	47,800
Internal service fund charges	3,400	4,200	3,100	3,100	4,400	4,500
<b>Expenditure Totals</b>	<b>\$229,134</b>	<b>\$243,701</b>	<b>\$277,000</b>	<b>\$237,300</b>	<b>\$251,800</b>	<b>\$248,550</b>

<b>Authorized Positions</b>	<b>FY09/10 Actual</b>	<b>FY10/11 Actual</b>	<b>FY11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY12/13 Adopted</b>	<b>FY13/14 Planned</b>
TOTAL FTE's	0.00	0.00	0.00	0.00	0.00	0.00
	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.

### PUBLIC WORKS DEPARTMENT-PARKS MAINTENANCE BUDGET SUMMARY

Public Works Department- Parks	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
General Fund	\$420,239	\$438,363	\$436,270	\$433,630	\$476,376	\$478,476
<b>Source Totals</b>	<b>\$420,239</b>	<b>\$438,363</b>	<b>\$436,270</b>	<b>\$433,630</b>	<b>\$476,376</b>	<b>\$478,476</b>

#### Expenditures

Personnel	\$293,092	\$275,340	\$285,400	\$285,400	\$301,100	\$301,100
Contract services	91,790	116,588	100,900	108,800	113,850	113,850
Training & Memberships	890	950	-	460	1,350	1,350
Supplies	15,267	20,585	26,000	15,000	27,000	29,000
Internal service fund charges	19,200	24,900	23,970	23,970	33,076	33,176
<b>Expenditure Totals</b>	<b>\$420,239</b>	<b>\$438,363</b>	<b>\$436,270</b>	<b>\$433,630</b>	<b>\$476,376</b>	<b>\$478,476</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Park Maint. Supervisor	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Worker III	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance Worker I & II	4.00	4.00	4.00	4.00	4.00	4.00
<b>TOTAL FTE's</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>	<b>4.00</b>

# 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.

### PUBLIC WORKS DEPARTMENT-FLEET MAINTENANCE BUDGET SUMMARY

Public Works Department- Fleet	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$264,465	\$306,911	\$285,320	\$262,120	\$281,100	\$281,200
Other revenues	-	-	-	-	40,000	40,000
<b>Total Revenue</b>	<b>\$264,465</b>	<b>\$306,911</b>	<b>\$285,320</b>	<b>\$262,120</b>	<b>\$321,100</b>	<b>\$321,100</b>

<b>Expenditures</b>						
Personnel	\$80,093	\$80,148	\$79,700	\$79,700	\$83,800	\$83,800
Contract services	33,589	38,449	38,000	38,000	41,000	41,000
Supplies	144,583	178,915	158,200	135,000	190,200	190,200
Internal service fund charges	6,200	9,400	9,420	9,420	6,100	6,200
<b>Expenditure Totals</b>	<b>\$264,465</b>	<b>\$306,911</b>	<b>\$285,320</b>	<b>\$262,120</b>	<b>\$321,100</b>	<b>\$321,200</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE's</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

# 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.

## **KEY CHANGES**

The ½-time Recreation Assistant Authorized position has been unfilled for years; the position has been filled by temporary staff. The authorized position has been removed, and the hours were moved to the Recreation Program Assistant, Hourly Employee Allocation.

Temporary staffing hours have been reduced by 140 hours, based on actual figures for 2011.

## **FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Worked with the City Manager and the Information Systems Specialist to review marketing strategies and to develop more of an online presence and accessibility, including: developing a Facebook page and a presence on LinkedIn, setting up a marketing strategy session with ActiveNet (the online registration and email marketing program the department uses), reducing brochure mailing, advertising and working with instructors to advertise on their own.
  
- Increased fees for the Junior Lifeguard and Camp Capitola programs, while retaining strong enrollment in classes.
  
- Worked with the Information Systems Specialist to address a variety of online registration problems with ActiveNet.

## **FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS**

<b>Goal</b>	<b>Corresponding Principle</b>
<ul style="list-style-type: none"><li>• Reduce General fund expenditures by 15%</li></ul>	Fiscal
<ul style="list-style-type: none"><li>• Implement promotional marketing; improve online capability, and listserve.</li></ul>	Public Service
<ul style="list-style-type: none"><li>• Advertise facilities and maximize rental opportunities for groups &amp; sports leagues</li></ul>	Public Service and Fiscal

## RECREATION DEPARTMENT BUDGET SUMMARY

Recreation Department	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$154,101	\$102,499	\$85,760	\$57,150	\$47,800	\$69,600
Charges for services	670,842	706,900	765,000	748,400	783,700	759,200
Use of money & property	5,212	5,542	3,000	5,000	6,000	6,000
Other revenues	-	-	-	-	1,000	1,000
<b>Revenue Totals</b>	<b>\$830,155</b>	<b>\$814,941</b>	<b>\$853,760</b>	<b>\$810,550</b>	<b>\$838,500</b>	<b>\$835,800</b>

<b>Expenditures</b>						
Personnel	\$466,802	\$474,325	\$469,500	\$469,400	\$460,600	\$457,500
Contract services	266,286	234,437	276,000	228,220	258,600	258,800
Training & Memberships	1,158	2,048	-	-	2,000	2,000
Supplies	56,509	59,331	65,000	69,670	69,700	69,700
Internal service fund charges	39,400	44,800	43,260	43,260	47,600	47,800
<b>Expenditure Totals</b>	<b>\$830,155</b>	<b>\$814,941</b>	<b>\$853,760</b>	<b>\$810,550</b>	<b>\$838,500</b>	<b>\$835,800</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Recreation Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Class Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
Recreation Assistant *	0.50	0.50	0.50	0.00	0.00	0.00
Sports Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
<b>TOTAL FTE's</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>

### Hourly Employee Allocation

Aquatics Coordinator	225	-	-	-	-	-
Aquatics Instructor	1,120	-	-	-	-	-
Sports Scorekeepers	2,350	2,100	2,100	2,100	2,250	2,250
Camp Capitola Coordinator	850	850	480	480	500	500
CC Jr. Leader Coordinator	400	400	400	400	400	400
CC Leader	3,000	2,900	2,500	2,500	3,000	3,000
Jr. Lifeguard Coordinator	450	450	450	450	500	500
Jr. Lifeguard Instructor	8,000	7,000	7,000	7,000	7,550	7,550
Recreation Program Assistant	3,500	3,300	3,300	3,300	4,000	4,000
Recreation Facility Assistant	1,350	1,100	1,100	1,100	1,200	1,200
<b>SHOWN IN HOURS</b>	<b>21,245</b>	<b>18,100</b>	<b>17,330</b>	<b>17,330</b>	<b>19,400</b>	<b>19,400</b>

# 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.

## **KEY CHANGES**

The funding represents City support for the museum’s newly-acquired storage units. A portion of the cost for the two units is shared with the Museum Board of Trustees, which engages in fundraising efforts throughout the year.

## **FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Began work to produce an edition of “Images of America” book. A book documenting the history of Capitola between 1874-1974.
- Relocated Museum artifacts to a centralized storage facility.
- Provided walking tours and lectures
- Continued efforts for historic preservation
- Produced quarterly newsletter
- Received more than 500 donated volunteer hours, and welcomed over 6,000 guests to the museum.
- Opened a new exhibit, “Capitola History—It’s About Time,” and “Capitola—Where Sky and Land Meet Sea and Sand,”

## **FISCAL YEAR 2013 AND FISCAL YEAR 2012 GOALS**

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Continue work highlighted in FY11-12, with an emphasis on the creation of a new exhibit, an updated website, and organizing the archive</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Release the Capitola book in the Image of America series</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Complete the archive accessioning project, and expand its outreach to Soquel District schools</li> </ul>	Public Service
<ul style="list-style-type: none"> <li>• Maintain existing services to the public</li> </ul>	Public Service

## MUSEUM DEPARTMENT BUDGET SUMMARY

Museum Department	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$63,801	\$66,146	\$76,700	\$77,590	\$77,800	\$77,600
Charges for services	-	50	-	-	-	-
Other revenues	924	694	600	5,600	5,600	600
<b>Revenue Totals</b>	<b>\$64,725</b>	<b>\$66,890</b>	<b>\$77,300</b>	<b>\$83,190</b>	<b>\$83,400</b>	<b>\$78,200</b>
<b>Expenditures</b>						
Personnel	\$53,552	\$55,707	\$59,600	\$59,600	\$60,100	\$59,900
Contract services	175	230	5,600	6,400	5,600	5,600
Training & Memberships	240	460	-	115	-	-
Supplies	8,158	7,593	8,500	13,475	13,500	8,500
Internal service fund charges	2,600	2,900	3,600	3,600	4,200	4,200
<b>Expenditure Totals</b>	<b>\$64,725</b>	<b>\$66,890</b>	<b>\$77,300</b>	<b>\$83,190</b>	<b>\$83,400</b>	<b>\$78,200</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
Museum Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
<b>TOTAL FTE's</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>

# 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.

**KEY CHANGES:**

There are no significant changes to the budget. The Commission continues to off-set nearly 50% of its budget by obtaining sponsors for the events.

**FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Mural Project: Completed December 2011 by the New Brighton Middle School students.
- 41<sup>st</sup> Ave project is on schedule to be completed summer 2013.
- Sponsors obtained to continue funding the concerts and movies
- Added new concert series; Jazz at the Beach
- Conducted children’s art events at the Begonia Festival and Art & Wine Festival.

**FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS**

Goal	Corresponding Principle
<ul style="list-style-type: none"> <li>• Continue to offer twilight concerts, art in the park, music on Sundays and movies at the beach.</li> <li>• Display art work by community members at City Facilities</li> <li>• Complete the 41<sup>st</sup> Ave. Public Art Project</li> <li>• Identify new Public Art Projects.</li> </ul>	Public Services

## ART & CULTURAL COMMISSION BUDGET SUMMARY

Art & Cultural Commission	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Revenue</b>						
General Fund	\$20,655	\$16,807	\$27,900	\$27,900	\$21,800	\$21,800
Other revenues	19,630	20,546	20,300	20,300	21,200	21,200
<b>Revenue Totals</b>	<b>\$40,285</b>	<b>\$37,353</b>	<b>\$48,200</b>	<b>\$48,200</b>	<b>\$43,000</b>	<b>\$43,000</b>
<b>Expenditures</b>						
Personnel	\$11,443	\$4,813	\$12,200	\$12,200	\$12,200	\$12,200
Contract services	20,400	21,502	23,900	23,900	23,400	23,400
Supplies	6,842	9,139	10,300	10,300	5,500	5,500
Internal service fund charges	1,600	1,900	1,800	1,800	1,900	1,900
<b>Total Expenditures</b>	<b>\$40,285</b>	<b>\$37,353</b>	<b>\$48,200</b>	<b>\$48,200</b>	<b>\$43,000</b>	<b>\$43,000</b>

Authorized Positions	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
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
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# 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 of citywide hardware and software. Annual on-going information technology costs are allocated based on the distribution of resources identified in Table 2.

### SOURCES AND USES

Fund - 2211	FY 09/10 Actual	FY20/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 113,198	\$ 141,401	\$ 173,178	\$ 173,178	\$ 172,278	\$ 27,878
<b>Revenue</b>						
Other Revenues	-	-	-	-	\$ 3,000	\$ 3,000
Internal Service Charges	116,800	115,200	117,000	117,000	141,400	121,000
<b>Revenue Totals</b>	<b>\$ 116,800</b>	<b>\$ 115,200</b>	<b>\$ 117,000</b>	<b>\$ 117,000</b>	<b>\$ 144,400</b>	<b>\$ 124,000</b>
<b>Expenditures</b>						
Contract services	\$ 48,829	\$ 47,871	\$ 66,000	\$ 67,350	\$ 89,300	\$ 80,300
Training	0	1,132	1,100	1,400	1,000	1,000
Supplies	29,825	34,420	50,000	49,150	50,000	50,000
Capital outlay	9,943	-	-	-	36,300	25,000
Other financing uses	-	-	-	-	112,200	-
<b>Expenditure Totals</b>	<b>\$ 88,597</b>	<b>\$ 83,423</b>	<b>\$ 117,100</b>	<b>\$ 117,900</b>	<b>\$ 288,800</b>	<b>\$ 156,300</b>
<b>Fund Balance at 06/30</b>	<b>\$ 141,401</b>	<b>\$ 173,178</b>	<b>\$ 173,078</b>	<b>\$ 172,278</b>	<b>\$ 27,878</b>	<b>\$ (4,422)</b>

Table 2						
Department	PC	Laptop	MDC	Printers	Servers	Hardware - only Annual Charge
Council		3				3,000
Finance	6	0		2	4	14,800
Attorney						-
Manager	9	8		2	5	27,300
Personnel	1					700
Museum	1	1				1,200
Arts	1					700
Police - Law Enf	25	5	10	5	3.00	45,000
Police - Parking Enf	1	0		1	0	1,000
Police - Lifeguard	1	0		0	0	700
CDD	4	0		2	0.50	4,700
Building	2	0		1	0.25	2,300
Public Works						-
Streets	4				0.25	3,300
Facilities	1					700
Parks	2					1,300
Fleet						-
Recreation	7			1	1	7,500
<b>Total</b>	<b>65</b>	<b>17</b>	<b>10</b>	<b>14</b>	<b>14</b>	<b>\$ 114,200</b>
	<b>PC</b>	<b>Laptop</b>	<b>MDC</b>	<b>Printers</b>	<b>Servers</b>	
Replacement Cost/Each	\$ 2,000	\$ 3,000	\$ 7,000	\$ 1,500	\$ 10,000	
Estimated Life	3	3	5	4	4	
<b>Total Replacement Cost</b>	<b>\$ 130,000</b>	<b>\$ 49,500</b>	<b>\$ 70,000</b>	<b>\$ 21,000</b>	<b>\$ 140,000</b>	<b>\$ 410,500</b>
						<b>25%</b>
<b>Replacement Budget - Target Balance 25% of Replacement Budget</b>						<b>\$ 102,600</b>

## Self-Insurance Liability Program Fund

The Self-Insurance Liability Program Fund established to accumulate fund balances to provide for deductible expenditures and excess incidents which are above the City's liability coverage. Funds are primarily collected for the following expenses:

- Excess Insurance Premiums - The City belongs to the Monterey Bay Area Self Insurance Authority (MBASIA) joint powers authority. MBASIA covers all liability expenses, fire, and property protection. Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence.
- Property Insurance: Insurance coverage is provided through the Public Entity Property Insurance Program and insured by Lexington. The City's premium is \$11,000.
- Vehicle and Equipment Insurance Coverage – Coverage for vehicles and equipment with a purchase value of \$35,000 or more. The annual premium is \$3,000 with a \$2,000 deductible.
- 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 premiums to the State. When an employee files for and receives unemployment benefits from the State, the City is responsible for that benefit.

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.

### SOURCES AND USES

2213 Liability Fund	FY 09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 198,117	\$ 253,892	\$ 277,375	\$ 277,375	\$ 229,075	\$ 229,075
<b>Revenues</b>						
Internal Service Fund Revenue	\$ 116,900	\$ 142,800	\$ 128,400	\$ 128,400	\$ 146,450	\$ 147,450
<b>Revenue Totals</b>	<b>\$ 116,900</b>	<b>\$ 142,800</b>	<b>\$ 128,400</b>	<b>\$ 128,400</b>	<b>\$ 146,450</b>	<b>\$ 147,450</b>
<b>Expenditures</b>						
Contract services						
General Liability Insurance	\$ 26,135	\$ 52,270	\$ 65,400	\$ 65,400	\$ 81,750	\$ 81,750
EAP	-	3,522	4,000	4,000	4,000	4,000
Vehicle and Equipment	8,483	2,393	3,000	3,000	3,000	3,000
Employee Bond	1,096	1,096	1,200	1,200	1,200	1,200
EDD Payments	13,965	37,156	25,000	45,000	25,000	25,000
Liability Claims	9,542	13,609	20,000	45,000	20,000	20,000
Volunteer Insurance	1,585	1,610	1,600	1,600	-	-
Fire Insurance	-	7,662	7,600	11,000	11,000	12,000
<b>Contract Services Total</b>	<b>\$ 60,806</b>	<b>\$ 119,317</b>	<b>\$ 127,800</b>	<b>\$ 176,200</b>	<b>\$ 145,950</b>	<b>\$ 146,950</b>
<b>Grants and Subsidies</b>	319	-	500	500	500	500
<b>Expenditure Totals</b>	<b>\$ 61,125</b>	<b>\$ 119,317</b>	<b>\$ 128,300</b>	<b>\$ 176,700</b>	<b>\$ 146,450</b>	<b>\$ 147,450</b>
<b>Fund Balance at 06/30</b>	<b>\$ 253,892</b>	<b>\$ 277,375</b>	<b>\$ 277,475</b>	<b>\$ 229,075</b>	<b>\$ 229,075</b>	<b>\$ 229,075</b>

## Workers Compensation Fund

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.

## SOURCES AND USES

Fund - 2214	FY 09/10 Actual	FY20/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 175,150	\$ 174,999	\$ 174,779	\$ 174,779	\$ 162,479	\$ 162,579
<b>Revenue</b>						
Internal service fund charges	\$437,300	\$473,000	\$467,700	\$467,700	\$528,100	\$528,100
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$437,300</b>	<b>\$473,000</b>	<b>\$467,700</b>	<b>\$467,700</b>	<b>\$528,100</b>	<b>\$528,100</b>
<b>Expenditures</b>						
Contract services	\$437,451	\$473,220	\$467,400	\$480,000	\$528,000	\$528,000
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$437,451</b>	<b>\$473,220</b>	<b>\$467,400</b>	<b>\$480,000</b>	<b>\$528,000</b>	<b>\$528,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 174,999</b>	<b>\$ 174,779</b>	<b>\$ 175,079</b>	<b>\$ 162,479</b>	<b>\$ 162,579</b>	<b>\$ 162,679</b>

## Stores Fund

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.

