

CITY OF CAPITOLA  
&  
CAPITOLA REDEVELOPMENT AGENCY

ADOPTED BUDGET  
FISCAL YEAR 2009 – 2010



CITY COUNCIL

**Robert “Bob” Begun, Mayor**

**Sam Storey, Vice Mayor**

**Ronald Graves**

**Kirby Nicol**

**Dennis Norton**



City Council

Robert "Bob" Begun, Mayor

Sam Story, Vice Mayor

Dennis Norton

Kirby Nicol

Ronald Graves

Jacques Bertrand, City Treasurer

Debbie Johnson, Redevelopment Agency Treasurer

Richard Hill, City Manager

Staff

Pamela Greeninger, City Clerk

Richard Ehle, Chief of Police

Chuck Comstock, Interim Finance Director

Steven Jesberg, Public Works Director

Jamie Goldstein, Community Development Director

Daniel Kostelec, Building Official

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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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420 CAPITOLA AVENUE  
CAPITOLA, CALIFORNIA 95010  
TELEPHONE (831) 475-7300  
FAX (831) 479-8879

**TO: City Council**

**FROM: City Manager**

**DATE: April 27, 2009**

**SUBJECT: Adopted Fiscal Year 2009/10 and Fiscal Year 2010/11 Operating Budget**

### **FISCAL STATUS OF THE CITY**

The fiscal status of the City is problematic, with sales tax revenues on a material decline over the last two years and no sales tax growth project for the next two years. For fiscal year 2007/08, the last audited fiscal year, total revenues were \$13,483,100. Projected revenues for fiscal year 2009/10 are \$12,321,300. This is about a 10% reduction in total revenues for the City. During the past fiscal year several significant factors have occurred that have or will affect significantly the fiscal status of the City. The national economy has been in significant decline during the past year, impacting retail sales, new development, and housing prices, the City's three major revenue sources. The state of California has a \$46 billion shortfall in its budget, previously unimagined by even the most cynical of Sacramento pundits. The state is resting its fiscal hopes on a special election that may very well yield disappointing results. Locally, the City of Capitola has lost three major retailers: Mervyn's, Ocean Honda and Gottschalks. These losses significantly impact sales tax revenues, but also jobs. In January 2009, the unemployment rate for the Santa Cruz County reached double digits, a rate greater than the Nation and the State. The City Council, however, has taken decisive and affirmative action to manage this decline in revenues, and to anticipate as best as is practical further declines and possible future state action. By March 1, the Council had approved a series of budget transfers and modest expenditure reductions, netting about \$641,000, to bring the 2008/09 fiscal year budget into balance. Furthermore, a furlough program and an early retirement program was implemented resulting in a planned annual savings for the 2009/10 fiscal year of about \$750,000 in reduced staffing costs. Included in these savings was a combination of revenue increases and service reductions of netting about another \$600,000 to the City's bottom line, for a total net reduction in services and increased revenue of about \$1.3 million. It is important to note that the principal contribution to this remarkable net result was the furlough and early retirement programs, which could only have been accomplished through the cooperation and thoughtful partnership of the employees of the City.

In addition to the loss of sales tax revenue, increasing expenditures will impact the City in the next two years. Most of these increases are unfunded mandates. One major such increase is the requirement that the City be narrow banding compliant by 2013. On a county wide basis these costs were expected to approach \$26 million, using a design that was to be fully interoperable and digital. Full interoperability means that all public safety agencies could talk to each other using the same transmitting and receiving device. This has proven to be a very expensive service level, and given the current fiscal concerns of all local government the narrow banding team is now preparing a plan to minimally meet the federal requirements. The impact to the City of Capitola is expected to be less than \$150,000 in one time costs, most of which should be grant covered. There will be a modest, although not yet quantified, annual costs to cover operations and equipment replacement. In addition, the City now has an approved storm water management plan consistent with the Monterey Bay Area Water Quality Control District standards. These standards are stricter. Although this budget has \$40,000 proposed to implement the plan, same as last year, it is likely that the costs will be greater. Given the recent approval by the MBAWQCD, staff, at this time, has not had an opportunity to fully cost the plan. It is likely that at midyear Council will be approached on this matter for increased budget appropriations.

Cash flow is becoming a modest concern. The state exchange in 2004 of sales tax revenue for property tax revenue has increased our cash flow problems. Also, the state fiscal condition has delayed their payment of grants to various cities and counties. Most particularly the bioswale grant is in arrears to the City of about \$350,000. During the last four fiscal years, 2005/06 was the most difficult in terms of cash flow. In September of that year cash was only 13.01% of annual revenues, the lowest of the year. For that same year the June ratio was 26.86%. For the latter portion of 2008/09 fiscal, cash has not come near the very low levels of 2005/06, but the levels are low when compared to other fiscal years. Staff is closely watching cash. Without the Council's insistence on maintaining contingency reserves, and the establishment of the internal service funds, the City's cash position could be dangerously low. As it stands today, cash is satisfactory. The City has received information that of the \$350,000 in grant money due about \$225,000 will be coming in soon.

There is some good news. Prominently in this category is that Measure D was passed by the voters. Measure D extends the ¼ of 1% sales tax until 2017. Unlike many other forms of tax, 100% of Measure D tax goes directly to Capitola, none to the State or County. Measure D has been a very efficient tax for the residents of Capitola who contribute about 17% to the tax collected. More modest on the good news front is that the federal government is in the process of releasing significant stimulus funds, and small portion of these dollars should reach the City of Capitola.

At the time of the preparation of this message, the Rispin Mansion Hotel project is progressing. The final changes to conditions of the project have been approved. The remaining Council/RDA actions include amending the Lease and Development Agreement in a manner that is agreeable to the City and The Rispin, LLC. Given the current state of these negotiations, even if they are successful, Transient Occupancy Tax (TOT) from the project will likely not be seen by the City until fiscal year 2011/12 and rents not received until five years later.

## PRIOR YEAR ACCOMPLISHMENTS

Probably the most significant accomplishment for the year was the budget restructuring, the concession negotiations and implementing the results. All involved in this effort did a remarkable job. Also of major significance was the purchase and implementation of the New World Systems financial package, which replaces the City's current general ledger, accounts receivables, accounts payable, business licenses, cash receipts, purchase orders and other financial systems. This has been a huge project covering two years. The Finance Department did a fantastic job.

Housing was big this year. The Bay Avenue Senior Housing Project began. This project is estimated to cost \$26 million in total and the funding includes city RDA funds, CDBG and Home funds. Also, the Housing Element revision, as required by state law, was begun and well along. It should be completed by June 30, 2009.

Public Works and Capital Improvements Projects were also significant this last year. The Esplanade bathrooms were reconstructed, a much needed project that added fixtures to the men's and women's bathrooms and materially improved conditions. This was funded by state grants. Also completed this year was the Soquel Creek bioswale. This project was also grant funded and has taken over two years from start to finish. The project recreates a contained marsh area that is expected to naturally clean the water from Soquel Creek. The project also includes testing and evaluation. Another major project that is currently underway, but expected to be completed by June 30, 2009 is the Bay Avenue sidewalk reconstruction. This project does help to meet a prior City Council goal of increasing the City's walkability.

Public art took an excellent step up with the completion of the beach tile wall this year. Although fiscal constraints have taken a toll on some art and celebratory projects, the City is celebrating its 60<sup>th</sup> birthday this year. Events are scheduled in May and fireworks scheduled for September 2, 2009. Please consult the website [www.happybirthdaycapitola.com](http://www.happybirthdaycapitola.com)

Economic development is progressing. Kohl's is in the process of replacing Mervyn's and should be open in October 2009. Whole Foods and IHOP will also be making an appearance this year. Gottschalk's is in bankruptcy, but City staff is working closely with the property owners to maximize the ability to reuse this property. Furthermore, through two CDBG grants the 41<sup>st</sup> Avenue corridor and the current City Hall site are under study for possible reuse options.

## GENERAL FUND

The General Fund provides for the general operations of the City departments. This proposed budget for fiscal year 2009/10 represents about an \$840,000 reduction in expenditures from the 2008/09 adopted budget. This materially reduces service levels. Although no specific programs have been identified as being reduced, there will be a lower level of service in certain areas. This will likely be seen in the time it takes to respond to non emergency requests for service, or the thoroughness of response.

There are several major projects schedules for this prospective fiscal year. The initiation of the General Plan revision will, it is hoped begin this fiscal year. The vacancy in the Community Development Director position and the recruitment has prevented staff from progressing on this project, with the exception of beginning the Housing Element, which is almost complete. Also the replacement of the City's financial system will continue into 2009/10 which will include the installation of the last remaining modules, training, and system testing. This year will include the letting of some CIP contracts that are significant. There will be a significant slurry seal project, and a Pavement Management Project from the prior year.

The Police Department has the most significant impacts to service, most particularly administration. A Police Captain's position has been frozen, one records clerk position has been removed from the budget, and the Administrative Assistant position has been reduced by 25%. In addition, the Police Chief position is budgeted as a part time contractor for the first six months of the fiscal year. This is in addition to all departments with furlough leave hours that will need to be taken prior to the end of the fiscal year.

This budget does include staffing the Director of Finance position at full time. Once the budget is approved, with the appropriation for the Director of Finance still in place, staff will begin recruitment. This is a critical position for the City and its absence is impacting staff's ability to fiscally plan and administer the City's finances. It is likely that recruitment for this position will take about 3 to 4 months, which will generate some salary savings based upon the annual appropriations proposed for this 2009/10 fiscal year budget.

### Revenue Summary

The following table presents a summary of the General Fund revenue by broad category, comparing the prospective 2009/10 revenue to the midyear estimate, adjusted in January. Revenue estimates for significant sources are addressed in detail in the General Fund Revenues section of the operating budget.

<u>Major Category</u>	<u>2007-08 Actual</u>	<u>2008-09 Adopted</u>	<u>2008-09 Mid-Yr Est</u>	<u>2009-10 Adopted</u>	<u>2009-10 % of Budget</u>	<u>2010-11 Planned</u>
Taxes	9,489,300	9,092,600	8,304,100	8,408,900	68%	8,444,900
License & Permits	248,100	240,000	330,000	190,000	2%	190,000
Current Service Charges	2,062,600	1,986,800	2,023,200	2,122,900	17%	2,104,200
Fines & Forfeitures	671,700	752,000	690,000	755,000	6%	771,000
Use of Money & Property	533,200	461,900	413,200	439,800	4%	438,800
Intergovernmental	218,400	284,200	425,900	333,700	3%	319,000
Other Revenues	71,800	69,100	69,100	71,000	1%	71,000
Transfer In	188,000	115,000	611,900	-	0%	-
<b>Grand Total</b>	<b>\$13,483,100</b>	<b>\$13,001,600</b>	<b>\$12,867,400</b>	<b>\$12,321,300</b>	<b>100%</b>	<b>\$12,338,900</b>

Revenues represent one-time and ongoing income to the City. These projections are based upon certain assumptions, which remain fairly consistent from year to year. However, because of the economic downturn, there are some major revenue declines projected for next fiscal year. The revenue decline with the greatest impact to the General Fund is the recommendation of reducing Building Permit appropriations from \$290,000 to \$150,000, a \$140,000 reduction for the fiscal

year. This is due to an expected decline in development and construction. Also, certain Public Works and Police Department grants run their course and are not being renewed in 2009/10.

### Expenditure Summary

The following table presents a summary of the General Fund expenditures, comparing the past actual and adopted expenditures to the 2009/10 expenditures.

<b>GENERAL FUND EXPENDITURE</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Adopted</b>	<b>2008-09 Mid-Yr Est</b>	<b>2009-10 Adopted</b>	<b>2010-11 Planned</b>
<b>EXPENDITURES:</b>							
Staffing	6,602,700	7,274,600	7,626,300	8,236,800	7,894,100	7,562,500	7,803,000
Contract Services	2,061,900	2,660,400	2,412,806	2,648,500	2,965,500	2,439,702	2,593,602
Unanticipated Events	-	-	20,000	30,000	-	30,000	30,000
Community Grants	267,505	267,505	267,505	275,000	275,000	275,000	275,000
Materials & Supplies	541,300	641,500	629,900	563,700	561,500	563,200	548,700
Fixed Asset Purchase	-	18,600	93,300	-	-	-	-
Internal Service Charges	1,134,900	978,200	858,900	788,300	788,300	773,500	765,000
<b>Subtotal - before Transfers</b>	<b>10,608,305</b>	<b>11,840,805</b>	<b>11,908,711</b>	<b>12,542,300</b>	<b>12,484,400</b>	<b>11,643,902</b>	<b>12,015,302</b>
Fund Transfers	1,621,700	2,242,700	1,537,100	509,000	444,800	568,900	693,400
<b>TOTAL</b>	<b>12,230,005</b>	<b>14,083,505</b>	<b>13,445,811</b>	<b>13,051,300</b>	<b>12,929,200</b>	<b>12,212,802</b>	<b>12,708,702</b>
City Council	96,200	120,700	119,000	81,200	80,600	70,700	72,300
Community Grants	267,505	267,505	267,505	275,000	275,000	275,000	275,000
Finance	592,700	687,400	732,400	777,800	757,200	753,400	761,100
Attorney	109,600	239,700	291,206	260,000	210,000	203,560	203,560
City Manager	702,000	720,200	780,900	796,800	768,600	756,600	800,700
City Manager - Personnel	180,000	213,100	213,100	185,000	183,100	189,900	214,300
Museum	65,900	68,000	63,200	65,000	64,300	63,500	65,900
Arts Commission	39,200	51,600	47,100	54,600	43,600	42,600	42,500
Police - Law Enforcement	4,598,800	5,002,100	4,930,000	5,369,900	5,239,300	5,109,442	5,244,142
Police - Parking Enf.	399,900	435,100	506,800	472,900	459,700	432,800	438,800
Police - Lifeguards	70,700	60,300	69,600	86,400	85,400	86,300	89,800
Police - Animal Services	0	-	12,700	19,300	16,000	16,400	16,400
CDD	498,700	588,400	618,200	620,200	630,000	591,200	615,000
Building	245,300	270,800	270,800	284,600	281,400	237,800	198,900
PW - Streets	961,600	1,231,400	1,113,800	1,212,600	1,378,100	1,004,700	1,129,900
PW - Facilities	262,300	245,100	143,200	268,200	293,200	236,400	236,300
PW - Parks	488,000	529,500	588,600	578,000	592,500	447,500	472,200
PW - Fleet	250,600	272,300	299,400	284,900	283,800	282,200	285,700
Recreation	779,300	837,600	841,200	849,900	842,600	843,900	852,800
<b>Subtotal - before Transfers</b>	<b>10,608,305</b>	<b>11,840,805</b>	<b>11,908,711</b>	<b>12,542,300</b>	<b>12,484,400</b>	<b>11,643,902</b>	<b>12,015,302</b>
Fund Transfers	1,621,700	2,242,700	1,537,100	509,000	444,800	568,900	693,400
<b>TOTAL</b>	<b>12,230,005</b>	<b>14,083,505</b>	<b>13,445,811</b>	<b>13,051,300</b>	<b>12,929,200</b>	<b>12,212,802</b>	<b>12,708,702</b>

<b>GENERAL FUND EXPENDITURE:</b>	<b>2008-09 Adopted</b>	<b>2008-09 Mid-Yr Est</b>	<b>Increase (Decrease)</b>	<b>% Change</b>	<b>2009-10 Adopted</b>	<b>% of 2009-10</b>
Staffing	8,236,800	7,894,100	(331,600)	-4%	7,562,500	62%
Contract Services	2,648,500	2,965,500	(525,798)	-18%	2,439,702	20%
Unanticipated Events	30,000	-	30,000		30,000	0%
Community Grants	275,000	275,000	-	0%	275,000	2%
Materials & Supplies	563,700	561,500	1,700	0%	563,200	5%
Fixed Asset Purchase	-	-	-		-	0%
Internal Service Charges	788,300	788,300	(14,800)	-2%	773,500	6%
Fund Transfers	509,000	444,800	124,100	28%	568,900	5%
<b>Total Expenditures</b>	<b>\$ 13,051,300</b>	<b>\$ 12,929,200</b>	<b>\$ (716,398)</b>	<b>-6%</b>	<b>\$ 12,212,802</b>	<b>100%</b>

The major changes in expenditures from last year's adopted budget to this proposed 2009/10 fiscal year budget are in Staff and Contract costs. The reduction in staffing costs is due to the 4% reduction in staff time due to furloughs. Contract cost reductions are due to moving slurry seals and other public works projects to the CIP budget. Also, included in that transfer is a reduction in CIP project appropriations. The City does have encumbered several CIP projects that are budget for last fiscal year, but are being carried over to the next fiscal year. The Pavement Improvement Project #4 is an example.

#### **Ongoing Revenues and Expenditures – General Fund:**

As with last year, the City will have to suspend its policy relating to ongoing revenues and expenditures which states: "The City will maintain a balanced operating budget for all governmental funds with ongoing revenues equal to or greater than ongoing 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."

Below is a summary chart of the ongoing revenue and expenditure analysis. Although this chart shows that ongoing expenditures exceed ongoing revenues, this calculation is made without recognizing Measure D revenue. Measure D revenues represents about \$900,000 in annual receipts. If the Measure D revenues were included in the analysis along with the POB, CIP and Compensated Absences expenditures and transfers, revenues would then exceed expenditures and the City would then be in compliance with its policy.

<b>On-going Revenues &amp; Expenditures Analysis</b>	<b>2009-10 Budget</b>	<b>2010-11 Budget</b>
On-going Revenues (excludes Measure D)	\$ 11,267,300	\$ 11,295,600
On-going Expenditures	\$ 11,572,002	\$ 12,015,302
<b>Expenditures EXCEED Revenue</b>	<b>\$ (304,702)</b>	<b>\$ (719,702)</b>
PERS POB Accelerated Payments	(206,200)	(330,700)
Compensated Absence	(112,700)	(112,700)
CIP Budget (Street & Facilities)	(250,000)	(250,000)
<b>Additional Expenditures</b>	<b>\$ (568,900)</b>	<b>\$ (693,400)</b>
<b><u>On-going EXPENDITURES EXCEED On-going REVENUES</u></b>	<b>\$ (873,602)</b>	<b>\$ (1,413,102)</b>

## Reserves

The City's fiscal management policy states the Emergency and Contingency Reserves shall be 5% and 10% of the General Fund Expenditures, respectively. The General Fund Expenditures are determined based upon the General Fund budget expenditures less fund transfers. The General Fund Expenditures, less fund transfer, for proposed fiscal year 2009/10 are \$11,499,850. The target Emergency and Contingency Reserve balances are \$575,000 and \$1,150,000. Both the Emergency and Contingency Reserves meet their funding target.

## CONCLUSION

This budget represents a proposed level of municipal services for the 2009/10 fiscal year less than that of the previous fiscal year. The decline in the economy has materially impacted the revenue estimates for the 2009/10 fiscal year, which were most influenced by expected decreases in sales taxes. This budget assumes that the revenue and expenditure levels will remain similar for the 2010/11 fiscal year. This budget includes increases to parking meter rates, half of which will be reserved in a parking account to be used, as the Council may best determine, to remediate the City's parking problem. In addition a 4.6% furlough is included in this proposed budget as is freezing or removing from the budget four positions. These four positions are: Police Captain-1 FTE, Records Clerk-1 FTE, Administrative Assistant .25 FTE, Maintenance Supervisor-1 FTE, and Maintenance Worker 1-FTE. Also, the Police Chief position and the Building Office position represent an \$84,000 savings for the fiscal year, since each of these positions will be contracted out for six months during the 2009/10 fiscal year. This budget anticipates that a new Police Chief will be hired by December 2009. Certain building inspection services are planned to be contracted out for the last half of 2009/10 and all of 2010/11.

This proposed budget is offered for Council adoption.

The staff of the City of Capitola submits this proposed budget to the City Council in acknowledgement of our mission to provide high quality service for our residents, visitors, the business community and employees, and with the belief that this budget is consistent with that mission. Each department actively participated in the process both as a department representing their specialized interests, and as City officials trying to provide the best services possible for the entire City while constrained with limited resources. Finally, I would like to extend my compliments to Chuck Comstock, Interim Finance Director, who supervised the preparation of this document, to Lisa Murphy, Assistant to the City Manager, Lisa Saldana Supervising Accountant, and Lonnie Wagner Accountant II, as well as to all others who significantly contributed to the preparation of this budget.

Respectfully Submitted



Richard Hill  
City Manager

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# A Profile of The City of Capitola

Capitola is an intimate beach village tucked in a river valley in Santa Cruz County on the Monterey Bay. Located an hour away from San Jose and an hour and a half from San Francisco, Capitola enjoys a lively population full of tradition and an interesting history. Capitola Village is located along a wide beach with a breathtaking view of Monterey Bay and is home to numerous craft galleries, boutiques and restaurants. It is here where the Begonia Festival takes place each Labor Day weekend, featuring flower-draped floats and the must-see sand castle contest. Each fall the village also hosts the Annual Capitola Art & Wine Festival, which brings in over 170 artists, 10 wineries and numerous food vendors. Other visitor attractions include the Capitola Historical Museum, Capitola Wharf, and the Capitola Mall.

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.

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** – Approximately 2 square miles

## Demographics

Calendar Year	Population	Per Capita Personal Income (\$000)	Median Age	Unemployment Rate
1998	11,050	\$ 30,600	35	5.7%
1999	11,136	\$ 33,000	35	5.4%
2000	11,181	\$ 39,200	35	4.7%
2001	10,033	\$ 38,600	35	4.2%
2002	10,500	\$ 37,900	35	4.6%
2003	10,100	\$ 37,500	38	3.8%
2004	10,050	\$ 39,800	38	3.4%
2005 (4)	9,924	\$ 42,600	37	3.1%
2006 (4)	9,945	\$ 42,600	37	2.7%
2007 (4)	9,960	\$ 42,600	37	2.7%

Employer	2006		
	Ranking	Number of Employees	Percent of Total Employment
Macy's	1	250	3.73%
Mervyn's LLC	2	230	3.43%
Santa Cruz County Office of Education	3	220	3.28%
Gottschalks Inc.	4	188	2.81%
Sears	5	150	2.24%
Culinary Enterprises, Inc.-Shadowbrook	6	135	2.01%
Orchard Supply Hardware, div. of Sears	7	125	1.87%
Spa Fitness Centers, Inc.	8	125	1.87%
Longs Drug Stores (2 locations)	9	100	1.49%
Trader Joe's Co.	10	100	1.49%
		<u>1,623</u>	<u>24.22%</u>
Memo: Total Employment		6,701	24.22%

\* Santa Cruz County per capita personal income

## Principal Employers

## Assessed Value of Taxable Property

Fiscal Year Ended June 30	City of Capitola (\$000)					
	Secured	Unsecured	Less Exemptions	Plus Reimbursed Homeowners Exemption	Taxable Assessed Value	
1997	\$ 778,208	Incl. In Sec.	\$ 14,965	\$ 10,621	\$ 773,864	
1998	\$ 850,104	Incl. In Sec.	\$ 24,742	\$ 10,803	\$ 836,165	
1999	\$ 850,024	\$ 56,732	\$ 17,882	\$ 10,946	\$ 899,820	
2000	\$ 916,373	\$ 59,420	\$ 17,089	\$ 11,132	\$ 969,836	
2001	\$ 979,304	\$ 59,888	\$ 17,142	\$ 11,110	\$ 1,033,160	
2002	\$ 1,062,124	\$ 62,487	\$ 20,825	\$ 12,144	\$ 1,115,930	
2003	\$ 1,136,170	\$ 63,858	\$ 32,853	\$ 12,279	\$ 1,179,454	
2004	\$ 1,222,957	\$ 63,534	\$ 24,504	\$ 11,691	\$ 1,273,678	
2005	\$ 1,409,131	\$ 62,603	\$ 32,012	\$ 10,878	\$ 1,450,600	
2006	\$ 1,531,428	\$ 68,903	\$ 29,922	\$ 10,725	\$ 1,581,134	

# SUMMARY INFORMATION



## Document Resources for Summary Information:

- Summary information.doc
- Fiscal Year Summary.xls (subfolder: Message & Budget in Brief & Charts & Graphs)
- General Fund Revenue Summary.xls

# SUMMARY INFORMATION

**Budget Process Overview** – Provides a summary of the City budget process, policy and regulations.

**Grant Summary:** Provides a summary of the City grants.

**General Fund Overview:** Provides a summary of the General Fund budget.

**Summary of All Funds:** Provides a summary of all City and RDA funds: revenues, expenditures and change in fund balances.

# BUDGET PROCESS OVERVIEW

The City of Capitola prepares a two-year Operating Budget, a two-year Redevelopment Budget, and a five-year Capital Improvement Program (CIP) budget, for each the City adopts for only one fiscal year. The Operating Budget contains the summary and detail information for revenue and expenditure appropriations for the fiscal years (beginning July 1<sup>st</sup> and ending June 30<sup>th</sup>). The information from the CIP is incorporated in summary form in the City's annual budget. The Redevelopment Agency budget is included in its entirety in the City's annual budget.

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. Adjustments to revenue and expenditure budgets are posted in conjunction with the transfer of funds. The net impact on the fund is zero.

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 Interfund transfers in." A key concept in the developmental process for the General Fund revolves around City fiscal policy that the current year expenditures are with current year revenue. There is an emphasis placed on budgeting for one-time expenditures that result in efficiencies; streamlining processes, or future cost reductions.

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

The Department Heads receive documents/instructions relating to the budget calendar, revenue estimates and expenditure estimates, and special revenue programs.

## **Basis of Budgeting**

The basis of budgeting is explained to the assist readers of the budget document, and to provide a bridge between the budget presentation in this document and the accounting presentation in the annual financial report. The City's *governmental funds* consist of the General Fund, Special Revenue Funds, Internal Service Funds, Debt Services Funds and Capital Project Funds for both the City and the Redevelopment Agency. Governmental fund types and agency funds budgets are developed using the modified accrual basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year under the condition that they are identifiable and will be collected within sixty (60) days of the close of the fiscal year. Principal and interest on general long-term debt are budgeted as expenditures become due, whereas other expenditures are budgeted for liabilities expected to be incurred (services rendered or items received no later than June 30<sup>th</sup>) during the fiscal year. *Proprietary fund budgets* are adopted using the full accrual basis of accounting whereby revenue projections are developed recognizing revenues expected to be earned in the fiscal year, and expenditures estimates are developed for all expenses anticipated to be incurred in the fiscal year. This budget document does not include any proprietary funds.

## **Basis of Accounting**

The basis of accounting is explained here to assist readers of the budget document, and to provide a bridge between the budget presentation in this document and the accounting presentation in the Comprehensive Annual Financial Report. The City's *Governmental Funds* consist of the General Fund, Special Revenue Funds, Debt Service Funds, and the Capital project Funds for both the City and the RDA. Governmental Fund type and Expendable Trust fund budgets are developed using the modified accrual basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter to pay current liabilities. *Proprietary Fund* budgets are adopted using the full accrual basis of accounting whereby revenue projections are developed recognizing revenues expected to be earned in the period, and expenditure estimates are developed for all expenses anticipated to be incurred during the fiscal year. The City has no Proprietary Fund type, as it has no municipally owned utilities or other enterprise activities, such as an airport or a golf course.

## **Level of Budget Control**

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

Revenues for all funds are considered a Budget Unit at the Fund level.

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

## **Budget Adjustments**

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

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

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

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

# GRANT SUMMARY

This section summarizes the City grants previously received and anticipated in FY09/10 and FY10/11 budget. The budget assumes grants that are most likely to be awarded (or in process); therefore, new, additional grants usually arise throughout the year after the budget is adopted.

**Law Enforcement Program Grants:** The Capitola Police Department generally receives grants via State and Federal programs such as Office of Traffic Safety and Homeland Security. The department utilizes professional referrals from the International Association of Chief's of Police (IACP), California Police Chief's Association (CPCA), departmental staff and the multi-agency applications process to research, identify and apply for these grants. In recent years, the department has 80 % rate of receiving a grant award for each application submitted. These grants are used to augment the local law enforcement programs, in particular to fund reserve officers, police overtime and purchase equipment (i.e.DUI Trailer, Radar Trailer, Tasers, police vests, AED's, K-9, GEM Car).

**Housing Program Grants:** The Community Development Department generally receives grants via Community Development Block Grants (CDBG), Federal HOME program and other State and Federal housing agency programs. The department RDA/Housing Project Manager and Grant Coordinator contractor jointly research, identify and apply for these grants. In addition, the department utilizes various networks to identify new funding opportunities and maintain relationships with the various granting agency review boards. The City of Capitola is recognized among granting agencies as a successful efficient example for use of many of these programs. These grants are used to expand the City affordable housing programs, such as housing studies, affordable housing loans, rehab grants and rent subsidies. The grant funds serve well to leverage City and RDA housing monies into much greater programs, often up to five times the funds than if spent alone. The City/RDA participation allows non-profit developers to leverage additional state and federal funds, such as the \$28- million Bay Avenue Senior Housing Project.

**Economic Development (ED) & Community Development Program Grants:** The Community Development Department has secured economic development grants from CDBG which have funded important studies, such as the Economic Development Strategic Plan (adopted May 2007), geographic information system project (GIS), traffic and parking studies. Two new grants were awarded in FY08/09 to study ED options for the 41<sup>st</sup> corridor, and reuse of the City Hall property. Anticipated in FY09/10 is the economic development grant related to the Rispin project in the amount of \$700,000, which will be loaned to the developer for fixtures, furniture and equipment. To date the City has a 100% success rate of receiving grants applied for under the ED programs of CDBG.

**Public Works Grants:** The Public Works Department pursues and receives grants for water quality improvements, environmental enhancements, park projects and transportation improvements. These grants typically come from such agencies as the State Water Resources Control Board, Department of Fish and Game, California State Parks and the Santa Cruz County Regional Transportation Commission. These grant funds enable the completion of various parks, street, and environmental projects. The department utilizes a grant contractor to research, identify and apply for many of the environmental grants while staff keeps abreast of the transportation grant availability.

## **GRANT SUMMARY**

**Various Projects:** Staff and Council have been successful in obtaining grants and public contributions for various projects such as recycling programs, the Esplanade bandstand project and UPRR stairs project.

**Leveraging of funds.** These various grants and contributions leverage the General Fund money and enable the City services to expand much further. For example, the housing grants continue to be re-used/issued, now the city housing loan portfolio is ~ \$1 million. Another example, with \$2.4 million of Measure D (General Fund money), the City received \$1.3 million in grants to complete the projects or 56% leveraging. Grants are critical in order to complete projects and/or maintain City services. Without grants some projects would not happen in a timely manner or at all.

**Recent Grants/Contributions.** Summarized below are recent grants/contributions:

<b>Programs</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Estimate</b>	<b>2009-10 Adopted</b>
<b>Law Enforcement Grants</b>				
OTS - Seat Belt, Avoid the 9,	84,300	77,800	119,100	64,000
Homeland Security	40,100	1,400	12,900	0
Police - Vests		1,200	1,900	1,900
Capitola Safety Foundation (average per year)	15,000	15,000	15,000	15,000
<b>Law Enforcement Grants</b>	<b>139,400</b>	<b>95,400</b>	<b>148,900</b>	<b>80,900</b>
<b>Housing Grants</b>				
CDBG - Grants ( Housing study)	28,100			
HOME Grants (BASAPA)			250,000	1,750,000
BEGIN Grant Fund (41st Ave. Capitola Villas)			60,000	180,000
<b>Housing Grants</b>	<b>28,100</b>	<b>0</b>	<b>310,000</b>	<b>1,930,000</b>
<b>PLUS Revolving housing grant fund of \$1.1 Million</b>				
<b>Econ. Development/ Comm. Dev Grants</b>				
GIS Project (CDBG)	4,100			
Econ. Development Strategy (CDBG)	31,500	3,500		70,000
Village Parking Study (CDBG)		24,300	10,700	
41st Ave Corridor Study (CDBG)		0	35,000	
City Hall Re-Use Study (CDBG)		0	35,000	
Rispin Project (CDBG)				910,000
<b>ED &amp; Other Comm. Dev Grants</b>	<b>35,600</b>	<b>27,800</b>	<b>80,700</b>	<b>980,000</b>
<b>Public Works Grants</b>				
Riparian Grant				
Clean Beach Grant (CBI)				
Library Tot Lot (Parks Grant)		200,000		
Bay Avenue Sidewalk (TE Grant)				165,000
41st N/B Avenue Resurfacing (RTC)	290,000			
Capitola Rd Pedestrian Improvements (RSTP)				265,000
Clares & Wharf Traffic Calming (RTC, TDA, Developer)				304,000
Esplanade Bathroom Remodel (State Parks)				137,500
Soquel Creek Bioswale Wetland (CBI)			100,000	500,000
41st Ave. Signal Coordination Project			120,000	
<b>Public Works Grants</b>	<b>290,000</b>	<b>200,000</b>	<b>220,000</b>	<b>1,371,500</b>
<b>Various Grants/Contributions</b>				
State Recycling Program	5,000	5,000	5,000	5,000
Esplanade Bandstand (cash donations)	80,000			
UPRR Stairs	8,100			
<b>Various Grants/Contributions</b>	<b>93,100</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<b>TOTAL GRANTS &amp; OTHER CONTRIBUTIONS</b>	<b>\$586,200</b>	<b>\$328,200</b>	<b>\$764,600</b>	<b>\$4,367,400</b>
<b>** PLUS Revolving housing grant fund of \$1.1 Million</b>				

# GENERAL FUND SUMMARY

Below is a summary of the historical and projected General Fund revenues, expenditures and fund balances.

Revenue Categories:	2004-05 Actual	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
Taxes	7,580,600	9,100,600	9,612,000	9,489,300	9,092,600	8,304,100	8,408,900	8,444,900
License & Permits	253,200	332,200	231,500	248,100	240,000	330,000	190,000	190,000
Service Chgs	1,742,300	1,822,900	1,882,800	2,062,600	1,986,800	2,023,200	2,122,900	2,104,200
Fines	571,300	511,700	639,100	671,700	752,000	690,000	755,000	771,000
Use of \$ & Prop	300,100	375,700	441,200	533,200	461,900	413,200	439,800	438,800
Intergovt	321,200	319,300	417,500	218,400	284,200	425,900	333,700	319,000
Other	215,600	92,000	78,800	71,800	69,100	69,100	71,000	71,000
<b>Subtotal - before Fund Transfers</b>	<b>10,984,300</b>	<b>12,554,400</b>	<b>13,302,900</b>	<b>13,295,100</b>	<b>12,886,600</b>	<b>12,255,500</b>	<b>12,321,300</b>	<b>12,338,900</b>
Transfer In	27,200	131,800	50,000	188,000	115,000	611,900	0	0
<b>TOTAL REVENUES</b>	<b>11,011,500</b>	<b>12,686,200</b>	<b>13,352,900</b>	<b>13,483,100</b>	<b>13,001,600</b>	<b>12,867,400</b>	<b>12,321,300</b>	<b>12,338,900</b>
Change from Prior Yr		1,674,700	666,700	130,200	(481,500)	(615,700)	(546,100)	17,600
Change % from Prior Yr		15%	5%	1%	-4%	-5%	-4%	0.1%
<b>Expenditure Categories:</b>								
Staffing	5,919,700	6,602,700	7,274,600	7,626,300	8,236,800	7,894,100	7,562,500	7,803,000
Contract Services	2,365,000	2,061,900	2,660,400	2,412,806	2,648,500	2,965,500	2,439,702	2,593,602
Unanticipated Events	0	0	0	20,000	30,000	0	30,000	30,000
Community Grants	260,900	267,505	267,505	267,505	275,000	275,000	275,000	275,000
Materials & Supplies	483,000	541,300	641,500	629,900	563,700	561,500	563,200	548,700
Fixed Asset	0	0	18,600	93,300	0	0	0	0
I/S Chgs	1,057,400	1,134,900	978,200	858,900	788,300	788,300	773,500	765,000
<b>Subtotal - before Fund Transfers</b>	<b>10,086,000</b>	<b>10,608,305</b>	<b>11,840,805</b>	<b>11,908,711</b>	<b>12,542,300</b>	<b>12,484,400</b>	<b>11,643,902</b>	<b>12,015,302</b>
Fund Transfers	703,000	1,621,700	2,242,700	1,537,100	509,000	444,800	568,900	693,400
<b>TOTAL EXPENDITURES</b>	<b>10,789,000</b>	<b>12,230,005</b>	<b>14,083,505</b>	<b>13,445,811</b>	<b>13,051,300</b>	<b>12,929,200</b>	<b>12,212,802</b>	<b>12,708,702</b>
<b>Subtotal - before Fund Transfers</b>								
Change from Prior Yr		522,305	1,232,500	67,906	633,589	575,689	(840,498)	371,400
Change % from Prior Yr		5%	12%	1%	5%	5%	-6.7%	3.2%
<b>Impact on Fund Balance *</b>	<b>222,500</b>	<b>456,195</b>	<b>(730,605)</b>	<b>37,289</b>	<b>(49,700)</b>	<b>(61,800)</b>	<b>108,498</b>	<b>(369,802)</b>
<b>Fund Balance, June 30th</b>			<b>1,339,200</b>	<b>611,000</b>	<b>62,500</b>	<b>549,200</b>	<b>617,498</b>	<b>247,696</b>
<b>* Negative Impact on Fund Balance -- represent fund transfers to reserve &amp; other funds from prior year savings.</b>								

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**BUDGET 2010-11**

	Esti		Estimated
	Ba	Less	Balance
	07/	Less	06/30/11
	Approp.	Transfers Out	
<b>GENERAL FUND</b>	501	12,015,302	
Transfers			693,400
<b>General Fund</b>	501	12,015,302	247,696
<b>General Fund Total</b>	501	12,015,302	247,696
<b>DESIGNATED RESERVES:</b>			
Emergency Reserves @ 5%	627	-	627,100
Contingency Reserve @ 10%	1,266	-	1,266,100
Compensated Absences	105	85,700	160,200
<b>CAPITAL PROJECTS:</b>			
Open Space Purchase	19	-	19,800
Soquel Creek Lagoon Management		-	-
CIP Projects -- Refer to CIP Budget Section			500,000
<b>SPECIAL REVENUES:</b>			
Gas Tax	43	274,100	18,900
Supplemental law Enforcement	4	100,000	5,000
SCC Narcotics Enforcement Team		75,600	-
PEG Cable TV Access	90	22,400	95,600
Development Fees	73	-	146,600
Wharf Fund	61	72,500	-
CDBG - Grants	53	-	53,500
CDBG- Program Income	1	6,400	-
HOME Program Re-Use	9	4,500	-
HOME Grants	3	-	-
Housing Trust Fund	387	113,300	310,600
BEGIN Grant Fund	60	-	-
General Plan Update	505	246,000	150,900
Green Building Fund	2	-	34,400
Public Art	105	16,300	102,775
Parking Fund		-	205,600
Capitola Village & Wharf BIA (see section)			
<b>DEBT SERVICE:</b>			
PERS - Pension Oblig Bonds	519	680,300	645,500
<b>INTERNAL SERVICES:</b>			
Equipment Replacement	255	57,000	262,300
Information Technology	38	108,800	37,900
Public Employees Retirement	175	1,735,800	175,100
Self-Insurance Liability	142	89,735	196,330
Stores	3	37,700	3,900
Worker's Compensation	175	441,500	166,700
<b>GRAND TOTAL CITY</b>	<b>5,237</b>	<b>16,182,937</b>	<b>693,400</b>
<b>REDEVELOPMENT AGENCY:</b>			
Operating	2,843	2,097,160	377,291
Housing Set-Aside	548	579,500	86,020
<b>*GRAND TOTAL CITY &amp; AGENCY</b>	<b>8,629</b>	<b>18,859,597</b>	<b>693,400</b>

Fund Balance Total -- General Fund, Council De

Beg Bal @ July 1st 3,317

Ending Bal June 30th 3,163,126

## FY09/10 Reserves and Internal Service Funds

The City's fiscal management policy states the Emergency and Contingency Reserves shall be 5% and 10% of the General Fund Expenditures, respectively. The General Fund Expenditures are determined based upon the General Fund budget expenditures less fund transfers. The Emergency and Contingency Reserves are both at the required target levels for the FY09/10 budget. The Information Technology fund expenditure represents the new financial system project. The Compensated Absence fund represents the pay down of the PERS obligation.

FUNDS	2008-09 Adopted 6/30/08	2008-09 Mid-Year 6/30/08	2009-10 Adopted 6/30/10	2009-10 vs. 2008-09 Mid Yr	% Change
<b>General Fund Operating</b>	62,500	509,000	617,498	108,498	
<b>Designated Reserves:</b>	-	-	-	-	
Emergency Reserves	597,600	627,100	627,100	-	0%
Contingency Reserves	1,190,100	1,266,100	1,266,100	-	0%
Compensated Absences	27,800	105,500	133,200	27,700	26%
Open Space Purchase	-	-	19,800	19,800	
<b>Internal Service Funds:</b>	-	-	-	-	
Equipment Replacement	194,300	255,700	254,500	(1,200)	0%
Information Technology	168,100	38,400	38,400	-	0%
Public Employees Retirement	67,300	175,100	175,100	-	
Self-Insurance Liability	84,900	142,000	169,165	27,165	19%
Stores	5,400	3,900	3,900	-	
Worker's Compensation	51,600	175,100	170,900	(4,200)	-2%
<b>Total</b>	\$ 2,449,600	\$ 3,297,900	\$ 3,475,663	\$ 177,763	5%

## FY10/11 Reserves and Internal Service Funds

FUNDS	2009-10 Adopted 6/30/10	2010-11 Planned 6/30/10	2010-11 vs. 2009-10
<b>General Fund Operating</b>	617,498	247,696	(369,802)
<b>Designated Reserves:</b>			0
Emergency Reserves	627,100	627,100	-
Contingency Reserves	1,266,100	1,266,100	-
Compensated Absences	133,200	160,200	27,000
Open Space Purchase	19,800	19,800	-
<b>Internal Service Funds:</b>			0
Equipment Replacement	254,500	262,300	7,800
Information Technology	38,400	37,900	(500)
Public Employees Retirement	175,100	175,100	-
Self-Insurance Liability	169,165	196,330	27,165
Stores	3,900	3,900	-
Worker's Compensation	170,900	166,700	(4,200)
<b>Total</b>	3,475,663	3,163,126	(312,537)

## REVENUE SUMMARY

Funds	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>General Fund</b>	13,352,900	13,483,100	13,001,600	12,867,400	12,321,300	12,338,900
<b>Designated Reserves:</b>						
Emergency Reserves	28,000	16,700	12,800	12,800	-	-
Contingency Reserve	164,400	374,400	6,200	6,200	-	-
Compensated Absences	132,000	332,000	57,700	207,700	112,700	112,700
<b>Capital Projects</b>						
Open Space Purchase	-	-	-	-	-	-
Soquel Creek Lagoon Mgt Plan	-	-	-	-	-	-
Refer to CIP Section						
<b>Special Revenues:</b>						
Gas Tax	239,400	384,000	274,300	274,300	274,300	279,200
Supplemental law Enforcement	101,300	100,700	90,100	100,100	100,100	100,100
SCC Narcotics Enforcement Team	66,900	65,000	73,100	73,100	74,100	75,600
PEG Cable TV Access	28,300	25,800	25,200	25,200	25,100	25,200
Development Fees	74,200	119,400	67,900	95,600	69,200	4,300
Wharf Fund	85,900	87,200	75,000	75,000	72,100	72,500
CDBG - Grants	63,700	27,800	700,000	80,700	980,000	-
CDBG- Program Income	17,600	58,800	6,600	7,300	6,300	5,000
HOME Program Re-Use	20,400	30,000	32,700	39,300	4,800	4,500
HOME Grants	-	-	-	250,000	1,750,000	-
Housing Trust Fund	141,100	104,600	109,200	100,000	75,000	75,000
BEGIN Grant Fund	-	-	240,000	60,000	180,000	-
General Plan Update	170,100	150,600	60,000	215,300	60,000	60,000
Green Building Fund				2,400	16,000	16,000
Public Art	28,900	3,300	20,000	83,100	15,000	15,000
Parking Reserve Fund					102,800	102,800
Capitola CVWBIA (see section)						
<b>Debt Service</b>						
1996 Lease Revenue Bonds	-	-	-	-	-	-
PERS Pension Obligation Bonds	-	480,200	(61,163)	(61,100)	(102,500)	62,300
<b>Internal Services:</b>						
Equipment Replacement	385,100	141,800	64,800	64,800	64,800	64,800
Information Technology	188,500	138,900	110,600	110,600	116,800	108,300
Public Employees Retirement	1,716,700	1,614,600	1,734,600	1,734,600	1,578,800	1,735,800
Self-Insurance Liability	170,700	143,200	144,600	144,600	116,900	116,900
Stores	39,300	36,100	37,700	37,700	37,700	37,700
Worker's Compensation	504,300	581,000	431,000	431,000	437,300	437,300
<b>Total City</b>	<b>17,719,700</b>	<b>18,499,200</b>	<b>17,314,537</b>	<b>17,037,700</b>	<b>18,488,600</b>	<b>15,849,900</b>
<b>Redevelopment Agency:</b>						
Operating	2,174,300	2,374,800	2,474,600	2,382,300	2,372,000	2,331,000
Housing Set-Aside	693,400	622,600	494,100	494,100	480,960	470,360
<b>Total RDA</b>	<b>2,867,700</b>	<b>2,997,400</b>	<b>2,968,700</b>	<b>2,876,400</b>	<b>2,852,960</b>	<b>2,801,360</b>

## EXPENDITURE SUMMARY

Funds	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>General Fund</b>	14,083,505	13,445,811	13,051,300	12,929,200	12,212,802	12,708,702
<b>Designated Reserves:</b>						
Emergency Reserves	-	-	-	-	-	-
Contingency Appropriation	99,500	302,000	-	-	-	-
Compensated Absences	105,300	348,300	202,000	440,000	85,000	85,700
<b>Capital Projects</b>						
Open Space Purchase	19,500	43,600	-	-	-	-
Soquel Creek Lagoon Mgt Plan	-	-	-	-	-	-
Refer to CIP Section						
<b>Special Revenues:</b>						
Gas Tax	184,000	395,000	294,100	294,100	304,100	274,100
Supplemental law Enforcement	86,700	109,800	100,000	100,000	100,000	100,000
SCC Narcotics Enforcement Team	66,900	65,000	73,100	73,100	74,100	75,600
PEG Cable TV Access	25,200	26,000	22,400	22,400	22,400	22,400
Development Fees	9,800	35,200	67,000	193,900	-	-
Wharf Fund	51,300	90,600	200,800	235,800	133,100	72,500
CDBG - Grants	55,600	47,800	750,000	57,200	980,000	-
CDBG- Program Income	16,000	27,300	55,400	62,900	6,400	6,400
HOME Program Re-Use	103,800	6,500	239,900	241,800	14,500	4,500
HOME Grants	-	-	1,957,000	247,000	1,753,000	-
Housing Trust Fund	14,400	1,900	105,000	38,300	113,300	113,300
BEGIN Grant Fund	-	-	240,000	-	240,000	-
General Plan Update	17,600	15,600	392,000	349,000	229,000	246,000
Green Building Fund				-	-	-
Public Art	7,500	30,000	16,700	2,225	16,300	16,300
Parking Reserve Fund					-	-
Capitola VWBIA (see section)						
<b>Debt Service</b>						
1996 Lease Revenue Bonds	6,300	-	-	-	-	-
PERS Pension Obligation Bonds	-	480,200	460,000	460,000	268,500	243,300
<b>Internal Services:</b>						
Equipment Replacement	147,700	255,100	66,000	68,200	66,000	57,000
Information Technology	89,200	109,200	405,800	416,800	116,800	108,800
Public Employees Retirement	1,452,000	1,854,800	1,734,600	1,734,600	1,578,800	1,735,800
Self-Insurance Liability	142,500	237,800	144,600	143,600	89,735	89,735
Stores	42,800	33,100	37,700	37,700	37,700	37,700
Worker's Compensation	504,300	547,000	441,500	441,500	441,500	441,500
<b>Total City</b>	<b>17,331,405</b>	<b>18,507,611</b>	<b>21,056,900</b>	<b>18,589,325</b>	<b>18,883,037</b>	<b>16,439,337</b>
<b>Redevelopment Agency:</b>						
Operating	2,001,100	1,804,600	1,982,900	2,606,889	5,072,160	2,097,160
Housing Set-Aside	675,900	1,246,800	1,169,200	1,129,200	834,200	579,500
<b>Total RDA</b>	<b>2,677,000</b>	<b>3,051,400</b>	<b>3,152,100</b>	<b>3,736,089</b>	<b>5,906,360</b>	<b>2,676,660</b>

## CHANGE IN FUND BALANCE SUMMARY

Funds	6/1/2007 Actual	6/1/2008 Actual	6/1/2009 Adopted	6/1/2009 Mid-Yr Est	6/1/2010 Adopted	6/1/2011 Planned
<b>General Fund</b>	(730,605)	37,289	(49,700)	(61,800)	108,498	(369,802)
<b>Designated Reserves:</b>						
Emergency Reserves	28,000	16,700	12,800	12,800	-	-
Contingency Appropriation	64,900	72,400	6,200	6,200	-	-
Compensated Absences	26,700	(16,300)	(144,300)	(232,300)	27,700	27,000
<b>Capital Projects</b>						
Open Space Purchase	(19,500)	(43,600)	-	-	-	-
Soquel Creek Lagoon Mgt Plan	-	-	-	-	-	-
Refer to CIP Section						
<b>Special Revenues:</b>						
Gas Tax	55,400	(11,000)	(19,800)	(19,800)	(29,800)	5,100
Supplemental law Enforcement	14,600	(9,100)	(9,900)	100	100	100
SCC Narcotics Enforcement Team	-	-	-	-	-	-
PEG Cable TV Access	3,100	(200)	2,800	2,800	2,700	2,800
Development Fees	64,400	84,200	900	(98,300)	69,200	4,300
Wharf Fund	34,600	(3,400)	(125,800)	(160,800)	(61,000)	-
CDBG - Grants	8,100	(20,000)	(50,000)	23,500	-	-
CDBG- Program Income	1,600	31,500	(48,800)	(55,600)	(100)	(1,400)
HOME Program Re-Use	(83,400)	23,500	(207,200)	(202,500)	(9,700)	-
HOME Grants	-	-	(1,957,000)	3,000	(3,000)	-
Housing Trust Fund	126,700	102,700	4,200	61,700	(38,300)	(38,300)
BEGIN Grant Fund	-	-	-	60,000	(60,000)	-
General Plan Update	152,500	135,000	(332,000)	(133,700)	(169,000)	(186,000)
Green Building Fund				2,400	16,000	16,000
Public Art	21,400	(26,700)	3,300	80,875	(1,300)	(1,300)
Parking Reserve Fund					102,800	102,800
Capitola VWBIA (see section)						
<b>Debt Service</b>						
1996 Lease Revenue Bonds	(6,300)	-	-	-	-	-
PERS Pension Obligation Bonds	-	-	(521,163)	(521,100)	(371,000)	(181,000)
<b>Internal Services:</b>						
Equipment Replacement	237,400	(113,300)	(1,200)	(3,400)	(1,200)	7,800
Information Technology	99,300	29,700	(295,200)	(306,200)	-	(500)
Public Employees Retirement	264,700	(240,200)	-	-	-	-
Self-Insurance Liability	28,200	(94,600)	-	1,000	27,165	27,165
Stores	(3,500)	3,000	-	-	-	-
Worker's Compensation	-	34,000	(10,500)	(10,500)	(4,200)	(4,200)
<b>Total City</b>	<b>388,295</b>	<b>(8,411)</b>	<b>(3,742,363)</b>	<b>(1,551,625)</b>	<b>(394,437)</b>	<b>(589,437)</b>
<b>Redevelopment Agency:</b>						
Operating	173,200	570,200	491,700	(224,589)	(2,700,160)	233,840
Housing Set-Aside	17,500	(624,200)	(675,100)	(635,100)	(353,240)	(109,140)
<b>Total RDA</b>	<b>190,700</b>	<b>(54,000)</b>	<b>(183,400)</b>	<b>(859,689)</b>	<b>(3,053,400)</b>	<b>124,700</b>

# GENERAL FUND REVENUES



## **Document Resources for General Fund Revenues:**

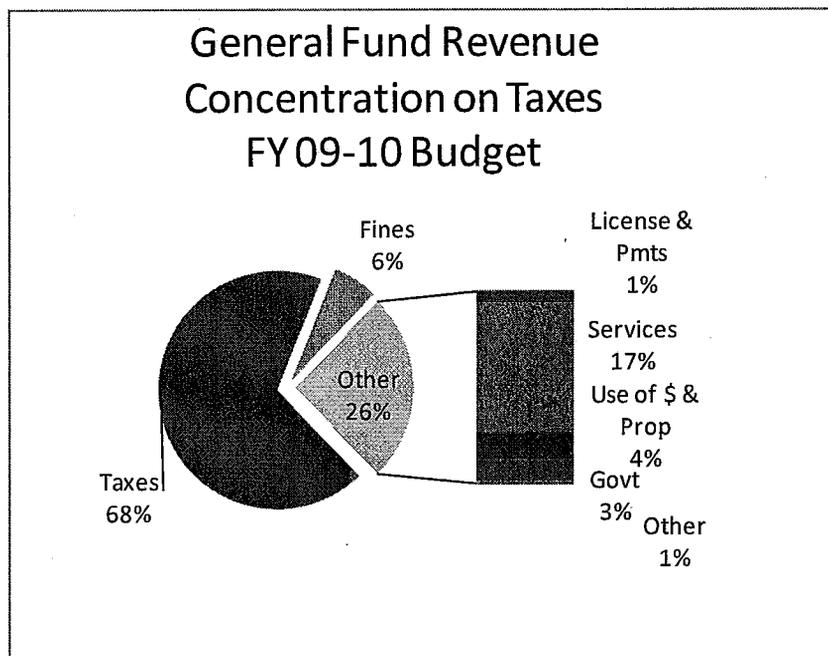
- California Legislature ([www.leginfo.ca.gov](http://www.leginfo.ca.gov))
- State Board of Equalization ([www.boe.ca.gov](http://www.boe.ca.gov))
- California State Association of Counties ([www.csac.org](http://www.csac.org))
- League of California Cities ([www.cacities.org](http://www.cacities.org))
- Detail Revenue Worksheet.xls
- General Fund Revenue Summary.xls
- Revenue Pages.doc

# GENERAL FUND REVENUES

Revenues for the FY09-10 General Fund operating budget is \$12,321,300 a loss of \$546,100 equivalent to a 4.2% decrease from the FY08-09 mid-year budget. A detail description and analysis of the significant revenue sources to the General Fund are included in this section, where appropriate associated expenditures are identified.

	2008-09	2008-09	Increase	%	2009-10	% of
<b>GENERAL FUND REVENUES</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>(Decrease)</b>	<b>Change</b>	<b>Adopted</b>	<b>2009-10</b>
Property Tax & In-Lieu	1,649,200	1,649,200	0	0%	1,649,200	13%
Sales Tax & In-Lieu	5,047,100	4,357,600	77,400	2%	4,435,000	36%
Transaction & Use Tax (Measure D)	962,600	873,800	15,500	2%	889,300	7%
Other Taxes	1,433,700	1,423,500	11,900	1%	1,435,400	12%
Licenses - Permits - Fees	240,000	330,000	(140,000)	-42%	190,000	2%
Intergovernmental	284,200	425,900	(92,200)	-22%	333,700	3%
Charges for Services	1,986,800	2,023,200	99,700	5%	2,122,900	17%
Fines & Forfeitures	752,000	690,000	65,000	9%	755,000	6%
Use of Property & Interest	461,900	413,200	26,600	6%	439,800	4%
Other Sources	69,100	69,100	1,900	3%	71,000	1%
Subtotal before Fund Transfer	12,886,600	12,255,500			12,321,300	
Fund Transfer - Contingency & Other Funds	115,000	611,900	(611,900)		0	0%
<b>TOTAL REVENUES</b>	<b>\$ 13,001,600</b>	<b>\$ 12,867,400</b>	<b>\$ (546,100)</b>	<b>-4.2%</b>	<b>\$ 12,321,300</b>	<b>100%</b>

The category of Taxes comprises 68% of the total revenue budget. Of the total Taxes, the Sales Tax and Measure P (together total \$5.32 million) continues to be the most significant source of funds to the City of Capitola. It comprises 43% of the General Fund total revenue budget.

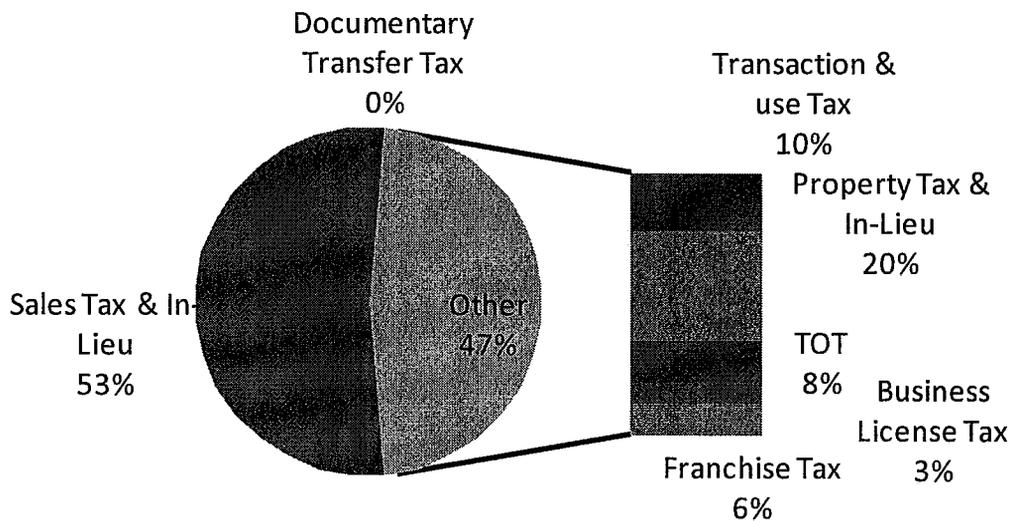


## GENERAL FUND REVENUE: TAXES

Below is a detailed analysis of the Taxes Revenue Category. Total revenue from Taxes is \$8,404,700, a decrease of 2.7% from the FY08-09 revised mid-year budget. All revenues total \$12,321,300.

Category	2009-10 Adopted	% Of Budget	% Of Taxes
Sales Tax & In-Lieu	4,435,000	36.0%	52.77%
Transaction & use Tax	889,300	7.2%	10.58%
Property Tax & In-Lieu	1,649,200	13.4%	19.62%
TOT	657,000	5.3%	7.82%
Business License Tax	300,000	2.4%	3.57%
Franchise Tax	474,200	3.8%	5.64%
Documentary Transfer Tax	-	0.0%	0.00%
<b>Sub-Total Taxes</b>	<b>8,404,700</b>	<b>68.2%</b>	<b>100.00%</b>
All Other Sources	3,916,600	31.8%	
Total Revenue Budget	12,321,300	100.0%	

### Sales Tax as Percentage of All Taxes



**FY 08-09 vs. FY 09-10**  
**Sources of Funds**

The following table presents a summary of the General Fund Revenue by broad category, comparing the FY08-09 revised mid-year revenues to the proposed FY09-10 budget revenues. Revenue estimates for significant sources are addressed in detail in subsequent pages of this General Fund Revenues section. Included in the table is the increase or decrease in each revenue estimate, the percent of that change, and the percent that each revenue source is to the total revenue budget for FY09-10.

	2008-09	2008-09	Increase	%	2009-10	% of
<b>GENERAL FUND REVENUES</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>(Decrease)</b>	<b>Change</b>	<b>Adopted</b>	<b>2009-10</b>
Property Tax & In-Lieu	1,649,200	1,649,200	0	0%	1,649,200	13%
Sales Tax & In-Lieu	5,047,100	4,357,600	77,400	2%	4,435,000	36%
Transaction & Use Tax (Measure D)	962,600	873,800	15,500	2%	889,300	7%
Other Taxes	1,433,700	1,423,500	11,900	1%	1,435,400	12%
Licenses - Permits - Fees	240,000	330,000	(140,000)	-42%	190,000	2%
Intergovernmental	284,200	425,900	(92,200)	-22%	333,700	3%
Charges for Services	1,986,800	2,023,200	99,700	5%	2,122,900	17%
Fines & Forfeitures	752,000	690,000	65,000	9%	755,000	6%
Use of Property & Interest	461,900	413,200	26,600	6%	439,800	4%
Other Sources	69,100	69,100	1,900	3%	71,000	1%
Subtotal before Fund Transfer	12,886,600	12,255,500			12,321,300	
Fund Transfer - Contingency & Other Funds	115,000	611,900	(611,900)		0	0%
<b>TOTAL REVENUES</b>	<b>\$ 13,001,600</b>	<b>\$ 12,867,400</b>	<b>\$ (546,100)</b>	<b>-4.2%</b>	<b>\$ 12,321,300</b>	<b>100%</b>

- **Property Tax** – Assessed Value growth of 0% recommended by Santa Cruz County Assessor’s (SCC). This is a reduction from prior year growth of 3%.
- **Sales Tax and In-Lieu** – Assumed a 2% growth based on the addition of Whole Foods, Kohls and IHOP.
- **Measure P (Transaction & Use Tax)** – Capitola Transaction & Use Tax (2 %)
- **Other Taxes** – Slight growth due to refuse Franchise Tax rate increased
- **License- Permits Fees** – Assumed a loss of 42% due to lack of development and construction.
- **Intergovernmental**– Decrease due to the one time funding for various grants in FY08/09.
- **Charges for Services**: Assumed increase of 5% .
- **Fines & Forfeitures** – Assumed an increase of 9% due to Parking Citation fine increase.
- **Use of Property & Money** – Interest income estimate is expected to increase slightly.
- **Other Sources**– No Change
- **Fund Transfer-In**: There are no fund transfers.

## On-going Revenue & Expenditures Analysis

Consistent with prior year budget, this budget requires the City to suspend its policy relating to ongoing revenues and expenditures which states:

“The City will maintain a balanced operating budget for all governmental funds with ongoing revenues equal to or greater than ongoing 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.”

Below is a summary chart of the ongoing revenue and expenditure analysis.

<b>On-going Revenues &amp; Expenditures Analysis</b>	<b>2009-10 Budget</b>	<b>2010-11 Budget</b>
On-going <b>Revenues</b> (excludes Measure D)	\$ 11,267,300	\$ 11,295,600
On-going <b>Expenditures</b>	\$ 11,572,002	\$ 12,015,302
<b>Expenditures EXCEED Revenue</b>	<b>\$ (304,702)</b>	<b>\$ (719,702)</b>
PERS POB Accelerated Payments	(206,200)	(330,700)
Compensated Absence	(112,700)	(112,700)
CIP Budget (Street & Facilities)	(250,000)	(250,000)
<b>Additional Expenditures</b>	<b>\$ (568,900)</b>	<b>\$ (693,400)</b>
<b><u>On-going EXPENDITURES EXCEED On-going REVENUES</u></b>	<b>\$ (873,602)</b>	<b>\$ (1,413,102)</b>

Although this chart shows that ongoing expenditures exceed ongoing revenues, this calculation is made without recognizing Measure D revenue. Measure D revenue represents approximately \$890,000 in annual receipts. The above calculation also does not include any fund balance at the beginning of the year which is \$509,000, a combined total of \$1,399,000.

**On-going Revenue & Expenditures Analysis  
Detail Presentation**

<b>On-going Revenues &amp; Expenditures Detail</b>	<b>2009-10 Budget</b>	<b>2010-11 Budget</b>
<b><u>General Fund Source of Funds</u></b>		
Fund Balance, July 1	\$ 509,000	\$ 617,498
<b>On-going Revenues, excl. Capitola District Trans &amp; Use Tax</b>	<b>11,267,300</b>	<b>11,295,600</b>
Capitola Transaction & Use Tax (Measure P)	889,300	895,300
PD-State - OTS - Avoid the "9" (AL0758)	153,100	146,100
PD - OTS Seat Belt	9,700	-
P.D. Police Vests	1,900	1,900
Transfer-In from Contingency Reserve	0	
<b>Total Revenues &amp; Transfers</b>	<b>\$ 12,321,300</b>	<b>\$ 12,338,900</b>
<b>Total Source of Funds</b>	<b>\$ 12,830,300</b>	<b>\$ 12,956,398</b>
<b><u>General Fund Use of Funds</u></b>		
<b><u>On-Going Expenditures:</u></b>		
Staffing	\$ 7,517,600	\$ 7,803,000
Contract Services	2,412,702	2,593,602
Unanticipated Events	30,000	30,000
Community Grants	275,000	275,000
Materials & Supplies	563,200	548,700
Fixed Asset Purchase	0	0
Internal Service Charges	773,500	765,000
<b>Subtotal - On-going Expenditures</b>	<b>\$ 11,572,002</b>	<b>\$ 12,015,302</b>
<b>Fund Transfer - POB Accelerated Payments</b>	<b>\$ 206,200</b>	<b>\$ 330,700</b>
<b>Compensated Absence Fund</b>	<b>\$ 112,700</b>	<b>\$ 112,700</b>
<b>Fund Transfer - CIP Street Improvements</b>	<b>\$ 250,000</b>	<b>\$ 250,000</b>
<b><u>One-time Expenditures:</u></b>		
Contract - Finance - GASB 45 Actuarial	10,000	0
Contracts - PD Avoid the 9	17,000	0
Staffing - Overtime PD (Seat belt)	9,600	0
Staffing - Overtime PD (Avoid the 9)	35,300	0
	71,900	0
<b><u>Fund Transfers - net</u></b>		
Fund Transfers: Savings & other funds	0	0
<b>Grand Total - Use of Funds</b>	<b>\$ 12,212,802</b>	<b>\$ 12,708,702</b>
<b>Change in Fund Balance during fiscal year (less transfer-in)</b>	<b>\$ 108,498</b>	<b>\$ (369,802)</b>
<b>Fund Balance, June 30</b>	<b>\$ 617,498</b>	<b>\$ 247,696</b>

**FY09-10 vs. FY10-11**  
**Sources of Funds**

The following table presents a summary of the General Fund revenue by broad category, comparing the FY09-10 proposed revenue budget to the FY10-11 planned revenue budget. Revenue estimates for significant sources are addressed in detail in subsequent pages of this General Fund Revenues section. Included in the table is the increase or decrease in each revenue estimate, the percent of that change, and the percent that each revenue source is to the total revenue budget for FY10-11.

Major Category	2009-10 Adopted	Increase / (Decrease)	% of Change	2010-11 Planned	% of Budget
<b>Source of Funds</b>					
Property Tax	1,649,200	-	0.00%	1,649,200	13.37%
Sales Tax	4,435,000	30,000	0.68%	4,465,000	36.19%
Transaction & Use Tax	889,300	6,000	0.67%	895,300	7.26%
Other Taxes	1,435,400	-	0.00%	1,435,400	11.63%
License & Permits	190,000	-	0.00%	190,000	1.54%
Current Service Charges	2,122,900	(18,700)	-0.88%	2,104,200	17.05%
Fines & Forfeitures	755,000	16,000	2.12%	771,000	6.25%
Use of Money & Property	439,800	(1,000)	-0.23%	438,800	3.56%
Intergovernmental	333,700	(14,700)	-4.41%	319,000	2.59%
Other Revenues	71,000	-	0.00%	71,000	0.58%
<b>Sub-Total Source</b>	<b>\$12,321,300</b>	<b>\$17,600</b>	<b>0.14%</b>	<b>\$12,338,900</b>	<b>100.00%</b>
Fund Transfer - In	-			-	
<b>Total Source</b>	<b>\$12,321,300</b>			<b>\$12,338,900</b>	

**Discussion of % Change from FY09-10 to FY10-11:**

- **Property Tax** –0% recommended assessed value growth.
- **Sales Tax** – Assumes no change in the economy.
- **Measure P (Transaction & Use Tax)** – Assumed less than 1%, will expire in 2017.
- **TOT and Other Taxes** – Assumes no growth.
- **License & Permits** – For the third year in a row, assumes no change from.
- **Current Service Charges** –Assumes slight decrease in service charges.
- **Fines & Forfeitures** – Assumes general 2% growth for FY10-11.
- **Use of Money & Property** –Assumes LAIF at 3% and 0% - 1% increase for various line items.
- **Intergovernmental** –Decrease represents miscellaneous safety grants not estimated in FY10-11.
- **Fund Transfer-In:** No transfers-in.