### SOURCES AND USES

Fund - 2210	FY 09/10 Actual	FY20/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 13,743	\$ 25,271	\$ 14,306	\$ 14,306	\$ 12,939	\$ 10,539
<b>Revenue</b>						
Other revenues	\$ 96	\$ 10	-	\$ 53	\$ -	\$ -
Internal service charges	37,700	28,500	30,700	30,700	34,450	34,450
<b>Revenue Totals</b>	<b>\$ 37,796</b>	<b>\$ 28,510</b>	<b>\$ 30,700</b>	<b>\$ 30,753</b>	<b>\$ 34,450</b>	<b>\$ 34,450</b>
<b>Expenditures</b>						
Contract services	\$ 4,660	\$ 12,759	\$ 6,500	\$ 7,114	\$ 7,050	\$ 7,050
Supplies	21,607	26,717	22,000	25,006	25,000	25,000
Other Financing Uses	-	-	-	-	4,800	
<b>Expenditure Totals</b>	<b>\$ 26,268</b>	<b>\$ 39,476</b>	<b>\$ 28,500</b>	<b>\$ 32,120</b>	<b>\$ 36,850</b>	<b>\$ 32,050</b>
<b>Fund Balance at 06/30</b>	<b>\$ 25,271</b>	<b>\$ 14,306</b>	<b>\$ 16,506</b>	<b>\$ 12,939</b>	<b>\$ 10,539</b>	<b>\$ 12,939</b>

# Equipment Acquisition and Replacement Fund

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 General Fund charges for services are based on the prior year fleet depreciation costs adjusted by the CPI index.

During the annual budget process, the Public Works and the Police Department review the current vehicle inventory listing and make recommendations for vehicle acquisitions and replacements. The vehicle replacement and on-going maintenance costs are taken into consideration. All budgeted vehicles are approved by the City Manager. The estimated annual contribution for FY12/13 and FY 13/14 is anticipated to be \$89,973. Capital Outlay for the FY 12/13 and FY 13/14 budgets are listed below:

FY 12/13 Capital Outlay		FY 13/14 Capital Outlay	
PW Truck	\$27,000	Command Vehicle	\$50,000
Replacement Pressure Washer	22,000		
Marked Police Vehicle	38,000		
Unmarked Police Vehicle	20,000		
<b>Total</b>	<b>\$107,000</b>	<b>Total</b>	<b>\$50,000</b>

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.

## SOURCES AND USES

Fund - 2212	FY 09/10 Actual	FY20/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	<b>\$ 255,760</b>	<b>\$ 282,539</b>	<b>\$ 305,933</b>	<b>\$ 305,933</b>	<b>\$ 357,933</b>	<b>\$ 57,906</b>
<b>Revenue</b>						
Internal service charges	\$ 64,800	\$ 100,000	\$ 103,000	\$ 103,000	\$ 89,973	\$ 89,973
Other financing sources	-	-	50,000	55,000	-	-
<b>Revenue Totals</b>	<b>\$ 64,800</b>	<b>\$ 100,000</b>	<b>\$ 153,000</b>	<b>\$ 158,000</b>	<b>\$ 89,973</b>	<b>\$ 89,973</b>
<b>Expenditures</b>						
Capital outlay	\$ 38,021	\$ 26,605	\$ 103,000	\$ 81,000	\$ 107,000	\$ 50,000
Other financing uses	-	50,000	25,000	25,000	283,000	-
<b>Expenditure Totals:</b>	<b>\$ 38,021</b>	<b>\$ 76,605</b>	<b>\$ 128,000</b>	<b>\$ 106,000</b>	<b>\$ 390,000</b>	<b>\$ 50,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 282,539</b>	<b>\$ 305,933</b>	<b>\$ 330,933</b>	<b>\$ 357,933</b>	<b>\$ 57,906</b>	<b>\$ 97,879</b>

## Public Employees Retirement Fund

The Public Employees Retirement Internal Service Fund was established in the 2004-05 fiscal year. This Internal Service Fund allowed 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 were excluded from the General Fund Internal Service Fund Expenditures, and instead reported as PERS benefits in the General Fund Staffing Cost section.

This fund was primarily used as a pass-through account for debt service and the employer's share of PERS payments.

In FY12/13 and future years, payments will be made directly from the General Fund to PERS and the Pension Obligation Fund. The remaining fund balance will be closed into the General Fund as one-time refund. Additional adjustments may be needed to the POB.

### SOURCES AND USES

Fund - 2215	FY 09/10 Actual	FY20/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	<b>\$ 369,663</b>	<b>\$ 520,525</b>	<b>\$ 473,731</b>	<b>\$ 473,731</b>	<b>\$ 171,431</b>	<b>\$ -</b>
<b>Revenue</b>						
City Council	\$ 8,000	\$ 7,000	\$ 7,100	\$ 7,100	\$ -	\$ -
City Manager	108,500	96,200	102,700	102,700	-	-
Personnel	24,500	21,400	25,000	25,000	-	-
Finance	66,770	76,400	88,100	88,100	-	-
PD - Law Enforcement	942,002	880,900	883,400	883,400	-	-
PD - Parking Enforcement	35,000	31,100	25,500	25,500	-	-
PD - Lifeguard	7,600	6,900	7,500	7,500	-	-
PW - Streets	123,700	110,200	111,800	111,800	-	-
PW - Fleet	13,900	12,300	12,000	12,000	-	-
PW - Parks	51,200	45,300	42,100	42,100	-	-
Community Development	96,200	68,300	71,700	71,700	-	-
Building	28,800	15,500	21,800	21,800	-	-
Recreation	49,500	45,300	45,400	45,400	-	-
Museum	9,000	8,400	9,000	9,000	-	-
<b>Revenue Totals</b>	<b>1,564,672</b>	<b>1,425,200</b>	<b>1,453,100</b>	<b>1,453,100</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>						
Personnel	\$997,210	\$1,031,995	\$1,094,900	\$1,094,900	-	-
Other financing uses	416,600	439,998	660,500	660,500	171,431	-
<b>Expenditure Totals</b>	<b>\$ 1,413,810</b>	<b>\$ 1,471,993</b>	<b>\$ 1,755,400</b>	<b>\$ 1,755,400</b>	<b>\$ 171,431</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 520,525</b>	<b>\$ 473,731</b>	<b>\$ 171,431</b>	<b>\$ 171,431</b>	<b>\$ -</b>	<b>\$ -</b>

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# SPECIAL REVENUE FUNDS



# SPECIAL REVENUE FUNDS

**Supplemental Law Enforcement Services (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 (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 (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.

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

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

**Parking Reserve (Public Works):** In 2009 the Council authorized a special reserve fund from the Village parking meters for parking-related projects.

**Technology Fee (Community Development):** The fee is 5% of the building permit fee to fund new software for permit processing.

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

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

**Community Development Block Grants (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 Program Income (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 (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.

**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).

**Housing Trust (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.

**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.

**Capitola Housing Successor (Finance):** At the dissolution of the Capitola Redevelopment Agency, the City elected to become the Housing Successor to the former Low and Moderate Income Housing Fund of the RDA.

**Housing Successor Program Income (Finance):** Per the terms of ABX1 26, any loan repayments received by the Housing Successor become program income to be administered as part of the housing program for the City.

# Supplemental Law Enforcement Services POLICE

Continued funding for this program was unknown during the budget preparation process. 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 equipment.

## SOURCES AND USES

Fund - 1300	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ (7,052)	\$ 1,341	\$ -	\$ 9,911	\$ 4,911	\$ 4,911
<b>Revenue</b>						
Intergovernmental revenues	\$ 108,140	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 108,140</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Personnel	\$ 97,756	\$ 80,761	\$ -	\$ 40,000	\$ -	\$ -
Contract services	1,238	10,669	-	5,000	-	-
Supplies	753	-	-	-	-	-
Capital outlay	-	-	-	60,000	-	-
<b>Expenditure Totals</b>	<b>\$ 99,747</b>	<b>\$ 91,430</b>	<b>\$ -</b>	<b>\$ 105,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 1,341</b>	<b>\$ 9,911</b>	<b>\$ -</b>	<b>\$ 4,911</b>	<b>\$ 4,911</b>	<b>\$ 4,911</b>

# 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 or 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 \$18,000 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. Staffing costs are reimbursed by SCCACT from their Adjudicated Asset Forfeiture Account on a monthly basis.

## SOURCES AND USES

Fund - 1301	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ (8,413)	\$ (387)	\$ (300)	\$ 21	\$ 21	\$ 1,921
<b>Revenue</b>						
Other revenues	\$ 73,481	\$ 70,283	\$ 71,400	\$ 71,400	\$ 74,100	\$ 77,300
<b>Revenue Totals</b>	<b>\$ 73,481</b>	<b>\$ 70,283</b>	<b>\$ 71,400</b>	<b>\$ 71,400</b>	<b>\$ 74,100</b>	<b>\$ 77,300</b>
<b>Expenditures</b>						
Personnel	\$ 65,455	\$ 69,875	\$ 71,400	\$ 71,400	\$ 72,200	\$ 75,500
Contract services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 65,455</b>	<b>\$ 69,875</b>	<b>\$ 71,400</b>	<b>\$ 71,400</b>	<b>\$ 72,200</b>	<b>\$ 75,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ (387)</b>	<b>\$ 21</b>	<b>\$ (300)</b>	<b>\$ 21</b>	<b>\$ 1,921</b>	<b>\$ 3,721</b>

# 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 Controller's Office web site:

[http://www.sco.ca.gov/Files-AUD/gastax\\_gastax2004.pdf](http://www.sco.ca.gov/Files-AUD/gastax_gastax2004.pdf).

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.

## SOURCES AND USES

Fund - 1310	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 73,157	\$ 64,581	\$ 74,300	\$ 53	\$ 153	\$ 4,553
<b>Revenue</b>						
Intergovernmental revenues	\$ 262,821	\$ 258,432	\$ 263,000	\$ 263,000	\$ 271,500	\$ 271,000
Use of money & property	200	41	400	400	-	-
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 263,021</b>	<b>\$ 258,473</b>	<b>\$ 263,400</b>	<b>\$ 263,400</b>	<b>\$ 271,500</b>	<b>\$ 271,000</b>
<b>Expenditures</b>						
Contract services	\$ 227,812	\$ 279,062	\$ 252,600	\$ 223,100	\$ 258,000	\$ 269,000
Supplies	-	154	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service	43,785	43,785	40,200	40,200	9,100	6,000
<b>Expenditure Totals</b>	<b>\$ 271,597</b>	<b>\$ 323,001</b>	<b>\$ 292,800</b>	<b>\$ 263,300</b>	<b>\$ 267,100</b>	<b>\$ 275,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 64,581</b>	<b>\$ 53</b>	<b>\$ 44,900</b>	<b>\$ 153</b>	<b>\$ 4,553</b>	<b>\$ 553</b>

# Wharf PUBLIC WORKS

The Wharf Fund accounts for rents and other income generated from wharf operations and related costs including maintenance and improvements.

In 2011-12 the City undertook the replacement of two guide piles that hold the seasonal floating docks in place and the complete replacement of the gas service main. Both of these projects were the result of damage sustained by the wharf in storm events in February 2012. The \$111,000 cost of these repairs was paid from funds available in the Wharf Fund and a \$25,000 transfer from Capital Improvement Program funds. In addition to these repairs, the primary floating dock was replaced, providing better support for the ramp off of the wharf.

The wharf fund will continue to retain all revenue in this account and therefore be able to meet the majority of its expenditure demands. When major repairs are necessary, which occur on a 3-5 year cycle, occasional general fund support can be anticipated to keep this key public facility open.

## SOURCES AND USES

Fund - 1311	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 133,663	\$ 38,110	\$ 848	\$ 46,414	\$ 64	\$ 64
<b>Revenue</b>						
Use of money & property	\$ 77,143	\$ 81,302	\$ 79,850	\$ 79,050	\$ 83,700	\$ 85,000
Other revenues	-	-	1,000	26,000	-	-
<b>Revenue Totals</b>	<b>\$ 77,143</b>	<b>\$ 81,302</b>	<b>\$ 80,850</b>	<b>\$ 105,050</b>	<b>\$ 83,700</b>	<b>\$ 85,000</b>
<b>Expenditures</b>						
Contract services	\$ 70,932	\$ 67,509	\$ 75,000	\$ 146,400	\$ 78,700	\$ 78,700
Supplies	1,222	5,489	5,000	5,000	5,000	5,000
Capital outlay	100,541	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 172,696</b>	<b>\$ 72,998</b>	<b>\$ 80,000</b>	<b>\$ 151,400</b>	<b>\$ 83,700</b>	<b>\$ 83,700</b>
<b>Fund Balance at 06/30</b>	<b>\$ 38,110</b>	<b>\$ 46,414</b>	<b>\$ 1,698</b>	<b>\$ 64</b>	<b>\$ 64</b>	<b>\$ 1,364</b>

# Development Fees

## 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.

### SOURCES AND USES

Fund - 1312	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ (1,415)	\$ (1,415)	\$ (1,378)	\$ 2,026	\$ 2,026	\$ 2,026
<b>Revenue</b>						
Charges for services	\$ -	\$ 3,441	\$ 10,000	\$ -	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 3,441</b>	<b>\$ 10,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supplies	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ (1,415)</b>	<b>\$ 2,026</b>	<b>\$ 8,622</b>	<b>\$ 2,026</b>	<b>\$ 2,026</b>	<b>\$ 2,026</b>

# General Plan Update and Maintenance

## 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 started the process of updating the General Plan in 2010. The process is continuing. The General Plan Advisory Committee (GPAC) has conducted eight regular meeting and four community workshops. The consultants have completed special studies of the 41<sup>st</sup>. Avenue Commercial Area, the Bay Avenue, the Center Village and the Pacific Cove/City Hall site plan. These four special study area reports have been presented to the GPAC, Planning Commission and City Council. It is anticipated that draft elements of the General Plan will be presented to the GPAC in the fall of 2012. The Adopted budget provides adequate resources to fund consultant contracts and staff time to continue the effort as identified in the scope of work.

### SOURCES AND USES

Fund - 1313	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 542,645	\$ 599,165	\$ 405,120	\$ 303,776	\$ 244,426	\$ 168,326
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 10,000	\$ 65,000	\$ 25,000
Charges for services	151,881	53,660	125,000	142,400	100,000	100,000
Use of money & property	3,952	2,899	2,000	-	1,000	2,000
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 155,833</b>	<b>\$ 56,559</b>	<b>\$ 127,000</b>	<b>\$ 152,400</b>	<b>\$ 166,000</b>	<b>\$ 127,000</b>
<b>Expenditures</b>						
Contract services	\$ 99,171	\$ 346,222	\$ 228,300	\$ 210,400	\$ 232,100	\$ 240,000
Supplies	142	5,726	10,000	1,350	10,000	-
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 99,313</b>	<b>\$ 351,948</b>	<b>\$ 238,300</b>	<b>\$ 211,750</b>	<b>\$ 242,100</b>	<b>\$ 240,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 599,165</b>	<b>\$ 303,776</b>	<b>\$ 293,820</b>	<b>\$ 244,426</b>	<b>\$ 168,326</b>	<b>\$ 55,326</b>

# Green Building Education BUILDING

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.

## SOURCES AND USES

Fund - 1314	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 6,024	\$ 45,397	\$ 45,373	\$ 48,704	\$ 88,644	\$ 63,144
<b>Revenue</b>						
Charges for services	\$ 39,373	\$ 4,104	\$ 10,000	\$ 45,500	\$ 10,000	\$ 10,000
<b>Revenue Totals</b>	<b>\$ 39,373</b>	<b>\$ 4,104</b>	<b>\$ 10,000</b>	<b>\$ 45,500</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ 20,000	\$ 1,560	\$ 32,500	\$ 20,000
Training	-	215	5,000	2,000	2,000	2,000
Supplies	-	582	5,000	2,000	1,000	1,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 797</b>	<b>\$ 30,000</b>	<b>\$ 5,560</b>	<b>\$ 35,500</b>	<b>\$ 23,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 45,397</b>	<b>\$ 48,704</b>	<b>\$ 25,373</b>	<b>\$ 88,644</b>	<b>\$ 63,144</b>	<b>\$ 50,144</b>

# Public Art 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.

Completed Art Projects Include:

- Historical Directional signs
- Sea Kelp Medallion on Esplanade Park
- Sea Wall Tiles
- Graphic Traffic Box Art Project.
- Wharf Road Mural & 41<sup>st</sup> Ave Median Project
- Bay Ave. tile mural project
- 41<sup>st</sup> Ave Street Median Project

### SOURCES AND USES

Fund - 1315	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 133,442	\$ 162,754	\$ 236,812	\$ 127,748	\$ 142,948	\$ 131,248
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	36,836	5,972	120,000	283,900	15,000	15,000
<b>Revenue Totals</b>	<b>\$ 36,836</b>	<b>\$ 5,972</b>	<b>\$ 120,000</b>	<b>\$ 283,900</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Expenditures</b>						
Personnel	\$ 1,300	\$ 6,700	\$ 6,700	\$ 6,700	\$ 6,700	\$ 6,700
Contract services	6,224	30,240	205,000	262,000	20,000	-
Supplies	-	38	-	-	-	-
Other financing uses	-	4,000	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 7,524</b>	<b>\$ 40,978</b>	<b>\$ 211,700</b>	<b>\$ 268,700</b>	<b>\$ 26,700</b>	<b>\$ 6,700</b>
<b>Fund Balance at 06/30</b>	<b>\$ 162,754</b>	<b>\$ 127,748</b>	<b>\$ 145,112</b>	<b>\$ 142,948</b>	<b>\$ 131,248</b>	<b>\$ 139,548</b>

# Parking Reserve

## PUBLIC WORKS

In 2009, as part of a parking meter rate increase, the City Council established the Parking Reserve. Revenues into this fund are 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.

### SOURCES AND USES

Fund - 1316	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ 78,649	\$ 12,649	\$ 180,719	\$ 719	\$ 719
<b>Revenue</b>						
Other financing sources	\$ 78,649	\$ 127,099	\$ 100,000	\$ 90,000	\$ 84,800	\$ 86,400
<b>Revenue Totals</b>	<b>\$ 78,649</b>	<b>\$ 127,099</b>	<b>\$ 100,000</b>	<b>\$ 90,000</b>	<b>\$ 84,800</b>	<b>\$ 86,400</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 25,029	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	25,000	220,000	-	-
Other financing uses	-	-	50,000	50,000	84,800	86,400
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 25,029</b>	<b>\$ 75,000</b>	<b>\$ 270,000</b>	<b>\$ 84,800</b>	<b>\$ 86,400</b>
<b>Fund Balance at 06/30</b>	<b>\$ 78,649</b>	<b>\$ 180,719</b>	<b>\$ 37,649</b>	<b>\$ 719</b>	<b>\$ 719</b>	<b>\$ 719</b>

# Technology Fee

## COMMUNITY DEVELOPMENT

On November 12, 2009, the City of Capitola adopted a resolution establishing the Technology Fee. The fee is 5% of the Building, Community Development 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 an 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 new web based software system will provide up-to-date communications, as well as improve in-house productivity. The system will better coordinate plan review activities among 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.