## Detail List of General Fund Source of Funds

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>PROPERTY TAXES</b>						
Property Tax - Secure, Unsec. Unitary	754,700	813,500	840,000	840,000	840,000	840,000
Supplemental Property Tax	57,900	39,400	15,000	15,000	15,000	15,000
Property Tax- In Lieu of MVLF	717,600	769,000	794,200	794,200	794,200	794,200
<b>TOTAL PROPERTY TAXES</b>	<b>1,530,200</b>	<b>1,621,900</b>	<b>1,649,200</b>	<b>1,649,200</b>	<b>1,649,200</b>	<b>1,649,200</b>
<b>OTHER TAXES</b>						
Sales Tax & In- Lieu	5,532,200	5,401,200	5,047,100	4,357,600	4,435,000	4,465,000
Capitola District Transaction & Use Tax (0.25%)	1,047,700	1,015,900	962,600	873,800	889,300	895,300
Business License	325,900	299,400	311,400	300,000	300,000	300,000
Documentary Transfer Tax	133,600	70,300	-	-	-	-
Franchise Fee -Electric	95,200	96,900	98,000	98,000	99,000	99,000
Franchise Fee - Gas	35,000	35,300	37,000	37,000	37,500	37,500
Franchise Fee - Refuse, AB939 (excl recycling)	194,900	201,600	229,300	229,300	234,700	234,700
Franchise Fee -Cable TV	110,300	103,300	105,000	105,000	103,000	103,000
recycling grant (from Waste Management)	3,000	-	3,000	4,200	4,200	4,200
Transient Occupancy @10%	604,000	643,500	650,000	650,000	657,000	657,000
<b>TOTAL OTHER TAXES</b>	<b>8,081,800</b>	<b>7,867,400</b>	<b>7,443,400</b>	<b>6,654,900</b>	<b>6,759,700</b>	<b>6,795,700</b>
<b>LICENSES/PERMITS</b>						
Hauling Permits			-	-	-	-
Bicycle			-	-	-	-
Building Permits	182,200	201,800	200,000	290,000	150,000	150,000
Encroachment Fees	17,700	13,100	10,000	10,000	10,000	10,000
Entertainment Permit Fees	3,000	3,300	3,000	3,000	3,000	3,000
Parking Permits	28,600	29,900	27,000	27,000	27,000	27,000
Other Permit Fees				-		-
<b>TOTAL LICENSES/PERMITS/</b>	<b>231,500</b>	<b>248,100</b>	<b>240,000</b>	<b>330,000</b>	<b>190,000</b>	<b>190,000</b>
<b>INTERGOVERNMENTAL</b>						
Motor Vehicle-In Lieu	63,000	45,200	57,700	28,000	40,000	41,000
HOPTR (Homeowners' property tax relief)	7,200	7,000	7,000	7,000	7,000	7,000
State Recycling	5,000	5,000	5,000	5,000	5,000	5,000
Post Reimbursement	13,800	11,600	15,000	15,000	15,000	15,000
Abandon Vehicle	9,900	14,400	15,000	15,000	15,000	15,000
Sales Tax - Public Safety (Prop 172)	36,000	35,200	37,000	37,000	37,000	38,000
PW - Bike Lane	-	-	-	-	-	-
PW-MBUAP AB2766 Grant (41st Lights)	-	-	-	120,000	-	-
PD - Police Vests (federal grant)	1,700	1,200	1,900	1,900	1,900	1,900
ca costal commission - beach sand repl & others	-	-	-	-	-	-
PW - FT-03 AB2766 CA#03 - (traffic buster)	-	-	-	-	-	-
PD Homeland Security	40,100	1,400	-	12,900	-	-
PD-State - OTS - Speed Awareness	33,200	6,300	-	-	-	-
PD-State- OTS DUI & Safety Seat (PT0906)	-	-	45,500	45,500	9,700	-
PD-State - OTS - Avoid the 9 (FY09-12)	-	-	-	-	-	-
PD-State - OTS - Avoid the "9" (AL0486)	49,900	-	-	-	-	-
PD-State - OTS - Avoid the "9" (AL0758)	-	66,500	58,100	73,600	153,100	146,100
PD-SCC - CURB Grant	1,200	2,400	-	-	-	-
PD-ABC Grant	-	-	-	-	-	-
State Mandated Cost Reimbursement	99,800	5,000	-	-	-	-
Planner Billing to General Plan	-	-	-	20,000	40,000	40,000
CDBG General Admin (Housing Projects only)	-	-	-	-	-	-
HOME General Admin (Housing Projects only)	-	-	32,000	32,000	-	-
Booking fees - State Reimbursement	50,100	-	-	-	-	-
Other PD Grants	-	17,200	-	3,000	-	-
PW - 41st Light Coord Grant (MPUAP AB 2766)	-	-	-	-	-	-
Housing Trust Fund - Gen Admin	6,600	-	10,000	10,000	10,000	10,000
<b>TOTAL INTERGOVERNMENTAL</b>	<b>417,500</b>	<b>218,400</b>	<b>284,200</b>	<b>425,900</b>	<b>333,700</b>	<b>319,000</b>

## Detail List of General Fund Source of Funds – Continued

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>CURRENT SERVICE CHARGES</b>						
Police DUI Collections		5,900	6,200	6,200	6,200	6,200
Recreation:						-
Class Fees	356,000	378,400	350,000	350,000	367,000	369,000
Sports Fees	81,700	69,700	80,000	80,000	84,000	84,000
Junior Guard Fees	183,800	175,000	180,000	180,000	189,000	190,000
Camp Capitola Fees	75,800	80,000	80,000	80,000	84,000	84,000
Aquatics Fee	23,100	19,700	-	-	-	-
Museum - Historical Research Revenue	-	600	2,500	2,500	2,500	2,500
Planning Fees - CDD	194,000	192,600	260,100	260,100	220,800	220,800
Building - Plan Check Fees	106,500	147,800	100,000	120,000	65,000	65,000
RDA Business Services	197,500	206,500	206,100	206,100	205,200	205,200
RDA Business Services - Reimbursement	(119,900)	(127,000)	(134,000)	(134,000)	(133,400)	(133,400)
Planning - RDA/Housing Services	158,000	206,300	223,000	223,000	223,000	223,000
Planning Fees 15% Consultant	6,300	18,200	7,900	7,900	7,900	7,900
Parking - Meter - Cliff Drive	51,000	50,800	51,000	51,000	51,000	52,000
Pacific Cove	63,200	67,500	32,200	32,200	63,200	64,000
Village	392,000	381,600	392,000	392,000	513,700	519,000
Vehicle Release Fees	10,700	15,500	4,500	12,000	12,000	4,500
Police Reports & Other	5,400	5,800	6,000	6,000	6,000	6,000
Booking Fee Reimbursement	2,300	18,300	15,000	5,000	8,100	8,000
Mobile Home Park Admin Service Fees	36,100	79,200	45,000	45,000	45,000	46,000
Finance - BIA services	3,500	4,200	3,000	3,000	3,000	3,000
PW - Rispin Services	7,200	3,200	-	-	7,200	-
PW - Wharf Services	19,900	42,000	25,800	25,800	25,800	27,000
PW - Street Sweeper Services (Gas Tax)	-	-	45,000	45,000	45,000	45,000
PD - Rispin Services	22,900	8,500	-	15,000	16,200	-
PW - BIA services	3,300	3,000	3,000	4,200	3,000	3,000
PD & PW - special events/surf camera	2,500	5,500	-	2,700	-	-
PD - Animal Services Fees	-	3,800	2,500	2,500	2,500	2,500
<b>TOTAL CURRENT SERVICE CHARGES</b>	<b>1,882,800</b>	<b>2,062,600</b>	<b>1,986,800</b>	<b>2,023,200</b>	<b>2,122,900</b>	<b>2,104,200</b>
<b>FINES &amp; FORFEITURES</b>						
Court Fines	127,400	82,100	108,300	100,000	90,000	92,000
Traffic Fines	-	47,200	11,700	45,000	50,000	51,000
Parking Citation Fines	440,300	489,300	555,000	475,000	555,000	568,000
Court Fines - Red Light Enforcement	69,600	45,000	75,000	55,000	45,000	45,000
False Alarm Fine	1,800	8,100	2,000	15,000	15,000	15,000
<b>TOTAL FINES &amp; FORFEITURES</b>	<b>639,100</b>	<b>671,700</b>	<b>752,000</b>	<b>690,000</b>	<b>755,000</b>	<b>771,000</b>
<b>USE OF MONEY &amp; PROPERTY</b>						
Interest Income	153,100	113,700	90,000	70,000	90,000	90,000
RDA - Rispin Note	37,100	172,200	104,600	104,600	104,600	104,600
RDA - Repay one-time loan	\$67k loan	\$67k loan	-	-		
RDA - Business Services Note (LT)	47,900	47,900	47,900	47,900	47,900	47,900
RDA - Annual Loan - Bus Svc & Contracts	30,400	31,800	33,300	33,300	33,200	30,700
RDA - Interest: One-time loan (at LAIF%)	3,500	-	-	-	-	-
Property Rentals:						
Pacific Cove Mobile Park-Lease	84,900	87,700	85,300	85,300	88,300	89,000
Jade Street Facility	10,200	6,900	15,000	10,000	15,000	15,000
Mobile Home Coach -Rent	60,000	57,400	55,200	55,200	55,200	56,000
Café Lido & MRA Sales	4,800	4,700	4,000	4,000	4,000	4,000
Boat Space Rents	1,300	2,900	1,600	2,900	1,600	1,600
Pac Cove Lease - accrual accounting	8,000	8,000	-	-		
Rispin Lease Revenues	-	-	25,000	-	-	-
<b>TOTAL USE OF MONEY AND PROPERTY</b>	<b>441,200</b>	<b>533,200</b>	<b>461,900</b>	<b>413,200</b>	<b>439,800</b>	<b>438,800</b>

## Detail List of General Fund Source of Funds – Continued

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>OTHER SOURCES</b>						
Arts - Twilight Concert Sponsors	11,100	8,600	11,000	11,000	12,800	12,800
Arts - Movies at the Beach Sponsors	800	3,000	4,000	4,000	4,000	4,000
Arts - Art at the Beach Fee	1,300	3,100	3,500	3,500	3,600	3,600
Museum Donations	700	900	600	600	600	600
Misc	27,200	6,000	17,000	17,000	17,000	17,000
Memorial Plaques & Benches	6,800	5,000	-	-	-	-
Donation for Police Vehicle	-	7,700	-	-	-	-
Donation for K-9 program	-	4,800	-	-	-	-
Donation for Police Tasers	-	-	-	-	-	-
Fuel-Gas Reimbursement	30,900	32,700	30,000	30,000	30,000	30,000
PW - Donation UPRR Stairs	-	-	-	-	-	-
PD - Asset Seizure	-	-	-	-	-	-
BASAPA Property Tax In-lieu Payments	-	-	3,000	3,000	3,000	3,000
<b>TOTAL OTHER SOURCES</b>	<b>78,800</b>	<b>71,800</b>	<b>69,100</b>	<b>69,100</b>	<b>71,000</b>	<b>71,000</b>
<b>FUND TRANSFERS</b>						
CDBG Program Income	12,000	-	-	-	-	-
Gen. Plan Update to Gen. Fund - return loan	-	-	115,000	314,000	-	-
Transfer from Workers Comp	-	16,000	-	-	-	-
Contingency Reserve - to Genl Fund	38,000	172,000	-	-	-	-
Transfer from CIP	-	-	-	297,900	-	-
<b>TOTAL FUND TRANSFERS</b>	<b>50,000</b>	<b>188,000</b>	<b>115,000</b>	<b>611,900</b>	<b>-</b>	<b>-</b>
<b>GRAND TOTAL</b>	<b>13,352,900</b>	<b>13,483,100</b>	<b>13,001,600</b>	<b>12,867,400</b>	<b>12,321,300</b>	<b>12,338,900</b>

## ◆ Property Tax ◆ General Revenue

### Description

Property Tax revenue is levied at one percent of the assessed value of the property, this is collected for the City of Capitola by Santa Cruz County staff; there is an administration charge for this service. The County distributes the secured payments as follows:

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

The assessed value of the real property appraised by the County Assessor is the 1975/76-assessment roll adjusted by a two percent inflation factor thereafter. When the property changes hands or new construction occurs, the property is reassessed at its current market rate.

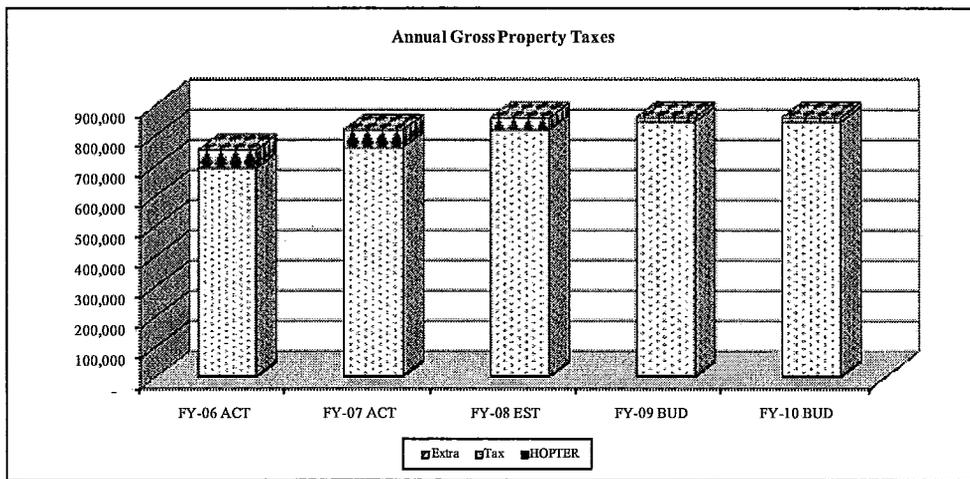
Property tax has been the revenue source most impacted by voter initiatives and legislative actions. With the

approval of Proposition 13 in 1978, property tax revenues were reduced by approximately 57% and thereafter limited to 2% annual increase or the Consumer Price Index, whichever is less. In the early 1990's the State legislature shifted a larger portion of the property tax to schools. This shift was made to the State's Education Revenue Augmentation Fund (ERAF) to backfill a portion of the State's obligation for school funding

### Analysis

The Auditor-Controller for the County of Santa Cruz projects property tax growth of 0% for FY09-10. Staff assumed the following:

2008-09 Mid-Year	\$840,000
Growth %	0%
FY09-10 Budget	\$840,000



<b>Analytical Data</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>
Property Tax – Secure, Unsec, Unitary	687,000	754,700	813,500	840,000	840,000
Supplemental Prop. Tax (03110.004)	60,100	57,900	39,400	15,000	15,000
HOPTER (06540.000)	7,100	7,200	7,000	7,000	7,000
<b>Total Revenue</b>	<b>\$ 754,200</b>	<b>\$ 819,800</b>	<b>\$ 859,900</b>	<b>\$ 862,000</b>	<b>\$ 862,000</b>
Annual Increase		\$ 65,600	\$ 40,100	\$ 2,100	\$ -
% Increase		8.70%	4.89%	0.24%	0.00%
<b>Direct Expenses - SCC</b>					
Fee % of Property Tax Distributed to City		0.73%	4.40%	3.77%	3.77%
Administrative Fee	6,600	6,000	\$ 37,800	\$ 32,500	\$ 32,500
Annual Increase		(600)	31,800	(5,300)	\$ -
Fee % Increase		-9.09%	530.00%	-14.02%	0.00%

◆ **Property Tax in Lieu of VLF** ◆  
**General Revenue**

**Description**

In May 2004, Governor Schwarzenegger proposed a VLF for property tax swap as a part of a state-local budget agreement. His proposal includes the permanent elimination of the VLF "backfill" and a replacement with a like amount of property tax revenue to city's and counties (except for the 2 year state "budget contributions" = ERAF). This is an increase in every city's and county's share of the property tax, and will be reported as a sub-set of property tax revenue.

The 2004 budget included a permanent reduction of the VLF rate from 2% to 0.65% (its current effective rate).

The VLF backfill was eliminated and replaced with a like amount of property taxes dollar-for-dollar. Subsequent to the FY04-05 base year, each city's (and county's) property tax in lieu of VLF or "VLF Adjustment Amount" increases annually in proportion to the growth in gross assessed valuation in that jurisdiction.

**Analysis**

The FY09-10 budget was based upon same assessed growth rate as the property tax (0%).

<b>Analytical Data</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>
VLF Shift	698,400	717,600	769,000	794,200	794,200
ERAF "Contribution"	(209,100)	-	-	-	-
<b>ANNUAL TOTAL</b>	<b>\$ 489,300</b>	<b>\$ 717,600</b>	<b>\$ 769,000</b>	<b>\$ 794,200</b>	<b>\$ 794,200</b>

**◆ Sales Tax Revenue & Measure D ◆**  
**General Revenue**

**Description**

The City of Capitola sales tax revenues consist of a 1% Bradley Burns sales tax and a ¼% Capitola Sales Tax (“Measure P/D”). Estimates for 2008-09 are \$4.4 million for Bradley Burns sales tax and \$873,800 for Measure P/D. Combined, the \$5.2 million of sales tax revenue represents 43% of the City’s General Fund budget.

**Analysis**

The U.S. and local economy declined significantly in fiscal 2008-09 and City sales tax declined with it. Sales tax revenues are remitted to the City one quarter in arrears. As of this budget publication, the City has received revenues for retail sales transactions ended December 31, 2008. Current full year estimates are a \$1.19 million reduction in sales tax revenue compared to prior year, or an 18.5% decrease.

The budget assumes a sales tax revenue increase of 1.8% for FY09-10 and 0.7% for FY10-11. In 2008, Measure P (as Measure D) was renewed until 2017. Fiscal 2008-09 reflects a 12% general decline, as well as partial year losses of Ocean Honda, Marina Motors, Mervyns, and Gottschalks tax revenues. All were among the top 10 sales tax generating businesses in the City of Capitola. Fiscal 2009-10 includes full year impact of the lost auto/retail revenues offset slightly by better general economic expectations and new incoming revenues from Kohls, Whole Foods, BevMo, and IHOP.

**FY09-10 and FY10-11 Budgets**

Below are the budget projects for FY09-10 and FY10-11:

	2007-08	2008-09	2009-10	2009-10
Sales Tax	Actual	Mid-Yr Est	Adopted	Planned
1% Sales Tax	\$ 5,401,100	\$ 4,357,600	\$ 4,435,000	\$ 4,465,000
Measure P	\$ 1,015,900	\$ 873,800	\$ 889,300	\$ 895,300
<b>Total</b>	<b>\$ 6,417,000</b>	<b>\$ 5,231,400</b>	<b>\$ 5,324,300</b>	<b>\$ 5,360,300</b>
<b>Change \$</b>		<b>\$(1,185,600)</b>	<b>\$ 92,900</b>	<b>\$ 36,000</b>
<b>Change %</b>		<b>-18.5%</b>	<b>1.8%</b>	<b>0.7%</b>

**Sales Tax Historical Trends**

Below are the historical and projected sales tax revenue trends since FY02-03.

Year	Revenues	% Change
FY02-03 Actual	\$ 5,300,000	
FY03-04 Actual	\$ 5,361,200	1.2%
FY04-05 Actual	\$ 5,235,000	-2.4%
FY05-06 Actual	\$ 6,460,000	Measure P
FY06-07 Actual	\$ 6,579,900	1.9%
FY07-08 Revised	\$ 5,231,400	-20.5%
FY08-09 Adopted	\$ 5,324,300	1.8%
FY09-10 Planned	\$ 5,360,300	0.7%

## Sales Tax Revenue (1% Bradley Burns) -

<b>3/4% BRADLEY BURNS</b>									
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011
Sales Quarter	Actual	Actual	Actual	Actual	Actual	Actual	Mid-Yr Est	Adopted	Planned
July - Sept (Qt 1)	1,367,300	1,349,600	977,700	1,228,100	1,064,400	1,020,300	882,600	871,500	877,400
Oct - Dec (Qt 2)	1,444,200	1,437,900	1,118,000	1,111,400	1,126,300	1,026,100	904,400	878,100	884,000
Jan - March (Qt 3)	1,143,200	1,172,200	924,200	904,400	956,100	875,100	718,800	756,100	761,300
April - June (Qt 4)	1,209,600	1,189,600	893,300	949,500	948,700	936,700	718,800	777,400	782,500
Year End	135,700	43,400	106,200	(61,100)	78,600	80,900	43,600	43,100	43,500
BOE Adj		168,500	(211,900)	-	-				
<b>ANNUAL TOTAL</b>	<b>5,300,000</b>	<b>5,361,200</b>	<b>3,807,500</b>	<b>4,132,300</b>	<b>4,174,100</b>	<b>3,939,100</b>	<b>3,268,200</b>	<b>3,326,200</b>	<b>3,348,700</b>
Increase/Decrease				\$ 324,800	\$ 41,800	\$ (235,000)	\$ (670,900)	\$ 58,000	\$ 22,500
% Change				8.53%	1.01%	-5.63%	-17.03%	1.77%	0.68%
<b>1/4% TRIPLE FLIP</b>									
			2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011
			Actual	Actual	Actual	Actual	Mid-Yr Est	Adopted	Planned
Semi-Annual Pmt -Jan			609,300	676,100	680,800	750,000	548,900	554,400	558,200
Semi- Annual Pmt - May			609,300	676,200	677,300	712,000	540,500	554,400	558,100
<b>ANNUAL TOTAL</b>			<b>1,218,600</b>	<b>1,352,300</b>	<b>1,358,100</b>	<b>1,462,000</b>	<b>1,089,400</b>	<b>1,108,800</b>	<b>1,116,300</b>
Increase/Decrease				133,700	5,800	\$ 103,900	(372,600)	19,400	7,500
% Change				10.97%	0.43%	7.65%	-25.49%	1.78%	0.68%
	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011
<b>GRAND TOTAL</b>	Actual	Actual	Actual	Actual	Actual	Actual	Mid-Yr Est	Adopted	Planned
<b>1% BRADLEY BURNS</b>	<b>5,300,000</b>	<b>5,361,200</b>	<b>5,026,100</b>	<b>5,484,600</b>	<b>5,532,200</b>	<b>5,401,100</b>	<b>4,357,600</b>	<b>4,435,000</b>	<b>4,465,000</b>
		\$ 61,200	\$ (335,100)	\$ 458,500	\$ 47,600	\$ (131,100)	\$ (1,043,500)	\$ 77,400	\$ 30,000
		1.2%	-6.3%	9.1%	0.9%	-2.4%	-19.3%	1.8%	0.7%

## Measure D (1/4% Capitola Sales Tax) - Detail

			2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-2011
<b>Measure P</b>			Actual	Actual	Actual	Actual	Mid-Yr Est	Adopted	Planned
July - Sept (Qt 1)				253,700	265,200	258,500	232,700	226,300	227,800
Oct - Dec (Qt 2)				303,600	285,800	270,700	246,000	237,000	238,600
Jan - March (Qt 3)				236,900	221,100	219,200	200,000	213,400	214,900
April - June (Qt 4)			208,900	204,200	231,400	232,700	190,000	203,700	205,100
Year End				-23,000	44,200	34,800	5,100	8,900	8,900
BOE Adj									
<b>ANNUAL TOTAL</b>			<b>208,900</b>	<b>975,400</b>	<b>1,047,700</b>	<b>1,015,900</b>	<b>873,800</b>	<b>889,300</b>	<b>895,300</b>
Increase/Decrease				766,500	72,300	-31,800	-142,100	15,500	6,000
					7.4%	-3.0%	-14.0%	1.8%	0.7%

## **Sales Tax Revenue (1% Bradley Burns)**

### **Description**

Prior to the passage of Proposition 57, the State Board of Equalization (SBE) allocated one (1.0) cent of the eight (8.0) cents of local sales tax collected by merchants on retail sales and taxable services transacted within the City of Capitola back to Capitola. Effective 7/1/2004, the SBE will allocate  $\frac{3}{4}$  of a cent. Revenues are remitted to the City in arrears based on actual earnings from the prior year (last month of the qtr 27%; 1st month next quarter 27%; 2nd month next quarter 36%; 3rd month next quarter balance due). The SBE charges the City an administration fee for this service. Sales Tax revenue is recorded in the General Fund for unrestricted use. As a result of Proposition 57, 75% is recorded as Sales Tax and 25% is recorded as In Lieu Sales Tax Revenue.

## **In-Lieu Sales Tax Revenue**

### **Description**

On March 2, 2004 the Proposition 57, the \$15 billion bond measure designed to help the state refinance its debt passed. One aspect of the bond measure affects local sales tax -referred to as the "triple flip." The triple flip went into effect on July 1, 2004. The "triple flip" suspends one-quarter of the Bradley-Burns sales and use tax, replaces the lost revenues on a dollar-for-dollar basis with funds set aside from the countywide property tax revenues (primarily ERAF), and increases the State's sales and use tax by one-quarter percent with the State increase dedicated to repayment of the bond measure. Below is a summary of the 8.00% sales tax allocation to the various agencies:

<b>Receiving Agency</b>	<b>FY 03-04</b>	<b>FY 04-12</b>	<b>FY 12-13</b>
State	6.25%	6.50%	6.25%
City	1.00%	0.75%	1.00%
Transit	0.50%	0.50%	0.50%
Library	0.25%	0.25%	0.25%
<b>Total</b>	<b>8.00%</b>	<b>8.00%</b>	<b>8.00%</b>

## **Measure D (1/4% Capitola Transaction & Use Tax)**

### **Description**

SB566 allows cities to increase the tax in their community by a majority if the use is general and by a super-majority if the tax is for a specific purpose. Increase must in increments of 0.25%.

In November 2004, the voters of Capitola approved a quarter-cent sales tax increase (entitled on the ballot as "Capitola District Transaction & Use Tax", and later referred to as "Capitola Sales Tax"). The increased revenues will go into the City's general fund. The tax is effective April 1, 2005, with revenues to the City starting in June 2005, and the overall measure will sunset after five years (by March 31, 2010). In 2008, Measure D, the extension of Measure P was approved by the voters, with an expiration date of 2017.

## ◆ Transient Occupancy Taxes (TOT) ◆

### Description

The City of Capitola's Municipal Code (section 3.32) requires any entity that rents to transients (defined as a stay of less than 30 days) to charge, collect, and remit to the City a 9.5% tax of the room rate. Beginning with the 2003-04 fiscal year the City of Capitola requires that the TOT be remitted to the City by the tenth of the month following the month of collections. For example, all TOT's for the month of July are due to the City by August 10. Effective December 6, 2002, the tax was increased to 10% of the room rate. TOT revenues are recorded in the General Fund for unrestricted use.

#### Bed & Breakfast Inns:

- Monarch Cove Inn
- Inn @ Depot Hill

#### Hotels & Motels

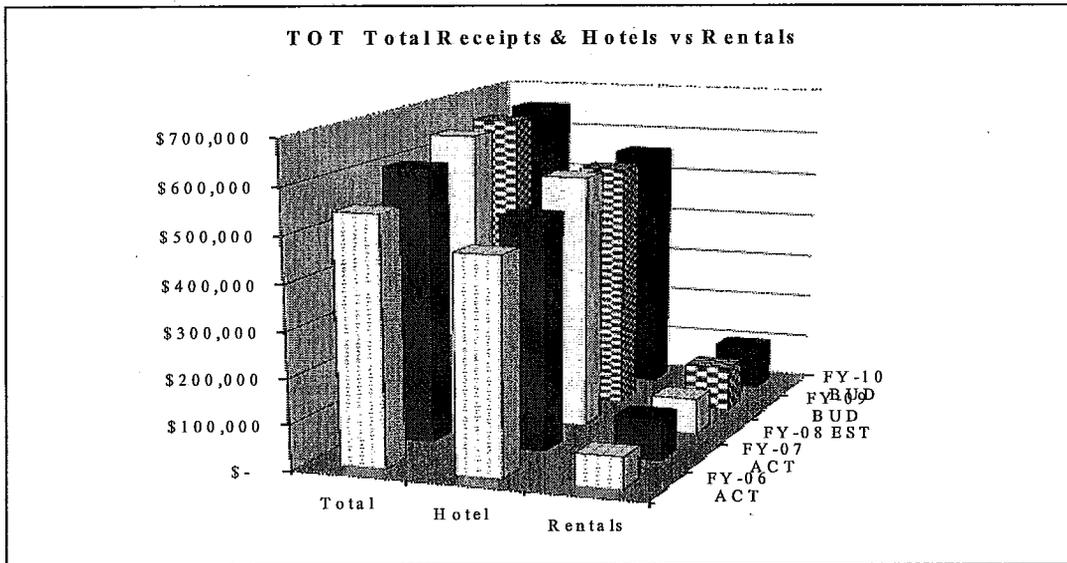
- Best Western Inn
- Capitola Hotel
- Capitola Inn
- Capitola Venetian
- Harbor Lights

#### Private Rentals

- Bailey Property Management
- Beach House Rentals
- Cheshire Rio Realty
- Vacations by the Sea

### Analysis

The FY09-10 TOT revenue budget is based upon FY08-09 actual receipts, which demonstrates a 1% increase.



### Analytical Data

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed
Hotel	472,700	511,800	563,000	550,000	558,000
Private Rentals	70,700	92,200	80,500	100,000	99,000
<b>Total</b>	<b>\$ 543,400</b>	<b>\$ 604,000</b>	<b>\$ 643,500</b>	<b>\$ 650,000</b>	<b>\$ 657,000</b>
Hotel as % of Total	87%	85%	87%	85%	85%
Annual Growth		\$ 60,600	\$ 39,500	\$ 6,500	\$ 7,000
Annual Growth %		11.2%	6.5%	1.0%	1.1%

## ◆ Business License Fees ◆

### Description

The City of Capitola's Municipal Code (section 5.04) provides the licensure requirements for any business located and/or conducting activity within the City. There are four categories:

- Contractor – is a combined fixed fee of \$50. And \$5 per owner and staff.
- Professional - is based upon staff, \$50 for professional and \$5 per non-technical
- Retail – is based upon a sliding scale for sales in excess of \$50,000.
- Miscellaneous – there are various charges within this category.

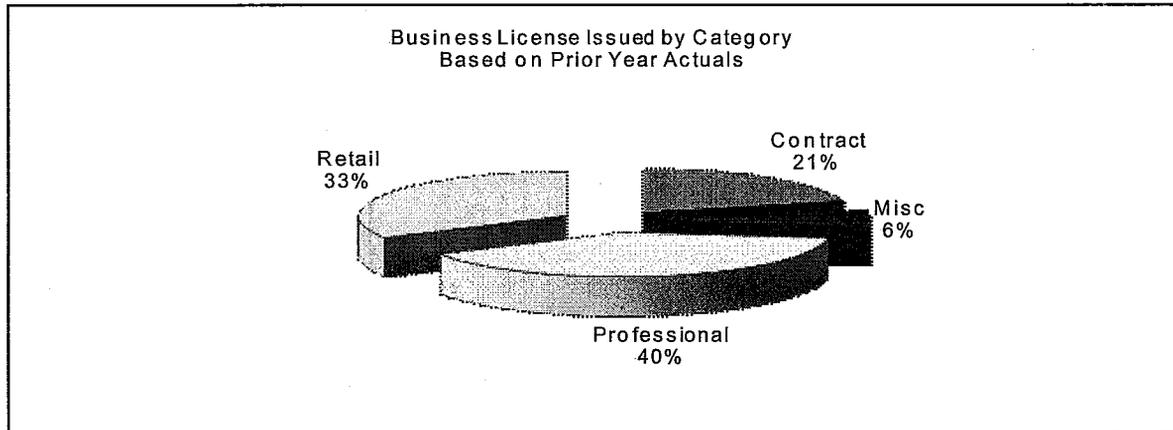
In 2005, Council approved an increase for the one time application fee to \$25.00 for new businesses (increased with CPI%). The licenses are issued by calendar year, expiring on December 31<sup>st</sup>. During November, the Finance Department sends renewal notices to every active business within its database. Finance Staff began

recording business license receipts by the three sources in January of 2003 (business licenses; new application fee; late fees). Business License revenues are recorded in the General Fund for unrestricted use.

### Analysis

The FY07-08 actual business license revenues demonstrate lower retailer remittance (their estimates of gross revenues). Also, Staff's prior year audit and collection efforts have resulted in a higher level of compliance/reporting; therefore, the late fees have decreased. The estimates for FY09-10 assumes the Business License Tax at status quo (no growth) with reductions for Application Fee and Late Fees.

(Note -- FY04-05 Actual of \$319,000 includes business license audit receipts of \$26,000 due to multi-year past-due accounts.)



### Analytical Data

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed
Annual Receipts	\$ 302,900	\$ 325,900	\$ 299,400	\$ 300,000	\$ 300,000
Business Licenses Tax	\$ 286,400	\$ 301,400	\$ 287,100	\$ 290,400	\$ 290,400
Application Fee @ \$31.00	\$ 8,900	\$ 8,300	\$ 7,100	\$ 4,800	\$ 4,800
Late Fees	\$ 7,600	\$ 16,200	\$ 5,200	\$ 4,800	\$ 4,800

### Business License Issued by Category: (excludes quarterly contractors)

	Expires 12/31/06	Expires 12/31/07	Expires 12/31/08	Estimate	Estimate
Contractor	262	281	281	281	281
Misc	83	84	84	84	84
Professional	446	536	536	536	536
Retail	407	448	448	448	448
<b>Total</b>	<b>1,198</b>	<b>1,349</b>	<b>1,349</b>	<b>1,349</b>	<b>1,349</b>
Average Fee Per License	\$ 240	\$ 220	\$ 210	\$ 220	\$ 220

## ◆ Franchise Fees ◆

### Description

There are three franchise agreements; Gas & Electric, Refuse and Cable.

- PG&E – payments are annual based upon 1% of revenues.
- Charter Communications - payments are quarterly based upon 5% of revenues. Payment is due on the 1<sup>st</sup> day of the second month after they are due. The franchise agreement terminates March of 2014.
- Green Waste Recovery: In May of 2008, Council authorized a franchise agreement with Green Waste Recovery. Franchise Fee Payments of 10% of the revenue are monthly. The agreement consists of a rate increase of 12.1% in 2009, and annually, a rate increase of 100% of the CPI and will terminate December 31, 2018.

### Analysis:

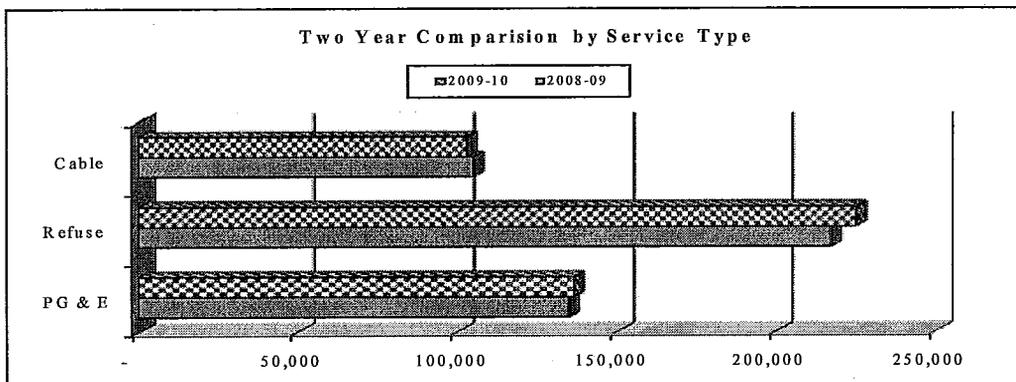
The budget figure for FY09-10 of \$478,400 was calculated as follows:

PG&E – Budget is based on status quo.

Refuse – Customer rates increased due to the increase for the CPI in January, and an increased customer rate effective January 1, 2009. The agreement includes an annual grant of \$4,200 for recycling activities.

AB939 - In March 2004, Council authorized placing the cost of meeting AB939 standards, mandatory recycling, on to the refuse customers in the amount of \$9,700.

Cable TV – The basic monthly rate increased to \$45.95. There has been a steady decline in customers that has resulted in a decrease or no increase in revenues since FY04/05.



### Analytical Data

Service Type	Rate	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed	% Increase
Pacific - Electric	1%	91,100	95,200	96,900	98,000	99,000	1%
Pacific Gas	1%	34,200	35,000	35,300	37,000	37,500	1%
Refuse	Mnthly	171,800	182,900	197,800	217,300	225,000	4%
Recycling - "intergov"	Grant	3,000	3,000	-	4,200	4,200	0%
AB 939 Surcharge	Mnthly	12,000	12,000	3,800	12,000	9,700	-19%
Cable	5%	108,400	110,300	103,300	105,000	103,000	-2%
<b>Total</b>		<b>\$ 420,500</b>	<b>\$ 438,400</b>	<b>\$ 437,100</b>	<b>\$ 473,500</b>	<b>\$ 478,400</b>	
Annual Growth			4%	0%	8%	1%	

## ◆ *Building Permit Fees* ◆

### Description

The Building Department issues two types of building permits, a "combination building permit" and a "building permit". A "combination building permit" is defined as a permit for a scope of construction work regulated by two or more of the model codes. The model codes are the building code, the plumbing code, the mechanical code and the electrical code. A "building permit" is defined as a permit for a scope of construction work regulated solely by a single model code. The model codes are the building code, the plumbing code, the mechanical code and the electrical code.

The cost of a "combination building permit" and its associated plan check shall be 1.5 times the amounts shown in Table 1-A. The cost of a "building permit" and its associated plan check shall be the amounts shown in Table 1-A. See table 1 below.

### Analysis

The FY09-10 budget for building permit fees is estimated \$150,000. This is a decline of 42% due to the economic downturn.

Table 1

<b>TOTAL VALUATION</b>	<b>FEES</b>				
\$1.00 to \$500.00	\$23.50				
\$501.00 to \$2,000.00	\$23.50 for the first \$500.00 plus \$3.05 for each additional \$100.00 or fraction thereof.				
\$2,001.00 to \$25,000.00	\$69.25 for the first \$2,000.00 plus \$14.00 for each additional \$1000.00 or fraction thereof.				
\$25,001.00 to \$50,000.00	\$391.25 for the first \$25,000.00 plus \$10.10 for each additional \$1,000.00 or fraction thereof.				
\$50,001.00 to \$100,000.00	\$643.75 for the first \$50,000.00 plus \$7.00 for each additional \$1,000.00 or fraction thereof.				
\$100,001.00 to \$500,000.00	\$993.75 for the first \$100,000.00 plus \$5.60 for each additional \$1,000.00 or fraction thereof.				
\$500,001.00 to \$1,000,000.00	\$3,233.75 for the first \$500,000.00 plus \$4.75 for each additional \$1,000.00 or fraction thereof.				
\$1,000,001.00 and up	\$5,608.75 for the first \$1,000,000.00 plus \$3.15 for each additional \$1,000.00 or fraction thereof.				
<b><u>Analytical Data</u></b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Mid-Yr Est</b>	<b>Proposed</b>
Annual Revenue	\$ 290,500	\$ 182,200	\$ 201,800	\$ 260,000	\$ 150,000
Permits Issued	399	409	409	400	400
Average Permit Fee	\$ 728	\$ 445	\$ 493	\$ 650	\$ 375
Annual Growth Percentage		10%	11%	29%	-42%

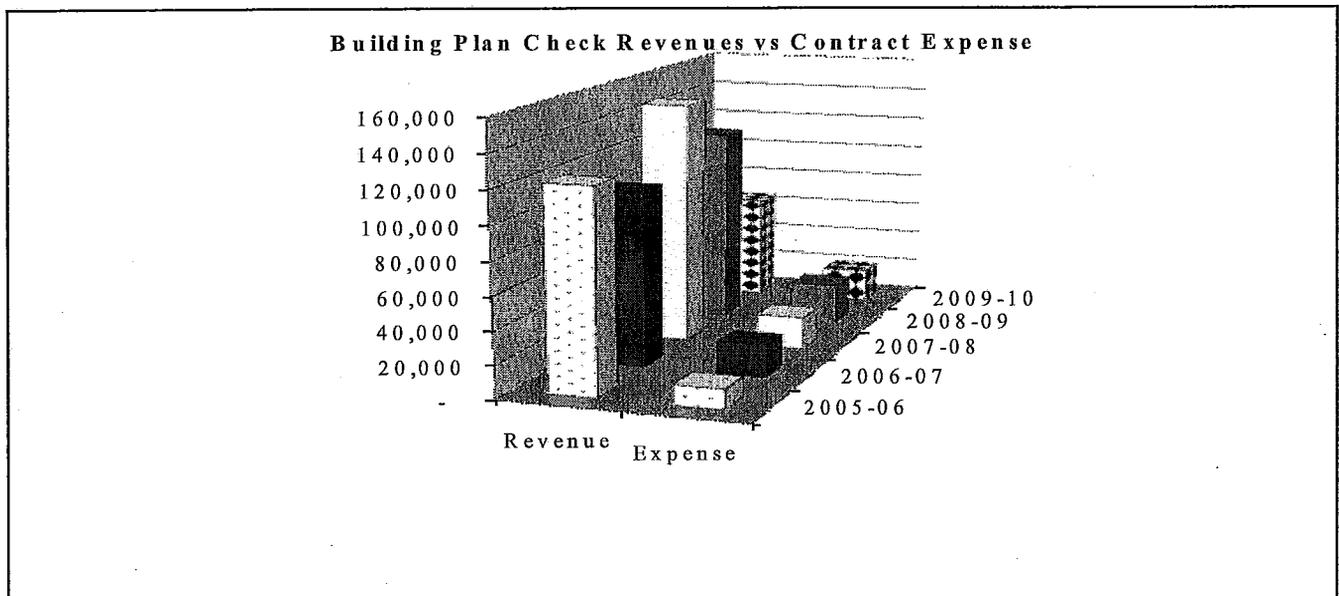
## ◆ *Building - Plan Check Fees* ◆

### Description

Building Department plan check fees are calculated at 65% of the building permit fee. This fee is collected for the costs incurred for reviewing the plans for code compliance prior to issuing the building permit. Because not all building permits require a plan check, e.g. a re-roof permit, actual plan check revenues are estimated as 50% of Building Permit Fees collected.

### Analysis

There is a contract for outside Plan Check Services associated with this revenue source. The budget for the contractor is \$20,000. A decline is projected due to the economy.



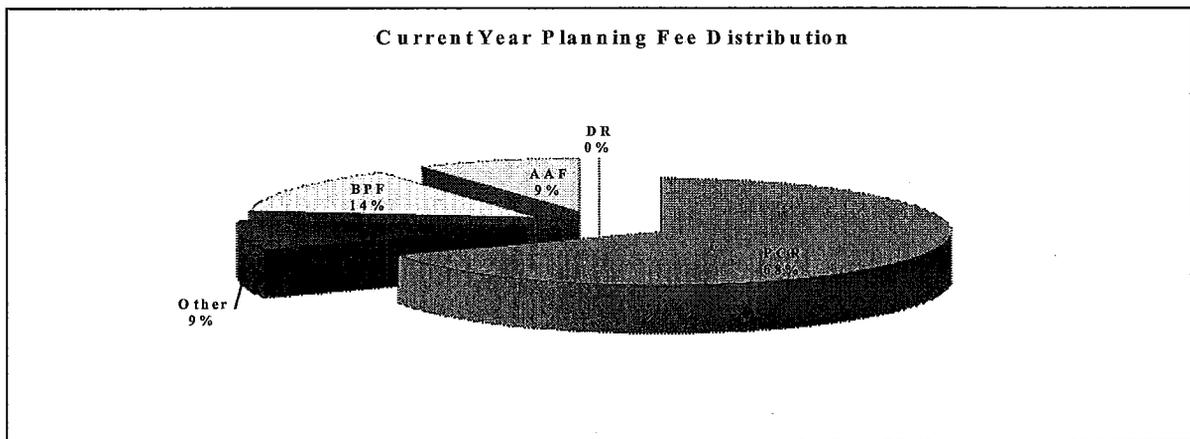
<u>Analytical Data</u>	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 proposed
Annual Building Permit Revenue	\$ 290,500	\$ 182,200	\$ 201,800	\$ 290,000	\$ 150,000
65% Calculation	\$ 188,825	\$ 118,430	\$ 131,170	\$ 170,000	\$ 97,500
<b>Annual Building Plan Check Revenues</b>	<b>\$ 121,800</b>	<b>\$ 106,500</b>	<b>\$ 147,800</b>	<b>\$ 120,000</b>	<b>\$ 65,000</b>
Variance from 65% Calculation	\$ 3,370	\$ (24,475)	\$ 16,630	\$ (50,000)	\$ (32,500)
Actual % of Building Permit Revenue	67%	53%	73%	41%	43%
<b>Annual Plan Check Growth</b>		<b>-13%</b>	<b>39%</b>	<b>-19%</b>	<b>-46%</b>
Building Department Contract Expense					
Outside Plan Check Services	\$ 12,000	\$ 19,800	\$ 19,800	\$ 25,000	\$ 20,000
Number of Hours @ \$75/hr	160	264	264	333	267
Contract as a % of Revenue	10%	19%	13%	21%	30.8%

## ◆ *Planning Fees* ◆

### Description

Development permit review fees are overseen by the Community Development Department. The two categories that generate the most significant revenues are Architectural and Site Review Permit fees, and Conditional Use Permit fees. In July 2003 a cost recovery fee system was implemented. The \$140 per hour rate for the Associate Planner, and the \$160 per hour rate for the Senior Planner includes overhead that includes Director and other city staff time, and materials and supplies.

The department also collects a one-time application fee of \$500. This fee is intended to recover costs associated with the fact that not all project inquiries mature into applications. Staff estimates that anywhere from 10% to 30% of the time spent on pre-application review is spent on projects that are abandoned before an application is made. These types of projects typically include properties for sale with prospective buyers inquiring about development possibilities; or homeowners investigating the parameters for and feasibility of a remodel. The property that eventually is the subject of a development application has already benefited from staff time, and it is appropriate to recover some amount of these costs when the property is the subject of a development application.



### Analytical Data

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed
<b>Associate Planner - Hourly</b>					
Hourly Rate	\$ 95	\$ 100	\$ 100	\$ 140	\$ 140
Annual Billable Hours	447	545	496	600	500
<b>Associate Planner Cost Recovery (PCR) (# 07030.004)</b>	\$ 42,500	\$ 54,500	\$ 49,600	\$ 84,000	\$ 70,000
<b>Senior Planner - Hourly</b>					
Hourly Rate	\$ 110	\$ 115	\$ 115	\$ 160	\$ 160
Annual Billable Hours	\$ 598	636	655	600	500
<b>Senior Planner Cost Recovery (PCR) (# 07030.007)</b>	\$ 65,800	\$ 73,100	\$ 75,300	\$ 96,000	\$ 80,000
<b>Total Planner Cost Recovery (PCR)</b>	\$ 108,300	\$ 127,600	\$ 124,900	\$ 180,000	\$ 150,000
<b>One-Time Application Fee</b>					
Cost per Application	\$ 285	\$ 285	\$ 285	450	\$ 500
Annual Applications with one-time fee	47	79	75	65	40
<b>Annual Application Fee (AAF) (rounded) (# 07030.005)</b>	\$ 13,300	\$ 22,500	\$ 21,300	\$ 29,300	\$ 20,000
<b>Other Planning Fees (# 07030.006)</b>	\$ 35,500	\$ 21,600	\$ 17,100	\$ 20,000	\$ 20,000
<b>Develop Review by Contractor (DR) (# 07030.009) - separate page</b>					
<b>Plan Chk @ 20% of Bldg Permit Fee (BPF) (# 07030.008)</b>	\$ 38,300	\$ 22,300	\$ 29,300	\$ 30,800	\$ 30,800
<b>Total</b>	\$ 195,300	\$ 194,000	\$ 192,600	\$ 260,100	\$ 220,800

## ◆ 17% Consultant Planning Fees ◆

### Description

A 17% consultant management fee is charged on all special studies, Contract Planner and Developer Deposit accounts that are managed by Community Development Department staff. This fee was instituted in April 2000 as a result of a fee update analysis. The 17% fee was estimated to recover costs of staff time spent on the projects, such as providing input and direction to consultants, reviewing work products, and attending public hearings.

The percentage basis of the fee allows for a commensurate recovery of costs of time spent on larger or more complex projects. If the number of permit applications is within a range from 80 to 100, an Associate Planner, and Senior Planner should be able to process the development review activity, and also be available to the public to provide general planning information. However, depending upon total workload including special projects and complexity of projects in process the City also contracts with planners who are able to take on those projects upon an applicant request but must compensate the City for the contract planner's cost

plus the 15% consultant management fee. In addition, the new Senior Planner position is assigned to spend a significant amount of time preparing for the General Plan update, or other long-range planning programs, which takes away from current planning activities.

This approach is cost-neutral for applicants, who pay for planner services plus the 15% city consultant management fee. The additional 15% surcharges on consulting planner activities also covers costs of providing input, supervision and management of the projects and environmental documents being worked on by consulting planners.

### Analysis

These fees are collected at the time of application submittal. Projects often take more than one year to complete the development review process. The FY09-10 budget assumes \$7,900 of 15% consultant planning fee from the Rispin, Capitola Theater site, and various other projects. No projects were made for FY10-11.

### 15% CONSULTANT PLANNING FEE

<u>Project</u>	<u>2007-08</u> Actual	<u>2008-09</u> Mid-Yr Est	<u>2009-10</u> Adopted	<u>2010-11</u> Planned
Various	\$ 18,200	\$ 800	\$ 2,000	
41st Mixed Use		\$ 1,200		
Risipn		\$ 2,200	\$ 2,200	
Capitola Theater Site		\$ 3,700	\$ 3,700	
	\$ 18,200	\$ 7,900	\$ 7,900	\$ -

## ◆ *Housing/RDA Project Manager Services* ◆

### Functional Revenue

#### Description

As of FY04-05, the RDA Operating and RDA Housing fund began to allocate the City cooperative business services expenditures. Specifically, housing service charges in support of RDA Housing programs were charged to RDA Housing Fund as expenditure. This Staff position supports various housing programs and tracks their hours in support of the RDA Housing Program and other restricted housing funds.

For the RDA Housing for Low & Moderate Income, this position charges for service related to support services for Housing activities including the City staff time for developing, planning, budgeting, administering, and managing the Housing activities, such as the Rehabilitation & First Time Homebuyer loan programs, renter assistance programs, the inclusionary ordinance and site-specific projects such as Bay Avenue

Senior Apartment Project and resident purchases of mobile home parks.

For the HOME Fund, the Housing/RDA Project Manager charges for service relate to support services for the Bay Avenue Rehabilitation project. As it relates to the Affordable Housing In-Lieu Fund, the Housing/RDA Project Manager charges for service relate to the implementation and application of this in-lieu fee.

#### Analysis

Community Development Staff anticipates the following labor allocation and service charges:

- \* RDA Housing ~ 67%
- \* HOME Grant ~ 10%
- \* Affordable Hsg In Lieu ~ 3%
- \* General Fund ~ 20%

#### Analytical Data

##### Housing/RDA Project Manager

##### RDA Low & Moderate Income Housing

Hourly Rate

Billable Hours

Charges for Service - RDA Low & Mod

Housing (acct # 07030.051)

	2006-07 Actual		2007-08 Actual		2008-09 Mid-Yr Est		2009-10 Adopted
Hourly Rate	\$ 115	\$	\$ 115	\$	\$ 160	\$	\$ 160
Billable Hours	1,374		1,794		1,394		1,394
<b>Charges for Service - RDA Low &amp; Mod Housing (acct # 07030.051)</b>	<b>\$ 158,000</b>	<b>\$</b>	<b>\$ 206,300</b>	<b>\$</b>	<b>\$ 223,000</b>	<b>\$</b>	<b>\$ 223,000</b>

##### CDBG - Grant

Hourly Rate

Billable Hours

Intergov. Revenues from CDBG (#2.900)

(acct # 06580.000)

Hourly Rate	\$ 115	\$	\$ 115	\$	\$ 160	\$	\$ 160
Billable Hours	-		-		-		-
<b>Intergov. Revenues from CDBG (#2.900) (acct # 06580.000)</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>

##### HOME - GRANT (Bay Ave Sr Apts Project)

Hourly Rate

Billable Hours

Intergov. Revenues from HOME Grant

(#2.965) (acct # 06580.000)

Hourly Rate	\$ 115	\$	\$ 115	\$	\$ 125	\$	\$ 160
Billable Hours	-		-		-		-
<b>Intergov. Revenues from HOME Grant (#2.965) (acct # 06580.000)</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>

##### Housing Trust Fund

Hourly Rate

Billable Hours

Intergov. Revenues from Affordable Hsg In-

Lieu (#2.970) (acct# 06581.000)

Hourly Rate	\$ 115	\$	\$ 115	\$	\$ 125	\$	\$ 160
Billable Hours	-		-		-		62
<b>Intergov. Revenues from Affordable Hsg In-Lieu (#2.970) (acct# 06581.000)</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>	<b>\$</b>	<b>\$ -</b>

#### TOTAL

Housing/RDA Project Manager, including dept and city wide overheads

<b>TOTAL</b>	<b>\$ 158,000</b>	<b>\$</b>	<b>\$ 206,300</b>	<b>\$</b>	<b>\$ 223,000</b>	<b>\$</b>	<b>\$ 223,000</b>
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# Composite of Recreation Fees ♦

## Functional

### Description

In Jan. 2009 The City Council authorized an increase in recreation fees effective Spring 2009.

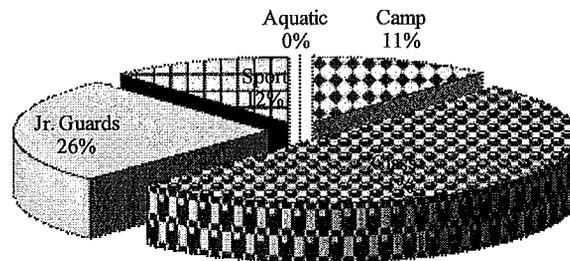
Over the past 7 years the recreation department has created a budget system aligned with business practices and national standards for moving toward self-sufficiency. Each revenue category (Classes, Sports, Aquatics, Junior Lifeguards, Camp Capitola, and Community Center rentals) was set up as its own "department," and from an extensive calculation to fairly distribute overhead to each department, direct costs and overhead were then applied to each of those revenue categories. This made it easier to determine where the department should increase fees and/or reduce expenditures. In January 2009 the Council authorized a

5% increase in the recreation fees. In FY08-09 the aquatics program was discontinued due to the loss of the use of Cabrillo College pool.

### Analysis

Recreation fees are based on direct costs; departmental overhead, office staff time, brochure and advertising costs, supplies and equipment. Revenues are tied directly to contract services. As class revenues increase so do the contract services to pay for the instructors and officials. Class instructors are paid based on the amount of revenue they generate.

**Overview of Recreation Fees by Type**



<u>Analytical Data</u>	2005-06	2006-07	2007-08	2008-09	2009-10	% of Inc/(Dec) from 2008-09
	Actual	Actual	Actual	Mid-Yr Est	Proposed	
Aquatic Fees	26,600	23,100	19,700	-	-	
Camp Capitola Fees	66,700	75,800	80,000	80,000	84,000	5.00%
Class Fees	335,300	356,000	378,300	350,000	367,000	4.86%
Junior Guard Fees	169,400	183,800	175,000	180,000	189,000	5.00%
Sport Fees	72,400	81,700	69,700	80,000	84,000	5.00%
<b>Total</b>	<b>\$ 670,400</b>	<b>\$ 720,400</b>	<b>\$ 722,700</b>	<b>\$ 690,000</b>	<b>\$ 724,000</b>	
Annual Growth	3.33%	7.46%	0.32%	-4.52%	4.93%	

**◆ Public Works Charge for Services  
@ Capitola Wharf Fund ◆  
Functional**

**Description**

On January 24, 1980, the City Council accepted the grant deed from the County of Santa Cruz for conveyance of the tidelands and submerged lands, which included the Capitola wharf. The wharf was built in the 1850's to accommodate shipments of wheat, lumber and farm products from Soquel Valley to San Francisco, and later served a thriving resort area. Over the years, the City reconstructed and maintained the wharf, which has a current book value of approximately \$2 million.

The Streets and Facility Crew performs maintenance & repair work on the Capitola Municipal Wharf. This work includes, but is not limited to maintenance of the public restrooms, garbage removal, building maintenance, deck board maintenance, and installation and maintenance of the floating docks.

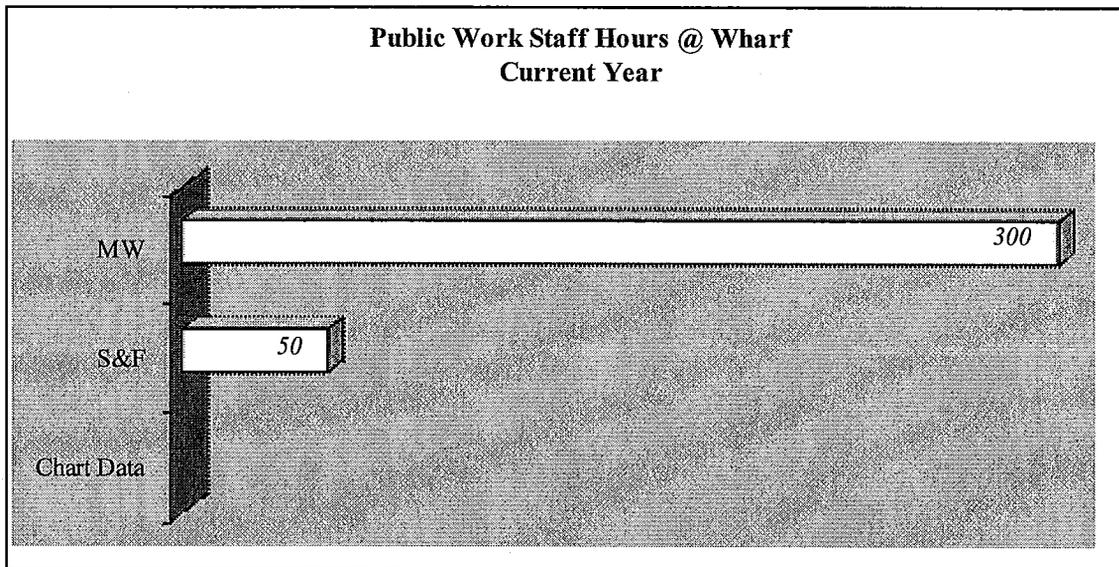
With the upgrades in FY 2003-04 to the City's payroll system it is now possible for the Public Works Department to accurately track and bill for staff time expended on projects at the Wharf using the project code #100914.

**Analysis**

Since 1980 City staff has been providing maintenance & repair services at the Wharf at no cost to the Wharf Special Revenue Fund.

Beginning with the FY04-05 budget the Wharf Fund began charging semi-annually for actual Public Works staff time at the Wharf.

The billing rate's are determined annually based upon the City Budget and estimated overhead costs.



Analytical Data Classification	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed
Streets & Facilities Maint. Supervisor (S&F)					
Hourly Rate	\$ 75	\$ 85	\$ 85	\$ 95	\$ 95
Billable Hours	10	24	74	50	50
Cost Recovery	\$ 800	\$ 2,000	\$ 6,300	\$ 4,750	\$ 4,750
Maintenance Worker (MW)					
Hourly Rate	\$ 60	\$ 70	\$ 70	\$ 70	\$ 70
Billable Hours	393	256	510	300	300
Cost Recovery	\$ 23,500	\$ 17,900	\$ 35,700	\$ 21,000	\$ 21,000
<b>Total (Rounded)</b>	<b>\$ 24,300</b>	<b>\$ 19,900</b>	<b>\$ 42,000</b>	<b>\$ 25,800</b>	<b>\$ 25,800</b>

**◆ Public Works Charge for Services @ Rispin Mansion ◆**  
**Functional**

**Description**

The Streets and Facility Crew used to perform maintenance & repair work at the Rispin Mansion. This work included, but was not limited to vandalism repairs.

With the upgrades in FY 2003-04 to the City's payroll system the Public Works Department began to accurately track and bill for staff time expended on the Rispin Mansion.

**Analysis**

Public Works crew's time at Rispin Mansion is billed to the Redevelopment Agency based on actual time. In FY08-09 no billing was budgeted as it was assumed the project would begin.

<b>Analytical Data Classification</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Mid-Yr Est</b>	<b>2009-10 Proposed</b>
Streets & Facilities Maint. Supervisor (S&F)					
Hourly Rate	75	\$ 90	\$ 95	\$ 95	\$ 95
Billable Hours	23	2	1	-	2
Cost Recovery	\$ 1,700	\$ 200	\$ 100	\$ -	\$ 200
Maintenance Worker (MW)					
Hourly Rate	\$ 63	\$ 70	\$ 70	\$ 70	\$ 70
Billable Hours	131	101	44	-	100
Cost Recovery	\$ 8,200	\$ 7,000	\$ 3,100	\$ -	\$ 7,000
<b>Total (Rounded)</b>	<b>\$ 9,900</b>	<b>\$ 7,200</b>	<b>\$ 3,200</b>	<b>\$ -</b>	<b>\$ 7,200</b>

**◆ Police Dept Charge for Services @ Rispin Mansion**  
**Functional**

**Description**

The Police Department has been providing patrols, security inspections and emergency responses to the Rispin Mansion on a regular basis. Fire and security issues in the area made it imperative to maintain a police presence in the area and to rapidly respond to developing public safety issues at the facility and surrounding area. The Police Department billed the RDA a total of \$11,600 during FY 04-05, in FY 05-06 \$20,100 and in FY06-07 \$24,600.

**Analysis**

Since the City began tracking the Police Departments officer's time (FY04-05) at Rispin Mansion the amount billed to the Redevelopment Agency was \$63,100 through FY07/08.

The billing rate's are determined annually based upon the City Budget and estimated overhead costs. In FY08-09 no billing was budgeted as it was assumed the project would begin.

<b>Analytical Data Classification</b>	<b>2005-06 Actual</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Mid-Yr Est</b>	<b>2009-10 Proposed</b>
<b>Comm. Svc Ofcr - Hr Rate (CSO)</b>					
Hourly Rate	\$ 105	\$ 110	\$ 105	\$ 105	\$ 105
Billable Hours	13	8	8	-	15
Cost Recovery	\$ 1,400	\$ 800	\$ 840	\$ -	\$ 1,575
<b>CPD Officer - Hr Rate (Ofcr)</b>					
Hourly Rate	\$ 130	\$ 145	\$ 130	\$ 130	\$ 130
Billable Hours	115	127	59	-	100.0
Cost Recovery	\$ 15,000	\$ 18,400	\$ 7,660	\$ -	\$ 13,000
<b>CPD Sergeant - Hr Rate (Sgt)</b>					
Hourly Rate	\$ 165	\$ 180	\$ 165	\$ 165	\$ 165
Billable Hours	22	21	-	-	10.0
Cost Recovery	\$ 3,600	\$ 3,700	\$ -	\$ -	\$ 1,650
<b>CPD Senior Officer</b>					
<b>Total (Rounded)</b>	<b>\$ 20,100</b>	<b>\$ 22,900</b>	<b>\$ 8,500</b>	<b>\$ -</b>	<b>\$ 16,200</b>

**◆ Parking Meter Fees ◆**  
**General Revenue**

**Description**

The City collects revenue from three areas, which have parking meters, Cliff Drive, Pacific Cove parking lot, and the Village. Revenue collection and minor maintenance is performed by a contractor-estimated cost of \$34,000 a year. Installation and replacement of the meters is performed by the Public Works Department at an estimated cost of \$2,000 per year. Parking meter revenue is recorded in the General Fund for unrestricted use. In FY08-09 The Council increased the Village Zone A rate to \$1.50 with the creation of a Special Parking Fund where 1/6<sup>th</sup> of the revenue increase would be set aside in this restricted fund.

The rates are listed below.

- Zone A (Village Area) \$1.50 per hour
- Zone A (Cliff Dr.) \$1.00 per hour
- Zone B (Pacific Cove) \$0.50 per hour

Starting FY 03-04, Council endorsed the recommendation from the Capitola Chamber of Commerce that the Village parking meters be bagged for the Christmas season. This program reduces parking meter revenues by \$10,000 to \$14,000 per year.

**Analysis**

There have been discussions that a meter rate increase might be warranted, due to the fact that there has not been an increase since 2002. Forecasting based on the historical collection rates indicates a 50 percent rate increase for all meters would generate approximately \$250,000 annually. Rate increases are monitored and limited by Coastal Commission policy. The Commission guidelines state a one-time rate increase can be no more than 50 percent in a three-year period.

In FY08-09 the council authorized no meter fees in the Pacific Cove lot during the summer, that program was eliminated for FY09-10.

**FY09/10 ASSUMPTIONS:** Based upon FY08-09 actual revenue less Pac Cove bagged meters. On June 11, 2008, Council voted to “bag” the Pac Cove Meters for June – September 2008, which is a meter revenue loss of ~\$31,000. The revenue also is less 1/6 of new parking meter revenue from the Village area and will go to a new restricted Parking Fund.

**FY09/10 ASSUMPTIONS:** Continue the practice with 1% growth in utilization.

<u>General Area:</u>	<u># of Meters</u>	<u>Annual Hours</u>	<u>Usage Rate</u>	<u>Hours of Use/Meter</u>	<u>Hourly Rate</u>	<u>2008-09 Mid-Yr Est</u>	<u>2009-10 Adopted</u>
Cliff Drive	75	4,380	16%	680	\$ 1.00	\$ 51,000	\$ 51,000
Pacific Cove	232	4,380	12%	525	\$ 0.50	\$ 32,200	\$ 63,200
Village	184	4,380	51%	2,232	\$ 1.50 *	\$ 392,000	\$ 616,500
Less 1/6 Parking Fund							\$ (102,800)
<b>New Village Total</b>							\$ 513,700
<b>Total</b>	<b>491</b>	<b>13,140</b>		<b>3,437</b>		<b>\$ 475,200</b>	<b>\$ 627,900</b>

\* Village meter rate raised from \$1.00 to \$1.50 7/1/09, with 1/6 of total village revenues going to a city parking fund.

## ◆ Court & Traffic Fines ◆

1.102-405-05100.000 Court Fines (Functional)

1.102-405-05200.000 Traffic Fines (Functional)

### Description

Court and Traffic fines are passed through to the City of Capitola from the County of Santa Cruz on a monthly basis at a rate of 21% of collected fines, pursuant to Penal Code Section 1463.002. Both of these revenues fall within the category of Fines and Forfeitures. The following table provides a general overview of the different type of fines.

#### Traffic Fines- Penal Code Section 1463.002

1. Helmet Fines
2. Vehicle Code Fines

#### Court Fines – Penal Code Section 1463.002

1. General Fines
2. Litter Fines
3. Local Crime Prevention

**Red Light Enforcement Program:** In 2005 Council authorized the Beta Test Contract with American Traffic Solutions (ATS) for a red light photo enforcement program. The contract is cost neutral to the City. The FY 06/07 actual photo red light program received \$69,600 of revenues, which was remitted to ATS for contract services.

In October 2007, the northbound camera at the 41<sup>st</sup> Avenue and the main Mall entrance was moved to southbound 41<sup>st</sup> Avenue at Clares Street due to a higher volume of traffic at the Clares Street intersection. Traffic volume was estimated to be approximately four times greater. Projected expenditures and revenues for both cameras located on 41<sup>st</sup> Avenue were to be \$75,000 for FY 07/08.

### Analysis

The City is dependent on the Santa Cruz County Courts for the amount of collected traffic fines outstanding and the distribution of those funds. Revenues from traffic citations issued for Vehicle Code violations increased

during FY 06/07 due to an emphasis on traffic enforcement.

The FY07-08 and FY08-09 budgets estimated \$75,000 for photo red lights and \$120,000 for other traffic fines and court fines (using FY 06/07 as a baseline). Total estimate for the two categories was \$195,000. FY 07-08 mid-year analysis indicates the volume of red light citations, other traffic citations, and numbers of arrests (basis for court fine estimates) are within the parameters of the original estimates. Real revenue received from the Court at the mid-year point, however, was below actual.

In late 2007, the Court instituted a civil demand notice process for traffic and court fines in an effort to increase Court collections. This measure has not led to an increase in fine collections for the City of Capitola. Given the mid-year actual revenue received from the County, the City can expect a shortfall for FY09-10.

The following table provides historical court & traffic fines, excluding the photo red light program:

Court & Traffic Fine	Total	% Change
FY 98-99	\$ 124,900	
FY 99-00	\$ 105,300	-15.7%
FY 00-01	\$ 106,000	0.7%
FY 01-02	\$ 46,800	-55.8%
FY 02-03	\$ 85,300	82.3%
FY 03-04	\$ 91,100	6.8%
FY 04-05	\$ 117,400	28.9%
FY 05-06	\$ 110,500	-5.9%
FY 06-07	\$ 174,300	57.7%
FY 07-08	\$ 200,000	81.0%
FY 08-09 est.	\$ 177,800	-11.1%
FY 09-10 est.	\$ 188,000	5.7%

	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed	2010-11 Planned
<b>Court Fines</b>	\$ 127,400	\$ 82,100	\$ 100,000	\$ 90,000	\$ 92,000
<b>Traffic Fines</b>	\$ -	\$ 47,200	\$ 45,000	\$ 50,000	\$ 51,000
Court Fines - Red light enforcement	\$ 69,600	\$ 45,000	\$ 55,000	\$ 45,000	\$ 45,000
<b>Total Fines</b>	\$ 197,000	\$ 174,300	\$ 200,000	\$ 185,000	\$ 188,000
Increase/Decrease		\$ 86,400	\$ 25,700	\$ (15,000)	\$ 3,000
Percentage of Change		43.86%	14.74%	-7.50%	1.62%

## ◆ Parking Fines ◆

### General Revenue

#### Description

Effective March 26, 2009, parking fines were increased. Parking fines are addressed in one of three categories:

1. Expired Meters –\$33 per violation.
2. 2 Hour Parking –\$ 36 per violation.
3. Other – this covers a range of violations

In March of 2009, the Council passed Reso. # 3744 authorizing the increase in parking fines to include fees charged by Dept. of Motor Vehicles to the City for placing a hold on vehicle registration of owners who have not paid their parking fines, as authorized by Vehicle Code Section 40203.5."

#### Analysis:

The Police Department's review of parking citations issued mid-year 08/09 shows 7,267 citations issued and \$295,242 collected. During this time period, a part time Parking Enforcement Officer (900 hours) issued roughly 1,200 citations at an average dollar amount of \$52.00.

Based on a historical review of parking fines, it appears as

though collections generally decrease about 20 percent from January to June. Likewise, collections increases 20 percent during the busiest period of the summer (generally recognized to be Memorial Day to Labor Day). The FY08-09 mid-year budget estimated collects to be \$555,000, this was due to the addition of a part-time PEO. The FY09-10 and FY10-11 budget estimates are conservative until Council authorizes fine rate increases.

Parking Fines	Total	% Change
FY 98-99	\$ 171,600	
FY 99-00	\$ 160,600	-6.4%
FY 00-01	\$ 275,000	71.2%
FY 01-02	\$ 307,200	11.7%
FY 02-03	\$ 448,300	45.9%
FY 03-04	\$ 484,300	8.0%
FY 04-05	\$ 453,900	-6.3%
FY 05-06	\$ 401,100	-11.6%
FY 06-07	\$ 440,300	9.8%
FY 07-08	\$ 476,400	18.8%
FY 08-09 midyr.	\$ 555,000	16.5%
FY 09-10 est.	\$ 475,000	-14.4%

**The following table presents the parking citations by categories and associated direct costs:**

	Assmt Rate	Expired Meters	2 Hour Parking	Other - Average	Total	
		\$ 28.00	\$ 31.00	\$ 70.00		
Estimated # of tickets		4,435	1,665	7,900	14,000	14,000
Less non-collectable	36%	(1,600)	(600)	(2,800)	(5,000)	
		2,835	1,065	5,100	9,000	9,000
		<b>79,380</b>	<b>33,015</b>	<b>356,900</b>	<b>469,295</b>	469,295
Collections by Vendor	43%	2,238	866	3,956	7,060	
New State Surcharges**		-	-	-	-	-
New State Surcharges**		\$ -	\$ -	\$ -	\$ -	-
Collections by DMV	20%	600	200	1,100	1,900	
Recovery DMV Collection Fee	\$ 3.00	\$ 1,800	\$ 600	\$ 3,300	\$ 5,700	5,700
<b>Revenue Budget *</b>		<b>\$ 81,200</b>	<b>\$ 33,600</b>	<b>\$ 360,200</b>	<b>\$ 475,000</b>	475,000
<b>Direct Police Department Costs:</b>						
County - Citation Processing Fee	\$ 1.12	4,967	1,865	8,848	15,700	17,600
County - Jailhouse Construction	\$ 1.50	4,258	1,598	7,584	13,400	15,100
County - Courthouse Construction	\$ 1.50	4,258	1,598	7,584	13,400	15,100
State of California - Ticket Surcharge	\$ 2.00	5,677	2,131	10,112	17,900	20,200
New State Surcharges**		-	-	-	-	-
CA - Equip. Assess. (40% of total cites collected)	25%			47,500	47,500	50,000
DMV Collection Fee - separate from State charges	\$ 3.00	1,800	600	3,300	5,700	6,600
<b>Expenditure Budget</b>		<b>\$ 21,000</b>	<b>\$ 7,800</b>	<b>\$ 84,900</b>	<b>\$ 113,600</b>	124,600
<b>Net Income to General Fund</b>					<b>\$ 361,400</b>	375,400

## ◆ *Booking Fees (Jail Access Fee)* ◆

(intergov.) General Revenue  
(collections) General Revenue

### Description

In the Budget Act of 1990, SB 2557, Chapter 466, Statutes of 1990, counties were authorized to charge booking fees to any local agency presenting an arrestee to the county for booking into the county jail. The arresting agency pays the booking fee to the County. The booking fee must not exceed the county costs incurred in processing or booking persons. If there is a finding of guilt, the booking fee is added to the fine that the convicted person pays and remitted to the arresting agency that paid the fee.

### Analysis

Contrary to AB 1805 and due to the State budget deficit, the current draft FY08/09 State budget excludes \$35 million for an alternative to traditional booking fees called "jail access fees" paid to the counties. Therefore, the Counties would have the authority to charge a "jail access fee" for each booking in excess of the each agency's three-year average (recalculated annually) of bookings for low-level offenses: municipal code violations and

misdemeanor violations except driving under the influence, domestic violence offenses, and enforcement of protective orders.

The FY08/09 City budget assumed no State subvention revenue and County booking fee ("jail access fees") expenditure of approximately \$90,000. Additionally, the Police Department continues to charge for booking fee reimbursements, typically after conviction, which is estimated as \$15,000 revenue. Credit Consulting Service (CCS) is contracted for booking fee collection services, which is a contingent 30% fee estimated at \$4,500.

Bar Chart Footnote: The FY03/04 and 04/05 are **pre-subvention** years and FY 05/06 are **post-subvention** years. This explains the discrepancy in the bar charts and totals for **uncollected fees**. Historically, the **collected fees**, forecasted or not, trend toward a consistent range. The smaller bar charts are only those numbers over our current rolling average of 292.