### SOURCES AND USES

Fund - 1317	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ 3,902	\$ 9,802	\$ 11,288	\$ 22,388	\$ 23,288
<b>Revenue</b>						
Charges for services	\$ 3,902	\$ 7,386	\$ 5,900	\$ 11,100	\$ 5,900	\$ 5,900
<b>Revenue Totals</b>	<b>\$ 3,902</b>	<b>\$ 7,386</b>	<b>\$ 5,900</b>	<b>\$ 11,100</b>	<b>\$ 5,900</b>	<b>\$ 5,900</b>
<b>Expenditures</b>						
Supplies	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ 5,000
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 3,902</b>	<b>\$ 11,288</b>	<b>\$ 10,702</b>	<b>\$ 22,388</b>	<b>\$ 23,288</b>	<b>\$ 24,188</b>

# Public Education & Government Cable TV Access

## 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 to upgrade the equipment in the Council Chambers.

### SOURCES AND USES

Fund - 1320	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 86,735	\$ 82,867	\$ 80,903	\$ 77,936	\$ 43,236	\$ 38,836
<b>Revenue</b>						
Licenses and permits	\$ 19,304	\$ 19,046	\$ 19,500	\$ 19,500	\$ 19,500	\$ 19,500
Use of money & property	532	396	600	300	600	600
<b>Revenue Totals</b>	<b>\$ 19,836</b>	<b>\$ 19,442</b>	<b>\$ 20,100</b>	<b>\$ 19,800</b>	<b>\$ 20,100</b>	<b>\$ 20,100</b>
<b>Expenditures</b>						
Contract services	\$ 23,704	\$ 24,373	\$ 54,500	\$ 54,500	\$ 24,500	\$ 24,500
Supplies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 23,704</b>	<b>\$ 24,373</b>	<b>\$ 54,500</b>	<b>\$ 54,500</b>	<b>\$ 24,500</b>	<b>\$ 24,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ 82,867</b>	<b>\$ 77,936</b>	<b>\$ 46,503</b>	<b>\$ 43,236</b>	<b>\$ 38,836</b>	<b>\$ 34,436</b>

# Capitola Village & Wharf Business Improvement Area

## FINANCE

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 (BIA). It was established to generate revenue for the sole purpose of promoting business in Capitola Village and on the Wharf. The governing State law requires certain annual actions and public hearing to continue this assessment district. The program is run with the assistances of a BIA Board of Directors. The BIA Directors will provide their budget proposal to Council in a separate document and public hearing during May and June 2012.

### SOURCES AND USES

Fund - 1321	FY 09/10	FY 10/11	FY 11/12	FY11/12	FY 12/13	FY 13/14
	Actual	Actual	Adopted	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 14,609	\$ 7,437	\$ 1,040	\$ 5,455	\$ 4,155	\$ 2,855
<b>Revenue</b>						
Charges for services	\$ 69,975	\$ 70,335	\$ 70,200	\$ 70,200	\$ 70,200	\$ 70,200
Use of money & property	203	137	100	100	100	100
<b>Revenue Totals</b>	<b>\$ 70,178</b>	<b>\$ 70,472</b>	<b>\$ 70,300</b>	<b>\$ 70,300</b>	<b>\$ 70,300</b>	<b>\$ 70,300</b>
<b>Expenditures</b>						
Contract services	\$ 62,926	\$ 57,041	\$ 58,600	\$ 58,600	\$ 58,600	\$ 58,600
Supplies	14,424	15,413	13,000	13,000	13,000	13,000
<b>Expenditure Totals</b>	<b>\$ 77,350</b>	<b>\$ 72,454</b>	<b>\$ 71,600</b>	<b>\$ 71,600</b>	<b>\$ 71,600</b>	<b>\$ 71,600</b>
<b>Fund Balance at 06/30</b>	<b>\$ 7,437</b>	<b>\$ 5,455</b>	<b>\$ (260)</b>	<b>\$ 4,155</b>	<b>\$ 2,855</b>	<b>\$ 1,555</b>

# 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 the competitive Small Cities Grant Program administered by the California Department of Housing and Community Development.

Work has just been completed on two prior \$35,000 City CDBG study grants, the Green Economy/Environmental Economic Analysis and 41<sup>st</sup> Avenue/Capitola Mall Re-Visioning Plan. The studies were incorporated into the City's General Plan update process, and allowed the City to focus efforts on specific planning for the redevelopment of the 41<sup>st</sup> Avenue corridor and mechanisms to boost the City's "green" employment sector. The Final Report for the Green Economy grant, "The Capitola Green Economy: Job Creation and a Sustainable Future," identified twenty-one strategies to be considered for incorporation into the city's General Plan Update and the Climate Action Plan as applicable. The Report estimates that if all twenty-one strategies were implemented, Capitola could attract from 150 to 600 additional jobs through 2035. The Final Report was accepted by the City Council in November 2011.

The City was also awarded a 2008 Disaster Recovery Initiative (DRI) grant from the California Community Development Block Grant program for \$250,000 for development of the City's Local Hazard Mitigation Plan (LHMP) and Safety Element of the General Plan Update. The grant plan also includes a review of relocating emergency responders at the current City Hall site, a sea level rise analysis, and coordination of the LHMP with the General Plan Update, the Local Coastal Plan, and the Climate Action Plan. Work has begun on both portions of the grant and is expected to be completed in 2012-13 with some revenue reimbursement extending into 2013-14.

### SOURCES AND USES

Fund - 1350	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 27,627	\$ 34,047	\$ 12,405	\$ (4,067)	\$ (23,569)	\$ (54,758)
<b>Revenue</b>						
Intergovernmental revenues	\$ 11,848	\$ 9,297	\$ 70,000	\$ 148,836	\$ 143,200	\$ 25,000
Use of money & property	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 11,848</b>	<b>\$ 9,297</b>	<b>\$ 70,000</b>	<b>\$ 148,836</b>	<b>\$ 143,200</b>	<b>\$ 25,000</b>
<b>Expenditures</b>						
Contract services	\$ 5,428	\$ 47,411	\$ 7,100	\$ 168,338	\$ 174,389	\$ 20,000
Supplies	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 5,428</b>	<b>\$ 47,411</b>	<b>\$ 7,100</b>	<b>\$ 168,338</b>	<b>\$ 174,389</b>	<b>\$ 20,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 34,047</b>	<b>\$ (4,067)</b>	<b>\$ 75,305</b>	<b>\$ (23,569)</b>	<b>\$ (54,758)</b>	<b>\$ (49,758)</b>

# Community Development Block Grant Program Income

## COMMUNITY DEVELOPMENT

This special revenue fund accounts for repayment 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 Mobile Home 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. Fiscal year 2007-08 was the last time the City qualified under this requirement and those funds have since been distributed and the restricted fund closed.

In FY12/13, the City does not anticipate receiving more than \$25,000 in Program Income revenue.

### SOURCES AND USES

Fund - 1351	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ (14,788)	\$ (17,788)	\$ 2,300	\$ (15,445)	\$ (17,745)	\$ (20,245)
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
Other financing sources	-	5,343	-	-	-	-
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 5,343</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 3,000	\$ 3,000	\$ -	\$ 2,300	\$ 2,500	\$ 2,500
Supplies	-	-	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 3,000</b>	<b>\$ 3,000</b>	<b>\$ -</b>	<b>\$ 2,300</b>	<b>\$ 2,500</b>	<b>\$ 2,500</b>
<b>Fund Balance at 06/30</b>	<b>\$ (17,788)</b>	<b>\$ (15,445)</b>	<b>\$ 2,300</b>	<b>\$ (17,745)</b>	<b>\$ (20,245)</b>	<b>\$ (22,745)</b>

### SOURCES AND USES

Fund - 1352 (Closed))	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 22,298	\$ 5,303	\$ -	\$ 6	\$ (6)	\$ (6)
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	116	26	-	-	-	-
Other financing sources	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 116</b>	<b>\$ 26</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 620	\$ -	\$ -	\$ 6	\$ -	\$ -
Supplies	-	-	-	6	-	-
Grants and Subsidies	16,491	(20)	-	-	-	-
Other financing uses	-	5,343	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ 17,111</b>	<b>\$ 5,323</b>	<b>\$ -</b>	<b>\$ 12</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 5,303</b>	<b>\$ 6</b>	<b>\$ -</b>	<b>\$ (6)</b>	<b>\$ (6)</b>	<b>\$ (6)</b>

# HOME Program Reuse

## 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 Reuse Guidelines.

Ongoing revenue of \$12,200 represents principal and interest payments on the 30 year \$238,000 Wharf Road Manor Mobile Home Park Acquisition and Rehabilitation Project loan. The funds were loaned in October, 2004 with payments deferred until January, 2008 after completion of on-site rehabilitation work, including hazardous material abatement and demolition of a building on site, and installation of two new mobile homes.

### SOURCES AND USES

Fund - 1370	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ (5,220)	\$ 5,131	\$ (9,700)	\$ 5,129	\$ (1,899)	\$ 301
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	12,305	12,303	12,300	12,200	12,200	12,200
<b>Revenue Totals</b>	<b>\$ 12,305</b>	<b>\$ 12,303</b>	<b>\$ 12,300</b>	<b>\$ 12,200</b>	<b>\$ 12,200</b>	<b>\$ 12,200</b>
<b>Expenditures</b>						
Contract services	\$ 2,092	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ 10,000
Supplies	-	-	-	-	-	-
<b>Grants and Subsidies</b>	<b>(138)</b>	<b>12,305</b>	<b>-</b>	<b>9,228</b>	<b>-</b>	<b>-</b>
<b>Expenditure Totals</b>	<b>\$ 1,954</b>	<b>\$ 12,305</b>	<b>\$ -</b>	<b>\$ 19,228</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 5,131</b>	<b>\$ 5,129</b>	<b>\$ 2,600</b>	<b>\$ (1,899)</b>	<b>\$ 301</b>	<b>\$ 2,501</b>

# HOME Grant

## COMMUNITY DEVELOPMENT

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. \$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 residual receipts loan at 3% interest. In May, 2011, the HOME program increased the grant award by \$1.2 million dollars cover additional costs related to required rent level revisions, which are lower than estimated in the original pro-forma. The grant funds have been received and dispersed.

### SOURCES AND USES

Fund - 1371	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ (7,521)	\$ (4,721)	\$ 5,230	\$ 5,230	\$ (9,770)
<b>Revenue</b>						
Intergovernmental revenues	\$ 1,169,180	\$ 706,266	\$ -	\$ 1,091,276	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ 1,169,180</b>	<b>\$ 706,266</b>	<b>\$ -</b>	<b>\$ 1,091,276</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 7,500	\$ -	\$ 10,000	\$ 25,577	\$ 15,000	\$ -
Supplies	21	-	-	-	-	-
Grants and Subsidies	1,169,180	693,515	-	1,065,699	-	-
<b>Expenditure Totals</b>	<b>\$ 1,176,701</b>	<b>\$ 693,515</b>	<b>\$ 10,000</b>	<b>\$ 1,091,276</b>	<b>\$ 15,000</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ (7,521)</b>	<b>\$ 5,230</b>	<b>\$ (14,721)</b>	<b>\$ 5,230</b>	<b>\$ (9,770)</b>	<b>\$ (9,770)</b>

# Housing Trust

## COMMUNITY DEVELOPMENT

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 and reduced the estimate of in-lieu fee payments to less than \$10,000 per year.

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.

### SOURCES AND USES

Fund - 1372	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 399,020	\$ 367,805	\$ 342,886	\$ 343,132	\$ 176,532	\$ 127,032
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	15,879	17,123	18,000	10,000	5,000	7,500
Use of money & property	-	-	-	-	500	200
<b>Revenue Totals</b>	<b>\$ 15,879</b>	<b>\$ 17,123</b>	<b>\$ 18,000</b>	<b>\$ 10,000</b>	<b>\$ 5,500</b>	<b>\$ 7,700</b>
<b>Expenditures</b>						
Contract services	\$ 47,094	\$ 9,114	\$ 33,000	\$ 16,200	\$ 5,000	\$ 2,000
Supplies	-	464	-	400	-	-
Grants and Subsidies	-	32,218	160,000	160,000	-	-
Other Financing Uses	-	-	-	-	50,000	50,000
<b>Expenditure Totals</b>	<b>\$ 47,094</b>	<b>\$ 41,796</b>	<b>\$ 193,000</b>	<b>\$ 176,600</b>	<b>\$ 55,000</b>	<b>\$ 52,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ 367,805</b>	<b>\$ 343,132</b>	<b>\$ 167,886</b>	<b>\$ 176,532</b>	<b>\$ 127,032</b>	<b>\$ 82,732</b>

# BEGIN Grant

## COMMUNITY DEVELOPMENT

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 41<sup>st</sup> Ave. Due to financial hardship ownership of the completed project has been transferred and the sale of the individual units has been delayed. \$60,000 of the \$240,000 was released to the City in 2008-09 and will be returned to HCD in 2012-13.

### SOURCES AND USES

Fund - 1380	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 60,000	\$ 60,000	\$ 60,000	\$ 59,977	\$ 59,977	\$ (23)
<b>Revenue</b>						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	-	-	-	-	-	-
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ 60,000	\$ -	\$ 60,000	\$ -
Supplies	-	23	-	-	-	-
Grants and Subsidies	-	-	-	-	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 23</b>	<b>\$ 60,000</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 60,000</b>	<b>\$ 59,977</b>	<b>\$ -</b>	<b>\$ 59,977</b>	<b>\$ (23)</b>	<b>\$ (23)</b>

# Capitola Housing Successor

## FINANCE

In 2011, the California State Legislature passed ABX1 26 to dissolve redevelopment agencies. The legislation was contested and upheld by the California Supreme Court. It requires a number of actions to be taken by the city in the winding down of the RDA. Among other things, it allows cities to elect to retain the former RDA Low and Moderate Income Housing Fund. The Capitola City Council elected to retain the former RDA Housing with the following new city special revenue fund, The Capitola Housing Successor.

A further requirement of the legislation is the establishment of a program income fund to segregate any loan payoffs received by the Housing Successor after the dissolution of the Redevelopment Agency. As these funds were initially restricted in their use, repayment, and reuse, the establishment of the program income fund continues this restriction. As loan payoffs are received by the City for the loans associated with the original Low and Moderate Income Housing Fund of the RDA and the Capitola Housing Successor, the revenue and associated fund balance reflected in Fund 5552, the Housing Successor Program Income Fund, will offset the negative final fund balance in this fund.

### SOURCES AND USES

Fund - 5550	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 673,902	\$ 808,203	\$ 766,800	\$ 885,836	\$ -	\$ -
<b>Revenue</b>						
Intergovernmental revenues	\$ (18)	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money & property	3,901	2,347	-	-	-	-
Other revenues	-	-	-	1,500	-	-
Other financing sources	485,113	490,330	550,000	243,700	-	-
<b>Revenue Totals</b>	<b>\$ 488,996</b>	<b>\$ 492,677</b>	<b>\$ 550,000</b>	<b>\$ 245,200</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ 288,474	\$ 234,302	\$ 221,500	\$ 123,100	\$ -	\$ -
Training	-	-	1,800	-	-	-
Supplies	-	-	500	100	-	-
Grants and Subsidies	66,221	180,742	1,231,900	1,145,800	-	-
Other financing uses - FB transfer	-	-	-	(137,964)	-	-
<b>Expenditure Totals</b>	<b>\$ 354,695</b>	<b>\$ 415,044</b>	<b>\$ 1,455,700</b>	<b>\$ 1,131,036</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 808,203</b>	<b>\$ 885,836</b>	<b>\$ (138,900)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# HOUSING SUCCESSOR PROGRAM INCOME FINANCE

In 2011, the California State Legislature passed ABX1 26 to dissolve redevelopment agencies. The legislation was contested and upheld by the California Supreme Court. It requires a number of actions to be taken by the city in the winding down of the RDA. Among other things, it allows cities to elect to retain the former RDA Low and Moderate Income Housing Fund. The Capitola City Council elected to retain the former RDA Housing with the new city special revenue fund, The Capitola Housing Successor.

A further requirement of the legislation is the establishment of a program income fund to segregate any loan payoffs received by the Housing Successor after the dissolution of the Redevelopment Agency. As these funds were initially restricted in their use, repayment, and reuse, the establishment of the program income fund continues this restriction. As loan payoffs are received by the City for the loans associated with the original Low and Moderate Income Housing Fund of the RDA and the Capitola Housing Successor, the revenue and associated fund balance reflected in this fund will offset the negative final fund balance in this fund.

## SOURCES AND USES

Fund - 5552	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ -		\$ -	\$ (137,964)	\$ (152,464)
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ -	\$ -	\$ 13,500	\$ 11,500
Training	-	-	-	-	500	-
Supplies	-	-	-	-	500	500
Other financing uses - FB transfer	-	-	-	137,964	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 137,964</b>	<b>\$ 14,500</b>	<b>\$ 12,000</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (137,964)</b>	<b>\$ (152,464)</b>	<b>\$ (164,464)</b>

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# 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 City of Capitola Administrative Policy III-3, Financial Management Policy, adopted June 8, 2000, specifically states in regards to contingency appropriations:

"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.'"

## Compensated Absences

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 The standard memorandum of understanding between 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.

Retirement Program In FY09-10 there were two employees who retired and had payments due to them upon retirement. In FY11-12, there was one retirement; and there are no retirements anticipated in the FY12-13 budget.