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
<u>Source:</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Mid-Yr Est</u>	<u>Adopted</u>
State - Ca subvention	56,900	-	-	-	-	-
City - PD booking fee	7,100	5,900	18,300	18,300	8,100	8,100
<b>Total</b>	<b>\$ 64,000</b>	<b>\$ 5,900</b>	<b>\$ 18,300</b>	<b>\$ 18,300</b>	<b>\$ 8,100</b>	<b>\$ 8,100</b>
<u>Direct Expense:</u>						
SCC- Charges	73,100	50,100	96,600	15,700	54,000	54,000
Collection Fee @ 30%	2,800	1,100	900	6,700	2,400	2,400
<b>Total</b>	<b>\$ 75,900</b>	<b>\$ 51,200</b>	<b>\$ 97,500</b>	<b>\$ 22,400</b>	<b>\$ 56,400</b>	<b>\$ 56,400</b>

## ◆ Pacific Cove Mobile Home Park Rental ◆

### Description

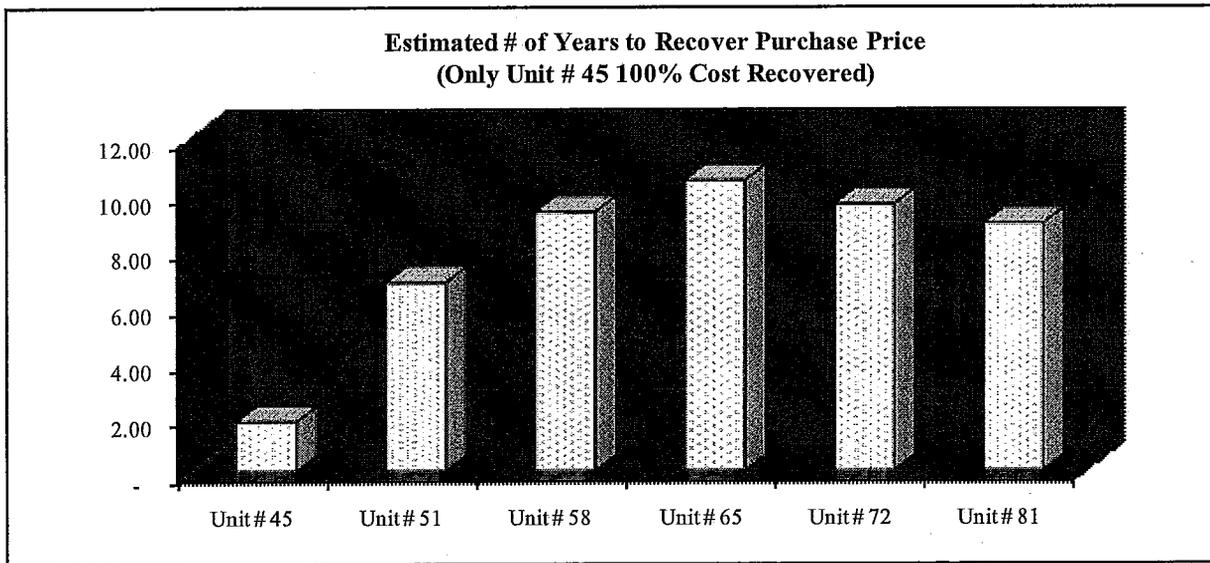
The City began purchasing mobile homes in the Pacific Cove Mobile Home Park in 1996. The homes were typically used for storage until 2002 when the City Council authorized staff to rent the mobile homes. The homes are first made available to City employees and then to the public. All of the available homes are rented. Each one has required some renovation including new stoves, furnaces, water heaters, roofs and general overall maintenance.

### Analysis

The rental of the mobile homes has been contracted to a professional management company which charges a fee

of 6% of the gross rent. There were seven homes rented until July 1, 2006 when the coach at space 73 was determined to be uninhabitable. The gross revenue for the six homes is budgeted at \$55,200 for FY09-10.

The coach located at space 73 was purchased in August 2003 at a reduced rate in exchange for the owner's ability to move a new mobile home to space 80. The Council directed space 73 to be rented to a local individual at a reduced rate, but now since the closure of 73, the renter is in space 45.



Date of Purchase	#	Purchase Price	Monthly Rental \$	Months Rented	2009-10 Gross Income	2009-10 Mgt Fee	2009-10 Net Income	Unit % of Total
August-00	45	\$ 12,000	\$ 600	12	\$ 7,200	\$ 400	\$ 6,800	13%
May-01	51	\$ 65,000	\$ 850	12	\$ 10,200	\$ 600	\$ 9,600	18%
January-03	58	\$ 105,000	\$ 1,000	12	\$ 12,000	\$ 700	\$ 11,300	22%
May-02	65	\$ 100,000	\$ 850	12	\$ 10,200	\$ 600	\$ 9,600	18%
November-01	72	\$ 65,000	\$ 600	12	\$ 7,200	\$ 400	\$ 6,800	13%
May-02	81	\$ 70,000	\$ 700	12	\$ 8,400	\$ 500	\$ 7,900	15%
<b>TOTAL</b>		<b>417,000</b>			<b>\$ 55,200</b>	<b>\$ 3,200</b>	<b>\$ 52,000</b>	<b>100%</b>

## ◆ *Pacific Cove Mobile Home Park Lease* ◆

### General Revenue

#### Description

The City purchased the Pacific Cove mobile home park in 1984. It consisted of an upper and lower section. By 1986, the City relocated the remaining tenants to the lower level location, now referred to as the Pacific Cove Mobile Home Park, and converted the upper property into the City's municipal parking lot. The mobile home park has 44 spaces in total. The City leases out 32 spaces, the City holds the remaining spaces (3 museum uses for storage, rents out 6 and 3 spaces are empty). The City's Public Works department maintains the park. Each tenant remits to the City monthly rent, electric and sewer amounts. Per Municipal Code Section 2.18.220, January rents are adjusted annually based on 60% of the annual CPI change. The City provides electric through City owned sub-meters. Gas service is paid for directly by the

tenants. Sewer service is provided through the City and the monthly amounts are subject to change each July by the Santa Cruz County Board of Directors.

#### Analysis

The FY09-10 budget assumes rental of 32 spaces. Gross estimated revenue includes rent, sewer and utilities combined. An annual increase is projected for rents (based on 60% of the September 2009 annual rate change) in January 2010. The SCC Sanitation District anticipates a slight increase in mobile home park sewer rates. The utility revenue is based on actual revenues.

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed	% Change
<b>Annual Receipts</b>	<b>\$ 83,100</b>	<b>\$ 84,900</b>	<b>\$ 87,700</b>	<b>\$ 85,300</b>	<b>\$ 88,300</b>	<b>3.40%</b>
Spaces Leased (space #80 has 5 yr deferral)	31.00	31.00	31.00	31.00	32.00	3.13%
Monthly Lease	\$ 169.00	\$ 172.00	\$ 172.00	\$ 172.00	\$ 180.00	4.44%
Sewer	\$ 28.00	\$ 31.00	\$ 31.00	\$ 32.00	\$ 35.00	8.57%
Ave. Utility	\$ 24.00	\$ 13.00	\$ 13.00	\$ 14.00	\$ 15.00	6.67%
Average Monthly per Unit	\$ 221.00	\$ 216.00	\$ 216.00	\$ 218.00	\$ 230.00	5.22%

## ◆ Mobile Home Administrative Services Fee ◆

### General Revenue

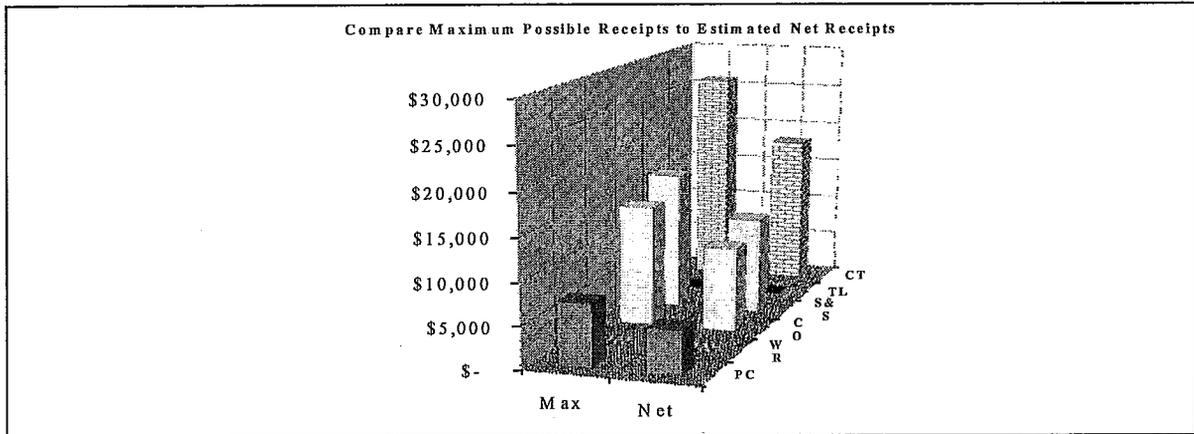
#### Description

At the meeting of September 11, 2003 the City Council passed Resolution No. 3313 that added Chapter 3.34.030 to the Capitola Municipal Code Section pertaining to Mobile Home Park Administrative Service Fees. The administrative service fee is a fee imposed for the privilege of occupying a mobile home in the City, which has the benefit of mobile home rent stabilization pursuant to Chapter 2.18 of the City Code. The fee in 2004 was \$60, at the resident's request the fee was raised to \$240 by the City Council on Sept. 23, 2004, effective Jan. 1, 2005. As of Jan. 2005, Wharf Road Manor became owner occupied and is no longer subject to rent control. Turner Lane Estates also became owner owned as of January

2006. An outside contractor was used to collect the fees, but that is now being done by the Finance Department. All revenues collected will be expended on related litigation.

#### Analysis

As of January 2006, there were only four mobile home parks that are within the scope of this administrative service fee, with a total of 268 mobile homes. Staff estimates that the uncollectible rate will be 30% due to the increase in the rate. As of FY07-08, collections are done by finance staff. Banking fees used are for the uncollectible accounts.



Mobile Home Park	# of Units	Gross Revenue	Uncollectible	Uncollectible	Budget, net
		\$240	30%	Amount	\$240
Castle (CT)	108	25,920	(32)	(7,776)	18,144
Turner Lane (TL)	0	-	0	-	-
Surf & Sand (S&S)	69	16,560	(21)	(4,968)	11,592
Cabrillo (CO)	60	14,400	(18)	(4,320)	10,080
Wharf Road Manor (WR)	0	-	0	-	-
Pacific Cove (PC)	31	7,440	(9)	(2,232)	5,208
<b>TOTAL</b>	<b>268</b>	<b>\$ 64,300</b>	<b>(100)</b>	<b>\$ (19,300)</b>	<b>\$ 45,000</b>

#### HISTORICAL LEGAL COSTS & COLLECTIONS

Period	Mobile Hm Legal Cost	Collections & Billing, Banking	Total Admin Costs	Mobile Hm Adm Revenue
Jan. 2004 thru 6/30/04	213,700	6,700	220,400	17,600
FY 04/05	86,200	6,700	92,900	48,000
FY 05/06	13,600	6,200	19,880	55,500
FY 06/07	105,300	5,800	111,100	36,100
FY 07-08	109,000	2,700	111,700	79,200
FY 08/09	50,000	-	50,000	45,000
<b>Total</b>	<b>577,800</b>	<b>28,100</b>	<b>\$ 605,980</b>	<b>\$ 281,400</b>

## ◆ Motor Vehicle In-Lieu Fees ◆

### General Revenue

#### Description

The State of California imposes an annual Motor Vehicle License Fee (VLF) on the ownership of a registered motor vehicle, based on the vehicle's sales price. This fee is "in-lieu" of a personal property tax on the vehicles. For those vehicles brought into California from out of state, the fee is based on the vehicle's market value at the time of California registration. Since 1948, the MVLF tax rate has been 2%. In 1998, Governor Wilson signed a bill reducing that rate, concurrent legislation requires that the State "back-fill" local governments for any loss revenue caused by this legislation. As part of the Governor's budget for FY 2004-05 there is a permanent reduction of the VLF rate from 2% to 0.65%, which "triggers" the elimination of the VLF backfill.

VLF fees are first allocated to maintain health & welfare programs. The remaining revenue is deposited in the State VLF account. These funds, less administrative charges, are allocated to cities on a per capita basis. This results in

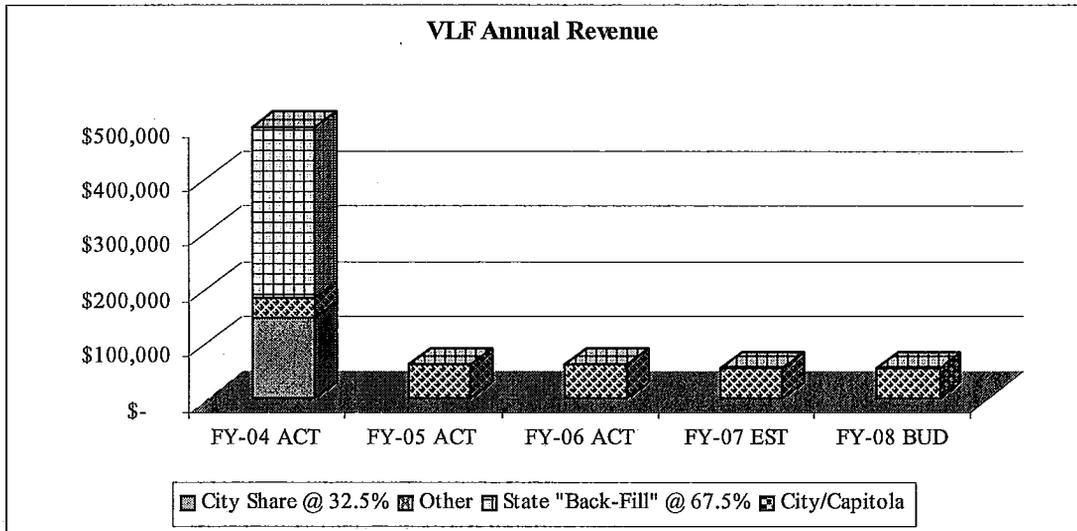
revenue to the City of approximately 9% of VLF fees under the prior law.

The annual vehicle fee is calculated on a sliding scale from the date of purchase. Multiply the purchase price times the appropriate rate in the following table.

	<u>Rate</u>	
Date of Purchase	0.0200	3rd Renewal
1st Renewal	0.0180	4th Renewal
2nd Renewal	0.0160	5th Renewal

#### Analysis

The FY09-10 MLVF budget was based upon the FY08/09 budget of \$57,700. The actuals for FY08-09 were down due lack of sales, but sales are expected to increase in FY09-10.



	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Mid-Yr Est	2009-10 Proposed
City Share @ 32.5%					
State "Back-Fill" @ 67.5%					
City Share on Per-Capita Basis	34,900	63,000	45,200	28,000	40,000
Deferred Backfill to August 2006					
Realignment for Social Services & Health					
Sco Adjustment					
Roundabout Annual Payment	-	-	-		
Ca- Trailers in Lieu Fee					
No/Low Property Tax	27,800	-	-	-	-
<b>Annual MVLF</b>	<b>\$ 62,700</b>	<b>\$ 63,000</b>	<b>\$ 45,200</b>	<b>\$ 28,000</b>	<b>\$ 40,000</b>
Annual Percent Growth	-33.08%	0.48%	-28.25%	-38.05%	42.86%

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# GENERAL FUND EXPENDITURES



## Document Resources for General Fund Expenditures:

- California Legislature ([www.leginfo.ca.gov](http://www.leginfo.ca.gov))
- State Board of Equalization ([www.boe.ca.gov](http://www.boe.ca.gov))
- California State Association of Counties ([www.csac.org](http://www.csac.org))
- League of California Cities ([www.cacities.org](http://www.cacities.org))
- Expenditures.doc
- General Fund Departments.xls
- Contract Service Department Detail.xls
- Community Grants History.xls
- Assumption Salary & Benefits.xls
- Fiscal Year Summary.xls (subfolder: message & budget in brief & summary info)
- IS Funds Source & Use.xls
- General Fund Revenue Summary.xls

## GENERAL FUND EXPENDITURES

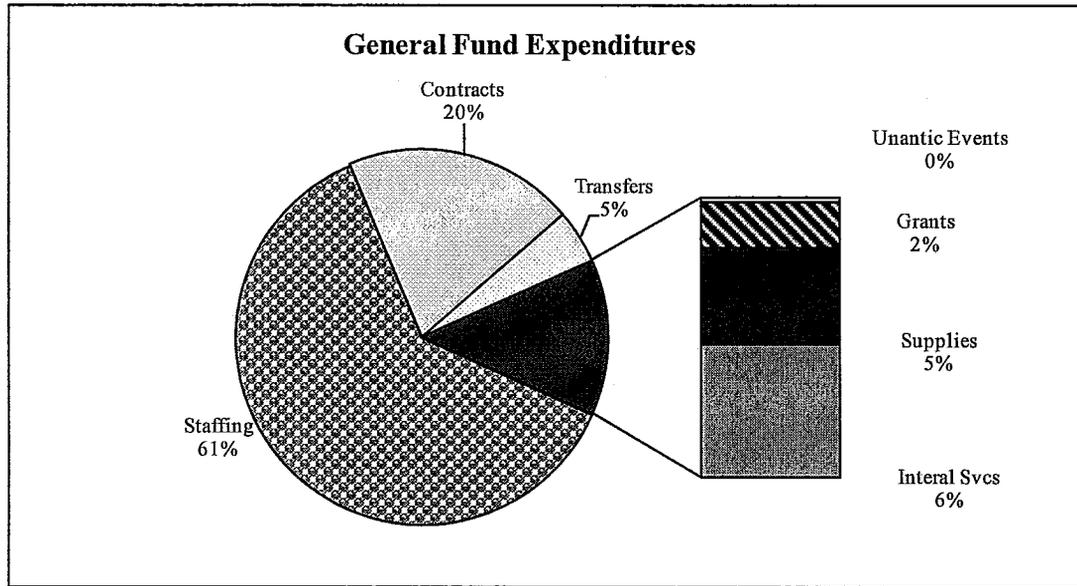
Expenditures for the FY09-10 Operating Budget are \$12,212,802, a 6.4% reduction from the FY08-09 adopted budget. The planned expenditures for FY10-11 Operating Budget are \$12,708,702. The following is the budget by major administrative categories and departments.

GENERAL FUND EXPENDITURE	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Proposed	2010-11 Planned
<b>EXPENDITURES:</b>							
Staffing	6,602,700	7,274,600	7,626,300	8,236,800	7,894,100	7,562,500	7,803,000
Contract Services	2,061,900	2,660,400	2,412,806	2,648,500	2,965,500	2,439,702	2,593,602
Unanticipated Events	-	-	20,000	30,000	-	30,000	30,000
Community Grants	267,505	267,505	267,505	275,000	275,000	275,000	275,000
Materials & Supplies	541,300	641,500	629,900	563,700	561,500	563,200	548,700
Fixed Asset Purchase	-	18,600	93,300	-	-	-	-
Internal Service Charges	1,134,900	978,200	858,900	788,300	788,300	773,500	765,000
<b>Subtotal - before Transfers</b>	<b>10,608,305</b>	<b>11,840,805</b>	<b>11,908,711</b>	<b>12,542,300</b>	<b>12,484,400</b>	<b>11,643,902</b>	<b>12,015,302</b>
Fund Transfers	1,621,700	2,242,700	1,537,100	509,000	444,800	568,900	693,400
<b>TOTAL</b>	<b>12,230,005</b>	<b>14,083,505</b>	<b>13,445,811</b>	<b>13,051,300</b>	<b>12,929,200</b>	<b>12,212,802</b>	<b>12,708,702</b>
City Council	96,200	120,700	119,000	81,200	80,600	70,700	72,300
Community Grants	267,505	267,505	267,505	275,000	275,000	275,000	275,000
Finance	592,700	687,400	732,400	777,800	757,200	753,400	761,100
Attorney	109,600	239,700	291,206	260,000	210,000	203,560	203,560
City Manager	702,000	720,200	780,900	796,800	768,600	756,600	800,700
City Manager - Personnel	180,000	213,100	213,100	185,000	183,100	189,900	214,300
Museum	65,900	68,000	63,200	65,000	64,300	63,500	65,900
Arts Commission	39,200	51,600	47,100	54,600	43,600	42,600	42,500
Police - Law Enforcement	4,598,800	5,002,100	4,930,000	5,369,900	5,239,300	5,109,442	5,244,142
Police - Parking Enf.	399,900	435,100	506,800	472,900	459,700	432,800	438,800
Police - Lifeguards	70,700	60,300	69,600	86,400	85,400	86,300	89,800
Police - Animal Services	0	-	12,700	19,300	16,000	16,400	16,400
CDD	498,700	588,400	618,200	620,200	630,000	591,200	615,000
Building	245,300	270,800	270,800	284,600	281,400	237,800	198,900
PW - Streets	961,600	1,231,400	1,113,800	1,212,600	1,378,100	1,004,700	1,129,900
PW - Facilities	262,300	245,100	143,200	268,200	293,200	236,400	236,300
PW - Parks	488,000	529,500	588,600	578,000	592,500	447,500	472,200
PW - Fleet	250,600	272,300	299,400	284,900	283,800	282,200	285,700
Recreation	779,300	837,600	841,200	849,900	842,600	843,900	852,800
<b>Subtotal - before Transfers</b>	<b>10,608,305</b>	<b>11,840,805</b>	<b>11,908,711</b>	<b>12,542,300</b>	<b>12,484,400</b>	<b>11,643,902</b>	<b>12,015,302</b>
Fund Transfers	1,621,700	2,242,700	1,537,100	509,000	444,800	568,900	693,400
<b>TOTAL</b>	<b>12,230,005</b>	<b>14,083,505</b>	<b>13,445,811</b>	<b>13,051,300</b>	<b>12,929,200</b>	<b>12,212,802</b>	<b>12,708,702</b>
<b>Change from Prior Yr -- before fund transfer</b>		1,232,500	67,906		\$ 575,689	(840,498)	\$ 371,400
<b>Change % from Prior Yr</b>		11.6%	0.6%		5%	-6.73%	3.19%

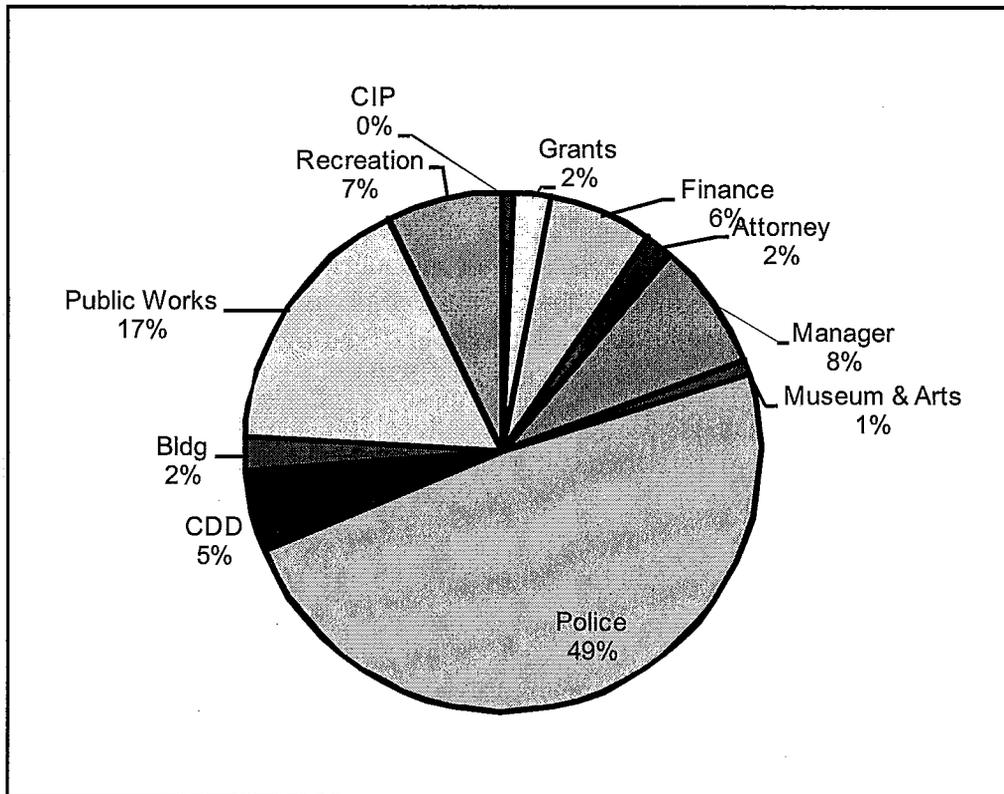
**Footnote:**

**Staffing Cost:** The staffing budget includes total Public Employee Retirement System (PERS) expenditure payments to CalPERS and debt service for Pension Obligation Bond (POB). The accelerated POB payments are presented in Fund Transfers.

## GENERAL FUND EXPENDITURES – BY CATEGORY



## GENERAL FUND EXPENDITURES – BY DEPARTMENT



**Fiscal Year 2008-09 vs. Proposed 2009-10**  
**Use of Funds**

The following table presents a summary of the General Fund expenditures, comparing the FY08-09 expenditures as adopted by the City Council to the proposed FY09-10 expenditures. Included in the table is the increase or decrease in each expenditures estimate, the percent of that change, and the percent that each expenditures source is to the total expenditures budget for FY09-10.

<b>GENERAL FUND EXPENDITURE</b>	<b>2008-09 Adopted</b>	<b>2008-09 Mid-Yr Est</b>	<b>Increase (Decrease)</b>	<b>% Change</b>	<b>2009-10 Proposed</b>
Staffing	8,236,800	7,894,100	(331,600)	-4%	7,562,500
Contract Services	2,648,500	2,965,500	(525,798)	-18%	2,439,702
Unanticipated Events	30,000	-	30,000		30,000
Community Grants	275,000	275,000	-	0%	275,000
Materials & Supplies	563,700	561,500	1,700	0%	563,200
Fixed Asset Purchase	-	-	-		-
Internal Service Charges	788,300	788,300	(14,800)	-2%	773,500
Fund Transfers	509,000	444,800	124,100	28%	568,900
<b>Total Expenditures</b>	<b>\$ 13,051,300</b>	<b>\$ 12,929,200</b>	<b>\$ (716,398)</b>	<b>-6%</b>	<b>\$ 12,212,802</b>

**Discussion of Changes from FY 08-09 to FY 09-10:**

- Staffing – Staffing levels were decreased by 4.5 positions and a 4.6% pay reduction which results in a savings of 6% from FY08-09. This occurred through retirement buy-outs, those positions will remain vacant. In addition, the Council reduced employee salaries for those who work part time or greater by 4.6% through June 30, 2010. COLA per contracts: POA, 7/1/08 = 7%, 7/1/09 = 5% and 7/1/10 = 4%. All other employees COLA: 3% in January 2009, the contracts expire on 12/31/09. PERS costs capped at employee MOU designated levels.
- Community Grants – In 2007, Council changed the process to establish the community grant funding level for each fiscal year. The Council abandoned the formula, which reserves 4.5% of sales tax and property tax, and directed Staff to include in the proposed budget each year the amount appropriated for the community grants in the prior year. In this way, Council can review the grant applications and provide final direction to Staff during budget deliberations. Council did voted to maintain the same level of funding as in FY08-09.
- Contract Services – Decrease due to the economic development contracts moved to RDA, no city council elections, reduced mobile home litigation contract, less grant funded projects, previous one-time contracts eliminated.
- Unanticipated Events – No change in request of \$30,000, (\$20,000 for City Manager and \$10,000 in Public Works).
- Material & Supplies – Staff reduce expenditures up to 3% in some departments from the prior year.
- Internal Service Charges -- No Change.
- Fund Transfer – Includes: CIP of \$250,000, Compensated Absence Fund of \$112,700 and \$206,200 as debt service for the Pension Obligation Bond.

### Fiscal Year 2009-10 Cuts from prior year

To bridge the General Fund revenue shortfall, the following expenditures were cut or deferred in the FY09/10 budget compared to FY08/09 budget:

<b>Expenditure Adjustments</b>	<b>Cuts or Deferred</b>
Art & Cultural Fund (Grant Programs)	\$ 11,000
City Newsletter	\$ 6,000
City Attorney - contract reduction	\$ 6,440
Community Grants	\$ 13,750
COPS – Eliminate Paid Position in the mall	\$ 70,000
Reduce all dept. material and supplies	\$ 10,000
Finance Overtime	\$ 10,000
Compensated Absence Fund	\$ 100,000
Slurry Seal	\$ 70,000
PW Engineering Services Contract	\$ 10,000
Information Tech. Reduced annual funding	\$ 25,000
Reduce Planning Comm. Meetings	\$ 7,500
PD reduced overtime	\$ 70,000
Defer CIP Projects	\$ 350,000
PW- Seasonal Temp	\$ <b>25,000</b>
Replace 411 Annex	\$ 25,000
Janitorial – reduce contract	\$ 2,000
Eliminate bottle water service	\$ 1,000
Employee Furlough & Retirements	\$ 700,000
Reduce Council stipend	\$ 1,700
<b>TOTAL</b>	<b>\$ 1,514,390</b>

### Fiscal Year Proposed 2009-10 vs. Planned 2010-11 Use of Funds

The following table presents a summary of the General Fund expenditures, comparing the FY09-10 expenditures budget to the Planned FY10-11 expenditures budget. Included in the table is the increase or decrease in each expenditures estimate, the percent of that change, and the percent that each expenditures source is to the total planned expenditures budget for FY09-10.

<b>GENERAL FUND EXPENDITURE</b>	<b>2009-10 Proposed</b>	<b>Increase (Decrease)</b>	<b>% 2009-10</b>	<b>2010-11 Planned</b>	<b>% of 2010-11</b>
Staffing	7,562,500	240,500	3.2%	7,803,000	61%
Contract Services	2,439,702	153,900	6.3%	2,593,602	20%
Unanticipated Events	30,000	-	0.0%	30,000	0%
Community Grants	275,000	-	0.0%	275,000	2%
Materials & Supplies	563,200	(14,500)	-2.6%	548,700	4%
Fixed Asset Purchase	-	-	-	-	0%
Internal Service Charges	773,500	(8,500)	-1.1%	765,000	6%
Fund Transfers	568,900	124,500	21.9%	693,400	5%
<b>Total Expenditures</b>	<b>\$ 12,212,802</b>	<b>\$ 495,900</b>	<b>4.1%</b>	<b>\$ 12,708,702</b>	<b>100%</b>

**Discussion of Changes from FY 09-10 to FY10-11:**

- **Staffing** – No staffing level increase. COLA assumed for POA of 4% on July 1, 2010 as per MOU and no COLA's for all other groups.
- **Contract Services**: Increase is due to city election scheduled for FY10-11, recruitments for several positions slated for retirement, and cumulative incremental increases for various contracts.
- **Fund Transfer** – Includes: CIP of \$250,000, Compensated Absence Fund of \$112,700, and Pension Obligation Bond accelerated payment of \$330,700.

## SALARIES & BENEFITS

All positions in the General Fund are fully funded with full benefit costing. On January 8, 2009 the City Council voted to decrease all employee salaries by 4.6% through June 30, 2010 to bridge the budget shortfall. The Council also authorized early retirement programs for 4 positions, which will remain vacant and a reduction of 1 FTE to .50 FTE. Fully benefited non-safety employees have been budgeted at top step; an average rate was estimated for Police Officers, Sergeants and the Captain based on the current employees; specialty pays are budgeted as a separate line item. Hourly employees have been budgeted at mid-range. The table below summarizes the budget positions & hours, and the following page provides a detail summary of the staffing budget changes.

As demonstrated by the table below, staffing in the past nine years has stayed relatively the same with the exception of the FY09-10 where council offered early retirement to a total of 4 positions, and the reduction of another position to .50. Since that time, staff has accomplished many projects, expanded services to the community, and developed many new programs and projects.

Following is the staffing table for FY00-01 through FY10-11:

<b>GENERAL FUND</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Budget</b>	<b>Mid-Yr Es</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	5.00	5.00
Treasurer	1.00	1.00	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><u>Fully Benefited by Dept</u></b>										
City Attorney	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Finance	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.38	5.38	5.38
City Manager	5.50	7.00	7.00	7.00	6.75	6.75	6.75	6.75	6.75	6.75
<i>CM - Administration</i>						5.80	5.80	5.80	5.80	5.80
<i>CM - Personnel</i>						0.95	0.95	0.95	0.95	0.95
Museum	0.75	0.75	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	0.00	0.00
Police	31.30	29.30	30.75	31.75	30.25	28.75	32.75	32.75	30.75	31.25
<i>Police - Law Enforc</i>						25.25	29.25	29.25	27.25	27.75
<i>Police - Parking Enf</i>						3.00	3.00	3.00	3.00	3.00
<i>Police - Lifeguards</i>						0.50	0.50	0.50	0.50	0.50
CDD	4.67	3.67	3.67	3.67	3.67	4.67	4.67	4.67	4.67	4.67
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.00
Public Works	14.33	14.33	14.33	14.33	14.33	14.33	14.33	14.33	12.33	12.33
<i>PW - Streets</i>						8.33	8.33	8.33	7.33	7.33
<i>PW - Facilities</i>						0.00	0.00	0.00	0.00	0.00
<i>PW - Parks</i>						5.00	5.00	5.00	4.00	4.00
<i>PW - Fleet</i>						1.00	1.00	1.00	1.00	1.00
Recreations	4.50	4.50	4.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00
<b>Dept - Total FTEs</b>	<b>69.30</b>	<b>66.80</b>	<b>68.25</b>	<b>68.25</b>	<b>66.00</b>	<b>65.50</b>	<b>69.50</b>	<b>69.63</b>	<b>65.13</b>	<b>65.13</b>
<b>Change from prior year</b>		(2.50)	1.45	0.00	(2.25)	(0.50)	4.00	0.13	(4.50)	0.00
<b><u>Seasonal/Temporary Hourly Employees ( non-benefited)</u></b>										
			<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>	<b>Hours</b>
City Manager			1,040	1,040	1,040	172	172	172	172	172
Arts & Cultural			300	420	420	420	420	480	480	480
Police			3,287	3,287	2,750	2,750	2,750	3,650	3,650	3,650
Recreation			19,073	19,073	19,738	20,778	20,481	21,245	18,050	18,050
<b>Total Hours</b>			<b>23,700</b>	<b>23,820</b>	<b>23,948</b>	<b>24,120</b>	<b>23,823</b>	<b>25,547</b>	<b>22,352</b>	<b>22,352</b>

## Staffing Level Budget – History of Changes

### FY09/10 Budget changes in staffing from prior year FY08/09

Building	<ul style="list-style-type: none"> <li>Decreased ½ time Building Official.</li> </ul>
Public Works	<ul style="list-style-type: none"> <li>Decreased one (1) full time Parks Maintenance Supervisor through early retirement program.</li> <li>Decreased one (1) full-time Maintenance Worker through early retirement program.</li> </ul>
Police	<ul style="list-style-type: none"> <li>Decreased one (1) full-time Captain through early retirement program</li> <li>Decreased ¼ time Administrative Assistant through early retirement program</li> </ul>

### FY08/09- Budget changes in staffing from prior year FY07/08

	No Changes
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### FY07/08 Budget changes in staffing from prior year FY06/07 Budget

Finance	<ul style="list-style-type: none"> <li>Increased one (1) part-time Account Clerk employee by 0.13 to assume Mobile Home Admin Fee billings &amp; collections. Contract Services expense offset.</li> <li>Accountant advanced to Accountant II position. Special Revenue funds offset.</li> </ul>
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### FY06/07 Budget changes in staffing from prior year FY05/06 Budget

Police	<ul style="list-style-type: none"> <li>Increased one (1) Police Officer from total 14 full-time-equivalent (“FTE”) to 15 FTE (Council approved at mid-year FY05/06)</li> <li>Increased one (1) part-time Parking Enforcement Officer for 900 hours (expenditure covered by incremental parking citation revenues)</li> </ul>
Arts & Culture	<ul style="list-style-type: none"> <li>Added 120 hours to Administrative Assistant due to increasing demand of summer concerts and part projects</li> </ul>
Recreation	<ul style="list-style-type: none"> <li>Recreation Dept reduced and re-allocated hours amongst the seasonal hourly positions to align with recreation programs (total 20,778 reduced to 20,481). Total seasonal/hourly staffing budget expenditure remains unchanged.</li> </ul>

### FY05/06 Budget changes in staffing from prior year FY04/05 Budget

Police	<ul style="list-style-type: none"> <li>Increase Police Captain from 1 FTE to 2 FTE (1 position was unfunded in FY04/05)</li> <li>Transfer of ½ CSO from the General Fund to the Supplemental Law Enforcement Fund. This was transferred back to the General Fund in FY05/06.</li> </ul>
Community Development	<ul style="list-style-type: none"> <li>Restored Senior Planner from FY01-02</li> </ul>

### FY05/06 Budget maintains the changes in staffing level from FY04/05 Budget (pre-Measure P)

City Manager	<ul style="list-style-type: none"> <li>Decrease the Assistant to the City Manger position from 1 FTE to ¾ FTE</li> <li>Decrease the budget for overtime hours by 68 hours</li> <li>Eliminate the Intern (1,050 hours)</li> <li>Add 172 hours for Administrative Assistant</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Decrease the budget for overtime hours by 124 hours</li> </ul>
Police	<ul style="list-style-type: none"> <li>Decrease Police Lieutenant from 2 FTE to 0 FTE (title change to Captain)</li> <li>Increase hours for Senior Lifeguard from 551 to 1,050</li> <li>Decrease hours for Lifeguards from 2,736 to 1,700</li> </ul>
Recreation	<ul style="list-style-type: none"> <li>Decrease the Recreation Assistant position from 1 FTE to ½ FTE</li> <li>Increase the hourly Recreation Program Assistant by 1,040 hours</li> </ul>

## SALARIES & BENEFITS (continued)

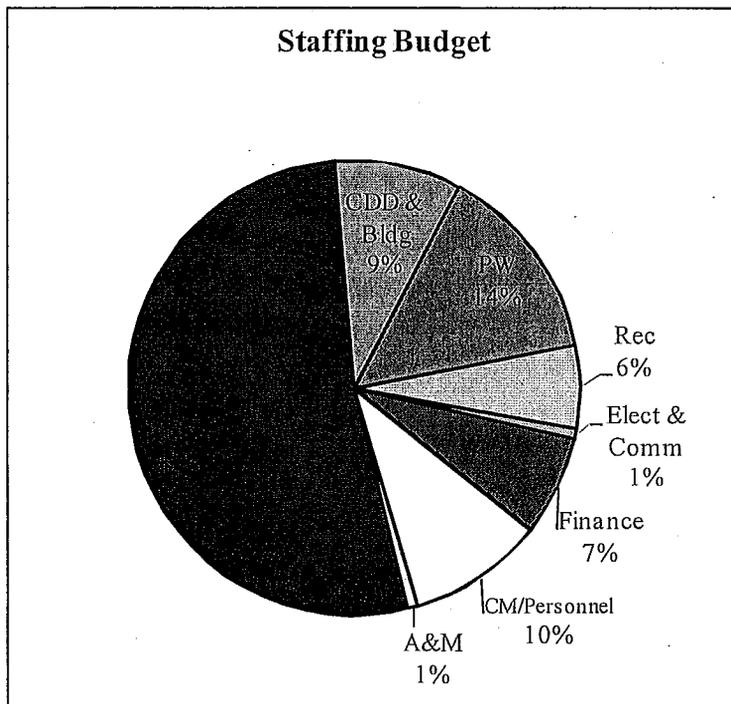
Staffing is the most significant expenditure for Cities. For the FY09-10 budget staffing costs are a total of \$7,562,500 in the General Fund. This represents a 5% decrease from the FY08-09 Mid-Year. Staffing is 61% of the total General Fund expenditure. The following tables provide an overview of staffing cost by major budget category and a cross reference by department.

<u>Staffing by Category:</u>	2007-08	2008-09	2009-10	2009-10	2010-11
	Actual	Mid-Yr Est	Adopted	% of Budget	Planned
Salary	4,681,300	4,662,900	4,604,100	60.9%	4,883,300
Seasonal/Temporary Hours	280,400	319,300	374,900	5.0%	306,300
Overtime (Including Grant Funded)*	212,400	235,700	160,800	2.1%	42,500
Specialty Pays	195,200	232,000	217,400	2.9%	239,500
Subtotal- Staffing	5,369,300	5,449,900	5,357,200	70.8%	5,471,600
Benefits	2,257,000	2,444,200	2,205,300	29.2%	2,331,400
<b>Total</b>	<b>\$ 7,626,300</b>	<b>\$ 7,894,100</b>	<b>\$ 7,562,500</b>	<b>100%</b>	<b>\$ 7,803,000</b>

<u>Staffing by Department:</u>			2009-10	2009-10	2010-11
			Adopted	% of Budget	Planned
City Council	39,100	41,800	40,700	0.5%	42,400
Finance Department	561,400	495,600	547,800	7.2%	565,000
Treasurer	3,600	3,600	3,600	0.0%	3,600
City Manager / Personnel	733,300	716,200	733,400	9.7%	761,500
Museum	51,500	52,300	51,500	0.7%	54,000
Art & Cultural Commission	9,400	11,700	11,700	0.2%	11,700
Police	3,796,800	4,091,200	3,960,000	52.4%	4,138,600
Community Development Department	535,000	495,700	526,500	7.0%	550,700
Planning Commissioners & Arch and Site	8,700	8,700	8,700	0.1%	8,700
Building Department	220,700	229,400	158,600	2.1%	90,000
Public Works Department	1,228,800	1,273,900	1,069,900	14.1%	1,117,200
Recreation Department	438,000	474,000	450,100	6.0%	459,600
<b>Total</b>	<b>\$ 7,626,300</b>	<b>\$ 7,894,100</b>	<b>\$ 7,562,500</b>	<b>100.00%</b>	<b>\$ 7,803,000</b>

* Footnote: OTS Grant Overtime included above	\$ 118,300	\$ -
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## Staffing Budget Assumptions - Salary

### Salary

All positions 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 and Police Sergeants based on the current population. Hourly employees have been budgeted at mid-range. On January 8, 2009 the City council approved a salary reduction of 4.6% through June 30, 2010 for all employees who are employed half time or greater. The Council also approved 4 positions to participate in an early retirement program. Those positions will not be replaced.

There are six bargaining groups in the City. The ACE and the General Government Employees merged into one group. 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 and the agreed upon duration of each of the memorandums of understanding between the groups and the City.

<u>Group</u>	<u>Date Current Agreement Begin</u>	<u>Date Current Agreement Expires</u>	<u>Agreement Duration</u>
Assoc. of Capitola Employees/General Govt.	1/1/2007	12/31/2009	3 Years
Confidential Group	1/1/2007	12/31/2009	3 Years
Management	1/1/2007	12/31/2009	3 Years
Mid-Management	1/1/2007	12/31/2009	3 Years
Police Captains	7/1/2008	6/30/2011	3 Years
Police Officers Association (POA)	7/1/2008	6/30/2011	3 Years

For budgeting purposes, for employees within all bargaining groups except POA and Captains, the assumed COLA is 0%. The POA and Captain's received a 7% increase 7/1/08, a 5% increase 7/1/09 and 4% on 7/1/10

### Seasonal/Temporary Hours

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

<u>GENERAL FUND</u>	<u>2000-01 Budget</u>	<u>2001-02 Budget</u>	<u>2002-03 Budget</u>	<u>2003-04 Budget</u>	<u>2004-05 Budget</u>	<u>2005-06 Budget</u>	<u>2007-08 Budget</u>	<u>2008-09 Mid-Yr Es</u>	<u>2009-10 Adopted</u>	<u>2010-11 Planned</u>
<u>Seasonal/Temporary Hourly Employees ( non-benefited)</u>				<u>Hours</u>	<u>Hours</u>	<u>Hours</u>	<u>Hours</u>	<u>Hours</u>	<u>Hours</u>	<u>Hours</u>
City Manager			1,040	1,040	1,040	172	172	172	172	172
Arts & Cultural			300	420	420	420	420	480	480	480
Police			3,287	3,287	2,750	2,750	2,750	3,650	3,650	3,650
Recreation			19,073	19,073	19,738	20,778	20,481	21,245	18,050	18,050
<b>Total Hours</b>			<b>23,700</b>	<b>23,820</b>	<b>23,948</b>	<b>24,120</b>	<b>23,823</b>	<b>25,547</b>	<b>22,352</b>	<b>22,352</b>

## Staffing Budget Assumptions - Overtime

### Overtime

The following table provides the detail for the overtime budget.

<u>Dept Summary</u>	<u>Budget</u> 2006-07	<u>Budget</u> 2007-08	<u>Budget</u> 2008-09	<u>Budget</u> 2009-10	<u>Budget FY08/09</u> vs FY09/10
CDD	4,100	3,200	3,300	1,000	(2,200)
City Manager	2,700	3,000	700	200	(2,800)
Public Works	22,400	23,900	25,100	15,800	(8,100)
Building	1,700	1,800	1,800	400	(1,400)
Finance	6,900	10,800	11,100	2,500	(8,300)
Recreation	3,800	4,300	4,400	4,500	200
Police	103,800	108,700	121,300	18,100	(90,600)
<b>Total Overtime</b>	<b>\$ 145,400</b>	<b>\$ 155,700</b>	<b>\$ 167,700</b>	<b>\$ 42,500</b>	<b>\$ (113,200)</b>

<u>Dept</u>	<u>Job Classification</u>	<u>Unit</u>	<u>OT Hourly</u> <u>Budget Rate</u>	<u>Annual OT</u> <u>Hrs Budgeted</u>	<u>Annual OT</u> <u>Budget \$</u>	<u>Department</u> <u>Total \$</u>
CDD	Associate Planner	Mid-Mgt	\$ 52.09	11.00	\$ 600	
CDD	Development Services Tech	ACE/Gen	\$ 36.81	10.00	\$ 400	\$ 1,000
City M gr	Receptionist	ACE/Gen	\$ -	-	\$ -	
City M gr	Records Coordinator	ACE/Gen	\$ 35.07	6.50	\$ 200	\$ 200
PW	Maintenance Superintendent	Mid-Mgt	\$ 56.53	50.00	\$ 2,800	
PW	Parks Maintenance Supervisor	Mid-Mgt	\$ -	-	\$ -	
PW	Streets & Fac. Maint Supervisor	Mid-Mgt	\$ 52.64	30.00	\$ 1,600	
PW	Development Services Tech	ACE/Gen	\$ 36.81	-	\$ -	
PW	Equipment Operation	ACE/Gen	\$ -	-	\$ -	
PW	Maintenance Worker	ACE/Gen	\$ 37.15	295.80	\$ 11,000	
PW	Mechanic	ACE/Gen	\$ 40.24	10.00	\$ 400	\$ 15,800
Building	Building Inspector	ACE/Gen	\$ 44.68	10.00	\$ 400	\$ 400
Finance	Supervising Accountant	Mid-Mgt	\$ 57.21	43.50	\$ 2,500	
Finance	Accountant II	ACE/Gen	\$ -	-	\$ -	
Finance	Account Technician	ACE/Gen	\$ -	-	\$ -	
Finance	Account Clerk	ACE/Gen	\$ -	-	\$ -	\$ 2,500
Recreation	Recreation Supervisor	Mid-Mgt	\$ 46.18	43.75	\$ 2,000	
Recreation	Class Coordinator	ACE/Gen	\$ 33.20	31.50	\$ 1,000	
Recreation	Recreation Assistant	ACE/Gen	\$ 25.66	20.00	\$ 500	
Recreation	Sports Coordinator	ACE/Gen	\$ 33.20	31.50	\$ 1,000	\$ 4,500
PD-Law Enf	Sergeant	POA	\$ 76.66	20.00	\$ 1,500	
PD-Law Enf	Officer	POA	\$ 59.60	75.00	\$ 4,500	
PD-Law Enf	CSO	POA	\$ 43.94	120.00	\$ 5,300	
PD-Law Enf	Records Manager	POA	\$ 53.15	6.00	\$ 300	
PD-Law Enf	Records Clerk	ACE/Gen	\$ 34.30	87.50	\$ 3,000	
PD-Law Enf	Administrative Assistant	ACE/Gen	\$ -	-	\$ -	
PD-Pkg Enf	Parking Enforcement Officer	ACE/Gen	\$ 33.77	105.00	\$ 3,500	\$ 18,100
<b>Grand Total - Overtime per year</b>					<b>\$ 42,500</b>	<b>\$ 42,500</b>

**Plus OTS Grant Overtime = \$43,400**

## Staffing Budget Assumptions – Specialty Pay

The FY09-10 and FY10-11 budgets include the following specialty pays in the calculation of staffing costs; these are also added to the calculation of the overtime rate.

DEPT	Budget 2006-07	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
PW	\$ 44,300	\$ 47,200	57500	\$ 44,000	\$ 45,900
Bldg	\$ 9,100	\$ 9,500	9900	\$ 5,000	\$ -
CDD	\$ 3,400	\$ 3,900	3700	\$ 3,600	\$ 3,800
Finance	\$ 1,100	\$ 1,200	1200	\$ 1,200	\$ 1,300
Police	\$ 101,100	\$ 110,900	165200	\$ 153,400	\$ 177,800
City Mgr	\$ 15,100	\$ 16,500	10600	\$ 10,200	\$ 10,700
<b>Total</b>	<b>\$174,100</b>	<b>\$ 189,200</b>	<b>\$248,100</b>	<b>\$ 217,400</b>	<b>\$ 239,500</b>

Dept	Classification	Unit	Type	Rate	FTE's	2009-10	2010-11
PW	Maint. Supervisor	Mid-Mgt	Longevity	10.25%	1.00	7,300	7,600
PW	Street Supervisor	Mid-Mgt	Longevity	10.25%	1.00	6,800	7,100
PW	Parks Supervisor	Mid-Mgt	Longevity	10.25%	0.00	-	-
PW	Mechanic	ACE/Gen	Longevity	10.25%	1.00	5,200	5,400
PW	Equipment Operator	ACE/Gen	Equipment Operator	5.00%	1.00	2,400	2,500
PW	Maint. Worker	ACE/Gen	Longevity	5.00%	1.00	2,400	2,500
PW	Maint. Worker	ACE/Gen	Longevity	10.25%	4.00	19,900	20,800
Bldg	Building Official	Mgt	Longevity	10.25%	0.50	5,000	-
CDD	Housing/RDA Proj Mgr	Mid-Mgt	Bi-lingual	5.00%	1.00	3,600	3,800
Fin.	Account Clerk	ACE/Gen	Bi-lingual	5.00%	0.50	1,200	1,300
PD	Administrative Asst	ACE/Gen	Longevity & Post	15.25%	0.00	-	-
PD	Records Clerk	ACE/Gen	Bi-lingual	5.00%	0.75	1,800	1,800
PD	Records Manager	POA	Longevity 10 yrs @ 5%	5.00%	1.00	3,500	3,800
PD	Captain	POA	Longevity	5.00%	1.00	5,300	5,700
PD	Officer	POA	Longevity 10 yrs @ 5%	5.00%	1.00	3,800	12,600
PD	Officer	POA	Educ/Post/Senior @ 2.5%	2.50%	2.00	3,800	4,200
PD	Officer	POA	Educ/Post/Senior @ 5%	5.00%	2.00	7,700	8,400
PD	Officer	POA	Educ/Post/Senior @ 7.5%	7.50%	4.00	23,100	25,200
PD	Officer	POA	Detective Pay	5.00%	2.00	7,700	8,400
PD	Officer	POA	K-9 Pay	5.00%	2.00	7,700	8,400
PD	Officer	POA	Bi-lingual	5.00%	2.00	7,700	8,400
PD	Officer	POA	Shift Differential	\$1,780/Yr	4.00	7,100	7,100
PD	Officer	POA	Shift Differential	\$2,670/Yr	4.00	10,700	10,700
PD	Officer	POA	Detective Pay - Uniform	\$600/Yr	2.00	1,200	1,200
PD	Officer	POA	Field Training Officer	\$85/Mth	3.00	3,100	3,100
PD	Officer	POA	Officer in Charge	\$85/Mth	2.00	2,000	2,000
PD	Pking Enforce	ACE/Gen	Bi-lingual	5.00%	2.00	4,400	4,600
PD	Pking Enforce	ACE/Gen	Longevity	10.25%	1.00	4,500	4,700
PD	Sergeant	POA	Longevity 10 yrs @ 5%	5.00%	3.00	14,100	20,500
PD	Sergeant	POA	Educ/Post/Senior @ 5%	5.00%	2.00	9,400	10,300
PD	Sergeant	POA	Educ/Post/Senior @ 7.5%	7.50%	3.00	21,200	23,100
PD	Sergeant	POA	Shift Differential	\$1,780/Yr	2.00	3,600	3,600
PD	Chief	Mgt	Auto Allow - revised MOU	\$ -	0.00	-	-
Mgr.	City Clerk	Conf.	Longevity	10.25%	1.00	8,100	8,500
Mgr.	Receptionist	ACE/Gen	Longevity	5.00%	1.00	2,100	2,200
<b>TOTAL SPECIALTY PAYS</b>						<b>\$ 217,400</b>	<b>\$ 239,500</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 is as follows:

January 1, 2004	\$32.20	January 1, 2006	\$64.60	January 1, 2008	\$97.00
January 1, 2005	\$48.40	January 1, 2007	\$80.80		

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

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

Caps. The FY09-10 and FY10-11 budgets estimate expenditures based upon the Safety and Miscellaneous PERS caps of 30.14% and 20.06%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively).

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

The Departments reviewed the list of contracts for FY08-09; updated the on-going contracts and aggressively reviewed contract expenses that could be cut with minimum impact on current service levels. Increases that have been included are a result of current contract rate increases to continue to receive the same level of service, are tied directly to a revenue source, and/or new services/projects. Refer to the General Fund Department discussions for additional detail.

### Contract Services Codes:

- **M** = Mandated by regulation and/or City ordinances
- **R** = Tied directly to a revenue
- **GT** = Grant funded
- **U** = Utilities
- **TR** = Transfer to other fund
- **N** = Necessary and essential to business administration
- **D** = Discretionary contracts

### Contract Services by Department

Departments	Actual 2006-07	Actual 2007-08	Adopted 2008-09	Mid-Yr Est 2008-09	Adopted 2009-10	Planned 2010-11	Mid-yr to 2009-10	2009-10 vs 08/09
City Council	45,900	54,000	14,000	14,000	6,500	6,500	(7,500)	-
City Manager	76,000	116,800	102,700	122,700	75,900	97,900	(46,800)	22,000
Personnel	78,200	31,500	34,900	34,900	40,900	60,900	6,000	20,000
City Attorney	239,700	291,206	260,000	210,000	203,560	203,560	(6,440)	-
Finance	145,400	125,200	168,100	217,600	162,300	153,600	(55,300)	(8,700)
Building	28,500	24,800	30,000	30,000	60,000	90,000	30,000	30,000
CDD	23,400	23,200	11,000	77,900	11,000	11,000	(66,900)	-
PD - Law Enf	877,500	737,700	847,700	850,300	850,842	833,842	542	(17,000)
PD - Pkg Enf	173,400	196,500	223,200	223,200	189,200	190,300	(34,000)	1,100
PD - Lifeguards	-	-	-	-	-	-	-	-
PD - Animal Svc	-	11,900	15,000	11,700	12,000	12,000	300	-
PW - Streets	351,600	200,800	296,100	482,400	197,600	292,100	(284,800)	94,500
PW - Facilities	195,000	107,300	211,200	236,200	181,200	181,200	(55,000)	-
PW - Parks	95,500	142,100	112,100	132,100	100,100	112,100	(32,000)	12,000
PW - Fleet	36,200	38,000	37,500	37,500	37,500	37,500	-	-
Recreation	274,400	292,100	261,700	261,700	288,800	288,800	27,100	-
Museum	600	600	1,400	1,400	1,400	1,400	-	-
Arts	19,100	19,100	21,900	21,900	20,900	20,900	(1,000)	-
<b>Totals</b>	<b>2,660,400</b>	<b>2,412,806</b>	<b>2,648,500</b>	<b>2,965,500</b>	<b>2,439,702</b>	<b>2,593,602</b>	<b>(525,798)</b>	<b>153,900</b>

## CONTRACT SERVICES

DEPARTMENT	SERVICE	Code	Adopted 2008-09	Adopted 2009-10	Planned 2010-11
Art & Cultural	Twilight Concerts (concerts & sound contractor)	R	18,700	17,700	17,700
Art & Cultural	Art in the Park	R	3,200	3,200	3,200
Attorney	City Attorney	N	140,000	133,560	133,560
Attorney	City Attorney - Special Litigation Services	N	20,000	20,000	20,000
Attorney	Mobile Home Rental Control	N	100,000	50,000	50,000
Building	Maintenance - Permit Tracking System	N	5,000	5,000	5,000
Building	Building Inspections	R		30,000	60,000
Building	Engineering & Inspection	R	5,000	5,000	5,000
Building	Plan Check	R	20,000	20,000	20,000
City Council	Begonia Festival	D	5,000	5,000	5,000
City Council	Bike to Work	D	1,000	1,000	1,000
City Council	Winter Shelter	N	7,500	-	-
City Council	Community Grants - Contract Management Center	N	500	500	500
City Manager	City Web Site- Maintenance	N	4,000	4,000	4,000
City Manager	Codification Services	N	4,000	4,000	4,000
City Manager	Records Management System/Storage	N	2,000	2,000	2,000
City Manager	Council Election	M	22,000	-	22,000
City Manager	SC County Homeless Action Partnership	N	4,500	4,500	4,500
City Manager	JPA - Pollution Control	M	2,500	2,500	2,500
City Manager	Hazardous Waste	M	30,000	30,000	30,000
City Manager	Central Coast Recycling media	GT	5,000	5,000	5,000
City Manager	School Recycling Program (AB 939)	GT	4,200	4,200	4,200
City Manager	Pacific Waste Consulting Group	R	4,000	5,200	5,200
City Manager	E-Waste Day	R	2,000	2,000	2,000
City Manager	Garage Sale Day	R	1,500	1,500	1,500
City Manager	Newsletter	D	12,000	6,000	6,000
City Manager	Temporary Services (front desk backfill)	N	5,000	5,000	5,000
Personnel	Employee Assistance Program (EAP)	M	3,900	3,900	3,900
Personnel	TLC, CalPERS - Misc Fees (Cobra, CalPERs adm)	M	2,500	2,500	2,500
Personnel	CalPERS - Retiree Benefits	M	8,700	14,700	14,700
Personnel	TLC - Flex-Plan Administration	M	2,300	2,300	2,300
Personnel	Volunteer & Staff Recognition	D	5,000	5,000	5,000
Personnel	Background Investigations/Recruitment	M	5,000	5,000	25,000
Personnel	Medical Exams	M	3,500	3,500	3,500
Personnel	Legal - Labor Issues	N	3,000	3,000	3,000
Personnel	Various Staff Training Joint with City of Watsonville	D	1,000	1,000	1,000

## CONTRACT SERVICES

DEPARTMENT	SERVICE	Code	Adopted 2008-09	Adopted 2009-10	Planned 2010-11
CDD	Professional Services	M	6,000	6,000	6,000
CDD	GIS Online Services	N	5,000	5,000	5,000
Finance	State Mandated Cost Recovery	R	4,000	2,500	2,500
Finance	Banking Services	M	-	2,500	2,500
Finance	Loomis - Daily Cash Pick-up	R	2,200	2,200	2,200
Finance	SCC- Admin Services - Property Tax	M	33,600	32,500	33,800
Finance	Audit Services - Sales Tax	R	10,000	10,000	10,000
Finance	Audit Services - Annual CAFR	M	25,100	30,000	30,000
Finance	State of CA - Sales Tax In-Lieu Fees	M	14,500	11,100	11,100
Finance	State of CA - Sales Tax Receipts	M	40,500	33,300	33,300
Finance	State of CA -Capitola T & U Tax (0.25% tax)	M	26,200	26,200	26,200
Finance	Collection Services	N	2,000	2,000	2,000
Finance	Financial Consulting	D	-	-	-
Finance	OPEB Actuarial Report - FY07/08	M	10,000	10,000	-
Museum	AT&T	U	300	300	300
Museum	Pacific Bell	U	1,100	1,100	1,100
Police - Law Enf	Fingerprinting	M	800	800	800
Police - Law Enf	Alarm Service-Capitola Mall	N	700	900	900
Police - Law Enf	Motorcycle Repair	N	1,000	1,000	1,000
Police - Law Enf	Maintenance/Repair Office	N	4,000	3,000	3,000
Police - Law Enf	Uniform Services	M	10,600	10,600	10,600
Police - Law Enf	Haz Mat Response - SV	M	3,500	3,500	3,500
Police - Law Enf	Narcotics Task Force	M	17,500	17,500	17,500
Police - Law Enf	SCC Information Services	R	10,300	6,300	6,300
Police - Law Enf	SANE - SCC Sexual Assault Response	M	5,300	5,300	5,300
Police - Law Enf	AT&T -Long Distance	U	1,200	800	800
Police - Law Enf	AT&T - Local	U	8,000	8,000	8,000
Police - Law Enf	Police Data & Radio Circuit (include T1)	N	12,000	11,000	11,000
Police - Law Enf	Booking/Jail Access Fees - County & CCS Charges	M	94,500	100,000	100,000
Police - Law Enf	Communications JPA	N	561,400	517,442	517,442
Police - Law Enf	Communications - Cell Phones	U	18,000	18,000	18,000
Police - Law Enf	OTS - Avoid the "9" - Allied Agencies Labor (2009)	GT	-	67,700	67,700
Police - Law Enf	OTS - Avoid the "9" - Allied Agencies Labor	GT	23,900	17,000	-
Police - Law Enf	Red Light Enforcement	R	75,000	62,000	62,000
Police - Pkg Enf	Rental @ 411 Capitola Ave	N	22,900	22,900	24,000
Police - Pkg Enf	PG&E @ 411 Capitola Ave	N	2,000	2,000	2,000
Police - Pkg Enf	Loomis -Cash Pick-up	R	3,500	3,500	3,500
Police - Pkg Enf	Courier Service, coin collection	R	3,500	5,000	5,000
Police - Pkg Enf	Coin Meter Collection	N	33,900	33,900	33,900
Police - Pkg Enf	Citation Processing - DMV	R	6,900	5,700	5,700
Police - Pkg Enf	County - Citation Processing	R	18,400	15,700	15,700
Police - Pkg Enf	County - Jail House surcharge	R	15,800	15,700	15,700
Police - Pkg Enf	County - Court House surcharge	R	15,800	13,400	13,400
Police - Pkg Enf	State of Ca - Ticket Surcharge	R	21,000	17,900	17,900
Police - Pkg Enf	State of Ca - Equipment/Regular Assessment	R	55,500	47,500	47,500
Police - Pkg Enf	Parking Citation Electronic Writer Application	R	18,000	-	-
Police - Pkg Enf	Repair/Repair Wheelchairs	R	6,000	6,000	6,000
Police - Animal Svc	Animal Services	R	15,000	12,000	12,000
PW - Facilities	Pacific Cove - Rental Mgt	R	3,200	3,200	3,200
PW - Facilities	Pacific Cove MHP Repairs & Landscape	N	15,000	15,000	15,000
PW - Facilities	AT&T	U	800	800	800
PW - Facilities	PG&E	U	68,800	68,800	68,800
PW - Facilities	SCC Sanitation District - Sewer Costs	U	23,400	23,400	23,400
PW - Facilities	Soquel Creek Water	U	9,000	9,000	9,000
PW - Facilities	Gym Floor	D	3,000	3,000	3,000
PW - Facilities	ADA Compliance	M	15,000	15,000	15,000
PW - Facilities	Janitorial	N	50,000	43,000	43,000
PW - Facilities	Gym Paint	D	8,000	-	-
PW - Facilities	Jade Street Community Center Bathroom Repair	N	15,000	-	-

## CONTRACT SERVICES

DEPARTMENT	SERVICE	Code	Adopted 2008-09	Adopted 2009-10	Planned 2010-11
PW - Fleet	Smog, Mechanic , Etc	M	5,500	5,500	5,500
PW - Fleet	Mechanic - In House	M	32,000	32,000	32,000
PW - Parks	Inspections/Soil Samples	D	4,000	4,000	4,000
PW - Parks	PG & E	U	6,700	6,700	6,700
PW - Parks	SC Municipal Utilities	U	12,700	12,700	12,700
PW - Parks	Soquel Creek Water District	U	53,200	53,200	53,200
PW - Parks	SCC Sanitation District - Sewer Costs	U	8,000	8,000	8,000
PW - Parks	Communications - Cell Phones	U	2,500	2,500	2,500
PW - Parks	Seasonal Labor	D	12,000	-	12,000
PW - Parks	Tree Services	D	13,000	13,000	13,000
PW - Streets	Communications - Cell Phones	U	6,500	6,500	6,500
PW - Streets	Electrical Services	U	8,000	8,000	8,000
PW - Streets	Lagoon Grading	N	10,000	10,000	10,000
PW - Streets	Seasonal Labor	D	26,000	17,000	26,000
PW - Streets	Hope Service - Esplanade Cleaning Service	D	13,500	13,500	13,500
PW - Streets	Soquel Crk Fish Monitoring - Don Alley	M	23,500	24,000	25,000
PW - Streets	Soquel Crk Water Monitoring-Coastal Water Shed	M	13,000	13,000	13,000
PW - Streets	Riparian (Grant Match of \$20,000)	R	5,000	5,000	5,000
PW - Streets	Park Ave Eucalyptus Grove Maintenance	N	2,000	10,000	10,000
PW - Streets	Engineering Services	N	32,500	22,500	35,000
PW - Streets	Slurry Seals	N	70,000	-	70,000
PW - Streets	National Pollution Discharge Elimination Sys	M	40,000	40,000	40,000
PW - Streets	AT & T	U	400	400	400
PW - Streets	Pacific Bell	U	500	500	500
PW - Streets	T-1 Line	U	2,200	2,200	2,200
PW - Streets	City-wide Weekend Shuttle (\$25,000/yr)	N	18,000	-	-
PW - Streets	Beach Shuttle Operations	M	25,000	25,000	27,000
Recreation	Brochures	R	34,000	37,000	37,000
Recreation	Fingerprinting	M	1,500	1,000	1,000
Recreation	Photographs	R	6,200	4,000	4,000
Recreation	Youth Volunteers	R	2,200	2,500	2,500
Recreation	BoA Credit Card Merchant Fee	R	17,000	-	-
Recreation	RecWare Credit Card Fee	R	-	25,000	25,000
Recreation	Junior Guards Bus	R	-	7,400	7,400
Recreation	Event Insurance	M	3,800	3,900	3,900
Recreation	Outside Services	R	8,000	1,200	1,200
Recreation	AT&T	U	2,000	2,000	2,000
Recreation	T-1 Line	U	2,000	2,000	2,000
Recreation	Loomis - Cash Pick-Up	R	3,000	3,100	3,100
Recreation	Copier Maintenance	R	-	1,000	1,000
Recreation	First Alarm	R	-	1,000	1,000
Recreation	Pitney Bowes (Rental Machine)	R	-	700	700
Recreation	Sports Officials	R	24,000	22,000	22,000
Recreation	Contract Instructors	R	158,000	175,000	175,000
<b>TOTAL</b>			<b>2,648,500</b>	<b>2,439,702</b>	<b>2,593,602</b>

## UNANTICIPATED EVENTS

Beginning with FY02-03 the City Council began to budget for Unanticipated Events. Often throughout the year, unforeseen expenditures arise without an associated budget. This budget line item is meant to allow for such needs. Funds cannot be expended without prior Council authorization and an adopted budget resolution. Detail of the annual expenditures is provided below:

	2006-07 <u>Actual</u>	2007-08 <u>Actual</u>	2008-09 <u>Adopted</u>	2008-09 <u>Remaining</u>	2009-10 <u>Proposed</u>	2010-11 <u>Planned</u>
City Council	-	-				-
City Manager	12,700	19,000	20,000	20,000	20,000	20,000
Public Works	4,100	-	10,000	4,800	10,000	10,000
<b>Total</b>	<b>\$ 16,800</b>	<b>\$ 19,000</b>	<b>\$ 30,000</b>	<b>\$ 24,800</b>	<b>\$ 30,000</b>	<b>\$ 30,000</b>

<b>FY 2005-06</b>	
<i>City Council Funds:</i>	
Employment Hire - Medical Exams	2,850
Employee Recognition Luncheon	1,500
Management Team Building	750
SCC Home Depot Project Appeal	3,750
Slurry Seal Contract	1,800
Police Tasers	5,000
Art & Cult - Salary	1,200
	<u>\$ 16,850</u>
<i>Public Works Funds:</i>	
City Match-NRCS Riparian Grant	4,800
Slurry Seal Contract	5,200
	<u>10,000</u>
<b>FY 2005-06 Actual</b>	<b><u>\$ 26,850</u></b>

<b>FY 2007-08</b>	
<i>City Manager Funds:</i>	
CDD grant writer contract (CBF)	5,000
Coin collection contract	3,000
PTA City Hall grant expenditure	4,375
Coin machine	1,000
PD Radios	5,625
	<u>19,000</u>
<b>FY 2007-08 Actual</b>	<b><u>\$ 19,000</u></b>

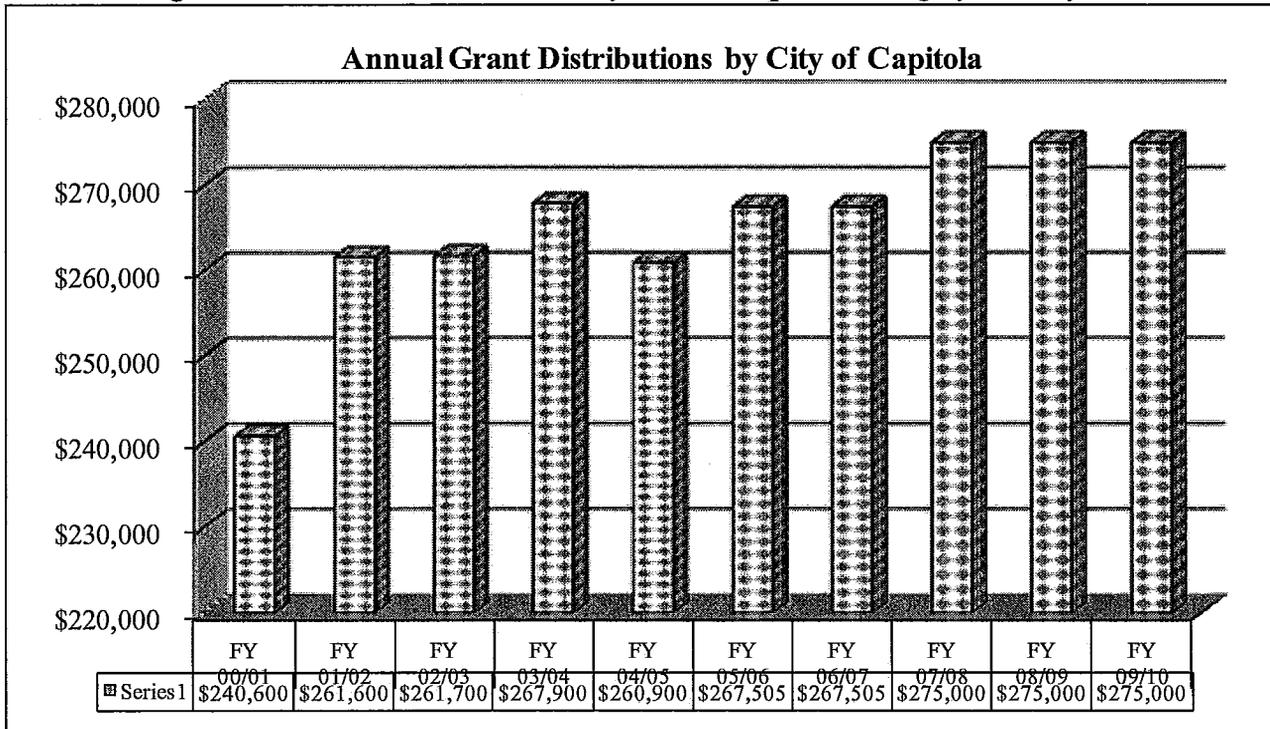
<b>FY 2006-07</b>	
<i>City Manager Funds:</i>	
Econ Dev Contract	2,000
Econ Dev Contract - C. Flynn	3,000
New Change Machine	1,900
Invite Navy	1,000
Lights at Jade Street park	3,000
Village Parking Study	1,800
	<u>12,700</u>
<i>Public Works Funds:</i>	
Museum Cabin	4,100
<b>FY 2006-07 Actual</b>	<b><u>\$ 16,800</u></b>

<b>FY 2008-09</b>	
<i>Public Works Funds:</i>	
PW Storm Drain	2,200
Shop Capitola	3,000
<b>FY08/09 as of May 2009</b>	<b><u>\$ 5,200</u></b>

## COMMUNITY GRANTS

On March 22, 2007, Council changed the process to establish the Community Grant funding level for each fiscal year. Specifically, the Council abandoned the community grant funding formula, which reserves 4.5% of sales tax and property tax, and directed Staff to include in the proposed budget each year the amount appropriated for the Community Grants in the prior year. In this way, Council can review the grant applications and provide final direction to Staff during budget deliberations. Staff shall use this new budget approach in future years. On May 21, 2009 the City Council authorized funding at the same amount as FY08-09, in the amount of \$275,000.