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	Admin. Services Director	4 months

### SOURCES AND USES

Fund - 2216	FY 09/10	FY 10/11	FY 11/12	FY11/12	FY 12/13	FY 13/14
	Actual	Actual	Adopted	Estimated	Adopted	Planned
<b>Beginning Fund Balance</b>	\$ 193,475	\$ 116,857	\$ 64,738	\$ 64,738	\$ 51,738	\$ 71,738
<b>Revenue</b>						
Other financing sources	\$ 112,700	\$ 120,000	\$ 110,000	\$ 110,000	\$ 94,000	\$ 74,000
<b>Revenue Totals</b>	\$ 112,700	\$ 120,000	\$ 110,000	\$ 110,000	\$ 94,000	\$ 74,000
<b>Expenditures</b>						
Personnel	\$ 189,318	\$ 172,119	\$ 121,000	\$ 123,000	\$ 74,000	\$ 74,000
Other financing uses	-	-	-	-	-	-
<b>Expenditure Totals</b>	\$ 189,318	\$ 172,119	\$ 121,000	\$ 123,000	\$ 74,000	\$ 74,000
<b>Fund Balance at 06/30</b>	<b>\$ 116,857</b>	<b>\$ 64,738</b>	<b>\$ 53,738</b>	<b>\$ 51,738</b>	<b>\$ 71,738</b>	<b>\$ 71,738</b>

The City's estimated noncurrent Compensated Absence Liability based on Governmental Accounting Standards Board Statement No. 16 for the fiscal year ended June 30, 2011 is \$651,007.

(Source: Capitola Comprehensive Annual Financial Reports for fiscal year ended June 30, 2011).

## Emergency Reserves

The City of Capitola adopted an emergency reserve policy as part of the City's Financial Management Policies. This reserve was established to protect against significant one-time costs which may arise from major unpredictable emergency events. In addition to Contingency Appropriations, the policy also required the City to fund the emergency reserves 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 feet 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. It is estimated that the final costs will be \$1.6 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 funding in the Emergency Reserve Fund fell short of the flood-related costs, additional funding to respond to the flood event was provided through interfund loans from the Contingency Reserve Fund and CIP. Costs related to the pipe failure are presented at the conclusion of this section.

The FY12/13 revenues represent transfers from the Internal Service Funds and General Fund.

### SOURCES AND USES

Fund - 1020	FY10/11 Actual	FY11/12 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 627,083	\$ 627,083	\$ 134,677	\$ 134,677	\$ (46,955)	\$ 86,295
Other financing sources	\$ -	\$ 312,256	\$ 867,500	\$ 867,500	133,250	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ 312,256</b>	<b>\$ 867,500</b>	<b>\$ 867,500</b>	<b>\$86,295</b>	<b>\$ -</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ 796,173	\$ 500,000	\$ 795,632	\$ -	\$ -
Supplies	-	8,489	30,000	30,000	-	-
Other financing uses	-	-	-	223,500	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 804,662</b>	<b>\$ 530,000</b>	<b>\$ 1,049,132</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 627,083</b>	<b>\$ 134,677</b>	<b>\$ 472,177</b>	<b>\$ (46,955)</b>	<b>\$ 86,295</b>	<b>\$ 86,295</b>
<b>Calculation of 5% Target:</b>						
Gen. Fund Expense - Excludes						
Transfers	\$11,330,492	\$ 11,852,735	\$11,498,800	\$11,776,131	\$11,785,362	\$11,443,723
Designated at 5%	5%	5%	5%	5%	5%	5%
Target Balance	\$ 566,525	\$ 592,637	\$ 574,940	\$ 588,806	\$ 589,268	\$ 572,186
<b>Over/(Short) of Target</b>	<b>\$ 60,558</b>	<b>\$ (457,960)</b>	<b>\$ (102,763)</b>	<b>\$ (635,761)</b>	<b>\$ (502,973)</b>	<b>\$ (485,891)</b>

## Contingency Reserves

The City of Capitola adopted a Contingency Reserve policy as part of the City's Financial Management Policies. This reserve was established to 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. The policy required that the City appropriate an amount to the Contingency Reserve fund equal to ten percent (10%) of General Fund expenditures

Due to the expenses associated with the Flood, a loan was made from the Contingency Reserves to the Emergency Reserves. As a result, Contingency Reserves are \$740,000 below the Financial Management Policy funding requirement.

The FY12/13 revenues represent transfers from the Internal Service Funds and General Fund.

### SOURCES AND USES

Fund - 1010	FY09/10 Actual	FY10/11 Actual	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Adopted	FY13/14 Planned
<b>Beginning Fund Balance</b>	\$ 1,247,152	\$ 1,247,152	\$ 934,896	\$ 934,896	\$ 404,896	\$ 721,646
<b>Revenue</b>						
Other financing sources	\$ -	\$ -	\$ -	\$ -	316,750	\$ -
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 721,646</b>	<b>\$ -</b>
<b>Expenditures</b>						
OFU - Other financing uses	\$ -	\$ 312,256	\$ 530,000	\$ 530,000	\$ -	\$ -
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ 312,256</b>	<b>\$ 530,000</b>	<b>\$ 530,000</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 1,247,152</b>	<b>\$ 934,896</b>	<b>\$ 404,896</b>	<b>\$ 404,896</b>	<b>\$ 721,646</b>	<b>\$ 721,646</b>
<b>Calculation of 5% Target:</b>						
Gen. Fund Expense - Excludes Transfers	\$11,330,493	\$11,852,735	\$11,498,800	\$11,776,131	\$11,785,362	\$11,443,723
Designated at 5%	10%	10%	10%	10%	10%	10%
Target Balance	\$ 1,133,049	\$ 1,185,274	\$ 1,149,880	\$ 1,177,613	\$ 1,178,536	\$ 1,144,372
<b>Over of Short of Target</b>	<b>\$ 114,103</b>	<b>\$ (250,378)</b>	<b>\$ (744,984)</b>	<b>\$ (722,717)</b>	<b>\$ (456,890)</b>	<b>\$ (422,726)</b>

## Emergency Expenditures

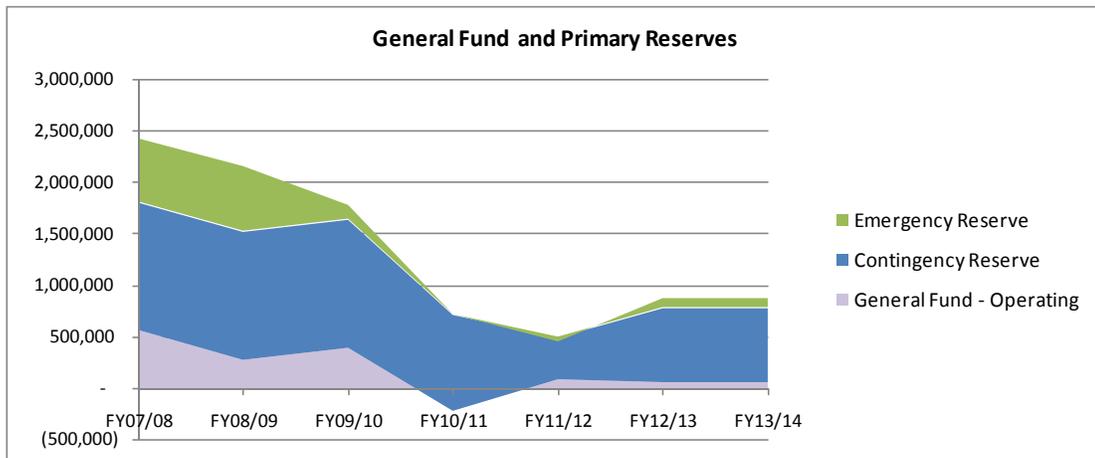
The expenditures related to the March 2011 storm drain failure are provided in the following chart:

	FY10/11	FY11/12	Totals
<b>Storm Drain Expenditures</b>			
Debris Removal	\$ 48,858	\$ 54,140	\$ 102,998
Protective Measures	120,507	109,651	230,158
Permanent Work	635,296	451,841	1,087,137
Claims		10,000	10,000
	\$ 804,661	\$ 625,632	\$ 1,430,293
Estimated Additional Repairs - Retaining Wall		200,000	200,000
<b>Estimated Storm Drain Expenditures</b>		\$ 825,632	\$ 1,630,293

These expenditures are estimated to reduce the City's Emergency and Contingency Reserve funds to a balance of \$358,000 at the end of FY11/12. When this is combined with reductions to the General Fund's operating balance, the five-year impact to the City's reserves is estimated to be \$2 million.

As part of the FY12/13 budget adoption process, City Council appropriated \$50,000 from the General Fund's operating budget and transferred \$400,000 from the internal service funds to assist in replenishing the reserves. While this assisted the City in achieving in short-term funding objectives, it reduced the amount of funds set aside for the replacement of vehicles and information technology equipment.

A seven-year graph of the General Fund and primary reserve funds is presented below:



# 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.

**Pacific Cove Bond – 2012:** The City of Capitola entered into a \$2,930,000 lease/sublease financing agreement in order to provide financing for the relocation of existing residents as a result of March, 2011 flooding and the closing of the Pacific Cove Mobile Home Park.

## City & Joint Powers Authority Multi-Year Obligation Listing

The City of Capitola has various multi-year obligations that are paid from various funding sources and in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets. As of June 30, 2011, the City's multi-year obligations are summarized as follows:

City Multi-Year Obligations	Balance 6/30/11	Form	Years	Other Terms
Street Sweeper - Gas Tax	\$ 35,210	Notes Payable	5	Interest 4.2%, 5 yrs, FY07/08 - FY11/12. Note has been paid off during FY2011-12
Current employee compensated absences	\$ 651,007	accrued	on-going	On-going. No interest due. (Refer to Compensated Absence Fund)
Other Post Employment Benefits (OPEB) - Capitola Retiree Healthcare Plan (CRHP)	\$ 1,006,369	Financial Statement Footnote	on-going	The City of Capitola's OPEB unfunded actuarial accrued liability was determined to be \$1 million under the pay-as-you-go option chosen for funding. The City continues to contribute the PEMHCA minimum required monthly payment of \$108 per retiree on PERS Health for 2011.
Pension Obligation Bond	\$ 3,375,000	PERS payments	10	Original 18 yr term at 7.75% with CalPERS. Budget reflects the current status of year 5 of the 10 year pension obligation bond (POB) (Refer to Debt Service - POB).
Pacific Cove Bond	\$ 2,390,000	Lease/Sublease Agmt	20	20 year term, fixed rate through 10 years, then resets to 10 Yr. T-Bill + 3%.
<b>Total City Multi-Year Obligation</b>	<b>\$ 7,457,586</b>			

JPA Bonds	Original 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	\$ 3,965,000	JPA membership and paid via premiums	In 2002, SCCECC issued lease revenue refunding bonds in the amount of \$5,760,000. This was refinanced in April, 2012 for \$3,965,000. 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 BOND

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.

### SOURCES AND USES

Fund - 1410	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ 520,378	\$ 468,186	\$ 252,386	\$ 252,932	\$ 258,932	\$ 257,432
<b>Revenue</b>						
Other Financing Sources	\$ 622,800	\$ 464,498	\$ 900,500	\$ 679,000	\$ 673,300	\$ 673,300
<b>Revenue Totals</b>	<b>\$ 622,800</b>	<b>\$ 464,498</b>	<b>\$ 900,500</b>	<b>\$ 679,000</b>	<b>\$ 673,300</b>	<b>\$ 673,300</b>
<b>Expenditures</b>						
Contract Services	\$ 1,500	\$ 1,500	\$ 2,000	\$ 1,500	\$ 1,500	\$ 1,500
Debt Service	673,492	678,252	671,500	671,500	673,300	673,300
<b>Expenditure Totals</b>	<b>\$ 674,992</b>	<b>\$ 679,752</b>	<b>\$ 673,500</b>	<b>\$ 673,000</b>	<b>\$ 674,800</b>	<b>\$ 674,800</b>
<b>Fund Balance at 06/30</b>	<b>\$ 468,186</b>	<b>\$ 252,932</b>	<b>\$ 479,386</b>	<b>\$ 258,932</b>	<b>\$ 257,432</b>	<b>\$ 255,932</b>

## Semi-Annual Debt Service Schedule

<b>Payment Dates</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Fiscal Year</b>
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
<b>TOTAL</b>	<b>\$ 5,040,000</b>	<b>\$ 1,828,663</b>	<b>\$ 6,868,663</b>	<b>\$ 6,868,663</b>

# Debt Service

## PACIFIC COVE BOND

The City of Capitola currently owns Pacific Cove Mobile Home Park at 426 Capitola Avenue. Originally it included 44 spaces and 41 mobile homes. On March 24, 2011 following a heavy storm event, the 72" storm drain that carries Noble Gulch Creek water from Bay Avenue to Soquel Creek catastrophically failed resulting in a flood of the Pacific Cove Mobile Home Park, City Hall and the Village. The initial estimate to bring the Park to a temporary operable condition for one year was \$255,275; and \$1.33 million to bring the Park up to current code. Due to the high costs and the potential for future liability, on January 12, 2012, the Council approved a Relocation Impact Report (RIR) for the closure of the City-owned Pacific Cove Mobile Home Park. The RIR estimated the cost of relocating residents, including the services of a professional relocation consultant to help Park residents find suitable replacement housing.

In order to provide financing for this project, the City executed a \$2.39 million lease/sublease agreement using the existing City Hall site and adjacent parking lot, as the subject property. The city will verify income status as part of the relocation process; and available Housing Trust Fund monies may be used to repay debt at a percentage of debt service costs that are no higher than the percentage of low income occupants in Pacific Cove. The funding sources for debt service payments will be determined annually. Any General Fund monies for the share of allowable costs from other funding sources may be reimbursed in subsequent years as funds become available.

### SOURCES AND USES

Fund - 1420	FY 09/10 Actual	FY 10/11 Actual	FY 11/12 Adopted	FY11/12 Estimated	FY 12/13 Adopted	FY 13/14 Planned
<b>Beginning Fund Balance</b>	\$ -	\$ -	\$ -	\$ -	\$ 285,160	\$ -
<b>Revenue</b>						
Other Financing Sources	-	-	-	2,390,000	181,211	193,306
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,390,000</b>	<b>\$ 181,211</b>	<b>\$ 193,306</b>
<b>Expenditures</b>						
Contract Services	\$ -	\$ -	\$ -	\$ 2,070,380	\$ 285,160	\$ -
Debt Service	-	-	-	34,460	181,211	193,306
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,104,840</b>	<b>\$ 466,371</b>	<b>\$ 193,306</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 285,160</b>	<b>\$ -</b>	<b>\$ -</b>

# CAPITAL IMPROVEMENT PROGRAM



# Capital Improvement Program

The City of Capitola adopts a 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. Development of the CIP is typically done in conjunction with the budget process. The Public Works staff prepares the Capital Improvement Program document.

This section of the budget contains the first fiscal year of the Capital Improvement Program. Specific details for the five-year program can be found in the Capital Improvement Program (CIP) document. Copies of this document are available in the Public Works Department.

As part of the FY12/13 budget process, the City Council appropriated \$22,500 for the Capital Improvement Program. The FY12/13 Project List reflects this additional funding. The FY12/13 CIP project list has been updated to include funding allocations for improvements to the Brommer Street/41<sup>st</sup> Avenue intersection and preliminary engineering and permitting for the Pacific Cove parking lot. All other uncompleted projects will carry their funding forward.

To fund the Pacific Cove parking project, the City approved transferring \$75,000 from the unallocated CIP fund balance which was set aside for the Utility Underground Project. This \$75,000 will be repaid to the Utility Underground Project when final financing of the parking lot project is secured.

The Public Works Department will continue to update the Pavement Management Program and develop a new five-year project list that will be incorporated into the CIP for Fiscal Year 13/14.

The following supporting materials are provided for reference:

- FY12/13 CIP Project List and Funding Sources
- Project Descriptions
- Pavement Management Information

## CAPITAL IMPROVEMENT PROJECTS

2012-13 FISCAL YEAR					2012-13 Proposed Funding							
All figures x1,000					General Fund	Grants & Other	Gas Tax	TDA	RDA	Wharf	Adopted 2012-13 Appropriations	Total Appropriations
Project	Project Number	Location	Prior Budget Appropriations	Final cost								
<b>Completed Projects</b>												
Pavement Management Program	cs0011	Cherry Street Overlay	\$ 100.0	\$ 98.7								
Police Department HVAC	cf0001	Police Department	\$ 62.2	\$ 62.2								
Electric Vehicle Charging Stations	ct0003	Pacific Cove	\$ 4.5	\$ 3.9								
Rispin Hazard Abatement	cr0001	Rispin	\$ 650	\$ 648								
Pacific Cove Parking Structure		Watry preliminary design	\$ 42.5	\$ 42.5								
<b>On-Going Projects</b>												
				<u>Estimated Cost to date</u>								
Clares & Wharf Traffic Calming	ct0001	41st Ave to Wharf Rd	\$ 120.0	\$ 39.0								\$ 120.0
38th Avenue Overlay	cs0008	Brommer St to Capitola Ave	\$ 590.0	\$ 51.2								\$ 590.0
Slurry Seal Program	cs0012	City Wide	\$ 101.0									\$ 101.0
Pavement Management Program	cs0014	Monterey Ave, Bay Ave, Fanmar	\$ 50.0	\$ 19								\$ 50.0
Utility Undergrounding	cs0003	Bay Avenue Utility Undergrounding				133					\$ 133.0	\$ 133.0
<b>New Projects</b>												
Brommer St/41st Ave Intersection Improvements	cs0015	Remove median and re-stripe			22.5						\$ 22.5	\$ 22.5
Lower Pacific Cove Parking Lot	ct0004	Construct new 220 space lot				75					\$ 75.0	\$ 75.0
<b>Totals</b>					\$ 23	\$ 208	\$ -	\$ -	\$ -	\$ -	\$ 231	\$ 1,016.5

**Capital Improvement Program**

Project	Category	Location
Clares Street Pedestrian Improvements and Traffic Calming	NTAC	Clares Street from 41 <sup>st</sup> to and including Wharf Rd intersection

**Description:**

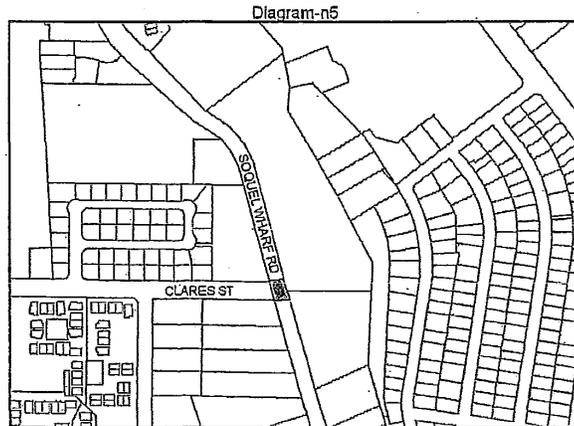
Construct traffic calming along Clares Street in conjunction with conditions placed on the Rispin Mansion project. Project to include the use of a raised intersection, a dedicated right hand turn lane on Wharf onto Clares, and the use of chicanes, narrowed lanes, and center island medians. A preliminary plan was prepared by Harris & Associates and approved by the RDA Board of Directors on December 9, 2004.