The following chart summarizes the Community Grants adopted funding by the City:



**-- Community Grants --**  
**Historical Distribution**

<b>SUMMARY</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>
<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>ARTS</b>	5,020	5,224	4,082	4,190	4,081	4,190	4,190	4,147	4,147	4,147
<b>ENVIRONMENTAL</b>	5,000	6,200	6,370	5,513	5,369	5,623	5,623	5,816	5,816	5,816
<b>COMMUNITY CONTRIBUTIONS</b>	5,900	6,140	6,342	6,510	6,340	6,476	6,476	6,658	6,658	6,658
<b>HUMAN SERVICES</b>	224,692	244,073	244,906	251,687	245,110	251,215	251,215	258,378	258,378	258,378
	<b>240,612</b>	<b>261,637</b>	<b>261,700</b>	<b>267,900</b>	<b>260,900</b>	<b>267,505</b>	<b>267,505</b>	<b>275,000</b>	<b>275,000</b>	<b>275,000</b>

<b>Increase/Decrease</b>	\$ 21,025	\$ 63	\$ 6,200	\$ (800)	\$ 6,605	\$ -	\$ 7,495	\$ -	\$ -
<b>% of Change</b>	0	0	0	(0)	0	-	0	-	-

<b>AGENCY</b>	<b>FY 00-01</b>	<b>FY 01-02</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>
<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>ARTS:</b>										
Cultural Council of Santa Cruz County	3,800	3,952	4,082	4,190	4,081	4,190	4,190	4,147	4,147	4,147
Santa Cruz County Symphony Association	1,220	1,272								
<b>TOTAL - ARTS</b>	<b>5,020</b>	<b>5,224</b>	<b>4,082</b>	<b>4,190</b>	<b>4,081</b>	<b>4,190</b>	<b>4,190</b>	<b>4,147</b>	<b>4,147</b>	<b>4,147</b>
<b>ENVIRONMENTAL:</b>										
Bike to Work - Transfer to Council Budget	-	1,000	1,000	-	-	-	-	-	-	-
O'Neill Sea Odyssey	5,000	5,200	5,370	5,513	5,369	5,623	5,623	5,816	5,816	5,816
<b>TOTAL - ENVIRONMENTAL</b>	<b>5,000</b>	<b>6,200</b>	<b>6,370</b>	<b>5,513</b>	<b>5,369</b>	<b>5,623</b>	<b>5,623</b>	<b>5,816</b>	<b>5,816</b>	<b>5,816</b>
<b>COMMUNITY CONTRIBUTIONS</b>										
Community Action Board, Inc/	1,196	1,244	1,285	1,319	1,285	1,311	1,311	1,356	1,356	1,356
Conflict Resolution Program	2,432	2,532	2,615	2,684	2,614	2,666	2,666	2,758	2,758	2,758
Native Animal Rescue	1,076	1,120	1,157	1,188	1,157	1,188	1,188	1,188	1,188	1,188
Volunteer Center of Santa Cruz County	1,196	1,244	1,285	1,319	1,285	1,311	1,311	1,356	1,356	1,356
<b>TOTAL - COMMUNITY CONTRIBUTIONS</b>	<b>5,900</b>	<b>6,140</b>	<b>6,342</b>	<b>6,510</b>	<b>6,340</b>	<b>6,476</b>	<b>6,476</b>	<b>6,658</b>	<b>6,658</b>	<b>6,658</b>
<b>HUMAN SERVICES:</b>										
Above the Line	2,684	2,792	2,884	2,960	2,883	2,883	-	-	-	-
Advocacy, Inc.	2,172	2,260	2,334	2,895	2,819	3,376	3,376	4,235	4,235	4,235
Big Brothers/Big sisters	2,436	2,536	2,619	2,688	2,618	2,670	2,670	2,762	2,762	2,762
Cabrillo College Stroke Center	5,964	6,204	6,407	6,577	6,405	6,533	6,533	6,758	6,758	6,758
California Grey Bears, Inc.	12,304	12,796	13,215	13,567	13,213	13,477	13,477	13,941	13,941	13,941
California Rural Legal Assistance	3,200	3,328	3,437	3,528	3,436	3,505	3,505	3,626	3,626	3,626
Campus Kids Connection - After School	15,640	16,268	16,801	17,247	16,796	17,132	16,015	16,565	16,565	16,565
Central Coast Center for Independent Living	12,972	13,492	13,934	14,304	13,930	14,209	14,209	14,697	14,697	14,697
Child Development Resource Center	1,196	1,244	1,285	1,319	1,285	1,311	1,311	1,356	1,356	1,356
Citizens Committee for the Homeless	2,172	2,260								
Community Bridges	97,560	101,464	104,790	107,571	104,760	106,855	106,855	110,528	110,528	110,528
Court-Appointed Special Advocates	2,000	2,080	2,148	2,205	2,147	2,189	2,189	2,227	2,227	2,227
Dientes Community Dental Care	-	-	-	-	-	-	1,333	1,378	1,378	1,378
Families in Transition of Santa Cruz County	2,136	2,224	2,297	2,358	2,296	2,342	2,342	2,422	2,422	2,422
Family Service Agency of Santa Cruz	7,592	7,896	8,155	8,371	8,152	8,313	8,313	8,599	8,599	8,599
Homeless Services Center	-	2,629	2,334	2,395	2,332	2,425	2,425	2,508	2,508	2,508
Hospice Caring Project	-	-	-	-	-	-	1,334	1,380	1,380	1,380
Mid-County Senior Center	-	8,000	8,000	8,000	7,791	8,000	8,000	-	-	-
Parents Center, Inc.	5,964	6,204	6,407	6,577	6,405	6,853	6,853	7,088	7,088	7,088
Project Scout	536	560								
Santa Cruz AIDS Project	7,700	8,008	8,270	8,490	8,268	8,847	8,847	9,150	9,150	9,150
Santa Cruz Community Counseling Ctr - Youth Services	6,076	6,320	6,527	6,701	6,526	6,657	6,657	6,886	6,886	6,886
Santa Cruz County Child Abuse Prevention Council (Childrens Network)	-	-	-	-	-	-	-	6,107	6,107	6,107
Santa Cruz County Red Cross	-	-	-	-	-	-	1,333	1,379	1,379	1,379
Santa Cruz Toddler Care Center	1,088	1,132	1,169	1,200	1,169	1,193	1,193	1,234	1,234	1,234
Second Harvest Food Bank - Santa Cruz/San Benito	8,672	9,020	9,316	9,563	9,313	9,499	9,499	9,825	9,825	9,825
Senior Citizens Legal Services	8,600	8,944	9,237	9,482	9,234	9,419	9,419	9,743	9,743	9,743
Senior Network Services	2,172	2,260	2,334	2,395	2,332	2,379	2,379	2,461	2,461	2,461
Seniors Council - Santa Cruz/San Benito	2,392	2,488	3,107	3,189	3,106	3,168	3,168	3,277	3,277	3,277
Survivor's Healing Center	-	500	513	513	500	510	510	528	528	528
Vista Center for the Blind (formerly Doran)	1,632	1,700	1,756	1,800	1,753	1,788	1,788	1,841	1,841	1,841
Winter Shelter Program	4,580	4,500								
Women Care	2,000	2,080	2,148	2,205	2,147	2,190	2,190	2,265	2,265	2,265
Women's Crisis Support	3,252	3,384	3,495	3,587	3,493	3,493	3,493	3,613	3,613	3,613
<b>TOTAL - HUMAN SERVICES</b>	<b>224,692</b>	<b>244,073</b>	<b>244,906</b>	<b>251,687</b>	<b>245,110</b>	<b>251,215</b>	<b>251,215</b>	<b>258,378</b>	<b>258,378</b>	<b>258,378</b>
<b>TOTAL COMMUNITY GRANTS</b>	<b>240,612</b>	<b>261,637</b>	<b>261,700</b>	<b>267,900</b>	<b>260,900</b>	<b>267,505</b>	<b>267,505</b>	<b>275,000</b>	<b>275,000</b>	<b>275,000</b>

**-- Community Grants --  
Primary Services**

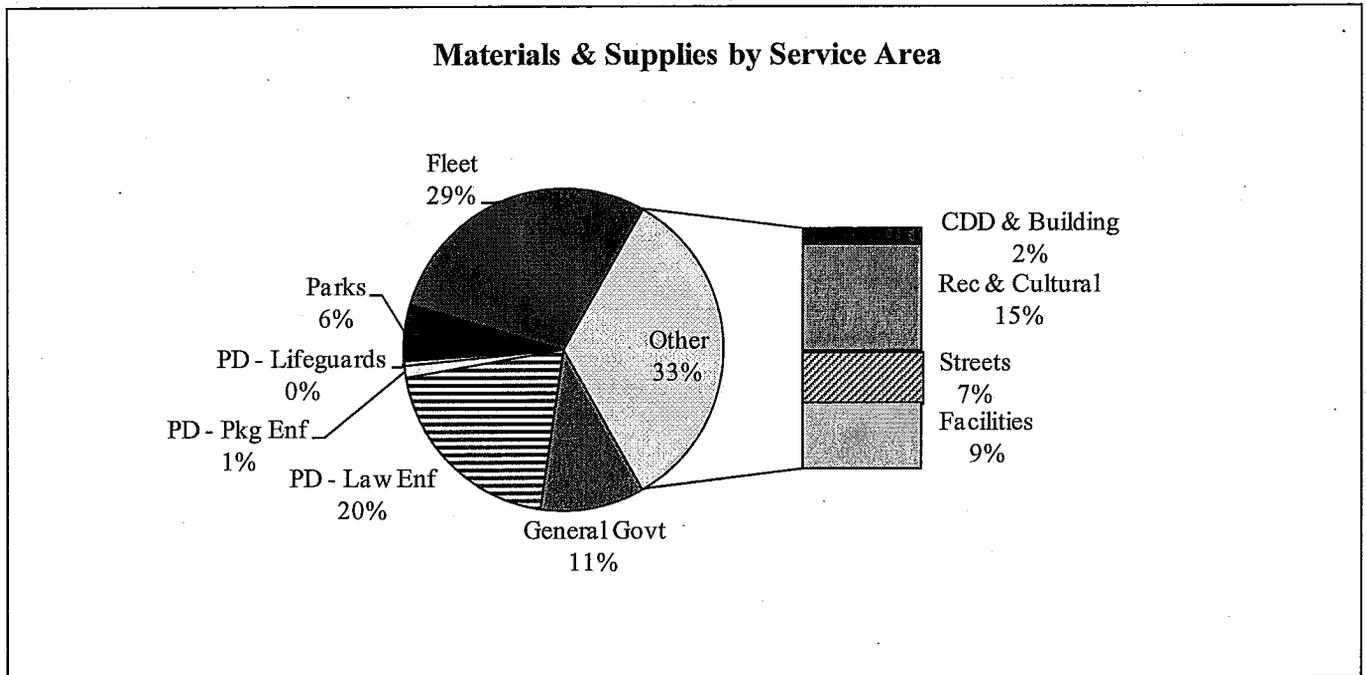
Based upon the grant application information, below is a summary of the primary services provided by the City community grant recipients.

<b>AGENCY</b>	<b>Category</b>	<b>Detail</b>
Native Animal Rescue	Animal Services	Treat injured wild-life
Cultural Council of Santa Cruz County	Arts services	Supports art & artists
Big Brothers/Big sisters	Children Services	Mentoring at risk children
Campus Kids Connection - After School	Children Services	Child care ages 3-12
Child Development Resource Center	Children Services	Free child care referral
Community Bridges: Child Development	Children Services	Subsidize child care 3-5 years
Court-Appointed Special Advocates (CASA)	Children Services	Speak for abused children
O'Neill Sea Odyssey	Children Services	Youth hands-on sea experiences
Santa Cruz Community Counseling Ctr - Youth Services	Children Services	Counseling for neglected/abused ages 13-20
Santa Cruz County Child Abuse Prevention Council	Children Services	Public awareness programs
Santa Cruz Toddler Care Center	Children Services	Child care ages 1-3
Family Service Agency Counseling services	Counseling Services	Individuals/Family all ages
Family Service Agency I-You venture	Counseling Services	Nursing facility visitations
Family Service Agency Senior Outreach	Counseling Services	In-home visits of seniors 55+
Parents Center, Inc.	Counseling Services	At-risk families & kids up to 18
Survivor's Healing Center	Counseling Services	Survivors of child sex abuse
Women Care	Counseling Services	Women with cancer
Family Service Agency Suicide Prevention	Crisis Intervention	24 hour crisis open line
Santa Cruz County Red Cross	Crisis Intervention	Relief to disaster victims
Women's Crisis Support	Crisis Intervention	Domestic Violence victims
Central Coast Center for Independent Living	Disability Services	Training/advocacy in tri-county
Advocacy, Inc.	Health Services	Advocate for nursing facilities patients
Cabrillo College Stroke Center	Health Services	Rehab of stroke patients
Dientes Community Dental Care	Health Services	Dental care of low-income patients
Hospice Caring Project	Health Services	Care of the dying
Santa Cruz AIDS Project	Health Services	Network support for HIV patients
Vista Center for the Blind (formerly Doran)	Health Services	Daily living skills training for vision impaired
Community Action Board, Inc/	Housing Services	Homeless/evicted families
Homeless Services Center	Housing Services	Winter shelter
California Rural Legal Assistance	Legal Services	Legal services low-income residents
Conflict Resolution Program	Legal Services	Legal services for all ages to avoid litigation
Senior Citizens Legal Services	Legal Services	Legal services for seniors 60+ and disabled
California Grey Bears, Inc.	Nutritional Services	Supply food to seniors 55+
Community Bridges: Meals on Wheels	Nutritional Services	Seniors 60+ meals in-home and centers
Second Harvest Food Bank - Santa Cruz/San Benito	Nutritional Services	Provides food to all needy
Community Bridges: FHEC/Live Oak Family Resource Center	Social Services	Live Oak area residents
Families in Transition of Santa Cruz County	Social Services	Assist homeless and at-risk families
Senior Network Services	Social Services	Advocates for seniors and disabled
Seniors Council - Santa Cruz/San Benito	Social Services	Contracts for senior services
Community Bridges: CTSA (Lift Line)	Transportation Services	Transport mobility impaired seniors 60+ and
Volunteer Center of Santa Cruz County	Volunteer Recruiting	Recruit & train for 500 non-profit organizations

## MATERIALS & SUPPLIES

The following table provides a history of the material and supply budgets by department, along with the percentage of allocation. The FY09-10 budget is less than FY08-09 mid-year estimate because all departments were requested to reduce their budget. Refer to the General Fund Department section for additional information.

<b>DEPARTMENT</b>	<b>Actual 2006-07</b>	<b>Actual 2007-08</b>	<b>Adopted 2008-09</b>	<b>Mid-Yr Est 2008-09</b>	<b>Adopted 2009-10</b>	<b>Planned 2010-11</b>	<b>% of 2009-10</b>	<b>Mid-yr to 2009-10</b>	<b>2008-09 vs. 2010-11</b>
City Council	31,200	22,500	21,800	21,800	21,400	21,400	3.8%	(400)	-
Finance	7,800	7,900	7,300	7,300	7,200	7,200	1.3%	(100)	-
City Manager	18,400	23,100	18,500	18,500	18,200	18,200	3.2%	(300)	-
Personnel	13,500	19,200	12,300	12,300	12,100	12,100	2.1%	(200)	-
Museum	10,600	8,100	8,000	8,000	8,000	8,000	1.4%	-	-
Arts & Cultural	21,600	16,700	19,400	8,400	8,400	8,400	1.5%	-	-
Police - Law Enforc	150,200	126,100	93,000	101,800	111,500	97,000	19.8%	9,700	(14,500)
Police - Parking Enf	26,400	13,300	5,700	5,700	6,600	6,600	1.2%	900	-
Police - Lifeguards	2,900	2,900	2,800	2,800	2,700	2,700	0.5%	(100)	-
Police - Animal Svc	-	800	4,300	4,300	4,200	4,200	0.7%	(100)	-
CDD	8,000	13,600	9,500	9,500	7,900	7,900	1.4%	(1,600)	-
Building	6,400	9,500	7,300	7,300	5,800	5,800	1.0%	(1,500)	-
PW - Streets	45,000	59,400	42,300	42,300	40,000	40,000	7.1%	(2,300)	-
PW - Facilities	44,700	31,800	52,600	52,600	51,800	51,800	9.2%	(800)	-
PW - Parks	29,100	31,700	32,400	32,400	31,800	31,800	5.6%	(600)	-
PW - Fleet	153,700	175,800	160,000	160,000	160,000	160,000	28.4%	-	-
Recreations	72,000	67,500	66,500	66,500	65,600	65,600	11.6%	(900)	-
<b>GENERAL FUND TOTAL</b>	<b>\$ 641,500</b>	<b>\$ 629,900</b>	<b>\$ 563,700</b>	<b>\$ 561,500</b>	<b>\$ 563,200</b>	<b>\$ 548,700</b>	<b>100%</b>	<b>1,700</b>	<b>(14,500)</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 target, and costs are allocated to all departments benefiting from these activities and services. The methodology for cost allocation for each Internal Service Funds (Workers Compensation; Self Insurance Liability; Stores; Information Technology; Equipment Replacement; PERS) is described in the Internal Service Fund section. For consistency in staffing cost analysis, the charges for PERS are excluded from the following tables, and instead reported as PERS benefits in the Staffing Cost section.

<b>2009-10</b>						
<b>Department</b>	<b>Workers Comp</b>	<b>Self-Insr Liability</b>	<b>Stores</b>	<b>Info. Tech.</b>	<b>Equip. Replace</b>	<b>Total</b>
City Council	100	800		1,200		2,100
Finance & Treas	8,300	7,600	4,900	11,700		32,500
City Manager	9,100	7,800	2,900	21,500		41,300
Personnel	1,500	1,800	600	800		4,700
Museum	1,200	600		800		2,600
Arts	300	500		800		1,600
Police						-
Law Enf.	362,700	52,300	-	54,400	22,400	491,800
Parking Enf.	4,700	4,600	2,800	1,400	-	13,500
Life Guards	800	800	-	800	-	2,400
Animal Services		200				200
CDD	7,200	6,000	18,800	5,100		37,100
Building	2,300	2,800	2,800	4,000	1,500	13,400
Public Works						-
Streets	11,400	11,800	3,500	3,700	31,700	62,100
Facilities		2,600		800		3,400
Parks	6,200	5,600	-	1,500	5,900	19,200
Fleet	1,600	2,800	-	-	1,800	6,200
Recreation	19,900	8,300	1,400	8,300	1,500	39,400
<b>Total</b>	<b>\$ 437,300</b>	<b>\$ 116,900</b>	<b>\$ 37,700</b>	<b>\$ 116,800</b>	<b>\$ 64,800</b>	<b>\$ 773,500</b>
<b>2010-11</b>						
<b>Department</b>	<b>Workers Comp.</b>	<b>Self-Insr Liability</b>	<b>Stores</b>	<b>Info. Tech.</b>	<b>Equip. Replace</b>	<b>Total</b>
City Council	100	800		1,100		2,000
Finance & Treas	8,300	7,600	4,900	10,900		31,700
City Manager	9,100	7,800	2,900	20,000		39,800
Personnel	1,500	1,800	600	700		4,600
Museum	1,200	600		700		2,500
Arts	300	500		700		1,500
Police						-
Law Enf.	362,700	52,300	2,800	50,600	22,400	490,800
Parking Enf.	4,700	4,600		1,300	-	10,600
Life Guards	800	800		700	-	2,300
Animal Services		200				200
CDD	7,200	6,000	18,800	4,700		36,700
Building	2,300	2,800	2,800	3,700	1,500	13,100
Public Works						-
Streets	11,400	11,800	3,500	3,400	31,700	61,800
Facilities		2,600		700		3,300
Parks	6,200	5,600	-	1,400	5,900	19,100
Fleet	1,600	2,800	-	-	1,800	6,200
Recreation	19,900	8,300	1,400	7,700	1,500	38,800
<b>Total</b>	<b>\$ 437,300</b>	<b>\$ 116,900</b>	<b>\$ 37,700</b>	<b>\$ 108,300</b>	<b>\$ 64,800</b>	<b>\$ 765,000</b>

## FIXED ASSETS

As recommended for replacement by the Public Works Department, the budget includes the following list of vehicles and equipment, which is summarized by primary user departments. These expenditures are budgeted in the Equipment Acquisition & Replacement Fund (refer to Internal Service Fund section).

Below are the recommended vehicle replacements for the next two fiscal years.

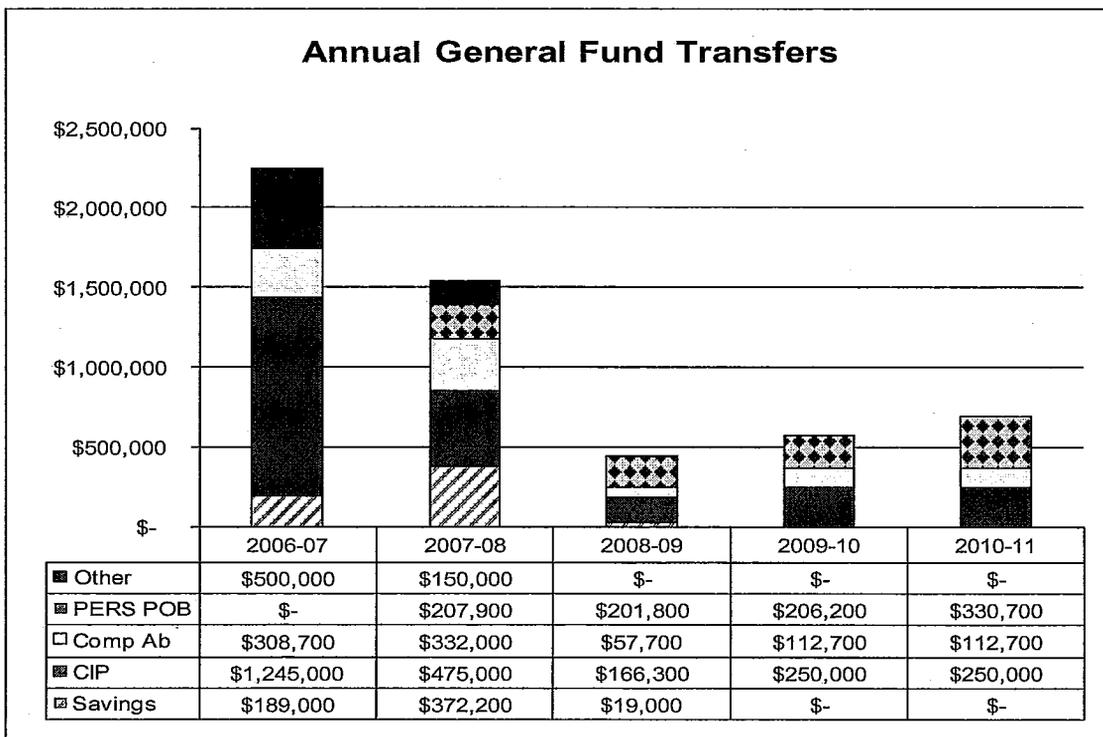
<b>2009-10</b>			<b>Miles @</b>	<b>Est. Cost to</b>
<b><u>Dept</u></b>	<b><u>Asset Description</u></b>	<b><u>Year</u></b>	<b><u>Jan-08</u></b>	<b><u>Replace</u></b>
PW - Streets	Ford F-250	1989	99,175	\$25,000
PW - Streets	Pressure Washer	unknown	N/A	\$15,000
Police - Law Enforcement	Ford Crw Victoria	1999	105,320	\$26,000
			<b>TOTAL</b>	<b>\$ 66,000</b>
<b>2010-11</b>				<b>Est. Cost to</b>
<b><u>Dept</u></b>	<b><u>Asset Description</u></b>	<b><u>Year</u></b>		<b><u>Replace</u></b>
PW - Streets & Fleet	GMC Flatbed	1971	134,988	\$ 31,000
Police - Law Enforcement	Ford Crw Victoria	2000	78,343	\$ 26,000
			<b>TOTAL</b>	<b>\$ 57,000</b>

## GENERAL FUND TRANSFERS

Consistent with prior years, the budget maintains a focus on funding capital improvement projects (“CIP”). In addition, the adopted budget includes debt service for a pension obligation bond, to refinance the PERS unfunded liability. Refer to Debt Service – 2007 POB Fund section for additional information. Below is a summary of the transfers from the General Fund to other funds/reserves:

<u>Transfer To:</u>	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Proposed	2010-11 Planned
Emergency Reserve Fund	28,000	16,700	12,800	12,800	-	-
Contingency Reserves	161,000	355,500	6,200	6,200	-	-
Law Enforcement - SLESF			10,000	-	-	-
General Plan Update	70,000	-	-	-	-	-
Information Technology Fund	50,000	-	-	-	-	-
Worker's Compensation Fund	-	150,000	-	-	-	-
Equipment Replacement Fund	200,000	-	-	-	-	-
Compensated Absences Fund	308,700	332,000	57,700	57,700	112,700	112,700
CVWBIA Short-term loan	-	-	-	-	-	-
PERS Fund - to pay down UL	180,000	-	-	-	-	-
Debt Service - POB (accelerated portion)*	-	207,900	201,800	201,800	206,200	330,700
CIP Projects:						
Pavement Mgt Program	324,900	137,600	-	-	-	-
46th Avenue	-	-	-	-	-	-
CIP Projects - various	920,100	337,400	220,500	166,300	250,000	250,000
<b>TOTAL</b>	<b>\$ 2,242,700</b>	<b>\$ 1,537,100</b>	<b>\$ 509,000</b>	<b>\$ 444,800</b>	<b>\$ 568,900</b>	<b>\$ 693,400</b>
Annual Increase/ Decrease			(1,028,100)	(64,200)	124,100	124,500
% of Change			-66.89%	-12.61%	27.90%	21.88%

\* Debt Service -POB: For total POB debt service, refer to Debt Service - 2007 POB Fund Section of this budget.



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# DEPARTMENT OVERVIEW



## **Document Resources for Department Overview:**

- department ov.doc
- General Fund Departments.xls (subfolder: General Fund Expenditures)

## 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.

### **Revenues:**

This program is funded entirely by General Fund revenues.

### **Expenditures:**

*Salary & Benefits:* Council Members receive compensation of \$500/month for serving on the City Council as approved on March 23, 2006, Ordinance No. 716 which added Section 2.04.290 to the Municipal Code adjusting the salary to \$500/month effective Dec. 2006. In addition the Council members receive \$30 per meeting attended when acting as a Director of the City of Capitola Redevelopment Agency with a cap of \$120/month. The Council's salary was reduced by 4.6% until June 20, 2010, same as the employees.

*Contract Services:* In FY08-09 it was determined that the following Economic Development programs should be in the Redevelopment Agency Budget, Chamber of Commerce (\$20,000), the Santa Cruz Conference & Visitors Council (\$21,200). Winter Shelter Program (\$7,500), and Economic Development Funds (\$10,000). The Begonia Festival remains at \$5,000 and Bike to Work remains at \$1,000.

*Materials & Supplies:* Expenses related to dues, memberships, subscriptions, supplies, training, and travel. A stipend of \$200 per month for additional supplies and travel expenses was eliminated Jan. 1, 2006 due to AB11. Nominal funding remains but Council Members must submit reimbursement statements for expenditures. Council contributions to AMBAG (Association of Monterey Bay Area Governments), United Way Community Assessment Program, Monterey Bay Sanctuary and LAFCO (Local Agency Formation Commission) are also in this category. Council contribution of \$1,000 to the Monterey Bay Sanctuary Task Force.

**CITY COUNCIL DEPARTMENT BUDGET SUMMARY**

(#105)	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	120,700	119,000	81,200	80,600	70,700	72,300
<b>TOTAL</b>	<b>\$ 120,700</b>	<b>\$ 119,000</b>	<b>\$ 81,200</b>	<b>\$ 80,600</b>	<b>\$ 70,700</b>	<b>\$ 72,300</b>

<b>EXPENDITURES:</b>						
Staffing	37,900	39,100	42,400	41,800	40,700	42,400
Contract Services	45,900	54,000	14,000	14,000	6,500	6,500
Unanticipated Events *			-	-	-	-
Materials & Supplies	31,200	22,500	21,800	21,800	21,400	21,400
Fixed Asset Purchase						
Internal Service Charges	5,700	3,400	3,000	3,000	2,100	2,000
<b>TOTAL</b>	<b>\$ 120,700</b>	<b>\$ 119,000</b>	<b>\$ 81,200</b>	<b>\$ 80,600</b>	<b>\$ 70,700</b>	<b>\$ 72,300</b>

<b>AUTHORIZED POSITIONS</b>	2005-06	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	Budget	Budget	Adopted	Mid-Yr Est	Adopted	Planned
Mayor - Appointed	1.00	1.00	1.00	1.00	1.00	1.00
Vice Mayor - Appointed	1.00	1.00	1.00	1.00	1.00	1.00
Council Member - Elected	3.00	3.00	3.00	3.00	3.00	3.00
<b>TOTAL FTE'S</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

Compensation:

Salary @ \$500/month effective Jan. 2007. Reduced 4.6% 3/1/09 - 6/30/10

RDA @ \$30/meeting x 2 per month

# 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 out reach, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources.

## **DEPARTMENT PURPOSE**

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.

## **Revenues:**

This program is funded entirely by General Fund revenues.

## **Expenditures:**

*Salary & Benefits:* There are 6 ¾ FTE's. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. A temporary Administrative Assistant position is funded for 172 hours to assist in agenda packet preparation and back-fill for the Receptionist.

*Contract Services:* The following are the largest contracts: Household Hazardous Waste Contract with the County of Santa Cruz, the Recycling Programs, and health/retirement benefit management. The Unanticipated Events budget remains at \$20,000.

*Materials & Supplies:* This budget is composed of memberships, subscriptions, travel, training, advertising and recycling supplies. Also, part of this category is Education Reimbursement in the amount of \$8,000.

## **Notes & Highlights:**

- Update Administrative Policies & Procedures
- Maintain a balanced budget and reserves
- Establish citywide training procedures
- Increase Recycling activities to meet State Mandates

**CITY MANAGER DEPARTMENT BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	358,200	994,000	981,800	951,700	946,500	1,015,000
<b>TOTAL</b>	<b>\$ 358,200</b>	<b>\$ 994,000</b>	<b>\$ 981,800</b>	<b>\$ 951,700</b>	<b>\$ 946,500</b>	<b>\$ 1,015,000</b>

**EXPENDITURES:**

Staffing	114,500	733,300	746,300	716,200	733,400	761,500
Contract Services	154,200	148,300	137,600	157,600	116,800	158,800
Unanticipated Events	-	20,000	20,000	-	20,000	20,000
Materials & Supplies	31,900	42,300	30,800	30,800	30,300	30,300
Fixed Asset Purchase	-	-	-	-	-	-
Internal Service Charges	57,600	50,100	47,100	47,100	46,000	44,400
<b>TOTAL</b>	<b>\$ 358,200</b>	<b>\$ 994,000</b>	<b>\$ 981,800</b>	<b>\$ 951,700</b>	<b>\$ 946,500</b>	<b>\$ 1,015,000</b>

**EXPENDITURES BY SERVICE AREA**

City Manager - Administration	720,200	780,900	796,800	768,600	756,600	800,700
Personnel Services	213,100	213,100	185,000	183,100	189,900	214,300
<b>TOTAL</b>	<b>\$ 933,300</b>	<b>\$ 994,000</b>	<b>\$ 981,800</b>	<b>\$ 951,700</b>	<b>\$ 946,500</b>	<b>\$ 1,015,000</b>

**AUTHORIZED POSITIONS:**

<b><u>CLASSIFICATION</u></b>	2007-08 Budget	2007-08 Budget	2008-09 Adopted	2008-09 Budget	2009-10 Adopted	2010-11 Planned
City Manager	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to City Manager	0.75	0.75	0.75	0.75	0.75	0.75
Executive Assistant	1.00	1.00	1.00	1.00	1.00	1.00
Administrative Clerk I					0.00	0.00
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>6.75</b>	<b>6.75</b>	<b>6.75</b>	<b>6.75</b>

Hourly employee allocation - annual hours

<b><u>CLASSIFICATION</u></b>	hours	hours	hours	hours	hours	hours
Clerical Intern	-	-	-	-	-	-
Administrative Assistant (2 wks vac; 1 wk sick; 52 hrs agenda)	172	172	172	172	172	172

**\* Unanticipated Events**

FY08/09 Adopted Budget of \$20,000, of which \$3,375 was expended as of 3/31/09

For prior year detail, see the Unanticipated Events Budget discussion in the Gen. Fund Expenditures Section.

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## 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 out reach, recruiting and retaining skilled and knowledgeable employees, creating and maintaining a working environment that fosters creativity and innovation, and prioritizing scarce resources.

### **DEPARTMENT PURPOSE**

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

### **Revenues:**

This program is funded entirely by General Fund revenues.

### **Expenditures:**

*Salary and Benefits:* There are 5.8 FTE's. A temporary Administrative Assistant position is funded for 172 hours. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010.

*Contract Services:* The largest expenditure is for the Household Hazardous Waste Contract with the County (\$30,000). Other contract services include Recycling Programs (\$16,700), the City newsletter which was reduced by 50% to \$6,000 and the web site.

*Unanticipated Events:* Funding remains at \$20,000. In FY09-10 the funds were expended for the following: Capitola 1<sup>st</sup>... Buy Local, and storm drain repairs.

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

### **Notes & Highlights:**

- Continue development of Administrative Policies & Procedures
- Implementation of a city wide records management program
- Maintain a balanced budget and reserves
- Expand environmental and recycling programs to meet City Council & State mandates such as the polystyrene ban, AB939, large venue events recycling and a 75% diversion rate through programs such as the E-waste Day, Garage Sale Day, Polystyrene Ban, education & outreach.
- Expand Risk Management & Safety Programs
- Administer Council programs

**CITY MANAGER DEPARTMENT: ADMINISTRATION**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	720,200	780,900	796,800	768,600	756,600	800,700
<b>TOTAL</b>	<b>\$ 720,200</b>	<b>\$ 780,900</b>	<b>\$ 796,800</b>	<b>\$ 768,600</b>	<b>\$ 756,600</b>	<b>\$ 800,700</b>

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>EXPENDITURES:</b>						
Staffing	575,100	576,200	613,600	585,400	601,200	624,800
Contract Services	76,000	116,800	102,700	122,700	75,900	97,900
Unanticipated Events *		20,000	20,000	-	20,000	20,000
Materials & Supplies	18,400	23,100	18,500	18,500	18,200	18,200
Fixed Asset Purchase				-		
Internal Service Charges	50,700	44,800	42,000	42,000	41,300	39,800
<b>TOTAL</b>	<b>\$ 720,200</b>	<b>\$ 780,900</b>	<b>\$ 796,800</b>	<b>\$ 768,600</b>	<b>\$ 756,600</b>	<b>\$ 800,700</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Budget</b>	<b>Adopted</b>	<b>Planned</b>
City Manager	0.65	0.65	0.65	0.65	0.65	0.65
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00
Assistant to City Manager	0.65	0.65	0.65	0.65	0.65	0.65
Executive Assistant	0.50	0.50	0.50	0.50	0.50	0.50
Administrative Clerk I						
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>5.80</b>	<b>5.80</b>	<b>5.80</b>	<b>5.80</b>

Hourly employee allocation - annual hours

<b>CLASSIFICATION</b>	hours	hours	hours	hours	hours	hours
Clerical Intern	-	-	-	-	-	-
Administrative Assistant (2 wks vac; 1 wk sick; 52 hrs agenda)	172	172	172	172	172	172

**\* Unanticipated Events**

FY08/09 Adopted Budget of \$20,000, of which \$3,375 was expended as of 3/31/09

For prior year detail, see the Unanticipated Events Budget discussion in the Gen. Fund Expenditures Section.

## CITY MANAGER DEPT: PERSONNEL DIVISION

### **MISSION STATEMENT**

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

### **DIVISION PURPOSE**

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

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

### **Revenues:**

This program is funded entirely by General Fund revenues.

### **Expenditures:**

*Salary & Benefits:* There is a 0.95 FTE position associated with this division composed of the City Manager (.35), the Assistant to the City Manager (.10) and the Executive Assistant to the City Manager (.50). During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010.

*Contract Services:* Contracts include: benefit administration, staff training, and legal labor issues, police department background investigations, the Employee Assistance Program, medical exams, and employee fingerprinting.

*Materials & Supplies:* This category includes cost associated with education reimbursement (\$8,000), advertising and recruiting, memberships & subscriptions, recognition & awards.

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

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
General Fund	213,100	213,100	185,000	183,100	189,900	214,300
<b>TOTAL</b>	<b>\$ 213,100</b>	<b>\$ 213,100</b>	<b>\$ 185,000</b>	<b>\$ 183,100</b>	<b>\$ 189,900</b>	<b>\$ 214,300</b>

<b>EXPENDITURES:</b>						
Staffing	114,500	157,100	132,700	130,800	132,200	136,700
Contract Services	78,200	31,500	34,900	34,900	40,900	60,900
Materials & Supplies	13,500	19,200	12,300	12,300	12,100	12,100
Fixed Asset Purchase						
Internal Service Charges	6,900	5,300	5,100	5,100	4,700	4,600
<b>TOTAL</b>	<b>\$ 213,100</b>	<b>\$ 213,100</b>	<b>\$ 185,000</b>	<b>\$ 183,100</b>	<b>\$ 189,900</b>	<b>\$ 214,300</b>

<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Budget</b>	<b>Adopted</b>	<b>Planned</b>
City Manager	0.35	0.35	0.35	0.35	0.35	0.35
Assistant to City Manager	0.10	0.10	0.10	0.10	0.10	0.10
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>0.95</b>	<b>0.95</b>	<b>0.95</b>	<b>0.95</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.

### **Revenues:**

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

### **Expenditures:**

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

*Contract Services:* The City has a contract with the firm of Atchison, Barisone, Condotti & Kovasivich. In addition to the monthly retainer fee, the firm also provides additional services for special legal actions. The City also contracts with the firm of Endeman, Lincoln, Turek and Heater for Mobile Home Rent Control related litigation. In FY03/04, the City Council adopted an ordinance requiring the Mobile Home residents to contribute annually to an administration fund to help off-set the cost of the mobile home litigation. The administration of the collections and billing was done by a contractor up until FY07-08 but is now done by staff.

The budget is a combination of the City Attorney annual contract; City Attorney additional litigation services \$20,000; Mobile Home Rent Control \$50,000; and other Administrative Services.

### **Notes & Highlights:**

- Resolve litigation with Mobile Home Park owners

**CITY ATTORNEY DEPARTMENT**  
**BUDGET SUMMARY**

**ATTORNEY SERVICES BUDGET SUMMARY :**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
Mobile Hm Admin. Svc Fees	36,100	79,200	45,000	45,000	45,000	46,000
General Fund	203,600	212,006	215,000	165,000	158,600	157,560
<b>TOTAL</b>	<b>\$ 239,700</b>	<b>\$ 291,206</b>	<b>\$ 260,000</b>	<b>\$ 210,000</b>	<b>\$ 203,560</b>	<b>\$ 203,560</b>
<b>EXPENDITURES:</b>						
Staffing			-	-		
Contract Services	239,700	291,206	260,000	210,000	203,560	203,560
Materials & Supplies						
Fixed Asset Purchase						
Internal Service Charges				-		
<b>TOTAL</b>	<b>\$ 239,700</b>	<b>\$ 291,206</b>	<b>\$ 260,000</b>	<b>\$ 210,000</b>	<b>\$ 203,560</b>	<b>\$ 203,560</b>

**Contract Services Detail**

<b>EXPENDITURES</b>	<b>FY06-07</b>	<b>FY07-08</b>	<b>FY08-09</b>	<b>FY09-10</b>
City Attorney	\$ 130,000	\$ 130,000	\$ 140,000	\$ 133,560
CA- Litigation	\$ 2,300	\$ 48,000	\$ 20,000	\$ 20,000
Mobile Home Litigation	\$ 101,700	\$ 110,000	\$ 50,000	\$ 50,000
Mobile Home Admin Fee/other	\$ 5,700	\$ 3,505	\$ -	\$ -
<b>TOTAL</b>	<b>\$ 239,700</b>	<b>\$ 291,505</b>	<b>\$ 210,000</b>	<b>\$ 203,560</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.

## **Revenues:**

*Business Licenses:* Business Licenses are issued on a calendar year basis per code 5.04.

*Transient Occupancy Tax (TOT):* TOT is collected on a monthly basis. Effective December 6, 2002, the rate was increased from 9.5% to 10%. A description and analysis of each of these unrestricted sources of funds is in the General Fund Revenue section of the budget document.

## **Expenditures:**

*Salary & Benefits:* The budget includes 5.38 FTE's. In the FY07/08 budget, the Account Clerk position was increased to perform the mobile home admin. fee billings in-house, which reduced contract service expenditures. The City Treasurer receives \$250 per month. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010.

*Contract Services:* The budget includes County and State administrative services for sales, property, VLF and Measure P taxes. Other services include audits and banking fees. The GASB 45 Other Post Employment Benefit (OPEB) actuary contract (\$10,000) will be completed in FY09-10.

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

## **Notes & Highlights:**

- Financial strategy with focus on fiscal sustainability, economic development, and funding city and RDA obligations.
- Budget management with a focus on responsible fiscal posture.
- Implementation of Rispin financing within the City and RDA budgets.
- Implement a new financial system.
- Accounting Services with a focus on improving procedures and support services to depts.
- Support Public Works with fiscal management of many CIP projects from Measure P funds.
- Provide grant management support services to departments.
- Administer the financial aspect of new housing programs and loan portfolios.
- Research and implement GASB 45 Other Post Employee Benefit requirements.

**FINANCE DEPARTMENT BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
General Fund	(242,500)	(210,500)	(183,600)	(192,800)	(203,600)	(195,900)
Transient Occupancy Tax (TOT)	604,000	643,500	650,000	650,000	657,000	657,000
Business Licenses Fees	325,900	299,400	311,400	300,000	300,000	300,000
<b>TOTAL</b>	<b>\$ 687,400</b>	<b>\$ 732,400</b>	<b>\$ 777,800</b>	<b>\$ 757,200</b>	<b>\$ 753,400</b>	<b>\$ 761,100</b>

<b>EXPENDITURES:</b>						
Staffing	494,600	565,000	569,300	499,200	551,400	568,600
Contract Services	145,400	125,200	168,100	217,600	162,300	153,600
Materials & Supplies	7,800	7,900	7,300	7,300	7,200	7,200
Fixed Asset Purchase						
Internal Service Charges	39,600	34,300	33,100	33,100	32,500	31,700
<b>TOTAL</b>	<b>\$ 687,400</b>	<b>\$ 732,400</b>	<b>\$ 777,800</b>	<b>\$ 757,200</b>	<b>\$ 753,400</b>	<b>\$ 761,100</b>

<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Budget</b>	<b>Adopted</b>	<b>Planned</b>
Finance Director	1.00	1.00	1.00	1.00	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	1.25	1.25	1.38	1.38	1.38	1.38
Account Technician	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE'S</b>	<b>5.25</b>	<b>5.25</b>	<b>5.38</b>	<b>5.38</b>	<b>5.38</b>	<b>5.38</b>

<b><u>ELECTED OFFICAL</u></b>						
Treasurer	1.00	1.00	1.00	1.00	1.00	1.00
(Annual Salary \$3,000)						

# BUILDING DEPARTMENT

## **MISSION STATEMENT**

To safeguard life, health, property and public welfare through knowledgeable, timely, consistent regulation of the design and construction of buildings within the City of Capitola.

## **DEPARTMENT PURPOSE**

The Building Department provides plan checking and building inspection services to assure compliance with the California Building Code. The Building Department also enforces the provisions of the State Housing Code and Abatement of Dangerous Building Code. In addition the Building Official serves as the City of Capitola's Americans with Disabilities Act compliance officer.

## **Revenues:**

Plan Check Fees and Building Permits are estimated at \$300,000 for FY09-10.

## **Expenditures:**

*Salary & Benefits:* During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. In addition, it is anticipated that the current Building Official, will retire in December 2009. At that time the classification of "Building Official" will be eliminated and a new classification of "Senior Building Inspector" will be created. The Senior Building Inspector position will report to the Community Development Director and the salary scale and organizational position will be restructured. The current Building Inspector will fill the Senior Building Inspector position. The "Building Inspector" position shall be frozen until the construction economy recovers. Once activity and revenues return this full-time position will be re-filled. In the interim, the former Building Official will be retained on a contract basis, in order to maintain acceptable service levels.

*Contract Services:* This category includes contracts for plan checking, engineering & inspection contracts. It will also include a contract for building official duties on a very limited basis.

*Materials & Supplies:* This fund contains memberships, training, travel and subscriptions.

## **Notes & Highlights:**

- Continue to provide building inspection and plan check services in a timely and professional manner.
- Continue to provide clarification of building code requirements to residents, contractors, architects and engineers.
- Serve as a resource to the community regarding disabled access.
- Building official serves as the compliance officer for Americans with Disabilities Title II

**BUILDING DEPARTMENT**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	(17,900)	(78,800)	(15,400)	(128,600)	22,800	(16,100)
Plan Check Fees	106,500	147,800	100,000	120,000	65,000	65,000
Building Permits	182,200	201,800	200,000	290,000	150,000	150,000
<b>TOTAL</b>	<b>\$ 270,800</b>	<b>\$ 270,800</b>	<b>\$ 284,600</b>	<b>\$ 281,400</b>	<b>\$ 237,800</b>	<b>\$ 198,900</b>

<b>EXPENDITURES:</b>						
Staffing	215,500	220,700	232,600	229,400	158,600	90,000
Contract Services	28,500	24,800	30,000	30,000	60,000	90,000
Materials & Supplies	6,400	9,500	7,300	7,300	5,800	5,800
Fixed Asset Purchase						
Internal Service Charges	20,400	15,800	14,700	14,700	13,400	13,100
<b>TOTAL</b>	<b>\$ 270,800</b>	<b>\$ 270,800</b>	<b>\$ 284,600</b>	<b>\$ 281,400</b>	<b>\$ 237,800</b>	<b>\$ 198,900</b>

<b>COST RECOVERY %</b>	<b><u>107%</u></b>	<b><u>129%</u></b>	<b><u>105%</u></b>	<b><u>146%</u></b>	<b><u>90%</u></b>	<b><u>108%</u></b>
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<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b><u>CLASSIFICATION</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>	<b><u>Planned</u></b>
Building Official	1.00	1.00	1.00	1.00	0.50	0.00
Building Inspector	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE'S</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>2.00</b>	<b>1.50</b>	<b>1.00</b>

**Negative General Fund** – The building department revenues are contributing to the general fund. However, the presentation above does not include all city overhead expenditures, which apply to this department (i.e. city manager/personnel departments and finance department expenditures are not allocated to this department as presented above). If such overhead expenditures were allocated, the department revenue would be equal to or below the department expenditures.

# 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 a key 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 development application review, implementation of the California Environmental Quality Act, the General Plan and Local Coastal Program, the Housing Element, neighborhood conservation and zoning code compliance, and assisting affordable housing through the Redevelopment Agency Housing (RDA) Set-Aside Program, Inclusionary Housing Program, CDBG (Community Development Block Grant) funding, HOME loans, and other affordable housing funding. The Department provides staff to the City Council, RDA, Planning Commission, Architectural and Site Review Committee, and the Commission on the Environment.

## **Revenues**

In the past, revenues generated by the Community Development Department accounted for approximately 30% of the department budget. A cost recovery fee system has been adopted by the City Council and the combination of all planning fees, grants, and non-General Fund revenues now cover 80% of the department budget.

## **Expenditures**

*Salary & Benefits:* There are 4.67 employees in this department. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary 4.6% salary reduction effective March 1, 2009 due to the economic conditions facing the city; the temporary salary reduction will terminate on June 30, 2010.

*Materials & Supplies:* Maintain the Materials & Supplies budget at \$7,900 to provide staff and Planning Commission training to keep up with changes in State Planning Law, and California Environmental Quality Act changes. Funds are also used for legal notices and supplies, the costs of which have increased.

**COMMUNITY DEVELOPMENT DEPARTMENT**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	223,500	200,500	116,700	106,500	87,000	110,800
Architectural Historian Fees	-	600	2,500	2,500	2,500	2,500
Housing Trust Fund	6,600	-	10,000	10,000	10,000	10,000
RDA Housing Services	158,000	206,300	223,000	223,000	223,000	223,000
General Plan Services	-	-	-	20,000	40,000	40,000
15% Consultant Fee	6,300	18,200	7,900	7,900	7,900	7,900
Planning Fees	194,000	192,600	260,100	260,100	220,800	220,800
	<b>\$ 588,400</b>	<b>\$ 618,200</b>	<b>\$ 620,200</b>	<b>\$ 630,000</b>	<b>\$ 591,200</b>	<b>\$ 615,000</b>

<b>EXPENDITURES:</b>						
Staffing	516,500	543,700	561,500	504,400	535,200	559,400
Contract Services	23,400	23,200	11,000	77,900	11,000	11,000
Materials & Supplies	8,000	13,600	9,500	9,500	7,900	7,900
Fixed Asset Purchase						
Internal Service Charges	40,500	37,700	38,200	38,200	37,100	36,700
<b>TOTAL</b>	<b>\$ 588,400</b>	<b>\$ 618,200</b>	<b>\$ 620,200</b>	<b>\$ 630,000</b>	<b>\$ 591,200</b>	<b>\$ 615,000</b>
	<b><u>62%</u></b>	<b><u>68%</u></b>	<b><u>81%</u></b>	<b><u>83%</u></b>	<b><u>85%</u></b>	<b><u>82%</u></b>

<b>AUTHORIZED POSITIONS:</b>	2006-07 Budget	2007-08 Budget	2008-09 Adopted	2008-09 Adopted	2009-10 Adopted	2010-11 Planned
<b>CLASSIFICATION</b>						
Community Dev Director	1.00	1.00	1.00	1.00	1.00	1.00
Associate Planner	1.00	1.00	1.00	1.00	1.00	1.00
Senior Planner	1.00	1.00	1.00	1.00	1.00	1.00
Development Services Tech	0.67	0.67	0.67	0.67	0.67	0.67
Housing & RDA Proj Mgr	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE'S</b>	<b>4.67</b>	<b>4.67</b>	<b>4.67</b>	<b>4.67</b>	<b>4.67</b>	<b>4.67</b>

Planning Commissioners	(5)					
Annual Payment	\$ 15,000	\$ 15,000	\$ 15,000	\$ 13,000	\$ 7,500	\$ 7,500
Arc & Site Committee	(2)					
Annual Payment	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200

**Notes and Highlights:**

- *Key activities for FY09-10:* Rispin Mansion Implementation; General Plan and Zoning Ordinance Update; Historic Preservation Program; Affordable Housing Programs including the implementation of the Affordable Housing (Inclusionary) Program; Bay Avenue Rental Rehabilitation Project; P/TA Grant Projects (Economic Development Strategy); Village Parking Study, City Hall Re-Use Study and 41<sup>st</sup> Ave. mixed use economic development study ; New Hotel, and Development Review/CEQA.

# 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.

## **MISSION STATEMENT**

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

## **DEPARTMENT PURPOSE**

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

## **Revenues:**

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

## **Expenditures:**

*Salary & Benefits:* The Police Department includes the Law Enforcement Unit, Parking Enforcement and the Lifeguard Unit. There are 30.75 FTE's, which is a reduction from 32.75 FTE's in FY08-09. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. The Chief retired in April 2009 and returned as an Interim Chief at a significant cost reduction, resulting in a reduction of .50 FTE. A Captain retired on July 1, 2009, and this position is frozen until further notice. With the retirement of the Administrative Assistant, that position was reduced to .75 FTE and a Records Clerk Position was reduced by .25 FTE. A .75 FTE that was funded by the SLESF fund was eliminated. The POA received a 5% COLA on July 1, 2009. Detailed information is in each programs description.

*Contract Services:* There is an overall slight reduction in the budget. See each section for details.

*Material & Supplies:* There is a slight increase from the FY08-09 Adopted Budget.

*Fixed Assets:* There are no fixed assets purchased in the General Fund. Within the Equipment Replacement Fund, there is one new patrol vehicle scheduled to be purchased in FY 09-10.

**POLICE DEPARTMENT BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	5,007,500	5,142,000	4,987,900	4,873,900	4,612,142	4,779,842
State - OTS - Speed Awareness	33,200	6,300	-	-	-	-
OTS Grant - Seat Belt Compliance	-	-	45,500	45,500	9,700	-
OTS Grant - Traffic Crashes Reduce	3,300	-	-	-	-	-
PD- OTS - Avoid the "9" (AL0486)	46,600	-	-	-	-	-
PD-OTS - Avoid the "9" (AL0758)	-	66,500	58,100	73,600	153,100	146,100
RDA - Public Safety @ Rispin	22,900	8,500	-	15,000	16,200	-
Parking Permits	28,600	29,900	27,000	27,000	27,000	27,000
POST Reimbursement	13,800	11,600	15,000	15,000	15,000	15,000
Proposition 172 Funds	36,000	35,200	37,000	37,000	37,000	38,000
Vehicle Release Fees	10,700	15,500	4,500	12,000	12,000	4,500
Police Reports	5,400	5,800	6,000	6,000	6,000	6,000
Booking Fees	52,400	18,300	15,000	5,000	8,100	8,000
Court Fines	127,400	82,100	108,300	100,000	90,000	92,000
Traffic Fines	-	47,200	11,700	45,000	50,000	51,000
Parking Citations	-	-	555,000	475,000	555,000	568,000
Court Fines - Red Light Enforce.	69,600	45,000	75,000	55,000	45,000	45,000
DUI Collections	-	-	-	-	6,200	6,200
Homeland Security	40,100	1,400	-	12,900	-	-
Animal Services Fees	-	3,800	2,500	2,500	2,500	2,500
<b>TOTAL</b>	<b>\$ 5,497,500</b>	<b>\$ 5,519,100</b>	<b>\$ 5,948,500</b>	<b>\$ 5,800,400</b>	<b>\$ 5,644,942</b>	<b>\$ 5,789,142</b>

<b>EXPENDITURES:</b>						
Staffing	3,640,300	3,796,800	4,247,400	4,091,200	3,960,000	4,138,600
Contract Services	1,050,900	946,100	1,085,900	1,085,200	1,052,042	1,036,142
Materials & Supplies	179,500	143,100	105,800	114,600	125,000	110,500
Fixed Asset Purchase	18,600	93,300	-	-	-	-
Internal Service Charges	608,200	539,800	509,400	509,400	507,900	503,900
<b>TOTAL</b>	<b>\$ 5,497,500</b>	<b>\$ 5,519,100</b>	<b>\$ 5,948,500</b>	<b>\$ 5,800,400</b>	<b>\$ 5,644,942</b>	<b>\$ 5,789,142</b>

<b>EXPENDITURES BY SERVICE AREA</b>						
Law Enforcement	5,002,100	4,930,000	5,369,900	5,239,300	5,109,442	5,244,142
Parking Enforcement	435,100	506,800	472,900	459,700	432,800	438,800
Lifeguards	60,300	69,600	86,400	85,400	86,300	89,800
Animal Services	-	12,700	19,300	16,000	16,400	16,400
<b>TOTAL</b>	<b>5,497,500</b>	<b>5,519,100</b>	<b>5,948,500</b>	<b>5,800,400</b>	<b>5,644,942</b>	<b>5,789,142</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Chief of Police	1.00	1.00	1.00	1.00	0.50	1.00
Police Captain	2.00	2.00	2.00	2.00	1.00	1.00
Police Lieutenant	0.00	0.00	0.00	0.00	0.00	0.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	14.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	3.00	3.00	3.00	3.00	3.00	3.00
Parking Enforcement Officer	3.00	3.00	3.00	3.00	3.00	3.00
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Records Clerks	2.75	2.75	2.75	2.75	2.50	2.50
Administrative Assistant	1.00	1.00	1.00	1.00	0.75	0.75
<b>TOTAL FTE'S</b>	<b>30.75</b>	<b>32.75</b>	<b>32.75</b>	<b>32.75</b>	<b>30.75</b>	<b>31.25</b>

**Hourly employee allocation - annual hours**

<b>CLASSIFICATION</b>	<b>Shown in hours</b>					
Temp. Parking Enforc. Ofcr	-	-	900	900	900	900
Senior Lifeguard	1,050	1,050	1,050	1,050	1,050	1,050
Lifeguard	1,700	1,700	1,700	1,700	1,700	1,700

## POLICE DEPT: LAW ENFORCEMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

#### **Revenues:**

The revenues generated by the Police Department – Law Enforcement includes the 4th year of the Red Light Enforcement Program, False Alarm fines, Vehicle Release fees, Traffic Citation fees, Booking Fee Reimbursements, etc. Parking Citation revenues have been moved to its own program.

#### **Expenditures:**

*Salary & Benefits:* This division includes 27.25 FTE's, a reduction of 2.0 FTE's. During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic crisis facing the city, with a termination date of June 30, 2010. The Chief retired in April 2009 and returned as an Interim Chief at a significant cost reduction. A Captain retired 2009, and this position is frozen effective July 1, 2009. With the retirement of the Administrative Assistant, that position was reduced to .75 FTE and a Records Clerk Position was reduced by 25%.

*Contract Services:* The largest contract is for the Communications JPA for \$518,000. Other large contracts include Red Light Enforcement Program, narcotics task force, booking and jail fees, utilities and communications equipment.

*Material & Supplies:* There is no change to the funding level. This category includes paper, toner, citations, small tools, office supplies for police department, annex and community outreach center.

*Fixed Assets:* There are no fixed assets purchased in the General Fund.

**POLICE DEPARTMENT – LAW ENFORCEMENT BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	4,512,100	4,556,700	4,966,800	4,790,300	4,634,142	4,805,342
State - OTS - Speed Awareness	33,200	6,300	-	-	-	-
OTS Grant - DUI & Safety Seat (PT0906)	-	-	45,500	45,500	9,700	-
OTS Grant - Traffic Crashes Reduce	3,300	-	-	-	-	-
PD- OTS - Avoid the "9" (AL0486)	46,600	-	-	-	-	-
PD-OTS - Avoid the "9" (AL0758)	-	66,500	58,100	73,600	153,100	146,100
RDA - Public Safety @ Rispin	22,900	8,500	-	15,000	16,200	-
Parking Permits	28,600	29,900	27,000	27,000	27,000	27,000
POST Reimbursement	13,800	11,600	15,000	15,000	15,000	15,000
Proposition 172 Funds	36,000	35,200	37,000	37,000	37,000	38,000
Vehicle Release Fees	10,700	15,500	4,500	12,000	12,000	4,500
Police Reports	5,400	5,800	6,000	6,000	6,000	6,000
Booking Fees	52,400	18,300	15,000	5,000	8,100	8,000
Court Fines	127,400	82,100	108,300	100,000	90,000	92,000
Traffic Fines	-	47,200	11,700	45,000	50,000	51,000
DUI Collections					6,200	6,200
Court Fines - Red Light Enforce.	69,600	45,000	75,000	55,000	45,000	45,000
Homeland Security	40,100	1,400	-	12,900	-	-
<b>TOTAL</b>	<b>\$ 5,002,100</b>	<b>\$ 4,930,000</b>	<b>\$ 5,369,900</b>	<b>\$ 5,239,300</b>	<b>\$ 5,109,442</b>	<b>\$ 5,244,142</b>

<b>EXPENDITURES:</b>						
Staffing	3,363,500	3,508,200	3,936,400	3,794,400	3,655,300	3,822,500
Contract Services	877,500	737,700	847,700	850,300	850,842	833,842
Materials & Supplies	150,200	126,100	93,000	101,800	111,500	97,000
Fixed Asset Purchase	18,600	31,800				
Internal Service Charges	592,300	526,200	492,800	492,800	491,800	490,800
<b>TOTAL</b>	<b>\$ 5,002,100</b>	<b>\$ 4,930,000</b>	<b>\$ 5,369,900</b>	<b>\$ 5,239,300</b>	<b>\$ 5,109,442</b>	<b>\$ 5,244,142</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Chief of Police	1.00	1.00	1.00	1.00	0.50	1.00
Police Captain	2.00	2.00	2.00	2.00	1.00	1.00
Police Lieutenant	0.00	0.00	0.00	0.00	0.00	0.00
Police Sergeant	4.00	4.00	4.00	4.00	4.00	4.00
Police Officer	14.00	15.00	15.00	15.00	15.00	15.00
Community Service Officer	2.50	2.50	2.50	2.50	2.50	2.50
Parking Enforcement Officer						
Records Manager	1.00	1.00	1.00	1.00	1.00	1.00
Records Clerks	2.75	2.75	2.75	2.75	2.50	2.50
Administrative Assistant	1.00	1.00	1.00	1.00	0.75	0.75
<b>TOTAL FTE'S</b>	<b>28.25</b>	<b>29.25</b>	<b>29.25</b>	<b>29.25</b>	<b>27.25</b>	<b>27.75</b>

**Hourly employee allocation - annual hours**

<b>CLASSIFICATION</b>	Hours
Temp. Police Chief	1,040
Senior Lifeguard	1,050
Lifeguard	1,700

## POLICE DEPT: PARKING ENFORCEMENT

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

**Revenues:** Revenues are primarily generated from parking citations. The estimate was based on FY08-09 mid-year actuals and an increase in citation fees.

### **Expenditures:**

*Salary & Benefits:* There are 3 FTE's as part of this program which reflects no changes to staffing levels. The budget also includes a part-time parking enforcement officer for 900 hours. This is a cost neutral position with matching revenues.

*Contract Services:* This fund includes contracts for rental of 411 Capitola Ave, Coin Meter Collection, State and County Service Charges, and processing citations through the DMV.

*Materials and Supplies:* There is no significant change from FY08-09. Funding includes Uniform Purchases, and Uniform Cleaning.

**PARKING ENFORCEMENT**

<b>SOURCE OF FUNDS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
General Fund	(5,200)	17,500	(82,100)	(15,300)	(122,200)	(129,200)
Parking Citations	440,300	489,300	555,000	475,000	555,000	568,000
<b>TOTAL</b>	<b>\$ 435,100</b>	<b>\$ 506,800</b>	<b>\$ 472,900</b>	<b>\$ 459,700</b>	<b>\$ 432,800</b>	<b>\$ 438,800</b>

<b>EXPENDITURES:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
Staffing	221,500	223,600	229,900	216,700	223,500	231,300
Contract Services	173,400	196,500	223,200	223,200	189,200	190,300
Materials & Supplies	26,400	13,300	5,700	5,700	6,600	6,600
Fixed Asset Purchase		61,500				
Internal Service Charges	13,800	11,900	14,100	14,100	13,500	10,600
<b>TOTAL</b>	<b>\$ 435,100</b>	<b>\$ 506,800</b>	<b>\$ 472,900</b>	<b>\$ 459,700</b>	<b>\$ 432,800</b>	<b>\$ 438,800</b>

<b>COST RECOVERY %</b>			<b><u>117%</u></b>	<b><u>103%</u></b>	<b><u>128%</u></b>	<b><u>129%</u></b>
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<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b><u>CLASSIFICATION</u></b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Chief of Police						
Police Captain						
Police Lieutenant						
Police Sergeant						
Police Officer						
Community Service Officer						
Parking Enforcement Officer	3.00	3.00	3.00	3.00	3.00	3.00
Records Manager						
Records Clerks						
Administrative Assistant						
<b>TOTAL FTE'S</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

**Hourly employee allocation - annual hours**

<b><u>CLASSIFICATION</u></b>	<b>hours</b>	<b>hours</b>	<b>hours</b>	<b>hours</b>
Temp. Parking Enforc. Ofcr	900	900	900	900
Senior Lifeguard				
Lifeguard				

## POLICE DEPT: LIFEGUARDS

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

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

### Revenues:

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

### Expenditures:

*Salary & Benefits:* There is 1 FTE Community Service Officer, which is ½ funded in this program and ½ funded in the Law Enforcement program. The salaries were decreased by 4.6% as part of the employee furlough program. The remaining funds are for 1,050 for a Senior Lifeguard, and 1,700 hours for the remaining lifeguards for the summer.

*Contract Services:* None

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

**LIFEGUARD BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
General Fund	60,300	69,600	86,400	85,400	86,300	89,800
<b>TOTAL</b>	<b>\$ 60,300</b>	<b>\$ 69,600</b>	<b>\$ 86,400</b>	<b>\$ 85,400</b>	<b>\$ 86,300</b>	<b>\$ 89,800</b>

<b>EXPENDITURES:</b>						
Staffing	55,300	65,000	81,100	80,100	81,200	84,800
Contract Services						
Materials & Supplies	2,900	2,900	2,800	2,800	2,700	2,700
Fixed Asset Purchase						
Internal Service Charges	2,100	1,700	2,500	2,500	2,400	2,300
<b>TOTAL</b>	<b>\$ 60,300</b>	<b>\$ 69,600</b>	<b>\$ 86,400</b>	<b>\$ 85,400</b>	<b>\$ 86,300</b>	<b>\$ 89,800</b>

**COST RECOVERY %** 0%      0%      0%      0%

<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b><u>CLASSIFICATION</u></b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Chief of Police						
Police Captain						
Police Lieutenant						
Police Sergeant						
Police Officer						
Community Service Officer	0.50	0.50	0.50	0.50	0.50	0.50
Parking Enforcement Officer						
Records Manager						
Records Clerks						
Administrative Assistant						
<b>TOTAL FTE'S</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

**Hourly employee allocation - annual hours**

<b><u>CLASSIFICATION</u></b>	<b><u>hours</u></b>	<b><u>hours</u></b>	<b><u>hours</u></b>	<b><u>hours</u></b>	<b><u>hours</u></b>	<b><u>hours</u></b>
Temp. Parking Enforc. Ofcr						
Senior Lifeguard	1,050	1,050	1,050	1,050	1,050	1,050
Lifeguard	1,700	1,700	1,700	1,700	1,700	1,700

# POLICE DEPARTMENT - ANIMAL SERVICES

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

## REVENUES

In FY09-10 revenues were approximately \$2,500 in animal related fees and fines collected. These fees and fines will be returned to the program in an effort to offset material, training, and equipment costs. No additional personnel are needed to run the program.

## EXPENDITURES

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

Contract Services: This is the third year of implementing the new animal service unit controlled solely by the City of Capitola. Currently, the City has contracts, Chanticleer Veterinary Hospital, Westside Animal Hospital, Pacific Veterinary Hospital, the Santa Cruz County SPCA and Santa Cruz County Animal Services Association for animal licensing. \$12,000, which will be utilized to pay for contract veterinarian services and board care facilities.

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

**POLICE DEPARTMENT – ANIMAL SERVICES**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	-	8,900	16,800	13,500	13,900	13,900
Animal Fees/Fines	-	3,800	2,500	2,500	2,500	2,500
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 12,700</b>	<b>\$ 19,300</b>	<b>\$ 16,000</b>	<b>\$ 16,400</b>	<b>\$ 16,400</b>

<b>EXPENDITURES:</b>						
Staffing						
Contract Services		11,900	15,000	11,700	12,000	12,000
Materials & Supplies		800	4,300	4,300	4,200	4,200
Fixed Asset Purchase						
Internal Service Charges					200	200
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ 12,700</b>	<b>\$ 19,300</b>	<b>\$ 16,000</b>	<b>\$ 16,400</b>	<b>\$ 16,400</b>

**COST RECOVERY %** 15% 15%

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b><u>CLASSIFICATION</u></b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Chief of Police						
Police Captain						
Police Lieutenant						
Police Sergeant						
Police Officer						
Community Service Officer						
Parking Enforcement Officer						
Records Manager						
Records Clerks						
Administrative Assistant						
<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>

**Hourly employee allocation - annual hours**

<b><u>CLASSIFICATION</u></b>
Seasonal/Temp. Parking Enforc. Ofcr
Senior Lifeguard
Lifeguard

## PUBLIC WORKS DEPARTMENT - OVERVIEW

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

### **Revenues:**

*General Fund:* The Public Works Department is almost entirely funded by the General Fund, with only 6.8% funded by gas sales, encroachment permit fees, and charges for direct staff services at the Wharf and the Gas Tax fund for street sweeping fees.

### **Expenditures:**

*Salary & Benefits:* During the FY08-09 Mid-Year Review, all city employees agreed to a temporary, 4.6% salary reduction effective March 1, 2009 due to the economic status of the City, with a termination date of June 30, 2010. In addition, selected employees were offered early retirement packages, including 2 Public Works employees; a Maintenance Worker (listed previously as Equipment Operator) and the Parks Maintenance Supervisor. With their retirements, those positions will be frozen indefinitely.

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

*Unanticipated Events Fund:* For FY09-10, \$10,000 has been included in the budget.

*Materials and Supplies:* The materials and supply budget has been slightly reduced over last fiscal year expenditures.

**PUBLIC WORKS DEPARTMENT BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>SOURCE OF FUNDS:</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
General Fund	2,197,800	2,032,100	2,228,900	2,429,800	1,848,800	2,008,100
Encroachment Permit Fees	17,700	13,100	10,000	10,000	10,000	10,000
Boat Space Rental (dept 000)	4,800	4,700	4,000	4,000	4,000	4,000
Staff Services @ Wharf	19,900	42,000	25,800	25,800	25,800	27,000
Staff Services @ Rispin	7,200	3,200	-	-	7,200	-
Staff Services @ Gas Tax	-	-	45,000	45,000	45,000	45,000
Gas Revenues	30,900	32,700	30,000	30,000	30,000	30,000
Grants - Riparian	-	17,200	-	3,000	-	-
<b>TOTAL</b>	<b>\$ 2,278,300</b>	<b>\$ 2,145,000</b>	<b>\$ 2,343,700</b>	<b>\$ 2,547,600</b>	<b>\$ 1,970,800</b>	<b>\$ 2,124,100</b>

<b>EXPENDITURES:</b>						
Staffing	1,180,300	1,228,800	1,291,300	1,273,900	1,069,900	1,117,200
Contract Services	678,300	488,200	656,900	888,200	516,400	622,900
Unanticipated Events	-	-	10,000	-	10,000	10,000
Materials & Supplies	272,500	298,700	287,300	287,300	283,600	283,600
Fixed Asset Purchase	-	-	-	-	-	-
Internal Service Charges	147,200	129,300	98,200	98,200	90,900	90,400
<b>TOTAL</b>	<b>\$ 2,278,300</b>	<b>\$ 2,145,000</b>	<b>\$ 2,343,700</b>	<b>\$ 2,547,600</b>	<b>\$ 1,970,800</b>	<b>\$ 2,124,100</b>

<b>EXPENDITURES BY SERVICE AREA:</b>						
Streets	1,231,400	1,113,800	1,212,600	1,378,100	1,004,700	1,129,900
Facilities	245,100	143,200	268,200	293,200	236,400	236,300
Parks	529,500	588,600	578,000	592,500	447,500	472,200
Fleet	272,300	299,400	284,900	283,800	282,200	285,700
<b>TOTAL</b>	<b>\$ 2,278,300</b>	<b>\$ 2,145,000</b>	<b>\$ 2,343,700</b>	<b>\$ 2,547,600</b>	<b>\$ 1,970,800</b>	<b>\$ 2,124,100</b>

<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Parks Maint. Supervisor	1.00	1.00	1.00	1.00	0.00	0.00
Str. & Fac. Maint. Supervisor	1.00	1.00	1.00	1.00	1.00	1.00
Counter Records Technician	0.33	0.33	0.33	0.33	0.33	0.33
Equipment Operator	1.00	1.00	1.00	1.00	0.00	0.00
Maintenance Worker	8.00	8.00	8.00	8.00	8.00	8.00
Mechanic	1.00	1.00	1.00	1.00	1.00	1.00
<b>TOTAL FTE'S</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>	<b>14.33</b>	<b>12.33</b>	<b>12.33</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 and the Wharf Working Group.

### **Revenues:**

*General Fund:* The majority of funding is from the general fund. Additional revenue sources include: Encroachment Permit Fees are \$10,000, charges for actual staff time at the Wharf in the amount of \$25,800 and a Gas Tax in the amount of \$45,000 to offset the costs of street sweeping.

### **Expenditures:**

*Salary & Benefits:* There are 7.33 FTE's including the Public Works Director and Maintenance Superintendent funded in the Streets division, this represents a reduction in 1 FTE. Due to the economic status of the City, the City offered an early retirement package to one Maintenance Worker and that position is now frozen.

*Contract Services:* The FY09-10 budget for Streets Contract Services includes the reduction of seasonal labor from 2 positions to 1 position. One seasonal labor position is being retained to provide Public Works presence at the Wednesday night concerts and summer weekends without incurring additional overtime in the Department. Engineering Services has also been reduced by 30% for FY2009-10 and slurry seals are temporarily going to be funded out of the CIP fund. Finally, no funding for the City Wide shuttle is included in this budget.

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

**PUBLIC WORKS DEPARTMENT: STREET MAINTENANCE**  
**BUDGET SUMMARY**

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	1,181,800	1,033,600	1,127,800	1,290,300	912,700	1,043,900
Boat Space Rental	4,800	4,700	4,000	4,000	4,000	4,000
Staff Services @ Wharf	19,900	42,000	25,800	25,800	25,800	27,000
Staff Services @ Rispin	7,200	3,200	-	-	7,200	-
Staff Services @ Gas Tax	-	-	45,000	45,000	45,000	45,000
Encroachment Permit Fees	17,700	13,100	10,000	10,000	10,000	10,000
Grants - Riparian	-	17,200	-	3,000	-	-
<b>TOTAL</b>	<b>\$ 1,231,400</b>	<b>\$ 1,113,800</b>	<b>\$ 1,212,600</b>	<b>\$ 1,378,100</b>	<b>\$ 1,004,700</b>	<b>\$ 1,129,900</b>

<b>EXPENDITURES:</b>						
Staffing	731,900	762,700	798,400	787,600	695,000	726,000
Contract Services	351,600	200,800	296,100	482,400	197,600	292,100
Unanticipated Events			10,000	-	10,000	10,000
Materials & Supplies	45,000	59,400	42,300	42,300	40,000	40,000
Fixed Asset Purchase						
Internal Service Charges	102,900	90,900	65,800	65,800	62,100	61,800
<b>TOTAL</b>	<b>\$ 1,231,400</b>	<b>\$ 1,113,800</b>	<b>\$ 1,212,600</b>	<b>\$ 1,378,100</b>	<b>\$ 1,004,700</b>	<b>\$ 1,129,900</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	Budget	Budget	Adopted	Adopted	Adopted	Planned
Public Works Director	1.00	1.00	1.00	1.00	1.00	1.00
Maint. Superintendent	1.00	1.00	1.00	1.00	1.00	1.00
Str. & Fac. 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	1.00	1.00	1.00	1.00	0.00	0.00
Maintenance Worker	4.00	4.00	4.00	4.00	4.00	4.00
<b>TOTAL FTE'S</b>	<b>8.33</b>	<b>8.33</b>	<b>8.33</b>	<b>8.33</b>	<b>7.33</b>	<b>7.33</b>

**\* Unanticipated Events**

FY08/09 Adopted Budget of \$10,000, of which \$0 was expended as of 3/31/09

For prior year detail, see the Unanticipated Events Budget discussion in the Gen. Fund Expenditures Section.

## 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, and the Municipal Wharf.

### Revenues:

The Facilities budget is entirely funded by the General Fund.

### Expenditures:

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

*Contract Services:* The FY09-10 Facility contract expenditures include all of the utility bills for the facilities which represents over 40% of the budget amount. The second largest expenditure is for the janitorial service contract. This budget has been significantly reduced due to elimination of all but essential services to the facilities. All painting, HVAC, plumbing improvement projects have been deferred at this time.

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

**PUBLIC WORKS DEPARTMENT: FACILITIES MAINTENANCE**  
**BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>SOURCE OF FUNDS:</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
General Fund	245,100	143,200	268,200	293,200	236,400	236,300
<b>TOTAL</b>	<b>\$ 245,100</b>	<b>\$ 143,200</b>	<b>\$ 268,200</b>	<b>\$ 293,200</b>	<b>\$ 236,400</b>	<b>\$ 236,300</b>

**EXPENDITURES:**

Staffing				-		
Contract Services	195,000	107,300	211,200	236,200	181,200	181,200
Materials & Supplies	44,700	31,800	52,600	52,600	51,800	51,800
Fixed Asset Purchase						
Internal Service Charges	5,400	4,100	4,400	4,400	3,400	3,300
	<b>\$ 245,100</b>	<b>\$ 143,200</b>	<b>\$ 268,200</b>	<b>\$ 293,200</b>	<b>\$ 236,400</b>	<b>\$ 236,300</b>

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</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: PARK MAINTENANCE

### MISSION STATEMENT

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

### DEPARTMENT PURPOSE

To maintain City parks and landscaped areas throughout the City.

#### Revenues:

This program is fully funded with General Fund Revenues.

#### Expenditures:

*Salary & Benefits:* Due to the economic status of the City, the Parks Maintenance Supervisor accepted an early retirement package effective June 30, 2009. This position will remain frozen indefinitely.

*Contract Services:* In FY08-09 the Parks Contract Services budget was increased for additional seasonal labor help. These additional services are necessary due the addition of maintained area such as Prospect Bluff pathway, the Esplanade Bandstand, Library tot lot and various landscaped areas throughout the Village. In this proposed budget, the Council approved the elimination of all seasonal labor. Contracts also include payments for water, and other utility fees. The water fees alone have increased over 30% in the past two years.

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

**PUBLIC WORKS DEPARTMENT: PARK MAINTENANCE**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	529,500	588,600	578,000	592,500	447,500	472,200
<b>TOTAL</b>	<b>\$ 529,500</b>	<b>\$ 588,600</b>	<b>\$ 578,000</b>	<b>\$ 592,500</b>	<b>\$ 447,500</b>	<b>\$ 472,200</b>

<b>EXPENDITURES:</b>						
Staffing	373,500	388,400	412,000	406,500	296,400	309,200
Contract Services	95,500	142,100	112,100	132,100	100,100	112,100
Materials & Supplies	29,100	31,700	32,400	32,400	31,800	31,800
Fixed Asset Purchase						
Internal Service Charges	31,400	26,400	21,500	21,500	19,200	19,100
<b>TOTAL</b>	<b>\$ 529,500</b>	<b>\$ 588,600</b>	<b>\$ 578,000</b>	<b>\$ 592,500</b>	<b>\$ 447,500</b>	<b>\$ 472,200</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
Parks Maint. Supervisor	1.00	1.00	1.00	1.00	0.00	0.00
Maintenance Worker	4.00	4.00	4.00	4.00	4.00	4.00
<b>TOTAL FTE'S</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</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.

### Revenues:

Based on the FY08-09 fuel sales to the Soquel Union Elementary School District and Central Fire District, estimated revenues of \$30,000 are projected for 2009-10. Both the School District and the Fire District are charged the City's cost for fuel.

### Expenditures:

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

*Contract Services:* This category includes one full time contract mechanic at an annual cost of \$32,000 and specialized contract repair costs at \$5,000, which represents no change from prior years.

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

**PUBLIC WORKS DEPARTMENT: FLEET MAINTENANCE**  
**BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>SOURCE OF FUNDS:</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
General Fund	241,400	266,700	254,900	253,800	252,200	255,700
Gas Revenues	30,900	32,700	30,000	30,000	30,000	30,000
<b>TOTAL</b>	<b>\$ 272,300</b>	<b>\$ 299,400</b>	<b>\$ 284,900</b>	<b>\$ 283,800</b>	<b>\$ 282,200</b>	<b>\$ 285,700</b>

<b>EXPENDITURES:</b>						
Staffing	74,900	77,700	80,900	79,800	78,500	82,000
Contract Services	36,200	38,000	37,500	37,500	37,500	37,500
Materials & Supplies	153,700	175,800	160,000	160,000	160,000	160,000
Fixed Asset Purchase						
Internal Service Charges	7,500	7,900	6,500	6,500	6,200	6,200
<b>TOTAL</b>	<b>\$ 272,300</b>	<b>\$ 299,400</b>	<b>\$ 284,900</b>	<b>\$ 283,800</b>	<b>\$ 282,200</b>	<b>\$ 285,700</b>

<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
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.

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

### **Expenditures:**

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

*Contract Services:* Contract Services include: Class Instructors, Sports Officials, Loomis Daily Cash Pick-up and Preparation of Deposit, photographs, brochure printing, finger-printing, credit card merchant fees, Pacific Bell, T-1 line, Outside services, youth volunteer honorarium, and event insurance. The budget was increased to accommodate the new credit card processing software program and associated fees. Fee's were increased to recover the associated cost.

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

*Notes & Highlights:* The department monitors revenues and expenditures monthly, and adjusts staffing and controls costs accordingly, to stay within an approximate 90% cost recovery (direct costs and overhead). All staffing for the front office/registration staff continues to be filled by temporary, seasonal staff, and adjusted for seasonal fluctuations in the workload. Hourly staffing for FY 09-10 has been reduced approximately 9%, to reflect actual hours worked, which offsets the increase in Contract Services, which have been under-budgeted. Junior Guards materials/supplies have been reduced. Sports field prep time has been reduced and the department has been expanding offerings, including youth sports, to try to generate more revenue. Staff has been extensively evaluating programs and classes, eliminating unsuccessful ones and adding many new offerings to try to stimulate enrollments.

**RECREATION DEPARTMENT**  
**BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	107,000	111,500	144,900	142,600	104,900	110,800
Recreation Fees	720,400	722,800	690,000	690,000	724,000	727,000
Jade Street Park Facility Rents	10,200	6,900	15,000	10,000	15,000	15,000
<b>TOTAL</b>	<b>\$ 837,600</b>	<b>\$ 841,200</b>	<b>\$ 849,900</b>	<b>\$ 842,600</b>	<b>\$ 843,900</b>	<b>\$ 852,800</b>

<b>EXPENDITURES:</b>						
Staffing	441,500	438,000	481,300	474,000	450,100	459,600
Contract Services	274,400	292,100	261,700	261,700	288,800	288,800
Materials & Supplies	72,000	67,500	66,500	66,500	65,600	65,600
Fixed Asset Purchase				-		
Internal Service Charges	49,700	43,600	40,400	40,400	39,400	38,800
<b>TOTAL</b>	<b>\$ 837,600</b>	<b>\$ 841,200</b>	<b>\$ 849,900</b>	<b>\$ 842,600</b>	<b>\$ 843,900</b>	<b>\$ 852,800</b>

<b>TOTAL COST RECOVERY</b>	<b>87%</b>	<b>87%</b>	<b>83%</b>	<b>83%</b>	<b>88%</b>	<b>87%</b>
<b>RECOVERY WITHOUT IS CHGS</b>	<b>93%</b>	<b>91%</b>	<b>87%</b>	<b>87%</b>	<b>92%</b>	<b>91%</b>

<b>AUTHORIZED POSITIONS:</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Adopted</b>	<b>Planned</b>
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
<b>Recreation Assistant *</b>	0.50	0.50	0.50	0.50	0.50	0.50
Sports Coordinator	0.75	0.75	0.75	0.75	0.75	0.75
<b>TOTAL FTE'S</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>	<b>3.00</b>

<b>Hourly employee allocation - annual hours</b>	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Aquatics Coordinator	225	225	225	225	-	-
Aquatics Instructor	1,344	1,120	1,120	1,120	-	-
Sports Scorekeepers	2,666	2,666	2,350	2,350	2,100	2,100
Camp Capitola (C.C.) Coordinator	480	900	850	850	800	800
C.C. Jr. Leader Coordinator	456	400	400	400	400	400
C.C. Leader	4,527	3,000	3,000	3,000	2,900	2,900
Jr. Lifeguard Coordinator	400	500	450	450	450	450
Jr. Lifeguard Instructor **	5,760	6,750	8,000	8,000	7,000	7,000
<b>Recreation Program Assistant *</b>	3,420	3,420	3,500	3,500	3,300	3,300
Recreation Facility Assistant	1,500	1,500	1,350	1,350	1,100	1,100
<b>SHOWN IN HOURS</b>	<b>20,778</b>	<b>20,481</b>	<b>21,245</b>	<b>21,245</b>	<b>18,050</b>	<b>18,050</b>

\* The Recreation Assistant "authorized position" -- Dependent upon the available workforce, the Recreation Assistant authorized position may be filled by a seasonal/temporary employee in conjunction with the Recreation Program Assistant hours. The two-year budget includes \$12,000 allocated from Recreation Assistant Salary to PERS to accommodate such event. The City Manager and Recreation Supervisor shall make that determination. The department will stay within its budget.

\*\* Refer to Police Lifeguard Program Budget for annual hours for lifeguards and senior lifeguards.

# MUSEUM

## MISSION STATEMENT

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

## DEPARTMENT PURPOSE

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

**Revenues:** At the direction of the City Manager and through fundraising efforts, the Historical Museum Board of Directors will supplement the budget provided by the city, includes \$3,000 donation.

## Expenditures:

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

**Contract Services:** The budget for utilities such as phone and electricity. Funding for the Oral History project was eliminated in FY08-09.

**Materials & Supplies:** \$8,000 is status quo from FY03-04. Funding is for the acquisition of exhibit materials, restoration and conservation materials.

## Notes & Highlights:

Capitola Historical Museum creates interpretive exhibits using photo enlargements with explanatory text, related artifacts, and relevant narration. The museum gives research assistance to city staff and the business community, and works with the Chamber of Commerce and other organizations to increase visitor appreciation of Capitola's natural and cultural assets.

### Exhibits

- Just Beachy—Capitola in the 1950s. The exhibit opened in November as an accompaniment to the City of Capitola's birthday Expansion

### Expansion

- Bathhouse finished, site landscaped, and interpretive panels installed.
- Photo archive enhanced with high-resolution images and enlargements obtained through museum board efforts.
- Oral history with Tom King completed for Community TV series.
- Capitola timeline published in 2009 Museum of Art and History Journal.

### Collaboration

- Assistance provided with organizing, publicity, and fundraising for 60th birthday celebration.
- Book project assistance given to Soquel Pioneer and Historical Association

- Research assistance, walking tours, lectures, photos provided to community.
- Participation in Begonia Festival.

### Operating Cost Management

- Newsletter, *Capitola Sunset* yields fundraising net of \$3,300.
- Tiki T-shirts, designed by artist Frank Hill, net \$450 to date.
- Volunteer labor contributed for landscaping, archive storage.
- Exhibit costs reduced through donation of photo enlargements by a volunteer.

### Volunteer Management

- Volunteer time exceeded 688 hours.
- More than 5,500 museum visitors recorded
- Volunteer exhibit designer volunteered more than 100 hours.

**MUSEUM DEPARTMENT**  
**BUDGET SUMMARY**

	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
General Fund	66,700	61,700	61,900	61,200	60,400	62,800
Museum Research Fee	600	600	2,500	2,500	2,500	2,500
Donations	700	900	600	600	600	600
<b>TOTAL</b>	<b>\$ 68,000</b>	<b>\$ 63,200</b>	<b>\$ 65,000</b>	<b>\$ 64,300</b>	<b>\$ 63,500</b>	<b>\$ 65,900</b>
<b>EXPENDITURES:</b>						
Staffing	49,700	51,500	53,000	52,300	51,500	54,000
Contract Services	600	600	1,400	1,400	1,400	1,400
Materials & Supplies	10,600	8,100	8,000	8,000	8,000	8,000
Fixed Asset Purchase						
Internal Service Charges	7,100	3,000	2,600	2,600	2,600	2,500
<b>TOTAL</b>	<b>\$ 68,000</b>	<b>\$ 63,200</b>	<b>\$ 65,000</b>	<b>\$ 64,300</b>	<b>\$ 63,500</b>	<b>\$ 65,900</b>
<b>COST RECOVERY %</b>	<b><u>1.91%</u></b>	<b><u>2.37%</u></b>	<b><u>4.77%</u></b>	<b><u>4.82%</u></b>	<b><u>4.88%</u></b>	<b><u>4.70%</u></b>
<b>AUTHORIZED POSITIONS:</b>						
<b><u>CLASSIFICATION</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>	<b><u>Adopted</u></b>	<b><u>Planned</u></b>
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.

## **Revenues:**

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

## **Expenditures:**

*Salary & Benefits:* There is an hourly Administrative Assistant whose hours are 45 hours per month for a total of 540 hours per year. 60 hours from the 540 are allocated to the Public Art Fund to administer that program.

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

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

*Grants & Awards:* The Commission has funded a the Grant Program which provides grants for art and/or cultural programs, performing arts and children's projects in the amount of \$11,500. Prior to granting those funds in FY08-09, the City Council eliminated those funds indefinitely due to the economic status of the City.

## **Notes & Highlights:**

- Pursue and enhance the variety of cultural events for all ages in the community
- Assist the City Council with the implementation of the Public Art & Cultural Master Plan
- Aid the City Council in the decision-making and acquisition process for Public Art
- Provide for the education and enjoyment of artistic expression
- Increase the amount of sponsored events.

**ART & CULTURAL COMMISSION  
BUDGET SUMMARY**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
General Fund	38,400	32,400	36,100	25,100	22,200	22,100
Twilight Concert Sponsorship	11,100	8,600	11,000	11,000	12,800	12,800
Movies at the Beach sponsorship	800	3,000	4,000	4,000	4,000	4,000
Art at the Beach Fees	1,300	3,100	3,500	3,500	3,600	3,600
<b>TOTAL</b>	<b>\$ 51,600</b>	<b>\$ 47,100</b>	<b>\$ 54,600</b>	<b>\$ 43,600</b>	<b>\$ 42,600</b>	<b>\$ 42,500</b>

<b>EXPENDITURES:</b>						
Staffing	8,700	9,400	11,700	11,700	11,700	11,700
Contract Services	19,100	19,100	21,900	21,900	20,900	20,900
Materials & Supplies	21,600	16,700	19,400	8,400	8,400	8,400
Fixed Asset Purchase						
Internal Service Charges	2,200	1,900	1,600	1,600	1,600	1,500
<b>TOTAL</b>	<b>\$ 51,600</b>	<b>\$ 47,100</b>	<b>\$ 54,600</b>	<b>\$ 43,600</b>	<b>\$ 42,600</b>	<b>\$ 42,500</b>

<b>COST RECOVERY %</b>	<b>26%</b>	<b>31%</b>	<b>34%</b>	<b>42%</b>	<b>48%</b>	<b>48%</b>
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<b>AUTHORIZED POSITIONS: CLASSIFICATION</b>	2006-07 Budget	2007-08 Budget	2008-09 Adopted	2008-09 Adopted	2009-10 Adopted	2010-11 Planned
None						
<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>

**Hourly employee allocation - annual hours**

<b>CLASSIFICATION</b>	hours	hours	hours	hours	hours	hours
Administrative Assistant *	420	420	480	480	480	480
Hours per month	35	35	40	40	40	40

\* Administrative Assistant: 540 total hours allocated 480hrs to Art & Cultural Dept and 60 to the Public Art Fund

**Art & Cultural Commission Program Description**

Program Cost	FY08/09 Budget	FY09/10 Budget
<b>TWILIGHT CONCERT</b>		
Bands	\$ 11,000	\$ 12,800
Sound Man	\$ 7,700	\$ 4,900
Materials & Supplies	\$ 3,600	\$ 3,700
<b>Total</b>	<b>\$ 22,300</b>	<b>\$ 21,400</b>
<b>Art at the Beach</b>		
Program Coordinator	\$ 3,100	\$ 3,200
Publicity	\$ 400	\$ 400
<b>Total</b>	<b>\$ 3,500</b>	<b>\$ 3,600</b>
<b>Movies at the Beach</b>		
Materials & Supplies	\$ 4,000	\$ 4,000
<b>Total</b>	<b>\$ 4,000</b>	<b>\$ 4,000</b>
<b>OTHER COSTS</b>		
Salary & Benefits	\$ 11,700	\$ 11,700
Misc Material & Supplies	\$ 500	\$ 300
Internal Service Charge	\$ 1,600	\$ 1,600
<b>Grand Total</b>	<b>\$ 43,600</b>	<b>\$ 42,600</b>

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# INTERNAL SERVICE FUNDS



## **Document Resources for Internal Service Funds:**

- Internal Serv.doc
- IS Fund Sources & Use.xls

## 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. This Internal Service Fund will mitigate the impact of the PERS rate swings on the General Fund operating budget.

# ◆ 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, mobile data computer, printers, and servers each department uses. The annual charge for each Department was calculated by assigning a dollar value and useful life to each of the four categories:

- Personal computers \$1,500 & 3 years;
- Laptop: \$2,500 & 3 years;
- Mobile Data Computers \$7,000 & e years
- Printers \$1,500 & 4 years;
- Servers \$6,000 & 4 years

The following table shows the distribution of these resources by Department.

Department	PC	Laptop	MDC	Printers	Servers	Hardware - only Annual Charge
Council		1				800
Finance	6	1		2	2	7,600
Attorney						-
Manager	7	5		1	4	14,000
Personnel	1					500
Museum	1					500
Arts	1					500
Police - Law Enf	25	5	10	4	2.25	35,500
Police - Parking Enf	1	0		1	0	900
Police - Lifeguard	1	0		0	0	500
CDD	5			1	0.25	3,300
Building	2	1		1	0.25	2,600
Public Works						-
Streets	4				0.25	2,400
Facilities	1					500
Parks	2					1,000
Fleet						-
Recreation	7			1	1	5,400
<b>Total</b>	<b>64</b>	<b>13</b>	<b>10</b>	<b>11</b>	<b>10</b>	<b>\$ 76,000</b>
	<u>PC</u>	<u>Laptop</u>	<u>MDC</u>	<u>Printers</u>	<u>Servers</u>	
Replacement Cost/Each	\$ 1,500	\$ 2,500	\$ 7,000	\$ 1,500	\$ 6,000	
Estimated Life	3	3	5	4	4	
<b>Total Replacement Cost</b>	<b>\$ 96,000</b>	<b>\$ 32,500</b>	<b>\$ 70,000</b>	<b>\$ 16,500</b>	<b>\$ 60,000</b>	<b>\$ 275,000</b>
						<b>25%</b>
<b>Replacement Budget - Target Balance 25% of Replacement Budget</b>						<b>\$ 68,800</b>

## ◆ *Information Technology Fund* ◆

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

The following chart provides the annual Internal Service Fund charge by department:

Department	2009-10 Adopted	2010-11 Planned	%
Council	1,200	1,100	1.02%
Finance	11,700	10,900	10.06%
Attorney	-	-	0.00%
City Manager	21,500	20,000	18.47%
Personnel	800	700	0.65%
Museum	800	700	0.65%
Arts	800	700	0.65%
Police - Law Enf	54,400	50,600	46.72%
Police - Parking Enf	1,400	1,300	1.20%
Police - Lifeguard	800	700	0.65%
CDD	5,100	4,700	4.34%
Building	4,000	3,700	3.42%
Public Works		-	0.00%
Streets	3,700	3,400	3.14%
Facilities	800	700	0.65%
Parks	1,500	1,400	1.29%
Fleet	-	-	0.00%
Recreation	8,300	7,700	7.11%
<b>Annual Charge</b>	<b>\$ 116,800</b>	<b>\$ 108,300</b>	<b>100%</b>

## ◆ Information Technology Fund ◆

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	215,600	314,900	319,900	344,600	38,400	38,400
Charges for Services	138,500	138,900	110,600	110,600	116,800	108,300
Transfer in from General Fund	50,000	-	-	-	-	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 404,100</b>	<b>\$ 453,800</b>	<b>\$ 430,500</b>	<b>\$ 455,200</b>	<b>\$ 155,200</b>	<b>\$ 146,700</b>
<b>USE OF FUNDS:</b>						
Materials & Supplies	6,300	-	3,500	3,500	3,500	3,500
Utilities:						
Central Phones & T1 Sys.						
SBC Long Distance	700	500	1,000	1,000	1,000	1,000
SBC MCI	2,800	2,800	4,000	4,000	4,000	4,000
T-1 Line	9,400	8,300	12,000	12,000	12,000	13,000
Contract Services				-		
ADP - Payroll Processing	19,400	23,900	25,000	25,000	25,000	25,000
Financial System Annual Contract	3,700	2,700	3,000	3,000	14,000	14,000
Technical Support	9,000	9,000	10,000	7,000	10,000	10,000
Financial System Consultant		19,100	-	11,000	-	-
Financial Sys. Purchase & Implementation			300,000	300,000	-	-
Financial Sys. Finance Staff Overtime			10,000	10,000	10,000	
Staff Training	300	1,000	2,000	5,000	2,000	2,000
Software::						
Software Upgrades	8,500	7,100	10,000	10,000	10,000	11,000
Hardware Purchases:						
Personal Computers	10,100	11,000	8,000	8,000	8,000	8,000
Lap Top Computers	1,700	2,400	1,300	1,300	1,300	1,300
Printers	5,900	4,100	2,000	2,000	2,000	2,000
Servers	7,900	8,500	5,000	5,000	5,000	5,000
Police Cars - MDC Units	-	6,800	9,000	9,000	9,000	9,000
PD Data Modem (Homeland Security)	3,500	2,000				
<b>TOTAL USE OF FUNDS</b>	<b>\$ 89,200</b>	<b>\$ 109,200</b>	<b>\$ 405,800</b>	<b>\$ 416,800</b>	<b>\$ 116,800</b>	<b>\$ 108,800</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 314,900</b>	<b>\$ 344,600</b>	<b>\$ 24,700</b>	<b>\$ 38,400</b>	<b>\$ 38,400</b>	<b>\$ 37,900</b>
<b>DESIGNATED:</b>						
Replacement of Financial System	\$ 300,000	\$ 300,000	\$ -	\$ 300,000	\$ -	
Replacement of Hardware @25%			\$ 24,700	\$(261,600)	\$ 38,400	\$ 37,900

### Financial System Purchase & Implementation

The FY08/09 IT Fund budget appropriated \$330,000 for the purchase and implementation of a new financial system. The old financial system was installed in 1994 and is experiencing major problems, which hinder efficiency and services. The financial system project planning phase took place during FY07-08. Then, a phased implementation occurred in FY08-09.

## ◆ *Information Technology Fund* ◆

### Police Department Narrow Band Radio Requirement

The Federal Communications Commission has mandated that all government agencies operating with the VHF radio spectrum must comply with frequency narrow banding standards by 2011. This mandate impacts virtually all government agencies with radios in Santa Cruz County, including the City of Capitola. These agencies are operating on a 25 KHz bandwidth in the VHF spectrum and are required to be narrow band capable at the 12.5 KHz bandwidth.

Based on a county-wide lack of funding to embark on the county's original digital - narrow band project, the Police Department has recommended using existing and new grant funds, totaling approximately \$43,000 to install new radio hardware, which will allow the department to enhance radio reception throughout the city and meet the federal narrow band requirement immediately. A request to utilize \$34,000 in 2009-10 Federal Byrne Grant funds has already been recommended to and authorized by the Capitola City Council.

The FY10-11 budget should reflect a total expenditure of approximately \$44,000 for radio equipment infrastructure updates. \$34,000 of this amount is grant funded and an additional \$10,000 in Federal Homeland Security funding is being requested to complete the project. By abandoning the original county-wide digital narrow-band project and utilizing Federal grants for this project the City will likely save over \$200,000 in general fund expenditures over the next few years, as well as increased operational costs, which were to be imposed through the JPA.

## ◆ *Self-Insurance Liability Program Fund* ◆

### CITY MANAGER

The City belongs to a joint powers authority (JPA) called the Monterey Bay Area Self Insurance Authority (MBASIA), formerly known as Monterey Bay Area Insurance Fund. This program covers all liability expenses and property protection. In 2003, MBASIA added fire protection as part of their services. This has lowered the City's premium by 80%. Risk of loss is retained by the City for general liability claims up to \$10,000 per occurrence. The fund carries excess loss coverage for general liability claims between \$990,000 and \$20,000,000 per insured events, and is uninsured for losses in excess of \$20,000,000 per event. There was no reduction in the City's insurance coverage as compared to the previous fiscal year, nor have there been any losses exceeding coverage during the last three previous years.

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

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

Charges for services are allocated to each of the General Fund Departments on their percent of the total operating budget from the prior fiscal year less the budget for unanticipated events. For the FY09-10 and FY10-11 budgets, the total charges for services equals the assumed expenditure for each year.

<u>Department</u>	<u>%</u>	<u>2009-10 Adopted</u>	<u>2010-11 Planned</u>
City Council	0.68%	800	800
Finance	6.48%	7,600	7,600
City Attorney		-	-
City Manager - Admin	6.64%	7,800	7,800
City Mgr - Personnel	1.54%	1,800	1,800
Museum	0.54%	600	600
Arts Commission	0.45%	500	500
Police - Law Enforcement	44.72%	52,300	52,300
Police - Parking Enforcement	3.94%	4,600	4,600
Police - Lifeguard	0.72%	800	800
Police - Animal Services	0.16%	200	200
Community Development	5.17%	6,000	6,000
Building	2.37%	2,800	2,800
Public Works			
Streets	10.10%	11,800	11,800
Facilities	2.23%	2,600	2,600
Parks	4.81%	5,600	5,600
Fleet	2.37%	2,800	2,800
Recreation	7.08%	8,300	8,300
<b>Total</b>	<b>100%</b>	<b>116,900</b>	<b>116,900</b>

## *Self Insurance Liability Program Fund*

The FY07-08 Budget included \$118,400 transfer to Debt Service – 2007 POB to pay down \$1 million to PERS for unfunded liability (which totals approximately \$6 million). Refer to the Debt Service – 2007 POB section for additional information. The FY09-10 and FY10-11 Self-Insurance Liability Program Fund budgets include a lower annual premium of \$26,135. This budget proposes an accumulation of fund balance to provide for deductible expenditures and excess incidents beyond the liability coverage.

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	207,400	235,600	102,200	141,000	142,000	169,165
Reimbursements						
Charges for Services	170,700	143,200	144,600	144,600	116,900	116,900
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 378,100</b>	<b>\$ 378,800</b>	<b>\$ 246,800</b>	<b>\$ 285,600</b>	<b>\$ 258,900</b>	<b>\$ 286,065</b>
<b>USE OF FUNDS:</b>						
MBASIA Annual Premium	112,000	93,600	80,000	80,000	26,135	26,135
Comprehensive Vehicle/Equip Premiums	-	11,500	15,000	15,000	15,000	15,000
Fire Insurance Premium	8,000	-	8,500	8,500	8,500	8,500
Employee Indemnity Bond	1,400	1,300	2,600	2,600	2,600	2,600
Volunteer Insurance Premium	1,300	-	1,500	1,500	1,500	1,500
Block Party Grant Program			2,000	1,000	1,000	1,000
EDD Payments	4,100	6,900	10,000	10,000	10,000	10,000
Claims	15,700	6,100	25,000	25,000	25,000	25,000
Transfer to Debt Service - POB (\$1M)	-	118,400	-	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 142,500</b>	<b>\$ 237,800</b>	<b>\$ 144,600</b>	<b>\$ 143,600</b>	<b>\$ 89,735</b>	<b>\$ 89,735</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 235,600</b>	<b>\$ 141,000</b>	<b>\$ 102,200</b>	<b>\$ 142,000</b>	<b>\$ 169,165</b>	<b>\$ 196,330</b>
<b>DESIGNATED FOR UNINSURED CLAIMS</b>					<b>\$ 169,165</b>	<b>\$ 196,330</b>

## ◆ *Workers Compensation Fund* ◆

### CITY MANAGER

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

The City belongs to a Joint Powers Authority (JPA), Monterey Bay Area Self Insurance Authority, formerly known as Monterey Bay Area Insurance Fund that is 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. The following table is a summary for the FY09-10 annual assessment:

<u>City</u>		<u>Safety FTE's</u>	<u>Misc. FTE's</u>	<u>Total FTE's</u>	<u>% of FTE's</u>	<u>Premium</u>	<u>% of Premium</u>
Capitola	CP	22.0	60.0	82.0	11.83%	\$ 437,451	12.31%
Del Rey Oaks	DR	6.0	4.0	10.00	1.44%	\$ 147,186	4.14%
Gonzales	GZ	12.0	28.0	40.00	5.77%	\$ 385,239	10.84%
Greenfield	GF	20.0	35.0	55.00	7.94%	\$ 193,371	5.44%
Hollister	HL	61.0	104.0	165.00	23.81%	\$ 949,227	26.72%
King City	KC	16.0	31.0	47.00	6.78%	\$ 198,343	5.58%
Marina	MR	45.0	72.0	117.00	16.88%	\$ 438,006	12.33%
Sand City	SC	10.0	9.0	19.00	2.74%	\$ 47,308	1.33%
Scotts Valley	SV	22.0	65.0	87.00	12.55%	\$ 470,344	13.24%
Soledad	SD	31.0	40.0	71.00	10.25%	\$ 286,585	8.07%
<b>TOTAL</b>		<b>245.00</b>	<b>448.00</b>	<b>693.00</b>	<b>100%</b>	<b>\$ 3,553,060</b>	<b>100.00%</b>

# ASSESSMENT CALCULATIONS

## LEVEL I ASSESSMENT

Assessments based upon number and type of employees

	Safety Emps	Assess. Per Emp.	Ttl Safety Assess.	Misc. Emps	Assess. Per Emp.	Ttl Misc Assess.	Volunteer Emps	Assess. Per Emp.	Ttl Volunteer Assess.	Council Members	Assess. Per Mmb.	Ttl Mmbr Assess.	Ttl Lvl I Assmt
Capitola	22	\$2,197	\$48,330	60	\$547	\$32,837	4	\$231	\$923	1	\$127	\$127	\$32,217
Del Rey Oaks	6	\$2,197	\$13,181	4	\$547	\$2,189	15	\$231	\$3,460	1	\$127	\$127	\$18,957
Gonzales	12	\$2,197	\$26,362	28	\$547	\$15,324	14	\$231	\$3,229	1	\$127	\$127	\$35,042
Greenfield	20	\$2,197	\$43,936	35	\$547	\$19,155	0	\$231	\$0	1	\$127	\$127	\$63,218
Hollister	61	\$2,197	\$134,006	104	\$547	\$56,918	0	\$231	\$0	1	\$127	\$127	\$191,051
King City	16	\$2,197	\$35,149	31	\$547	\$16,966	4	\$231	\$923	1	\$127	\$127	\$53,165
Marina	45	\$2,197	\$98,857	72	\$547	\$39,405	11	\$231	\$2,537	1	\$127	\$127	\$140,926
Sand City	10	\$2,197	\$21,968	9	\$547	\$4,926	1	\$231	\$231	1	\$127	\$127	\$27,251
Scotts Valley	22	\$2,197	\$48,330	65	\$547	\$35,574	1	\$231	\$231	1	\$127	\$127	\$84,261
Soledad	31	\$2,197	\$68,101	40	\$547	\$21,892	11	\$231	\$2,537	1	\$127	\$127	\$92,657
<b>Total</b>	<b>245</b>		<b>\$538,221</b>	<b>448</b>		<b>\$245,186</b>	<b>61</b>		<b>\$14,070</b>	<b>10</b>		<b>\$1,269</b>	<b>\$798,746</b>

## LEVEL II ASSESSMENT

Experienced Based Assessment Formula

	Incrd Loss 06/07	Incrd Loss 07/08	Total Incrd Loss	% of Ttl	Ttl Lvl II Assmt
Capitola	\$552,785	\$187,821	\$740,406	11.9%	\$78,751
Del Rey Oaks	\$55,602	\$256,816	\$312,418	5.0%	\$11,566
Gonzales	\$801,294	\$4,163	\$805,457	12.9%	\$39,424
Greenfield	\$255,202	\$63,464	\$318,666	5.1%	\$11,156
Hollister	\$948,803	\$698,908	\$1,647,711	26.5%	\$142,888
King City	\$364,089	\$18,743	\$382,832	6.2%	\$2,222
Marina	\$302,392	\$352,525	\$654,917	10.5%	\$52,521
Sand City	\$145	\$1,437	\$1,582	0.0%	\$0
Scotts Valley	\$863,291	\$91,236	\$954,527	15.3%	\$19,466
Soledad	\$97,843	\$307,197	\$405,040	6.5%	\$29,643
<b>Total</b>	<b>\$4,241,446</b>	<b>\$1,982,110</b>	<b>\$6,223,556</b>	<b>100.0%</b>	<b>\$430,315</b>

## LEVEL III ASSESSMENT

Debt Service and Loan Repayments

	JT2 Resrv Dec. 05	% of Ttl JT2 Resrv	Debt Assmt	Loan Repay	Ttl Lvl III Assmt
Capitola	\$568,925	18.3%	\$78,751	0	\$78,751
Del Rey Oaks	\$83,558	2.7%	\$11,566	0	\$11,566
Gonzales	\$284,909	9.2%	\$39,424	0	\$39,424
Greenfield	\$80,594	2.6%	\$11,156	0	\$11,156
Hollister	\$1,032,266	33.2%	\$142,888	0	\$142,888
King City	\$16,049	0.5%	\$2,222	0	\$2,222
Marina	\$379,431	12.2%	\$52,521	0	\$52,521
Sand City	\$140,630	4.5%	\$19,466	0	\$19,466
Scotts Valley	\$214,153	6.9%	\$29,643	0	\$29,643
Soledad	\$308,319	9.9%	\$42,678	0	\$42,678
<b>Total</b>	<b>\$3,108,734</b>	<b>100.0%</b>	<b>\$430,315</b>	<b>0</b>	<b>\$430,315</b>

Members	Total Premium
Capitola	\$437,451
Del Rey Oaks	\$17,196
Gonzales	\$385,239
Greenfield	\$193,571
Hollister	\$949,227
King City	\$189,543
Marina	\$438,006
Sand City	\$47,508
Scotts Valley	\$470,342
Soledad	\$266,585
<b>Total</b>	<b>\$3,753,067</b>

## ◆ *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, with cost per FTE calculated. Assuming hourly employees are converted to FTE (using 2,080 hours/year), the Worker's Compensation Charges for Services are as follows:

Classification	Assessment	%	Cost Allocation	FTE's - includes	
				Seasonal/Temps	Cost per FTE
Safety Employees	\$ 2,581	80.06%	350,100	20.50	\$ 17,078
Misc. Employees	\$ 643	19.94%	87,200	56.22	\$ 1,551
Elected Officials		Total	100	6.00	\$ 17
<b>Total (rounded)</b>		<b>100.00%</b>	<b>437,300</b>	<b>82.72</b>	

Department	Classification	FTE's	Cost Allocation	%
Art & Cultural	Hourly	0.20	\$ 300	0.07%
Building	Misc	1.50	\$ 2,300	0.53%
CDD	Misc	4.67	\$ 7,200	1.65%
City Manager	Misc	5.80	\$ 9,000	2.06%
City Manager	Hourly	0.08	\$ 100	0.02%
CM - Personnel	Misc	0.95	\$ 1,500	0.34%
Council	Elected	5.00	\$ 100	0.02%
Finance	Elected	1.00	\$ -	0.00%
Finance	Misc	5.38	\$ 8,300	1.90%
Museum	Misc	0.75	\$ 1,200	0.27%
Police - Law Enf.	Misc	6.75	\$ 10,600	2.42%
Police - Law Enf.	Safety	20.50	\$ 350,000	80.04%
Police - Law Enf.	Hourly	1.32	\$ 2,100	0.48%
Police - Parking Enf.	Misc	3.00	\$ 4,700	1.07%
Police - Lifeguard	Hourly	0.50	\$ 800	0.18%
PW - Fleet	Misc	1.00	\$ 1,600	0.37%
PW - Parks	Misc	4.00	\$ 6,200	1.42%
PW - Streets	Misc	7.33	\$ 11,400	2.61%
Recreation	Hourly	9.99	\$ 15,200	3.48%
Recreation	Misc	3.00	\$ 4,700	1.07%
<b>FTE - includes hourly employees</b>		<b>82.72</b>	<b>\$ 437,300</b>	<b>100%</b>

## ◆ *Workers Compensation Fund* ◆

The FY07-08 Budget included a \$100,000 transfer to Debt Service – 2007 POB to pay down \$1 million to PERS for unfunded liability (which totals approximately \$6 million). Refer to the Debt Service – 2007 POB section for additional information. The FY09-10 and FY10-11 Workers' Compensation Fund budgets assumes no change to the annual premium payment to MBASIA. There is a fund balance to accommodate future premium fluctuations, deductibles and for excess liability.

FUND # 3.100	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	151,600	151,600	201,600	185,600	175,100	170,900
Charges for Services	504,300	431,000	431,000	431,000	437,300	437,300
Transfer from General Fund		150,000		-		
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 655,900</b>	<b>\$ 732,600</b>	<b>\$ 632,600</b>	<b>\$ 616,600</b>	<b>\$ 612,400</b>	<b>\$ 608,200</b>
<b>USE OF FUNDS:</b>						
MBASIA Annual Premium	504,300	431,000	441,500	441,500	441,500	441,500
Claims	-	-	-	-	-	-
Transfer to Contingency Reserve	-	16,000				
Transfer to Debt Service - POB \$1M		100,000		-		-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 504,300</b>	<b>\$ 547,000</b>	<b>\$ 441,500</b>	<b>\$ 441,500</b>	<b>\$ 441,500</b>	<b>\$ 441,500</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 151,600</b>	<b>\$ 185,600</b>	<b>\$ 191,100</b>	<b>\$ 175,100</b>	<b>\$ 170,900</b>	<b>\$ 166,700</b>
<b>DESIGNATED RESERVE (ORDINANCE 504)</b>			191100		<b>\$ 170,900</b>	<b>\$ 166,700</b>

## ◆ Stores Fund ◆

### CITY MANAGER

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

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 lists the departments, their assigned percentage and the two-year budget plan.

#### Department Allocated Charges

<u>Department</u>	<u>%</u>	<u>2009-10 Adopted</u>	<u>2010-11 Planned</u>
Finance	13%	4,900	4,900
Personnel	2%	600	600
City Manager	8%	2,900	2,900
Police - Law Enforcement	7%	2,800	2,800
Community Development	50%	18,800	18,800
Building	7%	2,800	2,800
PW - Streets	9%	3,500	3,500
Recreation	4%	1,400	1,400
Totals	<b>100%</b>	<b>37,700</b>	<b>37,700</b>

#### Stores Internal Services Fund

	<u>2006-07 Actual</u>	<u>2007-08 Actual</u>	<u>2008-09 Adopted</u>	<u>2008-09 Mid-Yr Est</u>	<u>2009-10 Adopted</u>	<u>2010-11 Planned</u>
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	4,400	900	900	3,900	3,900	3,900
Charges for Services	32,800	36,100	37,700	37,700	37,700	37,700
Misc. Revenues				-		
Transfer from Contingency Rsv	6,500	-		-		
Transfer from General Fund			-	-	-	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 43,700</b>	<b>\$ 37,000</b>	<b>\$ 38,600</b>	<b>\$ 41,600</b>	<b>\$ 41,600</b>	<b>\$ 41,600</b>
<b>USE OF FUNDS:</b>						
Postage	16,700	14,600	16,000	16,000	16,000	16,000
Copier Maintenance	3,400	2,700	3,800	3,800	3,800	3,800
Rental Equipment			900	900	900	900
General Supplies	16,200	15,800	17,000	17,000	17,000	17,000
Capital Purchase	6,500	-				
<b>TOTAL USE OF FUNDS</b>	<b>\$ 42,800</b>	<b>\$ 33,100</b>	<b>\$ 37,700</b>	<b>\$ 37,700</b>	<b>\$ 37,700</b>	<b>\$ 37,700</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 900</b>	<b>\$ 3,900</b>	<b>\$ 900</b>	<b>\$ 3,900</b>	<b>\$ 3,900</b>	<b>\$ 3,900</b>

## ◆ *Equipment Acquisition & Replacement Fund* ◆

### *PUBLIC WORKS*

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

During the annual budget process, the Public Works Director and Fleet staff reviews the listing of all vehicles, and make recommendations based upon actual life of the vehicle, replacement vs. maintenance costs, and probability of replacing the vehicle within the calculated replacement cost. Departments are apprised of the results of this analysis and given the opportunity to make recommendations. On an annual basis, the equipment/vehicle file is updated to reflect the changes. The following lists of vehicles are recommended for replacement in this two-year budget plan.

<b>2009-10</b>			<b>Miles @</b>	<b>Est. Cost to</b>
<b><u>Dept</u></b>	<b><u>Asset Description</u></b>	<b><u>Year</u></b>	<b><u>Jan-08</u></b>	<b><u>Replace</u></b>
PW - Streets	Ford F-250	1989	99,175	\$25,000
PW - Streets	Pressure Washer	unknown	N/A	\$15,000
Police - Law Enforcement	Ford Crw Victoria	1999	105,320	\$26,000
			<b>TOTAL</b>	<b>\$ 66,000</b>
<b>2010-11</b>				<b>Est. Cost to</b>
<b><u>Dept</u></b>	<b><u>Asset Description</u></b>	<b><u>Year</u></b>		<b><u>Replace</u></b>
PW - Streets & Fleet	GMC Flatbed	1971	134,988	\$ 31,000
Police - Law Enforcement	Ford Crw Victoria	2000	78,343	\$ 26,000
			<b>TOTAL</b>	<b>\$ 57,000</b>

**Annual contribution:** Based upon the asset useful life schedule, the annual contribution should be \$130,000. However, due to budget reductions, the contribution is 50% or \$65,000.

## Equipment Replacement: Source & Use of Funds

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	135,000	372,400	161,000	259,100	255,700	254,500
Trade in Value or Surplus	-	-				
Charges for Services by Dept.						
Building Department	4,600	2,700	1,500	1,500	1,500	1,500
Police - Law Enforcement	46,200	39,600	22,400	22,400	22,400	22,400
PW - Fleet	2,400	3,300	1,800	1,800	1,800	1,800
PW - Parks	12,400	10,500	5,900	5,900	5,900	5,900
PW - Streets	63,300	56,100	31,700	31,700	31,700	31,700
Recreation Department	3,000	2,700	1,500	1,500	1,500	1,500
Sales of Property	2,200	26,900				
Donation - purchase police vehicles	8,000	-				
Transfer from General Fund	200,000	-	-	-	-	-
Transfer from Contingency Reserve	43,000	-				
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 520,100</b>	<b>\$ 514,200</b>	<b>\$ 225,800</b>	<b>\$ 323,900</b>	<b>\$ 320,500</b>	<b>\$ 319,300</b>
<b>USE OF FUNDS:</b>						
<u>Contract Services:</u>						
Recycling @15% of Trade In						
Auctioneer @ 20% of Surplus						
<u>Fixed Asset Purchase</u>						
Building Department						
Police - Law Enforcement	108,700	46,000	26,000	26,000	26,000	26,000
PW - Fleet		26,200				
PW - Parks		42,900		-		
PW - Streets	39,000	-	40,000	42,200	40,000	31,000
Recreation Department						
Transfer to Debt Service - POB (\$1M)		140,000		-		
<b>TOTAL USE OF FUNDS</b>	<b>\$ 147,700</b>	<b>\$ 255,100</b>	<b>\$ 66,000</b>	<b>\$ 68,200</b>	<b>\$ 66,000</b>	<b>\$ 57,000</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 372,400</b>	<b>\$ 259,100</b>	<b>\$ 159,800</b>	<b>\$ 255,700</b>	<b>\$ 254,500</b>	<b>\$ 262,300</b>
<b>DESIGNATED:</b>						
Street Sweeper Lease Payment *			\$ -	\$ -	\$ -	\$ -
All other Vehicles			\$ 159,800	\$ 255,700	\$ 254,500	\$ 262,300

Charges for Services by Dept.	2009-10 Adopted	2010-11 Planned	%
			allocation
Building Department	1,500	1,500	2%
Police - Law Enforcement	22,400	22,400	35%
PW - Fleet	1,800	1,800	3%
PW - Parks	5,900	5,900	9%
PW - Streets	31,700	31,700	49%
Recreation Department	1,500	1,500	2%
<b>Total Charges for Services</b>	<b>\$ 64,800</b>	<b>\$ 64,800</b>	<b>100%</b>

Fleet - current years As of January 2009	
1-5 yrs	15 vehicles
6 yrs	1 vehicles
7 yrs	0 vehicles
8 yrs	6 vehicles
9 yrs	0 vehicles
10 yrs	4 vehicles
10 yrs +	10 vehicles
OTHER	6

# Vehicle & Equipment Inventory

## Conducted by Public Works in January 2009

Asset Description	Year	Condition as of March, 2007	Est. Life	Kept beyond Est Life	Estimated Cost to Replace (03/06)	Annual Replacement Budget	FY to replace	Dept Charge: Less Reduction	Target Fund Balance Calculation
<b><i>BUILDING</i></b>									
Pontiac	1991	disposed							
Honda	2006	excellent	15	0	\$ 26,000	\$ 1,700	2021	(400)	\$ 2,200
Saturn	1997	good	15	0	\$ 21,000	\$ 1,400	2012	\$ 2,700	\$ 14,000
<b><i>POLICE</i></b>									
Mercury Sable Sedan	1990								\$ -
Chevrolet Caprice	1996								\$ -
Chevrolet Caprice	1992								\$ -
Ford Crown Victoria	2002	good	10	0	\$ 26,000	\$ 2,600	2012		\$ 13,000
Chevy Impala	2002	good	10	0	\$ 23,000	\$ 2,300	2012		\$ 11,500
Chevy Impala	2002	good	10	0	\$ 23,000	\$ 2,300	2012		\$ 11,500
Ford F-150	2002	good	10	0	\$ 21,000	\$ 2,100	2012		\$ 10,500
Ford Crown Victoria	1997								\$ -
Ford Crown Victoria	1997								\$ -
Ford Crown Victoria	1999	fair	10	-2	\$ 26,000	\$ 2,600	2007		\$ 26,000
Ford Crown Victoria	1999	fair	10	0	\$ 26,000	\$ 2,600	2009		\$ 20,800
Ford Crown Victoria	2000								\$ -
Ford Crown Victoria	2000								\$ -
Ford Truck	2000	good	10	0	\$ 21,000	\$ 2,100	2010		\$ 14,700
Kawasaki KZ1000	1998								\$ -
Kawasaki KZ1000	1998								\$ -
Chevy Caprice	1992	fair	10	5	\$ 21,000	\$ 2,100	2007		\$ 21,000
Chevy Caprice	1993								\$ -
Kawasaki Motor	1998	fair	10	0	\$ 12,000	\$ 1,200	2008		\$ 10,800
Kawasaki Motor	1998	fair	10	0	\$ 12,000	\$ 1,200	2008		\$ 10,800
Suzuki 400	2002	good	10	0	\$ 12,000	\$ 1,200	2012		\$ 6,000
Mazda Truck	1989	fair	15	3	\$ 20,000	\$ 1,300	2007		\$ 20,000
Chevy Tahoe	2004	good	10	0	\$ 45,000	\$ 4,500	2014		\$ 13,500
Toyota 4x4	1982	poor	15	10	\$ 20,000	\$ 1,300	2007		\$ 20,000
Chevy Impala	2004	good	10	0	\$ 26,000	\$ 2,600	2014		\$ 7,800
Crown Victoria	2005	good	10	0	\$ 26,000	\$ 2,600	2015		\$ 5,200
Crown Victoria	2007	excellent	10	0	\$ 26,000	\$ 2,600	2017		\$ -
Crown Victoria	2007	excellent	10	0	\$ 26,000	\$ 2,600	2017		\$ -
Crown Victoria	2008	excellent	10	0	\$ 26,000	\$ 2,600	2018		\$ -
Gem Car	2008								
Harley-Davidson Mtrcl.	2007	excellent	10	0	\$ 25,100	\$ 2,500	2017	\$ (5,200)	\$ 100
Harley-Davidson Mtrcl.	2007	excellent	10	0	\$ 25,100	\$ 2,500	2017	\$ 39,600	\$ 100

# Vehicle & Equipment Inventory

## Conducted by Public Works in January 2009

(continued)

Asset Description	Year	Condition as of March, 2007	Est. Life	Kept beyond Est Life	Estimated Cost to Replace	Annual Replacement Budget	FY to replace	Dept Charge: Less Reduction	Target Fund Balance Calculation
<b><u>PW-FLEET</u></b>									
Ford Aerostar	1997	good	15	0	\$ 23,900	\$ 1,600	2012	\$ (400)	\$ 15,900
Ford F-350 FT-Bed	1996	good	15	0	\$ 32,000	\$ 2,100	2011	\$ 3,300	\$ 23,600
<b><u>PW-PARKS</u></b>									
Ford F-250	1989	fair	15	3	\$ 25,000	\$ 1,700	2007		\$ 25,000
Ford F-250	1999	good	15	0	\$ 25,000	\$ 1,700	2014		\$ 13,100
Ford F-150	2000	good	15	0	\$ 21,000	\$ 1,400	2015		\$ 9,800
Ford F-250	2005	excellent	15	0	\$ 25,000	\$ 1,700	2020		\$ 2,900
Kubota LA 1001	1996	good	25	0	\$ 35,000	\$ 1,400	2021		\$ 15,400
Bobcat 853-H Str Ldr	1995	good	25	0	\$ 35,000	\$ 1,400	2020		\$ 16,800
Brush Bandit Chipper	2007	good	20	0	\$ 25,000	\$ 1,300	2027	\$ (1,400)	\$ 25,000
Riding Mower	2007	poor	20	0	\$ 25,000	\$ 1,300	2027	\$ 10,500	\$ 25,000
<b><u>PW-STREETS</u></b>									
Ford F-250	1989						2009		\$ -
Ford F-350	1991	fair	15	2	\$ 28,000	\$ 1,900	2008		\$ 26,100
Ford F-150	1990	good	15	2	\$ 21,000	\$ 1,400	2007		\$ 21,000
Ford F-150	2000	good	15	0	\$ 21,000	\$ 1,400	2015		\$ 9,800
Ford F-450	2008	Excellent			\$45,000				
GMC FT-Bed	1971	fair	15	20	\$ 31,100	\$ 2,100	2006		\$ 33,200
544 H 4WD Loader	1990	good	20	10	\$ 175,200	\$ 8,800	2020		\$ 60,800
Ford F-250 4x4	1999								\$ -
Internat'l Dump	1969	poor	12	28	\$ 50,000	\$ 4,200	2008		\$ 45,800
Ford F-800 Dump	1991	good	12	4	\$ 50,000	\$ 4,200	2007		\$ 50,000
V3000SP Sweeper	1995	out of svc.	10	5	\$ 140,000	\$ 14,000	2010		\$ 98,000
3000 Broom Sweeper	2000	fair	10	0	\$ 140,000	\$ 14,000	2010		\$ 98,000
Ford F-250	2006	excellent	15	0	\$ 25,000	\$ 1,700	2021		\$ 1,200
544-B J Tractor									\$ -
Pressure Washer		poor	15	1993	\$ 15,000	\$ 1,000	2008		\$ 15,000
Beach Rake	2006	excellent	20	0	\$ 40,000	\$ 2,000	2026		\$ 40,000
Wacker Roller		fair	20		\$ 20,000	\$ 1,000	2010		\$ 20,000
Zieman Trailer			20		\$ 12,000	\$ 600	2027		\$ 12,000
Tennant Scrubber			10		\$ 35,000	\$ 3,500	2017	\$ (7,300)	\$ 35,000
Asphalt Paver			15		\$ 24,000	\$ 1,600	2023	\$ 56,100	\$ 24,000
<b><u>RECREATION</u></b>									
GEM Utility Truck	2003	good	10	0	\$ 10,000	\$ 1,000	2013	\$ (300)	\$ 4,000
Ford Ranger	1999	good	10	0	\$ 20,000	\$ 2,000	2009	\$ 2,700	\$ 16,000
Jr. Guard Trailer		good							
<b>GRAND TOTAL</b>					<b>\$ 1,638,400</b>			<b>\$ 114,900</b>	<b>\$ 1,021,900</b>
					<b>REPLACEMENT COST</b>			<b>TOTAL ANNUAL CHARGE</b>	<b>TARGET FUND BAL.</b>

## ◆ *Public Employees Retirement Fund* ◆

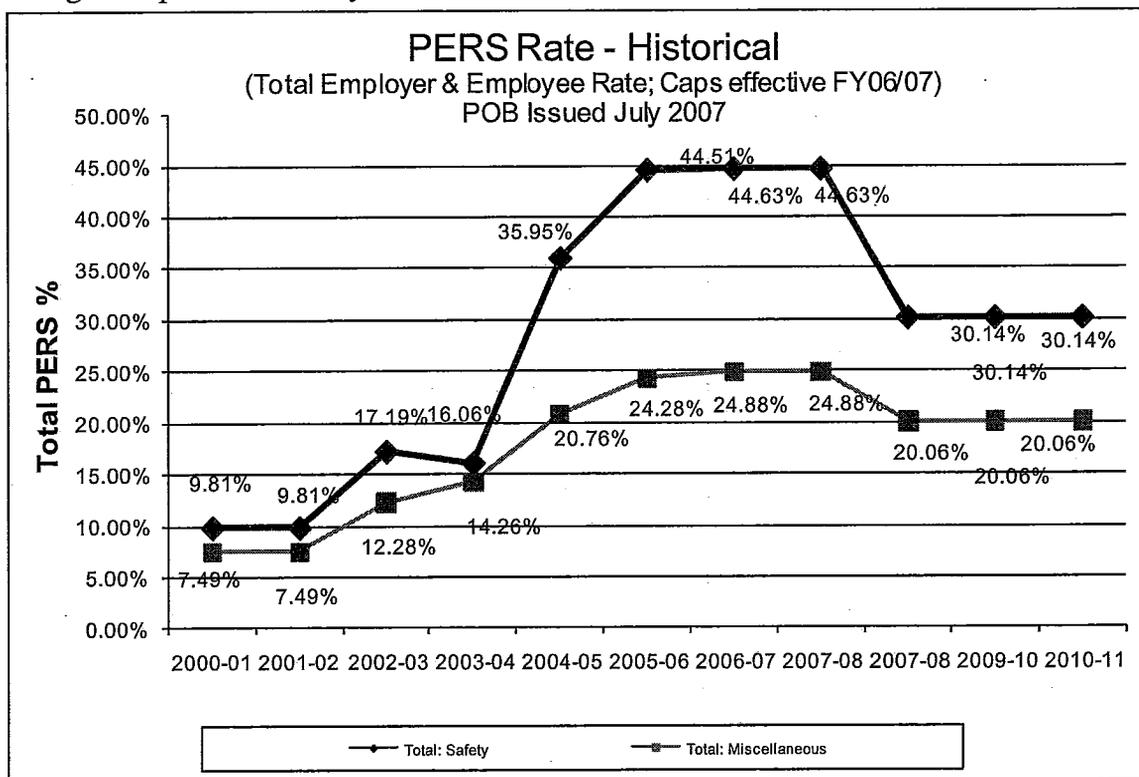
The Public Employees Retirement Internal Service Fund was established in the 2004-05 fiscal year. This Internal Service Fund allows the City to accumulate funds for the purpose of General Fund PERS expenditures and PERS unfunded liability. For consistency in staffing cost analysis, the PERS expenditures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

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

Caps. The FY09-10 and FY10-11 budgets estimate expenditures based upon the Safety and Miscellaneous PERS caps of 30.14% and 20.06%, respectively (Prior to the pension obligation bonds, the original caps were: 44.630% and 24.876%, respectively).

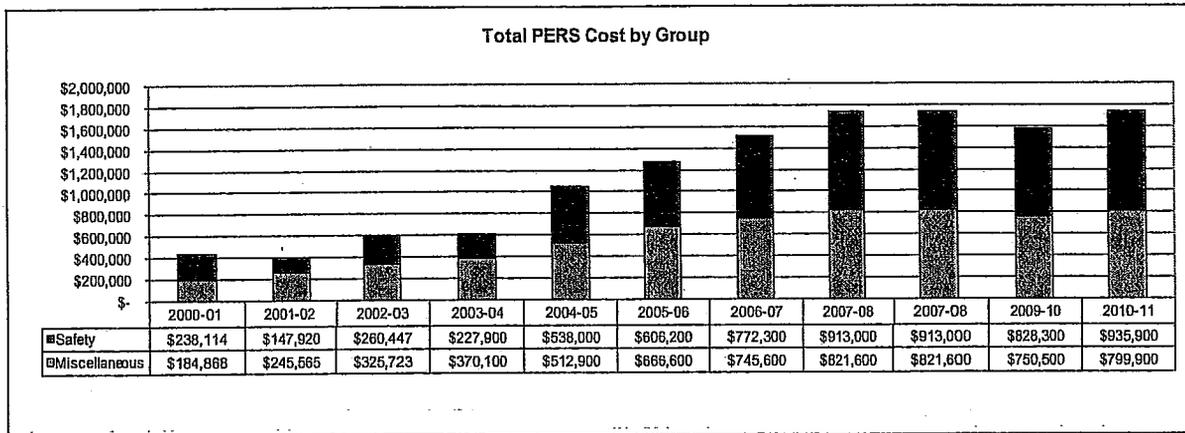
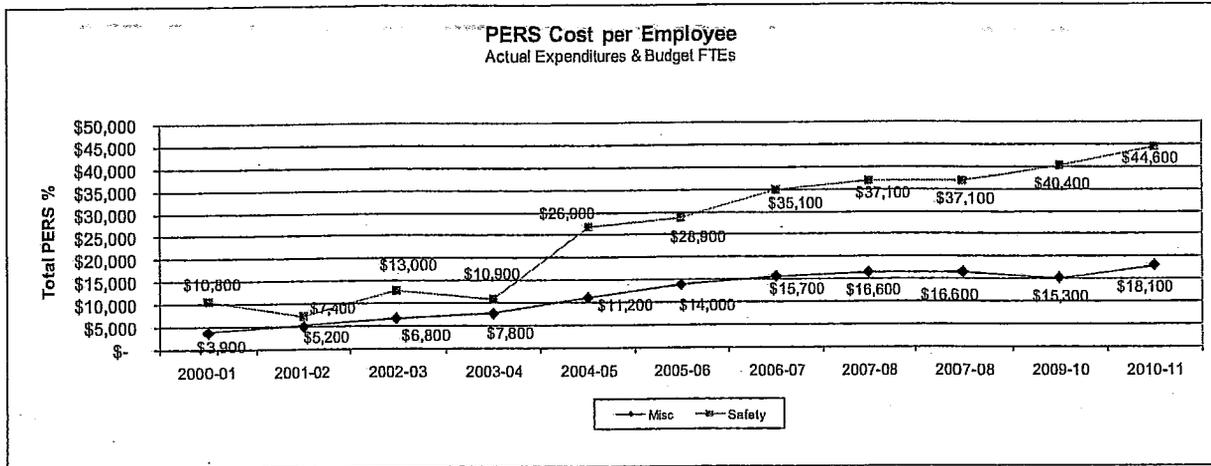
Pension Obligation Bonds (POB). In July 2007, the City Council authorized the issuance of pension obligation bonds (POB) for approximately \$5 million to refinance the unfunded liability with CalPERS. Additionally, on that date, Council authorized that \$1 million of City available funds to be used to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

The following table provides history of PERS rates:



## ◆ *Public Employees Retirement Fund* ◆

The following tables provide an overview of the PERS total cost and cost per FTE for both groups.



Fiscal Year 2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 2006-07 2007-08 Original MOU CAP 2007-08 MOU CAP net POB 2009-10 MOU CAP net POB 2010-11 MOU CAP net POB

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 Original MOU CAP	2007-08 MOU CAP net POB	2009-10 MOU CAP net POB	2010-11 MOU CAP net POB
<b>Safety:</b>											
Employer	0.00%	0.00%	6.77%	5.74%	23.98%	31.83%	31.95%	31.95%	18.65%	18.65%	18.65%
Employee	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
EPMC (a)	0.00%	0.00%	0.61%	0.52%	2.16%	2.86%	2.88%	2.88%	1.68%	1.68%	1.68%
EPMC (b)	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%
<b>Total: Safety</b>	<b>9.81%</b>	<b>9.81%</b>	<b>17.19%</b>	<b>16.06%</b>	<b>35.95%</b>	<b>44.51%</b>	<b>44.63%</b>	<b>44.63%</b>	<b>30.14%</b>	<b>30.14%</b>	<b>30.14%</b>
Change from prior year	-3.41%	0.00%	7.38%	-1.13%	19.89%	8.55%	8.68%	0.00%	-14.49%	0.00%	0.00%

FY07/08 & 08/09 Safety Employee Contribution:  
1.623% & 1.849%

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2009-10	2010-11
<b>Miscellaneous:</b>										
Employer	0.00%	0.00%	4.48%	6.33%	12.40%	15.69%	16.25%	16.25%	10.58%	10.58%
Employee	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	8.00%	8.00%
EPMC (a)	0.00%	0.00%	0.31%	0.44%	0.87%	1.10%	1.14%	1.14%	0.85%	0.85%
EPMC (b)	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.64%	0.64%
<b>Total: Miscellaneous</b>	<b>7.49%</b>	<b>7.49%</b>	<b>12.28%</b>	<b>14.26%</b>	<b>20.76%</b>	<b>24.28%</b>	<b>24.88%</b>	<b>24.88%</b>	<b>20.06%</b>	<b>20.06%</b>
Change from prior year	-2.15%	0.00%	4.79%	1.98%	6.49%	3.52%	4.12%	0.00%	-4.81%	0.00%

FY07/08 & 08/09 Misc. Employee Contribution:  
3.594% (eff. 1/1/08) & 3.576%

PY09-10

PERS Investment Return -7.2% -6.1% 4.0% 16.6% 12.7% 12.3% 18.5%

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08	2009-10	2010-11
<b>Total PERS Costs</b>											
Safety	\$ 238,114	\$ 147,920	\$ 260,447	\$ 227,900	\$ 538,000	\$ 606,200	\$ 772,300	\$ 913,000	\$ 913,000	\$ 828,300	\$ 935,300
Miscellaneous	\$ 184,868	\$ 245,565	\$ 325,723	\$ 370,100	\$ 512,900	\$ 666,600	\$ 745,600	\$ 821,600	\$ 821,600	\$ 750,500	\$ 802,400
<b>Total PERS Cost</b>	<b>\$ 422,982</b>	<b>\$ 393,485</b>	<b>\$ 586,170</b>	<b>\$ 598,000</b>	<b>\$ 1,050,900</b>	<b>\$ 1,272,800</b>	<b>\$ 1,517,900</b>	<b>\$ 1,734,600</b>	<b>\$ 1,734,600</b>	<b>\$ 1,578,800</b>	<b>\$ 1,737,700</b>

Change from prior year \$ 48,468 \$ (29,497) \$ 192,685 \$ 11,830 \$ 452,900 \$ 221,900 \$ 467,000 \$ 216,700 \$ 216,700 \$ (155,800) \$ 158,900

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08	2009-10	2010-11
<b>FTEs - per Adopted Budget</b>											
Safety	22.0	20.0	20.0	21.0	20.0	21.0	22.0	22.0	22.0	20.5	21.0
Misc	47.3	47.3	48.3	47.3	46.0	47.5	47.5	47.6	47.6	49.1	44.1

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2007-08	2009-10	2010-11
<b>PERS Cost per FTE</b>											
Safety	\$ 10,800	\$ 7,400	\$ 13,000	\$ 10,900	\$ 26,900	\$ 28,900	\$ 35,100	\$ 37,100	\$ 37,100	\$ 40,400	\$ 44,500
Misc	\$ 3,900	\$ 5,200	\$ 6,800	\$ 7,800	\$ 11,200	\$ 14,000	\$ 15,700	\$ 16,600	\$ 16,600	\$ 15,300	\$ 18,200

## PUBLIC EMPLOYEE RETIREMENT FUND

This fund was established in FY04-05 as a result, there may be a minimal accumulation of funds depending on the actual staffing levels in the General Fund.

	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>					
Fund Balance @ 7/1	\$ 415,300	\$ 67,300	175,100	175,100	175,100
Misc Revenues	-				
<b>Charges for Services:</b>					
City Council	8,400	8,400	8,400	8,000	8,400
City Manager	110,800	110,800	110,800	108,500	119,200
City Manager - Personnel	26,300	24,600	24,600	24,500	24,500
Finance & Treasurer	97,700	101,500	101,500	99,700	103,000
Building	40,900	42,400	42,400	28,800	40,500
Community Development	97,800	99,400	99,400	96,200	100,900
Police			-		
Police - Law Enforcement	914,300	1,016,200	1,016,200	923,200	1,038,300
Police - Pkg Enforcement	34,900	36,100	36,100	35,000	35,000
Police - Lifeguard	7,100	7,600	7,600	7,600	7,600
Public Works			-		
Streets	135,000	141,200	141,200	123,700	132,600
Parks	69,000	71,900	71,900	51,200	51,200
Fleet	13,900	14,400	14,400	13,900	13,900
Museum	9,000	9,300	9,300	9,000	9,400
Recreation	49,500	50,800	50,800	49,500	51,300
<b>TOTAL SOURCE OF FUNDS</b>	<b>2,029,900</b>	<b>1,801,900</b>	<b>1,909,700</b>	<b>1,753,900</b>	<b>1,910,900</b>
<b>USE OF FUNDS:</b>					
<b>SAFETY GROUP</b>					
PERS - paid to CalPERS	509,900	609,800	609,800	556,500	583,200
PERS - transfer to POB debt svc	234,200	303,200	303,200	271,800	352,700
	744,100	913,000	913,000	828,300	935,900
<b>MISC GROUP</b>					
PERS - paid to CalPERS	516,700	664,800	664,800	605,700	623,900
PERS - transfer to POB debt svc	246,000	156,800	156,800	144,800	176,000
	762,700	821,600	821,600	750,500	799,900
Transfer Out for \$1m POB Debt Svc	348,000	-	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>1,854,800</b>	<b>1,734,600</b>	<b>1,734,600</b>	<b>1,578,800</b>	<b>1,735,800</b>
<b>FUND BALANCE @ 6/30</b>	<b>175,100</b>	<b>67,300</b>	<b>175,100</b>	<b>175,100</b>	<b>175,100</b>
Total to POB - Safety			303,200	271,800	352,700
Total to POB - Misc			156,800	144,800	176,000
Total to POB			460,000	416,600	528,700
<b>Salary &amp; Specialty Pay subject to PERS</b>				<b>2009-10</b>	
Safety				1,856,000	
Miscellaneous				2,956,720	
<b>Total Salary subject to PERS</b>				<b>4,812,720</b>	

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# SPECIAL REVENUE FUNDS



## Document Resources for Special Revenue Funds:

- Special & Other.doc
- Special Revenue Fund Sources & Uses.xls

# SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

**Housing Trust Fund: (Community Development):** City Council adopted an Inclusionary Housing Ordinance on November 10, 2004. This ordinance will create an Affordable Housing Trust Fund, funded from in-lieu fees, which can be used to provide a local, flexible source of funding for the creation of new affordable housing, the rehabilitation of existing affordable housing.

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

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

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

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

**Parking Reserve Fund:** On Feb. 23, 2009 the Council authorized a special reserve fund from the Village parking meters that is restricted for parking purposes.

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

**◆ Supplemental Law Enforcement Fund ◆**  
**POLICE**

Pursuant to Assembly Bill No. 2885, Citizen's Option for Public Safety (COPS), the State of California distributes \$100,000,000 a year in funding to criminal justice agencies throughout California. In FY 2009-10, funding previously used for staffing costs associated with the Capitola Mall Community Outreach Center will be utilized to help pay for police overtime, community policing initiatives and to help fund an expanded Police Reserve Officer Program. The Capitola Mall Outreach Center will be staffed by members of the Police Department's Volunteers in Policing (VIP) Program as opposed to a Records Clerk.