**General Plan Consistency:**

Chapter 9, Circulation: Policy 11, Protect the ability of minor arterials to provide through traffic while maintaining the livability of the street.

**Maintenance Impact:**

Increase in landscape maintenance cost of \$200 per month.



**Fiscal Estimate:**

Fiscal Year	2012-13	2013-14	2014-15	2015-16	2016-17	Unprogrammed	Total
Project Construction	-	290,000	-	-	-	-	290,000
Planning & Permitting	-	-	-	-	-	-	-
Design	18%	52,000	-	-	-	-	52,000
Right of Way	-	-	-	-	-	-	-
Construction Management	-	-	-	-	-	-	-
Contingency	20%	58,000	-	-	-	-	58,000
Project Totals	-	400,000	-	-	-	-	400,000
<b>Funding Sources</b>							
RTC	-	100,000	-	-	-	-	100,000
TDA Funds	-	-	-	-	-	-	-
Developer	-	-	-	-	-	-	-
RDA	-	-	-	-	-	-	-
Funding Totals	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
<b>Funding Shortfall:</b>							
\$	-	300,000	-	-	-	-	300,000

**Capital Improvement Program**

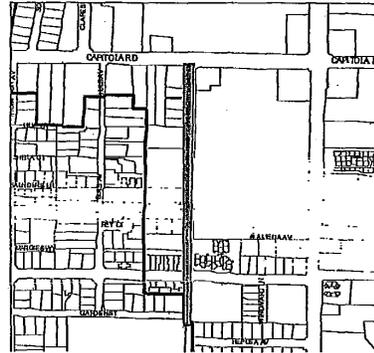
Project	Category	Location
38 <sup>th</sup> Avenue Overlay	Street	38 <sup>th</sup> Avenue from southern City limit to Capitola Road

**Description:**

Reconstruct 38<sup>th</sup> Avenue from just south of Brommer Street, north to Capitola Road. This street is primary collector in the middle of the Cities commercial corridor, which centers along adjacent 41<sup>st</sup> Avenue. 38<sup>th</sup> Avenue provides secondary ingress and egress to a shopping center with Orchard Supply Hardware, Save Mart Grocery, Rite Aid, Palace Arts, 41<sup>st</sup> Avenue movie theater, and other stores. The average daily traffic is 6,400 trips.

The project will also include the construction of 470 feet of curb, gutter and sidewalk along immediately south of Capitola Road completing on the largest gaps in the sidewalk system. Currently there is only a complete sidewalk connection on the eastern side of the street. Right of way acquisition will be required for the sidewalk, though no private improvements will need to be relocated.

**Maintenance Impact:**  
Reduction in maintenance costs used on filling potholes.



**Fiscal Estimate:**

Fiscal Year		2009-10	2010-11	2011-12	2012-13	2013-14	Unprogrammed	Total
Project Construction		-	362,500	-	-	-	-	362,500
Planning & Permitting	10%	-	36,300	-	-	-	-	36,300
Design	25%	53,000	10,000	-	-	-	-	63,000
Right of Way	7%	-	25,400	-	-	-	-	25,400
Construction Management	0%	-	30,000	-	-	-	-	30,000
Contingency	20%	-	72,500	-	-	-	-	72,500
<b>Project Totals</b>		<b>53,000</b>	<b>536,700</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>590,000</b>
<b>Funding Sources</b>								
RSTPX		-	438,000	-	-	-	-	438,000
General Fund		152,000	-	-	-	-	-	152,000
<b>Funding Totals</b>		<b>\$ 152,000</b>	<b>\$ 438,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 590,000</b>

Funding Shortfall:  
\$

**Capital Improvement Program**

<b>Project</b>	<b>Category</b>	<b>Location</b>
Slurry seal program –2012	Streets	Deanes Lane, Jewel Box, Reposa, & Depot Hill

**Description:**

Depot Hill Area: Escalona Dr, Sacramento Ave, southern portion of Hollister Ave, Oakland Ave, Saxon Ave, southern portion of Central Ave, and western end of Grand Ave

Jewel Box east of 49<sup>th</sup> Avee: Prospect Ave, Opal St, Jewel St, Garnet St, and Emerald St

Deanes Lane neighborhood: Deanes Ln, Edmund Ln, Sellars Ln, Albert Ln, and Virgil Ln

Reposa Avenue, which will also be restriped to narrow the streets as agreed upon with the residents.

**General Plan Consistency:**

Maintenance of existing local streets is consistent with Circulation Element general objectives for all roadways.

**Maintenance Impact:**

None

**Fiscal Estimate:**

<u>Fiscal Year</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Unprogrammed</u>	<u>Total</u>
Project Construction	93,000	-	-	-	-	-	93,000
Planning & Permitting	-	-	-	-	-	-	-
Design	0%	-	-	-	-	-	-
Right of Way	-	-	-	-	-	-	-
Construction Management	-	-	-	-	-	-	-
Contingency	9%	8,000	-	-	-	-	8,000
Project Totals	101,000	-	-	-	-	-	101,000
<u>Funding Sources</u>							
General Fund	101000	-	-	-	-	-	101,000
	-	-	-	-	-	-	-
Funding Totals	\$ 101,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 101,000

**Funding Shortfall:**

\$

**Capital Improvement Program**

Project	Category	Location
Pavement Management -- 2011	Streets	Monterey Avenue east of Washburn Bay Avenue north of Capitola Ave Fanmar west of Monterey

**Description:** Based on the available funding of \$250,000 full street length repaving is not being recommended. Instead small isolated sections with failing paving or drainage problems are being identified for repair work.

**Maintenance Impact:**  
Reduction of street maintenance costs such as pothole filling estimated at \$1000 per year.

**Fiscal Estimate:**

<u>Fiscal Year</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>Unprogrammed</u>	<u>Total</u>
Project Construction	200,000	-	-	-	-	-	200,000
Planning & Permitting	-	-	-	-	-	-	-
Design	15% 30,000	-	-	-	-	-	30,000
Right of Way	-	-	-	-	-	-	-
Construction Management	5% 10,000	-	-	-	-	-	10,000
Contingency	5% 10,000	-	-	-	-	-	10,000
Project Totals	250,000	-	-	-	-	-	250,000
<u>Funding Sources</u>							
General Fund	-	-	-	-	-	-	-
Funding Totals	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Funding Shortfall:</b>							
\$	250,000						

**Capital Improvement Program**

Project	Category	Location
Utility Undergrounding	Streets	To Be Determined

**Description:**

Utilizing PG&E Rule 20A funding, convert existing electric and other utility lines from traditional overhead service to underground facilities. As of April, 2003 the City has allocation credits of \$1,038,272. The uses of these funds have various rules and restrictions. In 1999 the City adopted a resolution establishing an undergrounding district along the Bay Avenue corridor. Since forming the district, no significant work has taken place on completing the project.

**General Plan Consistency:**

Chapter 6, Conservation, Policy 3 establishes the undergrounding of utilities within the City as a long range goal.

**Maintenance Impact:**

Reduction of Graffiti removal efforts on behalf of the City related to utility poles.

**Public Art Funding Eligibility:**

**Fiscal Estimate:**

Fiscal Year		<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Uncrogrammed</u>	<u>Total</u>
Project Construction		200,000	-	-	-	-	-	200,000
Planning & Permitting	10%	20,000	-	-	-	-	-	20,000
Design		-	-	-	-	-	-	-
Right of Way	20%	40,000	-	-	-	-	-	40,000
Construction Management		-	-	-	-	-	-	-
Contingency	20%	40,000	-	-	-	-	-	40,000
Project Totals		300,000	-	-	-	-	-	300,000
<b>Funding Sources</b>								
PG&E		133,000	-	-	-	-	-	133,000
Funding Totals		\$ 133,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,000
Funding Shortfall:								
		\$						167,000

Project No: S61

**Capital Improvement Program**

<b>Project</b>	<b>Category</b>	<b>Location</b>
Lower Pacific Cove Parking Lot Construction	Streets	Lower Pacific Cove Property

**Description:** The project will develop an approximate 220 space surface public parking lot on approximately 4 acres of land formerly used for the Pacific Cove Mobile Home Park located at 426 Capitola Avenue.

**Maintenance Impact:**  
Maintenance of 220 parking lot  
estimated at \$50,000 per year

**Fiscal Estimate:**

<u>Fiscal Year</u>		<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Unprogrammed</u>	<u>Total</u>
Project Construction		-	-	-	-	-	533,985	533,985
Planning & Permitting	2%	-	-	-	-	-	10,700	10,700
Design	10%	-	-	-	-	-	53,400	53,400
Right of Way	0%	-	-	-	-	-	-	-
Construction Management	0%	-	-	-	-	-	-	-
Contingency	10%	-	-	-	-	-	53,400	53,400
<b>Project Totals</b>		-	-	-	-	-	<b>651,485</b>	<b>651,000</b>
<b>Funding Sources</b>								
CIP Loan		75,000						75,000
		-	-	-	-	-	-	-
<b>Funding Totals</b>		<b>\$ 75,000</b>	<b>\$ -</b>	<b>\$ 75,000</b>				
<b>Funding Shortfall:</b>								
\$			<b>576,000</b>					

Project No: S60

**Capital Improvement Program**

Project	Category	Location
Truck and Bicycle Access Improvements at Brommer St and 41 <sup>st</sup> Ave	Streets	Brommer Street & 41 <sup>st</sup> Avenue

**Description:** Improve both the truck turn access from southbound 41<sup>st</sup> Avenue onto westbound Brommer Street and the bicycle access along the westbound side of Brommer Street. The project will reduce the number of eastbound lanes on Brommer Street from two to one and widen the single westbound lane to accommodate truck without impinging on the westbound bike lane.

**Maintenance Impact:**

None

**Fiscal Estimate:**

Fiscal Year		2012-13	2013-14	2014-15	2015-16	2016-17	Unprogrammed	Total
Project Construction		20,000	-	-	-	-	-	20,000
Planning & Permitting	0%	-	-	-	-	-	-	-
Design	5%	1,000	-	-	-	-	-	1,000
Right of Way	0%	-	-	-	-	-	-	-
Construction Management	0%	-	-	-	-	-	-	-
Contingency	8%	1,500	-	-	-	-	-	1,500
<b>Project Totals</b>		<b>22,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,500</b>
<b>Funding Sources</b>								
General Fund		22,500	-	-	-	-	-	22,500
Prop 1A		-	-	-	-	-	-	-
<b>Funding Totals</b>		<b>\$ 22,500</b>	<b>\$ -</b>	<b>\$ 22,500</b>				
<b>Funding Shortfall:</b>								
		\$ -						

# Pavement Management Program

The City conducted a pavement condition survey in September 2010.

This survey broke the street into the following classifications and lengths:

<b>Road Classification</b>	<b>Total Street Sections</b>	<b>Total Center Line Miles</b>	<b>Total Miles</b>
<b>Arterials</b>	44	9.3	19.7
<b>Collectors</b>	18	3.4	6.8
<b>Residential</b>	119	13.5	26.3
<b>Totals</b>	181	26.2	52.8

The Pavement Condition Index (PCI) was determined to be:

<b>Classification</b>	<b>2010 PCI</b>
<b>Arterials</b>	69
<b>Collectors</b>	62
<b>Residential</b>	68
<b>Total System</b>	68

The PCI is based on a 0-100 base on the following range:

<b>Condition</b>	<b>PCI Range</b>	<b>Typical Maintenance Treatment</b>
<b>Excellent</b>	90-100	Do Nothing
<b>Very Good</b>	70-89	Slurry Seal
<b>Good</b>	50-69	Slurry Seal with digouts/overlay
<b>Poor</b>	25-49	Mill and thick overlay
<b>Very Poor</b>	0-24	Reconstruct

By condition the city's streets broke down as follows:

<b>Condition</b>	<b>Miles of street</b>
<b>Excellent</b>	1.1
<b>Very Good</b>	13.3
<b>Good</b>	7.2
<b>Poor</b>	4.3
<b>Very Poor</b>	0.4

A budget analysis of the maintenance costs determined the following budgetary needs:

<b>Annual Budget Amount</b>	<b>Results</b>
<b>\$0</b>	PCI decreases from 68 59 in 5 years
<b>\$550,000</b>	PCI remains at 68
<b>\$700,000</b>	PCI increased to 70 after 5 years
<b>\$920,000</b>	PCI increases 5 points, to 73 in 5 years
<b>\$1.74 million</b>	PCI optimizes at 81 in 5 years

Staff has run some preliminary budgetary analysis based on neighborhoods and determined the needs as follows:

<b>Neighborhood</b>	<b>Estimated Budgetary Needs</b>
<b>Cliffwood Heights</b>	\$ 637,736
<b>Depot Hill</b>	\$ 137,253
<b>Village/Fanmar</b>	\$ 558,105
<b>Riverview</b>	\$ 384,918
<b>Jewel Box</b>	\$ 141,046
<b>The Avenues</b>	\$ 117,919
<b>Francesco Cir</b>	\$ 5,450
<b>Deanes Lane</b>	\$ 38,958
<b>Reposa</b>	\$ 95,900
<b>Arterials</b>	\$ 1,532,609
<b>Cliffwood Heights</b>	\$ 637,736
<b>Total</b>	\$ 3,649,894
<b>Five year plan</b>	\$ 729,979
<b>Ten year plan</b>	\$ 364,989

# REDEVELOPMENT / SUCCESSOR AGENCY



# Redevelopment

## RDA OPERATING / SUCCESSOR AGENCY / REDEVELOPMENT PROPERTY TAX TRUST FUND (RPTTF)

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.

### FISCAL YEAR 2012 ACCOMPLISHMENTS

- Completed Rispin Mansion stabilization and safety improvements
- Completed Rispin property site planning
- Progressed with library architectural design phase
- Completed State required Recognized Obligation Payment Schedule (ROPS)
- Received certification of ROPS from Santa Cruz County Auditor-Controller
- Received initial approval of ROPS by the Capitola Oversight Board

### FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS

Goal	Corresponding Principle
Receive Department of Finance approval of ROPS	Fiscal Policy
Complete County audit of RDA	Fiscal Policy
Carry out ROPS obligations	Fiscal Policy

The Agency received 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 method of financing is tax increment financing and was 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.

In 2011, the California State Legislature passed ABX1 26 to dissolve redevelopment agencies. The legislation was contested and upheld by the California Supreme Court. This legislation requires a number of actions to be taken by the city in the winding down of the RDA.

RDA Operations were converted to a successor agency, formally titled “City of Capitola, as Successor Agency to the former Capitola Redevelopment Agency.” The Successor Agency is overseen by an Oversight Board composed of seven members. They are representatives of the County Board of Supervisors, the School District, the Community College District, Central Fire Protection District, the Capitola community, the mayor of the City of Capitola, the employees of the former RDA. The objective of the Oversight Board is to wind down the affairs of the Successor Agency. These plans and actions

must be certified by the County Auditor-Controller and approved by the California Department of Finance. Below is the Recognized Obligation Payment Schedule (ROPS) for these commitments. It has been certified by the Santa Cruz County Auditor-Controller and is currently under review by the Department of Finance. Future payments made to the Successor Agency from property tax proceeds will be to pay these officially recognized and approved obligations. The incoming property tax and outgoing payments will be isolated in the new Redevelopment Property Tax Trust Fund as required by law.

**CITY OF CAPITOLA, as SUCCESSOR AGENCY to the former CAPITOLA REDEVELOPMENT AGENCY  
RECOGNIZED OBLIGATION PAYMENT SCHEDULE (a)  
04/19/2012**

Project Name/ Debt Obligation/ABF Fund Number	Binder Page nos.	Payee	Description	Funding Source	Total Outstanding Debt or Obligation at 06/30/11	Total Payments Due During Fiscal Year 2012-13	FY 2012-13 (monthly payments July through December)						6 Month Total July, 2012 - December, 2012	
							July, 2012	August, 2012	September, 2012	October, 2012	November, 2012	December, 2012		
1) Tax Allocation Note	1-34	Chase NYC	Tax Allocation Note \$1,000,000	Reserves	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
1a) Tax Allocation Note	1-34	Chase NYC	Tax Allocation Note \$1,000,000	RDA Property Tax Trust Fund	\$ 118,750	\$ 47,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2) Loan	35-179c	City Treasurer	Blank Purchase Loan - \$1,350,000	RDA Property Tax Trust Fund	\$ 2,291,625	REMOVED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3) Agreement	180-192	City Treasurer	Loan and Repayment Agreement - \$918,028	Reserves	\$ 618,028	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 618,028
3a) Agreement	180-192	City Treasurer	Loan and Repayment Agreement - \$918,028	RDA Property Tax Trust Fund	\$ 481,055	\$ 47,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4) Library Trust	193-267	Santa Cruz County	Capitola Library Trust - \$2,840,000	Reserves	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
4a) Library Trust	193-267	Santa Cruz County	Capitola Library Trust - \$2,840,000	RDA Property Tax Trust Fund	\$ 1,733,081	\$ 11,720	\$ 1,722,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,000
5) Library District	289-288	Anderson Bnfe Santa Cruz County	Library Design Library District Section 3	RDA Property Tax Trust Fund	\$ 550,000	REMOVED	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6) Special District	289-295	Santa Cruz County	Special District Section 3	Reserves	\$ -	PAID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7) Special District	289-295	Santa Cruz County	Special District Section 4	Reserves	\$ -	PAID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8) Housing Rental Subsidy Program	299-339	Santa Cruz Hsg. Authority	Housing Rental Subsidy Program only	RDA Property Tax Trust Fund	\$ 918,216	\$ 102,024	\$ 918,216	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,012
9) Housing Castle	340-378	Millennium Housing	Castle MHP/Millennium Housing	RDA Property Tax Trust Fund	\$ 900,000	\$ 100,000	\$ 900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000
10) Administrative Reimbursement per ABX1 28 Section 34171 (b)	377	Successor Agency	Capitola Cost of Administration	Reserves	Annual	PAID	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
10a) Administrative Reimbursement per ABX1 28 Section 34171 (b)	377	Successor Agency	Capitola Cost of Administration	RDA Property Tax Trust Fund	Annual	\$ 250,000	\$ 1,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,000
11) Project	378-394	Miscsch	Mall Economic Dev Project	RDA Property Tax Trust Fund	\$ 1,020,000	\$ 120,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Recognized Obligation Payments Due</b>					\$ 9,810,755	\$ 889,128	\$ 7,898,827	\$ 2,934,040	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,934,040

(a) All amounts are rounded to the nearest whole dollar amount. All payment amounts are estimated and subject to change for the actual amounts. Monthly payment amounts may be lower or may be delayed to a later date.  
 (b) The CAPERS interest rate, to which the repayment terms are linked, will be reduced from 7.75% to 7.5%, effective fiscal 2013-14. This change has not been incorporated into the current spreadsheet. It will reduce annual payments by \$3,975 for item 2, th  
 (c) Final payment for the Library Trust Fund includes \$94,200 additional funding to meet the \$2,640,000 agreed upon amount. As actual interest varies from the original assumptions, principal will be ROPS based on the City's recommendations and the Auditor-Controller's agreement.  
 (d) The original housing authority contract included funding for several programs. The obligation has been reduced to currently committed mobile home rental subsidies.  
 (e) Beginning in fiscal 2012-13, administrative costs will be paid in two \$125,000 installments, January 15 and June 1.  
 (f) Beginning in fiscal 2012-13, administrative costs will be paid in two \$125,000 installments, January 15 and June 1.

**SOURCES AND USES**

<b>Fund - 5500</b>	<b>FY 09/10 Actual</b>	<b>FY 10/11 Actual</b>	<b>FY 11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY 12/13 Adopted</b>	<b>FY 13/14 Planned</b>
<b>Beginning Fund Balance</b>	\$ 2,139,464	\$ 1,716,970	\$ 1,846,971	\$ 1,076,745	\$ -	\$ -
<b>Revenue</b>						
Taxes	\$ 2,425,564	\$ 2,451,649	\$ 2,400,000	\$ 1,234,700	\$ -	\$ -
Use of money and property	23,837	10,996	10,000	1,400	-	-
<b>Revenue Totals</b>	<b>\$ 2,449,401</b>	<b>\$ 2,462,645</b>	<b>\$ 2,410,000</b>	<b>\$ 1,236,100</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Expenditures</b>						
Personnel	\$ 4,000	\$ 4,000	\$ 4,000	\$ 1,500	\$ -	\$ -
Contract services	486,050	411,621	1,004,900	129,210	-	-
Training	-	2,699	5,700	-	-	-
Supplies	112	147	500	-	-	-
Debt Service	324,276	428,946	475,500	355,770	-	-
Pass throughs	869,264	1,002,375	986,500	681,115	-	-
Intergovernmental expenditures	703,080	144,752	-	-	-	-
Other financing uses (a)	485,113	1,108,330	550,000	(1,000,771)	-	-
Other financing uses - FB transfer	-	-	-	2,146,021	-	-
<b>Expenditure Totals</b>	<b>\$ 2,871,895</b>	<b>\$ 3,102,870</b>	<b>\$ 3,027,100</b>	<b>\$ 2,312,845</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance at 06/30</b>	<b>\$ 1,716,970</b>	<b>\$ 1,076,745</b>	<b>\$ 1,229,871</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(a) Other financing uses assumes the Rispin loan is accepted by the Department of Finance as nullified in conjunction with the City of Capitola retaining title to the Rispin Park property.

**SOURCES AND USES**

<b>Fund - 5501</b>	<b>FY 09/10 Actual</b>	<b>FY 10/11 Actual</b>	<b>FY 11/12 Adopted</b>	<b>FY11/12 Estimated</b>	<b>FY 12/13 Adopted</b>	<b>FY 13/14 Planned</b>
<b>Beginning Fund Balance</b>	\$ -	\$ -			\$ 1,829,993	\$ 629,993
<b>Revenue</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,092,024	\$ 702,267
<b>Revenue Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,092,024</b>	<b>\$ 702,267</b>
<b>Expenditures</b>						
Contract services	\$ -	\$ -	\$ -	\$ 250,000	\$ 250,000	\$ 250,000
Grants and subsidies	-	-	-	-	202,024	202,024
Debt Service	-	-	-	66,028	1,840,000	250,243
Other financing uses - FB transfer (a)	-	-	-	(2,146,021)	-	-
<b>Expenditure Totals</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,829,993)</b>	<b>\$ 2,292,024</b>	<b>\$ 702,267</b>
<b>Fund Balance at 06/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,829,993</b>	<b>\$ 629,993</b>	<b>\$ 629,993</b>

(a) Other financing uses assumes the Rispin loan is accepted by the Department of Finance as nullified in conjunction with the City of Capitola retaining title to the Rispin Park property.

**RDA LOW AND MODERATE INCOME HOUSING / CAPITOLA HOUSING  
SUCCESSOR / HOUSING SUCCESSOR PROGRAM INCOME**

Under the California Redevelopment Law ("CRL"), contained in the CA Health & Safety Code, Redevelopment Agencies had to 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 were required to be used to maintain and expand the supply of housing affordable to low and moderate-income households.

ABX1 26, which dissolved redevelopment agencies allowed for cities to elect to retain their former housing funds. The Capitola City Council elected to retain the former RDA Low and Moderate Income Housing with the following new City Special Revenue fund, The Capitola Housing Successor, (Fund 5550). The legislation also requires the establishment of a program income fund to segregate any loan payoffs received by the Housing Successor after the dissolution of the Redevelopment Agency. As these funds were initially restricted in their use, repayment, and reuse, the establishment of the program income fund continues this restriction. As loan payoffs are received by the City for the loans associated with the original Low and Moderate Income Housing Fund of the RDA and the Capitola Housing Successor, the revenue and associated fund balance will be reflected in the Housing Successor Program Income Fund (Fund 5552) and over time will offset the negative final fund balance in this fund.

**FISCAL YEAR 2012 ACCOMPLISHMENTS**

- Completed Millennium purchase of Castle Mobile Home Park
- Provided rental assistance and ongoing infrastructure for park residences
- Completed Housing Authority rental assistance to assist residents impacted by the change in rent control within the City

**FISCAL YEAR 2013 AND FISCAL YEAR 2014 GOALS**

<b>Goal</b>	<b>Corresponding Principle</b>
Continue to provide important support to low and moderate income residents of Capitola	Public Service
Continue to partner with key agencies in Santa Cruz County to make City funds work as efficiently as possible in providing service to the Community	Public Service

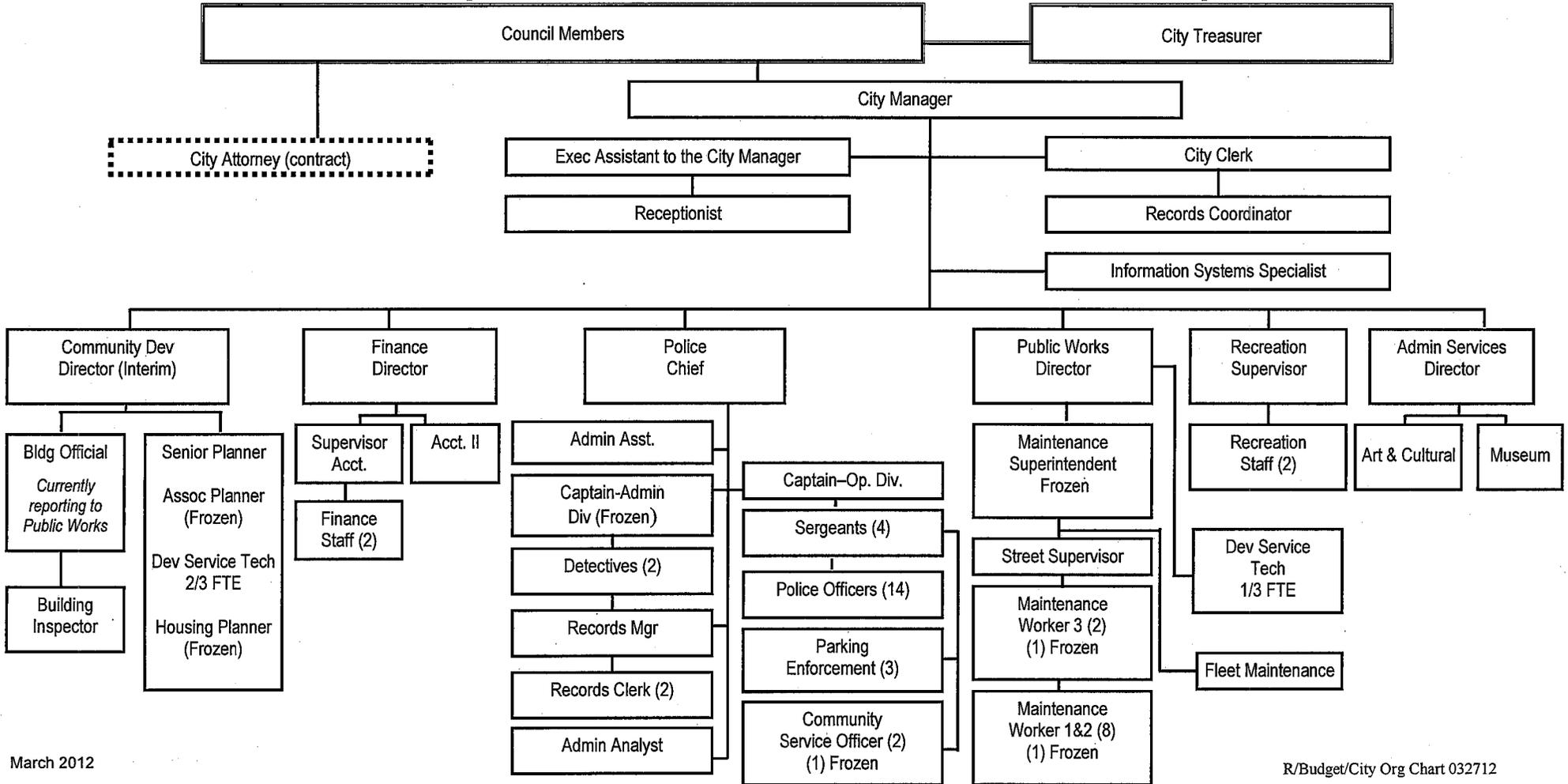
Due to the reclassification of these funds, they are now shown in the Special Revenue section of the budget.

## SUPPLEMENTARY INFORMATION

ORGANIZATION CHART	A
FINANCIAL POLICIES	B
FUND BALANCE POLICY	C
CITY INVESTMENT POLICY	D
GANN / APPROPRIATION LIMIT	E
BUDGET RESOLUTION	F
GLOSSARY	G

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  
FUND BALANCE POLICY



## ADMINISTRATIVE POLICY

Number: III-10  
Issued: 6/9/11  
Jurisdiction: City Council

### FUND BALANCE POLICY

#### I. PURPOSE

To comply with Governmental Accounting Standards Board (GASB) issued statement 54 which requires the City Council to make certain decisions regarding the use of resources and classifications of ending fund balance in order for the annual financial reports to be in compliance with Generally Accepted Accounting Principles (GAAP).

#### II. SUMMARY

With GASB 54, a hierarchy of fund balance classifications has been created. These classifications are based primarily on the extent to which governments are bound by the constraints placed on resources reported in those funds. This approach is intended to provide users more consistent and understandable information about a fund's net resources. Previously, the city reported fund balances that were reserved, designated, or unreserved. With the implementation of GASB 54, there are five new categories required for ending fund balances. This statement applies to governmental funds only.

#### III. DEFINITIONS

The five new categories of ending fund balance are:

##### **Nonspendable Fund Balance**

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (principal of a permanent fund)

##### **Restricted Fund Balance**

- Amounts constrained for a specific purpose by external parties, constitutional provision of enabling legislation

##### **Committed Fund Balance**

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period

##### **Assigned Fund Balance**

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed

- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance

**Unassigned Fund**

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in the unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

**IV. POLICY**

The City of Capitola will use GASB's definitions of fund balance for the annual financial reports (audits) and for all other financial reporting.

The City of Capitola policy establishes the order of use of unrestricted resources when any of these amounts are available for expenditure as committed amounts should be used first, followed by the assigned amounts, and then the unassigned amounts.

In addition, GASB 54 allows the City Council authority to "assign" ending fund balances or bestow this authority to a city officer or designee. To provide the city with the most flexibility in financial reporting, staff is recommending that the Finance Director be given authority to assign resources and ending fund balances if applicable.

This policy was approved by the City Council of the City of Capitola at its meeting held on the 9<sup>th</sup> day of June, 2011, and authorized by:

  
\_\_\_\_\_  
Jamie Goldstein  
City Manager

JG/lis

**ATTACHMENT D**

**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:

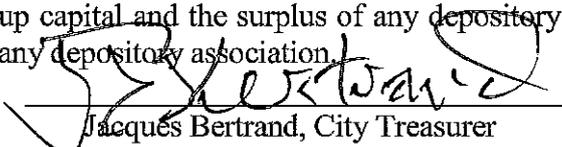
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months\*

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 E

## GANN / APPROPRIATION LIMIT

# Gann Appropriation Limit

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.

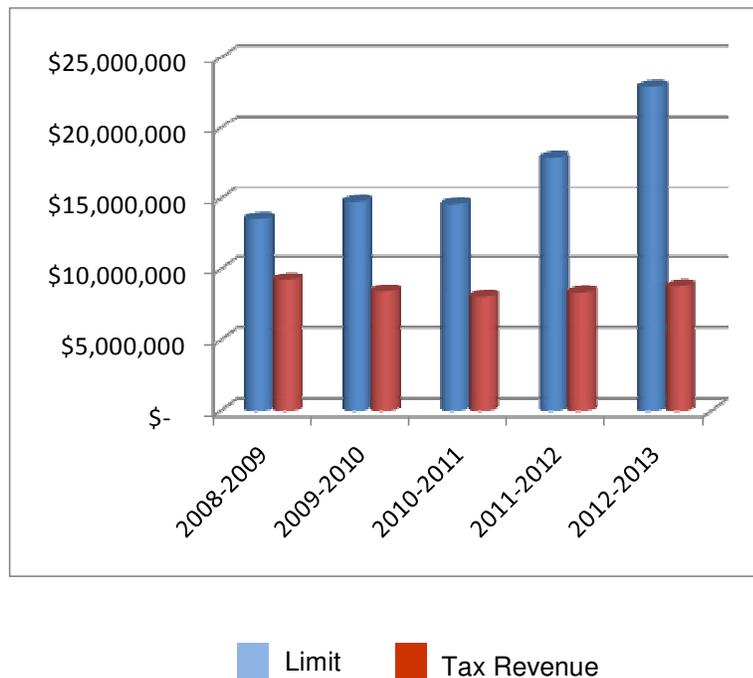
Two subsequent initiatives, Proposition 98 in 1988 and Proposition 111 in 1990, modify the appropriation limit requirements. Proposition 98 amends the methodology for allocation of excess revenues. Proposition 111 changes the population growth and cost-of-living factors to be used in calculating the 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 Appropriations Limit for a given fiscal year is established in the months prior to the beginning of a 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, 2012 in conjunction with the County-issued “Local Nonresidential Property Value Increment By Fund” or “Change in California Per Capita Income” to calculate the Appropriation Factor used in determining the Limit. 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 upcoming fiscal year.

In FY12/13, the City is within 38.4% of the calculated appropriation limit. Based on historical information, it is estimated that the City will not be impacted within the next few years by the Gann limit.

Historic Limit versus Tax Revenue



## Gann Appropriation Limit

Capitola's 2012/13 calculation is:

	Annual % change in Population minus Exclusions	X	Local Nonresidential Property Value Increment	=	Appropriation Factor	X	FY 2011/12 Appropriation Limit	=	FY 2012/13 Appropriation Limit
2012/13	1.0077		1.26983		1.2796		\$17,915,578		\$22,924,774

The proposed 2012/13 Budget tax revenues are:

	2012/13
Sales Tax and Triple Flip (1%)	\$ 4,551,200
District Transaction and Use Tax (1/4%)	\$ 973,200
Property Tax and In-Lieu	\$ 1,650,000
Transient Occupancy Tax	\$ 890,000
Franchise Taxes	\$ 482,200
Business License Tax	\$ 270,000
Interest Income from tax revenue	\$ 1,375
	\$ 8,817,975

The 2012/13 percent of the appropriations limit used is:

For Fiscal Year ended:	2010/11	2011/12	2012/13
Appropriations Limit	\$ 14,590,421	\$ 17,915,578	\$ 22,924,774
Tax revenue	\$ 8,115,800	\$ 8,377,700	\$ 8,817,975
Remaining to limit	\$ 6,474,621	\$ 9,537,878	\$ 14,106,799
% of limit used	55.62%	46.76%	38.46%

The appropriations limit is increased \$ 5,009,196 to \$22.9 million for a 28.0% increase from 2011/12 to 2012/13.