Funds from this program cannot supplant existing funding and are to be used for personnel and/or equipment. Grant funds will be utilized to fund the following programs: Police Overtime, Community Policing Projects & Programs, salaries for Reserve Police Officers and Annuitants. Additional information on this fund is available at [www.sco.ca.gov/ard/local/locrep/slesf/](http://www.sco.ca.gov/ard/local/locrep/slesf/).

(#2.010)	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<b>SOURCE OF FUNDS:</b>	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
Fund Balance @ 7/1	(800)	13,800	2,000	4,700	4,800	4,900
Interest Earnings	1,300	700	100	100	100	100
State Grant - SLESF	100,000	100,000	90,000	100,000	100,000	100,000
Transfer from General Fund	-	-	0		-	
Others	-	-				
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 100,500</b>	<b>\$ 114,500</b>	<b>\$ 92,100</b>	<b>\$ 104,800</b>	<b>\$ 104,900</b>	<b>\$ 105,000</b>
<b>USE OF FUNDS:</b>						
Salary & Benefits	68,000	91,900	90,400	90,400	90,000	90,000
Contract Services	2,700	2,600	6,000	6,000	6,000	6,000
Materials & Supplies	16,000	10,400	3,600	3,600	4,000	4,000
Equipment		4,900				
<b>TOTAL USE OF FUNDS</b>	<b>\$ 86,700</b>	<b>\$ 109,800</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 13,800</b>	<b>\$ 4,700</b>	<b>\$ (7,900)</b>	<b>\$ 4,800</b>	<b>\$ 4,900</b>	<b>\$ 5,000</b>
<b>AUTHORIZED POSITIONS:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Adopted</b>	<b>Planned</b>
Community Service Officer	-	-	-	-	-	-
Records Clerk	0.75	0.75	0.75	0.75	-	-
<b>TOTAL FTES</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>0.75</b>	<b>-</b>	<b>-</b>
<b>HOURLY NON-BENEFITED:</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
<b>CLASSIFICATION</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
Level I Reserve Police Officer	782	782	600	600	200	200
Level II Reserve Police Officer	400	400	900	900	400	400
Annuitant Office @ Step F Officer	-	-	-	-	800	800
<b>TOTAL ANNUAL HOURS</b>	<b>1,182</b>	<b>1,182</b>	<b>1,500</b>	<b>1,500</b>	<b>1,400</b>	<b>1,400</b>
Hourly Staffing Cost:	\$ 26,500	\$ 26,500	\$ 37,400	\$ 37,400	\$ 45,100	\$ 45,100

# ◆ *Santa Cruz County Narcotics Enforcement Team* ◆

## POLICE

The Santa Cruz County Narcotics Enforcement Team (SCCNET) 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. SCCNET 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. SCCNET is based in Santa Cruz County and receives additional funding and resources from State and Federal drug enforcement agencies during large-scale investigations.

The City of Capitola contributes \$17,500 to the SCCNET for operations costs from the General Fund, which is budgeted in the Police Department, Contract Services. This program is essentially a pass-through of Byrne grant and HIDTA funds to the city with which we in-turn pay for clerical support of the county's narcotics task force. Additionally the City pays for an Administrative Assistant. In FY04-05 the City eliminated funding for a part time clerical position. Staffing costs are reimbursed by SCCNET from their Adjudicated Asset Forfeiture Account on a bi-monthly basis. The Staffing cost budget includes COLA; however it was noted that this employee does not receive specialty pay.

(#2.015)	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1		-	-	-	-	-
Interest Earnings						
Reimbursement	66,900	65,000	73,100	73,100	74,100	75,600
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 66,900</b>	<b>\$ 65,000</b>	<b>\$ 73,100</b>	<b>\$ 73,100</b>	<b>\$ 74,100</b>	<b>\$ 75,600</b>
<b>USE OF FUNDS:</b>						
Salary & Benefits	66,900	65,000	73,100	73,100	74,100	75,600
<b>TOTAL USE OF FUNDS</b>	<b>\$ 66,900</b>	<b>\$ 65,000</b>	<b>\$ 73,100</b>	<b>\$ 73,100</b>	<b>\$ 74,100</b>	<b>\$ 75,600</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ -</b>					
<b>AUTHORIZED POSITIONS:</b>						
<b>CLASSIFICATION</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<u>Budget</u>	<u>Budget</u>	<u>Proposed</u>	<u>Budget</u>	<u>Proposed</u>	<u>Planned</u>
Administrative Assistant	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>

**Hourly employee allocation - annual hours**

CLASSIFICATION	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
Part Time Clerical	0	0	0	0	0	0

## ◆ *Gas Tax* ◆

### *PUBLIC WORKS*

This fund accounts for receipt and expenditure of gasoline tax revenue as provided by state law. The Gas Tax Fund is used for new construction, maintenance and the reconstruction of City streets. More information is located at the State Controllers Office web site: [www.sco.ca.gov/ard/payments/highway/highmos.shtml](http://www.sco.ca.gov/ard/payments/highway/highmos.shtml). The following table is an overview of funding sources and related restrictions:

Street & Highways code section	Apportionment Based Upon	Restrictions on Use
2105	Maintenance of Effort	Any Street or Road Purpose
2106	Auto Registration/Assesed Value & Population	Any Street or Road Purpose
2107	Population	Any Street or Road Purpose
2107.5 *	Population	Engineering Cost & Admin Related to Streets

\* Cities with populations of less than 10,000 inhabitants may expend H&S Code Section 2107.5 money for acquisition of rights-of-ways and for construction of their street system.

**The general classifications of street and roadwork activities consist of construction, maintenance and overhead.**

**Construction** is the building or rebuilding of streets, roads, bridges and acquisition of rights of way or their component parts to a degree that improved traffic service is provided and geometric or structural improvements are effected. It also includes allocated administration and engineering necessarily incurred and directly related to the above.

The following types of work are examples of street and road construction:

- The removal of old street and roadbeds and structures and detour costs when connected with a construction project.
- Change of alignment, profile and cross-section.
- Addition of a frontage street or road.
- The installation of original traffic signs and markers on routes
- A complete reconstruction or an addition to a culvert
- Reconstruction of an existing bridge or installation of a new bridge.
- Installations or extensions of curb, gutter, and sidewalks and under drain.
- Installation or expansion of street or road lighting system.

**Maintenance** is the preservation and upkeep of a street or road constructed conditions, and the operation of a street or road facility and its integral services to provide safe, convenient and economical highway transportation.

Maintenance categories include:

- Patching, repairing, surface treating and joint filling on bituminous or concrete surfaces.
- Jacking concrete pavements.
- Resealing street or road shoulders and side street and road approaches

- Reshaping of drainage channels and side slopes.
- Removing slides and restoring facilities damaged by slides.
- Mowing, tree trimming and watering within the street right-of-way.
- Repairing curb, gutter, and rip-rap, under drain, culverts and drains.
- Repainting of pavements, striping and marking to the same standards.
- Furnishing of power for street and road lightening and traffic control.

Currently the City of Capitola maintains eight signals as follows:

1. Capitola Road & 41st Ave
2. 41<sup>st</sup> Ave & Clares Street
3. 41<sup>st</sup>. Ave & Jade/Brommer
4. 41<sup>st</sup> Ave & Capitola Mall Entrance
5. Clares Street & Capitola Road
6. 38<sup>th</sup> Ave & Capitola Road
7. Capitola Road & 30<sup>th</sup> Ave
8. Clares Street @ Back of Capitola Mall

**Overhead** includes those elements of cost necessary in the production of an article or performance of services, which are of such a nature that the amount applicable to the functions are not readily discernible. Usually they relate to those objects of expenditure, which do not become an integral part of the finished product or service. Overhead costs will only be allowed via an approved cost allocation plan or an equitable and auditable distribution of overhead to all departments.

Components of overhead expenses are:

- Payroll and Personnel
- Procurement
- Advertising
- Legal Costs
- General Accounting / Finance
- Facilities

**Ineligible expenditures** may be types of expenditures that are classified as “construction”: this does not necessarily make them eligible for Gas Tax Funds. To be eligible the work must be for street or road purposes.

Following is a list of types of expenditures, which are **not** eligible:

- Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation
- New (first installation of) utilities, including water mains, sanitary sewers and other non-street facilities.
- Decorative lighting.
- Work outside of the right of way, which is not a specific right of way obligation.
- Maintenance or construction on alleys that have not been formally designated as part of the jurisdiction’s street and road system.
- Improvements and maintenance to park and ride designated lots.

**◆ Gas Tax ◆**  
**SOURCE AND USE OF FUNDS**

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.

**State Borrowing.** In 2007-08, the State borrowed \$84k for four months, which GASB allows to be recognized as revenue in FY07/08.

**Debt.** Two debt services are paid off through the gas tax fund. Sweeper lease payments of \$37,000 annually (through October 2011) and the LED loan payments of \$7,100 annually (through FY10/11).

(#2.100) SCO ID# 17984413600	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
SOURCE OF FUNDS:	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Fund Balance @ 7/1	19,000	74,400	38,700	63,400	43,600	13,800
Interest Earnings	4,200	3,500		-		400
State Gas Tax - 2105	61,800	60,200	53,000	53,000	53,000	53,000
State Gas Tax - 2106	42,600	41,100	40,800	40,800	40,800	40,800
State Gas Tax - 2107	82,600	80,500	81,600	81,600	81,600	81,600
State Gas Tax - 2107.5	3,000	3,000	3,000	3,000	3,000	3,000
CA Energy Comm - LED Project Loan	-	-				
Traffic Congestion AB2928-P42	45,200	30,200	95,900	95,900	95,900	100,400
Capital Lease-sweeper		165,500				
Revenue Deferred by State for 4 months						
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 258,400</b>	<b>\$ 458,400</b>	<b>\$ 313,000</b>	<b>\$ 337,700</b>	<b>\$ 317,900</b>	<b>\$ 293,000</b>
<b>USE OF FUNDS:</b>						
Administration & Engineering	11,900	3,400	25,000	25,000	30,000	30,000
Construction & Right of Way						
Monterey/Pk Ave Sidewalks						
Design - 46th Avenue						
Design - Bay Ave Sidewalks (City Match)		26,500				
Bay Ave Sidewalks(Grant \$141k, City \$6k)						
41st and Gross Road						
Signal LED Conversion - construction cost						
Maintenance	14,900	8,400				
Patching	21,700	25,200	25,000	25,000	30,000	15,000
Overlaying & Sealing						
Street Lights & Traffic Signals	97,100	106,300	105,000	105,000	105,000	100,000
Signal LED - CA Energy Comm Debt	7,100	7,100	7,100	7,100	7,100	7,100
Other Street Maintenance						
Street & Sidewalk	4,500	900	20,000	20,000	20,000	20,000
Street Painting	8,900	500	20,000	20,000	20,000	10,000
Street Sweeper	17,900	13,800	10,000	10,000	10,000	10,000
Street Sweeper Operation	-	700	45,000	45,000	45,000	45,000
Acquisition of Property						
Sweeper Lease		36,700	37,000	37,000	37,000	37,000
Sweeper Acquisition		165,500				
Transfers						
<b>TOTAL USE OF FUNDS</b>	<b>\$ 184,000</b>	<b>\$ 395,000</b>	<b>\$ 294,100</b>	<b>\$ 294,100</b>	<b>\$ 304,100</b>	<b>\$ 274,100</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 74,400</b>	<b>\$ 63,400</b>	<b>\$ 18,900</b>	<b>\$ 43,600</b>	<b>\$ 13,800</b>	<b>\$ 18,900</b>

Note: 2006-07 Mid-Year estimate revised to reflect later estimates. State Borrowing (4 months) assumed as revenue in FY07/08.

**◆ Wharf Fund ◆**  
**PUBLIC WORKS**

The Wharf Fund accounts for rents and other income generated from wharf operations and related costs including maintenance and improvements. A wharf piling study was completed in FY08-09 resulting in major wharf repairs.

At the meeting of June 10, 2004, Council authorized the new Public Work Staff Charges for Services to the Capitola Wharf Fund. Beginning with the FY04-05 budget, the Wharf Fund is charged semi-annually for actual Public Works staff time at the Wharf. On April 27, 2006, Council approved a five-year contract for the Wharf House Restaurant to extend for 5 additional years, commencing on May 11, 2006 and ending on May 10, 2011, and the lessee shall have the option to renew this lease for 5 additional years. The monthly rent for November, December and January shall be reduced by 10% for 2 years commencing November 2006 and concluding January 2008. The approximate impact per fiscal year is \$1,200 to the Wharf Fund. The Mooring & Marine Store also has a 2-year contract with a 1-year option to renew and for the months of Jan., Feb., and March the rent is waived.

The City of Capitola submits the annual financial statement of revenues and expenditures related to the State owned tidelands and submerged lands manage by the City pursuant to the statute, Chapter 687 (1935), and as amended. California Public Resources Code Section 6306 requires that trust grantees shall file such statements with the California State Lands Commission by October 1 of each fiscal year ([www.slc.ca.gov](http://www.slc.ca.gov)). The only trust lands or assets under County jurisdiction (Capitola Wharf) were conveyed to the City of Capitola by deed dated January 29, 1980.

Wharf Fund (#2.200)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	190,600	225,200	155,200	221,800	61,000	-
Interest Earnings	10,700	10,500	4,700	4,700	1,800	500
Rental Income:						
Capitola Mooring & Marine Supply	27,800	29,100	25,500	25,500	25,500	26,100
Wharf House Restaurant	45,800	46,200	44,800	44,800	44,800	45,900
State Grant						
Memorial Plaque & Bench	1,600	1,400				
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 276,500</b>	<b>\$ 312,400</b>	<b>\$ 230,200</b>	<b>\$ 296,800</b>	<b>\$ 133,100</b>	<b>\$ 72,500</b>
<b>USE OF FUNDS:</b>						
Maintenance:						
City Staff Costs	20,000	42,000	25,800	25,800	25,800	27,000
Buildings	4,700	15,900	20,000	10,000	20,000	10,000
Wharf	700	-	15,000	15,000	15,000	-
Floating Dock	300	1,700	5,000	5,000	5,000	5,000
Ramp Installation						
Wharf Gate						
Utility Upgrade - CIP			75,000	-	27,300	-
Major Repairs			20,000	140,000	-	-
Utilities & SCC Sanitation Costs	25,600	31,000	40,000	40,000	40,000	30,500
<b>TOTAL USE OF FUNDS</b>	<b>\$ 51,300</b>	<b>\$ 90,600</b>	<b>\$ 200,800</b>	<b>\$ 235,800</b>	<b>\$ 133,100</b>	<b>\$ 72,500</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 225,200</b>	<b>\$ 221,800</b>	<b>\$ 29,400</b>	<b>\$ 61,000</b>	<b>\$ -</b>	<b>\$ -</b>

◆ **Development Fees Fund** ◆  
**PUBLIC WORKS**

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

<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
Home Depot	Aug 2006	\$70,000	41 <sup>st</sup> Ave Overpass Improvements
County of Santa Cruz	~ May 2008	\$142,000	41 <sup>st</sup> Ave Overpass Improvements
Barry Swenson Builder	June 2007	\$57,000	Clares Street Traffic Calming

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.

The 41<sup>st</sup> Avenue improvements have been completed and all funds collected from Home Depot (\$70,000) and the County of Santa Cruz (\$210,000) have been expensed. Barry Swenson Builder is expected to pay in FY08-09 \$57,000 toward the Clares Street Traffic Calming Project. The developer for the 42nd Avenue project will be required to pay the City \$10,000 for traffic improvements. All other developer fees previously collected in this fund have been expended.

<b>Development Fees (#2.225)</b>	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2009-10</b>	<b>2010-11</b>
	<b>Actual</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	22,800	87,200	30,900	171,400	73,100	142,300
Interest Earnings	4,200	4,100	900	900	2,200	4,300
Developer Fees: Home Depot	70,000	115,300				
Developer Fees: Barry Swenson			57,000	94,700	57,000	
Developer Fees: De Mattei 42nd Avenue			10,000	-	10,000	
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 97,000</b>	<b>\$ 206,600</b>	<b>\$ 98,800</b>	<b>\$ 267,000</b>	<b>\$ 142,300</b>	<b>\$ 146,600</b>
<b>USE OF FUNDS:</b>						
Construction		6,600		-		
41st Ave. Highway One Overpass	9,800	28,600		193,900		
Transfer Out - CIP Capitola Road Traffic Calm.			6,000	-	-	
Transfer Out - CIP Clare St. Traffic Calming	-	-	61,000	-	-	
<b>TOTAL USE OF FUNDS</b>	<b>\$ 9,800</b>	<b>\$ 35,200</b>	<b>\$ 67,000</b>	<b>\$ 193,900</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 87,200</b>	<b>\$ 171,400</b>	<b>\$ 31,800</b>	<b>\$ 73,100</b>	<b>\$ 142,300</b>	<b>\$ 146,600</b>
<b>DESIGNATION OF FUND BALANCE:</b>						
Francesco Circle Maintenance	22,800	22,800	31,800	73,100	142,300	146,600
Home Depot Overpass	64,400	148,600	-	-	-	-
	<b>\$ 87,200</b>	<b>\$ 171,400</b>	<b>\$ 31,800</b>	<b>\$ 73,100</b>	<b>\$ 142,300</b>	<b>\$ 146,600</b>

# *Public Education & Government Cable TV Access Fund*

## *CITY MANAGER*

This Special Revenue Fund accounts for Public, Education & Government (PEG) cable television fees, expenditure are restricted to PEG access-related activities. The \$22,400 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.

During the franchise renewal process for Charter Communications LLC (3/28/2001) an amendment to the negotiated cable TV agreement added a PEG Access fee. This fee of 64 cents per Subscriber is due to the City concurrent with the Franchise Fee Payments. The agreement between the City and Charter Communications, Inc requires the City 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.

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	84,400	87,500	92,800	87,300	90,100	92,800
Interest Earnings	4,300	3,800	2,800	2,800	2,700	2,800
Access Fees	24,000	22,000	22,400	22,400	22,400	22,400
Grant - Capital						
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 112,700</b>	<b>\$ 113,300</b>	<b>\$ 118,000</b>	<b>\$ 112,500</b>	<b>\$ 115,200</b>	<b>\$ 118,000</b>
<b>USE OF FUNDS:</b>						
Community TV of Santa Cruz	25,200	26,000	22,400	22,400	22,400	22,400
<b>TOTAL USE OF FUNDS</b>	<b>\$ 25,200</b>	<b>\$ 26,000</b>	<b>\$ 22,400</b>	<b>\$ 22,400</b>	<b>\$ 22,400</b>	<b>\$ 22,400</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 87,500</b>	<b>\$ 87,300</b>	<b>\$ 95,600</b>	<b>\$ 90,100</b>	<b>\$ 92,800</b>	<b>\$ 95,600</b>
<b>Access Fee:</b>						
Average # of Subscribers	3,125	2,865	3,150	3,150	3,150	3,150
Monthly Access Fee - General	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64	\$ 0.64

## ◆ *Public Arts Fee* ◆

### CITY MANAGER

At the meeting of May 13, 2004, Council approved the Staff recommendation to implement a Public Arts Fee. 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 60 hours of the Administrative Assistant for the Art & Cultural Commission time allocated to administering projects.

#### Art Projects:

- Historical Directional signs (FY06-07): To guide visitors to the Pacific Cove Parking Lot and pedestrian access to the beach and village (\$15,000). The \$7,500 expenditure in FY06-07 was the first payment, with final payment of \$7,500 in FY07-08. There was an extension of the project for an additional \$3,000 in FY07-08.
- Sea Kelp Medallion on Esplanade Park (FY07-08): for \$15,000 from the art fund, and an additional \$5,000 from a grant.
- Sea Wall Tiles (FY07-08): The third art project was the tiles placed on the sea wall along the Esplanade. The Chamber of Commerce administered the program and the art fund received the net revenue of \$14,400.
- FY09-10 Planned Projects: Graphic Traffic Box Art Project, hanging baskets and street lights in the village.

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	29,800	51,200	36,400	24,500	105,375	104,075
Donations				14,400		
Public Art Fee	28,900	3,300	15,000	63,700	15,000	15,000
Interest						
Grants			5,000	5,000		
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 58,700</b>	<b>\$ 54,500</b>	<b>\$ 56,400</b>	<b>\$ 107,600</b>	<b>\$ 120,375</b>	<b>\$ 119,075</b>
<b>USE OF FUNDS:</b>						
Staffing		1,300	1,700	1,700	1,300	1,300
Directional Signs	7500	28,700		-	-	
Contract Services - art project			15,000	525	15,000	15,000
<b>TOTAL USE OF FUNDS</b>	<b>\$ 7,500</b>	<b>\$ 30,000</b>	<b>\$ 16,700</b>	<b>\$ 2,225</b>	<b>\$ 16,300</b>	<b>\$ 16,300</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 51,200</b>	<b>\$ 24,500</b>	<b>\$ 39,700</b>	<b>\$ 105,375</b>	<b>\$ 104,075</b>	<b>\$ 102,775</b>

#### HOURLY NON-BENEFITED - SEASONAL/TEMPORARY EMPLOYEES:

##### CLASSIFICATION

Administrative Assistant

60

60

\* Administrative Assistant: 540 total hours allocated 480hrs to Art & Cultural Dept and 60 to the Public Art Fund  
**FY07-08 Mid Year revised since Feb 2008 report to Council.**

## ◆ *Community Development Block Grants* ◆ *COMMUNITY DEVELOPMENT*

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

- 2004 Planning and Technical Assistance Grants (PTA): The City was awarded two PTA grants in FY04-05:
  - 2004 PTA Grant for *Housing Feasibility Studies*: This activity was completed in early 2007.
  - 2004 PTA Grant for a *GIS Website* for Economic Development: This project was completed in early 2007.
- 2005 Planning and Technical Assistance Grants (PTA): The City was awarded a \$35,000 PTA grant in FY05-06 to prepare an *Economic Development Strategy* for the City. The study was completed and presented to Council in Spring 2007.
- 2007 PTA Grant for Village Parking Study: Application was made in 2006 for a grant to provide technical assistance for a study of village parking to be prepared by an engineer. The grant was awarded for \$35,000. A consultant was hired to prepare the study. The study was presented to Council and completed in 2009.
- 2008 PTA Grants for 41<sup>st</sup> Ave. Economic Development and Mixed Use Study, and City-Hall Site Reuse Study: The City was awarded two separate \$35,000 grants to prepare the above studies. The consultants began the 41<sup>st</sup> Ave. study in the spring of 2008, and the City Hall study in early 2009. Preliminary information regarding the 41<sup>st</sup> Ave. study was presented to the Economic Development Committee in early 2009. It is anticipated the two projects will be completed in FY 09-10.
- 2009 PTA Grants. The City will consider applications for the 2009 PTA grant funding cycle. Those grant options could include: Village Parking Management Implementation Plan, 41<sup>st</sup> Avenue Re-visioning study/Specific Plan, or Visitor Serving Implementation Plan.
- 2009 CDBG Economic Development (ED) Over-the-Counter Grant: The City is currently working with Rispin Partners to apply for up to \$910,000 in gap financing from the FY09-10 CDBG funding round to provide a business loan to the *Rispin Mansion Project*, which is needed in order to support the Rispin project financial feasibility. This complex application process would be completed during 2009.

**◆ Community Development Block Grants ◆**  
**SOURCE & USE OF FUNDS**

(#2.900)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	(8,100)	-	53,500	(20,000)	53,500	53,500
2004 PTA Grant: GIS Project	4,100	-	-	-	-	-
2004 PTA Grant: Housing Studies	28,100	-	-	-	-	-
2005 PTA Grant: Econ Dev Strategy	31,500	3,500	-	-	-	0
2007 ED Grant: Rispin Project	0	-	700,000	-	910,000	0
2007 PTA Grant: Village Parking Study	0	24,300	-	10,700	-	0
2007 ED 41st Ave Corridor	0	-	-	35,000	-	-
2007 ED City Hall Re-use	0	-	-	35,000	-	-
2009 CDBG/PTA Grant	0	-	-	-	70,000	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 55,600</b>	<b>\$ 27,800</b>	<b>\$ 753,500</b>	<b>\$ 60,700</b>	<b>\$ 1,033,500</b>	<b>\$ 53,500</b>
<b>USE OF FUNDS:</b>						
<b>2004 PTA Grant: Housing Studies</b>						
Contractor Services	19,400	-	-	-	-	-
Grant Coordinator	-	-	-	-	-	-
<b>2004 PTA Grant: GIS Project</b>						
Contractor Services	4,000	-	-	-	-	-
Grant Coordinator	-	-	-	-	-	-
<b>2005 PTA Grant: Econ Dev Strategy</b>						
Contractor Services	32,200	-	-	-	-	-
<b>2007 ED Grant: Rispin Project</b>						
	-	-	700,000	-	910,000	-
<b>2007 PTA Grant: Village Parking Study</b>						
	-	33,700	-	1,300	-	-
<b>2007 ED 41st Ave Corridor</b>						
	-	14,100	25,000	20,900	-	-
<b>2007 ED City Hall Re-use</b>						
	-	-	25,000	35,000	-	-
<b>2009 CDBG/PTA Grant</b>						
	-	-	-	-	70,000	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 55,600</b>	<b>\$ 47,800</b>	<b>\$ 750,000</b>	<b>\$ 57,200</b>	<b>\$ 980,000</b>	<b>\$ -</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ -</b>	<b>\$ (20,000)</b>	<b>\$ 3,500</b>	<b>\$ 3,500</b>	<b>\$ 53,500</b>	<b>\$ 53,500</b>

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

This Special Revenue Fund accounts for revenue to the City that results from the repayment of CDBG funded housing loans made by the City to income-qualifying households. The City periodically receives "CDBG Program Income" from loan payments that were originally funded with CDBG grants. CDBG regulations stipulate that all CDBG Program Income must be used for CDBG-approved purposes using federal spending guidelines. The current primary source of CDBG Program Income is from payoffs of \$5,000 share loans made to Loma Vista Mobilehome Park residents in March 2000 to assist with the resident's acquisition of the park. The other source is the repayment of loans made from the City's CDBG-funded First Time Homebuyer Program.

According to CDBG guidelines, if the total amount of Program Income received in any given fiscal year does not exceed \$25,000, then the funds received are not subject to federal CDBG regulations. However, if the amount exceeds \$25,000, then all Program Income loan payoff funds received during that fiscal year are restricted to CDBG-approved federal spending guidelines.

Prior to FY07/08, the City had not received more than \$25,000 in CDBG Program Income in any single fiscal year, and the funds were not regulated by federal CDBG requirements. However, in FY07/08, the City received loan payoffs in the amount of \$53,000. Therefore, those funds were handled separately and spent according to federal CDBG guidelines. Those guidelines identify that 18% of the funds could be used for administrative purposes, and the remainder directly used for federally-approved programs such as housing rehabilitation or first-time homebuyer loans.

In FY08/09, a new expenditure category was added for these federal funds, titled "07/08 Federal CDBG Program Income." A portion (\$2,000) of these funds was be used in FY 07-08 for account set-up and funds programming. The remainder was expended during FY08/09 for CDBG-approved purposes, such as assisting with the City's Rehabilitation or First Time Homebuyer program. \$6,400 from pre-FY 07/08 funds have been set aside to provide technical assistance funds for the City's CDBG Program, for professional services or matching funds for future CDBG grant applications.

(#2.950)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	24,000	25,600	52,500	57,100	1,500	1,400
Interest Earnings	7,600	12,400	1,600	2,300	1,300	-
Loan Pay-off	10,000	46,400	5,000	5,000	5,000	5,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 41,600</b>	<b>\$ 84,400</b>	<b>\$ 59,100</b>	<b>\$ 64,400</b>	<b>\$ 7,800</b>	<b>\$ 6,400</b>
<b>USE OF FUNDS:</b>						
Rehab Program:			-	-	-	-
Matching Fund:			-	-	-	-
Economic Development	4,000	3,600		18,500		
Contract Services - CDBG assistance		23,700	6,400		6,400	6,400
				-		
				-		
FY07/08 Federal CDBG Prog Income						
Rehab. Funds			42,000	37,400		
Admin			7,000	7,000		
Fund Transfer						
Contingency Reserve Fund						
Emergency Reserve Fund						
General Fund	12,000	-	-	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 16,000</b>	<b>\$ 27,300</b>	<b>\$ 55,400</b>	<b>\$ 62,900</b>	<b>\$ 6,400</b>	<b>\$ 6,400</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 25,600</b>	<b>\$ 57,100</b>	<b>\$ 3,700</b>	<b>\$ 1,500</b>	<b>\$ 1,400</b>	<b>\$ -</b>

**◆ Home Housing Program Reuse loan Fund ◆**  
**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). All deposits into this fund must be used to fund affordable housing activities in the City in accordance with the federal "HOME Program Re-use Guidelines," which include written authorizations from the California Department of Housing and Community Development. Currently there are four groups of outstanding home loans recorded in this fund:

1. A 1996 project that assisted eighteen low-income mobile home owners to purchase their lots in Brookvale Terrace Mobile Home Park. All but one of these loans has been paid off.
2. A 1998-99 First-Time Homebuyer Program that provided five deferred second mortgages.
3. In FY00-01 and FY01-02, HOME Program Reuse funds generated from some of the Brookvale loan payments were used to fund 15 loans through the Housing Rehabilitation Program.
4. In FY04-05 and FY05-06 HOME Program Reuse funds were used to fund acquisition/rehabilitation loans and First-Time Homebuyer loans to the Wharf Road Manor (WRM) Mobile Home Park.

In 2007 the City received a HOME grant of \$2,000,000 for the Bay Avenue Senior Apartments project. \$1.9 million of this grant will be loaned to the project developer, First Community Housing and \$100,000 was set aside for administrative expenses related to the project. Before the City's new HOME Grant can be drawn down for use all of the City's current HOME Reuse Funds must be expended. In order to meet this requirement, staff is recommending that the outstanding balance in this fund be committed for the provision of Owner Occupied Rehabilitation Assistance Program loans to residents in the recently subdivided Turner Lane Mobile Home Park.

(#2.960)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	272,100	188,700	207,200	212,200	9,700	-
Interest Earnings	10,600	23,000	6,200	2,900	-	-
Transfer from - Housing Loan Fund						
Loan Payments:						
Principal	-	-	19,000	10,800		-
Interest - payoff	4,800	4,400	2,500	25,600	4,800	4,500
Interest - accrued	5,000	2,600	5,000	-	-	-
Shared Appreciation						
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 292,500</b>	<b>\$ 218,700</b>	<b>\$ 239,900</b>	<b>\$ 251,500</b>	<b>\$ 14,500</b>	<b>\$ 4,500</b>
<b>USE OF FUNDS:</b>						
Housing Rehabilitation Program						
Administration Fees						
Wharf Road Manor	98,800	-				
Rehab/Acquisition Loans			234,900	241,800	14,500	4,500
Accrued Interest Expense	5,000	6,500	5,000	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 103,800</b>	<b>\$ 6,500</b>	<b>\$ 239,900</b>	<b>\$ 241,800</b>	<b>\$ 14,500</b>	<b>\$ 4,500</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 188,700</b>	<b>\$ 212,200</b>	<b>\$ -</b>	<b>\$ 9,700</b>	<b>\$ -</b>	<b>\$ -</b>

**◆ HOME GRANT ◆**  
**COMMUNITY DEVELOPMENT DEPARTMENT**

In January 2009 the City of Capitola entered into a Standard Agreement with the California Department of Housing and Community Development for a HOME grant in the amount of \$2,000,000 for rehabilitation expenses related to the 109-unit Bay Avenue Senior Apartments Project. It is anticipated that the funds will be released to the City through construction draw requests to be submitted beginning in June of 2009.

\$100,000 of the grant may be used to cover administrative costs for the project. The balance of the grant will be provided to First Community Housing, the Bay Avenue Senior Apartments project developer, as a 3% interest residual receipts payment loan. \$57,000 of the administrative portion of the grant will be drawn down to cover FY 08/09 administrative costs including staffing costs for the planning and finance departments and for costs related to hiring an administrative subcontractor.

(#2.965)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1			2,000,000	-	3,000	-
Interest Earnings						
HOME Grant - Bay Ave. Senior Apt. Project			-	250,000	1,750,000	
<b>TOTAL SOURCE OF FUNDS</b>	\$ -	\$ -	\$ 2,000,000	\$ 250,000	1,753,000	-
<b>USE OF FUNDS:</b>						
<b>Bay Ave. Senior Apt. Project</b>						
Grant Administration - City staff			32,000	32,000	43,000	-
Grant Administration - Consultant			25,000	15,000	10,000	-
Rehab/Redevelopment Loan			1,900,000	200,000	1,700,000	
<b>TOTAL USE OF FUNDS</b>	\$ -	\$ -	\$ 1,957,000	\$ 247,000	1,753,000	-
<b>FUND BALANCE @ 6/30</b>						
Designated: Grant Admin			\$ 43,000	\$ 3,000	-	-
			\$ 43,000		-	-

**◆ Housing Trust Fund ◆**  
**COMMUNITY DEVELOPMENT DEPARTMENT**

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

The Affordable "Inclusionary" Housing Ordinance refers to a City Municipal Code Section that requires that fifteen percent (15%) of the units in a new for-sale residential construction project be made available to low or moderate-income buyers. Condominium conversion projects are also covered under this Ordinance. As outlined in the Ordinance, project developers provide the affordable set aside units or under certain conditions can pay an in-lieu fee. The estimated Trust Fund budget was arrived at by calculating a five-year average of anticipated In-Lieu fees and consideration of the economic downturn which has resulted in a slowing of residential construction projects the annual estimate of in-lieu fee payments has been reduced to \$75,000 for the next two years.

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 new Inclusionary Ordinance. In FY 09-10, the Housing Trust Funds will be used in part to fund \$65,000 toward the City's Owner Occupied Rehabilitation Assistance Program, with \$8,300 for administration services by the Housing Authority.

**Source & Use of Funds**

(#2.970)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	96,100	222,800	305,000	325,500	387,200	348,900
Interest Earnings *			9,200	-		
Affordable Housing In-Lieu Fee	141,100	104,600	100,000	100,000	75,000	75,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 237,200</b>	<b>\$ 327,400</b>	<b>\$ 414,200</b>	<b>\$ 425,500</b>	<b>\$ 462,200</b>	<b>\$ 423,900</b>
<b>USE OF FUNDS:</b>						
Housing Program Adm - City Staff	6,600	1,900	10,000	10,000	10,000	10,000
Contract Services (first-time homebuyer program, legal)	7800	-	20,000	20,000	30,000	30,000
Rehab Loan Program			66,700	-	65,000	65,000
Housing Authority Administration Services			8,300	8,300	8,300	8,300
<b>TOTAL USE OF FUNDS</b>	<b>\$ 14,400</b>	<b>\$ 1,900</b>	<b>\$ 105,000</b>	<b>\$ 38,300</b>	<b>\$ 113,300</b>	<b>\$ 113,300</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 222,800</b>	<b>\$ 325,500</b>	<b>\$ 309,200</b>	<b>\$ 387,200</b>	<b>\$ 348,900</b>	<b>\$ 310,600</b>

\* Interest requires Council action to revise ordinance to accrue to this restricted special revenue fund.

**◆ BEGIN Grant Fund ◆**  
**COMMUNITY DEVELOPMENT DEPARTMENT**

In February 2008 the City entered into a Standard Agreement with the California Department of Housing and Community Development for a grant commitment from the Building Equity and Growth in Neighborhoods (BEGIN) Program in the amount of \$240,000. The purpose of the grant is to assist in the provision of First Time Homebuyer Loans to 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. It is anticipated that these BEGIN funds will need to be augmented with additional funding from the City's Housing Trust Fund in order to raise the loan amounts to the maximum \$75,000 allowed. It was anticipated that the funds would be released to the City and reissued as loans to the individual buyers during FY 08-09. Due to current financial and marketing problems being encountered by the project developer the condominium sales have been delayed and it is now anticipated that the funds will be expended during FY 09-10. As outlined in the Standard Agreement these BEGIN Program funds may only be used for First Time Homebuyers at the Capitola Beach Villas Project. All funds unexpended as of June 2010 shall be disencumbered. In accordance with the Standard Agreement a BEGIN Reuse Account will be created for the maintenance and reuse of recaptured funds.

(#2.980)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1			-	-	60,000	-
Interest Earnings						
BEGIN Grant			240,000	60,000	180,000	
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,000</b>	<b>\$ 60,000</b>	<b>240,000</b>	<b>-</b>
<b>USE OF FUNDS:</b>						
First Time homebuyer loans			240,000	-	240,000	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 240,000</b>	<b>\$ -</b>	<b>240,000</b>	<b>-</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>	<b>-</b>	<b>-</b>

\* Reserve Fund # 2.985 for the future BEGIN Re-Use Fund

◆ ***General Plan Maintenance Fee*** ◆  
***COMMUNITY DEVELOPMENT***

In 2002, the State Legislature passed AB 2936 to enable cities to collect fees “reasonably necessary to prepare and revise the plans and policies that a local agency is required to adopt before it can make any necessary findings and determinations”. At the meeting of May 13, 2004, Council approved the Staff recommendation to implement a General Plan Maintenance Fee of 0.7% of the total building valuation 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 the more expensive houses. These valuations are close to market rates.

A comprehensive General Plan Update would allow the City to take advantage of new technologies, policies and best practices. An update would incorporate current information on the state of the community, its needs, goals and issues of concern. From FY02-03 to FY08-09 the Council transferred a total of \$314,200 from the General Fund into this fund. In FY08-09 the Council transferred \$314,000 back to the General Fund to help balance the City budget. The revenue from General Plan Maintenance Fee has increased each year, and is anticipated to be \$60,000 for each of the fiscal years 2008-09 through 2009-10.

As the General Plan Update process is anticipated to be phased over several years, the expenses will be incurred over a multi-year time period. Note that the specific contract types and amounts given in the Use of Funds are estimates at this time, and likely will be recommended for adjustment at the time Council adopts a specific General Plan Update process in the first phase of the effort.

## General Plan Maintenance Fee Fund Source & Use of Funds

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	352,100	504,600	554,600	639,600	505,900	336,900
Interest Income	19,000	25,600		9,300		
Transfer from General Fund	70,000	-	-	-	-	-
General Plan Maintenance Fee	81,100	125,000	60,000	206,000	60,000	60,000
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 522,200</b>	<b>\$ 655,200</b>	<b>\$ 614,600</b>	<b>\$ 854,900</b>	<b>\$ 565,900</b>	<b>\$ 396,900</b>
<b>USE OF FUNDS:</b>						
General Plan Admin-city staff				20000	40000	40000
<b>Contracts:</b>						
Historical Element	1000	-	9,000	-	9,000	-
Sustainability Workshop	2000	-	-	-	-	-
General Plan/LCP Consultant(s) *		13,900	90,000	30,000	60,000	100,000
Traffic Consultant			60,000	-	60,000	-
Special Studies			40,000	-	40,000	46,000
EIR Consultant			50,000	-	-	50,000
Zoning Updates			-	-	-	50,000
Economic Development	14600	-	-	-	-	-
Material & Supplies		1,700	28,000	5,000	20,000	-
Return Loan back To General Fund			115,000	314,000	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 17,600</b>	<b>\$ 15,600</b>	<b>\$ 392,000</b>	<b>\$ 349,000</b>	<b>\$ 229,000</b>	<b>\$ 246,000</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 504,600</b>	<b>\$ 639,600</b>	<b>\$ 222,600</b>	<b>\$ 505,900</b>	<b>\$ 336,900</b>	<b>\$ 150,900</b>

\*FY07-08 Mid-year Revised after the Feb. 2008 report to Council.

**General Fund Loan to Gen. Plan Update Fund:**

7/1/2002	75,000	JE # 50608
7/1/2003	25,000	JE # 67773
12/22/2005	44,200	JE # 105094
6/15/2006	100,000	JE # 111691
1/25/2007	35,000	JE # 120968
5/31/2007	35,000	JE # 125484
<b>Total</b>	<b>\$ 314,200</b>	
<b>Returned:</b>		
FY08/09	\$ -	
<b>Balance</b>	<b>\$ 314,200</b>	

**◆ Green Building Education Fund ◆**  
**BUILDING DEPARTMENT**

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

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

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

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

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1						16,000
Green Building Fee				2,400	16,000	16,000
Interest						
Other						
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,400</b>	<b>\$ 16,000</b>	<b>\$ 32,000</b>
<b>USE OF FUNDS:</b>						
<b>TOTAL USE OF FUNDS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,400</b>	<b>\$ 16,000</b>	<b>\$ 32,000</b>

Green Building Regulation was adopted by Council on May 22, 2008, with an effective date of July 1, 2008

## ◆ *Parking Reserve Fund* ◆

### *FINANCE DEPARTMENT*

In June of 2008 the Council began deliberating increasing parking meter rates. On July 10, 2008 in consideration of this matter, the Council elected to establish “Blue Ribbon” committee made up of Village business owners and residents to make recommendations on the City’s parking program. As part of that program was a recommendation to create a special Parking Reserve Fund that would be restricted for use only to create or enhance parking in the Village area. On February 26, 2009 the City Council divided Zone A into two areas, Zone A and Zone A.1 and to increase the Zone A.1 (Village) Parking meters from \$1.00 to \$1.50. The revenues generated from the new rates in Zone A.1 be allocated fifty percent to the City General Fund and fifty percent to a restricted parking fund. The Coastal Commission approved the new zone and rates at the July 9, 2009 meeting.

#### Parking Reserve Fund

(#1316)	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1			-	-	-	102,800
Interest Earnings						
Parking Meter Revenue			-	-	102,800	102,800
<b>TOTAL SOURCE OF FUNDS</b>	\$ -	\$ -	\$ -	\$ -	102,800	205,600
<b>USE OF FUNDS:</b>						
Parking Project (TBD)			-	-	-	-
<b>TOTAL USE OF FUNDS</b>	\$ -	\$ -	\$ -	\$ -	-	-
<b>FUND BALANCE @ 6/30</b>	\$ -	\$ -	\$ -	\$ -	102,800	205,600

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

**FINANCE DEPARTMENT**

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

This program has been running for three years as of FY07-08 with the assistances of the BIA Board of Directors. These BIA Directors will provide their budget proposal to Council in a separate document and public hearing during May and June 2009. Below is a summary of historical revenues and expenditures.

**Capitola Village & Wharf BIA**

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted
<b>SOURCE OF FUNDS:</b>					
Fund Balance @ 7/1	13,700	12,300	16,400	16,400	9,300
Assessment (cash & in-lieu)	68,600	71,300	74,000	73,900	70,700
Interest					
Other					
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 82,300</b>	<b>\$ 83,600</b>	<b>\$ 90,500</b>	<b>\$ 90,300</b>	<b>\$ 80,000</b>
<b>USE OF FUNDS:</b>					
Advertise, Program & Adim	70,000	67,200	84,600	81,000	80,000
<b>TOTAL USE OF FUNDS</b>	<b>\$ 70,000</b>	<b>\$ 67,200</b>	<b>\$ 84,600</b>	<b>\$ 81,000</b>	<b>\$ 80,000</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 12,300</b>	<b>\$ 16,400</b>	<b>\$ 5,900</b>	<b>\$ 9,300</b>	<b>\$ -</b>

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# OTHER FUNDS



## **Document Resources for Other Funds:**

- Other Funds.doc
- Other Fund Sources & Use.xls

## OTHER FUNDS

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

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

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

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

**Open Space Purchase** (City Manager Department): This fund accumulates money from the interest income of the promissory note between the City and the Redevelopment Agency for the future purchase of open space. The promissory note is from the sale of the Rispin property from the City to the Agency.

## ◆ *Compensated Absences* ◆

### *FINANCE*

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

Early Retirement Program: In February 2009, the city council offered an early retirement package to a selected group of employees. Four employees accepted the package. The cumulative impact to pay the employees for additional years of service accumulated, vacation, sick, and holiday \$ 434,000.

City Manager Administrative Leave Cash Out -- In accordance with the memorandum of understanding between the City Manager and the City of Capitola, Section 13 states any administrative leave hours accumulated in excess of 240 hours shall be cashed out at employee's then current salary, and employee may cash out at any time, at their then current salary, any or all of their administrative leave hours in excess of 120. For budget purpose, each fiscal year assumes a cash out of 120 hours of administrative leave.

Police Officers Association Cashable Sick Leave – As of July 1, there will be 870 cashable sick leave hours for police officers, sergeants, in accordance the memorandum of understanding between Capitola Police Officers Association and the City of Capitola. This is based on the “1995 List.”

Miscellaneous Employees – Cashable Sick Leave: Based on the “1995 List,” as of April 2008, there are 83 cashable sick leave hours for all other eligible employees. An employee with cashable sick leave, regardless of his/her normal retirement date, may cash out up to eighty hours of cashable sick leave for any fiscal year. Furthermore, there is another category of employees who on 6/30/94 had 240 or less hours of accumulated sick leave, or who were employed on or before 6/30/98 and will have at least ten years of continuous service with the City. These employees can accumulate a maximum cap of 240 hours of cashable sick and are subject to the reductions in this maximum cap and other associated provisions identified in subparagraphs 14c through 14f of the Standard MOU provisions.

Vacation > 504 hours -- In accordance with the standard memorandum of understanding between the all employee bargaining groups and the City of Capitola, Sub-Section 12.C. states that an employee who has accumulated more than 504 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 504 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. For budget purpose, it assumes that 5 employees cash out 80 hours per year.

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

## ◆ *Compensated Absences* ◆

Retirement Program: Due to the economic status of the City, the Council authorized an early retirement package to 4 employees. Those positions will not be filled, resulting in a net savings to the City. The Compensated Absences Fund was used to fund the retirement packages. To keep this budget at adequate funding level, \$150,000 was transferred into the fund in April 2009.

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

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

Compensated Absence Liability -- Governmental Accounting Standards Board Statement No. 16 identifies that certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefit through cash payments conditioned on the employee's termination or retirement. As of June 30, 2008, the vested benefits, payable in accordance with various collective bargaining agreements totaled \$717,528 (source: Capitola Comprehensive Annual Financial Reports for fiscal year ended June 30, 2007).

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-2011 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	150,700	354,100	326,800	337,800	105,500	133,200
Transfer from Other Funds				150,000		
Transfer from General Fund						
Target is 1.5% of staffing budget	332,000	332,000	57,700	57,700	112,700	112,700
<b>TOTAL SOURCE OF FUNDS</b>	<b>482,700</b>	<b>686,100</b>	<b>384,500</b>	<b>545,500</b>	<b>218,200</b>	<b>245,900</b>
<b>USE OF FUNDS:</b>						
Cash Out Payments						
Cash Outs :						
City Manager - Adm Leave	8,800	8,800	10,000	9,000	10,000	9,700
POA Sick Leave - 1995 List			-	-	-	-
Capt Sick Leave to Deferred Comp	23,900	42,300	25,000	-	-	-
Misc. Employee - Sick Leave	20,000	20,000	22,000	-	-	-
Vacation > 504 hours	24,400	24,400	30,000	23,000	30,000	30,000
Vacation - Voluntary	6,800	6,800	15,000	7,000	20,000	21,000
Final Pay	-	-	25,000	166,000	25,000	25,000
Retirement Cash-Out	1,300	27,700	75,000	235,000		
Notes Payable	20,100	18,300	-	-	-	-
Transfer to Debt Service - POB (\$1M)		200,000		-		
<b>TOTAL USE OF FUNDS</b>	<b>105,300</b>	<b>348,300</b>	<b>202,000</b>	<b>440,000</b>	<b>85,000</b>	<b>85,700</b>
<b>FUND BALANCE @ 6/30</b>	<b>377,400</b>	<b>337,800</b>	<b>182,500</b>	<b>105,500</b>	<b>133,200</b>	<b>160,200</b>
Designation:						
Notes Payable			0	0	0	0
Severance Pay-out (Avg)			27,800	61,300	61,300	62,100
Undesignated			154,700	44,200	71,900	98,100

## ◆ *Emergency Reserves* ◆

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

During fiscal years 2004-05 through 2006-07, the City Council made assertive efforts to fund the Emergency reserve and as a result, the Emergency Reserve met/maintains its 5% target since FY05-06. For FY09-10, and FY10-11, the fund also meets this requirement.

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	569,600	597,600	614,300	614,300	627,100	627,100
Donation	-	-	-	-	-	-
Transfer from CDBG #2.950	-	-	-	-	-	-
Transfer from General Fund	28,000	16,700	12,800	12,800	-	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>597,600</b>	<b>614,300</b>	<b>627,100</b>	<b>627,100</b>	<b>627,100</b>	<b>627,100</b>
<b>USE OF FUNDS:</b>						
Interfund Transfer Out						
<b>TOTAL USE OF FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUND BALANCE @ 6/30</b>	<b>597,600</b>	<b>614,300</b>	<b>627,100</b>	<b>627,100</b>	<b>627,100</b>	<b>627,100</b>
ok						
ok						
<b>CALCULATION OF 5% TARGET:</b>						
	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Gen. Fund Expense - exclude transfers	11,840,805	11,908,711	12,542,300	12,484,400	11,643,902	12,015,302
Designated @ 5%	5%	5%	5%	5%	5%	5%
Target Balance	592,000	595,400	627,100	624,200	582,200	600,800
<b>OVER OR (SHORT) OF TARGET</b>	<b>5,600</b>	<b>18,900</b>	<b>0</b>	<b>2,900</b>	<b>44,900</b>	<b>26,300</b>

## ◆ *Contingency Reserves* ◆

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

During fiscal years 2004-05 through 2006-07, the City Council made assertive efforts to fund the Contingency reserve, with approximately \$1.3 million of General Fund savings. Beginning with the FY05-06 adopted budget, Council removed the Council department unanticipated events budget (\$100,000) and instead authorized various unanticipated, non-budgeted City expenditures directly from the Contingency reserve. During FY07-08, the unanticipated expenditures totals \$295,000, for the following: Pacific Cove Mobile home Park Retaining Wall, Mobile Home Rent Control Litigation, new parking meters, general litigation matters and debt service for the pension obligation bond.

FY09-10 budget. The Contingency Reserve fund balance is estimated to be \$1,266,100 which is above the 10% target on June 30, 2010.

FY10-11 budget. The Contingency Reserve fund balance is estimated to be \$1,266,100 which above the 10% target on June 30, 2011.

## ◆ Contingency Reserves ◆

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	1,122,600	1,187,500	1,248,000	1,259,900	1,266,100	1,266,100
Miscellaneous	3,400	3,400				
Transfer from Worker's Comp Fund	-	16,000	-	-	-	-
Transfer from General Fund	161,000	355,000	6,200	6,200		
<b>TOTAL SOURCE OF FUNDS</b>	<b>1,287,000</b>	<b>1,561,900</b>	<b>1,254,200</b>	<b>1,266,100</b>	<b>1,266,100</b>	<b>1,266,100</b>

**USE OF FUNDS:**

Esplanade Stage Design						
Esplanade Stage Construction						
Pac. Cove Parking Expansion Study						
Rightlights Program						
Bandstand Contingent Loan						
Union Pac. Rail Road Stairs Improve						
Grant - Capitola Water Festival	3,000	-				
CIP - Museum Cabin	3,300	-				
CIP - UPRR - Stair Construction	4,600	-				
CIP - Burlingame Ave Street & Sewer	1,100	-				
CIP - Pcove MHP Retaining Wall		80,000		-		
Stores Fund - Stamp Machine	6,500	-				
Transfer Out:						
General Fund - Deficit backfill		172,000			-	-
Gen. Fund - Litigation services *				-		
Gen Fund: Parking Meters				-		
Gen. Fund - Jewel Box traffic calming	8,000	-				
Gen. Fund - Labor negotiator	30,000	-				
Gen. Fund - Mob. Hm Legal Services				-		
Equipment - Police Motorcycles (2)	43,000	-				
Gas Tax Fund - State Borrowing *				-		
Debt Service - POB (\$1M)		50,000		-		
<b>TOTAL USE OF FUNDS</b>	<b>99,500</b>	<b>302,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>FUND BALANCE @ 6/30</b>	<b>1,187,500</b>	<b>1,259,900</b>	<b>1,254,200</b>	<b>1,266,100</b>	<b>1,266,100</b>	<b>1,266,100</b>
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	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
<b>CALCULATION OF 5% TARGET:</b>						
Gen. Fund Expense - exclude transfers	11,840,805	11,908,711	12,542,300	12,484,400	11,643,902	12,015,302
Designated @ 10%	10%	10%	10%	10%	10%	10%
Target Balance	1,184,100	1,190,900	1,254,200	1,248,400	1,164,400	1,201,500
<b>OVER OR (SHORT) OF TARGET</b>	<b>3,400</b>	<b>69,000</b>	<b>0</b>	<b>17,700</b>	<b>101,700</b>	<b>64,600</b>

\* Gas Tax Fund - State borrowed for 4 months. Show as Gas Tax revenue in FY07/08, eliminate the fund transfers.

## ◆ *Open Space Purchase* ◆

### CITY MANAGER

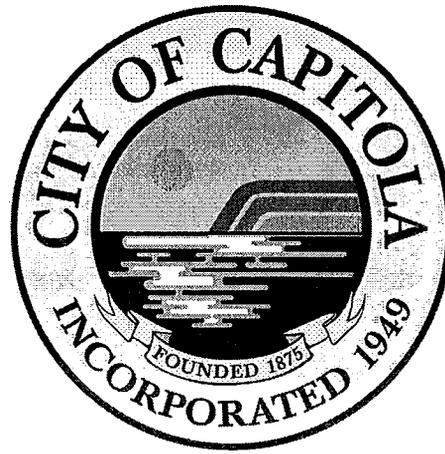
At a joint City Council/Redevelopment Agency meeting on July 24, 2003, the City Council and the Redevelopment Agency Board approved the sale of the Rispin property (assessor's parcel # 035-371-01 and -02) from the City to the Agency in the amount of \$1.35 million. The terms of the promissory note include that the principal sum of the Note shall bear interest at the rate of five (5%) per annum, simple interest from July 24, 2003. On June 22, 2006, the City Council amended this interest rate. Refer to the RDA Debt Service section of this budget for further discussion.

In FY03-04, the City Council directed that this interest be designated for the future purchase of open space, and considered by the Capitola Finance Advisory Committee for a recommendation to the City Council. Due to the State take-away from the City, this designation was not continued since the FY04-05 budget. Instead, the interest income was placed directly into the General Fund and brought directly to the attention of the Council, not the Finance Advisory Committee. In 2003, Council directed that this money be placed into a reserve for recommendation by the Finance Advisory Committee to the Council, which has the final disposition authority.

In FY06-07 and FY07-08, all the remaining funds were spent on (1) grant writer for the considered acquisition of the Galino property and (2) transferred to Debt Service for the \$1M pay down of the City's pension liability.

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	63,400	63,400	300	19,800	19,800	19,800
Donations						
RDA Interest on Rispin Property					-	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 63,400</b>	<b>\$ 63,400</b>	<b>\$ 300</b>	<b>\$ 19,800</b>	<b>\$ 19,800</b>	<b>\$ 19,800</b>
<b>USE OF FUNDS:</b>						
Contract Services	19,500	-		-		
Transfer to Debt Service - POB (\$1M)		43,600		-		
<b>TOTAL USE OF FUNDS</b>	<b>\$ 19,500</b>	<b>\$ 43,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ 43,900</b>	<b>\$ 19,800</b>	<b>\$ 300</b>	<b>\$ 19,800</b>	<b>\$ 19,800</b>	<b>\$ 19,800</b>

# MULTI-YEAR ASSETS & OBLIGATIONS



## **Document Resources for Other Funds:**

- Multi-Year Assets & Obligations Fund.doc
- Obligation Funds.xls

# MULTI-YEAR ASSETS & OBLIGATIONS

**City Assets:** The City of Capitola has short-term and long-term assets, which are used to provide City services and pay for city 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 – 1996 Lease Revenue Bonds:** The Capitola Financing Authority, a joint powers authority between the City of Capitola and the Capitola Redevelopment Agency, issued \$5,935,000 in lease revenue bonds dated September 1996 to refund Certificates of Deposit issued in 1986.

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

## *City Assets*

The City of Capitola has short-term and long-term assets, which are used to provide City services and pay for city obligations. As of June 30, 2008, the City assets are worth approximately \$21 million, which are as follows:

<b>City Assets</b>	<b>June 30, 2008</b>
<b>General Fund Operating</b>	\$ 720,150
<b>Designated Reserves:</b>	
Emergency Reserves	\$ 614,300
Contingency Reserves	\$ 1,240,900
Compensated Absences	\$ 337,800
Open Space Purchase (reduced to \$300 in FY07/08)	\$ 300
<b>Internal Service Funds:</b>	
Equipment Replacement	\$ 259,100
Information Technology	\$ 344,700
Public Employees Retirement	\$ 175,100
Self-Insurance Liability	\$ 141,000
Stores	\$ 3,900
Worker's Compensation	\$ 185,600
<b>Fixed Assets, (net accum. Depreciation, as of 6/30/2008)</b>	<b>\$ 16,636,246</b>
<b>State Mandate Receivable</b>	<b>\$ 102,400</b>
<b>RDA Receivable - 1997-2001 Adm Services</b>	<b>\$ 618,000</b>
<b>RDA Receivable - Rispin Mansion purchase</b>	<b>\$ 1,350,000</b>
<b>Total Assets</b>	<b>\$ 22,729,496</b>

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

The City of Capitola has various multi-year obligations, with which debt service is paid from various funding sources and paid in various forms (i.e. payroll, JPA premiums, etc.). All required current payments are included within the respective fund budgets. As of June 30, 2008, the City's multi-year obligations are summarized as follows:

<b>City Multi-Year Obligations</b>	<b>Balance 6/30/08</b>	<b>Form</b>	<b>Years</b>	<b>Other Terms</b>
Street Sweeper - Gas Tax	\$ 133,400	Notes Payable	5	Interest 4.2%, 5 yrs, FY07/08 - FY11/12
LED Street Light Loan - Gas Tax	\$ 22,700	Notes Payable	5	Interest 4.5%, 5 yrs, FY06/07 - FY10/11
Current employee compensated absences	\$ 717,500	accrued	on-going	On-going. No interest due. (Refer to Compensated Absence Fund)
Current employee health retirement benefit	TBD by actuarial	Financial Statement Footnote	on-going	FY06/07 total payment to all qualified retiree was \$8,600. The City contributes for employee or annuitant health benefit enrollment is the minimum amount provided under Government Code Section 22892 of the Public Employee Medical and Hospital Care Act. The minimum monthly contribution per person is \$80.80 for 2007 and \$97.00 for 2008 and \$101 for 2009. GASB 45 requires the City to obtain an actuarial study to determine the total liability for this obligation. In accordance with GASB45, the actuarial study was completed in FY08/09.
Pension Obligation Bond	\$ 5,040,000	PERS payments	10	Original 18 yr term with CalPERS, 7.75% with CalPERS, Budget appropriates a new pension obligation bond (POB) of 10 years (Refer to Debt Service - PERS POB Fund)
<b>Total City Multi-Year Obligation</b>	<b>\$ 5,913,600</b>	<b>Plus the cost for police narrow banding requirement</b>		

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

## *Debt Service – 1996 Lease Revenue Bonds*

The Capitola Financing Authority, a joint powers authority between the City of Capitola and the Capitola Redevelopment Agency, issued \$5,935,000 in lease revenue bonds dated September 1996, to refund Certificates of Participation issued in 1986. The proceeds were also used to establish a reserve fund and to pay the cost of issuance. The \$10,200,000 proceeds from the sales of the 1986 Certificate of Participation were intended to finance the following projects:

- Refinancing of two earlier COP issues, a 1984 issue for the acquisition of the McGregor Drive shuttle bus property and the New Brighton Gymnasium construction and a 1985 issue, which provided funds to purchase the Rispin Mansion property. These totaled \$3,354,200.
- Purchase of right of way for the new Clares Street loop road in the amount of \$1,200,000;
- Creation of a project construction fund for redevelopment projects in the RDA area and to construct 7 units of low income housing on 38<sup>th</sup> Avenue. These project totaled \$1,763,195;
- Refinancing of two acquisition financing notes on the Pacific Cove Property (\$1,385,000) and reimbursement of approximately \$700,000 to the city's revolving fund for costs of converting a portion of the mobile home park to a public parking lot; and
- Initial funding of a reserve fund and debt payment account in the combined amount of \$1,466,190.

The 1996 lease revenue bonds are payable solely from the revenues of the Authority, consisting of base rentals to be received by the Authority from the City under a facilities sublease. Interest payments, with a coupon rate ranging from 3.95% to 4.95%, are due semi-annually, February 1 and August 1. Semi-annual principal payments began in February 1997 and ended in August 2004. Fiscal Agent paid the final payment due August 2004. Remaining fund balance was returned to the General Fund in FY05-06, which was \$6,300.

Fund # 5.000	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
<u>Debt Service - 1996 Lease Revenue</u>	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Mid-Yr Est</u>	<u>Proposed</u>	<u>Planned</u>
<b>SOURCE OF FUNDS:</b>						
Fund Balance @ 7/1	6,300	-	-	-	-	-
Interest Earnings	-	-	-	-	-	-
Transfer In:						
General Fund						
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 6,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>USE OF FUNDS:</b>						
Debt Service						
Principal						
Interest						
Agent & Trustee Fees						
Transfer to General Fund	6,300	-	-	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 6,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FUND BALANCE @ 6/30</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## ◆ *Debt Service – 2007 Pension Obligation Bonds*

The City of Capitola contracts with California Public Employee Retirement Systems (“PERS”) for two retirement plans, one for Public Safety employees (all sworn police personnel) (the “Public Safety Plan”) and one for Miscellaneous employees (everyone else) (the “Miscellaneous Plan”). The contribution rate for each plan is the sum of two factors. The first is 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). The second factor used in calculating the City’s pension cost relates to each plan’s “funded status.”

Since each of the City’s Plans has 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. Below is a history of Capitola PERS net asset/(unfunded liability):

Valuation Date	Fiscal Year Ended	Asset/(Unfunded Liability)		
		Safety Plan	Misc. Plan	Total City
6/30/2001	2001	\$1,291,700	\$308,800	\$1,600,500
6/30/2002	2002	(\$1,085,900)	(\$1,335,500)	(\$2,421,400)
6/30/2003	2003	(\$2,499,000)	(\$2,609,200)	(\$5,108,200)
6/30/2004	2004	(\$2,876,653)	(\$2,863,616)	(\$5,740,269)
6/30/2004	2005	(\$2,997,564)	(\$2,957,362)	(\$5,954,926)
6/30/2005	2006	(\$2,994,857)	(\$2,946,938)	(\$5,941,795)
6/30/2005	2007	(\$2,984,301)	(\$2,927,919)	(\$5,912,220)

On July 13, 2007, the Council refinanced the \$5.9 million of PERS liability via \$5 million pension obligation bonds (“POB”) and \$1 million pay down using available city funds as summarized below. The subsequent pages provide POB background and budgetary information.

<u>Source of Funds</u>	<u>7/13/07</u>
PERS Internal Svc Fund	\$ 348,000
Worker's Comp Fund	100,000
Self-Insur Liability	118,400
Open Space	43,600
Comp Absence Fund	200,000
Equipment Replacement	140,000
Contingency Reserve	50,000
<u>\$1M Downpayment for PERS UL:</u>	<u>\$1,000,000</u>

## *Debt Service – 2007 Pension Obligation Bonds*

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. The following table summarizes the CalPERS original payments, City's \$1 million payments and bond debt services and savings (nominal and net present value). This refinancing resulted in a savings of \$3.4 million or a net present value of \$477,188 (or 8.03%)

Year	CalPERS Misc UAAL Annual Pymts *	CalPERS Safety UAAL Annual Pymts *	CalPERS Combined Annual Pymts *	City's \$1 million & POB's Annual Pymts	Annual Nominal \$ Savings Difference	6.009% Bond Yield** NPV
6/30/2008				\$ 1,000,000	\$ (1,000,000)	\$ (1,000,000)
6/30/2008	\$ 246,090	\$ 241,365	\$ 487,455	\$ 688,049	\$ (200,594)	\$ (189,623)
6/30/2009	\$ 254,088	\$ 249,210	\$ 503,297	\$ 685,667	\$ (182,370)	\$ (162,623)
6/30/2010	\$ 262,345	\$ 257,309	\$ 519,654	\$ 691,327	\$ (171,672)	\$ (144,406)
6/30/2011	\$ 270,872	\$ 265,672	\$ 536,543	\$ 685,183	\$ (148,640)	\$ (117,945)
6/30/2012	\$ 279,675	\$ 274,306	\$ 553,981	\$ 687,838	\$ (133,857)	\$ (100,194)
6/30/2013	\$ 288,764	\$ 283,221	\$ 571,985	\$ 688,689	\$ (116,704)	\$ (82,403)
6/30/2014	\$ 298,149	\$ 292,425	\$ 590,575	\$ 687,738	\$ (97,163)	\$ (64,717)
6/30/2015	\$ 307,839	\$ 301,929	\$ 609,768	\$ 684,983	\$ (75,215)	\$ (47,258)
6/30/2016	\$ 317,844	\$ 311,742	\$ 629,586	\$ 685,426	\$ (55,840)	\$ (33,096)
6/30/2017	\$ 328,174	\$ 321,874	\$ 650,047	\$ 683,765	\$ (33,717)	\$ (18,851)
6/30/2018	\$ 338,839	\$ 332,335	\$ 671,174		\$ 671,174	\$ 353,981
6/30/2019	\$ 349,852	\$ 343,135	\$ 692,987	\$ -	\$ 692,987	\$ 344,768
6/30/2020	\$ 361,222	\$ 354,287	\$ 715,509	\$ -	\$ 715,509	\$ 335,795
6/30/2021	\$ 372,962	\$ 365,802	\$ 738,763	\$ -	\$ 738,763	\$ 327,055
6/30/2022	\$ 385,083	\$ 377,690	\$ 762,773	\$ -	\$ 762,773	\$ 318,543
6/30/2023	\$ 397,598	\$ 389,965	\$ 787,563	\$ -	\$ 787,563	\$ 310,253
6/30/2024	\$ 410,520	\$ 402,639	\$ 813,159	\$ -	\$ 813,159	\$ 302,178
6/30/2025		\$ 415,725	\$ 415,725	\$ -	\$ 415,725	\$ 145,731
<b>Total</b>	<b>\$ 5,469,914</b>	<b>\$ 5,780,631</b>	<b>\$ 11,250,545</b>	<b>\$ 7,868,663</b>	<b>\$ 3,381,883</b>	<b>\$ 477,188</b>
*CalPERS payments provided by CalPERS on 12/11/06.					<b>NPV% of OSO</b>	<b>8.03%</b>
**Net Present Value is calculated at a rate of 6.009% which is Bond Yield on the POBs.						

(Net present value establishes the value today of future earnings (or savings), which is calculated by applying a discount rate to the future earnings.

### Semi-annual debt service schedule:

<b>Debt Service Schedule</b>				
Payment Dates	Principal	Interest	Total	Fiscal Year
2/1/2008		166,597	166,597	166,597
8/1/08	370,000	151,452	521,452	
2/1/09		140,334	140,334	661,786
8/1/09	405,000	140,334	545,334	
2/1/10		128,163	128,163	673,497
8/1/10	435,000	128,163	563,163	
2/1/11		115,092	115,092	678,255
8/1/11	455,000	115,092	570,092	
2/1/12		101,419	101,419	671,510
8/1/12	485,000	101,419	586,419	
2/1/13		86,845	86,845	673,263
8/1/13	515,000	86,845	601,845	
2/1/14		71,369	71,369	673,213
8/1/14	545,000	71,369	616,369	
2/1/15		54,992	54,992	671,360
8/1/15	575,000	54,992	629,992	
2/1/16		37,713	37,713	667,704
8/1/16	610,000	37,713	647,713	
2/1/17		19,382	19,382	667,095
8/1/17	645,000	19,382	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 – 2007 Pension Obligation Bonds*

Fund # 5.100	2007-08	2008-09	2008-09	2009-10	2010-2011
<b>Debt Service - 2007 POB</b>	<b>Actual</b>	<b>Adopted</b>	<b>Mid-Yr Est</b>	<b>Adopted</b>	<b>Planned</b>
<b>SOURCE OF FUNDS:</b>					
Fund Balance @ 7/1	-	521,163	521,100	519,100	466,400
Interest Earnings	283	-	-		-
Proceeds from bond	5,040,000				
<u>Transfer In -- for \$1M paydown:</u>					
PER S Internal Svc Fund	348,000				
Worker's Comp Fund	100,000				
Self-Insur Liability	118,400				
Open Space	43,600				
Comp Absence Fund	200,000				
Equipment Replacement	140,000				
Contingency Reserve	50,000				
<u>Transfer In -- for ongoing payment:</u>					
General Fund (accelerated portion)	207,900	201,800	201,800	206,200	330,700
PER S Internal Svc Fund	480,200	460,000	460,000	416,600	528,700
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 6,728,383</b>	<b>\$ 1,182,963</b>	<b>\$ 1,182,900</b>	<b>\$ 1,141,900</b>	<b>\$ 1,325,800</b>
<b>USE OF FUNDS:</b>					
Pmt of PERS Unfunded Liability	4,912,220				
Issuance costs & Trustee fees	128,536	2,000	2,000	2,000	2,000
<b>Debt Service</b>					
Principal	1,000,000	370,000	370,000	405,000	435,000
Interest	166,464	291,800	291,800	268,500	243,300
		-	-	-	-
<b>TOTAL USE OF FUNDS</b>	<b>\$ 6,207,220</b>	<b>\$ 663,800</b>	<b>\$ 663,800</b>	<b>\$ 675,500</b>	<b>\$ 680,300</b>

**FY09-10 and FY10-11 Budgets** present the funding separately as:

- (1) approximate original amount as required by CalPERS under the 18-years payment schedule and
- (2) approximate accelerated payment as required by the POB under the 10-years payment schedule.

## ACCOUNTING & BUDGETING TREATMENT OF POB

### BUDGETING PURPOSES

General Fund	PERS ISF	Debt Service Fund
Staffing Expenditure will be based upon all PERS cost, excluding accelerated POB portion	PERS ISF will be based ACTUAL payments to CalPERS (normal cost -current). Excludes UL portion	Debt Service Fund will be based upon actual debt payments to bond trustee and CalPERS.
<b>Staffing Cost</b>		
PERS Unfunded Liab (18 yrs)           \$ 500,000	--> revenue: charges for svc           \$ 500,000	--> trsfr in/out                         \$ 500,000
PERS Normal Cost (current)           \$ 950,000	--> revenue: charges for svc           \$ 950,000	
Total Staffing PERS expense <u>\$ 1,450,000</u>		
<b>Fund Transfer</b>		
PERS Unfunded Liab - (10yr portion)   \$ 200,000	-->	--> trsfr in                             \$ 200,000
		transfer-in (from
		--> other funds)                     \$ 1,000,000
	ACTUAL Payments to CalPERS \$ (950,000) for Normal Cost (current)	Payment to Trustee                 \$ (700,000) for POB Debt Service
		Payment to CalPERS                 \$ (1,000,000) \$1 million down pymt

### Comprehensive Annual Financial Reports – Audit

As required by governmental accounting regulations, the audit presentation of the financials may differ from the budget treatment. The budget is a management tool, which enables the Council to make resource decisions. The budget is governed by local regulations, policy and practices. Below is a summary of the CAFR presentation for PERS expenditures and debt services.