## RESOLUTION NO. 3919

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
SETTING THE 2012-13 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 2012-13 fiscal year appropriation limit shall be \$ 22,924,278 calculated as follows:

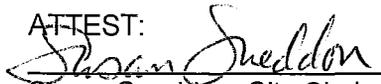
Population change within the county:	1.0077
Change in Local Non-residential New Construction	1.26983

2011-12 Appropriation Limit:	\$ 17,915,578
Adjustment Factor (1.26983 x 1.00770)	x 1.2796
2012-13 Appropriation Limit:	<u>\$ 22,924,774</u>

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 14<sup>th</sup> day of June, 2012, by the following vote:

AYES: Council Members Harlan, Norton, Nicol, and Mayor Termini  
 NOES: None  
 ABSENT: Council Member Storey  
 ABSTAIN: None

  
 Michael Termini, Mayor

ATTEST:  
 CMC  
 Susan Sneddon, City Clerk

ATTACHMENT F  
BUDGET RESOLUTION

## RESOLUTION NO. 3921

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE 2012/13 FISCAL YEAR CITY BUDGET  
AND CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET**

**WHEREAS**, it is necessary to adopt the 2012/13 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 budget for the fiscal year July 1, 2012 through June 30, 2013; and

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2012/13 Fiscal Year Budget is hereby adopted as amended, including Exhibit A (Changes to Proposed Budget), Exhibit B (General Fund Overview), and Exhibit C (Summary by Fund) to this Resolution; and

**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 14<sup>th</sup> day of June, 2012, by the following vote:

AYES: Council Member Harlan, Council Member Norton, and Mayor Termini

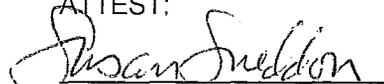
NOES: Council Member Nicol

ABSENT: Council Member Storey

ABSTAIN: None

  
Michael Termini, Mayor

ATTEST:

  
Susan Sneddon, City Clerk

## Changes to Proposed Budget – EXHIBIT A

<b>FY11/12 Expenses</b>	<b>Acct #</b>	<b>Amount</b>
Police Department Overtime	1000-20-20-000-4130.040	(20,000)
<b>Total FY 11/ 12 Adjustments</b>		<b>(20,000)</b>
<b>FY2/13 Proposed</b>		
<b>Revenues /Resources</b>	<b>Acct #</b>	<b>Amount</b>
Unallocated Sources - General Fund Balance		299,721
Special Events - Police Department	1000-20-20-000-3420.031	10,000
Recreation Fees - Class Fees	1000-50-50-515-3470.010	20,000
Recreation Fees - Sports Fees	1000-50-50-530-3470-040	4,500
Interfund Transfer from Equipment (Cont)	1010-00-00-000-3910.212	188,700
Interfund Transfer from Info. Tech. (Cont.)	1010-00-00-000-3910.211	74,850
Interfund Transfer from Stores (Cont.)	1010-00-00-000-3910.210	3,200
Interfund Transfer from Equipment (Emerg)	1020-00-00-000-3910.212	94,300
Interfund Transfer from Info. Tech. (Emerg)	1020-00-00-000-3910.211	37,350
Interfund Transfer from Stores (Emerg)	1020-00-00-000-3910.210	1,600
Police Svs Special Events - Lifeguard Svcs.	1000-20-22-000-3420.032	1,000
<b>Total Revenues</b>		<b>735,221</b>
<b>Expenses</b>		
Unanticipated Events - City Manager	1000-10-11-000-4385.999	(5,000)
Unanticipated Events - Public Works	1000-30-30-000-4385.999	(5,000)
Interfund Transfer Out CIP	1000-99-99-000-4910-200	22,500
Community Grants	Multiple - Pending CC Action	250,000
Chamber of Commerce	1000-10-10-000-4305-106	22,500
CVC	1000-10-10-000-4305-108	17,250
Begonia Festival	1000-10-10-000-4305-003	5,000
Interfund Transfers to Contingency Reserves - (From Unallocated)	1000-99-99-000-4910-101	50,000
Transfer to Contingency - Equipment	2212-00-00-000-4910.101	188,700
Transfer to Contingency - Information Tech.	2211-00-00-000-4910.101	74,850
Transfer to Contingency - Stores	2210-00-00-000-4910.101	3,200
Transfer to Emergency - Equipment	2212-00-00-000-4910.102	94,300
Transfer to Emergency - Information Tech.	2211-00-00-000-4910.102	37,350
Transfer to Emergency - Stores	2210-00-00-000-4910.102	1,600
Police Services SPCA Donation	1000-20-23-000-4325.204	(3,000)
Police Svcs Animal Services	1000-20-23-000-4325.201	3,000
CS - General (CEDS - Reg. Economic Dev Strategy)	1000-10-11-000-4305.900	1,978
Police Svs Special Events - Lifeguard Svcs.	1000-20-22-000-4325.251	1,000
Memberships - Criminal Justice Council	1000-10-11-000-4400.501	3,000
Subscriptions	1000-10-11-000-4450.250	1,000
<b>Total Expenses</b>		<b>764,228</b>
<b>Net Difference*</b>		<b>(9,007)</b>
*Net difference includes \$20,000 in FY11/12 Savings that City Council approved to be re-appropriated in FY12/13		
<b>FY13/14 Corrections/Adjustments</b>	<b>Acct #</b>	<b>Amount</b>
<b>Expenses</b>		
Police Services SPCA Donation	1000-20-23-000-4325.204	(3,000)
Police Svcs Animal Services	1000-20-23-000-4325.201	3,000
OPEB/Retirement Health not budgeted in 13/14	1000-10-12-000-4215.000	21,500
DUI Cost Recovery	1000-20-20-000-4335.403	1,700
<b>Total Adjustments - FY 13/14</b>		<b>23,200</b>

## General Fund Overview – EXHIBIT B

Major Categories	FY11/12 Adopted	FY11/12 Estimated	FY12/13 Proposed	FY13/14 Planned
<b>Revenue</b>				
Taxes	\$ 8,371,200	\$ 8,295,025	\$ 8,816,600	\$ 8,992,500
Licenses and permits	229,500	245,200	186,700	231,700
Intergovernmental revenues	252,700	536,054	176,000	110,000
Charges for services	2,276,400	2,460,600	2,068,200	2,075,500
Fines and forfeitures	814,000	704,000	707,000	707,000
Use of money & property	330,300	279,800	12,600	12,600
Other revenues	59,500	101,500	84,400	79,400
Other financing sources	25,000	248,500	85,000	-
<b>Revenue Totals</b>	<b>\$12,358,600</b>	<b>\$ 12,870,679</b>	<b>\$ 12,136,500</b>	<b>\$12,208,700</b>
<b>Expenditures</b>				
Personnel	\$ 7,741,400	\$ 7,534,745	\$ 7,477,200	\$ 7,508,500
Contract services	2,264,950	2,526,100	2,526,678	2,430,000
Training & Memberships	34,650	32,832	51,050	47,650
Supplies	473,600	540,754	540,500	526,400
Grants and Subsidies	137,500	275,000	250,000	-
Capital outlay	-	-	-	-
Internal service fund charges	846,700	846,700	940,373	931,173
Other financing uses	\$ 832,500	\$ 832,500	\$ 379,706	\$ 465,606
<b>Expenditure Totals</b>	<b>\$12,331,300</b>	<b>\$ 12,588,631</b>	<b>\$ 12,165,507</b>	<b>\$11,909,329</b>
<b>Council Discretionary Items</b>	-	-		<b>\$ 299,371</b>
<b>Impact on Fund Balance</b>	<b>\$ 27,300</b>	<b>\$ 282,048</b>	<b>\$ (29,007)</b>	<b>\$ -</b>
<b>Budgetary Fund Balance</b>	<b>\$ (192,614)</b>	<b>\$ 89,434</b>	<b>\$ 60,427</b>	<b>\$ 60,427</b>

## Summary By Fund – EXHIBIT C

Fund Title	Estimated Balance 07/01/2012	Adopted Revenues	Adopted Expenses	Estimated Balance 06/30/2013
<b>General Fund</b>	<b>\$89,434</b>	<b>\$12,136,500</b>	<b>\$12,165,507</b>	<b>\$60,427</b>
<b>Designated Reserves</b>				
Contingency Reserve	404,896	316,750	-	721,646
Emergency Reserve	(46,955)	133,250	-	86,295
Compensated Absence Fund	51,738	94,000	74,000	71,738
<b>Debt Service</b>				
Pension Obligation Bond		673,300	674,800	(1,500)
Pacific Cove Bond		181,211	466,371	(285,160)
<b>Capital Improvement Fund</b>				
Capital Improvement Fund	208,200	22,500	22,500	208,200
				-
<b>Internal Service Funds</b>				
Stores Fund	12,939	34,450	36,850	10,539
Information Technology	172,278	144,400	288,800	27,878
Equipment Replacement	357,933	89,973	390,000	57,906
Self-Insurance Liability	229,075	146,450	146,450	229,075
Workers Compensation	162,479	528,100	528,000	162,579
PERS	171,431	-	171,431	-
<b>Special Revenue Funds</b>				
SLESF - Supplemental Law Enforce	4,911	-	-	4,911
SCCACT - SCC ANTI CRIME TEAM	21	74,100	72,200	1,921
Gas Tax Fund	153	271,500	267,100	4,553
Wharf Fund	64	83,700	83,700	64
Development Fees Fund	2,026	-	-	2,026
General Plan Update and Maint	244,426	166,000	242,100	168,326
Green Building Education Fund	88,644	10,000	35,500	63,144
Public Arts Fee Fund	142,948	15,000	26,700	131,248
Parking Reserve Fund	719	84,800	84,800	719
Technology Fee Fund	22,388	5,900	5,000	23,288
PEG - Public Educ & Gvt Cable	43,236	20,100	24,500	38,836
BIA - Capitola Village-Wharf BIA	4,155	70,300	71,600	2,855
CDBG Grants	(23,569)	143,200	174,389	(54,758)
CDBG Programs	(17,745)	-	2,500	(20,245)
CDBG Prog Inc 07-08 RLF (CLOSED)	(6)	-	-	(6)
HOME Reuse Funds	(1,899)	12,200	10,000	301
HOME Grant Fund	5,230	-	15,000	(9,770)
Housing Trust Fund	176,532	5,500	55,000	127,032
BEGIN Grant Fund	59,977	-	60,000	(23)
<b>Total Special Revenue Funds</b>	<b>\$752,211</b>	<b>\$962,300</b>	<b>\$1,230,089</b>	<b>\$484,422</b>
<b>Redevelopment/Successor Agency</b>				
RDA/Successor Agency	1,829,993	1,092,024	2,292,024	629,993
Low Mod Housing / Housing Successor	(137,964)	-	14,500	(152,464)
<b>Redevelopment/Successor Agency</b>	<b>\$1,692,029</b>	<b>\$1,092,024</b>	<b>\$2,306,524</b>	<b>\$477,529</b>

# ATTACHMENT G

## GLOSSARY

## **GLOSSARY OF TERMS GENERAL TERMS**

**Accounting System** – The set of records and procedures, which are used to record, classify, and report information on the financial status and operations of the City.

**Accrual Basis Accounting** – Under this accounting method, transactions are recognized when they occur, regardless of the timing of related cash receipts and disbursements.

**Ad Valorem** – Latin for ‘IN PROPORTION TO THE VALUE’. This refers to property taxes levied on value and includes the general obligation (G.) bond rates added to the 1% rate allowed by Prop. 13. These rates are applied to the secured, unsecured, supplemental, and other miscellaneous tax rolls.

**Adoption** – Formal action by the City Council which sets the spending limits for the fiscal year. The City’s budget is adopted by Council resolution.

**Annual Budget** – A budget applicable to a single fiscal year.

**Appropriation** – An authorization made by the City Council, which permits officials to incur obligations against and to make expenditures of government resources. Appropriations are typically granted for a one-year period.

**Assessed Valuation** – A value established for real property for use as a basis in levying property taxes. For all agencies in the State of California, assessed value is established by the County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under Article XIII of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of real taxable property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change of ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

**Audit** – Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the City’s Financial Statements present fairly the City’s financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the City’s internal controls as well as recommending improvements to the City’s financial management practices.

**Bonds** – A bond is a written promise to pay a specified sum of money (called the face value or principle amount) at a specified date or dates in the future ( called the maturity date) together with period interest at a specified rate. Bonds are typically used to finance capital facilities.

**Budget-** As the City’s financial operating plan for the fiscal year, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the City Council adopts the budget, the total becomes the maximum spending limit. Capitola’s budget encompasses fiscal year (July 1, through June 30).

**Budget Amendment** – The Council has the sole responsibility for adopting the City’s budget, and may amend or supplement the budget at any time after adoption. The City Manager has the authority to approve administrative adjustments to the budget as outlined in the Financial and Administrative Policies set by Council.

**Budget Calendar** – The schedule of key dates which the follows in the preparation and adoption of the budget.

**Budget Document** – The official financial spending and resource plan submitted by the City Manager and adopted by the City Council explaining the approved budget to the public and City Council.

**Budget Overview** – This section provides an overview of the changes adopted in the budget. Additionally, the significant impacts of budgetary changes are outlined along with dollar amounts (increase/decrease).

**Budget Policies** – General and specific guidelines adopted by the Council that govern the financial plan's preparation and administration.

**Building Permit** – Fee required for new construction or for any alteration or addition to a residence or commercial building. The fee is based on square footage and valuation. Electrical or plumbing/mechanical work will require a similar permit.

**Business License Tax** – Imposed on those conducting business within the limits.

**Capital or Community Improvements** – Capital or community improvements are major construction, acquisition or maintenance/repair projects. Typical examples of major construction would include new street improvements, park development and public buildings. Acquisition includes land for parks and open space. Major maintenance/repairs may include street resurfacing or modifications to public buildings.

**Capital Improvement Plan (CIP)** - The plan or schedule of expenditures for major construction of roads, sidewalks, facilities and/or park improvements and for the purchase of equipment. The City of Capitola / CIP follows a five-year schedule. Although the City adopts the CIP budget in a process, which is separate from the adoption of the budget, the budget incorporates the first year of the five-year CIP.

**Capital Projects Fund** – In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditures account, which accumulates until the project is completed, at which time the fund ceases to exist.

**Capital Outlay** – Expenditures which result in the acquisition of or additions to fixed assets. Examples include land, buildings, machinery, equipment and construction projects.

**Capital Assets** – Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

**Cash Basis Accounting** – A basis of accounting under which transactions are recognized only when cash is received or disbursed.

**CDBG (Community Development Block Grant)** – Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City. The City primarily uses these funds for housing rehabilitation, public improvements and local social programs.

**Code** – A book that contains the City Council approved ordinances currently in effect. The code defines City policy with respect to areas such as planning, etc.

**COLA** – Cost of living allowance.

**Comprehensive Annual Financial Report (CAFR)** – The official financial report of the City. It includes an audit opinion as well as basic financial statements and supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions.

**Constant Dollars** – A measure of the cost of goods or services with the effects of inflation removed.

**Contingency** – A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

**Contingent Liabilities** – Items which may become liabilities of the City but are undetermined at a given date, such as pending lawsuits, unsettled disputed claims, unfilled purchase orders and uncompleted contracts.

**Contract Services** – Services provided to the City from the private sector or other public agencies.

**Contributed Capital** – Resources, which are extremely restricted for the acquisition or construction of capital assets. This category includes, but is not limited to, capital grants, residual equity transfers in and contributions from developers.

**Cost Allocation** – A fair and equitable methodology for identifying and distributing direct and indirect cost, from a service provider to the service consumer. In the City's case, the general fund is the service provider and the external funds are the service consumer.

**Court Fines** - Portion of the fines collected upon conviction of a misdemeanor or infraction committed within boundaries.

**Debt Instrument** – Methods of borrowing funds, including General Obligation (G.O.) bonds, revenue bonds, lease/purchase agreements, lease-revenue bonds, tax allocation bonds, Certificates of Participation (COPs), and assessment district bonds(LIDSs). (See Bonds.)

**Debt Service** – Payment of the principal and interest on an obligation resulting from the issuance of bonds, notes, or Certificates of Participation (COPs).

**Debt Service Fund** – A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Deficit** – The excess of liabilities over assets.

**Department** – A major organizational unit of the City, which has been assigned overall management responsibility for an operation or a group of related operations within a functional area. In Capitola, Department Heads are the chief administrators within a department.

**Developer Fees and Permits** – Fees that are charge for specific Planning services.

**Documentary Transfer Tax** – Imposed on the transfer of real property, exclusive of any lien or encumbrance. The City receives 50% of revenue collected by the County.

**Encumbrances** – Commitments against an approved budget for unperformed (executory) contracts for goods or services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

**Enterprise Funds** – Established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public.

**Equipment Replacement Fund** – Equipment Replacement Fund is used to account for the replacement of existing fixed assets as equipment, machinery or building improvements become unserviceable or obsolete.

**Expenditure** – The outflow of funds paid or to be paid for an asset obtained or goods and services obtained. Note: An encumbrance is not expenditure; an encumbrance reserves funds to be expended. (See encumbrances.)

**FEMA** – Federal Emergency Management Agency.

**FHWA** – Federal Highway Administration – a governmental agency responsible for administration of Federal grant programs for streets and highways.

**Fiscal Year** – A 12 month period to which the annual operating budget applies and at the end of which the City determines its financial position and results of its operations. The City's fiscal year runs from July 1<sup>st</sup> to June 30<sup>th</sup>.

**Five-Year Financial Forecast** – Estimates of future revenues and expenditures to help predict the future financial condition of the community.

**Fixed Assets** – Non-consumable assets of long-term nature such as land, buildings, machinery, furniture, and the other equipment. The City has defined such assets as those with an expected life in excess of one year and value in excess of \$5,000.

**FLSA (Fair Labor Standards Act)** – The Fair Labor Standards Act sets minimum wage, overtime pay, equal pay and Child Labor Standards for private and public sector employees. Enforcement of the FLSA is assigned to the Department of Labor, Wage and Hour Division.

**Franchise Fees** – Imposed on utility companies for the privilege of doing business in the City. Fees are usually based upon a percentage of gross revenue derived from business conducted in the City.

**Full-Time Equivalent (FTE)** – The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. Full-time employees are paid for 2,080 hours in a year equating 1.0 FTE. Correspondingly, a part-time employee who worked 1,040 hours would relate to 0.5 FTE.

**Fund-** An independent fiscal and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets and liabilities. Each fund has a budget with exception of the General Fund ( which accounts for general purpose actions and has unrestricted revenue sources). Each remaining fund typically has a unique funding source and purpose. Establishing funds enables the to account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

**Fund Accounting** – System used by non-profit organizations, particularly governments. Since there is no profit motive, accountability is measured instead of profitability. The main purpose is stewardship of financial resources received and expended in compliance with legal requirements.

**Fund Balance** – Also known as financial position, fund balance is the excess of current assets over current liabilities, and represents the cumulative effect of revenues and other financing sources over expenditure and other financing uses.

**Fund Descriptions** - The basic accounting and reporting entity for the City is a fund. A fund is “an independent fiscal and accounting entity used to record all financial transactions related to the

specific purpose for which the fund was created.” Funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Funds used in government are classified into three broad categories: governmental, proprietary and fiduciary. Governmental funds include activities usually associated with a typical state or local government’s operations (public safety, general government activities, etc. Proprietary funds are used in governments to account for activities often found in the private section (utilities, stadiums and golf courses are prime examples). Trust and Agency funds are utilized in situations where the government is acting in a fiduciary capacity as a trustee or agent. The various funds are grouped in fund types and categories as follows:

**GAAP (Generally Accepted Accounting Principles)** – Uniform minimum standards for financial accounting and reporting. They govern the form and content of the basic financial statements.