#### **General Fund**

Staffing expenditure will be actual payments to CalPERS (i.e. \$950k in the above example) and excludes debt service payment (i.e. \$500k in the above example)

Transfer-out to debt service POB will be the total POB payment (i.e. \$700k or \$500k + \$200k in the above example)

**PERS Internal Service Fund** --- is eliminated for year-end CAFR presentation

**Debt Service Fund – POB** – Total transfers in and out will be the total POB payment (i.e. \$700k or \$500k + \$200k in the above example)

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# CAPITAL IMPROVEMENT PROGRAM OVERVIEW



## **Document Resources for Capital Improvement Program Overview:**

- Capital Improvement Plan Overview.doc
- CIP by year 06.xls (R:\CIP project & master – folder)

## **CAPITAL IMPROVEMENT PROGRAM (CIP)**

### **“Measure P/D” Dollars @ Work for Capital Improvements**

For capital improvement funding sources, the most significant impact is from the successful Measure P election, which is ¼% Capitola Transaction & Use Tax for five years. Measure P revenues for FY05-06 were \$975,400, the first full fiscal year in which Measure P revenues were received and in FY06-07 it was \$1,047,000, FY07-08 the actual revenues were \$1,1015,900, FY08-09 estimated revenues are \$873,800. With the approval Measure D in the November 2008, it can be anticipated that funding to the CIP will continue through the life of this measure.

The capital improvement program continues to be the main beneficiary of the Measure P and D funds. For 2007-08 fiscal year, the general fund transfer to the Capital Improvement Fund was \$450,000. In addition the slurry seal program received funding in the amount of \$70,000. In 2008-09 the transfer to CIP was \$220,500 with the slurry seal program receiving an additional \$70,000. For FY09-10, \$250,000 is programmed for the CIP program including \$70,000 for slurry seals. The continued level of funding with Measure D funds will need to be determined annually until the current economic downturn is corrected.

### **Capitola Five-Year Capital Improvement Program**

The City of Capitola and the Capitola Redevelopment Agency adopts a joint five-year Capital Improvement Program, which is amended annually. The purpose of the program is to identify and prioritize capital improvement projects and funding sources. Typically development of the Capital Improvement Program is done in conjunction with the budget preparation process, but this year the CIP will be presented following the budget session. The Public Works staff prepares the Capital Improvement Program document.

This section of the budget contains recommended allocation of new Capital Improvement Program funds. Project details for the full five-year Program, including on-going projects will be presented in the Capital Improvement Program document following the final budget adoption.

In 2008/09 several projects were deferred due to the economic times. Funding from the following projects was returned to the General Fund:

❖ Cortez Park Improvements	\$ 95,000
❖ Stockton/Esplanade sidewalk	\$123,600
❖ Jewel Box Traffic Calming	\$ 80,000
❖ Pac Cove MHP water line design	\$ 15,000
❖ Pac Cove MHP surface parking design	\$ 40,900

### **Pavement Management and PCI %**

Since Measure P/D funding has been allocated to the Capital Improvement Program (CIP) starting in 2004-05, \$1,700,000 will be spent on pavement management improvements. In that time the citywide Pavement Condition Index (PCI) is estimated to have increase from 57 to approximately 65. In the 2008-09 CIP, an estimated \$750,000 will be invested in our roadways. This includes funding from State Proposition 1B and ARRA stimulus funds. By leveraging Measure P dollars the city has been able to average \$480,000 in annual repairs to the City streets since Measure P was enacted. The level of funding provided during the remainder of Measure P and into Measure D will depend on the strength of the economy and the availability of outside funding. Based on the last update of the pavement management program in 2006, this level of funding will maintain a PCI level in the mid to high 60's through out the City.

# CAPITAL IMPROVEMENT PROGRAM FUNDING

## Measure P/D funding used through 2009-10

- ❖ \$450,000 allocated in 2005/06 (plus \$70,000 slurry seal)
- ❖ \$1,047,700 allocated in 2006/07 (plus \$70,000 slurry seal)
- ❖ \$450,000 allocation in 2007/08 (plus \$70,000 slurry seal)
- ❖ \$220,500 allocated in 2008/09 (plus \$70,000 slurry seal)
- ❖ \$250,000 planned allocation in 2009/10 (including \$70,000 slurry seal)
- ❖ Measure D funds will continue to support the CIP through 2017

## Completed Projects

- ❖ Soquel Creek Wetlands Project
- ❖ Esplanade Bathroom Remodel
- ❖ Bay Avenue Sidewalks and Bikeways

## On-Going Projects

- ❖ Pedestrian Improvements on Capitola Rd. and 42<sup>nd</sup>
- ❖ Clares Street Traffic Calming
- ❖ Pavement Management Improvements
- ❖ 41<sup>st</sup> Avenue Road Rehabilitation

## Newly programmed projects

In 2009-10 the \$250,000 will be completely allocated toward the Pavement Management Program with a minimum \$70,000 will be allocated to slurry seals. The following streets were originally scheduled for 2009-10:

### Street Resurfacing – Funding of \$371,800

Park Avenue (Grove Lane to Coronado Street)	\$270,000 Mill & Thick Overlay
El Salto (Central Avenue to eastern end)	\$45,000 Thin Overlay w/ Fabric
Cliff Avenue (Fairview Drive to Grand Avenue)	\$25,000 Thin Overlay w/ Fabric
Melton Street (38 <sup>th</sup> Avenue to 41 <sup>st</sup> Avenue)	\$31,800 Thin Overlay w/ Fabric

### Street surface treatment (Cape Seal) – Funding of \$70,000

Central Avenue (Escalona Drive to southern end)	\$15,000
Saxon Avenue (Escalona Drive to southern end)	\$15,000
Oakland Avenue (Escalona Drive to southern end)	\$15,000
Hollister Avenue (Escalona Drive to southern end)	\$15,000
Sacramento Avenue (Escalona Drive to southern end)	\$10,000

The work on Park Avenue will be delayed due to a major sanitary sewer transmission line project along this stretch of street currently scheduled in the next year. A final list of streets will be developed as part of the CIP program document following the adoption of the budget.

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# REDEVELOPMENT AGENCY



## Document Resources for Redevelopment Agency:

- RDA Pages.doc
- RDA Operating.xls
- Housing Fund.xls

## Annual Fiscal Activity with City of Capitola:

(City "A,B,C,D" – refer to RDA Debt Service Section in later pages)

	Month	Recipient	Description
1	June	City (B)	Repayment of short term operating loan from City of Capitola
2	June	City (A)	Annual interest payment on long-term loan of \$618,028 – interest rate depends on four (4) factors.
3	June	City (B)	Annual interest payment on short term operating loan @ 10% simple interest
4	Qtr-End	City (D)	End of each quarter interest payment on Rispin loan of \$1,350,000 – interest rate depends on four (4) factors.
5	June	SCC Libr	Annual payment to Library District \$ 45,910 through FY 2011-12
6	June	SCC Spec	Annual payment to Special Districts \$20,116 through FY 2011-12
7	June	CFD	Annual payment of fiscal year pass-through to Fire District
8	July	City (B)	Receipt of short term operating loan from City of Capitola
9	3/29 <sup>th</sup> 9/29 <sup>th</sup>	Chase	March 29 <sup>th</sup> and Sept 29 <sup>th</sup> semi-annual interest payments to Stone & Youngberg – loan of \$1,000,000 at simple interest rate of 4.75%
10	June 30	City Co-op	Defer the RDA co-operative payments to the City until June 30 <sup>th</sup> to account for the annual reimbursement amount.

# Redevelopment Agency Operating Fund

## Redevelopment Agency Formation

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

The relationship between the Agency and the City is such that the City is financially accountable for the Agency. Financial accountability is defined as the authority of the oversight unit to appoint a voting majority of the governing body of the Agency, ability to impose its will on the Agency, potential for the Agency to provide specific financial benefits to or impose financial burdens on the City.

However, it is key to note that the City is not responsible for the debts of the Agency. The Agency and the City have identical governing bodies and the Agency exists primarily to facilitate certain capital financing for the City. The Redevelopment Plan for the Capitola Redevelopment Project dated June 24, 1982, section V (500) Methods of Financing the Project (B2) (502) Tax Increment Funds states:

“The bonds and other obligations of the Agency are not a debt of the City or the State, nor are any of its political subdivisions liable for them, nor in any event shall the bond or obligations be payable out of any funds or properties other than those of the Agency, and such bonds and other obligations shall so state on their face.”

The current time limits for the Capitola Redevelopment Project are listed below. For a historical summary of the changes in time limits, see the “notes” section of this RDA budget section.

1. Time limit to incur indebtedness: Jan. 1, 2004. (unchanged) for **Original** and **Added** territory
2. Time limit on effectiveness of Redevelopment Plan: **Original** Project Area: June 24, 2025 (extended 3 years from June 24, 2022)
3. Time limit on effectiveness of Redevelopment Plan: **Added** Project Territory: July 22, 2034 (30 years from the date of adoption of the Third Amendment July 22, 2004).
4. Time limit on receipt of tax increment revenues: **Original** Project Area: June 24, 2035 (extended 3 years from June 24, 2032).
5. Time limit on receipt of tax increment revenues: **Added** Project Territory: July 22, 2049 (45 years from the date of adoption of the Third Amendment July 22, 2004).
6. Limitations on bonded indebtedness: \$21,000,000 (unchanged).
7. Limitation on tax increment on **Original** Project Area: “from the **Original** Project Area over the duration of the Redevelopment Plan ...is a cumulative total of \$61,000,000” (unchanged). (Ord. 872, Exhibit A, section # 10.)
8. Limitation on tax increment on **Added** Project Territory: “There shall be no limit on the cumulative total of the portion taxes divided and allocated to the Agency from the **Added Area**” (Ordinance 872, Exhibit A, section # 10.)

## REDEVELOPMENT AGENCY OPERATING FUND SOURCE & USE OF FUNDS

The following table is an overview of the Redevelopment Agency Operating Budget for Source and Use of Funds. As shown below, \$1,000,000 of the fund balance has been designated for a debt payment, which is due September 29, 2014. Additionally, the purchase of the Rispin property by the Agency from the City at the joint meeting on July 24, 2003 for \$1.35 million has been included in debt services.

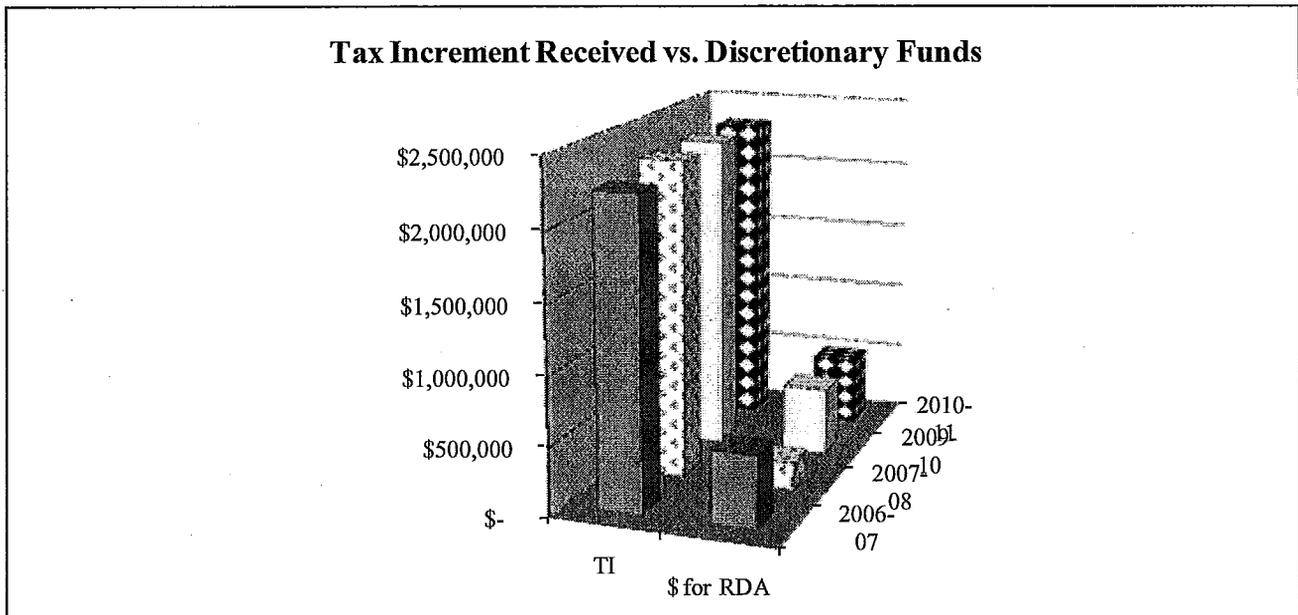
	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>SOURCE OF FUNDS</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Proposed</b>	<b>Planned</b>
<b>Original Project Area:</b>						
Fund Balance July 1	1,833,100	2,006,300	2,576,500	3,068,200	2,843,611	143,4
Interest Income	90,300	129,800	140,100	60,000	49,700	8,7
Tax Increment Revenue	2,084,000	2,245,000	2,334,500	2,322,300	2,322,300	2,322,3
Less Housing Set-Aside @ 20%	(416,800)	(449,000)	(466,900)	(464,460)	(464,460)	(464,46
<b>TOTAL SOURCE</b>	<b>\$3,590,600</b>	<b>\$3,932,100</b>	<b>\$4,584,200</b>	<b>\$4,986,040</b>	<b>\$4,751,151</b>	<b>\$2,009,99</b>
<b>USE OF FUNDS</b>						
Staffing Cost	-	-	3,800	3,800	4,000	4,00
Cooperative Agreement *	188,300	198,500	205,900	190,500	205,200	205,20
Less: Coop. Agreement Reimbursement	(120,100)	(119,900)	(127,000)	(123,800)	(133,400)	(133,40
Professional Services	83,400	67,200	89,800	168,000	168,000	143,00
State Mandates (ERAF)	139,700	-	-	<b>144,600</b>	-	-
Pass-Thru Agreements	826,100	916,600	953,100	1,051,829	954,300	954,30
Capital Projects	171,500	-	-	305,200	60,000	-
Rispin	33,700	32,100	-	12,000	<b>3,025,400</b>	-
Debt Service *	236,700	236,100	365,400	365,300	299,200	296,70
Capital Projects: Library Construction	25,000	25,000	25,000	25,000	25,000	162,90
<b>TOTAL USE</b>	<b>1,584,300</b>	<b>1,355,600</b>	<b>1,516,000</b>	<b>2,142,429</b>	<b>4,607,700</b>	<b>1,632,70</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$2,006,300</b>	<b>\$2,576,500</b>	<b>\$3,068,200</b>	<b>\$2,843,611</b>	<b>\$143,451</b>	<b>\$377,29</b>
<b>DESIGNATED FOR DEBT PYMT (2014)</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,00</b>				
<b>UNDESIGNATED</b>	<b>\$ 1,006,300</b>	<b>\$ 1,576,500</b>	<b>\$ 2,068,200</b>	<b>\$ 1,843,611</b>	<b>\$ (856,549)</b>	
* Budget expenditures are on a cash-basis of accounting.						
Auditor requirement for the Comprehensive Annual Financial Reports (CAFR) may differ.						

## Tax Increment Received vs. Discretionary Funds

A significant portion of the Tax Increment received by the Agency is committed by contract. An annual analysis of these contractual agreements discloses that the Agency has discretionary funds between 11% and 26% for the FY05-06 through FY09-10.

	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Estimate	2009-10 Proposed	2010-11 Planned
<i>Source of Funds:</i>						
Tax Increment Revenue	\$ 2,084,000	\$ 2,245,000	\$ 2,334,500	\$ 2,322,300	\$ 2,322,300	\$ 2,322,300
<i>Contracted Use of Funds:</i>						
Housing Set-Aside @ 20%	416,800	449,000	466,900	464,460	464,460	464,460
Cooperative Agreement	188,300	198,500	207,200	190,500	205,200	205,200
Less: Coop. Agreement Reimbursement	(47,700)	(119,900)	(127,000)	(123,800)	(133,400)	(133,400)
Pass-Through Agreements	826,100	916,600	953,100	1,051,829	954,300	954,300
State Mandated ERAF Shift	139,700	-	-	144,600	-	-
Debt Service	236,700	236,100	190,100	365,300	299,200	296,700
Annual Audit	3,600	-	3,200	6,000	6,000	6,000
Santa Cruz County Services	28,100	33,700	28,100	29,000	29,000	29,000
<b>Total Contracted Use of Funds</b>	<b>\$ 1,791,600</b>	<b>\$ 1,714,000</b>	<b>\$ 1,721,600</b>	<b>\$ 2,127,889</b>	<b>\$ 1,824,760</b>	<b>\$ 1,822,260</b>
<b>Remaining Funds</b>	<b>\$ 292,400</b>	<b>\$ 531,000</b>	<b>\$ 612,900</b>	<b>\$ 194,411</b>	<b>\$ 497,540</b>	<b>\$ 500,040</b>
<b>% of Total TI Remaining</b>	<b>14.03%</b>	<b>23.65%</b>	<b>26.25%</b>	<b>8.37%</b>	<b>21.42%</b>	<b>21.53%</b>

The following table compares the Tax Increment Received by the Agency to the actual discretionary funds available to the Agency for budgeting:



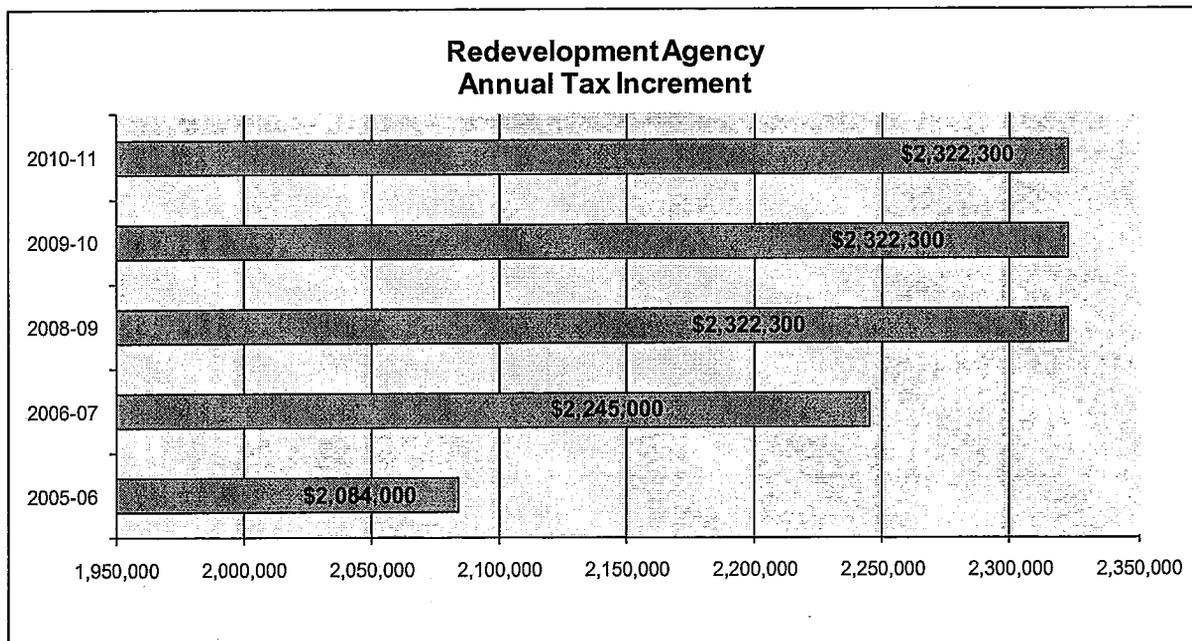
## Source of Funds

### Tax Increment

The tax increment for FY09-10 was calculated based on data received from the Santa Cruz County Auditor-Controller. As shown in the table below the actual receipt of Tax Increment in December 2008 was \$1,115,854, which represents 50% of the distribution for the fiscal year. That figure was used to estimate the total Tax Increment for FY08-09, and then that amount (\$2,198,008) was added to three other revenue sources based on a worksheet from the Auditor-Controller. For budget purpose, Staff applied a 0% growth factor to determine the FY09-10 tax increment.

	<u>Gross Secured</u>	<u>Unitary</u>	<u>Unsec.</u>	<u>HOPTR</u>	<u>Total</u>
Dec. 2007-08 Tax Increment Receipt @ 50% of Annual Total (Actual)	1,115,854				
Second Payment of Tax Increment @ 45% (estimate)	1,004,269				
Final Payment of Tax Increment @ 5% (estimate)	111,585				
	2,231,708				
Adjust to County estimate	(33,700)				
FY07-08 Santa Cruz County estimate as of Sept. 2007	2,198,008	11,700	41,400	13,900	\$ 2,265,000
Growth Rate at 2.6%	0.00%	0.00%	0.00%	0.00%	
Fiscal Year 2008-09 estimate @ 2.6% growth	2,198,008	11,700	41,400	13,900	\$ 2,265,000
Fiscal Year 2009-010 estimate @ 2.6% growth					\$ 2,323,900

The following bar chart provides an overview of the tax increment growth from actual receipts in FY05-06 of \$2,084,000 to the planned budget FY10-11 of \$2,322,200



## Use of Funds

Use of Funds (expenditures) in the Redevelopment Agency are organized into the following categories:

1. Housing Set-Aside Funding
2. Cooperative Agreement (City of Capitola & RDA)
3. Professional Services
4. State Mandated Education Revenue Augmentation Fund (ERAF) Shift
5. Pass – Thru Agreements
6. Capital Projects
7. Debt Service (Final date to issue debt without AB1290 1/1/2004)
8. Rispin Property (Purchase 7/24/2003 \$1,350,000)
9. Capital Projects: Library Construction

### Housing Set-Aside Funding

Under the Health and Safety Code, redevelopment agencies are required to assist in the production, improvement, availability, and preservation of affordable housing. The Agency must deposit a minimum of 20% of the gross tax increment received by the Agency into a separate affordable housing fund. The following table shows that estimated 20% commitment for the next two fiscal years:

	<u>2009-10</u>	<u>2010-11</u>
Gross Tax Increment	2,322,300	2,322,300
Funding Level	20%	20%
Budget	\$ 464,500	\$ 464,500

### Cooperative Agreement (City of Capitola & RDA)

On December 13<sup>th</sup> 2001, the Agency and the City entered into an agreement that included reimbursement of future City administrative costs. Included in the agreement, the Agency agrees to reimburse the City for all staffing and administrative costs incurred by the City after the execution of this Agreement in furtherance of the redevelopment program for the Project Area (the "Future City Administrative Costs").

“An administrative cost recovery rate of fifteen percent will be applied to the annual tax increment *less pass through agreements, prior to disbursing any dollars to the Housing Set-aside Fund*. Such Future City Administrative Costs may include, but are not limited to, costs for direct staff time, administrative staff time, and costs of benefits for such staff time, indirect costs such as facility rent, agenda preparation, liability insurance, finance costs and other related overhead and administrative expenses. These Future City Administrative Costs are reimbursed to the City in addition to certain other direct costs which may include but are not limited to such costs as: attorney costs, consultant costs, special project costs and other project costs. These additional costs shall be identified as part of a budget approved by the Agency Board.”

The following table provides an overview of the calculation process to establish the budget for the cooperative agreement, and the resulting percentage of gross tax increment charged to the Agency by the City. In all of the fiscal years presented, that percentage is less than 10% of the gross tax increment.

**Cooperative Agreement (City of Capitola & RDA)**

	2006-07	2007-08	2008-09	2008-09	2009-10	2010-11
	Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Gross Property Tax Increment	2,084,000	2,245,000	2,334,500	2,322,300	2,322,300	2,322,300
Less Pass Through Agreements:						
Santa Cruz County	(484,300)	(521,900)	(542,800)	(545,100)	(545,100)	(545,100)
Fire District	(260,700)	(307,400)	(319,500)	(434,129)	(318,000)	(318,000)
Library District	(56,300)	(60,600)	(63,000)	(63,400)	(63,400)	(63,400)
Special Districts	(24,800)	(26,700)	(27,800)	(27,800)	(27,800)	(27,800)
Net Property Tax Increment	1,257,900	1,328,400	1,381,400	1,251,871	1,368,000	1,368,000
Budget adjustment				2,700		
<b>Cooperative Agreement @ 15%</b>	<b>\$ 188,300</b>	<b>\$ 198,500</b>	<b>\$ 207,200</b>	<b>\$ 190,500</b>	<b>\$ 205,200</b>	<b>\$ 205,200</b>
Percentage Calculation	9.04%	8.84%	8.88%	8.20%	8.84%	8.84%
<b>LESS: City Reimbursement</b>						
<b>City Direct Billing to RDA Housing</b>						
<b>-Admin Services</b>	<b>\$ (47,700)</b>	<b>\$ (119,900)</b>	<b>\$ (127,000)</b>	<b>\$ (123,800)</b>	<b>\$ (133,400)</b>	<b>\$ (133,400)</b>

**Cooperative Agreement Costs allocated between Agency Operating and Agency Housing Funds**

Prior to FY 04-05, the Agency Operating Fund fully paid all administration costs under the City/RDA Cooperative Agreement in support of Agency Operating and Agency Housing services. As of FY04-05, the RDA Operating and RDA Housing fund began to allocate the City cooperative business services expenditures. Specifically, housing service charges in support of RDA Housing programs were charged to RDA Housing Fund as expenditure. This Staff position supports various housing programs and tracks their hours in support of the RDA Housing Program and other restricted housing funds. (See RDA Housing Fund Administrative Cost for further discussion.)

The law allows Agencies to expend Agency Housing Funds to pay for the costs of administering the Housing Fund. The budget approach for allocating the RDA Housing charges is consistent with the City/RDA Cooperative Agreement method. Specifically, the analysis used to derive the Cooperative Agreement cost rate of fifteen (15%) percent for total City services determined that the Agency Housing Fund incurred 65% of the administrative cost and Agency Operating Fund incurred 35% of the administrative cost. The budget approach is as follows:

	2008-09	2009-10	2010-11
	Mid-Yr Est	Adopted	Planned
Cooperative Agreement - gross amount	\$ 190,500	\$ 205,200	\$ 205,200
% Charge to Agency Housing Fund @ 65%	65%	65%	65%
City Reimbursement for Coop.			
Agreement charged to Agency Housing Fund	\$ (123,800)	\$ (133,400)	\$ (133,400)

## Professional Services

Expenditures for attorney fees, accountants, fiscal agents and other professionals are included in this category. The fees charged by Santa Cruz County are estimates from the Auditor-Controller. The FY 09-10 budget includes \$25,000 for consulting services associated with implementation of the Rispin Mansion Project, which may include but not be limited to financial feasibility, lease negotiations and legal services. The General Professional Services line item includes \$81,000 for the services of accountants, redevelopment consultants, other professionals and economic development contracts with the Capitola-Soquel Chamber of Commerce and Santa Cruz County Conventions & Visitors Councils, which may be necessary during this period to implement the Agency projects or assist with agency operations. The following table provides an overview of the activity in this program:

		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Professional Services</b>		Actual	Actual	Adopted	Mid-Yr Est	Adopted	Planned
Attorney Fees		2,500	4,000	18,900	25,000	25,000	25,000
Accountants - Audit		3,600		3,200	6,000	6,000	6,000
General Professional Services		23,400	12,900	22,100	81,000	81,000	81,000
Memberships		1,800		3,100	2,000	2,000	2,000
SCC - Revenue Distribution	1.25%	28,100	33,700	28,100	29,000	29,000	29,000
Project Area Plan Amendment					-		
Legal		7,900			-		
Fiscal					-		
Project Manager					-		
Rispin Implementation		16,100	16,600	14,400	25,000	25,000	-
<b>Total Professional Services</b>		<b>\$83,400</b>	<b>\$67,200</b>	<b>\$89,800</b>	<b>\$168,000</b>	<b>\$168,000</b>	<b>\$143,000</b>
SCC Adm Fee % of Gross Tax Incr		1.35%	1.50%	1.20%	1.25%	1.25%	1.25%

## State Mandated Education Revenue Augmentation Fund (ERAF) Shift

The State has mandated a transfer from the redevelopment agencies to the ERAF account for FY08-09 and FY 09-10. It is estimated these payment will total \$144,600 in both FY08-09 and FY09-10.

Shift	Capitola Factor	2005-06 Actual	2006-07 Actual	2007-08 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
\$250,000,000	0.000%	139,700	-		144,600		
\$250,000,000	0.000%						
\$250,000,000	0.000%						
\$0							
\$0							
		<b>\$ 139,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 144,600</b>	<b>\$ -</b>	<b>\$ -</b>

ERAF History for FY03/04 – FY05/06: The Governor’s 2003-04 fiscal year budget shifted \$135 million in redevelopment agency local tax increment funding to help the State meet it’s Prop. 98 obligations to fund schools. The Governor’s May Budget for FY 2004-05 included two years of contributions of \$1.3 billion/year by cities, counties, special districts and redevelopment agencies percent increase. Under this proposal, the \$1.3 billion loss would be divided among cities (\$350 million), counties (\$350 million), special districts (\$350 million) and redevelopment agencies (\$250 million), for each of two years (FY 2004-05 and FY 2005-06). Capitola RDA experienced a two-year revenue loss of \$137,700 for FY 2004-05 and FY 2005-06 to the Education Relief Augmentation Fund. From FY92/93 through FY94/95 and from FY03/04 through FY05/06, the Agency paid \$629,100 of ERAF. Health and Safety Code Section 33683 provides that redevelopment agency payments to ERAF may be credited against the revenue limit for the redevelopment agency. (See Note # 7 – “ERAF and Extend Time Limits” later in this budget section.)

## Pass-Through Agreements

There are three distributions to other taxing agencies that are based upon a percentage of gross tax increment. Santa Cruz County Office of the Auditor Controller performs the calculation and makes the distribution for these pass-thru agreements:

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

The following is a table of the annual AB8 factors as they apply to the calculation of the three pass-thru agreements based on a percentage of gross tax increment and includes the AB8 factor that was provided by the Santa Cruz County Auditor-Controller in 1982, the first year of the Agency:

	Yr # 1 - 1982	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
	Per SCC	Actual	Actual	Actual	Estimate	Proposed	Proposed
Santa Cruz County	23.00%	23.24%	23.25%	23.25%	23.47%	23.47%	23.47%
Library District	2.74%	2.70%	2.70%	2.70%	2.73%	2.73%	2.73%
Special Districts	1.20%	1.19%	1.19%	1.19%	1.20%	1.20%	1.20%
<b>Total AB 8 factor</b>	<b>26.94%</b>	<b>27.13%</b>	<b>27.14%</b>	<b>27.14%</b>	<b>27.40%</b>	<b>27.40%</b>	<b>27.40%</b>

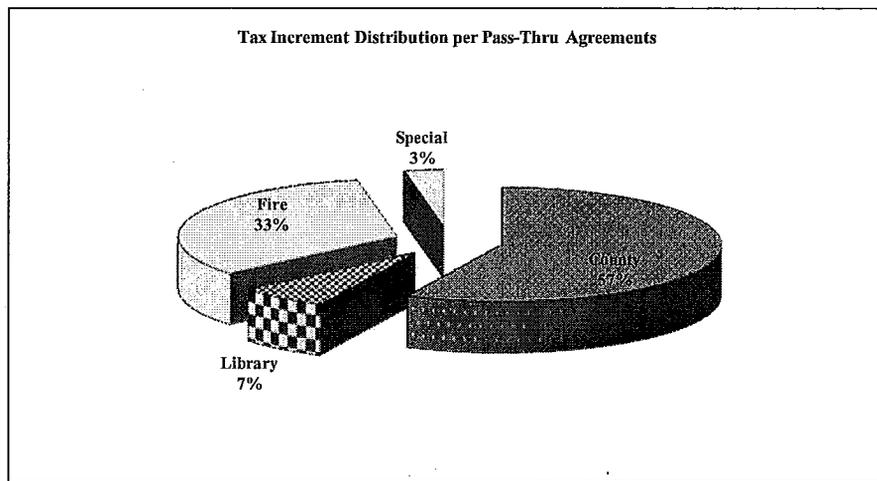
**Pass-Through Agreements (continue)**

*Central Fire District* – Per the RDA and Central Fire Protection Department Agreement dated December 16, 1993; the distribution to Central Fire District is made by the Redevelopment Agency no later than June 30<sup>th</sup> of each fiscal year since June 30<sup>th</sup> 1994, and is calculated as follows:

1. Gross Tax Increment
2. Less:
  - a. Housing Set Aside
  - b. Amount deducted by the County pursuant to Revenue and Taxation Code Section 97.5(d)”.
  - c. State mandated ERAF payments
3. Apply 17.39% to this Net Tax Increment calculation.

The following table provides an overview of the calculations of all current pass-thru agreements:

<b>Pass-Thru Distributed by Santa Cruz County - Calculated on Gross Tax Increment</b>							
	Rate for	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<u>Agency</u>	2009-10	Actual	Actual	Actual	Estimate	Proposed	Planned
Santa Cruz County	23.472%	484,300	521,900	542,800	545,100	545,100	545,100
Library District	2.730%	56,300	60,600	63,000	63,400	63,400	63,400
Special Districts	1.197%	24,800	26,700	27,800	27,800	27,800	27,800
<b>Pass-Thru on Gross</b>	<b>27.400%</b>	<b>\$ 565,400</b>	<b>\$ 609,200</b>	<b>\$ 633,600</b>	<b>\$ 636,300</b>	<b>\$ 636,300</b>	<b>\$ 636,300</b>
<b>Pass-Thru Distributed by City of Capitola Redevelopment Agency - Calculated on Adjusted Increment</b>							
		2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<u>Fire District</u>	Rate	Actual	Actual	Actual	Estimate	Proposed	Planned
Gross Tax Increment		2,084,000	2,245,000	2,334,500	2,322,300	2,322,300	2,322,300
Less:							
Housing Set Aside	20.00%	(416,800)	(449,000)	(466,900)	(464,460)	(464,460)	(464,460)
PY Adjustment							
Santa Cruz County Fees		(28,100)	(33,700)	(28,100)	(29,000)	(29,000)	(29,000)
ERAF		(139,700)	-	-	(144,600)	-	-
Net Tax Increment		1,499,400	1,762,300	1,839,500	1,684,240	1,828,840	1,828,840
Adjustment			900				
<b>Pass-Thru to Fire</b>	<b>17.39%</b>	<b>\$ 260,700</b>	<b>\$ 307,400</b>	<b>\$ 319,500</b>	<b>\$ 434,129</b>	<b>\$ 318,000</b>	<b>\$ 318,000</b>
Budget Adjustment					\$ (18,600)		
<b>Total Pass-Thru</b>		<b>\$ 826,100</b>	<b>\$ 916,600</b>	<b>\$ 953,100</b>	<b>\$ 1,051,829</b>	<b>\$ 954,300</b>	<b>\$ 954,300</b>



## Capital Projects

On September 29, 2000 the Agency borrowed \$1,000,000, from Westamerica Bank at an annual interest rate in excess of 5% payable semiannually on February 1 and August 1 of each fiscal year. In 2002 the loan term was extended to expire on September 29, 2007 and the interest rate reduced to 4.95%. In February 2006 the loan was transferred to Stone and Youngberg. The term was extended to September 29, 2014, and the interest rate further reduced to 4.75%. This last extension of the loan was made to accommodate the cash flow needs of \$3 million in two payments for the Rispin project.

Funds to be used as follows:

“The moneys in the Project Fund shall be used in the manner provided by the Redevelopment Law solely for the purpose of aiding in financing the Redevelopment Project. The Redevelopment Agency shall pay moneys from the Project Fund upon receipt of claims thereon. The Redevelopment Agency hereby covenants that no funds on deposit in the Project Fund shall be applied for any purpose not authorized by the Redevelopment Law.” Section 3.03

A specific list of projects was not included in the 2000 Loan Agreement with Westamerica Bank; thereafter the project list can be revised. As a tax-exempt financing issue the requirement of Federal Tax Law is that at least 85% of the loan proceeds must be expended within three (3) years of the date of the loan. This would require expenditure by September 29, 2003. Any proceeds not spent by that date would be subject to yield restriction – that is, the proceeds left after that date cannot be invested in investments which yield more than the yield on the 2000 Note.

The budgeted project list has had several revisions. In addition, the Redevelopment Agency Board approved additional funding on January 27, 2005 in the amount of \$55,774 (from interest earnings). The following table summarizes the RDA capital projects funded within the scope of the \$1,000,000 loan agreement. As of June 30, 2006, all of these projects were completed

<u>Project Listing \$1,000,000</u>	<u>2001-02</u> Actual	<u>2002-03</u> Actual	<u>2003-04</u> Actual	<u>2004-05</u> Actual	<u>2005-06</u> Actual	<u>Total</u>
2003 Pedestrian Safety			7,500	-	-	7,500
Clare Street Calming Improvement			-	8,000	-	8,000
41st Ave South Bound Rehabilitation	50,000		-	-	-	50,000
Capitola Road - Pedestrian Crossing		25,200	15,600	26,700	-	67,500
Capitola Road - 41st Ave Intersection			-	3,600	-	3,600
41st and Gross Road Improvements			39,800	468,800	171,500	680,100
41st Ave Corridor Improvement			32,800	171,100	-	203,900
ADA Pedestrian Improvement			-	34,900	-	34,900
<b>Total</b>	<b>50,000</b>	<b>25,200</b>	<b>95,700</b>	<b>713,100</b>	<b>171,500</b>	<b>1,055,500</b>

<u>Additional Projects</u>	<u>2008-09</u> Estimate	<u>2009-10</u> Proposed	<u>2010-2011</u> Planned
Capitola Rd/42nd	24,900		
Clare & Wharf Traffic Calming	60,300		
Rispin			
41st Ave Road Improvements	200,000	30,000	
Rispin tank removal	20,000	30,000	
<b>Total</b>	<b>305,200</b>	<b>60,000</b>	<b>-</b>

## Debt Service

Ordinance #773 adopted on January 12, 1995 reads as follows:

On or after January 1, 2004 the Agency shall not establish or incur loans, advances or indebtedness, to finance in whole or in part the Project. That limitation, however, shall not prevent the Agency from incurring debt to be paid from the low and moderate income housing fund or establishing more debt in order to fulfill the Agency's housing obligations under Health and Safety Code Section 33413. Loans, advances or indebtedness may be repaid over a period of time beyond said time limit.

In the event that the Redevelopment Agency plan is amended, Ordinance #773 would no longer be in effect. The cut-off date of January 1, 2004 would be removed, however any debt issued by the Redevelopment Agency after January 1, 2004 would be subject to AB1290. See Note # 5 – "Time Limit on Incurring Indebtedness" later in this section of the budget. The agreement with Central Fire Protection District was paid in full during the FY 02-03. The Agency is currently participating in these debt service agreements:

<u>Lender</u>	<u>Debt and Contractual Commitments *</u>	<u>End Date</u>	<u>Balance @ 6/30</u>	
			<u>2009-10</u>	<u>2010-11</u>
Stone & Youngberg	Capital Improvement Projects	9/29/2014	\$ 1,000,000	\$ 1,000,000
SCC Library District	Year 1 - 20 Pass Thru Payments	6/30/2012	\$ 137,730	\$ 91,820
SCC Special Districts	Year 1-20 Pass Thru Payments	6/30/2012	\$ 60,348	\$ 40,232
City of Capitola	Cooperative Agreement 7/1997 to 6/2001	12/13/2026	\$ 618,028	\$ 618,028
City of Capitola	Annual Cooperative Agreement	annual	\$ 332,000	\$ 307,000
City of Capitola	Long Term Note Purchase of Rispin Property	6/30/2021	\$ 1,350,000	\$ 1,350,000
SCC	Capitola Library Building Construction Project	6/30/2018	\$ 2,505,281	\$ 2,475,864
Total Debt and Commitment as of June 30th			<u>\$ 6,003,388</u>	<u>\$ 5,882,945</u>

\* EXCLUDES Pass Through Agreements, distributed by the County

**Westamerica Bank** – On September 29, 2000, the Agency borrowed \$1,000,000 to provide temporary, short-term financing for various capital projects included in the five-year plan. The Agency paid a one-time fee of \$4,000 from the proceeds of the promissory note, which is payable to West America Bank. Interest at 5.75% is payable semiannually on March 29<sup>th</sup> and September 29<sup>th</sup> of each year. The principal can be fully prepaid without premium by the Agency, upon 30 days written notice to the lender, at any time after September 29, 2001. The entire principal was due September 29, 2002. At its regular meeting held on January 24<sup>th</sup>, 2002 the Redevelopment Agency of the City of Capitola amended this obligation with West America Bank. The interest rate was reduced from 5.75% to 4.95%, the maturity date of the note was extended to September 29, 2007, and prepayment at the option of the Agency is effective September 30, 2003. This loan to West America Bank was paid-off on 3/1/06, with the \$1,000,000 par value extended to a new loan with Stone & Youngberg LLC.

### **Chase/Stone & Youngberg**–

In September 2000, the Agency borrowed \$1 million from Westamerica Bank and entered into a loan agreement, which set forth interest only payments and a due date in 2002. Before the loan came due it was extended until 2007. The Agency entered into a Lease and Development Agreement with Rispin Partners in September 2005. This agreement, if certain performance criteria are met by Rispin Partners, requires the Agency to contribute a maximum of \$3 million to the project. In order to have the cash available to contribute the \$3 million without having to issue new debt, the Westamerica loan

needed to be extended till 2014. Westamerica Bank, however, did not want to carry the loan for that period of time, which required that the loan be assigned to another lender. On February 23, 2006, the Agency Board approved the investment firm of Stone and Youngberg to take the debt effective March 1, 2006. Actual payments are made payable to Chase.

The interest rate was reduced to 4.75%; the maturity date of the note was extended to September 29, 2014. "This note is subject to optional prepayment on any business day on or after September 29, 2003, in whole, without premium." Interest is payable semiannually on March 29<sup>th</sup> and September 29<sup>th</sup> of each year. The entire principal is due on September 29, 2014.

**Santa Cruz County Library District & Santa Cruz County Special Districts** - At the meeting of September 12, 2002 staff presented the implementation plan for Section 3 and Section 4 of the agreement between the Redevelopment Agency of Capitola and the County of Santa Cruz regarding pass-through of tax increment pursuant to Health and Safety Code Section 33401.

According to the agreement entered into on November 30, 1984 between the Agency and Santa Cruz County both Section 3 and Section 4 call for the payment of pass-through of tax increment to the County Library Fund and the County Special District Funds beginning in year 21.

**Section 3 is as follows:** - The Agency is not required to pass through to the County Library Fund any tax increments during years one through twenty (1-20) of the Project. During years twenty-one through thirty (21-30) of the Project, the Agency agrees to pass through to the Library Fund or its successor approximately 3.3% of the tax increments received by the Agency, or such other amount as is necessary to (a) reimburse the Library Fund over a ten (10) year period for the property taxes it would have received during Project years one through twenty (1-20) if tax increments were not received by the Agency, plus (b) pass through the amount of taxes it would receive during Project years twenty-one through (21-30) if tax increment funds were not received by the Agency. During years thirty-one through thirty-five (31-35) of the Project, the Agency agrees to pass through to the Library Fund or its successor its share of the tax increments received by the Agency. In no event shall the Library Fund receive more money during years thirty-one through thirty-five (31-35) than it would have received if tax increment funds were not received by the Agency.

**Section 4 is as follows:** - The Agency is not required to pass through to the County Special District Funds any tax increments during years one through twenty (1-20) of the Project. During years one through twenty-one (1-21) of the Project, the Agency agrees to pass through to the Special District Funds or its successor approximately 2.7% of the tax increments received by the Agency, or such other amount as is necessary to (a) reimburse the Special District Funds over a ten (10) year period for the property taxes it would have received during Project years one through twenty (1-20) if tax increments were not received by the Agency, plus (b) pass through the amount of taxes it would receive during Project years twenty-one through (21-30) if tax increment funds were not received by the Agency. During years thirty-one through thirty-five (31-35) of the Project, the Agency agrees to pass through to the Special District Funds or its successor its share of the tax increments received by the Agency. In no event shall the Special District Funds receive more money during years thirty-one through thirty-five (31-35) than it would have received if tax increment funds were not received by the Agency.

Staff interpreted that the beginning of the second sentence in Section 4 "During years one through twenty-one (1-21) of the Project" included a typographical error and should have read "During years twenty- one through thirty (21-30) of the Project. This is the same language as at the beginning of the second sentence in Section 3.

The following parameters and sources that were used to calculate the deferred pass-through of tax increment due to both the County Library Fund and the Special District Funds over year twenty-one to thirty (21-30), have had several revisions that impact the amount due, the annual payment amount and the first and last payment due date.

Original interpretation:

- Year one (1) was assigned to FY 1981-82, resulting in year twenty (20) as of FY 2000-01.

Revised interpretation:

- Year one (1) is assigned to FY 1982-83, resulting in year twenty (20) as of FY 2001-02.

Original interpretation:

- Years one (1) through twenty (20) deferred pass-through of tax increment was calculated for the County Library Fund at 1.6% and for the Special District Funds at 1.3%

Revised interpretation:

- The deferred pass-through rate for the Library District fluctuated between 2.66% and 2.78% per the County Auditor-Controller. The deferred pass-through rate for the Special Districts fluctuated between 1.17% and 1.21% per the County Auditor-Controller.

Original interpretation:

- Adding the tax increment calculation for each of the twenty (20) years, and dividing by ten (10) calculated the annual payment over ten (10) years. Establishing an annual payment plan of \$ 24,591.16 to the County Library Fund and \$19,980.32 to the Special District Fund. This payment will be issued by the Capitola Redevelopment Agency to the Santa Cruz County Auditor Controller in June of years twenty-one (21) through thirty (30).

Revised interpretation:

- Adding the tax increment calculation for each of the twenty (20) years, and dividing by ten (10) calculated the annual payment over ten (10) years. Establishing an annual payment plan of \$ 45,910 to the County Library Fund and \$20,116 to the Special District Fund. This payment will be issued by the Capitola Redevelopment Agency to the Santa Cruz County Auditor Controller in June of years twenty-one (21) through thirty (30).

Original interpretation:

- The Santa Cruz County Auditor-Controller recorded Tax Increment received by the Agency in FY 1999-2000 at \$1,609,779

Revised interpretation:

- Tax Increment distributed to the Agency in fiscal year 1999-2000 by the Santa Cruz County Auditor-Controller was \$1,484,960, which is \$124,819 less than previously reported.

The following table compiles the revised interpretations of the agreement. This results in an annual payment due of \$66,026:

- \$45,910 Library District
- \$20,116 Special Districts
- For FY 2002-03 through FY 2011-2012

Replacing the annual payment of \$44,571.48:

- \$24,591.16 Library District
- \$19,980.32 Special District
- For FY 2001-02 through FY 2010-2011

**City of Capitola (A)** – Reimbursement of past cost through fiscal year ending June 30, 2001. The Agency agrees that the amount of \$618,028 is the amount owed to City for its past staff and administrative services provided to Agency from July 1, 1997, through June 30, 2001. The Agency

agrees to pay interest, calculated at the LAIF apportionment rate published for the quarter ending March, on this amount until the full debt is completely paid. City and Agency agree that the amount owed has been calculated at a rate of fifteen percent of net tax increment, with simple interest. The principal amount of this reimbursement shall be paid as Agency funds become available but in no event later than twenty-five (25) years from the date of the Agreement (dated December 13, 2001).

On June 22, 2006, the City Council approved an amendment to the loan and repayment agreement between the City of Capitola and the Capitola Redevelopment Agency to adjust the interest rates and approve amendment to purchase and sale agreement pertaining to the RDA acquisition of the Rispin property. Specifically, the interest rate charges on the RDA loan of \$618,028 for past business services and \$1.35 million for Rispin Mansion to a rate that equals the greater of any of the following: "...a) the interest rate charged by the Public Employees Retirement System for the City's unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5% annual." The budget assumes an interest rate of 7.75%.

**City of Capitola (B)** – Health and Safety Code Section 33670(b) provides that, as general rule, tax increment only may be used "to pay principal and interest on loans" and other forms of indebtedness. On October 22, 1981 the Redevelopment Agency and the City of Capitola executed a cooperation agreement (Agency Resolution 4-81) to address this and other issues. Section 6 of the agreement states that "The obligations of the Agency under this Agreement shall constitute an indebtedness of the Agency within the meaning of Section 33670 et seq. of the Community Redevelopment Law, to be repaid to the City by the Agency with interest at ten percent (10%) per annum. Therefore, on an annual basis (July 1 of the fiscal year) the City loans the Agency an amount equal to the Agency's annual operating budget for administrative costs and professional services. This loan accumulates interest at 10%, which is paid to the City June 30<sup>th</sup> of each fiscal year, and is recorded on the Statement of Indebtness.

<b><u>Operating Categories</u></b>	<b>Short-Term-Operating Loan for Business Svc &amp; Prof. Svc</b>	
	<b>2009-10</b>	<b>2010-11</b>
Coop Agreement - Admin Service	\$ 205,200	\$ 205,200
Professional Services	\$ 168,000	\$ 143,000
Exclude: CVC & Chamber Contracts	\$ (41,200)	\$ (41,200)
Short Term Loan	\$ 332,000	\$ 307,000
Interest Rate @ 10%	10%	10%
Total Interest	\$ 33,200	\$ 30,700

**City of Capitola (C)** – To fund the Redevelopment Agency, Rispin Development Project without incurring new debt, the Agency Rispin loan interest was deferred in FY06-07 and repaid in FY07-08.

<b>Borrowed Amounts:</b>	One-time loan from City to RDA				<b>Total</b>
	<b>2006-07</b>	<b>2007-08</b>	<b>2009-10</b>	<b>2010-11</b>	
Coop Agreement - Admin Service					\$ -
Risipin Loan Interest	\$ 67,500				\$ 67,500
<b>Repayments (on 6/30/09) *</b>	\$ -	\$ (67,500)			\$ (67,500)
Annual Loan Activity	\$ 67,500	\$ (67,500)	\$ -	\$ -	\$ -
<b>Interest Due to City:</b>					
Principal to calculate interest	\$ 67,500				\$ -
Interest Rate = March LAIF	5.2%				
<b>Total Interest - Estimate *</b>	\$ 3,500	\$ -	\$ -	\$ -	\$ 3,500
<b>Cummulative Debt Service (sum *)</b>	\$ 3,500	\$ (67,500)	\$ -	\$ -	

**City of Capitola (D)** - At a joint City Council/Redevelopment Agency meeting on July 24, 2003 the City Council and the Redevelopment Agency Board approved the sale of the Rispin Property (assessor’s parcel #'s 035-371-01 and –02) from the City to the Agency in the amount of \$1.35 million. The terms of the promissory note include:

- ❑ The principal sum of the Note shall bear interest at the rate of five (5%) per annum, simple interest from July 24, 2003.
- ❑ Payment of accrued interest shall be made quarterly, not later than September 30, December 31, March 31 and June 30.
- ❑ The outstanding principal sum of the Note shall be due and payable in full on June 24, 2017 (the “Maturity Date”), provided, however, that if the Redevelopment Plan for the Capitola Redevelopment Project is amended to extend the time limit on receipt of tax increment revenues, then the Maturity Date shall automatically be extended until the last date on which the Agency may receive tax increment under the Redevelopment Plan, as amended.

On June 22, 2006, the City Council approved an amendment to the loan and repayment agreement between the City of Capitola and the Capitola Redevelopment Agency to adjust the interest rates and approve amendment to purchase and sale agreement pertaining to the RDA acquisition of the Rispin property. Specifically, the interest rate charges on the RDA loan of \$618,028 for past business services and \$1.35 million for Rispin Mansion to a rate that equals the greater of any of the following: “...a) the interest rate charged by the Public Employees Retirement System for the City’s unfunded liability; or, b) the true interest cost of any pension obligation bond sold by the City; or, c) the State of California Local Agency Investment Fund (LAIF); or d) 5% annual.” The budget assumes an interest rate of 7.75%.

**Summary of Debt Service Group – total debt activity:**

<u>Recipient</u>	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
Library District (Yr 1- 20) to June 30th 2012	45,900	45,900	45,900	45,900	45,900	45,900
Special District (Yr 1-20) to June 30th 2012	20,100	20,100	20,100	20,100	20,100	20,100
<b><u>Capital Project Debt Issue</u></b>						
WAB - Interest @ 4.95% end Mar 2006	45,400					
CHASE - Interest @ 4.75% exp Sept 2014		51,200	47,500	47,500	47,500	47,500
<b><u>City of Capitola</u></b>						
1997-2001 \$618,028 @ 7.75% effective July 2006	24,900	47,900	31,000 (\$67,500 loaned)	47,900	47,900	47,900
Long Term Note - Rispin @ 7.75% eff. July 2006	67,500	37,100	31,800	172,100	104,600	104,600
Short Term Oper-Bus. Svc & Prof Svc & @ 10%	32,900	30,400	31,800	31,800	33,200	30,700
One-time loan @ March LAIF	-	3,500	13,800	-	-	-
<b>TOTAL DEBT SERVICE</b>	<b>\$ 236,700</b>	<b>\$ 236,100</b>	<b>\$ 190,100</b>	<b>\$ 365,300</b>	<b>\$ 299,200</b>	<b>\$ 296,700</b>

**Rispin Property (Purchased 7/24/2003 @ \$1,350,000)**

The Rispin Mansion site consist of approximately 6.5 acres of land located along the eastern side of the Wharf Road, there are three parcels (035-371-01; 035-371-02; 035-043-30). The sale of property is for 5.40 acres more or less, for parcels (035-371-01 and -02) and does not include almost an acre located to the east, along the creek-bed. The Rispin Mansion site is bounded by Soquel Creek to the east, open space to the north, a multiple-family residential development to the south, and a residential care facility, multiple-and single-family residence, and the parking lot/library site to the west. Across Soquel Creek, there are also single-family residences. Access to the site is provided via the 41<sup>st</sup> Avenue exit of Highway 1, Clares Street and Wharf Road.

California Redevelopment Law Article 8 Property Management Section 33400 addresses eligible redevelopment expenses as follows: “Within the survey area or for purposes of redevelopment an agency may: (i) Insure for the insurance of any real or personal property of the agency against risk or hazards. Rent, (ii) maintain, management, operate, repair, and clear such real property.”

In FY04-05, the City began charging the RDA for Public Works and Police department services to the Rispin Mansion. In the fall of 2009, the development of the property is estimated to begin and those costs will be the responsibility of the developer, and excluded from the RDA budget. There is a minimal cost for materials and supplies the Public Works Department estimates at \$2,000.

**Project Construction & Contracts** -- The Agency entered into a Lease and Development Agreement with Rispin Partners in September 2005. This agreement, if certain performance criteria are met by Rispin LLC, requires the Agency to contribute a maximum of \$3 million to the project. The budget estimates that \$1 million will be paid in FY08-09 and \$2 million paid in FY10.

<u>Description</u>	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
Police Services	20,100	22,900	-	10,000	16,200	-
Public Works Services	9,900	7,200	-	-	7,200	-
Materials & Supplies	3,700	2,000	2,000	2,000	2,000	-
Risipin Project			1,000,000	-	3,000,000	-
<b>Total</b>	<b>\$ 33,700</b>	<b>\$ 32,100</b>	<b>\$ 1,002,000</b>	<b>\$ 12,000</b>	<b>\$ 3,025,400</b>	<b>\$ -</b>

**Redevelopment Agency Commitment to Library Construction**  
**Added Project Territory**

It is recognized that since the establishment of the first project area for the City of Capitola Redevelopment Agency, there has been an interest in constructing a Library within Capitola. The County of Santa Cruz and the City of Capitola shared that interest. Several impediments prevented the construction of the library for a number of years. Prominent among these impediments was the City's inability to finance the construction costs of a library building of the sizes under consideration, and concerns of the fiscal ability of the Library Agency to staff a library. Finally, in 1997 the City, recognizing first the need for library services and that the size of the building was of lesser concern, built an "interim library". The RDA Board of Directors has expressed a strong interest in constructing a permanent library building of a size and nature commensurate with the needs of the Capitola Community. During extensive negotiations with County staff, a funding formula for the construction of a new library building was identified. This formula is now incorporated into the City of Capitola Redevelopment Agency Budget as a firm commitment to construct the Capitola Library building to the service needs of the community, and further, to provide the complete funding schedule for the library building as recognized in the RDA Implementation Plan. As shown in the following table there is an associated increase in annual expenditures for the Redevelopment Agency operating budget through FY 2017-2018.

Per the First Implementation Agreement signed and dated 8/13/2004, "No later than February 1, 2005, and February 1<sup>st</sup> of each fiscal year thereafter through February 1, 2018, or until the total amount of the Agency Assistance is funded or the Library construction is completed, whichever first occurs, the Agency shall pay to the County from tax increment and the County shall deposit in a separate trust account that earns interest at a rate equivalent to the County's pooled investment fund (with the County's Auditor-Controller designated as trustee and the County's Chief Administrative Officer or designee having the joint power on behalf of the County, together with the Agency's designee, to instruct the trustee re: disbursements and expenditures.

**Minimum Scheduled Payment Amounts**

Fiscal Year End	Minimum Pymt	Accrued Interest	Cumulative Balance
June 30th 2005	25,000	375	25,375
June 30th 2006	25,000	1,136	51,511
June 30th 2007	25,000	1,920	78,431
June 30th 2008	25,000	2,728	106,159
June 30th 2009	25,000	3,560	134,719
June 30th 2010	25,000	4,417	164,136
June 30th 2011	162,900	7,368	334,404
June 30th 2012	179,502	12,725	526,631
June 30th 2013	211,720	18,975	757,326
June 30th 2014	250,243	26,473	1,034,042
June 30th 2015	287,116	35,328	1,356,486
June 30th 2016	325,579	45,578	1,727,643
June 30th 2017	366,577	57,328	2,151,548
June 30th 2018	417,640	70,811	2,640,000
<b>Totals</b>	<b>\$ 2,351,277</b>	<b>\$ 288,722</b>	

**Footnote 1:** Minimum scheduled payment amount is subject to being increased if and at such time that Agency finances Rispin Mansion project through a debt instrument.

**Footnote 2:** Above is for example only (at assumed 3% interest rate). Actual rate shall be actual rate earned at County's pooled investment fund.

## Redevelopment Agency Notes

### Note # 1 – Historical Amendments to Dates

The Capitola Redevelopment Agency (“Redevelopment,” “Agency,” or “RDA”) became active on June 24, 1982 with the adoption of the Redevelopment Plan. At the time the plan was adopted, it contained the following limitations:

1. Time limit on establishing indebtedness: 30 years from the adoption of the Redevelopment Plan (June 24, 2012)
  2. Time limit on effectiveness of the Redevelopment Plan: 35 years from the adoption of the Redevelopment Plan (June 24, 2017).
  3. Time limit on receipt of tax increment revenue: none (not required at that time).
  4. Limitation on amount of bond indebtedness: \$21,000,000.
  5. Limitation on amount of tax increment that may be allocated to the Redevelopment Agency over the duration of the Redevelopment Plan: \$61,000,000 if bonds are issued, otherwise \$11,000,000.
- 

Prior to the Third Amendment to the Redevelopment Plan, some of these limitations were as follows (as amended in response to legislation). The current limitations are as follows:

1. Time limit to incur indebtedness: January 1, 2004.
  2. Time limit on effectiveness of Redevelopment Plan: June 24, 2017 (unchanged).
  3. Time limit on receipt of tax increment revenue: June 24, 2017.
  4. Limitations on bonded indebtedness: \$21,000,000 (unchanged).
  5. Limitation on tax increment that may be allocated to the Redevelopment Agency over the duration of the Redevelopment Plan: \$61,000,000 (unchanged).
- 

The current limitations based on the Third Amendment to the Redevelopment Plan, (via Ordinance # 872 dated July 22, 2004), the changes/current limitations are as follows:

1. Plan Area Amendment:
  - a. The addition of the 6.8-acre “Added Area” – the Rispin/Library site, for the purpose of eliminating blight through, among other things, renovation of the historic Rispin Mansion.
2. Plan improvement Amendment: Addition of public library to the list of authorized public improvements that the Agency may assist with.
3. Time limit to incur indebtedness: Jan. 1, 2004. (unchanged) for **Original** and **Added** territory
4. Time limit on effectiveness of Redevelopment Plan for the *Original* Project Area: June 24, 2022 (extended 5 years from June 24, 2017 to be consistent with current RDA legislation).
5. Time limit on effectiveness of Redevelopment Plan for the *Added* Project Territory: July 22, 2034 (30 years from the date of adoption of the Third Amendment June 24, 2004).
6. Time limit on receipt of tax increment revenues from the *Original* Project Area: June 24, 2032 (extended 15 years from June 24, 2017).
7. Time limit on receipt of tax increment revenues from the *Added* Project Territory: July 22, 2049 (45 years from the date of adoption of the Third Amendment June 24, 2004).
8. Limitations on bonded indebtedness: \$21,000,000 (unchanged).
9. Limitation on tax increment on *Original* Project Area: “from the *Original* Project Area over the duration of the Redevelopment Plan ...is a cumulative total of \$61,000,000” (unchanged). (Ord. 872, Exhibit A, section # 10.)

Limitation on tax increment on *Added* Project Territory: “There shall be no limit on the cumulative total of the portion taxes divided and allocated to the Agency from the *Added Area*” (Ordinance 872, Exhibit A, section # 10.)

**SEE CURRENT, EFFECTIVE DATES SUMMARIZED AT THE BEGINNING OF THIS RDA BUDGET SECTION**

**Note # 2- Property Tax Distribution Year 1 (Original Project Area)**

As required by Section 33328 of the Health and Safety Code in 1982 the Santa Cruz County Auditor provided the estimated first year taxes available to the Redevelopment Agency broken down by taxing agencies. The table prepared by the Santa Cruz County Auditor is as follows:

<u>Agency</u>	Estimated First Year Tax	Percent
General Fund	\$ 7,450	23.00%
County Library	\$ 886	2.74%
<b>City of Capitola</b>	<b>\$ 2,351</b>	<b>7.26%</b>
Capitola Fire Protection District	\$ 1,581	4.88%
Live Oak Fire Protection District	\$ 420	1.30%
Soquel Fire Protection District	\$ 401	1.24%
Flood Control District #4	\$ 69	0.21%
Flood Control District #5	\$ 263	0.81%
Flood Control - General	\$ 59	0.18%
Cabrillo College	\$ 1,949	6.02%
Cabrillo College - Child Care	\$ 19	0.06%
Santa Cruz High School District - Child Care	\$ 9	0.03%
Santa Cruz High School District - General	\$ 2,877	8.88%
Santa Cruz High School District - Area wide Tax	\$ 1,767	5.46%
Live Oak School District	\$ 1,007	3.11%
Soquel School District	\$ 4,212	13.00%
COE Special Education Trust	\$ 347	1.07%
COE County School Service	\$ 855	2.64%
COE Children's Institution	\$ 202	0.62%
COE School All Capital Outlay	\$ 240	0.74%
COE Physically Handicapped School Trust	\$ 960	2.96%
COE Mentally Retarded School Trust	\$ 411	1.27%
COE Regional Occupational Center	\$ 227	0.70%
Equalization Aid Offset	\$ 391	1.21%
Santa Cruz Port District	\$ 287	0.89%
Augmentation Fund	\$ 3,149	9.72%
	<b>\$ 32,389</b>	<b>100.00%</b>

**FY 2008-09 per Santa Cruz County Office of Auditor-Controller  
County report 429-10-001, dated 8-14-08**

	Total Increment	% of Total	Pass Through
County Library	\$ 63,426	2.706%	\$ 63,400
General Fund - Santa Cruz county	\$ 545,095	23.257%	\$ 545,100
Live Oak School District	\$ 357,771	15.265%	
Soquel School district	\$ 215,254	9.184%	
Santa Cruz High School	\$ 328,055	13.997%	
Cabrillo College	\$ 139,907	5.969%	
County School Services	\$ 60,344	2.575%	
Area wide Tax	\$ -	0.000%	
Flood Control District #4	\$ 4,931	0.210%	\$ 4,900
Flood Control District #5	\$ 18,658	0.796%	\$ 18,700
Flood Control - General	\$ 4,202	0.179%	\$ 4,200
Central Fire * (note)	\$ 434,129	18.523%	
City of Capitola	\$ 171,976	7.338%	
<b>Total</b>	<b>\$ 2,343,748</b>	<b>100%</b>	<b>\$ 636,300</b>

\* Note: Central Fire has a separate Pass Through Agreement

**Note # 3 – Redevelopment Base Assessed Valuation (Original Project Area)**

Following, by tax rate area, is the base year valuation data for the Capitola Redevelopment Agency:

<b>Capitola Redevelopment Agency Base Year 1981-1982</b>			
Tax Rate Area	Secured	Unsecured	Total
03- 011			-
03- 100			-
03- 101	17,173,270	2,506,090	19,679,360
03- 103	104,640		104,640
03- 104	5,049,850	351,620	5,401,470
03- 109	5,502,370	224,970	5,727,340
03- 110	3,067,640		3,067,640
<b>Total</b>	<b>30,897,770</b>	<b>3,082,680</b>	<b>33,980,450</b>

**Note # 4 - Section 3 & Section 4 of Pass-thru Agreements (Original Project Area):**

Following is the revised table for the deferred, non-interest bearing, annual payments to both the Library District and the Special Districts as called out in Section 3 and Section 4 of the Agreement with the Capitola Redevelopment Agency:

Year	Fiscal Year	Gross		Deferred for Library	Library %	Deferred for Special Districts	Special Dist %
		Tax Increment per SCC 6/7/2002					
B	1981 1982						
1	1982 1983	-					
2	1983 1984	36,641		1,017	2.78%	445	1.21%
3	1984 1985	133,208		3,660	2.75%	1,604	1.20%
4	1985 1986	177,352		4,875	2.75%	2,136	1.20%
5	1986 1987	262,267		7,249	2.76%	3,177	1.21%
6	1987 1988	328,640		9,054	2.75%	3,967	1.21%
7	1988 1989	378,524		10,428	2.75%	4,569	1.21%
8	1989 1990	596,509		16,184	2.71%	7,091	1.19%
9	1990 1991	763,981		20,728	2.71%	9,082	1.19%
10	1991 1992	879,706		23,868	2.71%	10,458	1.19%
11	1992 1993	935,136		25,315	2.71%	11,092	1.19%
12	1993 1994	1,013,887		27,421	2.70%	12,015	1.19%
13	1994 1995	1,042,344		28,263	2.71%	12,384	1.19%
14	1995 1996	1,052,382		28,506	2.71%	12,491	1.19%
15	1996 1997	1,470,979		39,572	2.69%	17,339	1.18%
16	1997 1998	1,450,362		39,063	2.69%	17,116	1.18%
17	1998 1999	1,565,634		42,126	2.69%	18,458	1.18%
18	1999 2000	1,609,779		43,345	2.69%	18,993	1.18%
18	2000 2000	(124,819)		(3,358)	2.69%	(1,473)	1.18%
19	2000 2001	1,672,144		45,065	2.70%	19,746	1.18%
20	2001 2002	1,756,950		46,720	2.66%	20,471	1.17%
				<u>\$ 459,101</u>		<u>\$ 201,161</u>	

Annual ten year reimbursement of years 1 to 20 FY 2002-03 through 2011-2012	\$ 45,910	\$ 20,116
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	Library	Special Districts	Debt Bal
Debt Balance @ 6/30/05	\$ 321,371	\$ 140,813	\$ 462,184
Debt Balance @ 6/30/06	\$ 275,461	\$ 120,697	\$ 396,158
Debt Balance @ 6/30/07	\$ 229,551	\$ 100,581	\$ 330,131
Debt Balance @ 6/30/08	\$ 183,641	\$ 80,464	\$ 264,105
Debt Balance @ 6/30/09	\$ 137,730	\$ 60,348	\$ 198,079
Debt Balance @ 6/30/10	\$ 91,820	\$ 40,232	\$ 132,053
Debt Balance @ 6/30/11	\$ 45,910	\$ 20,116	\$ 66,026
Debt Balance @ 6/30/12	\$ -	\$ -	\$ -

**Note # 5 - Time Limit on Incurring Indebtedness & AB1290**

According to Redevelopment Agency legal counsel McDonough, Holland & Allen in a memo dated Feb. 16, 2007, “there is only one Redevelopment Plan and one redevelopment project area. Though the Rispin Mansion area is non-contiguous and was added to the project area at a later date, there is still a single project area. More importantly, there is a single time limit for incurring indebtedness from the project area – January 1, 2004 – and that date has passed. The Agency can no longer incur indebtedness from the project area, or any part of it “

“The time limit on incurring indebtedness may be repealed by adoption of an ordinance. However, repealing the time limit on incurring indebtedness will trigger pass-through payments to taxing agencies pursuant to Health and Safety Code Section 33607.7. So, the advantages of repealing the time limit on incurring indebtedness would need to be weighed against the additional liability for pass-through payments.”

The Health and Safety Code Section 33607.7 provides that if a redevelopment plan adopted prior to January 1, 1994, is amended to increase the time limit on the establishing of loans, advances and indebtedness, the agency must pay to each affected taxing agency either of the following:

- a. If there is an existing pass-through agreement, the amount required to be paid by the pass-through agreement; or
- b. If there is no pass-through agreement, the agency must pay the affected taxing agency the amount of the AB1290 statutory payments (Health 7 Safety Code Section 33607.5 (b), (c), (d) and (e)), commencing with the year in which the time limit on establishing indebtedness would have expired, absent the SB 211 amendment.

Based upon FY07-08 AB8 rates, the following table lists the percentage associated with each taxing agency and an indicator whether or not that agency participates in the distribution of pass-thru dollars. The Agency starts to pay under Tier 1 and Tier 2 for the new project area when it begins to generate tax increment. The City of Capitola may choose to participate in Tier 1 only (resolution 3383), and is exempt from Tier 2 calculation. Calculations for the “Tier’s” sets a new base year figure. For Tier 1, 20% of the Tax Increment associated with the new base year is subject to pass-thru. In the twelfth year following the implementation of Tier 1, another new base is set for Tier 2, which is added in at 16.8%. The Santa Cruz County Auditor Controller updates this AB8 rate table on an annual basis:

FY 2008-09 per Santa Cruz County Office of Auditor-Controller County report 429-10-001, dated 8-14-08				
Agency	Percent FY 2006-07	Pass-Thru	AB 1290	
			Tier 1	Tier 2
General Fund - Santa Cruz county	23.257%	Yes		
County Library	2.706%	Yes		
City of Capitola	7.338%	No	7.34%	
Central Fire	18.523%	Yes		
Flood Control District #4	0.210%	Yes		
Flood Control District #5	0.796%	Yes		
Flood Control - General	0.179%	Yes		
Cabrillo College	5.969%	No	5.97%	5.97%
County School Services	2.575%	No	2.57%	2.57%
Santa Cruz High School District	13.997%	No	14.00%	14.00%
Live Oak School District	15.265%	No	15.26%	15.26%
Soquel School District	9.184%	No	9.18%	9.18%
Area Wide Tax Fund	0.000%	No	0.00%	0.00%
Rounding				
	100%		54.33%	46.99%

**Note # 5 - Time Limit on Incurring Indebtedness & AB 1290 (continue)**

If the time limit on incurring indebtedness were repealed by adoption of an ordinance, the Redevelopment Agency would be required to pay approximately \$1.3 million of additional pass-through obligations to other taxing agencies. The estimate was calculated by Keyser Marston Associates (KMA) based upon actual assessed value (AV) for FY04/05, estimated AV growth of 2.6%, FY05/06 AB8 rates and Tier 1 begins in FY06/07.

		Tax Rate @									
		1%									
		AV Growth		2.6%							
Yr	Fiscal Year	AV	Tier 1 Base Year AV	Yr	Tier 1 20.00%	Tier 2 Base Year AV	Tier 2 16.80%	Tier 1 AB 1290 54.32%	Tier 2 AB 1290 46.99%	AB 1290 Total	
22	2002	2003	210,180,566								
23	2003	2004	222,329,624	-	0	-	-	-	-	-	
24	2004	2005	228,514,381	6,184,757	1	12,370		6,719			
25	2005	2006	234,455,755	12,126,131	2	24,252		13,174			
26	2006	2007	240,551,605	18,221,981	3	36,444		19,796		19,796	
27	2007	2008	246,805,946	24,476,322	4	48,953		26,591		26,591	
28	2008	2009	253,222,901	30,893,277	5	61,787		33,562		33,562	
29	2009	2010	259,806,696	37,477,072	6	74,954		40,715		40,715	
30	2010	2011	266,561,670	44,232,046	7	88,464		48,054		48,054	
31	2011	2012	273,492,274	51,162,650	8	102,325		55,583		55,583	
32	2012	2013	280,603,073	58,273,449	9	116,547		63,308		63,308	
33	2013	2014	287,898,753	65,569,129	10	131,138		71,234		71,234	
34	2014	2015	295,384,120	73,054,496	11	146,109	7,485,368	12,575	79,366	5,909	85,275
35	2015	2016	303,064,108	80,734,484	12	161,469	15,165,355	25,478	87,710	11,971	99,681
36	2016	2017	310,943,774	88,614,150	13	177,228	23,045,021	38,716	96,270	18,191	114,461
37	2017	2018	319,028,312	96,698,688	14	193,397	31,129,560	52,298	105,053	24,573	129,626
38	2018	2019	327,323,049	104,993,425	15	209,987	39,424,296	66,233	114,065	31,120	145,185
39	2019	2020	335,833,448	113,503,824	16	227,008	47,934,695	80,530	123,311	37,838	161,149
40	2020	2021	344,565,117	122,235,493	17	244,471	56,666,365	95,199	132,797	44,731	177,527
<b>Additional Pass-thru as triggered by AB1290</b>									<b>\$</b>	<b>1,271,749</b>	
<b>Calculation by KMA, March 2007</b>											

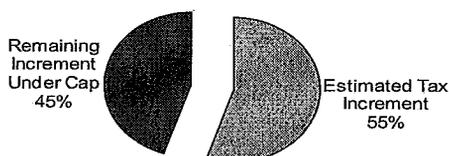
**Note # 6 - Time Limit on Receipt of Tax Increment and Tax Increment Cap (Orig. Project Area)**

Currently the time limit on receipt of tax increment revenue for the Capitola Redevelopment Agency is June 24, 2017, and the limitation on total gross tax increment that may be allocated to the Redevelopment Agency over the duration of the Redevelopment Plan is \$61,000,000 (“TI Cap”).

Following is the table of gross tax increment received and remaining tax increment cap for years one through twenty-seven. It should be noted that in year 18 (1999-2000) the Santa Cruz Auditor – Controller did not distribute the entire Tax Increment to the Capitola Redevelopment Agency. In FY06/07, the Agency adopted a resolution to receive revenue credit for all past ERAF payments, which totaled \$629,100. Through FY09-10 approximately 55% of the \$61M cap will be received.

Year	Fiscal Year	Gross Tax Increment	Annual Increment Growth	Annual Increment % Growth	Remaing TI Cap
B	1981 1982				\$ 61,000,000
1	1982 1983	-			\$ 61,000,000
2	1983 1984	36,641			\$ 60,963,359
3	1984 1985	133,208	96,567	263.55%	\$ 60,830,151
4	1985 1986	177,352	44,144	33.14%	\$ 60,652,799
5	1986 1987	262,267	84,915	47.88%	\$ 60,390,532
6	1987 1988	328,640	66,373	25.31%	\$ 60,061,892
7	1988 1989	378,524	49,884	15.18%	\$ 59,683,368
8	1989 1990	596,509	217,985	57.59%	\$ 59,086,859
9	1990 1991	763,981	167,472	28.08%	\$ 58,322,878
10	1991 1992	879,706	115,725	15.15%	\$ 57,443,172
11	1992 1993	935,136	55,430	6.30%	\$ 56,508,036
12	1993 1994	1,013,887	78,751	8.42%	\$ 55,494,149
13	1994 1995	1,042,344	28,457	2.81%	\$ 54,451,805
14	1995 1996	1,052,382	10,038	0.96%	\$ 53,399,423
15	1996 1997	1,470,979	418,597	39.78%	\$ 51,928,444
16	1997 1998	1,450,362	(20,617)	-1.40%	\$ 50,478,082
17	1998 1999	1,565,634	115,272	7.95%	\$ 48,912,448
18	1999 2000	1,609,779	44,145	2.82%	\$ 47,302,669
18	1999 2000	(124,819)			\$ 47,427,488
19	2000 2001	1,672,144	62,365	3.87%	\$ 45,755,344
20	2001 2002	1,756,950	84,806	5.07%	\$ 43,998,394
21	2002 2003	1,786,300	29,350	1.67%	\$ 42,212,094
22	2003 2004	1,956,400	170,100	9.52%	\$ 40,255,694
23	2004 2005	1,991,700	35,300	1.80%	\$ 38,263,994
24	2005 2006	2,245,000	253,300	12.72%	\$ 36,018,994
25	2006 2007	2,245,000	-	0.00%	\$ 33,773,994
25	2006 2007	(629,100)	ERAF Credit		\$ 34,403,094
26	2007 2008	2,322,300	77,300	3.44%	\$ 32,080,794
27	2008 2009	2,322,300	-	0.00%	\$ 29,758,494
28	2009 2010	2,322,300	-	0.00%	\$ 27,436,194
		<b>\$ 33,563,800</b>			

**Tax Increment Received v.s. Remaining Tax Increment Under Cap Estimated at 6/30/09**



## **Note # 7 - State Bill 1045 and 1096 – ERAF Credit \$629,100 and extend time limits**

State Bill 1045 (year 2003) and 1096 (year 2004) were approved and amended the State Health and Safety codes which regulate the California redevelopment agencies. Specifically, these state bills provide relief to the local redevelopments from the negative impact of ERAF payments. The relief came in various forms, such as ERAF credit to reduce revenue that counts towards a tax increment revenue cap and extension of various time limits within an agency's plan.

On April 26, 2007, the Capitola RDA Board of Directors approved a resolution, which authorizes the Agency to take ERAF credit for all past ERAF payments that total \$629,100. The ERAF credit of \$629,100 is reflected in the table in the prior section Note #6 regarding Tax Increment Cap. Basically, this credit allows the Agency to receive an additional \$629,100 of tax increment revenues in the future.

## **Note # 8 – Statement of Indebtedness**

### **Clarification from The Community Redevelopment Agencies Annual Report**

Tax increment revenues retained by redevelopment agencies, net of pass-through payments to other local taxing agencies and the required set-aside to the Low and Moderate Income Housing Fund, may be expended only for the purpose of repaying principal and interest on any type of loan, advance, or indebtedness listed on the Statement of Indebtedness. In order to receive these revenues, an agency must file a Statement of Indebtedness with its county auditor. If the county auditor does not dispute the amount of indebtedness as filed, the agency must be paid the portion of taxes generated from the incremental assessed valuation in an amount not to exceed the total debt listed on the Statement of Indebtedness, less available revenues. The amounts shown include principal and interest remaining to be paid over the term of the indebtedness.

The meaning of "indebtedness," for the purposes of the Statement of Indebtedness, is not limited to the formal accounting definition of indebtedness but is expanded to include all redevelopment obligations, whether pursuant to an executory contract, or a performed contract, or to repay principal and interest on bonds or loans. Obligations to the Low and Moderate Income Housing Fund are defined in the Health and Safety Code to be "indebtedness" for the purpose of the Statement of Indebtedness.

The Statement of Indebtedness is perhaps the least understood aspect of redevelopment finance. It itemizes all future tax increment requirements for the purpose of repaying indebtedness. In preparing the Statement of Indebtedness, an agency must take into consideration all obligations, contracts to perform, and legal agreements such as pass-through payments to other local taxing agencies. The exact amounts of pass-through payments are not always known until the year in which they must be paid. For example, pass-through payments may or may not be directly related to the amount of tax increment received. Estimates must be made annually to determine what future obligations would be required for pass-through payments for the life of the project area.

To facilitate the accurate tracking of the Statement of Indebtedness, an agency must also prepare a reconciliation statement that shows all changes from the prior year's Statement of Indebtedness to the current year. All new indebtedness, payments, adjustments, and modified estimates are itemized and explained in this document. In addition, an agency may have revenues or resources that are committed to the repayment of indebtedness. This amount, called available revenues, is also calculated annually. This calculated amount is deducted from the total indebtedness to determine the net amount needed for an agency to meet all of its future indebtedness obligations

The California State Controller's Office noted, in preparing the data for this publication, that some Statements of Indebtedness are prepared in ways that indicate a lack of understanding on the part of redevelopment agencies as to the critical aspects of the document. All future demands for tax increment should be itemized in the document, yet some agencies omit their required funding of the Low and Moderate Income Housing Fund, future administrative cost requirements, and other costs that would be funded from future tax increment. Assembly Bill 1290, Chapter 942, Statutes of 1993, added requirements that redevelopment agencies adopt certain time limits regarding the establishment of new indebtedness, the effectiveness of the redevelopment plan, and the final date for the repayment, from tax increment, of all indebtedness. These requirements make it essential that an agency include the above-mentioned indebtedness to enable it to receive sufficient tax increment to meet all of its obligations within those time limits. For example, for the 2002-03 fiscal year, 101 agencies reported indebtedness that did not include the required funding of the Low and Moderate Income Housing Fund. These agencies reported a total of \$4.7 billion in indebtedness. Because redevelopment agencies are required to set aside 20% of all tax increment revenues for deposit in the Low and Moderate Income Housing Fund, these agencies will not be able to repay their indebtedness and satisfy the 20% set-aside requirement to the Low and Moderate Income Housing fund if they receive only \$4.7 billion in tax increment revenues. To meet all obligations, these agencies should increase amounts reported on their Statement of Indebtedness by 25%, an additional \$1.2 billion. The resulting total indebtedness of \$5.9 billion will provide these agencies with sufficient tax increment revenues to satisfy all obligations, including the 20% set-aside (20% of \$5.9 billion = \$1.2 billion).

**Note # 9 – Redevelopment Base Assessed Valuation – (Rispin and Library)**

The following information is directly from the Santa Cruz County Auditor Controller in a letter addressed to the City of Capitola dated August 26, 2004:

“We received your City Council action dated July 22, 2004 for the Third Amendment to the Capitola Redevelopment Project. The information required under Health and Safety Code section 33328 follows.

The total assessed valuation of all taxable property within the defined project area in accordance with Health and Safety code section 33328 (a) is:

	2002-2003 Equalized Rolled Value		
	Secured	Unsecured	Exemptions
Local Roll	-	-	-
California Board of Equalization	-	-	-
Total	-	-	-

**Note # 9 – Redevelopment Base Assessed Valuation – Added Project Area (Rispin and Library)**  
**(Continued)**

The information defined by Health and Safety code section 33328 (b) the identification of each taxing agency levying taxes in the project area, (c) the amount of tax revenue to be derived by each taxing agency from the base year assessment, (d) the total ad valorem tax for each agency from all property within the agency boundaries and (e) the estimated first year taxes available to the Redevelopment Agency is shown in the table as follows:

Agencies Levying Taxes in the Amended Project Area	Tax Revenue from Base Year Assesment Roll 2002-2003	Ad Valorem Tax From All Property Within Tax Agency Boundaries 2002-2003	Estimated First Year Taxes Available to the Redevelopment Agency
Santa Cruz County Library	0	3,075,673	0
Santa Cruz General Fund	0	30,335,979	0
Soquel School District	0	4,957,269	0
Santa Cruz High School District	0	13,997,427	0
Cabrillo College	0	12,274,515	0
County School Service	0	5,296,066	0
Areawide Tax	0	-	0
SC Flood Control Zone 4	0	442,163	0
SC Flood Control Zone 5	0	324,833	0
SC Flood Control Gen	0	397,521	0
Central Fire Department	0	7,606,204	0
City of Capitola	0	554,022	0
	0	79,261,672	0

The assessed valuation by parcel for the prior year 2001-2002 and the base year roll 2002-2003, meeting the requirements of Health and Safety code section 33328 (f) follows:”

Tax Rate Area	APN	2001-2002 Land	2001-2002 Imps	2001-2002 Personal	2001-2002 Machinery	2001-2002 Exemption	2001-2002 Net Assess Value (Prior Year)
03-108	35-371-01	0	0	0	0	0	0
03-108	35-371-02	0	0	0	0	0	0
03-112	34-541-34	0	0	0	0	0	0
		0	0	0	0	0	0

Tax Rate Area	APN	2002-2003 Land	2002-2003 Imps	2002-2003 Personal	2002-2003 Machinery	2002-2003 Exemption	2002-2003 Net Assess Value (Prior Year)
03-108	35-371-01	0	0	0	0	0	0
03-108	35-371-02	0	0	0	0	0	0
03-112	34-541-34	0	0	0	0	0	0
		0	0	0	0	0	0

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## ***Redevelopment Agency Low & Moderate Income Housing***

Under the California Redevelopment Law ("CRL"), contained in the CA Health & Safety Code, Redevelopment Agencies must allocate at least 20% of their gross tax increment revenue to a separate fund, known as the Low and Moderate-Income Housing Fund. Interest earned on the Housing Fund and any repayments made for loans, advances or grants from the Housing Fund must be returned to the Fund. The Health and Safety Code provides further detailed guidance on use of the Agency Housing Fund, as follows:

### *Section 33334.3.*

*(a) The funds that are required by Section 33334.2 or 33334.6 to be used for the purposes of increasing and improving the community's supply of low- and moderate-income housing shall be held in a separate Low and Moderate Income Housing Fund until used.*

*(b) Any interest earned by the Low and Moderate Income Housing Fund and any repayments or other income to the agency for loans, advances, or grants, of any kind from the Low and Moderate Income Housing Fund, shall accrue to and be deposited in, the fund and may only be used in the manner prescribed for the Low and Moderate Income Housing Fund.*

*(c) The moneys in the Low and Moderate Income Housing Fund shall be used to increase, improve, and preserve the supply of low- and moderate-income housing within the territorial jurisdiction of the agency.*

*(d) It is the intent of the Legislature that the Low and Moderate Income Housing Fund be used to the maximum extent possible to defray the costs of production, improvement, and preservation of low- and moderate-income housing and that the amount of money spent for planning and general administrative activities associated with the development, improvement, and preservation of that housing not be disproportionate to the amount actually spent for the costs of production, improvement, or preservation of that housing. The agency shall determine annually that the planning and administrative expenses are necessary for the production, improvement, or preservation of low- and moderate-income housing.*

*(e) (1) Planning and general administrative costs which may be paid with moneys from the Low and Moderate Income Housing Fund are those expenses incurred by the agency which are directly related to the programs and activities authorized under subdivision (e) of Section 33334.2 and are limited to the following:*

*(A) Costs incurred for salaries, wages, and related costs of the agency's staff or for services provided through interagency agreements, and agreements with contractors, including usual indirect costs related thereto.*

*(B) Costs incurred by a nonprofit corporation, which are not directly attributable to a specific project.*

*(2) Legal, architectural, and engineering costs and other salaries, wages, and costs directly related to the planning and execution of a specific project which are authorized under subdivision (e) of Section 33334.2 and which are incurred by a nonprofit housing sponsor are not planning and administrative costs for the purposes of this section, but are instead project costs.*

**Expenditures from this Fund are organized in four categories**, and reported to the State Controller's Office in these categories: Administration Costs, Professional Services, Rehabilitation Grants & Loans, Subsidies to Low & Moderate Housing

## Redevelopment Agency Low-Mod Housing Fund Source & Use of Funds

RDA Housing Set Aside SOURCE	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Proposed	2010-11 Planned
Fund Balance July 1	\$ 1,790,200	\$ 1,807,700	\$ 991,100	\$ 1,183,500	\$ 548,400	\$ 195,160
Interest Income	91,600	72,000	29,700	29,700	16,500	5,900
Operating Transfer In (20%)	449,000	466,900	464,400	464,400	464,460	464,460
Grants						
Loan Payoff:						
Interest	14,900	16,900				
Principal	137,900	66,800				
<b>TOTAL SOURCE</b>	<b>\$ 2,483,600</b>	<b>\$ 2,430,300</b>	<b>\$ 1,485,200</b>	<b>\$ 1,677,600</b>	<b>\$ 1,029,360</b>	<b>\$ 665,520</b>
<b>USE</b>						
Administrative Cost	158,000	206,300	223,000	223,000	223,000	223,000
Professional Services	65,200	60,600	131,500	131,500	136,500	131,800
Rehabilitation Grants	323,700	810,400	-	600,000	-	-
Subsidies & Accrued Interest	129,000	142,700	814,700	174,700	474,700	224,700
<b>TOTAL USE</b>	<b>\$ 675,900</b>	<b>\$ 1,246,800</b>	<b>\$ 1,169,200</b>	<b>\$ 1,129,200</b>	<b>\$ 834,200</b>	<b>\$ 579,500</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$ 1,807,700</b>	<b>\$ 1,183,500</b>	<b>\$ 316,000</b>	<b>\$ 548,400</b>	<b>\$ 195,160</b>	<b>\$ 86,020</b>
Designated for Wharf Rd Rent Subsidy			\$ 40,000	\$ 50,000	\$ 40,000	\$ 30,000
Undesignated	\$ 1,807,700	\$ 1,183,500	\$ 276,000	\$ 498,400	\$ 155,160	\$ 56,020

**Administration Costs**

These are costs related to the general administration of the Low and Moderate Income Housing Fund, but not directly attributable to any specific project or program. These expenditures include salaries, wages, and related cost of agency staff, fees for accounting or fiscal agents, fees for legal services, or for contract services that are related to general administration of the Agency’s housing program, as described in Section 33334.3(e)(1)(A) of the Health & Safety Code.

The budgets for the RDA Operating Fund and RDA Housing Fund include funds necessary to reimburse the City for expenses related to administering redevelopment projects. Specifically, housing service charges in support of RDA Housing programs are charged to RDA Housing Fund as expenditure. The City Housing/RDA Project Manager is 100% funded by the General Fund. This City staff position supports various housing programs including: developing, planning, budgeting, administering, and managing the Housing activities, such as the Rehabilitation & First Time Homebuyer loan programs, renter assistance programs, and site-specific projects such as the Bay Avenue Senior Apartments Acquisition and Rehabilitation Project and resident purchases of mobile home parks. The City Staff tracks their hours in support of the RDA Housing Program and the Housing Fund is invoiced on a semi-annual basis to reimburse the General Fund for those expenses.

The City Housing/RDA Project Manager anticipates allocating 67% of time in support of Agency Housing matters. The following table summarizes the assumptions and billing rate:

<u>Housing/RDA Project Manager</u>	<u>2009-10</u>	<u>2010-11</u>
RDA Low & Moderate Income Housing	<u>Proposed</u>	<u>Planned</u>
Hourly Rate	\$ 160	\$ 160
Billable Hours @ 67% labor allocation	1,394	1,394
<b>Charges for Service - RDA Low &amp; Mod Housing</b>	<b>\$ 223,000</b>	<b>\$ 223,000</b>

The following table summarizes the total administrative costs:

<u>Administraton Costs</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
	<u>Actual</u>	<u>Actual</u>	<u>Adopted</u>	<u>Mid-Yr Est</u>	<u>Adopted</u>	<u>Planned</u>
Staffing Costs: - Salary, Benefits & Indirect Costs:						
Project Manager Service (General Fund )	158,000	206,300	223,000	223,000	223,000	223,000
<b>TOTAL ADMINISTRATIVE COSTS</b>	<b>\$158,000</b>	<b>\$206,300</b>	<b>\$223,000</b>	<b>\$223,000</b>	<b>\$223,000</b>	<b>\$223,000</b>

**Professional Services** - Expenditures incurred by the Agency for legal, architectural and engineering services, planning consultants and other professional services that are related to the general planning and development of Agency housing activities. Professional services that are project- or program-specific costs incurred by a non-profit housing sponsor are not included in this category, but are included under specific activity expenditures listed in the Rehabilitation or Subsidies categories.

- The FY08-09 and the planned FY 09-10 budgets include \$20,000 for Attorney Fees.
- A funding level for the annual financial audit required by the State is included in this category.
- A continued \$20,000 for General Professional Services is budgeted for the next two years as necessary to provide professional services for housing programs and pursuing housing projects.
- A line item for General Administrative Services is budgeted for \$30,000 to provide funding for contract services to provide routine administrative services for the Agency’s affordable housing activities, such as management of the Agency’s housing loan portfolio, monitoring of existing affordable properties, and processing, administering and monitoring newly created affordable units, such as inclusionary and replacement housing units, and responding to public inquiries regarding various affordable housing opportunities and programs.
- The FY 09-10 budget includes continued funding of the Housing Grant Coordinator.
- Housing Authority –Technical Assistance line item provides funding of \$10,000. for services that are periodically required from the Housing Authority for various housing activities. The budget includes funding for income eligibility screening by the Housing Authority as needed for various affordable units that may become available during the year as well as other program assistance.
- Preservation-Technical Assistance line item provides \$15,000 for the upcoming year for technical assistance services from the Housing Authority related to mobile home park preservation and/or resident acquisition efforts that may arise during the next two years. The Housing Authority completed two such projects for Wharf Road Manor and for Turner Lane Estates

<b>Professional Services</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Adopted</b>	<b>2008-09 Mid-Yr Est</b>	<b>2009-10 Adopted</b>	<b>2010-11 Planned</b>
Attorney Fees	15,500	26,400	20,000	20,000	20,000	20,000
Accountants - Audit	1,000	800	1,500	1,500	1,500	1,800
General Professional Services	2,600	1,700	20,000	20,000	20,000	20,000
General Administrative Services	12,700	1,700	30,000	30,000	30,000	30,000
Housing Grant Coordinator	16,900	16,700	30,000	30,000	30,000	30,000
Housing Authority -Technical Assistance	14,500	-	10,000	10,000	15,000	15,000
Preservation - Technical Assistance	2,000	13,300	20,000	20,000	20,000	15,000
<b>TOTAL USE</b>	<b>\$ 65,200</b>	<b>\$ 60,600</b>	<b>\$ 131,500</b>	<b>\$ 131,500</b>	<b>\$ 136,500</b>	<b>\$ 131,800</b>

**Rehabilitation Grants and Loans** – Due to new RDA regulation, all loans and grants funded through the Low and Moderate Income Housing fund, must now include long-term resale restrictions. In order to avoid the imposition of this restriction, the City’s Rehabilitation Grants and Loans program will be funded from other sources beginning in FY08-09. This category includes those funds expended as grants or loans for the rehabilitation of housing for persons or families of low or moderate income. The Health & Safety Code provides guidance related to use of the Housing Fund for substantial rehabilitation and new construction projects:

*Section 33334.3 (j) Funds from the Low and Moderate Income Housing Fund shall not be used to the extent that other reasonable means of private or commercial financing of the new or substantially rehabilitated units at the same level of affordability and quantity are reasonably available to the agency or to the owner of the units. Prior to the expenditure of funds from the Low and Moderate Income Housing Fund for new or substantially rehabilitated housing units, where those funds will exceed 50 percent of the cost of producing the units, the agency shall find, based on substantial evidence, that the use of the funds is necessary because the agency or owner of the units has made a good faith attempt but been unable to obtain commercial or private means of financing the units at the same level of affordability and quantity.*

**Recent Activities and Budget Allocations:**

- Between FY 2006-07 through FY 2008-09 grants of \$114,430 and a deferred payment loan of \$1,365,000 was made from the Low and Moderate Income Housing Fund to First Community Housing for the 109 unit Bay Avenue Senior Apartments project. First Community Housing used these funds to leverage additional State, bond and tax credit financing for the \$28 million dollar project which began construction in January 2009. As discussed in the Special Revenue Funds section of this report the City has been awarded a \$2,000,000 HOME grant from the State to provide additional assistance to this project.

The Owner-Occupied Rehabilitation Assistance Program provides deferred loans at 3% interest to eligible low- and moderate-income homeowners for rehabilitation of their homes or mobile homes. This program, including administrative services paid to the Housing Authority, was funded using RDA funds through FY 2007-08 and is now funded via other non-RDA sources.

Rehabilitation Grants and Loans	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
Bay Ave Sr Prject - Rental Rehab Grant	-	765,000	-	600,000	-	-
RDA Rehab Loan - Wharf Road MHP *	114,800	-	-	-	-	-
Housing Rehabilitation Program Loans **	208,900	45,400	-	-	-	-
<b>TOTAL USE</b>	<b>\$ 323,700</b>	<b>\$ 810,400</b>	<b>\$ -</b>	<b>\$ 600,000</b>	<b>\$ -</b>	<b>\$ -</b>

\* Wharf Road Mobile Home Park (WRMHP) -- please reference the table describing all funding sources , including RDA Housing and HOME Fund sources.

\*\* Housing Rehab Program expenditures above includes administration cost by the Housing Authority, as follows:

	2006-07 Actual	2007-08 Actual	2008-09 Adopted	2008-09 Mid-Yr Est	2009-10 Adopted	2010-11 Planned
Housing Authority Admin Cost	\$ 10,200	\$ -	\$ -	\$ -	\$ -	\$ -

# BAY AVE. SENIOR APARTMENT PROJECT FUNDING

(as of April 2008)

<b>BAY AVENUE SENIOR APARTMENTS ACQUISITION AND REHABILITATION PROJECT</b>	
<b>CITY/AGENCY FINANCING PORTION</b>	<b>PARTIES: SALVATION ARMY &amp; FIRST COMMUNITY HOUSING</b>
File Last Updated on: April 4, 2008	File: P/David/Bay Ave Senior Apts/Bay Ave Senior Apt Finance Report Form

SOURCE	RDA Low & Mod Income Housing Fund	A.	RDA Low & Mod Income Housing Fund	B.	RDA Low & Mod Income Housing Fund	C.
<b>BORROWER</b>	Salvation Army		First Community Housing		Conditional Commitment to the Bay Avenue Senior Apts Rehab Project	
<b>LOAN OR GRANT:</b>	Recoverable Grant *		Recoverable Grant		Residual Receipts Loan	
<b>PO #:</b>	012204 #E1		072706-C3			
<b>ACCOUNT #:</b>	7.000.706.22374.217		7.000.706.22374.217		7.000.710. 22374.400	
<b>APPROVAL DATE:</b>	1/22/04 by RDA Board		original grant approved: 1/22/04 transfer of balance to First Community Housing: 7/27/06		6/28/07 by RDA Board	
<b>USES:</b>	Silvercrest Apts. Predevelopment		Bay Ave. Senior Apts Predevelopment grant		Predevelopment & Acquisition Loan	
<b>LOAN OR GRANT AMOUNT:</b>			Balance Carry-forward to FY 06/07			
		\$ 235,000.00		\$ 114,430.00 **		\$ 765,000.00 ***
<b>DISBURSEMENTS TO DATE:</b>	Expended in FY 03/04:	\$ (56,040.78)	Draw #1 10-11-06	(104,008.29)	Draw #1 7-27-07	(40,791.52)
	Expended in FY 04/05:	\$ (64,528.50)	Draw #2 7-13-07	(10,421.71)	Draw #2 9/04/07	(63,481.69)
	Expended in FY 05/06:	\$ -			Draw #3 10/22/07	(83,119.90)
	Total Expended by 6/30/06:	<u>\$ (120,569.28)</u>	Total Expended to date:	<u>(114,430.00)</u>	Draw #4 11/14/07	(15,211.46)
	Balance for carry-forward to FY 06/07:	\$ 114,430.72			Draw #5 1/03/08	(53,247.95)
	<b>Balance Transferred to</b>				Draw #6 1/17/08	(60,294.94)
	<b>First Community Hsg.</b>	<u>\$ 114,430.00</u>			Draw #7 2/7/2008	(222,522.55)
<b>BALANCE AVAILABLE</b>		\$ -	<b>BALANCE AVAILABLE</b>	\$ -	Total Expended to date:	<u>(631,083.01)</u>
					<b>BALANCE AVAILABLE</b>	\$ 133,916.99

<b>ADDITIONAL ANTICIPATED FUNDING FOR FY 07/08</b>		D.
<b>SOURCE:</b>	HOME GRANT FROM HCD****	
<b>RECIPIENT:</b>	CITY OF CAPITOLA	
<b>APPROVAL DATE:</b>	CONDITIONAL APPROVAL	1/16/2007
<b>ACCOUNT #:</b>	2.965.000- 22374.400	
<b>HCD RELEASE DATE:</b>	Spring, 2008	
<b>USES:</b>	PREDEVELOPMENT, ADMIN & ACQUISITION	
<b>GRANT AMOUNT:</b>		\$ 2,000,000.00
<b>ANTICIPATED CITY ADMIN COSTS:</b>		\$ 100,000.00
<b>DISBURSEMENT OF ADMIN FUNDS:</b>		<u>\$ -</u>
<b>ADMIN BALANCE:</b>		\$ 100,000.00
<b>BALANCE OF FUNDS AVAILABLE:</b>		\$ 1,900,000.00
<b>BORROWER:</b>	FIRST COMMUNITY HOUSING	
<b>DISBURSEMENTS TO DATE:</b>		<u>\$ -</u>
<b>BALANCE:</b>		\$ 1,900,000.00

\* Recoverable grants are grants that can require repayment only in the case of default

\*\* The RDA Board approved transfer of the balance of the original recoverable grant from the Salvation Army to First Community Housing. The transfer documents were executed on October 11, 2006. All grant funds to First Community Housing were expended in FY 07-08

\*\*\* This Predevelopment & Acquisition Loan is included in the FY 07-08 Budget  
The loan is a 3% residual receipts loan with a 55 year term

\*\*\*\* This HOME grant was conditionally awarded to the City in January 2007. A Standard Agreement was signed on 9/26/07. The release of funds is anticipated during FY 08/09. \$100,000 of the grant is allowed for City administrative expenses. The City will lend the balance of \$1.9 Million to First Community Housing as a 3% interest residual receipts loan with a 55 year term.

# WHARF ROAD MANOR MOBILE HOME PARK

## PROJECT & FUNDING (as of April 2008)

EXISTING FINANCING PROVIDED BY THE CITY AND THE REDEVELOPMENT AGENCY TO THE WHARF ROAD MANOR HOMEOWNER'S ASSOCIATION			
File last updated: April 1, 2008			
SOURCE	RDA HOUSING FUND <b>A.</b>	RDA HOUSING FUND <b>B.</b>	HOME PROGRAM REUSE FUND LOAN <b>C.</b>
<b>LOAN OR GRANT</b>	LOANS TO INDIVIDUALS	GRANT	LOAN
<b>APPROVAL DATE</b>	10/28/2004	10/28/2004	10/28/2004
<b>USES</b>	MEMBERSHIP SHARE LOANS TO INDIVIDUAL MEMBERS	REVOCABLE GRANT TO THE PARK	WHARF ROAD MANOR DUPLEX ACQUISITION AND REHABILITATION PROJECT
<b>LOAN/GRANT AMOUNT</b>	60,000.00	Acquisition 1/31/05      205,000.00 Predevelopment            25,000.00 Relocation Fund            35,000.00 Rent Subsidy (ongoing)    75,000.00 <hr/> 340,000.00	Acquisition 1/31/05      105,000.00 Duplex/Rehab              95,000.00 Relocation Fund            35,000.00 Relocation Consultant      3,000.00 <hr/> 238,000.00
<b>DISBURSEMENTS TO DATE</b>	(50,000.00)	FY 04/05                    (267,700.75) FY 05/06                    (11,185.25) FY 06/07                    (10,068) FY 07/08                    (9,912) Total Disbursements      (298,866.00)	FY 04/05                    (147,151.34) FY 05/06                    (51,698.10) FY 06/07                    (39,150.56) <hr/> Total Disbursements      (238,000.00)
<b>BALANCE</b>	10,000.00 *	Balance for rent assist    41,134.00 <hr/> TOTAL BALANCE            41,134.00	<hr/> TOTAL BALANCE            \$ -
NEW SHORT-TERM & FIRST TIME HOMEBUYER FINANCING			
SOURCE	RDA HOUSING FUND <b>D.</b>	HOME PROGRAM REUSE FUND <b>E.</b>	HOME PROGRAM REUSE FUND <b>F.</b>
<b>LOAN OR GRANT</b>	LOAN	LOAN	LOAN
<b>APPROVAL DATE</b>	1/26/2006	1/26/2006	1/26/2006
<b>USES**</b>	SITE PREPARATION AND COACH ACQUISITION	SITE PREPARATION AND COACH ACQUISITION	TWO FIRST TIME HOMEBUYER LOANS TO INDIVIDUAL BUYERS
<b>LOAN AMOUNT</b>	265,000.00	100,000.00	100,000.00
<b>SPENT TO DATE</b>	(114,742.14)	(40,304.80) FY 05/06 (59,695.20) FY 06/07	(50,000.00) Coffman FTHB loan (50,000.00) Cuevas FTHB loan
Reimbursed from Cuevas sale escrow	114,742.14	(100,000.00) Total Disbursements	-
<b>BALANCE</b>	265,000.00	-	-

\* The \$10,000 balance of the Share Loan Funds remained in the RDA Housing Fund and will not be needed for this project

\*\*Both of these loan sources were meant to be for short-term during the construction process. The RDA Housing Fund Loan was only partially used to cover construction costs of the project and was then repaid in full out of the proceeds of the Sale of the two units. The HOME Program Reuse Fund loan was fully drawn down for construction related costs for the project. \$50,000 of this loan was then transferred to become a First Time Homebuyer Loan for The Coffman family and \$50,000 was transferred to become a First Time Homebuyer loan for the Cuevas-Gomez family.

**Subsidies to Low & Moderate Housing** - This category includes the various forms of subsidies, grants, and loans that may be expended on projects or programs to improve, preserve, or increase the supply of low and moderate-income housing. These activities include, but are not limited to, The Emergency Housing Assistance Program, the Security Deposit Program, Rental Assistance Payments set aside for low-income residents at the Loma Vista and Wharf Road Manor Mobile Home Parks, and funding for the First Time Homebuyer Loan Program.

**Recent Activities and Budget Allocations:**

Ongoing Assistance Programs:

- The EHAP, implemented by the Community Action Board, provides emergency, short-term housing payment assistance to low-income families to prevent eviction and homelessness. An allocation of \$95,000 is budgeted for this program for FY 2009-10 (\$76,000 for program costs and \$19,000 for admin costs).
- The Security Deposit Program, implemented by the Housing Authority, provides soft loans to cover the costs associated with moving into a new rental unit. The allocation for this program for FY 2009-10 is \$15,000 (\$11,100 for program costs and \$3,900 for admin costs).
- The First-Time Homebuyers Program offers deferred second mortgage loans as down-payment assistance to first-time homebuyers. An allocation of \$300,000 is budgeted for FY09-010 including \$240,000 that may be used to assist the buyers of the eight Inclusionary housing units of the Capitola Beach Villas Project. Due to the high cost of housing in Capitola this First Time Home Buyer program does not offer sufficient assistance to make homeownership possible for low and moderate-income buyers when used alone. The program is, therefore, typically used increase the affordability of Inclusionary Housing units or other income restricted affordable housing units.
- Loma Vista & Wharf Road Rent Subsidies: As part of the financing packages approved in prior fiscal years for the resident acquisitions of Loma Vista and Wharf Road Manor mobile home parks, funds were committed for long-term rent subsidies to prevent displacement of very low income tenants after the post-acquisition space rents took effect. These subsidies are disbursed annually in the maximum amounts shown in the table below for each park for FY 2009-10 and FY 2010-11.
- The New Affordable Housing Units line item was set up for accrual of predevelopment funds and/or gap financing for development of new affordable housing projects within the City In FY 2008-09 \$400,000 was committed to the Bay Avenue Senior Apartments Project. Ultimately this money was allocated to the Bay Ave. Project, however the loan was funded out of the Rehabilitation Grants and Loans line item. As a result, the Mid-Yr Est for FY 2008-09 for this project was reduced to zero. An additional \$50,000 is budgeted for deposit in a designated reserve in FY09-10 for accrual toward a future project (shown on Summary Table below).

**Subsidies to Low & Moderate Housing -**

<b>Subsidies to Low &amp; Moderate Housing</b>	<b>2006-07 Actual</b>	<b>2007-08 Actual</b>	<b>2008-09 Adopted</b>	<b>2008-09 Mid-Yr Est</b>	<b>2009-10 Adopted</b>	<b>2010-11 Planned</b>
Emergency Housing Assistance	74,200	75,800	85,000	85,000	95,000	85,000
Security Deposit Program	12,300	10,900	15,000	15,000	15,000	15,000
Loma Vista Rent Subsidy	4,800	3,600	3,700	3,700	3,700	3,700
First-Time Homebuyers Program	12,700	52,400	300,000	60,000	300,000	60,000
Wharf Rd MHP Aquisition *	-	-	-	-	-	-
Wharf Rd MHP Rent Subsidy *	10,100	9,900	11,000	11,000	11,000	11,000
New Affordable Housing Units **	-	-	400,000	-	50,000	50,000
Accrued Interest Expense	14,900	-	16,900			
<b>TOTAL USE</b>	<b>\$ 129,000</b>	<b>\$ 152,600</b>	<b>\$ 831,600</b>	<b>\$ 174,700</b>	<b>\$ 474,700</b>	<b>\$ 224,700</b>

\* Wharf Road Mobile Home Park (WRMHP) -- Reference the table the project total funding sources.

\*\* New Affordable Housing Units: Revised to \$0 after mid-year report. Funds re-appropriated in FY08/09

# GLOSSARY OF TERMS





Item #: \_\_\_\_\_

## CITY COUNCIL AGENDA REPORT

MEETING OF JANUARY 9, 2002

FROM: FINANCE DEPARTMENT  
DATE: DECEMBER 18, 2002  
SUBJECT: Standardize accounting terminology and accounting practices for, Contingency Appropriation, Emergency Reserves, General Fund Undesignated Fund Balance, and General Fund Designated Fund Balance.

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**Recommended Action:** Accept report.

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### **BACKGROUND**

There are several financial terms that are used by staff and Council on a regular basis that would benefit from standardized interpretations:

1. Contingency Appropriation.
2. Emergency Reserves.
3. General Fund Undesignated Fund Balance.
4. General Fund Designated Fund Balance.

### **DISCUSSION**

Contingency Appropriation and Emergency Reserves are addressed in the City's Financial Management Policies, issued June 8, 2000 as follows:

1. **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. "

2. **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.

Staff recommends the following guidelines be applied to each of these terms, including the following accounting practices:

- **Contingency Appropriation**
  - a. Will be accounted for as a separate fund.
  - b. The assets of this fund are limited to cash.

- c. The fund will be included in the monthly Treasurer's report.
- d. This cash is available to the City Manager to cover short-term cash shortages.

- **Emergency Reserves**

- a. Will be accounted for as a separate fund
- b. The assets of this fund are limited to cash.
- c. The fund will be included in the monthly Treasurer's report.
- d. This cash is not available to the City Manager to cover short-term cash shortages, without prior notification by the City Manager to the City Council.

The 2002-03 fiscal year operating budget does not include, nor fund a Contingency Appropriation Fund as defined above. The 2002-03 fiscal year operating budget includes an Emergency Reserves Fund, with a budgeted year-end cash balance of \$488,200. This fund is currently included in the monthly Treasurers' report.

Included in the Governmental Accounting, Auditing, and Financial Reporting Glossary are the following definitions:

- **Fund** - A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
- **Fund Balance** - The difference between assets and liabilities reported in a governmental fund.
- **General Fund** - The general fund is used to account for all financial resources except those required to be accounted for in another fund.
- **Designated Fund Balance** - Designations reflect a government's self-imposed limitations on the use of otherwise available expendable financial resources in governmental funds.
- **Undesignated Fund Balance** - Available expendable financial resources in a governmental fund that are not the object of tentative management plans (i.e., designations).

## **SUMMARY**

Applying these concepts to the four terms results in the following interpretations:

1. Contingency Appropriation - A separate, cash only fund, available to the City Manager for short-term cash shortages, available to fund unanticipated operating costs with prior Council authorization.
2. Emergency Reserves - A separate, cash only fund, restricted to major unpredictable emergency events, Council authorization required.
3. General Fund Undesignated Fund Balance - The difference between total assets and total liabilities (including any designation of fund balance), includes but not limited to cash, available to fund unanticipated operating costs with prior Council authorization. Once Council authorizes the operating cost the funds are reclassified from Undesignated to Designated. A reconciliation of the undesignated fund balance is included in the monthly Treasurer's report.
4. General Fund Designated Fund Balance - The difference between total assets and total liabilities, which is included as a source for operating costs during the annual budget process. For the 2002-03 fiscal year the amount designated was \$ 541,570.

Report Prepared By: M. Braucht, Finance Director

**Reviewed and Forwarded  
By City Manager:**

## **GLOSSARY OF TERMS**

**(also refer to Redevelopment Agency Glossary of Terms in the following pages)**

**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 June30th.

**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 FSLA 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 pledger 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.

**REDEVELOPMENT AGENCY  
GLOSSARY OF TERMS**

***Article XVI, Section 16, of the California Constitution*** – The 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.

## Attachments

CSMFO Certificate of Award for Operating Budget.....	A
Organization Chart.....	B
Financial Policies .....	C
City Investment Policy .....	D
FY09/10 City and CIP Budget – Adoption Resolution .....	E
FY09/10 RDA Budget – Adoption Resolution.....	F
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# **ATTACHMENT A**

**CSMFO Certificate of Award  
for Operating Budget**

# California Society of Municipal Finance Officers

Certificate of Award  
For

*Excellence in Operating Budgeting*  
*Fiscal Year 2008-2009*

*The California Society of Municipal Finance Officers (CSMFO) proudly presents this certificate to*

**City of Capitola**

*For meeting the criteria established to achieve the EXCELLENCE AWARD in the OPERATING BUDGET CATEGORY.*

*February 17, 2009*



*Viki Copeland*

Viki Copeland  
CSMFO President

*Pamela Arends-King*

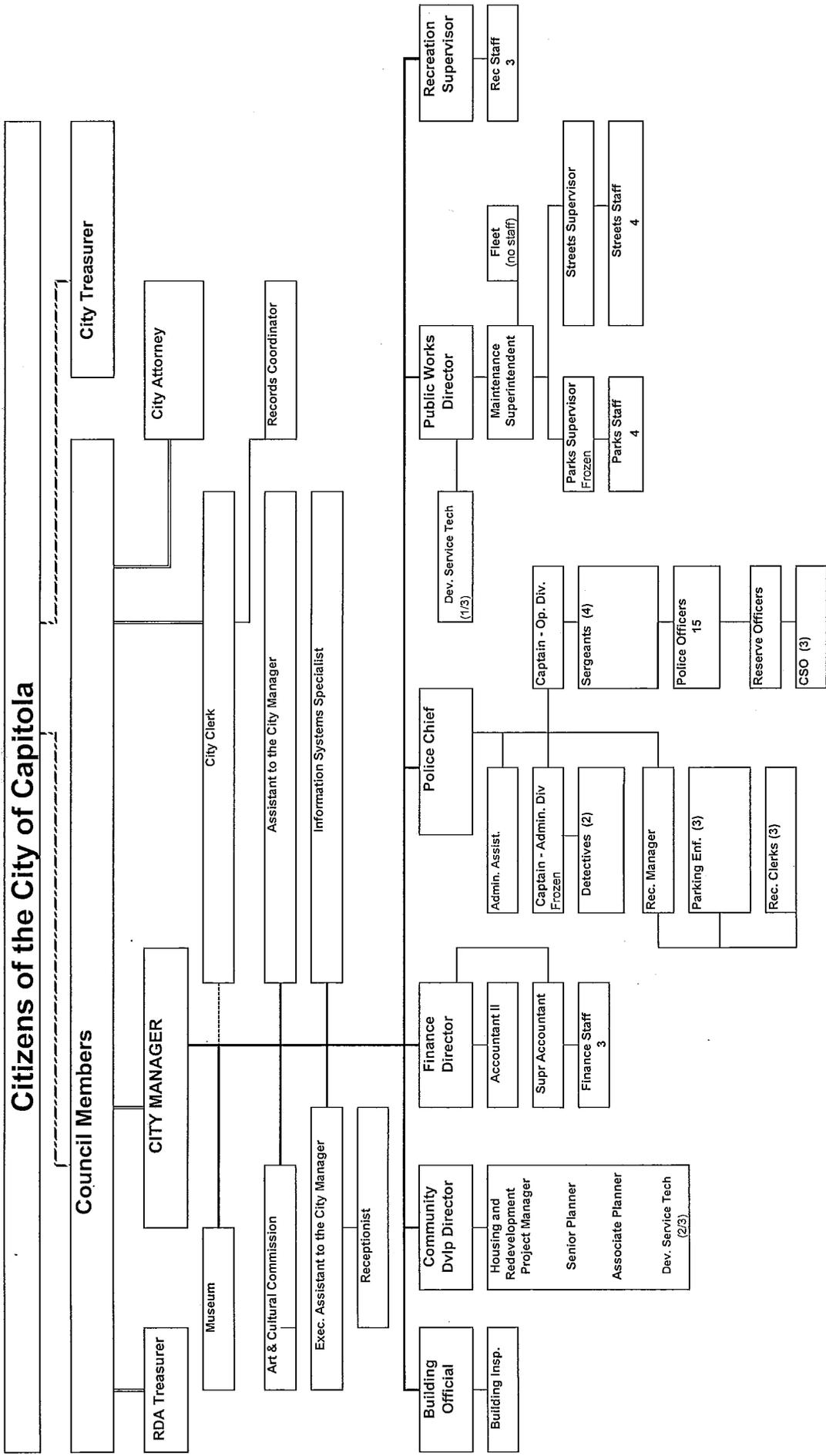
Pamela Arends-King, Chair  
Budgeting & Financial Reporting

**ATTACHMENT B**

**Organization Chart**

**CITY OF CAPITOLA  
ORGANIZATION CHART  
JUNE 30, 2007**

**Citizens of the City of Capitola**



# **ATTACHMENT C**

## **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:

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Richard Hill  
City Manager

# **ATTACHMENT D**

## **City Investment Policy**



Item #: 3.C.

## CITY COUNCIL AGENDA REPORT

MEETING OF MAY 28, 2009

FROM: FINANCE DEPARTMENT  
DATE: MAY 20, 2009  
SUBJECT: CONFIRMATION OF CITY'S INVESTMENT POLICY

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**Recommended Action:** Motion to confirm the City's Investment Policy (Administrative Policy Number III-1; Revised August 9, 2001), or provide direction to staff regarding any recommended changes.

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### **BACKGROUND:**

California Government Code §53630 et seq contains State requirements for the deposit of City funds. Section 53635 requires that all money belonging to, or in the custody of, a local agency be deposited in certain allowable instruments. The current Investment Policy was approved by the City Council on August 9, 2001, by adoption of Resolution No. 3149 Affirming the City's Investment Policy, and was incorporated into the city's Administrative Policies. A copy of the Investment Policy, which was confirmed by the City Council on June 12, 2008, is attached.

### **DISCUSSION**

The California Government Code requires cities to review its Investment Policy on an annual basis. The purpose of this item is to provide the City Council with an opportunity to review its policy and either reaffirm its Investment Policy or provide direction to staff for recommended changes. The city's current investment policy and investment portfolio comply with all applicable state law requirements.

### **FISCAL IMPACT**

None

### **ATTACHMENTS**

Current Investment Policy

**Report Prepared By:** Chuck Comstock  
Interim Finance Director

**Reviewed and Forwarded  
By City Manager:** \_\_\_\_\_



## ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: May 24, 2007

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:

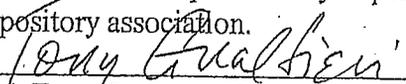
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months\*

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 depositor bank, nor shall the deposit exceed the net worth of any depository association.

  
Tony Gualtieri, City Treasurer



## ADMINISTRATIVE POLICY

Number: III-1

Issued: May 9, 1996

Revised: August 9, 2001

Confirmed: June 12, 2008

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:

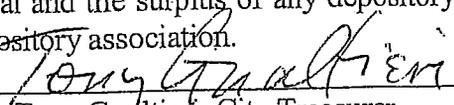
1. State of California Local Agency Investment Fund
2. U.S. Treasury T-Bills
3. Negotiable Certificates of Deposit
4. Guaranteed Investment Contracts (GIC) of AAA quality, for a term not to exceed fifteen (15) months\*

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.

  
Tony Gualtieri, 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]

# ATTACHMENT E

FY09/10 City & CIP  
Adopted Budget

COPY

7371

RESOLUTION NO. 3759

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA  
ADOPTING THE 2009/10 FISCAL YEAR CITY BUDGET**

**WHEREAS**, it is necessary to adopt the 2009/10 fiscal year budget for all City funds; and

**WHEREAS**, the City Council has conducted budget study sessions, has heard and considered public comments, and has modified the proposed budget accordingly, and wishes to adopt such budgets for the fiscal year July 1, 2009 through June 30, 2010; and

**WHEREAS**, the City Council has authorized the temporary release of the hiring freeze to allow the City Manager to recruit and hire a Finance Director.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the City Council of the City of Capitola that the 2009/10 Fiscal Year Budget is hereby adopted as summarized on Exhibit A-1 (Budget Summary by Fund), Exhibit A-2 (General Fund Budget), and Exhibit A-3 (Community Grant and Award Detail).

**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.

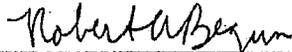
**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the City Council of the City of Capitola at its Regular Meeting held on the 11<sup>th</sup> day of June, 2009, by the following vote:

**AYES:** Council Members Graves, Storey, Nicol, Norton, and Mayor Begun

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None *(NOTE: Council Member Storey abstained from voting on Exhibit A-3 pertaining to Community Grants only.)*

  
\_\_\_\_\_  
Robert A. Begun, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Pamela Greeninger, City Clerk CMC

**EXHIBIT A-1 – BUDGET SUMMARY BY FUND**

<u>CITY FUNDS</u>	<u>Estimated Balance 07/01/09</u>	<u>2009-10 Adopted Revenue</u>	<u>2009-10 Adopted Expenditure</u>	<u>Estimated Balance 6/30/10</u>
<b><u>General Fund</u></b>	509,000	12,321,300	11,643,902	
Transfers		-	568,900	
<b><u>General Fund Total</u></b>	<b><u>\$509,000</u></b>	<b><u>\$12,321,300</u></b>	<b><u>\$12,212,802</u></b>	<b><u>\$617,498</u></b>
<b><u>Designated Reserves:</u></b>				
Emergency Reserves @ 5%	627,100	-	-	627,100
Contingency Appropriation @ 10%	1,266,100	-	-	1,266,100
Compensated Absences	105,500	112,700	85,000	133,200
<b><u>Designated Reserves Total</u></b>	<b><u>\$1,998,700</u></b>	<b><u>\$112,700</u></b>	<b><u>\$85,000</u></b>	<b><u>\$2,026,400</u></b>
<b><u>Capital Projects</u></b>				
Open Space Purchase	19,800	-	-	19,800
Soquel Creek Lagoon Management Plan Refer to CIP Budget Section	-	-	-	-
<b><u>CIP Total</u></b>	<b><u>\$0</u></b>	<b><u>\$250,000</u></b>	<b><u>\$0</u></b>	<b><u>\$250,000</u></b>
<b><u>Special Revenues:</u></b>				
Gas Tax	43,600	274,300	304,100	13,800
Supplemental law Enforcement	4,800	100,100	100,000	4,900
SCC Narcotics Enforcement Team	-	74,100	74,100	-
PEG Cable TV Access	90,100	25,100	22,400	92,800
Development Fees	73,100	69,200	-	142,300
Wharf Fund	61,000	72,100	133,100	-
CDBG - Grants	53,500	980,000	980,000	53,500
CDBG- Program Income	1,500	6,300	6,400	1,400
HOME Program Re-Use	9,700	4,800	14,500	-
HOME Grant	3,000	1,750,000	1,753,000	-
Housing Trust Fund	387,200	75,000	113,300	348,900
BEGIN Grant Fund	60,000	180,000	240,000	-
General Plan Update	505,900	60,000	189,000	376,900
Green Building Fund	2,400	16,000	-	18,400
Public Art	105,375	15,000	16,300	104,075
Parking Fund	-	102,800	-	102,800
<b><u>Special Revenue Total</u></b>	<b><u>1,401,175</u></b>	<b><u>3,804,800</u></b>	<b><u>3,946,200</u></b>	<b><u>1,156,975</u></b>
<b><u>Debt Service</u></b>				
1986 Lease Revenue Bonds				
PERS - Pension Oblig Bonds	519,100	622,800	675,500	466,400
<b><u>Debt Service Total</u></b>	<b><u>519,100</u></b>	<b><u>622,800</u></b>	<b><u>675,500</u></b>	<b><u>466,400</u></b>
<b><u>Internal Services:</u></b>				
Equipment Replacement	255,700	64,800	66,000	254,500
Information Technology	38,400	116,800	116,800	38,400
Public Employees Retirement	175,100	1,578,800	1,578,800	175,100
Self-Insurance Liability	142,000	116,900	89,735	169,165
Stores	3,900	37,700	37,700	3,900
Worker's Compensation	175,100	437,300	441,500	170,900
<b><u>Internal Service Total</u></b>	<b><u>\$790,200</u></b>	<b><u>\$2,352,300</u></b>	<b><u>\$2,330,535</u></b>	<b><u>\$811,965</u></b>
<b><u>GRAND TOTAL CITY</u></b>	<b><u>5,237,975</u></b>	<b><u>19,463,900</u></b>	<b><u>19,250,037</u></b>	<b><u>5,349,038</u></b>

**EXHIBIT A-2 – GENERAL FUND BUDGET**

<u>Major Category</u>	<u>Adopted 2009-10</u>
<b>Revenues:</b>	
Taxes	8,408,900
License & Permits	190,000
Current Service Charges	2,122,900
Fines & Forfeitures	755,000
Use of Money & Property	439,800
Intergovernmental	333,700
Other Revenues	71,000
Transfer In	-
<b>Total Revenues</b>	<b>\$ 12,321,300</b>

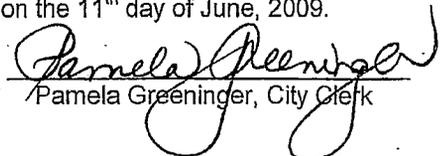
<b>GENERAL FUND EXPENDITURES</b>	<b>2009-10</b>
Staffing	7,562,500
Contract Services	2,439,702
Unanticipated Events	30,000
Community Grants	275,000
Materials & Supplies	563,200
Fixed Asset Purchase	-
Internal Service Charges	773,500
<b>Total Expenditures - before fund transfers</b>	<b>\$ 11,643,902</b>
Fund Transfers	568,900
<b>Total Expenditure by Category</b>	<b>\$ 12,212,802</b>

<b>DEPARTMENT</b>	<b>2009-10 Adopted</b>
City Council	70,700
Community Grants	275,000
Finance	753,400
Attorney	203,560
City Manager	756,600
Personnel	189,900
Museum	63,500
Arts Commission	42,600
Police - Law Enforcement	5,109,442
Police - Parking Enf.	432,800
Police - Lifeguards	86,300
Police - Animal Services	16,400
CDD	591,200
Building	237,800
PW - Streets	1,004,700
PW - Facilities	236,400
PW - Parks	447,500
PW - Fleet	282,200
Recreation	843,900
<b>Total Expenditures - before fund transfers</b>	<b>\$ 11,643,902</b>
Fund Transfers	568,900
<b>Total Expenditure by Department</b>	<b>\$ 12,212,802</b>

**EXHIBIT A-3 – COMMUNITY GRANT AND AWARD DETAIL**

<u>AGENCY</u>	<u>FY <del>08-09</del> 09-10</u> <u>Budget</u>
<b><u>ARTS:</u></b>	
Cultural Council of Santa Cruz County	4,147
Santa Cruz County Symphony Association	
<b>TOTAL - ARTS</b>	<u>4,147</u>
<b><u>ENVIRONMENTAL:</u></b>	
Bike to Work - Transfer to Council Budget	
O'Neill Sea Odyssey	5,816
<b>TOTAL - ENVIRONMENTAL</b>	<u>5,816</u>
<b><u>COMMUNITY CONTRIBUTIONS</u></b>	
Community Action Board, Inc/	1,356
Conflict Resolution Program	2,758
Native Animal Rescue	1,188
Volunteer Center of Santa Cruz County	1,356
<b>TOTAL - COMMUNITY CONTRIBUTIONS</b>	<u>6,658</u>
<b><u>HUMAN SERVICES:</u></b>	
Above the Line	
Advocacy, Inc.	4,235
Big Brothers/Big sisters	2,762
Cabrillo College Stroke Center	6,758
California Grey Bears, Inc.	13,941
California Rural Legal Assistance	3,626
Campus Kids Connection - After School	16,565
Central Coast Center for Independent Living	14,697
Child Development Resource Center	1,356
Citizens Committee for the Homeless	
Community Bridges	110,528
Court-Appointed Special Advocates	2,227
Dientes Community Dental Care	1,378
Families in Transition of Santa Cruz County	2,422
Family Service Agency of Santa Cruz	8,599
Homeless Services Center	2,508
Hospice Caring Project	1,380
Mid-County Senior Center	
Parents Center, Inc.	7,088
Project Scout	
Santa Cruz AIDS Project	9,150
Santa Cruz Community Counseling Ctr -	
Youth Services	6,886
Santa Cruz County Child Abuse Prevention	
Council	6,107
Santa Cruz County Red Cross	1,379
Santa Cruz Toddler Care Center	1,234
Second Harvest Food Bank - Santa Cruz/San	
Benito	9,825
Senior Citizens Legal Services	9,743
Senior Network Services	2,461
Seniors Council - Santa Cruz/San Benito	3,277
Survivor's Healing Center	528
Vista Center for the Blind (formerly Doran)	1,841
Winter Shelter Program	
Women Care	2,265
Women's Crisis Support	3,613
<b>TOTAL - HUMAN SERVICES</b>	<u>258,378</u>
<b>TOTAL COMMUNITY GRANTS</b>	<u>275,000</u>

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3759 passed and adopted by the Capitola City Council on the 11<sup>th</sup> day of June, 2009.

  
Pamela Greeninger, City Clerk

# **ATTACHMENT F**

**FY09/10 RDA  
Adopted Budget**

**COPY**

**AGENCY RESOLUTION NO. 2009-4**

**RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE CITY OF CAPITOLA REDEVELOPMENT AGENCY  
ADOPTING THE 2009/10 FISCAL YEAR BUDGET**

**WHEREAS**, it is necessary to adopt the 2009/10 fiscal year budgets for all Redevelopment Agency funds; and

**WHEREAS**, the Capitola Redevelopment Agency has conducted budget study sessions and has considered and modified the preliminary budget accordingly, and wishes to adopt such budget for the fiscal year July 1, 2009 through June 30, 2010.

**NOW, THEREFORE, BE IT HEREBY RESOLVED** by the Board of Directors of the City of Capitola Redevelopment Agency that the 2009/10 Fiscal Year Budget is hereby adopted as shown on Exhibit A-1 and Exhibit A-2, attached hereto, and by reference made a part hereof.

**BE IT FURTHER RESOLVED** that the budget shall be recorded in the Agency's accounting records in accordance with appropriate accounting practices, and the Executive Director, with the Agency Finance Director's assistance, shall assure compliance therewith.

**I HEREBY CERTIFY** that the foregoing resolution was passed and adopted by the Board of Directors of the City of Capitola Redevelopment Agency at its Regular Meeting held on the 11<sup>th</sup> day of June, 2009, by the following vote:

**AYES:** Directors Graves, Storey, Nicol, Norton, and Chairperson Begun

**NOES:** None

**ABSENT:** None

**ABSTAIN:** None



Robert A. Begun, Chairperson

**ATTEST:**



Pamela Greeninger, Secretary

## EXHIBIT A-1

**Redevelopment Agency Operating & CIP  
Fiscal Year 2009-10**

<b>SOURCE OF FUNDS</b>	<b>2009-10 Proposed</b>
<b>Original Project Area:</b>	
Fund Balance July 1	2,846,811
Interest Income	49,700
Tax Increment Revenue	2,322,300
Less Housing Set-Aside @ 20%	(464,460)
<b>TOTAL SOURCE</b>	<b>\$4,754,351</b>
<b>USE OF FUNDS</b>	
Staffing Cost	4,000
Cooperative Agreement *	205,200
Less: Coop. Agreement Reimbursement	(133,400)
Professional Services	168,000
State Mandates (ERAF)	-
Pass-Thru Agreements	954,300
Capital Projects	60,000
Rispin	3,025,400
Debt Service *	299,200
Capital Projects: Library Construction	25,000
<b>TOTAL USE</b>	<b>4,607,700</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$146,651</b>

\* Budget expenditures are on a cash-basis of accounting. Auditor requirement for CAFR may differ.

**EXHIBIT A-2**  
**RDA Housing Set-Aside**  
**Fiscal Year 2009-10**

<b>SOURCE</b>	<b>2009-10 Proposed</b>
Fund Balance July 1	548,400
Interest Income	16,500
Operating Transfer In (20%)	464,460
Grants	
Loan Payoff:	
Interest	
Principal	
<b>TOTAL SOURCE</b>	<b>\$1,029,360</b>
<b>USE</b>	
Administrative Cost	223,000
Professional Services	136,500
Rehabilitation Grants	-
Subsidies & Accrued Interest	474,700
<b>TOTAL USE</b>	<b>\$834,200</b>
<b>FUND BALANCE JUNE 30</b>	<b>\$195,160</b>
Designated for Wharf Rd Rent Subsidy	\$40,000
Undesignated	\$155,160

This is to certify that the above and foregoing is a true and correct copy of Agency Resolution No. 2009-4 passed and adopted by the Capitola Redevelopment Agency on the 11<sup>th</sup> day of June, 2009.

*Pamela Greeninger*  
Pamela Greeninger, Secretary

# COPY

AGENCY RESOLUTION NO. 2009-5

**A RESOLUTION OF THE REDEVELOPMENT AGENCY  
OF THE CITY OF CAPITOLA MAKING A DETERMINATION  
REGARDING THE PLANNING AND ADMINISTRATIVE EXPENDITURES  
OF THE LOW AND MODERATE INCOME HOUSING FUND  
FOR FISCAL YEAR 2009-10**

**WHEREAS**, in the 2009-2010 Redevelopment Agency budget there are certain planning and administrative expenditures budgeted, including, but not limited to, staff time and contract services; and

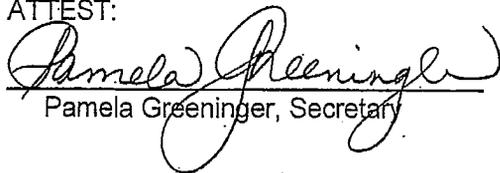
**WHEREAS**, Health and Safety Code Section 33334.3 (d) states, in part, that the agency shall determine annually in writing that the planning and administrative expenditures are necessary for the production, improvement, or preservation of low- and moderate-income housing.

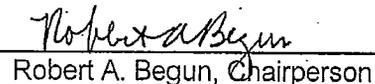
**NOW, THEREFORE, BE IT RESOLVED** that the Redevelopment Agency of the City of Capitola does hereby determine that the Planning and Administrative Expenditures in the 2009-2010 fiscal year budget for the Agency's Low and Moderate Income Housing Fund are necessary for the production, improvement, or preservation of low and moderate income housing.

**I HEREBY CERTIFY** that the above and foregoing resolution was passed and adopted by the Board of Directors of the Capitola Redevelopment Agency at its regular meeting held on the 11<sup>th</sup> day of June, 2009, by the following vote:

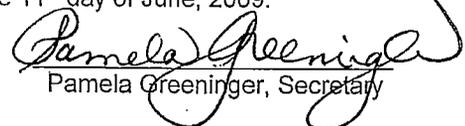
AYES: Directors Graves, Storey, Nicol, Norton, and Chairperson Begun  
NOES: None  
ABSENT: None  
ABSTAIN: None  
DISQUALIFIED: None

ATTEST:

  
Pamela Greeninger, Secretary

  
Robert A. Begun, Chairperson

This is to certify that the above and foregoing is a true and correct copy of Agency Resolution No. 2009-5 passed and adopted by the Capitola Redevelopment Agency on the 11<sup>th</sup> day of June, 2009.

  
Pamela Greeninger, Secretary

# ATTACHMENT G

## GAAN Annual Appropriation Report



Item #: 3.D.

## CITY COUNCIL AGENDA REPORT

MEETING OF MAY 28, 2009

FROM: FINANCE DEPARTMENT  
DATE: MAY 20, 2009  
SUBJECT: ANNUAL APPROPRIATION LIMIT

---

**Recommended Action:** By motion and roll call vote, adopt the proposed resolution selecting calculation factors and setting the Appropriation Limit for the 2009/2010 Fiscal Year as required by Article XIII B of the California Constitution.

---

### **BACKGROUND**

On November 6, 1979, California voters approved Proposition 4, commonly known as the Gann Spending Limitation Initiative, establishing Article XIII B of the State Constitution. This proposition, which became effective in Fiscal Year 1980-81, mandated an appropriation (spending) limit on the amount of tax revenues that the State and most local government jurisdictions may appropriate within a fiscal year. The appropriation limit grows annually by a population and cost-of-living factor.

The State Appropriation Limit was since modified by two subsequent initiatives – Proposition 98 in 1988 and proposition 111 in 1990. Proposition 98 established the return of tax revenues exceeding appropriation limit levels to the State citizens through a process of refunds, rebates, or other means. Proposition 111 allowed more flexibility in the appropriation calculation factors.

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

The State Constitution requires that prior to June 30 of each year, the Council select calculation factors, and set the City's appropriation limit for the following fiscal year. Each year's limit is based on the amount of tax proceeds that were authorized to be spent in fiscal year 1978-79, with inflationary adjustments made annually to reflect increases in population and cost-of-living.

### **DISCUSSION**

The appropriation limit grows annually by a population and cost-of-living factor. The California Government Code Article XIII B, section 8(e) and 8(f) define these criteria: "Cost-of-Living" factor is adjusted by the change in California per capita personal income or the change in the local property tax roll due to the addition of new non-residential construction; "population" is the percentage change in the jurisdiction or in the county in which the jurisdiction is located. The California State Department of Finance and Santa Cruz County Auditor-Controller provide the statistics for this report, which are as follows:

- Annual Percent Change in Population: Capitola = 0.85%, County-wide = 1.07%
- Percent Change in the Local Non-residential New Construction: 7.718%
- Percent Change in the California Per Capita Personal Change: .62%

Staff recommends that the Council continue its previous policy of setting the highest allowable limit to provide future administrations with maximum fiscal flexibility.

The calculation is provided in the following table. Note, the percent change are converted to ratios.

**Fiscal Year 09-10 Calculation**

<u>% Increase in County Population</u>	x	<u>Change in Local Non-Residential New Construction</u>	=	<u>Appropriation Factor</u>	x	<u>FY 08-09 Appropriation Limit</u>	=	<u>FY09-10 Appropriation Limit</u>
1.0107		1.07718		1.0887		\$ 13,625,191		\$ 14,833,745

The proposed tax revenues for fiscal year 2009/010 are as follows:

<b>Revenues</b>	<b>FY 09-10 Proposed</b>
Sales Tax & In-Lieu	\$ 4,435,000
District Transaction & Use Tax	\$ 889,300
Transient Occupancy Tax	\$ 657,000
Property Tax & In-Lieu	\$ 1,649,200
Business License Tax	\$ 300,000
Franchise Tax	\$ 474,200
Interest Income from Tax Revenues	\$ 59,000
<b>Total Tax Revenues &amp; Interest Income</b>	<b>\$ 8,463,700</b>

The proposed total tax revenues and interest income is \$8,463,700, which is \$6,370,045 **below** the appropriation limit of \$14,833,745. The proposed tax and interest income equates to 57% of the appropriation limit.

**FISCAL IMPACT**

The appropriation limit increased by \$1,208,554 primarily due to the 7.718% change in the Local Non-residential New Construction. This percentage increase exceeds last years by 2.763%. This new 09-10 appropriation limit does comply with state law and the trend shows that future compliance will continue.

**ATTACHMENTS**

1. Draft Resolution
2. Table of the prior years data (inflation population)
3. Price and Population Information – Department of Finance
4. County of Santa Cruz Auditor-Controller letter re: Propositions 4 & 111

**Report Prepared By: Chuck Comstock  
Interim Finance Director**

**Reviewed and Forwarded  
By City Manager: \_\_\_\_\_**

## ATTACHMENT 2

### Percent Changes Converted to Ratios in the table below

FISCAL YEAR	BEGINNING LIMIT	POPULATION CAPITOLA	POPULATION COUNTY	PER CAPITA INCOME CALIFO RNIA	NON-RESIDENTIAL ASSESSED VALUES/NEW CONSTRUCTION CAPITOLA	ENDING LIMIT	TAX REVENUE ACTUAL/ ESTIMATE	% of LIMIT
1991-92	4,725,080	1.0414	1.0651	1.0414		5,032,742	4,203,271	89.74
1992-93	5,032,742	0.9936	0.9972	0.9936		5,018,534	4,647,660	92.61
1993-94	5,018,534	1.0272	1.0378	1.0272		5,208,135	4,884,199	93.78
1994-95	5,208,135	1.0071	1.0172	1.0071		5,297,564	4,797,850	90.57
1995-96	5,297,564	1.0472	1.0786	1.0472		5,714,038	5,061,732	88.58
1996-97	5,714,038	1.2138	1.229	1.0467		7,022,395	5,328,156	75.87
1997-98	7,022,395	1.0467	1.0599	1.0467		7,442,955	5,075,779	68.20
1998-99	7,442,955	1.0415	1.0647	1.0415		7,924,588	5,360,336	67.64
1999-00	7,924,588	1.0453	1.0612	1.0453		8,409,482	5,727,290	68.11
2000-01	8,409,482	1.0095		1.0491		8,925,610	6,845,200	76.69
2001-02	8,925,610	1.0095		1.0782		9,715,016	6,638,900	68.37
2002-03	9,715,016	1.0068	1.0105	-1.0127	1.0396	10,206,170	7,059,500	69.17
2003-04	10,206,170	1.0036	1.0057	1.0231	1.0236	10,506,892	8,664,900	82.47
2004-05	10,506,892	-1.0044	1.0050	1.0328	1.0207	10,905,776	7,580,600	69.51
2005-06	10,905,776	-1.0081	1.0053	1.0526	1.01134	11,540,261	9,100,600	78.86
2006-07	11,540,261	1.0018	1.0075	1.0396	1.04254	12,121,418	9,329,300	76.97
2007-08	12,121,418	1.0052	1.0105	1.0442	1.028330	12,595,698	9,420,700	84.79
2008-09	12,595,698	1.0081	1.015	1.0429	1.04955	13,625,191	9,268,400	68.02
2009-10	13,625,191	1.0085	1.0107	1.0062	1.07718	14,833,745	8,463,700	57.00

# COPY RESOLUTION NO. 3754

## RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CAPITOLA SETTING THE 2009/2010 FISCAL YEAR APPROPRIATION LIMIT PURSUANT TO ARTICLE XIII B OF THE CALIFORNIA CONSTITUTION

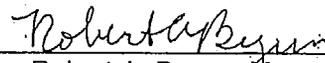
WHEREAS, before June 30 of each year, the City Council must select the factors to calculate the appropriation limit for the ensuing fiscal year and set the appropriation limit accordingly.

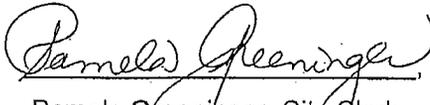
NOW, THEREFORE, BE IT HEREBY RESOLVED by the City Council of the City of Capitola that the 2009/2010 fiscal year appropriation limit shall be \$14,833,745, calculated as follows:

Change in Local Non-residential New Construction	1.07718	
Population change within the whole county:	1.0107	
2008/2009 Appropriation Limit:		\$13,625,191
Adjustment Factor (1.07718 X 1.0107)(rounded to 4 places)		x <u>1.0887</u>
2009/2010 Appropriation Limit:		<u>\$14,833,745</u>

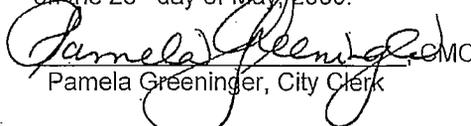
I HEREBY CERTIFY that the foregoing resolution was passed and adopted by the City Council of the City of Capitola on the 28<sup>th</sup> day of May, 2009, by the following vote:

- AYES: Council Members Graves, Storey, Nicol, Norton, and Mayor Begun
- NOES: None
- ABSENT: None
- ABSTAIN: None

  
 \_\_\_\_\_  
 Robert A. Begun, Mayor

ATTEST:  
 CMC  
 Pamela Greeninger, City Clerk

This is to certify that the above and foregoing is a true and correct copy of Resolution No. 3754 passed and adopted by the Capitola City Council on the 28<sup>th</sup> day of May 2009.

 CMC  
 Pamela Greeninger, City Clerk