**General Fixed Assets and General Long Term Debt Account Groups** – accounts for fixed assets and long-term debt not used in proprietary fund operations or accounted for in trust funds.

**Gas Fund Tax** – The Gas Fund Tax is used to account for revenues and expenditures apportioned under the Streets and Highways Code of the State of California. Expenditures may be made for any street related purpose in the City’s system of streets.

**General Fund** – In governmental accounting, fund used to account for all assets and liabilities of a non-profit entity, except those particularly assigned for other purposes in another more specialized fund. It is the primary operating fund of the City .

**General Liability Self Insurance Fund** – The General Liability Self Insurance Fund is used to provide the City with liability insurance. Coverage is provided through the City’s participation in a joint powers agreement through (MBIAF) Monterey Bay Area Insurance Fund.

**General Obligation Bonds** – Bonds for which the pledges its full faith and credit for repayment. Debt Service is paid from property tax revenue levied (in the case of voter-approved bonds) or other general revenue.

**Goal** – A statement of broad direction, purpose, or intent.

**Governmental Funds** - Include activities usually associated with the governmental entities’ operation (police, fire, and general governmental functions).

**Grant** – External contributions, and/or gifts of cash, or other assets typically from another governmental entity to be used or expended for a specific purpose, activity, or facility. An example is Community Development Block grant funding from the Federal Government.

**Home Owners’ Property Tax Relief (HOPER)** – Is the tax on the \$7,000 reduction in assessed value, which is allowed on owner occupied residential property. The State pays the tax on this exemption.

**Housing Set-Aside Fund** – Fund is used to account for the 20% set aside property tax increment revenues and the associated expenditures to be used for increasing or improving low and moderate income housing.

**Improvements** – Buildings, structures or attachments to land such as sidewalks, trees, drives, tunnels, drains and sewers.

**Interest/Income** – The prudent investment of idle funds. The types of investments that can be made are limited by the Government Code to protect the safety of taxpayer’s money.

**Intergovernmental Revenue** – Revenue received from other governmental agencies and municipalities, such as grants from the State or Federal government.

**Internal Services Fund** – The internal Service Funds are used to finance and account for special activities and services performed by a designated department for other departments on a cost reimbursement basis.

**Inter-fund Transfers** - When the moves money between its various funds, it makes an inter-fund transfer, referred to as transfers-in and transfers-out. In aggregate, transfers in and out offset each other for the fiscal year.

**Lease-Purchase Agreements** – Contractual agreements which are termed “leases”, but which in substance amount to purchase contracts.

**Levy** - To impose taxes, special assessments or service charges for the support of governmental activities (Verb). The total amount of taxes, special assessments or service charges imposed by Santa Cruz County levying property taxes.

**Licenses and Permits** – Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

**Line-item Budget** – A budget that lists detailed expenditure categories (salaries & benefits, office supplies, travel, dues, rents, etc.) separately, along with the amount budgeted for each specified category. The Summary Budget reflects the program rather than line item budgets. The Detail Budget reflects the line-item detail.

**Modified Accrual Basis** – Under this accounting method, revenues are recognized when they become both measurable and available to finance expenditures of the current period. Expenditures for the most part are recognized when the related fund liability is incurred except for prepayments, accumulated employee leave and long-term debt. All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting.

**Motor Vehicle in Lieu** – Portion of the vehicle registration fee paid annually to the State.

**NPDES** – Acronym for National Pollution Discharge Elimination System

**OES**- Office of Emergency Services

**Object** – An expenditure classification which refers to the type of item purchased or the service obtained.

**Objective**- A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program or service level.

**Ordinance** – A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution and is typically codified in a City’s municipal code.

**Operating Budget** – The operating budget is the primary means by which most of the financing of acquisition, spending and service delivery activities of a government are controlled. Law requires the use of annual operating budgets.

**Other Revenues** – Revenues from sources other than those specifically identified that are too immaterial in amount to justify the creation of new revenue account line items.

**Performance Measure** – Sets forth a performance objective and a goal for achieving the objective.

**Personnel Benefits** – Those benefits paid by the as conditions of employment.

**Personnel** – employees.

**Proposition 218** – A statewide initiative passed by the voters of California on November 5, 1996. The initiative provided voters with the right to vote on new taxes.

**Program** – As subdivisions of departments, programs are budgetary or organizational units of government with limited sets of work responsibilities within their respective departments. Programs also serve to increase budgetary accountability. Capitola' budget is compiled on a program basis.

**Property Tax** – Imposed on real property (land and permanently attached improvements). The tax is based upon the assessed value of such property. The tax rate may not exceed 1% of assessed value.

**Property Tax Secured** – Real property both land and improvements

**Property Tax (Supplemental)** – An assessment which reflects the difference between the prior assessed value and the new assessment due to a change in ownership or completion of new construction. The value is prorated based on the number of months remaining in the fiscal year ending June 30. This is in addition to the regular tax bill.

**Property Tax Unsecured** – Business or personal property such as boats, aircraft & servers

**Public Employee's Retirement System (PERS)** – Provided for the City's employees, by the State of California.

**RDA** – Redevelopment Agency

**Redevelopment Agency Fund** – Fund is used to account for the proceeds of notes, advances and other forms of indebtedness, and the expenditure of these funds for improvement, reconstruction and redevelopment projects within the specified boundaries of the City of Capitola Redevelopment Agency.

**Reserve** – An account used to indicate that a portion of fund equity is legally restricted for a specific purpose.

**Resolution** – A special order of the City Council, which has a lower legal standing than an ordinance.

**Resources** – Total amounts available for appropriation including estimated revenues, inter-fund transfers, and beginning fund balances.

**Retained Vehicle** – A vehicle in the City's fleet that is still in operation, but is held past the scheduled date of replacement. The retained vehicles do not have monies set aside for replacement.

**Revenue** – Sources of income, which the City receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for services, resources forward from the prior year, operating transfers for other funds, and other financing sources such as the proceeds derived from the sales of fixed assets.

**Revenue Estimate** – A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a fiscal year.

**Sales Tax** – 1% is returned to the by the State Board of Equalization on a monthly direct deposit basis.

**Special Revenue Fund** – In governmental accounting, fund used to account for the proceeds of special revenue source (other than special assessments, expandable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose.

**Service Charge** – Charges for specific services rendered.

**Services and Supplies** – Expenditures for services and supplies, which are directly related to a department's primary service activities.

**Subventions** – Revenues collected by the State, which are allocated to the on a formula basis.

**Supplemental Appropriation** – An appropriation approved by the Council after the initial budget is adopted.

**Supplemental Property Tax Assessment** - State law requires the Assessor's Office to reappraise property immediately upon change in ownership or completion of new construction. The Assessor's Office must issue a supplemental assessment which reflects the difference between the prior assessed value and the new assessment. The value is prorated based on the number of months remaining in the fiscal year, ending June 30. This is in addition to the regular tax bill.

**Supplies** – An expenditure classification for articles and commodities purchased for consumption or resale.

**Taxes** – Compulsory charges levied by the City, County and State for the purpose of financing services performed for the common benefit.

**Teeter** – The Alternate Methods of Property Tax Apportionment as authorized in Revenue & Taxation Code Sections 4701-4717. These taxes and assessments are paid on the basis of the full tax levy (receivable) regardless of delinquencies. If a property is ultimately sold for non-payment of taxes, any shortfall is deducted from the tax Losses Reserve Fund.

**Traffic Fines** – Portion of the fines collected upon conviction or bail forfeiture of vehicle code violations committed within boundaries.

**Transient Occupancy Tax** – Imposed on hotels, motels, inns or other lodging facilities.

**Transfers In/Out** – Money transferred from one fund to another. Differs from revenues and expenses – see definition of these terms.

**Unsecured taxes** - Unsecured taxes are assessed for ownership of assets including, but not limited to boats, planes, business property, mobile homes, structural improvements on leased land

and other leasehold interests. The tax is assessed if you were in business or possessed the asset on January 1 of the tax year.

**Worker's Compensation Fund** - The Worker's Compensation Fund accounts for the cost to provide worker's compensation insurance coverage to all employees in compliance with State of California requirements.

## **GLOSSARY OF TERMS FORMER REDEVELOPMENT AGENCY**

**Article XVI, Section 16, of the California Constitution** – The original constitutional authority for the utilization of tax increment financing by redevelopment agency.

**Available Revenues** – As used in the statement of indebtedness, available revenues are defined as cash or cash equivalents held by the agency as received from tax increment revenues, or cash or cash equivalents held by an agency that are irrevocably pledged or restricted to payment of a loan, advance or indebtedness that the agency has listed on a statement of indebtedness. In no case may available revenues include funds held in the Low and Moderate Income Housing Fund.

**Base Assessed Valuation** – The assessment roll last equalized prior to the effective date of an ordinance approving a redevelopment project area plan. Also referred to as the “frozen base.”

**Base Year** – The fiscal year in which the project area plan is approved.

**Blight** – Physical, social, or economic liabilities in a community that require redevelopment in the interests of the health, safety, and general welfare of the residents.

**Capital Projects Fund** - A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, special assessment funds, or trust funds).

**Debt Service Fund** – A fund established to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**Increment Assessed Valuation** – The assessed valuation of the taxable property in a project area in excess of the based assessed valuation.

**Low and Moderate Income Housing Fund** – A special fund created pursuant to Section 33334.3 of the Health and Safety Code to account for the 20% set-aside of Tax Increment Funds for low- and moderate-income housing.

**Pass-Through Agreement** – An agreement made within specific guidelines whereby a redevelopment agency may share a portion of its tax increment revenue with any taxing agency with territory located within a project area (except for the community that has adopted the project). The taxing agency must show that the redevelopment project activities have caused a financial burden or detriment that can be alleviated by such an agreement. Agencies may also “pass through” tax increment revenues that are attributable to either an increase in the tax rate and/or increases in the assessed value due to the application of Revenue and Taxation Code Section 110.1 (2% annual increase).

**Project Area** – A predominantly blighted area of an urbanized community.

**Statement of Indebtedness** – A statement filed with the county auditor on or before October 1 of each year detailing the indebtedness of each project area.

**Tax Increment** – The portion of the taxes levied that is produced by increment assessed valuation.

**GLOSSARY OF AFFORDABLE HOUSING TERMS**  
**City of Capitola**  
**June, 2012**

**Affordable Housing**

Affordable housing is an extremely broad and non-technical term that basically includes rental and ownership housing that is affordable to a range of household incomes up to the moderate-income level. A rule of thumb says that to be “affordable” the combined total of all housing related costs (rent, mortgage, upkeep, utilities & taxes) should not exceed 30% of the household’s income. Most affordable housing funding sources utilize eligibility requirements that identify each income group by household size. Here are the basic State income limits for Santa Cruz County for 2012.

The Santa Cruz County Area Median Income for a family of four in 2012 is: \$87,000.

**State of California Income Limits for Santa Cruz County 2012**  
**Number of Persons In household**

	One	Two	Three	Four
<b>Extremely Low-Income</b> ( < 30% of area median income)	\$20,150	\$23,000	\$25,900	\$28,750
<b>Very Low-Income</b> (30% to 50% of area median income)	\$33,550	\$38,350	\$43,150	\$47,900
<b>Low-Income</b> (50% to 80% of area median income)	\$53,700	\$61,350	\$69,000	\$76,650
<b>Median Income</b>	\$56,900	\$69,000	\$78,300	\$87,000
<b>Moderate-Income</b> (80% to 120% of area median income)	\$68,300	\$78,300	\$93,950	\$104,400

Affordable housing units can include both rental and ownership units. Some affordable housing units are determined “affordable” only at the time of purchase while other programs will also require long-term affordability for future buyers through the use of resale restrictions. Affordable rental units developed with local, state or federal assistance will usually have an affordability term of fifty-five years or longer.

**BEGIN Program**

Building Equity and Growth in Neighborhoods Program (BEGIN) is a grant program of the California State Department of Housing and Community Development (HCD). The program provides grants of up to \$30,000 per unit to local jurisdictions to make deferred-payment second mortgage loans to low or moderate- income first time homebuyers buyers of new homes in BEGIN projects that have affordability enhanced by local regulatory incentives or barrier reductions. For example, the Capitola Beach Villas project on 41<sup>st</sup> Avenue would qualify for funding under this

project for its affordable housing units due to the bonus density and parking variances provided to the project.

### **CDBG Program**

The Community Development Block Grant (CDBG) Program is provided by the Federal Department of Housing and Urban Development (HUD). Larger jurisdictions are called participating jurisdictions and receive CDBG funding directly from HUD. Smaller communities apply for CDBG funding through a program administered by the California State Department of Housing and Community Development (HCD). The purpose of the program is to fund housing activities, public works, community facilities, and public service projects serving lower-income people and to provide funds for planning and evaluation studies related to any CDBG-eligible activity. The funds are provided as a grant to the local jurisdiction. There is one annual Notice of Funding Availability for General Allocation, Economic Development, and Planning and Technical Assistance. The City has received a number of CDBG grants over the last fifteen years.

### **CalHFA**

For over 30 years, California Housing Finance Agency (CalHFA) has supported the needs of renters and first-time homebuyers by providing financing and programs that create safe, decent and affordable housing opportunities for individuals within specified income ranges. Established in 1975, CalHFA was chartered as the State's affordable housing bank to make below market-rate loans through the sale of tax-exempt bonds. A completely self-supporting State agency, bonds are repaid by revenues generated through mortgage loans, not taxpayer dollars.

### **First Time Homebuyer Loan Program**

The City of Capitola has established a First-Time Homebuyer Program to help low and moderate income households purchase homes in the City of Capitola. The program is funded through the City of Capitola and the Capitola Housing Successor (former Capitola Redevelopment Agency Low and Moderate Income Fund) and is administered by the Housing Authority of the County of Santa Cruz and the City Housing program. The program provides assistance in the form of a deferred payment loan or "silent second" to help meet the gap between purchase price and the principal first mortgage. The program provides loans of up to \$60,000 or 15% of the sales price of the home. To be eligible to participate in the program the borrower must be a first time homebuyer, must be low or moderate-income, must have a household member that is employed in Capitola and must occupy the home as their principal residence. Interest on the loan is 3% simple interest. Payments are deferred until sale or transfer of the home. This loan program can be used for the purchase of single-family homes, condominiums and mobile homes. Because of the high housing costs in Capitola this loan program has almost exclusively been used for the purchase of mobile homes and for single-family homes that have reduced sales prices provided through the City's Inclusionary Housing Program.

### **HOME Program**

The HOME Investment Partnerships Program (HOME) is funded through the Federal Department of Housing and Urban Development (HUD). Smaller communities apply for HOME funding through a program administered by the California State Department of Housing and Community Development (HCD). The purpose of the program is to assist cities, counties and non-profit community development organizations to create and retain affordable housing. The funds are provided to cities in the form of grants that can then be loaned to affordable housing development projects or to individual homeowners in the community. A three million dollar HOME grant was awarded to the Bay Avenue Senior Apartments project (formerly known as the Silvercrest Apts). As HOME funded loans are repaid to the local community those funds are held in a HOME Reuse Fund that can then be used on future affordable housing related activities.

### **Home Rehabilitation Loan/grant Program**

This program is funded by the City of Capitola and is administered by the Housing Authority. The program is geared to help meet the basic safe and healthy living environment needs of low and moderate-income mobilehome owners. Low interest, deferred payment loans of up to \$20,000 are available. Emergency Repair Grants of up to \$7,500 are also available for mobilehome owners who are very low-income and in need of urgent repairs.

### **Housing Element**

The housing element is one of the seven mandated elements of the local general plan. Housing element law, enacted in 1969, mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems which provide opportunities for, and do not unduly constrain, housing development. As a result, housing policy in the State rests largely upon the effective implementation of local general plans and, in particular, local housing elements. Local Housing Elements must be updated periodically and unlike the other elements in the General Plan, must be certified by the State Department of Housing and Community Development (HCD). Capitola's current 2007-2014 Housing Element must be updated and submitted to the state in 2014. Local municipalities that are not in compliance with State housing element law are prohibited from participation in HOME, CDBG and other State housing loan and grant programs.

### **Inclusionary Housing Ordinance**

The City of Capitola has an Affordable (Inclusionary) Housing Ordinance. The Ordinance requires developers of residential projects to contribute toward the provision of affordable housing in the City. Projects that entail seven or more for-sale housing units, residential parcels or converted condominiums are required to provide fifteen percent of the units for sale to low or moderate-income households. Housing development projects that are smaller than seven units in size, including major single-family home rehabilitation projects, are required to pay affordable housing in-lieu fees to the City's Affordable Housing Trust Fund. The City's Inclusionary Housing Ordinance utilizes an affordability formula to calculate the original sale price of the inclusionary units. Resale restrictions are then recorded against the property so that all future sales are also restricted as to the income level of the buyer and the affordable sale price of the unit.

### **MPROP**

Mobilehome Park Resident Ownership Program (MPROP) is a loan program provided by the State Department of Housing and Community Development (HCD). The purpose of the program is the preservation of affordable mobilehome parks by conversion to ownership or control by resident organizations, nonprofit housing sponsors, or local public agencies. MPROP loans were key to the resident purchases of both the Wharf Road Manor and the Turner Lane Mobile Home Parks in Capitola.

### **Regional Housing Needs Assessment (RHNA)**

By State law local Housing Elements must include the identification of development opportunity sites to meet the local municipality's fair share of the Regional Housing Need. The Association of Monterey Bay Area Governments (AMBAG) prepares a Regional Housing Needs Assessment (RHNA) to identify the housing needs for each jurisdiction within the AMBAG region. State law does not required that the housing sites identified in the Housing Element are actually developed as affordable housing. It does, however, required that the identified sites are available for that purpose and that appropriate replacement sites are identified if any of the current sites are rezoned or developed for other purposes.

**Resale Restricted Housing Units**

Affordable housing units provided through the City's Inclusionary Housing Ordinance and some other units funded with City or State loan or grant programs include resale restrictions that ensure affordability not just for the current owner but also for all future buyers. These resale restricted units allow the opportunity for lower-income households to become homeowners while also helping build the community's permanent affordable housing stock. The owners of these units will be able to enjoy the benefits of homeownership and take advantage of lower than market mortgage payments but they will not be in a position to build equity in their home. Upon resale the unit must be sold to another income eligible buyer and the sale price is limited to be affordable to the new lower-income buyer.